

UNLEASHING  
THE BEST  
OF THE  
**NEXT**







1992

BFL  
established in  
India

1998

Mphasis  
founded in USA  
as high-end  
technology  
architecting and  
consulting firm

2000

BFL and Mphasis  
merged

### Mphasis 1.0

Start-up with growth driven by  
direct business

2006

EDS acquired  
major stake

2008

Hewlett  
Packard (HP)  
acquired EDS

2009

Ignited growth  
engine from  
direct channel

### Mphasis 2.0

EDS acquisition and  
expansion driven by  
association with EDS and HP

2011

Shifted from  
service lines to  
vertical service  
delivery

2012

Launched  
vertical Hyper-  
specialization

2013

Invested in  
focused account  
and solution  
specialization

### Mphasis 3.0

Hyper-specialization  
and direct channel growth

2014

Unveiled  
refreshed  
Brand identity,  
Vision and  
Mission

2016

Blackstone  
acquires  
60.5% stake in  
Mphasis from  
Hewlett Packard  
Enterprise

### Mphasis 4.0

NEXT and  
Positive Disruption

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# From the CEO

Congratulations Dear Shareowner !

The close of Fiscal Year 2016 marks your company's entry into its 25<sup>th</sup> year. 25<sup>th</sup> year is a landmark year and special in many ways. Congratulations on the landmark.

Your company is well-poised to leverage the revolution caused by Digital forces. Strong and vibrant, specialized and customer focused, ready to surge ahead on the back of strong 2016.

FY 2016 was a wonderful year for your company. The world's largest Private Equity (PE) firm - Blackstone became the majority shareholder by acquiring Hewlett Packard Enterprise's (HPE) majority stake in Mphasis Limited. This is the largest investment ever to be done by a PE firm in India.

Being valued by the world's largest PE is indeed an exciting moment made possible with our collective desire to enchant our customers. Our customers have been and will continue to be our biggest strength. We strive to specialize and be inspired by our customers; ultimately customer centricity is one of the key cornerstones of our culture.

Our customer-driven focus is what aids proactivity. We do not wait for external pressures, but are internally driven to improve our service delivery, we continuously increase value for our customers, future-proof our solution sets and cannibalize our business if it results in greater value to our customers. Co-opting and co-creating with customers gives us that innovative spirit that has helped us to be at the leading edge of new generation services. To summarize the source of our success in one word – 'customers'.

It is not surprising that your company serves marquee customers across the globe including 6 top global banks, 11 out of 15 top mortgage lenders, and 3 top global insurance companies. Your company was named by American Banker and Bank Administration Institute (BAI) as one of the top companies in FinTech and as the "Most Distinguished Digital Company in 2015" by The Economic Times.

I feel honored to represent this great company and with such talented employees. Mphasis family has built an exceptional reputation that is one of customer-centricity and outcome driven. It is the dedication of employees, fortitude of customers and perseverance of investors that made this possible.

As the winds of change are gathering momentum, digital revolution is redefining the world order, we remain confident of staying the course of success.

Thanks for staying invested. Let us 'Unleash the Next' 25 years together.

Regards,

Ganesh Ayyar

Chief Executive Officer





# CUSTOMER CENTRICITY

RETAIN  
THE BEST  
REINVENT THE  
**NEXT**

# Transforming claims processing operations and improving customer experience





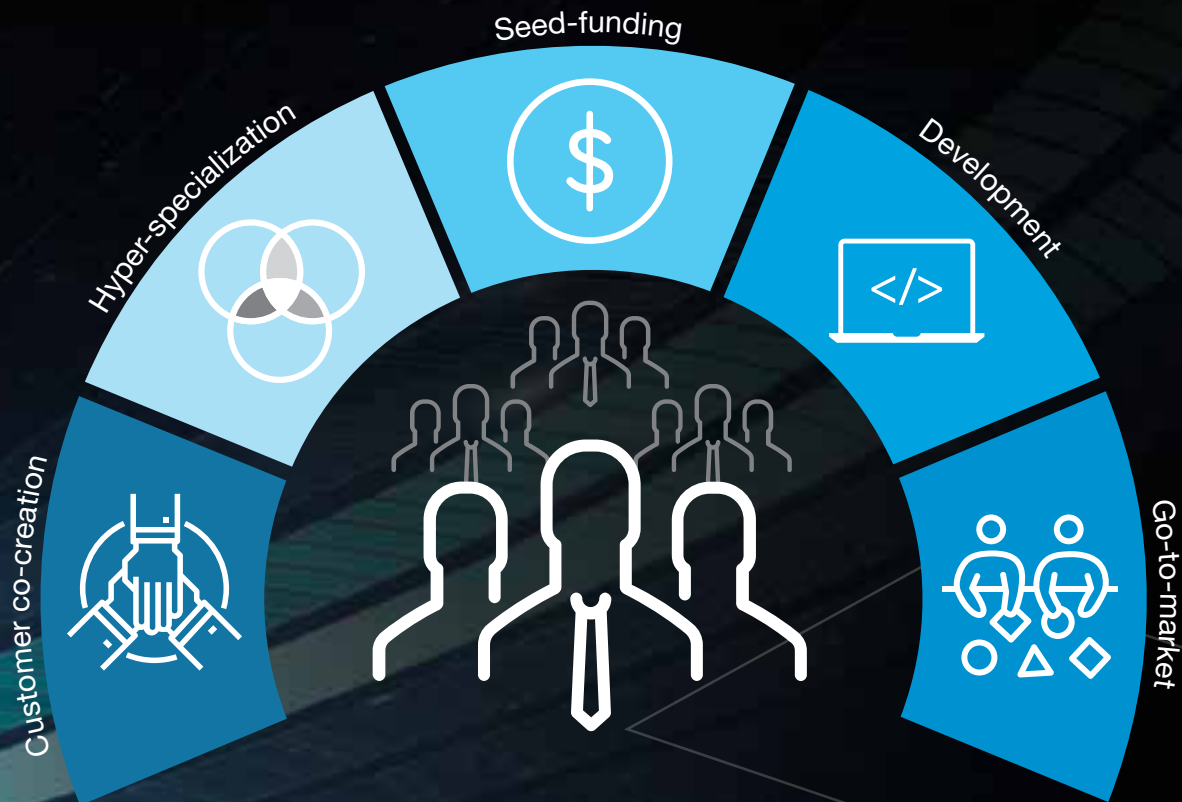
# EMPOWERMENT

RETAIN  
THE BEST  
REINVENT THE  
**NEXT**



# Cart-up

Imagination takes the form of innovation



Mphasis, is committed to co-innovating future-proof solutions along with customers. Cart-up or corporate start-ups is the best of both worlds with a 'soul of a start-up and opportunities of a large company'. Cart-ups have access to Mphasis funding, expert resources, tools and processes, and go-to-market engine, while they are empowered to run their independent organization.

NextAngles™ is the first cart-up by Mphasis. A Princeton, US-based venture, NextAngles™ is a cloud-based Artificial Intelligence (AI) Smart Compliance solution, developed to address the regulatory risk and compliance faced by any financial institution.

# NextAngles™

## Creating an agile and effective financial environment

An Artificial Intelligence-led smart compliance is the future for any financial institution aiming at a secured ecosystem. The team of Data Scientists and Artificial Intelligence experts in NextAngles™ is constantly improvising on the new breed of disruptive solutions for regulatory risk and compliance, incorporating cognitive models and smart data that empower intelligent system behaviors. It is the cosmic path to reduce the burden of cost, time, and stress of compliance by 30-70%.





# Smart compliance

## The engineering behind it

NextAngles™ is designed to be an expert system in itself. Being an AI-based solution, it knows how to learn, automate, and communicate new regulations and changes in regulations that can be encoded rapidly.

Its advanced technology allows it to automate the lower end of Knowledge Work, thereby making the professionals far more productive. Apart from these, it helps create an audit trail by judging which regulation is applicable to which Line of Business and finds violations, if there's any.

NextAngles™ comprises of components that allows it to be the best AI solution for compliance industry.

### Smart platform

Allows the user interface to replicate and behave like human beings



### Knowledge base

Comprises of cognitive models, smart data, and task know-how that come together to make compliance smart



### Smart workspace

Lets one interact with the platform and knowledge base to get things done



### Expert modules

Built-in mission control team that streamlines the process, controls operational and compliance risks; investigates and audits workflow; and rolls out a much simpler output for humans to concentrate on complex decision-making



# EXPERIMENTATION

RETAIN  
THE BEST  
REINVENT THE  
**NEXT**



# NEXTlabs

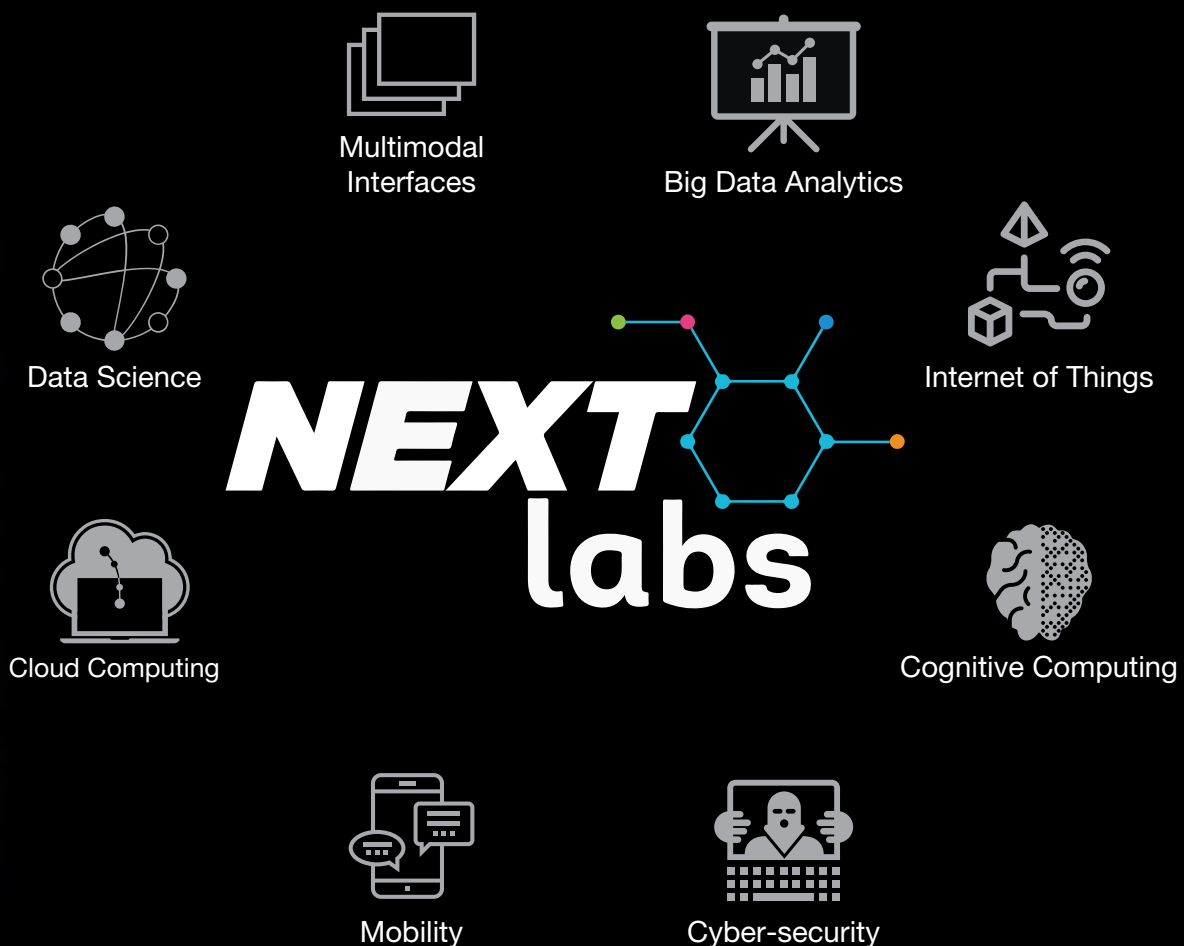
## Innovating revolutionary solutions

Mphasis has been researching and innovating on emergent and future digital paradigms with NEXTlabs – a strategic initiative focused on disruptive world class innovations. Being a multi-disciplinary platform, the Lab focuses on areas such as Data Science, Big Data Analytics, Internet of Things, Cognitive Computing, Cyber-security, Mobility, Cloud Computing and Multimodal Interfaces.

It has partnered with renowned academia, research labs, start-ups and new technology partners across the globe. And the core team consists of data scientists, digital strategists, developers, product specialists, user experience designers, and business analysts.

NEXTlabs concentrates on applied research, IP creation, thought-leadership and new product, service, platform and solution development.

HyperGraf® and InfraGraf® are the two prime IP-driven solutions launched under Mphasis NEXTlabs.

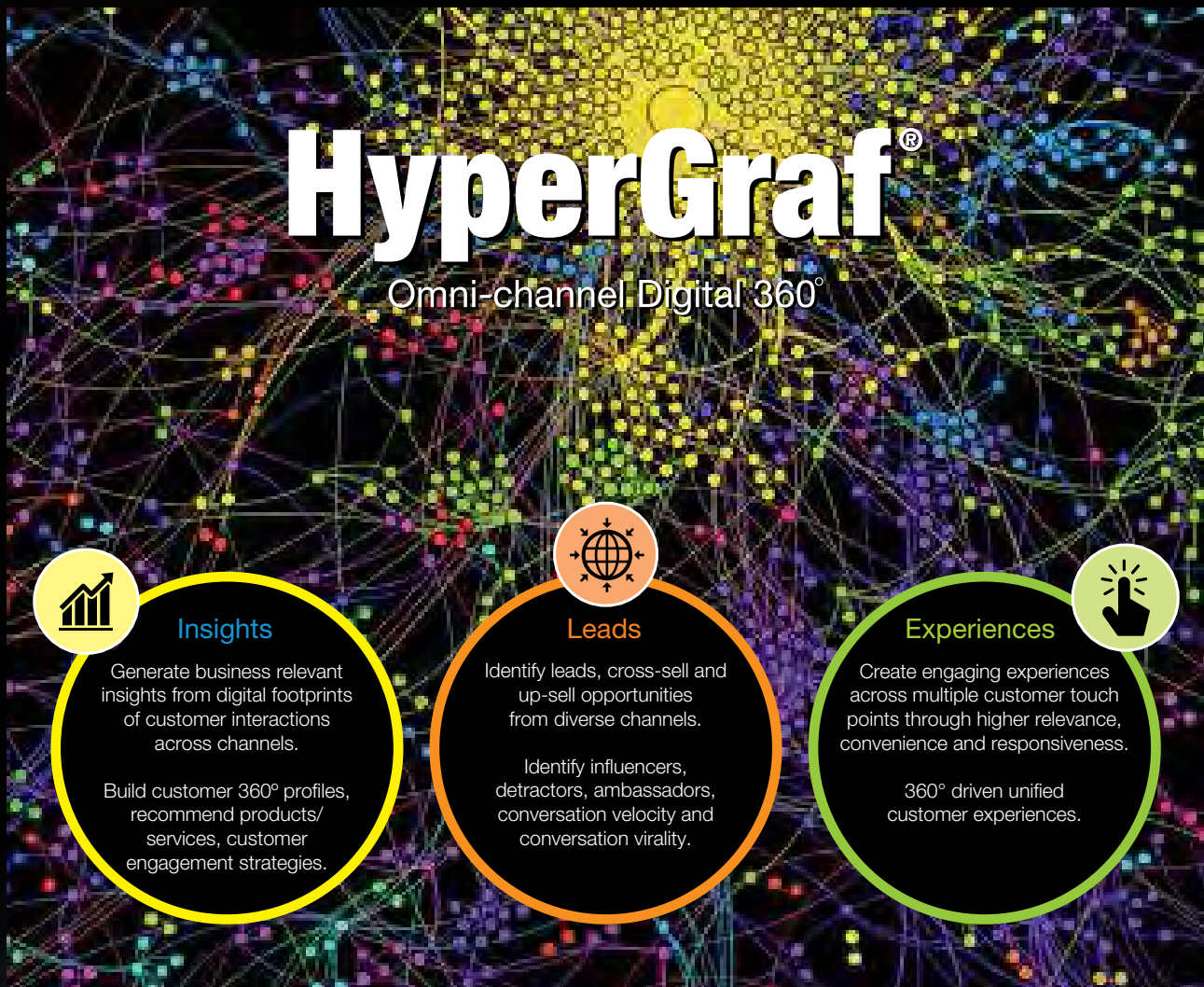


# HyperGraf®

## Gaining customer insights made easy

HyperGraf® is one of the only Omni-channel Digital 360° solution in the market that provides enterprise decision-makers with comprehensive, accurate and real-time customer engagement insights.

A cloud-based solution, HyperGraf® operates on a big data complex event processing engine that helps it leverage the benefits of both Complex Event Processing and Big Data Analytics. It is designed to correlate data from multiple customer touch points and analyze those to build a single view of the customer with recommendations specific to the channels of interaction. It brings together data from multiple channels that include enterprise data or third party data such as social media, credit scores, open data and other multimedia datasets.





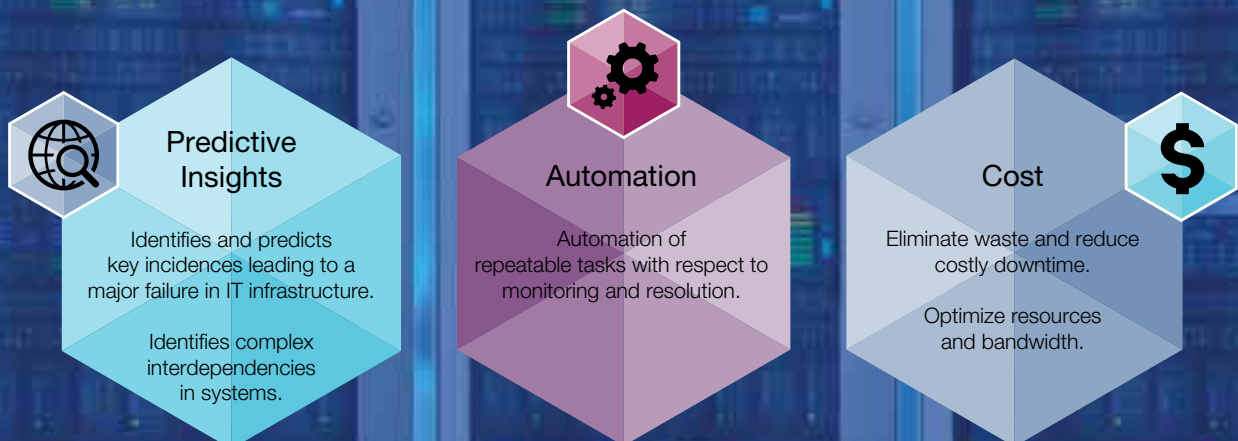
# InfraGraf®

Technology that helps a business achieve unexplored potential

InfraGraf® is an intelligent infrastructure automation platform that optimizes enterprise technology infrastructure investments. InfraGraf® is an enterprise-level Big Data correlation engine which enables enterprises to innovate and make strategic decisions regarding their technology infrastructure consisting of interconnected servers, network devices, Internet of Things, industrial equipment, and so forth. It receives actionable technology infrastructure insights by correlation and causation analysis of structured and unstructured data present in its environment. Its learning and graph theory-based algorithms built into the platform, identifies and predicts stand-alone as well as chain-of-events and incidents which could be related to system warnings, failures, outages, performance, availability and sub-optimal performances.

## InfraGraf®

Intelligent Infrastructure Automation



# OUTCOME DRIVEN

RETAIN  
THE BEST  
REINVENT THE  
**NEXT**



# Corporate social responsibility

Technologies that empower through education and inclusion

**Focus Areas:** Education, Livelihood and Inclusion

**Geography:** Maharashtra, Karnataka and Tamil Nadu

**Approach:** Catalyze change through 'disruptive', technology-based solutions



## Education

### **Arivu Disha-Headstreams:**

Tech-driven, play-based model to improve English learning outcomes of 4000 students across 30 government schools in 2 years

### **NASSCOM Social Innovation Forum Awards in Education:**

Seed-funding and mentoring support to 4 award-winning tech-based social enterprises



## Livelihood

### **SkillTrain:**

Training 1300 youth through mobile app-based skilling platform

### **Mphasis-Nudge Gurukul:**

Residential, 360° life and vocation skills program to train 400 youth over 2 years

### **Mphasis DEF Wi-Fi villages:**

Improve earnings for 1500 weaver families in traditional saree clusters through digital technology



## Inclusion

### **IIMB-Mphasis Digital Accessibility Labs:**

Support research on Digital Accessibility

### **Kickstart Cabs:**

Mobility solution for persons with disabilities through modified cabs

### **Make India Accessible:**

Policy advocacy for people with disability

### **Habitat for Humanity:**

25 disaster-resilient homes and 50 sanitation units for Chennai flood victims



# Awards and Accolades

**17 August 2016**

Ganesh Ayyar named as 'CEO of the Year' at CEO Connection's 2016 Mid-Market Awards

**12 August 2016**

Dinesh Venugopal wins Silver Stevie® Award in the 'IT Executive of the Year' category at the 13<sup>th</sup> Annual International Business Awards

**14 July 2016**

Mphasis bags Express Computer 'Uptime Champion Award' at the Technology Senate 2016

**14 June 2016**

IDG's Computerworld names Mphasis as 'One of the Top 20 Mid-sized Businesses to Work in IT in the US'

**28 March 2016**

Mphasis ranked #2 in Silicon Review's Top 30 Fastest Growing Tech Companies 2016 list

**16 December 2015**

Mphasis ranked #29 of 100 largest financial technology vendors by American Banker and BAI in the FinTech Forward Top 100 rankings

**8 December 2015**

Mphasis Wins the 'Most Distinguished Digital Company of the Year Award' at The Economic Times Best Tech Brands Awards 2015



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# Board of Directors



Davinder Singh Brar  
Chairman



Ganesh Ayyar  
CEO and Executive Director



N Kumar  
Director



Jan Kathleen Hier  
Director



David Lawrence Johnson  
Director



Dario Zamarian  
Director



Paul James Upchurch  
Director



Amit Dixit  
Director



Amit Dalmia  
Director

## EXECUTIVE VICE PRESIDENT, COMPANY SECRETARY GENERAL COUNSEL & ETHICS OFFICER

A Sivaram Nair

### AUDITORS

S.R. Batliboi & Associates  
'UB City' Canberra Block  
12<sup>th</sup> and 13<sup>th</sup> Floor  
24, Vittal Mallya Road  
Bengaluru - 560 001, India

### REGISTERED OFFICE

Bagmane World Technology  
Center Marathahalli Outer Ring Road  
Doddanakundi Village, Mahadevapura  
Bengaluru - 560 048, India  
Tel: +91 80 6750 5000  
Fax: +91 80 6695 9943  
Website: www.mphasis.com  
CIN: L30007KA1992PLC025294

## EXECUTIVE VICE PRESIDENT, CHIEF FINANCIAL OFFICER

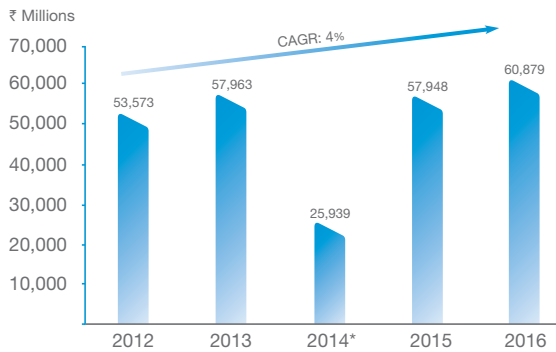
V Suryanarayanan

### REGISTRAR & SHARE TRANSFER AGENT

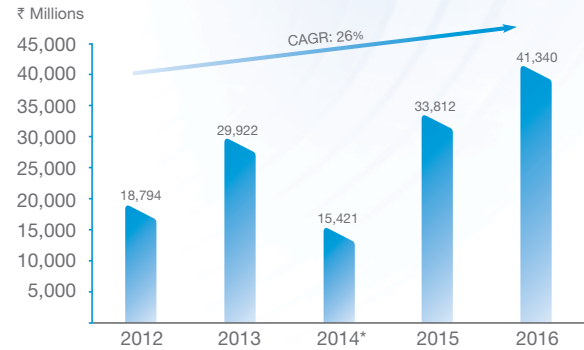
Integrated Enterprises (India) Limited  
(Unit: Mphasis Limited)  
30, Ramana Residence  
4<sup>th</sup> Cross Sampige Road, Malleswaram  
Bengaluru - 560 003, India  
Tel: +91 80 2346 0815-818  
Fax: +91 80 2346 0819  
CIN: U65993TN1987PLC014964

# Key Operating Metrics

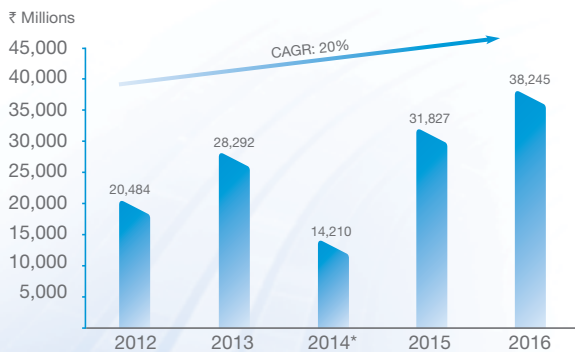
## Net Revenue



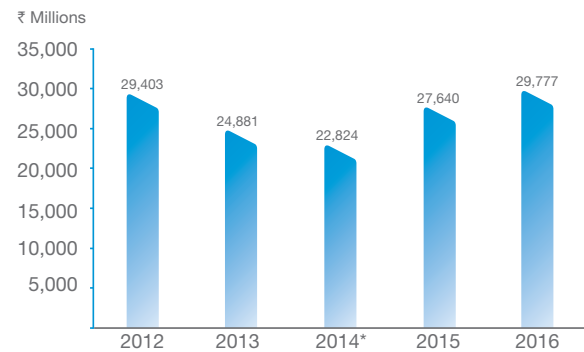
## Direct International Revenue



## BCM and Insurance Revenue



## Cash and Cash Equivalents



\* Transition Year 2014 represents 5 months of operations.



## Management Discussion and Analysis of Risks and Concerns

Managing risk has become a critical capability for successful management of an increasingly Volatile, Uncertain, Complex and Ambiguous (VUCA) business environment. In addition to providing strong assurance on protection and compliance, risk management capabilities enables companies to expand their focus on emerging business opportunities by assisting them in mitigating the risks. In addition it helps in strategic decision-making and improve operational performance.

Considering its importance and the critical role it plays in enhancing shareholder value, your Company has implemented an Enterprise Risk Management (ERM) program adhering to global standards, to proactively identify, mitigate, monitor and report risks across the enterprise that have the potential to prevent your Company from achieving its business objectives. Broadly enterprise risks are managed under the following categories:

- i) **Strategy Risks** - These have the potential to impact the entity's mission which arises out of strategic decisions and its long term marketing, resource allocation, delivery models and other activities. These risks are generally non-routine in nature;
- ii) **Operational Risks** - These have the potential to impact the efficiency and effectiveness of the operations;
- iii) **Information Risks** - These have the potential to impact information assets and information processing systems;
- iv) **Financial & Reporting Risks** - These have the potential to impact on statutory financial statements and transmission of timely and accurate information to stakeholders;
- v) **Compliance Risks** - These have potential to expose the Company to statutory and legal action.

The Risk Governance Committee chaired by the CEO provides the required oversight for the ERM program and monitors the progress on various identified enterprise risks and mitigation efforts. The status of the risks faced by the enterprise is reviewed by the Audit Committee of the Board on a quarterly basis. Some of the important risks/concerns and mitigation plans are as follows :

### **Strategy Risks**

#### ***Client Concentration Risk***

This risk arises when high percentage of revenue is received from very few clients. To mitigate this risk your Company has focussed on growth of Direct business by establishing a world class Go To Market team which has helped us grow our Direct business from 69% to 76% of our revenue this year. This has helped us to manage the concentration risk that we had with the HP Business. Several other initiatives have also been implemented to de-risk your company from this risk which includes, programs to develop high stickiness with existing clients, closely monitor CSAT (customer satisfaction) score of the top clients, grow wallet share of other existing clients and acquisition of new logos.

#### ***Risk of Changing Business Model***

The Group's ability to remain competitive depends on the ability to adapt to changing models of business delivery. Over the last 12 months the Group has focused on new generation services: Digital, GRC and Customer Experience Management which has helped the Company to remain competitive by securing contracts in these areas. During this year your Company grew 50% as compared to last year in the space of new generation services.

This approach has been recognized by the industry and your Company has been awarded the "Most Distinguished Digital Company of the Year Award" at the Economic Times Best Tech Brands Awards 2015. This award evaluates tech companies on brand equity, recall, usability and technology adoption and Mphasis was selected for this award among 300 global technology brands.

### **Operational Risks**

#### ***Lack of Holistic Due Diligence of SLA Terms and Conditions***

Growth is about successfully pursuing new opportunities. But new business models, new service offerings and growing volume of operations, have brought risks related to delivery, competency and adherence of SLA terms and conditions. The Group with its years of experience has implemented a framework to enhance the review and control mechanisms of all new deals to ensure risks arising from new business deals are identified and mitigated appropriately. A dedicated team ensures that your company's interests are well protected before a new deal is signed up.

A Solution Risk Review is undertaken for all new deals. This team of experts approves SLA terms and conditions and ensures that the Company is not exposed to unlimited liabilities. Variance from solution to execution stage is also closely monitored to mitigate the risk of resource estimation errors.

## Management Discussion and Analysis of Risks and Concerns

### ***Contract Management Risk***

This was identified as an important risk as contractual terms bring legal binding on the Company and can adversely affect in many ways. To ensure that the terms of engagement are not vague, infeasible promises are not made and implementation is possible, a robust function has been created with adequate checks and balances to ensure that this risk is well mitigated. Your company has put in place a robust contract management system, ensures legal and financial compliance, tracks implementation of contract clauses and manages commercial risks effectively.

### ***Risk of Loss of Talent***

Human capital has assumed paramount importance and is seen as the differentiator in achieving business success. To surmount challenges posed by the rapid changes in the industry, customer relationships and high quality service delivery have assumed even greater criticality to sustain performance and growth. Human capital is seen as the differentiator in achieving this. Your Company has ensured continuous improvement in the efficiency of core processes like Hiring, Employee Engagement, Key Talent management and Retention of critical employees.

To manage this risk, your Company is building out a strong employee value proposition. Your Company is certified on PCMM (People Capability Maturity Model) that has helped build robust people processes. As a result of the above initiatives, your Company expects to maintain an optimal mix of manpower in terms of experience, knowledge and skill sets to balance quality and cost. Your Company has increased its investment in Learning and Development which has helped the Company to improve in this area.

Your company identifies risk profiles of employees to initiate various steps to curb attrition and manage potential market variables. Assessing risk by categorizing employees into Critical, High Risk and Low Risk profiles and providing mitigation plans like role / project change, onsite assignments, salary increases and promotions have helped in maintaining the right workforce. Over and above this skill enhancement, building focus groups, internal job postings and recognition through various platforms are other initiatives taken by your company to mitigate this risk.

### ***Risk of Fraud***

Instances of corporate fraud and misconduct remain a constant threat to public trust and confidence in the market. Keeping the regulatory mandates and the Company's felt need to maintain an ethical business environment, your Company has set up a Fraud Risk Management System consisting of policies and procedures that provide direction for ensuring antifraud mechanisms as part of the fabric of the organization. In addition your Company through various governance structures, internal audits and Whistle Blower mechanisms has built a strong framework to detect and mitigate fraud risk.

Your Company has spent significant time and effort in promoting Fraud Risk Awareness to ensure that we have an aware workforce which can prevent and detect frauds. Your Company has set up a specialist team of forensic experts to ensure that we are in the best position to deal with any such situation.

### ***Risk of Key Client Loss***

Today's market is one of compelling competitiveness. Unless one is able to consistently delight the customer there is always the risk of losing them to competition. Moreover, it is also known that most businesses grow from existing logos. Your company has recognized this and has put in place proactive tracking mechanisms which puts the customer first and help provide indicators of customer satisfaction. The CSAT (customer satisfaction) surveys are conducted regularly by an independent team and the scores are monitored closely by the risk governance committee.

### **Information Risks**

#### ***Continuity and Disaster Recovery Risk***

Increased disruptions due to manmade and natural calamities are posing a risk to the enterprise Information Technology infrastructure and in turn to the business operations. Recovery and availability of enterprise applications and infrastructure, post any such disruptions have become critical for uninterrupted service delivery. In addition to implementing Disaster Recovery for the identified critical enterprise applications your Company is certified on ISO 22301 which is an international standard for Business Continuity Management System (BCMS) and which provides reasonable assurance of continuity of service to the clients. The testimony of this was the way in which your company successfully managed the Chennai Dec 2015 catastrophic event with no impact on the client SLAs and negligible revenue loss.

# Management Discussion and Analysis of Risks and Concerns

## ***Data and Information Security Risk***

With the advancement of technology and growing cyber threats, the industry is exposed to different types of risks related to information assets and data breaches. To mitigate these risks, your Company has implemented a robust IT Security framework and is also certified on ISO 27001. This is an international standard on Information Security Management System (ISMS). This certification provides reasonable assurance to all concerned stakeholders that data protection and information security measures have been adequately implemented.

In recognition of the quality of the Compliance Training Program your Company has in place, your Company was awarded the TISS Leap Vault CLO Award 2015 for 'Best Risk, Safety and Policy Compliance Training Program'. TISS (Tata Institute of Social Sciences) LeapVault CLO (Chief Learning Officers) Awards are a unique effort to understand, recognize and celebrate the best Learning & Development practices amongst corporations in India.

## ***Privacy Risk Management***

Governments across globe are enacting stringent Privacy Laws and your Company is exposed to the risk of privacy breaches and legal action as the nature of your Company's operation involves handling and processing such personal information of customers and clients. To mitigate this risk your Company has implemented Privacy Risk Management Framework to ensure that the Company complies to the stringent US and EU laws privacy requirements.

## **Compliance Risks**

### ***Non-compliance with statutory requirements***

With presence across multiple geographies your Company is subjected to multitudes of constantly changing legislations. There is a risk of non compliance or delay in compliance with statutory requirements. The Group uses enterprise and global legal compliance tools to track compliance across major geographies. The Group also uses the services of professional consultants to ensure compliance with domestic and overseas laws and regulations. Your Company has implemented the processes to ensure internal stakeholders of the Company are aware of statutory requirements and maintain required evidences to demonstrate that due care has been taken by your Company to ensure compliance.

### ***Non-Compliance with Immigration Laws***

The industry has seen increased scrutiny by various governments for non-compliance of Immigration laws. Your Company is equipped with the expertise to handle the complications of immigration laws and has processes to ensure compliance. In addition to a specialist internal team, your Company has enlisted external consultants, wherever necessary, to ensure proper compliance with these laws. Periodic immigration compliance reviews, training and awareness programs are facilitated to ensure compliance to immigration requirements.

## ***Intellectual Property Violation***

Intellectual Property is one of the factors that has a multiplier effect in a company's valuation. On the other hand, infringement of trademarks and copyrights can be serious offences and can lead to severe penalties. The geographies your Company works in and the clients your Company serves give a lot of importance to protection of intellectual property. Any violation in this space will negatively impact your Company's reputation, brand image and expose it to legal liabilities. Your Company has put in place mechanisms to detect and mitigate any probable or inadvertent breach of intellectual property. Further, your company has taken several steps to hone the awareness level of the employees on this front to ensure that the company's IP is well guarded. Mandatory trainings, knowledge sharing sessions and discussions on best practices are conducted to ensure that this risk is mitigated.



# Consolidated Independent Auditor's Report

To the Members of Mphasis Limited

## Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Mphasis Limited (hereinafter referred to as "the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), comprising of the consolidated Balance Sheet as at 31 March 2016, the consolidated Statement of Profit and Loss and consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter Referred to as 'the consolidated financial statements').

## Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms with the requirement of the Companies Act, 2013 ("the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial control that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

## Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

## Opinion

In our opinion and to the best of our information and according to the explanations given to us, the consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the consolidated state of affairs of the Group, as at 31 March 2016, their consolidated profit and their consolidated cash flows for the year ended on that date.

## Report on Other Legal and Regulatory Requirements

As required by section 143 (3) of the Act, we report, to the extent applicable, that:

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid consolidated financial statements;

## Consolidated Independent Auditor's Report

- (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidation of the financial statements have been kept so far as it appears from our examination of those books;
- (c) The consolidated Balance Sheet, consolidated Statement of Profit and Loss, and consolidated Cash Flow Statement dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the consolidated financial statements;
- (d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
- (e) On the basis of the written representations received from the directors of the Holding Company and subsidiary companies incorporated in India as on 31 March 2016 taken on record by the Board of Directors of the Holding Company and of its subsidiaries respectively, none of the directors of the Group's companies incorporated in India is disqualified as on 31 March 2016 from being appointed as a director in terms of Section 164 (2) of the Act;
- (f) With respect to the adequacy and the operating effectiveness of the internal financial controls over financial reporting of the Holding Company and its subsidiary companies, refer to our separate report in 'Annexure 1' to this report;
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - i. The consolidated financial statements disclose the impact of pending litigations on its consolidated financial position of the Group – Refer Note 29 and 45 to the consolidated financial statements;
  - ii. Provision has been made in the consolidated financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts – Refer Note 42 to the consolidated financial statements in respect of such items as it relates to the Group.
  - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its subsidiary companies incorporated in India.

For S.R. Batliboi & Associates LLP  
Chartered Accountants  
ICAI Firm Registration Number: 101049W/E300004

per Adarsh Ranka  
Partner  
Membership Number: 209567

Place of Signature : Singapore  
Date : 26 May 2016

# Consolidated Independent Auditor's Report

## Annexure 1 to the Independent Auditor's Report of even date on the consolidated financial statements of Mphasis Limited

### Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

In conjunction with our audit of the consolidated financial statements of Mphasis Limited as of and for the year ended 31 March 2016, we have audited the internal financial controls over financial reporting of Mphasis Limited (hereinafter referred to as the "Holding Company") and its subsidiary companies, which are companies incorporated in India, as of that date.

#### Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Holding Company and its subsidiary companies which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

#### Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, both, issued by Institute of Chartered Accountants of India, and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

An audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting.

#### Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.



# Consolidated Independent Auditor's Report

## Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

## Opinion

In our opinion, the Holding Company and its subsidiary companies, which are companies incorporated in India, have, maintained in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2016, based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For S.R. Batliboi & Associates LLP  
Chartered Accountants  
ICAI Firm Registration Number: 101049W/E300004

per Adarsh Ranka  
Partner  
Membership Number: 209567

Place of Signature : Singapore  
Date : 26 May 2016

## Consolidated Balance Sheet as at 31 March 2016

(₹ millions)

	Notes	31 March 2016	31 March 2015
<b>Equity and liabilities</b>			
<b>Shareholders' funds</b>			
Share capital	3	2,101.94	2,101.48
Reserves and surplus	4	60,828.57	52,696.24
		<b>62,930.51</b>	<b>54,797.72</b>
<b>Non-current liabilities</b>			
Long-term borrowings	5	1,788.89	3,093.75
Deferred tax liabilities (net)	6	730.00	499.86
Other long-term liabilities	9	45.50	67.38
Long-term provisions	10	755.26	539.78
		<b>3,319.65</b>	<b>4,200.77</b>
<b>Current liabilities</b>			
Short-term borrowings	7	1,325.10	1,250.00
Trade payables	8		
Total outstanding dues of micro and small enterprises		6.83	11.69
Total outstanding dues of creditors other than micro and small enterprises		4,518.31	4,051.91
Other current liabilities	9	5,597.74	4,886.96
Short-term provisions	10	1,395.68	4,967.41
		<b>12,843.66</b>	<b>15,167.97</b>
<b>TOTAL</b>		<b>79,093.82</b>	<b>74,166.46</b>
<b>Assets</b>			
<b>Non-current assets</b>			
Fixed assets			
Tangible assets	11	891.75	1,166.03
Intangible assets	11	280.58	389.91
Intangible assets under development		555.86	204.28
Goodwill on consolidation	12	22,942.19	21,781.43
Non-current investments	13	3,754.15	2,498.98
Deferred tax assets (net)	14	941.21	825.62
Long-term loans and advances	15	6,881.01	6,714.95
Trade receivables	19	40.41	53.82
Other non-current assets	16	1,038.77	1,052.35
		<b>37,325.93</b>	<b>34,687.37</b>
<b>Current assets</b>			
Current investments	17	17,363.51	11,932.05
Inventories	18	40.99	-
Trade receivables	19	6,489.28	6,252.02
Cash and bank balances	20	8,549.25	13,208.37
Short-term loans and advances	15	2,507.53	2,507.72
Other current assets	16	6,817.33	5,578.93
		<b>41,767.89</b>	<b>39,479.09</b>
<b>TOTAL</b>		<b>79,093.82</b>	<b>74,166.46</b>

Summary of significant accounting policies.

1

The accompanying notes are an integral part of the consolidated financial statements.  
 As per our report of even date.

**For S.R. BATLIBOI & ASSOCIATES LLP**

Chartered Accountants

ICAI Firm registration number: 101049W/E300004

**per Adarsh Ranka**
*Partner*

Membership No. 209567

**For and on behalf of the Board of Directors**
**Balu Ganesh Ayyar**
*Chief Executive Officer*
**Narayanan Kumar**
*Director*
**V. Suryanarayanan**
*Executive Vice President &  
 Chief Financial Officer*
**A. Sivaram Nair**
*Executive Vice President, Company Secretary  
 General Counsel & Ethics Officer*

 Singapore  
 26 May 2016

 Singapore  
 26 May 2016

## Consolidated Statement of profit and loss for the year ended 31 March 2016

(₹ millions)

	Notes	Year ended 31 March 2016	Year ended 31 March 2015
<b>Income</b>			
Revenue from operations	21	60,878.83	57,948.05
Other income	22	1,960.52	1,967.40
<b>Total revenue (I)</b>		<b>62,839.35</b>	<b>59,915.45</b>
<b>Expenses</b>			
Purchase of traded goods	23	421.57	-
(Increase) / decrease in inventories of traded goods	23.1	(40.99)	-
Employee benefits expense	24	37,399.24	35,869.40
Finance costs	25	240.96	279.15
Depreciation and amortization expense	11	744.20	980.70
Other expenses	26	14,135.94	13,377.76
<b>Total expenses (II)</b>		<b>52,900.92</b>	<b>50,507.01</b>
<b>Profit before tax and exceptional item (III) [(I)-(II)]</b>		<b>9,938.43</b>	<b>9,408.44</b>
Exceptional item (net of tax) (IV)	27	548.29	31.65
<b>Profit before tax after exceptional item (III)-(IV)</b>		<b>9,390.14</b>	<b>9,376.79</b>
<b>Tax expenses (refer note 37)</b>			
Current tax		2,332.04	2,141.74
Deferred tax charge		364.34	493.08
Minimum alternative tax credit entitlement (for earlier years)		-	(4.42)
<b>Total tax expenses</b>		<b>2,696.38</b>	<b>2,630.40</b>
<b>Profit for the year before exceptional item</b>		<b>7,242.05</b>	<b>6,778.04</b>
<b>Profit for the year after exceptional item</b>		<b>6,693.76</b>	<b>6,746.39</b>
<b>Earnings per equity share before exceptional item [nominal value of shares ₹ 10 (31 March 2015 : ₹ 10)]</b>	33		
Basic (₹)		34.46	32.26
Diluted (₹)		34.40	32.20
<b>Earnings per equity share after exceptional item [nominal value of shares ₹ 10 (31 March 2015 : ₹ 10)]</b>	33		
Basic (₹)		31.85	32.10
Diluted (₹)		31.80	32.05

Summary of significant accounting policies.

1

The accompanying notes are an integral part of the consolidated financial statements.  
As per our report of even date.

**For S.R. BATLIBOI & ASSOCIATES LLP**  
Chartered Accountants  
ICAI Firm registration number: 101049W/E300004

**For and on behalf of the Board of Directors**

**per Adarsh Ranka**  
Partner  
Membership No. 209567

**Balu Ganesh Ayyar**  
Chief Executive Officer

**Narayanan Kumar**  
Director

**V. Suryanarayanan**  
Executive Vice President &  
Chief Financial Officer

**A. Sivaram Nair**  
Executive Vice President, Company Secretary  
General Counsel & Ethics Officer

Singapore  
26 May 2016

Singapore  
26 May 2016



# Notes to the Consolidated Financial Statements for the year ended 31 March 2016

## 1. SIGNIFICANT ACCOUNTING POLICIES

### Basis of preparation

The consolidated financial statements of Mphasis Limited ('the Company') and its subsidiaries, collectively referred to as 'the Mphasis Group' or 'the Group', have been prepared and presented under the historical cost convention on the accrual basis of accounting, unless stated otherwise and comply in all material aspects with the Accounting Standards ('AS') notified under section 133 of the Companies Act, 2013, read together with rule 7 of the Companies (Accounts) Rules, 2014 and other accounting principles generally accepted in India. The accounting policies adopted in the preparation of the consolidated financial statements are consistent with those of the previous year.

### Use of estimates

The preparation of the financial statements requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent liabilities on the date of the consolidated financial statements and the reported amounts of revenues and expenses for the year reported. Actual results could differ from those estimates. Any revision to accounting estimates is recognized prospectively in the current and future years.

### Basis of consolidation

The consolidated financial statements include the financial statements of Mphasis Limited and all its subsidiaries, which are more than 50% owned or controlled through composition of Board of Directors. Refer note 2 for the description of the Group.

The financial statements are prepared in accordance with the principles and procedures for the preparation and presentation of consolidated financial statements as laid down under AS 21, Consolidated Financial Statements.

The consolidated financial statements of the parent company and subsidiaries have been combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses after eliminating intra-group balances / transactions and resulting unrealised profits in full. Unrealised losses resulting from intra-group transactions have also been eliminated except to the extent that the recoverable value of related assets are lower than their cost to the Group. The amounts shown in respect of reserves comprise the amount of the relevant reserves as per the balance sheet of the Parent Company and its share in the post-acquisition increase in the relevant reserves of subsidiaries.

Minority interest is the amount of equity attributable to minorities at the date on which investment in a subsidiary is made and its share of movements in the equity since that date.

Consolidated financial statements are prepared using uniform accounting policies across the Group.

### Revenue recognition

The Group derives its revenues primarily from software services & projects, call centre and business & knowledge process outsourcing operations, infrastructure outsourcing services, licensing arrangement, application services and trading of goods.

Revenues from software services & projects comprise income from time-and-material and fixed price contracts. Revenue from time and material contracts is recognized when the services are rendered in accordance with the terms of contracts with clients. Revenue from fixed price contracts is recognized using the percentage-of-completion method, calculated as the proportion of the cost of effort incurred up to the reporting date to estimated cost of total effort.

Revenues from call centre and business & knowledge process outsourcing operations arise from both time-based and unit-priced client contracts. Such revenue is recognized when the services are rendered in accordance with the terms of the contracts with clients.

Revenues from infrastructure outsourcing services arise from time based, unit-priced and fixed price contracts. Revenue from time based and unit-priced is recognized when the services are rendered in accordance with the terms of the contracts with clients. Revenue from fixed price contracts is recognized using the percentage-of-completion method, calculated as the proportion of the cost of effort incurred up to the reporting date to estimated cost of total effort.

Revenues from licensing arrangements is recognized on transfer of the title in user licenses, except those contracts where transfer of title is dependent upon rendering of significant implementation services by the Group, in which case revenue is recognized over the implementation period in accordance with the specific terms of the contracts with clients.

Maintenance revenue is recognized rateably over the period of underlying maintenance agreements.

## Notes to the Consolidated Financial Statements for the year ended 31 March 2016

Revenues from sale of goods is recognized on transfer of significant risks and rewards in accordance with the terms of contract. Revenue is shown as net of sales tax, value added tax and applicable discounts.

Provisions for estimated losses on incomplete contracts are recorded in the period in which such losses become probable based on the current contract estimates. 'Unbilled revenue' included in the current assets represent revenues in excess of amounts billed to clients as at the balance sheet date. 'Unearned revenue' included in the current liabilities represent billings in excess of revenues recognized.

Advances received for services are reported as liabilities until all conditions for revenue recognition are met.

Interest income is recognized using the time-proportion method, based on underlying interest rates.

Dividend income is recognized when the right to receive the dividend is established.

### Fixed assets and capital work-in-progress

Fixed assets are stated at the cost of acquisition or construction less accumulated depreciation and write down for, impairment if any. Direct costs are capitalised until the assets are ready to be put to use. When significant parts of plant and equipment are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives. All other repair and maintenance costs are recognised in the statement of profit or loss as incurred. Fixed assets purchased in foreign currency are recorded at cost, based on the exchange rate on the date of purchase.

The Group identifies and determines cost of each component/ part of the asset separately, if the component/ part has a cost which is significant to the total cost of the asset and has useful life that is materially different from that of the remaining asset.

Acquired intangible assets are capitalised at the acquisition price. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. The amortization period and the amortization method are reviewed atleast at each financial year end. Internally generated intangible assets are stated at cost that can be measured reliably during the development phase and capitalised when it is probable that future economic benefits that are attributable to the assets will flow to the Group.

Gains or losses arising from derecognition of fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

Cost of assets not ready for use at the balance sheet date are disclosed under capital work-in-progress.

### Goodwill arising on consolidation

The excess cost of its investment in subsidiaries over its portion of equity in the subsidiaries at the respective dates on which those subsidiaries were acquired, is recognized in the financial statements as goodwill. The equity in the subsidiaries is determined on the basis of the value of assets and liabilities as per the financial statements of the subsidiaries as on the date of acquisition.

### Depreciation and amortization

Depreciation on tangible assets is calculated on a straight-line basis using the rates arrived at, based on the useful lives estimated by the management. Intangible assets are amortised on a straight line basis over the estimated useful economic life. The useful lives estimated by the management are given below:

(In years)

Asset	Useful life as per Companies Act, 2013	Useful life estimated by the management
Computer equipment	3	3
Furniture and Fixtures	10	5
Lease hold Improvements	10	10 or remaining primary lease term whichever is less
Office equipment	5	5
Plant and equipment	15	7
Server and Networks	6	6
Purchased software / Internally developed for self-consumption	As per AS-26	Useful life of the asset
Internally developed software for sale	As per AS-26	Useful life of the asset
Vehicles	8	5

## Notes to the Consolidated Financial Statements for the year ended 31 March 2016

In respect of plant and equipment, furniture and fixtures and vehicles, the management basis internal assessment of usage pattern believes that the useful lives as mentioned above best represent the period over which management expects to use these assets. Hence the useful lives in respect of these assets are different from the useful lives as prescribed under Part C of Schedule II of the Companies Act 2013.

Project specific assets are depreciated over the period of contract or useful life of the asset, whichever is lower.

### Leases

Leases, where the lessor effectively retains substantially all the risks and benefits of ownership of the leased items, are classified as operating leases. Operating lease payments are recognized as an expense in the statement of profit and loss on a straight-line basis over the lease term.

Profit or loss on sale and lease back arrangements resulting in operating leases are recognized immediately in case the transaction is established at fair value, else, the excess over the fair value is deferred and amortized over the period for which the asset is expected to be used. If the sale price is below fair value, any profit or loss is recognized immediately in the statement of profit and loss.

Leases under which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Such assets acquired are capitalised at the fair value of the asset or the present value of the minimum lease payments at the inception of the lease, whichever is lower.

### Borrowing costs

Borrowing cost includes interest, amortization of ancillary costs incurred in connection with the arrangement of borrowings and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the year they occur.

### Impairment of tangible and intangible assets

The Group assesses at each balance sheet date whether there is any indication that a fixed asset, including goodwill, may be impaired. If any such indication exists, the Group estimates the recoverable amount of the asset. The recoverable amount is the greater of the asset's net selling price and value in use. In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. In assessing value in use, the estimated future cash flows are discounted to their present value using the pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the assets. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the statement of profit and loss. If at the balance sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciated historical cost. In respect of goodwill, the impairment loss will be reversed only when it was caused by specific external events and their effects have been reversed by subsequent external events.

### Investments

Investments that are readily realisable and intended to be held for not more than a year, are classified as current investments. All other investments are classified as long-term investments. Current investments are carried at lower of cost and fair value determined on an individual investment basis.

Long-term investments are carried at cost. Provision for diminution in the value of investments is made if the impairment is not temporary in nature.

### Employee benefits

Gratuity, which is a defined benefit plan, is accrued based on an independent actuarial valuation, which is done based on project unit credit method as at the balance sheet date. Actuarial gains / losses are immediately taken to the statement of profit and loss and are not deferred.

The cost of short term compensated absences are provided for based on estimates. Long term compensated absence costs are provided for based on actuarial valuation using the project unit credit method. The Group presents the entire leave as a current liability in the balance sheet, since it does not have an unconditional right to defer its settlement for 12 months after the reporting date.



## Notes to the Consolidated Financial Statements for the year ended 31 March 2016

Contributions payable to recognized provident funds, which are defined contribution schemes, are charged to the statement of profit and loss.

Mphasis Limited has established a Provident Fund Trust to which contributions towards provident fund are made each month. The Provident Fund Trust guarantees a specified rate of return on such contributions on a periodical basis. The Company will meet the shortfall in the returns, if any, based on actuarial valuation, as per Projected Unit Credit Method, as at the date of Balance Sheet.

### Stock-based compensation (Equity settled)

Measurement and disclosure of the employee share-based payment plans is done in accordance with regulations issued by Securities Exchange Board of India ('SEBI') from time to time and the Guidance Note on Accounting for Employee Share-based Payments, issued by the Institute of Chartered Accountants of India. The Group measures compensation cost relating to employee stock options using the fair valuation method except for ESOP 1998 Plan and ESOP 2004 Plan wherein compensation cost is measured based on intrinsic valuation method. Compensation expense is amortized over the vesting period of the option on a straight line basis.

### Foreign currency

Foreign currency transactions are recorded at the exchange rates prevailing on the dates of the respective transactions. Exchange differences arising on foreign exchange transactions settled during the year are recognized in the statement of profit and loss of that year.

Monetary assets and liabilities denominated in foreign currencies as at the balance sheet date are translated at the exchange rates on that date. The resultant exchange differences are recognized in the statement of profit and loss. Non-monetary items which are carried in terms of historical cost denominated in foreign currency are reported using the exchange rate as at the date of the transaction.

The financial statements of an integral foreign operation are translated as if the transactions of the foreign operation have been those of the Company itself.

The financial statements of foreign subsidiaries being non-integral operations in terms of para 24 of AS 11, Accounting for the Effects of Changes in Foreign Exchange Rates, are translated into Indian rupees as follows:

- a) Income and expense items are translated at the weighted average exchange rates.
- b) Assets (including goodwill) and liabilities, both monetary and non-monetary are translated at the closing rate.
- c) All resulting exchange differences are accumulated in a foreign currency translation reserve which is reflected under Reserves and surplus until the disposal of the net investment.
- d) On disposal of a non-integral foreign operation, the accumulated foreign currency translation reserve relating to that foreign operation is recognized in the statement of profit and loss.
- e) Contingent liabilities are translated at the closing rate.

Forward contracts are entered into to hedge the foreign currency risk of the underlying outstanding at the balance sheet date and also to hedge the foreign currency risk of firm commitment or highly probable forecast transactions. The premium or discount on forward contracts that are entered into to hedge the foreign currency risk of the underlying outstanding at the balance sheet date arising at the inception of each contract, is amortized as income or expense over the life of the contract. Any profit or loss arising on the cancellation or renewal of forward contracts is recognized as income or as expense for the year.

In relation to the forward contracts entered into, to hedge the foreign currency risk of the underlying outstanding at the balance sheet date, the exchange difference is calculated and recorded in accordance with paragraphs 36 and 37 of AS 11. The exchange difference on such a forward exchange contract is calculated as the difference between the foreign currency amount of the contract translated at the exchange rate at the reporting date or the settlement date where the transaction is settled during the reporting year, and the corresponding foreign currency amount translated at the later of the date of inception of the forward exchange contract and the last reporting date. Such exchange differences are recognized in the statement of profit and loss in the reporting year in which the exchange rates change.

The Group has adopted the principles of AS 30 "Financial Instruments: Recognition and Measurement" in respect of its derivative financial instruments (excluding embedded derivatives) that are not covered by AS 11 "Accounting for the Effects of Changes in Foreign Exchange Rates" and that relate to a firm commitment or a highly probable forecast transaction. In accordance with AS 30, such derivative financial instruments, which qualify for cash flow hedge accounting and where the Group has met all the conditions of AS 30, are fair valued at the balance sheet date and the resultant gain / loss is credited / debited to the hedging reserve included in the Reserves and Surplus. This gain / loss is recorded in the statement of profit and loss when the underlying transactions affect earnings. Other derivative instruments that relate to a firm commitment or a highly probable forecast transaction and that do not qualify for hedge

## Notes to the Consolidated Financial Statements for the year ended 31 March 2016

accounting, have been recorded at fair value at the reporting date and the resultant gain / loss has been credited / debited to statement of profit and loss for the year.

### Income taxes

The current charge for income taxes is calculated in accordance with the relevant tax regulations. Minimum Alternative Tax ('MAT') paid in accordance with the tax laws, which gives rise to future economic benefits in the form of adjustments of future income tax liability, is considered as an asset if there is convincing evidence that the Group will pay normal tax after the tax holiday period. MAT credit entitlement can be carried forward and utilised for a period as specified in the tax laws of the respective countries.

Deferred tax assets and liabilities are recognized for the future tax consequences attributable to timing differences that result between taxable profits and accounting profits. Deferred tax in respect of timing differences which originate during the tax holiday period but reverse after the tax holiday period, is recognized in the period in which the timing differences originate. For this purpose, the timing difference which originates first is considered to reverse first. Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. The effect on deferred tax assets and liabilities of change in tax rates is recognized in the period that includes the enactment date. Deferred tax assets on timing differences are recognized only if there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. However, deferred tax assets on the timing differences when unabsorbed depreciation and losses carried forward exist, are recognized only to the extent that there is virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. Deferred tax assets are reassessed for the appropriateness of their respective carrying values at each balance sheet date. The legal entities within the Group offsets, on a year on year basis, the current and deferred tax assets and liabilities, where it has a legally enforceable right and where it intends to settle such assets and liabilities on a net basis.

### Provisions and contingent liabilities

A provision is recognized when an enterprise has a present obligation as result of past event and it is probable that an outflow of resources will be required to settle a reliably assessable obligation. Provisions are not discounted to present value and are determined based on best estimate required to settle each obligation at each balance sheet date.

Provisions for onerous contracts, i.e. contracts where the expected unavoidable costs of meeting obligations under a contract exceed the economic benefits expected to be received, are recognized when it is probable that an outflow of resources embodying economic benefits will be required to settle a present obligation as a result of an obligating event, based on a reliable estimate of such obligation.

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Group does not recognize a contingent liability but discloses its existence in the financial statements.

### Earnings per share

The basic earnings per share is computed by dividing the net profit attributable to equity shareholders for the year by the weighted average number of equity shares outstanding during the year. The number of shares used in computing diluted earnings per share comprises the weighted average shares considered for deriving basic earnings per share, and also the weighted average number of equity shares which could be issued on the conversion of all dilutive potential equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the year, unless they have been issued at a later date. The diluted potential equity shares have been arrived at, assuming that the proceeds receivable were based on shares having been issued at the average market value of the outstanding shares. In computing dilutive earnings per share, only potential equity shares that are dilutive and that would, if issued, either reduce future earnings per share or increase loss per share, are included.

### Inventories

Inventory comprises of traded goods and is measured at lower of cost and net realisable value. Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on a weighted average basis. Net realisable value is the estimated selling price in the ordinary course of business, less estimated cost necessary to make the sale.

### Cash and cash equivalents

Cash and cash equivalents for the purposes of cash flow statement comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

# Notes to the Consolidated Financial Statements for the year ended 31 March 2016

## 2. DESCRIPTION OF THE GROUP

The Mphasis Group, a global, multicultural organisation headquartered in Bengaluru, India, specialises in providing a suite of application development and maintenance services, infrastructure outsourcing services and business & knowledge process outsourcing solutions to clients around the world.

Mphasis Limited has its registered office in Bengaluru. This is the flagship Company of the Group and is listed on the principal stock exchanges of India.

List of subsidiaries with percentage holding		% of holding	
Subsidiaries	Country of incorporation and other particulars	31 March 2016	31 March 2015
Mphasis Corporation	a company organised under the laws of Delaware, USA	100	100
Mphasis Deutschland GmbH	a company organised under the laws of Germany	91	91
Mphasis Australia Pty Limited	a company organised under the laws of Australia	100	100
Mphasis (Shanghai) Software & Services Company Limited	a company organised under the laws of The People's Republic of China	100	100
Mphasis Consulting Limited	a company organised under the laws of United Kingdom	100	100
Mphasis Ireland Limited	a company organised under the laws of Ireland	100	100
Mphasis Belgium BVBA	a company organised under the laws of Belgium	100	100
Mphasis Lanka (Private) Limited [refer note 2.2]	a company organised under the laws of Sri Lanka	100	100
Mphasis Poland s.p.z.o.o.	a company organised under the laws of Poland	100	100
PT. Mphasis Indonesia	a company organised under the laws of Indonesia	100	100
Mphasis Europe BV	a subsidiary of Mphasis Corporation, organised under the laws of The Netherlands	100	100
Mphasis Infrastructure Services Inc.	a subsidiary of Mphasis Corporation, organised under the laws of Delaware, USA	100	100
Mphasis Pte Limited	a subsidiary of Mphasis Europe BV, organised under the laws of Singapore	100	100
Mphasis UK Limited	a subsidiary of Mphasis Europe BV, organised under the laws of United Kingdom	100	100
Mphasis Software and Services (India) Private Limited	a subsidiary of Mphasis Europe BV, organised under the laws of India	100	100
Msource Mauritius Inc.	a subsidiary of Mphasis Europe BV, organised under the laws of Mauritius	100	100
Mphasis Wyde Inc.	a subsidiary of Mphasis UK Limited, organised under the laws of Delaware, USA	100	100
Mphasis Philippines Inc.	a subsidiary of Mphasis Pte Limited, organised under the laws of Republic of Philippines	100	100
Msource (India) Private Limited	a subsidiary of Msource Mauritius Inc., organised under the laws of India	100	100
Wyde Corporation Inc.	a subsidiary of Mphasis Wyde Inc., organised under the laws of Delaware, USA	100	100
Mphasis Wyde SASU (formerly Mphasis Wyde SAS)	a subsidiary of Wyde Corporation Inc., organised under the laws of France	100	100
Wyde Solutions Canada Inc.	a subsidiary of Wyde Corporation Inc., organised under the laws of Quebec, Canada	100	100



## Notes to the Consolidated Financial Statements for the year ended 31 March 2016

Subsidiaries	Country of incorporation and other particulars	31 March 2016	31 March 2015
Wyde Tunisie SARL [refer note 2.3]	a subsidiary of Mphasis Wyde SASU, organised under the laws of Tunisia	-	100
Digital Risk, LLC. [refer note 2.1]	a subsidiary of Mphasis Wyde Inc., organised under the laws of Delaware, USA	100	100
Digital Risk Mortgage Services, LLC. [refer note 2.1]	a subsidiary of Digital Risk, LLC., organised under the laws of Delaware, USA	100	100
Digital Risk Compliance Services, LLC. [refer note 2.1]	a subsidiary of Digital Risk, LLC., organised under the laws of Delaware, USA	100	100
Digital Risk Analytics, LLC. [refer note 2.1]	a subsidiary of Digital Risk, LLC., organised under the laws of Delaware, USA	100	100
Investor Services, LLC. [refer note 2.1]	a subsidiary of Digital Risk, LLC., organised under the laws of Delaware, USA	100	100
Digital Risk Valuation Services, LLC. [refer note 2.1]	a subsidiary of Digital Risk, LLC., organised under the laws of Delaware, USA	100	100
Digital Risk Europe, OOD. [refer note 2.1]	a subsidiary of Digital Risk, LLC., organised under the laws of Bulgaria	100	100

All the above subsidiaries are under the same management.

- 2.1 During the year ended 31 October 2013, Mphasis Wyde Inc. acquired USA based Digital Risk LLC, on a cash free debt free basis for USD 175.00 millions (₹ 9,514.75 millions) with an additional maximum earn-out component of USD 27.00 millions (₹ 1,467.99 millions) payable in five tranches over next 30 months ending 31 July 2015. Accordingly, the financial statements of Digital Risk LLC and its subsidiaries have been consolidated into the consolidated financial statements effective 11 February 2013 resulting in goodwill of ₹ 10,169.54 millions on acquisition. First and second tranche liability of USD 5.40 millions each has been paid during the year ended 31 October 2013 (₹ 332.13 millions) and year ended 31 March 2015 (₹ 325.70 millions) towards earn-out liability. During the year ended 31 March 2015 and 31 March 2016 earn-out liability of USD 14.40 millions (₹ 894.60 millions) and USD 1.80 millions (₹ 119.09 millions) respectively has been reversed and adjusted to Goodwill.
- 2.2 On 22 July 2013 the Board of Directors of Mphasis Lanka (Private) Limited, a wholly owned subsidiary of Mphasis Limited, resolved to close down its operations.
- 2.3 Wyde Tunisie SARL has been liquidated effective 10 June 2015.
- 2.4 The Board of Directors in its meeting held on 27 September 2013 had approved the scheme of amalgamation ('the scheme') of Mphasis Finsource Limited, a wholly owned subsidiary of the Company, carrying on the business of business process outsourcing, into the Company with effect from 1 April 2013. The Honourable High Court of Karnataka had passed orders approving the scheme on 19 June 2014. Upon filing of the orders of the Honourable High Court of Karnataka with the Registrar of Companies on 04 September 2014, the scheme became effective.

## Notes to the Consolidated Financial Statements for the year ended 31 March 2016

(₹ millions)

	31 March 2016	31 March 2015
<b>3. SHARE CAPITAL</b>		
<b>Authorised shares</b>		
245,000,000 (31 March 2015: 245,000,000) equity shares of ₹ 10 each	2,450.00	2,450.00
<b>Issued, subscribed and fully paid-up shares</b>		
210,187,117 (31 March 2015: 210,140,823) equity shares of ₹ 10 each fully paid-up	2,101.87	2,101.41
Add: Amount originally paid-up on forfeited shares	0.07	0.07
<b>Total issued, subscribed and fully paid-up share capital</b>	<b>2,101.94</b>	<b>2,101.48</b>

**(a) Reconciliation of the shares outstanding at the beginning and at the end of the reporting year**

	31 March 2016		31 March 2015	
	Number	₹ millions	Number	₹ millions
At the beginning of the year	210,140,823	2,101.41	210,134,821	2,101.35
Issued during the year – Employee stock option plans	46,294	0.46	6,002	0.06
<b>Outstanding at the end of the year</b>	<b>210,187,117</b>	<b>2,101.87</b>	<b>210,140,823</b>	<b>2,101.41</b>

**(b) Terms/ rights attached to equity shares**

The Company has only one class of equity shares having par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

During the year ended 31 March 2016, the amount of per share dividend recognized as distributions to equity shareholders is ₹ Nil (31 March 2015: ₹ 16.00).

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive 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.

**(c) Shares held by holding / ultimate holding company and / or their subsidiaries / associates**

(₹ millions)

	31 March 2016	31 March 2015
EDS Asia Pacific Holdings (Subsidiary of the ultimate holding company)	830.02	830.02
83,002,201 (31 March 2015: 83,002,201) equity shares of ₹ 10 each fully paid		
EDS World Corporation (Far East) LLC (Subsidiary of the ultimate holding company)	441.04	441.04
44,104,064 (31 March 2015: 44,104,064) equity shares of ₹ 10 each fully paid		
EDS World Corporation (Netherlands) LLC (Subsidiary of the ultimate holding company)	0.00	0.00
1 (31 March 2015: 1) equity share of ₹ 10 each fully paid		

The ultimate holding company is Hewlett-Packard Enterprise Company w.e.f. 01 November 2015 (refer note 31).

**(d) Aggregate number of bonus shares issued and shares issued for consideration other than cash during the period of five years immediately preceding the reporting date**

	31 March 2016	31 March 2015
Equity shares allotted as fully paid bonus shares by capitalization of securities premium / statement of profit and loss	700	1,400

In addition, the Company has issued total 150,372 shares (31 March 2015: 214,710) during the period of five years immediately preceding the reporting date on exercise of options granted under the employee stock option plan (ESOP) wherein part consideration was received in form of employee services.

## Notes to the Consolidated Financial Statements for the year ended 31 March 2016

(e) Details of shareholders holding more than 5% shares in the Company

Name of the shareholder	31 March 2016		31 March 2015	
	Number	% of holding	Number	% of holding
EDS Asia Pacific Holdings	83,002,201	39.49	83,002,201	39.50
EDS World Corporation (Far East) LLC	44,104,064	20.98	44,104,064	20.99
Aberdeen Global Indian Equity (Mauritius) Limited	10,359,822	4.93	17,765,301	8.45

As per records of the Company, including its register of shareholders / members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of shares.

(f) Shares reserved for issue under options

For details of shares reserved for issue under the ESOP plan of the Company, refer note 4.

(₹ millions)

	31 March 2016	31 March 2015
<b>4. RESERVES AND SURPLUS</b>		
<b>Capital reserve</b>		
Balance as per last financial statements	361.39	361.39
<b>Closing balance</b>	<b>361.39</b>	<b>361.39</b>
<b>Capital redemption reserve</b>	<b>4.75</b>	<b>4.75</b>
<b>Securities premium account</b>		
Balance as per last financial statements	1,556.84	1,556.08
Add: Premium on issue of shares	0.46	0.60
Add: Transferred from stock options outstanding	15.06	0.16
<b>Closing balance</b>	<b>1,572.36</b>	<b>1,556.84</b>
<b>Employee stock options outstanding (refer note 38)</b>		
Balance as per last financial statements	106.74	83.53
Add: Expense for the year	94.53	35.29
Less: Transferred to securities premium on exercise of options	15.06	0.16
Less: Exercise of options	5.97	11.91
Less: Reversal on lapse of options granted	9.81	0.01
<b>Closing balance</b>	<b>170.43</b>	<b>106.74</b>
<b>General reserve</b>		
Balance as per last financial statements	5,497.21	4,944.18
Add: Reversal on lapse of options granted	9.81	-
Add: Amount transferred from surplus balance in the statement of profit and loss	458.36	553.03
<b>Closing balance</b>	<b>5,965.38</b>	<b>5,497.21</b>
<b>Hedging reserve</b>		
Balance as per last financial statements	261.07	(177.29)
Add / (Less): Transaction during the year	258.07	583.68
Add / (Less): Transfer to revenue	(138.92)	(145.32)
<b>Closing balance</b>	<b>380.22</b>	<b>261.07</b>

(Contd.)

## Notes to the Consolidated Financial Statements for the year ended 31 March 2016

(₹ millions)

	31 March 2016	31 March 2015
<b>4. RESERVES AND SURPLUS (Contd...)</b>		
<b>Foreign currency translation reserve</b>		
Balance as per last financial statements	3,944.29	3,439.26
Add / (Less): Movement during the year	1,230.82	505.03
<b>Closing balance</b>	<b>5,175.11</b>	<b>3,944.29</b>
<b>Surplus in the statement of profit and loss</b>		
Balance as per last financial statements	40,963.95	38,836.43
Profit for the year	6,693.76	6,746.39
Less: Appropriations		
Final dividend for earlier years	0.36	0.15
Proposed final equity dividend (amount per share ₹ Nil (31 March 2015: ₹ 16.00))	-	3,362.25
Tax on equity dividend	0.06	684.51
Depreciation and amortization expense	-	18.93
Transfer to general reserve	458.36	553.03
<b>Total appropriations</b>	<b>458.78</b>	<b>4,618.87</b>
<b>Net surplus in the statement of profit and loss</b>	<b>47,198.93</b>	<b>40,963.95</b>
<b>Total reserves and surplus</b>	<b>60,828.57</b>	<b>52,696.24</b>

### Employee Stock Option Plans ('ESOP') - Equity settled

All the ESOPs are in respect of the Company's shares where each stock option is equivalent to one share. In accordance with the Guidance Note on "Accounting for Employee Share-based Payments" issued by the ICAI with effect from 1 April 2005, the necessary disclosures have been made for the year ended 31 March 2016 and 31 March 2015 for grants outstanding on and made on or after that date for each of the plans described below (refer note 34).

**Employees Stock Option Plan - 1998 (the 1998 Plan):** The Company instituted the 1998 Plan for all eligible employees in pursuance of the special resolution approved by the shareholders in the Annual General Meeting held on 31 July 1998. The 1998 Plan provides for the issuance of 3,720,000 options to eligible employees as recommended by the ESOP Committee constituted for this purpose.

In accordance with the 1998 Plan, the Committee has formulated 1998 Plan - (Version I) and 1998 Plan - (Version II) during the years 1998 - 1999 and 1999 - 2000 respectively.

**1998 Plan - (Version I):** Each option, granted under the 1998 Plan - (Version I), entitles the holder thereof with an option to apply for and be issued one equity share of the Company at an exercise price of ₹ 34.38 per share. The equity shares covered under these options vest at various dates over a period ranging from six to sixty-six months from the date of grant based on the length of service completed by the employee to the date of grant. The options are exercisable any time after their vesting period.



## Notes to the Consolidated Financial Statements for the year ended 31 March 2016

The movements in the options granted under the 1998 Plan - (Version I) for the year ended 31 March 2016 and 31 March 2015 are set out below:

	Year ended 31 March 2016		Year ended 31 March 2015	
	No. of Options	Weighted Average Exercise Price (₹)	No. of Options	Weighted Average Exercise Price (₹)
Options outstanding at the beginning	47,000	34.38	47,000	34.38
Granted	-	-	-	-
Forfeited	-	-	-	-
Lapsed	-	-	-	-
Exercised	-	-	-	-
Options outstanding at the end	47,000	34.38	47,000	34.38
Exercisable at the end	47,000	34.38	47,000	34.38

The weighted average share price as at the date of exercise for stock options was ₹ Nil (31 March 2015: ₹ Nil). The options outstanding as at 31 March 2016 has an exercise price of ₹ 34.38 (31 March 2015: ₹ 34.38).

**1998 Plan-(Version II):** Commencing January 2000, the Company decided to grant all future options at the market price immediately preceding the date of grant. The equity shares covered under these options vest at various dates over a period ranging from twelve to forty-eight months from the date of grant based on the grade of the employee. However, in the case of options granted to the then Managing Director or Chief Executive Officer, the vesting period of the options, subject to a minimum period of one year from the date of grant, is determined by the ESOP Committee and approved by the Board. The options are to be exercised within a period of ten years from their date of vesting.

The movements in the options granted under the 1998 Plan - (Version II) for the year ended 31 March 2016 and 31 March 2015 are set out below:

	Year ended 31 March 2016		Year ended 31 March 2015	
	No. of Options	Weighted Average Exercise Price (₹)	No. of Options	Weighted Average Exercise Price (₹)
Options outstanding at the beginning	116,232	109.46	213,632	90.18
Granted	-	-	-	-
Forfeited	-	-	-	-
Lapsed	15,632	72.09	96,100	66.95
Exercised	6,200	84.38	1,300	84.35
Options outstanding at the end	94,400	117.29	116,232	109.46
Exercisable at the end	94,400	117.29	116,232	109.46

The weighted average share price as at the date of exercise for stock options was ₹ 408.20 (31 March 2015: ₹ 422.21). The options outstanding as at 31 March 2016 has an exercise price ranging from ₹ 67.38 to ₹ 130.60 (31 March 2015: ₹ 23.21 to ₹ 130.60) and weighted average remaining contractual life of 0.37 years (31 March 2015: 1.23 years).

**Employees Stock Option Plan-2004 (the 2004 Plan):** At the Extraordinary General Meeting on 12 May 2004, the shareholders approved a new Employee Stock Option Plan. The 2004 Plan provides for the issuance of equity shares to employees and directors of the Company and its subsidiaries and for the exchange of outstanding stock options of Msource Corporation as on 20 September 2004, pursuant to its merger with Mphasis Corporation and the assumption of the Msource stock options by the Company.

The 2004 Plan is administered through the ESOP Committee appointed by the Board and comprises two programs. Under Program A, outstanding options of Msource Corporation were exchanged for options in the Company on the agreed exchange ratio of 0.14028 stock options with underlying equity shares of the Company for each stock option in the Msource 2001 plan, the exercise price being the equivalent amount payable by the option holder under the Msource 2001 plan. The equity shares underlying these options vest over a period up to forty-eight months from the date of assumption by the Company and shall be exercisable within a period of ten years from the original date of grant under the Msource 2001 plan.

## Notes to the Consolidated Financial Statements for the year ended 31 March 2016

Options under Program B represent fresh grants and will be issued to employees at an exercise price which shall be equal to the fair value of the underlying shares at the date of grant. The equity shares covered under these options vest over a period ranging from twelve to forty-eight months from the date of grant. The exercise period is two years from the date of vesting.

The movements in the options under the 2004 Plan for the year ended 31 March 2016 and 31 March 2015 are set out below:

	Year ended 31 March 2016		Year ended 31 March 2015	
	No. of Options	Weighted Average Exercise Price (₹)	No. of Options	Weighted Average Exercise Price (₹)
Options outstanding at the beginning	2,590	119.96	7,642	118.24
Granted	-	-	-	-
Forfeited	-	-	-	-
Lapsed	234	117.36	350	117.36
Exercised	-	-	4,702	117.36
Options outstanding at the end	2,356	120.22	2,590	119.96
Exercisable at the end	2,356	120.22	2,590	119.96

The weighted average share price as at the date of exercise for stock options was ₹ Nil (31 March 2015: ₹ 435.34). The options outstanding as at 31 March 2016 has an exercise price ranging from ₹ 50.34 to ₹ 148.07 (31 March 2015: ₹ 50.34 to ₹ 148.07) and weighted average remaining contractual life of 1.17 years (31 March 2015: 2.02 years).

**Employees Stock Option Plan-2012 (the 2012 Plan):** Effective 14 March 2012, the Company instituted the 2012 Plan. The Board and the shareholders of the Company approved 2012 plan on 20 January 2012. The 2012 plan provides for the issue of restricted options to certain employees of the Company and its subsidiaries.

The 2012 plan is administered by the Mphasis Employees Benefit Trust which is created for this purpose. Each option, granted under this plan, entitles the holder thereof with an option to apply for and be issued one equity share of the Company at an exercise price of ₹ 410.25 per share. The equity shares covered under these options vest over a period ranging from twelve to twenty-four months from the date of grant. The exercise period is three years from the date of vesting.

The movements in the options under the 2012 plan for the year ended 31 March 2016 and 31 March 2015 are set out below:

	Year ended 31 March 2016		Year ended 31 March 2015	
	No. of Options	Weighted Average Exercise Price (₹)	No. of Options	Weighted Average Exercise Price (₹)
Options outstanding at the beginning	374,600	410.25	436,600	410.25
Granted	-	-	-	-
Forfeited	-	-	-	-
Lapsed	138,300	410.25	62,000	410.25
Exercised	89,850	410.25	-	-
Options outstanding at the end	146,450	410.25	374,600	410.25
Exercisable at the end	146,450	410.25	374,600	410.25

The weighted average share price as at the date of exercise of stock option was ₹ 480.47 (31 March 2015: ₹ Nil). The options outstanding as at 31 March 2016 has an exercise price ₹ 410.25 (31 March 2015: ₹ 410.25) and weighted average remaining contractual life of 0.93 years (31 March 2015: 1.35 years).

Total Employee Compensation Cost pertaining to 2012 plan during the year is ₹ (2.01) millions (31 March 2015: ₹ (5.53) millions).

## Notes to the Consolidated Financial Statements for the year ended 31 March 2016

### Restricted Stock Units

EDS, the Holding Company, had issued Restricted Stock Units ('RSU') to certain employees of the Group. These have been replaced by RSUs of HP, pursuant to the merger. Subsequent to the merger, HP had also issued RSUs to certain employees of the Group. However, the cost has been borne by HP and accordingly this has not been accounted as an expense or income by the Group.

### Restricted Stock Unit Plan-2010 ('RSU Plan-2010')

Effective 01 August 2010, the Company instituted the Restricted Stock Unit Plan-2010. The Board and the shareholders of the Company approved RSU Plan-2010 on 29 June 2010 and 17 August 2010 respectively. The RSU Plan-2010 provides for the issue of restricted options to employees and directors of the Company and its subsidiaries.

The RSU Plan-2010 is administered by the Mphasis Employees Benefit Trust which was created for this purpose. Each option, granted under the RSU Plan-2010, entitles the holder thereof with an option to apply for and be issued one equity share of the Company at an exercise price of ₹ 10.00 per share. The equity shares covered under these options vest over a period ranging from twelve to twenty-four months from the date of grant. The exercise period is one to three years from the date of vesting.

The movements in the options under the RSU Plan-2010 for the year ended 31 March 2016 and 31 March 2015 are set out below:

	Year ended 31 March 2016		Year ended 31 March 2015	
	No. of Options	Weighted Average Exercise Price (₹)	No. of Options	Weighted Average Exercise Price (₹)
Options outstanding at the beginning	5,050	10.00	37,300	10.00
Granted	-	-	-	-
Forfeited	-	-	-	-
Lapsed	975	10.00	5,575	10.00
Exercised	4,075	10.00	26,675	10.00
Options outstanding at the end	-	-	5,050	10.00
Exercisable at the end	-	-	5,050	10.00

The weighted average share price as at the date of exercise of stock option was ₹ 445.76 (31 March 2015: ₹ 408.99). The options outstanding on 31 March 2016 has an exercise price of ₹ 10.00 (31 March 2015: ₹ 10.00) and the weighted average remaining contractual life of Nil years (31 March 2015: 0.92 years).

Total Employee Compensation Cost pertaining to RSU Plan-2010 during the year is ₹ (0.06) millions. (31 March 2015: ₹ (3.62) millions).

### Restricted Stock Unit Plan-2014 ('RSU Plan-2014')

Effective 20 October 2014, the Company instituted the Restricted Stock Unit Plan-2014. The Board and the shareholders of the Company approved RSU Plan-2014 on 14 May 2014. The RSU Plan-2014 provides for the issue of restricted options to employees and directors of the Company and its subsidiaries.

The RSU Plan-2014 is administered by the Mphasis Employees Benefit Trust. Each option, granted under the RSU Plan-2014, entitles the holder thereof with an option to apply for and be issued one equity share of the Company at an exercise price of ₹ 10.00 per share. The equity shares covered under these options vest over a period ranging from twelve to thirty-six months from the date of grant. The exercise period is three years from the date of vesting.

## Notes to the Consolidated Financial Statements for the year ended 31 March 2016

The movements in the options under the RSU Plan-2014 for the year ended 31 March 2016 and 31 March 2015 are set out below:

	Year ended 31 March 2016		Year ended 31 March 2015	
	No. of Options	Weighted Average Exercise Price (₹)	No. of Options	Weighted Average Exercise Price (₹)
Options outstanding at the beginning	445,750	10.00	-	-
Granted	-	-	470,000	10.00
Forfeited	77,016	10.00	24,250	10.00
Lapsed	-	-	-	-
Exercised	40,094	10.00	-	-
Options outstanding at the end	328,640	10.00	445,750	10.00
Exercisable at the end	72,202	10.00	-	-

The weighted average share price as at the date of exercise of stock option was ₹ 475.20 (31 March 2015: ₹ Nil). The options outstanding on 31 March 2016 has an exercise price of ₹ 10.00 (31 March 2015: ₹ 10.00) and the weighted average remaining contractual life of 3.68 years (31 March 2015: 4.57 years).

Total Employee Compensation Cost pertaining to RSU Plan-2014 during the year is ₹ 51.79 millions (31 March 2015: ₹ 44.44 millions).

### Restricted Stock Unit Plan-2015 ('RSU Plan-2015')

Effective 29 July 2015, the Company instituted the Restricted Stock Unit Plan-2015. The Board and the shareholders of the Company approved RSU Plan-2015 on 9 September 2015. The RSU Plan-2015 provides for the issue of restricted options to employees and directors of the Company and its subsidiaries.

The RSU Plan-2015 is administered by the Mphasis Employees Benefit Trust. Each option, granted under the RSU Plan-2015, entitles the holder thereof with an option to apply for and be issued one equity share of the Company at an exercise price of ₹ 10.00 per share. The equity shares covered under these options vest over a period ranging from twelve to thirty-six months from the date of grant. The exercise period is three years from the date of vesting.

The movements in the options under the RSU Plan-2015 for the year ended 31 March 2016 is set out below:

	Year ended 31 March 2016	
	No. of Options	Weighted Average Exercise Price (₹)
Options outstanding at the beginning	-	-
Granted	440,550	10.00
Forfeited	17,500	10.00
Lapsed	-	-
Exercised	-	-
Options outstanding at the end	423,050	10.00
Exercisable at the end	-	-



## Notes to the Consolidated Financial Statements for the year ended 31 March 2016

The options outstanding on 31 March 2016 has an exercise price of ₹ 10.00 and the weighted average remaining contractual life of 4.63 years.

The weighted average fair value of stock options granted during the year was ₹ 435.22. The Black-Scholes valuation model has been used for computing the weighted average fair value considering the following inputs:

	31 March 2016
Weighted average share price on the date of grant (₹)	479.75
Exercise Price (₹)	10.00
Expected Volatility*	30.81%
Life of the options granted in years	1 -3 Years
Average risk-free interest rate	7.76%
Expected Dividend rate	3.94%

\* The expected volatility was determined based on historical volatility data.

Total Employee Compensation Cost pertaining to RSU Plan-2015 during the year is ₹ 44.81 millions.

The Group has advanced an amount of ₹ 158.27 millions (31 March 2015: ₹ 127.71 millions) to the Mphasis Employees Benefit Trust. The shares held by Mphasis Employee Benefit Trust will be used for allotment of shares to employees against exercise of outstanding RSU 2015 and ESOP 2012 plan options and in case of any short fall on the date of exercise, will be allotted by the Company.

(₹ millions)

	Non Current		Current	
	31 March 2016	31 March 2015	31 March 2016	31 March 2015
<b>5. LONG-TERM BORROWINGS</b>				
Other loans	1,788.89	3,093.75	1,493.63	1,408.98
Amount disclosed under the head "Other current liabilities"	-	-	(1,493.63)	(1,408.98)
	<b>1,788.89</b>	<b>3,093.75</b>	<b>-</b>	<b>-</b>

Other loans carry interest @ LIBOR plus 2.27% (31 March 2015: LIBOR plus 2.77% till 30 September 2014 and from 01 October 2014 LIBOR plus 2.27%) p.a and is repayable over a period of 5 years in 16 quarterly instalments. 100% equity interests of Digital Risk LLC has been pledged against the loan.

	31 March 2016	31 March 2015
<b>6. DEFERRED TAX LIABILITIES (NET)</b>		
Depreciation and amortization expense: Difference between tax depreciation and depreciation / amortization as per statement of profit and loss	814.43	304.39
Provision for employee benefits	(108.13)	-
Deferred tax asset on rent equalisation reserve	(4.31)	-
Others	28.01	195.47
	<b>730.00</b>	<b>499.86</b>

	31 March 2016	31 March 2015
<b>7. SHORT TERM BORROWINGS</b>		
Post-shipment loan in foreign currency from bank (unsecured)	1,325.10	1,250.00
	<b>1,325.10</b>	<b>1,250.00</b>

Post-shipment loan carries interest @ LIBOR plus 0.30% (31 March 2015: LIBOR plus 0.45%) p.a. The loan is repayable after 3 months from date of loan.

	Non Current		Current	
	31 March 2016	31 March 2015	31 March 2016	31 March 2015
<b>8. TRADE PAYABLES</b>				
Trade payables				
Total outstanding dues of micro and small enterprises	-	-	6.83	11.69
Total outstanding dues of creditors other than micro and small enterprises	-	-	4,518.31	4,051.91
	<b>-</b>	<b>-</b>	<b>4,525.14</b>	<b>4,063.60</b>

## Notes to the Consolidated Financial Statements for the year ended 31 March 2016

The Group has amounts due to Micro and Small Enterprises under The Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act) as at 31 March 2016 and 31 March 2015. The details in respect of such dues are as follows:

(₹ millions)

Particulars	31 March 2016	31 March 2015
The principal amount remaining unpaid to any supplier	6.83	11.69
The amount of interest due and remaining unpaid to any supplier	15.90	13.01
The amount of interest paid by the Group along with the amount of the payments made to the supplier beyond the appointed day	Nil	Nil
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year)	1.83	0.83
The amount of interest accrued and remaining unpaid at the end of the year	Nil	Nil
The amount of further interest remaining due and payable for the earlier years	13.01	9.85

	Non Current		Current	
	31 March 2016	31 March 2015	31 March 2016	31 March 2015
<b>9. OTHER LIABILITIES</b>				
Advances from clients	-	-	12.46	10.84
Salary related costs	-	15.65	2,289.72	2,103.33
Unearned revenue	-	-	521.28	332.99
Interest on long term loans payable	-	-	0.26	0.64
Rent equalisation reserve	33.89	41.29	26.41	23.73
Statutory dues	-	-	696.88	561.78
Capital creditors	-	-	93.89	39.06
Other payables*	11.61	10.44	455.50	368.85
Unpaid dividend**	-	-	7.71	6.97
Current maturities of long-term borrowings	-	-	1,493.63	1,408.98
Restatement of forward cover	-	-	-	29.79
	<b>45.50</b>	<b>67.38</b>	<b>5,597.74</b>	<b>4,886.96</b>

\* The above amount includes ₹ Nil [31 March 2015: ₹ 112.50 millions (USD 1.80 millions)] which represents the earnout payable to the erstwhile shareholders of Digital Risk LLC. [refer note 2.1].

\*\* Investor Protection and Education Fund shall be credited for unclaimed dividend amounts when due.

	Non Current		Current	
	31 March 2016	31 March 2015	31 March 2016	31 March 2015
<b>10. PROVISIONS</b>				
<b>Provision for employee benefits</b>				
Provision for gratuity [refer note 35 (a)]	611.01	539.78	205.00	52.50
Provision for employee compensated absences	-	-	483.78	481.11
	<b>611.01</b>	<b>539.78</b>	<b>688.78</b>	<b>533.61</b>
<b>Other provisions</b>				
Proposed equity dividend	-	-	-	3,362.25
Provision for tax on proposed equity dividend	-	-	-	684.49
Provision for taxation	-	-	361.13	375.32
Provision for loss on a long-term contract [refer note 42]	144.25	-	339.41	-
Provision for mark to market losses on derivative contracts	-	-	6.36	11.74
	<b>144.25</b>	<b>-</b>	<b>706.90</b>	<b>4,433.80</b>
	<b>755.26</b>	<b>539.78</b>	<b>1,395.68</b>	<b>4,967.41</b>

## Notes to the Consolidated Financial Statements for the year ended 31 March 2016

### 11. TANGIBLE AND INTANGIBLE ASSETS

(₹ millions)											
Intangible Assets											
Tangible Assets											
Freehold Land	Plant and equipment	Computer equipment	Servers and Networks	Office equipment and fixtures	Furniture and fixtures	Vehicles	Leasehold improvements	Total of Tangible Assets	Software	Total of Intangible Assets	Total
Cost or valuation											
At 1 April 2014	27.38	3,060.29	2,515.29	-	1,198.15	725.83	141.73	1,620.66	9,289.33	1,622.69	10,912.02
Additions	-	13.68	127.98	105.21	32.37	21.28	34.46	19.89	354.87	59.66	414.53
Disposals	(27.38)	(703.83)	(90.38)	(185.15)	(70.73)	(60.39)	(37.34)	(144.08)	(1,319.28)	(32.36)	(1,351.64)
Reclassification	-	(660.75)	(644.71)	1,320.23	(14.77)	-	-	-	-	-	-
Exchange differences on foreign subsidiaries	-	3.44	9.44	3.67	3.09	7.31	0.08	0.95	27.98	52.26	80.24
At 31 March 2015	-	1,712.83	1,917.62	1,243.96	1,148.11	694.03	138.93	1,497.42	8,352.90	1,702.25	10,055.15
Additions	-	12.09	139.99	188.98	31.93	49.35	26.75	7.99	457.08	75.58	532.66
Disposals **	-	(297.33)	(402.93)	(169.13)	(61.11)	(61.13)	(56.50)	(257.69)	(1,305.82)	(163.91)	(1,469.73)
Exchange differences on foreign subsidiaries	-	30.22	30.11	16.92	3.36	13.54	0.11	3.44	97.70	84.43	182.13
At 31 March 2016	-	1,457.81	1,684.79	1,280.73	1,122.29	695.79	109.29	1,251.16	7,601.86	1,698.35	9,300.21
Depreciation											
At 1 April 2014	-	2,521.50	2,105.06	-	1,115.10	567.12	59.55	1,346.67	7,715.00	1,019.04	8,734.04
Charge for the year	-	153.91	176.57	94.66	37.31	60.77	28.06	143.89	695.17	285.53	980.70
Disposals	-	(703.27)	(87.12)	(169.73)	(69.83)	(60.21)	(22.05)	(144.02)	(1,256.23)	(30.04)	(1,286.27)
Reclassification	-	(441.08)	(530.81)	983.55	(11.66)	-	-	-	-	-	-
Depreciation charged to reserves	-	-	18.93	-	-	-	-	-	18.93	-	18.93
Exchange differences on foreign subsidiaries	-	2.81	4.11	1.92	1.60	3.38	0.04	0.14	14.00	37.81	51.81
At 31 March 2015	-	1,533.87	1,686.74	910.40	1,072.52	571.06	65.60	1,346.68	7,186.87	1,312.34	8,499.21
Charge for the year *	-	91.40	137.37	137.10	29.87	58.64	23.52	99.43	577.33	195.49	772.82
Disposals **	-	(275.38)	(371.45)	(127.65)	(52.10)	(52.06)	(33.32)	(219.62)	(1,131.58)	(158.15)	(1,289.73)
Exchange differences on foreign subsidiaries	-	25.60	26.80	11.55	3.00	8.36	0.07	2.11	77.49	68.09	145.58
At 31 March 2016	-	1,375.49	1,479.46	931.40	1,053.29	586.00	55.87	1,228.60	6,710.11	1,417.77	8,127.88
Net block											
At 31 March 2015	-	178.96	230.88	333.56	75.59	122.97	73.33	150.74	1,166.03	389.91	1,555.94
At 31 March 2016	-	82.32	205.33	349.33	69.00	109.79	53.42	22.56	891.75	280.58	1,172.33

\* Depreciation amounting to ₹ 28.62 millions has been adjusted against provision created for sale / exit of domestic BPO business.

\*\* Disposals include assets transferred on account of sale of domestic BPO business gross block and accumulated depreciation amounting to ₹ 661.28 millions and ₹ 526.53 millions respectively.

## Notes to the Consolidated Financial Statements for the year ended 31 March 2016

(₹ millions)

	31 March 2016	31 March 2015
<b>12. GOODWILL ON CONSOLIDATION</b>		
Balance brought forward	21,781.43	21,864.75
Less: Settlement of contingent consideration in relation to Digital Risk LLC. (refer note 2.1)	(119.09)	(894.60)
Less: Settlement of escrow in Mphasis Wyde Inc.	-	(69.40)
Less: Impairment of goodwill	(13.10)	-
Add: Movement on account of exchange rate fluctuation	1,292.95	880.68
	<b>22,942.19</b>	<b>21,781.43</b>
	<b>31 March 2016</b>	<b>31 March 2015</b>
<b>13. NON-CURRENT INVESTMENTS</b>		
<b>Non-trade investments, at cost</b>		
<b>Unquoted mutual funds</b>		
Birla Sun Life Dynamic Bond Fund - Retail Plan - Monthly Dividend Reinvestment 238,885,199 units at ₹ 10.4610 (31 March 2015: 238,885,199 units at ₹ 10.4610)	2,498.98	2,498.98
<b>Unquoted bonds</b>		
7.11% Power Finance Corporation Ltd. 25,670 units at ₹ 1,000 (31 March 2015: Nil units)	25.67	-
7.21% Power Finance Corporation Ltd. 100 units at ₹ 1,000,000 (31 March 2015: Nil units)	100.00	-
7.19% India Infrastructure Finance Company Limited 929,500 units at ₹ 1,000 (31 March 2015: Nil units)	929.50	-
7.21% India Infrastructure Finance Company Limited 100 units at ₹ 1,000,000 (31 March 2015: Nil units)	100.00	-
8.10% Housing and Urban Development Corporation 50,000 units at ₹ 1,000 (31 March 2015: Nil units)	50.00	-
7.34% Housing and Urban Development Corporation 50,000 units at ₹ 1,000 (31 March 2015: Nil units)	50.00	-
	<b>3,754.15</b>	<b>2,498.98</b>
	<b>31 March 2016</b>	<b>31 March 2015</b>
<b>14. DEFERRED TAX ASSET (NET)</b>		
Depreciation and amortization expense: Difference between tax depreciation and depreciation / amortization as per statement of profit and loss	586.18	528.83
Provision for doubtful debts and advances	225.17	224.22
Provision for employee benefits	418.43	407.46
Provision for loss on long-term contract	167.38	-
Deferred tax liability on rent equalisation reserve	(502.31)	(403.83)
Others	46.36	68.94
	<b>941.21</b>	<b>825.62</b>



## Notes to the Consolidated Financial Statements for the year ended 31 March 2016

(₹ millions)

	Non Current		Current	
	31 March 2016	31 March 2015	31 March 2016	31 March 2015
<b>15. LOANS AND ADVANCES</b>				
<b>Unsecured-considered good</b>				
Capital advances	396.92	114.20	-	-
Deposits				
-Premises	676.99	733.84	36.75	25.86
-With government authorities	25.21	22.92	-	-
-Others	1,162.71	1,157.30	7.84	7.79
Loans to employees	-	-	4.37	5.14
Advance to ESOP trust (refer note 38)	-	-	158.27	127.71
Advances recoverable in cash or kind				
-Prepaid expenses	63.14	63.65	600.24	663.11
-Employee advances	-	-	134.31	107.24
-Advance to supplier / others	-	-	811.32	667.20
Balance with statutory / government authorities *	1,053.78	1,169.67	542.15	671.83
Advance income-tax (net of provision for taxation)	3,502.26	2,999.91	-	-
MAT credit entitlement **	-	453.46	212.28	231.84
	<b>6,881.01</b>	<b>6,714.95</b>	<b>2,507.53</b>	<b>2,507.72</b>

\* Balances with statutory/government authorities include service tax input credit receivable net of ₹ 1,504.98 millions (31 March 2015: ₹ 1,788.89 millions). Based on legal opinion obtained by the Group, service tax liability on imported services under "Import of Services Rules" have been discharged using accumulated balance available in CENVAT Credit Account for the period 1 December 2010 to 31 March 2011. Effective 1 April 2011 such position is reversed and service tax liability on select imported services under "Import of Services Rules" have been discharged in cash. Further, the Group has obtained legal opinions in support of its position on non applicability of service tax under 'Import of Services Rules' on onsite services provided by foreign vendors (including group companies).

The management, per the legal opinion, is confident that the legal positions taken by the Group are tenable and defensible under law.

\*\* net of MAT credit utilisation of ₹ 473.02 millions (31 March 2015: ₹ 281.30 millions).

	Non Current		Current	
	31 March 2016	31 March 2015	31 March 2016	31 March 2015
<b>16. OTHER ASSETS</b>				
<b>Unsecured - considered good</b>				
Non-current bank balances (refer note 20)	109.85	0.85	-	-
Unbilled revenue	-	-	5,802.55	5,064.68
Accrued interest	-	-	83.04	101.91
Restatement of forward cover	-	-	13.38	-
Rent equalisation reserve	928.92	1,051.50	511.36	94.38
Mark to market gains on forward cover	-	-	386.61	272.81
Expense incurred on behalf of customers	-	-	20.39	45.15
	<b>1,038.77</b>	<b>1,052.35</b>	<b>6,817.33</b>	<b>5,578.93</b>

## Notes to the Consolidated Financial Statements for the year ended 31 March 2016

(₹ millions)

	31 March 2016	31 March 2015
<b>17. CURRENT INVESTMENTS*</b>		
<b>Unquoted mutual funds</b>		
Birla Sun Life Cash Plus -Daily Dividend -Direct plan Reinvestment 5,662,715 units at ₹ 100.1950 (31 March 2015: Nil units)	567.38	-
Birla Sun Life Cash Plus -Daily Dividend -Regular plan Reinvestment 7,633,209 units at ₹ 100.195 (31 March 2015: Nil units)	764.81	-
IDFC Cash Fund-Daily Dividend -Direct Plan 785,565 units at ₹ 1,000.6868 (31 March 2015: Nil units)	786.10	-
L&T Ultra short term Fund - Daily Dividend Re-investment 96,981,266 units at ₹ 10.3495 (31 March 2015: Nil units)	1,003.71	-
Reliance Banking & PSU Debt Fund - Direct Weekly Dividend Plan Reinvestment 126,729,386 units at ₹ 10.0940 (31 March 2015: Nil units)	1,279.21	-
Kotak Floater Short Term - Direct Plan - Daily Dividend Reinvestment 2,818,353 units at ₹ 1,011.6200 (31 March 2015: Nil units)	2,851.10	-
IDFC Banking Debt Fund 103,050,115 units at ₹ 10.0302 (31 March 2015: Nil units)	1,033.61	-
ICICI Prudential Liquid - Direct Plan daily Dividend 37,447,085 units at ₹ 100.0565 (31 March 2015: 10,473,077 units at ₹ 100.0565)	3,746.82	1,047.90
L&T Liquid Fund Direct Plan daily Dividend Reinvestment 1,299,463 units at ₹ 1,012.1732 (31 March 2015: 477,276 units at ₹ 1,012.0499)	1,315.28	483.03
Reliance Liquid Fund - Treasury Plan Direct plan - daily Dividend Reinvestment 1,024,042 units at ₹ 1,528.7400 (31 March 2015: 245,965 units at ₹ 1,528.7400)	1,565.49	376.02
Birla Sun Life Savings Fund - Retail - Daily Dividend Nil units (31 March 2015: 27,006,823 units at ₹ 100.2972)	-	2,708.71
Birla Fixed Term Plan - Series KX Nil units (31 March 2015: 20,000,000 units at ₹ 10.0000)	-	200.00
IDFC Money Manager Fund - Treasury Plan Nil units (31 March 2015: 75,171,893 units at ₹ 10.0676)	-	756.80
IDFC Fixed Term Plan Series 86 Direct Plan Nil units (31 March 2015: 20,000,000 units at ₹ 10.0000)	-	200.00
JPMorgan India Liquid Fund - Direct - Daily Dividend Re-investment Nil units (31 March 2015: 52,913,078 units at ₹ 10.0101)	-	529.67
ICICI Prudential FMP Series 73 Nil units (31 March 2015: 20,000,000 units at ₹ 10.0000)	-	200.00
L&T Cash Fund Direct Plan - Daily Dividend Nil units (31 March 2015: 491,483 units at ₹ 1,023.3000)	-	502.93
Reliance Yearly Interval Fund - Series 6 Nil units (31 March 2015: 32,150,501 units at ₹ 10.8863)	-	350.00
Reliance Yearly Interval Fund - Series 9 Nil units (31 March 2015: 13,796,656 units at ₹ 10.8722)	-	150.00
ICICI Prudential Liquid - Regular Plan - Daily Dividend Nil units (31 March 2015: 7,361,899 units at ₹ 100.0636 )	-	736.66
Kotak Treasury Advantage Fund - Direct plan - Daily Dividend Nil units (31 March 2015: 99,916,052 units at ₹ 10.0798)	-	1,007.13
Reliance Liquid Fund - Cash Plan - Direct Plan Nil units (31 March 2015: 903,574 units at ₹ 1,114.1500)	-	1,006.72
Reliance Qtly Interval fund - Series II - Direct Dividend Nil units (31 March 2015: 39,944,876 units at ₹ 10.0138)	-	400.00
Religare Invesco Credit Opportunities Fund - Direct Plan Daily Dividend Nil units (31 March 2015: 511,074 units at ₹ 1,000.2900)	-	511.22
IDFC Money Manager Fund - Invest Plan Nil units (31 March 2015: 76,123,899 units at ₹ 10.0528)	-	765.26
<b>Unquoted Debentures</b>		
Citicorp Finance (India) Ltd. 24,500 units at ₹ 100,000 (31 March 2015: Nil units)	2,450.00	-
	<b>17,363.51</b>	<b>11,932.05</b>

\* valued at lower of cost and fair value.

## Notes to the Consolidated Financial Statements for the year ended 31 March 2016

(₹ millions)

			31 March 2016	31 March 2015
18. INVENTORIES (Valued at lower of cost and net realizable value)				
Traded goods (refer note 23)			40.99	-
			40.99	-
	Non Current		Current	
	31 March 2016	31 March 2015	31 March 2016	31 March 2015
19. TRADE RECEIVABLES				
Unsecured, considered good	40.41	53.82	-	-
Doubtful	679.03	651.20	-	-
Less: Provision for doubtful receivables	(679.03)	(651.20)	-	-
	40.41	53.82	-	-
Outstanding for a period exceeding six months from the date they are due for payment, unsecured				
– Considered good	-	-	-	50.76
Other receivables				
– Considered good	-	-	6,489.28	6,201.26
	-	-	6,489.28	6,252.02
	40.41	53.82	6,489.28	6,252.02
	Non Current		Current	
	31 March 2016	31 March 2015	31 March 2016	31 March 2015
20. CASH AND BANK BALANCES				
Cash and cash equivalents				
Balances with banks:				
Cash on hand	-	-	0.01	0.05
- On current accounts	-	-	2,133.23	2,292.15
- Deposits with original maturity less than 3 months	-	-	1,769.91	1,735.82
- Unclaimed dividend	-	-	7.71	6.97
	-	-	3,910.86	4,034.99
Other bank balances *				
- Deposits with remaining maturity for more than 12 months	109.85	0.85	-	-
- Deposits with remaining maturity for less than 12 months	-	-	4,638.39	9,173.38
	109.85	0.85	4,638.39	9,173.38
Amount disclosed under non-current assets (refer note 16)	(109.85)	(0.85)	-	-
	-	-	4,638.39	9,173.38
	-	-	8,549.25	13,208.37

\* includes restricted deposits of ₹ 120.81 millions as at 31 March 2016 (31 March 2015: ₹ 97.95 millions).

## Notes to the Consolidated Financial Statements for the year ended 31 March 2016

		(₹ millions)	
	Year ended 31 March 2016	Year ended 31 March 2015	
<b>21. REVENUE FROM OPERATIONS</b>			
Sale of services	60,331.39	57,802.73	
Sale of traded goods	408.52	-	
Profit on cashflow hedges	138.92	145.32	
	<b>60,878.83</b>	<b>57,948.05</b>	
<b>21.1 Details of services rendered:</b>			
Application maintenance & other services	19,185.68	16,631.92	
Application development	14,615.95	13,869.98	
Infrastructure management services	8,449.64	10,801.14	
Knowledge processing services	10,427.38	7,981.79	
Other services	7,652.74	8,517.90	
	<b>60,331.39</b>	<b>57,802.73</b>	
<b>21.2 Details of traded goods sold:</b>			
Cash deposit machine and UPS	408.52	-	
	<b>408.52</b>	<b>-</b>	
<b>22. OTHER INCOME</b>			
Interest income on			
Bank deposits	608.29	548.08	
Long term bonds	37.49	-	
Others	0.25	0.33	
Dividend income on investments	764.58	805.77	
Profit on sale of investments	298.32	224.35	
Foreign exchange gain / (loss), (net)	223.28	285.76	
Profit on sale of fixed assets, (net)	6.77	86.25	
Miscellaneous income	21.54	16.86	
	<b>1,960.52</b>	<b>1,967.40</b>	
<b>23. PURCHASE OF TRADED GOODS</b>			
Cash deposit machine and UPS	421.57	-	
	<b>421.57</b>	<b>-</b>	
<b>Details of inventory</b>			
<b>Traded goods</b>			
Cash deposit machine and UPS	40.99	-	
	<b>40.99</b>	<b>-</b>	
	Year ended 31 March 2016	Year ended 31 March 2015	(Increase) / decrease
<b>23.1 (INCREASE)/ DECREASE IN INVENTORIES</b>			
<b>Inventories at the end of the year</b>			
Traded goods	40.99	-	(40.99)
	<b>40.99</b>	<b>-</b>	<b>(40.99)</b>
<b>Inventories at the beginning of the year</b>			
Traded goods	-	-	-
	<b>(40.99)</b>	<b>-</b>	<b>-</b>



## Notes to the Consolidated Financial Statements for the year ended 31 March 2016

(₹ millions)

	Year ended 31 March 2016	Year ended 31 March 2015
<b>24. EMPLOYEE BENEFITS EXPENSE</b>		
Salaries and bonus	34,221.20	33,076.18
Contribution to provident and other funds	2,246.75	2,150.29
Employee stock option compensation cost (net)	94.53	35.29
Gratuity expense [refer note 35 (a)]	227.64	173.05
Staff welfare expenses	609.12	434.59
	<b>37,399.24</b>	<b>35,869.40</b>
<b>25. FINANCE COST</b>		
Interest	193.97	234.12
Exchange difference to the extent considered as an adjustment to borrowing costs	46.99	45.03
	<b>240.96</b>	<b>279.15</b>
<b>26. OTHER EXPENSES*</b>		
Travel	1,565.67	1,564.08
Recruitment expenses	306.49	382.19
Communication expenses	543.81	233.87
Rent	2,713.71	2,720.83
Professional charges	1,889.82	1,782.78
Provision for doubtful debts	26.57	210.60
Software development expenses	3,610.80	3,473.96
Power and fuel	550.86	543.17
Software support & annual maintenance charges	932.87	601.11
Insurance	181.73	153.88
Rates & taxes (net of refund)	80.53	(2.65)
Repairs & maintenance		
- Plant & machinery	5.53	5.63
- Building	21.81	25.35
- Others	8.12	3.43
Corporate Social Responsibility expense (refer note 39)	126.70	21.88
Miscellaneous expenses	1,570.92	1,657.65
	<b>14,135.94</b>	<b>13,377.76</b>
<b>27. EXCEPTIONAL ITEM (NET OF TAX)</b>		
Expected loss on proposed sale of domestic BPO business (refer note 40)	23.78	-
Expected loss on exit from other domestic BPO business (refer note 41)	92.04	-
Restructuring expenses	63.59	31.65
Provision for impairment of intangible under development	52.60	-
Provision for loss on long-term contract (refer note 42)	316.28	-
	<b>548.29</b>	<b>31.65</b>

\* Other expense for the year ended 31 March 2016 are net of reversal of certain provision which are no longer required amounting to ₹ Nil (31 March 2015: ₹ 707.32 millions).

**28.** The Group's software development centres and call centres in India include 100% Export Oriented Units ('EOU'), Special Economic Zone ('SEZ') under Special Economic Zone Ordinance and Software Technology Park ('STP') Units under the Software Technology Park guidelines issued by the Government of India. They are exempted from customs and central excise duties and levies on imported and indigenous capital goods and stores and spares. The Group has executed legal undertakings to pay customs duty, central excise duty, levies and liquidated damages payable, if any, in respect of imported and indigenous capital goods and stores and spares consumed duty free, in the event that certain terms and conditions are not fulfilled.

## Notes to the Consolidated Financial Statements for the year ended 31 March 2016

### 29. Contingent liabilities and commitments

- (a) The Group has received assessment orders for the financial years ended 31 March 2003, 31 March 2005, 31 March 2007, 31 March 2008, 31 March 2009, 31 March 2010, 31 March 2011 and 31 March 2012, wherein certain adjustments in respect of transfer pricing under Section 92CA of the Income Tax Act, 1961 have been made to the taxable income and demand orders for ₹ 2,074.77 millions (31 March 2015: ₹ 2,267.01 millions) have been raised on the Group. The above demands are disputed by the management and the Group has filed appeals against the aforesaid orders with appellate authorities. The management is of the view that the prices determined by it are at arm's length and is confident that the demands raised by the assessing officer are not tenable under law. Pending outcome of the aforesaid matters under litigation, no provision has been made in the books of account for the above mentioned tax demands.

Other claims against the Group not acknowledged as debts amounting to ₹ 5,588.43 millions (31 March 2015: ₹ 1,721.23 millions) net of bank guarantees aggregating to ₹ 6,661.95 millions (31 March 2015: ₹ 4,841.14 millions). The management, basis internal evaluation and legal opinion is of the view that these demands are not tenable.

- (b) Other outstanding bank guarantees as at 31 March 2016: ₹ 791.51 millions (31 March 2015: ₹ 760.62 millions) including those furnished on account of jointly controlled operations ₹ 99.35 millions (31 March 2015: ₹ 99.35 millions) and customs authorities aggregating to ₹ 48.91 millions (31 March 2015: ₹ 52.98 millions).
- (c) Estimated amount of contracts remaining to be executed on capital account (net of advances) and not provided for as at 31 March 2016: ₹ 172.74 millions (31 March 2015: ₹ 327.90 millions).
- (d) The Group has received claims from certain customers / vendors. Management is of the view that these claims are not tenable and is taking appropriate action in this regard. It is not practical for the Group to estimate the amounts.
- (e) Forward contracts outstanding against receivables / highly probable forecast transactions as at 31 March 2016 and 31 March 2015 are as below:

Currency	31 March 2016		31 March 2015	
	Amount (millions)	Amount in ₹ (millions)	Amount (millions)	Amount in ₹ (millions)
USD	244.61	16,206.64	219.94	13,746.25
GBP	19.40	1,852.35	13.11	1,212.28
CAD	5.64	288.94	4.55	223.10
AUD	8.10	413.03	5.22	248.13
EUR	9.70	731.40	20.28	1,362.61

Forward contracts outstanding against payables as at 31 March 2016 and 31 March 2015 are as below:

Currency	31 March 2016		31 March 2015	
	Amount (millions)	Amount in ₹ (millions)	Amount (millions)	Amount in ₹ (millions)
USD	20.00	1,325.10	20.00	1,250.00
SGD	1.38	68.01	2.84	129.15

The foreign exchange exposure of the Group has been hedged by forward contracts disclosed above.

Unamortized premium as at 31 March 2016 on forward exchange contracts to hedge the foreign currency risk of the underlying outstanding at the balance sheet date is ₹ 52.27 millions (31 March 2015: ₹ 47.36 millions). Net foreign currency exposure of the Group that is not hedged by a derivative instrument or otherwise as at 31 March 2016: ₹ 23,386.35 millions (31 March 2015: ₹ 20,210.15 millions).

- (f) The Group has issued performance guarantees to certain clients for executed contracts. It is not practical for the Group to estimate the amounts.

## Notes to the Consolidated Financial Statements for the year ended 31 March 2016

### 30. Operating Leases

The Group is obligated under non-cancellable leases for equipments, office and residential space that are renewable on a periodic basis at the option of the lessor and the lessee. Total rental expense under non-cancellable operating leases amounted to ₹ 1,031.87 millions for the year ended 31 March 2016 (31 March 2015: ₹ 971.00 millions).

Future minimum lease payments under non-cancellable operating leases as at 31 March 2016 are as follows:

	(₹ millions)	
Period	31 March 2016	31 March 2015
Not later than 1 year	402.48	1,289.41
Later than 1 year and not later than 5 years	718.50	585.34
More than 5 years	108.04	-
	<b>1,229.02</b>	<b>1,874.75</b>

The Group has also occupied office facilities and residential facilities under cancellable operating lease agreements. The Group intends to renew such leases in the normal course of its business. Total rental expense under cancellable operating leases for the year ended 31 March 2016 amounted to ₹ 1,681.84 millions (31 March 2015: ₹ 1,749.83 millions).

Office premises are obtained on operating lease for terms ranging from 1 to 7 years and are renewable at the option of the Group / lessor.

### 31. Related Party Transactions

#### (a) Entities where control exists:

- Hewlett-Packard Enterprise Company w.e.f. 01 November 2015 (ultimate holding company) (Upto 31 October 2015: Hewlett-Packard Company, USA)
- Hewlett Packard Barcelona BV, (100% subsidiary of Hewlett Packard Enterprise Company)\*

\* EDS Asia Pacific Holdings (formerly TH Holding, Mauritius), EDS World Corporation (Far East) LLC and EDS World Corporation (Netherlands) LLC, the subsidiaries of Hewlett Packard Barcelona BV hold 60.47% (31 March 2015: 60.49%) of the equity capital of the Company.

The related parties where control exists also include BFL Employees Equity Reward Trust, Kshema Employees Welfare Trust, Mphasis Employee Benefit Trust and Mphasis Provident Fund Trust.

(Refer note 35 (b) for information on transactions with Mphasis Provident Fund Trust mentioned above).

#### (b) Key management personnel:

The key management personnel of the Group are as mentioned below:

■ Balu Ganesh Ayyar	Chief Executive Officer
■ A. Sivaram Nair	Executive Vice President, Company Secretary General Counsel & Ethics Officer
■ V. Suryanarayanan	Executive Vice President & Chief Financial Officer ('CFO') - Appointed w.e.f. 01 August 2014 (interim CFO w.e.f. 04 June 2014 till 31 July 2014)
■ Ganesh Murthy	Executive Vice President & Chief Financial Officer Resigned w.e.f. 03 June 2014
<b>Non-executive / independent directors on the Board of the Company</b>	
■ Davinder Singh Brar	Director - Non Executive Independent Director, Chairman of the Board
■ James Mark Merritt	Director - Vice Chairman of the Board
■ Narayanan Kumar	Director - Non Executive Independent Director
■ Lakshmikanth K Ananth	Director
■ Stefan Antonio Lutz	Director
■ Mary Teresa Hassett	Director - Appointed w.e.f. 9 September 2015
■ Jan Kathleen Hier	Non Executive Additional Independent Director – Appointed w.e.f. 11 December 2015
■ Jeff Thomas Ricci	Non Executive Additional Director – Appointed w.e.f. 11 December 2015
■ Shankar Maitra	Director - Resigned w.e.f. 26 October 2015
■ Friedrich Froeschl	Director - Non Executive Independent Director, Chairman of the Board – Resigned w.e.f. 26 October 2015
■ Chandrakant D Patel	Director – Resigned w.e.f. 30 September 2014

## Notes to the Consolidated Financial Statements for the year ended 31 March 2016

(c) Direct or indirect subsidiaries of ultimate holding company with which transactions have taken place:

■ Global E:Business Operations Private Ltd	■ Hewlett-Packard Multimedia SDN BHD
■ P.T. Hewlett-Packard Berca Servisindo	■ China Hewlett-Packard Ltd
■ Hewlett-Packard Sverige A.B.	■ Hewlett-Packard Nederland B.V.
■ Hewlett-Packard India Sales Private Limited *	■ Hewlett-Packard New Zealand
■ Hewlett Packard Servicios Espania, S.L.	■ Hewlett-Packard Norge AS
■ Hewlett-Packard (Canada) Co.	■ Hewlett-Packard OY
■ Hewlett-Packard (K) Limited Liability Partnership	■ Hewlett-Packard Pakistan (Private) Limited
■ Hewlett-Packard (Schweiz) GmbH	■ Hewlett-Packard Philippines Incorporation
■ Hewlett-Packard (Thailand) Limited	■ Hewlett-Packard Services Kuwait Company W.L.L
■ Hewlett-Packard ApS	■ Hewlett-Packard Singapore (Sales) Pte. Ltd
■ Hewlett-Packard Asia Pacific Pte Ltd	■ Hewlett-Packard Slovakia, s.r.o.
■ Hewlett-Packard Australia Pty Limited.	■ Hewlett-Packard UK Enterprise (1) Ltd.
■ Hewlett-Packard Belgium B.V.B./A.S.P.R.L	■ Hewlett-Packard State & Local Enterprise Services, Inc.
■ Hewlett-Packard Brasil Ltda.	■ Shanghai Hewlett-Packard Co, Ltd
■ Hewlett-Packard CDS Limited	■ Hewlett-Packard Technology (Shanghai) Co., Ltd *
■ Hewlett-Packard Enterprises LLC *	■ Hewlett-Packard Centre de Competence France SAS
■ Hewlett-Packard Financial Services (India) Private Ltd.	■ HP Enterprise Services (Hong Kong) Limited
■ Hewlett-Packard France SAS	■ HP Enterprise Services Australia Pty Ltd
■ HP PPS Singapore Sales Pte Ltd. *	■ HP Enterprise Services BPA Pty Ltd
■ Hewlett-Packard Galway Ltd	■ HP Enterprise Services Italia S.r.l
■ Hewlett-Packard Gesellschaft m.b.H	■ Hewlett-Packard Enterprise Services UK Limited
■ Hewlett-Packard Global Investments B.V *	■ HP Enterprise Services Energy Italia S.r.l
■ Hewlett-Packard Globalsoft Private Limited	■ HP Enterprise Services, LLC
■ Hewlett-Packard GmbH	■ HP Facilities Services (Malaysia) Sdn Bhd
■ Hewlett-Packard International Sa'rl	■ HP Financial Services (Australia) Pty Limited
■ Hewlett-Packard International Trade B.V.	■ HP Financial Services (New Zealand)
■ Hewlett-Packard Japan, Ltd.	■ Hewlett-Packard CDS GmbH
■ Hewlett-Packard de Mexico S. De R.L. De CV	■ Hewlett-Packard Ireland, Ltd. *
■ Hewlett-Packard Limited	■ Hewlett-Packard Nigeria Limited
■ Hewlett-Packard (India) Software Operation Private Limited	■ Hewlett Packard Enterprise Information Security UK Limited
■ HP Services (Singapore) Pte Ltd	■ Hewlett Packard Software, LLC
■ Hewlett-Packard Europe Finance Ltd	

\* Effective 1 November 2015, ceased to be related parties as these companies are no longer the subsidiaries of Hewlett-Packard Enterprise Company (ultimate holding company) and accordingly transactions up till 31 October 2015 have been disclosed as related party transactions.

(d) The following is the summary of significant transactions with related parties by the Group:

	Year ended 31 March 2016	Year ended 31 March 2015
<b>Rendering of services - entities where control exists</b>	<b>2,150.12</b>	<b>2,079.00</b>
-Hewlett-Packard Company, USA	766.53	2,079.00
-Hewlett-Packard Enterprise Company	1,383.59	-
<b>Rendering of services - other related parties</b>	<b>13,538.29</b>	<b>17,825.09</b>
-HP Enterprise Services, LLC	8,197.89	10,585.37
-Hewlett-Packard Australia Pty Limited	2,105.38	1,812.71

(₹ millions)

## Notes to the Consolidated Financial Statements for the year ended 31 March 2016

(₹ millions)

	Year ended 31 March 2016	Year ended 31 March 2015
-Hewlett-Packard Enterprise Services UK Ltd.	1,544.05	1,011.76
-Others	1,690.97	4,415.25
<b>Purchase of fixed assets - other related parties</b>	<b>33.79</b>	<b>80.36</b>
-Hewlett Packard India Sales Private Limited	19.36	46.70
-Hewlett Packard Singapore (Sales) Pte. Limited	12.76	33.17
-Others	1.67	0.49
<b>Sale of fixed assets - other related parties</b>	<b>-</b>	<b>2.65</b>
-Hewlett Packard India Sales Private Limited	-	2.65
<b>Lease rentals (reversed) / incurred - other related parties</b>	<b>0.16</b>	<b>(1.57)</b>
- Hewlett Packard Financial Services (India) Private Limited	0.16	(1.57)
<b>Communication charges (reversed) / incurred - other related parties</b>	<b>-</b>	<b>(275.08)</b>
- HP Services (Singapore) Pte Limited	-	(275.08)
<b>Software development charges - other related parties</b>	<b>11.69</b>	<b>9.76</b>
- HP Services (Singapore) Pte Limited	10.33	9.76
-Others	1.36	-
<b>Software support and annual maintenance charges - other related parties</b>	<b>399.64</b>	<b>228.04</b>
- HP Services (Singapore) Pte Limited	397.14	193.70
-Others	2.50	34.34
<b>Other expenses incurred - other related parties</b>	<b>2.51</b>	<b>0.35</b>
- HP Services (Singapore) Pte Limited	2.50	0.35
-Others	0.01	-
<b>Dividend paid (on cash basis)</b>	<b>2,033.70</b>	<b>889.75</b>
- EDS Asia Pacific Holdings	1,328.04	581.02
- EDS World Corporation (Far East) LLC	705.66	308.73
<b>Remuneration to executive key management personnel</b>	<b>143.82</b>	<b>121.92</b>
-Balu Ganesh Ayyar	106.81	88.75
-Others	37.01	33.17
<b>Commission to non-executive directors *</b>	<b>12.81</b>	<b>13.50</b>
-Davinder Singh Brar	3.87	3.42
-Friedrich Froeschl	3.57	6.19
-Narayanan Kumar	3.88	3.89
-Jan Kathleen Hier	1.49	-
<b>Advance given to Mphasis Employee Benefit Trust</b>	<b>73.43</b>	<b>-</b>
<b>Advance adjusted against issue of RSU - Mphasis Employee Benefit Trust</b>	<b>5.97</b>	<b>11.91</b>
<b>Refund from Mphasis Employee Benefit Trust</b>	<b>36.90</b>	<b>0.26</b>

\* This does not include remuneration paid to certain non-executive directors by the ultimate parent company and its affiliates as they are employees of the said companies.

(e) The balances receivable from and payable to related parties are as follows:

	31 March 2016	31 March 2015
<b>Advance to Mphasis Employees Benefit Trust</b>	<b>158.27</b>	<b>127.71</b>
<b>Trade receivables and unbilled revenue – entities where control exists</b>	<b>568.14</b>	<b>307.54</b>
-Hewlett-Packard Enterprise Company	568.14	307.54
<b>Trade receivables and unbilled revenue - other related parties</b>	<b>2,306.11</b>	<b>3,127.76</b>
-HP Enterprise Services, LLC	1,195.98	1,614.30
-Hewlett-Packard Enterprise Services UK Ltd	229.53	439.45
-Hewlett-Packard Australia Pty Limited	479.71	397.43
-Others	400.89	676.58



## Notes to the Consolidated Financial Statements for the year ended 31 March 2016

	(₹ millions)	
	31 March 2016	31 March 2015
<b>Trade payable - other related parties</b>	<b>208.68</b>	<b>287.66</b>
-HP Services (Singapore) Pte Limited	154.48	195.90
-Hewlett Packard Singapore (Sales) Pte Ltd	27.20	38.13
-Others	27.00	53.63
<b>Remuneration payable to executive key management personnel</b>	<b>3.29</b>	<b>2.93</b>
-Balu Ganesh Ayyar	2.32	2.08
-Others	0.97	0.85
<b>Commission payable to non-executive directors</b>	<b>5.55</b>	<b>-</b>
-Davinder Singh Brar	2.11	-
-Friedrich Froeschl	1.49	-
-Narayanan Kumar	1.95	-

### 32. Segment reporting

The Group has identified Banking and Capital Market, Insurance, Information Technology, Communication and Entertainment and Emerging Industries as primary business segments of the Group.

The accounting policies consistently used in the preparation of financial statements are also applied to record revenue and expenditure in individual segments. Assets, liabilities, revenues and direct expenses in relation to segments are categorised based on items that are individually identifiable to that segment, while other items, wherever allocable, are apportioned to the segments on an appropriate basis. Certain items are not specifically allocable to individual segments as the underlying services are used interchangeably. The Group, therefore believes that it is not practical to provide segment disclosures relating to such items, and accordingly such items are separately disclosed as 'unallocated'.

Client relationships are driven based on client domicile. The geographical segments include United States of America (USA), India, Asia Pacific (APAC) and Europe, Middle East & Africa (EMEA).

#### Primary segment information

	(₹ millions)	
	Year ended 31 March 2016	Year ended 31 March 2015
<b>Segment revenue</b>		
Banking and Capital Market	28,748.31	23,701.66
Insurance	9,496.65	8,125.01
Information Technology, Communication and Entertainment	7,247.23	9,578.19
Emerging Industries	15,247.72	16,397.87
Unallocated - Hedge	138.92	145.32
	<b>60,878.83</b>	<b>57,948.05</b>
<b>Segment result *</b>		
Banking and Capital Market	5,143.95	4,310.80
Insurance	2,208.92	1,610.78
Information Technology, Communication and Entertainment	2,277.11	2,870.60
Emerging Industries	5,060.57	5,557.71
Unallocated - Hedge	138.92	145.32
	<b>14,829.47</b>	<b>14,495.21</b>
Interest income	646.03	548.41
Finance costs	(240.96)	(279.15)
Other income	1,314.49	1,418.99
Other unallocable expenditure *	(7,158.89)	(6,806.67)
<b>Profit before taxation</b>	<b>9,390.14</b>	<b>9,376.79</b>
Income taxes	2,696.38	2,630.40
<b>Profit after taxation</b>	<b>6,693.76</b>	<b>6,746.39</b>

\* includes exceptional item (refer note 27).

## Notes to the Consolidated Financial Statements for the year ended 31 March 2016

(₹ millions)

	31 March 2016	31 March 2015
<b>Segment assets</b>		
Banking and Capital Market	10,279.70	8,490.40
Insurance	2,635.87	2,619.67
Information Technology, Communication and Entertainment	1,917.62	2,709.92
Emerging Industries	4,260.90	3,933.82
Unallocated	59,999.73	56,412.65
	<b>79,093.82</b>	<b>74,166.46</b>
<b>Segment liabilities</b>		
Banking and Capital Market	4,830.30	3,583.91
Insurance	1,880.75	1,469.60
Information Technology, Communication and Entertainment	1,117.90	1,303.69
Emerging Industries	2,274.59	2,103.09
Unallocated	6,059.77	10,908.45
	<b>16,163.31</b>	<b>19,368.74</b>
<b>Capital employed</b>		
Banking and Capital Market	5,449.40	4,906.49
Insurance	755.12	1,150.07
Information Technology, Communication and Entertainment	799.72	1,406.23
Emerging Industries	1,986.31	1,830.73
Unallocated	53,939.96	45,504.20
	<b>62,930.51</b>	<b>54,797.72</b>
	<b>Year ended</b>	<b>Year ended</b>
	<b>31 March 2016</b>	<b>31 March 2015</b>
<b>Capital expenditure</b>		
Banking and Capital Market	593.64	274.90
Insurance	196.14	94.35
Information Technology, Communication and Entertainment	149.68	111.23
Emerging Industries	314.92	190.44
	<b>1,254.38</b>	<b>670.92</b>
<b>Depreciation *</b>		
Banking and Capital Market	424.14	431.20
Insurance	70.49	65.64
Information Technology, Communication and Entertainment	144.03	271.71
Emerging Industries	134.16	212.15
	<b>772.82</b>	<b>980.70</b>

\* refer note 11

## Notes to the Consolidated Financial Statements for the year ended 31 March 2016

(₹ millions)

### Secondary segment information (revenues)

	Year ended 31 March 2016	Year ended 31 March 2015
<b>Region</b>		
USA	45,887.43	41,309.86
India	5,069.82	5,517.59
APAC	3,691.15	3,774.12
EMEA	6,091.51	7,201.16
Unallocated - Hedge	138.92	145.32
	<b>60,878.83</b>	<b>57,948.05</b>

Revenues by geographic area are based on the geographical location of the client.

### Secondary segment information (assets)

	31 March 2016	31 March 2015
<b>Region</b>		
USA	32,038.38	29,786.84
India	42,519.49	40,422.65
APAC	1,789.40	1,365.13
EMEA	2,746.55	2,591.84
	<b>79,093.82</b>	<b>74,166.46</b>

### Secondary segment information (capital expenditure)

	Year ended 31 March 2016	Year ended 31 March 2015
<b>Region</b>		
USA	570.02	211.14
India	641.53	436.00
APAC	13.89	2.44
EMEA	28.94	21.34
	<b>1,254.38</b>	<b>670.92</b>

### 33. Earnings Per Share ('EPS')

Reconciliation of basic and diluted shares used in computing earnings per share:

	Year ended 31 March 2016	Year ended 31 March 2015
Profit before exceptional item (₹ in millions)	7,242.05	6,778.04
Profit after exceptional item (₹ in millions)	6,693.76	6,746.39
Number of weighted average shares considered for calculation of basic earnings per share	210,153,904	210,138,538
Add: Dilutive effect of stock options	358,540	330,837
Number of weighted average shares considered for calculation of diluted earnings per share	<b>210,512,444</b>	<b>210,469,375</b>

The above does not include 21,000 (31 March 2015: 21,000) bonus shares held in abeyance by the Company.

## Notes to the Consolidated Financial Statements for the year ended 31 March 2016

### 34. Stock Based Compensation

The Company uses Fair value method of accounting for its employee stock options except for the 1998 plan and the 2004 plan. The Company has therefore adopted the pro-forma disclosure provisions as required by the Guidance Note on "Accounting for Employee Share-based Payments" issued by the ICAI with effect from 1 April 2005.

The differential on Employee Stock Option expense if the fair value of the ESOPs on the date of the grant were considered instead of the intrinsic value, during the year ended 31 March 2016 and 31 March 2015 is ₹ Nil. Consequently, there is no impact on earnings per share.

### 35. Employee Benefits

#### a. Gratuity Plan

The following tables set out the status of the gratuity plan as required under revised AS 15.

#### Reconciliation of the projected benefit obligations

	(₹ millions)	
	31 March 2016	31 March 2015
<b>Change in projected benefit obligation</b>		
Obligations at year beginning	871.24	809.82
Service cost	87.88	82.12
Interest cost	60.63	57.80
Benefits paid	(167.61)	(139.40)
Actuarial loss/ (gain)	95.62	60.90
<b>Obligations at year end</b>	<b>947.76</b>	<b>871.24</b>
<b>Change in plan assets</b>		
Plan assets at year beginning, at fair value	278.96	368.10
Expected return on plan assets	16.49	27.77
Contributions	11.09	22.49
Transfer	(7.18)	-
Benefits paid	(167.61)	(139.40)
<b>Plan assets at year end, at fair value</b>	<b>131.75</b>	<b>278.96</b>
<b>Reconciliation of present value of obligation and fair value of plan assets</b>		
Fair value of plan assets at the end of the year	131.75	278.96
Present value of defined benefit obligation at the end of the year	947.76	871.24
<b>Liability recognized in the balance sheet</b>	<b>(816.01)</b>	<b>(592.28)</b>

	Year ended 31 March 2016	Year ended 31 March 2015
<b>Assumptions</b>		
Discount rate	7.70%	7.81%
Expected rate of return on plan assets	8.35%	9.00%
Actual rate of return on plan assets	8.35%	9.00%
Attrition rate	20% - 30%	20% - 30%
Expected contribution over next one year	205.00	52.50

	Year ended 31 March 2016	Year ended 31 March 2015
<b>Gratuity cost for the year</b>		
Service cost	87.88	82.12
Interest cost	60.63	57.80
Expected return on plan assets	(16.49)	(27.77)
Actuarial loss/(gain)	95.62	60.90
<b>Net gratuity cost</b>	<b>227.64</b>	<b>173.05</b>

The estimates of future salary increases considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors such as supply and demand factors in the employment market. Expected return on plan assets is computed based on prevailing market rate.

## Notes to the Consolidated Financial Statements for the year ended 31 March 2016

The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

	31 March 2016	31 March 2015
Investments with insurer	100%	100%

Amounts for the current and previous four periods are as follows:

(₹ millions)

	Year ended 31 March 2016	Year ended 31 March 2015	Five months ended 31 March 2014	Year ended 31 October 2013	Year ended 31 October 2012
Fair value of plan assets at the end of the year	131.75	278.96	368.10	401.48	455.85
Present value of defined benefit obligation at the end of the year	947.76	871.24	809.82	774.31	616.83
Liability recognized in the balance sheet	(816.01)	(592.28)	(441.72)	(372.83)	(160.98)
<b>Experience adjustment</b>					
Experience gain/ (loss) adjustment on plan liability	(95.62)	(60.90)	(10.73)	(6.35)	1.02
Experience gain/ (loss) adjustment on plan asset	-	-	(1.24)	1.24	0.32

### b. Provident Fund

Effective 03 July 2013, the Company has established a Mphasis Provident Fund Trust ('the Trust') to which contributions towards provident fund are made each month which have been invested in Government bonds with average returns more than guaranteed return. On 23 April 2014, an amount of ₹ 5,052.27 millions which was held by Regional Provident Fund Commissioner has been transferred from Recognised Provident Fund to the Mphasis Provident Fund Trust effective 01 April 2014. The Group has carried out actuarial valuation as at 31 March 2016.

The actuary has provided a valuation and based on the assumption mentioned below, there is no shortfall as at 31 March 2016.

The amount of plan assets disclosed below has been restricted to the extent of present value of benefit obligation at the year end.

The details of the fund and plan asset position are given below:

(₹ millions)

	31 March 2016	31 March 2015
Plan assets at the year end	6,101.22	5,636.68
Present value of benefit obligation at year end	6,101.22	5,636.68
<b>Asset recognized in balance sheet</b>	-	-

Assumptions used in determining the present value obligation of the interest rate guarantee under the Deterministic Approach.

	31 March 2016	31 March 2015
Government of India (GOI) bond yield	7.70%	7.81%
Remaining term of maturity (in years)	12	13
Expected guaranteed interest rate	8.70%	8.75%

The Group has contributed ₹ 436.17 millions during the year ended 31 March 2016 (31 March 2015: ₹ 490.74 millions).



## Notes to the Consolidated Financial Statements for the year ended 31 March 2016

36. The movement in provisions during the year is as below:

	31 March 2016	31 March 2015
Opening balance	48.03	48.03
Additions	828.66	-
Amounts utilized /paid	(113.91)	-
<b>Closing balance</b>	<b>762.78</b>	<b>48.03</b>

	31 March 2016	31 March 2015
Contingent consideration payable to erstwhile shareholders of a subsidiary (refer note 2.1)		
Opening balance	112.50	1,294.16
Re-statement of balances	(6.59)	38.64
Amounts reversed / paid	(119.09)	(1,220.30)
<b>Closing balance</b>	<b>-</b>	<b>112.50</b>

37. Current tax for the year ended 31 March 2016 include (reversal) of ₹ (7.76) millions pertaining to earlier years (31 March 2015 ₹ (314.83) millions) and Deferred tax charge for year ended 31 March 2016 includes provision / (reversal) of ₹ (117.06) millions pertaining to earlier years (31 March 2015: ₹ 391.33 millions). On account of said adjustments, the net impact of prior period tax provision (reversal) is ₹ (124.82) millions (31 March 2015: ₹ 76.50 millions).
38. The ESOP Schemes ("RSU 2010", "RSU 2014", "RSU 2015" and "ESOP 2012") of Mphasis Limited are administrated through the Mphasis Employee Benefit trust ("MEBT") and all other ESOP schemes are administrated by BFL Equity Reward Trust ("BERT"). As per the Trust deeds, MEBT and BERT are constituted as irrevocable trusts. In this regard, basis legal advice obtained, the management is of the view that the Company has no right to the assets of MEBT and BERT, hence, the Group has not consolidated the financial statements of MEBT and BERT in the consolidated financial statements of the Group.
39. As per Section 135 of the Companies Act, 2013, a Corporate Social Responsibility ('CSR') committee has been formed by the Company. The primary function of the Committee is to assist the Board of Directors in formulating a CSR Policy and review the implementation and progress of the same from time to time. The CSR Policy focuses on creating opportunities for the disadvantaged with emphasis on persons with disabilities and Technology driven community development. The expenses incurred towards CSR activities are charged to the statement of profit and loss and is disclosed under other expenses.
40. The Board of Directors of the Company and Msource (India) Private Limited had approved sale and transfer of some contracts of the domestic BPO business, which is not a separate major line of the Group's business and accordingly the Group had entered into definitive agreements with Hinduja Global Solutions Limited and Karvy Data Management Services Limited for sale of a portion of domestic BPO business as a going concern on slump sale basis for a lump sum consideration amounting to ₹ 170.00 millions and ₹ 27.50 millions respectively. The Group has estimated losses of ₹ 23.78 millions (net of tax of ₹ 12.59 millions) arising on the proposed sale and accounted for the same as an exceptional item. The Competition Commission of India has approved the transaction and the Group has complied with all the pre-conditions on 01 September 2015. The results for the year ended 31 March 2016 include revenue from these contracts amounting to ₹ 823.57 millions (31 March 2015: ₹ 1,563.86 millions) respectively.
41. The Group has formalized a plan to early exit / ramp down operations in respect of certain domestic BPO contracts. On account of the proposed early closure of the said contracts, the management has provided for ₹ 92.04 millions (net of tax of ₹ 48.67 millions) towards expected loss as an exceptional item.
42. The management has re-assessed the future profitability of long term revenue contract as at 31 March 2016 and accordingly provided for ₹ 316.28 millions (net of tax of ₹ 167.38 millions) towards expected loss as an exceptional item.

## Notes to the Consolidated Financial Statements for the year ended 31 March 2016

43. Additional information pursuant to para 2 of general instructions for the preparation of the Consolidated Financial Statements.

Name of the entity	Net Assets		Share in profit or (loss)	
	% of consolidated net assets	Amount (₹ millions)	% of consolidated profit / (loss)	Amount (₹ millions)
<b>Parent</b>				
Mphasis Limited	47.84	45,274.83	68.45	4,583.65
<b>Indian subsidiaries</b>				
Msource (India) Private Limited	7.58	7,174.06	9.28	621.19
Mphasis Software and Services (India) Private Limited	1.48	1,404.88	1.81	121.23
<b>Foreign subsidiaries</b>				
Mphasis Corporation	5.67	5,360.90	13.30	890.74
Mphasis Deutschland GmbH	0.07	63.02	0.07	4.77
Mphasis Australia Pty Limited	0.44	413.85	2.85	190.59
Mphasis (Shanghai) Software & Services Company Limited	0.10	95.26	0.07	4.48
Mphasis Consulting Limited	0.66	621.68	0.23	15.38
Mphasis Ireland Limited	0.03	28.99	0.03	2.11
Mphasis Belgium BVBA	0.21	194.13	0.94	63.04
Mphasis Lanka Private Limited	-	-	-	-
Mphasis Poland s.p.z.o.o	(0.03)	(23.79)	(0.17)	(11.49)
Msource Mauritius Inc.	0.65	617.19	(0.01)	(0.72)
PT. Mphasis Indonesia	-	1.77	(0.03)	(1.96)
Mphasis Europe BV	12.35	11,686.45	0.43	29.02
Mphasis Pte Limited	0.28	266.87	1.54	103.27
Mphasis Infrastructure Services Inc.	(1.10)	(1,040.33)	(1.22)	(81.68)
Mphasis UK Limited	10.90	10,312.25	0.80	53.65
Mphasis Wyde Inc.	8.00	7,569.65	(5.03)	(336.51)
Mphasis Philipines Inc.	0.02	21.49	(0.01)	(0.54)
Wyde Corporation Inc.	(0.56)	(529.37)	0.96	64.07
Mphasis Wyde SASU	(0.36)	(336.39)	(3.38)	(226.55)
Wyde Solutions Canada Inc.	(0.14)	(130.52)	(0.35)	(23.45)
Digital Risk LLC.	7.13	6,746.12	(19.56)	(1,309.84)
Digital Risk Compliance Services LLC.	(2.26)	(2,138.80)	-	-
Digital Risk Mortgage Services LLC.	2.22	2,096.56	10.79	722.49
Digital Risk Analytics LLC.	(0.33)	(313.27)	(0.95)	(63.39)
Investor Services, LLC	0.34	319.35	20.87	1,397.87
Digital Risk Valuation Services LLC.	(1.19)	(1,126.53)	(1.71)	(114.73)
<b>Total Foreign subsidiaries</b>	<b>43.10</b>	<b>40,776.53</b>	<b>20.46</b>	<b>1,370.62</b>
<b>Sub Total</b>	<b>100.00</b>	<b>94,630.30</b>	<b>100.00</b>	<b>6,696.69</b>
Adjustment arising out of consolidation		(31,699.79)		(2.93)
<b>Total</b>		<b>62,930.51</b>		<b>6,693.76</b>

44. Mphasis Limited and certain entities in the Group have entered into international and specified domestic transactions with its associated enterprises within the meaning of section 92B and section 92BA respectively of the Income Tax Act, 1961. The Group is of the view that all the aforesaid transactions have been made at arms' length terms.

## Notes to the Consolidated Financial Statements for the year ended 31 March 2016

45. The Group paid an amount of USD 0.40 millions (₹ 17.53 millions) against a claim received from a client in respect of alleged identity theft pertaining to customer bank accounts involving the Group's employees and ex-employees. Liquid assets and properties worth USD 0.23 millions (₹ 10.06 millions) of the alleged offenders have been frozen by the authorities and legal action has been instituted against them. Under a separate deed of assignment, the client has assigned any amount recoverable from the aforesaid frozen assets of the alleged offenders to the Group. During the quarter ended 31 December 2005, the Group reached settlements for USD 0.18 millions (₹ 7.65 millions) with the insurance companies. The amount has since been received in cash.

During July 2007, the Group has received from the client, who was given this amount by the Court to be held in trust, an amount of ₹ 10.73 millions including interest from the aforesaid frozen assets. The said amount has been assigned by the client to the Group and has been kept in Fixed Deposit, until such time the Court in a final, non-appealable written order holds that the amounts may be appropriated by the Group or the client.

46. Previous year's figures have been reclassified to conform to current year's classification, wherever applicable.

As per our report of even date.

**For S.R. Battliboi & Associates LLP**

Chartered Accountants

ICAI Firm registration number: 101049W/E300004

**per Adarsh Ranka**

Partner

Membership No. 209567

Singapore

26 May 2016

**For and on behalf of the Board of Directors**

**Balu Ganesh Ayyar**

Chief Executive Officer

**V. Suryanarayanan**

Executive Vice President &

Chief Financial Officer

Singapore

26 May 2016

**Narayanan Kumar**

Director

**A. Sivaram Nair**

Executive Vice President, Company Secretary

General Counsel & Ethics Officer

## Cash flow statement for the year ended 31 March 2016

(₹ millions)

	Year ended 31 March 2016	Year ended 31 March 2015
<b>Cash flow from operating activities</b>		
<b>Profit before tax and exceptional item</b>	<b>9,938.43</b>	<b>9,408.44</b>
Non-Cash adjustment to reconcile profit before tax to net cash flows:		
Depreciation / amortization (includes exceptional item of ₹ 28.62 millions)	772.82	980.70
Profit on sale of fixed assets	(6.77)	(86.25)
Employee stock compensation expense	94.53	35.29
Provision for bad and doubtful debts	26.57	210.60
Impairment of goodwill	7.70	-
Interest expense (excluding exchange difference considered as adjustment to borrowing cost)	193.97	234.12
Interest income	(646.03)	(548.41)
Dividend income	(764.58)	(805.77)
(Profit) / Loss on sale / revaluation of investments	(298.32)	(224.35)
Effect of exchange rate changes (gain) / loss	166.22	(14.59)
<b>Operating profit before working capital changes</b>	<b>9,484.54</b>	<b>9,189.78</b>
Increase / (decrease) in trade payables	372.39	(490.33)
Increase / (decrease) in provisions	120.36	173.57
Increase / (decrease) in other liabilities	427.59	(154.61)
Decrease / (increase) in inventories	(40.99)	-
Decrease / (increase) in trade receivables	16.16	1,405.93
Decrease / (increase) in loans and advances	247.90	(393.65)
Decrease / (increase) in other assets	(862.65)	(741.52)
<b>Cash generated from / (used in) operations</b>	<b>280.76</b>	<b>(200.61)</b>
Direct taxes paid (net of refunds)	(2,344.05)	(2,772.02)
<b>Net cash flow from operating activities before exceptional item</b>	<b>7,421.25</b>	<b>6,217.15</b>
Restructuring expenses paid	(105.69)	(52.60)
<b>Net cash flow from operating activities after exceptional item (A)</b>	<b>7,315.56</b>	<b>6,164.55</b>
<b>Cash flow from investing activities:</b>		
Purchase of fixed assets, including intangible assets, CWIP and capital advances	(1,273.77)	(722.56)
Proceeds from sale of fixed assets	52.02	151.62
Purchase of investments	(142,925.94)	(100,838.27)
Sale of investments	137,302.21	105,441.84
Interest received	664.90	476.01
Dividends received	764.58	805.77
Re-investment of dividend	(764.58)	(655.91)
Investments in bank deposits	(4,736.58)	(9,087.01)
Redemption / maturity of bank deposits	9,162.57	1,050.53
Payment of earnout liability relating to acquisition of Digital Risk LLC	-	(325.70)
Proceeds from sale of domestic BPO business	167.86	-
Refund received on settlement of escrow in Mphasis Wyde Inc.	-	39.54
<b>Net cash flow used in investing activities (B)</b>	<b>(1,586.73)</b>	<b>(3,664.14)</b>

## Cash flow statement for the year ended 31 March 2016

(₹ millions)

	Year ended 31 March 2016	Year ended 31 March 2015
<b>Cash flow from financing activities</b>		
Proceeds from issue of share capital	0.46	0.06
Proceeds of premium from issue of share capital	0.46	0.60
Repayment of secured loan	(1,474.96)	(1,113.57)
Availment / (payment) of capital lease obligation	0.16	(1.08)
Repayment of unsecured loans	(3,929.33)	(3,354.70)
Availment of unsecured loans	3,943.60	4,552.10
Interest paid	(176.59)	(224.80)
Dividends paid (including tax on dividend)	(4,046.42)	(1,721.89)
<b>Net cash flow used in financing activities (C)</b>	<b>(5,682.62)</b>	<b>(1,863.28)</b>
<b>Net increase in cash and cash equivalents (A+B+C)</b>	<b>46.21</b>	<b>637.13</b>
Effect of exchange rate changes	(170.34)	(134.22)
Cash and cash equivalents at the beginning of the year	4,034.99	3,532.08
<b>Cash and cash equivalents at the end of the year</b>	<b>3,910.86</b>	<b>4,034.99</b>
<b>Components of cash and cash equivalents</b>		
Cash on hand	0.01	0.05
Balance with banks		
- on current account	2,133.23	2,292.15
- on deposit account	1,769.91	1,735.82
- unclaimed dividend	7.71	6.97
<b>Total cash and cash equivalents (note 20)</b>	<b>3,910.86</b>	<b>4,034.99</b>

As per our report of even date.

**For S.R. BATLIBOI & ASSOCIATES LLP**

Chartered Accountants

ICAI Firm registration number: 101049W/E300004

**per Adarsh Ranka**

Partner

Membership No. 209567

 Singapore  
 26 May 2016

**For and on behalf of the Board of Directors**
**Balu Ganesh Ayyar**

Chief Executive Officer

**V. Suryanarayanan**

Executive Vice President &amp;

Chief Financial Officer

 Singapore  
 26 May 2016

**Narayanan Kumar**

Director

**A. Sivaram Nair**

Executive Vice President, Company Secretary

General Counsel &amp; Ethics Officer



# Management Discussion and Analysis of Financial Condition and Results of Operations

## Safe Harbor

*Certain statements in this document may be forward-looking statements. Such forward-looking statements are subject to certain risks and uncertainties like regulatory changes, local political or economic developments, and many other factors that could cause our actual results to differ materially from those contemplated by the relevant forward-looking statements. Mphasis will not be in any way responsible for any action taken based on such statements and undertakes no obligation to publicly update these forward-looking statements to reflect subsequent events or circumstances.*

*The following discussion and analysis should be read in conjunction with the Company's Indian GAAP Audited Consolidated financial statements and the notes thereon. All comparisons for the purpose of this discussion and analysis are with reference to the audited financials for the year ended 31 March 2016 and 31 March 2015*

## Overview

Mphasis is a leading IT solutions provider, offering Applications, Business Process Outsourcing (BPO) and Infrastructure services globally through a combination of technology knowhow, domain and process expertise. It was formed in the year 2000 through the merger of two IT companies. In June 2006, Electronics Data Systems Corporation (EDS) acquired a majority holding in the equity capital of the Company. In August 2008 EDS was acquired by the Hewlett-Packard Company; consequently, the Company became a subsidiary of Hewlett-Packard (HP). As a result of the completion of the sale and purchase of shares pursuant to the Share Purchase Agreement executed on 4 April 2016, for sale of shares of the Company by EDS Asia Pacific Holdings, EDS World Corporation (Far East) LLC and EDS World Corporation (Netherlands) LLC to Marble II Pte. Ltd. (the "Current Promoter"), the Current Promoter, being part of Blackstone Group, had acquired the entire stake from the Outgoing Promoters on 1 September 2016.

Year 2016 has been a landmark year for Mphasis and one of the best years in recent past. At the beginning of FY16 (Year ending 31 March 2016), we outlined a strategic road map addressing growth and profitability of the Company while identifying focus areas to create a platform that will continue to grow in the future. We had excellent success in execution of this strategy in FY16 which has enabled us to build a strong Direct Core growth engine and improve Digital Risk performance. Further, successful divestment of domestic BPO business and outsourcing of ATM operations addressed profitability issues and reinforced the foundation to grow our core business.

The results of our strategy and the degree of success is part of the below discussion.

## Revenues

Global economy continued to witness subdued growth with GDP growth of 2.4% in the year 2015 (Source: World Bank). Decline in commodity prices, slowdown in investment and trade coupled with factors such as the recent political events in Europe and the upcoming elections in USA adds to the volatility. The political environment, pressure in banking sector along with indications of protectionist stances in developed economies continue to challenge the global growth and the IT sector growth in particular.

While the global IT spend has grown in low single digits, Indian IT-BPM industry continues to grow in double digits. Indian IT grew 10.3% in FY16 (Source: NASSCOM) rendering it the fastest growing export sector during the year. This growth is driven by Digital technology which grew 1.5 times the traditional services and is expected to constitute 80% of incremental tech spending by 2025 (Source: NASSCOM). India continues to gain market share in global sourcing arena and with start-ups redefining innovation capabilities, India is set to become a global Digital hub.

Productivity enhancements, re-imagined business models, re-defined connectivity, end-to-end integration and possibility of smart enterprises are driving the shift in spending from traditional to Digital technologies. Our Customers are partnering with us in this Digital journey.

Our specialization and focus in the space of Digital, Governance Risk & Compliance, NextGen Infrastructure Services and Application Maintenance Services has resulted in large deal wins during the year. During the year, we won deals with TCV of USD 303M. Of this, 55% are in these focus areas. These deal wins helped us grow our revenue in FY16 faster than the industry average growth rate. During the year, our Direct Channel business grew 18.7%. Direct Core which constitutes 64% of Direct Channel business grew 19.5% in FY16.

## Management Discussion and Analysis of Financial Condition and Results of Operations

Gross revenue in FY16 was ₹ 60,740 million representing a growth of 5.1% over the year ended 31 March 2015 (FY15). Excluding revenue from domestic BPO business, which was divested during FY16, revenue grew 7.2% over FY15. Direct International revenue grew 22.3% on a reported basis and 15.7% net of rupee depreciation during the year to ₹ 41,340 million. Revenue from HP channel continued to decline on account of ramp down by HP customers. HP business was 26% of our total FY16 revenue as compared to 34% in the preceding financial year.

(₹ millions)

Market Segment	Year ended 31 Mar 2016	%	Year ended 31 Mar 2015	%
Direct International	41,340	68%	33,812	58%
HP Business	15,761	26%	19,904	34%
Others	3,639	6%	4,087	8%
<b>Total</b>	<b>60,740</b>	<b>100%</b>	<b>57,803</b>	<b>100%</b>

### Client concentration based on ultimate customer

Given below is the analysis of Client Concentration.

	Year ended 31 Mar 2016	Year ended 31 Mar 2015
Revenues from Top Client	11%	8%
Revenues from Top 5 Clients	38%	34%
Revenues from Top 10 Clients	51%	48%
Clients Contributing more than:		
\$ 20 million Revenues	8	9
\$ 10 million Revenues	14	19
\$ 5 million Revenues	35	39
\$ 1 million Revenues	103	102

Note: Client Concentration is based on Trailing Twelve Months (TTM)

Growth in revenue from top clients is a reflection of our strategy to stay in the path of relevance to our customers. Exit of domestic BPO during FY16 and ramp-down in HP channel customers impacted the count of client contribution above. During the year we expanded our client base with 33 new clients in direct channel and won significant multi-year deals in our focus verticals of Banking, Capital markets and Insurance.

A segment analysis of revenues for the year ended March 2016 is given below:

(₹ millions)

Segment	Year ended 31 Mar 2016	%	Year ended 31 Mar 2015	%
Banking and Capital Market	28,748	47%	23,702	41%
Insurance	9,497	16%	8,125	14%
Information Technology, Communication & Entertainment	7,247	12%	9,578	17%
Emerging Industries	15,248	25%	16,398	28%
<b>Total Revenues</b>	<b>60,740</b>	<b>100%</b>	<b>57,803</b>	<b>100%</b>

Banking, Capital Markets and Insurance grew 21.3% and 16.9% respectively over FY15. This growth is on account of growth in Direct Core and Digital Risk. Both Emerging Industries and ITCE were largely impacted by decline in HP channel revenues while exit of domestic BPO business further impacted the revenues from ITCE.

### Revenues by Geography

(₹ millions)

Regions	Year ended 31 Mar 2016	%	Year ended 31 Mar 2015	%
AMERICAS	45,887	76%	41,310	71%
EMEA	6,092	10%	7,204	12%
INDIA	5,070	8%	5,518	10%
ROW	3,691	6%	3,771	7%
<b>Total</b>	<b>60,740</b>	<b>100%</b>	<b>57,803</b>	<b>100%</b>

# Management Discussion and Analysis of Financial Condition and Results of Operations

Revenues from the US market grew 11.1% on account of growth in Direct Core and Digital Risk, partly offset by decline in HP channel. EMEA revenues declined by 15.4% over FY15 impacted by customer ramp-downs in HP channel. Revenues from India declined on account of exit of domestic BPO business.

## Revenues by Service Type

Service Type	Year ended 31 Mar 2016		Year ended 31 Mar 2015	
		%		%
Application Maintenance & Other Services	19,185	31%	16,654	28%
Application Development	14,580	24%	13,874	24%
Customer Service	2,114	3%	3,282	6%
Service / Technical Help Desk	1,182	2%	1,405	2%
Transaction Processing Service	4,156	7%	3,595	6%
Infrastructure Management Service	8,858	15%	10,792	19%
Knowledge Processes	10,427	17%	7,982	14%
License Income	238	1%	219	1%
<b>Total</b>	<b>60,740</b>	<b>100%</b>	<b>57,803</b>	<b>100%</b>

**Application Maintenance** involves maintenance of existing customer software and is mostly undertaken on annuity terms. Revenues grew by 15.2% during the year.

**Application Development** refers to customized software development services based on the requirements and specifications given by customers and documented in a Statement of Work. Revenues grew by 5.1% during the year.

**Customer Services** include receivables collection support, product support, enrolment etc. provided to clients through BPO operations. Revenues declined on account of exit of domestic BPO business.

**Service/Technical Help Desk** comprise of inbound and outbound customer interaction programs including technical product support, customer care and allied services. Revenues declined by 15.9% during the year on account of HP Channel ramp-down.

**Transaction Processing** includes claims and mortgage processing, account opening and maintenance, data processing and management. Revenues grew by 15.6% during the year.

**Infrastructure Management Service** include end-to-end managed mobility solutions covering workplace management & other support services, hosting services which comprise of mainframe or midrange, application & web hosting services, Payment Managed Solutions and data centre services focused on migration, automation & other software services. Revenues declined by 17.9% primarily on account of HP Channel ramp-down.

**Knowledge Processes** refer to the outsourcing of relatively high-level processes of the customer and Risk, Compliance and Transaction management solutions in the US housing market. Revenues grew by 30.6% during the year.

**License Income** pertains to the income from license sale in the health care space of the Company's product Javelina, developed by its foreign subsidiary and from Wynsure, a product of Wyde Corporation, acquired by the Company in 2011. Revenues increased by 8.7% in FY16.

## Revenues by Delivery Location

Delivery Location	Year ended 31 Mar 2016		Year ended 31 Mar 2015	
		%		%
Onsite	30,498	50%	26,039	45%
Offshore	30,242	50%	31,764	55%
<b>Total</b>	<b>60,740</b>	<b>100%</b>	<b>57,803</b>	<b>100%</b>

Increase in onsite revenue was on account of improvement in Digital Risk and growth in Direct Core. Offshore revenues were impacted by exit of domestic BPO business. Increasing complexity of solutions rendered is causing the weight of Onsite revenue to increase across the industry.

# Management Discussion and Analysis of Financial Condition and Results of Operations

## Headcount\* and Utilization

Decrease in headcount is on account of exit of domestic BPO business and ramp-down in HP channel.

Headcount *	Year ended 31 Mar 2016	Year ended 31 Mar 2015
Onsite		
- Application Services	2,322	2,343
- ITO Services / IS	212	186
- BPO Services	1,359	1,594
Offshore		
- Application Services	8,441	8,177
- ITO Services / IS	3,209	4,562
- BPO Services	5,511	15,797
Sales and Marketing	300	333
General and Administration	948	1,047
<b>Total</b>	<b>22,302</b>	<b>34,039</b>

\* Note: Including billable contractors

Management has continued its focus upon delivering quality at lower cost. BPO utilization improved upon exit of domestic BPO business. ITO utilization has improved marginally on account of increase in offshore utilization while Applications has declined due to decrease in offshore utilization.

Utilization Rates	Year ended 31 Mar 2016	Year ended 31 Mar 2015
<b>Excluding Trainees</b>		
Onsite		
- Application Services	94%	93%
- ITO Services / IS	97%	96%
Offshore		
- Application Services	82%	85%
- ITO Services / IS	93%	93%
- BPO Services	85%	78%
Blended		
- Application Services	85%	87%
- ITO Services / IS	93%	93%
- BPO Services	85%	78%
<b>Including Trainees</b>		
Onsite		
- Application Services	94%	93%
- ITO Services / IS	97%	96%
Offshore		
- Application Services	78%	81%
- ITO Services / IS	91%	90%
- BPO Services	70%	65%
Blended		
- Application Services	82%	83%
- ITO Services / IS	91%	90%
- BPO Services	70%	65%

# Management Discussion and Analysis of Financial Condition and Results of Operations

## Revenues by Project Type

(₹ Millions)				
Project Type	Year ended 31 Mar 2016	%	Year ended 31 Mar 2015	%
Time and Material	50,648	83%	49,396	85%
Fixed Price	10,092	17%	8,407	15%
<b>Total</b>	<b>60,740</b>	<b>100%</b>	<b>57,803</b>	<b>100%</b>

As a strategy, we continue to focus on increasing the share of Fixed Price contracts and in FY16, we have seen this increase by 200 bps over FY15.

## Results of Operations

(₹ Millions)			
	Year ended 31 Mar 2016	Year ended 31 Mar 2015	Growth %
<b>Gross Revenues</b>	<b>60,740</b>	<b>57,803</b>	5.1%
Adjustment from Hedging Reserve	139	145	-4.1%
<b>Net Revenues</b>	<b>60,879</b>	<b>57,948</b>	5.1%
Cost of revenues	45,362	43,423	4.5%
% of Revenue	74.5%	74.9%	
<b>Gross profit</b>	<b>15,517</b>	<b>14,525</b>	<b>6.8%</b>
% of Revenue	25.5%	25.1%	
Selling expenses	3,951	3,654	8.1%
% of Revenue	6.5%	6.3%	
General and administrative expenses	3,313	2,940	12.7%
% of Revenue	5.4%	5.1%	
Provision for doubtful debts	27	211	-87.2%
<b>Operating profit</b>	<b>8,226</b>	<b>7,720</b>	<b>6.6%</b>
% of Revenue	13.5%	13.3%	
Foreign exchange gain, net	223	286	-22.0%
Other income, net	1,730	1,682	2.9%
Interest expenses	(241)	(279)	-13.6%
<b>Profit before taxation before Exceptional Item</b>	<b>9,938</b>	<b>9,409</b>	<b>5.6%</b>
Exceptional Item (net of taxes)	548	32	-
<b>Profit before taxation after Exceptional Item</b>	<b>9,390</b>	<b>9,377</b>	<b>0.1%</b>
Income taxes	2,696	2,631	2.5%
<b>Net profit before Exceptional Item</b>	<b>7,242</b>	<b>6,778</b>	<b>6.8%</b>
<b>Net profit after Exceptional Item</b>	<b>6,694</b>	<b>6,746</b>	<b>-0.8%</b>
<b>Earning per share (par value ₹ 10)</b>			
Before Exceptional Item (₹)	34.46	32.26	6.8%
After Exceptional Item (₹)	31.85	32.10	-0.8%

## Cost of Revenues

Cost of revenues primarily comprise of direct costs and includes direct manpower, travel, facility expenses, network and technology costs.

Consolidated cost of revenues of the Company was at ₹ 45,362 million for the year ended March 2016. Cost of revenues was 74.5% of revenues as compared to 74.9% during the previous financial year.

## Selling Expenses

Selling expenses for the year ended March 2016 were at ₹ 3,951 million representing 6.5% of our revenues against 6.3% of revenues in the previous year.



# Management Discussion and Analysis of Financial Condition and Results of Operations

## General and Administrative Expenses

General and Administrative expenses for the year ended March 2016 were at ₹ 3,313 million representing 5.4% of revenues against 5.1% of revenues in the previous year primarily on account of increase in spend on corporate social responsibility.

## Operating Profit

Operating profit for the year ended March 2016 was ₹ 8,226 million. Operating margin in FY16 improved by 20 bps to 13.5% in FY16. Revenue growth in Direct International and sale of domestic BPO business has helped improve the margins though partly offset by increased Selling, General and Administration expenses.

## Other Income

Other income of ₹ 1,730 million in FY16 represents an increase of 2.9% over FY15 on account of higher yield from investments. Gain on foreign exchange for FY16 was ₹ 223 million as against ₹ 286 million during FY15.

## Interest expenses

Interest expenses for the year ended March 2016 was ₹ 241 million as against ₹ 279 million in the year ended March 2015. Lower interest on diminishing balance of secured loan contributed to the decrease.

## Income Taxes

Income taxes were ₹ 2,696 million for the year ended March 2016 as compared to ₹ 2,631 million for the year ended March 2015. The effective tax rate decreased from 28.0% in FY15 to 27.1% in FY16 on account of increase in revenue contribution from SEZ facilities under tax holiday.

## Net Profit

Net profit before exceptional item was ₹ 7,242 million. Net margin before exceptional item for the year ended March 2016 was 11.9% as against 11.7% for the year ended March 2015.

Net profit after taxes and exceptional item was ₹ 6,694 million for the year ended March 2016. Exceptional items represent expected loss on exit of domestic BPO business, certain restructuring expenses, provision for impairment of intangible asset under development and provision for loss on a long term contract.

## Cash and cash equivalents

The Company's cash and bank balances are held in various locations throughout the world. Cash and bank balances comprise of investments in mutual funds and deposits of any kind with banks. These balances also include amounts that are restricted in use, either as margin monies given to banks for guarantees issued in the normal course of business or amounts held in escrow accounts attributable to commitments made.

An analysis of restricted cash balances as at 31 March 2016 and 31 March 2015 is given below:

	(₹ millions)	
	As at 31 March 2016	As at 31 March 2015
Fixed Deposit - Escrow Account	121	98
Unclaimed dividends	8	7
<b>TOTAL</b>	<b>129</b>	<b>105</b>
<b>Restricted cash as a % of total cash balances</b>	<b>1.5%</b>	<b>0.8%</b>

## Company's treasury policy

The Company's treasury policy calls for investing only in fixed deposits of highly rated banks, units of debt mutual funds, NCDs of AAA ratings, Tax free bonds of AAA ratings and fixed maturity plans (FMP) for maturities up to 15 months. Stringent guidelines have been set for de-risking counter party exposures. The Group maintains balances both in Indian Rupee and foreign currency accounts in India and overseas. The investment philosophy of the Group in general is to ensure capital preservation and liquidity in preference to returns. All current investments have been recorded at lower of cost or net realisable value and non-current investments have been recorded at cost.

## Off balance sheet arrangements

As part of its ongoing business, the Company does not participate in transactions that generate relationships with unconsolidated entities or financial partnerships, such as entities often referred to as structured finance or Special Purpose Entities ("SPEs"), which would have been established for the purpose of facilitating off-balance sheet arrangements or other contractually narrow or limited purposes. As of 31 March 2016 the Company was not involved in any material unconsolidated SPE transactions.

## Directors' Profile

### Mr. Davinder Singh Brar, Chairman

Mr. D.S. Brar joined the Board of Mphasis in April 2004. Mr. Brar graduated with a Bachelor of Engineering (Electrical) degree from Thapar Institute of Engineering & Technology, Patiala. He further completed his Masters Degree in Business Administration with top rank (Gold Medal) from the Faculty of Management Studies, University of Delhi. After having started his career in 1974 with The Associated Cement Companies Limited (ACC), Mr. Brar has been associated with the Pharmaceutical Industry for three decades. Mr. Brar spent major part of this period (1977 – 2004) with Ranbaxy Laboratories Limited – India's largest Pharmaceutical company at various positions and rose to the level of President in 1993. He became the CEO & Managing Director of Ranbaxy in 1999. Mr. Brar stepped down from this position in 2004 to start his entrepreneurial journey and ventured into GVK Biosciences - a leading contract research organization providing Discovery & Development services to Global Life Sciences companies. Mr. Brar also promoted Inogen Labs - an early development/scale up company in Hyderabad and Davix Management Services - Pharmaceuticals focused Consulting/Advisory Services Company.

Mr. Brar currently holds Board positions in various Indian and International companies like Maruti Suzuki India Limited, Wockhardt Limited, Gland Pharma Limited & Mountain Trail Foods (India) Pvt. Ltd. He is also Special Advisor to the Board of Directors of Adamas Pharmaceuticals Inc., and member of the Advisory Board of the USA-India Chamber of Commerce (USAIC). From 2000–2007, Mr. Brar served as a Director of Reserve Bank of India (RBI) and was also a Member of the Inspection and Audit Sub-Committee of the Central Board of Directors of the RBI. Mr. Brar also served as a Senior Advisor to Kohlberg Kravis Roberts (KKR) from 2011-2015.

Mr. Brar has been involved with some of the premier Research and Educational Institutions in India. He has served as a Member on the Board of National Institute of Pharmaceutical Education and Research (NIPER), SAS Nagar, Punjab and as a member of the Board of Governors of the Indian Institute of Management, Lucknow (IIML).

Mr. Brar has been involved with several leading industry associations in India. He was associated with Confederation of Indian Industry (CII) where he Chaired CII's Indian MNC Council and with Federation of Indian Chambers of Commerce and Industry (FICCI) in the past. Mr. Brar was a Member of Prime Minister's Task Force on pharmaceuticals and knowledge-based industries which drafted the blue print for the growth and global expansion of Indian Pharmaceutical Industry including R&D and Pricing policies. He is currently member of Consultative Group on Exports of Pharmaceutical Products, under the Chairmanship of Hon'ble Minister of Commerce, Industry and Textiles, Government of India. For his service and contribution to the pharmaceutical industry, Mr. Brar was honoured with the Dean's Medal from the Tufts University School of Medicine, U.S.A. in 2004. The Federation of Asian Biotech Associations (FABA) conferred on Mr. Brar the "FABA Special Award 2011" for his contribution to the biopharma sector.

### Mr. Balu Ganesh Ayyar, Chief Executive Officer

Mr. Balu Ganesh Ayyar joined Mphasis as the CEO in January 2009. Mr. Ayyar is an Executive Director of Mphasis. He leads the overall Management of the Company.

Recently, Mr. Ayyar was honored as the Mid-Market CEO of the Year by CEO Connection for the highest standards of leadership in both business and society. Under Mr. Ayyar's leadership, Mphasis was awarded "The Most Distinguished Digital Company of the Year," by The Economic Times, in 2015.

Mr. Ayyar won the NDTV Profit Business Leadership Awards 2010 in the category of Diversity and Inclusion and the India Talent Management Award at the CNBC TV 18 India Business Leader Awards (IBLA) 2012. He received these awards from the Finance Minister of India. He was also the recipient of the Asia Viewers Choice Award in the 10th CNBC Asia Business Leader Awards 2011.

Mr. Ayyar joined Mphasis from HP where his last assignment was that of Vice President, Managed Services, Asia Pacific and Japan, leading selective sourcing and small and medium outsourcing deals. At HP, he held several key assignments including being the President of HP India in 1999. He was the co-lead for pre-merger Integration Planning for HP-Compaq Merger for Asia Pacific and Japan.

Mr. Ayyar also held the office of Vice President of HP Services for South East Asia and lead customer support, consulting & integration and Managed Services business. With more than 25 years of experience, Mr. Ayyar's career has spanned across South East Asia (Singapore, Malaysia, Thailand, Philippines, Indonesia, Vietnam and other Asian Emerging Countries) and India.

Born in India, Mr. Ayyar is a Chartered Accountant from Institute of Chartered Accountants of India.

## Directors' Profile

### Mr. Narayanan Kumar, Director

Mr. Narayanan Kumar joined the Board of Mphasis in February 2013. He is the Vice Chairman of The Sanmar Group, a multinational US \$ 1 billion conglomerate headquartered in Chennai, India with manufacturing facilities in India, the US, Mexico and Egypt. The Group is engaged in key business sectors - Chemicals (including Speciality Chemicals), Engineering (Products and Steel Castings) and Shipping.

He is the Honorary Consul General of Greece in Chennai.

Mr. Kumar is on the Board of various public companies and carries with him over four decades of experience in the spheres of Electronics, Telecommunications, Chemicals, Engineering, Technology, Management and Finance. Mr. Kumar is the Chairman of National Accreditation Board for Certification Bodies which is a constituent of Quality Council of India. He is also a member of the Board of Governors of Institute for Financial Management & Research.

As a spokesman of Industry and Trade, he had been a President of CII and participated in other apex bodies. He presently chairs the CII Institute of Quality, Bengaluru. He is also the President of the Indo-Japan Chamber of Commerce & Industry.

Mr. Kumar has a wide range of public interests going beyond the confines of corporate management in areas of health, social welfare, education and sports. He is the Chairman of Madhuran Narayanan Centre for Exceptional Children and Managing Trustee of The Indian Education Trust which runs two Schools. He is an avid golfer and a patron of cricket and tennis.

Mr. Kumar is an Electronics Engineering Graduate from Anna University, Chennai and a fellow member of the Indian National Academy of Engineering. He is also a fellow life member of The Institution of Electronics and Telecommunication Engineers.

### Ms. Jan Kathleen Hier, Director

Ms. Jan Kathleen Hier joined the Board of Mphasis in December 2015. Ms. Jan Kathleen Hier (Ms. Jan Hier-King) is currently a partner with a start-up (Bicycle Financial – [www.bicyclefinancial.com](http://www.bicyclefinancial.com)).

Formerly, she was the Executive Vice President at Charles Schwab responsible for centralized support services including Schwab Technology Services, Operational Services, Corporate Project Management, Operational Risk Management and Offshore Services.

At Schwab, Ms. Hier held several other positions, including, Chief Information Officer; Executive Vice President of Human Resources; Head of Electronic Brokerage Technology that developed schwab.com; and Head of Schwab Institutional Technology.

Before joining Schwab in 1994, Ms. Hier served as a Vice President of engineering at Transaction Technology, Inc., a Citicorp subsidiary, where she was responsible for providing distributed technology to Citibank businesses worldwide. Previously, she was a telecommunications specialist at Bank of America.

As an economist with the Bureau of Labor Statistics, she was instrumental in the original development of a Producer Price Index for the telecommunications industry and was called on as an expert witness at the U.S. House of Representatives.

Ms. Hier earned her Bachelor's degree in Economics and attended Post-Graduate studies at Syracuse University, New York, USA.

### Mr. David Lawrence Johnson, Director

Mr. David Lawrence Johnson (Dave Johnson) joined the Board of Mphasis in September 2016. Mr. Johnson is a senior advisor to Blackstone, where he has led many of their Private Equity technology investments. He joined the firm in 2013 and is based in New York. He is currently a Director of Optiv (Cyber Security), Cylance (Cyber Security), Pactera (IT Services), Intsigts (Cyber Security) and Green Sky Labs (Planner). Before joining Blackstone, Mr. Johnson was the Senior Vice President of Strategy at Dell Corporation, where he was responsible for corporate strategy, corporate development, and acquisition integration. Prior to joining Dell, Mr. Johnson held a number of positions at IBM, including Vice President of Corporate Development, responsible for the company's acquisitions, divestitures, minority investments and acquisition integration. Mr. Johnson received a B.A. in English and an M.B.A. from Boston College.

### Mr. Paul James Upchurch, Director

Mr. Paul James Upchurch joined the Boards of Mphasis in September 2016. Mr. Upchurch leads the Enterprise Systems function within Blackstone's Portfolio Operations group. He works with senior leadership to drive high performance outcomes through the effective implementation of enterprise systems and business operating models across over 50 Blackstone portfolio companies. In addition, Mr. Upchurch has been heavily involved in shaping the business development strategies across the consulting firms owned by Blackstone.

## Directors' Profile

Mr. Upchurch has a unique blend of private equity, operating, and consulting expertise that enables him to pivot across commercial, operational, and technical needs of companies seamlessly.

Before joining Blackstone, Mr. Upchurch worked as an Executive Vice President and member of the North America leadership team at Nielsen, previously owned by Blackstone. He also worked with The Cambridge Group, a strategy consulting firm owned by Nielsen, to drive demand strategies for clients. Mr. Upchurch led teams to elevate client relationships and tackle Nielsen clients' most pressing business issues, including demand creation, pricing and trade optimization, innovation, and retail execution, leveraging data, analytics and client service platforms. Early on, Mr. Upchurch led the largest commercial portfolio in North America, overseeing hundreds of client relationships across Consumer, Financial Services and Retail Brokers.

Prior to that, Mr. Upchurch had a successful career for over 18 years in management consulting, serving as partner at Accenture and Diamond Management Consultants. He guided clients on wide range of enterprise technology and operational improvements, serving as a leader on complex, multi-year, \$1b+ transformations, outsourcing as well as rapid-turn carve-outs and integrations. He has extensive experience and passion for practice building in large and smaller consulting environments and deep functional acumen in sales and marketing across consumer and industrial industries.

Mr. Upchurch resides in Chicago, Illinois and received a BS in Information and Decision Sciences from the University of Illinois, Chicago.

### Mr. Dario Zamarian, Director

Mr. Dario Zamarian joined the Board in Mphasis in September 2016. Mr. Zamarian is a senior business executive with broad experience in the IT industry focusing on cloud software, networking, information security, systems management and IT services. His operational experience spans Fortune 100 companies, Private-Equity firms and VC-backed start-ups. He is currently an Operating Advisor with The Blackstone Group.

Prior to Blackstone, Mr. Zamarian was Dell's Global Vice President and Worldwide General Manager of the Enterprise Systems & Solutions and the Networking Divisions, where he was responsible for strategy and operations. Prior to Dell, he was Vice President and General Manager of Cisco's Security and Network Management Business Unit.

Mr. Zamarian is currently Director of Optiv (Cyber Security Services and Solutions), Scale Computing (Hyperconverged Software) and Run-Time-Design-Automation RTDA (Cloud Capacity Management Software).

Mr. Zamarian has an M.B.A from INSEAD (European Institute of Business Administration), Fontainebleau, France, and an M.S.E.E. from Polytechnic of Turin, Torino, Italy.

### Mr. Amit Dixit, Director

Mr. Amit Dixit joined the Boards of Mphasis in September 2016. Mr. Dixit is a Senior Managing Director and Co-Head of Private Equity in India, based in Mumbai. Since joining Blackstone in 2007, Mr. Dixit has been involved with various investments and investment opportunities in India and South Asia. Previously, Mr. Dixit was a Principal at Warburg Pincus. Mr. Dixit received an MBA from Harvard Business School, an MS in Engineering from Stanford University, and a B.Tech from Indian Institute of Technology Mumbai where he was awarded the Director's Silver Medal for graduating at the top of his program. He currently serves as a Director of Intelnet Global Services, IBS Software, S.H. Kelkar, Trans Maldivian Airways, Jagran Prakashan, Mid-Day Infomedia, Hindustan Power Projects, Monnet Ispat & Power and NCC. Mr. Dixit was previously a Director of Emcure Pharmaceuticals and Igarashi Motors India.

### Mr. Amit Dalmia, Director

Mr. Amit Dalmia joined the Boards of Mphasis in September 2016. Mr. Dalmia is an Executive Director in the Corporate Private Equity group in Blackstone and is based in Mumbai. Since joining Blackstone in 2010, Mr. Dalmia has primarily been involved in creating and driving value added initiatives across Blackstone portfolio companies in India. Before joining Blackstone, Mr. Dalmia had diverse operational experience with Hindustan Unilever India ("HUL") in various management and business leadership roles ranging from finance and accounts to commercial and supply chain. Mr. Dalmia has undergone a management training program with the Indian Institute of Management, Ahmedabad and subsequently worked extensively on in-company training at Unilever. Mr. Dalmia received a B. Com. (Hons.) from St. Xavier's College from the University of Kolkata, India. He is also a Chartered Accountant (CA), Company Secretary (CS) and Cost Accountant (ICWA) with three Gold Medals for securing first-ranks in the country.

## Board's Report

Dear Shareholders,

We have pleasure in presenting to you the twenty fifth Annual Report of your Company for the year ended 31 March 2016.

### FINANCIAL PERFORMANCE

Key aspects of the financial performance of Mphasis are tabulated below:

(₹ million)

Particulars	CONSOLIDATED		STANDALONE	
	Year ended 31 March 2016	Year ended 31 March 2015	Year ended 31 March 2016	Year ended 31 March 2015
Revenues	62,839	59,915	30,890	31,886
Expenses	52,901	50,507	24,379	24,569
Profit before taxation	9,390	9,377	6,090	7,317
Net Profit	6,694	6,746	4,584	5,530
<b>Transfer to General Reserve</b>	<b>458</b>	<b>553</b>	<b>458</b>	<b>553</b>

*Note: the figures are rounded off to the nearest integer.*

A detailed analysis of performance is available in the section headed Management Discussion and Analysis of Financial Condition and Results of Operations in this Annual Report.

### OUTLOOK

Disruptive technological innovations are transforming the world around us in unpredictable ways. The emergence of digital business has given way to new business designs by blurring the digital and physical worlds. While technologies such as mobility and cloud have been dominating the imagination of enterprises for the past couple of years, new disruptive trends like Artificial Intelligence (AI) and automation have only now started having a tangible presence. Trends such as the growing use of Internet of Things (IoT) and social media networks are generating considerable amounts of data both structured and unstructured which will prove useful only if deciphered to one's advantage. Graph theory based algorithms and AI driven business is emerging and will define the future of our business.

While our Customers continue to focus on digitally transforming their organizations, we are committed to providing our Clients with the most innovative solutions to help them succeed in their digital transformation journey. In order to enable our customers to successfully ride this wave of generational shift, we have brought and will continue to offer dedicated centers and several transformational initiatives and industry-specific offerings for our clients.

In the automation space, we launched InfraGraf, a Big Data complex event processing engine which enables our Customers to innovate and make strategic decisions regarding their technology infrastructure. In Artificial Intelligence, we are building solutions for regulatory risk and compliance, incorporating cognitive models and smart data that empower intelligent system behaviours.

To further our commitment towards Digital, Mphasis has established a dedicated Digital Organization to unify the series of offerings under Digital Transformation, Experience, Operations and Engineering that Mphasis has offered since 2014. Our charter is to take digital to our focused vertical (BCM & Insurance) with a very solutions-centric focused approach grounded in bringing digital visions to life. Our commitment to innovative solutions will further be strengthened with establishment of cognitive hubs in select domain areas such as Risk and Compliance.

Mphasis has been established as a unique brand and recognized as the partner of choice in digital transformation. This is an ongoing journey, we must continue to nurture our culture of experimentation to stay ahead.

At Mphasis, we believe in continuous transformation to re-invent ourselves to co-create with our Clients and deliver higher value, thus staying in the path of relevance. In the past twelve months, we had interesting wins in Digital, Regulatory Risk and Compliance and Application Management Services (AMS). These wins were enabled by our intense focus, individual brilliance and hand to hand combat. Next phase of wins would require a concerted strategy and Mphasis will continue to bring a differentiated value proposition to our Clients.

We expect our Direct Business to grow faster than the market, fueled by new generation services. We will see growth coming in areas such as Digital, Risk & Compliance, Automated Infrastructure Management and Robotic automation infused Business Process Management. Protectionism and immigration tightening could cause some turbulence.

Digital Risk is focused on reducing volatility and injecting new generation technology. Mortgage Risk and Compliance areas continues to be subjected to changes in regulatory environment. Cognitive models will bring radical change in this arena and we are committed to working with our Customers in their transformation journey. Interest Rate changes in the US will have a significant bearing on the transaction volume. We are confident of leveraging our brand and staying ahead of the curve.



## Board's Report

Hewlett Packard Enterprise (HPE) is an important Customer and with the new MSA with committed volume, we have to focus on generating greater value for HPE. HPE's spin-merger partnership with CSC for HPES business, presents us with an opportunity to build new relationships. This will be more towards FY18 and beyond. Having experienced decline of business over many years, we expect stability to return in the second half of FY17.

In summary, we look at the future with greater confidence and optimism.

### DIVIDEND

Your directors are pleased to recommend a final dividend of ₹ 20 per equity share of ₹ 10 each for the financial year ended 31 March 2016, subject to your approval at the ensuing Annual General Meeting.

### CHANGE IN CONTROL

As a result of the completion of the sale and purchase of shares pursuant to the Share Purchase Agreement executed on 4 April 2016, for sale of shares in the Company by EDS Asia Pacific Holdings, EDS World Corporation (Far East) LLC and EDS World Corporation (Netherlands) LLC ("Outgoing Promoters") to Marble II Pte. Ltd. (the "Current Promoter"), the Current Promoter had acquired the entire stake from the Outgoing Promoters on 1 September 2016, being 127,106,266 (one hundred twenty seven million, one hundred six thousand two hundred and sixty six) Equity Shares, representing 60.47% of the paid up Share Capital ("Change of Control"). Consequent to the Change of the Control, the Outgoing Promoters have ceased to (i) hold any shares in the Company, (ii) hold control of the Company, and (iii) be promoters of the Company. In addition, further to the completion of acquisition of shares by the Current Promoter under the open offer ("Open Offer") to the Public Shareholders, as per the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 ("Regulations"), the Current Promoter had acquired 2,178 (Two thousand one hundred seventy eight) Equity Shares, from the Public Shareholders, under the Open Offer.

The shareholding of the Current Promoter, post the acquisition and Open Offer, is 127,108,444 equity shares representing 60.47% of the paid up share capital of the Company.

Further to the above, your Company forms part of Blackstone group of companies.

### HPE AGREEMENT

Further to approval of the members under the Listing Regulations, vide the results of the Postal Ballot declared on 23 May 2016, your Company has entered into an Amended and Re-stated Standard Services Agreement with Hewlett Packard Enterprise Co., Palo Alto, USA ("HPE") for availing and/or rendering services to HPE, its subsidiaries, group companies, and associates. The agreement is for an initial term of 5 years which shall automatically renew for 3 consecutive terms of 2 years. The Minimum Revenue Commitment by HPE is \$990 Million in 5 years.

### ENTERPRISE RISK MANAGEMENT

The Company has an elaborate Enterprise Risk Management (ERM) Programme to proactively identify, assess, mitigate, monitor and reports risks across the enterprise. ERM at Mphasis seek to minimize the adverse impact of the risks on our business objectives through risk assessment and mitigation while providing reassurance to Customers, Shareholders, Employees, etc. The updates on the development and implementation of the ERM Programme are reviewed by the Audit Committee on a quarterly basis. A detailed analysis on the formulation, implementation and monitoring of the Risk Management Plan is available in the section headed Management Discussion and Analysis of Risks and Concerns.

### CORPORATE GOVERNANCE

A report on Corporate Governance along with a certificate from the Auditors confirming the compliance for the year ended 31 March 2016 is annexed and forms part of this report.

### EMPLOYEES

Mature People Practices are the hallmark of a great organization. In 2010, the Mphasis HR team embarked on a journey committed to establishing mature people practices and systems. As a first step, in this journey, Mphasis was assessed and certified at Level 3 of People Capability Maturity Model (PCMM) in April 2013. However, the need of the hour is to create predictive and optimized people processes. In January 2016, Mphasis was assessed and certified at Level 5 of PCMM. What makes this certification significant is that it covered a total of 22 process areas with workforce practices spanning across various business units in the organization. This is a critical step to ensure integration of people practices and complete alignment to the organizational strategy.

As the focus on Digital continues, building an organization that is agile and customer-centric becomes imperative. This means there is a need for faster decision making such that the customer experiences quick and effective responses in every interaction. One of the ways by which your Company enabled this was through creating a group of Empowered Leaders with decision making authority similar to that of the Executive Committee Leaders. Each empowered leader thus became the owner of the business he works with and is empowered to take decisions that are beneficial to the Client. This was a big step in our transformation to a nimble and client centric organization with a high level of autonomy and ownership.

## Board's Report

Even as Mphasis empowers the leaders, the focus is also to enable the workforce with the right skills. Towards this endeavor, the entire training curriculum for the Campus Hires has been revamped. An exclusive engagement plan targeting specific areas of interest, leadership communication, networking and fun at work is being promoted for the fresh talent at Mphasis.

Building and nurturing the architect community has been another important focus area. To be the company of choice, to be perceived as an organization where one can learn, build new capabilities and have an edge over the competition have been the driving forces for this initiative. This has been achieved by providing differentiated learning opportunities through internationally recognized certification along with a host of other benefits. Organization restructuring has been a key component of the transition leading to delayering for better Employee Engagement & Communication.

HR processes were also exposed to the digital disruption. The year 2016 was a technology revolution in the staffing process with job seekers increasingly using digital channels and devices to search for jobs in Mphasis. Along with social recruiting activities, your Company has been successful in taking the Employee Engagement on to a digital platform by showcasing culture, fun at work and commitment to social responsibilities.

Your Company reached more than 500,000 people on Facebook, creating more than 1,000,000 impressions & growing followers by 200%. More than 450,000 organic impressions were created on Twitter and the engagement rate increased by more than 1900%.

Every year at Mphasis, the Company recognizes stellar performance and celebrates the brightest stars across the Company in the Annual Rewards and Recognition Program.

Integrated Leadership Development (ILD) is our indigenous and innovative approach to identifying and grooming top talent. Open to all Middle and Senior Level Managers, the ILD framework focuses on the individual taking charge and displaying key behaviors that are indicative of one's 'will' to invest one's time and effort in becoming part of the top talent at Mphasis. This 'will' is measured through participation in a variety of opportunities that define leadership behavior. Since its inception in 2013, we have now completed 2 cycles of ILD and a set of 13 leaders are part of talent pool through a rigorous set of assessments.

### COMMUNITY OUTREACH

#### CORPORATE SOCIAL RESPONSIBILITY

Mphasis has always been committed to meaningful Corporate Social Responsibility (CSR) and it is closely aligned with the organization's mission of being at the confluence of People, Profit and Planet. Our CSR activities are being carried out through Mphasis F1 Foundation. The Company has a CSR Policy as required under the provisions of law and the same is hosted on the website of the Company ([www.mphasis.com](http://www.mphasis.com)) at <http://www.mphasis.com/CorporateGovernance.html>. The CSR Committee of the Board approves the CSR Budget and monitors the implementation of the CSR Policy.

At Mphasis, we understand the need to impact our societies beyond the world of business. As front-runners in technology related-solutions, our efforts in Corporate Social Responsibility hone on these strengths- bringing 'disruptive' technologies into the realms of **Education, Livelihood and Inclusion** and covered the following:

#### EDUCATION

Our goal is to create a world where children want to stay in school(s) that improve their learning outcomes and equip them for future that is poverty-free. Using the latest technologies, our partners develop tailor-made tools to cater to the specific needs on the ground. Headstreams-the Arivu-Disha Program and Nasscom Social Innovation Awards for Education are classic programs which the Company has been supporting under the focus for Education.

#### LIVELIHOOD

Sustainable livelihood is the axle on which education, poverty alleviation and empowerment rest. Our vision is to capture India's demographic dividend by equipping young men and women with skills that match the demands of local markets.

Through digital empowerment and vocational training, we strengthen local communities with technological literacy and specific skills that enable youth to improve their lifetime earnings potential. By scaling global technologies to the local level, we tailor-make our efforts to meet specific needs on the ground. Mphasis - Nudge Gurukul and wifi Villages are few programmes of Mphasis under the focus for Livelihood.

#### INCLUSION

We are committed to breaking barriers of exclusion and marginalization through education, empowerment and awareness. Through our partnerships, we work tirelessly to ensure that persons with disabilities, marginalized clusters and women have every opportunity to learn, grow and advance in their careers. In parallel, we sensitize communities on the need for accessibility and universal design- creating an inclusive, barrier-free culture. As pioneers in the space of disability inclusion, our efforts galvanize the strengths of technology and universal design to ensure accessibility across spaces of academia, work and travel. Make India Accessible with The National Centre for Promotion of Employment for Disabled People (NCPEDP), Habitat for Humanity and Kickstart Cabs are support by the Company under the focus for Inclusion.

## Board's Report

During the year, the Company spent ₹ 123.7 Million as against mandated spend of ₹ 138.60 Million.

*The Company could not expend the mandated CSR spent as the Company focused on on boarding credible implementation partners who had FCRA registration and co creating programs that had the potential to create long lasting social impact in our chosen focus areas. Our CSR spend has increased from ₹ 21.8 Million during FY14-15 to ₹ 123.7 Million in FY15-16.*

### PREVENTION OF SEXUAL HARASSMENT

Your Company's Code of Business Conduct (COBC) provides broad directions as well as specific guidelines for all business transactions. The emphasis is on human rights, prevention of fraudulent and corrupt practices, avoidance of conflict of interest, prevention of Sexual Harassment and unyielding integrity at all times. Mphasis is committed to the provision of a workplace, free of Sexual Harassment ("SH") and to provide a redressal mechanism for all complaints of SH without fear or threat of reprisals in any form or manner whatsoever. The work place in context of SH is not restricted to the office but includes extended work areas such as Client's place, work related travel, cafeterias and Company sponsored events, to name a few.

In compliance with the Sexual Harassment of women at workplace (Prevention, Prohibition and Redressal) Act, 2013, the Company has established Internal Complaints Committees at all its locations. During FY 2015-16, 45 complaints were received, out of which 39 complaints were closed in terms of the aforesaid Act, as on 31 March 2016. Complaints outstanding have since been investigated and disposed within the prescribed time limits.

### ESTABLISHMENT OF VIGIL MECHANISM

Mphasis Code of Conduct requires directors, officers and employees to observe high standards of business and personal ethics in conduct of their duties and responsibilities. As employees and representatives of the Company, they must practice honesty and integrity in fulfilling their responsibilities and comply with all applicable laws and regulations. The Company has a Whistleblower Policy to enable persons who observe unethical practices (whether or not a violation of law), to approach the Whistleblower Custodian without revealing their identity, if they choose to do so. This Policy governs reporting and investigation of allegations that are breach of Code of Business Conduct. This Policy covers all Mphasis group companies and its affiliates and further extends to all Mphasis suppliers and contractors engaged by the Company.

There are various channels to report actual or suspected fraud or violation of the Company's Code of Conduct or Ethics policy i.e. through Email to the Whistle Blower Committee at [whistleblower@mphasis.com](mailto:whistleblower@mphasis.com), written complaint can be dropped into the Whistle blower drop box at the respective Company's location and through telephone where a complaint can be left at the Whistle blower Hotline. The Chairman of the Audit Committee is the Ombudsperson under Whistle blower Policy. A complaint can be reported to the Ombudsperson ([Ombudsperson@mphasis.com](mailto:Ombudsperson@mphasis.com)) where the Complainant feels that the complaint has not been addressed or actioned in a timely and appropriate manner or if the complaint is against any member of the Whistle blower Committee or the Executive Council.

The Whistle blower policy is published on the Mphasis website making it accessible to all. Mphasis will keep the whistle blower's identity confidential and prohibits retaliation against a whistle blower with the intent or effect of adversely affecting the terms or conditions of employment (including but not limited to, threats of physical harm, loss of job, punitive work assignments, or impact on salary or wages).

### **DIRECTORS & KEY MANAGERIAL PERSONNEL**

Further to resignation of Dr. Friedrich Froeschl, the Board of Directors of the Company unanimously elected Mr. Davinder Singh Brar as the Chairman of the Board effective 11 December 2015.

Pursuant to provisions of Section 149 of the Companies Act, subject to approval of the shareholders, Ms. Jan Kathleen Hier was appointed as an Independent Director (Additional Director) on the Board for a period of 5 years effective from 11 December 2015. The Company has received declarations from Ms. Jan Kathleen Hier confirming that she meets the criterion of independence as per law and have consented for being appointed as an Independent Director. Pursuant to Section 161 of the Companies Act, 2013, Ms. Jan Kathleen Hier holds office until the date of ensuing Annual General Meeting. However the Company has received notice under Section 160 of the Companies Act, 2013, from a member along with requisite deposit proposing her candidature to the office of the Directorship. The Board of directors recommends her appointment as an Independent Director to the members of the Company.

Further to Change of Control, Mr. Amit Dixit, Mr. Amit Dalmia, Mr. David Lawrence Johnson, Mr. Paul James Upchurch and Mr. Dario Zamarian were appointed as the Non-Executive Additional Directors of the Company by the Board of Directors vide their resolution dated 1 September 2016. Pursuant to Section 161 of the Companies Act, 2013, the additional directors hold office until the date of the ensuing Annual General Meeting. However, the Company has received notices under Section 160 of the Companies Act, 2013, from a member along with requisite deposits proposing their candidatures to the office of directorship. Accordingly, necessary resolutions in relation to the appointment of the above directors are placed before the members at the ensuing Annual General Meeting and the Board recommends their appointment as Directors of the Company.

## Board's Report

During the year, Dr. Friedrich Froeschl, Independent Director and Mr. Shankar Maitra, Director, resigned from the Board of the Company effective 26 October 2015. Dr. Froeschl was the Chairman of the Board. Further to Change of Control, Mr. James Mark Merritt, Mr. Lakshmikanth K Ananth, Mr. Stefan Antonio Lutz, Ms. Mary Teresa Hassett and Mr. Jeff Thomas Ricci resigned as the directors of the Company effective the closing hours of 1 September 2016. The Board places on record its appreciation for the services rendered by the resigned directors during their tenure.

As all the Non-Executive (Non-Independent) directors are additional directors there are no director liable to retire by rotation under Section 152 of the Companies Act, 2013. The additional directors are being proposed for the appointment as directors under Section 160 of the Companies Act, 2013 in the ensuing Annual General Meeting.

The profiles of the present directors including the directors seeking appointment at the ensuing Annual General Meeting are provided in the Annual Report.

### STATUTORY AUDITORS

S R Batliboi & Associates LLP (registration No.101049W), Chartered Accountants, were appointed as the Statutory Auditors of the Company under Section 139 of the Companies Act, 2013, for a term of 3 years, from the conclusion of Twenty Fourth Annual General Meeting till the conclusion of Twenty Seventh Annual General Meeting to be held on 2018 subject to annual ratification.

The Company has received a certificate from the Statutory Auditors to the effect that the ratification of appointment, if made, would be in accordance with limits specified under the Companies Act, 2013. As required under SEBI Regulations, the Auditors have confirmed that they hold valid certificate issued by the peer Review Board of the Institute of Chartered Accountants of India.

A resolution proposing ratification of their appointment, from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting of the Company, at a remuneration to be fixed by the Board of Directors and billed progressively, is submitted at the Annual General Meeting for approval of the members.

*As regards the observations made by the Statutory Auditors regarding the Internal Financial Control with respect to Intercompany Revenue/ Cost allocation, your directors would like to clarify that the Management has taken necessary steps to strengthen the Internal Financial Controls with respect to transactions relating to intercompany revenue / cost allocation process.*

### SECRETARIAL AUDITOR

The Board had in its meeting held on 4 February 2016 approved the appointment of Mr. S P Nagarajan, Practicing Company Secretary, as the Secretarial Auditor of the Company for the financial year ended 31 March 2016. As required under the provisions of Section 204 of the Companies Act, 2013, the Secretarial Audit for Financial Year 2016 has been concluded and the Secretarial Audit Report in Form No. MR-3 is annexed and forms part of the Report.

### DIRECTORS' RESPONSIBILITY STATEMENT

Information as per Section 134(5) of the Companies Act, 2013, is annexed and forms part of the Report.

### OTHER DISCLOSURES

#### SUBSIDIARIES

As on 31 March 2016, your Company has subsidiaries in Australia, Belgium, Canada, France, Germany, India, Ireland, Mauritius, the Netherlands, People's Republic of China, Republic of Indonesia, Philippines, Poland, Singapore, the United Kingdom and the United States of America.

In accordance with section 129 (3) of the Companies Act, 2013 the Consolidated Financial Statements are attached to the Annual Report. Further, a statement containing salient features of the financial statements of subsidiaries in the prescribed Form AOC-1 is annexed to this Report. The statements provides the performance and financial position of each of the subsidiaries.

The latest audited accounts of the subsidiary Companies are available for inspection of the members at the Registered Office and is also being uploaded on the website of the Company, [www.mphasis.com](http://www.mphasis.com). A copy of the same shall be sent to the members upon request.

#### EMPLOYEES STOCK OPTION PLANS AND RESTRICTED STOCK UNIT PLANS

Your Company's Employee Stock Option Plans (ESOPs) are administered through the Mphasis Employees Equity Reward Trust (earlier BFL Employees Equity Reward Trust) and the Restricted Stock Unit Plans (RSUs) and Mphasis Employees Stock Option Plan - 2012 (ESOP 2012 Plan) are administered through Mphasis Employees Benefit Trust.

The shareholders at its Annual General Meeting held on 9 September 2015 approved the Restricted Stock Units Plan 2015 (RSU 2015) with the underlying shares not exceeding 25,00,000 shares. During the year, the Company obtained in-principle approval for the Restricted Stock

## Board's Report

Units Plan 2015 (RSU 2015) from BSE Limited on 6 October 2015 and the National Stock Exchange of India Limited on 27 October 2015. Further to this, the ESOP Compensation Committee granted 440,550 stock units to eligible employees on 12 November 2015.

Your Company currently has three stock option plans in operation, namely, Mphasis Employees Stock Option Plan – 1998 (ESOP 1998 Plan) (Version I and II), Mphasis Employees Stock Option Plan – 2004 (ESOP 2004) and Mphasis Employees Stock Option Plan – 2012 (ESOP 2012), in addition to, Mphasis Restricted Stock Unit Plan – 2010 (RSU 2010), Mphasis Restricted Stock Unit Plan – 2014 (RSU 2014) and Mphasis Restricted Stock Unit Plan – 2015 (RSU 2015).

During the year, 6,200 shares were transferred under ESOP 1998 Plan II and 89,850 shares were transferred under ESOP 2012 against exercise of options by the employees. Further, pursuant to exercise applications made by the employees, the Company has transferred 4,075 equity shares towards exercise of RSUs under RSU 2010 Plan and 40,094 equity shares under RSU 2014.

The information to be disclosed as per Securities and Exchange Board of India (Share based Employee Benefits) Regulations, 2014, for the year ended 31 March 2016 is annexed and is also uploaded on the website of the Company at [www.mphasis.com](http://www.mphasis.com).

### FORMULATION OF EMPLOYEE STOCK OPTION PLAN 2016

The Board of Directors of the Company, in its meeting held on 27 September 2016, has proposed to institute Mphasis Employee Stock Option Plan 2016 (ESOP 2016) with the underlying shares not exceeding 8.4 million equity shares, with a view to achieve management participation in the ownership and growth of the Company and to encourage value creation and value sharing with the Non-Executive Directors (other than the Independent Directors) and Employees.

The ESOP 2016 are proposed to be granted upto 20% discount to the Market Price or such other price as may be determined by the Board/ ESOP Compensation Committee. The ESOP 2016 Plan would conform to the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 and applicable provisions of the Companies Act, 2013. In line with the provisions of the law, necessary resolutions in relation to the ESOP 2016 are placed before the members for their approval.

### EXTENSION OF TIME FOR HOLDING THE 25th ANNUAL GENERAL MEETING

Considering the Change of Control, the Company had made application to the Registrar of Companies, Karnataka, under Section 96 of the Companies Act, 2013, seeking extension of time for holding the Twenty Fifth Annual General Meeting till 31 December 2016. The Registrar of Companies, Karnataka, has vide its order dated 28 July 2016, approved extension of time for holding the Annual General Meeting till 31 December 2016. Accordingly, the Company has convened the 25th Annual General Meeting, on 4 November 2016, post completion of Change of Control processes.

### DIRECTORS' INTEREST AND RELATED PARTY DISCLOSURES

No director was interested in any contracts or arrangements existing during or at the end of the year that was significant in relation to the business of the Company. No director holds any shares or stock option in the Company as on 31 March 2016 except Mr. Balu Ganesh Ayyar, Chief Executive Officer, who holds 26,764 shares and Restricted Stock Units and Stock Options aggregating to 128,120 units. None of the directors had any other interest in the share capital of the Company as at 31 March 2016. The particulars of the contract or arrangements with the Related Parties in form AOC-2 is annexed and forms part of this report.

### SHARE CAPITAL

The Issued Share Capital of the Company as on 31 March 2016 stood at ₹ 2,102 million and Reserves and Surplus stood at ₹ 60,829 million (consolidated basis) and ₹ 43,173 million (standalone basis) respectively.

### PARTICULARS OF EMPLOYEES' REMUNERATION

The statement containing particulars of employees as required under Section 197(12) of the Companies Act, 2013 read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 as amended by Companies (Appointment and Remuneration of Managerial Personnel) Amendments Rules, 2016, is given in an annexure and forms part of this report. However, in terms of Section 136(1) of the Companies Act, 2013, the Report is being sent to the Members excluding the aforesaid Annexure and shall be available for inspection of the members, till the date of the Annual General Meeting, at the registered office of the Company during working hours. Any Member interested in obtaining a copy of the Annexure may write to the Company Secretary at the Registered Office of the Company.

In terms of proviso to Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the particulars of the employees posted and working in a country outside India is not circulated to the members, but the same shall be filed with the Registrar of Companies while filing the Financial Statements and Board's Report.

### EXTRACT OF ANNUAL RETURN

The extract of the Annual Return as at 31 March 2016 in Form MGT-9 is annexed and forms part of the Report.

### PARTICULARS OF LOANS, GUARANTEE OR INVESTMENTS

The particulars of Loans, Guarantees and Investments under Section 186 of the Companies Act, 2013 are disclosed in the financial statements of the Company.

## Board's Report

### DEPOSITS

Your Company has not accepted any deposits from the public and as such no amount of principal or interest was outstanding as on the date of the Balance Sheet.

### PARTICULARS REGARDING CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

#### A. CONSERVATION OF ENERGY:

Your Company's operations involve low energy consumption. Mphasis is committed to conserving energy and efficient usage of energy. The key facilities have been awarded 5 star, 4 star or 3 star rating by Bureau of Energy Efficiency, Government of India (BEE) in the last 5 years. The rating is nationally accepted industry benchmark and Mphasis in India is certified by BEE.

The Company has installed lighting energy savers and LED light fixtures, occupancy sensors, enthalpy system, automatic operation of AC system at data center to minimize power consumption and solar inverters at certain facilities to promote sustainable energy usage. The carbon foot prints are monitored on a monthly basis and reported to Carbon Disclosure Project (CDP), an international, not-for-profit organization providing the only global system for companies and cities to measure, disclose, manage and share vital environmental information. One of the Company's facility at Bengaluru has been certified LEED (Leadership in Energy and Environmental Design) Gold by United States Green Building Council (USGBC).

The Company has launched an energy consumption monitoring tool to monitor the energy consumption and the carbon foot prints at each location. The data collected by the tool helps the management in monitoring and optimize the energy consumption at the locations. Your Company is one of the few IT companies in India who have implemented captive renewable energy generation in multi-locations as part of its sustainability initiatives.

#### B. TECHNOLOGY ABSORPTION:

Particulars relating to technology absorption are not applicable.

#### C. FOREIGN EXCHANGE EARNINGS OR OUTGO :

	(₹ million)
(a) Foreign Exchange earned in terms of actual inflows during the year	23,850
(b) Foreign Exchange outgo in terms of actual outflows during the year	4,897

### ACKNOWLEDGEMENT

Your directors acknowledge with thanks the continued support and valuable co-operation extended by the business constituents, investors, vendors, bankers and shareholders of the Company. The directors place on record their appreciation for the support from the Software Technology Parks of India, the Department of Electronics, the Government of India, Government of Karnataka, Maharashtra, Tamil Nadu, Reserve Bank of India, other governmental agencies, Trade Associations and NASSCOM.

Your directors would like to place on record their appreciation for the contribution made by the employees of the Company and its subsidiaries and associates.

For and on behalf of the Board of Directors

New York  
27 September 2016

**Davinder Singh Brar**  
Chairman



# Annexure to the Board's Report

## DETAILS OF EMPLOYEES STOCK OPTIONS/RESTRICTED STOCK UNITS AS ON 31 MARCH 2016

### DISCLOSURE UNDER SEBI (SHARE BASED EMPLOYEE BENEFITS) REGULATIONS, 2014 FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

Stock Options / Restricted Stock Units (RSUs) granted to employees of Mphasis Limited & its subsidiaries:

Particulars	ESOP 1998		ESOP 2004	RSU 2010	ESOP 2012	RSU 2014	RSU 2015
	Version I	Version II					
Date of Shareholders Approval	31 July 1998		12 May 2004	18 Aug 2010	20 Jan 2012	30 July 2014	9 Sep 2015
Total Number of Stock Options/Restricted Stock Units approved under the Plan	465,000 <sup>note 1</sup>		593,126 <sup>note 1</sup>	600,000	2,000,000	550,000	2,500,000
Vesting Requirements	Time based Vesting					Time and Performance based vesting	
Maximum term of Stock Options/Restricted Stock Units granted (refers to Exercise Period)	Until exercise	10 years	10 years	3 years	3 years	3 years	3 years
Source of shares (Primary, Secondary or Combination)	Primary	Primary	Primary	Secondary	Combination	Combination	Combination
Pricing formula	Refer table below <sup>4</sup>						
Total number of Stock Options/Restricted Stock Units outstanding at the beginning of the year (2015-2016)	47,000	116,232	2,590	5,050	374,600	445,750	-
Number of Stock Options/Restricted Stock Units granted during the year	-	-	-	-	-	-	440,550
Number of options lapsed and forfeited during the year	-	15,632	234	975	138,300	77,016	17,500
No. of Stock Options/RSUs vested during the year	-	-	-	-	-	112,296	-
No. of Options/RSUs exercised during the year	-	6,200	-	4,075	89,850	40,094	-
Total number of shares arising as a result of exercise of Options	-	6,200	-	4,075	89,850	40,094	-
Money realized by exercise of options during the year (In Rupees)	-	523,158	-	40,750	36,860,963	400,940	-
Number of Stock Options/Restricted Stock Units outstanding as at the end of the year	47,000	94,400	2,356	-	146,450	328,640	423,050
Total number of options exercisable at the end of the year	47,000	94,400	2,356	-	146,450	72,202	-
Loan repaid by the Trust during the year from the exercise price received	NA	NA	NA	40,750	36,860,963	-	-
Employee Wise details of Options granted to							
(a) Senior Managerial Personnel	-	-	-	-	-	-	-
- Mr. Balu Ganesh Ayyar, CEO	-	-	-	-	-	-	75,000
- Mr. Suryanarayanan V, CFO	-	-	-	-	-	-	14,500
- Mr. A Sivaram Nair, CS	-	-	-	-	-	-	7,000
(b) Employees who were granted, during any one year, options amounting to 5% or more of the options granted during the year.	-	-	-	-	-	-	Grant to CEO as reported above

## Annexure to the Board's Report

Particulars	ESOP 1998		ESOP 2004	RSU 2010	ESOP 2012	RSU 2014	RSU 2015
	Version I	Version II					
(c) Identified employees who were granted options, during any one year, equal to or exceeding 1% of the issued capital (exceeding outstanding warrants and conversion) of the company at the time of grant.	-	-	-	-	-	-	-
Valuation of Stock Options and their related impact on Profits and EPS	The Company computes Employee Compensation Cost using the fair value method of accounting except for Employee Stock Option 1998 Plan (ESOP 1998 Plan) and Employee Stock Option 2004 Plan, (ESOP 2004 Plan) wherein the Employee Compensation Cost is computed based on intrinsic value method. The differential value is Nil for the year ended 31 March 2016 if the fair value of the ESOPs were considered for ESOP 1998 Plan and ESOP 2004 Plan instead of the intrinsic value. Consequently, there is no impact on profits and Earnings Per Share. Please refer note No.34 to the standalone financials statements of Mphasis Limited.						
Weighted Average exercise price and weighted average fair value of options during the year whose exercise price either equals or exceeds or is less than the market price (₹)	Refer to the additional disclosures given below <sup>5</sup>						
A description of method and significant assumption used during the year to estimate the fair values of options.							

### Notes:

- Refers to Options as approved by shareholders and accordingly excludes the adjustment for Bonus Issues.
- There has been no variation in the Employee Stock Option and Restricted Stock Units Plan of the Company during the year.
- The diluted EPS of Mphasis Group for the financial year ended 31 March 2016, pursuant to issue of shares on exercise of options, is ₹ 31.80 per share.

### <sup>4</sup>Pricing Formulae for the stock option/RSU schemes:

Schemes	Pricing Formulae
ESOP 1998 (version I)	No options have been granted under this Scheme during the financial year 2015-16.  Earlier, under this plan the options were granted at a strike price of ₹ 275 per share. The price of ₹ 275 was arrived at based on SEBI Guidelines on Pricing for Preferential Allotment.
ESOP 1998 (version II)	No options have been granted under this Scheme during the financial year 2015-16.  Earlier, for employees in service as on 10 January 2000, the market price prevalent on the 15th day from the Board Meeting held on 10 January 2000 i.e. ₹ 795 per share and for all the recruits thereafter, market price prevalent on the date of joining, unless the ESOP Committee decides otherwise, was taken as the grant price. For options granted from September 2003, the grant price was calculated as per sub clause 10 of clause 2.1 of the amendment to SEBI (Employees Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, dated 30 June 2003, which was the average of the two weeks high and low price of share preceding the date of grant of option on the stock exchange on which the shares of the Company are listed.
ESOP 2000	No options have been granted under this Scheme during the financial year 2015-16.  Earlier, for employees in the service of the Company as on 25 July 2000, the market price prevalent on 25 July 2000 i.e. ₹ 494.20 per share was taken as the grant price and for employees joining thereafter, the market price prevalent on the last working day of the month in which they join was taken as the grant price.  For options granted from September 2003, the grant was calculated as per sub clause 10 of clause 2.1 of the amendment to SEBI (Employees Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 dated 30 June 2003, which was the average of the two weeks high and low price of share preceding the date of grant of option on the stock exchange on which the shares of the Company are listed.
ESOP 2003	No options have been granted under this Scheme during the financial year 2015-16.  Earlier, for options granted from September 2003, the grant price was calculated as per sub clause 10 of clause 2.1 of the amendment to SEBI (Employees Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 dated 30 June 2003 which is the average of the two weeks high and low price of shares preceding the date of grant of option on the stock exchange on which the shares of the Company are listed.

## Annexure to the Board's Report

Schemes	Pricing Formulae
ESOP 2004	No options have been granted under this Scheme during the financial year 2015-16. <u>Program A</u> The original exercise price is as per the original grant made by Msource Corporation while granting its options, converted at the exchange rate between USD and INR as on 12 May 2004 and as adjusted for the swap ratio of the Msource acquisition and the bonus shares issued by Mphasis Limited after 12 May 2004.
	<u>Program B</u> The Market Price as per the applicable guidelines prescribed by Securities Exchange Board of India (SEBI) from time to time.*
RSU 2010	No RSUs have been granted under this Scheme during the financial year 2015-16. In terms of the scheme each of the Restricted Stock Units granted, entitles the holder thereof with an option to apply for and be issued one equity share of the Company at an exercise price of ₹ 10 per share.
ESOP 2012	No options have been granted under this Scheme during the financial year 2015-16. In terms of the scheme, each stock options granted, entitles the holder thereof with an option to apply for and be issued one equity share of the Company at an exercise price of ₹ 410.25 per share, being the Market Price*.
RSU 2014	No RSUs have been granted under this Scheme during the financial year 2015-16. In terms of the scheme each of the Restricted Stock Units granted, entitles the holder thereof with an option to apply for and be issued one equity share of the Company at an exercise price of ₹ 10 per share.
RSU 2015	During the year 2015-16, 440,550 RSUs have been granted under this scheme. In terms of the scheme each of the Restricted Stock Units granted, entitles the holder thereof with an option to apply for and be issued one equity share of the Company at an exercise price of ₹ 10 per share.

\* The present Securities & Exchange Board of India (Share based Employee Benefits) Regulation, 2014 defines 'Market Price' as the "latest available closing price on a recognized stock exchange on which the shares of the company are listed on the date immediately prior to the relevant date."

### <sup>5</sup>ADDITIONAL DISCLOSURES

1) Weighted average exercise price and weighted average fair value of options:

(₹ million)

Plan	Weighted Average Exercise Price (₹)	Weighted Average Fair Value (₹)
ESOP 1998 Version I	-	-
ESOP 1998 Version II	84.38	96.71
ESOP 2004	-	-
RSU 2010	10.00	568.33
ESOP 2012	410.25	84.78
RSU 2014	10.00	375.54
RSU 2015	-	-

Note: Stock Options issued under ESOP 1998 Version I and ESOP 2004 and Restricted Stock Units granted under RSU 2015 were not exercised during the financial year ended 31 March 2016. Accordingly, the Weighted Average Exercise Price and the Weighted Average Fair Value has not been provided.

## Annexure to the Board's Report

### 2) Methods and significant assumptions:

Your Company has adopted the Black Scholes option pricing model to determine the fair value of stock options with the following significant assumptions:

Sl. No.	Assumption		
1	Risk free interest rate	5.78% to 8.20%	
2	Expected option life	1 to 4 years	
3	Expected volatility (%)	40.53% to 69.48%	
4	Expected dividend yield (%)	0.66% to 1.98%	
5	Market price on date of grant (weighted average value of shares) (₹)	ESOP 1998 Version I	-
		ESOP 1998 Version II	381.11
		ESOP 2004	-
		RSU 2010	565.66
		ESOP 2012	414.96
		RSU 2014	399.15
		RSU 2015	-

Note: Stock Options issued under ESOP 1998 Version I and ESOP 2004 and Restricted Stock Units issued under RSU 2015 were not exercised during the financial year ended 31 March 2016.

#### i. General Information on all Schemes :

Name of the Trust	Details of the Trustee(s)	Amount of Loan disbursed by the Company during the year	Amount of loan outstanding (repayable to Company) as at the end of the year	Amount of loan, if any, taken from any other source for which company/any company in the group has provided any security or guarantee	Any other contribution made to the Trust during the year
Mphasis Employees Equity Reward Trust (formerly known as BFL Employees Equity Reward Trust)	Mr. Bashyam Joseph Louis Mr. Kannan Sriraman Ms. Saraswathy Srikanth	Nil	Nil	Nil	Nil
Mphasis Employees Benefit Trust	Mr. Bashyam Joseph Louis Mr. Kannan Sriraman Ms. Saraswathy Srikanth	73,429,859	158,269,428	Nil	Nil

#### ii. Brief details of transactions in shares by the Trust

Description	Mphasis Employees Equity Reward Trust	Mphasis Employees Benefit Trust
Number of shares held as at 1 April 2015	2,520	279,740
Number of shares acquired during the year through:		
a. Primary Issuance	6,200	40,094
b. Secondary acquisition	NA	150,000
- % age of paid up share capital as at 31 March 2015	NA	0.07%
- Weighted Average cost of acquisition (₹)	NA	489.90
Number of shares transferred to the employees against exercise of Stock Options/Restricted Stock Units	5,360 *	123,944
Number of shares sold along with the purpose thereof	0	0
<b>Number of shares held at 31 March 2016</b>	<b>3,360</b>	<b>345,890</b>

\* 840 shares were credited on 1 April 2016 after receipt of listing and trading approvals.

## Annexure to the Board's Report

### iii. In case of secondary acquisition of shares by the Trust

#### MPHASIS EMPLOYEES BENEFIT TRUST

Description	Number of Shares	As a percentage of paid up equity capital as at the end of the year immediately preceding the year in which shareholders approval was obtained
Held at the beginning of the year	279,740	0.13
Acquired during the year	150,000	0.07
Number of shares allotted during the year	40,094	0.02
Sold during the year	-	-
Transferred to the employees during the year	123,944	-
<b>Held at the end of the year</b>	<b>345,890</b>	<b>-</b>

For and on behalf of the Board of Directors

New York  
27 September 2016

**Davinder Singh Brar**  
Chairman

## Annexure to the Board's Report

### DIRECTORS' RESPONSIBILITY STATEMENT

In compliance with Section 134(5) of the Companies Act, 2013, your directors confirm and state as follows for the financial year ended 31 March 2016:

1. That in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
2. That the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit and loss of the company for that period;
3. That the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
4. That the directors had prepared the annual accounts on a going concern basis;
5. That directors had devised proper systems to ensure compliance with the provisions of applicable laws and such systems are adequate and operating effectively; and
6. That as regards Internal Financial Controls, the directors to the best of their knowledge and belief and according to the information and explanations provided, makes the following statements:
  - a) That we are responsible for establishing and maintaining internal financial controls to be followed by your Company that are adequate and operate effectively.

Your Company's internal financial controls are deployed through a framework that addresses material risks in your Company's operations and financial reporting objectives. The framework is a combination of entity level controls (including Enterprise Risk Management, Legal Compliance Framework, Internal audit and Anti-fraud Mechanisms such as Ethics Framework, Code of Conduct, Whistle Blower Policy, etc.), process level controls, information technology based controls, period end financial reporting and closing controls.

Internal financial controls cannot provide absolute assurance of achieving financial, operational and compliance reporting objectives because of its inherent limitations. Also, projections of any evaluation of the internal financial controls to future periods are subject to the risk that the internal financial control may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

- b) Your Company's management has carried out the evaluation of design and operative effectiveness of these controls and noted no significant deficiencies / material weaknesses that might impact financial statements as at the balance sheet date.

For and on behalf of the Board of Directors

New York  
27 September 2016

**Davinder Singh Brar**  
Chairman

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### DECLARATION UNDER SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015 REGARDING COMPLIANCE WITH CODE OF CONDUCT

As required under the Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, it is hereby confirmed that for the financial year ended 31 March 2016, the directors of Mphasis Limited have affirmed compliance with the Code of Conduct for Board Members as applicable to them and members of the senior management have also affirmed compliance with the Employee Code of Conduct as applicable to them.

Singapore  
26 May 2016

**BALU GANESH AYYAR**  
Chief Executive Officer



# Annexure to the Board's Report

## FORM AOC-I

### Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures (Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of the Companies (Accounts) Rules, 2014

( Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of the Companies (Accounts) Rules, 2014															
Sl. No.	Name of Subsidiary	Reporting Period	Reporting Currency	Share Capital		Reserves & Surplus	Total assets	Total liabilities	Investment (Other than in subsidiaries)	Turnover	Profit before taxation		Provision for taxation		% of shareholding
				Equity	Prefer-ence						Profit / (Loss)	Expense / (Credit)	Profit / (Loss)		
1	Mphasis Corporation	01-04-2015 to 31-03-2016	USD	66,255	0.00	0.00	5,360.90	14,788.00	9,427.10	-	22,843.59	1,464.00	573.26	890.74	100
2	Mphasis Deutschland GmbH	01-04-2015 to 31-03-2016	EUR	75,395	2.10	2.10	60.93	68.94	5.91	-	48.69	4.51	(0.26)	4.77	91
3	Mphasis Australia Pty Limited	01-04-2015 to 31-03-2016	AUD	50,980	0.05	0.05	413.78	802.74	388.91	-	1,513.24	281.83	91.24	190.59	100
4	Mphasis (Shanghai) Software & Services Company Ltd	01-01-2015 to 31-12-2015	CNY	10,249	238.76	-	238.76	(143.51)	352.29	-	425.89	15.28	10.81	4.47	100
5	Mphasis Consulting Limited	01-04-2015 to 31-03-2016	GBP	95,473	1.34	-	1.34	620.34	14.15	-	164.33	18.96	3.59	15.37	100
6	Mphasis Belgium BVBA	01-04-2015 to 31-03-2016	EUR	75,395	0.43	0.43	193.71	316.41	122.27	-	652.67	92.25	29.23	63.02	100
7	Mphasis Europe BV	01-04-2015 to 31-03-2016	EUR	75,395	477.01	-	477.01	11,209.44	32.84	-	288.99	32.05	3.03	29.02	100
8	Mphasis Pte Ltd	01-04-2015 to 31-03-2016	SGD	49,265	152.86	-	152.86	114.02	70.95	-	552.91	123.25	19.98	103.27	100
9	Mphasis UK Limited	01-04-2015 to 31-03-2016	GBP	95,473	0.24	0.24	10,312.02	11,190.86	878.60	-	2,196.35	68.15	14.50	53.65	100
10	Mphasis Software & Services (India) Private Limited	01-04-2015 to 31-03-2016	INR	1,000	100.00	-	100.00	1,304.89	26.98	1,231.45	178.83	152.08	30.86	121.22	100
11	Msource Mauritius Inc.	01-04-2015 to 31-03-2016	USD	66,255	581.68	-	581.68	35.52	9.86	-	-	(0.71)	-	(0.71)	100
12	Msource India Private Limited	01-04-2015 to 31-03-2016	INR	1,000	66.85	-	66.85	7,107.20	314.11	4,813.94	2,533.49	807.05	185.87	621.18	100
13	Mphasis Ireland Limited	01-04-2015 to 31-03-2016	EUR	75,395	0.56	-	0.56	28.44	0.46	-	30.86	2.84	0.74	2.10	100
14	Mphasis Lanka (Private) Limited	01-04-2015 to 31-03-2016	LKR	0,446	55.49	-	55.49	(65.49)	-	-	-	-	-	-	100
15	Mphasis Infrastructure Services Inc.	01-04-2015 to 31-03-2016	USD	66,255	0.05	0.05	(1,040.38)	78.80	1,119.13	-	232.89	(81.18)	0.49	(81.67)	100
16	Mphasis Poland s.p.z.o.o.	01-04-2015 to 31-03-2016	PLN	17,576	1.99	-	1.99	(25.78)	57.60	81.39	99.19	(7.81)	3.69	(11.50)	100
17	P.T. Mphasis Indonesia	01-04-2015 to 31-03-2016	IDR	0,005	4.60	-	4.60	(2.82)	3.51	1.73	-	(1.95)	0.02	(1.97)	100
18	Mphasis Wyde Inc.	01-04-2015 to 31-03-2016	USD	66,255	0.00	-	0.00	7,569.65	15,319.92	7,750.27	-	(221.71)	114.81	(336.52)	100
19	Wyde Corporation	01-04-2015 to 31-03-2016	USD	66,255	3.11	-	3.11	(532.48)	618.99	1,148.36	858.02	64.09	-	64.09	100
20	Wyde Inc., S.A	01-04-2015 to 31-03-2016	EUR	75,395	2.53	-	2.53	(338.91)	612.56	948.94	-	(201.74)	24.81	(226.55)	100
21	Wyde Solutions Canada Inc.	01-04-2015 to 31-03-2016	CAD	51,230	0.05	-	0.05	(130.56)	4.52	135.03	-	(23.46)	-	(23.46)	100
22	Wyde Tunisie SARL	01-04-2015 to 31-03-2016	TND	32,915	-	-	-	-	-	-	-	-	-	-	100
23	Mphasis Philippines Inc	01-04-2015 to 31-03-2016	PHP	1,445	11.34	-	11.34	10.15	22.60	1.11	-	(0.53)	-	(0.53)	100
24	Digital Risk LLC	01-04-2015 to 31-03-2016	USD	66,255	942.62	-	942.62	5,803.50	4,085.65	-	2,008.26	(1,309.84)	-	(1,309.84)	100
25	Digital Risk Mortgage Services, LLC	01-04-2015 to 31-03-2016	USD	66,255	1,685.76	-	1,685.76	410.80	3,926.66	1,830.10	5,021.98	722.48	-	722.48	100
26	Digital Risk Compliance Services, LLC	01-04-2015 to 31-03-2016	USD	66,255	-	-	-	(2,138.80)	(2.78)	2,136.02	-	-	-	-	100
27	Digital Risk Analytics, LLC	01-04-2015 to 31-03-2016	USD	66,255	-	-	-	(313.26)	27.95	341.21	-	-	-	-	100
28	Investor Services, LLC	01-04-2015 to 31-03-2016	USD	66,255	-	-	-	319.35	2,994.01	2,674.66	2,863.33	1,397.84	-	1,397.84	100
29	Digital Risk valuation Services, LLC	01-04-2015 to 31-03-2016	USD	66,255	-	-	-	(1,126.52)	(31.63)	1,094.89	156.18	(114.73)	-	(114.73)	100
<b>Total</b>				<b>4,329.42</b>	<b>-</b>	<b>4,329.42</b>	<b>45,026.13</b>	<b>84,348.47</b>	<b>34,992.92</b>	<b>6,045.39</b>	<b>3,219.61</b>	<b>1,106.67</b>	<b>2,112.94</b>		

Notes :

- There are no other Subsidiaries which are yet to commence operation.
- On 22 July 2013 the Board of Directors of Mphasis Lanka (Private) Limited, a wholly owned subsidiary of Mphasis Limited, resolved to close down its operations.
- The Company does not have any Associates & Joint Venture.
- Exchange rate applied is at 31st March 2016.
- There are no dividend proposed from any Subsidiaries.
- The reporting period of the Subsidiaries is 31st March of every Year except Mphasis (Shanghai) Software & Services Company Limited which is 31st December of every year.

For and on behalf of the Board of Directors

**Balu Ganesh Ayyar**  
Chief Executive Officer

**Narayanan Kumar**  
Director

New York  
27 September 2016

**A. Sivaram Nair**  
Executive Vice President, Company Secretary,  
General Counsel & Ethics Officer

**Suryanarayanan V**  
Executive Vice President &  
Chief Financial Officer

## Annexure to the Board's Report

### FORM - AOC-2

**Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto** (Pursuant to clause (h) of sub-section (3) of section 134 of the Companies Act, 2013 and Rule 8(2) of the Companies (Accounts) Rules, 2014)

1. Details of contracts or arrangements or transactions not at arm's length basis –

- (a) Name(s) of the related party and nature of relationship
- (b) Nature of contracts/arrangements/transactions
- (c) Duration of the contracts/arrangements/transactions
- (d) Salient terms of the contracts or arrangements or transactions including the value, if any
- (e) Justification for entering into such contracts or arrangements or transactions
- (f) Date(s) of approval by the Board
- (g) Amount paid as advances, if any:
- (h) Date on which the special resolution was passed in general meeting as required under first proviso to section 188

} Nil

2. Details of material contracts or arrangement or transactions at arm's length basis

- (a) Name(s) of the related party and nature of relationship:
  - 1. *Hewlett-Packard Enterprise Company (HPE), Palo Alto (USA), and its subsidiaries and group companies.*
  - 2. *Subsidiaries of Mphasis Limited.*
- (b) Nature of contracts/arrangements/transactions:
  - i. *Availing and Rendering of IT & ITES Services;*
  - ii. *Purchase and Sale of Fixed Assets;*
  - iii. *Payment and Receipt of Sub-lease rent to/from subsidiaries; and*
  - iv. *Placing and Receipt of Inter Corporate Deposits with/from the subsidiaries.*
- (c) Duration of the contracts/arrangements/transactions:
 

*The services are availed and provided based on the agreements entered into and amended from time to time.*
- (d) Salient terms of the contracts or arrangements or transactions including the value, if any:
 

*The value of the transactions with HPE and its subsidiaries and the subsidiaries of the Company are disclosed under the Related Party schedule to the financial statements for the year ended 31 March 2016. Please refer to Note 31 of the consolidated financial statements and Note 28 of the standalone financial statements of the Company.*

*Further, the Company has entered Amended and Re-stated Standard Services Agreement ("HPE Agreement") with HPE for the above transactions. The agreement shall be for the Initial term of 5 years, which shall automatically be renewed for 3 consecutive terms of 2 years. The minimum revenue commitment by HPE is \$ 990 Mln in 5 years. The monetary value of services is determined by the rate table, where applicable, and in other cases the value will be determined when the Statement of Works (SOWs) are negotiated and finalized.*
- (e) Date(s) of approval by the Board, if any:
 

*Nil as the contracts are in Ordinary Course of Business and at Arm's length basis.*
- (f) Amount paid as advances, if any:
 

*Please refer to related party schedule in the financial statements.*

*Note: The term material related party transaction is as defined under the Listing Regulation. Further to the change of control, HPE and its subsidiaries have ceased to be a related party effective 1 September 2016.*

For and on behalf of the Board of Directors

New York  
27 September 2016

**Davinder Singh Brar**  
Chairman

# Annexure to the Board's Report

## Annual Report on CSR Activities for the year ended 31 March 2016

1. **A brief outline of the Company's CSR Policy, including overview of the projects and programs proposed to be undertaken and a reference to the web-link to the CSR policy, projects or programs:**

*The brief of the CSR Policy and the Programs are provided in the Board's Report and the CSR Policy is also uploaded on the website of the Company at <http://www.mphasis.com/downloads/Governance/Corporate%20Social%20Responsibility%20Policy.pdf> in the Investor Section.*

2. **The Composition of the CSR Committee.**

The following are the members of the CSR Committee during FY 2016:

- a. Mr. Narayanan Kumar – Chairman
- b. Mr. Davinder Singh Brar
- c. Ms. Mary Teresa Hassett\*
- d. Mr. Balu Ganesh Ayyar

*(\* pursuant to Change of Control, Ms. Mary Teresa Hassett has ceased to be a member of the Committee effective the closing hours of 1 September 2016 and Mr. Amit Dalmia has been appointed as a member of the Committee with effect from the aforesaid date)*

3. **Average Net Profit of the Company (last three financial years):**

₹ 6,930 million

4. **Prescribed CSR Expenditure (two percent of the amount above)**

₹ 138.60 million

5. **Details of CSR spent during the financial year.**

- a. Total amount to be spent for the financial year – ₹ 123.7 Million

- b. Amount unspent, if any – ₹ 14.9 Million

- c. Reason for not spending the mandated amount:

*The Company focused on on-boarding credible implementation partners who had FCRA registration and co creating programs that had the potential to create long lasting social impact in our chosen focus areas. Our CSR spend has increased from ₹ 21.8 Million (0.3%) during FY14-15 to ₹ 123.7 Million (1.8%) in FY15-16.*

- d. **Manner in which the CSR amount was spent during the year:**

*Details enclosed*

It is confirmed that the implementation and monitoring of CSR Policy is in compliance with the CSR Objectives and CSR Policy of the Company.

For and on behalf of the Board of Directors

New York  
27 September 2016

Japan  
27 September 2016

**Balu Ganesh Ayyar**  
Chief Executive Officer

**Narayanan Kumar**  
Chairman of CSR Committee

## Annexure to the Board's Report

Annexure to CSR Annual Report: Manner in which the amount spent during the financial year is detailed below.

Sl. No.	CSR Project	Sector in which the Project is covered	Areas where the Projects are undertaken			CSR Amount spent (₹ Million)			Cumulative expenditure up to FY 2016 (₹ million)	Details of implementing agency, if any
			Local	District / State		CSR Amount outlay	Expenditure on projects or programs	Overheads		
1	ARVUDISHA	Education	✓	Bengaluru, Karnataka		27.16	27.16	Nil	27.16	Headstreams
2	Nasscom Social Innovation Forum	Education	X	National		8.38	8.38	Nil	16.38	Nasscom Foundation
3	National Digital Literacy Mission Centres	Education	✓	Pune, Maharashtra / Chennai, Tamilnadu		2.35	2.35	Nil	2.35	Nasscom Foundation
4	Remedial School Support Program	Education	✓	Mumbai, Maharashtra		1.39	1.39	Nil	2.67	Each One Teach One
5	Remedial School Support Program	Education	✓	Maharashtra- Pune		0.25	0.25	Nil	0.50	Jagruiti Seva Sanstha
6	Akshardeep-Remedial School Support Program	Education	✓	Maharashtra- Pune		0.75	0.75	Nil	1.54	Swadhar
7	SOS Children's Villages of India	Education	✓	Karnataka- Bangalore		0.62	0.62	Nil	1.16	SOS Childrens Villages of India
8	Education sponsorships for children	Education	✓	Tamil Nadu-Chennai		0.66	0.66	Nil	0.66	Suyam Charitable Trust
9	Kickstart Cabs	Disability	✓	Karnataka-Bangalore		22.36	22.36	Nil	22.36	IIT Bangalore
10	Chennai Floods Relief House Construction	Disaster Relief	✓	Tamil Nadu-Chennai		9.59	9.59	Nil	9.59	Habitat for Humanity
11	Make India Accessible	Disability	X	Pan India		13.84	13.84	Nil	15.34	National Center for Promotion of Employment for Disabled People
12	Main Streaming Children with disability	Disability	✓	Karnataka-Bangalore		2.95	2.95	Nil	6.67	Fourth Wave Foundation
13	Digital literacy & design ecosystem for rural artisans	Livelihood	✓	Tamil Nadu- Trichy		8.88	8.88	Nil	8.88	Digital Empowerment Foundation
14	Residential skilling program	Livelihood	✓	Karnataka-Bangalore		7.38	7.38	Nil	7.38	The Nudge Foundation
15	Aalamba-Women entrepreneurship support	Livelihood	✓	Karnataka		0.55	0.55	Nil	2.71	Headstreams
16	Market Aligned Skill Training	Livelihood	X	Orissa -Bhubaneswar		1.41	1.41	Nil	1.41	Anudip Foundation
17	Skilltrain -Digital App for Skilling	Livelihood	X	Pan India		4.10	4.10	Nil	4.10	Vilgro Innovations Foundation
18	Chennai Floods Relief Support	Disaster Relief	✓	Tamil Nadu-Chennai		0.98	0.98	Nil	0.98	Bhoomika Trust
19	Contribution to PM Relief Fund	Disaster Relief	X	Pan India		3.72	3.72	Nil	6.22	PM Relief Fund
20	Contribution to F1 Foundation	Disability	✓	Karnataka-Bangalore		0.50	0.50	Nil	0.50	Mphasis F1 Foundation
21	CSR Office Costs	NA	X	-		5.89	-	5.89	-	-
				<b>Total</b>		<b>123.71</b>	<b>117.82</b>	<b>5.89</b>	<b>138.55</b>	

For and on behalf of the Board of Directors

New York  
27 September 2016

Japan  
27 September 2016

**Balu Ganesh Ayyar**  
Chief Executive Officer

**Narayanan Kumar**  
Chairman of CSR Committee

# Annexure to the Board's Report

## FORM No. MGT-9 EXTRACT OF ANNUAL RETURN as at 31 March 2016

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies  
(Management and Administration) Rules, 2014]

### 1. Registration and Other Details

a	CIN	L30007KA1992PLC025294
b	Registration Date	10 August 1992
c	Name of the Company	Mphasis Limited
d	Category / Sub- Category of the Company	Public Limited Company Limited by Shares
e	Address of the Registered office and contact details	Bagmane World Technology Centre, Marathalli Outer Ring Road, Doddanakhundi Village, Mahadevpura, Bengaluru, Karnataka, India. Telephone: +91 (080) 6750 5000 Fax: +91 (080) 6695 9943
f	Whether listed Company (Yes/No)	Yes
g	Name, Address and Contact details of Registrar and Transfer Agent, if any	Integrated Enterprises (India) Limited (Unit: Mphasis Limited) 30, Ramana Residency, 4 <sup>th</sup> Cross, Sampige Road, Malleswaram, Bengaluru -560 003 Phone: +91 (080) 2346 0815-818 Fax: +91 (080) 23460819 Contact Person : Mr. S Vijayagopal, Asst. Vice President

### 2. Principal Business Activities of the Company

All the Business activities contributing 10% or more of the total turnover of the company shall be stated:-

Sl. No.	Name and Description of main products /services	NIC Code of the Product/ service	% to total turnover of the Company
1	Computer Programming and related activities	620	100%

### 3. Particulars of Holding, Subsidiary and Associate Companies

Sl. No.	Name of the Company	Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held**	Applicable Section
1	Hewlett Packard Enterprise Company, USA*	3000 Hanover Street Palo Alto, CA, 94304- 1185, USA	NA	Holding Company	Refer Notes	2(46)
2	EDS Asia Pacific Holdings	Citibank NA, Custody Services, 3rd Floor, Trent House, G Block, Plot No.60, Bandra Kurla Complex, Bandra, Mumbai -400051	NA	Holding Company	39.49	2(46)
3	EDS World Corporation (Far East) LIC	Citibank NA, Custody Services, FIFC-11th Floor, G Block, Plot C-54 and C-55, Bandra Kurla Complex, Bandra-East, Mumbai- 400051	NA	Holding Company	20.98	2(46)
4	EDS World Corporation (Netherlands) LIC	JP Morgan Chase Bank N.A., India Sub Custody, 6th Floor, Paradigm B, Mindspace, Malad W, Mumbai - 400064	NA	Holding Company	-	2(46)
5	Mphasis Software & Services (India) Pvt. Ltd.	Bagmane World Technology Center, Marathalli Ring Road, Doddanakhundi Village, Mahadevpura, Bangalore – 560 048	U72200KA1998PTC038932	Subsidiary	100	2(87)(ii)
6	Msource (India) Private Limited	Bagmane World Technology Center, Marathalli Ring Road, Doddanakhundi Village, Mahadevpura, Bangalore – 560 048	U72200KA2000PTC038931	Subsidiary	100	2(87)(ii)
7	Mphasis Corporation	2711 Centerville Road, Suite 400 Wilmington, Delaware USA 19808 New Castle County	NA	Subsidiary	100	2(87)(ii)
8	Mphasis Deutschland GmbH	Koblenzer, Street 34, Postfach 1221, D-56130, Bad Ems, Germany.	NA	Subsidiary	91	2(87)(ii)
9	Mphasis Australia Pty. Ltd	Shop 5, 17-19 East Parade Sutherland NSW 2232.	NA	Subsidiary	100	2(87)(ii)
10	Mphasis (Shanghai) Software & Services Co. Ltd.	B101, 7F, No. 500 East Jinling Road, Huangpu district, Shanghai, P.R.C	NA	Subsidiary	100	2(87)(ii)

## Annexure to the Board's Report

Sl. No.	Name of the Company	Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held**	Applicable Section
11	Mphasis Consulting Limited	88 Woodstreet London EC2V 7 RS United Kingdom.	NA	Subsidiary	100	2(87)(ii)
12	Mphasis Europe B.V.	Strawinskylaan 3051, 1077 ZX Amsterdam, The Netherlands	NA	Subsidiary	100	2(87)(ii)
13	Mphasis UK Limited	88 Woodstreet London EC2V 7 RS United Kingdom.	NA	Subsidiary	100	2(87)(ii)
14	Mphasis Pte Limited	6 Battery Road, Level 42 'The Executive Center', Singapore - 49909	NA	Subsidiary	100	2(87)(ii)
15	Msource Mauritius Inc.	C/o CIM Global Business, Les Cascades Building, Edith Cavell Street, Port Louis, Mauritius	NA	Subsidiary	100	2(87)(ii)
16	Mphasis Ireland Limited	C/o Russell Brennan Keane, 96 Lower Baggot Street, Dublin 2	NA	Subsidiary	100	2(87)(ii)
17	Mphasis Belgium BVBA	Leonardo Da Vincilaan 9, B-1935 Zaventem, Belgium	NA	Subsidiary	100	2(87)(ii)
18	Mphasis Lanka (Private) Limited	C/o Julius & Creasy, No.9/5, Thambiah Avenue Colombo 07	NA	Subsidiary	100	2(87)(ii)
19	Mphasis Poland Sp. z o.o.	50-102 Wroclaw, Rynek 39/40	NA	Subsidiary	100	2(87)(ii)
20	Mphasis Infrastructure Services Inc.	2711 Centerville Road, Suite 400 Wilmington, County of New Castle, Delaware 19808	NA	Subsidiary	100	2(87)(ii)
21	PT. Mphasis Indonesia	One Pacific Place, Level 11, Sudirman Central Business District (SCBD), Jln. Jend. Sudirman Kav.52-53, Jakarta 12190, Indonesia	NA	Subsidiary	100	2(87)(ii)
22	Mphasis Wyde Inc.	2711 Centerville Road, Suite 400 Wilmington, County of New Castle, Delaware 19808	NA	Subsidiary	100	2(87)(ii)
23	Wyde Corporation	160 Greentree Drive, Suite 101, Dover, DE 19904	NA	Subsidiary	100	2(87)(ii)
24	Wyde Solutions Canada Inc.	2828 Boulevard Laurier Suite 700 Quebec City G1V 0B9 Canada	NA	Subsidiary	100	2(87)(ii)
25	Mphasis Wyde SASU	6 rue Beaubourg 75004 Paris, France	NA	Subsidiary	100	2(87)(ii)
26	Wyde Tunisie SARL	Rue du Lac Constance, Immeuble Carthage Centre, Bloc A, 2eme etage-1053 Les Barges du Lac	NA	Subsidiary	100	2(87)(ii)
27	Mphasis Philippines Inc.	8th Floor, SunLife Centre, 5th Avenue cor. Rizal Drive, Bonitacio Global city, Taguig City, Philippines	NA	Subsidiary	100	2(87)(ii)
28	Digital Risk, LLC	2301 Maitland Center Parkway, Suite 165, Maitland, FL 32751	NA	Subsidiary	100	2(87)(ii)
29	Digital Risk Europe OOD	National Crop Research LTD 615 South Dupont Highway Dover, DE 19901	NA	Subsidiary	100	2(87)(ii)
30	Digital Risk Mortgage Services, LLC	National Crop Research LTD 615 South Dupont Highway Dover, DE 19901	NA	Subsidiary	100	2(87)(ii)
31	Digital Risk Valuation Services, LLC	National Crop Research LTD 615 South Dupont Highway Dover, DE 19901	NA	Subsidiary	100	2(87)(ii)
32	Digital Risk Compliance Services, LLC	National Crop Research LTD 615 South Dupont Highway Dover, DE 19901	NA	Subsidiary	100	2(87)(ii)
33	Digital Risk Analytics, LLC	National Crop Research LTD 615 South Dupont Highway Dover, DE 19901	NA	Subsidiary	100	2(87)(ii)
34	Investor Services, LLC	National Crop Research LTD 615 South Dupont Highway Dover, DE 19901	NA	Subsidiary	100	2(87)(ii)

NA - Not Applicable.

\* HPE was the ultimate holding Company of the Company, by virtue of being holding Company of the EDS Asia Pacific Holdings, EDS World Corporation (Far East) LLC, EDS World Corporation (Netherlands) LLC for the year ended 31 March 2016. Further to Change of Control, Marble II Pte. Ltd. (Acquirer) is the ultimate holding Company of the Company effective from 1 September 2016.

\*\* Represents % of shares held in the Share Capital of the Company.



## Annexure to the Board's Report

### 4. SHAREHOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

#### i) Category - wise Share Holding

Sl. No.	Category of Shareholders	No. of shares held at the beginning of the year			No. of shares held as at the end of the year			% change during the year
		Demat	Physical	Total	Demat	Physical	Total	
(A) (1)	Promoters							
	Indian							
	a) Individuals/Hindu Undivided Family	-	-	-	-	-	-	-
	b) Central Government	-	-	-	-	-	-	-
	c) State Government(s)	-	-	-	-	-	-	-
	d) Bodies Corporate	-	-	-	-	-	-	-
	e) Banks/ Financial Institutions	-	-	-	-	-	-	-
	f) Any Other (specify)	-	-	-	-	-	-	-
	Sub-Total (A)(1):-	-	-	-	-	-	-	-
	<b>Foreign</b>							
(2)	a) NRIs-Individuals	-	-	-	-	-	-	-
	b) Other- Individuals	-	-	-	-	-	-	-
	c) Bodies Corporate	127,106,266	-	127,106,266	127,106,266	-	127,106,266	60.47
	d) Banks/ Financial Institutions	-	-	-	-	-	-	-
	e) AnyOther (specify)	-	-	-	-	-	-	-
	Sub-Total (A)(2):-	127,106,266	-	127,106,266	127,106,266	-	127,106,266	60.47
	<b>Total Shareholding of Promoter (A)= (A)(1)+(A)(2)</b>	<b>127,106,266</b>	<b>-</b>	<b>127,106,266</b>	<b>127,106,266</b>	<b>-</b>	<b>127,106,266</b>	<b>60.47</b>
	<b>Public shareholding</b>							
	<b>Institutions</b>							
	a) Mutual Funds	3,190,298	1,600	3,191,898	13,442,375	1,600	13,443,975	4.88
(B) (1)	b) Banks/Financial Institutions	7,236,751	-	7,236,751	7,338,782	-	7,338,782	0.05
	c) Central Government	-	-	-	-	-	-	-
	d) State Government(s)	-	-	-	-	-	-	-
	e) Venture Capital Funds	-	-	-	-	-	-	-
	f) Insurance Companies	-	-	-	-	-	-	-
	g) FIs	51,149,267	3,200	51,152,467	34,061,682	3,200	34,064,882	(8.13)
	h) Foreign Venture Capital Funds	-	-	-	-	-	-	-
	i) Others (specify)	-	-	-	-	-	-	-
	Sub-Total (B)(1) :-	61,576,316	4,800	61,581,116	54,842,839	4,800	54,847,639	(3.21)
	<b>Non-Institutions</b>							
(2)	a) Bodies Corporate							
	(i) Indian (ii) Overseas	9,768,880	1,000	9,769,880	8,418,079	1,000	8,419,079	4.01 (0.64)

## Annexure to the Board's Report

Sl. No.	Category of Shareholders	No. of shares held at the beginning of the year			No. of shares held as at the end of the year			% change during the year
		Demat	Physical	Total	%	Demat	Physical	Total
b)	Individuals							
i.	Individual shareholders holding nominal share capital up to ₹ 1 lakh.	4,875,906	143,680	5,019,586	2.39	4,228,032	1,39,870	4,367,902
ii.	Individual shareholders holding nominal share capital in excess of ₹ 1 lakh.	2,759,166	-	2,759,166	1.31	2,725,191	-	2,725,191
c)	Any other (specify)							
-	Directors	17,010	-	17,010	0.01	26,764	-	26,764
-	Mphasis Limited Unclaimed Suspense Account	18,150	-	18,150	0.01	18,150	-	18,150
-	Trusts	282,300	-	282,300	0.13	349,290	-	349,290
-	Clearing Member	181,269	-	181,269	0.09	202,909	-	202,909
-	Foreign Portfolio Investors	3,405,045	-	3,405,045	1.62	12,121,100	-	12,121,100
-	NBFC Registered with RBI	1,035	-	1,035	0.00	2,827	-	2,827
	Sub-Total (B)(2):-	21,308,761	144,680	21,453,441	10.21	28,092,342	140,870	28,233,212
	<b>Total Public Shareholding (B) = (B)(1) + (B)(2)</b>	<b>82,885,077</b>	<b>149,480</b>	<b>83,034,557</b>	<b>39.51</b>	<b>82,935,181</b>	<b>145,670</b>	<b>83,080,851</b>
(C)	Shares held by Custodians for GDRs & ADRs	-	-	-	-	-	-	-
	<b>GRAND TOTAL (A)+(B)+(C)</b>	<b>209,991,343</b>	<b>149,480</b>	<b>210,140,823</b>	<b>100.00</b>	<b>210,041,447</b>	<b>145,670</b>	<b>210,187,117</b>
								<b>100</b>
								<b>39.54</b>
								<b>0.03</b>
								<b>0.01</b>
								<b>0.04</b>
								<b>0.01</b>
								<b>4.15</b>
								<b>0.00</b>
								<b>3.23</b>
								<b>0.03</b>

### ii) Shareholding of Promoters

Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change
	No. of Shares	%	% of Shares Pledged	No. of Shares	%	% of Shares Pledged	
1. EDS ASIA PACIFIC HOLDINGS	83,002,201	39.50	-	83,002,201	39.49	-	-
2. EDS WORLD CORPORATION (FAR EAST) LLC	44,104,064	20.99	-	44,104,064	20.98	-	-
3. EDS WORLD CORPORATION (NETHERLANDS) LLC	1	0.00	-	1	0.00	-	-
<b>Total</b>	<b>127,106,266</b>	<b>60.49</b>	<b>-</b>	<b>127,106,266</b>	<b>60.47</b>	<b>-</b>	<b>-</b>

#### Notes:

- % refers to the percentage to Total Shares of the Company
- % change refers to the percentage change in the shareholding during the year ended 31 March 2016 over 31 March 2015
- % of Shares pledged refers to percentage of shares pledged/encumbered to total shares.
- % within brackets denotes reduction and without brackets denotes increase.
- Shareholding at the beginning of the year signifies shareholding as at 1 April 2015 i.e. on the basis of the SHP as of 31 March 2015 and shareholding at the end of the year signifies shareholding as on 31 March 2016 i.e. on the basis of the SHP of 31 March 2016.

### iii) Change in the Promoter's Shareholding (Please specify, if there is no change)

There was no change in the promoter's shareholding during the year 2015-16.

## Annexure to the Board's Report

### iv. Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs)

Sl. No.	Name of the Shareholders	Aberdeen Global Indian Equity Mauritius Limited	Aberdeen Global Asian Smaller Companies Fund	Baring India Private Equity Fund III Listed Invest	Aberdeen Global Emerging Markets Smaller Companies	Bajaj Allianz Life Insurance Company Limited	LIC of India Market Plus one Growth Fund	IOICI Prudential Life Insurance Company Ltd	The India Fund, Inc	Baring India Investments Limited PCC	East spring Investment India Equity Open
1.	Number of shares at the beginning (01.04.2015)	17,765,301	5,303,377	4,117,179	3,600,000	3,488,758	6,796,358	2,833,738	2,600,000	2,003,282	1,991,354
	% of Total shares	8.45	2.52	1.96	1.71	1.66	3.23	1.35	1.24	0.95	0.95
	03.04.2015	-	-	-	-	-	-	-	-	-	-
	10.04.2015	(577,613)	(43,944)	-	-	-	-	-	-	-	-
	17.04.2015	(62,714)	(4,902)	-	(3,514)	(4,571)	-	-	-	-	-
	24.04.2015	(57,560)	(2,083)	-	(18,067)	(10,726)	-	-	-	-	-
	01.05.2015	(51,214)	(3,751)	-	(16,075)	-	-	-	-	-	-
	08.05.2015	(117,150)	(8,564)	-	(36,355)	-	-	-	-	-	-
	15.05.2015	(164,599)	(10,391)	-	(51,730)	-	-	-	-	-	-
	22.05.2015	(104,267)	(6,919)	-	(32,769)	-	-	-	-	-	-
	29.05.2015	(205,441)	(17,921)	-	-	-	-	-	-	-	-
	05.06.2015	(118,538)	(8,964)	-	-	-	-	-	-	-	-
	12.06.2015	(109,224)	(9,865)	-	-	-	-	-	-	-	-
	19.06.2015	(156,298)	(12,672)	-	-	-	-	-	-	-	-
	26.06.2015	(178,895)	(17,601)	(2,500)	-	60,000	-	-	-	(1,250)	-
	30.06.2015	-	-	-	-	10,000	-	-	-	-	-
	03.07.2015	-	-	(166,400)	-	-	-	-	-	(63,200)	27,356
	10.07.2015	-	(9,339)	(92,000)	(43,554)	-	-	-	-	(46,000)	68,025
	17.07.2015	-	(148,385)	(38,760)	(148,980)	-	-	-	-	(19,370)	-
	24.07.2015	-	(95,067)	(281,600)	(47,466)	-	-	-	-	(140,810)	-
	31.07.2015	-	(187,209)	(120,200)	-	25,000	-	-	-	(60,100)	-
	07.08.2015	(270,414)	(298,327)	(723,000)	-	84,000	-	-	-	(361,500)	-
	14.08.2015	(297,008)	(86,031)	(109,700)	-	-	-	-	-	(54,850)	-
	21.08.2015	(147,561)	(42,741)	(50,660)	-	-	-	-	-	(25,330)	-
	28.08.2015	(61,452)	(17,799)	(2,520)	(30,309)	-	-	19,000	-	(1,260)	-
	04.09.2015	(102,669)	(24,888)	(200)	(65,788)	50,000	-	-	-	(100)	(53,103)
	11.09.2015	(67,255)	(15,203)	(69,900)	(40,185)	25,000	-	126,459	-	(34,950)	-
	18.09.2015	(6,891)	(1,017)	(8,800)	(4,181)	-	-	-	-	(4,400)	-
	25.09.2015	(106,181)	(24,458)	(56,424)	(64,410)	(40,440)	-	-	-	(28,212)	-
	30.09.2015	(304,517)	(70,143)	(1,429,964)	(184,721)	-	-	-	-	(714,981)	-
	01.10.2015	(83,097)	(7,623)	(11,000)	(20,077)	-	-	-	-	(5,500)	-
	09.10.2015	(224,743)	(51,770)	(62,200)	(136,329)	-	-	-	-	(31,100)	-
	16.10.2015	-	-	(549,758)	-	-	-	-	-	(274,879)	-
	23.10.2015	-	-	(341,593)	-	(138,750)	-	-	-	(115,490)	-

2. Date wise Increase or decrease in shareholding

## Annexure to the Board's Report

Sl. No.	Name of the Shareholders	Aberdeen Global Indian Equity Mauritius Limited	Aberdeen Global Asian Smaller Companies Fund	Baring India Private Equity Fund III Listed Invest	Aberdeen Global Emerging Markets Smaller Companies	Bajaj Allianz Life Insurance Company Limited	LIC of India Market Plus one Growth Fund	ICICI Prudential Life Insurance Company Ltd	The India Fund, Inc	Baring India Investments Limited PCC	East spring Investment India Equity Open
	30.10.2015	-	-	-	-	-	-	(3,000)	-	-	-
	06.11.2015	(148,623)	(89,175)	-	(86,647)	-	-	-	(2,628)	-	(20,830)
	13.11.2015	(113,593)	(68,156)	-	(66,225)	-	-	-	(1,968)	-	(145,604)
	20.11.2015	(440,193)	(264,113)	-	(256,632)	(25,000)	-	-	(8,106)	-	(114,461)
	27.11.2015	(73,206)	(43,924)	-	(42,679)	-	-	-	(695)	-	(76,101)
	04.12.2015	(26,463)	(14,975)	-	(14,552)	-	-	-	(666)	-	(9,311)
	11.12.2015	(46,105)	(27,873)	-	(27,083)	-	-	-	(693)	-	-
	18.12.2015	(151,817)	(191,670)	-	(117,721)	50,000	-	-	(5,244)	-	(29,995)
	25.12.2015	-	(151,219)	-	(43,206)	-	-	-	-	-	-
	31.12.2015	-	(43,923)	-	(12,548)	(5,724)	-	-	-	-	-
	01.01.2016	-	(9,392)	-	(2,684)	45,000	-	-	-	-	-
	08.01.2016	(13,973)	(35,434)	-	(10,125)	25,000	-	-	(3,842)	-	-
	15.01.2016	(917,573)	(4,162)	-	(1,493)	-	-	-	(252,332)	-	-
	22.01.2016	(688,450)	(4,020)	-	(751)	-	-	-	(178,677)	-	-
	29.01.2016	(40,687)	(754)	-	(1,762)	-	-	-	(2,674)	-	-
	05.02.2016	(385,023)	(1,210)	-	(36,205)	35,000	-	-	(35,511)	-	-
	12.02.2016	(172,903)	-	-	-	87,254	-	-	(15,947)	-	-
	19.02.2016	-	-	-	-	15,000	-	8,941	-	-	-
	26.02.2016	(169,483)	-	-	-	25,000	-	-	(15,631)	-	-
	04.03.2016	(14,403)	-	-	-	50,000	-	-	(1,090)	-	-
	11.03.2016	(91,030)	-	-	-	40,000	-	-	(8,442)	-	-
	18.03.2016	(386,653)	-	-	-	10,000	-	-	(35,854)	-	-
	25.03.2016	-	-	-	-	30,000	-	-	-	-	-
	31.03.2016	-	-	-	-	25,000	-	-	-	-	-
<b>3.</b>	Number of shares at the end of the year (31.03.2016)	10,359,822	3,125,800	-	1,935,177	3,954,801	6,796,358	2,985,138	2,030,000	-	1,637,330
<b>4.</b>	% of total shares	4.93	1.49	-	0.92	1.88	3.23	1.42	0.97	-	0.78
	% change during the year	(3.52)	(1.03)	(1.96)	(0.79)	0.22	-	0.07	(0.27)	(0.95)	(0.17)

Notes :

- The figures within the bracket denotes decrease in the shareholding and figures without brackets denotes increase in the shareholding on account of market transactions
- Number and % of shares at the beginning of the year depicts the details as at 1 April 2015.
- % change during the year refers to the change during the year ended 31 March 2015 over 31 March 2016.
- Top 10 shareholders as at 31 March 2016 has been considered for the above disclosure.

## Annexure to the Board's Report

### v) Shareholding of Directors and Key Managerial Personnel as at 31 March 2016

Sl. No.	Names of the Directors and KMP	Shareholding at the beginning of the year		Date wise Increase / Decrease in Shareholding during the year (Number of Shares)	Shareholding at the end of the year	
		No. of Shares	% of total shares of the company		No. of Shares	% of total shares of the company
1	Balu Ganesh Ayyar (CEO)	17,010	0.01	refer to the table below	26,764	0.01
2	A Sivaram Nair (CS)	4,210	-		11,107	-
3	V. Suryanarayanan (CFO)	10	-		3,261	-

Notes :

- Shareholding at the beginning of the year signifies shareholding as at 1 April 2015 i.e on the basis of the SHP as of 31 March 2015 and shareholding at the end of the year signifies shareholding as on 31 March 2016 i.e on the basis of the SHP of 31 March 2016.
- The increase/decrease in the shareholding of the Directors and KMPs are given below:

Name of the Director and KMP	Increase / Decrease in Shareholding	Date of Transaction	Shares	Reason for increase/ Decrease
Balu Ganesh Ayyar	Increase in Shareholding	17 December 2015	9,754	Acquired shares by exercise of Stock Options and Stock Units granted.
A Sivaram Nair	Increase in Shareholding	17 December 2015	1,897	
A Sivaram Nair	Increase in Shareholding	2 March 2016	5,000	
V Suryanarayanan	Increase in Shareholding	17 December 2015	3,251	

### 5. Indebtedness

Indebtedness of the Company including interest outstanding/accrued but not due for payment.

(₹ millions)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i. Principal Amount	-	1,250.00	-	1,250.00
ii. Interest due but not paid	-	-	-	-
iii. Interest accrued but not due	-	-	-	-
Total ( i+ii+iii)	-	1,250.00	-	1,250.00
Change in the indebtedness during the financial year	-			
Addition	-	4,004.43	-	4,004.43
Reduction	-	(3,929.33)	-	(3,929.33)
Net Change	-	75.10	-	75.10
Indebtedness at the end of the financial year				
i. Principal Amount	-	1325.10	-	1325.10
ii. Interest due but not paid	-	-	-	-
iii. Interest accrued but not due	-	-	-	-
Total ( i+ii+iii)	-	1325.10	-	1325.10

## Annexure to the Board's Report

### 6. Remuneration of Directors and Key Managerial Personnel

A. Remuneration to Managing Director, Whole Time Directors (WTD), Manager and Key Managerial Personnel other than MD /Manager/ WTD as at 31 March 2016

Sl. No.	Particulars of Remuneration	Mr. Balu Ganesh Ayyar (CEO)	Mr. Suryanarayanan V (CFO)	A Sivaram Nair (CS)	Total Amount
1	<b>Gross salary</b>				
(a)	Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	85.15	16.59	13.37	115.11
(b)	Value of perquisites u/s 17(2) of the Income-tax Act, 1961	7.38	0.90	0.49	8.77
(c)	Profits in lieu of salary under section 17(3) of the Income - tax Act, 1961	-	-	-	-
2	Stock Options	13.02	3.25	1.75	18.02
3	Sweat Equity	-	-	-	-
4	Commission	-	-	-	-
	- as % of Profit	-	-	-	-
	- Others, specify	-	-	-	-
5	Others, please specify - <i>PF and other funds</i>	1.26	0.37	0.29	1.92
	Total (A)	106.81	21.11	15.90	143.82
	Ceiling as per the Companies Act, 2013	332.99	Not Applicable	Not Applicable	-

(₹ millions)

### B. Remuneration to other directors

Sl. No.	Particulars of Remuneration	Name of the Independent Directors (1)				Name of other Non-Executive Directors (2)					TOTAL Amount	TOTAL Amount	Total (1 +2)
		Dr. Friedrich Froeschl \$	Mr. Davinder Singh Brar	Ms. Jan Kathleen Hler #	Mr. Narayanan Kumar		Mr. James Mark Merritt@	Mr. Lakshminanth K Ananth @	Mr. Shankar Maltra \$	Mr. Stefan Antonio Lutz @	Ms. Mary Teresa Hassett @	Mr. Jeff Thomas Ricci # @	
1	Fee for attending Board Committee Meetings	-	-	-	-	-	-	-	-	-	-	-	-
2	Commission	3.57	3.87	1.49	3.89	12.82	-	-	-	-	-	-	12.82
3	Others, please specify	-	-	-	-	-	-	-	-	-	-	-	-
	Total (B)	3.57	3.87	1.49	3.89	12.82	-	-	-	-	-	-	12.82
	Total Managerial Remuneration												119.63 *
	Overall Ceiling as per the Companies Act, 2013												732.57

(₹ million)

Note:

# Appointed as director w.e.f. 11 December 2015.

\$ Resigned as director w.e.f. 26 October 2015

@ Resigned as director w.e.f. 1 September 2016 due to change of control.

\* Total managerial remuneration includes the remunerations paid to Executive Directors and Non Executive directors.



## Annexure to the Board's Report

### 7. Penalties/Punishment/Compounding of Offence - Nil

Type	Section of the Companies Act, 2013	Brief Description		Details of Penalty/Punishment/compounding fee imposed		Authority (IRD/ NCLT/ COURT)	Appeal made, if any(give details)
A. Company							
Penalty	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Punishment	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Compounding	NIL	NIL	NIL	NIL	NIL	NIL	NIL
B. Directors							
Penalty	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Punishment	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Compounding	NIL	NIL	NIL	NIL	NIL	NIL	NIL
C. Other officers in Default							
Penalty	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Punishment	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Compounding	NIL	NIL	NIL	NIL	NIL	NIL	NIL

For and on behalf of the Board of Directors

New York  
27 September 2016

**Davinder Singh Brar**  
Chairman

## Annexure to the Board's Report

### Form No. MR-3

#### SECRETARIAL AUDIT REPORT

#### FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

*[Pursuant to section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration Personnel Rules, 2014)]*

To,

The Members,

**MPHASIS LIMITED**

Bagmane World Technology Center,

Marathahalli Outer Ring Road,

Doddanakundi Village, Mahadevapura,

Bangalore-560048

CIN of Company: L30007KA1992PLC025294

Authorised Capital: ₹ 2,45,00,00,000/-

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **MPHASIS LIMITED** ("the Company"). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31 March 2016 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

1. I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31 March 2016 according to the provisions of:
  - i. The Companies Act, 2013 (the Act) and the rules made thereunder;
  - ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder with regard to maintenance of minimum public shareholding and compliance under clause 35 of the Listing Agreement/ SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015.
  - iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder with regard to dematerialisation / rematerialisation of securities and reconciliation of records of dematerialised securities with all securities issued by the Company in compliance with clause 55A of the SEBI (Depositories and Participants) Regulations, 1996 and clause 47 (c) of the Listing Agreement/Regulations;
  - iv. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent applicable to Overseas Direct Investment;
  - v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
    - a. The Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015
    - b. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 including the provisions with regard to disclosures and maintenance of records required under the said Regulations;
    - c. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 including the provisions with regard to disclosures and maintenance of records required under the said Regulations;
    - d. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
    - e. The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014
    - f. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 are not applicable during the year under review;
    - g. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

## Annexure to the Board's Report

- h. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009, are not applicable during the year under review; and
- i. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998, are not applicable during the year under review;
- vi. The other laws to the extent applicable:
  - a. Registration Act, 1908
  - b. Indian Stamp Act, 1899
  - c. Limitation Act, 1963
  - d. Indian Contract Act, 1872
  - e. Negotiable Instrument Act, 1881
  - f. Sale of Goods Act, 1930
  - g. Information Technology Act, 2000
  - h. Special Economic Zones Act, 2005
  - i. Trade Marks Act, 1999
  - j. Patents Act, 1970
  - k. Copyright Act, 1957
  - l. Designs Act, 2000
  - m. Income Tax Act, 1961
  - n. Central Excise Act, 1944
  - o. Customs Act, 1962
  - p. Chapter V of the Finance Act, 1994 (Service Tax)
  - q. Central Sales Tax Act, 1956
  - r. VAT Act (State Acts)
  - s. Environment Protection Act, 1986
  - t. Trade Unions Act, 1926
  - u. Weekly Holidays Act, 1942
  - v. The Telecom Regulatory Authority of India Act, 1997
  - w. Insurance Act, 1938
  - x. General Clauses, 1897
  - y. Foreign Trade (Development And Regulation) Act, 1992
  - z. Employees' Provident Funds And Miscellaneous Provisions Act, 1952
  - aa. Employees' State Insurance Act, 1948
  - bb. Employees' State Insurance (Central) Rules, 1950
  - cc. Labour Laws including ESI Act, Employee's PF & Miscellaneous Provision Act, Payment of Bonus Act, Payment of Gratuity Act, Contract Labour Act, Employees Compensation Act, Equal Remuneration Act, Maternity Benefit Act, 1961
  - dd. Bureau of Indian Standards Act, 1986
  - ee. e-waste (Management and Handling) Rules, 2011
  - ff. The State Acts, rules, guidelines and regulations to the extent applicable to the Company based on the location of its offices across India.

I have also examined compliance with the applicable clauses of the following:

- a) Secretarial Standards issued by The Institute of Company Secretaries of India (ICSI) and Section 118(10) of the Companies Act, 2013, effective from 1st July 2015.

In my opinion and to the best of my information and according to the explanation given to me, I report that the Company has complied with all material aspects of applicable Secretarial Standards issued by ICSI with respect to General and Board meetings in accordance with Section 173(3) of the Act.

## Annexure to the Board's Report

- b) The Listing Agreements/Regulations entered into by the Company with BSE Limited and National Stock Exchange of India Limited.

The Company has complied with the requirements under the Listing Agreements/Regulations entered into with BSE Limited and National Stock Exchange of India Limited.

- c) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 which is effective from 01<sup>st</sup> December 2015.

The Company has complied with the requirements under Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 accordingly.

2. Based on my examination and verification of the registers, records and documents produced to me and according to the information and explanations given to me by the Company : -

I report that the Company has, in my opinion, complied with the provisions of the Companies Act, 2013 (the Act) and the rules made thereunder and with the Memorandum and Articles of Association of the Company with regard to:

- a) maintenance of various statutory registers and documents and making necessary entries therein;
- b) closure of the Register of Members;
- c) forms, returns, documents and resolutions required to be filed with the Registrar of Companies and the Central Government;
- d) service of documents by the Company on its Members, Auditors and the Registrar of Companies;
- e) notice of Board meetings and Committee meetings of Directors;
- f) the meetings of Directors and Committees of Directors including passing of resolutions by circulation;
- g) the 24<sup>th</sup> Annual General Meeting held on 09<sup>th</sup> September 2015;
- h) minutes of proceedings of General Meetings and of the Board and its Committee meetings;
- i) approvals of the Members, the Board of Directors, the Committees of Directors and the government authorities, wherever required;
- j) constitution of the Board of Directors /Committee(s) of Directors, appointment, retirement and re-appointment of Directors including the Executive Directors and Whole-time Director;
- k) payment of remuneration to Executive Director;
- l) appointment and remuneration of Auditors;
- m) transfer and transmission of the Company's shares if any, issue and allotment of shares, issue and delivery of share certificate(s) and duplicate share certificates wherever applicable;
- n) declaration and payment of dividends;
- o) transfer of certain amounts as required under the Act to the Investor Education and Protection Fund and uploading of details of unpaid and unclaimed dividends on the websites of the Company and the Ministry of Corporate Affairs;
- p) investment of the Company's funds including inter-corporate loans and investments and loans to others;
- q) the Company has availed no secured loans during the year under review and consequently there were no requirements with regard to creation, modification or satisfaction of charges;
- r) form of balance sheet as prescribed under Part I, form of statement of profit and loss as prescribed under Part II and General Instructions for preparation of the same as prescribed in Schedule VI to the Act;
- s) Directors' report;
- t) contracts, common seal, registered office and publication of name of the Company; and
- u) generally, all other applicable provisions of the Act and the Rules made under.

3. I further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the year under review were carried out in compliance with the provisions of the Act.

## Annexure to the Board's Report

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent atleast seven days in advance in accordance with Section 173(3) of the Act and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All decisions at Board Meetings and Committee Meetings are carried out unanimously as recorded in the minutes of the meetings of the Board of Directors or Committee of the Board as the case may be.

4. I further report that there are adequate systems and processes in the Company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.
5. I further report that:
  - (a) the Directors have complied with the requirements as to disclosure of interests and concerns in contracts and arrangements, shareholdings and directorships in other companies and interests in other entities;
  - (b) the Directors have complied with the disclosure requirements in respect of their eligibility of appointment, being independent and compliance with the Code of Business Conduct and Ethics for Directors and Management Personnel;
  - (c) the Company has obtained all necessary approvals under the various provisions of the aforesaid Acts and rules made thereunder, to the extent applicable; and
  - (d) there was no prosecution initiated by any statutory authorities and no fines or penalties were imposed during the year under review under the Act, SEBI Act, SCRA, Depositories Act, Listing Agreement and Rules, Regulations and Guidelines framed under these Acts against / on the Company, its Directors and Officers.

27 September 2016  
Bengaluru

**S. P. NAGARAJAN**  
**COMPANY SECRETARY**

**ACS: 10028**  
**CP No.: 4738**

# Corporate Governance

## I. COMPANY'S POLICY ON CORPORATE GOVERNANCE

Corporate Governance is a collaborative conception and enhancement of long term sustainable values of stakeholders through ethical business processes. Mphasis is committed to a high level of Corporate Governance Practices in all its activities and processes and endeavors to enhance the long-term value, keeping in view the interests of stakeholders, viz, Shareholders, Clients, Employees, Suppliers, Society and Regulatory Bodies. The Company strongly believes that the spirit of Corporate Governance stretches beyond statutory acquiescence.

With its values ingrained, the Company is building an ecosystem for the new business era which will be dominated by ever encompassing Digital eco-system. The Company is transforming based on new age digital offerings, business transaction-as-a service, eco-system of co-created IP and team of co-creators.

The principles of the governance are articulated in the Company's Code of Conduct and in its vision statements. More importantly, the culture of the organization strongly reinforces our strategy and is the soul of what defines Mphasis.

The cornerstones of our culture – Customer Centricity, Empowerment, Outcome-focus and Experimentation – continue to emerge as recurring themes along which our vision, mission and values are aligned. These in fact are the DNA that create the Mphasis identity.

Mphasis envisions redefining the paradigm for business success together and carries the mission to be a specialized enterprise at the confluence of people, profit and planet powered by inquisitive minds. We leverage global talent and innovative blend of services and technology to deliver customer delight.

The Company's Code of Business Conduct is an inclusive set of values fostering a strong sense of ownership, ethics and transparency, reinforcing the integrity of the management, redress against frauds and fairness in dealing with the Company's stakeholders. The Company's values and ethics, meaningful Corporate Social Responsibility activities and sustainability initiatives are the embodiment of Corporate Governance.

"Unleash the Next" represents our aspiration and commitment to business that drives the next wave of capabilities and services, integrating technology with business while grooming specialized talent to deliver a symbiotic success model. Our positioning statement is timeless, aspirational and applicable for our offerings, employees, customers and the community at large.

The Company has complied with the governance requirements under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and hereby presents the Corporate Governance Report for the financial year ended 31 March 2016 along with the status of significant developments after the end of the financial year:

## II. BOARD OF DIRECTORS

Mphasis believes that an effective Board requires an optimum mix of diversity and Independence and balance between executive & non-executive directors. The basic responsibility of the Board is to provide effective governance over the Company's affairs. The Company's business is conducted by its employees under the overall supervision of the Chief Executive Officer, who is assisted by a council of Senior Managerial Personnel in different functions.

### (a) Composition of the Board

As at 31 March 2016, the Board comprises of 9 directors of which, one is an executive director, five directors were nominated by Hewlett Packard Enterprise Co., (HPE), USA and three are Independent Directors. Two out of Nine are women directors.

Dr. Friedrich Froeschl, Independent Director and Chairman and Mr. Shankar Maitra, Non-Executive Director, resigned from the Board effective 26 October 2015. Ms. Jan Kathleen Hier, Independent Director (Additional Director) and Mr. Jeff Thomas Ricci, Non-Executive Additional Director, were appointed on the Board effective 11 December 2015.

Mr. Davinder Singh Brar, Non-Executive Independent Director, was elected as the Chairman of the Board on 11 December 2015. Mr. James Mark Merritt, Non-Executive Director, is the Vice Chairman of the Board.

Further to Change of Control from HPE to Blackstone Group, Mr. James Mark Merritt, Mr. Lakshmikanth K Ananth, Mr. Stefan Antonio Lutz, Ms. Mary Teresa Hassett and Mr. Jeff Thomas Ricci, being the directors nominated by HPE have ceased to be the directors effective close of business hours on 1 September 2016 and Mr. David Lawrence Johnson, Mr. Dario Zamarian, Mr. Paul James Upchurch, Mr. Amit Dixit and Mr. Amit Dalmia have been appointed as the directors effective close of business hours on 1 September 2016.

As at the date of the report, the Board comprises of 9 directors of which, one is an executive director, five directors are nominated by Blackstone Group and three are Independent Directors, of which one is a woman director.



## Corporate Governance

### (b) Board Procedure:

#### i. Meetings of the Board:

The Board meets at regular intervals with an annual calendar and formal schedule of matters specifically reserved for its consideration to ensure that the matters in relation to Strategy, Operations, Governance, Finance and Compliances are reviewed. The annual calendar of meetings is communicated to the directors in advance to ensure maximum participation. The Board is regularly appraised on the performances of the Company at the meetings and is provided with necessary information and presentations on the matters concerning the business, compliances and quarterly financials to ensure effective discharge of its responsibility. The Board holds telecon meetings to discuss matters requiring immediate attention. The Directors of the Company, through their participation in board meetings provide inputs to management from their relevant fields of knowledge and expertise, viz. Information Technology, Business Process Outsourcing, Finance, Accounting, Marketing and Management Sciences.

The important decisions taken at the meetings are promptly communicated to the respective functionaries for their action. Further, the action items, arising out of the decisions of the Board are followed up, reviewed and updated at the Board Meetings.

Primarily, the Board oversees and provides policy guidance on the business and affairs of Mphasis, while balancing the interests of different stakeholders. Among other things, the Board undertakes the following functions:

1. reviews and assesses the business and the operational strategy and plans developed by management;
2. is responsible for CEO succession, evaluation and compensation;
3. satisfies itself that the Company is governed effectively in accordance with good corporate governance practices;
4. monitors management performance and directs corrections;
5. balances the interests of different stakeholders;
6. reviews and assesses the risks facing Mphasis, and management approach to addressing such risks;
7. discharges statutory or contractual responsibilities;
8. oversees the reliability of external communications, especially to shareholders;
9. oversees the process for compliance with laws and regulations; and
10. monitoring and reviewing the Board Evaluation framework.

#### ii. Orientation for Directors:

The Company believes that it is pertinent for the Board members to know what is expected from them and equip them with necessary skills and knowledge which will enable the Board to take informed decisions. Thoughtful and thorough orientation is key to directors to realize their full potential to contribute to the collective mindset of the Board and avoids wastage of opportunities.

A director orientation program is a process which begins when a person is appointed as a director. Upon appointment, a director is provided with a joining kit containing the Charters of the Board and Committees, Profiles of his/her colleagues on the Board and Senior Management, Board Calendar etc. These details are also hosted on a secured electronic platform which is available for the director's reference throughout his/her tenure. In addition to this, an in-depth details of the Company is provided on one on one basis to the new director, covering Organization history and current set up, business offerings, budgets, board culture and process, duties, responsibilities and liabilities, to name a few.

The Orientation is continued by educating the directors on an on-going basis. The continued orientation program involves, review of the market units, update on changes in competitive landscape and regulatory compliances. The directors step back and assist the senior management by understanding the strategy and provide effective guidance on select topic areas. This process provides an effective mechanism for the director to acquire specialized orientation. The Company conducts an Annual Board Strategy meetings, which discusses the topics of significance, Company's strategies, Investors and Customers perspective etc. which helps the director to orient himself/ herself with the Company's operations, governance, strategy and perspective of stakeholders.

The adequacy perception of the orientation is ingrained into the Board evaluation parameters, which helps the Company to further build the orientation process. The orientation process is also uploaded on the website at [www.mphasis.com](http://www.mphasis.com). Further, at the time of appointment of the Independent Directors, the Company issues a formal letter of appointment inter-alia setting out his/her roles, duties and responsibilities. The letters are also hosted on the website of the Company at [www.mphasis.com](http://www.mphasis.com).

During the year ended 31 March 2016, the Independent Directors of the Board have attended orientation programs on business models, industry trends, business strategies, leadership development, compliance and regulatory updates for over 7 hours.

## Corporate Governance

### (c) Board Meetings held during the year, attendance of directors and particulars of the Directorships, Committee Membership/ Chairmanship:

During the financial year 2015-16, five meetings of the Board were held on 22 May 2015, 29 July 2015, 20 October 2015, 8 January 2016 and 4 February 2016. The details of the attendance at the meetings of the Board and at the last AGM together with the particulars of other directorship, committee membership/chairmanship, are given below:

Name	Category	Attendance During 2015-2016			Particulars of other Directorship, Committee Membership / Chairmanship			
		Board Meetings		Last AGM	Other Directorships (Director in Public Limited Companies) <sup>1</sup>	Independent Directorships in other Listed Companies <sup>2</sup>	Committee Memberships <sup>3</sup>	Committee Chairmanships <sup>3</sup>
		Number of meetings held during tenure	No. of meetings attended (including attendance through telecon)					
Executive Director								
Mr. Balu Ganesh Ayyar	Chief Executive Officer	5	5	Yes	1	-	1	-
Non-Executive Directors								
Mr. Davinder Singh Brar	Chairman, Independent Director	5	5	Yes	16 (3)	2	8	1
Ms. Jan Kathleen Hier <sup>5</sup>	Independent Director	2	2	NA	-	-	1	-
Mr. Narayanan Kumar	Independent Director	5	5	Yes	11(7)	5	3	3
Mr. David Lawrence Johnson <sup>9</sup>	Non-Independent Director	NA	NA	NA	-	NA	-	-
Mr. Dario Zamarian <sup>9</sup>	Non-Independent Director	NA	NA	NA	-	NA	-	-
Mr. Paul James Upchurch <sup>9</sup>	Non-Independent Director	NA	NA	NA	-	NA	-	-
Mr. Amit Dixit <sup>9</sup>	Non-Independent Director	NA	NA	NA	11(7)	NA	6	-
Mr. Amit Dalmia <sup>9</sup>	Non-Independent Director	NA	NA	NA	2(-)	NA	1	-
Ceased to be a Director								
Dr. Friedrich Froeschl <sup>7</sup>	Independent Director	3	3	No	NA	NA	NA	NA
Mr. Shankar Maitra <sup>7</sup>	Non-Independent Director	3	3	Yes	NA	NA	NA	NA
Mr. Lakshmikanth K Ananth <sup>8</sup>	Non-Independent Director	5	5	No	-	-	1	-
Mr. Stefan Antonio Lutz <sup>8</sup>	Non-Independent Director	5	3	No	-	-	-	-
Ms. Mary Teresa Hassett <sup>8</sup>	Non-Independent Director	5	2	No	-	-	-	-
Mr. Jeff Thomas Ricci <sup>6&amp;8</sup>	Non-Independent Director	2	1	NA	-	-	-	-
Mr. James Mark Merritt <sup>8</sup>	Vice Chairman, Non-Independent Director	5	2	Yes	-	-	1	-

NA – Not Applicable

Notes:

- Does not include directorships in foreign companies and membership in governing councils, chambers and other bodies.
- Applicable for directorship in listed companies for Independent Directors and executive directors.
- Includes membership/Chairmanship in Audit Committee and Stakeholders Relationship Committee of public limited companies, including Mphasis Limited.
- There are no relationships inter-se directors as on 31 March 2016.
- Appointed as an Independent director during the year effective 11 December 2015.
- Appointed as an additional director during the year effective 11 December 2015.
- Resigned as director with effect from 26 October 2015.
- Further to Change of Control, Mr. James Mark Merritt, Mr. Lakshmikanth K Ananth, Mr. Stefan Antonio Lutz, Mr. Jeff Thomas Ricci and Ms. Mary Teresa Hassett, being the directors nominated by HPE have ceased to be the directors effective the closing hours of 1 September 2016.
- Further to Change of Control, Mr. David Lawrence Johnson, Mr. Dario Zamarian, Mr. Paul James Upchurch, Mr. Amit Dixit and Mr. Amit Dalmia nominated by Blackstone Group were appointed as directors effective the closing hours of 1 September 2016.

## Corporate Governance

### (d) Independent Directors Meeting:

In accordance with Section 149 read with Schedule IV to the Companies Act, 2013 ("the Act") and Listing Regulations, the Independent Directors of the Company meets without the presence of the management to discuss the Company's operations and performance. During the year, the Independent Directors meeting have inter-alia considered the following:

1. Review the performance of the Non Independent Directors and Board as a whole;
2. Review the performance of the Chairperson of the Board by the other Independent Directors taking into the views of executive directors and non-executive directors; and
3. Assess the flow of information between the Management and Board.

## III. COMMITTEES

### (a) Audit Committee

The primary function of the Audit Committee, as per its Charter, is to provide assistance to the Board of Directors in fulfilling their responsibilities to the shareholders and others, inter-alia, relating to:

- overseeing the processes of ensuring the integrity of the Company's financial statements;
- overseeing the processes for compliance with laws and regulations;
- overseeing the process by which anonymous complaints pertaining to financial or commercial matters are received and acted upon;
- reviewing the process for entering into related party transactions and related disclosures;
- Satisfying itself regarding the conformance of CEO's remuneration, expense reimbursements and use of Company assets with terms of his employment and Company's rules and policies;
- Evaluating the internal financial controls and risk management systems; and
- Overseeing the process of inter-corporate transactions and scrutinizing the inter-corporate loans and investments;

During the year ended 31 March 2016, four meetings of the Audit Committee were held on 22 May 2015, 29 July 2015, 19 October 2015 and 4 February 2016. In addition, a telecon meeting was held on 28 March 2016.

The composition of the Committee and the attendance of the members at each of the meetings held during the year ended 31 March 2016 are given below:

Member	No. of Meetings held during tenure <sup>3</sup>	No. of Meetings attended
Mr. Narayanan Kumar, Chairman	5	5
Mr. Davinder Singh Brar	5	5
Mr. Lakshmikanth K Ananth <sup>4</sup>	5	4
Ms. Jan Kathleen Hier <sup>1</sup>	2	2
Dr. Friedrich Froeschl <sup>2</sup>	3	3
Mr. Amit Dixit <sup>4</sup>	NA	NA

NA – Not Applicable

Notes:

1. Appointed as a member effective 11 December 2015.
2. Resigned as a director with effect from 26 October 2015.
3. The number of meetings includes telecon meeting held on 28 March 2016.
4. Mr. Lakshmikanth K Ananth resigned as a member of the Committee and Mr. Amit Dixit was appointed as a member effective closing hours of 1 September 2016.

### (b) Share Transfer Committee

In order to expedite the requests of the shareholders, in connection with transfers, demat and other related process, the Board had constituted a Share Transfer Committee. The Share Transfer Committee of the Board is authorized inter-alia to approve physical transfers/transmissions/ transpositions/ dematerialization/re-materialization requests, issue of duplicate share certificates, issue of fresh share certificates, release of stop transfer cases etc.

During the year ended 31 March 2016, the Share Transfer Committee passed resolutions approving transfers, remat and issue of duplicate share certificate on 13 May 2015, 4 January 2016 and 9 March 2016.

## Corporate Governance

The Company ensures that the transfer of shares is effected within the statutory time of their due lodgment. The Company has appointed Integrated Enterprises (India) Limited, a SEBI registered Share Registrar and Transfer Agent, as its Share Transfer Agent.

Mr. Jeff Thomas Ricci ceased to be a member and Mr. Amit Dalmia was appointed as a member effective closing hours of 1 September 2016 and the present composition of the Committee is as follows:

Mr. Balu Ganesh Ayyar	-	Chairman
Mr. Davinder Singh Brar	-	Member
Mr. Amit Dalmia	-	Member

### (c) Nomination and Remuneration Committee

#### i. Brief description of terms of reference of the Committee, composition and attendance:

In order to oversee the functioning of the Compensation and Benefit Plans and to provide for fair and transparent nomination process for the directors, the Board of Directors of the Company have constituted a Nomination and Remuneration Committee. The Committee was formed by re-titling the erstwhile Compensation Committee and additional matters, as required under the law, have been incorporated in the Charter.

The primary function of the Nomination and Remuneration Committee, is to provide assistance to the Board of Directors in fulfilling its responsibility with respect to oversight of the establishment, administration and appropriate functioning of compensation and benefit plans and related matters and to review and recommend to the Board, the appointment and removal of the Directors and Key Managerial Personnel.

The Committee meets based on the business to be transacted. During the year ended 31 March 2016, three meetings of the Nomination and Remuneration Committee were held on 21 May 2015, 19 October 2015 and 4 February 2016. In addition, a telecon meeting was held on 18 June 2015.

The composition of the Committee and the attendance at each of the meetings held during the year ended 31 March 2016 are given below:

Member	No. of Meetings held during tenure <sup>3</sup>	No. of Meetings attended
Ms. Jan Kathleen Hier <sup>1</sup> , Chairman	1	1
Mr. Davinder Singh Brar	4	4
Ms. Mary Teresa Hassett <sup>4</sup>	4	3
Mr. Jeff Thomas Ricci <sup>1&amp;4</sup>	1	1
Dr. Friedrich Froeschl <sup>2</sup>	3	2
Mr. Shankar Maitra <sup>2</sup>	3	3
Mr. Amit Dixit <sup>4</sup>	NA	NA
Mr. David Lawrence Johnson <sup>4</sup>	NA	NA

NA – Not Applicable

Notes:

1. Appointed as a director effective 11 December 2015.
2. Resigned as a director with effect from 26 October 2015.
3. Includes telecon meeting held on 28 March 2016.
4. Ms. Mary Teresa Hassett and Mr. Jeff Thomas Ricci have resigned as members of the Committee and Mr. Amit Dixit and Mr. David Lawrence Johnson have been appointed as members of the Committee effective closing hours of 1 September 2016.

#### ii. Remuneration Policy

Whilst the remuneration policy of the Directors is aligned towards rewarding participation in meetings and is in consonance with Industry benchmarks and provisions of the law. The objective of the Policy is to attract and retain excellent talent while delivering optimal value to the business. The executive remuneration policy is aligned with an objective to recognize the need to be competitive in the Industry by ensuring fair and reasonable rewards for high levels of performance. The remuneration policy is uploaded on the website of the Company [www.mphasis.com](http://www.mphasis.com) in the Investors Section under the Corporate Governance page. The key points of the remuneration policy for the directors and executives are given below:

# Corporate Governance

## (a) Non-Executive Directors

The Company pays commission to its Independent Non-Executive Directors as per the remuneration matrix approved by the shareholders of the Company. The amount of such commission, taken together for all Independent Non-Executive Directors, does not exceed 1% of the net profits of the Company in any financial year. The remuneration matrix for the Independent directors is as follows:

Particulars	Factor	Max Remuneration (₹ Lacs)
Fixed Remuneration – Indian Directors	Flat Fee p.a.	28.00
Fixed Remuneration – Foreign Directors	Flat Fee p.a.	44.00
Variable Remuneration determined based on the following:		
– Board Chairmanship	Flat Fee p.a.	10.00
– Board Meeting Attendance	Per Meeting	0.75
– General Body Meeting Attendance	Per Meeting	0.50
– Audit Chairmanship	Flat Fee p.a.	5.00
– Audit Membership	Per Meeting	0.40
– Nomination and Remuneration Committee Chairmanship	Flat Fee p.a.	1.00
– Nomination and Remuneration Committee Membership Attendance	Per Meeting	0.25
– Strategy Committee Chairmanship	Flat Fee p.a.	1.00
– Strategy Committee Membership Attendance	Per Meeting	0.25

*Note : The portions of the remuneration denominated as "Per Meeting" are applicable in respect of the meetings actually held and participated by the Independent Directors which is statutorily counted for quorum.*

None of the directors are paid any sitting fees for attending the meetings of the Board and Committees thereof on which they are members. The Non-Executive Directors other than the Independent Directors do not receive any remuneration from the Company except for re-imbursement of Travelling and Accommodation expenses, as may be decided by the Board of Directors of the Company, for attending the meetings of the Board and Committees thereof. There was no pecuniary relationship or transaction with any director other than that reported above.

## (b) Executive Director

Mr. Balu Ganesh Ayyar is the Chief Executive Officer (Executive Director) of the Company. The Board of Directors / the Nomination and Remuneration Committee of Directors is authorized to decide the remuneration of Executive Director, subject to the approval of the Members and Central Government, if required. The remuneration structure comprises of Salary, Perquisites, Retirement benefits, Variable Pay and Equity based compensation. Annual increments are decided by the Nomination and Remuneration Committee within the limits approved by the members of the Company.

The variable pay compensation and equity based compensation constitute remuneration other than the fixed pay. Variable pay is computed on the basis of specific targets set for the executive director every year which is linked to the Company's performance. Variable pay is paid to the executive director on achievement of the said targets. The equity based compensation will be in accordance with the stock options/stock units plan of the Company, which aligns with the long term interests of the Company and stakeholders.

## (c) Other Employees

The Company's executive remuneration policy for the Senior Executives including the Key Managerial Personnel, is guided by the Mphasis Compensation and Benefits Manual. The Policy is aligned with an objective to recognize the need to be competitive in the Industry by ensuring fair and reasonable rewards for high levels of performance, enabling stable leadership and governance in the Company. The remuneration policy aims to attract, retain and motivate skilled executives keeping in mind the short term and long term objectives of the Investors. The remuneration of executives comprises of Fixed and Variable compensation and equity based compensation in form of Restricted Stock Units and Stock Options in order to align with the long term interests of the Company and stakeholders.

The remuneration policy for the executives is hosted on the website of the Company at [www.mphasis.com](http://www.mphasis.com) in the Investors section.

## Corporate Governance

### iii. Details of Remuneration to the Directors for the year 2015-2016:

(₹ million)

Name of Director	Salary	Bonus	Benefits / Perquisite	Commission	PF & other Funds	Total
Mr. Balu Ganesh Ayyar <sup>1</sup>	39.94	45.20	20.40	-	1.26	106.80
Dr. Friedrich Froeschl <sup>2</sup>	-	-	-	3.57	-	3.57
Mr. Davinder Singh Brar	-	-	-	3.87	-	3.87
Mr. Narayanan Kumar	-	-	-	3.89	-	3.89
Ms. Jan Kathleen Hier <sup>3</sup>	-	-	-	1.49	-	1.49
<b>Total</b>	<b>39.94</b>	<b>45.20</b>	<b>20.40</b>	<b>12.82</b>	<b>1.26</b>	<b>119.62</b>

Notes:

- As per contract executed with Mr. Balu Ganesh Ayyar.
- Paid for the period from 1 April 2015 to 26 October 2015.
- Paid effective 11 December 2015 to 31 March 2016.

Mr. Balu Ganesh Ayyar, Chief Executive Officer, holds 29,000 stock options under Employee Stock Option Plan 2012 and 99,120 stock units under Restricted Stock Units Plan 2014 and Restricted Stock Units Plan 2015. In terms of the Schemes, upon exercise, each of the stock option/unit is eligible for issuance of one equity share of ₹ 10 each.

None of the other directors were granted any stock options of Mphasis Limited during the year ended 31 March 2016.

### iv. Remuneration Report

The remuneration to the employees and directors are paid as per the Remuneration Policy of the Company. The following is a Report on the Remuneration for the year ended 31 March 2016:

#### Remuneration to Independent Directors

Name of the Directors	Remuneration (₹ Million)	Ratio of Remuneration	
	2015-16	MR (in times)	NP (in %)
Dr. Friedrich Froeschl <sup>2</sup>	3.57	7	0.08
Mr. Davinder Singh Brar	3.87	7	0.08
Mr. Narayanan Kumar	3.89	7	0.08
Ms. Jan Kathleen Hier <sup>1</sup>	1.49	9	0.03

Notes :

- MR = Median Remuneration, NP= Net Profit , NA- Not Applicable.
- Resigned during the year effective 26 October 2015 and the remuneration is paid till the date of service.
- Appointed during the year effective 11 December 2015 and remuneration paid effective the said date. MR is calculated by annualizing the remuneration paid.
- As per the remuneration policy the Independent directors are not eligible for Stock Options of the Company.
- No other directors were paid any remuneration.
- There was no revision in the remuneration matrix of the Independent Directors.

#### Remuneration to Key Managerial Personnel (KMPs)

Name of the KMPs	Remuneration (₹ Million)		Ratio of Remuneration	
	2015-16	% Increase	MR (in times)	NP (in %)
Mr. Balu Ganesh Ayyar, Chief Executive Officer	106.81	20.35%	195	0.015
Mr. V Suryanarayanan, Chief Financial Officer	21.11	103.63%	NA	0.003
Mr. A Sivaram Nair, Company Secretary	15.90	11.50%	NA	0.002

Notes:

- MR = Median Remuneration, NP= Net Profit NA- Not Applicable.
- Remuneration is calculated as per Section 197 of the Companies Act, 2013.
- The variable component of the Salary of CEO is linked to the performance targets for the overall Mphasis Group in terms of Revenue and EPS and for other employees, the Company has a defined performance targets linked to the consolidated Statement of Profit and Loss account, in addition to their performance.



## Corporate Governance

During the year, in line with the Industry standards and to remain competitive in the marketplace the Company has awarded 6.68% average increase in the remuneration to the employees. The average increase in remuneration of KMPs, excluding the value of stock options, is 14.2%. The average increase in KMP remuneration is higher on account of re-alignment of remuneration to the internally hired Chief Financial Officer. The average increase in the remuneration is at par with the Company performance. The Median Remuneration of the employees increased by 22.81% during the year. There are no employees receiving remuneration in excess of the remuneration received by the executive director.

### v. Details of shares held by the directors

As on 31 March 2016, none of the directors, except Mr. Balu Ganesh Ayyar, Chief Executive Officer, held any equity shares of the Company. As at 31 March 2016, he holds 26,764 equity shares of ₹ 10 each of the Company.

### vi. Board Assessment

Performance assessment of the Board involves directors undertaking a critical review as a collective body, identifying Board's strengths and weaknesses and is initiated towards enhancement of Board's performance. The assessment is carried on an annual basis by means of a structured questionnaire with forced rankings.

During the year, the performance evaluation of the Independent Directors, was carried out by the entire Board based on the framework recommended by the Nomination and Remuneration Committee. The criteria included evaluation of the Board Culture, Sub-committees, Board Management, evaluation of directors' abilities in terms of understanding the Business of the Company, engaging with the management, participation at the meetings etc. The performance evaluation of the Non-Independent Directors was carried out by the Independent Directors.

Considering the then recent election of Mr. D S Brar as the Chairman and appointment of Ms. Jan Kathleen Hier and Mr. Jeff Thomas Ricci as the additional directors, the evaluation of the Chairman and additional directors was not carried out.

### vi. Board Diversity

Diversity is intrinsically woven into the philosophy of Mphasis. The Company has always been committed to ensure that the workplace is free from any form of discrimination based on gender, age, race, religion, disability or sexual orientation. Mphasis respects each of its stakeholders associated with it and values their differences. The Board of the Company had adopted a Board Diversity Policy as per the requirements of law with an emphasis to recognize inclusion of woman director on the Board.

All Board appointments is based on meritocracy and candidates are considered against objective criteria, having due regard for the benefits of Diversity on the Board. The Board Diversity Policy has been uploaded on the website of the Company at [www.mphasis.com](http://www.mphasis.com) in the Investors Section.

### (d) CSR Committee

As required under Section 135 of the Companies Act, 2013, the Board of Directors has constituted a CSR Committee on 13 March 2014. The primary function of the committee is to assist the Board of Directors in formulating a Corporate Social Responsibility (CSR) Policy and review the implementation and progress of the same from time to time. During the year ended 31 March 2016, two meetings of the CSR Committee were held on 19 October 2015 and 3 February 2016 to review the CSR related matters for FY 2016.

The composition of the Committee and the attendance of the members at each of the meetings held during the year ended 31 March 2016 are given below:

Member	No. of Meetings held during tenure	No. of Meetings attended
Mr. Narayanan Kumar, Chairman	2	2
Mr. Davinder Singh Brar	2	2
Ms. Mary Teresa Hassett <sup>1</sup>	2	-
Mr. Balu Ganesh Ayyar	2	2
Mr. Amit Dalmia <sup>1</sup>	NA	NA

NA – Not Applicable

1. Ms. Mary Teresa Hassett resigned as member of the Committee and Mr. Amit Dalmia has been appointed as member of the Committee effective closing hours of 1 September 2016.

## Corporate Governance

### (e) ESOP Compensation Committee (Earlier ESOP Committee)

The Board of Directors of the Company has constituted an ESOP Compensation Committee in line with the requirements of SEBI (Share Based Employee Benefits) Regulations, 2014.

During the year ended 31 March 2016, the ESOP Compensation Committee has, on a periodic basis, approved exercise of 46,294 equity shares of ₹ 10 each under the Employee Stock Options Schemes. The said shares have been duly credited to the employees and have been listed with the Stock Exchanges.

The primary function of the Committee is to administer Stock Options plans of the Company including the grants made thereunder. Ms. Mary Hassett has resigned as member of the Committee and Mr. Amit Dixit is appointed as member of the Committee effective closing hours of 1 September 2016. The present composition of the Committee is as below:

Mr. Narayanan Kumar	-	Chairman
Mr. Davinder Singh Brar	-	Member
Mr. Amit Dixit	-	Member

During the year, the Committee approved a grant of 440,550 RSU's under Restricted Stock Units Plan 2015.

### (f) Stakeholders Relationship Committee

The Company attaches importance to the Investor relations and is committed on redressal of grievances such as transfer of shares, non-receipt of balance sheet, non-receipt of declared dividends and other investor related grievances on a timely manner.

The details of the correspondence with the shareholders including the details of the Investor Grievances, if any, are placed before the committee members on a monthly basis.

The status of Investor Complaints during the year ended 31 March 2016, is as under:

Complaints as on 1 April 2015	:	Nil
Complaints Received during the year	:	3
Complaints Resolved during the year <sup>1</sup>	:	3
Complaints Pending as on 31 March 2016	:	Nil

All the grievances are resolved to the satisfaction of the Investors.

Mr. Lakshmikanth K Ananth and Mr. James Mark Merritt have resigned as members of the Committee and Mr. Amit Dalmia was appointed as a member of the Committee effective closing hours of 1 September 2016. The present composition of the Committee is as below :

Mr. Davinder Singh Brar	-	Chairman
Mr. Balu Ganesh Ayyar	-	Member
Mr. Amit Dalmia	-	Member

### *Name, Designation and Address of Compliance Officer*

Mr. A Sivaram Nair  
 Executive Vice President, Company Secretary, General Counsel & Ethics Officer  
 Mphasis Limited  
 Bagmane World Technology Center,  
 Marathalli Outer Ring Road, Doddanakhundi Village,  
 Mahadevapura, Bengaluru - 560048

### (g) Treasury and Operations Committee

Considering the desired focus on the treasury and business operations, the Board has constituted a "Treasury and Operations Committee". The powers and functions of the Committee include, oversight of liquidity management and banking operations, forex risk management, investment portfolio/interest rate risk management, approval for capital expenditure/hardware resale and settlement of legal cases beyond certain limits. During the year ended 31 March 2016, meetings of the Committee were held on 19 October 2015 and 3 February 2016 and the Committee held a telecon meeting on 3 August 2015.

## Corporate Governance

The composition of the Committee and the attendance of the members at each of the meetings held during the year ended 31 March 2016 are given below:

Member	No. of Meetings held during tenure <sup>3</sup>	No. of Meetings attended
Mr. Davinder Singh Brar, Chairman	3	3
Mr. Balu Ganesh Ayyar	3	3
Mr. Shankar Maitra <sup>2</sup>	3	2
Mr. Jeff Thomas Ricci <sup>1</sup>	3	-
Mr. Amit Dalmia <sup>4</sup>	NA	NA

Notes:

1. Appointed as a member effective 11 December 2015.
2. Resigned as a director with effect from 26 October 2015.
3. The number of meetings includes telecon meeting held on 28 March 2016.
4. Mr. Jeff Thomas Ricci resigned as a member of the Committee and Mr. Amit Dalmia was appointed as member of the Committee effective closing hours of 1 September 2016.

### (h) Strategy Committee

The primary function of the Committee is to over see the Company's strategic planning process, review and advise on strategic proposals, evaluate the potentials for the growth opportunities of the Company etc. and make appropriate recommendations to the Board.

Mr. Stefan Antonio Lutz, Mr. Lakshmikanth K Ananth, Mr. James Mark Merritt resigned as members of the Committee and Mr. Davinder Singh Brar, Mr. David Lawrence Johnson, Mr. Amit Dixit, Mr. Paul James Upchurch and Mr. Dario Zamarian were appointed as the members of the Committee effective closing hours of 1 September 2016. The present composition of the Committee is as below:

Mr. Davinder Singh Brar	-	Member
Ms. Jan Kathleen Hier	-	Member
Mr. Balu Ganesh Ayyar	-	Member
Mr. David Lawrence Johnson	-	Member
Mr. Amit Dixit	-	Member
Mr. Paul James Upchurch	-	Member
Mr. Dario Zamarian	-	Member

During the year, the Strategy Committee met twice on 21 May 2015 and 28 July 2015. The attendance at each of the meetings held during the year ended 31 March 2016 are given below:

Member	No. of Meetings held during tenure	No. of Meetings attended
Mr. Stefan Antonio Lutz <sup>3</sup>	2	2
Mr. Lakshmikanth K Ananth <sup>3</sup>	2	1
Mr. Balu Ganesh Ayyar	2	2
Mr. James Mark Meritt <sup>3</sup>	2	1
Ms. Jan Kathleen Hier <sup>2</sup>	-	-
Dr. Friedrich Froeschl, Chairman <sup>1</sup>	2	2
Mr. Davinder Singh Brar <sup>3</sup>	NA	NA
Mr. David Lawrence Johnson <sup>3</sup>	NA	NA
Mr. Amit Dixit <sup>3</sup>	NA	NA
Mr. Paul James Upchurch <sup>3</sup>	NA	NA
Mr. Dario Zamarian <sup>3</sup>	NA	NA

## Corporate Governance

Notes:

1. Resigned as director with effect from 26 October 2015.
2. Appointed as a member with effect from 11 December 2015.
3. Mr. Stefan Antonio Lutz, Mr. Lakshmikanth K Ananth and Mr. James Mark Merritt have resigned as the members of the Committee and Mr. Davinder Singh Brar, Mr. David Lawrence Johnson, Mr. Amit Dixit, Mr. Paul James Upchurch and Mr. Dario Zamarian were appointed as members of the Committee effective closing hours of 1 September 2016.

### IV. MEETINGS OF THE SHAREHOLDERS

#### (a) Location and time of last three AGMs:

The following is the summary of the last three Annual General Meetings (AGM) of the Company:

AGM	Date & Time	Venue
Twenty Second Annual General Meeting	5 February 2014 3:30 PM	The Chancery Pavilion Hotel, No. 135, Residency Road, Bengaluru – 560025.
Twenty Third Annual General Meeting	30 July 2014 10:00 AM	The Chancery Pavilion Hotel, No. 135, Residency Road, Bengaluru – 560025.
Twenty Fourth Annual General Meeting	9 September 2015 10:00 AM	The Chancery Pavilion Hotel, No. 135, Residency Road, Bengaluru – 560025.

#### (b) Special Resolutions transacted at the Annual General Meetings held in the last three years:

Date of AGM	Special Resolutions transacted
30 July 2014	<ul style="list-style-type: none"> <li>• Approval of Mphasis Restricted Stock Units Plan 2014 (RSU 2014)</li> <li>• Extend the benefits of RSU 2014 to eligible Senior Executives of the subsidiary companies</li> </ul>
9 September 2015	<ul style="list-style-type: none"> <li>• Approval for formulation of Mphasis Restricted Stock Units Plan 2015 (RSU 2015)</li> <li>• Approval for extension of the benefits of RSU 2015 to the eligible Senior Executives of the subsidiary companies.</li> <li>• Acquisition of shares from secondary market by the Mphasis Employees Benefit Trust for implementation of RSU 2015.</li> <li>• Approval for entering into transactions including Material Related Party Transaction with Hewlett Packard Company, Palo Alto, USA and its subsidiaries, group companies and associates.</li> </ul>

#### (c) Special Resolutions transacted at the Annual General Meetings held in the last year through Postal Ballot

Details of Special Resolutions passed at the AGM held on 9 September 2015 through postal Ballot	Voting Patterns
<ul style="list-style-type: none"> <li>• Approval for formulation of Mphasis Restricted Stock Units Plan 2015 (RSU 2015)</li> </ul>	Resolution passed by 95.11% majority
<ul style="list-style-type: none"> <li>• Approval for extension of the benefits of RSU 2015 to the eligible Senior Executives of the subsidiary companies</li> </ul>	Resolution passed by 95.11% majority
<ul style="list-style-type: none"> <li>• Acquisition of shares from secondary market by the Mphasis Employees Benefit Trust for implementation of RSU 2015</li> </ul>	Resolution passed by 95.11% majority
<ul style="list-style-type: none"> <li>• Approval for entering into transactions including Material Related Party Transaction with Hewlett Packard Company, Palo Alto, USA and its subsidiaries, group companies and associates</li> </ul>	Resolution passed by 98.49% majority

During the year, the Company had obtained approval of the Members by means of an Ordinary Resolution, under Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, by Postal Ballot, for entering into an Amended and Re-stated Standard Services Agreement with Hewlett Packard Enterprise Co., Palo Alto, USA, for availing and rendering services to HPE, its subsidiaries, group companies and associates in its ordinary course of business. The resolution was passed by the members with 99.99% majority.

## Corporate Governance

No special resolution was passed through Postal Ballot during the Financial Year 2015-16. None of the items to be transacted at the ensuing 25<sup>th</sup> Annual General Meeting is required to be passed by special resolution through postal ballot. Approval of the members is sought by means of Special Resolutions, at the ensuing Annual General Meeting, for institution of Employees Stock Option Plan 2016 (ESOP 2016) and extension of the benefits of the ESOP 2016 to the employees of the subsidiaries.

### V. DISCLOSURES

There are no materially significant related party transactions which have potential conflict with the interests of the Company at large. The details of material related party transactions are filed with the stock exchanges on a quarterly basis. Related party transactions are reported in Note 28 to the financial statements of the Company. The Board of Directors of the Company have approved a Policy on materiality of related party transactions which is hosted on the website of the Company [www.mphasis.com](http://www.mphasis.com) in the Investors section under the Corporate Governance page. The Audit Committee of the Board has delegated the powers to approve the routine non-material related party transactions as per the provisions of the SEBI Listing Regulations severally to the Chief Executive Office and Chief Financial Officer and the details of such transactions are placed before the Committee on a quarterly basis.

The code of conduct of the Board of Directors and senior management has also been disclosed on the website.

No penalty has been imposed on the Company on any matter relating to Capital Markets by the Stock Exchanges or Securities & Exchange Board of India or any other statutory authority from the date of inception of the Company.

At Mphasis, we have a free and fair channel of communication for concerns about integrity, unethical behavior, actual or suspected fraud or violation of the Company's Code of Conduct or Ethics Policy.

The objective of the Whistleblower Policy is to provide anyone observing an illegal or unethical practice within the organization, secure means to raise that concern, without fear of retaliation. All companies of Mphasis Group and people associated with the Company viz., Customers, Vendors etc. can raise such concerns through written complaints deposited in drop-boxes at any of our offices, through emails or through the whistleblower hotline numbers. The Audit Committee Chairman is the Whistleblower Ombudsperson.

The Company has complied with all mandatory requirements of the Listing Regulations, as regards the non-mandatory requirement, the Company has separate posts for Chairman and Chief Executive Officer.

As required under the provisions of the law, the following disclosure documents are uploaded on the website of the Company at <http://www.mphasis.com/CorporateGovernance.html>, Investors are encouraged to visit the website of the Company to access such documents:

1. Quarterly Shareholding Pattern
2. Disclosures of Voting Results
3. Letters of re-appointment of Independent Directors
4. Mphasis Related Party Policy
5. Corporate Social Responsibility Policy
6. Policy on Board diversity
7. Policy on Material subsidiaries
8. Code of Conduct for prevention of Insider Trading
9. Code of Conduct for directors and employees of the Company
10. Employees responsible for statutory compliance
11. Process of familiarization program for directors
12. Remuneration Policy for executives and directors
13. Correspondence with Stock Exchanges

### VI. INTERNAL CONTROLS

The Company has adequate internal control systems in place and also has reasonable assurance on authorizing, recording and reporting transactions of its operations in all material respects and in providing protection and safeguard against misuse or loss of assets of the Company. The Company has in place, well documented procedures covering critical financial and operational functions commensurate with the size and complexities of the organization.

## Corporate Governance

Some of the salient features of the internal control system in place are:-

1. Adhering to the applicable Accounting Standards and Policies.
2. ERP system connecting all offices enabling seamless data and information flow. This is constantly reviewed to enhance the internal control check points.
3. Preparation of annual budget for operation and service functions and monitoring the same with actual performance at regular intervals.
4. All assets are properly recorded and procedures have been put in place to safeguard against any loss or unauthorized use or disposal.
5. Internal audit is carried based on the Audit universe coverage and Internal Audit Plan approved by the Audit Committee.
6. The observations arising out of internal audit are periodically reviewed at the Audit Committee meetings along with follow up action.
7. Quarterly presentations are made to the Audit Committee on Enterprise risks faced by the Company and action plan of the Company to mitigate the same.

In addition, the Company uses the services of an external firm to periodically review various aspects of the internal control system to ensure that such controls are operating in the way expected and whether any modification is required.

The Internal Audit function develops an audit plan for the Company, which includes a mix of financial, operational, compliance and IT areas. The audit coverage includes corporate, core business operations, as well as support function activities. The annual internal audit plan is approved by the Audit Committee and is followed for Internal Audits by the external firm. The audit reports and recommended management actions are presented to the Audit Committee on a quarterly basis. The status of the management actions are followed by the Internal Audit function and the progress of the implementation of the action is reported to the Audit Committee on a quarterly basis.

The Company's internal financial controls are deployed through an internally evolved framework that addresses material risks in your Company's operations and financial reporting objectives, through a combination of entity level controls (including Enterprise Risk Management, Legal Compliance Framework and Anti-fraud Mechanisms such as Ethics Framework, Code of Conduct, Whistle Blower Policy, etc.), process controls (both manual and automated), information technology based controls, period end financial reporting and closing controls and through internal audit.

### VII. MEANS OF COMMUNICATION

The Board of Directors of the Company approves and takes on record the audited financial quarterly results and the results are announced to all the Stock Exchanges where the shares of the Company are listed and also to various news agencies pan India. Further, the quarterly and annual audited financial results are also published in leading newspapers within 48 hours of the conclusion of the meetings of the Board in which they are taken on record. Generally, the quarterly results are published in various editions of The Business Standard and Samyukta Karnataka-Kannada. The quarterly and annual results are hosted on the Company's website [www.mphasis.com](http://www.mphasis.com). The website also contains a copy of presentations on the financial results of the Company. The Company's website has in it a separate page for investor's relations, wherein the financial results, shareholding pattern, share price information, are hosted for the knowledge of the Investors.

In addition to the above, the Company participates in the earnings call with various Investors, Analysts and Broking Houses. The transcripts of the earnings call are hosted on the website of the Company for the information of the other Investors as required under the provisions of the Listing Regulations.

Press briefings are held after important occasion viz., announcement of quarterly results, acquisition of new entity etc. The press releases issued from time to time are informed to the Stock Exchanges where the equity shares of the Company are listed and are also hosted on the Company's website.

In line with the circulars of the Ministry of Corporate Affairs (MCA) on 'Green Initiative' allowing paperless compliances by companies, the Company serves documents like Notices, Annual Reports and other statutory communications to its shareholders through e-mail at the registered e-mail addresses. The physical copies of the Annual Report for such shareholders are sent upon request. Members are requested to note that documents sent through the electronic mode will also be available on the Company's website – [www.mphasis.com](http://www.mphasis.com). The Company would like to urge the shareholders to support this initiative of the MCA and contribute towards a greater sustainability by registering their e-mail addresses, if not already registered.

The Financial Results of the Company, shareholding pattern and the Corporate Governance Report filed with the National Stock Exchange of India Limited (NSE) under the Listing Regulations are also uploaded in NSE Electronic Application Processing System (NEAPS).

The details of directors of the Company are maintained in [www.indianboards.com](http://www.indianboards.com), a specific website maintained by National Stock Exchange of India Limited (NSE).



# Corporate Governance

## VIII. GENERAL SHAREHOLDERS INFORMATION

### (a) Details of the AGM

#### Date

4 November 2016

#### Time

10.00 AM

#### Venue

Vivanta by Taj, 41/3, Mahatma Gandhi Road, Bangalore, Karnataka – 560 001

### [Procedure at the AGM](#)

### ATTENDANCE

Every member shall have a right to attend and speak at the Annual General Meeting. A member can vote at the Annual General Meeting provided he/she has not voted through e-voting. A person is considered to be a member of the Company if his/her name appears on the Register of Members or a beneficiary holder in the books of National Securities Depositories Limited or the Central Depository Services (India) Limited.

#### If you intend coming to the meeting:

If you intend coming to the meeting in person, please do complete and bring the Attendance Slip and the copy of your Annual Report. Copies of the Annual Report will not be distributed at the meeting. Kindly note that every joint shareholder can attend and speak at the meeting.

#### If you do not intend coming in person but would like to appoint someone to act on your behalf:

If you do not wish or are unable to attend the meeting, your vote is still important. We would urge you, regardless of the number of shares you own, to appoint someone to act on your behalf and to vote at the Annual General Meeting. The person so appointed by you is known as a proxy. In case you have voted on the resolutions through e-voting, the proxy can only attend the Annual General Meeting. In case you wish to appoint a proxy, we call upon you to complete, sign and return the accompanying proxy form. However, it may be noted that appointment of a proxy will not preclude yourself from attending the meeting in person. In case you attend the meeting after appointing a proxy, then the proxy shall be deemed to have been revoked.

The accompanying proxy appointment form enables you to appoint person of your choice to act as a proxy on your behalf. However, such person should be capable of entering into contract.

Before completing the form please read the following explanatory notes.

A single proxy cannot represent more than 50 persons and represent for more than 10% of the voting rights of the Company. We urge you to ensure compliance with this before appointment of the proxy so that the proxy is valid and can be accepted.

You may appoint more than one proxy. However, only one proxy may attend the meeting. Please date, sign and affix a revenue stamp of Re. 1/- on the proxy form. In case of joint holders any one of the holders can sign.

Where the person appointing the proxy is a corporation, the form must be either under its Seal or under the hand of a duly authorized officer or attorney and the appropriate power of attorney or other authority must be lodged along with the proxy form.

The proxy to be valid, the proxy form together with any authority must be received at the Registered Office of the Company not later than 10:00 am on 2 November 2016.

#### Attendance Slips

The Members and Proxies are requested to bring their Attendance Slips sent herewith duly completed in all respects. The persons representing the Body Corporate should additionally produce necessary authority executed by the Body Corporate in their favour along with the attendance slip.

## Corporate Governance

### VOTING

The Company has made available two modes of voting, viz, e-voting and physical voting at the Annual General Meeting, to ensure wider participation of members. Members are requested to use any one of the above modes to cast their vote.

Please read the following instructions carefully in relation to voting:

#### Remote e-voting:

Pursuant to provisions of Companies Act, 2013, the Company is pleased to provide members, facility to exercise their right to vote at the 25<sup>th</sup> Annual General Meeting (AGM) by electronic means and the businesses of the meeting shall be transacted through remote e-Voting Services provided by National Securities Depository Limited (NSDL). The Company has approached NSDL for providing remote e-voting services.

The shareholders may cast their vote electronically during the period when the remote e-voting is open. The remote e-voting module shall be disabled for voting thereafter. The shareholder shall not be allowed to change his e-vote once a vote on a resolution is cast by the shareholder in the e-voting module. The voting rights of shareholders shall be in proportion to their shares of the paid up equity share capital of the Company as on, Friday, 28 October 2016.

#### **1. The process and manner for remote e-voting are as under:**

##### **a) In case a Member receives an email from NSDL [for members whose email IDs are registered with the Company/ Depository Participants(s)] :**

- (i) Open email and open PDF file viz; "remote e-voting.pdf" with your Client ID or Folio No. as the password. The said PDF file contains your user ID and password/PIN for remote e-voting. Please note that the password is an initial password.
- (ii) Launch internet browser by typing the following URL: <https://www.evoting.nsdl.com/>
- (iii) Click on Shareholder - Login
- (iv) Put user ID and password as initial password/PIN noted in step (i) above. Click Login.
- (v) Password change menu appears. Change the password/PIN with new password of your choice with minimum 8 digits/ characters or combination thereof. Note the new password. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (vi) Home page of remote e-voting opens. Click on remote e-voting: Active Voting Cycles.
- (vii) Select "EVEN" of "Mphasis Limited".
- (viii) Now you are ready for remote e-voting as Cast Vote page opens.
- (ix) Cast your vote by selecting appropriate option and click on "Submit" and also "Confirm" when prompted.
- (x) Upon confirmation, the message "Vote cast successfully" will be displayed.
- (xi) Once you have voted on the resolution, you will not be allowed to modify your vote.
- (xii) Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer, Mr. S P Nagarajan through e-mail to [cs@nagarajansp818.com](mailto:cs@nagarajansp818.com) with a copy marked to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in).

##### **b. In case a member receives physical copy of the Notice of the AGM [for members whose email IDs are not registered with the Company/Depository Participants(s) or requesting physical copy]:**

- (i) Initial password is provided as below in the attendance Form:

**EVEN (Remote e-voting Event Number)**

**USER ID**

**PASSWORD/PIN**

- (ii) Please follow all steps from Sl. No. (ii) to Sl. No. (xii) above, to cast vote.

2. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Members and remote e-voting user manual for Members available at the downloads section of [www.evoting.nsdl.com](http://www.evoting.nsdl.com) or call on toll free no.: 1800-222-990.
3. If you are already registered with NSDL for remote e-voting then you can use your existing user ID and password/PIN for casting your vote.

## Corporate Governance

4. You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).
5. The voting rights of members shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date of Friday, 28 October 2016.
6. Any person, who acquires shares of the Company and becomes a member of the Company, after dispatch of the notice and holding shares as of the cut-off date i.e. 28 October 2016, such member may obtain the login ID and password by sending a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) or [giri@integratedindia.in](mailto:giri@integratedindia.in) (RTA).

However, if you are already registered with NSDL for remote e-voting then you can use your existing user ID and password for casting your vote. If you forgot your password, you can reset your password by using "Forgot User Details/Password" option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com) or contact NSDL at the following toll free No.: 1800-222-990.

7. A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of remote e-voting as well as voting at the AGM through ballot paper.

### Voting at the Annual General Meeting through physical ballot:

The facility for voting through a physical ballot paper shall be made available at the Annual General Meeting and the members attending the meeting, who have not cast their vote by remote e-voting, shall only, be able to exercise their right to vote at the meeting through physical ballot paper.

For the purpose of voting, scrutinizer/volunteers would distribute the ballot papers to all those members who are present at the Annual General Meeting and who have not cast their votes by availing the remote e-voting.

Please complete the same as per the instructions contained in ballot paper and drop it in the ballot boxes kept for the purpose. Valid Proxies can also participate in the poll and cast their ballots.

### PROCEEDINGS AT THE MEETING

The Chairman shall after discussion on all the items of business placed before the members order a physical ballot to be taken to the shareholders who have not voted through e-voting. The eligible shareholders may cast their votes thereafter. The scrutinizer shall, immediately after the conclusion of voting at the Annual General Meeting, first count the votes cast at the meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the company and make, not later than forty eight hours of conclusion of the meeting, a consolidated scrutinizer's report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing.

### SCHEDULE OF EVENTS FOR VOTING AND DECLARATION OF VOTING RESULTS

Events	Planned dates (Tentative)
Dispatch of Annual Report	By 11 October 2016
Advertisement regarding dispatch of notices and public notice regarding e-voting in English and Kannada language	By 11 October 2016
Cut-off date for remote e-voting	28 October 2016
Commencement of e-voting	31 October 2016 at 9:00 am
Closing of the e-voting	3 November 2016 at 5:00 pm
Physical Voting at AGM	4 November 2016
Declaration of results of voting	6 November 2016

### VOTING RESULTS:

The results declared along with the report of the Scrutinizer shall be placed on the website of the Company, [www.mphasis.com](http://www.mphasis.com) and on the website of NSDL ([www.evoting.nsdl.com](http://www.evoting.nsdl.com)) immediately after the declaration of results by the Chairman or a person authorized by him in writing. The results shall also be immediately forwarded to the stock exchanges where the shares the Company are listed.

## Corporate Governance

### (b) Financial Calendar

Financial Year	1 April 2015 to 31 March 2016
Results Announced	26 May 2016
Book Closure Dates	21 October 2016 to 4 November 2016 ( both days inclusive)
Posting of Annual Reports	On or before 11 October 2016
Annual General Meeting	4 November 2016
Dividend Payment Date	On or before 3 December 2016

### (c) Listing

Equity shares of the Company are listed and traded on the following Stock Exchanges:

Exchange	Address	Scrip Code
Bombay Stock Exchange Limited	Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001. Telephone: 022-22721233/34, Fax No.: 022-22721062	526299
National Stock Exchange of India Limited	Exchange Plaza, Plot No. C/1, G Block, Bandra- Kurla Complex, Bandra (E) Mumbai - 400 051. Telephone: 022-26598100-8114. Fax Nos.: 022-26598237-38	MPHASIS
Metropolitan Stock Exchange of India Limited (MSEI)*	Vibgyor Towers, 4th floor, Plot No.C 62, G-Block, Opp. Trident Hotel, Bandra Kurla Complex, Bandra (E), Mumbai-400 098, India. Telephone: 022-6112 9000, Fax Nos.: 022-2654 4000	MPHASIS

\* Traded as permitted security on the exchange

The Company has paid the listing fees for the year ending 31 March 2017.

### (d) Dematerialization of Equity Shares

The Equity Shares of the Company are admitted in the following depositories of the country under the International Securities Identification Number (ISIN) INE356A01018. This number is required to be quoted in each transaction relating to the dematerialized equity shares of the Company.

Name of the Depository	Address
National Securities Depository Limited	Trade World, A Wing, 4th & 5th Floors, Kamala Mills Compound, Senapathi Bapat Marg, Lower Parel, Mumbai - 400 013.
Central Depository Services (India) Limited	Phiroze Jeejeebhoy Towers, 17th Floor, Dalal Street, Mumbai - 400 001

The Company has paid the custodial charges to the respective depository participant for the year ending 31 March 2017.

The Securities & Exchange Board of India has specified that the shares of the Company would be traded only in demat form effective 29 November 1999. Considering the benefits embedded in holding the shares in electronic form, it is recommended that the shares be held in the dematerialized form. As on 31 March 2016, 99.10% shareholders held 99.93% of shares in demat form.

### (e) Corporate Identity Number

The Corporate Identity Number (CIN), allotted by the Ministry of Corporate Affairs, Government of India, is L30007KA1992PLC025294 and the Company's Registration Number is 25294.

The Company's Master Data and details of the compliance filings by the Company with the Ministry of Corporate Affairs, Government of India, may be viewed by the members and other stakeholders at [www.mca.gov.in](http://www.mca.gov.in) (MCA21eServices) using the above mentioned CIN.

### (f) Permanent Account Number

The Securities Exchange Board of India (SEBI) vide its circulars has made the Permanent Account Number (PAN) as the sole identification number for all participants transacting in the securities market, irrespective of the amount of the transaction and further had directed that for securities market transactions and off market transactions involving transfer of shares of listed

## Corporate Governance

companies in physical form, it shall be mandatory for the transferee(s) to furnish a copy of the PAN card to the Company/RTA, as the case may be for registration of transfer of shares. SEBI has also clarified that it shall be mandatory to furnish a copy of PAN in the following cases –

- Deletion of names of the deceased shareholder(s), where the shares are held in the name of two or more shareholders.
- Transmission of shares to the legal heir(s), where deceased shareholder(s) was the sole holder(s) of shares.
- Transposition of shares – when there is a change in the order of names in which physical shares are held jointly in the names of two or more shareholders.

In case of mismatch in PAN card details as well as difference in maiden name and current name (in case of married women) of the investors, the PAN card as submitted by the transferee(s) can be provided by furnishing sufficient evidence in support of the identity of the transferee like passport, Voter Card ID, Driving License, Photo Identity cards issued by Statutory Bodies/ Banks/ Public Sector Undertakings, etc.

### (g) Market Quotation

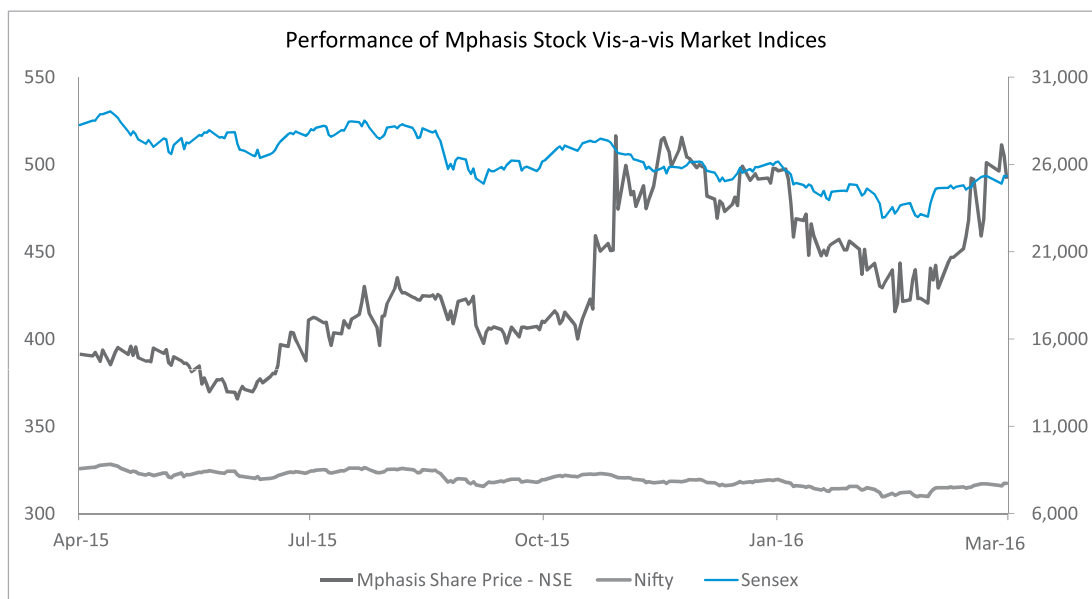
The month wise high, low and closing prices and the volume of shares of the Company traded for the period 1 April, 2015 to 31 March, 2016 on the National Stock Exchange of India Limited (NSE) and BSE Limited (BSE) are given below:

Month	NSE				BSE			
	High	Low	Close	Volume for the month	High	Low	Close	Volume for the month
	(₹)	(₹)	(₹)	(Shares)	(₹)	(₹)	(₹)	(Shares)
Apr-15	407	381	395	1,504,672	406	377	394	153,631
May-15	397	369	370	1,903,119	396	369	371	406,648
Jun-15	428	361	411	2,074,198	427	363	411	198,473
Jul-15	441	365	420	4,375,339	442	393	421	764,322
Aug-15	443	365	423	4,701,758	442	382	422	362,855
Sep-15	426	396	410	3,948,104	426	397	409	996,667
Oct-15	534	398	474	10,390,773	534	398	478	1,310,187
Nov-15	525	462	498	6,524,561	526	463	499	998,479
Dec-15	515	459	498	3,026,285	512	459	497	290,302
Jan-16	505	435	456	3,983,695	505	433	455	129,871
Feb-16	472	404	421	3,902,946	472	404	420	1,332,888
Mar-16	519	417	492	4,599,111	516	421	490	511,018

*The prices have been rounded off to the nearest rupee*

Based on the closing quotation of ₹ 492 per share as at 31 March 2016 at the National Stock Exchange, the market capitalization of the Company is ₹ 103 Billion (as at 31 March 2015, ₹ 81 Billion), representing a growth of 27% of market capitalization as at 31 March 2016.

## Corporate Governance



### (h) Distribution of Shareholding as on 31 March 2016

Category	Shareholders		Shares held	
	Number	Percentage	Number	Percentage
Upto 500	25,704	92%	1,680,000	0.80%
501 - 1000	909	3%	714,606	0.34%
1001 - 2000	408	1%	620,603	0.30%
2001 - 3000	147	1%	371,986	0.18%
3001 - 4000	88	0%	315,983	0.15%
4001 - 5000	72	0%	332,822	0.16%
5001 - 10000	132	0%	938,629	0.45%
10001 & above	348	1%	205,212,488	97.63%
<b>Total</b>	<b>27,808</b>	<b>100%</b>	<b>210,187,117</b>	<b>100%</b>

### (i) Details regarding the shares in the Unclaimed Suspense Account:

Sl. No.	Particulars	No. of shareholders	No. of Shares
1	Aggregate number of shareholders and the outstanding shares lying in the unclaimed suspense account at the beginning of the year	39	18,150
2	Number of shareholders who approached the issuer for transfer of shares from the unclaimed suspense account during the year	-	-
3	Number of shareholders to whom shares were transferred from suspense account during the year	-	-
4	Aggregate number of shareholders and the outstanding shares lying in the unclaimed suspense account at the end of the year	39	18,150

The voting rights on the shares outstanding in the suspense account as on 31 March 2016 shall remain frozen till the rightful owner of such shares claims the shares.



## Corporate Governance

### (j) Address for Communication

Company Contact	RTA Contact
<p>Mr. A Sivaram Nair, Executive Vice President, Company Secretary, General Counsel &amp; Ethics Officer, Mphasis Limited, Bagmane World Technology Center, Marathalli Outer Ring Road, Doddanakhundi Village, Mahadevapura, Bengaluru - 560 048, India Phone: +91 (080) 6750 5000 Fax: +91 (080) 6695 9943</p>	<p>Integrated Enterprises (India) Limited (Unit: Mphasis Limited) 30, Ramana Residency, 4th Cross Sampige Road, Malleswaram, Bengaluru - 560 003 Phone: +91 (080) 2346 0815-818 Fax: +91 (080) 2346 0819</p>

For and on behalf of the Board of Directors

New York  
27 September 2016

**DAVINDER SINGH BRAR**  
Chairman

## Compliance Certificate on Corporate Governance

To,

The Members of Mphasis Limited

I have examined the compliance of the conditions of Corporate Governance by Mphasis Limited ('the Company') for the financial year ended on 31<sup>st</sup> March 2016, as stipulated in Clause 49 of the listing agreements/SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 entered by the Company with the stock exchanges in India.

The compliance of conditions of Corporate Governance is the responsibility of the Company's management. My examination was carried out in accordance with the Guidance Note on certification of Corporate Governance (as stipulated in Clause 49 of the Listing Agreement/Regulations), issued by The Institute of Company Secretaries of India and was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliances of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of Company.

In my opinion and to the best of my information and according to the explanation given to me, the representations and all material disclosures made by the Directors and the Management, I certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above-mentioned Listing Agreement/Regulations. It is further stated that no investor grievance is pending for the said financial year as per the records of the Company.

I further state that such compliance is neither an assurance as to future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

27 September 2016  
Bengaluru

**S. P. NAGARAJAN**  
COMPANY SECRETARY

ACS: 10028  
CP No.: 4738

## Independent Auditor's Report

To the Members of Mphasis Limited

### Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of Mphasis Limited ("the Company"), which comprise the Balance Sheet as at 31 March 2016, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at 31 March 2016, its profit and its cash flows for the year ended on that date.

### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the 'Annexure 1' a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by section 143 (3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - (c) The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
  - (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
  - (e) On the basis of the written representations received from the directors as on 31 March 2016, and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2016, from being appointed as a director in terms of section 164(2) of the Act;

## Independent Auditor's Report

- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in 'Annexure 2' to this report;
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 26 to the financial statements;
  - ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts – Refer Note 37 to the financial statements;
  - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

For S.R. Batliboi & Associates LLP  
Chartered Accountants  
ICAI Firm Registration Number: 101049W/E300004

per Adarsh Ranka  
Partner  
Membership Number: 209567

Place of Signature : Singapore  
Date : 26 May 2016

## Independent Auditor's Report

**Annexure 1 referred to in paragraph 1 under the heading "Report on Other Legal and Regulatory Requirements" of our report of even date**

Re: Mphasis Limited ("the Company")

- (i)
  - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
  - (b) The Company has a regular programme of physical verification of fixed assets which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. In accordance with this programme, certain fixed assets were physically verified by the management during the year and we are informed that no material discrepancies were noticed on such verification.
  - (c) According to the information and explanations given by the management, there are no immovable properties, included in property, plant and equipment/ fixed assets of the company and accordingly, the requirements under paragraph 3(i)(c) of the Order are not applicable to the Company.
- (ii) The management has conducted physical verification of inventory at reasonable intervals during the year and no material discrepancies were noticed on such physical verification.
- (iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3(iii)(a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.
- (iv) In our opinion and according to the information and explanations given to us, provisions of section 185 and 186 of the Companies Act 2013 in respect of loans to directors including entities in which they are interested and in respect of loans and advances given, investments made and, guarantees, and securities given have been complied with by the company.
- (v) The Company has not accepted any deposits from the public.
- (vi) To the best of our knowledge and as explained, the Central Government has not specified the maintenance of cost records under section 148(1) of the Companies Act, 2013, for the products/ services of the Company.
- (vii)
  - (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues applicable to it. With regard to service tax dues, we also draw reference to note 12 to the financial statements.
  - (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.
  - (c) According to the records of the Company, the dues outstanding of income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax and cess on account of any dispute, are as follows:

(₹ in million)

Name of the statute	Nature of dues	Amount disputed (excluding penalty and interest)	Amount paid/ refund adjusted under protest	Bank guarantee provided under protest	Period to which the amount relates (financial year)	Forum where dispute is Pending
Income Tax Act, 1961	Adjustment for transfer pricing and other disallowances	343.12	154.79	-	2011-12	CIT(Appeals)
		563.35	-	-	2010-11	CIT(Appeals)
		1,134.51	753.48	-	2009-10	ITAT
		650.53	310.00	-	2008-09	ITAT
		315.73	315.73	-	2007-08	ITAT
		841.69	560.20	-	2006-07	ITAT
		338.72	123.76	-	2004-05	ITAT
		4.64	-	-	2003-04	Karnataka High Court
	Non-deduction of TDS	4,172.94	20.00	455.19	2014-15	CIT
		1,552.38	90.00	1,365.62	2012-13 and 2013-14	CIT(Appeals)
		5,363.73	366.96	4,841.14	2005-06 to 2011-12	ITAT
		0.93	-	-	1999-00 to 2001-02	Supreme Court

## Independent Auditor's Report

Name of the statute	Nature of dues	Amount disputed (excluding penalty and interest)	Amount paid/ refund adjusted under protest	Bank guarantee provided under protest	Period to which the amount relates (financial year)	Forum where dispute is Pending
	Disallowances under section 10A	1.56	-	-	2008-09	CIT(Appeals)
		4.61	4.61	-	2005-06	Supreme Court
		131.21	-	-	2003-04	Supreme Court
		85.20	-	-	2002-03	Supreme Court
		121.43	10.00	-	2001-02	Supreme Court
		0.17	-	-	2000-01	Supreme Court
Finance Act, 1994	Service tax	21.92	7.30	-	2005-2007	CESTAT, Karnataka
		143.67	10.78	-	Dec-10 to Mar-11	CESTAT, Karnataka
		2.60	0.19	-	Oct-06 to Sep-11	CESTAT, Karnataka

- (viii) In our opinion and according to the information and explanations given by the management, the Company has not defaulted in repayment of loans or borrowing to financial institution, bank, government or dues to debenture holders.
- (ix) According to the information and explanations given by the management, the Company has not raised any money way of initial public offer/ further public offer/ debt instruments and term loans hence, reporting under clause (ix) is not applicable to the Company and hence not commented upon.
- (x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud by the company or no fraud/ material fraud on the company by the officers and employees of the Company has been noticed or reported during the year.
- (xi) According to the information and explanations given by the management, the managerial remuneration has been paid/ provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.
- (xii) In our opinion, the Company is not a nidhi company. Therefore, the provisions of clause 3(xii) of the Order are not applicable to the Company and hence not commented upon.
- (xiii) According to the information and explanations given by the management, transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.
- (xiv) According to the information and explanations given to us and on an overall examination of the balance sheet, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence, reporting requirements under clause 3(xiv) are not applicable to the company and not commented upon.
- (xv) According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in section 192 of Companies Act, 2013.
- (xvi) According to the information and explanations given to us, the provisions of section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

For S.R. Batliboi & Associates LLP  
Chartered Accountants  
ICAI Firm Registration Number: 101049W/E300004

per Adarsh Ranka  
Partner  
Membership Number: 209567

Place of Signature : Singapore  
Date : 26 May 2016

## Independent Auditor's Report

### Annexure 2 to the Independent Auditor's Report of even date on the standalone financial statements of Mphasis Limited

#### Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Mphasis Limited ("the Company") as of 31 March 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

#### Management's Responsibility for Internal Financial Controls

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing as specified under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

An audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion on the internal financial controls over financial reporting.

#### Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

#### Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

## Independent Auditor's Report

### Qualified Opinion

According to the information and explanations given to us and based on our audit, the following material weakness has been identified in the operating effectiveness of the Company's internal financial controls over financial reporting as at 31 March 2016:

The Company's internal financial controls with respect to intercompany revenue/cost allocation process in certain cases were not operating effectively, which could potentially result in misstatement of intercompany balances.

A 'material weakness' is a deficiency, or a combination of deficiencies, in internal financial control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis.

In our opinion, the Company has, in all material respects, maintained adequate internal financial controls over financial reporting as of 31 March 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India, and except for the possible effects of the material weakness described above on the achievement of the objectives of the control criteria, the Company's internal financial controls over financial reporting were operating effectively as of 31 March 2016.

### Explanatory paragraph

We also have audited, in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act, the standalone financial statements of Mphasis Limited, which comprise the Balance Sheet as at 31 March 2016, and the related Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information. This material weakness was considered in determining the nature, timing, and extent of audit tests applied in our audit of the 31 March 2016 standalone financial statements of Mphasis Limited and this report does not affect our report dated 26 May 2016, which expressed an unqualified opinion on those financial statements.

For S.R. Batliboi & Associates LLP  
Chartered Accountants  
ICAI Firm Registration Number: 101049W/E300004

per Adarsh Ranka  
Partner  
Membership Number: 209567

Place of Signature : Singapore  
Date : 26 May 2016



## Balance Sheet as at 31 March 2016

(₹ millions)

	Notes	31 March 2016	31 March 2015
<b>Equity and liabilities</b>			
<b>Shareholders' funds</b>			
Share capital	3	2,101.94	2,101.48
Reserves and surplus	4	43,172.89	38,393.57
		<b>45,274.83</b>	<b>40,495.05</b>
<b>Non-current liabilities</b>			
Other long-term liabilities	7	11.30	26.04
Long-term provisions	8	749.72	535.35
		<b>761.02</b>	<b>561.39</b>
<b>Current liabilities</b>			
Short-term borrowings	5	1,325.10	1,250.00
Trade payables	6		
Total outstanding dues of micro and small enterprises		6.71	11.49
Total outstanding dues of creditors other than micro and small enterprises		3,577.58	3,154.62
Other current liabilities	7	1,775.07	1,813.29
Short-term provisions	8	765.48	4,492.98
		<b>7,449.94</b>	<b>10,722.38</b>
<b>Total</b>		<b>53,485.79</b>	<b>51,778.82</b>
<b>Assets</b>			
<b>Non-current assets</b>			
Fixed assets			
Tangible assets	9	434.23	565.46
Intangible assets	9	60.51	76.17
Intangible assets under development		10.92	10.48
Non-current investments	10	16,663.74	15,408.58
Deferred tax assets (net)	11	786.46	601.61
Long-term loans and advances	12	5,958.21	5,871.96
Trade receivables	16	40.41	53.82
Other non-current assets	13	1,038.09	1,051.60
		<b>24,992.57</b>	<b>23,639.68</b>
<b>Current assets</b>			
Current investments	14	12,579.10	7,554.74
Inventories	15	40.99	-
Trade receivables	16	5,012.88	4,774.30
Cash and bank balances	17	4,933.50	10,533.63
Short-term loans and advances	12	2,527.37	2,634.94
Other current assets	13	3,399.38	2,641.53
		<b>28,493.22</b>	<b>28,139.14</b>
<b>Total</b>		<b>53,485.79</b>	<b>51,778.82</b>

Summary of significant accounting policies.

1

The accompanying notes are an integral part of the financial statements.

As per our report of even date.

**For S.R. BATLIBOI & ASSOCIATES LLP**

Chartered Accountants

ICAI Firm registration number:101049W/E300004

**per Adarsh Ranka**
*Partner*

Membership No. 209567

**For and on behalf of the Board of Directors**
**Balu Ganesh Ayyar**
*Chief Executive Officer*
**Narayanan Kumar**
*Director*
**V. Suryanarayanan**
*Executive Vice President &  
Chief Financial Officer*
**A. Sivaram Nair**
*Executive Vice President, Company Secretary  
General Counsel & Ethics Officer*

 Singapore  
 26 May 2016

 Singapore  
 26 May 2016

## Statement of profit and loss for the year ended 31 March 2016

(₹ millions)

	Notes	Year ended 31 March 2016	Year ended 31 March 2015
<b>Income</b>			
Revenue from operations	18	29,266.63	30,264.46
Other income	19	1,623.44	1,621.41
<b>Total revenue (I)</b>		<b>30,890.07</b>	<b>31,885.87</b>
<b>Expenses</b>			
Purchase of traded goods	20	421.57	-
(Increase) / decrease in inventories of traded goods	20.1	(40.99)	-
Employee benefits expense	21	13,994.87	14,557.89
Finance costs	22	64.27	59.21
Depreciation and amortization expense	9	287.61	331.21
Other expenses	23	9,651.60	9,620.95
<b>Total expenses (II)</b>		<b>24,378.93</b>	<b>24,569.26</b>
<b>Profit before tax and exceptional item (III) [(I)-(II)]</b>		<b>6,511.14</b>	<b>7,316.61</b>
Exceptional item (net of tax) (IV)	24	420.72	-
<b>Profit before tax after exceptional item (III)-(IV)</b>		<b>6,090.42</b>	<b>7,316.61</b>
<b>Tax expenses (refer note 41)</b>			
Current tax		1,500.52	1,722.41
Deferred tax charge		6.25	63.90
<b>Total tax expenses</b>		<b>1,506.77</b>	<b>1,786.31</b>
<b>Profit after tax for the year before exceptional item</b>		<b>5,004.37</b>	<b>5,530.30</b>
<b>Profit after tax for the year after exceptional item</b>		<b>4,583.65</b>	<b>5,530.30</b>
<b>Earnings per equity share before exceptional item</b> [nominal value of shares ₹ 10 (31 March 2015 : ₹ 10)]	33		
Basic (₹)		23.81	26.32
Diluted (₹)		23.77	26.28
<b>Earnings per equity share after exceptional item</b> [nominal value of shares ₹ 10 (31 March 2015 : ₹ 10)]	33		
Basic (₹)		21.81	26.32
Diluted (₹)		21.77	26.28

Summary of significant accounting policies.

1

The accompanying notes are an integral part of the financial statements.

As per our report of even date.

**For S.R. BATLIBOI & ASSOCIATES LLP**

Chartered Accountants

ICAI Firm registration number:101049W/E300004

**per Adarsh Ranka**

Partner

Membership No. 209567

**For and on behalf of the Board of Directors**
**Balu Ganesh Ayyar**

Chief Executive Officer

**V. Suryanarayanan**

Executive Vice President &amp;

Chief Financial Officer

**Narayanan Kumar**

Director

**A. Sivaram Nair**

Executive Vice President, Company Secretary

General Counsel &amp; Ethics Officer

Singapore  
26 May 2016

Singapore  
26 May 2016

# Notes to the Financial Statements for the year ended 31 March 2016

## 1. SIGNIFICANT ACCOUNTING POLICIES

### Basis of preparation

The financial statements of Mphasis Limited ('the Company') have been prepared and presented under the historical cost convention on the accrual basis of accounting, unless stated otherwise and comply in all material aspects with the Accounting Standards ('AS') notified under section 133 of the Companies Act, 2013, read together with rule 7 of the Companies (Accounts) Rules, 2014 and other accounting principles generally accepted in India. The accounting policies adopted in the preparation of the financial statements are consistent with those of the previous year.

### Use of estimates

The preparation of financial statements requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities on the date of the financial statements and the reported amounts of revenues and expenses for the year. Actual results could differ from those estimates. Any revision to accounting estimates is recognized prospectively in current and future years.

### Revenue recognition

The Company derives its revenues primarily from software services & projects, call centre & business process outsourcing operations, infrastructure outsourcing services, licensing arrangement, application services and trading of goods.

Revenues from software services & projects comprise income from time-and-material and fixed price contracts. Revenue from time and material contracts is recognized when the services are rendered in accordance with the terms of contracts with clients. Revenue from fixed price contracts is recognized using the percentage-of-completion method, calculated as the proportion of the cost of effort incurred up to the reporting date to estimated cost of total effort.

Revenues from call centre & business process outsourcing operations arise from both time-based and unit-priced client contracts. Such revenue is recognized when the services are rendered in accordance with the terms of the contracts with clients.

Revenues from infrastructure outsourcing services arise from time based, unit-priced and fixed price contracts. Revenue from time based and unit-priced is recognized when the services are rendered in accordance with the terms of the contracts with clients. Revenue from fixed price contracts is recognized using the percentage-of-completion method, calculated as the proportion of the cost of effort incurred up to the reporting date to estimated cost of total effort.

Revenue from licensing arrangements is recognized on transfer of the title in user licenses, except those contracts where transfer of title is dependent upon rendering of significant implementation services by the Company, in which case revenue is recognized over the implementation period in accordance with the specific terms of the contracts with clients.

Maintenance revenue is recognized rateably over the period of underlying maintenance agreements.

Revenue from sale of goods is recognized on transfer of significant risks and rewards in accordance with the terms of contract. Revenue is shown as net of sales tax, value added tax and applicable discounts.

Provisions for estimated losses on incomplete contracts are recorded in the period in which such losses become probable based on the current contract estimates. 'Unbilled revenue' included in the current assets represent revenues in excess of amounts billed to clients as at the balance sheet date. 'Unearned revenue' included in the current liabilities represent billings in excess of revenues recognized.

Advances received for services are reported as liabilities until all conditions for revenue recognition are met.

Interest income is recognized using the time-proportion method, based on underlying interest rates.

Dividend income is recognized when the right to receive the dividend is established.

### Fixed assets and capital work-in-progress

Fixed assets are stated at the cost of acquisition or construction less accumulated depreciation and write down for, impairment if any. Direct costs are capitalised until the assets are ready to be put to use. When significant parts of plant and equipment are required to be

## Notes to the Financial Statements for the year ended 31 March 2016

replaced at intervals, the Company depreciates them separately based on their specific useful lives. All other repair and maintenance costs are recognised in the statement of profit and loss as incurred. Fixed assets purchased in foreign currency are recorded at cost, based on the exchange rate on the date of purchase.

The Company identifies and determines cost of each component/ part of the asset separately, if the component / part has a cost which is significant to the total cost of the asset and has useful life that is materially different from that of the remaining asset.

Acquired intangible assets are capitalised at the acquisition price. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. The amortization period and the amortization method are reviewed atleast at each financial year end. Internally generated intangible assets are stated at cost that can be measured reliably during the development phase and capitalised when it is probable that future economic benefits that are attributable to the assets will flow to the Company.

Gains or losses arising from derecognition of fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

Cost of assets not ready for use at the balance sheet date are disclosed under capital work-in-progress.

### Depreciation and amortisation

Depreciation on tangible assets is calculated on a straight-line basis using the rates arrived at, based on the useful lives estimated by the management. Intangible assets are amortised on a straight line basis over the estimated useful economic life. The useful lives estimated by the management are given below:

(In years)

Asset	Useful life as per Companies Act, 2013	Useful life estimated by the management
Computer equipment	3	3
Furniture and Fixtures	10	5
Lease hold Improvements	10	10 or remaining primary lease term whichever is less
Office equipment	5	5
Plant and equipment	15	7
Server and Networks	6	6
Purchased software / Internally developed for self consumption	As per AS-26	Useful life of the asset
Internally developed software for sale	As per AS-26	Useful life of the asset
Vehicles	8	5

In respect of plant and equipment, furniture and fixtures and vehicles, the management basis internal assessment of usage pattern believes that the useful lives as mentioned above best represent the period over which management expects to use these assets. Hence the useful lives in respect of these assets are different from the useful lives as prescribed under Part C of Schedule II of the Companies Act 2013.

Project specific assets are depreciated over the period of contract or useful life of the asset, whichever is lower.

### Leases

Leases, where the lessor effectively retains substantially all the risks and benefits of ownership of the leased items, are classified as operating leases.

Where the Company is lessee, operating lease payments are recognized as an expense in the statement of profit and loss on a straight-line basis over the lease term.

Where the Company is lessor, lease income is recognized in the statement of profit and loss on straight line basis over the lease term. Costs are recognized as an expense in the statement of profit and loss. Initial direct costs such as legal costs, brokerage costs, etc, are recognized immediately in the statement of profit and loss.

## Notes to the Financial Statements for the year ended 31 March 2016

Profit or loss on sale and lease back arrangements resulting in operating leases are recognized immediately in case the transaction is established at fair value, else, the excess over the fair value is deferred and amortized over the period for which the asset is expected to be used. If the sale price is below fair value, any profit or loss is recognized immediately in the statement of profit and loss.

Leases under which the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Such assets acquired are capitalised at the fair value of the asset or the present value of the minimum lease payments at the inception of the lease, whichever is lower.

### Borrowing costs

Borrowing cost includes interest, amortization of ancillary costs incurred in connection with the arrangement of borrowings and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the year they occur.

### Impairment of tangible and intangible assets

The Company assesses at each balance sheet date whether there is any indication that a fixed asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. The recoverable amount is the greater of the asset's net selling price and value in use. In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. In assessing value in use, the estimated future cash flows are discounted to their present value using the pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the assets. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the statement of profit and loss. If at the balance sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciated historical cost.

### Investments

Investments that are readily realisable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments. Current investments are carried at lower of cost and fair value determined on an individual investment basis.

Long-term investments are carried at cost. Provision for diminution in the value of investments is made if the impairment is not temporary in nature.

### Employee benefits

Gratuity, which is a defined benefit plan, is accrued based on an independent actuarial valuation, which is done based on project unit credit method as at the balance sheet date. Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred.

The cost of short term compensated absences are provided for based on estimates. Long term compensated absence costs are provided for based on actuarial valuation using the project unit credit method. The Company presents the entire leave as a current liability in the balance sheet, since it does not have an unconditional right to defer its settlement for 12 months after the reporting date.

Contributions payable to recognized provident funds, which are defined contribution schemes, are charged to the statement of profit and loss.

The Company has established a Provident Fund Trust to which contributions towards provident fund are made each month. The Provident Fund Trust guarantees a specified rate of return on such contributions on a periodical basis. The Company will meet the shortfall in the returns, if any, based on actuarial valuation, as per Projected Unit Credit Method, as at the date of Balance Sheet [refer note 35 (b)].

# Notes to the Financial Statements for the year ended 31 March 2016

## Stock-based compensation (Equity settled)

Measurement and disclosure of the employee share-based payment plans is done in accordance with regulations issued by Securities Exchange Board of India ('SEBI') from time to time and the Guidance Note on Accounting for Employee Share-based Payments, issued by the Institute of Chartered Accountants of India. The Company measures compensation cost relating to employee stock options using the fair valuation method except for ESOP 1998 Plan and ESOP 2004 Plan wherein compensation cost is measured based on intrinsic valuation method. Compensation expense is amortized over the vesting period of the option on a straight line basis.

## Foreign currency

Foreign currency transactions are recorded at the exchange rates prevailing on the dates of the respective transactions. Exchange differences arising on foreign exchange transactions settled during the year are recognized in the statement of profit and loss of that year.

Monetary assets and liabilities denominated in foreign currencies as at the balance sheet date are translated at the exchange rates on that date. The resultant exchange differences are recognized in the statement of profit and loss. Non-monetary items which are carried in terms of historical cost denominated in foreign currency are reported using the exchange rate at the date of the transaction.

The financial statements of an integral foreign operation are translated as if the transactions of the foreign operation have been those of the Company itself.

Forward contracts are entered into to hedge the foreign currency risk of the underlying outstanding at the balance sheet date and also to hedge the foreign currency risk of firm commitment or highly probable forecast transactions. The premium or discount on forward contracts that are entered into, to hedge the foreign currency risk of the underlying outstanding at the balance sheet date arising at the inception of each contract is amortised as income or expense over the life of the contract. Any profit or loss arising on the cancellation or renewal of forward contracts is recognized as income or as expense for the year.

In relation to the forward contracts entered into, to hedge the foreign currency risk of the underlying outstanding at the balance sheet date, the exchange difference is calculated and recorded in accordance with paragraphs 36 and 37 of AS 11. The exchange difference on such a forward exchange contract is calculated as the difference between the foreign currency amount of the contract translated at the exchange rate at the reporting date or the settlement date where the transaction is settled during the reporting year, and the corresponding foreign currency amount translated at the later of the date of inception of the forward exchange contract and the last reporting date. Such exchange differences are recognized in the statement of profit and loss in the reporting year in which the exchange rates change.

The Company has adopted the principles of AS 30 "Financial Instruments: Recognition and Measurement" in respect of its derivative financial instruments (excluding embedded derivative) that are not covered by AS 11 "The Effects of Changes in Foreign Exchange Rates" and that relate to a firm commitment or a highly probable forecast transaction. In accordance with AS 30, such derivative financial instruments, which qualify for cash flow hedge accounting and where the Company has met all the conditions of AS 30, are fair valued at the balance sheet date and the resultant gain / loss is credited / debited to the hedging reserve included in the Reserves and Surplus. This gain / loss is recorded in the statement of profit and loss when the underlying transactions affect earnings. Other derivative instruments that relate to a firm commitment or a highly probable forecast transaction and that do not qualify for hedge accounting, have been recorded at fair value at the reporting date and the resultant gain / loss has been credited / debited to the statement of profit and loss for the year.

## Income taxes

The current charge for income taxes is calculated in accordance with the relevant tax regulations. Minimum Alternative Tax ('MAT') paid in accordance with the tax laws, which gives rise to future economic benefits in the form of adjustments of future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal tax after the tax holiday period. MAT credit entitlement can be carried forward and utilised for a period as specified in the tax laws of the respective countries.

Deferred tax assets and liabilities are recognized for the future tax consequences attributable to timing differences that result between taxable profits and accounting profits. Deferred tax in respect of timing differences which originate during the tax holiday period but reverse after the tax holiday period, is recognized in the period in which the timing differences originate. For this purpose the timing

## Notes to the Financial Statements for the year ended 31 March 2016

difference which originates first is considered to reverse first. Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. The effect on deferred tax assets and liabilities of change in tax rates is recognized in the period that includes the enactment date. Deferred tax assets on timing differences are recognized only if there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

However, deferred tax assets on the timing differences when unabsorbed depreciation and losses carried forward exist, are recognized only to the extent that there is virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. Deferred tax assets are reassessed for the appropriateness of their respective carrying values at each balance sheet date.

### Provisions and contingent liabilities

A provision is recognized when an enterprise has a present obligation as result of past event and it is probable that an outflow of resources will be required to settle a reliably assessable obligation. Provisions are not discounted to present value and are determined based on best estimate required to settle each obligation at each balance sheet date.

Provisions for onerous contracts, i.e. contracts where the expected unavoidable costs of meeting obligations under a contract exceed the economic benefits expected to be received, are recognized when it is probable that an outflow of resources embodying economic benefits will be required to settle a present obligation as a result of an obligating event, based on a reliable estimate of such obligation.

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The company does not recognize a contingent liability but discloses its existence in the financial statements

### Earnings per share

The basic earnings per share is computed by dividing the net profit attributable to equity shareholders for the year by the weighted average number of equity shares outstanding during the year. The number of shares used in computing diluted earnings per share comprises the weighted average shares considered for deriving basic earnings per share, and also the weighted average number of equity shares which could be issued on the conversion of all dilutive potential equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the year, unless they have been issued at a later date. The diluted potential equity shares have been arrived at, assuming that the proceeds receivable were based on shares having been issued at the average market value of the outstanding shares. In computing dilutive earnings per share, only potential equity shares that are dilutive and that would, if issued, either reduce future earnings per share or increase loss per share, are included.

### Inventories

Inventory comprises of traded goods and is measured at lower of cost and net realisable value. Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on a weighted average basis. Net realisable value is the estimated selling price in the ordinary course of business, less estimated cost necessary to make the sale.

### Cash and cash equivalents

Cash and cash equivalents for the purposes of cash flow statement comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

## 2. DESCRIPTION OF THE COMPANY

Mphasis Limited ('The Company' or 'Mphasis') is a global, multicultural organisation headquartered in Bengaluru, India, specialises in providing a suite of application development and maintenance services, infrastructure outsourcing services and business process outsourcing solutions to clients around the world.

The Company has its Registered Office in Bengaluru. The Company is listed on the principal stock exchanges of India.



# Notes to the Financial Statements for the year ended 31 March 2016

(₹ millions)

	31 March 2016	31 March 2015
<b>3. SHARE CAPITAL</b>		
<b>Authorised shares</b>		
245,000,000 (31 March 2015: 245,000,000) equity shares of ₹ 10 each	2,450.00	2,450.00
<b>Issued, subscribed and fully paid-up shares</b>		
210,187,117 (31 March 2015: 210,140,823) equity shares of ₹ 10 each fully paid-up	2,101.87	2,101.41
Add: Amount originally paid-up on forfeited shares	0.07	0.07
<b>Total issued, subscribed and fully paid-up share capital</b>	<b>2,101.94</b>	<b>2,101.48</b>

**(a) Reconciliation of the shares outstanding at the beginning and at the end of the reporting year**

	31 March 2016		31 March 2015	
	Number	₹ millions	Number	₹ millions
At the beginning of the year	210,140,823	2,101.41	210,134,821	2,101.35
Issued during the year – Employee stock option plans	46,294	0.46	6,002	0.06
<b>Outstanding at the end of the year</b>	<b>210,187,117</b>	<b>2,101.87</b>	<b>210,140,823</b>	<b>2,101.41</b>

**(b) Terms/rights attached to equity shares**

The Company has only one class of equity shares having par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

During the year ended 31 March 2016, the amount of per share dividend recognized as distributions to equity shareholders is ₹ Nil (31 March 2015: ₹ 16.00).

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive 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.

**(c) Shares held by holding/ ultimate holding company and/ or their subsidiaries/ associates** (₹ millions)

	31 March 2016	31 March 2015
EDS Asia Pacific Holdings (Subsidiary of the ultimate holding company)	830.02	830.02
83,002,201 (31 March 2015: 83,002,201) equity shares of ₹ 10 each fully paid		
EDS World Corporation (Far East) LLC (Subsidiary of the ultimate holding company)	441.04	441.04
44,104,064 (31 March 2015: 44,104,064) equity shares of ₹ 10 each fully paid		
EDS World Corporation (Netherlands) LLC (Subsidiary of ultimate holding company)	0.00	0.00
1 (31 March 2015: 1) equity shares of ₹ 10 each fully paid		

The ultimate holding company is Hewlett-Packard Enterprise Company w.e.f. 01 November 2015 (refer note 28).

**(d) Aggregate number of bonus shares issued and shares issued for consideration other than cash during the period of five years immediately preceding the reporting date:**

	31 March 2016	31 March 2015
Equity shares allotted as fully paid bonus shares by capitalization of securities premium/ statement of profit and loss	700	1,400

In addition, the Company has issued total 150,372 shares (31 March 2015: 214,710) during the period of five years immediately preceding the reporting date on exercise of options granted under the employee stock option plan (ESOP) wherein part consideration was received in form of employee services.

## Notes to the Financial Statements for the year ended 31 March 2016

(e) Details of shareholders holding more than 5% shares in the Company

Name of the shareholder	31 March 2016		31 March 2015	
	Number	% of holding	Number	% of holding
EDS Asia Pacific Holdings	83,002,201	39.49	83,002,201	39.50
EDS World Corporation (Far East) LLC	44,104,064	20.98	44,104,064	20.99
Aberdeen Global Indian Equity (Mauritius) Limited	10,359,822	4.93	17,765,301	8.45

As per records of the Company, including its register of shareholders / members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of shares.

(f) Shares reserved for issue under options

For details of shares reserved for issue under the ESOP plan of the Company, refer note 4.

(₹ millions)

	31 March 2016	31 March 2015
<b>4. RESERVES AND SURPLUS</b>		
<b>Capital reserve</b>		
Balance as per last financial statements	265.16	265.16
<b>Closing balance</b>	<b>265.16</b>	<b>265.16</b>
<b>Securities premium account</b>		
Balance as per last financial statements	1,556.84	1,556.08
Add: Premium on issue of shares	0.46	0.60
Add: Transferred from stock options outstanding	15.06	0.16
<b>Closing balance</b>	<b>1,572.36</b>	<b>1,556.84</b>
<b>Employee stock options outstanding (refer note 42)</b>		
Balance as per last financial statements	106.74	83.53
Add: Expense for the year including cross charge to subsidiaries	94.53	35.29
Less: Transferred to securities premium on exercise of options	15.06	0.16
Less: Exercise of options	5.97	11.91
Less: Reversal on lapse of options granted	9.81	0.01
<b>Closing balance</b>	<b>170.43</b>	<b>106.74</b>
<b>General reserve</b>		
Balance as per last financial statements	5,478.02	4,924.99
Add: Reversal on lapse of options granted	9.81	-
Add: Amount transferred from surplus balance in the statement of profit and loss	458.36	553.03
<b>Closing balance</b>	<b>5,946.19</b>	<b>5,478.02</b>
<b>Hedging reserve</b>		
Balance as per last financial statements	247.35	(209.09)
Add / (Less): Transaction during the year	244.76	547.28
Add/ (Less): Transfer to revenue	(137.69)	(90.84)
<b>Closing balance</b>	<b>354.42</b>	<b>247.35</b>

(Contd...)

# Notes to the Financial Statements for the year ended 31 March 2016

(₹ millions)

	31 March 2016	31 March 2015
<b>4. RESERVES AND SURPLUS (Contd...)</b>		
<b>Surplus in the statement of profit and loss</b>		
Balance as per last financial statements	30,739.46	29,825.63
Profit for the year	4,583.65	5,530.30
Adjustment on account of merger of Mphasis Finsource Limited (refer note 39)	-	(15.77)
Less: Appropriations		
Final dividend for earlier years	0.36	0.15
Proposed final equity dividend [amount per share ₹ Nil (31 March 2015: ₹ 16.00)]	-	3,362.25
Tax on equity dividend	0.06	684.51
Depreciation and amortization expense	-	0.76
Transfer to general reserve	458.36	553.03
<b>Total appropriations</b>	<b>458.78</b>	<b>4,600.70</b>
<b>Net surplus in the statement of profit and loss</b>	<b>34,864.33</b>	<b>30,739.46</b>
<b>Total reserves and surplus</b>	<b>43,172.89</b>	<b>38,393.57</b>

## Employee Stock Option Plans ('ESOP') – Equity settled

All the ESOPs are in respect of the Company's shares where each stock option is equivalent to one share. In accordance with the Guidance Note on "Accounting for Employee Share-based Payments" issued by the ICAI with effect from 1 April 2005, the necessary disclosures have been made for the year ended 31 March 2016 and 31 March 2015 for grants outstanding on and made on or after that date for each of the plans described below (Also refer note 34).

**Employees Stock Option Plan - 1998 (the 1998 Plan):** The Company instituted the 1998 Plan for all eligible employees in pursuance of the special resolution approved by the shareholders in the Annual General Meeting held on 31 July 1998. The 1998 Plan provides for the issuance of 3,720,000 options to eligible employees as recommended by the ESOP Committee constituted for this purpose.

In accordance with the 1998 Plan, the Committee has formulated 1998 Plan - (Version I) and 1998 Plan - (Version II) during the years 1998 - 1999 and 1999 - 2000 respectively.

**1998 Plan - (Version I):** Each option granted under the 1998 Plan - (Version I), entitles the holder thereof with an option to apply for and be issued one equity share of the Company at an exercise price of ₹ 34.38 per share. The equity shares covered under these options vest at various dates over a period ranging from six to sixty-six months from the date of grant based on the length of service completed by the employee to the date of grant. The options are exercisable any time after their vesting period.

The movements in the options granted under the 1998 Plan - (Version I) for the year ended 31 March 2016 and 31 March 2015 are set out below:

	Year ended 31 March 2016		Year ended 31 March 2015	
	No. of Options	Weighted Average Exercise Price (₹)	No. of Options	Weighted Average Exercise Price (₹)
Options outstanding at the beginning	47,000	34.38	47,000	34.38
Granted	-	-	-	-
Forfeited	-	-	-	-
Lapsed	-	-	-	-
Exercised	-	-	-	-
Options outstanding at the end	47,000	34.38	47,000	34.38
Exercisable at the end	47,000	34.38	47,000	34.38

## Notes to the Financial Statements for the year ended 31 March 2016

The weighted average share price as at the date of exercise for stock options was ₹ Nil (31 March 2015: ₹ Nil). The options outstanding as at 31 March 2016 had an exercise price of ₹ 34.38 (31 March 2015: ₹ 34.38).

**1998 Plan - (Version II) :** Commencing January 2000, the Company decided to grant all future options at the market price immediately preceding the date of grant. The equity shares covered under these options vest at various dates over a period ranging from twelve to forty-eight months from the date of grant based on the grade of the employee. However, in the case of options granted to the then Managing Director or Chief Executive Officer, the vesting period of the options, subject to minimum period of one year from the date of grant, is determined by the ESOP Committee and approved by the Board. The options are to be exercised within a period of ten years from their date of vesting.

The movements in the options granted under the 1998 Plan - (Version II) for the year ended 31 March 2016 and 31 March 2015 are set out below:

	Year ended 31 March 2016		Year ended 31 March 2015	
	No. of Options	Weighted Average Exercise Price (₹)	No. of Options	Weighted Average Exercise Price (₹)
Options outstanding at the beginning	116,232	109.46	213,632	90.18
Granted	-	-	-	-
Forfeited	-	-	-	-
Lapsed	15,632	72.09	96,100	66.95
Exercised	6,200	84.38	1,300	84.35
Options outstanding at the end	94,400	117.29	116,232	109.46
Exercisable at the end	94,400	117.29	116,232	109.46

The weighted average share price as at the date of exercise for stock options was ₹ 408.20 (31 March 2015: ₹ 422.21). The options outstanding as at 31 March 2016 had an exercise price ranging from ₹ 67.38 to ₹ 130.60 (31 March 2015: ₹ 23.21 to ₹ 130.60) and weighted average remaining contractual life of 0.37 years (31 March 2015: 1.23 years).

**Employees Stock Option Plan - 2004 (the 2004 Plan):** At the Extraordinary General Meeting on 12 May 2004, the shareholders approved a new Employee Stock Option Plan. The 2004 Plan provides for the issuance of equity shares to employees and directors of the Company and its subsidiaries and for the exchange of outstanding stock options of Msource Corporation as on 20 September 2004, pursuant to its merger with Mphasis Corporation and the assumption of the Msource stock options by the Company.

The 2004 Plan is administered through the ESOP Committee appointed by the Board and comprises two programs. Under Program A, outstanding options of Msource Corporation were exchanged for options in the Company on the agreed exchange ratio of 0.14028 stock options with underlying equity shares of the Company for each stock option in the Msource 2001 plan, the exercise price being the equivalent amount payable by the option holder under the Msource 2001 plan. The equity shares underlying these options vest over a period up to forty-eight months from the date of assumption by the Company and shall be exercisable within a period of ten years from the original date of grant under the Msource 2001 plan.

Options under Program B represent fresh grants and shall be issued to employees at an exercise price which will be equal to the fair value of the underlying shares at the date of grant. The equity shares covered under these options vest over a period ranging from twelve to forty-eight months from the date of grant. The exercise period is two years from the date of vesting.

The movements in the options under the 2004 Plan for the year ended 31 March 2016 and 31 March 2015 are set out below:

	Year ended 31 March 2016		Year ended 31 March 2015	
	No. of Options	Weighted Average Exercise Price (₹)	No. of Options	Weighted Average Exercise Price (₹)
Options outstanding at the beginning	2,590	119.96	7,642	118.24
Granted	-	-	-	-
Forfeited	-	-	-	-
Lapsed	234	117.36	350	117.36
Exercised	-	-	4,702	117.36
Options outstanding at the end	2,356	120.22	2,590	119.96
Exercisable at the end	2,356	120.22	2,590	119.96

## Notes to the Financial Statements for the year ended 31 March 2016

The weighted average share price as at the date of exercise for stock options was ₹ Nil (31 March 2015: ₹ 435.34). The options outstanding as at 31 March 2016 had an exercise price ranging from ₹ 50.34 to ₹ 148.07 (31 March 2015: ₹ 50.34 to ₹ 148.07) and weighted average remaining contractual life of 1.17 years (31 March 2015: 2.02 years).

**Employees Stock Option Plan - 2012 (the 2012 Plan):** Effective 14 March 2012, the Company instituted the 2012 Plan. The Board and the shareholders of the Company approved 2012 plan on 20 January 2012. The 2012 plan provides for the issue of restricted options to certain employees of the Company and its subsidiaries.

The 2012 plan is administered by the Mphasis Employees Benefit Trust which is created for this purpose. Each option, granted under this plan, entitles the holder thereof with an option to apply for and be issued one equity share of the Company at an exercise price of ₹ 410.25 per share. The equity shares covered under these options vest over a period ranging from twelve to twenty-four months from the date of grant. The exercise period is three years from the date of vesting.

The movements in the options under the 2012 plan for the year ended 31 March 2016 and 31 March 2015 are set out below:

	Year ended 31 March 2016		Year ended 31 March 2015	
	No. of Options	Weighted Average Exercise Price (₹)	No. of Options	Weighted Average Exercise Price (₹)
Options outstanding at the beginning	374,600	410.25	436,600	410.25
Granted	-	-	-	-
Forfeited	-	-	-	-
Lapsed	138,300	410.25	62,000	410.25
Exercised	89,850	410.25	-	-
Options outstanding at the end	146,450	410.25	374,600	410.25
Exercisable at the end	146,450	410.25	374,600	410.25

The weighted average share price as at the date of exercise of stock options was ₹ 480.47 (31 March 2015: ₹ Nil). The options outstanding as at 31 March 2016 had an exercise price ₹ 410.25 (31 March 2015: ₹ 410.25) and weighted average remaining contractual life of 0.93 years (31 March 2015: 1.35 years).

Total Employee Compensation Cost pertaining to 2012 plan during the year is ₹ (1.87) millions (31 March 2015: ₹ (4.05) millions), net off cross charge to subsidiaries.

### Restricted Stock Units

EDS, the holding Company, had issued Restricted Stock Units ("RSU") to certain employees of the Company. These have been replaced by RSUs of HP, pursuant to the merger. Subsequent to the merger, HP had also issued RSUs to certain employees of the Company. However, the cost has been borne by HP and accordingly this has not been accounted as an expense or income by the Company.

### Restricted Stock Unit Plan-2010 ("RSU Plan-2010")

Effective 1 August 2010, the Company instituted the Restricted Stock Unit Plan-2010. The Board and the shareholders of the Company approved RSU Plan-2010 on 29 June 2010 and 17 August 2010 respectively. The RSU Plan-2010 provides for the issue of restricted options to certain employees of the Company and its subsidiaries.

The RSU Plan-2010 is administered by the Mphasis Employees Benefit Trust which was created for this purpose. Each option, granted under the RSU Plan-2010, entitles the holder thereof with an option to apply for and be issued one equity share of the Company at an exercise price of ₹ 10.00 per share. The equity shares covered under these options vest over a period ranging from twelve to twenty-four months from the date of grant. The exercise period is one to three years from the date of vesting.

## Notes to the Financial Statements for the year ended 31 March 2016

The movements in the options under the RSU Plan -2010 for the year ended 31 March 2016 and 31 March 2015 are set out below:

	Year ended 31 March 2016		Year ended 31 March 2015	
	No. of Options	Weighted Average Exercise Price (₹)	No. of Options	Weighted Average Exercise Price (₹)
Options outstanding at the beginning	5,050	10.00	37,300	10.00
Granted	-	-	-	-
Forfeited	-	-	-	-
Lapsed	975	10.00	5,575	10.00
Exercised	4,075	10.00	26,675	10.00
Options outstanding at the end	-	-	5,050	10.00
Exercisable at the end	-	-	5,050	10.00

The weighted average share price as at the date of exercise of stock options was ₹ 445.76 (31 March 2015: ₹ 408.99). The options outstanding as at 31 March 2016 had an exercise price of ₹ 10.00 (31 March 2015: ₹ 10.00) and the weighted average remaining contractual life of Nil years (31 March 2015: 0.92 years).

Total Employee Compensation Cost pertaining to RSU Plan - 2010 during the year ended 31 March 2016 is ₹ Nil (31 March 2015: ₹ (0.39) millions), net of cross charge to subsidiary companies.

### Restricted Stock Unit Plan-2014 ("RSU Plan-2014")

Effective 20 October 2014, the Company instituted the Restricted Stock Unit Plan-2014. The Board and the shareholders of the Company approved RSU Plan-2014 on 14 May 2014. The RSU Plan-2014 provides for the issue of restricted options to certain employees of the Company and its subsidiaries.

The RSU Plan-2014 is administered by the Mphasis Employees Benefit Trust. Each option, granted under the RSU Plan-2014, entitles the holder thereof with an option to apply for and be issued one equity share of the Company at an exercise price of ₹ 10.00 per share. The equity shares covered under these options vest over a period ranging from twelve to thirty-six months from the date of grant. The exercise period is three years from the date of vesting.

The movements in the options under the RSU Plan -2014 for the year ended 31 March 2016 and 31 March 2015 are set out below:

	Year ended 31 March 2016		Year ended 31 March 2015	
	No. of Options	Weighted Average Exercise Price (₹)	No. of Options	Weighted Average Exercise Price (₹)
Options outstanding at the beginning	445,750	10.00	-	-
Granted	-	-	470,000	10.00
Forfeited	77,016	10.00	24,250	10.00
Lapsed	-	-	-	-
Exercised	40,094	10.00	-	-
Options outstanding at the end	328,640	10.00	445,750	10.00
Exercisable at the end	72,202	10.00	-	-

The weighted average share price as at the date of exercise of stock option was ₹ 475.20 (31 March 2015: ₹ Nil). The options outstanding on 31 March 2016 has an exercise price of ₹ 10.00 (31 March 2015: ₹ 10.00) and the weighted average remaining contractual life of 3.68 years (31 March 2015: 4.57 years).

Total Employee Compensation Cost pertaining to RSU Plan-2014 during the year is ₹ 30.29 millions (31 March 2015: ₹ 29.62 millions), net of cross charge to subsidiary companies.

# Notes to the Financial Statements for the year ended 31 March 2016

## Restricted Stock Unit Plan-2015 ('RSU Plan-2015')

Effective 29 July 2015, the Company instituted the Restricted Stock Unit Plan-2015. The Board and the shareholders of the Company approved RSU Plan-2015 on 09 September 2015. The RSU Plan-2015 provides for the issue of restricted options to employees and directors of the Company and its subsidiaries.

The RSU Plan-2015 is administered by the Mphasis Employees Benefit Trust. Each option, granted under the RSU Plan-2015, entitles the holder thereof with an option to apply for and be issued one equity share of the Company at an exercise price of ₹ 10.00 per share. The equity shares covered under these options vest over a period ranging from twelve to thirty-six months from the date of grant. The exercise period is three years from the date of vesting.

The movements in the options under the RSU Plan-2015 for the year ended 31 March 2016 is set out below:

	Year ended 31 March 2016	
	No. of Options	Weighted Average Exercise Price (₹)
Options outstanding at the beginning	-	-
Granted	440,550	10.00
Forfeited	17,500	10.00
Lapsed	-	-
Exercised	-	-
Options outstanding at the end	423,050	10.00
Exercisable at the end	-	-

The options outstanding on 31 March 2016 has an exercise price of ₹ 10.00 and the weighted average remaining contractual life of 4.63 years.

The weighted average fair value of stock options granted during the year was ₹ 435.22. The Black-Scholes valuation model has been used for computing the weighted average fair value considering the following inputs:

	31 March 2016
Weighted average share price on the date of grant (₹)	479.75
Exercise Price (₹)	10.00
Expected Volatility*	30.81%
Life of the options granted in years	1 -3 Years
Average risk-free interest rate	7.76%
Expected dividend rate	3.94%

\* The expected volatility was determined based on historical volatility data.

Total Employee Compensation Cost pertaining to RSU Plan-2015 during the year is ₹ 26.92 millions, net of cross charge to subsidiary companies.

The Company has advanced an amount of ₹ 158.27 millions (31 March 2015: ₹ 127.71 millions) to the Mphasis Employees Benefit Trust. The shares held by Mphasis Employee Benefit Trust will be used for allotment of shares to employees against exercise of outstanding RSU 2015 and ESOP 2012 plan options and in case of any short fall on the date of exercise, will be allotted by the Company.

(₹ millions)

	31 March 2016	31 March 2015
<b>5. SHORT TERM BORROWING</b>		
Post-shipment loan in foreign currency from bank (unsecured)	1,325.10	1,250.00
	<b>1,325.10</b>	<b>1,250.00</b>

Post-shipment loan carries interest @ LIBOR plus 0.30% p.a. (31 March 2015: LIBOR plus 0.45% p.a). The loan is repayable after 3 months from date of loan.



## Notes to the Financial Statements for the year ended 31 March 2016

(₹ millions)

	Non Current		Current	
	31 March 2016	31 March 2015	31 March 2016	31 March 2015
<b>6. TRADE PAYABLES</b>				
Trade payables				
Total outstanding dues of micro and small enterprises	-	-	6.71	11.49
Total outstanding dues of creditors other than micro and small enterprises	-	-	3,577.58	3,154.62
	-	-	<b>3,584.29</b>	<b>3,166.11</b>

The Company has amounts due to Micro and Small Enterprises under The Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act) as at 31 March 2016 and 31 March 2015. The details in respect of such dues are as follows:

Particulars	31 March 2016	31 March 2015
The principal amount remaining unpaid to any supplier	6.71	11.49
The amount of interest due and remaining unpaid to any supplier.	14.97	12.16
The amount of interest paid by the Company along with the amount of the payments made to the supplier beyond the appointed day.	Nil	Nil
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year).	1.75	0.74
The amount of interest accrued and remaining unpaid at the end of the year.	Nil	Nil
The amount of further interest remaining due and payable for the earlier years.	12.16	9.09

	Non Current		Current	
	31 March 2016	31 March 2015	31 March 2016	31 March 2015
<b>7. OTHER LIABILITIES</b>				
Advances from clients	-	-	3.68	1.72
Unearned revenue	-	-	77.23	8.98
Statutory dues	-	-	218.68	153.89
Capital creditors	-	-	43.77	25.48
Other payables	11.30	10.39	151.97	68.61
Dues to subsidiaries	-	-	47.75	263.85
Salary related costs	-	15.65	1,224.28	1,283.79
Unpaid dividend *	-	-	7.71	6.97
	<b>11.30</b>	<b>26.04</b>	<b>1,775.07</b>	<b>1,813.29</b>

\* Investor Protection and Education Fund shall be credited for unclaimed dividend amounts when due.

	Non Current		Current	
	31 March 2016	31 March 2015	31 March 2016	31 March 2015
<b>8. PROVISIONS</b>				
<b>Provision for employee benefits</b>				
Provision for gratuity [refer note 35(a)]	605.47	535.35	200.00	50.00
Provision for employee compensated absences	-	-	116.19	138.28
	<b>605.47</b>	<b>535.35</b>	<b>316.19</b>	<b>188.28</b>
<b>Other provisions</b>				
Proposed equity dividend	-	-	-	3,362.25
Provision for tax on proposed equity dividend	-	-	-	684.49
Provision for taxation	-	-	106.11	247.49
Provision for foreseeable loss on long-term contract (refer note 37)	144.25	-	339.41	-
Provision for mark to market loss on derivative contracts	-	-	3.77	10.47
	<b>144.25</b>	<b>-</b>	<b>449.29</b>	<b>4,304.70</b>
	<b>749.72</b>	<b>535.35</b>	<b>765.48</b>	<b>4,492.98</b>

## Notes to the Financial Statements for the year ended 31 March 2016

### 9. TANGIBLE AND INTANGIBLE ASSETS

	(₹ millions)									
	Tangible Assets					Intangible Assets				
	Freehold Land	Plant and equipment	Computer equipment	Servers and Networks	Office equipment	Furniture and fixtures	Vehicles	Leasehold improvements	Total of Tangible Assets	Total of Intangible Assets
<b>Cost</b>										
<b>At 1 April 2014</b>	27.38	1,080.87	1,717.90	-	946.16	468.16	123.45	1,288.17	5,652.09	370.55
Additions	-	12.15	96.56	50.36	19.14	4.91	33.09	14.06	230.27	-
Disposals	(27.38)	(121.19)	(58.86)	(59.12)	(49.30)	(37.25)	(33.91)	(118.10)	(505.11)	(7.85)
Reclassification	-	(217.48)	(430.92)	659.75	(11.35)	-	-	-	-	-
Acquired on merger	-	62.32	7.05	-	2.43	2.48	-	7.07	81.35	-
<b>At 31 March 2015</b>	-	<b>816.67</b>	<b>1,331.73</b>	<b>650.99</b>	<b>907.08</b>	<b>438.30</b>	<b>122.63</b>	<b>1,191.20</b>	<b>5,458.60</b>	<b>434.53</b>
Additions	-	11.14	108.70	79.61	15.38	4.40	26.75	0.15	246.13	-
Disposals**	-	(102.11)	(196.28)	(86.97)	(42.08)	(38.22)	(50.49)	(169.75)	(685.90)	(106.39)
<b>At 31 March 2016</b>	-	<b>725.70</b>	<b>1,244.15</b>	<b>643.63</b>	<b>880.38</b>	<b>404.48</b>	<b>98.89</b>	<b>1,021.60</b>	<b>5,018.83</b>	<b>382.55</b>
<b>Depreciation</b>										
<b>At 1 April 2014</b>	-	897.87	1,584.33	-	917.93	434.25	51.70	1,128.88	5,014.96	250.18
Charge for the year	-	18.01	59.79	42.10	10.26	15.14	24.43	89.23	258.96	-
Disposals	-	(120.96)	(57.66)	(53.98)	(49.08)	(37.12)	(20.00)	(118.06)	(456.86)	(7.85)
Reclassification	-	(104.90)	(393.34)	506.34	(8.10)	-	-	-	-	-
Depreciation charged to reserves	-	-	0.76	-	-	-	-	-	0.76	-
Acquired on merger	-	57.69	5.97	-	2.22	2.44	-	7.00	75.32	-
<b>At 31 March 2015</b>	-	<b>747.71</b>	<b>1,199.85</b>	<b>494.46</b>	<b>873.23</b>	<b>414.71</b>	<b>56.13</b>	<b>1,107.05</b>	<b>4,893.14</b>	<b>358.36</b>
Charge for the year*	-	14.90	72.87	74.17	11.10	10.63	21.34	44.02	249.03	-
Disposals**	-	(84.25)	(178.90)	(57.62)	(35.74)	(34.27)	(29.31)	(137.48)	(557.57)	(103.52)
<b>At 31 March 2016</b>	-	<b>678.36</b>	<b>1,093.82</b>	<b>511.01</b>	<b>848.59</b>	<b>391.07</b>	<b>48.16</b>	<b>1,013.59</b>	<b>4,584.60</b>	<b>322.04</b>
<b>Net block</b>										
<b>At 31 March 2015</b>	-	<b>68.96</b>	<b>131.88</b>	<b>156.53</b>	<b>33.85</b>	<b>23.59</b>	<b>66.50</b>	<b>84.15</b>	<b>565.46</b>	<b>76.17</b>
<b>At 31 March 2016</b>	-	<b>47.34</b>	<b>150.33</b>	<b>132.62</b>	<b>31.79</b>	<b>13.41</b>	<b>50.73</b>	<b>8.01</b>	<b>434.23</b>	<b>60.51</b>

\* Depreciation amounting to ₹ 28.62 millions has been adjusted against provision created for sale/exit of domestic BPO business.

\*\* Disposals include assets transferred on account of sale of domestic BPO business gross block and accumulated depreciation amounting to ₹ 371.50 millions ₹ 267.58 millions respectively.

## Notes to the Financial Statements for the year ended 31 March 2016

(₹ millions)

	31 March 2016	31 March 2015
<b>10. NON-CURRENT INVESTMENTS</b>		
<b>Long Term - Trade (Unquoted), at cost</b>		
<b>In subsidiaries *</b>		
Mphasis Corporation	3,724.44	3,724.45
3,187 (31 March 2015: 3,187) shares of common stock of US \$ 0.01 each fully paid-up		
Mphasis Australia Pty Limited	0.05	0.05
2,000 (31 March 2015: 2,000) shares of common stock of Australian \$ 1 each fully paid-up		
Mphasis Deutschland GmbH	2.52	2.52
Nominal capital 91,000 Deutsche Mark (31 March 2015: 91,000 Deutsche Mark)		
Less: Provision for diminution in value of investment	(2.52)	(2.52)
Mphasis (Shanghai) Software & Services Company Limited	105.35	105.35
100% (31 March 2015: 100%) equity interest		
Mphasis Consulting Limited	685.65	685.65
7,953,393 (31 March 2015: 7,953,393) ordinary shares of £ 0.002 each fully paid-up		
Mphasis Ireland Limited	0.59	0.59
10,000 (31 March 2015: 10,000) shares of common stock of € 1 each fully paid-up		
Mphasis Belgium BVBA	0.39	0.39
62 (31 March 2015: 62) shares of common stock of € 100 each fully paid up		
Mphasis Lanka Private Limited	55.78	55.78
1,095,584 (31 March 2015: 1,095,584) shares of common stock of LKR 112.10 each fully paid up		
Less: Provision for diminution in value of investment (refer note 40)	(55.78)	(55.78)
PT Mphasis Indonesia	4.38	4.38
99,000 (31 March 2015: 99,000) shares of common stock of US \$ 1 each fully paid-up		
Mphasis Poland s.p.z.o.o.	2.07	2.07
200 (31 March 2015: 200) equity shares of 500 PLN each fully paid-up		
<b>In fellow subsidiaries</b>		
Mphasis Europe BV	9,647.64	9,647.64
3,381,654 (31 March 2015: 3,381,654 ) shares of common stock of € 1 each fully paid-up		
	<b>14,170.56</b>	<b>14,170.57</b>
<b>Non-trade Investments, at cost</b>		
<b>Unquoted mutual funds</b>		
Birla Sun Life Dynamic Bond Fund - Retail Plan- Monthly Dividend Reinvestment	1,238.01	1,238.01
118,344,866 units at ₹ 10.4610 (31 March 2015: 118,344,866 units at ₹ 10.4610)		
<b>Unquoted bonds</b>		
7.11% Power Finance Corporation Ltd.	25.67	-
25,670 units at ₹ 1,000 (31 March 2015: Nil units)		
7.21% Power Finance Corporation Ltd.	100.00	-
100 units at ₹ 1,000,000 (31 March 2015: Nil units)		
7.19% India Infrastructure Finance Company Limited	929.50	-
929,500 units at ₹ 1,000 (31 March 2015: Nil units)		
7.21% India Infrastructure Finance Company Limited	100.00	-
100 units at ₹ 1,000,000 (31 March 2015: Nil units)		
8.10% Housing and Urban Development Corporation	50.00	-
50,000 units at ₹ 1,000 (31 March 2015: Nil units)		
7.34% Housing and Urban Development Corporation	50.00	-
50,000 units at ₹ 1,000 (31 March 2015: Nil units)		
	<b>2,493.18</b>	<b>1,238.01</b>
	<b>16,663.74</b>	<b>15,408.58</b>

\* Aggregate provision for diminution in value of investment.

58.30

58.30

# Notes to the Financial Statements for the year ended 31 March 2016

(₹ millions)

	31 March 2016	31 March 2015
<b>11. DEFERRED TAX ASSETS (NET)</b>		
Depreciation and amortization expense: Difference between tax depreciation and depreciation / amortization as per statement of profit and loss	489.57	459.47
Provision for doubtful debts and advances	203.53	202.60
Provision for employee benefits	392.11	308.96
Provision for loss on long-term contract	167.38	-
Deferred tax liability on rent equalisation reserve	(502.31)	(403.83)
Others	36.18	34.41
	<b>786.46</b>	<b>601.61</b>

	Non Current		Current	
	31 March 2016	31 March 2015	31 March 2016	31 March 2015
<b>12. LOANS AND ADVANCES</b>				
<b>Unsecured-considered good</b>				
Capital advances	385.88	114.05	-	-
Security deposit				
- Premises	581.05	587.41	33.45	23.57
- With government authorities	7.31	8.31	-	-
- Others	1,124.58	1,112.73	6.05	6.15
Loans to employees	-	-	0.22	0.16
Advance to ESOP trust (refer note 42)	-	-	158.27	127.71
Advances recoverable in cash or kind				
- Prepaid expenses	24.69	27.49	330.65	383.95
- Employee advances	-	-	61.49	49.92
- Advance to supplier / others	-	-	442.23	382.20
Balance with statutory / government authorities*	1,053.78	1,169.67	317.44	472.73
Advance income-tax (net of provision for taxation)	2,780.92	2,398.84	-	-
MAT Credit entitlement **	-	453.46	212.28	231.84
Recoverable from subsidiaries	-	-	965.29	956.71
	<b>5,958.21</b>	<b>5,871.96</b>	<b>2,527.37</b>	<b>2,634.94</b>

\* Balances with statutory/government authorities include service tax input credit receivable (net) ₹ 1,362.24 millions (31 March 2015: ₹ 1,640.02 millions). Based on legal opinion obtained by the Company, service tax liability on imported services under "Import of Services Rules" have been discharged using accumulated balance available in CENVAT Credit Account for the period 01 December 2010 to 31 March 2011. Effective 1 April 2011 such position is reversed and service tax liability on select imported services under "Import of Services Rules" have been discharged in cash. Further, the Company has obtained legal opinions in support of its position on non-applicability of Sec 66A of the Finance Act 1994 read with 'Import of Services Rules' on onsite services provided by foreign vendors (including group companies).

The management, per the legal opinion, is confident that the legal positions taken by the Company are tenable and defensible under law.

\*\* net of MAT credit utilisation of ₹ 473.02 millions (31 March 2015: ₹ 276.88 millions).

## Notes to the Financial Statements for the year ended 31 March 2016

(₹ millions)

	Non Current		Current	
	31 March 2016	31 March 2015	31 March 2016	31 March 2015
<b>13. OTHER ASSETS</b>				
<b>Unsecured - considered good</b>				
Non-current bank balances (refer note 17)	109.17	0.10	-	-
Unbilled revenue	-	-	2,393.87	2,107.91
Accrued interest	-	-	68.30	98.03
Rent equalisation reserve	928.92	1,051.50	511.36	94.38
Restatement of forward cover	-	-	57.62	52.99
Mark to market gains on forward cover	-	-	358.18	257.81
Expense incurred on behalf of customers	-	-	10.05	30.41
	<b>1,038.09</b>	<b>1,051.60</b>	<b>3,399.38</b>	<b>2,641.53</b>

	31 March 2016	31 March 2015
<b>14. CURRENT INVESTMENTS*</b>		
<b>Unquoted mutual funds</b>		
Birla Sun Life Cash Plus -Daily Dividend -Direct plan Reinvestment 1,537,972 units at ₹ 100.1950 (31 March 2015: Nil Units)	154.10	-
IDFC Cash Fund - Daily Dividend - Direct Plan 785,565 units at ₹ 1,000.6868 (31 March 2015: Nil Units)	786.10	-
L&T Ultra short term Fund - Daily Dividend Reinvestment 96,981,266 units at ₹ 10.3495 (31 March 2015: Nil Units)	1,003.71	-
Kotak Floater Short Term - Direct Plan - Daily Dividend Reinvestment 1,001,959 units at ₹ 1,011.6200 (31 March 2015: Nil Units)	1,013.60	-
IDFC Banking Debt Fund 103,050,115 units at ₹ 10.0302 (31 March 2015: Nil Units)	1,033.61	-
ICICI Prudential Liquid - Direct Plan Daily Dividend 37,447,085 units at ₹ 100.0565 (31 March 2015: 5,260,008 units at ₹ 100.0565)	3,746.82	526.30
L&T Liquid Fund - Direct Plan - Daily Dividend Reinvestment 1,299,463 units at ₹ 1,012.1733 (31 March 2015: 398,880 units at ₹ 1,012.0499)	1,315.28	403.69
Reliance Liquid Fund - Treasury Plan Direct plan - Daily Dividend Reinvestment 703,768 units at ₹ 1,528.7400 (31 March 2015: 217,800 units at ₹ 1,528.7400)	1,075.88	332.96
Birla Sun Life Savings Fund - Retail - Daily Dividend Nil units (31 March 2015: 21,956,082 units at ₹ 100.2972)	-	2,202.13
Birla Fixed Term Plan - Series KX Nil units (31 March 2015: 20,000,000 units at ₹ 10.0000)	-	200.00
IDFC Fixed Term Plan Series 86 Direct Plan Nil units (31 March 2015: 20,000,000 units at ₹ 10.0000)	-	200.00
IDFC Money Manager Fund - Treasury Plan Nil units (31 March 2015: 75,171,893 units at ₹ 10.0676)	-	756.80
JPMorgan India Liquid Fund - Direct - DDR Nil units (31 March 2015: 52,913,078 units at ₹ 10.0101)	-	529.67
ICICI Prudential FMP Series 73 Nil units (31 March 2015: 20,000,000 units at ₹ 10.0000)	-	200.00
Reliance Yearly Interval Fund - Series 6 Nil units (31 March 2015: 32,150,501 units at ₹ 10.8863)	-	350.00
Reliance Yearly Interval Fund - Series 9 Nil units (31 March 2015: 13,796,656 units at ₹ 10.8722)	-	150.00
Reliance Liquid Fund - Cash Plan - Direct Plan Nil units (31 March 2015: 225,893 units at ₹ 1,114.1500)	-	251.68
Reliance Qrtly Interval fund - Series II - Direct Dividend Nil units (31 March 2015: 39,944,876 units at ₹ 10.0138)	-	400.00

(contd..)

# Notes to the Financial Statements for the year ended 31 March 2016

(₹ millions)

	31 March 2016	31 March 2015
<b>14. CURRENT INVESTMENTS* (Contd...)</b>		
Religare Invesco Credit Opportunities Fund - Direct Plan Daily Dividend	-	511.22
Nil units (31 March 2015: 511,074 units at ₹ 1,000.2900)		
IDFC Money Manager Fund - Invest Plan	-	540.29
Nil units (31 March 2015: 53,744,895 units at ₹ 10.0528)		
<b>Unquoted Debentures</b>		
Citicorp Finance (India) Ltd.	2,450.00	-
24,500 units at ₹ 100,000 (31 March 2015: Nil units)		
	<b>12,579.10</b>	<b>7,554.74</b>

\* Valued at lower of cost and fair value.

	31 March 2016	31 March 2015
<b>15. INVENTORIES (Valued at lower of cost and net realizable value)</b>		
Traded goods (refer note 20)	40.99	-
	<b>40.99</b>	<b>-</b>

	Non Current		Current	
	31 March 2016	31 March 2015	31 March 2016	31 March 2015
<b>16. TRADE RECEIVABLES</b>				
Unsecured considered good	40.41	53.82	-	-
Doubtful	588.11	585.41	-	-
Less: Provision for doubtful receivables	(588.11)	(585.41)	-	-
	<b>40.41</b>	<b>53.82</b>	<b>-</b>	<b>-</b>
Outstanding for a period exceeding six months from the date they are due for payment, unsecured				
- Considered good	-	-	-	-
Other receivables				
- Considered good	-	-	5,012.88	4,774.30
	<b>-</b>	<b>-</b>	<b>5,012.88</b>	<b>4,774.30</b>
	<b>40.41</b>	<b>53.82</b>	<b>5,012.88</b>	<b>4,774.30</b>

	Non Current		Current	
	31 March 2016	31 March 2015	31 March 2016	31 March 2015
<b>17. CASH AND BANK BALANCES</b>				
<b>Cash and cash equivalents</b>				
Cash on hand	-	-	-	-
<i>Balances with banks:</i>				
- On current accounts	-	-	615.80	1,069.50
- Deposits with original maturity less than 3 months	-	-	682.46	816.08
- Unclaimed dividend	-	-	7.71	6.97
	<b>-</b>	<b>-</b>	<b>1,305.97</b>	<b>1,892.55</b>
<b>Other bank balances*</b>				
- Deposits with remaining maturity for more than 12 months	109.17	0.10	-	-
- Deposits with remaining maturity for less than 12 months	-	-	3,627.53	8,641.08
	<b>109.17</b>	<b>0.10</b>	<b>3,627.53</b>	<b>8,641.08</b>
Amount disclosed under non-current assets (refer note 13)	(109.17)	(0.10)	-	-
	<b>-</b>	<b>-</b>	<b>3,627.53</b>	<b>8,641.08</b>
	<b>-</b>	<b>-</b>	<b>4,933.50</b>	<b>10,533.63</b>

\* Includes restricted deposits of ₹ 109.27 millions as at 31 March 2016 (31 March 2015: ₹ 86.42 millions).

## Notes to the Financial Statements for the year ended 31 March 2016

(₹ millions)

	Year ended 31 March 2016	Year ended 31 March 2015	
<b>18. REVENUE FROM OPERATIONS</b>			
Sale of services	28,720.42	30,173.62	
Sale of traded goods	408.52	-	
Profit on cashflow hedges	137.69	90.84	
	<b>29,266.63</b>	<b>30,264.46</b>	
<b>18.1 Details of services rendered:</b>			
Application maintenance & other services	11,728.12	10,209.25	
Application development	5,822.52	5,878.03	
Infrastructure management services	6,959.28	9,209.54	
Others	4,210.50	4,876.80	
	<b>28,720.42</b>	<b>30,173.62</b>	
<b>18.2 Details of traded goods sold:</b>			
Cash deposit machine and UPS	408.52	-	
	<b>408.52</b>	<b>-</b>	
<b>19. OTHER INCOME</b>			
Interest income on			
Bank deposits	565.29	517.10	
Long term bonds	37.49	-	
Others	-	0.02	
Dividend income on investments	448.81	516.17	
Profit on sale of investments	287.94	143.25	
Foreign exchange gain, (net)	209.78	303.34	
Profit on sale of fixed assets, (net)	10.75	84.85	
Miscellaneous income	12.89	4.65	
Sublease income	50.49	52.03	
	<b>1,623.44</b>	<b>1,621.41</b>	
<b>20. PURCHASE OF TRADED GOODS</b>			
Cash deposit machine and UPS	421.57	-	
	<b>421.57</b>	<b>-</b>	
<b>Details of inventory</b>			
<b>Traded goods</b>			
Cash deposit machine and UPS	40.99	-	
	<b>40.99</b>	<b>-</b>	
	Year ended 31 March 2016	Year ended 31 March 2015	(Increase) / decrease
<b>20.1 (INCREASE) / DECREASE IN INVENTORIES OF TRADED GOODS</b>			
<b>Inventories at the end of the year</b>			
Traded goods	40.99	-	(40.99)
	<b>40.99</b>	<b>-</b>	<b>(40.99)</b>
<b>Inventories at the beginning of the year</b>			
Traded goods	-	-	-
	-	-	-
	<b>(40.99)</b>	<b>-</b>	<b>-</b>



## Notes to the Financial Statements for the year ended 31 March 2016

(₹ millions)

	Year ended 31 March 2016	Year ended 31 March 2015
<b>21. EMPLOYEE BENEFITS EXPENSE</b>		
Salaries and bonus	12,647.07	13,369.50
Contribution to provident and other funds	536.73	572.61
Employee stock option compensation cost (net)	55.34	25.18
Gratuity expense (refer note 35(a))	225.62	167.07
Staff welfare expenses	530.11	423.53
	<b>13,994.87</b>	<b>14,557.89</b>
<b>22. FINANCE COST</b>		
Interest	17.28	14.18
Exchange difference to the extent considered as an adjustment to borrowing costs	46.99	45.03
	<b>64.27</b>	<b>59.21</b>
<b>23. OTHER EXPENSES*</b>		
Travel	491.66	539.76
Recruitment expenses	138.92	181.41
Communication expenses (net of reversal)	213.31	(59.76)
Rent	2,160.90	2,134.44
Professional charges	943.32	916.46
Payment to auditor (refer details below)	18.45	14.79
Provision for doubtful debts	2.70	210.44
Software development expenses	3,335.82	3,767.31
Power and fuel	491.53	488.05
Selling commission	69.79	165.55
Software support & annual maintenance charges	668.19	395.45
Insurance	85.44	79.94
Rates & taxes (net of refund)	41.28	(60.74)
Repairs & maintenance		
- Plant & machinery	3.18	3.52
- Building	19.70	7.75
- Others	4.42	0.01
Corporate Social Responsibility expense (refer note 46)	126.70	21.88
Miscellaneous expenses	836.29	814.69
	<b>9,651.60</b>	<b>9,620.95</b>

\* net of reversal of certain provisions which are no longer required amounts to ₹ Nil (31 March 2015: ₹ 660.88 millions).

<b>Payment to Auditor *</b>		
As auditor:		
Statutory audit fee	13.54	11.08
Tax audit fee	-	1.82
Other services (certification fees)	3.92	1.77
Reimbursement of expenses	0.99	0.12
	<b>18.45</b>	<b>14.79</b>

\* excluding service tax.

## Notes to the Financial Statements for the year ended 31 March 2016

(₹ millions)

	Year ended 31 March 2016	Year ended 31 March 2015
<b>24. EXCEPTIONAL ITEM (NET OF TAX)</b>		
Expected loss on proposed sale of domestic BPO business (refer note 43)	12.40	-
Expected loss on exit from other domestic BPO business (refer note 44)	92.04	-
Provision for loss on long-term contract (refer note 37)	316.28	-
	<b>420.72</b>	-

- 25.** The Company's software development centres in India include 100% Export Oriented ('EOU'), Special Economic Zone ('SEZ') under Special Economic Zone Ordinance and Software Technology Park ('STP') Units under the Software Technology Park guidelines issued by the Government of India. They are exempted from customs and central excise duties and levies on imported and indigenous capital goods and stores and spares.

The Company has executed legal undertakings to pay customs duty, central excise duty, levies and liquidated damages, if any, in respect of imported and indigenous capital goods and stores and spares consumed duty free, in the event that certain terms and conditions are not fulfilled.

**26. Contingent liabilities and commitments**

- (a) The Company has received assessment orders for the financial years ended 31 March 2005, 31 March 2007, 31 March 2008, 31 March 2009, 31 March 2010, 31 March 2011 and 31 March 2012 wherein certain adjustments in respect of transfer pricing under Section 92CA of the Income Tax Act, 1961 have been made to the taxable income and demand orders for ₹ 1,637.11 millions (31 March 2015: ₹ 1,802.44 millions) have been raised on the Company. The above demands are disputed by the management and the Company has filed appeals against the aforesaid orders with appellate authorities. The management is of the view that the prices determined by it are at arm's length and is confident that the demands raised by the assessing officer are not tenable under law. Pending outcome of the aforesaid matters under litigation, no provision has been made in the books of account for the above mentioned tax demands.

Other claims against the Company not acknowledged as debts amount to ₹ 5,532.55 millions (31 March 2015: ₹ 1,692.91 millions) net of bank guarantees aggregating to ₹ 6,661.95 millions (31 March 2015: ₹ 4,841.14 millions). The management, basis internal evaluation and legal opinion is of the view that these demands are not tenable.

- (b) Other outstanding bank guarantees as at 31 March 2016: ₹ 703.84 millions (31 March 2015: ₹ 676.72 millions); including those furnished on account of jointly controlled operations ₹ 99.35 millions (31 March 2015: ₹ 99.35 millions) and customs authorities aggregating to ₹ 47.82 millions (31 March 2015: ₹ 51.89 millions).
- (c) Estimated amount of contracts remaining to be executed on capital account (net of advances) and not provided for as at 31 March 2016: ₹ 68.15 millions (31 March 2015: ₹ 304.60 millions).
- (d) The Company has received claims from certain customers / vendors. Management is of the view that these claims are not tenable and is taking appropriate action in this regard. It is not practical for the Company to estimate the amounts.
- (e) Forward contracts outstanding against receivables / highly probable forecast transactions as at 31 March 2016 and 31 March 2015 are as below:

Currency	31 March 2016		31 March 2015	
	Amount (millions)	Amount in ₹ (millions)	Amount (millions)	Amount in ₹ (millions)
USD	228.41	15,133.57	199.61	12,475.63
GBP	19.40	1,852.35	13.11	1,212.28
CAD	0.64	32.53	1.02	50.01
AUD	8.10	413.03	5.22	248.13
EUR	5.84	440.61	16.51	1,109.31

# Notes to the Financial Statements for the year ended 31 March 2016

Forward contracts outstanding against payables as at 31 March 2016 and 31 March 2015 are as below:

Currency	31 March 2016		31 March 2015	
	Amount (millions)	Amount in ₹ (millions)	Amount (millions)	Amount in ₹ (millions)
USD	20.00	1,325.10	20.00	1,250.00
SGD	1.38	68.01	2.84	129.15

The foreign exchange exposure of the Company has been hedged by forward contracts disclosed above.

Unamortised premium as at 31 March 2016 on forward exchange contracts to hedge the foreign currency risk of the underlying outstanding at the balance sheet date is ₹ 48.36 millions (31 March 2015: ₹ 36.74 millions). Net foreign currency exposure of the Company that is not hedged by a derivative instrument or otherwise as at 31 March 2016: ₹ 16,744.68 millions (31 March 2015: ₹ 13,594.38 millions).

- (f) The Company has issued performance guarantees on behalf of its subsidiaries for any future liabilities which may arise out of contracts and to certain clients for executed contracts. It is not practical for the Company to estimate the amounts.
- (g) The Company has extended comfort letters to provide continued financial support to some of its subsidiaries to ensure that these entities operate on going concern basis and are able to meet their debts and liabilities as they fall due.

## 27. Operating Leases

- (a) The Company is obligated under non-cancellable leases for equipment, office and residential space that are renewable on a periodic basis at the option of the lessor and lessee. The total rental expenses under non-cancellable operating leases amounted to ₹ 831.88 millions for the year ended 31 March 2016 (31 March 2015: ₹ 710.52 millions).

Future minimum lease payments under non-cancellable operating lease as at 31 March 2016 are as follows:

	(₹ millions)	
	31 March 2016	31 March 2015
Not later than 1 year	225.73	1,079.91
Later than 1 year and not later than 5 years	139.22	338.76
More than 5 years	-	-
	<b>364.95</b>	<b>1,418.67</b>

The Company has also occupied office facilities and residential facilities under cancellable operating lease agreements. The Company intends to renew such leases in the normal course of its business. Total rental expense under cancellable operating leases was ₹ 1,329.02 millions for the year ended 31 March 2016 (31 March 2015: ₹ 1,423.92 millions).

Office premises are obtained on operating lease for terms ranging from 1-7 years and are renewable at the option of the Company/lessor.

- (b) The Company has also subleased office space under cancellable operating lease agreements. The total sub lease rental income under cancellable operating leases amounted to ₹ 50.49 millions for the year ended 31 March 2016 (31 March 2015: ₹ 52.03 millions).

## Notes to the Financial Statements for the year ended 31 March 2016

### 28. Related Party Transactions

#### (a) Entities where control exists:

- Hewlett-Packard Enterprise Company w.e.f. 01 November 2015 (ultimate holding company) (up to 31 October 2015: Hewlett-Packard Company, USA)
- Hewlett Packard Barcelona BV, (100% subsidiary of Hewlett Packard Enterprise Company)\*
- Electronic Data Systems LLC, USA (formerly Electronic Data Systems Corporation, USA), (100% subsidiary of Hewlett Packard Eagle Corporation, USA)\*
- \* EDS Asia Pacific Holdings (formerly TH Holding, Mauritius), EDS World Corporation (Far East) LLC and EDS World Corporation (Netherlands) LLC, the subsidiaries of Hewlett Packard Barcelona BV hold 60.47% (31 March 2015: 60.49%) of the equity capital of the Company.

#### (b) The related parties where control exists also includes BFL Employees Equity Reward Trust, Kshema Employees Welfare Trust, Mphasis Employee Benefit Trust, Mphasis Provident Fund Trust (Refer note 35 (b) for information on transactions with Mphasis Provident Fund Trust) and the following subsidiaries:

- |                                                       |                                                                            |
|-------------------------------------------------------|----------------------------------------------------------------------------|
| ■ Mphasis Corporation ('Mphasis USA')                 | ■ Mphasis Deutschland GmbH ('Mphasis GmbH')                                |
| ■ Mphasis Australia Pty Limited ('Mphasis Australia') | ■ Mphasis (Shanghai) Software & Services Company Limited ('Mphasis China') |
| ■ Mphasis Consulting Limited ('Mphasis Consulting')   | ■ Mphasis Finsource Limited ('Mphasis Finsource')                          |
| ■ Mphasis Ireland Limited ('Mphasis Ireland')         | ■ Mphasis Belgium BVBA ('Mphasis Belgium')                                 |
| ■ Mphasis Lanka Private Limited ('Mphasis Lanka')     | ■ Mphasis Poland s.p.z.o.o                                                 |
| ■ PT. Mphasis Indonesia ('Mphasis Indonesia')         | ■ Mphasis Europe BV ('Mphasis Europe')                                     |
| ■ Mphasis Pte Limited ('Mphasis Singapore')           | ■ Mphasis Infrastructure Services Inc.                                     |
| ■ Mphasis UK Limited ('Mphasis UK')                   | ■ Msource (India) Private Limited ('Msource India')                        |
| ■ Mphasis Wyde Inc.                                   | ■ Mphasis Software and Services (India) Private Limited ('Mphasis India')  |
| ■ Wyde Corporation Inc.                               | ■ Msource Mauritius Inc. ('Msource Mauritius')                             |
| ■ Wyde Solutions Canada Inc.                          | ■ Mphasis Wyde SASU                                                        |
| ■ Mphasis Philippines Inc.                            | ■ Investor Services, LLC                                                   |
| ■ Wyde Tunisie SARL                                   | ■ Digital Risk Valuation Services, LLC                                     |
| ■ Digital Risk, LLC                                   | ■ Digital Risk Europe, OOD                                                 |
| ■ Digital Risk Mortgage Services, LLC                 | ■ Digital Risk Analytics, LLC                                              |
| ■ Digital Risk Compliance Services, LLC               |                                                                            |

#### (c) Key management personnel:

The key management personnel of the Company are as mentioned below:

- |                     |                                                                                                                                          |
|---------------------|------------------------------------------------------------------------------------------------------------------------------------------|
| ■ Balu Ganesh Ayyar | Chief Executive Officer                                                                                                                  |
| ■ A. Sivaram Nair   | Executive Vice President, Company Secretary General Counsel & Ethics Officer                                                             |
| ■ V. Suryanarayanan | Executive Vice President & Chief Financial ('CFO') - Appointed w.e.f. 01 August 2014 (interim CFO w.e.f. 04 June 2014 till 31 July 2014) |
| ■ Ganesh Murthy     | Executive Vice President & Chief Financial Officer Resigned w.e.f. 03 June 2014                                                          |

#### Non-executive/ independent directors on the Board of the Company

- |                         |                                                                      |
|-------------------------|----------------------------------------------------------------------|
| ■ Davinder Singh Brar   | Director - Non Executive Independent Director, Chairman of the Board |
| ■ James Mark Merritt    | Director - Vice Chairman of the Board                                |
| ■ Narayanan Kumar       | Director - Non Executive Independent Director                        |
| ■ Lakshmikanth K Ananth | Director                                                             |

(Contd...)

## Notes to the Financial Statements for the year ended 31 March 2016

■ Stefan Antonio Lutz	Director
■ Mary Teresa Hassett	Director - Appointed w.e.f. 9 September 2015
■ Jan Kathleen Hier	Non Executive Additional Independent Director – Appointed w.e.f. 9 September 2015
■ Jeff Thomas Ricci	Non Executive Additional Director – Appointed w.e.f. 11 December 2015
■ Shankar Maitra	Director - Resigned w.e.f. 26 October 2015
■ Friedrich Froeschl	Director - Non Executive Independent Director, Chairman of the Board – Resigned w.e.f. 26 October 2015
■ Chandrakant D Patel	Director – Resigned w.e.f. 30 September 2014

**(d) Direct or indirect subsidiaries of ultimate holding company with which transactions have taken place:**

■ Global E:Business Operations Private Ltd	■ Hewlett-Packard Multimedia SDN BHD
■ P.T. Hewlett-Packard Berca Servisindo	■ China Hewlett-Packard Ltd
■ Hewlett-Packard Sverige A.B.	■ Hewlett-Packard Nederland B.V.
■ Hewlett-Packard India Sales Private Limited *	■ Hewlett-Packard New Zealand
■ Hewlett Packard Servicios Espania, S.L.	■ Hewlett-Packard Norge AS
■ Hewlett-Packard (Canada) Co.	■ Hewlett-Packard OY
■ Hewlett-Packard (K) Limited Liability Partnership	■ Hewlett-Packard Pakistan (Private) Limited
■ Hewlett-Packard (Schweiz) GmbH	■ Hewlett-Packard Philippines Incorporation
■ Hewlett-Packard (Thailand) Limited	■ Hewlett-Packard Services Kuwait Company W.L.L
■ Hewlett-Packard ApS	■ Hewlett-Packard Singapore (Sales) Pte. Ltd
■ Hewlett-Packard Asia Pacific Pte Ltd	■ Hewlett-Packard Slovakia, s.r.o.
■ Hewlett-Packard Australia Pty Limited.	■ Hewlett-Packard UK Enterprise (1) Ltd.
■ Hewlett-Packard Belgium B.V.B.A/S.P.R.L	■ Hewlett-Packard State & Local Enterprise Services, Inc.
■ Hewlett-Packard Brasil Ltda.	■ Shanghai Hewlett-Packard Co, Ltd
■ Hewlett-Packard CDS Limited	■ Hewlett-Packard Technology (Shanghai) Co., Ltd *
■ Hewlett-Packard Enterprises LLC *	■ Hewlett-Packard Centre de Competence France SAS
■ Hewlett-Packard Financial Services (India) Private Ltd.	■ HP Enterprise Services (Hong Kong) Limited
■ Hewlett-Packard France SAS	■ HP Enterprise Services Australia Pty Ltd
■ HP PPS Singapore Sales Pte Ltd. *	■ HP Enterprise Services BPA Pty Ltd
■ Hewlett-Packard Galway Ltd	■ HP Enterprise Services Italia S.r.l
■ Hewlett-Packard Gesellschaft m.b.H	■ Hewlett-Packard Enterprise Services UK Limited
■ Hewlett-Packard Global Investments B.V *	■ HP Enterprise Services Energy Italia S.r.l
■ Hewlett-Packard Globalsoft Private Limited	■ HP Enterprise Services, LLC
■ Hewlett-Packard GmbH	■ HP Facilities Services (Malaysia) Sdn Bhd
■ Hewlett-Packard International Sa'rl	■ HP Financial Services (Australia) Pty Limited
■ Hewlett-Packard International Trade B.V.	■ HP Financial Services (New Zealand)
■ Hewlett-Packard Japan, Ltd.	■ Hewlett-Packard CDS GmbH
■ Hewlett-Packard de Mexico S. De R.L. De CV	■ Hewlett-Packard Ireland, Ltd. *
■ Hewlett-Packard Limited	■ Hewlett-Packard Nigeria Limited
■ Hewlett-Packard (India) Software Operation Private Limited	■ Hewlett Packard Enterprise Information Security UK Limited
■ HP Services (Singapore) Pte Ltd	■ Hewlett Packard Software, LLC
■ Hewlett-Packard Europe Finance Ltd	

\* Effective 1 November 2015, ceased to be related parties as these companies are no longer the subsidiaries of Hewlett-Packard Enterprise Company (ultimate holding company) and accordingly transactions up till 31 October 2015 have been disclosed as related party transactions.

## Notes to the Financial Statements for the year ended 31 March 2016

(e) The following is the summary of significant transactions with related parties by the Company:

(₹ millions)

	Year ended 31 March 2016	Year ended 31 March 2015
<b>Rendering of services - entities where control exists</b>	<b>6,735.57</b>	<b>5,283.43</b>
- Mphasis USA	4,563.50	3,417.64
- Hewlett-Packard Company, USA	130.66	247.11
- Hewlett Packard Enterprise Company	156.49	-
- Msource India	551.02	710.47
- Others	1,333.90	908.21
<b>Rendering of services - other related parties</b>	<b>8,533.56</b>	<b>12,377.12</b>
- HP Enterprises Services, LLC	5,503.20	7,585.93
- Hewlett-Packard Enterprise Services UK Limited	1,077.27	1,269.83
- Hewlett Packard Australia Pty Limited	855.51	936.86
- Others	1,097.58	2,584.50
<b>Purchase of fixed assets - entities where control exists</b>	<b>0.94</b>	<b>3.69</b>
- Msource India	0.82	3.69
- Others	0.12	-
<b>Purchase of fixed assets - other related parties</b>	<b>31.29</b>	<b>76.64</b>
- Hewlett-Packard Singapore (Sales) Pte. Limited	10.78	30.71
- Hewlett-Packard India Sales Private Limited	18.84	45.93
- Others	1.67	-
<b>Lease Rental (reversed) / incurred - other related parties</b>	<b>0.16</b>	<b>(1.57)</b>
- Hewlett-Packard Financial Services (India) Private Limited	0.16	(1.57)
<b>Sale of fixed assets - entities where control exists</b>	<b>0.19</b>	<b>4.52</b>
- Msource India	0.18	4.52
- Others	0.01	-
<b>Sale of fixed assets - other related parties</b>	<b>-</b>	<b>0.43</b>
- Hewlett Packard India Sales Private Limited	-	0.43
<b>Software development charges - entities where control exists</b>	<b>2,618.40</b>	<b>2,449.88</b>
- Mphasis USA	2,185.74	1,987.50
- Others	432.66	462.38
<b>Software development charges - other related parties</b>	<b>10.33</b>	<b>9.76</b>
- HP Services (Singapore) Pte Limited	10.33	9.76
<b>Software support and annual maintenance charges - other related parties</b>	<b>355.79</b>	<b>180.08</b>
- HP Services (Singapore) Pte Limited	340.55	147.83
- Others	15.24	32.25
<b>Communication charges (reversed) / incurred- other related parties</b>	<b>-</b>	<b>(275.08)</b>
- HP Services (Singapore) Pte Limited	-	(275.08)
<b>Commission charges - entities where control exists</b>	<b>69.79</b>	<b>165.55</b>
- Mphasis Consulting	14.72	26.12
- Mphasis Europe	18.85	29.97
- Mphasis Belgium	(2.26)	20.89
- Mphasis UK	36.69	77.31
- Others	1.79	11.26

## Notes to the Financial Statements for the year ended 31 March 2016

(₹ millions)

	Year ended 31 March 2016	Year ended 31 March 2015
<b>Dividend paid (on cash basis)</b>	<b>2,033.70</b>	<b>889.75</b>
- EDS Asia Pacific Holdings	1,328.04	581.02
- EDS World Corporation (Far East) LLC	705.66	308.73
<b>Remuneration to executive key management personnel</b>	<b>143.82</b>	<b>121.92</b>
- Balu Ganesh Ayyar	106.81	88.75
- Others	37.01	33.17
<b>Commission to non-executive directors *</b>	<b>12.81</b>	<b>13.50</b>
- Friedrich Froeschl	3.57	6.19
- Davinder Singh Brar	3.87	3.42
- Narayanan Kumar	3.88	3.89
- Jan Kathleen Hier	1.49	-
<b>Interest income from deposits made to entities where control exists</b>	<b>-</b>	<b>0.02</b>
- Mphasis Lanka	-	0.02
<b>Investment in entities where control exists</b>	<b>(0.01)</b>	<b>49.13</b>
- Mphasis USA	(0.01)	-
- Mphasis Lanka	-	49.13
<b>Advance/Loan (received)/ given to Mphasis Employee Benefit Trust</b>	<b>73.43</b>	<b>-</b>
<b>Refund from Mphasis Employee Benefit Trust</b>	<b>36.90</b>	<b>0.26</b>
<b>Advance adjusted against issue of RSU with Mphasis Employee Benefit Trust</b>	<b>5.97</b>	<b>11.91</b>
<b>Deposits refunded by entities where control exists</b>	<b>-</b>	<b>44.94</b>
-Mphasis Lanka	-	44.94
<b>Sub-lease rental income - entities where control exists</b>	<b>50.49</b>	<b>52.03</b>
-Msource India	50.49	52.03
<b>Sub-lease rent expense - entities where control exists</b>	<b>9.57</b>	<b>23.76</b>
-Msource India	9.57	23.76

\* This does not include remuneration paid to certain non-executive directors by the ultimate parent company and its affiliates as they are employees of the said companies.

In addition to the above, the Company and its subsidiaries incur reimbursable expenses on behalf of each other in the normal course of business.

	Year ended 31 March 2016	Year ended 31 March 2015
<b>Expenses incurred on behalf of related parties</b>	<b>39.18</b>	<b>12.64</b>
Mphasis USA	29.79	9.52
Msource India	2.15	1.37
Others	7.24	1.75
<b>Cost Allocation to related parties</b>	<b>363.50</b>	<b>387.18</b>
Msource India	210.70	290.19
Mphasis USA	111.39	72.17
Others	41.41	24.82
<b>Expenses incurred by related parties on Company's behalf</b>	<b>230.40</b>	<b>255.95</b>
Mphasis USA	71.94	55.53
Msource India	158.12	197.00
Others	0.34	3.42



## Notes to the Financial Statements for the year ended 31 March 2016

(f) **Managerial remuneration\***

(₹ millions)

Expenses include the following remuneration to the key management personnel:

	Year ended 31 March 2016	Year ended 31 March 2015
Salaries and allowances	115.11	106.68
Provident and other funds **	1.92	1.71
Monetary value of perquisites***	26.79	13.53
	<b>143.82</b>	<b>121.92</b>

\* This does not include remuneration to certain non-executive directors, as the same is paid by the ultimate parent company and its affiliates as they are employees of the said companies.

\*\* As the liability for gratuity and leave encashment is provided on an actuarial basis for the Company as whole, the amount pertaining to the directors are not included above.

\*\*\* Includes RSU cost determined in a manner consistent with the fair value approach required by the Guidance Note on "Accounting for Employee Share-based Payments" issued by the ICAI.

(g) **The balances receivable from and payable to related parties are as follows:**

	31 March 2016	31 March 2015
<b>Trade receivables and unbilled revenue- entities where control exists</b>	<b>2,854.42</b>	<b>2,152.07</b>
- Mphasis USA	2,421.35	1,771.96
- Msource India	78.87	131.19
- Hewlett-Packard Company, USA	-	33.80
- Hewlett-Packard Enterprise Company	77.94	-
- Others	276.26	215.12
<b>Trade receivables and unbilled revenue- other related parties</b>	<b>1,438.35</b>	<b>2,184.02</b>
- HP Enterprises Services, LLC	766.62	1,154.62
- Hewlett-Packard Enterprise Services UK Limited	192.65	329.49
- Hewlett-Packard Australia Pty Limited	192.99	183.28
- Others	286.09	516.63
<b>Trade payables- entities where control exists</b>	<b>1,088.49</b>	<b>752.19</b>
- Mphasis USA	964.22	485.37
- Msource India	29.62	54.95
- Mphasis Consulting Limited	13.11	80.70
- Others	81.54	131.17
<b>Other liabilities- entities where control exists *</b>	<b>47.75</b>	<b>263.85</b>
- Mphasis USA	42.09	158.26
- Mphasis Australia Pty Limited	-	94.19
- Mphasis UK	5.66	-
- Others	-	11.40
<b>Trade Payables- other related parties</b>	<b>186.71</b>	<b>264.20</b>
- HP Services (Singapore) Pte Limited	124.68	174.79
- Hewlett Packard Singapore (Sales) Pte Ltd	26.75	38.13
- Others	35.28	51.28
<b>Remuneration payable to executive key managerial personnel</b>	<b>3.29</b>	<b>2.93</b>
- Balu Ganesh Ayyar	2.32	2.08
- Others	0.97	0.85

(Contd...)

## Notes to the Financial Statements for the year ended 31 March 2016

(₹ millions)

	31 March 2016	31 March 2015
<b>Commission payable to non-executive directors</b>	<b>5.55</b>	<b>-</b>
- Davinder Singh Brar	2.11	-
- Narayanan Kumar	1.95	-
- Jan Kathleen Hier	1.49	-
<b>Loans and Advances - entities where control exists**</b>	<b>965.29</b>	<b>956.71</b>
- Mphasis USA	667.53	637.55
- Msource India	29.81	125.43
- Mphasis China	181.04	169.50
- Others	86.91	24.23
<b>Loan to Mphasis Employee Benefit Trust</b>	<b>158.27</b>	<b>127.71</b>

\* includes collection on behalf of related party.

\*\* includes collection on behalf of the Company.

### 29. C.I.F. value of imports

	Year ended 31 March 2016	Year ended 31 March 2015
Capital goods	113.17	79.38

### 30. Earnings in foreign currency (accrual basis)

	Year ended 31 March 2016	Year ended 31 March 2015
Revenues	23,849.64	24,580.94

### 31. Expenditure in foreign currency (accrual basis)

	Year ended 31 March 2016	Year ended 31 March 2015
Software development charges	3,033.14	3,014.45
Travel	134.59	223.32
Professional charges	22.01	33.56
Software support and annual maintenance charges	346.79	241.70
Commission	69.79	165.55
Salary	1,153.78	811.12
Others (net of reversal)	137.35	(168.38)
	<b>4,897.45</b>	<b>4,321.32</b>

Additionally, during the year ended 31 March 2016, the Company has remitted dividend in foreign currency of ₹ 2,055.21 millions (31 March 2015: ₹ 908.05 millions) to non-residents holding 128,450,771 (31 March 2015: 129,721,817) equity shares of the Company.

	Year ended 31 March 2016	Year ended 31 March 2015
Number of shareholders	13	13
Number of shares held	128,450,771	129,721,817
Amount remitted (₹ millions)	2,055.21	908.05
Year / period to which the dividend relates	Year ended 31 March 2015	Five months ended 31 March 2014

## Notes to the Financial Statements for the year ended 31 March 2016

### 32. Segment reporting

The Company has identified Banking and Capital Market, Insurance, Information Technology, Communication and Entertainment and Emerging Industries as primary business segments of the Company.

The accounting policies consistently used in the preparation of the financial statements are also applied to record revenue and expenditure in individual segments. Assets, liabilities, revenues and direct expenses in relation to segments are categorised based on items that are individually identifiable to that segment, while other items, wherever allocable, are apportioned to the segments on an appropriate basis. Certain items are not specifically allocable to individual segments as the underlying services are used interchangeably. The Company therefore believes that it is not practical to provide segment disclosures relating to such items, and accordingly such items are separately disclosed as 'unallocated'.

Client relationships are driven based on client domicile. The geographical segments include United States of America (USA), India Asia Pacific (APAC) and Europe, Middle East & Africa (EMEA).

#### Primary segment information

(₹ millions)

	Year ended 31 March 2016	Year ended 31 March 2015
<b>Segment revenue</b>		
Banking and Capital Market	8,796.25	8,202.63
Insurance	7,024.04	5,471.76
Information Technology, Communication and Entertainment	4,702.71	6,405.01
Emerging Industries	8,605.94	10,094.22
Unallocated - Hedge	137.69	90.84
	<b>29,266.63</b>	<b>30,264.46</b>
<b>Segment result*</b>		
Banking and Capital Market	125.75	1,050.77
Insurance	2,098.39	1,356.66
Information Technology, Communication and Entertainment	1,464.64	1,897.27
Emerging Industries	2,967.71	3,830.64
Unallocated - Hedge	137.69	90.84
	<b>6,794.18</b>	<b>8,226.18</b>
Interest income	602.78	517.12
Finance costs	(64.27)	(59.21)
Other income	1,020.66	1,104.29
Other unallocable expenditure	(2,262.93)	(2,471.77)
<b>Profit before taxation</b>	<b>6,090.42</b>	<b>7,316.61</b>
Income taxes	1,506.77	1,786.31
<b>Profit after taxation</b>	<b>4,583.65</b>	<b>5,530.30</b>

\* includes exceptional item (refer note 24).

	31 March 2016	31 March 2015
<b>Segment assets</b>		
Banking and Capital Market	5,767.76	5,039.24
Insurance	2,681.29	1,926.40
Information Technology, Communication and Entertainment	1,372.65	2,061.93
Emerging Industries	3,259.69	3,319.71
Unallocated	40,404.40	39,431.54
	<b>53,485.79</b>	<b>51,778.82</b>

# Notes to the Financial Statements for the year ended 31 March 2016

(₹ millions)

	31 March 2016	31 March 2015
<b>Segment liabilities</b>		
Banking and Capital Market	2,573.59	1,812.08
Insurance	1,566.96	1,206.82
Information Technology, Communication and Entertainment	929.53	1,098.99
Emerging Industries	1,629.83	1,601.61
Unallocated	1,511.05	5,564.27
	<b>8,210.96</b>	<b>11,283.77</b>
<b>Capital employed</b>		
Banking and Capital Market	3,194.17	3,227.16
Insurance	1,114.33	719.58
Information Technology, Communication and Entertainment	443.12	962.94
Emerging Industries	1,629.86	1,718.10
Unallocated	38,893.35	33,867.27
	<b>45,274.83</b>	<b>40,495.05</b>
	<b>Year ended</b>	<b>Year ended</b>
	<b>31 March 2016</b>	<b>31 March 2015</b>
<b>Capital expenditure</b>		
Banking and Capital Market	172.97	104.08
Insurance	138.12	69.42
Information Technology, Communication and Entertainment	92.48	81.23
Emerging Industries	169.23	128.10
	<b>572.80</b>	<b>382.83</b>
<b>Depreciation and amortisation*</b>		
Banking and Capital Market	126.29	89.26
Insurance	60.12	51.73
Information Technology, Communication and Entertainment	51.41	110.72
Emerging Industries	78.41	79.50
	<b>316.23</b>	<b>331.21</b>

\* refer note 9

## Secondary segment information (revenues)

	Year ended 31 March 2016	Year ended 31 March 2015
<b>Region</b>		
USA	19,319.46	19,124.40
India	4,682.52	4,850.47
APAC	1,470.24	1,349.23
EMEA	3,656.72	4,849.52
Unallocated - Hedge	137.69	90.84
	<b>29,266.63</b>	<b>30,264.46</b>

Revenues by geographical area are based on the geographical location of the client.

## Notes to the Financial Statements for the year ended 31 March 2016

(₹ millions)

### Secondary segment information (segment assets)

	31 March 2016	31 March 2015
USA	5,903.41	5,274.14
India	46,314.31	45,028.86
APAC	508.81	479.77
EMEA	759.26	996.05
	<b>53,485.79</b>	<b>51,778.82</b>

### Secondary segment information (Capital expenditure)

	Year ended 31 March 2016	Year ended 31 March 2015
<b>Region</b>		
India	572.80	382.83
	<b>572.80</b>	<b>382.83</b>

### 33. Earnings Per Share ('EPS')

Reconciliation of basic and diluted shares used in computing earnings per share:

	Year ended 31 March 2016	Year ended 31 March 2015
Profit after taxation before exceptional items (₹ millions)	5,004.37	5,530.30
Profit after taxation after exceptional items (₹ millions)	4,583.65	5,530.30
Number of weighted average shares considered for calculation of basic earnings per share	210,153,904	210,138,538
Add: Dilutive effect of stock options	358,540	330,837
Number of weighted average shares considered for calculation of diluted earnings per share	<b>210,512,444</b>	<b>210,469,375</b>

The above does not include 21,000 (31 March 2015: 21,000) bonus shares held in abeyance by the Company.

### 34. Stock Based Compensation

The Company uses Fair value method of accounting for its employee stock options except for the 1998 plan and the 2004 plan. The Company has therefore adopted the pro-forma disclosure provisions as required by the Guidance Note on "Accounting for Employee Share-based Payments" issued by the ICAI with effect from 01 April 2005.

The differential on Employee Stock Option expense if the fair value of the ESOPs on the date of the grant were considered instead of the intrinsic value during the year ended 31 March 2016 and 31 March 2015 is ₹ Nil. Consequently, there is no impact on earnings per share.

### 35. Employee Benefits

#### a. Gratuity Plan

The following table sets out the status of the gratuity plan as required under revised AS 15.

#### Reconciliation of the projected benefit obligations

	31 March 2016	31 March 2015
<b>Change in projected benefit obligation</b>		
Obligations at year beginning	827.15	766.20
Service cost	87.64	78.69
Interest cost	57.83	54.74
Benefits paid	(152.33)	(130.58)
Actuarial (gain)/loss	94.32	58.10
<b>Obligations at year end</b>	<b>914.61</b>	<b>827.15</b>

## Notes to the Financial Statements for the year ended 31 March 2016

(₹ millions)

	31 March 2016	31 March 2015
<b>Change in plan assets</b>		
Plan assets at year beginning, at fair value	241.80	326.91
Expected return on plan assets	14.17	24.46
Actuarial gain / (loss)	-	-
Contributions	10.30	21.07
Transfer	(4.80)	(0.06)
Benefits paid	(152.33)	(130.58)
<b>Plan assets at year end, at fair value</b>	<b>109.14</b>	<b>241.80</b>

	31 March 2016	31 March 2015
<b>Reconciliation of present value of obligation and fair value of plan assets</b>		
Fair value of plan assets as at the year end	109.14	241.80
Present value of defined benefit obligation as at the year end	914.61	827.15
<b>Liability recognized in the balance sheet</b>	<b>(805.47)</b>	<b>(585.35)</b>

	Year ended 31 March 2016	Year ended 31 March 2015
<b>Assumptions</b>		
Discount rate	7.70%	7.81%
Expected rate of return on plan assets	8.35%	9.00%
Actual rate of return on plan assets	8.35%	9.00%
Attrition rate	20.00%	20.00%
Expected contribution over next one year	200.00	50.00

	Year ended 31 March 2016	Year ended 31 March 2015
<b>Gratuity cost</b>		
Service cost	87.64	78.69
Interest cost	57.83	54.74
Expected return on plan assets	(14.17)	(24.46)
Actuarial (gain)/ loss	94.32	58.10
<b>Net gratuity cost</b>	<b>225.62</b>	<b>167.07</b>

The estimates of future salary increases considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors such as supply and demand factors in the employment market. Expected return on plan assets is computed based on prevailing market rate.

The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

	31 March 2016	31 March 2015
Investments with insurer	100%	100%

Amounts for the current and previous four periods are as follows:

	Year ended 31 March 2016	Year ended 31 March 2015	Five months ended 31 March 2014	Year ended 31 October 2013	Year ended 31 October 2012
Fair value of plan assets as at the year end	109.14	241.80	326.91	359.47	411.16
Present value of defined benefit obligation as at the year end	914.61	827.15	766.20	730.18	575.06
Liability recognized in the balance sheet	(805.47)	(585.35)	(439.29)	(370.71)	(163.90)
<b>Experience Adjustment</b>					
Experience gain/ (loss) on planned liability	(94.32)	(58.10)	(10.86)	(9.49)	0.64
Experience gain/ (loss) on planned assets	-	-	(1.12)	1.12	1.13

## Notes to the Financial Statements for the year ended 31 March 2016

### b. Provident Fund

Effective 03 July 2013, the Company has established a Mphasis Provident Fund Trust ('the Trust') to which contributions towards provident fund are made each month which have been invested in Government bonds with average returns more than guaranteed return. On 23 April 2014, an amount of ₹ 5,052.27 millions which was held by Regional Provident Fund Commissioner has been transferred from Recognised Provident Fund to the Mphasis Provident Fund Trust effective 01 April 2014. The Company has carried out actuarial valuation as at 31 March 2016.

The actuary has provided a valuation and based on the assumption mentioned below, there is no shortfall as at 31 March 2016.

The amount of plan assets disclosed below has been restricted to the extent of present value of benefit obligation at the year end.

The details of the fund and plan asset position are given below:

(₹ millions)

	31 March 2016	31 March 2015
Plan assets at the year end	6,101.22	5,636.68
Present value of benefit obligation at year end	6,101.22	5,636.68
<b>Asset recognized in balance sheet</b>	<b>-</b>	<b>-</b>

Assumptions used in determining the present value obligation of the interest rate guarantee under the Deterministic Approach.

Government of India (GOI) bond yield	7.70%	7.81%
Remaining term of maturity (in years)	12	13
Expected guaranteed interest rate	8.70%	8.75%

The Company contributed ₹ 415.62 millions during the year ended 31 March 2016 (31 March 2015: ₹ 456.56 millions).

### 36. The movement in provisions during the year is as below:

(₹ millions)

<b>Claims</b>	<b>31 March 2016</b>	<b>31 March 2015</b>
Opening balance	48.03	48.03
Additions	643.35	-
Amounts reversed / paid	(91.69)	-
<b>Closing balance</b>	<b>599.69</b>	<b>48.03</b>

### 37. The management re-assessed the future profitability of long term revenue contract as at 31 March 2016 and accordingly provided for ₹ 316.28 millions (net of tax of ₹ 167.38 millions) towards expected loss as an exceptional item.

### 38. The Company has entered into international and specified domestic transactions with its associated enterprises within the meaning of section 92B and section 92BA respectively of the Income Tax Act, 1961. The Company is of the view that all the aforesaid transactions have been made at arms' length terms.

### 39. The Boards of Directors in its meeting held on 27 September 2013 had approved the scheme of amalgamation ('the scheme') of Mphasis Finsource Limited, a wholly owned subsidiary of the Company, carrying on the business of business process outsourcing, into the Company with effect from 1 April 2013. The Honourable High Court of Karnataka had passed orders approving the scheme on 19 June 2014. Upon filing of the orders of the Honourable High Court of Karnataka with the Registrar of Companies on 04 September 2014, the scheme became effective and accordingly, the Company has given effect to the merger in the financial statements during the year ended 31 March 2015.

Pursuant to the terms of the approved merger scheme, the amalgamation has been accounted for under the pooling of interest method as prescribed by Accounting Standard 14 for "Accounting for Amalgamation", accordingly all the assets and liabilities recorded in the books of Mphasis Finsource Limited as of 31 March 2013 has been recorded by the Company at their respective book values as follows:

(₹ millions)

Fixed Assets	25.36
Deferred tax assets	7.31
Cash and Bank balances	45.47
Loans and advances	40.77
Trade receivables	48.80
Current assets	28.65
Trade Payables	183.89
Other Liabilities	7.56
Provisions	3.32

(Contd...)



# Notes to the Financial Statements for the year ended 31 March 2016

Further, pursuant to the terms of the approved merger scheme:

- (i) The Share Capital of Mphasis Finsource Limited and investments of the Company in Mphasis Finsource Limited have been cancelled and no difference arises on such cancellation.
- (ii) Expenses incurred by the Company in connection with the amalgamation scheme have been charged to the statement of profit and loss of the Company.

The loss for the financial year 2013-2014 pertaining to Mphasis Finsource Limited operations has been adjusted with the surplus in the statement of profit and loss during the year ended 31 March 2015.

40. On 22 July 2013, the Board of Directors of Mphasis Lanka (Private) Limited, a wholly owned subsidiary of the Company, resolved to close down its operations. Accordingly, the Company has made provision of ₹ 55.78 millions (31 March 2015: ₹ 55.78 millions) towards investment and inter-company receivable as at 31 March 2016.
41. Current tax for the year ended 31 March 2016 includes provision for earlier years amounting to ₹ 8.70 millions (31 March 2015: ₹ 13.19 millions) while deferred tax charge for the year ended 31 March 2016 include a reversal of ₹ 108.83 millions (31 March 2015: ₹ 75.48 millions). On account of said adjustments, the net impact of prior period tax reversal is ₹ 100.13 millions. (31 March 2015: ₹ 62.29 millions).
42. The ESOP schemes ("RSU 2010", "RSU 2011", "RSU 2014", "RSU 2015" and "ESOP 2012") of Mphasis Limited are administrated through the Mphasis Employee Benefit Trust ("MEBT") and all other ESOP schemes are administrated by BFL Equity Reward Trust ("BERT"). As per the Trust deeds, MEBT and BERT are constituted as irrevocable trusts. In this regard, basis legal advice obtained, the management is of the view that the Company has no right to the assets of MEBT and BERT, hence, the Company has not consolidated the financial statements of MEBT and BERT in the financial statements of the Company.
43. The Board of Directors of the Company has approved sale and transfer of some contracts of the domestic BPO business, which is not a separate major line of Company's business and accordingly the Company had entered into definitive agreements with Hinduja Global Solutions Limited and Karvy Data Management Services Limited for sale of a portion of domestic BPO business as a going concern on slump sale basis for a lump sum consideration amounting to ₹ 140.00 millions and ₹ 27.50 millions respectively. The Company had estimated losses of ₹ 12.40 millions (net of tax of ₹ 6.57 millions) arising on the proposed sale and accounted for the same as an exceptional item. The Competition Commission of India has approved the transaction and the Company has complied with all the pre-conditions on 01 September 2015. The results for the year ended 31 March 2016 include revenue from these contracts amounting to ₹ 520.52 millions. (31 March 2015: ₹ 918.15 millions).
44. The Company has formalized a plan to early exit / ramp down operations in respect of certain domestic BPO contracts. On account of the proposed early closure of the said contracts, the management has provided for ₹ 92.04 millions (net of tax of ₹ 48.67 millions) towards expected loss as an exceptional item.
45. Revenue for the year ended 31 March 2016 are net of reversal of ₹ Nil millions pertaining to earlier periods (31 March 2015: ₹ 123.80 millions).
46. As per Section 135 of the Companies Act, 2013, a Corporate Social Responsibility ('CSR') committee has been formed by Mphasis Limited. The primary function of the Committee is to assist the Board of Directors in formulating a CSR Policy and review the implementation and progress of the same from time to time. The CSR Policy focuses on creating opportunities for the disadvantaged with emphasis on persons with disabilities and Technology driven community development. Gross amount required to be spent by the Company during the year was ₹ 134.20 millions (31 March 2015: ₹ 139.30 millions). The expenses incurred towards CSR activities amounting to ₹ 126.70 millions (31 March 2015: ₹ 21.80 millions) has been charged to the statement of profit and loss and is disclosed under other expenses.

Amount spent during the year on:

(₹ millions)

		In Cash	Yet to be paid in cash	Total
(i)	Construction/acquisition of any asset	Nil	Nil	Nil
(ii)	On purposes other than (i) above	126.70	Nil	126.70

As per our report of even date.

## For S.R. BATLIBOI & ASSOCIATES LLP

Chartered Accountants

ICAI Firm registration number:101049W/E300004

per Adarsh Ranka

Partner

Membership No. 209567

Singapore  
26 May 2016

## For and on behalf of the Board of Directors

Balu Ganesh Ayyar

Chief Executive Officer

V. Suryanarayanan

Executive Vice President &  
Chief Financial Officer

Singapore  
26 May 2016

Narayanan Kumar

Director

A. Sivaram Nair

Executive Vice President, Company Secretary  
General Counsel & Ethics Officer

## Cash flow statement for the year ended 31 March 2016

(₹ millions)

	Year ended 31 March 2016	Year ended 31 March 2015
<b>Cash flow from operating activities</b>		
<b>Profit before tax and exceptional item</b>	<b>6,511.14</b>	<b>7,316.61</b>
Non-Cash Adjustment to reconcile profit before tax to net cashflows:		
Depreciation / amortization (includes exceptional item of ₹ 28.62 millions)	316.23	331.21
Profit on sale of fixed assets	(10.75)	(84.85)
(Reversal) / Provision against investment in a subsidiary (refer note 40)	-	9.09
Employee stock compensation expense	55.34	25.18
Provision for bad and doubtful debts	2.70	210.44
Interest expense (excluding exchange difference considered as adjustment to borrowing cost)	17.28	14.18
Interest income	(602.78)	(517.12)
Dividend income	(448.81)	(516.17)
(Profit) / Loss on sale / revaluation of investments	(287.94)	(143.25)
Effect of exchange rate changes (gain) / loss	60.83	52.17
<b>Operating profit before working capital changes</b>	<b>5,613.24</b>	<b>6,697.49</b>
Increase / (decrease) in trade payables	418.18	(434.96)
Increase / (decrease) in provisions	198.04	137.79
Increase / (decrease) in other liabilities	(272.99)	(135.07)
Decrease / (increase) in trade receivables	(227.87)	75.18
Decrease / (increase) in inventories	(40.99)	-
Decrease / (increase) in loans and advances	235.43	(130.78)
Decrease / (increase) in other assets	(564.63)	(598.64)
<b>Cash used in operations</b>	<b>(254.83)</b>	<b>(1,086.49)</b>
Direct taxes paid (net of refunds)	(1,519.44)	(2,226.55)
<b>Net cash flow from operating activities (A)</b>	<b>3,838.97</b>	<b>3,384.45</b>
<b>Cash flow from investing activities:</b>		
Purchase of fixed assets, including intangible assets, CWIP and capital advances	(554.52)	(422.50)
Proceeds from sale of fixed assets	38.03	133.10
Investment in subsidiaries	-	(48.70)
Purchase of investments	(118,709.69)	(91,007.26)
Sale of investments	113,166.91	95,639.52
Interest received	632.51	449.27
Dividends received	448.81	516.17
Re-investment of dividend	(448.81)	(441.54)
Investments in bank deposits	(3,736.58)	(8,554.75)
Redemption/maturity of bank deposits	8,641.05	1,039.80
Proceeds from sale of domestic BPO business	144.58	-
Refund of loan given to Mphasis Lanka private limited	-	44.94
<b>Net cash flow (used in) / from investing activities (B)</b>	<b>(377.71)</b>	<b>(2,651.95)</b>

## Cash flow statement for the year ended 31 March 2016

(₹ millions)

	Year ended 31 March 2016	Year ended 31 March 2015
<b>Cash flow from financing activities</b>		
Proceeds from issue of share capital	0.46	0.06
Proceeds of premium from issue of share capital	0.46	0.60
Repayment of unsecured loans	(3,929.33)	(3,354.70)
Availment of unsecured loans	3,943.60	4,552.10
Interest paid	(16.61)	(14.18)
Dividends paid (including tax on dividend)	(4,046.42)	(1,721.89)
<b>Net cash flow used in financing activities (C)</b>	<b>(4,047.84)</b>	<b>(538.01)</b>
<b>Net increase / (decrease) in cash and cash equivalents (A+B+C)</b>	<b>(586.58)</b>	<b>194.50</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>1,892.55</b>	<b>1,694.13</b>
Add: Cash acquired on merger of Mphasis Finsource	-	3.92
<b>Cash and cash equivalents at the end of the year</b>	<b>1,305.97</b>	<b>1,892.55</b>
<b>Components of cash and cash equivalents</b>		
Cash on hand	-	-
Balance with banks		
- on current account	615.80	1,069.50
- on deposit account	682.46	816.08
- unclaimed dividend	7.71	6.97
<b>Total cash and cash equivalents (note 17)</b>	<b>1,305.97</b>	<b>1,892.55</b>

As per our report of even date.

**For S.R. BATLIBOI & ASSOCIATES LLP**

Chartered Accountants

ICAI Firm registration number:101049W/E300004

**per Adarsh Ranka**
*Partner*

Membership No. 209567

Singapore

26 May 2016

**For and on behalf of the Board of Directors**
**Balu Ganesh Ayyar**
*Chief Executive Officer*
**V. Suryanarayanan**
*Executive Vice President &*
*Chief Financial Officer*

Singapore

26 May 2016

**Narayanan Kumar**
*Director*
**A. Sivaram Nair**
*Executive Vice President, Company Secretary*
*General Counsel & Ethics Officer*

# Group Office Locations

## INDIA

### Bengaluru

- Bagmane Laurel,  
No. 65/2, Block-A,  
Bagmane Technology Park,  
Byrasandra Village, C V Raman Nagar,  
Bengaluru - 560 093  
Tel: 080 - 4004 4444  
Fax: 080 - 2534 8634
- Bagmane Parin,  
No. 65/2, Block A,  
Bagmane Technology Park,  
Byrasandra Village, C V Raman Nagar,  
Bengaluru - 560 093  
Tel: 080 - 4004 0404  
Fax: 080 - 4004 9999
- Global Technology Village SEZ  
Survey Nos. 12/1, 12/2, 29 & 30  
Mylasandra & Patanegere Villages  
RVCE post, Kengeri Hobli  
Bengaluru - 560 059  
Tel: 080 - 3986 7000  
Fax : 080 - 3064 6551
- Kshema Dhama  
#1, Global Village, Mylasandra  
Mysore Road,  
Bengaluru - 560 059  
Tel: 080 - 4003 0303  
Fax: 080 - 4003 3137
- Bagmane World Technology Center,  
W.T.C. 2, K.R. Puram  
Marathalli Ring Road,  
Mahadevpuram, Bengaluru - 560 048 India  
Tel: 080 - 3352 5000
- Bagmane World Technology Center  
Special Economic Zone,  
W.T.C. 3, Block A & B, Level 1,  
Bengaluru - 560 048  
Tel: 080 - 3352 5000
- Bagmane World Technology Center  
Special Economic Zone , W.T.C. 4,  
Level 4, Mahadevpuram , K R Puram,  
Bengaluru - 560 048  
Tel: 080 - 3352 5000
- Mascot 90, EPIP Industrial Area  
No. 80, Block II, Whitefield,  
Bengaluru - 560 066  
Tel: 080 - 6792 3001

### Chennai

- DLF IT PARK, Block 10,  
6th Floor, 1/124,  
Sivaji Gardens, Moonlight Stop,  
Mount Poonamalle Road,  
Chennai - 600 089  
Tel: 044-6637 6000  
Fax: 044-6637 6103
- DLF SEZ IT Park, Tower 1B  
Level 1-5, 1/124,  
Sivaji Garden Manapakkam,  
Mount Poonamalle Road,  
Chennai - 600 089  
Tel: 044-6637 0000  
Fax: 044-6637 4000

### Hyderabad

- Sundew Properties Limited  
Building No. 12C,  
MindSPACE Cyberabad  
Survey No. 64 (Park),  
TSSIC Software Layout,  
Madhapur, Hyderabad - 500 081.  
Tel: 040 - 6788 0000, 4813 6000

### Mangalore

- No 92, Mangalore Thota,  
Mangalore Thota, 575001  
Tel: 0824 - 2413000  
Fax: 0824 - 2419800
- Techbay, PL Compound,  
Morgan's Gate, 22-5-750,  
Jeppu Ferry Road,  
Mangalore - 575 001  
Tel: 0824 - 241 3000  
Fax: 0824 - 241 9800

### Mumbai

- Infinity IT Park, Unit No. 101,  
'B' Wing, Building No. 4, 239,  
General A K Vaidya Marg,  
Dindoshi, Malad (East),  
Mumbai - 400 097  
Tel: 022 - 6788 4000  
Fax: 022 - 6788 4888

### Pune

- Cybercity, Tower IV Magarpatta  
Hadapsar, Pune - 411 013  
Tel: 020 - 4014 1000  
Fax: 020 - 6606 9010, 4014 1432
- EON free Zone. Cluster C  
Kharadi Knowledge Park  
EON Kharadi Infrastructure Pvt. Ltd  
SEZ Plot No.1, Survey No.77  
MIDC, Kharadi, Pune - 411 014  
Tel: 020 - 4074 0000  
Fax: 020 - 6617 0000

## AMERICAS

### Canada

- 33 CITY CENTRE,  
Suite 601 MISSISSAUGA,  
ON L5B 2N5, Canada
- 520 Boulevard Charest E - Suite 300  
G1K 3J3 Quebec QC Canada
- 90 University Avenue  
Charlottetown, P.E.I C1A4K9
- 2828 Boulevard Laurier, Suite 700,  
QC G1V 0B9, Quebec.

### USA

- 1220N Market Street,  
Suit 806, Wilmington, DE 19801
- 2711 Centerville Road,  
Suite 400 Wilmington,  
County of New Castle,  
Delaware 19808
- 160, Greentree Drive, Suit 101  
Dover, DE 19904

- National Crop Research LTD 615 South  
Dupont Highway Dover, DE 19901
- 2301 Maitland Center Parkway,  
Suite 165, Maitland, FL 32751  
Tel: 407-215-2900
- 660 Century Point, Suite 1000,  
Lake Mary, FL 32746  
Tel: 407-708-0693
- 5201 Congress Avenue,  
Suite 250 Boca Raton, FL 33487  
Tel: 561-208-7489
- 5011 Gate parkway, Building 200,  
Suite 220, Jacksonville, FL 32256  
Tel: 904-394-0508
- 460 Park Avenue South,  
New York NY 10016  
Tel: (212) 686-6655  
Fax: (212) 683-1690
- 5353, North 16th Street, Suite 400  
Phoenix, Arizona 85016  
Tel: 1 - 602 - 604 - 3100  
Fax: 1 - 602 - 604 - 3115
- Suite 340, South Wind Office Center  
D Building, 8295, Tournament Drive  
Memphis, Tennessee - 38215.
- 314, Wall Street, Building J  
Montgomery Township,  
Somerset County, NJ - 08540.
- 226, Airport Parkway, San Jose,  
California - 95110.
- 3600, American Blvd West, Suite 110,  
Bloomington, Minneapolis,  
Eagan, MN 55431
- 8900 freedom, Parkway,  
Building 100 Suite 110,  
Jacksonville, FL 32256.

## EUROPE

### Belgium

- Office No. 9 & 22,  
Leonardo Da Vincilaan,  
9, Zaventem, Belgium B-1935  
Tel : 32 2 580 0092

### France

- 6 Rue Beaubourg, 75004 Paris France
- 1 Place Paul Verlaine  
92100 Boulogne - Billancourt

### Germany

- Koblenzer, Street 34, Postfach 1221,  
D 56130 Bad Ems, Germany  
Tel: 49-2603504151  
Fax: 49(0)-2603506301

### The Netherlands

- Strawinskylaan 3051,  
1077 ZX AMSTERDAM,  
The Netherlands  
Tel: 31 - 639 - 110 - 223

### Ireland

- C/O Russell Brennan Keane  
96 Lower Baggot Street  
Dublin-2.

### Poland

- 50-102 Wroclaw, Rynek 39/40

- KGHM Kuprum  
Ul.Gen.W.Sikorskiego, 2-8 Wroclaw  
Tel: +48 717 902 701

### Sweden

- C/o Hellstrom Advokatbyrå KB  
Box 7305, 103 90 Stockholm Sweden

### Switzerland

- C/o BB Treuhand AG,  
Rathausstrasse 7, 6341 Baar,  
(Switzerland)

### UK

- 88 Wood Street,  
London EC2V 7RS, UK  
Tel: 44 - 0208 - 528 - 1066
- Siena Court, Broadway,  
Maidenhead, Berkshire, UK, SL6, INJ
- No. G20, 'G' Floor, Regus House,  
Atterbury Lakes, Milton Keynes,  
BUCKS, MK10 9RG

## ASIA PACIFIC AND JAPAN

### Indonesia

- One Pacific Place, Level 11 Sudirman  
Central Business District (SCBD),  
Jln. Jend. Sudirman, KAV. 52-53  
Jakarta-12190, Indonesia

### Japan

- Kabutocho Daiichi Heiwa Building,  
3rd Floor, 5-1, Nihonbashi Kabutocho,  
Chuo-ku, Tokyo, 1030026, Japan

### Singapore

- The Executive Center, Level 42,  
Six Battery Road, Singapore, 49909  
Tel: + 65 63721737  
Fax: + 65 63721739

### China

- Room No. 23206, No.498  
Ghoushoujing Road,  
Pudong New Area  
Shanghai PO 201203, PRC  
Tel: 87 - 21 - 5080 7366  
Fax: 87 - 21 - 5080 7362
- B-101, 7F, No. 500 East Jinling Road,  
Huangpu District, Shanghai, P.R.C.

### Philippines

- 8th Floor, Sunlife Center,  
5th Avenue Cor,  
Rizal Drive, Bonitacio, Global City,  
Taguig City, Philippines

### AUSTRALIA

- Shop 5, 17-19,  
East Parade Sutherland,  
NSW 2232

### New Zealand

- 99 - 105 Custom House Quay  
Wellington - 6001.

## AFRICA

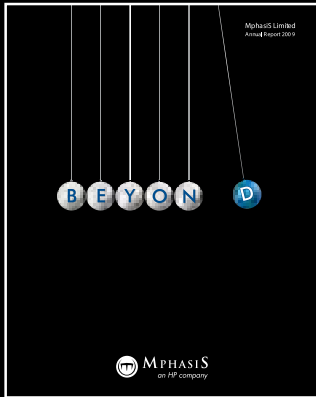
### Mauritius

- C/o Cimglobal Business,  
Les Cascades Building,  
Edith Cavell Street, Port Louis,  
Mauritius

## Notes

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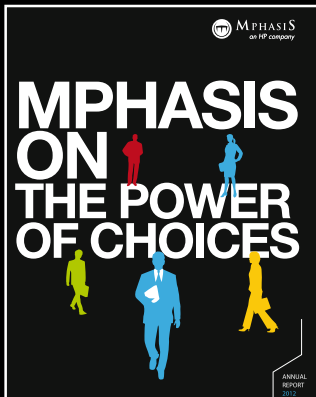
2009 Beyond



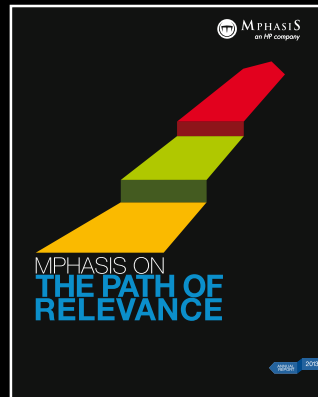
2010 Beyond a Billion



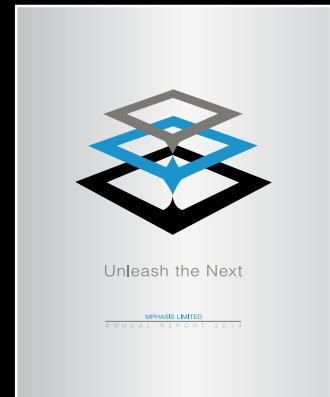
2011 Beyond Ideation



2012 Power of Choices



2013 Path of Relevance



2014 Unleash the Next...



2015 Unleash the Next  
Digital Customer Experience



2016 Unleashing the Best  
of the Next

#### The Concept: The journey through Einstein-Rosen Bridge

Digital requirements of today needs advanced Artificial Intelligence approach. At Mphasis, we are ensuring that we enable our customers with our AI-based innovation and help them unleash the best of the next agile digital experience for their customers. In this Annual Report we capture the journey drawing inspiration from Einstein-Rosen Bridge.

#### Einstein-Rosen Bridge

Einstein-Rosen Bridge is a celestial agile topological feature, believed to compress distance and connect two isolated points in space-time, much like two ends of a malleable tunnel coming together. This innovative bridge defies the standard route of space travel by flexibly re-shaping, adapting and transforming to connect distances, objects and different points in time.



