



Mphasis Limited Registered Office:
Bagmane World Technology Center
Marathalli Outer Ring Road
Doddanahundi Village
Mahadevapura
Bangalore - 560 048, India
Ph: +91 080 3352 5000
Fax: +91 080 6695 9943

Date: 23 October 2013

To,
The General Manager,
Department of Corporate Services,
BSE Limited,
P.J. Towers, Dalal Street,
Mumbai – 400 001.

Scrip Code : 526299 ISIN: INE356A01018

Dear Sir/Madam,

Sub: Application for approval under Clause 24(f) of the Listing Agreement for the proposed merger of Mphasis Finsource Limited (The "Transferor Company"), a wholly owned subsidiary with Mphasis Limited (The "Transferee Company").

The Board of Directors of the Company in its meeting held on 26 and 27 September 2013 had approved the draft Scheme of Amalgamation of Mphasis Finsource Limited (Transferor Company) with Mphasis Limited (The " Transferee Company").

As per the requirement of Clause 24 (f) of the Listing Agreement , we attach following for your reference:

1. **Certified True Copy of the Resolution passed by the Board of Directors** : Certified True Copy of the Resolutions passed by the Board of Directors of the Transferee Company viz. Mphasis Limited as well as Transferor Company viz. Mphasis Finsource Limited is enclosed as **Annexure 1**
2. **Certified True Copy of the Draft Scheme**: Certified true copy of the draft Scheme as approved by the Board of Directors of the Transferor and Transferee Company at their Board meetings held on 27 September and 26 and 27 September respectively is enclosed as **Annexure 2**.
3. **Valuation Report** : Valuation report on the amalgamation of Mphasis Finsource Limited with Mphasis Limited from the CFO/CS is enclosed as **Annexure 3**.
4. **Report from the Audit Committee recommending the draft Scheme** is enclosed as **Annexure 4**.
5. **Fairness opinion by the Merchant Banker**: Fairness Opinion from IFCI Financial Services Limited, Merchant Banker registered with SEBI on the valuation report as mentioned under Pt. 3 is enclosed as **Annexure 5**.



6. **A. Shareholding Pattern of the Transferee Company** : As the Transferor Company is a wholly owned subsidiary Company of the Transferee Company ,there will be no issue of shares by the Transferee Company to the shareholders of the Transferor Company pursuant to the proposed Scheme. Therefore, there will no change in the shareholding pattern of the Transferee Company post merger of Transferor Company into the Transferee Company. The **present** Shareholding pattern of the Transferee Company as at 30 Sept 2013 , as per Clause 35 of the Listing agreement is enclosed as **Annexure 6 (A)** .

B. Shareholding Pattern of the Transferor Company : The Pre and Post amalgamation Shareholding pattern of the Transferor company is enclosed as **Annexure 6 (B)**.
7. **Compliance Report as per Clause 49 of the Listing Agreement with an undertaking to that effect** : Compliance report as per Clause 49 of the Listing Agreement for the quarter ended 30 September 2013, is enclosed as **Annexure 7**.
8. **Complaint Report** : Complaint report shall be submitted within 7 days of expiry of 21 days from the date of filing the Draft Scheme in the prescribed format.
9. **Compliance Report** with the requirements specified in Part –A of the circular CIR/CFD/DIL/5/2013 dated 4 February 4,2013 is enclosed as **Annexure 8**.
10. **Undertaking under Para 5.16(a) of SEBI Circular dated 21 May 2013** : An undertaking signed by the Company Secretary who is authorised by the Board of Directors at its meeting held on 26 and 27 September 2013 clearly stating the non applicability of conditions with reasons specified under Para 5.16(a) of SEBI Circular date 21 May 2013, for exempting the Transferee Company from seeking shareholders approval through Postal Ballot or e Voting is enclosed as **Annexure 9**.
11. **Certificate from a Chartered Accountant certifying the reasons for non applicability of conditions specified under Para 5.16(a) of SEBI Circular dated 21 May 2013** for seeking waiver from the requirement of conducting Postal ballot or e – voting for seeking shareholders approval is enclosed as **Annexure 10**.
12. **Designated Stock Exchange for coordinating with the SEBI** : Pursuant to the SEBI CIR/CFD/DIL/5/2013 dated 4 February 2013 , The “National Stock Exchange of India Limited” is the designated Stock Exchange. The resolution passed by the Board in its meeting held on 27 September details the same.



13. **Brief Details of the Transferee and Transferor companies** is enclosed as **Annexure 11**.
14. **Net Worth Certificate of Transferee Company** :The Net Worth Certificate of Mphasis Limited , pre and post arrangement obtained from Gnaneshwar & Co., Chartered Accountants, is enclosed as **Annexure 12**.
15. **Details of the Capital Evolution of the Transferee Company and Transferor Company** : Details of capital evolution of the Transferee Company and Transferor Company is enclosed as **Annexure 13**.
16. **Confirmation by the Managing Director/Company Secretary** enclosed as **Annexure 14**.
17. **Certificate of the Chartered Accountant** : A Certificate from M/s. Gnaneshwar & Co., Chartered Accountants confirming the compliance of Accounting treatment in the Draft Scheme in terms of Clause 24 (i) of the Listing Agreement is enclosed as **Annexure 15**.
18. **Audited financials of the Transferee Company and the Transferor Company** for the last 3 years in the prescribed format shall be provided shortly.
19. **Annual Report of the Transferor and Transferee Companies**: Annual Reports of the Transferor Company for the Financial year 2010-2011, 2011-2012 and 2012-2013 and Transferee Company for the financial year 2010-2011, 2011-2012 and 2012-2013 are attached herewith and enclosed as **Annexure 16**.
20. Undertaking in accordance with the Clause 24(G) of the Listing Agreement is enclosed as **Annexure 17**.
21. **Website link of the Company** where the draft Scheme and other required documents shall be uploaded is : www.mphasis.com
22. **Details of Cross holdings between the Companies** : The Transferor Company is a wholly owned subsidiary of the Transferee Company . Therefore, entire Share Capital is held by the Transferee Company . The shares will be cancelled upon the approval of the amalgamation by the High Court. There are no other cross holdings between the Companies .





23. **Cheque No. 307147 Dated 11 October 2013** for Rs.1,01,124 /- (Rupees One Lakh one thousand one hundred and twenty four only) is enclosed herewith.

24. **Details of the Contact Person :**

- a. A Sivaram Nair (Sivaram.nair@mphasis.com)
SVP, Company Secretary
Legal Counsel & Ethics Officer

- b. Subramanian Narayan (Subramanian.narayan@mphasis.com)
AVP, Secretarial

- c. Contact number : 080-33524613/ 9916580808

We request your approval to the draft scheme of Amalgamation and the No objection certificate as per the provisions of the Listing Agreement and SEBI Circular.

If you require any further information /clarification, we would be glad to furnish the same.

Yours faithfully

For Mphasis Limited

Sivaram Nair
SVP, Legal Counsel , Company Secretary and Ethics Officer.



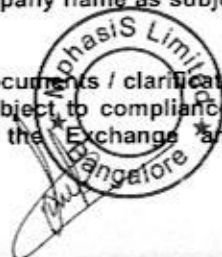
Documents required to be submitted for approval under Clause 24(f) of the Listing Agreement, for the Scheme of Amalgamation / Arrangement (including reduction in capital, arrangement with creditors, etc) proposed to be filed under sections 391, 394 and 101 of the Companies Act, 1956

Sr. No.	Documents to be submitted alongwith application under Clause 24(f) of the Listing Agreement	Page Nos.
1.	Certified true copy of the resolution passed by the Board of Directors of the company.	1 – 4
2.	Certified copy of the draft Scheme of Amalgamation / Arrangement, etc. proposed to be filed before the High Court.	5 – 18
3.	Valuation report from Independent Chartered Accountant as applicable as per Para 4 of SEBI Circular no. CIR/CFD/DIL/8/2013 dated May 21, 2013.	19 – 21
4.	Report from the Audit Committee recommending the draft scheme taking into consideration, inter alia, the valuation report at sr. no. 3 above	22 – 23
5.	Fairness opinion by Merchant Banker	24 – 27
6.	Shareholding pattern of all the companies pre and post Amalgamation / Arrangement as per Clause 35 of the Listing Agreement.	28 – 33
7.	Audited financials of the transferee/resulting and transferor/demerged companies for the last 3 financial years (financials not being more than 6 months old) as per Annexure I	-
8.	Compliance Report as per clause 49 of the listing agreement per Annexure II	34 – 36
9.	Complaint report as per Annexure III . (To be submitted within 7 days of expiry of 21 days from the date of filing of Draft Scheme).	-
10.	Compliance report with the requirements specified in Part-A of the circular CIR/CFD/DIL/5/2013 dated February 4, 2013 as per Annexure IV	37 – 39
11.	If as per the company, approval from the shareholders through postal ballot and e-voting, as required under Para 5.16(a), is not applicable then as required under Para 5.16 (b), submit the following: a) An undertaking certified by the auditor clearly stating the reasons for non applicability of Para 5.16(a). b) Certified copy of Board of Director's resolution approving the aforesaid auditor certificate.	40 – 42
12.	Name of the Designated Stock Exchange (DSE) for the purpose of coordinating with SEBI. Certified true copy of the resolution passed by the Board of Directors, in case BSE is DSE.	-
13.	Brief details of the transferee/resulting and transferor/demerged companies as per format enclosed at Annexure V .	43 – 48
14.	Networth certificate (excluding Revaluation Reserve) together with related workings pre and post scheme for the transferee and / or resulting company.	49 – 51
15.	Capital evolution details of the transferee/resulting and transferor/demerged companies as per format enclosed at Annexure VI .	52 – 59
16.	Confirmation by the Managing Director/ Company Secretary as per format enclosed as Annexure VII .	60 – 61
17.	Statutory Auditor's Certificate confirming the compliance of the accounting treatment as specified in the Clause 24(i) of the listing agreement, as per the format enclosed as Annexure VIII .	62 – 63
18.	Annual Reports of the transferee/resulting and transferor/demerged companies for the last financial year.	-
19.	Processing fee (non-refundable) payable will be as below, favoring 'BSE Limited' Rs.1,00,000/- plus Service Tax as applicable, where one entities/companies are Merged or one new company formed due to De-merger Rs. 2,00,000/- plus Service Tax as applicable, where more than one entity/company is Merged or more than one new company formed due to De-merger.	-
20.	Name & Designation of the Contact Person Telephone Nos. (landline & mobile) Email ID.	-

Kindly note that all pages of the documents/details provided should be serially numbered, stamped and certified by the authorized signatory of the company.

Kindly also submit one additional set of the documents at sr. nos. 2 to 10 separately (hard copy as well as soft copy emailed to "bse.schemes@bseindia.com" mentioning company name as subject, for uploading on the Exchange website).

The Exchange reserves the right to modify and ask for additional documents / clarifications depending on a case to case basis. Approval for the proposed scheme will be subject to compliance with the Statutory/ Regulatory requirements, norms of the Board of Directors of the Exchange and other Exchange requirements.





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CERTIFIED TRUE COPY OF THE RESOLUTION PASSED BY THE BOARD OF DIRECTORS AT THE MEETING HELD ON 26 AND 27 SEPTEMBER 2013

(a) Approval of the amalgamation of Mphasis Finsource with the Company

RESOLVED THAT pursuant to the provisions of sections 391 to 394 and other applicable provisions, if any, of the Companies Act, 1956, Companies Act, 2013 (to the extent applicable upon notification of relevant provisions) and Rules 67 to 87 of the Companies (Court) Rules, 1959 (the Rules) and enabling provisions in the Memorandum and Articles of Association of the Company and subject to such terms and conditions and modification(s), as may be imposed/prescribed, approval of Board be and is hereby accorded for merger of Mphasis Finsource Limited into the Company.

(b) Consideration and Net Assets Valuation

RESOLVED THAT no shares of the Company be issued in consideration of the merger of Mphasis Finsource Limited with the Company and the certificate of the Net Assets Value of the Mphasis Finsource Limited as at 31 March 2013 certified by Company Secretary and the Chief Financial officer of the Company and as recommended by the Audit Committee of the Board, be and is hereby considered and approved.

(c) Approval of the Scheme of Amalgamation

RESOLVED THAT pursuant to the provisions of sections 391 to 394 and other applicable provisions, if any, of the Companies Act, 1956, Companies Act, 2013 (to the extent applicable upon notification of relevant provisions) and Rules 67 to 87 of the Companies (Court) Rules, 1959 (the Rules) and enabling provisions in the Memorandum and Articles of Association of the Company and subject to such terms and conditions and modification(s), as may be imposed, prescribed or suggested by the Hon'ble High Court of Karnataka, Securities Exchange Board of India, Stock Exchanges where the shares of the Company are listed or any other appropriate authorities and in terms of the recommendation of the Audit Committee, approval of the Board of Directors be and is hereby accorded for the Scheme of Amalgamation of Mphasis Finsource Limited ("Mphasis Finsource"), a company registered under the Companies Act, 1956 with registered office at Bagmane World Technology Center, Marathalli Ring Road, Doddanakhundi Village, Mahadevapura, Bangalore - 560 048, with Mphasis Limited ("the Company"), ("the Scheme") and their respective shareholders, in terms of the draft placed before the Board and initialled by the Chairman for the purpose of identification, which *inter alia* provides for the amalgamation of Mphasis Finsource, a wholly owned subsidiary of the Company, into the Company with effect from 1 April 2013 (the Appointed Date) and account the assets and liabilities of Mphasis Finsource into Mphasis at its book value as per the pooling of interest method.



RESOLVED FURTHER THAT Mr. Balu Ganesh Ayyar, Chief Executive Officer, Mr. Ganesh Murthy, Executive Vice-President & Chief Financial Officer and Mr. A Sivaram Nair, Senior Vice President, Company Secretary, General Counsel & Ethics Officer, be and are hereby severally authorised to carry out / assent to any modifications / amendments to the Scheme, or to any conditions or limitations that the High Court and / or any other authority may deem fit to direct or impose, or which may otherwise be considered necessary, desirable or appropriate, convene such meetings including the shareholders meeting and creditors meeting, in such mode and manner, as directed by the Court.

RESOLVED FURTHER THAT Mr. Balu Ganesh Ayyar, Chief Executive Officer, Mr. Ganesh Murthy, Executive Vice-President & Chief Financial Officer and Mr. A Sivaram Nair, Senior Vice President, Company Secretary, General Counsel & Ethics Officer, be and are hereby severally authorised to take all necessary steps including to give necessary intimation to the Stock Exchanges / Securities Exchange Board of India (SEBI) concerned; and to do all acts and things as may be considered necessary and expedient in relation thereto.

RESOLVED FURTHER THAT Mr. Balu Ganesh Ayyar, Chief Executive Officer, Mr. Ganesh Murthy, Executive Vice-President & Chief Financial Officer and Mr. A Sivaram Nair, Senior Vice President, Company Secretary, General Counsel & Ethics Officer, be and are hereby severally authorised to appoint Auditors, Merchant Bankers and other intermediaries as may be required in connection with the submission of the Scheme of Amalgamation with the Stock Exchange and determine the terms and conditions of the appointment including the remuneration thereof.

RESOLVED FURTHER THAT on the relevant provisions of the Companies Act, 2013, coming into force the expressions "the High Court" in the aforesaid resolutions, to the extent necessary, be construed as the "National Company Law Tribunal" or such other applicable Authority as may be notified.

RESOLVED FURTHER THAT the National Stock Exchange of India Limited be and is hereby appointed as the designated Stock Exchange in connection with reporting to Securities Exchange Board of India regarding the Scheme of Amalgamation.

RESOLVED FURTHER THAT Mr. Murali Ananthasivan, Partner of M/s. J.Sagar Associates, Bangalore and other Advocates of M/s. J.Sagar Associates be and are hereby engaged as legal counsel to advise and represent the Company for obtaining sanction of the Scheme."

(d) Undertaking for non applicability of Para 5.16(a) of SEBI Circular

RESOLVED THAT the draft undertaking, as placed before the Board, regarding non applicability of Para 5.16 (a) of SEBI Circular No. CIR/CFD/DIL/8/2013 dated May 21, 2013 (the Circular) to the Scheme of Arrangement (the "Scheme"), be and is hereby considered and approved on the basis of the following reasons:

- Clause (i) 5.16 (a) (as amended) of the Circular is not applicable to the Scheme as no additional shares are allotted to the Promoter/Promoter Group and their related parties, subsidiaries and associates (*hereinafter referred to as Promoter and Promoter Group entities*).



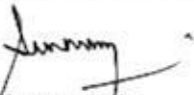
- Clause (ii) of Para 5.16 (a) of the Circular is not applicable to the Scheme since the Scheme involves merger of its wholly owned subsidiary with the Company and not with any Promoter/Promoter Group entities .
- and Clause (iii) of Para 5.16(a) of the Circular is not applicable to the Scheme as the Company has not acquired the equity shares of the subsidiary by paying consideration in cash or in kind in the past to any of the Promoter/Promoter Group Entities.

RESOLVED FURTHER THAT THAT Mr. Balu Ganesh Ayyar, Chief Executive Officer, Mr. Ganesh Murthy, Executive Vice-President & Chief Financial Officer and Mr. A Sivaram Nair, Senior Vice President, Company Secretary, General Counsel & Ethics Officer be and are hereby severally authorised to sign execute and submit the above undertaking or other documents as may be required in connection with the above with the Stock Exchanges as per the requirements of SEBI.

RESOLVED FURTHER THAT the aforesaid undertaking as approved by the Board be forwarded for certification by the Auditors and thereafter be furnished to the Stock Exchanges.

Certified True.

For Mphasis Limited



A Sivaram Nair
SVP, Company Secretary, General Counsel & Ethics Officer



Mphasis Finsource Limited

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CERTIFIED TRUE COPY OF THE RESOLUTION PASSED BY THE BOARD OF DIRECTORS OF MPHASIS FINSOURCE LIMITED ON 27 SEPTEMBER 2013

MERGER OF MPHASIS FINSOURCE WITH MPHASIS LIMITED

"RESOLVED THAT pursuant to the provisions of sections 391 to 394 and other applicable provisions, if any, of the Companies Act, 1956, Companies Act, 2013 (to the extent applicable upon notification of relevant provisions) and Rules 67 to 87 of the Companies (Court) Rules, 1959 (the Rules) and enabling provisions in the Memorandum and Articles of Association of the Company and subject to such terms and conditions and modification(s), as may be imposed, prescribed or suggested by the Hon'ble High Court of Karnataka, or any other appropriate authorities, and keeping in mind the larger interests of the Company, approval of the Board of Directors be and is hereby accorded for the Scheme of Amalgamation of Mphasis Finsource Limited ("the Company"), a company registered under the Companies Act, 1956 with registered office at Bagmane World Technology Center, Marathalli Ring Road, Doddanakhundi Village, Mahadevapura, Bangalore - 560 048, with Mphasis Limited, ("the Scheme") and their respective shareholders, in terms of the draft placed before the Board, which inter alia provides for the amalgamation of the Company (a wholly owned subsidiary of Mphasis Limited), into Mphasis Limited, with effect from 1 April 2013 (the Appointed Date) and account the assets and liabilities of the Company into Mphasis Limited at its book value as per the pooling of interest method.

RESOLVED FURTHER THAT Mr. V Suryanarayanan, Mr. Kishore GR and Mr. Gurinder S Sukhija, Directors of the Company, be and are hereby severally authorised to carry out / assent to any modifications / amendments to the Scheme, or to any conditions or limitations that the High Court and / or any other authority may deem fit to direct or impose, or which may otherwise be considered necessary, desirable or appropriate, convene such meetings including the shareholders meeting and creditors meeting, in such mode and manner, as directed by the Court.

RESOLVED FURTHER THAT Mr. V Suryanarayanan, Mr. Kishore GR and Mr. Gurinder S Sukhija, Directors of the Company, be and are hereby authorized to severally, sign, submit and execute all applications, certifications, petitions, forms, returns, deeds and documents for and on behalf of the Company in relation to the filing of the Scheme of Amalgamation of Mphasis Limited and Mphasis Finsource Limited, before the Hon'ble High Court of Karnataka at Bangalore or such other statutory body as may be deemed necessary.

RESOLVED FURTHER THAT Mr. Murali Ananthasivan, Partner of M/s. J.Sagar Associates, Bangalore and other Advocates of M/s. J.Sagar Associates be and are hereby engaged as legal counsel to advise and represent the Company for obtaining sanction of the Scheme"

Certified.

For Mphasis Finsource Limited

Suryanarayanan V
 Director



SCHEME OF AMALGAMATION

OF

Mphasis Finsource Limited

(Transferor Company)

With

Mphasis Limited

(Transferee Company)

And

THEIR RESPECTIVE SHAREHOLDERS

The Scheme is divided into the following parts:

- (a) **Part 1** deals with the Definitions and Share capital;
- (b) **Part 2** deals with the Amalgamation of Mphasis Finsource Limited with Mphasis Limited.
- (c) **Part 3** deals with General Terms and Conditions that will be applicable to the entire Scheme.

PART 1

1. DEFINITIONS

1.1 In this Scheme, unless inconsistent with the subject or context, the following expressions shall have the following meanings:

- a) "**Act**" means the Companies Act, 1956 and any amendments and/or re-enactment thereof, for the time being in force and includes the applicable provisions of the Companies Act, 2013 and applicable Rules made thereunder;
- b) "**Appointed Date**" means the commencement of business from April 01, 2013;



- c) **"Assets"** shall mean all the business, undertakings, estates, assets, properties, rights, titles and interests of whatsoever nature and kind and wheresoever situated (in India or abroad), of the Transferor Company as on the Appointed Date and thereafter, including but not limited to-
- i. all assets, moveable and immoveable, real or personal, in possession or reversion, corporeal or incorporeal, tangible or intangible, present or contingent of whatever nature and wheresoever situate, free hold or lease hold, fixed or current, including capital works in progress, computers & telecommunication equipments, computer hardware, software and programmes, plant & machinery, office equipments, furniture & fixtures, vehicles, sundry debtors, cash & bank balances, loans & advances, deposits, buildings, godowns, warehouses, offices, inventories, bills of exchange, peripherals and accessories, receivables, carry forward Income Tax losses, Cenvat credits of input service tax Central Excise Duty, & Countervailing duty of Customs, VAT/GST credits, Minimum Alternate Tax (MAT) credit entitlements and all other future tax input credits as applicable, investments, goodwill, investment in shares, debentures, bonds, mutual funds etc.
 - ii. all the registrations, permits, quotas, rights, entitlements, industrial and other licences, concessions, exemptions, no-objection certificates and certifications, incentives, reserves, deposits, provisions, funds, subsidies, grants, tax credits, approvals, authorisations, consents, tenancies, roof rights, trade marks, service marks, patents, copyrights, all intellectual property rights and licences thereunder, know-how, technical know-how, permits, designs, patterns, inventions, leasehold rights, leases, tenancy rights privileges, trade names, descriptions, trading style, franchises, labels, label designs, color schemes, utility models, holograms, bar codes, all other rights, benefits and entitlements including sales tax deferrals and other benefits, lease rights (including the benefit of any applications made thereof), powers and facilities of every kind, nature and description whatsoever, rights to use and avail of telephones, telexes, facsimile connections, e-mail connections, communication facilities and installations, utilities, electricity and other services, provisions, funds, benefits of all agreements, contracts and arrangements including lease rights, benefits under letter of credit, guarantees, letters of comfort etc. issued for the benefit of the Transferor Company, benefits under government schemes, deferred tax benefits and



other benefits accruing on account of past expenditure and all such other interests/benefits;

- iii. all earnest moneys and/or security deposits;
 - iv. all records, files, papers, engineering and process information, manuals, data, catalogues, quotations, sales and advertising materials, list of present and former customers and suppliers, customer credit information, customer pricing information and all other records pertaining to business;
- d) **"Companies"** means the Transferee Company and the Transferor Company collectively;
- e) **"The Court"** or **"the said Court"** or **"the High Court"** means the Hon'ble High Court of Karnataka to which this Scheme of Amalgamation in its present form is submitted for sanctioning of the Scheme under Sections 391 to 394 of the Act, and shall include National Company Law Tribunal, or Special Courts, under the Companies Act, 2013 as may be applicable;
- f) **"Effective Date"** means the last date on which certified copy of the orders of the Hon'ble High Court of Karnataka at Bangalore is filed with the Registrar of Companies, Karnataka at Bangalore. References in this Scheme to the date of "coming into effect of this Scheme" or "effectiveness of this Scheme" shall mean the Effective Date.
- g) **"Liabilities"** shall mean all the debts, secured and unsecured loans, liabilities, responsibilities, obligations, provisions and duties of the Transferor Company, including all obligations of whatsoever kind including liabilities for payment of gratuity, pension benefits, leave, provident fund, sales tax/VAT, service tax and other statutory dues as on the Appointed Date and thereafter;
- h) **"Shareholders"** means the persons registered as holders of equity shares of the respective Companies concerned;
- i) **"Scheme"** or **"the Scheme"** or **"this Scheme"** means this Scheme of Amalgamation in its present form or with any modifications made under Clause 14 of the Scheme as approved or directed by the Hon'ble High Court of Karnataka at Bangalore or any other appropriate authority;



- j) "Transferee Company" means "Mphasis Limited" a Company incorporated under the provisions of the Companies Act, 1956 and having its registered office at Bagmane World Technology Center, Marathalli Outer Ring Road, Doddannakhundhi Village, Mahadevapura, Bangalore - 560048;
- k) "Transferor Company" means "Mphasis Finsource Limited" a Company incorporated under the provisions of the Companies Act, 1956 and having its registered office at Bagmane World Technology Center, Marathalli Ring Road, Doddannakhundhi Village, Mahadevapura, Bangalore - 560048;

2. DATE OF COMING INTO EFFECT

- 2.1 Though the Scheme shall become effective on the Effective Date, the provisions of this Scheme shall be applicable and comes into operation from the Appointed Date.

3. SHARE CAPITAL

- 3.1 The Share Capital structure of the Transferor Company as at March 31, 2013 is as follows:

Authorised Share Capital :Rs.20,00,000 (Rupees Twenty Lakhs Only)

Issued, subscribed and paid-up Capital :Rs.5,00,000/- (Rupees Five Lakhs Only)

- 3.2 The Share Capital structure of the Transferee Company as at March 31, 2013 is as follows:

Authorised Share Capital : Rs.245,00,00,000 (Rupees Two Hundred and Forty Five Crores Only)

Issued and subscribed Capital :Rs.210,14,66,970 (Rupees Two Hundred Ten Crores, Fourteen Lakhs Sixty Six Thousand Nine Hundred and Seventy Only)

Paid-up Capital :Rs. 210,12,49,970 (Rupees Two Hundred Ten Crores, Twelve Lakhs Forty Nine Thousand Nine Hundred and Seventy Only)

PART 2

Amalgamation of Mphasis Finsource Limited with Mphasis Limited

4. TRANSFER AND VESTING OF ASSETS AND LIABILITIES



- 4.1 With effect from the Appointed Date, the entire business and the whole of the undertaking of the Transferor Company shall, pursuant to the provisions contained in Section 391 to 394 of the Act and other applicable provisions of law for the time being in force and pursuant to the orders of the High Court of Karnataka or any other appropriate authority sanctioning this Scheme and without any further act, instrument or deed but subject to the charges affecting the same as on the Effective Date, be transferred to and vested in or be deemed to have been transferred to and vested in the Transferee Company on the Appointed Date, on a going concern basis, so as to become as and from the Appointed Date, the business, undertaking, estate, assets, properties, rights, title and interests of the Transferee Company, but subject to all charges, liens, mortgages, if any, then affecting the same or part thereof.
- 4.2 All Assets of Transferor Company shall without any further act, instrument or deed, be transferred to and vested in and/or be deemed to be transferred to and vested in the Transferee Company on the Appointed Date pursuant to the provisions of Section 391 to 394 of the Act or other provisions of law as applicable.
- 4.3 All debts, outstanding and receivables of the Transferor Company shall accordingly, on and from the Appointed Date and upon the Scheme becoming effective, stand transferred to and vested in the Transferee Company without any notice or other intimation to the debtors (though the Transferee Company may, if it deems appropriate, give notice to the debtors that the debts stand transferred and vested in the Transferee Company) and the debtors shall be obliged to make payment to the Transferee Company after the Effective Date.
- 4.4 In respect to the assets of the Transferor Company that are movable in nature or are otherwise capable of transfer by delivery or by endorsement and delivery, the same shall stand transferred without requiring any further deed or instrument of conveyance for transfer of the same, and shall become property of the Transferee Company.
- 4.5 All Assets acquired by the Transferor Company after the Appointed Date and prior to the Effective Date for the purposes of its business shall also be transferred to and vested in and/or be deemed to be transferred to and vested in the Transferee Company upon the coming into effect of the Scheme.
- 4.6 For the avoidance of doubt and without prejudice to the generality of the foregoing, it is clarified that upon the coming into effect of this Scheme, in accordance with the



provisions of relevant laws, consents, permissions, licenses, certificates, authorities (including for the operation of bank accounts), power of attorneys given by, issued to or executed in favour of the Transferor Company and the rights and benefits under the same and all quality certifications and approvals, trademarks, patents and domain names, copyrights, industrial designs, trade secrets, product registrations and other intellectual property and all other interests relating to the goods or services being dealt with by Transferor Company, be transferred to and vested in the Transferee Company without any further act or deed and shall be appropriately mutated by the Statutory and other authorities concerned in favour of the Transferee Company. Insofar as the various incentives, sales tax deferral benefits, subsidies (including applications for subsidies), available tax credits (including the carry forward tax losses), rehabilitation schemes, grants, special status and other benefits or privileges enjoyed, (including without limitation, tax holiday under Section 10A or 10B or SEZ scheme of the Income Tax Act, 1961, as the case may be), granted by any Government body, local authority or by any other person, or availed of by the Transferor Company is concerned, the same shall, without any further act or deed vest with and be available to the Transferee Company on the same terms and conditions.

- 4.7 Upon the Scheme becoming effective, in accordance with the provisions of the Income Tax Act, 1961 and the Cenvat Credit Rules 2004 and VAT act and Rules of applicable states, as are prevalent at the time of sanction of the Scheme, all of Minimum Alternate Tax ("MAT") credit, CENVAT credits of Inputs, capital goods and input services lying unutilized in the Transferor Company's accounts and records, shall stand transferred to and be deemed as Assets and available to the Transferee Company as if the same were the MAT credit, CENVAT & VAT credits unutilized in the Transferee Company's accounts and records.
- 4.8 It is clarified that, upon the coming into effect of the Scheme, all the Liabilities and obligations of the Transferor Company shall, without any further act or deed stand transferred to the Transferee Company, and all rights, powers, duties and obligations in relation thereto shall stand transferred to and vested in and shall be exercised by or against the Transferee Company as if it had entered into such loans or incurred such borrowings and the Transferee Company undertakes to meet, discharge and satisfy the same.
- 4.9 Where any of the Liabilities and obligations of the Transferor Company as on the Appointed Date deemed to be transferred to the Transferee Company have been



discharged by the Transferor Company after the Appointed Date and prior to the Effective Date, such discharge shall be deemed to have been for and on account of the Transferee Company, and all loans raised and used and all Liabilities and obligations incurred by the Transferor Company for the purposes of its business after the Appointed Date and prior to the Effective Date shall be deemed to have been raised, used or incurred for and on behalf of the Transferee Company and to the extent they are outstanding on the Effective Date, shall also without any further act or deed be and stand transferred to the Transferee Company and shall become its liabilities and obligations.

- 4.10 Upon the coming into effect of this Scheme, insofar as the security in respect of the Liabilities of the Transferor Company as on the Appointed Date are concerned, it is hereby clarified that any reference in any security documents or arrangements to which the Transferor Company is a part, to such assets of the Transferor Company offered or agreed to be offered as security for any financial assistance both availed and to be availed up to any limit for which sanctions have already been obtained by the Transferor Company shall be construed as reference only to the assets pertaining to the Transferor Company as are vested in the Transferee Company by virtue of paragraph 4.1 to the end and intent that such security, mortgage and/or charge shall not extend or be deemed to extend to any of the assets or to any of the other units or divisions of the Transferee Company. The concerned secured creditors shall continue to have the security cover in respect of such assets forming part of the business of the Transferor Company; provided however that this clause or the Scheme in general shall not operate to create any further or additional security there for after the Effective Date or otherwise.
- 4.11 Upon the coming into effect of this Scheme, the borrowing limits of the Transferee Company in terms of Section 293(1)(d) of the Act shall be deemed without any further act or deed to have been enhanced by the aggregate liabilities of the Transferor company which are being transferred to the Transferee Company pursuant to the Scheme, such limits being incremental to the existing limits of the Transferee Company, with effect from the Appointed Date.
- 4.12 The provisions of this Clause insofar as they relate to the transfer of Liabilities to the Transferee Company shall operate notwithstanding anything to the contrary contained in any deed or writing or the terms of sanction or issue or any security document, all of which instruments shall stand modified and/or superseded by the foregoing provisions.



- 4.13 To the extent that there are any loans, outstanding or balances due from the Transferor Company to the Transferee Company or vice versa, the obligations in respect thereof shall be extinguished upon the merger of interest between the creditor and debtor and corresponding effect shall be given in the books of account and records of the Transferee Company.
- 4.14 Upon the Scheme becoming effective, the previous year in which the amalgamation is effected, the unabsorbed tax depreciation and accumulated tax loss of the Transferor Company shall be treated as the unabsorbed tax depreciation and accumulated tax losses of the Transferee Company and the Transferee Company shall be entitled to set off and carry forward such losses and unabsorbed depreciation as losses and unabsorbed depreciation of the Transferee Company as per the provisions of the Income Tax Act.
- 4.15 It is clarified that all taxes payable by the Transferor Company, relating to its entire undertaking, from the Appointed Date onwards including all or any refunds and claims, shall, for the purposes, be treated as the tax liabilities and refunds and claims of the Transferee Company. Accordingly, upon the Scheme becoming effective, with effect from the Appointed Date, the Transferee Company, if required, is expressly permitted to revise the income tax returns, service tax returns, VAT/sales tax returns, , and any other applicable tax returns, and to claim refunds and/or credits, pursuant to the provisions of this Scheme for and on behalf of the Transferor company.
- 4.16 Upon the Scheme becoming effective, and with effect from the financial year of the Appointed Date, the Transferee Company, shall be entitled to and is also expressly permitted to, claim credits of advance taxes paid, withholding tax credits as per Form 26AS, Self Assessment Taxes paid if any, and all such other relevant credits of the Transferor Company, pursuant to the provisions of this Scheme.

5. BUSINESS AND PROPERTY IN TRUST FOR TRANSFEEE COMPANY/CONDUCT OF BUSINESS

5.1 With effect from the Appointed Date and up to and including the Effective Date:

- a) the Transferor Company shall be deemed to have been carrying on all business and activities of the Transferor Company and stand possessed of the assets,



rights, title, interest and authorities of the Transferor Company for and on account of, and in trust for, the Transferee Company; and

- b) all profits accruing to the Transferor Company, or losses arising or incurred by it (including the effect of taxes, if any, thereon), relating to the Transferor Company, shall for all purposes, be treated as the profits, taxes or losses, as the case may be, of the Transferee Company.

- 5.2 The Transferor Company undertakes that it will from the date of approval of the Scheme by the Board of Directors of the Transferor Company and the Transferee Company, or the Appointed Date, whichever is earlier, and up to and including the Effective Date preserve and carry on the business of the Transferor Company with diligence and prudence and agrees that it will not, in any material respect, without the prior written consent of the Transferee Company, alienate, charge or otherwise deal with or dispose of the Transferor Company or any part thereof except in the ordinary course of business or undertake substantial expansion of the Transferor Company, other than expansions which have already been commenced.

6. SAVING OF CONCLUDED TRANSACTIONS

- 6.1 The transfer and vesting of the assets, liabilities and obligations of the Transferor Company and continuance of the proceedings by or against the Transferee Company shall not in any manner affect any transaction or proceedings already completed by the Transferor Company on or before the Appointed Date to the end and intent that the Transferee Company accepts all such acts, deeds and things done and executed by and/or on behalf of the Transferor Company as acts, deeds and things done and executed by and on behalf of the Transferee Company.

7. CONSIDERATION

- 7.1 Since the Transferor Company is a wholly owned subsidiary of the Transferee Company, upon the Scheme being sanctioned by the Hon'ble High Court of Karnataka at Bangalore, the investments in the shares of the Transferor Company, appearing in the books of the Transferee Company as on the Appointed Date will be cancelled and there will be no issue and allotment of shares of the Transferee Company to the shareholders of the Transferor Company upon the Scheme becoming effective.

8. WINDING-UP OF THE TRANSFEROR COMPANY



- 8.1 Upon the Scheme becoming effective, the Transferor Company shall be dissolved without being wound-up.

PART – 3
GENERAL TERMS AND CONDITIONS

9. ACCOUNTING TREATMENT

ACCOUNTING TREATMENT IN THE BOOKS AND FINANCIAL STATEMENTS OF THE TRANSFeree COMPANY.

- 9.1 On the scheme becoming effective, the Transferee Company shall account for the amalgamation under the Scheme in its accounts in accordance with Accounting Standard – 14, under the pooling of interest method, issued by the Institute of Chartered Accountants of India.

- 9.2 On the Scheme becoming effective, the Transferee Company shall account for the amalgamation of the Transferor Company in its books as given below.

- a) All the assets and liabilities recorded in the books of the Transferor Company shall be recorded by the Transferee Company at their respective book values;
- b) The amount of investments in the Transferor Company appearing in the books of account of the Transferee Company shall be offset against the equity of the transferor company.;
- c) The amount of any inter-company balance / amounts between the Transferor Company and the Transferee Company, appearing in the books of account of the Transferee Company, shall stand cancelled;
- d) In case of any differences in accounting policies between the Transferee Company and the Transferor Company, the accounting policies followed by the Transferee Company shall prevail to ensure that the financial statements reflect the financial position on the basis of consistent accounting policies;

10. STAFF, WORKMEN AND EMPLOYEES

- 10.1 On the scheme becoming operative all employees of the Transferor Company, if any, in service on the Effective Date, shall be deemed to have become employees of the



Transferee Company in such position, level and designation as may be determined by the Transferee Company, without any break or interruption in their service, and on the basis of continuity of service. The Transferee Company agrees that for the purpose of payment of any compensation, gratuity and other terminal benefits, the past services of such employees with the Transferor Company shall also be taken into account, and agrees and undertakes to pay the same as and when payable.

- 10.2 It is expressly provided that, on the Scheme becoming effective, the provident fund, gratuity fund, superannuation fund or any other special fund or trusts, if any, created or existing for the benefit of the staff, workmen and employees of the Transferor Company shall become trusts / funds of the Transferee Company for all purposes whatsoever in relation to the administration or operation of such fund or funds or in relation to the obligation to make contributions to the said fund or funds in accordance with the provisions thereof as per the terms provided in the respective trust deeds, if any, to the end and intent that all rights, duties, powers and obligations of the Transferor Company in relation to such fund or funds shall become those of the Transferee Company and the accounts of the employees, who are employed by the Transferor Company and who fall under Clause 10.1 above, relating to the Provident Fund, Gratuity Fund and Pension and/or Superannuation Fund and any other Fund, shall be identified, determined and transferred to the respective funds of the Transferee Company and the employees shall be deemed to have become members of such trusts/funds of the Transferee Company. It is the aim and intent of the Scheme that all the rights, duties, powers and obligations of the Transferor Company in relation to such schemes or funds shall become those of the Transferee Company. It is clarified that, for the purpose of the said Fund or Funds, the services of the staff, workmen and employees of the Transferor Company will be treated as having been continuous with the Transferee Company from the date of employment as reflected in the records of the Transferor Company. The exemptions provided to the trust created by the Transferor Company as well as the Transferee Company for the purpose of provident fund shall continue to subsist even after the Scheme coming into effect and the same shall remain undisturbed until the Transferee Company obtains a fresh exemption, if required by the concerned authorities, subsequent to the Scheme coming into effect.

- 10.3 The income-tax and other benefits available to the provident fund, gratuity fund, pension and/or superannuation fund and to the employees covered by the provident fund, gratuity fund, pension and/or superannuation fund of the Transferor



Company and the Transferee Company shall continue to be available after the merger of the provident fund, gratuity fund, pension and/or superannuation fund of the Transferor and the Transferee Company.

11. CONTRACTS AND DEEDS

- 11.1 Upon the coming into effect of this Scheme and subject to other provisions of this Scheme, all contracts, deeds, bonds, agreements, licenses, permits, registrations, approvals, arrangements and other instruments of whatsoever nature forming part of or in relation to the Transferor Company may be eligible, and which are subsisting or having effect immediately before the Effective Date, shall be in full force and effect on or against or in favour, as the case may be, of the Transferee Company and may be enforced as fully and effectually as if, instead of the Transferor Company, the Transferee Company had been a party or beneficiary or obligee thereto.
- 11.2 Without prejudice to the other provisions of the Scheme and notwithstanding the merger of the Transferor Company with the Transferee Company occurs by virtue of this Scheme itself, the Transferee Company may, at any time after the coming into effect of this Scheme in accordance with the provisions hereof, if so required under any law or if it is otherwise considered necessary or expedient, execute deeds, confirmations or novations or other writings or tripartite arrangements with any party to any contract or arrangement to which the Transferor Company is party or any writings as may be necessary to be executed merely in order to give formal effect to the above provisions. The Transferee Company shall, under the provisions of this Scheme, be deemed to be authorized to execute any such writings on behalf of the Transferor Company, and to carry out and perform all such formalities or compliance referred to above on the part of the Transferor Company to be carried out or performed.
- 11.3 For the avoidance of all doubt, it is expressly made clear that the dissolution of the Transferor Company without the process of winding up as contemplated hereafter, shall not affect the previous operation of any contract, agreement, deed or any instrument or beneficial interest to which the Transferor Company is a party or is the beneficiary of (as the case may be) and any reference in such agreements, contracts, deeds and instruments to the Transferor Company shall be construed as reference only to the Transferee Company with effect from the Effective Date.

12. LEGAL PROCEEDINGS



12.1 Upon the coming into effect of the Scheme, all legal or other proceedings (including before any statutory or quasi-judicial authority or tribunal) by or against the Transferor Company under any statute, whether pending on the Appointed Date, or which may be instituted any time in the future and in each case relating to the Transferor Company shall be continued and enforced by or against the Transferee Company after the Effective Date, in the same manner and to the same extent as it would or might have been continued, prosecuted and enforced by or against the Transferor Company as if this Scheme had not been made.

13. APPLICATIONS TO HIGH COURT/OTHER AUTHORITY

13.1 The Transferor Company being a wholly owned subsidiary of the Transferee Company, the Transferor Company shall alone, with all reasonable dispatch, make applications/petitions under Section 391 to 394 and other applicable provisions of the Act to the High Court for seeking sanction of this Scheme and for dissolution of the Transferor Company without winding up under the provisions of the Act.

14. MODIFICATION OR CLARIFICATION

14.1 The Transferor Company (by their Directors or committee or authorized person thereof) and the Transferee Company (by their Directors or committee or authorized person thereof) may assent to any modification(s) or amendment(s) in this Scheme which the Court and/or any other authorities may deem fit to direct or impose or which may otherwise be considered necessary or desirable for implementing and/or carrying out the Scheme or which may be considered necessary due to any change in law and the Transferor Company (by their Directors or committee or authorized person thereof) and the Transferee Company (by their Directors or committee or authorized person thereof) be and is hereby authorized to take such steps and do all acts, deed and things as may be necessary, desirable or proper to give effect to this Scheme and to resolve any doubts, difficulties or questions whether by reason of any orders of the Court or of any directive or orders of any other authorities or otherwise howsoever arising out of, under or by virtue of this Scheme and/or any matters concerning or connected therewith.

14.2 If any part of this Scheme is found to be unworkable for any reason whatsoever, the same shall not, subject to the decision of the respective Boards of Directors of the Transferor Company and the Transferee Company, affect the adoption or validity or interpretation of the other parts and/or provisions of this Scheme. It is hereby clarified that the Board of Directors of the Transferor Company and the Transferee Company may in their absolute discretion, adopt any part of this Scheme or declare



the entire Scheme to be null and void and in that event no rights and liabilities whatsoever in respect of such part of the Scheme that has not been adopted or the entire Scheme where it is declared null and void shall accrue to or be incurred inter se by the parties or their shareholders or creditors or employees or any other person. In such case each Company shall bear and pay their respective costs, charges and expenses in connection with the Scheme.

GENERAL TERMS

15. CONDITIONALITY OF SCHEME

15.1 The Scheme is conditional upon and subject to the following:

- a) the approval of this Scheme by the requisite majority of members and such classes of persons of the Transferor Company as may be directed by the High Court;
- b) the sanctions and orders under the provisions of Section 391 read with Section 394 of the Act being obtained by the Transferor Company from the High Court; and
- c) Certified copy of the order of the Court or such other competent authority sanctioning this Scheme being filed with the Registrar of Companies, Karnataka along with Form 21.

16. EFFECT OF NON-RECEIPT OF APPROVALS

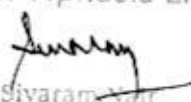
16.1 In the event any of the approvals or conditions enumerated in the Scheme not being obtained or complied with, or for any other reason, the Scheme cannot be implemented, the Boards of Directors of the Transferee Company and the Transferor Company shall mutually waive such conditions as they consider appropriate to give effect, as far as possible, to this Scheme and failing such mutual agreement, or in case the Scheme is not sanctioned by the High Court, the Scheme shall become null and void and each party shall bear and pay their respective costs, charges and expenses in connection with the Scheme.

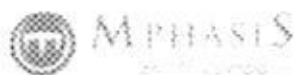
17. COSTS, CHARGES AND EXPENSES

17.1 In the event of the Scheme being sanctioned by the High Court, the Transferee Company shall bear and pay all costs, charges, expenses, taxes including duties, levies in connection with the Scheme.



For Mphasis Limited


A. Sivaram Nar
Senior Vice President,
Company Secretary,
General Counsel and Ethics Officer



MPHASIS LIMITED

Registered Office:
 Bagmane World Technology Center,
 Marathalli Outer Ring Road,
 Doddanahundi Village,
 Mahadevapura,
 Bangalore - 560 048, India
 Tel: +91 080 37525090
 Fax: +91 080 68959943

To the Audit Committee
 Mphasis Limited

REPORT ON NET ASSET VALUE OF MPHASIS FINSOURCE LIMITED

On behalf of Mphasis Limited, we hereby provide the following with regard to the Amalgamation of Mphasis Finsource with Mphasis Limited:

BACKGROUND:

1. Mphasis Limited is a Subsidiary of Hewlett-Packard Company, having its Registered office at Bagmane World Technology Center, Marathalli Ring Road, Doddanahundi Village, Mahadevapura, BANGALORE - 560 048 and is engaged in the business of providing Information Technology and Information Technology Enabled Services.
2. Mphasis Limited is listed on the Bombay Stock Exchange Limited and the National Stock Exchange of India Limited.
3. Mphasis Finsource Limited is a wholly owned subsidiary of Mphasis Limited, having its Registered office at Bagmane World Technology Center, Marathalli Ring Road, Doddanahundi Village, Mahadevapura, BANGALORE - 560 048.
4. Mphasis Finsource Limited was formed for carrying out outsourcing services for State Bank of India since 2007. The contract with the State Bank of India expires on 30 September 2013. State Bank of India had expressed its intention to discontinue the services from Mphasis Finsource Limited. Keeping in view administrative convenience, it is proposed to merge Mphasis Finsource into Mphasis Limited.
5. The management of Mphasis Limited proposes to merge Mphasis Finsource Limited with Mphasis Limited, with effect from 1 April 2013, being start of the new financial year of Mphasis Finsource Limited.



SOURCES OF INFORMATION:

For the purpose of this certificate we have relied upon the following:

1. Draft Scheme of Amalgamation
2. Audited Financial Statements of Mphasis Finsource Limited as on 31 March 2013
3. Such other information, as provided by the Company

LIMITATIONS & EXCLUSIONS:

1. Our recommendation is dependent upon the information available with us complete in all material respects.
2. Our report should not be construed as our opinion or as a certification of the compliance of the proposed amalgamation with provisions of any law including companies, taxation and capital market related laws or as regards any legal implications or issues from such proposed amalgamation.
3. The information contained herein is absolutely confidential and solely for the purpose of complying with the requirements for the valuation report by the Stock Exchanges.

CONCLUSION:

1. As per the financials of Mphasis Finsource Limited as on 31 March 2013, the Net Asset value is INR 1.59 Million, as per workings given below:


NET ASSET VALUE AS ON 31 MARCH 2013

(INR-Million)		
Particulars		
Non-current Liabilities		
Other Long term Liabilities		
Long-Term Provisions	(3.79)	
Total non-current liabilities		(3.79)
Current Liabilities		
Short-Term Borrowings		
Trade Payables	(183.88)	
Other Current Liabilities	(7.56)	
Short-term provisions	(1.53)	
Total current liabilities		(192.97)
Non-current Assets		
Fixed Assets		
Tangible Assets	21.28	
Intangible Assets	4.09	




Particulars		
Deferred Tax Assets (net)	7.30	
Long term loans and advances	24.74	
Total Non-current Assets		57.41
Current Assets		
Trade receivables	48.79	
Cash and Bank balances	45.47	
Short-term loans and advances	16.03	
Other current assets	28.65	
Total current assets		138.94
BOOK VALUE		3.59

- As per the Draft scheme of amalgamation, no shares are proposed to be issued in consideration of the merger of Mphasis Finsource Limited with the Mphasis Limited
- In our opinion, the above is fair since shareholders of Mphasis Limited will continue to remain beneficial owners of Mphasis Limited and Mphasis Finsource Limited in the same proportion as they were prior to the merger.



Ganesh Murthy
 Executive Vice President and
 Chief Financial Officer

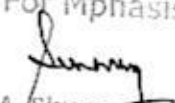


A. Sivaram Nair
 Sr. Vice President, Company Secretary,
 General Counsel and Ethics Officer

DATE: 27 SEPTEMBER 2019

CERTIFIED TRUE COPY

For Mphasis Limited



A. Sivaram Nair
 Senior Vice President,
 Company Secretary,
 General Counsel and Ethics Officer





Mphasis Limited Registered Office:
 Bagmane World Technology Center
 Marathalli Outer Ring Road
 Doddanakhundi Village
 Mahadevapura
 Bangalore - 560 048, India
 Ph: +91 080 3352 5000
 Fax: +91 080 6695 9943

REPORT FROM THE AUDIT COMMITTEE RECOMMENDING THE NET ASSET VALUATION AND DRAFT SCHEME OF AMALGAMATION.

CERTIFIED TRUE COPY OF THE RESOLUTION PASSED BY THE AUDIT COMMITTEE OF THE COMPANY DATED 27 SEPTEMBER 2013

(a) Consideration and Net Assets Valuation

RESOLVED THAT no shares of the Company be issued in consideration of the merger of Mphasis Finsource Limited, wholly owned subsidiary, with the Company and the certificate of the Net Assets Value of Mphasis Finsource as at 31 March 2013 certified by Company Secretary and the Chief Financial officer of the Company, be and is hereby considered and recommended for the approval of the Board.

(b) Approval of the Scheme of the merger

RESOLVED THAT pursuant to the provisions of sections 391 to 394 and other applicable provisions, if any, of the Companies Act, 1956, Companies Act, 2013 (to the extent applicable upon notification of relevant provisions) and Rules 67 to 87 of the Companies (Court) Rules, 1959 (the Rules) and enabling provisions in the Memorandum and Articles of Association of the Company and subject to such terms and conditions and modification(s), as may be imposed, prescribed or suggested by the Hon'ble High Court of Karnataka, Securities Exchange Board of India, Stock Exchanges where the shares of the Company are listed or any other appropriate authorities, the Scheme of Amalgamation of Mphasis Finsource Limited ("Mphasis Finsource"), a company registered under the Companies Act, 1956 with registered office at Bagmane World Technology Center, Marathalli Ring Road, Doddanakhundi Village, Mahadevapura, Bangalore – 560 048, with Mphasis Limited ("the Company"), ("the Scheme") and their respective shareholders, in terms of the draft placed before the Committee and initialled by the Chairman for the purpose of identification, which *inter alia* provides for the amalgamation of Mphasis Finsource, a wholly owned subsidiary of the Company, into the Company with effect from 1 April 2013 (the Appointed Date) and accounting the assets and liabilities of Mphasis Finsource into the Company at its book value as per the pooling of interest method, be and is hereby considered and recommended to the Board for its approval.



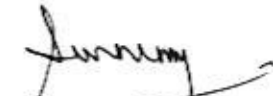
www.mphasis.com

RESOLVED FURTHER THAT Mr. Balu Ganesh Ayyar, Chief Executive Officer, Mr. Ganesh Murthy, Executive Vice-President & Chief Financial Officer and Mr. A Sivaram Nair, Senior Vice President, Company Secretary, General Counsel & Ethics Officer, be and are hereby severally authorised to certify the resolution and submit the same to the Stock Exchanges as the report of the Committee.

RESOLVED FURTHER THAT Mr. Balu Ganesh Ayyar, Chief Executive Officer, Mr. Ganesh Murthy, Executive Vice-President & Chief Financial Officer and Mr. A Sivaram Nair, Senior Vice President, Company Secretary, General Counsel & Ethics Officer, be and are hereby severally authorised to appoint Auditors, Merchant Bankers and other intermediaries as may be required in connection with the submission of the Scheme of Amalgamation with the Stock Exchange and determine the terms and conditions of the appointment including the remuneration thereof.

Certified True.

For Mphasis Limited



A Sivaram Nair

SVP, Company Secretary, General Counsel & Ethics Officer





IFCI FINANCIAL SERVICES LIMITED

(A Subsidiary of IFCI Ltd.)

SEBI REGN. NO. MB/ INM000010247

October 8, 2013

STRICTLY PRIVATE & CONFIDENTIAL

To,
The Company Secretary,
Mphasis Limited,
Bagmane World Technology Center,
Marathalli Outer Ring Road,
Doddanekundhi Village,
Mahadevapura, Bangalore - 560048

Dear Sirs,

Sub: Fairness opinion certificate on the report issued by Mr. Ganesh Murthy, Executive Vice President and Chief Financial Officer and Mr. A. Sivaram Nair, Sr. Vice President, Company Secretary, General Counsel and ethics Officer of Mphasis Limited

Ref: Proposed scheme of Amalgamation of Mphasis Finsource Limited (MFL) with Mphasis Limited (ML).

This has reference to the request made by the management of Mphasis Limited, to issue "Fairness Opinion" on report issued by Mr. Ganesh Murthy, Executive Vice President and Chief Financial Officer and Mr. A. Sivaram Nair, Sr. Vice President, Company Secretary, General Counsel and ethics Officer of Mphasis Limited with regard to amalgamation of Mphasis Finsource Limited (MFL) with Mphasis Limited (ML) under a scheme of Amalgamation.

1. BACKGROUND, SCOPE AND PURPOSE OF THE REPORT

1.1. Mphasis Limited is a subsidiary of Hewlett-Packard Company, having its registered office at Bagmane World Technology Center, Marathalli Outer Ring Road, Doddannakhundhi Village, Mahadevapura, Bangalore - 560048 and is engaged in the business of providing Information Technology and Information Technology Enabled services. Mphasis limited is listed on the Bombay Stock Exchange Limited and the National Stock Exchange of India Limited

Mphasis Finsource Limited is a wholly owned subsidiary of Mphasis Limited, having its registered office at Bagmane World Technology Center, Marathalli Ring Road,



Corp. Office : 'Continental Chambers', 3rd Floor, 142, Mahatma Gandhi Road, Nungambakkam
Chennai - 600 034. Tel : +91 (044) 2830 6600, Fax : +91 (044) 2830 6650. website : www.ifinonline.com

Regd. Office : IFCI Towers, 61, Nehru Place, New Delhi - 110 019

SEBI Registration No. INB / INF / INE 231108631 (NSE) ; INB 011108637 (BSE) ; For Mphasis Limited



CERTIFIED TRUE COPY

[Signature]
A. Sivaram Nair
Senior Vice President,
Company Secretary,
General Counsel and Ethics Officer

Doddannakhundhi Village, Mahadevapura, Bangalore – 560048. It was formed for carrying out outsourcing services for state bank of India since 2007.

- 1.3. We have been informed that the Board of Directors of the Company at their meeting held on 26th and 27th September 2013, had approved the proposal for amalgamation of MFL into ML with effect from appointed date of April 01, 2013 along with the draft scheme of Amalgamation
- 1.4. As per the Scheme of Amalgamation we understand that no shares are proposed to be issued to ML in consideration of amalgamation of MFL with itself as MFL is wholly owned subsidiary of ML as on date.
- 1.5. The shareholders of ML will continue to remain beneficial owners of ML and MFL in the same proportion as they held it prior to the amalgamation.
- 1.6. As per SEBI Circular no. CIR/CFD/DIL/8/2013 dated May 21, 2013 'Valuation Report from an Independent Chartered Accountant' need not be required in cases where there is no change in the shareholding pattern of the listed company / resultant company.
- 1.7. Accordingly, ML has appointed us to give a fairness opinion on report issued by Mr. Ganesh Murthy, Executive Vice President and Chief Financial Officer and Mr. A. Sivaram Nair, Sr. Vice President, Company Secretary, General Counsel and ethics Officer of Mphasis Limited.
- 1.8. The information contained in our report herein is confidential. It is intended only for the sole use of captioned purpose including for obtaining the requisite statutory approvals.

2. SOURCE OF INFORMATION

For the purpose of this exercise, we have relied upon the following sources of information

- i. Draft Scheme of Amalgamation under section 391 to 394 of the Companies Act, 1956.
- ii. Audited Financial Statement of MFL for the Financial Year 2012-13.
- iii. Report dated 27th September 2013, issued by Mr. Ganesh Murthy, Executive Vice President and Chief Financial Officer and Mr. A. Sivaram Nair, Sr. Vice President, Company Secretary, General Counsel and ethics Officer of Mphasis Limited.

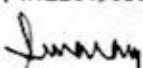


Corp. Office : 'Continental Chambers', 3rd Floor, 142, Mahatma Gandhi Road, Nungambakkam
Chennai - 600 034. Tel : +91 (044) 2830 6600, Fax : +91 (044) 2830 6650. website : www.ifinonline.com

Regd. Office : IFCI Towers, 61, Nehru Place, New Delhi - 110 019.

SEBI Registration No. INB / INF / INE 231108631(NSE) ; INB 011108637 (BSE) ; INE 261108631 (NSE)




A. Sivaram Nair
Senior Vice President,
Company Secretary,
General Counsel and Ethics Officer

- iv. Such other information and explanations as we required and which have been provided by the management of ML and MFL

3. EXCLUSION AND LIMITATIONS

- 3.1. Our conclusion is based on the information furnished to us being complete and accurate in all material respects. We have relied upon the historical financials and the information and representations furnished to us without carrying out any audit or other tests to verify its accuracy with limited independent appraisal.
- 3.2. We have not conducted any independent valuation or appraisal of any of the assets or liabilities of the Companies.
- 3.3. Our work does not constitute verification of historical financials or including the working results of the Companies referred to in this report. Accordingly, we are unable to and do not express an opinion on the fairness or accuracy of any financial information referred to in this report.
- 3.4. Our opinion is not intended to and does not constitute a recommendation to any shareholders as to how such shareholder should vote or act in connection with the Scheme or any matter related therein.
- 3.5. Our liability (Statutory or otherwise) for any economic loss or damage arising out of the rendering this opinion shall be limited to amount of fees received for rendering this opinion as per our engagement with ML.
- 3.6. Our opinion is not, nor should it be construed as our opining or certifying the compliance of the proposed amalgamation with the provisions of any law including companies, taxation and capital market related laws or as regards any legal implications or issues arising thereon.
- 3.7. We assume no responsibility for updating or revising our opinion based on circumstances or events occurring after the date hereof.
- 3.8. We do not express any opinion as to the price at which shares of the resulting company may trade at any time, including subsequent to the date of this opinion.



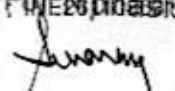
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SEBI Registration No. INB / INF / INE 231108631 (NSE) ; INB 011108637 (BSE)



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For Mphasis Limited


A. Sivaram Mair
Senior Vice President,
Company Secretary,
General Counsel and Ethics Officer


4. Conclusion

On the basis of the foregoing, in our opinion the proposed Scheme of amalgamation of Mphasis Finsource Limited (MFL) with Mphasis Limited (ML) is fair and reasonable and the report issued by Mr. Ganesh Murthy, Executive Vice President and Chief Financial Officer and Mr. A. Sivaram Nair, Sr. Vice President, Company Secretary, General Counsel and ethics Officer of Mphasis Limited in relation to the above is justified.

Thanking you,

Yours faithfully,

For IFCI Fincial Services Limited.


K.J. Chandra Mohan
Manager – Merchant Banking



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For Mphasis Limited


A. Sivaram Nair
Senior Vice President,
Company Secretary,
General Counsel and Ethics Officer

PRE AND POST SHAREHOLDING PATTERN - MPHASIS LIMITED

SCRIP CODE : BSE 526299
 NSE MPHASIS
 NAME OF THE SCRIP MPHASIS LIMITED
 CLASS OF SECURITY EQUITY SHARES

SHAREHOLDING PATTERN IN COMPLIANCE WITH CLAUSE 35 OF THE LISTING AGREEMENT FOR THE QUARTER ENDED 30 SEPTEMBER 2013

1(a) Statement showing Shareholding Pattern

Partly paid-up shares	No of partly paid-up shares	As a % of total no. of partly paid-up shares	As a % of total no. of shares of the Company
Held by promoter/promoter group	-	-	-
Held by Public	-	-	-
Total(D)	-	-	-
Outstanding convertible securities	No of outstanding securities	As a % of total no. of outstanding convertible securities	As a % of total no. of shares of the company, assuming full conversion of the convertible securities
Held by promoter/promoter group	-	-	-
Held by Public	-	-	-
Total(E)	-	-	-
Warrants	No of warrants	As a % of total no. of warrants	As a % of total no. of shares of the Company, assuming full conversion of warrants
Held by promoter/promoter group	-	-	-
Held by Public	-	-	-
Total(F)	-	-	-
Total paid-up capital of the company, assuming full conversion of warrants and convertible securities			210,127,099



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For Mphasis Limited

A. Sivaram Nair
 A. Sivaram Nair
 Senior Vice President,
 Company Secretary,
 General Counsel and Ethics Officer

SHAREHOLDING PATTERN IN COMPLIANCE WITH CLAUSE 35 OF THE LISTING AGREEMENT FOR THE QUARTER ENDED 30 SEPTEMBER 2013

(a) Statement showing Shareholding Pattern

Category Code	Category of shareholder	Total Number of shareholders	Total number of shares	Number of shares held in dematerialized form	Total shareholding as a percentage of total number of shares		Shares pledged or otherwise encumbered	
					As a percentage of (A+B)1	As a percentage of (A+B+C)	Number of shares	As a percentage
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)=(VIII)/(V)*100
(A)	Shareholding of Promoter and Promoter Group[2]							
(1)	Indian							
(a)	Individuals/ Hindu Undivided Family	-	-	-	-	-	-	-
(b)	Central Government/ State Government(s)	-	-	-	-	-	-	-
(c)	Bodies Corporate	-	-	-	-	-	-	-
(d)	Financial Institutions/ Banks	-	-	-	-	-	-	-
(e)	Any Other (specify)	-	-	-	-	-	-	-
	Sub-Total (A)(1)	0	0	0	0.00	0.00	0	0.00
(2)	Foreign							
(a)	Individuals (Non-Resident Individuals/ Foreign Individuals)	-	-	-	-	-	-	-
(b)	Bodies Corporate	3	127,106,266	127,106,266	60.49	60.49	0	0.00
(c)	Institutions	-	-	-	-	-	-	-
(d)	Any Other (specify)	-	-	-	-	-	-	-
	Sub-Total (A)(2)	3	127,106,266	127,106,266	60.49	60.49	-	-
	Total Shareholding of Promoter and Promoter Group (A)= (A)(1)+(A)(2)	3	127,106,266	127,106,266	60.49	60.49	0	0.00
(B)	Public shareholding[3]							
(1)	Institutions							
(a)	Mutual Funds/ UTI	28	1,580,143	1,579,543	0.75	0.75	-	-
(b)	Financial Institutions/ Banks	20	6,665,122	6,665,122	3.28	3.28	-	-
(c)	Central Government/ State Government(s)	-	-	-	-	-	-	-
(d)	Venture Capital Funds	-	-	-	-	-	-	-
(e)	Insurance Companies	-	-	-	-	-	-	-
(f)	Foreign Institutional Investors	121	57,062,856	57,069,656	27.16	27.16	-	-
(g)	Foreign Venture Capital Investors	-	-	-	-	-	-	-
(h)	Any Other (specify)	-	-	-	-	-	-	-
	Sub-Total (B)(1)	169	65,528,121	65,523,321	31.19	31.19	-	-
(2)	Non-Institutions							
(a)	Bodies Corporate	529	10,016,337	10,013,337	4.76	4.76	-	-
(b)	Individuals							
	i. Individual shareholders holding nominal share capital up to Rs. 1 lakh.	28,434	4,360,036	4,236,206	2.09	2.09	-	-
	ii. Individual shareholders holding nominal share capital in excess of Rs. 1 lakh.	65	2,687,336	2,687,336	1.28	1.28	-	-
	Qualified Foreign Investor	-	-	-	-	-	-	-
(c)	Any Other (specify)	-	-	-	-	-	-	-
	Director	1	17,010	17,010	0.01	0.01	-	-
	Mphasis Limited - Unclaimed Suspense Account	1	18,150	18,150	0.01	0.01	-	-
	Trust	4	311,525	311,525	0.15	0.15	-	-
	Clearing Member	174	45,316	45,316	0.02	0.02	-	-
	Sub-Total (B)(2)	29,208	17,492,712	17,330,882	8.32	8.32	-	-
	Total Public Shareholding (B)=(B)(1)+(B)(2)	29,377	83,020,833	82,854,203	39.51	39.51	-	-
	TOTAL (A)+(B)	29,380	210,127,099	209,960,469	100.00	100.00	0	0.00
(C)	Shares held by Custodians and against which Depository Receipts have been issued							
	Promoter and Promoter Group	-	-	-	-	-	-	-
	Public	-	-	-	-	-	-	-
	Sub-Total (C)	-	-	-	-	-	-	-
	GRAND TOTAL (A)+(B)+(C)	29,380	210,127,099	209,960,469	100.00	100.00	0	0.00

NOT APPLICABLE

NOT APPLICABLE

Note:-

Share Capital excludes 21,000 bonus shares kept in abeyance as per Section 206A of the Companies Act 1956/ Stock Transfer/ Litigation/ Court Order



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For Mphasis Limited

A. Sivaram Nair
A. Sivaram Nair
Senior Vice President,
Company Secretary,
General Counsel and Ethics Officer

(b) Statement showing holding of securities (including shares, warrants, convertible securities) of persons belonging to the category "Promoter and Promoter Group".

Sr. No.	Name of the shareholder	Details of Shares held			Encumbered shares (*)			Details of warrants			Details of convertible securities		Total shares (including underlying shares assuming full conversion of warrants and convertible securities) as a % of diluted share capital
		No. of Shares held	As a % of grand total (A)+(B)+(C)	No.	As a percentage (VI)/(VII)*100	As a % of grand total (A)+(B)+(C) of sub-clause (IXa)	Number of warrants held	As a % total number of warrants of the same class	Number of convertible securities held	As a % total number of convertible securities of the same class			
(i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)	(x)	(xi)	(xii)		
1	EDS ASIA PACIFIC HOLDINGS	83,002,201	39.50	-	-	-	-	-	-	-	-	-	
2	EDS WORLD CORPORATION (FAR EAST) LLC	44,704,064	20.99	-	-	-	-	-	-	-	-	-	
3	EDS WORLD CORPORATION (NETHERLANDS) LLC	1	0.00	-	-	-	-	-	-	-	-	-	
	Total	127,106,266	60.49	0	0.00	0.00	0	0.00	0	0.00	0.00	0.00	

Note: The above mentioned shareholders are wholly owned subsidiaries HP. Hence, the ultimate parent Company of Mphasis and person acting in concert with the aforesaid promoter shareholders is HP.

(IXc) (i)

Statement showing holding of securities (including shares, warrants, convertible securities) of persons belonging to the category "Public" and holding more than 1% of the total number of shares.

Sr. No.	Name of the shareholder	Details of Shares held		Shares as a percentage of total number of shares (i.e., Grand Total (A)+(B)+(C) indicated in Statement at para (IXa) above)		Details of warrants			Details of convertible securities		Total shares (including underlying shares assuming full conversion of warrants and convertible securities) as a % of diluted share capital	
		No. of Shares held	As a % of grand total (A)+(B)+(C)	(A)+(B)+(C)	(A)+(B)+(C) indicated in Statement at para (IXa) above	Number of warrants held	As a % total number of warrants of the same class	Number of convertible securities held	% w.r.t total number of convertible securities of the same class			
1	ABERDEEN GLOBAL INDIAN EQUITY FUND MAJIRITUS LIMITED	18,500,000	8.80	-	-	-	-	-	-	-	-	-
2	ABERDEEN GLOBAL-ASIAN SMALLER COMPANIES FUND	6,986,300	3.32	-	-	-	-	-	-	-	-	-
3	BARING INDIA PRIVATE EQUITY FUND III LISTED INVESTMENTS LIMITED	6,436,330	3.06	-	-	-	-	-	-	-	-	-
4	ABERDEEN GLOBAL-EMERGING MARKETS SMALLER COMPANIES FUND	5,420,206	2.56	-	-	-	-	-	-	-	-	-
5	LC OF INDIA MARKET PLUS 1 GROWTH FUND	3,437,518	1.64	-	-	-	-	-	-	-	-	-
6	BAJAJ ALLIANZ LIFE INSURANCE COMPANY LTD.	3,312,820	1.56	-	-	-	-	-	-	-	-	-
7	BARING INDIA INVESTMENTS LIMITED PCC	3,162,869	1.51	-	-	-	-	-	-	-	-	-
8	THE INDIA FUND, INC	2,600,000	1.24	-	-	-	-	-	-	-	-	-
	TOTAL	49,856,029	23.73									



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For Mphasis Limited

A. Sivaram Nair
Senior Vice President,
Company Secretary,
General Counsel and Ethics Officer

(1)(c) (ii) Statement showing holding of securities (including shares, warrants, convertible securities) of persons (together with PAC) belonging to the category "Public" and holding more than 5% of the total number of shares of the company

Sr. No	Name(s) of the shareholder(s) and the Persons Acting in Concert (PAC) with them	No of shares	Shares as a percentage of total number of shares (i.e., Grand Total (A)+(B)+(C) Indicated in Statement at para (1)(a) above)	Details of warrants		Details of convertible securities		Total shares (including underlying shares assuming full conversion of warrants and convertible securities) as a % of diluted share capital
				Number of warrants held	As a % total number of warrants of the same class	Number of convertible securities held	% w.e.t total number of convertible securities of the same class	
1	ABERDEEN GLOBAL INDIAN EQUITY FUND MAURITIUS LIMITED	15,500,000	8.90	-	-	-	-	-
2	ABERDEEN GLOBAL-ASIAN SMALLER COMPANIES FUND	6,986,300	3.32	-	-	-	-	-
3	ABERDEEN GLOBAL-EMERGING MARKETS SMALLER COMPANIES FUND	5,420,206	2.58	-	-	-	-	-
4	ABERDEEN EMERGING MARKETS SMALLER COMPANIES FUND A SERIES OF THE ABERD	1,355,000	0.64	-	-	-	-	-
5	ABERDEEN EMERGING MARKETS TELECOMMUNICATIONS AND INFRASTRUCTURE FUND	338,000	0.16	-	-	-	-	-
6	ABERDEEN ASIA-PACIFIC SMALLER COMPANIES FUND	40,450	0.02	-	-	-	-	-
	TOTAL	32,637,956	15.53					

(1)(d) Statement showing details of locked-in shares

Sr. No	Name of the shareholder	Category of Shareholder (Promoters / Public)	Number of locked-in shares	Locked-in shares as a percentage of total number of shares (i.e., Grand Total (A)+(B)+(C) Indicated in Statement at para (1)(a) above)
-	-	-	-	-

(1)(a) Statement showing details of Depository Receipts (DRs)

Sr. No	Type of outstanding DR (ADRs, GDRs, SDRs, etc.)	Number of outstanding DRs	Number of shares underlying outstanding DRs	Shares underlying outstanding DRs as a percentage of total number of shares (i.e., Grand Total (A)+(B)+(C) Indicated in Statement at para (1)(a) above)
-	-	-	-	-

(1)(b) Statement showing Holding of Depository Receipts (DRs), where underlying shares held by 'promoter / promoter group' are in excess of 1% of the total number of shares

Sr. No	Name of the DR Holder	Type of outstanding DR (ADRs, GDRs, SDRs, etc.)	Number of shares underlying outstanding DRs	Shares underlying outstanding DRs as a percentage of total number of shares (i.e., Grand Total (A)+(B)+(C) Indicated in Statement at para (1)(a) above)
-	-	-	-	-



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For Mphasis Limited

A. Sivaram Nair
 A. Sivaram Nair
 Senior Vice President,
 Company Secretary,
 General Counsel and Ethics Officer

(III) (e) Statement showing the voting pattern of shareholders, if more than one class of shares/securities is issued by the issuer as on 30 September 2013

Category Code	Category of shareholder	Number of Voting Rights held in each class of securities			Total Voting Rights (III+IV+V)	Total Voting Rights i.e (VI)	
		Class X	Class Y	Class Z		As a percentage of (A+B)	As a percentage of (A+B+C)
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)
(A)	Promoter and Promoter Group						
-1	Indian	0	0	0	0	0.00	0.00
(a)	Individuals/ Hindu Undivided Family	0	0	0	0	0.00	0.00
(b)	Central Government/ State Government(s)	0	0	0	0	0.00	0.00
(c)	Bodies Corporate	0	0	0	0	0.00	0.00
(d)	Financial Institutions/ Banks	0	0	0	0	0.00	0.00
(e)	Any Other (specify)	0	0	0	0	0.00	0.00
	Sub-Total (A)(1)	0	0	0	0	0.00	0.00
-2	Foreign					0.00	0.00
(a)	Individuals (Non-Resident Individuals/ Foreign Individuals)	0	0	0	0	0.00	0.00
(b)	Bodies Corporate	0	0	0	0	0.00	0.00
(c)	Institutions	0	0	0	0	0.00	0.00
(d)	Any Other (specify)	0	0	0	0	0.00	0.00
	Sub-Total (A)(2)	0	0	0	0	0.00	0.00
	Total Shareholding of Promoter and Promoter Group (A)= (A)(1)+(A)(2)	0	0	0	0	0.00	0.00
(B)	Public shareholding					0.00	0.00
-1	Institutions	0	0	0	0	0.00	0.00
(a)	Mutual Funds/UTI	0	0	0	0	0.00	0.00
(b)	Financial Institutions/ Banks	0	0	0	0	0.00	0.00
(c)	Central Government/ State Government(s)	0	0	0	0	0.00	0.00
(d)	Venture Capital Funds	0	0	0	0	0.00	0.00
(e)	Insurance Companies	0	0	0	0	0.00	0.00
(f)	Foreign Institutional Investors	0	0	0	0	0.00	0.00
(g)	Foreign Venture Capital Investors	0	0	0	0	0.00	0.00
(h)	Any Other (specify)	0	0	0	0	0.00	0.00
	Sub-Total (B)(1)	0	0	0	0	0.00	0.00
-2	Non-institutions					0.00	0.00
(a)	Bodies Corporate	0	0	0	0	0.00	0.00
(b)	Individuals -	0	0	0	0	0.00	0.00
	ii. Individual shareholders holding nominal share capital up to Rs. 1 lakh.	0	0	0	0	0.00	0.00
	iv. Individual shareholders holding nominal share capital in excess of Rs. 1 lakh.	0	0	0	0	0.00	0.00
(c)	Any Other (specify)	0	0	0	0	0.00	0.00
	Sub-Total (B)(2)	0	0	0	0	0.00	0.00
	Total Public Shareholding (B)= (B)(1)+(B)(2)	0	0	0	0	0.00	0.00
	TOTAL (A)+(B)	0	0	0	0	0.00	0.00
(C)	Shares held by Custodians and against which Depository Receipts have been issued	0	0	0	0	0.00	0.00
	GRAND TOTAL (A)+(B)+(C)	0	0	0	0	0.00	0.00

NOTE: NO SEPARATE CLASS OF EQUITY SHARES WITH DIFFERENT VOTING RIGHTS ARE ISSUED BY THE COMPANY. THE EQUITY SHARES ISSUED BY THE COMPANY FROM TIME TO TIME ARE PARI PASSU IN ALL RESPECTS WITH THE EXISTING EQUITY SHARES.



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For Mphasis Limited

Sivaram Nair
A. Sivaram Nair
Senior Vice President,
Company Secretary,
General Counsel and Ethics Officer



**PRE AND POST AMALAGAMTION SHAREHOLDING PATTERN OF MPHASIS FINSOURCE LIMITED
(TRASFEROR COMPANY)**

**A. Pre- Amalgamation Shareholding Pattern of the Transferor Company as on 31st March ,
2013:**

S.No.	Category of shareholder	No. of Shares held	Face Value (Rs.)	Total (Rs.)	% of Total Shares
1	Promoter (Transferee Company)	50000	10	500,000	100%
2	Public	Nil	Nil	Nil	Nil
3	Custodian	Nil	Nil	Nil	Nil
	Total Shareholding	50000	10	5,00,000	100%

B. Post – Amalgamation Shareholding Pattern of the Transferor Company :

S.No.	Category of shareholder	No. of Shares held	Face Value (Rs.)	Total (Rs.)	% of Total Shares
1	Promoter (Transferee Company)	Nil*	Nil *	Nil *	Nil *
2	Public	Nil	Nil	Nil	Nil
3	Custodian	Nil	Nil	Nil	Nil
	Total Shareholding	Nil	Nil	Nil	Nil

*The Transferor Company is an unlisted Public Company and getting amalgamated with Mphasis Limited (the " Transferee Company"). Post amalgamation, the entire Equity shares held by the Transferee Company and its nominees in the Transferor Company shall be cancelled and extinguished.

For Mphasis Finsource Limited

Suryanarayanan V
Director





Mphasis Limited Registered Office:
 Bagmane World Technology Center
 Marathalli Outer Ring Road
 Doddanakhundi Village
 Mahadevapura
 Bangalore - 560 048, India
 Ph.: +91 080 3352 5000
 Fax: +91 080 6695 9943

To,

The General Manager,
 Department of Corporate Services,
 BSE Limited,
 P.J. Towers, Dalal Street,
 Mumbai - 400 001.

Scrip Code: 526299 ISIN: INE356A01018

General Manager,
 Department of Corporate Services
 National Stock Exchange of India Limited,
 Exchange Plaza, Plot No.C/1, G Block,
 Bandra-Kurla Complex, Bandra (East)
 Mumbai-400 051

Symbol: MPHASIS ISIN: INE356A01018

Dear Sir,

Sub: Application for approval under Clause 24(f) of the Listing Agreement for the proposed Amalgamation of Mphasis Finsource Limited (The "Transferor Company") Wholly owned subsidiary with Mphasis Limited (The "Transferee Company").

Ref: Undertaking on Compliance with Clause 49 of the Listing Agreement

In connection with the above application, we hereby confirm that Mphasis Limited (the "Transferee Company") is in compliance with Clause 49 of the Listing Agreement and submits its quarterly compliance report on Corporate Governance as per Clause 49 of the Listing Agreement with the stock exchanges.

The compliance report on corporate governance for the quarter ended 30 September, submitted with BSE and NSE on 4 October 2013, is annexed herewith.

For Mphasis Limited



Date: 23 October 2013

A Sivaram Nair
 SVP, Company Secretary,
 General Counsel & Ethics Officer

**QUARTERLY COMPLIANCE REPORT ON CORPORATE GOVERNANCE
CLAUSE 49 OF THE LISTING AGREEMENT**

Name of the Company : MPHASIS LIMITED
Quarter Ending : 30 SEPTEMBER 2013

Particulars	Clause of Listing agreement	Compliance Status Yes/No	Remarks
I. Board of Directors	49 I		
(A) Composition of Board	49 (IA)	YES	The Board comprises 9 members, out of which, 8, are non-executive directors. 3 Directors are independent. The Chairman of the Board is an independent Director.
(B) Non-executive Directors' compensation & disclosures	49 (IB)	YES	Payment of remuneration to non-executive directors has been approved by the shareholders with a majority of 99.99% of shares voted under the postal ballot being in favour.
(C) Other provisions as to Board and Committees	49 (IC)	YES	The Board met twice during the quarter. Directors have confirmed that they are not members of more than 10 Committees / Chairman of more than 5 Committees.
(D) Code of Conduct	49 (ID)	YES	The Code of Conduct for Board Members and Senior Management is available on the website of the Company (www.mphasis.com) and affirmation of compliance, signed by the CEO, is included in the Annual Report for the year ended 31 October 2012.
II. Audit Committee	49 (II)		
(A) Qualified & Independent Audit Committee	49 (IIA)	YES	Audit Committee comprises 4 members. 3 members are independent.
(B) Meeting of Audit Committee	49 (IIB)	YES	The Audit Committee met once during the quarter.
(C) Powers of Audit Committee	49 (IIC)	YES	An Audit Committee Charter is in place covering roles, responsibilities and powers, inter-alia in accordance with Clause 49.
(D) Role of Audit Committee	49 II(D)	YES	
(E) Review of Information by Audit Committee	49 (IIE)	YES	Complied with during quarterly and annual reviews.
III. Subsidiary Companies	49 (III)	YES	There are no material non-listed Indian subsidiaries and hence the requirement of appointing an independent director on the subsidiary Board is not applicable. Financial statements and minutes of subsidiaries are reviewed by the Board.
IV. Disclosures	49 (IV)		
(A) Basis of related party transactions	49 (IV A)	YES	Information regarding related party transactions is reviewed by the Audit Committee on an annual basis.
(B) Disclosure of Accounting Treatment	49 (IV B)	YES	Financials are prepared in accordance with Accounting Standards and hence no disclosure is required.
(C) Board Disclosures	49 (IV C)	YES	Risk assessment and minimization procedures are periodically informed to the Board.
(D) Proceeds from public issues, rights issues, preferential issues etc.	49 (IV D)	YES	Not applicable.
(E) Remuneration of Directors	49 (IV E)	YES	All details of remuneration of Directors are disclosed in the

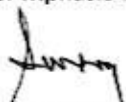
Quarterly Compliance Report on Corporate Governance
Clause 49 of the Listing Agreement (Annexure 7)



Page 10/12

Particulars	Clause of Listing agreement	Compliance Status Yes/No	Remarks
			Annual Report for the year ended 31 October 2012.
(F) Management	49 (IV F)	YES	Management Discussion and Analysis Report forms part of Annual Report of the Company for the year ended 31 October 2012. Senior Management confirms on an annual basis that there were no material financial and commercial transactions where they have personal interest.
(G) Shareholders	49 (IV G)	YES	Disclosure regarding appointment of new director etc. is informed to shareholders through website and annual report. Quarterly results and analyst presentations are also made available on the website of the Company. Investor Grievance Committee reviews investor grievance and status of redressal of the same periodically. The power to approve share transfers stands delegated to the Share Transfer Committee.
V. CEO/CFO Certification	49 (V)	YES	The CEO & CFO give the required certification on an annual basis. Certification for the year ended 31 October 2012 has been given to the Board at the time of review of the financials for the period ended 31 October 2012.
VI. Report on Corporate Governance	49 (VI)	YES	The Annual Reports of the Company contain a detailed Corporate Governance Report. Quarterly compliance reports are also submitted to stock exchanges.
VII. Compliance	49 (VII)	YES	Certificate of compliance with Corporate Governance requirements is certified by the Statutory Auditors and the certificate forms part of the Company's Annual Report.

For Mphasis Limited



A. Sivaram Naik
SVP, Company Secretary,
General Counsel & Ethics Officer

Note:

- 1) The details under each head shall be provided to incorporate all the information required as per the provisions of the Clause 49 of the Listing Agreement.
- 2) In the column No.3, compliance or non-compliance may be indicated by Yes/No/N.A. For example, if the Board has been composed in accordance with the Clause 49 I of the Listing Agreement, "Yes" may be indicated. Similarly, in case the company has no related party transactions, the words "N.A." may be indicated against 49 (IV A).
- 3) In the remarks column, reasons for non-compliance may be indicated, for example, in case of requirement related to circulation of information to the shareholders, which would be done only in the AGM/EGM, it might be indicated in the "Remarks" column as – "will be complied with at the AGM". Similarly, in respect of matters which can be complied with only where the situation arises, for example, "Report on Corporate Governance" is to be a part of Annual Report only, the words "will be complied in the next Annual Report" may be indicated.





Mphasis Limited

Registered Office:
 Bagmane World Technology Center
 Marathalli Outer Ring Road
 Doddanahundi Village,
 Mahadevapura
 Bangalore - 560 048, India
 Ph. +91 080 3352 5000
 Fax +91 080 6695 9943

ANNEXURE 8

Compliance report with the requirements specified in Part-A of the circular CIR/CFD/DIL/5/2013 dated February 4, 2013 read with circular no. CIR/CFD/DIL/8/2013 dated May 21, 2013

Sr. No.	Requirements as per CIR/CFD/DIL/5/2013 dated February 4, 2013 read with circular no. CIR/CFD/DIL/8/2013 dated May 21, 2013	Whether Complied or not & How
1.	Listed companies shall choose one of the stock exchanges having nation-wide trading terminals as the designated stock exchange for the purpose of coordinating with SEBI.	The National Stock Exchanges of India Limited (NSE)
Compliance as per Part A, Annexure I to the Circular		
2.	Documents to be submitted:	
2.a	Draft Scheme of arrangement/ amalgamation/ merger/ reconstruction/ reduction of capital, etc.	Draft Scheme of Amalgamation is provided.
2.b	Valuation Report from Independent Chartered Accountant	Since this is an amalgamation of Wholly owned subsidiary into the holding Company, there is no change in the shareholding pattern of the holding Company. Accordingly in terms of Para 4.2 and 4.4 of the SEBI Circular dated 21 May 2013 ,valuation report from the CS/CFO is provided.
2.c	Report from the Audit Committee recommending the Draft Scheme	Provided
2.d	Fairness opinion by merchant banker	Fairness Opinion from IFCI Financial Services Limited, Merchant Banker registered with SEBI is provided.



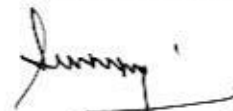
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2.e	Pre and post amalgamation shareholding pattern of unlisted company	Pre and post amalgamation shareholding pattern of Transferor and Transferee is provided.
2.f	Audited financials of last 3 years (financials not being more than 6 months old) of unlisted company;	Provided
2.g	Compliance with Clause 49 of Listing Agreement	Compliance report of Transferor Company as per Clause 49 of the Listing Agreement for the quarter ended 30 September 2013, is provided.
2.h	Complaints Report	Complaint report shall be submitted within 7 days of expiry of 21 days from the date of filing the Draft Scheme in the prescribed format.
3.	The equity shares sought to be listed are proposed to be allotted by the unlisted Issuer (transferee entity) to the holders of securities of a listed entity (transferor entity) pursuant to a scheme of reconstruction or amalgamation (Scheme) sanctioned by a High Court under Section 391-394 of the Companies Act, 1956	Not applicable since the unlisted Wholly owned subsidiary is amalgamated with the listed holding company .
4.	At least 25% of the post scheme paid up share capital of the transferee entity shall comprise of shares allotted to the public holders in the transferor entity.	The listed transferee company has 39.51 % public shareholding as at 30 September 2013.The same would also be ensured post amalgamation .
5.	The transferee entity will not issue/reissue any shares, not covered under the Draft scheme.	Not Applicable since no shares are contemplated to be issued pursuant to the scheme of amalgamation



6.	As on date of application there are no outstanding warrants/ instruments/ agreements which give right to any person to take the equity shares in the transferee entity at any future date. If there are such instruments stipulated in the Draft scheme, the percentage referred to in point (b) above, shall be computed after giving effect to the consequent increase of capital on account of compulsory conversions outstanding as well as on the assumption that the options outstanding, if any, to subscribe for additional capital will be exercised.	There are no such outstanding warrants/instruments/agreements in the Transferee Company as on the date of the application.
7.	The shares of the transferee entity issued in lieu of the locked-in shares of the transferor entity are subjected to the lock-in for the remaining period.	Not Applicable .No locked in shares are there in the Transferor Company and no shares are being issued pursuant to the scheme of amalgamation.

For Mphasis Limited.



A Sivaram Nair

SVP, Company Secretary,
General Counsel and Ethics Officer



Date: 23 October 2013





Mphasis Limited
 17th Floor, 100 Cross Street,
 Marina Financial Centre,
 Marina Financial Centre,
 100 Cross Street,
 Singapore 099200
 Tel: +65 6334 1111
 Fax: +65 6334 1111

Undertaking

I, A Sivaram Nair, Senior Vice President, Company Secretary and General Counsel of the Company hereby undertake, on behalf of the Company, the following in connection with the proposed Scheme of Amalgamation of Mphasis Finsource Limited (a wholly owned subsidiary of the Company), with the Company, pursuant to the provisions of Clause 5.16 (as amended) of the Circular of Securities Exchange Board of India (SEBI) dated 4 May 2013 and further pursuant to the resolution passed by the Board of Directors passed in its meeting held on 26 & 27 September 2013:

- No additional shares will be allotted to the Promoters/Promoter Group and their related parties, subsidiaries and associates under the Scheme of Amalgamation approved (*hereinafter referred to as Promoter and Promoter Group entities*);
- The Scheme of Amalgamation involves merger of Mphasis Finsource Limited, a wholly owned subsidiary of the Company and does not involve any Promoter and Promoter Group entities;
- The Company has not acquired the equity shares of the subsidiary i.e. Mphasis Finsource Limited by paying consideration in cash or in kind in the past to any of the Promoter/Promoter Group entities.

It is hereby declared that the non-applicability of the above conditions have been considered by the Board in its meeting referred hereinabove.

For and on behalf of the Board of Directors

Sivaram Nair
 Senior Vice President, Company Secretary,
 General Counsel and Ethics Officer

Place: New York

Date: 27 September 2013



CERTIFIED TRUE COPY

For Mphasis Limited

A. Sivaram Nair
 Senior Vice President,
 Company Secretary,
 General Counsel and Ethics Officer

www.mphasis.com

Dated: 7 October 2013

To

Gnaneshwar M B
Gnaneshwar & Co.,
Chartered Accountants
No.16, Campbell Road,
Opp. St.Philomenas Hospital
Bangalore-560 047

In Connection with the certificate to be given at your end with respect to the non applicability of Para 5.16(a) of the SEBI circular dated May 21, 2013, we undertake that Mphasis Limited (the "Transferee Company") would not be making a petition with the High Court of Karnataka for sanction of the scheme of amalgamation of Mphasis Finsource Limited with Mphasis Limited and that Mphasis Finsource Limited ("The Transferor Company") will be submitting the petition with the High Court of Karnataka.

In view of the non submission of application by Transferee Company, convening of equity shareholders and secured creditors meeting under the High Court directions would not be necessary and consequently, the SEBI circular dated February 04, 2013 and May 21, 2013 with respect to the facility of e-voting to the shareholders at the general meeting would not be applicable to the Transferee Company.

For Mphasis Limited





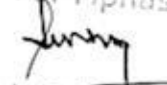
A Sivaram Nair
SVP, Company Secretary, General counsel and Ethics Officer





CERTIFIED TRUE COPY

For Mphasis Limited


A. Sivaram Nair
Senior Vice President,
Company Secretary,
General Counsel and Ethics Officer





GNANESHWAR & CO.,
Chartered Accountants

#16, Campbell Road,
Opp. St. Philomenas Hospital,
Bengaluru - 560 047.
Tel : 080 - 25577345
E-mail : gnaneshwarmb@gmail.com

Certificate

Mphasis Finsource Limited (the "Transferor company") is a wholly owned subsidiary of Mphasis Limited (the "Transferee Company"). The Board of Directors of the transferee Company had approved the scheme of amalgamation ("Scheme") of Mphasis Finsource Limited with Mphasis Limited at its meeting held on 26 September 2013 and 27 September 2013.

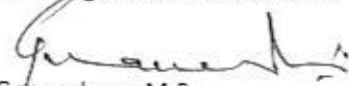
In terms of the scheme and as per the information and explanation given to us, Mphasis Limited would not be issuing any further equity shares as the Company holds 100% Equity share capital of Mphasis Finsource Limited.

We have verified the books of Account and records of Mphasis Limited and the Scheme of amalgamation.

According to the information and explanations given to us and as per the undertakings given by the Company dated 27 September 2013 and 7 October 2013 respectively, we are of the opinion that there is no requirement of making a petition by the transferee Company for sanction of scheme of amalgamation by the High Court and hence convening of equity shareholders and secured creditors meeting under High Court directions would not be necessary and consequently the Paragraph 5.16(a) of SEBI Circular with respect to facility of e-voting to the shareholders at the general meeting would not be applicable to the transferee company.

This Certificate is being issued for the purpose of submission of the documents with Stock Exchanges under Clause 24(f) of the listing agreement in connection with the Scheme of amalgamation of Mphasis Finsource Limited with Mphasis Limited with effect from 1 April, 2013, being the appointed date.

For Gnaneshwar & Co.,
Chartered Accountants
Firm Registration No.0085445


Gnaneshwar M B
Proprietor
Membership No.207475
Bangalore



Date: October 8, 2013



Mphasis Limited Registered Office:
 Bagmane World Technology Center
 Marathalli Outer Ring Road
 Doddanakhundi Village
 Mahadevapura
 Bangalore - 560 048, India
 Ph. +91 080 3352 5000
 Fax: +91 080 6695 9943

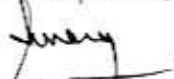
ANNEXURE 11

Brief particulars of the transferee/resulting and transferor/demerged companies

Particulars	Transferee/ Resulting Company	Transferor/ Demerged Company
Name of the company	Mphasis Limited	Mphasis FinsourcE Limited
Date of Incorporation & details of name changes, if any	10 August 1992 25 July 2000- Name changed from BFL Software Limited to Mphasis BFL Limited 24 November 2006- Name changed from Mphasis BFL Limited to Mphasis Limited.	8 June 2006 There was no change in the name of the Company since incorporation
Registered Office	Bagmane World Technology Centre, Marathalli Ring Road, Doddanakhundi Village, Mahadevapura, Bangalore - 560048	Bagmane World Technology Centre, Marathalli Ring Road, Doddanakhundi Village, Mahadevapura, Bangalore - 560048
Brief particulars of the scheme	The Scheme of Amalgamation is for the amalgamation of Mphasis FinsourcE Limited (the transferor company) a wholly owned subsidiary with Mphasis Limited (the transferee Company) which provides that the entire business and the whole of the undertaking of the Transferor Company shall, pursuant to the provisions contained in Section 391 to 394 of the Act and other applicable provisions of law for the time being in force and pursuant to the order of the High Court of Karnataka or any other appropriate authority sanctioning this Scheme be transferred to and vested in or be deemed to have been transferred to and vested in the Transferee Company on the Appointed Date i.e 1 April ,2013, on a going concern basis, so as to become as and from the Appointed Date, the undertaking of the Transferee Company and to vest in the	



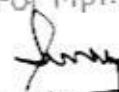
For Mphasis Limited


 A. Sivaram Nair
 Senior Vice President,
 Company Secretary,
 General Counsel and Ethics Officer

No. of shares to be issued	No shares are contemplated to be issued pursuant to the scheme of amalgamation	
Cancellation of shares on account of cross holding, if any	The entire Equity share capital of the Transferor Company held by the Transferee Company and its nominees, will be cancelled. There are no other cross holdings.	
Capital after the scheme	210127099 Equity Shares of Rs. 10 each aggregating to Rs. 2,101,270,990	NIL
Net Worth	(Rs. in crores)	(Rs. in crores)
Pre	3889.02 Crores	0.1588 Crores
Post	3889.13 Crores	NIL
Valuation by independent Chartered Accountant - Name of the valuer/valuer firm and Regn no.	Valuation Certificate from the CS/CFO is submitted.	
Methods of valuation and value per share arrived under each method with weight given to each method, if any.	Not Applicable as there are no fresh shares being issued.	
Fair value per shares	Not Applicable for the reasons stated above	Not applicable for the reasons stated above.
Exchange ratio	Not Applicable since no shares are contemplated to be issued pursuant to the scheme of amalgamation	
Name of Merchant Banker giving fairness opinion	Fairness Opinion from IFCI Financial Services Limited, Merchant Banker registered with SEBI on the net asset valuation of the Transferor Company and the proposed Scheme of amalgamation is provided.	



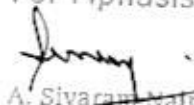
For Mphasis Limited


A. Sivaram Nair
Senior Vice President,
Company Secretary,
General Counsel and Ethics Officer

	Transferee Company all the rights, title, interest or obligation of the Transferor Company therein.	
Rationale for the scheme	Mphasis Limited, the Transferee Company is a Public Company listed with BSE and NSE. It is engaged in IT and ITES services having its presence all across the globe. Mphasis Finsource Limited, the transferor company is wholly owned subsidiary of Mphasis Limited incorporated in 2006 for carrying out Business process outsourcing services for a client under a time bound contract which expired on 30 September 2013. Therefore, for the purpose of administrative convenience, it is proposed to merge Mphasis Finsource Limited into Mphasis Limited.	
Date of resolution passed by the Board of Director of the company approving the scheme	26 and 27 September 2013	27 September 2013
Date of meeting of the Audit Committee in which the draft scheme has been approved	Circular resolution of the Audit Committee dated 27 September 2013	Not Applicable
Appointed Date	1 April 2013	1 April 2013
Name of Exchanges where securities of the company are listed	The Bombay Stock Exchange of India Limited (BSE) The National Stock Exchange of India Limited(NSE)	Unlisted Public Company
Nature of Business	IT & ITES Services.	IT & ITES services
Capital before the scheme	210127099 Equity Shares of Rs. 10 each aggregating to Rs. 2,101,270,990	50000 Equity Shares of Rs. 10 each aggregating to Rs. 5,00,000.



For Mphasis Limited

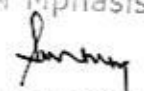


A. Sivaram Naiff
 Senior Vice President,
 Company Secretary,
 General Counsel and Ethics Officer

Shareholding pattern	Mphasis Limited Pre		Mphasis Finsource Limited Pre	
	No. of Shares	% of holding	No. of Shares	% of holding
Promoter	127,106,266	60.49%	50000	100.00%
Public	83,020,833	39.51	Nil	Nil
Custodian	Nil	Nil	Nil	Nil
TOTAL	210,127,099	100.00%	50000	100.00%
Shareholding pattern	Post		Post	
	No. of Shares	% of holding	No. of Shares	% of holding
Promoter	127,106,266	60.49%	Nil	Nil
Public	83,020,833	39.51	Nil	Nil
Custodian	Nil	Nil	Nil	Nil
TOTAL	210,127,099	100.00%	Nil	Nil
No of shareholders	29,380		7	
Names of the Promoters	EDS Asia Pacific Holdings EDS World Corporation (Far East) LLC EDS World Corporation (Netherlands) LLC Ultimate Holding Company is Hewlett Packard		Mphasis Limited Ultimate Holding Company is Hewlett Packard	



For Mphasis Limited


 A. Sivaram Nith
 Senior Vice President,
 Company Secretary,
 General Counsel and Ethics Officer
www.mphasis.com

Names of the Board of Directors	<ol style="list-style-type: none"> 1. Dr. Friedrich F Froeschl 2. Mr. Balu Ganesh Ayyar 3. Mr. Davinder Singh Brar 4. Mr. Antonio F Neri 5. Mr. V Ravichandran 6. Mr. Chandrakant Patel 7. Mr. James Mark Merritt 8. Mr. Narayanan Kumar 9. Lakshmikanth K Ananth 	<ol style="list-style-type: none"> 1. Suryanarayanan V 2. Kishore G R 3. Gurinder S Sukhija
Details regarding change in management control if any	There are no changes in the management Control.	



For Mphasis Limited

[Signature]
A. Sivaraman
Senior Vice President,
Company Secretary,
General Counsel and Ethics Officer

[Signature]



Mphasis Limited Registered Office:
 Bagmane World Technology Center
 Marathalli Outer Ring Road
 Doddanakhundi Village
 Mahadevapura
 Bangalore - 560 048, India
 Ph.: +91 080 3352 5000
 Fax: +91 080 6695 9943

Brief Details about the businesses of the Companies

Mphasis Limited (The 'Transferee Company') is a subsidiary of Hewlett-Packard Company, having its Registered office at Bagmane World Technology Center, Marathalli Ring Road, Doddanakhundi Village, Mahadevapura, BANGALORE – 560 048. It is listed on the Bombay Stock Exchange Limited and the National Stock Exchange of India Limited , with an Authorized capital of Rs.245 crores. It is engaged in the business of providing IT and ITES services across the globe.

Mphasis FinsourcE Limited (The "Transferor Company") is a wholly owned subsidiary of Mphasis Limited having its Registered office at Bagmane World Technology Center, Marathalli Ring Road, Doddanakhundi Village, Mahadevapura, BANGALORE – 560 048. It is an unlisted Public limited company with an Authorised Capital of Rs.20 Lakhs . It is engaged in the business of providing IT and ITES Services .

Rationale behind the Scheme of Amalgamation

Mphasis FinsourcE was incorporated for rendering Business Processing Outsourcing under a time bound contract with a client which expired on 30 September 2013 and therefore, for the purpose of administrative convenience, it is proposed to merge Mphasis FinsourcE Limited into Mphasis Limited.

Date: 23 October 2013

For Mphasis Limited

A Sivaram Nair
SVP, Company Secretary,
General Counsel & Ethics Officer





GNANESHWAR & CO.,
Chartered Accountants

#16, Campbell Road,
Opp. St. Philomenas Hospital,
Bengaluru - 560 047.
Tel : 080 - 25577345
E-mail : gnaneshwarmb@gmail.com

Net Worth Certificate of Mphasis Limited

We have been appointed by Mphasis Limited ("The Transferee Company") having its registered office at Bagmane World Technology Center Marathalli Ring Road, Doddanakundhi Village, Mahadevapura Bangalore -560 048 to report on the Net worth of the Company pre and post Scheme of Amalgamation of the Company with Mphasis Finsource Limited ("The Transferor Company") having its registered office at Bagmane World Technology Center Marathalli Ring Road, Doddanakundhi Village, Mahadevapura Bangalore -560 048.

The Board of Directors of the Transferor and the Transferee Company approved the Scheme of Amalgamation with effect from 1 April, 2013, being the Appointed date. Based on our examination of the records and the audited financial statements as on 31st March 2013 presented to us, the net worth of Mphasis Limited Pre amalgamation and post amalgamation is as under:

Particulars	Pre Amalgamation based on the Audited Figures as at 31 March 2013	Post amalgamation based on the audited figures as at 31 March 2013
	Amount In Rs.	Amount In Rs.
A. <u>Equity Share Capital</u>	2,101,320,970	2,101,320,970
B. <u>Add: Free Reserves*</u>	36,788,926,842	36,790,014,533
C. <u>Less: Misc. Expenditure not written off</u>	Nil	Nil
Net Worth (A+B+C)	38,890,247,812	38,891,335,503

*Free reserves to be considered as per section 372 A of the Companies Act, 1956.



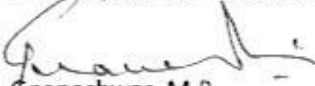


Source of Information and items not considered:

- a) The pre amalgamation amounts as mentioned above is extracted from the Financial Statements prepared for the purpose of Income Tax returns for the year ended March 31, 2013 of the Transferee Company. The post amalgamation figures have been arrived at by combining the pre amalgamated figure of Mphasis Limited along with the free reserves of Mphasis Finsource Limited as flowing out of the Statutory Audited Financials of the Transferor Company.
- b) None of the contingent liabilities and commitments of both the Transferee Company and the Transferor Company have been considered while arriving at the Net worth.

We further state that there is no conflict of interest and we are connected to Mphasis Group as financial consultants doing attest functions ie., Chartered Accountant Services.

For Gnaneshwar & Co.,
Chartered Accountants
Firm Registration No.008544s


Gnaneshwar M B
Proprietor
Membership No.207475

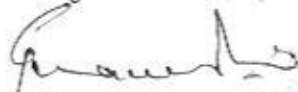


Bangalore
Date: October 7, 2013

Merger of MphasIS Limited and MphasIS FinsourcE Limited (Annexure Forming part of the Networth Certificate dt 7 October 2013)

	MphasIS Limited	FinsourcE Limited	Combined
1 Share capital	2,10,13,20,970	5,00,000	2,10,13,20,970
2 Free Reserves			
Securities Premium	1,55,50,18,727	-	1,55,50,18,727
General Reserve	4,16,23,97,759	-	4,16,23,97,759
Retained Earnings	31,07,15,10,356	10,87,691	31,07,25,98,047
	36,78,89,26,842	10,87,691	36,79,00,14,533
Networth	38,89,02,47,812	15,87,691	38,89,13,35,503

For Gnaneshwar & Co.,
Chartered Accountants
Firm Registration No.0085445


Gnaneshwar M B
Proprietor
Membership No.207475



Bangalore
Date: 7 October 2013

Mphasis Limited



Details of the Capital Evolution of Mphasis Limited (The Transferee Company)

Sl.No.	Date of Issue	No. of shares Issued	Issue Price (Rs.)	Type of Issue (IPO/FPO/ Preferential Issue/ Scheme/ Bonus/ Rights, etc.)	Cumulative capital (No of shares)	Whether listed, if not listed, give reasons thereof
1	10-Aug-92	700	10.00	Subscribers to MOA	700	Yes
2	18-Sep-93	4,500,000	10.00	IPO	4,500,700	Yes
3	18-Sep-93	1,499,300	10.00	Firm allotment	6,000,000	Yes
4	5-Sep-96	(16,600)	Nil	Forfeiture of shares	5,983,400	Yes
5	16-Nov-98	500	Nil	Annulment of Forfeiture	5,983,900	Yes
6	23-Jun-98	3,333,333	75.00	Preferential Allotment	9,317,233	Yes
7	9-Nov-99	10,000	Various	ESOP allotments	9,327,233	Yes
8	10-Dec-99	14,600	Various	ESOP allotments	9,341,833	Yes
9	10-Mar-00	6,500,000	1127.00	Preferential Allotment for consideration other than cash	15,841,833	Yes
10	20-Jun-00	1,900	Nil	Annulment of Forfeiture	15,829,533	Yes
11	1-Apr-00	1,000	Various	ESOP allotments	15,844,733	Yes
12	6-Jun-00	3,500	Various	ESOP allotments	15,848,233	Yes
13	5-Sep-00	5,000	Various	ESOP allotments	15,853,233	Yes
14	14-Jul-01	1,285,715	350.00	Preferential Allotment	17,138,948	Yes
15	5-Mar-02	4,000	Various	ESOP allotments	17,142,948	Yes
16	21-May-02	5,950	Various	ESOP allotments	17,148,898	Yes
17	22-Jul-02	125	Various	ESOP allotments	17,149,023	Yes
18	30-Aug-02	1,250	Various	ESOP allotments	17,150,273	Yes
19	21-Oct-02	98,276	Various	ESOP allotments	17,248,549	Yes
20	19-Dec-02	6,840	Various	ESOP allotments	17,255,389	Yes
21	22-Jan-03	33,151	Various	ESOP allotments	17,288,540	Yes
22	21-Mar-03	19,376	Various	ESOP allotments	17,307,916	Yes
23	5-May-03	6,885	Various	ESOP allotments	17,314,801	Yes
24	9-Jun-03	10,037	Various	ESOP allotments	17,324,838	Yes
25	9-Jul-03	17,309,638	Nil	Bonus Issue	34,619,276	Yes
26	7-Aug-03	241,278	Various	ESOP allotments	34,875,754	Yes
27	12-Sep-03	59,100	Various	ESOP allotments	34,934,854	Yes
28	9-Oct-03	1,500	Nil	Release of Abeyance Bonus shares	34,937,854	Yes
29	31-Oct-03	135,787	Various	ESOP allotments	35,072,141	Yes
30	20-Nov-03	69,928	Various	ESOP allotments	35,142,069	Yes
31	9-Jan-04	104,007	Various	ESOP allotments	35,246,076	Yes
32	11-Feb-04	90,025	Various	ESOP allotments	35,336,101	Yes
33	26-Feb-04	2,800	Nil	Release of Abeyance Bonus shares	35,341,701	Yes
34	26-Feb-04	106,967	Various	ESOP allotments	35,445,868	Yes
35	8-Apr-04	94,073	Various	ESOP allotments	35,539,941	Yes
36	4-May-04	16,740	Various	ESOP allotments	35,556,681	Yes
37	27-May-04	35,544,081	Nil	Bonus Issue	71,077,261	Yes
38	6-Jul-04	1,169,389	610.3	Preferential Allotment for consideration other than cash	72,246,649	Yes
39	6-Jul-04	1,169,389	Nil	Allotment of Bonus entitlement for the Preferential Issue	73,416,037	Yes
40	12-Jul-04	253,894	Various	ESOP allotments	73,669,930	Yes
41	17-Aug-04	160,359	Various	ESOP allotments	73,830,288	Yes
42	16-Sep-04	1,763,281	610.3	Preferential Allotment for consideration other than cash	75,593,568	Yes
43	16-Sep-04	1,763,281	Nil	Allotment of Bonus entitlement for the Preferential Issue	77,356,848	Yes
44	9-Dec-04	109,919	610.3	Preferential Allotment for consideration other than cash	77,466,766	Yes
45	11-Oct-04	209,987	Various	ESOP allotments	77,676,752	Yes
46	11-Oct-04	11,200	Nil	Release of Abeyance Bonus shares	77,699,151	Yes
47	3-Nov-04	79,018	Various	ESOP allotments	77,778,168	Yes
48	10-Dec-04	312,378	Various	ESOP allotments	78,090,545	Yes
49	11-Jan-05	285,768	Various	ESOP allotments	78,376,312	Yes
50	11-Jan-05	700	Nil	Release of Abeyance Bonus shares	78,390,025	Yes
51	1-Feb-05	89,128	Various	ESOP allotments	78,478,453	Yes
52	27-Mar-05	121,455	Various	ESOP allotments	78,599,908	Yes
53	29-Apr-05	31,495	Various	ESOP allotments	78,631,403	Yes
54	10-Jun-05	195,552	Various	ESOP allotments	78,826,955	Yes
55	27-Jun-05	56,092	Various	ESOP allotments	78,883,047	Yes



For Mphasis Limited

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Sivaram
A. Sivaram Nani
Senior Vice President,
Company Secretary,
General Counsel and Ethics Officer

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Details of the Capital Evolution of Mphasis Limited (The Transferee Company)

Sl.No.	Date of Issue	No. of shares Issued	Issue Price (Rs.)	Type of Issue (IPO/FPO/ Preferential Issue/ Scheme/ Bonus/ Rights, etc.)	Cumulative capital (No of shares)	Whether listed, if not listed, give reasons thereof
56	30-Jun-05	74,508	Various	ESOP allotments	78,957,555	Yes
57	29-Jul-05	452,841	Various	ESOP allotments	79,410,396	Yes
58	26-Aug-05	141,447	Various	ESOP allotments	79,551,843	Yes
59	10-Sep-05	3,500	Nil	Release of Abeyance Bonus shares	79,558,843	Yes
60	16-Sep-05	316,146	Various	ESOP allotments	79,871,489	Yes
61	14-Oct-05	133,040	Various	ESOP allotments	80,004,529	Yes
62	21-Oct-05	19,237	Various	ESOP allotments	80,023,766	Yes
63	28-Oct-05	107,300	Various	ESOP allotments	80,131,066	Yes
64	15-Nov-05	80,124,266	Nil	Bonus Issue	160,229,532	Yes
65	25-Nov-05	155,794	Various	ESOP allotments	160,411,126	Yes
66	2-Dec-05	43,464	Various	ESOP allotments	160,454,590	Yes
67	19-Dec-05	26,748	Various	ESOP allotments	160,481,338	Yes
68	26-Dec-05	11,533	Various	ESOP allotments	160,492,871	Yes
69	12-Jan-06	63,710	Various	ESOP allotments	160,556,581	Yes
70	16-Jan-06	70,922	Various	ESOP allotments	160,627,503	Yes
71	20-Jan-06	12,163	Various	ESOP allotments	160,639,666	Yes
72	30-Jan-06	15,444	Various	ESOP allotments	160,655,110	Yes
73	3-Feb-06	22,431	Various	ESOP allotments	160,677,541	Yes
74	10-Feb-06	69,003	Various	ESOP allotments	160,746,544	Yes
75	17-Feb-06	120,454	Various	ESOP allotments	160,866,998	Yes
76	24-Feb-06	40,664	Various	ESOP allotments	160,907,662	Yes
77	3-Mar-06	5,784	Various	ESOP allotments	160,913,446	Yes
78	10-Mar-06	21,724	Various	ESOP allotments	160,935,170	Yes
79	17-Mar-06	37,796	Various	ESOP allotments	160,972,966	Yes
80	24-Mar-06	38,194	Various	ESOP allotments	161,011,160	Yes
81	3-Apr-06	26,774	Various	ESOP allotments	161,037,934	Yes
82	7-Apr-06	75,290	Various	ESOP allotments	161,113,224	Yes
83	17-Apr-06	10,176	Various	ESOP allotments	161,123,400	Yes
84	21-Apr-06	37,420	Various	ESOP allotments	161,160,820	Yes
85	26-Apr-06	6,300	Nil	Release of Abeyance Bonus shares	161,173,420	Yes
86	28-Apr-06	69,436	Various	ESOP allotments	161,236,556	Yes
87	5-May-06	5,106	Various	ESOP allotments	161,241,662	Yes
88	12-May-06	20,972	Various	ESOP allotments	161,262,634	Yes
89	19-May-06	43,580	Various	ESOP allotments	161,306,214	Yes
90	26-May-06	93,934	Various	ESOP allotments	161,400,148	Yes
91	3-Jun-06	42,996	Various	ESOP allotments	161,443,144	Yes
92	9-Jun-06	23,154	Various	ESOP allotments	161,466,298	Yes
93	16-Jun-06	10,429	Various	ESOP allotments	161,476,727	Yes
94	23-Jun-06	4,870	Various	ESOP allotments	161,481,597	Yes
95	30-Jun-06	27,650	Various	ESOP allotments	161,509,247	Yes
96	7-Jul-06	8,904	Various	ESOP allotments	161,518,151	Yes
97	14-Jul-06	24,368	Various	ESOP allotments	161,542,519	Yes
98	21-Jul-06	114,017	Various	ESOP allotments	161,656,536	Yes
99	28-Jul-06	111,432	Various	ESOP allotments	161,767,968	Yes
100	4-Aug-06	64,628	Various	ESOP allotments	161,832,596	Yes
101	11-Aug-06	12,624	Various	ESOP allotments	161,845,220	Yes
102	18-Aug-06	47,492	Various	ESOP allotments	161,892,712	Yes
103	1-Sep-06	6,288	Various	ESOP allotments	161,899,000	Yes
104	8-Sep-06	5,410	Various	ESOP allotments	161,904,410	Yes
105	15-Sep-06	29,564	Various	ESOP allotments	161,933,974	Yes
106	22-Sep-06	96,388	Various	ESOP allotments	162,030,362	Yes
107	3-Oct-06	7,632	Various	ESOP allotments	162,037,994	Yes
108	6-Oct-06	3,610	Various	ESOP allotments	162,041,604	Yes
109	13-Oct-06	4,340	Various	ESOP allotments	162,045,944	Yes
110	19-Oct-06	1,062	Various	ESOP allotments	162,047,006	Yes



For Mphasis Limited

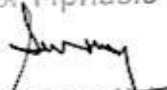
(Signature)
 A. Sivaram Han
 Senior Vice President,
 Company Secretary,
 General Counsel and Ethics Officer

Details of the Capital Evolution of Mphasis Limited (The Transferee Company)

Sl.No.	Date of Issue	No. of shares Issued	Issue Price (Rs.)	Type of Issue (IPO/FPO/ Preferential Issue/Scheme/ Bonus/ Rights, etc.)	Cumulative capital (No of shares)	Whether listed, if not listed, give reasons thereof
111	27-Oct-06	68,114	Various	ESOP allotments	162,115,120	Yes
112	3-Nov-06	34,365	Various	ESOP allotments	162,149,485	Yes
113	10-Nov-06	32,282	Various	ESOP allotments	162,181,767	Yes
114	17-Nov-06	24,892	Various	ESOP allotments	162,206,659	Yes
115	24-Nov-06	125,248	Various	ESOP allotments	162,331,907	Yes
116	1-Dec-06	43,698	Various	ESOP allotments	162,375,605	Yes
117	8-Dec-06	4,656	Various	ESOP allotments	162,380,261	Yes
118	15-Dec-06	13,120	Various	ESOP allotments	162,393,381	Yes
119	22-Dec-06	13,600	Various	ESOP allotments	162,406,981	Yes
120	2-Jan-07	14,604	Various	ESOP allotments	162,421,585	Yes
121	8-Jan-07	12,482	Various	ESOP allotments	162,434,067	Yes
122	16-Jan-07	9,490	Various	ESOP allotments	162,443,557	Yes
123	16-Jan-07	700	Nil	Release of Abeyance Bonus shares	162,444,257	Yes
124	22-Jan-07	11,013	Various	ESOP allotments	162,455,270	Yes
125	29-Jan-07	11,030	Various	ESOP allotments	162,466,300	Yes
126	5-Feb-07	82,393	Various	ESOP allotments	162,548,693	Yes
127	13-Feb-07	622,104	Various	ESOP allotments	163,170,797	Yes
128	19-Feb-07	14,256	Various	ESOP allotments	163,185,053	Yes
129	20-Feb-07	300	Nil	Release of Abeyance Bonus shares	163,185,353	Yes
130	26-Feb-07	84,924	Various	ESOP allotments	163,270,277	Yes
131	5-Mar-07	5,530	Various	ESOP allotments	163,275,807	Yes
132	12-Mar-07	25,361	Various	ESOP allotments	163,301,168	Yes
133	20-Mar-07	21,119	Various	ESOP allotments	163,322,287	Yes
134	29-Mar-07	749,466	Various	ESOP allotments	164,071,753	Yes
135	3-Apr-07	155,069	Various	ESOP allotments	164,226,822	Yes
136	9-Apr-07	2,725	Various	ESOP allotments	164,229,547	Yes
137	16-Apr-07	6,164	Various	ESOP allotments	164,235,711	Yes
138	23-Apr-07	75	Various	ESOP allotments	164,235,786	Yes
139	30-Apr-07	9,402	Various	ESOP allotments	164,245,188	Yes
140	7-May-07	41,306	Various	ESOP allotments	164,286,494	Yes
141	14-May-07	1,022	Various	ESOP allotments	164,287,516	Yes
142	21-May-07	100	Various	ESOP allotments	164,287,616	Yes
143	28-May-07	3,810	Various	ESOP allotments	164,291,426	Yes
144	4-Jun-07	27,356	Various	ESOP allotments	164,318,782	Yes
145	11-Jun-07	41,523	Various	ESOP allotments	164,360,305	Yes
146	18-Jun-07	11,617	Various	ESOP allotments	164,371,922	Yes
147	25-Jun-07	7,068	Various	ESOP allotments	164,378,990	Yes
148	2-Jul-07	2,010	Various	ESOP allotments	164,381,000	Yes
149	9-Jul-07	1,550	Various	ESOP allotments	164,382,550	Yes
150	16-Jul-07	5,850	Various	ESOP allotments	164,388,400	Yes
151	23-Jul-07	5,556	Various	ESOP allotments	164,393,956	Yes
152	30-Jul-07	19,306	Various	ESOP allotments	164,413,262	Yes
153	6-Aug-07	44,104,065	NA	Scheme of merger of EDS India Private Limited	208,517,327	Yes
154	6-Aug-07	10,304	Various	ESOP allotments	208,527,631	Yes
155	13-Aug-07	8,600	Various	ESOP allotments	208,536,231	Yes
156	14-Aug-07	7,700	Nil	Release of Abeyance Bonus shares	208,543,931	Yes
157	20-Aug-07	21,303	Various	ESOP allotments	208,565,234	Yes
158	27-Aug-07	11,433	Various	ESOP allotments	208,576,667	Yes
159	3-Sep-07	10,150	Various	ESOP allotments	208,586,817	Yes
160	17-Sep-07	7,097	Various	ESOP allotments	208,593,914	Yes
161	24-Sep-07	8,178	Various	ESOP allotments	208,602,092	Yes
162	1-Oct-07	900	Various	ESOP allotments	208,602,992	Yes
163	1-Oct-07	700	Nil	Release of Abeyance Bonus shares	208,603,692	Yes
164	15-Oct-07	1,720	Various	ESOP allotments	208,605,412	Yes
165	22-Oct-07	1,423	Various	ESOP allotments	208,606,835	Yes



For Mphasis Limited


A. Sivaram
 Senior Vice President,
 Company Secretary,
 General Counsel and Ethics Officer

Details of the Capital Evolution of Mphasis Limited (The Transferee Company)

Sl.No.	Date of Issue	No. of shares issued	Issue Price (Rs.)	Type of Issue (IPO/FPO/ Preferential Issue/ Scheme/ Bonus/ Rights, etc.)	Cumulative capital (No of shares)	Whether listed, if not listed, give reasons therefor
166	29-Oct-07	5,554	Various	ESOP allotments	208,612,389	Yes
167	5-Nov-07	1,270	Various	ESOP allotments	208,613,659	Yes
168	12-Nov-07	10,212	Various	ESOP allotments	208,623,871	Yes
169	19-Nov-07	12,478	Various	ESOP allotments	208,636,349	Yes
170	26-Nov-07	3,235	Various	ESOP allotments	208,639,584	Yes
171	3-Dec-07	3,100	Various	ESOP allotments	208,642,684	Yes
172	10-Dec-07	1,850	Various	ESOP allotments	208,644,534	Yes
173	17-Dec-07	8,514	Various	ESOP allotments	208,653,048	Yes
174	24-Dec-07	827	Various	ESOP allotments	208,653,875	Yes
175	31-Dec-07	3,250	Various	ESOP allotments	208,657,125	Yes
176	7-Jan-08	1,450	Various	ESOP allotments	208,658,575	Yes
177	14-Jan-08	4,377	Various	ESOP allotments	208,662,952	Yes
178	21-Jan-08	882	Various	ESOP allotments	208,663,834	Yes
179	28-Jan-08	40,950	Various	ESOP allotments	208,704,784	Yes
180	4-Feb-08	224	Various	ESOP allotments	208,705,008	Yes
181	11-Feb-08	12,840	Various	ESOP allotments	208,717,848	Yes
182	18-Feb-08	26	Various	ESOP allotments	208,717,874	Yes
183	25-Feb-08	250	Various	ESOP allotments	208,718,124	Yes
184	3-Mar-08	1,450	Various	ESOP allotments	208,719,574	Yes
185	10-Mar-08	3,198	Various	ESOP allotments	208,722,772	Yes
186	17-Mar-08	1,000	Various	ESOP allotments	208,723,772	Yes
187	4-Apr-08	2,100	Nil	Release of Abeyance Bonus shares	208,725,872	Yes
188	8-Apr-08	27,271	Various	ESOP allotments	208,753,143	Yes
189	14-Apr-08	3,600	Various	ESOP allotments	208,756,743	Yes
190	21-Apr-08	400	Various	ESOP allotments	208,757,143	Yes
191	29-Apr-08	2,850	Various	ESOP allotments	208,759,993	Yes
192	5-May-08	1,776	Various	ESOP allotments	208,761,769	Yes
193	12-May-08	3,474	Various	ESOP allotments	208,765,243	Yes
194	19-May-08	9,001	Various	ESOP allotments	208,774,244	Yes
195	26-May-08	38,927	Various	ESOP allotments	208,813,171	Yes
196	2-Jun-08	13,249	Various	ESOP allotments	208,826,420	Yes
197	9-Jun-08	5,775	Various	ESOP allotments	208,832,195	Yes
198	16-Jun-08	23,727	Various	ESOP allotments	208,855,922	Yes
199	23-Jun-08	6,064	Various	ESOP allotments	208,861,986	Yes
200	30-Jun-08	4,735	Various	ESOP allotments	208,866,721	Yes
201	7-Jul-08	500	Various	ESOP allotments	208,867,221	Yes
202	11-Jul-08	3,778	Various	ESOP allotments	208,870,999	Yes
203	21-Jul-08	825	Various	ESOP allotments	208,871,824	Yes
204	28-Jul-08	6,598	Various	ESOP allotments	208,878,422	Yes
205	4-Aug-08	4,800	Various	ESOP allotments	208,883,222	Yes
206	11-Aug-08	3,626	Various	ESOP allotments	208,886,848	Yes
207	18-Aug-08	9,105	Various	ESOP allotments	208,895,953	Yes
208	25-Aug-08	2,374	Various	ESOP allotments	208,898,327	Yes
209	1-Sep-08	180	Various	ESOP allotments	208,898,507	Yes
210	8-Sep-08	4,275	Various	ESOP allotments	208,902,782	Yes
211	15-Sep-08	4,250	Various	ESOP allotments	208,907,032	Yes
212	22-Sep-08	7,978	Various	ESOP allotments	208,915,010	Yes
213	29-Sep-08	5,850	Various	ESOP allotments	208,920,860	Yes
214	6-Oct-08	904	Various	ESOP allotments	208,921,764	Yes
215	13-Oct-08	400	Various	ESOP allotments	208,922,164	Yes
216	28-Oct-08	1,000	Various	ESOP allotments	208,923,164	Yes
217	3-Nov-08	200	Various	ESOP allotments	208,923,364	Yes
218	10-Nov-08	1,330	Various	ESOP allotments	208,924,694	Yes
219	17-Nov-08	204	Various	ESOP allotments	208,924,898	Yes
220	20-Nov-08	1,400	Nil	Release of Abeyance Bonus shares	208,926,298	Yes



For Mphasis Limited

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A. Sivaram Nair
 Senior Vice President,
 Company Secretary,
 General Counsel and Ethics Officer

Details of the Capital Evolution of Mphasis Limited (The Transferee Company)

Sl.No.	Date of Issue	No. of shares issued	Issue Price (Rs.)	Type of Issue (IPO/FPO/ Preferential Issue/ Scheme/ Bonus/ Rights, etc.)	Cumulative capital (No of shares)	Whether listed, if not listed, give reasons thereof
221	24-Nov-08	100	Various	ESOP allotments	208,926,398	Yes
222	1-Dec-08	1,184	Various	ESOP allotments	208,927,582	Yes
223	8-Dec-08	1,400	Various	ESOP allotments	208,928,982	Yes
224	15-Dec-08	500	Various	ESOP allotments	208,929,482	Yes
225	22-Dec-08	7,674	Various	ESOP allotments	208,937,156	Yes
226	12-Jan-09	402	Various	ESOP allotments	208,937,558	Yes
227	19-Jan-09	175	Various	ESOP allotments	208,937,733	Yes
228	2-Feb-09	100	Various	ESOP allotments	208,937,833	Yes
229	16-Feb-09	150	Various	ESOP allotments	208,937,983	Yes
230	2-Mar-09	1,796	Various	ESOP allotments	208,939,779	Yes
231	23-Mar-09	1,000	Various	ESOP allotments	208,940,779	Yes
232	30-Mar-09	810	Various	ESOP allotments	208,941,589	Yes
233	6-Apr-09	1,275	Various	ESOP allotments	208,942,864	Yes
234	13-Apr-09	5,852	Various	ESOP allotments	208,948,716	Yes
235	20-Apr-09	3,564	Various	ESOP allotments	208,952,280	Yes
236	27-Apr-09	7,224	Various	ESOP allotments	208,959,504	Yes
237	4-May-09	17,122	Various	ESOP allotments	208,976,626	Yes
238	11-May-09	24,526	Various	ESOP allotments	209,001,152	Yes
239	18-May-09	42,081	Various	ESOP allotments	209,036,933	Yes
240	25-May-09	47,938	Various	ESOP allotments	209,081,977	Yes
241	1-Jun-09	51,890	Various	ESOP allotments	209,091,171	Yes
242	8-Jun-09	26,036	Various	ESOP allotments	209,138,585	Yes
243	15-Jun-09	36,743	Various	ESOP allotments	209,142,911	Yes
244	22-Jun-09	14,838	Various	ESOP allotments	209,220,678	Yes
245	29-Jun-09	19,097	Various	ESOP allotments	209,239,775	Yes
246	6-Jul-09	15,401	Various	ESOP allotments	209,255,176	Yes
247	13-Jul-09	15,941	Various	ESOP allotments	209,271,117	Yes
248	20-Jul-09	22,274	Various	ESOP allotments	209,293,391	Yes
249	27-Jul-09	26,636	Various	ESOP allotments	209,320,027	Yes
250	3-Aug-09	58,919	Various	ESOP allotments	209,378,946	Yes
251	10-Aug-09	12,452	Various	ESOP allotments	209,391,398	Yes
252	17-Aug-09	9,020	Various	ESOP allotments	209,400,418	Yes
253	17-Aug-09	450	Various	ESOP allotments	209,400,868	Yes
254	24-Aug-09	25,112	Various	ESOP allotments	209,425,980	Yes
255	24-Aug-09	50	Various	ESOP allotments	209,426,030	Yes
256	31-Aug-09	53,593	Various	ESOP allotments	209,479,623	Yes
257	7-Sep-09	8,722	Various	ESOP allotments	209,488,345	Yes
258	14-Sep-09	15,919	Various	ESOP allotments	209,504,264	Yes
259	22-Sep-09	24,660	Various	ESOP allotments	209,528,924	Yes
260	29-Sep-09	11,879	Various	ESOP allotments	209,540,803	Yes
261	5-Oct-09	6,824	Various	ESOP allotments	209,547,627	Yes
262	12-Oct-09	11,147	Various	ESOP allotments	209,558,774	Yes
263	19-Oct-09	9,828	Various	ESOP allotments	209,568,602	Yes
264	26-Oct-09	2,219	Various	ESOP allotments	209,570,821	Yes
265	2-Nov-09	4,864	Various	ESOP allotments	209,575,685	Yes
266	9-Nov-09	6,928	Various	ESOP allotments	209,582,613	Yes
267	16-Nov-09	15,542	Various	ESOP allotments	209,598,155	Yes
268	23-Nov-09	4,000	Various	ESOP allotments	209,602,155	Yes
269	30-Nov-09	7,192	Various	ESOP allotments	209,609,347	Yes
270	7-Dec-09	3,784	Various	ESOP allotments	209,613,131	Yes
271	14-Dec-09	3,834	Various	ESOP allotments	209,616,965	Yes
272	21-Dec-09	4,629	Various	ESOP allotments	209,621,594	Yes
273	28-Dec-09	9,271	Various	ESOP allotments	209,630,865	Yes
274	4-Jan-10	9,075	Various	ESOP allotments	209,639,940	Yes
275	11-Jan-10	4,480	Various	ESOP allotments	209,644,420	Yes



For Mphasis Limited Page 5 of 7

A. Sivaram Murthy
A. Sivaram Murthy
 Senior Vice President,
 Company Secretary,
 General Counsel and Ethics Officer

Details of the Capital Evolution of Mphasis Limited (The Transferee Company)

Sl.No.	Date of Issue	No. of Shares Issued	Issue Price (Rs.)	Type of Issue (IPO/FPO/ Preferential Issue/ Scheme/ Bonus/ Rights, etc.)	Cumulative capital (No of shares)	Whether listed, if not listed, give reasons therefor
276	18-Jan-10	650	Various	ESOP allotments	209,645,070	Yes
277	25-Jan-10	9,475	Various	ESOP allotments	209,654,545	Yes
278	1-Feb-10	8,051	Various	ESOP allotments	209,662,596	Yes
279	8-Feb-10	10,100	Various	ESOP allotments	209,672,696	Yes
280	15-Feb-10	2,070	Various	ESOP allotments	209,674,766	Yes
281	22-Feb-10	475	Various	ESOP allotments	209,675,241	Yes
282	2-Mar-10	2,600	Various	ESOP allotments	209,677,841	Yes
283	8-Mar-10	1,225	Various	ESOP allotments	209,679,066	Yes
284	15-Mar-10	25,607	Various	ESOP allotments	209,704,673	Yes
285	29-Mar-10	2,025	Various	ESOP allotments	209,706,698	Yes
286	5-Apr-10	50	Various	ESOP allotments	209,706,748	Yes
287	12-Apr-10	9,364	Various	ESOP allotments	209,716,112	Yes
288	19-Apr-10	3,293	Various	ESOP allotments	209,719,405	Yes
289	26-Apr-10	7,800	Various	ESOP allotments	209,727,205	Yes
290	3-May-10	13,250	Various	ESOP allotments	209,740,455	Yes
291	10-May-10	8,357	Various	ESOP allotments	209,748,812	Yes
292	17-May-10	12,680	Various	ESOP allotments	209,761,492	Yes
293	24-May-10	18,626	Various	ESOP allotments	209,780,118	Yes
294	25-May-10	2,500	Nil	Release of Abeyance Bonus shares	209,782,618	Yes
295	31-May-10	39,616	Various	ESOP allotments	209,822,234	Yes
296	7-Jun-10	15,330	Various	ESOP allotments	209,837,564	Yes
297	14-Jun-10	4,224	Various	ESOP allotments	209,841,788	Yes
298	21-Jun-10	301	Various	ESOP allotments	209,842,089	Yes
299	28-Jun-10	12,189	Various	ESOP allotments	209,854,278	Yes
300	6-Jul-10	1,913	Various	ESOP allotments	209,856,191	Yes
301	12-Jul-10	7,425	Various	ESOP allotments	209,863,616	Yes
302	19-Jul-10	375	Various	ESOP allotments	209,863,991	Yes
303	26-Jul-10	225	Various	ESOP allotments	209,864,216	Yes
304	2-Aug-10	1,025	Various	ESOP allotments	209,865,241	Yes
305	9-Aug-10	513	Various	ESOP allotments	209,865,754	Yes
306	16-Aug-10	3,500	Various	ESOP allotments	209,869,254	Yes
307	23-Aug-10	5,085	Various	ESOP allotments	209,874,339	Yes
308	30-Aug-10	1,162	Various	ESOP allotments	209,875,501	Yes
309	6-Sep-10	3,871	Various	ESOP allotments	209,879,372	Yes
310	20-Sep-10	13,891	Various	ESOP allotments	209,893,263	Yes
311	28-Sep-10	176	Various	ESOP allotments	209,893,439	Yes
312	4-Oct-10	1,296	Various	ESOP allotments	209,894,735	Yes
313	11-Oct-10	897	Various	ESOP allotments	209,895,632	Yes
314	18-Oct-10	14,613	Various	ESOP allotments	209,910,245	Yes
315	18-Oct-10	700	Nil	Release of Abeyance Bonus shares	209,910,945	Yes
316	25-Oct-10	13,768	Various	ESOP allotments	209,924,713	Yes
317	8-Nov-10	1,000	Various	ESOP allotments	209,925,713	Yes
318	22-Nov-10	11,825	Various	ESOP allotments	209,937,538	Yes
319	29-Nov-10	100	Various	ESOP allotments	209,937,638	Yes
320	13-Dec-10	2,825	Various	ESOP allotments	209,940,463	Yes
321	20-Dec-10	3,377	Various	ESOP allotments	209,943,840	Yes
322	3-Jan-11	4,475	Various	ESOP allotments	209,948,315	Yes
323	10-Jan-11	4,846	Various	ESOP allotments	209,953,161	Yes
324	17-Jan-11	7,298	Various	ESOP allotments	209,960,459	Yes
325	24-Jan-11	6,760	Various	ESOP allotments	209,967,219	Yes
326	14-Feb-11	326	Various	ESOP allotments	209,967,545	Yes
327	7-Mar-11	1,760	Various	ESOP allotments	209,969,305	Yes
328	14-Mar-11	6,800	Various	ESOP allotments	209,976,105	Yes
329	21-Mar-11	11,818	Various	ESOP allotments	209,987,923	Yes
330	28-Mar-11	825	Various	ESOP allotments	209,988,748	Yes



For Mphasis Limited

Sivaram
 A. Sivaram
 Senior Vice President,
 Company Secretary,
 General Counsel and Ethics Officer

Details of the Capital Evolution of Mphasis Limited (The Transferee Company)

Sl.No.	Date of Issue	No. of shares issued	Issue Price (Rs.)	Type of Issue (IPO/FPO, Preferential Issue, Scheme, Bonus/ Rights, etc.)	Cumulative capital (No of shares)	Whether listed, if not listed, give reasons thereof
331	5-Apr-11	1,300	Various	ESOP allotments	209,990,048	Yes
332	18-Apr-11	8,528	Various	ESOP allotments	209,998,576	Yes
333	26-Apr-11	3,480	Various	ESOP allotments	210,002,056	Yes
334	2-May-11	75	Various	ESOP allotments	210,002,131	Yes
335	16-May-11	3,300	Various	ESOP allotments	210,005,431	Yes
336	23-May-11	5,460	Various	ESOP allotments	210,010,891	Yes
337	31-May-11	13,223	Various	ESOP allotments	210,024,114	Yes
338	6-Jun-11	7,675	Various	ESOP allotments	210,031,789	Yes
339	13-Jun-11	675	Various	ESOP allotments	210,032,464	Yes
340	27-Jun-11	50	Various	ESOP allotments	210,032,514	Yes
341	12-Jul-11	1,685	Various	ESOP allotments	210,034,199	Yes
342	9-Aug-11	50	Various	ESOP allotments	210,034,249	Yes
343	29-Aug-11	371	Various	ESOP allotments	210,034,620	Yes
344	5-Sep-11	500	Various	ESOP allotments	210,035,120	Yes
345	18-Oct-11	700	Nil	Release of Abeyance Bonus shares	210,035,820	Yes
346	24-Oct-11	225	Various	ESOP allotments	210,036,045	Yes
347	15-Nov-11	450	Various	ESOP allotments	210,036,495	Yes
348	2-Jan-12	4,982	Various	ESOP allotments	210,041,477	Yes
349	16-Jan-12	18,141	Various	ESOP allotments	210,059,618	Yes
350	23-Jan-12	11,631	Various	ESOP allotments	210,071,249	Yes
351	6-Feb-12	1,721	Various	ESOP allotments	210,072,970	Yes
352	16-Feb-12	20,294	Various	ESOP allotments	210,093,264	Yes
353	14-Mar-12	6,632	Various	ESOP allotments	210,099,896	Yes
354	23-Apr-12	1,300	Various	ESOP allotments	210,101,196	Yes
355	9-May-12	75	Various	ESOP allotments	210,101,271	Yes
356	18-Jun-12	826	Various	ESOP allotments	210,102,097	Yes
357	24-Jul-12	2,120	Various	ESOP allotments	210,104,217	Yes
358	22-Oct-12	2,640	Various	ESOP allotments	210,106,857	Yes
359	17-Dec-12	2,084	Various	ESOP allotments	210,108,941	Yes
360	9-Jan-13	2,896	Various	ESOP allotments	210,111,837	Yes
361	4-Feb-13	12,872	Various	ESOP allotments	210,124,709	Yes
362	11-Mar-13	288	Various	ESOP allotments	210,124,997	Yes
363	20-May-13	1,402	Various	ESOP allotments	210,126,399	Yes
364	31-May-13	700	Nil	Release of Abeyance Bonus shares	210,127,099	Yes
TOTAL		210,127,099				



For Mphasis Limited

A. Sivaram Nair
 A. Sivaram Nair
 Senior Vice President,
 Company Secretary,
 General Counsel and Ethics Officer

Mphasis Finsource Limited

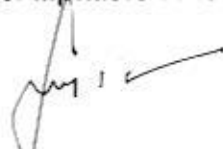
Registered Office:
 Bagmane World Technology Center
 Marathalli Outer Ring Road
 Doddannakhundi Village
 Mahadevapura
 Bangalore - 560 048, India
 Ph : +91 080 33525000
 Fax: +91 080 66959943



Details of Capital Evolution of Mphasis Finsource Limited (the "Transferor Company"):

Date of Issue	No. of shares issued	Issue Price (Rs.)	Type of Issue (IPO/FPO/ Preferential Issue/ Scheme/ Bonus/ Rights, etc.)	Cumulative capital (No of shares)	Whether listed, if not listed, give reasons thereof
7.7.2006	50000	10	Subscribers to the Memorandum of Association	50000	No. Unlisted Public Company

For **Mphasis Finsource Limited**


Suryanarayanan V
 Director





Mphasis Limited Registered Office:
 Bagmane World Technology Center
 Marathalli Outer Ring Road
 Doodanakhundi Village
 Mahadevapura
 Bangalore - 560 048, India
 Ph: +91 080 3352 5000
 Fax: +91 080 6695 9943

To,
 The General Manager,
 Department of Corporate Services,
 BSE Limited,
 P.J. Towers, Dalal Street,
 Mumbai – 400 001.

Dear Sir,

Sub: Application for approval under Clause 24(f) of the Listing Agreement for the proposed amalgamation of Mphasis Finsource Limited (The “Transferor Company”) Wholly owned subsidiary with Mphasis Limited (The “Transferee Company”).

In connection with the above application, we hereby confirm that:

- a) The proposed scheme of amalgamation/ arrangement does not in any way violate or override or circumscribe the provisions of the SEBI Act, 1992, the Securities Contracts (Regulation) Act, 1956, the Depositories Act, 1996, the Companies Act, 1956, the rules, regulations and guidelines made under these Acts, and the provisions as explained in clause 24(g) of the Listing agreement or the requirements of BSE Limited.
- ~~b) In the explanatory statement to be forwarded by the company to the shareholders u/s 393 or accompanying a proposed resolution to be passed u/s 100 of the Companies Act, it shall disclose:

 - ~~i) the pre and post amalgamation shareholding pattern and~~
 - ~~ii) the “fairness opinion” obtained from an Independent merchant banker on valuation of assets of the Transferor Company;~~
 - ~~iii) The Complaint report as per Annexure III.~~
 - ~~iv) The observation letter issued by the stock exchange~~~~

Not Applicable . The Company has provided an undertaking which is now certified by the Chartered Accountant under Para 5.16(a) of SEBI Circular dated 21 May 2013 stating the non applicability of all the prescribed conditions under Para 5,16 (a) with reasons. Therefore , in terms of Para 5.16(b) of the SEBI Circular dated 21 May 2013 , the requirements stated at 5.16(a) shall not be applicable to the Company and hence, there is no requirement for holding meeting of the shareholders. Also , the requirement to send notice to such shareholders does not arise.



- c) The draft scheme of amalgamation/ arrangement together with all documents mentioned in amended SEBI Circular no. CIR/CFD/DIL/5/2013 dated February 4, 2013 has been disseminated on company's website as per Website link given hereunder:
www.mphasis.com
- d) The company shall disclose the observation letter of the stock exchange on its website within 24 hours of receiving the same.
- e) ~~The company shall obtain shareholders' approval by way of special resolution passed through postal ballot/ e-voting. Further, the company shall proceed with the draft scheme only if the vote cast by the public shareholders in favor of the proposal is more than the number of votes cast by public shareholders against it. Not Applicable for reasons stated under pt. b.~~
- f) ~~The documents filed by the Company with the Exchange are same/ similar/ identical in all respect, which have been filled by the Company with Registrar of Companies/SEBI/Reserve Bank of India, wherever applicable. Not Applicable~~
- g) ~~There will be no alteration in the Share Capital of the unlisted transferor company from the one given in the draft scheme of amalgamation/ arrangement. The entire Share capital of the Transferor Company will be cancelled post its amalgamation into the Transferee Company. This is mentioned in the draft scheme of Amalgamation.~~

For Mphasis Limited



A Sivaram Nair
SVP, Company Secretary,
General Counsel & Ethics Officer

Date:23 October 2013





GNANESHWAR & CO.,
Chartered Accountants

#16, Campbell Road,
Opp. St. Philomenas Hospital,
Bengaluru - 560 047.
Tel : 080 - 25577345
E-mail : gnaneshwarmb@gmail.com

Chartered Accountant Certificate

To,

The General Manager,
Department of Corporate Services,
BSE Limited,
P.J. Towers, Dalal Street,
Mumbai - 400 001.

General Manager,
Department of Corporate Services
National Stock Exchange of India Limited,
Exchange Plaza, Plot No.C/1, G Block,
Bandra-Kurla Complex, Bandra (East)
Mumbai-400 051

Dear Sir,

Sub: Application under Clause 24(f) of the listing agreement in connection with the proposed scheme of Amalgamation of Mphasis Finsource Limited (The "Transferor Company") a Wholly owned subsidiary with Mphasis Limited (The "Transferee Company")

Ref: Certificate in accordance with Clause 24(i) of the listing agreement

We have examined the proposed accounting treatment specified in the scheme of amalgamation/arrangement between Mphasis Limited (Transferee Company) and Mphasis Finsource Limited (Transferee Company), a wholly owned subsidiary of Mphasis Limited.

Based on our examination and according to the information and explanation given to us, we confirm that the accounting treatment contained in the aforesaid scheme is in compliance with all the Accounting Standards specified by the Central Government in Section 211(3C) of the Companies Act, 1956.





GNANESHWAR & CO.,
Chartered Accountants

This certificate is issued at the request of the company in accordance with clause 24(f) of the listing agreement for onward submission to the BSE Exchange Limited with a view to obtaining the no-objection as required under clause 24(f) of the listing agreement.


For Gnaneshwar & Co.,
Chartered Accountants
Firm Registration No.008544s

Gnaneshwar M B
Proprietor
Membership No. 207475.
Date: October 7, 2013.



MphasiS Finsource Limited
Annual Report
FY 2010- 2011

CERTIFIED TRUE COPY
For MphasiS Finsource Limited


Director

DIRECTORS' REPORT

Dear Members,

The Directors are pleased to present the 5th Annual Report of the Company, together with the Audited Accounts, for the year ended March 31, 2011.

Financial Highlights

Amount in Rs.

Particulars	Year Ended 31.03.2011	Year Ended 31.03.2010
Revenues	176,009,818	130,525,089
Cost of revenues	153,692,664	161,458,582
Gross Profit/(Loss)	22,317,154	(30,933,493)
General & Admin. Expenses	2,272,735	2,016,874
Operating profit/(Loss)	20,044,419	(32,950,367)
Profit/(Loss) Before Tax	9,582,555	(42,536,668)
Provision for Tax	NIL	NIL
Income Tax	(1,373,000)	(1,492,000)
Profit/(Loss) After Tax	10,955,555	(41,044,668)

Review

During the period under review, your Company's has achieved a total revenue of Rs.176 million as compared to Rs.130 million in the previous year. Your Company has reported a Net Profit after tax of Rs. 10 million as compared to a loss of Rs. 41 million in the previous year.

Dividend

The Board of Directors has not recommended any dividend for the financial year under review.

Ms. Sunitha Vadlamudi was appointed as an additional director of the Company w.e.f 10 December 2010 and Mr. Gurinder Sukhija was appointed as additional director of the Company w.e.f 21 April 2011, who hold office up to this Annual General Meeting. However, the Company had received a Notice under Section 257 of the Companies Act, 1956, along with the necessary deposit, proposing their appointment as the directors of the Company. Necessary resolutions in relation to the appointment of directors are being placed before the members for approval at the ensuing Annual General Meeting.

Mr. Fausto Victor Baptista Cardoso resigned as a Director w.e.f 10 December 2010 and Mr. Vivek Khanna resigned as Director w.e.f 21 April 2011. The Board places on record its appreciation for the valuable services rendered by them during their tenure as directors.

Mr. Vijayakumar M, Director of the Company retires by rotation at this Annual General Meeting and is eligible for re-appointment.

Conservation of Energy, Technology Absorption and Foreign Exchange earnings

Your Company's operations involve low energy consumption. However, efforts to conserve energy will continue. The particulars relating to conservation of energy and technology absorption as stipulated under sub-section (1)(e) of section 217 of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 are not applicable. Information relating to foreign exchange earnings or outgo during the year under review are as follows:



Activities relating to export	Export of Information Technology Enabled Services	
Initiatives taken to increase exports	Marketing efforts are being made in the overseas to increase the export revenues	
Development of new export market for product and services	Marketing efforts are being made in the new countries to develop the export market	
Total Foreign Exchange earnings (Rs.000's)		NIL
Total Foreign Exchange used (Rs.000s)		NIL

Particulars of Employees' Remuneration

There were no employees who were in receipt of remuneration in excess of the limits prescribed as per Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 and Companies (Particulars of Employees) Amendment Rules, 2011 and hence the particulars of Employees' Remuneration pursuant to the aforesaid rules is not provided.

Directors' Responsibility Statement

In compliance with Section 217(2AA) of the Companies Act, 1956, your directors confirm and state as follows:

- That in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures.
- That your Directors have selected such accounting policies and have 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 of the Company for the period under review.

- That your Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- That your Directors have prepared the annual accounts on a going concern basis.

M/s S R Balliboi & Co. Chartered Accountants (Registration No. 301003E), have expressed their willingness to continue in office and a resolution proposing their re-appointment at a remuneration to be fixed by the Board of Directors and billed progressively, is submitted for approval of the members at the ensuing Annual General Meeting.

The following are the response to the observations made by the Auditors in their report for the year ended 31 March 2011:

- financial statement close process:

The observation was due to the requirement to further improve reconciliation control process in certain areas, such as, inter company reconciliations. Your Company has taken necessary steps to minimize the potential issues involved which would strengthen the financial statement close process.

- Slight Delays in remittance of statutory dues:

The slight delays in few of the remittances of statutory dues in relation to Service Tax, Employment State Insurance, Provident Fund and Professional Tax were due to certain operational issues arising on account of changes and up gradation of our ERP systems which was one-time in nature.



Your company has taken adequate steps to avoid such issues in future.


- (c) Application of Short term funds for long term investment:


The Company has applied short term funds provided by its parent Company, Mphasis Limited, towards the long term Investment. Mphasis Limited has been committed to provide financial and operational support to your Company for continued operations in the foreseeable future. Your Company is confident of improving the business and profitability in the future and thereby funding the working capital requirements.

Acknowledgement

Your Directors acknowledge with thanks the continued support and valuable co-operation extended by business constituents, investors, vendors, bankers and shareholders of the Company.

For and on behalf of the Board of Directors


Vijayakumar M
Director


Sunitha Vadlamudi
Director

Bangalore
29 September 2011



MPHISIS FINSOURCE LIMITED

**FINANCIAL STATEMENTS- MARCH 31, 2011
TOGETHER WITH AUDITOR'S REPORT**



Mphasis Finsource Limited

**Audited Financial Statements
for the year ended 31 March 2011**

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Profit and Loss Account	7
Notes to the Financial Statements	8
Cash Flow Statement	18

Auditors' Report

To
The Members of MphasiS Finsource Limited

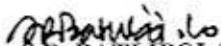
1. We have audited the attached Balance Sheet of MphasiS Finsource Limited ('the Company') as at March 31, 2011 and also the Profit and Loss account and the Cash Flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. Without qualifying our opinion we draw attention to Note 3 of Schedule 1 to the accompanying financial statements. As at March 31, 2011 net worth of the Company is fully eroded and company has negative net worth of Rs 17,368,242 (March 31, 2010: Rs. 28,323,797). Further the Company has net current liabilities of Rs. 66,688,179 as at 31 March 2011(including unsecured loan) (March 31, 2010: Rs. 94,810,028). The Company's ability to continue as a going concern is dependent on establishing profitable operations, renewal of agreement with its customer and obtaining continuing financial support from its parent Company. These mitigating factors have been more fully discussed in Note 3 of Schedule 1 to the accompanying financial statements, in view of which the financial statements have been prepared under the going concern assumption, and consequently, no adjustment have been made to the carrying values or classification of assets and liabilities.
4. As required by the Companies (Auditor's Report) Order, 2003 (as amended) issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
5. Further to our comments in the Annexure referred to above, we report that:
 - i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - ii. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - iii. The Balance Sheet, Profit and Loss account and Cash Flow statement dealt with by this report are in agreement with the books of account;
 - iv. In our opinion, the Balance Sheet, Profit and Loss account and Cash Flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
 - v. On the basis of the written representations received from the directors, as on March 31, 2011, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2011 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956; and

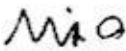


S.R. BATLIBOI & Co.

Chartered Accountants

- vi. In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
- in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2011;
 - in the case of the Profit and Loss account, of the profit for the year ended on that date; and
 - in the case of Cash Flow statement, of the cash flows for the year ended on that date.


For S.R. BATLIBOI & Co.
Firm registration number: 301003E
Chartered Accountants


per Navin Agrawal
Partner
Membership No.: 56102



Place: Bangalore, India
Date: 29 September 2011

S.R. BATLIBOI & CO.

Chartered Accountants

Annexure referred to in paragraph [4] of our report of even date
Re: MphasiS Finsource Limited ('the Company')

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) All fixed assets have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. As informed, no material discrepancies were noticed on such verification.
- (c) There was no disposal of a substantial part of fixed assets during the year.
- (ii) The Company is a service company, primarily rendering business process outsourcing services. Accordingly, it does not hold any physical inventories. Thus, paragraph 4(ii) of the Companies (Auditor's Report) Order, 2003 (as amended) is not applicable to the Company.
- (iii) (a) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, the provisions of clause 4(iii)(a) to (d) of the Order are not applicable to the Company and hence not commented upon.
- (b) According to information and explanations given to us, the Company has not taken any loans, secured or unsecured, from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, the provisions of clause 4(iii)(e) to (g) 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 the activities of the Company do not involve purchase of inventories and sale of goods. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business, for the purchase of fixed assets and for sale of services. During the course of our audit, no major weakness has been noticed in the internal controls in respect of this area, however, in our opinion *financial statement closure process with respect to aforementioned areas needs to be further strengthened*. During the course of our audit, we have not observed any continuing failure to correct any major weakness in the internal control system of the Company.
- (v) In our opinion, there are no contracts or arrangements that need to be entered in the register maintained under Section 301 of the Companies Act, 1956.
- (vi) The Company has not accepted any deposits from the public.
- (vii) The Company is covered as part of the internal audit function operated by its parent company, which is commensurate with the size of the Company and the nature of its business.



S.R. BATLIBOI & CO.

Chartered Accountants

(viii) To the best of our knowledge and as explained, the Central Government has not prescribed the maintenance of cost records under clause (d) of sub-section (1) of section 209 of the Companies Act, 1956, for the services rendered by the Company.

(ix)(a) Undisputed statutory dues including investor education and protection fund, income-tax, sales-tax, wealth-tax, customs duty, excise duty cess and other material statutory dues have generally been regularly deposited with the appropriate authorities *though there have been slight delays in remittance of service tax, provident fund, employees' state insurance and professional tax in a few cases.*

Further, since the Central Government has till date not prescribed the amount of cess payable under section 441 A of the Companies Act, 1956, we are not in a position to comment upon the regularity or otherwise of the company in depositing the same.

(b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, investor education and protection fund, employees' state insurance, income-tax, wealth-tax, service tax, sales-tax, customs duty, excise duty 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 information and explanation given to us, there are no dues of income tax, sales-tax, wealth tax, service tax, customs duty, excise duty and cess which have not been deposited on account of any dispute.

(x) The Company has been registered for a period of less than five years and hence we are not required to comment on whether or not the accumulated losses at the end of the financial year is fifty per cent or more of its net worth and whether it has incurred cash losses in the current financial year and in the immediately preceding financial year.

(xi) The Company did not have any outstanding dues to financial institutions, banks or debenture holders during the year.

(xii) According to the information and explanations given to us and based on the documents and records produced before us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

(xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.

(xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.

(xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.



S.R. BATLIBOI & CO.

Chartered Accountants

- (xvi) The Company did not have any term loans (representing loans with a repayment period beyond 36 months) outstanding during the year.
- (xvii) According to the information and explanations given to us and on overall examination of the balance sheet of the Company, we report that *the Company has used funds raised on short-term basis for long-term investment. The Company has utilised short term funds raised from inter-corporate deposits aggregating to Rs 66,688,179 for long-term investments, mainly towards funding of operating losses and acquisition of fixed assets.*
- (xviii) The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the Companies Act, 1956.
- (xix) The Company did not have any outstanding debentures during the year.
- (xx) The Company has not raised any money through a public issue during the year.
- (xxi) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the year.

Chartered A/c
For S.R. BATLIBOI & Co.
Firm registration number: 301003E
Chartered Accountants

M.A.
per Navin Agrawal
Partner
Membership No.: 56102



Place: Bangalore, India
Date: 29 September 2011

Mphasis Finsource Limited

Balance Sheet


	Notes	31 March 2011	31 March 2010
SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS			
Share capital	4	500,000	500,000
LOAN FUNDS			
Unsecured loans	5	118,500,000	112,000,000
DEFERRED TAX LIABILITY, NET	6	-	1,373,000
		119,000,000	113,873,000
APPLICATION OF FUNDS			
FIXED ASSETS			
Cost	7	125,973,830	124,191,046
Accumulated depreciation and amortisation		(76,653,893)	(56,458,896)
Net book value		49,319,937	67,732,150
Capital work-in-progress including capital advances		-	127,081
		49,319,937	67,859,231
CURRENT ASSETS, LOANS AND ADVANCES			
Debtors and unbilled revenues	8	58,983,740	30,819,654
Cash and bank balances	9	31,103,129	6,603,190
Loans and advances	10	30,800,072	29,047,675
		120,886,941	66,469,519
CURRENT LIABILITIES AND PROVISIONS			
Current liabilities	11	67,969,702	38,214,927
Provisions	12	1,105,418	1,084,626
		69,075,120	39,299,547
NET CURRENT ASSETS			
		51,811,821	17,189,972
Debit balance in profit and loss account		17,868,242	28,833,797
		119,000,000	113,873,000

Significant Accounting Policies

1

The notes referred to above form an integral part of these financial statements

This is the balance sheet referred to in our report attached


 For S.R. BATLIBOI & Co.
 Firm registration number: 301007F
 Chartered Accountants

For and on behalf of the Board of Directors


 per Navin Agrawal
 Partner
 Membership No. 56102


 Gurinder S. Sekhija
 Director


 Vijayakumar Mathiah
 Director

Bangalore
 Date: September 29, 2011

Bangalore
 Date: September 29, 2011

Bangalore
 Date: September 29, 2011



CERTIFIED TRUE COPY
 For Mphasis Finsource Limited


 Director

Mphasis Finsource Limited

Profit and Loss Account

	Notes	Year ended 31 March 2011	Year ended 31 March 2010
Revenues		176,009,818	130,525,089
Cost of revenues	13	153,692,664	161,458,582
Gross Profit/(Loss)		22,317,154	(30,933,493)
General and administrative expenses	14	2,272,735	2,016,874
Operating Profit/(Loss)		20,044,419	(32,950,367)
Foreign exchange (loss), net		(39,459)	-
Other income	15	1,227,111	113,866
Interest expense	16	(11,649,516)	(9,700,167)
Profit/(Loss) before taxation		9,582,555	(42,536,668)
Current taxes and		652,000	-
Current tax relating to earlier years		-	3,664,000
Deferred taxes		(1,373,000)	(5,156,000)
MAT credit entitlement		(652,000)	-
Profit/(Loss) after taxation		10,955,555	(41,044,668)
(Loss)/Profit brought forward		(28,823,797)	12,220,871
Loss carried forward		(17,868,242)	(28,823,797)
Earnings / (Loss) per share (par value ₹ 10)			
Basic and diluted (₹)		219.11	(820.89)
Weighted average number of equity shares considered			
Basic and diluted		50,000	50,000

Significant Accounting Policies

1

The notes referred to above form an integral part of these financial statements

This is the profit and loss account referred to in our report attached

S.R. Bhatti & Co
For S.R. BATTI, B.O. & Co
Firm registration number 301003F
Chartered Accountants

For and on behalf of the Board of Directors

Navin Agrawal
per Navin Agrawal
Partner
Membership No. 56102

Gurinder S. Sukhija
Gurinder S. Sukhija
Director

Vijayakumar Muthish
Vijayakumar Muthish
Director

Bangalore
Date: September 29, 2011

Bangalore
Date: September 29, 2011

Bangalore
Date: September 29, 2011



CERTIFIED TRUE COPY

For Mphasis Finsource Limited

[Signature]
Director

Mphasis Finsource Limited

Notes to the Financial Statements

1. SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The financial statements of Mphasis Finsource Limited ('the Company') have been prepared and presented under the historical cost convention on the accrual basis of accounting and comply with the mandatory Accounting Standards ('AS') prescribed in the Companies (Accounting Standards) Rules, 2006 (as amended) and other pronouncements of the Institute of Chartered Accountants of India ('ICAI') and the relevant provisions of Companies Act, 1956.

Use of estimates

The preparation of financial statements requires 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. Actual results could differ from those estimates. Any revision to accounting estimates is recognised prospectively in current and future years.

Revenue recognition

The Company derives its revenues from call centres and business process outsourcing services.

Revenues from BPO services arises from both time-based and unit priced client contracts. Such revenue is recognized on completion of the related service and is billable in accordance with the specific terms of the contracts with clients.

'Unbilled revenues' included in current assets represent revenues in excess of amounts billed as at the balance sheet date. 'Unearned receivables' included in current liabilities represents the billing in excess of revenues recognised as at the balance sheet date.

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

Interest on the deployment of funds is recognised using the time-proportion method, based on underlying interest rates.

Fixed assets and capital work-in-progress

Fixed assets are stated at the cost of acquisition or construction less accumulated depreciation. Direct costs are capitalised until assets are ready to be put to use. Borrowing costs directly attributable to acquisition or construction of those fixed assets which necessarily take a substantial period of time to get ready for their intended use are capitalised. Fixed assets purchased in foreign currency are recorded at cost based on exchange rate on the date of purchase. Acquired intangible assets are capitalised at the acquisition price.

Advances paid towards acquisition of fixed assets and the cost of assets not ready for use as at the balance sheet date are disclosed under capital work-in-progress.

Depreciation and amortisation

Depreciation on fixed assets is provided using the straight line method over the estimated useful lives of assets. Depreciation is charged on a proportionate basis for all assets purchased and sold during the year. Individual assets costing ₹ 5,000 or less are depreciated in full at the year of purchase. The estimated useful lives of assets are as follows:

Assets	Years
Plant and machinery (including telecom equipments)	5
Computer equipment	3
Office equipment	5
Furniture and fixtures	5
Vehicles	3

Leasehold improvements are amortized over the remaining lease term or 5 years, whichever is shorter. Purchased application software and internally generated software that is an integral part of the Company's computer systems, expected to provide lasting benefits, is capitalised at cost and amortized on the straight line method over its estimated useful life or 3 years, whichever is shorter.

Leases

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

Impairment of 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. 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 profit and loss account. If at the balance sheet date there is an indication that if 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.



Employee benefits

Gratuity which is a defined benefit is accrued based on 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 profit and loss account and are not deferred.

The cost of short term compensated absence is provided for based on estimates. Long term compensated absences cost are provided for based on actuarial valuation which is done based on project unit credit method.

Contributions payable to recognised provident fund, which is a defined contribution scheme, is charged to the profit and loss account. The Company's liability is limited to the contribution made to the fund.

Foreign currency

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

Income taxes

Tax expense comprises of current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income tax Act, 1961 enacted in India. Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to the taxes on income levied by same governing taxation laws. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In situations where the company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits.

At each balance sheet date the Company re-assesses unrecognised deferred tax assets. It recognises unrecognised deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be that sufficient future taxable income will be available against which such deferred tax assets can be realised.

The carrying amount of deferred tax assets are reviewed at each balance sheet date. The company writes-down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realised. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

MAT credit is recognised as an asset only when and to the extent there is convincing evidence that the company will pay normal income tax during the specified period. In the year in which the Minimum Alternative tax (MAT) credit becomes eligible to be recognised as an asset in accordance with the recommendations contained in guidance Note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the profit and loss account and shown as MAT Credit Entitlement. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal Income Tax during the specified period.

Provisions and contingent liabilities

The Company recognises a provision when there is a present obligation as a result of an obligating event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Provisions for onerous contracts, i.e. contracts where the expected unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it, are recognised 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. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

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 would have been 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



Mphasis Finsource Limited

Employee benefits

Gratuity which is a defined benefit is accrued based on 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 profit and loss account and are not deferred.

The cost of short term compensated absence is provided for based on estimates. Long term compensated absences cost are provided for based on actuarial valuation which is done based on project unit credit method.

Contributions payable to recognised provident fund, which is a defined contribution scheme, is charged to the profit and loss account. The Company's liability is limited to the contribution made to the fund.

Foreign currency

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

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Income taxes

Tax expense comprises of current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961 enacted in India. Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to the taxes on income levied by same governing taxation laws. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In situations where the company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits.

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Provisions and contingent liabilities

The Company recognises a provision when there is a present obligation as a result of an obligating event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Provisions for onerous contracts, i.e. contracts where the expected unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it, are recognised 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. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

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 would have been 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



Mphasis Finsource Limited

shares have been adjusted for the proceeds receivable had the shares been actually 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 either reduce earnings per share or increase loss per share are included.

Cash flow statements

Cash flows are reported using the indirect method whereby net profit before tax is adjusted for the effects of the transactions of a non cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from regular revenue generating, investing and financing activities of the Company are segregated.

Cash and cash equivalents

Cash and cash equivalents comprise cash and cash on deposit with banks. The Company considers all highly liquid investments with an original maturity at the date of purchase of three months or less and that are readily convertible to known amounts of cash to be cash equivalents.

2. DESCRIPTION OF THE COMPANY

Mphasis Finsource Limited was incorporated on 8 June 2006 to set up and manage call centres and carry out business process outsourcing service to its clients.

The Company is a subsidiary of Mphasis Limited ("ML", the parent company). In terms of a merger agreement executed between Electronic Data Systems Corporation, Hewlett-Packard Company ("HP") and Hawk Merger Corporation, the last named company merged into Electronic Data Systems Corporation on 26 August 2008. As a result of this merger, Electronic Data Systems Corporation became a 100% subsidiary of HP and was renamed as Electronic Data Systems LLC. Prior to the above merger Electronic Data System Corporation was the ultimate holding company, however subsequent to the merger, HP became the ultimate holding company of Mphasis Finsource Limited.

3. During the year ended 31 March 2011, the Company has accumulated losses as at 31 March 2011 of ₹ 17,868,242 (31 March 2010: ₹ 28,823,797). As at 31 March 2011, the net worth of the Company is fully eroded and company has negative net worth of ₹ 17,368,242 (31 March 2010: ₹ 28,323,797). Further the company has net current liabilities (including unsecured loan) of ₹ 66,688,179 as at 31 March 2011 (31 March 2010: ₹ 94,810,028). The Company is expecting improved business and profitability and the management is confident that the Company will be able to generate profits in the future years. The holding company has committed to provide financial and operational support to the Company for its continued operations in the foreseeable future. As per the agreement with State Bank of India ("SBI"), SBI has an option to acquire the Company and/or the facilities, and/or the contact centre and contact centre personnel in full or in part on or after the completion of the term of the agreement. The term of the agreement will expire on 6 May 2012 and management is confident that same will be renewed. Accordingly, the financial statements have been prepared based on the going concern assumption.

	₹	
	31 March 2011	31 March 2010
4. SHARE CAPITAL		
Authorised capital		
200,000 (31 March 2010: 200,000) equity shares of ₹ 10 each	2,000,000	2,000,000
Issued, subscribed and paid-up capital		
50,000 (31 March 2010: 50,000) equity shares of ₹ 10 each fully paid up	500,000	500,000
[Of the above 49,994 (31 March 2010: 49,994) equity shares of ₹ 10 each fully paid up are held by Mphasis Limited]	500,000	500,000
5. UNSECURED LOANS*		
Short term inter corporate deposit from Mphasis Limited	118,500,000	112,000,000
	118,500,000	112,000,000
*refer note 20		
6. DEFERRED TAX LIABILITY, NET		
On depreciation	1,306,000	1,746,000
On provision for doubtful debts	(255,000)	-
On provision for employee benefits	(358,000)	(373,000)
On brought forward unabsorbed business loss	(693,000)	-
	-	1,373,000

The Company has recognised deferred tax asset as at March 31, 2011 on the basis of prudence, only to the extent of deferred tax on depreciation as at March 31, 2011. Accordingly, there is no impact on the Profit and Loss Account for the current year.



Mphasis Finsource Limited

7. FIXED ASSETS

Assets	Cost			Accumulated depreciation and amortisation			Net book value	
	1 April 2010	Additions	Deduction/ Adjustments	1 April 2010	Charge for the year	Deduction	31 March 2011	31 March 2010
Tangible assets								
Plant and machinery	52,645,452	214,427	-	9,680,535	10,826,751	-	20,507,286	32,352,593
Computer equipment	25,569,312	318,632	2,070	19,271,405	1,820,484	2,070	21,089,819	4,796,055
Office equipment	2,526,000	88,816	-	465,670	446,677	-	912,292	1,860,930
Furniture and fixtures	2,130,029	13,336	-	565,408	360,375	-	926,273	1,217,197
Vehicles	-	1,149,643	-	-	89,242	-	89,242	1,060,401
Leasehold improvements	6,971,342	-	-	802,928	1,394,269	-	2,197,197	4,774,145
Intangible assets								
Software	34,548,211	-	-	25,672,360	5,259,424	-	30,931,784	3,616,427
Total	124,191,046	1,784,854	2,070	56,458,896	20,197,067	2,070	76,653,893	49,319,937
Previous year	65,957,697	58,977,917	739,568*	20,734,767	36,224,129	-	56,458,896	67,732,150

*On account of de-capitalisation during the year 2009-10 for certain items wrongly captured.



Mphasis Finsource Limited

	₹	
	31 March 2011	31 March 2010
8. DEBTORS AND UNBILLED REVENUES		
Debts outstanding for a period exceeding six months, unsecured		
- considered good	740,392	-
- considered doubtful	45,398	45,398
Other debts, unsecured		
- considered good	44,023,426	10,897,242
	44,809,216	10,942,640
Less: Provision for doubtful debts (net of write-offs)	45,398	45,398
	44,763,818	10,897,242
Unbilled revenues	14,219,922	9,922,412
	58,983,740	20,819,654
9. CASH AND BANK BALANCES		
Balances with scheduled banks		
- Current accounts	6,803,129	6,602,190
- Deposit accounts	24,300,000	-
	31,103,129	6,602,190
10. LOANS AND ADVANCES		
Unsecured - considered good		
Advances recoverable in cash or in kind or for value to be received*	4,026,646	3,066,458
Deposits		
- premises	5,055,400	5,055,400
- others	50,000	50,000
Advance tax and tax deducted at source	21,016,026	20,875,817
MAT credit entitlement	652,000	-
	30,800,072	29,047,675
*Includes service tax input credit receivable ₹ 978,836 (31 March 2010: ₹ 361,255)		
11. CURRENT LIABILITIES		
Sundry creditors*	37,746,104	19,126,799
Bank overdraft	721,286	-
Salary related costs	8,793,331	3,049,220
Other liabilities	16,262,319	12,445,880
Interest accrued but not due	4,446,662	3,593,022
	67,969,702	38,214,921
* Based on the information available with the Company, there are no suppliers who are registered as micro or medium enterprises under The Micro, Small and Medium Enterprises Development Act, 2006 as at March 31, 2011		
12. PROVISIONS		
Compensated absences	380,235	524,463
Gratuity [refer note 23]	725,183	540,165
	1,105,418	1,064,628



Mphasis Finsource Limited

	Year ended 31 March 2011	Year ended 31 March 2010
13. COST OF REVENUES		
Salary and allowances	60,561,360	64,680,250
Contribution to provident and other funds	5,207,297	5,356,893
Staff welfare	4,503,943	2,631,071
Recruitment charges	755,694	67,915
Communication expenses	5,513,775	4,192,500
Asset rental charges	146,711	1,901,316
Rent*	22,851,393	19,217,114
Professional charges**	835,109	541,705
Depreciation and amortisation	20,197,067	36,224,129
Repairs and maintenance	4,870,310	5,272,161
Electricity	9,070,945	11,067,761
Software support and annual maintenance charges	18,376,987	9,668,597
Miscellaneous expenses	892,073	652,178
	153,692,664	161,458,582
*Net of reversal of ₹ Nil (31 March 2010: ₹ 904,917) relating to earlier years		
** Net of reversal of ₹ Nil (31 March 2010: ₹ 1,141,525) relating to earlier years		
14. GENERAL AND ADMINISTRATIVE EXPENSES		
Professional charges	1,220,982	57,234
Auditor's remuneration		
- Audit fees	100,000	100,000
- Tax audit fees	50,000	75,000
Rates and taxes	349,819	1,474,044
Repairs and maintenance		
- Plant and machinery	171,039	172,790
- Others	116,162	117,351
Miscellaneous expenses	64,733	20,455
	2,272,735	2,016,874
15. OTHER INCOME		
Interest income on deposits*	172,582	113,866
Interest on income tax refund	1,054,529	
	1,227,111	113,866
*tax deducted at source ₹ 17,258 (31 March 2010: ₹ 18,032)		
16. INTEREST EXPENSE		
Interest expense on loans from Mphasis Limited	(11,646,435)	(9,591,611)
Other charges	(3,081)	(6,556)
	(11,649,516)	(9,700,167)



Mphasis Finsource Limited

17. Aggregate expenses

The aggregate amount incurred on various expenses reported under cost of revenues and general and administrative expenses are as follows:

	Year ended 31 March 2011	Year ended 31 March 2010
Salary and allowances	60,561,360	64,660,240
Contribution to provident and other funds	5,207,297	3,356,895
Staff welfare	4,503,943	2,634,071
Recruitment charges	755,694	67,915
Communication expenses	5,513,775	4,192,500
Asset rental charges	146,711	1,903,516
Rent	22,851,393	19,217,114
Professional charges	2,056,091	598,939
Depreciation and amortisation	20,197,067	36,224,129
Repairs and maintenance	4,870,310	5,272,161
Electricity	9,070,945	11,067,761
Software support and annual maintenance charges	18,376,987	9,668,597
Auditor's remuneration		
- Audit fees	100,000	100,000
- Tax audit fees	50,000	75,000
Rates and taxes	549,819	1,474,044
Repairs and maintenance		
- Plant and machinery	171,039	172,790
- Others	116,162	117,351
Miscellaneous expenses	866,806	672,613
	155,965,399	163,475,456

The Company allocates certain common expenses between Cost of revenue and General and administrative expenses (collectively referred as "function") on reasonable basis for the purpose of functional classification of profit and loss account.

18. Contingent liabilities and commitments

- Estimated amount of contracts remaining to be executed on capital account (net of advances) and not provided for as at 31 March 2011: ₹ Nil (31 March 2010: ₹ 4,547,769).
- Guarantees outstanding including those furnished to the Department of Telecom as at 31 March 2011: ₹ 10,055,000 (31 March 2010: ₹ 10,055,000).

19. Operating leases

The Company is obligated under non-cancellable leases for office space that are renewable on a periodic basis at the option of the both lessor and lessee. Total rental expense under non-cancellable operating leases (net of lease rentals capitalised) amounted to ₹ 12,406,393 for the year ended 31 March 2011 (31 March 2010: ₹ 8,996,083).

Future minimum lease payments under non-cancellable operating leases as at 31 March 2011 are as follows:

Period	31 March 2011	31 March 2010
Not later than 1 year	12,132,960	12,132,960
Later than 1 year and not later than 5 years	24,417,587	36,550,547
More than 5 years		



Mphasis Finsource Limited

The Company also leases office 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 ₹ 10,591,711 for the year ended 31 March 2011 (31 March 2010: ₹ 12,124,347).

Office premises are obtained on operating lease for terms of aging from 1-5 years and renewable at the option of the company/lessor. There is escalation clause in the lease agreement. There are no restrictions imposed by lease agreement. Further there are no sub-leases.

20. Related Party Transactions

a. Entities where control exists:

The related parties which exercise control are as follows:

- Hewlett Packard Company, USA (ultimate holding company)
- Hewlett Packard Eagle Corporation, USA (100% subsidiary of Hewlett Packard Company, USA)
- Electronic Data Systems LLC, USA (formerly Electronic Data Systems Corporation, USA), (100% subsidiary of Hewlett Packard Eagle Corporation, USA)*
- Mphasis Limited (holding company of the Company)

* EDS Asia Pacific Holdings, Mauritius (formerly TH Holding Mauritius), EDS World Corporation (Far East) and EDS World Corporation (Netherlands), the subsidiaries of Electronic Data Systems LLC, USA (formerly Electronic Data Systems Corporation, USA) hold 60.53% of the equity capital of Mphasis Limited.

b. Key management personnel:

The key management personnel of the Company are as mentioned below

Non executive directors on the board of the Company

- Paulo Victor Baptista Cardoso - Resigned w.e.f. 10 December 2010
- Preeti Mitra Shetty - Resigned w.e.f. 11 January 2010
- Sunilra Vadlamadi - appointed additional director w.e.f. 10 December 2010
- Vijayakumar Muthidi
- Shalabh Jain - Appointed w.e.f. 7 January 2010 and resigned w.e.f. 2 July 2010
- Vivek Khanna - Appointed w.e.f. 29 June 2010 and resigned w.e.f. 21 April 2011
- Gurender S Sukhija - Appointed w.e.f. 21 April 2011

c. Other related parties with whom transactions have taken place:

- Msource India Private Limited, and
- HP Services (Singapore) Pte Ltd



Mphasis Finsource Limited

d. The following is the summary of significant transactions with related parties by the Company:

	Year ended 31 March 2011	Year ended 31 March 2010
Rent paid to entity where control exists	10,445,000	10,027,200
- Mphasis Limited	10,445,000	10,027,200
Annual Maintenance charges paid to entity where control exists	-	2,447,010
- Mphasis Limited	-	2,447,010
Annual Maintenance charges paid to other related parties	3,175,873	-
- HP Services (Singapore Pte Ltd)	3,175,873	-
Reimbursement of other expenses to entity where control exists	314,116	3,097,293
- Mphasis Limited	314,116	3,097,293
Reimbursement of expenses in other related parties	6,895,575	6,905,915
- Msource India Private Limited	6,895,575	6,905,915
Interest paid to entity where control exists	11,646,434	9,700,167
- Mphasis Limited	11,646,434	9,700,167
Unsecured loans received from entity where control exists	142,500,000	226,800,000
- Mphasis Limited	142,500,000	226,800,000
Unsecured loans refunded to entity where control exists	136,000,000	160,800,000
- Mphasis Limited	136,000,000	160,800,000

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

	31 March 2011	31 March 2010
Interest accrued but not due to entity where control exists	4,446,662	3,593,022
- Mphasis Limited	4,446,662	3,593,022
Sundry creditor- amounts due to entity where control exists	21,637,734	10,648,745
- Mphasis Limited	21,637,734	10,648,745
Sundry creditor- amounts due to other related parties	15,390,654	6,905,915
- Msource India Private Limited	15,033,955	6,905,915
- HP Services (Singapore Pte Ltd)	356,699	-
Unsecured loans from entity where control exists	118,500,000	112,000,000
- Mphasis Limited	118,500,000	112,000,000

21. Segment reporting

The Company is primarily engaged in a single segment i.e. Banking and Capital Market to its client in India. The risks and returns of the Company are predominantly determined by its principal services and the Company's activities fall within a single business and geographical segment. Accordingly, no further disclosures are required as per the Accounting Standard 17 on segment reporting.

22. Employee Stock Option Plans (ESOP)

Certain employees of the Company have received stock options of the holding company Mphasis Limited ("ML") under the ESOPs instituted by ML. All the ESOPs are in respect of ML shares where each stock option is equivalent to one share. The Institute of Chartered Accountants of India has issued a Guidance Note on Accounting for Employee Share-based Payments, which is applicable to employee share based payment plans, the grant date in respect of which falls on or after April 1, 2005. The scheme detailed above is managed and administered by the intermediate holding Company and the impact of compensation benefits in respect of such scheme is assessed and accounted for in the books of the intermediate holding company. Accordingly, the Company has not accounted for the above plans as per the said Guidance Note.



Mphasis Finsource Limited

23. Gratuity Plan

The following table sets out the status of the unfunded gratuity plan as required under revised AS - 15.

Reconciliation of the projected benefit obligations

	31 March 2011	31 March 2010
Change in projected benefit obligation		
Obligations at period beginning	540,163	581,007
Service cost	253,147	205,634
Interest cost	10,803	11,620
Actuarial gain	(78,930)	(258,098)
Obligations at period end	725,183	540,163
Assumptions		
Interest rate	8.00%	8.00%
Discount rate	8.00%	8.00%
Attrition rate	5.00%	5.00%
Gratuity cost for the period		
	Year ended	Year ended
	31 March 2011	31 March 2010
Service cost	253,147	205,634
Interest cost	10,803	11,620
Actuarial gain	(78,930)	(258,098)
Net gratuity (credit) / cost	185,020	(40,844)

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.

24. The Company derives its revenues from call centres and business process outsourcing services. Such services are not capable of being expressed in any generic unit and hence, it is not possible to give the quantitative details required under paragraphs 3, 4C and 4D of Part II of Schedule VI to the Companies Act, 1956. Further, other information as required by schedule VI to the Companies Act, 1956 has been furnished to the extent applicable.


25. Previous year figures have been regrouped/reclassified, wherever necessary, to conform to the current year presentation.


For S.R. BATLIBOI & Co
Firm registration number: 3010033
Chartered Accountants

For and on behalf of the Board of Directors


per Navin Agrawal
Partner
Membership No: 56102


Gurindar S. Sukheja
Director


Vijayakumar Muthiah
Director

Bangalore
Date: September 29, 2011

Bangalore
Date: September 29, 2011

Bangalore
Date: September 29, 2011



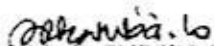
Cash Flow Statement

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	Year ended 31-Mar-11	Year ended 31-Mar-10
Cash flow from operating activities:		
Profit/(Loss) before taxation	4,582,555	(42,516,668)
Adjustments for:		
Depreciation and amortisation	20,197,067	36,224,129
Interest income	(172,582)	(113,866)
Interest expense	11,649,516	9,700,167
Operating profit before working capital changes	41,256,556	3,273,762
Increase in Debtors and unbilled revenue	(58,164,086)	(5,884,515)
Decrease/(Increase) in Loans and advances	(960,187)	4,311,185
(Decrease)/Increase in Current liabilities and provisions	30,213,847	(20,020,579)
Cash generated from operations	32,346,130	(18,320,145)
Income tax paid (net of refund)	(792,209)	(12,442,847)
Net cash generated/ (used in) from operating activities	31,553,921	(30,762,992)
Cash flow from investing activities:		
Purchase of fixed assets	(2,929,688)	(57,497,510)
Interest received	172,582	113,866
Net cash used in investing activities	(2,757,106)	(57,383,644)
Cash flow from financing activities:		
Unsecured loans received	142,500,000	226,800,000
Unsecured loans repaid	(136,000,000)	(160,800,000)
Interest paid on loan	(10,795,876)	(7,189,270)
Net cash (used in) /generated from financing activities	(4,295,876)	58,810,730
Changes in cash and cash equivalents	24,500,939	(29,335,906)
Cash and cash equivalents at the beginning of the year*	6,602,190	35,938,096
Cash and cash equivalents at the end of the year*	31,103,129	6,602,190


* Cash and cash equivalents consists of cash and bank balances and short term funds that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

This is the Cash Flow Statement referred to in our report attached


 For S.R. BATLIBOI & Co.
 Firm registration number: 301003E
 Chartered Accountants

For and on behalf of the Board of Directors.


 per Navin Agrawal
 Partner
 Membership No. 56102


 Gurinder S. Sekhija
 Director


 Vijayakumar Muthiah
 Director

Bangalore
 Date: September 28, 2011

Bangalore
 Date: September 28, 2011

Bangalore
 Date: September 28, 2011



MphasiS Finsource Limited
Annual Report
FY 2011- 2012

CERTIFIED TRUE COPY

For MphasiS Finsource Limited



Director

DIRECTORS' REPORT

Dear Members,

The Directors are pleased to present the 6th Annual Report of the Company, for the year ended March 31, 2012.

Financial Highlights

Particulars	Amount in Rs.	
	Year Ended 31 March 2012	Year Ended 31 March 2011
Total Revenue	266,804,644	177,236,929
Total Expenses	261,629,773	167,654,374
Profit before tax	5,174,871	9,582,555
Current tax	5,746,200	652,000
Reversal of excess provision-FBT	(311,910)	----
MAT credit entitlement	----	(652,000)
Profit for the year	6,159,581	10,955,555

Overview

During the period under review, your Company has achieved total revenue of Rs. 266,804,644 as compared to Rs. 177,236,929 in the previous year. Your Company has reported a Net Profit after tax of Rs. 6,159,581 as compared to a profit of Rs. 10,955,555 in the previous year. The profit was on account of increase in per employer billing rate by 6% in the current year to Rs. 33.600 from Rs. 31.461 in the previous year.

The decrease in profit as compared to the last year was due to increase in salary cost and increase in depreciation charge of 1.24 crores on IYB assets.

Dividend

Your Directors have not recommended any dividend for the financial year under review.

Conservation of Energy, Technology Absorption and Foreign Exchange earnings

Your Company's operations involve low energy consumption. However, efforts to conserve energy will continue. The particulars relating to conservation of energy and technology absorption as stipulated under sub-section (1)(c) of section 217 of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 are not applicable. Information relating to foreign exchange earnings or outgoes during the year under review are as follows:

Activities relating to export	Export of Information Technology Enabled Services
Initiatives taken to increase exports	Marketing efforts are being made in the overseas to increase the export revenues
Development of new product and services	Marketing efforts are being made in the new countries to develop the export market
Total Foreign Exchange earnings	Nil
Total Foreign Exchange used	4,943,004

Particulars of Employees' Remuneration

There were no employees who were in receipt of remuneration in excess of the limits prescribed as per Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 and Companies (Particulars of Employees) Amendment Rules, 2011 and hence the particulars of Employees' Remuneration pursuant to the aforesaid rules are not provided.



Directors' Responsibility Statement

In compliance with Section 217(2AA) of the Companies Act, 1956, your directors confirm and state as follows:

- (i) That in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures.
- (ii) That your Directors have selected such accounting policies and have 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 of the Company for the period under review.
- (iii) That your Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- (iv) That your Directors have prepared the annual accounts on a going concern basis.

Auditors

M/s S R Batliboi & Co, Chartered Accountants (Registration No. 301003E), have expressed their willingness to continue in office and a resolution proposing their re-appointment at a remuneration to be fixed by the Board of Directors and billed progressively, is submitted for approval of the members at the ensuing Annual General Meeting.

The following are the response to the observations made by the Auditors in their report for the year ended 31 March 2012:

- (a) Your Company has taken necessary steps to strengthen the financial closure process and minimize the potential issues.
- (b) The delays in remittance of withholding taxes was on account of legal position adopted by the Company on the applicability of the tax. Further, the delays in remittance of service tax was a one off instance on account of certain operational issues. Your Company has taken required steps to improve its operational efficiencies to avoid such delays in future.
- (c) The accumulated losses of the Company were on account of the initial setup costs and depreciation. The Company had made profits and is expected to improve its performance, which would reduce the accumulated losses.
- (d) The company has applied short term funds provided by its parent company, Mphasis Limited towards the long term investment. Mphasis Limited has committed to provide financial and operational support to your company for continued operations in the foreseeable future. Your company is confident of improving the business and profitability in the future and thereby funding the fund requirements.

Directors

Mr. V Suryanarayanan and Mr. Kishore GR were appointed as additional directors of the Company w.e.f 14 February 2012 and 31 July 2012 respectively, who hold office up to this Annual General Meeting. However, the Company had received Notices under Section 257 of the Companies Act, 1956, along with the necessary deposit, proposing their appointment as the directors of the Company. Necessary resolutions in relation to their appointment are placed before the members for approval at the ensuing Annual General Meeting.



Mr. Vijaykumar M and Ms. Sunitha Yadlamudi resigned as Directors w.e.f 14 February 2012 and 31 July 2012 respectively. The Board places on record its appreciation for the valuable services rendered by them during their tenure as directors.

Mr. Gundeel Sakhiya, Director of the Company retires by rotation at this Annual General Meeting and is eligible for re-appointment.

For and on behalf of the Board of Directors


Kishore GR
Director


Suryanarayanan V
Director

Bangalore
27 September 2012





Mphasis Finsource Limited
Auditors' Report and Financial Statements
for the year ended March 31, 2012.



MPHASIS
an HP company

Mphasis Finsource Limited

**Audited Financial Statements
for the year ended 31 March 2012**

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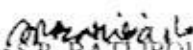
Auditors' Report


To
The Members of Mphasis Finsource Limited

1. We have audited the attached balance sheet of Mphasis Finsource Limited (the Company) as at 31 March 2012 and also the statement of profit and loss and the cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.
3. Without qualifying our opinion we draw attention to Note 3 of accompanying financial statements. As at 31 March 2012 net worth of the Company is fully eroded and the Company has negative net worth of ₹ 11,208,661 (31 March 2011: ₹ 17,368,242). Further the Company has net current liabilities of ₹ 68,347,403 as at 31 March 2012 (including short term borrowings) (31 March 2011: ₹ 87,796,695). These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern, which is dependent on establishing profitable operations and obtaining continuing financial support from its shareholders. These mitigating factors have been fully disclosed in Note 3 of financial statements, in view of which the financial statements have been prepared under the going concern assumption, and consequently, no adjustment have been made to the carrying values or classification of assets and liabilities.
4. As required by the Companies (Auditor's Report) Order, 2003 (as amended) issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
5. Further to our comments in the Annexure referred to above, we report that:
 - i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - ii. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - iii. The balance sheet, statement of profit and loss and cash flow statement dealt with by this report are in agreement with the books of account;
 - iv. In our opinion, the balance sheet, statement of profit and loss and cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;



- v. On the basis of the written representations received from the directors, as on 31 March 2012, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31 March 2012 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
- vi. In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;
- a) in the case of the balance sheet, of the state of affairs of the Company as at 31 March 2012;
 - b) in the case of the statement of profit and loss, of the profit for the year ended on that date; and
 - c) in the case of cash flow statement, of the cash flows for the year ended on that date.


For S.R. BATLIBOI & CO.
Firm registration number: 301003E
Chartered Accountants


per Navin Agrawal
Partner
Membership No.: 56102



Place: Bangalore
Date: 27 September 2012

Annexure referred to in paragraph [4] of our report of even date.
Re: Mphasis Finance Limited ('the Company')

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) All fixed assets have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. As informed, no material discrepancies were noticed on such verification.
- (c) There was no disposal of a substantial part of fixed assets during the year.
- (ii) The Company is a service company, primarily rendering business process outsourcing services. Accordingly, it does not hold any physical inventories. Thus, paragraph 4(ii) of the Companies (Auditor's Report) Order, 2003 (as amended) is not applicable to the Company.
- (iii)(a) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, the provisions of clause 4(iii)(a) to (d) of the Order are not applicable to the Company and hence not commented upon.
- (iii)(b) According to information and explanations given to us, the Company has not taken any loans, secured or unsecured, from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, the provisions of clause 4(iii)(e) to (g) 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 the activities of the Company do not involve purchase of inventories and sale of goods. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business, for the purchase of fixed assets and for sale of services. During the course of our audit, no major weakness has been noticed in the internal controls in respect of this area. However, in our opinion *financial statement closure process with respect to aforementioned areas needs to be further strengthened. Other than the foregoing*, during the course of our audit, we have not observed any continuing failure to correct any major weakness in the internal control system of the Company.
- (v) In our opinion, there are no contracts or arrangements that need to be entered in the register maintained under Section 301 of the Companies Act, 1956.
- (vi) The Company has not accepted any deposits from the public.
- (vii) The Company is covered as part of the internal audit function operated by its parent company, which is commensurate with the size of the Company and the nature of its business.



- (viii) To the best of our knowledge and as explained, the Central Government has not prescribed the maintenance of cost records under clause (d) of sub-section (1) of section 209 of the Companies Act, 1956, for the services rendered by the Company.
- (ix) (a) Undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth-tax, customs duty, excise duty, cess and other material statutory dues have generally been regularly deposited with the appropriate authorities *though there have been serious delays in remittance of withholding tax in certain cases and slight delay in remittance of service tax in one instance.*
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, investor education and protection fund, employees' state insurance, income-tax, wealth-tax, service tax, sales-tax, customs duty, excise duty 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 information and explanation given to us, there are no dues of income tax, sales-tax, wealth tax, service tax, customs duty, excise duty and cess which have not been deposited on account of any dispute.
- (x) *The Company's accumulated losses at the end of the financial year are more than fifty percent of its net worth.* The Company has not incurred cash losses in the current and immediately preceding financial year.
- (xi) The Company did not have any outstanding dues to financial institutions, banks or debenture holders during the year.
- (xii) According to the information and explanations given to us and based on the documents and records produced before us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the Company is not a chit fund or a nidbi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.
- (xvi) The Company did not have any term loans outstanding during the year.



S.R. BATLIBOI & CO.

Chartered Accountants

- (xvii) According to the information and explanations given to us and on overall examination of the balance sheet of the Company, we report that *the Company has used funds raised on short-term basis for long-term investment. The Company has utilized short term funds raised from inter-corporate deposits and other current liabilities aggregating to ₹68,347,403 for long term investment mainly towards acquisition of fixed assets, funding of operating losses and other non-current assets.*
- (xviii) The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the Companies Act, 1956.
- (xix) The Company did not have any outstanding debentures during the year.
- (xx) The Company has not raised any money through a public issue during the year.
- (xxi) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the year.

S.R. Batliboi
For S.R. BATLIBOI & CO.
Firm registration number: 301003E
Chartered Accountants

Navin
per Navin Agrawal
Partner
Membership No.: 56102



Place: Bangalore
Date: 27 September 2012

Mphasis Finsource Limited

Balance Sheet as at 31 March 2012

	Notes	31 March 2012	31 March 2011
Equity and Liabilities			
Shareholders' funds			
Share capital	3.1	500,000	500,000
Reserves and surplus	3.2	(11,708,661)	(17,368,242)
		(11,208,661)	(17,368,242)
Non-current liabilities			
Other long-term liabilities	3.3	595,274	2,541,394
Long-term provisions	3.4	1,788,036	2,151,351
		1,883,310	3,276,577
Current liabilities			
Short-term borrowings	3.5	45,000,000	118,500,000
Trade payables	3.6	84,076,363	52,773,209
Other current liabilities	3.3	6,215,782	12,608,477
Short-term provisions	3.4	797,838	380,235
		136,089,983	184,251,917
TOTAL		126,764,632	170,156,272
Assets			
Non-current assets			
Fixed assets			
Tangible assets	3.7	37,159,976	45,707,619
Intangible assets	3.7	361,831	2,610,477
Deferred tax assets (net)	3.8	5,419,000	
Long-term loans and advances	3.9	14,881,245	24,379,093
		59,022,052	75,699,030
Current assets			
Trade receivables	3.10	30,298,061	44,023,474
Cash and bank equivalents	3.11	23,343,547	11,193,125
Short-term loans and advances	3.9	13,781,636	6,725,710
Other current assets	3.12	319,336	1,527,443
		67,742,580	65,470,752
TOTAL		126,764,632	170,156,282

Summary of significant accounting policies 2.1

The accompanying notes are an integral part of the financial statements.

As per our report of even date

M. S. R. Batliboi & Co.
M. S. R. BATLIBOI & CO.
 Firm registration number: M/100035
 Chartered Accountants

Navin Agrawal
 per Navin Agrawal
 Partner
 Membership No. 56100

Bangalore
 27 September 2012

For and on behalf of the Board of Directors

S. S. Suktoria
 Guninder S Suktoria
 Director

Bangalore
 27 September 2012

Vee. Kalyasubramanian Suryanarayanan
 Vee. Kalyasubramanian Suryanarayanan
 Director



CERTIFIED TRUE COPY
For Mphasis Finsource Limited

[Signature]
 Director

Mphasis Finsource Limited

Statement of profit and loss for the year ended 31 March 2012

	Notes	31 March 2012	31 March 2011
Income			
Revenue from operations		265,497,243	176,699,818
Other income	3.13	1,307,401	1,227,111
Total Revenue (I)		266,804,644	177,926,929
Expenses			
Employee benefit expenses	3.14	115,066,749	63,791,545
Finance cost	3.15	8,128,130	11,661,170
Depreciation and amortisation expenses	3.7	31,837,916	20,197,667
Other expenses	3.16	106,596,058	72,013,031
Total Expenses (II)		261,629,773	167,654,213
Profit before tax (I)-(II)		5,174,871	9,582,555
Tax expenses :			
Current tax		5,746,200	652,000
Reversal of excess provision - FBT		(371,910)	-
MAT credit entitlement		-	(652,000)
Deferred tax		(6,419,900)	(1,371,000)
Profit for the year		6,159,581	10,955,555
Earnings per Equity Share			
Basic & Diluted	5.17	123.19	219.11

Summary of significant accounting policies 2.1

The accompanying notes are an integral part of the financial statements.

As per our report of even date:


 For S.R. BATLIWALA & CO.
 Firm registration number: 301003E
 Chartered Accountants


 per Navin Agrawal
 Partner
 Membership No. 5610

Bangalore
 27 September 2012



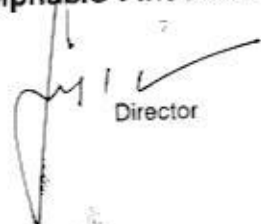
For and on behalf of the Board of Directors


 Gurinder S Sahija
 Director

Bangalore
 27 September 2012


 Venkatesh Subramanian
 Director

CERTIFIED TRUE COPY
 For Mphasis Finsource Limited


 Director



Mphasis Finsource Limited

1. Corporate Information

Mphasis Finsource Limited was incorporated on 5 June 1996 to set up and manage call centres and other business process outsourcing services to its clients.

The Company is a subsidiary of Mphasis Limited ("ML", the parent company). In terms of a merger agreement executed between Electronic Data Systems Corporation, Hewlett-Packard Company ("HP") and Hawk Merger Corporation, the last named company merged into Electronic Data Systems Corporation on 26 August 2008. As a result of this merger, Electronic Data Systems Corporation became a 100% subsidiary of HP and was renamed as Electronic Data Systems LLC. Prior to the above merger, Electronic Data Systems Corporation was the ultimate holding company; however subsequent to the merger, HP became the ultimate holding company of Mphasis Finsource Limited.

2. Basis of preparation

The financial statements of Mphasis Finsource Limited (the Company) have been prepared and presented under the historical cost convention on the accrual basis of accounting and comply with the mandatory Accounting Standards ("AS") prescribed under Companies (Accounting Standards) Rules, 2006 (as amended) and other pronouncements of the Institute of Chartered Accountants of India ("ICAI") and the relevant provisions of Companies Act, 1956.

The accounting policies adopted in the preparation of financial statements are consistent with those of previous year, except for the change in accounting policy explained below.

2.1 Summary of significant accounting policies

a. Change in accounting policy

Presentation and disclosure of financial statements

During the year ended 31 March 2012, the revised schedule VI notified under the Companies Act 1956 has become applicable to the Company, for preparation and presentation of its financial statements. The adoption of revised Schedule VI does not impact recognition and measurement principles followed for preparation of financial statements. However it has significant impact on presentation and disclosures made in the financial statements. The Company has also reclassified the previous year figures in accordance with the requirements applicable in the current year.

b. Use of estimates

The preparation of financial statements requires 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. Actual results could differ from those estimates. Any revision to accounting estimates is recognized prospectively in current and future years.

c. Revenue recognition

The Company derives its revenues from call centres and business process outsourcing services (BPO).

Revenues from BPO services arises from both time-based and unit priced client contracts. Such revenue is recognized on completion of the related service and is billable in accordance with the specific terms of the contracts with clients.

'Unbilled revenues' included in current assets represent revenues in excess of amounts billed as at the balance sheet date. 'Unbilled receivables' included in current liabilities represents the billing in excess of revenues recognized as at the balance sheet date.

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

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

d. Fixed assets and capital work-in-progress

Fixed assets are stated at the cost of acquisition or construction less accumulated depreciation. Direct costs are capitalized and assets are ready to be put to use. Borrowing costs directly attributable to acquisition or construction of those fixed assets which necessarily take a substantial period of time to get ready for their intended use are capitalized. Fixed assets purchased in foreign currency are recorded at cost based on exchange rate on the date of purchase. Acquired intangible assets are capitalized at the acquisition price.

Advances paid towards acquisition of fixed assets are disclosed as capital advance under long term loans and advances and the cost of assets not ready for use as at the balance sheet date are disclosed under capital work-in-progress.



Mphasis Finsource Limited

e. Depreciation and amortisation

Depreciation on fixed assets is provided using the straight-line method over the estimated useful lives of assets. Depreciation is charged on a proportionate basis for all assets purchased and sold during the year. Individual assets costing ₹ 5,00,000 or more are depreciated in full in the year of purchase. The estimated useful lives of assets are as follows:

Assets	Years
Plant and machinery (including telecom equipments)	5
Computer equipment	5
Office equipment	5
Furniture and fixtures	5
Vehicles	5

Leasehold improvements are amortized over the remaining lease term or 5 years, whichever is shorter. Purchased application software and internally generated software that is an integral part of the Company's computer systems, expected to provide lasting benefits, is capitalised at cost and amortised on the straight-line method over its estimated useful life or 3 years, whichever is shorter.

f. Leases

Lease where the lessor effectively retains substantially all the risks and benefits of ownership of the leased term, 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.

g. Impairment of 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. 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 recognised in the statement of profit and loss. If at the balance sheet date there is an indication that if 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.

h. Employee benefits

Gratuity which is a defined benefit is accounted based on 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 statement of profit and loss and are not deferred.

The cost of short term compensated absence is provided for based on estimates. 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. Long term compensated absences cost are provided for based on actuarial valuation which is done based on project unit credit method.

Contributions payable to recognised provident fund, which is a defined contribution scheme, is charged to the statement of profit and loss. The Company's liability is limited to the contribution made to the fund.

i. Foreign currency

Foreign exchange transactions are recorded at the rates of exchange prevailing on the dates of the respective transactions. Exchange differences arising on foreign exchange transactions settled during a 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.



Mphasis Finsource Limited

i. Income taxes

Tax expense comprises of current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income tax Act, 1961 enacted in India. Deferred income taxes reflects the impact of tax rate vesting differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to the taxes on income levied by same governing taxation laws. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In situations where the Company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits.

At each balance sheet date the Company re-assesses unrecognised deferred tax assets. It recognises unrecognised deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realised.

The carrying amount of deferred tax assets are reviewed at each balance sheet date. The company writes-down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realised. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

MAT credit is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. In the year in which the Minimum Alternative tax (MAT) credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in guidance Note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the statement of profit and loss and shown as MAT Credit Entitlement. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal Income Tax during the specified period.

k. Provisions and contingent liabilities

The Company recognises a provision when there is a present obligation as a result of an obligating event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Provisions for onerous contracts, i.e. contracts where the expected unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it, are recognised 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. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

l. 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 would have been 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 adjusted for the proceeds receivable had the shares been actually 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 either reduce earnings per share or increase loss per share are included.

m. Cash and cash equivalents

Cash and cash equivalents comprise cash and cash on deposit with banks. The Company considers all highly liquid investments with an original maturity at the date of purchase of three months or less and that are readily convertible to known amounts of cash to be cash equivalents.



MphasIS Finsource Limited

During the year ended 31 March 2012, the Company has accumulated losses as at 31 March 2012 of ₹ 11,708,661 (31 March 2011: ₹ 17,868,242). As at 31 March 2012, the net worth of the Company is fully eroded and the Company has negative net assets of ₹ (11,708,661) (31 March 2011: ₹ 17,868,242). Further the Company has net current liabilities (including short term borrowings) of ₹ 68,247,493 as at 31 March 2012 (31 March 2011: ₹ 87,796,698). The Company is expecting improved business and profitability in the future years. The holding company has committed to provide financial and operational support to the Company for its continued operations in the foreseeable future. As per the agreement with State Bank of India ("SBI"), SBI has agreed to acquire the Company and/or the facilities, and/or the contact centre and contact centre personnel in full or in part once the completion of the term of the agreement. The term of the agreement will expire on 6 May 2013 and management is confident the same will be renewed. Accordingly, the financial statements have been prepared based on the going concern assumption.

	31 March 12	31 March 11
3.1 SHARE CAPITAL		
Authorised shares		
200,000 (31 March 2011: 200,000) equity shares of ₹ 10 each	2,000,000	2,000,000
Issued, subscribed and paid-up shares		
50,000 (31 March 2011: 50,000) equity shares of ₹ 10 each fully paid up	500,000	500,000
Total issued, subscribed & fully paid up share capital	500,000	500,000

A. Terms and rights attached to the 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 the 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.

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

B. Shares held by the holding company :

	31 March 12	31 March 11
MphasIS Limited : 49,994 (31 March 11 : 49,994) equity shares of ₹ 10 each fully paid	499,940	499,940

C. Details of Shareholders holding more than 5 % shares of the Company :

	31 March 12		31 March 11	
	No.	% of holding	No.	% of holding
MphasIS Limited	49,994	99.99	49,994	99.99

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.

	31 March 12	31 March 11
3.2 RESERVES AND SURPLUS		
Surplus (deficit) in the statement of profit and loss		
Balance as per last financial statements	(17,868,242)	(17,868,242)
Profit for the year	6,159,581	10,955,559
Net (deficit) in the statement of profit and loss	(11,708,661)	(17,868,242)
Total reserves and surplus	(11,708,661)	(17,868,242)



Mphasis Finsource Limited

	31 March 12		31 March 11	
	Current	Non Current	Current	Non Current
3.3 OTHER LIABILITIES				
Statutory payables	3,321,394	-	8,058,800	-
Rent equalisation	793,697	593,274	-	2,561,000
Interest accrued but not due on borrowings	1,318,002	-	4,446,662	-
Others	761,789	-	64,921	-
	6,215,782	593,274	12,600,473	2,561,000
3.4 PROVISIONS				
Provisions for employee benefit				
Provision for gratuity (Refer Note 12)	106,435	1,288,036	-	725,000
Provision for leave benefits	691,403	-	380,235	-
	797,838	1,288,036	380,235	725,000
3.5 SHORT TERM BORROWINGS				
Unsecured borrowings	45,000,000	-	118,500,000	-
Short-term Inter-corporate deposits	45,000,000	-	118,500,000	-
3.6 TRADE PAYABLES				
Creditors for trade *	71,193,149	-	43,903,200	-
Employees	12,629,316	-	8,148,723	-
Bank overdraft	253,898	-	721,266	-
	84,076,363	-	52,773,209	-

* Based on the information available with the Company, there are no suppliers who are registered as micro or medium enterprises under The Micro, Small and Medium Enterprises Development Act, 2006 as at 31 March 2012 and 31 March 2011.



Mphasis Finsource Limited

3.7 Tangible & Intangible Assets

	Tangible Assets							Intangible Asset		Total
	Plant and Machinery	Computer equipment	Office equipment	Furniture and fixtures	Vehicles	Leasehold improvements	Total of Tangible Assets	Computer Software	Total of Intangible Assets	
Cost										
At 1 April 2010	52,645,452	25,569,312	4,326,600	2,136,329	-	6,971,342	89,642,435	34,548,211	34,548,211	124,190,646
Additions	318,427	318,632	83,836	13,336	1,149,643	-	1,784,854	-	-	1,784,854
Disposals	-	-	-	-	-	-	2,879	-	-	2,879
At 31 March 2011	52,963,879	25,887,944	4,410,436	2,149,665	1,149,643	6,971,342	91,425,619	34,548,211	34,548,211	125,973,830
Additions	18,230,723	979,838	6,042	3,230	718,686	-	19,938,519	1,320,000	1,320,000	21,258,519
Disposals	1,493,336	1,263	36,594	-	1,159,643	-	2,683,648	-	-	2,683,648
At 31 March 2012	69,697,266	26,863,519	4,479,884	2,146,695	718,686	6,971,342	108,680,490	35,868,211	35,868,211	144,548,701
Depreciation										
At 1 April 2010	9,681,535	19,271,495	465,670	663,998	-	402,628	39,786,536	23,672,363	23,672,363	63,458,906
Charge for the year	10,826,753	1,839,494	466,632	360,273	95,342	1,394,269	14,937,643	3,259,424	3,259,424	20,197,067
Disposals	-	-	-	-	-	-	2,879	-	-	2,879
At 31 March 2011	20,508,288	21,089,819	932,302	1,024,271	89,142	2,197,197	45,722,109	30,931,784	30,931,784	76,653,893
Charge for the year	23,129,258	1,549,368	467,194	364,537	146,452	1,396,503	27,463,420	4,374,596	4,374,596	31,837,916
Disposals	1,491,538	1,263	36,594	-	133,288	-	1,664,915	-	-	1,664,915
At 31 March 2012	42,146,006	22,644,922	1,342,992	1,388,808	102,430	3,593,698	71,529,514	35,306,380	35,306,380	106,835,894
Net Book										
At 31 March 2011	32,357,593	4,796,955	1,503,134	1,172,631	1,060,401	4,774,145	45,701,519	3,616,427	3,616,427	49,317,946
At 31 March 2012	27,452,672	3,016,523	1,041,972	855,895	615,289	3,377,644	37,159,976	561,831	561,831	37,721,807



Mphasis Finsource Limited

	31 March 12		31 March 11	
	Current	Non Current	Current	Non Current
3.8 DEFERRED TAX ASSETS (NET)				
Fixed assets: Impact of difference between tax depreciation and depreciation/ amortization charged for the financial reporting	-	5,277,000	-	(3,306,000)
Impact of expenditure charged to the statement of profit and loss but allowed for tax purposes on payment basis	-	1,127,270	-	1,291,270
Impact of provision for doubtful debts charged to statement of profit and loss but disallowed for tax purposes	-	14,730	-	14,730
	-	6,419,000	-	-
3.9 LOANS AND ADVANCES				
Unsecured, considered good				
Deposits	-	5,229,245	-	5,105,400
Other loans and advances				
Advance income tax (net of provision for taxation)	7,703,345	9,652,000	1,743,471	19,273,603
MAT credit entitlement	-	-	652,000	-
Service tax receivable	456,288	-	978,836	-
Prepaid expenses	4,408,899	-	2,553,706	-
Other advances	1,183,104	-	347,697	-
	13,781,636	14,881,245	6,275,710	24,379,093
3.10 TRADE RECEIVABLES				
Outstanding for a period exceeding six months from the date they are due for payment.				
Unsecured				
Considered good	56,635	-	77,171	-
Considered doubtful	-	45,398	-	45,398
Less: Provision for doubtful receivables	-	(45,398)	-	(45,398)
Other receivables, unsecured				
Considered good	30,241,426	-	43,946,257	-
	30,298,061	-	44,023,428	-
3.11 CASH AND BANK EQUIVALENTS				
Balances with Bank				
On current accounts	8,643,547	-	6,893,129	-
Deposits with original maturity of less than three months	14,709,700	-	24,300,000	-
	23,353,247	-	31,193,129	-
3.12 OTHER ASSETS				
Unbilled revenues	-	-	14,960,332	-
Rebillable expenses	319,336	-	94,643	-
	319,336	-	15,054,975	-



Mphasis Finsource Limited

	31 March 2012	31 March 2011
3.13 OTHER INCOME		
Interest income on:		
Bank deposits	537,701	472,577
Income tax refund	624,615	407,157
Profit on sale of fixed assets, net	141,235	-
Miscellaneous income	3,850	-
	1,307,401	1,227,111

3.14 EMPLOYEE BENEFIT EXPENSES		
Salary and allowances*	99,895,315	55,845,611
Contribution to provident and other funds*	8,422,775	5,088,817
Staff welfare expense	6,748,659	3,048,210
	115,066,749	63,982,638

*Net of recovery for the year ended 31 March 2012 ₹ 1,846,601 (31 March 2011: Nil)

3.15 FINANCE COST		
Interest others	1,478	3,081
Bank charges	189,747	11,814
Interest expenses, inter corporate deposits	7,936,925	11,566,427
	8,128,150	11,581,322

3.16 OTHER EXPENSES		
Travel	1,198,913	734,079
Communication expenses	4,008,462	3,314,897
Rent	19,612,519	23,474,411
Power and fuel	11,743,435	9,011,437
Repairs and maintenance:		
- Plant and machinery	19,807,057	14,788,807
- Others	1,458,961	1,104,797
Payment to auditor (Refer details below)	160,000	150,000
Professional charges	2,432,748	1,590,757
Recruitment expenses	680,718	746,584
Sub Contractor charges	23,651,571	2,018,211
Security charges	1,138,142	2,048,797
Software support and annual maintenance charges	11,040,199	4,571,354
Exchange differences (net)	257,870	39,450
Miscellaneous expenses	7,406,363	8,904,619
	106,596,958	12,813,637

Payment to auditor

As auditor:		
Audit fee*	110,000	100,000
Tax audit fee*	50,000	50,000
	160,000	150,000

* Excluding service tax of ₹ 19,726 (31 March 2011 ₹ 15,450)

3.17 EARNINGS PER SHARE :

Net Profit for calculation of Basic and Diluted EPS	6,159,581	10,955,555
Weighted Average Number of Shares for calculating Basic and diluted EPS	50,000	50,000
Basic and diluted EPS	123.19	219.11



Mphasis Finsource Limited

4. Contingent liabilities and commitments

- Estimated amount of contracts remaining to be executed on capital account (net of advances) and not provided for as at:
March 2012: ₹ 1,517,068 (31 March 2011: ₹ 2616)
- Guarantees outstanding including those furnished to the Department of Telecom as at 31 March 2012: ₹ 55,868
(31 March 2011: ₹ 10,055,000)

5. Operating leases

The Company is obligated under non-cancellable leases for office space that are renewable on a periodic basis at the option of the both lessor and lessee. Total rental expense under non-cancellable operating leases (net of lease rentals capitalised) amounted to ₹ 7,512,118 for the year ended 31 March 2012 (31 March 2011: ₹ 12,406,393)

Future minimum lease payments under non-cancellable operating leases as at 31 March 2012 are as follows:

Period	31 March 2012	31 March 2011
Not later than 1 year	6,976,452	12,152,960
Later than 1 year and not later than 5 years	5,232,339	34,417,582
More than 5 years	-	-

The Company also leases office 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 ₹ 12,191,074 for the year ended 31 March 2012 (31 March 2011: ₹ 10,963,753)

Office premises are obtained on operating lease for terms of aging from 1-5 years and renewable at the option of the company/lessor. There is escalation clause in the lease agreement. There are no restrictions imposed by lease agreement. Further there are no sub-leases.

6. Related Party Transactions

a. Entities where control exists:

The related parties which exercise control are as follows:

- Hewlett Packard Company, USA (ultimate holding company)
- Hewlett Packard Eagle Corporation, USA (100% subsidiary of Hewlett Packard Company, USA)
- Electronic Data Systems LLC, USA (formerly Electronic Data Systems Corporation, USA), (100% subsidiary of Hewlett Packard Eagle Corporation, USA)
- Mphasis Limited (holding company of the Company)
- FDS Asia Pacific Holdings, Mauritius (formerly TH Holding, Mauritius), EDS World Corporation (Far East) and EDS World Corporation (Netherlands), the subsidiaries of Electronic Data Systems LLC, USA (formerly Electronic Data Systems Corporation, USA) held 60.50% (31 March 2011: 60.53%) of the equity capital of the Company.

b. Key management personnel:

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

Non executive directors on the board of the Company

- Fausto Victor Baptista Cardoso - Resigned w.e.f. 10 December 2010
- Sunil Vaidyanathan - appointed additional director w.e.f. 10 December 2010 and resigned w.e.f. 31 July 2012
- Kishore G R - appointed additional director w.e.f. 3 July 2012
- Shalabh Jain - Appointed w.e.f. 7 January 2010 and resigned w.e.f. 2 July 2010
- Vijayakumar Muthu - Resigned w.e.f. 14 February 2012
- Venkatesubramanian Suryanarayana - Appointed w.e.f. 14 February 2012



Mphasis Finsource Limited

- **Chartered Accountant** – Appointed w.e.f. 19 June 2011 and resigned w.e.f. 21 April 2011
- **Chartered Accountant** – Appointed w.e.f. 21 April 2011
- c. **Other related parties with whom transactions have taken place:**
 - Msource India Private Limited
 - HP Services (Singapore) Pte. Ltd.
 - Mphasis Software & Services (India) Private Limited

d. *The following is the summary of significant transactions with related parties by the Company:*

	31 March 2012	31 March 2011
Rent paid to entity where control exists	8,773,800	10,445,000
- Mphasis Limited	8,773,800	10,445,000
Software support and annual maintenance charges paid to other related parties	4,943,004	3,175,873
- HP Services (Singapore) Pte Ltd	4,943,004	3,175,873
Payment made by related parties on Company's behalf where control exists	6,289,081	314,116
- Mphasis Limited	6,289,081	314,116
Payment made by other related parties on Company's behalf	7,012,594	6,895,575
- Msource India Private Limited	7,012,594	6,895,575
Cost Allocation	27,313,229	-
- Mphasis Limited	27,313,229	-
Payment made on behalf of related parties where control exists	1,636,463	-
- Mphasis Limited	1,636,463	-
Payment made on behalf of other related parties	265,301	-
- Msource India Private Limited	265,301	-
Interest paid to entity where control exists	42,406	11,646,474
- Mphasis Limited	42,406	11,646,474
Interest paid to other related parties	7,894,519	-
- Mphasis Software & Services (India) Private Limited	7,894,519	-
Unsecured loans received from entity where control exists	-	142,500,000
- Mphasis Limited	-	142,500,000
Unsecured loans received from other related parties	165,000,000	-
- Mphasis Software & Services (India) Private Limited	165,000,000	-
Unsecured loans refunded to entity where control exists	118,500,000	136,000,000
- Mphasis Limited	118,500,000	136,000,000
Unsecured loans refunded to other related parties	120,000,000	-
- Mphasis Software & Services (India) Private Limited	120,000,000	-
Purchase of Fixed Assets from related parties where control exists	3,173	-
- Mphasis Limited	3,173	-
Purchase of Fixed Assets from other related parties	16,642	-
- Msource India Private Limited	16,642	-



Mphasis Finsource Limited

c. The balances receivable from and payable to related parties are as follows:

	31 March 2012	31 March 2011
Interest accrued but not due to entity where control exists	-	4,446,662
- Mphasis Limited	-	4,446,662
Interest accrued but not due to entity to other related parties	1,338,902	-
- Mphasis Software & Services (India) Private Limited	1,338,902	-
Sundry creditor- amounts due to entity where control exists	42,025,412	21,637,734
- Mphasis Limited	42,025,412	21,637,734
Sundry creditor- amounts due to other related parties	20,123,794	15,390,654
- Msourcef India Private Limited	14,923,908	15,033,855
- HP Services (Singapore Pte Ltd)	5,200,886	356,699
Unsecured loans from entity where control exists	-	118,500,000
- Mphasis Limited	-	118,500,000
Unsecured loans from other related parties	45,000,000	-
- Mphasis Software & Services (India) Private Limited	45,000,000	-

7. C.I.F. Value of imports

	31 March 2012	31 March 2011
Capital goods	16,367,417	-

8. Expenditure in foreign currency

	31 March 2012	31 March 2011
Software support and annual maintenance charges	4,043,004	3,175,873

9. Segment reporting

The Company is primarily engaged in a single segment i.e. Banking and Capital Market to its client in India. The risks and returns of the Company are predominantly determined by its principal services and the Company's activities fall within a single business and geographical segment. Accordingly, no further disclosures are required as per the Accounting Standard 17 on segment reporting.

10. Employee Stock Option Plans (ESOP)

Certain employees of the Company have received stock options of Mphasis Limited ("ML") under the ESOPs instituted by ML. All the ESOPs are in respect of ML shares where each stock option is equivalent to one share. The Institute of Chartered Accountants of India has issued a Guidance Note on Accounting for Employee Share-based Payments, which is applicable to employee share based payment plans, the grant date in respect of which falls on or after April 1, 2005. The scheme detailed above is managed and administered by the holding Company and the impact of compensation benefits in respect of such scheme is assessed and accounted for in the books of the holding company. Accordingly, the Company has not accounted for the above plans as per the said Guidance Note.

11. Restricted Stock Units

During the year, the intermediate holding company, Mphasis Limited, issued Restricted Stock Units (RSU) to certain employees of the Company has been cross charged ₹ 707,039 towards the administrative charges and this has been cross charged in the statement of profit and loss under the head Salaries and Allowances.

The Institute of Chartered Accountants of India has issued a Guidance Note on Accounting for 'Employee Share-based Payments', which is applicable to employee share based payment plans. The scheme detailed above is managed and administered, compensation benefits in respect of the scheme is assessed and accounted by the ultimate holding company, except for the obligation towards expenses cross charged above. Accordingly, the Company is of the opinion that there is no further accounting treatment/disclosure required under the said Guidance Note.



Mphasis Finsource Limited

12. Gratuity Plan

The following table sets out the status of the unfunded gratuity plan as required under revised AS - 15.

Reconciliation of the projected benefit obligations

	31 March 2012	31 March 2011
Change in projected benefit obligation		
Obligations at year beginning	725,183	540,163
Service cost	760,425	253,147
Interest cost	15,410	10,803
Actuarial gain	(106,547)	(78,930)
Obligations at year end	1,394,471	725,183
Assumptions		
Rate of compensation increase	6.50%	5.00%
Discount rate	8.50%	8.00%
Attrition rate	20.00%	9.00%
Retirement expectancy	60 Years	60 Years
Gratuity cost for the year		
	31 March 2012	31 March 2011
Service cost	760,425	253,147
Interest cost	15,410	10,803
Actuarial gain	(106,547)	(78,930)
Net gratuity cost	669,288	185,020

The estimates of future salary increases, considered in a actuarial valuation, take account of inflation, seniority, promotion and other relevant factors such as supply and demand factors in the employment market.

13. During the year ended 31 March 2012, Company has adopted Revised Schedule VI notified under the Companies Act, 1956. Hence, previous year's figures have been reclassified to conform to this year's classification.

As per our report of even date

S.R. Batlioni & Co.
 For S.R. BATLIONI & CO.
 Firm registration number: 301003E
 Chartered Accountants

Maio
 per Navin Agrawal
 Partner
 Membership No. 5610

Bangalore
 27 September 2012

For and on behalf of the Board of Directors

Gurinder S. Sukhija
 Gurinder S Sukhija
 Director

Bangalore
 27 September 2012

Venkat Subramanian Suryanarayana
 Venkat Subramanian Suryanarayana
 Director



Mphasis Finsource Limited

Cash Flow Statement

	31 March 2012	31 March 2011
CASH FLOW FROM OPERATING ACTIVITIES :		
Profit before tax	5,174,871	9,582,555
Non-Cash adjustment to reconcile profit before tax to		
Depreciation /Amortization to continuing operations	31,837,916	20,197,067
Loss /Profit) on sale of fixed assets	(141,235)	-
Interest expenses	8,128,150	11,661,150
Interest income	(537,701)	(172,587)
Operating profit before working capital changes	44,462,001	41,268,179
Movements in working capital:		
Increase/(Decrease) in trade payables	31,303,154	26,974,082
Increase/(Decrease) in long term provisions	562,853	185,020
Increase/(Decrease) in short term provisions	417,603	(144,238)
Increase/(Decrease) to other current liabilities	(3,276,931)	1,642,751
Increase/(Decrease) in long term liabilities	(1,950,120)	232,544
(Increase)/Decrease in trade receivables	13,725,367	(33,126,187)
(Increase)/Decrease in long term loans and advances	(2,198,052)	(2,025,247)
(Increase)/Decrease in short term loans and advances	(123,845)	(666,265)
(Increase)/Decrease in other current assets	14,735,619	(5,712,148)
Cash generated from/(used in) operations	53,195,648	(11,639,678)
Direct taxes paid (net of refund)	(1,120,471)	792,209
Net Cash Flow from/(used in) Operating activities (A)	96,537,178	30,420,701
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets ,including intangible assets	(21,758,519)	(1,784,833)
Proceeds from sale of fixed assets	1,159,968	-
Interest income	537,701	172,587
Net Cash Flow from/(used in) Investing Activities (B)	(19,560,850)	(1,612,246)



Mphasis Finsource Limited

	31 March 2012	31 March 2011
CASH FLOW FROM FINANCING ACTIVITIES:		
Proceeds from short term borrowings	165,983,000	142,800,000
Repayment of short term borrowings	(238,500,000)	(136,000,000)
Interest expense	(11,235,910)	(10,807,491)
Net Cash Flow from/(used in) in Financing activities (C)	(84,735,910)	(4,307,491)
Net increase or decrease in cash and bank equivalents	(7,759,582)	24,500,939
Cash and bank equivalents at the beginning of the year	31,103,129	6,602,190
Cash and bank equivalents at the end of the year	23,343,547	31,103,129
Components of cash and bank equivalents		
Cash on hand		
Cheques/Drafts in hand		
With Banks -Current Account	8,643,547	6,803,129
-Deposit Account	14,700,000	24,300,000
Total cash and bank equivalents	23,343,547	31,103,129

Summary of significant accounting policies

2.1

As per our report of even date

S.R. Batliboi & Co.
For S.R. BATLIBOI & CO.
Firm registration number: 301003E
Chartered Accountants

For and on behalf of the Board of Directors

Navin Agrawal
per Navin Agrawal
Partner
Membership No: 5610



G. S. Sukhija
G. S. Sukhija
Director

Venkat Subramanian Suryanarayanan
Venkat Subramanian Suryanarayanan
Director

Bangalore
27 September 2012

Bangalore
27 September 2012



MphasiS Finsource Limited
Annual Report
FY 2012- 2013

CERTIFIED TRUE COPY
For MphasiS Finsource Limited

Director

DIRECTORS' REPORT

Dear Member(s),

We have pleasure in presenting the 7th Annual Report for the year ended 31 March 2013.

Financial Highlights

Particulars	Amount in Rs.	
	Year Ended 31 st March 13	Year Ended 31 st March 12
Total Revenue	392,311,173	266,804,644
Total Expenses	370,986,427	261,629,773
Profit/(Loss) before tax	21,324,746	5,174,871
Current tax	9,415,394	5,746,200
Deferred tax charge/(asset)	(887,000)	(6,419,000)
Profit After Tax	12,796,352	6,159,581

Overview

During the period under review, your Company achieved total revenue of Rs. 392 million compared to Rs. 267 million in the previous financial year. The Company recorded an increase in the net profits by Rs. 6.64 million as compared to the net profit of the previous year.

Dividend

The Board of Directors have not recommended any dividend for the financial year under review.

Conservation of Energy, Technology Absorption and Foreign Exchange earnings and outgo

Your Company's operations involve low energy consumption. Efforts are made to conserve energy at every step along the way. The particulars relating to conservation of energy and

Technology absorption as stipulated under sub-section (111e) of section 217 of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 are not applicable. Information relating to foreign exchange earnings or outgoes during the year under review are as follows:

Activities relating to export	Export of Information Technology Enabled Services
Initiatives taken to increase exports	Marketing efforts are being made in the overseas to increase the export revenues
Development of new export market for product and services	Marketing efforts are being made in the new countries to develop the export market
Total Exchange earnings	Nil
Total Exchange used (Rs. 000')	10,693

Particulars of Employees' Remuneration

There were no employees who were in receipt of remuneration in excess of the limits prescribed as per Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 and Companies (Particulars of Employees) Amendment Rules, 2011. Hence, the particulars of Employees' Remuneration pursuant to the aforesaid rules are not provided.

Directors' Responsibility Statement

In compliance with Section 217(2AA) of the Companies Act, 1956, your directors confirm and state as follows:



- (i) that, in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures.
- (ii) that, your Directors have selected such accounting policies and have 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 of the Company for the period under review.
- (iii) that, your Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- (iv) that, your Directors have prepared the annual accounts on a going concern basis.

Auditors

M/s S R Batliboi & Co. LLP, Chartered Accountants (Registration No. 301003E), retire at the ensuing Annual General Meeting and have not offered themselves for re-appointment. The Company has received a notice for appointment of M/s. S R Batliboi & Associates LLP (Registration No.101049W) as the Statutory Auditors of the Company. Consequently, consent letter and certificate from M/s. S R Batliboi & Associates LLP, stating that the appointment, if made, will

be within the limits specified under Section 224(1B) of the Companies Act, 1956, has been received. Your directors recommend their appointment as the Auditors of the Company from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting. A resolution proposing their appointment at the remuneration to be fixed by the Board of Directors is submitted at the AGM.

Regarding the observation of the Auditors on the delay in remittance of service tax, your directors would like to clarify that the same was on account

Mphasis Finance Limited of certain operational issues. Necessary steps have been taken to improve its operational efficiencies to avoid such delays in future.

Directors

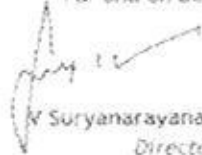
Mr. V Suryanarayanan retires by rotation at this Annual General Meeting and is eligible for re-appointment. The Board recommends the re-appointment of Mr. V Suryanarayanan as a director.

Acknowledgement

Your Directors would like to place on record their appreciation of the contribution made by the employees at all levels, who, through their competence, hard work, solidarity, co-operation, support and commitment have enabled the Company to achieve its strong growth.

Your Directors acknowledge with thanks the continued support and valuable co-operation extended by business constituents, investors, vendors, bankers and shareholders of the Company.

For and on behalf of the Board of Directors


V Suryanarayanan
Director


Kishore GR
Director

Bangalore
5 August 2013

MPHASIS FINSOURCE LIMITED
STATUTORY AUDIT FOR THE YEAR ENDED
MARCH 31, 2013



Mphasis Finsource Limited

**Audited Financial Statements
for the year ended 31 March 2013**

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Statement of Profit and Loss	7
Notes to the Financial Statements	8
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INDEPENDENT AUDITOR'S REPORT

To the Members of Mphasis Finsource Limited

Report on the Financial Statements

We have audited the accompanying financial statements of Mphasis Finsource Limited ("the Company"), which comprise the Balance Sheet as at 31 March 2013, 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 Financial Statements

Management is responsible for the preparation of these 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 referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control 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 financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. 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 these risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements 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 management, 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.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the 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:

(a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31 March 2013;



S.R. BATLIBOI & CO. LLP

Chartered Accountants

- (b) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

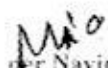
Emphasis of Matter

We draw attention to Note 3 to the financial statements regarding expiry of the contract with its sole customer on 30 September 2013. This condition indicates the existence of a material uncertainty that cast significant uncertainty about the Company's ability to continue as a going concern, which is dependent on extension of agreement with its customer. The mitigating factors have been more fully discussed in note 3 to the accompanying financial statements, in view of which the accompanying financial statements have been prepared under the going concern assumption, and consequently, no adjustments have been made to the carrying values or classification of balance sheet accounts. Our opinion is not qualified in respect of this matter.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
 - (a) We have 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 appears from our examination of those books.
 - (c) The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - (d) In our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;
 - (e) On the basis of written representations received from the directors as on 31 March 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

For S.R. BATLIBOI & CO. LLP
Chartered Accountants
ICAI Firm Registration Number: 301003E


per Navin Agrawal
Partner
Membership Number: 56102



Place of Signature: Bengaluru
Date: 05 August 2013

Annexure referred to in paragraph 1 under the heading "Report on other legal and regulatory requirements" of our report of even date.

Re: Mphasis Finsource Limited ('the Company')

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) All fixed assets have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) There was no disposal of a substantial part of fixed assets during the year.
- (ii) The Company is a service company, primarily rendering business process outsourcing services. Accordingly, it does not hold any physical inventories. Thus, paragraph 4(ii) of the Companies (Auditor's Report) Order, 2003 (as amended) is not applicable to the Company.
- (iii)(a) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956 ('Act'). Accordingly, the provisions of clause 4(iii)(a) to (d) of the Order are not applicable to the Company and hence not commented upon.
- (iii)(b) According to information and explanations given to us, the Company has not taken any loans, secured or unsecured, from companies, firms or other parties covered in the register maintained under section 301 of the Act. Accordingly, the provisions of clause 4(iii)(e) to (g) 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, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of fixed assets and for rendering of services. The activities of the Company do not involve purchase of inventory and the sale of goods. During the course of our audit, we have not observed any major weakness or continuing failure to correct any major weakness in the internal control system of the Company in respect of these areas.
- (v) In our opinion, there are no contracts or arrangements that need to be entered in the register maintained under section 301 of the Act. Accordingly, the provisions of clause 4(v)(b) of the Order is not applicable to the Company and hence not commented upon.
- (vi) The Company has not accepted any deposits from the public.



S.R. BATLIBOI & CO. LLP

Chartered Accountants

- (vii) The Company is covered as part of the internal audit function operated by its parent company, which is commensurate with the size of the Company and the nature of its business.
- (viii) To the best of our knowledge and as explained, the Central Government has not prescribed the maintenance of cost records under clause (d) of sub-section (1) of section 209 of the Act, for the services rendered by the Company.
- (ix)(a) Undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth-tax, customs duty, excise duty, cess and other material statutory dues have generally been regularly deposited with the appropriate authorities *though there have been slight delays in remittance of service tax in few cases.*
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, investor education and protection fund, employees' state insurance, income-tax, wealth-tax, service tax, sales-tax, customs duty, excise duty 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 information and explanation given to us, there are no dues of income tax, sales tax, wealth tax, service tax, customs duty, excise duty and cess which have not been deposited on account of any dispute.
- (x) The Company has no accumulated losses at the end of the financial year and it has not incurred cash losses in the current and immediately preceding financial year.
- (xi) The Company did not have any outstanding dues to financial institutions, bank or debenture holders during the year.
- (xii) According to the information and explanations given to us and based on the documents and records produced before us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.
- (xvi) The Company did not have any term loans outstanding during the year.




S.R. BATLIBOI & CO. LLP

Chartered Accountants

- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that *the Company has used funds raised on short-term basis for long-term investment. The Company has utilized short term funds raised from current liabilities aggregating to Rs 54,032,018 for long term investment mainly towards acquisition of fixed assets and other non-current assets.*
- (xviii) The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under section 391 of the Act.
- (xix) The Company did not have any outstanding debentures during the year.
- (xx) The Company has not raised any money through a public issue during the year.
- (xxi) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the year.

For S.R. BATLIBOI & CO. LLP
Chartered Accountants
ICAI Firm Registration Number: 301003E


per Navin Agrawal
Partner
Membership Number: 56102

Place of Signature: Bengaluru
Date: 05 August 2013



Mphasis Finsource Limited

Balance Sheet as at 31 March 2013

	Notes	31 March 2013	31 March 2012
Equity and Liabilities			
Shareholders' funds			
Share capital	3.1	500,000	500,000
Reserves and surplus	3.2	1,087,691	(11,708,661)
		1,587,691	(11,208,661)
Non-current liabilities			
Other long-term liabilities	3.3	-	595,274
Long-term provisions	3.4	1,795,130	1,288,036
		1,795,130	1,883,310
Current liabilities			
Short-term borrowings	3.5	-	45,000,000
Trade payables	3.6	183,885,536	83,822,465
Other current liabilities	3.3	7,562,295	6,215,782
Short-term provisions	3.4	1,527,426	797,838
		192,975,257	135,836,085
TOTAL		196,358,078	126,510,734
Assets			
Non-current assets			
Fixed assets			
Tangible assets	3.7	21,277,680	37,159,976
Intangible assets	3.7	4,087,929	561,831
Deferred tax assets (net)	3.8	7,306,000	6,419,000
Long-term loans and advances	3.9	24,743,230	14,881,245
		57,414,839	59,022,052
Current assets			
Trade receivables	3.10	48,795,034	30,298,061
Cash and bank balances	3.11	45,469,546	23,089,649
Short-term loans and advances	3.9	16,032,289	13,781,636
Other current assets	3.12	28,646,370	319,336
		138,943,239	67,488,682
TOTAL		196,358,078	126,510,734

Summary of significant accounting policies 2.1

The accompanying notes are an integral part of the financial statements.

As per our report of even date

For S.R. BATLIBOI & CO. LLP
Firm registration number 301003E
Chartered Accountants


Navin Agrawal
Partner
Membership No 56102

For and on behalf of the Board of Directors


Khare G R
Director




Khastashubrao Anand Suryanarayana
Director

Bengaluru
05 August 2013



Bengaluru
05 August 2013

CERTIFIED TRUE COPY
For Mphasis Finsource Limited


Director

Mphasis Finsource Limited

Statement of profit and loss for the year ended 31 March 2013

	Notes	31 March 2013	31 March 2012
₹			
Income			
Revenue from operations		386,336,876	265,497,243
Other income	3.13	5,974,297	1,307,401
Total revenue (I)		392,311,173	266,804,644
Expenses			
Employee benefits expense	3.14	170,942,486	115,066,749
Finance costs	3.15	1,863,237	7,938,403
Depreciation and amortisation expense	3.7	24,682,368	31,837,916
Other expenses	3.16	173,498,356	106,786,705
Total expenses (II)		370,986,427	261,629,773
Profit before tax (I)-(II)		21,324,746	5,174,871
Tax expenses			
Current tax		9,415,394	5,746,200
Reversal of excess provision - FBT		-	(311,910)
Deferred tax charge / (credit)		(887,000)	(6,419,000)
Total tax expense		8,528,394	(984,710)
Profit for the year		12,796,352	6,159,581
Earnings per equity share [nominal value of shares ₹ 10 (31 March 2012 : ₹ 10)]			
Basic & Diluted (₹)		355.93	123.19
Weighted average number of equity shares considered			
Basic & Diluted		50,000	50,000

Summary of significant accounting policies 2.1

The accompanying notes are an integral part of the financial statements

As per our report of even date

For S.R. BATLIBOI & CO. LLP
Firm registration number: 301003E
Chartered Accountants


Navin Agrawal
Partner
Membership No. 56102

Bengaluru
05 August 2013



For and on behalf of the Board of Directors

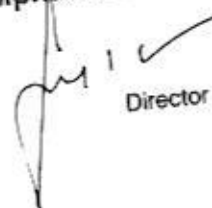

Kishore G R
Director




Venkatasubramanian Suryanarayanan
Director

Bengaluru
05 August 2013

CERTIFIED TRUE COPY
For Mphasis Finsource Limited


Director

Mphasis Finsource Limited

1. Corporate Information

Mphasis Finsource Limited was incorporated on 8 June 2006 to set up and manage call centres and carry out business process outsourcing service to its clients.

The Company is a subsidiary of Mphasis Limited ("ML", the parent company). In terms of a merger agreement executed between Electronic Data Systems Corporation, Hewlett-Packard Company ("HP") and Hawk Merger Corporation, the last named company merged into Electronic Data Systems Corporation on 26 August 2008. As a result of this merger, Electronic Data Systems Corporation became a 100% subsidiary of HP and was renamed as Electronic Data Systems LLC. Prior to the above merger Electronic Data System Corporation was the ultimate holding company, however subsequent to the merger, HP became the ultimate holding company of Mphasis Finsource Limited.

2. Basis of preparation

The financial statements of Mphasis Finsource Limited ("the Company") have been prepared and presented under the historical cost convention on the accrual basis of accounting and comply with the mandatory Accounting Standards ("AS") prescribed in the Companies (Accounting Standards) Rules, 2006 (as amended) and other pronouncements of the Institute of Chartered Accountants of India ("ICAI") and the relevant provisions of Companies Act, 1956.

The accounting policies adopted in the preparation of financial statements are consistent with those of previous year.

2.1 Summary of significant accounting policies

a. Use of estimates

The preparation of financial statements requires 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. Actual results could differ from those estimates. Any revision to accounting estimates is recognised prospectively in current and future years.

b. Revenue recognition

The Company derives its revenues from call centres and business process outsourcing services (BPO).

Revenues from BPO services arises from both time-based and unit priced client contracts. Such revenue is recognised on completion of the related service and is billable in accordance with the specific terms of the contracts with clients.

"Unbilled revenues" included in current assets represent revenues in excess of amounts billed as at the balance sheet date. "Unearned receivables" included in current liabilities represents the billing in excess of revenues recognised as at the balance sheet date.

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

Interest on the deployment of funds is recognised using the time-proportion method, based on underlying interest rates.

c. Fixed assets and capital work-in-progress

Fixed assets are stated at the cost of acquisition or construction less accumulated depreciation. Direct costs are capitalised until assets are ready to be put to use. Borrowing costs directly attributable to acquisition or construction of those fixed assets which necessarily take a substantial period of time to get ready for their intended use are capitalised. Fixed assets purchased in foreign currency are recorded at cost based on exchange rate on the date of purchase. Acquired intangible assets are capitalised at the acquisition price.

Advances paid towards acquisition of fixed assets are disclosed as capital advance under long term loans and advances and the cost of assets not ready for use as at the balance sheet date are disclosed under capital work-in-progress.

d. Depreciation and amortisation

Depreciation on fixed assets is provided using the straight-line method over the estimated useful lives of assets. Depreciation is charged on a proportionate basis for all assets purchased and sold during the year. Individual assets costing ₹ 3,000 or less are depreciated in full in the year of purchase. The estimated useful lives of assets are as follows:

Assets	Years
Plant and machinery (including telecom equipments)	5
Computer equipment	5
Office equipment	5
Furniture and fixtures	5
Vehicles	5



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Fixed assets purchased for specific projects are depreciated over the life of the project or estimated useful life, whichever is lower.

Leasehold improvements are amortized over the remaining lease term or 5 years, whichever is shorter. Purchased application software and internally generated software that is an integral part of the Company's computer systems, expected to provide lasting benefits, is capitalized at cost and amortized on the straight-line method over its estimated useful life or 3 years, whichever is shorter.

e. Leases

Lease where the lessor effectively retains substantially all the risks and benefits of ownership of the leased term, 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.

f. Impairment of 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. 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 recognised in the statement of profit and loss. If at the balance sheet date there is an indication that if 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.

g. Employee benefits

Gratuity which is a defined benefit is accrued based on 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 statement of profit and loss and are not deferred.

The cost of short term compensated absence is provided for based on estimates. The Company present 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. Long term compensated absences cost are provided for based on actuarial valuation which is done based on project unit credit method.

Contributions payable to recognised provident fund, which is a defined contribution scheme, is charged to the statement of profit and loss. The Company's liability is limited to the contribution made to the fund.

h. Foreign currency

Foreign exchange transactions are recorded at the rates of exchange prevailing on the dates of the respective transactions. Exchange differences arising on foreign exchange transactions settled during a 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.

i. Income taxes

Tax expense comprises of current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961 enacted in India. Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to the taxes on income levied by same governing taxation laws. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In situations where the Company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits.

At each balance sheet date the Company re-assesses unrecognised deferred tax assets. It recognises unrecognised deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realised.

The carrying amount of deferred tax assets are reviewed at each balance sheet date. The company writes-down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realised. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.



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MAT credit is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. In the year in which the Minimum Alternative tax (MAT) credit becomes eligible to be recognised as an asset in accordance with the recommendations contained in guidance Note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the statement of profit and loss and shown as MAT Credit Entitlement. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal Income Tax during the specified period.

J. Provisions and contingent liabilities

The Company recognises a provision when there is a present obligation as a result of an obligating event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Provisions for onerous contracts, i.e. contracts where the expected unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it, are recognised 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. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

K. 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 would have been 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 adjusted for the proceeds receivable had the shares been actually issued at the average market value of the outstanding shares. In computing diluted earnings per share, only potential equity shares that are dilutive and that either reduce earnings per share or increase loss per share are included.

L. Cash and cash equivalents

Cash and cash equivalents comprise cash and cash on deposit with banks. The Company considers all highly liquid investments with an original maturity at the date of purchase of three months or less and that are readily convertible to known amounts of cash to be cash equivalents.

3. The Company has net current liabilities of ₹ 54,032,018 as at 31 March 2013 (31 March 2012: ₹ 68,347,403). The Company has been setup to provide support services to the State Bank of India ("SBI") by establishing customer contact centres. As per the agreement, SBI has an option either to renew the agreement and continue availing services from the Company or to acquire the Company and/or the facilities, and/or the contact centre and contact centre personnel in full or in part on or after the completion of the term of the agreement. The term of the agreement will expire on 30 September 2013 and management is confident that same will be renewed. Further, the holding company has committed to provide financial and operational support to the Company for its continued operations in the foreseeable future. Accordingly, the financial statements have been prepared based on the going concern assumption.

	₹	
3.1 SHARE CAPITAL	31 March 2013	31 March 2012
Authorised shares		
200,000 (31 March 2012: 200,000) equity shares of ₹ 10 each	2,000,000	2,000,000
Issued, subscribed and paid-up shares		
50,000 (31 March 2012: 50,000) equity shares of ₹ 10 each fully paid up	500,000	500,000
Total issued, subscribed & fully paid up share capital	500,000	500,000

A. Terms and rights attached to the 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 the dividends in Indian Rupees. The Dividend proposed by the Board of Directors is subject to the approval of the shareholders at the ensuing Annual General Meeting.

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



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B. Shares held by the holding company :

	31 March 2013	31 March 2012
Mphasis Limited : 49,994 (31 March 2012 : 49,994) equity shares of ₹ 10 each fully paid	499,940	499,940

C. Details of Shareholders holding more than 5% shares in the Company :

	31 March 2013		31 March 2012	
	Number	% of holding	Number	% of holding
Mphasis Limited	49,994	89.99	49,994	90.99

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.

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	31 March 2013	31 March 2012
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3.2 RESERVES AND SURPLUS

Surplus/(deficit) in the statement of profit and loss

Balance as per last financial statements	(31,708,661)	(17,868,242)
Profit for the year	12,296,352	6,159,581
Net surplus/(deficit) in the statement of profit and loss	1,087,691	(11,708,661)
Total reserves and surplus	1,087,691	(11,708,661)

₹

	31 March 2013		31 March 2012	
	Current	Non Current	Current	Non Current

3.3 OTHER LIABILITIES

Provision for expenses	-	-	1,300	-
Statutory dues	6,563,431	-	3,321,400	-
Retr. equalisation reserve	595,274	-	793,697	595,274
Interest on short term borrowings	-	-	1,338,902	-
Capital creditors	24,500	-	753,717	-
Others	379,090	-	6,766	-
	7,562,295	-	6,215,782	595,274

3.4 PROVISIONS

Provision for employee benefits

Provision for gratuity (refer note 12)	453,726	1,795,130	106,435	1,288,036
Provision for leave benefits	1,073,700	-	691,403	-
	1,527,426	1,795,130	797,838	1,288,036

3.5 SHORT TERM BORROWINGS

Mphasis Software & Services (India) Private Limited *	-	-	45,000,000	-
	-	-	45,000,000	-

3.6 TRADE PAYABLES

Trade payables**	167,262,795	-	71,187,520	-
Salary related costs	16,622,741	-	12,634,945	-
	183,885,536	-	83,822,465	-

* Loan from Mphasis Software & Services (India) Private Limited carries interest @10.00% p.a (31 March 2012 : 10.00% p.a). The loan is repayable along with interest after 3 months from the date of loan. The loan is unsecured.

** 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 2013. 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) ₹ 5,709 (31 March 2012: ₹ Nil).



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3.7 Tangible & Intangible Assets

	Tangible Assets						Intangible Asset			Total
	Plant and Machinery	Computer equipment	Office equipment	Furniture and fixtures	Vehicles	Leasehold improvements	Total of Tangible Assets	Computer Software	Intangible Assets	
Cost										
At 1 April 2011	52,859,879	25,085,374	2,415,416	2,143,465	3,149,643	6,971,342	91,425,619	34,548,211	34,548,211	125,973,830
Additions	18,236,723	979,836	6,042	3,230	718,696	-	19,938,519	1,320,000	1,320,000	21,258,519
Disposals	1,493,236	4,265	36,804	-	1,149,643	-	2,683,648	-	-	2,683,648
At 31 March 2012	69,597,366	26,061,445	2,384,654	2,146,695	718,686	6,971,342	108,680,490	35,868,211	35,868,211	144,548,701
Additions	2,782,287	487,912	4,715	352,315	-	100,407	3,735,630	8,608,336	8,608,336	12,344,186
Disposals	-	392,790	-	27,879	-	-	419,779	-	-	419,779
At 31 March 2013	72,379,653	26,056,658	2,389,665	2,471,329	718,686	7,079,749	111,996,341	44,476,767	44,476,767	156,473,108
Depreciation										
At 1 April 2011	20,507,266	21,289,819	912,292	926,273	89,242	2,192,107	45,722,109	30,931,784	30,931,784	76,653,893
Charge for the year	23,129,268	1,959,368	467,194	364,539	146,452	1,396,501	27,463,320	4,374,596	4,374,596	31,837,916
Disposals	1,691,858	4,285	-	-	132,288	-	1,864,915	-	-	1,864,915
At 31 March 2012	42,144,686	23,044,922	1,342,982	1,290,810	103,406	3,583,698	71,520,514	35,306,380	35,306,380	106,826,894
Charge for the year	14,503,962	2,093,085	447,033	502,203	143,367	1,996,353	19,599,910	5,082,359	5,082,359	24,682,368
Disposals	-	374,985	-	37,078	-	-	401,763	-	-	401,763
At 31 March 2013	56,648,598	24,763,333	1,790,015	1,769,134	246,913	5,580,059	90,718,661	40,388,836	40,388,836	131,107,499
Net Book										
At 31 March 2012	27,452,672	3,816,523	1,041,972	855,885	615,280	3,377,644	37,159,976	561,831	561,831	37,721,807
At 31 March 2013	15,731,057	2,193,335	599,850	702,695	471,773	1,579,170	21,277,680	4,087,929	4,087,929	25,365,609



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	31 March 2013		31 March 2012	
	Current	Non Current	Current	Non Current
3.8 DEFERRED TAX ASSETS (NET)				
Fixed assets: Impact of difference between tax depreciation and depreciation/ amortization charged for the financial reporting		5,960,000		5,277,000
Impact of expenditure charged to the statement of profit and loss but allowed for tax purposes on payment basis		1,331,000		1,127,270
Provision for doubtful debts and advances		15,000		14,730
		7,306,000		6,419,000
3.9 LOANS AND ADVANCES				
Unsecured, considered good				
Security deposits				
Premises		5,055,400		5,055,400
Others		123,845		123,845
Advance recoverable in cash or kind				
Employee advance	9,444	-	23,018	-
Advances to suppliers / others	7,301	-	363,222	-
Prepaid expenses	10,176,990	-	5,205,763	-
Advance income tax (net of provision for taxation)	-	19,563,985	7,703,345	9,652,090
Balance with statutory/government authorities	3,850,331	-	486,288	-
Recoverable from group companies (refer note 5)	1,988,223	-	-	-
	16,032,289	24,743,230	13,781,636	14,881,245
3.10 TRADE RECEIVABLES				
Outstanding for a period exceeding six months from the date they are due for payment, unsecured				
Considered good		-	56,635	-
Considered doubtful		45,398	-	45,398
Less: Provision for doubtful receivables		(45,398)	-	(45,398)
Other receivables				
Considered good	48,795,034	-	30,241,426	-
	48,795,034	-	30,298,061	-
3.11 CASH AND BANK BALANCES				
Cash and cash equivalents				
Balances with Bank				
On current accounts	3,385,179	-	8,643,547	-
Deposits with maturity less than 3 months	22,084,367	-	14,446,102	-
	25,469,546	-	23,089,649	-
Other bank balances				
Deposits with original maturity for more than 3 months but less than 12 months	20,000,000	-	-	-
	45,469,546	-	23,089,649	-
3.12 OTHER ASSETS				
Unbilled revenues	28,284,704	-	-	-
Expense incurred on behalf of customers	361,666	-	319,336	-
	28,646,370	-	319,336	-



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	Year ended 31 March 2013	Year ended 31 March 2012
3.13 OTHER INCOME		
Interest income on		
Bank deposits	693,757	537,701
Income tax refund	589,127	624,615
Profit on sale of fixed assets, net	-	141,235
Miscellaneous income	-	3,850
Sublease income	4,691,413	-
	5,974,297	1,307,401
3.14 EMPLOYEE BENEFIT EXPENSES		
Salary and allowances*	146,018,257	99,226,927
Contribution to provident and other funds*	12,923,150	8,422,775
Gratuity expense (refer note 12)	854,385	669,288
Staff welfare expense	11,146,694	6,748,659
	170,942,486	115,066,749
*Net of recovery for the year ended 31 March 2013 ₹ Nil (31 March 2012: 1,846,601)		
3.15 FINANCE COST		
Interest others	1,729	1,475
Interest expenses - inter corporate deposits	1,861,508	7,936,925
	1,863,237	7,938,400
3.16 OTHER EXPENSES		
Travel	2,504,906	1,198,933
Communication expenses	4,385,784	4,008,462
Rent	30,791,895	19,512,519
Power and fuel	25,315,683	11,743,435
Repairs and maintenance		
- Plant and machinery	22,596,398	19,807,057
- Others	2,113,347	1,458,961
Payment to auditor (Refer details below)	360,000	360,000
Professional charges	5,379,939	2,232,748
Bank charges	177,162	189,747
Recruitment expenses	1,311,503	680,718
Sub Contractor charges	49,396,077	21,651,571
Security charges	4,097,198	3,138,142
Software support and annual maintenance charges	11,013,624	11,040,199
Exchange differences (net)	1,855,730	257,870
Miscellaneous expenses	12,199,090	7,406,363
	173,498,336	106,786,705
Payment to auditor		
As auditor:		
Audit fee*	210,000	310,000
Tax audit fee*	50,000	50,000
Other services (certification fees)	100,000	100,000
	360,000	460,000
* excluding service tax of ₹ 44,496 (31 March 2012: ₹ 44,496)		
3.17 EARNINGS PER SHARE :		
Profit after tax	12,796,352	6,159,581
Number of weighted average shares considered for calculation of basic earnings per share	50,000	50,000
Earning per share - Basic & Diluted	255.93	123.19



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4. Contingent liabilities and commitments

1. Estimated amount of contracts remaining to be executed on capital account (net of advances) and not provided for as at 31 March 2013: ₹ 1,465,635 (31 March 2012: ₹ 1,517,666);
2. Guarantees outstanding including those furnished to the Department of Telecom as at 31 March 2013: ₹ 55,000 (31 March 2012: ₹ 55,000).

5. Operating leases

- a. The Company is obligated under non-cancellable leases for office space that are renewable on a periodic basis at the option of the both lessor and lessee. Total rental expense under non-cancellable operating leases (net of lease rentals capitalised) amounted to ₹ 6,976,452 for the year ended 31 March 2013 (31 March 2012: ₹ 7,512,118).

Future minimum lease payments under non-cancellable operating leases as at 31 March 2013 are as follows

Period	31 March 2013	31 March 2012
Not later than 1 year	5,232,339	6,976,452
Later than 1 year and not later than 5 years	-	5,232,339

The Company also obtained office 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 ₹ 23,815,443 for the year ended 31 March 2013 (31 March 2012: ₹ 12,100,401)

Office premises are obtained on operating lease for terms of aging from 1-5 years and renewable at the option of the Company/lessor. There is escalation clause in the lease agreement. There are no restrictions imposed by lease agreement.

- b. The Company has subleased office space under cancellable operating lease agreements. The total sub lease rental income under cancellable operating leases for the year ended 31 March 2013 amounted to ₹ 4,691,413 (31 March 2012: ₹ Nil)

6. Related Party Transactions

a. Entities where control exists:

The related parties which exercise control are as follows:

- Hewlett Packard Company, USA (ultimate holding company)
- Hewlett Packard Eagle Corporation, USA (100% subsidiary of Hewlett Packard Company, USA)
- Electronic Data Systems LLC, USA (formerly Electronic Data Systems Corporation, USA), (100% subsidiary of Hewlett Packard Eagle Corporation, USA)*
- Mphasis Limited (holding company of the Company)

* EDS Asia Pacific Holdings, Mauritius (formerly TH Holding, Mauritius), EDS World Corporation (Far East) and EDS World Corporation (Netherlands), the subsidiaries of Electronic Data Systems LLC, USA (formerly Electronic Data Systems Corporation, USA) hold 60.49% (31 March 2012: 60.50%) of the equity capital of the Company.

b. Key management personnel:

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

Non executive directors on the board of the Company

- Kishore G R appointed as Director w.e.f. 31 July 2012
- Venkatasubramanian Suryanarayana appointed as Director w.e.f. 14 February 2012
- Gurinder S Sukhija appointed as Director w.e.f. 21 April 2011
- Sanitha Vadlamudi appointed as Director w.e.f. 10 December 2010 and resigned w.e.f. 31 July 2012

* The non executive directors are paid by the intermediate holding company and its affiliates as they are employees of companies



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c. Other related parties with whom transactions have taken place:

- Msource India Private Limited
- HP Services (Singapore) Pte Ltd
- Mphasis Software & Services (India) Private Limited
- Mphasis Corporation
- Mphasis UK Limited
- Mphasis Pte Limited

d. The following is the summary of significant transactions with related parties by the Company:

	Year ended 31 March 2013	Year ended 31 March 2012
Rendering of services to company where control exists	9,227,700	-
-Mphasis Limited	9,227,700	-
Rendering of services to other related party	541,136	-
-Msource India Private Limited	541,136	-
Rent paid to entity where control exists	10,967,250	8,773,800
-Mphasis Limited	10,967,250	8,773,800
Rent received from entity where control exists	4,691,413	-
-Mphasis Limited	4,691,413	-
Sub Contractor charges paid to related parties where control exists	43,304,995	-
-Mphasis Limited	43,304,995	-
Sub Contractor charges paid to other related parties	6,091,080	-
-Msource India Private Limited	6,091,080	-
Software support and annual maintenance charges paid to other related parties	9,146,295	4,943,004
-HP Services (Singapore) Pte Ltd	7,997,226	4,943,004
-Others	1,149,069	-
Expenses incurred on behalf of related parties where control exists	-	1,636,463
-Mphasis Limited	-	1,636,463
Expenses incurred on behalf of other related parties	1,141,524	265,301
-Msource India Private Limited	1,141,524	265,301
Cost Allocation	18,570,415	27,313,229
-Mphasis Limited	18,570,415	27,313,229
Expenses incurred by related parties where control exists	12,774,600	6,289,081
-Mphasis Limited	12,774,600	6,289,081
Expenses incurred by other related parties	14,828,806	7,012,594
-Msource India Private Limited	14,828,806	7,012,594
Interest paid to entity where control exists	-	42,406
-Mphasis Limited	-	42,406
Interest paid to other related parties	1,861,508	7,894,519
-Mphasis Software & Services (India) Private Limited	1,861,508	7,894,519
Unsecured loans received from other related parties	18,500,000	165,000,000
-Mphasis Software & Services (India) Private Limited	18,500,000	165,000,000
Unsecured loans refunded to entity where control exists	-	118,500,000
-Mphasis Limited	-	118,500,000
Unsecured loans refunded to other related parties	63,500,000	120,000,000
-Mphasis Software & Services (India) Private Limited	63,500,000	120,000,000
Purchase of Fixed Assets from related parties where control exists	8,126	3,173
-Mphasis Limited	8,126	3,173
Purchase of Fixed Assets from other related parties	-	16,642
-Msource India Private Limited	-	16,642
Sale of fixed assets to entities where control exists	18,014	-
-Mphasis Limited	18,014	-



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c. The balances receivable from and payable to related parties are as follows:

	Year ended 31 March 2013	Year ended 31 March 2012
Interest accrued but not due to other related parties	-	1,338,902
-Mphasis Software & Services (India) Private Limited	-	1,338,902
Trade receivables - entities where control exists	9,177,585	-
-Mphasis Limited	9,177,585	-
Trade receivables and unbilled revenue - other related parties	532,009	-
-MsourceE India Private Limited	532,009	-
Other receivables - entities where control exists	837,723	-
-Mphasis Limited	837,723	-
Other receivables - other related parties	1,150,500	-
-MsourceE India Private Limited	1,150,500	-
Trade payable due to entity where control exists	126,789,931	42,025,412
-Mphasis Limited	126,789,931	42,025,412
Trade payable due to other related parties	28,672,541	20,123,794
-MsourceE India Private Limited	26,710,195	14,922,908
-HP Services (Singapore) Pte Ltd	1,697,317	5,200,886
-Others	265,029	-
Unsecured loans from other related parties	-	45,000,000
-Mphasis Software & Services (India) Private Limited	-	45,000,000

7. C.I.F. Value of imports

	31 March 2013	31 March 2012
Capital goods	1,011,503	16,362,417

8. Expenditure in foreign currency

	Year ended 31 March 2013	Year ended 31 March 2012
Software support and annual maintenance charges	10,693,391	4,943,004

9. Segment reporting

The Company is primarily engaged in a single segment i.e. Banking and Capital Market to its client in India. The risks and returns of the Company are predominantly determined by its principal services and the Company's activities fall within a single business and geographical segment. Accordingly, no further disclosures are required as per the Accounting Standard 17 on segment reporting.

10. Employee Stock Option Plans (ESOP)

Certain employees of the Company have received stock options of Mphasis Limited ("ML") under the ESOPs instituted by ML. All the ESOPs are in respect of ML shares where each stock option is equivalent to one share.

The Institute of Chartered Accountants of India has issued a Guidance Note on Accounting for Employee Share-based Payments, which is applicable to employee share based payment plans, the grant date in respect of which falls on or after April 1, 2005. The scheme detailed above is managed and administered by the holding Company and the impact of compensation benefits in respect of such scheme is assessed and accounted for in the books of the holding company. Accordingly, the Company has not accounted for the above plans as per the said Guidance Note.



Mphasis Finsource Limited

11. Restricted Stock Units

Mphasis Limited had issued RSUs/EOPs to certain employees of the Company and such cost/(reversal) ₹ 112,239 (31 March 2012: ₹ 707,939) has been cross charged/reversed to the company and the same has been charged/reversed to statement of profit and loss under the head Salaries and Allowances.

The Institute of Chartered Accountants of India has issued a Guidance Note on Accounting for Employee Share-based Payments, which is applicable to employee share based payment plans, the grant date in respect of which falls on or after April 1, 2005. The scheme detailed above is managed and administered by the intermediate holding Company and the impact of compensation benefits in respect of such scheme is assessed and accounted for in the books of the intermediate holding company. Accordingly, the Company has not accounted for the above plans as per the said Guidance Note.

12. Gratuity Plan

The following table sets out the status of the unfunded gratuity plan as required under revised AS-15.

Reconciliation of the projected benefit obligations

	Year ended 31 March 2013	Year ended 31 March 2012
Change in projected benefit obligation		
Obligations at year beginning	1,394,471	725,183
Service cost	802,453	760,425
Interest cost	111,558	15,410
Actuarial gain	(59,526)	(106,547)
Obligations at year end	2,248,856	1,394,471

Assumptions

Rate of compensation increase	6.50%	6.50%
Discount rate	8.00%	8.50%
Attrition rate	20.00%	20.00%
Retirement expectancy	60 Years	60 Years

	Year ended 31 March 2013	Year ended 31 March 2012
Gratuity cost for the year		
Service cost	802,453	760,425
Interest cost	111,558	15,410
Actuarial gain	(59,526)	(106,547)
Net gratuity cost	854,385	669,288

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.

	Year ended 31 March 2013	Year ended 31 March 2012	Year ended 31 March 2011	Year ended 31 March 2010	Year ended 31 March 2009
Fair value of the plan assets as at the year end	-	-	-	-	-
Present value of defined benefit obligation as at the year end	2,248,856	1,394,471	725,183	540,163	581,007
Liability recognised	2,248,856	1,394,471	725,183	540,163	581,007
Experience adjustments					
Experience gain/(loss) on planned liability	59,626	106,547	78,930	258,098	26,756
Experience gain/(loss) on planned assets	-	-	-	-	-



Mphasis Finsource Limited

13. 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.
14. The figures of previous year have been regrouped/ reclassified, wherever necessary, to conform with the current year classification.

As per our report of even date.

For S.R. BATLIBOI & CO. LLP
Firm registration number: 301003E
Chartered Accountants


Navin Agrawal
Partner
Membership No. 56102

Bengaluru
05 August 2013



For and on behalf of the Board of Directors


Kishore G R
Director


Venkatasubramanian Suryanarayana
Director



Bengaluru
05 August 2013

Mphasis Finsource Limited

Cash Flow Statement

	Year ended 31 March 2013	Year ended 31 March 2012
Cash flow from operating activities		
Profit before tax	21,324,746	5,174,871
Non-Cash adjustment to reconcile profit before tax to net cash flows		
Depreciation /amortization	24,682,368	31,837,916
Loss / (profit) on sale of fixed assets	-	(141,235)
Interest expenses	1,863,237	7,938,401
Interest income	(1,287,884)	(1,162,316)
Operating profit before working capital changes	46,587,467	43,647,637
Increase/(Decrease) to trade payables	100,057,442	31,049,258
Increase/(Decrease) in long term provisions	507,094	562,853
Increase/(Decrease) in short term provisions	729,588	417,603
Increase/(Decrease) in other current liabilities	3,421,401	(3,276,931)
Increase/(Decrease) in long term liabilities	(595,274)	(1,050,120)
(Increase)/Decrease in trade receivables	(18,496,973)	13,725,367
(Increase)/Decrease in long term loans and advances	50,000	(2,198,052)
(Increase)/Decrease in short term loans and advances	(9,953,998)	(723,845)
(Increase)/Decrease in other current assets	(28,327,034)	14,735,619
Cash generated from operations	47,392,246	52,941,752
Direct taxes paid (net of refund and interest)	(11,036,045)	(495,856)
Net cash flow from operating activities (A)	82,943,668	96,093,533
Cash flow from investing activities		
Purchase of fixed assets, including intangible assets	(13,073,403)	(21,258,519)
Proceeds from sale of fixed assets	18,014	1,159,968
Investments in bank deposits	(20,000,000)	-
Interest received	693,757	537,701
Net cash flow (used in) investing activities (B)	(32,361,632)	(19,560,850)



Mphasis Finsource Limited

	Year ended 31 March 2013	Year ended 31 March 2012
Cash flow from financing activities :		
Proceeds from avaiement of un-secured loan	18,500,000	165,000,000
Repayment of un-secured loan	(63,500,000)	(238,500,000)
Interest paid	(3,202,139)	(11,046,163)
Net cash flow used in financing activities (C)	(48,202,139)	(84,546,163)
Net increase (decrease) in cash and bank equivalents (A+B+C)	2,379,897	(8,013,480)
Cash and bank equivalents at the beginning of the year	23,089,649	31,103,129
Cash and bank equivalents at the end of the year	25,469,546	23,089,649
Components of cash and bank equivalents		
With Banks - Current Account	3,385,179	8,643,547
- Deposit Account	22,084,367	14,446,102
Total cash and bank equivalents	25,469,546	23,089,649

As per our report of even date.

For S.R. BATTIBOI & CO. LLP
Firm registration number: 301003E
Chartered Accountants

NA
Per Navin Agrawal
Partner
Membership No. 56102

For and on behalf of the Board of Directors

K. R. G. R.
Kishore G R
Director



Venkaateshramanian Suryanarayana
Venkaateshramanian Suryanarayana
Director

Bengaluru
05 August 2013



Bengaluru
05 August 2013



Mphasis Limited Registered Office:
 Bagmane World Technology Center
 Marathalli Outer Ring Road
 Doddanahundi Village
 Mahadevapura
 Bangalore - 560 048, India
 Ph: +91 080 3352 5000
 Fax: +91 080 6695 9943

To,
 The General Manager,
 Department of Corporate Services,
 BSE Limited,
 P.J. Towers, Dalal Street,
 Mumbai - 400 001

Symbol: 526299 ISIN: INE356A01018

General Manager,
 Department of Corporate Services
 National Stock Exchange of India Limited,
 Exchange Plaza, Plot No.C/1, G Block,
 Bandra-Kurla Complex, Bandra (East)
 Mumbai-400 051

Symbol: MPHASIS ISIN: INE356A01018

Dear Sir,

Sub: Application for approval under Clause 24(f) of the Listing Agreement for the proposed Amalgamation of Mphasis FinsourcE Limited (The "Transferor Company") Wholly owned subsidiary with Mphasis Limited (The "Transferee Company").

Ref: Undertaking in accordance with Clause 24(g) of the listing agreement.

In connection with the above application, we hereby confirm that the proposed scheme of amalgamation of Mphasis FinsourcE Limited (The "Transferor Company") Wholly owned subsidiary with Mphasis Limited (The "Transferee Company") does not, in any way, violate or override or circumscribe the provisions of the SEBI Act, 1992, the Securities Contracts (Regulation) Act, 1956, the Depositories Act, 1996, the Companies Act, 1956, the rules, regulations and guidelines made under these Acts, and the provisions as explained in clause 24(g) of the Listing agreement or the requirements of the Stock Exchanges .

For Mphasis Limited

A Sivaram Nair
 SVP, Company Secretary,
 General Counsel & Ethics Officer

Date: 23 October 2013



Citibank Paylink® Instrument

दिनांक Date 1 1 1 0 2 0 1 3
 जारी करने की तारीख से 3 महीने के लिए वैध
 Valid for Three months from date of issue

INCORPORATED WITH LIMITED LIABILITY
 A/C Payable Only
 Not Negotiable
 Ref No: 504590330100001

Pay to BOMBAY STOCK EXCHANGE LIMITED

कुल राशि रुपये The Sum of Rupees ***Rupees One Lakh One Thousand and One Hundred Twenty Four Only***

अदा करें ₹ ***101,124.00***

Account Number 35256008

For MPHASIS LIMITED

Kartik Kumar
 KARTIK KUMAR
Ramesh K N
 Ramesh K N
 Authorised Signatories
 कृपया ऊपर हस्ताक्षर करें / Please sign above

Payable at Par at all Citibank Branches in India
 Citibank N.A. - Bangalore.

IFSC: CITI0000004

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Mphasis Finance
 Bagmane World Technology Centre, K.R.Puram,
 WTC 3, Block B, 1st floor, Marthahalli Outer Ring Road
 DoddeneKundi | Bangalore - 560 048
www.mphasis.com

To, BOMBAY STOCK EXCHANGE LIMITED BSE Training Institute No.18th 19th Floor, BSE, The Stock Exchange	Bank Ref No : 504590330100001 Our Ref No : 307147 Transaction Date: 11 Oct,2013 Transaction Amt : ***101,124.00***
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Remittance Advice

Dear, BOMBAY STOCK EXCHANGE LIMITED

Please be advised that payment of Rs. ***101,124.00***

is done against the following Invoices/Bills, through

Cheque bearing number 307147

Invoice Number	Check Number	Invoice Date	Invoice Amount	Net Amount (Rupees)
10-OCT-13				
INVOICE NUMBER INV. DT GRO	AMT	SS AMOUNT	ADJUSTMENT	NET AMOUNT
BSE-ProposedMe 09-OCT-13	0	-11236		-11236
BSE-ProposedMe 09-OCT-13	0	112360		112360

For further clarifications, please write to apdomesticquery@mphasis.com