

Group Overview & Trends

MphasiS supports G1000 companies around the world in the improvement of their business processes. Our unique strength lies in our ability to provide integrated solutions involving Infrastructure Technology, Application Services & Business Process Outsourcing capabilities.

MphasiS: Portfolio

Our portfolio spans across end to end services serving clients across different industries including Financial Services, Manufacturing, Healthcare, Telecom, Communication and Media Entertainment and Consumer & Retail industries. Our business is organized into Application Services (APPS), Business Process Outsourcing (BPO) & Remote Infrastructure Management Services (ITO).

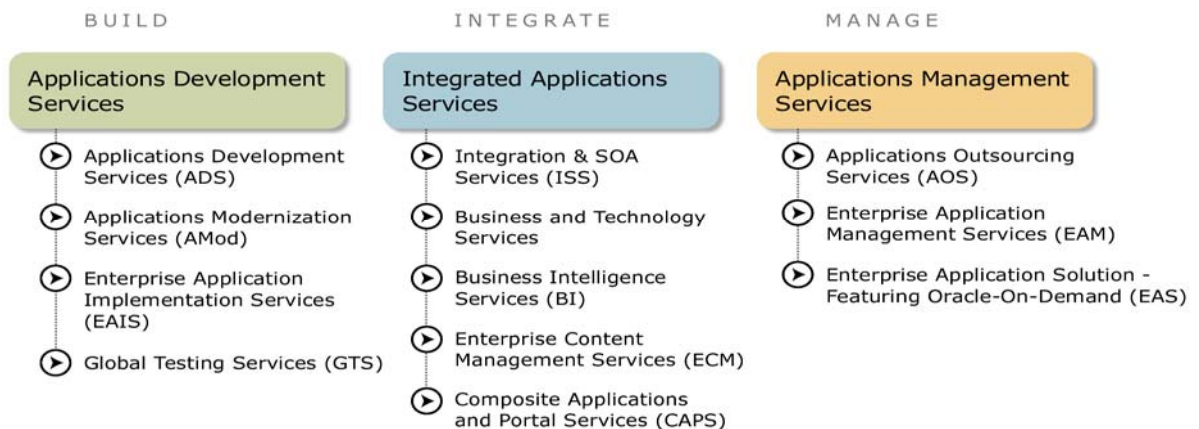


Our lines of businesses are strong full fledged portfolio of offerings and are increasingly becoming more integrated with each other.

Application Services

MphasiS has strong Applications Services expertise that spans Applications Development, Maintenance and Legacy Modernization. Our application services is structured around industries and powered by various practices.

Shifting from opportunities like addition of “higher-value” practices, transition to industry-based “sell/deliver” business model, and leverage of Best Shore® capabilities.



BPO

Shifting from BPO to enhanced KPO work processes

MphasiS: BPO Overview

12,000+ professionals processing over 330 million transactions annually in multiple languages



MphasiS BPO provides superior offshore contact centre solutions & back-office support to clients across the globe. MphasiS has strong domain expertise in Financial Services, Healthcare, and Telecom and a growing client base in Logistics, Utilities, Retail, Automotive, Media, Consumer Electronics, and Publishing.

ITO Services

MphasiS' remote infrastructure management business, a new business started about a year ago had a growth of about 250% over the last 12 months.



We now have over 4,000 professionals focused on remote infrastructure management services and have capabilities in remote desktop management, database administration, midrange server management, service desk, and data center management capabilities.

Our main differentiator is the talented workforce that continues to be the backbone defining our current and future strategies. We have made significant inroads in the last fiscal in areas related to employee development enabling our business to progressively grow and enhance shareholder value. Some pertinent facts about our workforce:

- 35% of new hires sourced through employee referrals compared to 16% last year
- 208 % growth in Tier 2 cities

- 5000+ recruits from colleges
- 183 colleges targeted for campus recruitment across 36 cities
- Metamorphosis program
 - Crafting opportunities for employees to be trained in specialized programs



We are extremely focused on reducing risk for our clients and continue to invest strongly in the areas of Security and Privacy

MphasiS's strategic risk management model aims at ensuring that every entity in the organization exists to provide value for its stakeholders. All entities face uncertainty and the challenge for management is to determine how much uncertainty to accept as it strives to grow stakeholder value. Uncertainty presents both risk and opportunity, with the potential to erode or enhance value. Our risk management model enables management to effectively deal with uncertainty and associated risk and opportunity, enhancing the capacity to build value.

MphasiS has adopted and is certified against ISO 27001 standards. The standard ISO 27001 provides demonstrable assurance of Information Security best practices implemented within the organization. The Chief Risk Office (CRO) of the organization manages audits, compliance, security and privacy, contracts and business continuity management for all client programs and business functions.

MphasiS risk management framework ensures end to end oversight of the entity's risks by considering a full range of potential events and positioning the management to identify and proactively mitigate risks by:

- **Aligning risk appetite and strategy** - Conducting risk assessments annually or at instances of substantial changes to operations and processes at MphasiS and externally influencing factors. The risk measures are calculated and the existing countermeasures are implemented based on the risk value and its alignment to the risk appetite to identify and select among alternative risk responses - risk avoidance, reduction, sharing, and acceptance.
- **Enhancing risk response decisions** - Identifying and managing multiple and cross-enterprise risks by adopting a risk governance framework that encompasses:

- **Physical Security Oversight:**
- **Business Continuity Management:**
- **Security and Privacy Services:**
- **Audit Office:**
- **Compliance Office:**

• ***Proactively reducing operational surprises and losses*** - MphasiS has a matured and tested risk management process with enhanced capability to identify potential events and establish responses, reducing surprises and associated costs or losses. MphasiS is one of the first Indian organizations to be certified for BS7799-2:2002 now having implemented the process controls around the same successfully for 3 years across all MphasiS delivery locations and getting certified against ISO/IEC 27001:2005. MphasiS has successfully cleared 250+ internal and 50+ external and client sponsored rigorous security audits.

Global Trends in the Offshoring industry

The Shifting Paradigm in the Global Offshoring Industry

- Worldwide technology and related services sector spend grew to nearly \$ 1.7 trillion.
 - Integrating rich domain expertise, broad technical skills, and project management discipline across a network of low-cost locations through consistent and robust processes, tools, and infrastructure to maximize the timely delivery of superior IT and BPO solutions has been the mantra.
- **Application Services** accounts to a third of the total and forms the largest segment of spend with North America and Western Europe collectively accounting for over 80%
- **Business Process Outsourcing** accounts for about 25% of the spend with 90% coming from the Americas and Western Europe
- **Infrastructure Technology Outsourcing** is catching up by forming nearly 13% of the spend. This market is concentrated in EMEA & North America with fastest growth coming from Latin America.
- **Domestic India-market** is also growing to touch \$1.3 billion. ITO market in 2008, with workplace & data center services grabbing a CAGR of approximately 20%
- **Competition amongst India pure plays** too is growing faster because of investment in domain skill sets and increasing participation in large international initiatives. This in turn results in enhanced global footprint, creation of intellectual property and reusable frameworks
- **Companies invest extensively on physical locations, vertical and domain capabilities, innovation labs and training.** Global players are ramping up offshore, along with establishing branding & reference-ability. They are selling to all geographies to mitigate currency risk and strengthening their consulting capabilities
- **Cost pressure is likely to continue unabated on businesses** as customers continue to demand more for less in an increasingly competitive global environment. With the threat of a potential slowdown in economic growth, the pressure to contain costs is likely to increase further. Global sourcing offers companies an effective means of controlling these costs.

