

Chairman's Speech

Good morning Ladies and Gentlemen.

I am delighted to welcome all of you to the twenty fifth Annual General Meeting of your Company.

FY 2016 was a wonderful year for your Company. Your Company has entered its 25th year since inception. Congratulations! Also, the world's largest Private Equity (PE) firm - Blackstone entered into a definitive agreement with Hewlett Packard Enterprise (HPE) to buy majority stake in your Company.

However, before I start talking about it, may I introduce to you our new fellow Board members; let me start with the only lady on the team Ms Jan Kathleen Hier, joined the Board of Mphasis in December 2015. Ms. Hier-King is currently a partner with a start-up -Bicycle Financial. Formerly, she was the Executive Vice President at Charles Schwab. She is an independent Director and Chairperson of the Nomination & Remuneration Committee.

We have a five board members nominated from our new equity partner Blackstone, who have joined the Board of Mphasis in September 2016.

- Amit Dixit
 - Mr. Dixit is a Senior Managing Director and Co-Head of Private Equity in India, based in Mumbai. Since joining Blackstone in 2007, Mr. Dixit has been involved with various investments and investment opportunities in India and South Asia
- Amit Dalmia
 - Mr. Dalmia is an Executive Director in the Corporate Private Equity group in Blackstone and is based in Mumbai. Mr. Dalmia has primarily been involved in creating and driving value added initiatives across Blackstone portfolio companies in India
- Paul James Upchurch
 - Mr. Upchurch leads the Enterprise Systems function within Blackstone's Portfolio Operations group. He works with senior leadership to drive high performance outcomes through the effective implementation of enterprise systems and business operating models across over 50 Blackstone portfolio companies.
- David Lawrence Johnson (Dave Johnson)
 - Mr. Johnson is a senior advisor to Blackstone, where he has led many of their Private Equity technology investments
- Dario Zamarian
 - Mr. Zamarian is a senior business executive with broad experience in the IT industry focusing on cloud software, networking, information security, systems management and IT services.

Other board members you have met already are:

- Ganesh Ayyar, CEO and Executive Director
- N Kumar, Independent Director and Chairman of Audit Committee

Highlights of the year gone by

The Blackstone Group, one of the world's leading investment firms purchased 100% of HPE's stake in Mphasis for INR 430 per share, or approximately \$825 million. This is the largest investment ever to be done by a PE firm in India. Being valued by world's largest PE is indeed a momentous occasion for all of us.

I am delighted as this deal brings in three key components: Predictability, Stability and Acceleration for your company.

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Predictability and Stability:

This transaction has a Master Sales Agreement (MSA) in place with HPE which provide a minimum revenue guarantee of \$990 million over the next five years. Further, there is an auto renewal for another six years giving us an eleven year runway. Your Company has also been included in HPE's Preferred Provider Program opening up significant additional opportunities.

Acceleration:

In addition, this transaction provides us access to Blackstone's portfolio of companies globally. Blackstone's portfolio of companies globally have an IT spend of about \$1billion which becomes our addressable market. The litmus test is: 'How much of it are we able to garner?' Our track record in Direct Core, where we have grown faster than the market, with laser focus on new-generation services such as Digital, Governance Risk and Compliance (GRC) and new-age Infrastructure Services (IS) gives us the vigor and confidence to win a significant part of this \$1 billion.

This transaction is a game changer for your Company and I am enthused about the business prospects and very confident about our execution strategy.

Q2 FY 2017

Last evening we announced our Q2 FY 2017 earnings results:

- Our profitability has improved over the past four quarters. Operating margins expanded 150 bps YoY to 15.3%
- Our Earnings Per Share grew by 10.6% YoY to INR 10.04
- Robust new deal wins continue with \$83 million TCV in Direct International business of which 44% are in new generation services
- Net profit improves by 170 bps YoY to 14.3%; adjusted for one time cost pursuant to HP stake sale to Blackstone
- Our cash generation continues to be strong. We generated operating cash of INR 3,417 million during the quarter taking the total cash balance to INR 33,615 M at the end of Sep-16
- For the first time in over 20 quarters, we have witnessed a 1.5% QoQ growth in revenues from HPE.

We are delivering strong operating performance, having had consecutive quarters of earnings/ profitable growth and increased cash balance. This demonstrates our resilient business model focused on both revenue growth and profitability.

Now, for the good news - Dividend

The Board of Directors has recommended a final dividend of Rs. 20 per equity share of Rs.10/- each for the twelve month financial year ended 31st March 2016, subject to your approval in this Meeting.

Corporate Social Responsibility (CSR)

Mphasis CSR activities are being carried out through Mphasis F1 Foundation. Your Company has a CSR Policy as required under the provisions of law and the same is hosted on the website of the Company (www.mphasis.com). The CSR Committee of the Board approves the CSR Budget and monitors the implementation of the CSR Policy.

The CSR Committee comprises of Mr. Balu Ganesh Ayyar, Mr. N Kumar, Mr. Amit Dalmia and myself as its members. As required under the Companies Act, 2013, the CSR Report forms part of the Annual Report that has been made available to you.

At Mphasis, we understand the need to impact our societies beyond the world of business. As front-runners in technology related-solutions, our efforts in corporate social responsibility hone in on these strengths- bringing 'disruptive' technologies into the realms of education, livelihood and inclusion.

In keeping with our brand promise of "Unleash the Next", our efforts in Corporate Social Responsibility have been focused on employing disruptive technologies and operational models to solve social problems in the areas of education, livelihood and inclusion.

In 2015-16, Mphasis spent a total of INR 123.7 Million on CSR Programmes in partnership with a network of credible, high performing NGO implementation partners. The efforts are directed at improving English learning outcomes for over 4000

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government school children, equipping around 2000 youth with employable skills and ensuring digital inclusion of more than 300 traditional handloom weavers, over the next two years. Additionally, 25 disaster resilient homes and 50 sanitation facilities are being constructed for families affected by the Chennai floods of 2015.

Mphasis' CSR programs are executed through its philanthropic arm, Mphasis F1 Foundation, and expand across its geographies of operation as well as disaster affected regions across India.

Closing comments

We have created a strong momentum in our business in fiscal 2016, positioning us well for continued growth and market leadership. With Blackstone as the equity partner and HPE as a business partner, there is an opportunity to position Mphasis in the top quadrant of growth and value.

I would like to thank our Customers, Leadership Team and all of our Employees for their commitment, effort and initiative. I also thank you for your support as a Shareholder.

Thank you.

Chairman – 25th Annual General Meeting

Mr. Davinder Singh Brar

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