

Management's discussion and analysis of results of operations and financial condition

Except for the historical information and discussions contained herein, statements included in this release include "forward-looking statements". These statements involve a number of risks, uncertainties and other factors that could cause actual results to differ materially from those that may be projected by these forward looking statements. These risks and uncertainties include, but are not limited to, competition, acquisitions, attracting, recruiting and retaining highly skilled employees and managing risks associated with customer projects as well as other risks. The Mphasis Group undertakes no obligation to update forward-looking statements to reflect events or circumstances after the date thereof.

The following discussion and analysis should be read in conjunction with the Group's Indian GAAP Audited Consolidated financial statements and the notes thereon.

The following table compares the audited financials for the quarter ended 30 April 2009 with audited financials for the quarter ended 31 January 2009. Revenues, in the table below are stated after adjusting the impact of loss on revenue hedges that matured during the quarter.

	Rs million	
	QE-Apr-09	QE-Jan-09
Revenues	10,484.7	9,776.6
Cost of revenues	7,073.7	6,578.9
Gross Profit	3,411.0	3,197.7
<i>Gross Margin %</i>	<i>32.5%</i>	<i>32.7%</i>
Selling General & Administrative Expenses		
Selling expenses	467.9	418.8
General and administrative expenses	669.3	673.0
Provision for doubtful debts	8.0	-
Total Selling General & Administrative Expenses	1,145.2	1091.8
<i>S G & A %</i>	<i>10.9%</i>	<i>11.2%</i>
Operating Profit	2,265.8	2,105.9
<i>Operating Margin %</i>	<i>21.6%</i>	<i>21.5%</i>
Foreign exchange gain/(loss), net	123.6	30.9
Other Income/(expense) , net	20.3	15.8
Interest income	9.4	17.7
Profit before tax	2,419.0	2,170.4
Income tax (incl Fringe benefit tax)	174.5	70.2
Net Profit	2,244.6	2,100.2
<i>Net Margin %</i>	<i>21.4%</i>	<i>21.5%</i>

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A. Results of operations - Mphasis Group

1. Quarter ended 30 April 2009 compared to Quarter ended 31 January 2009

Revenues

The Group revenues, net of transfer from Hedging Reserves to Revenues, increased by Rs 708.1 million or by 7.2% to Rs 10,484.7 million for the quarter ended 30 April 2009 over revenues of Rs 9,776.6 million for the quarter ended 31 January 2009. Revenues from Application services increased 5.2%, BPO 3.8% and ITO 18.8% in the quarter ended 30 April 2009 over quarter ended 31 January 2009. Revenues from Europe remained flat, share of revenues from USA went up, all verticals grew except Banking and Financial services which marginally declined, Infrastructure management services grew in the share of service offerings, share of fixed bid projects increased during the quarter compared to the quarter ended January 2009. Increased volumes from existing clients as well as business from new clients and depreciation of Indian Rupee against international currencies resulted in growth in revenues. Billing rates held steady during the quarter.

Cost of Revenues

The cost of revenues were Rs 7,073.7 million for the quarter ended 30 April 2009, an increase of Rs 494.8 million or growth of 7.5% over the cost of revenues of Rs 6,578.9 million for the quarter ended 31 January 2009. The cost of revenues represented 67.5% and 67.3% of revenues for the quarter ended 30 April 2009 and 31 January 2009 respectively. The cost of revenues increased in line with the growth in revenues during the quarter. The quarter ended 30 April 2009 saw a net increase in headcount by 277 in Applications, 3,427 in BPO and an increase by 118 in ITO taking the Group total to 33,810 as on 30 April 2009 from 29,988 as on 30 April 2009, a net increase of 3,822 in group headcount.

Gross Profit

Gross profit increased by Rs 213.3 million or 6.7% from Rs 3,197.7 million for the quarter ended 31 January 2009 to Rs 3,411.0 million for the quarter ended 30 April 2009. As a percentage of revenue, the gross margin reduced by 0.2% from 32.7% for the quarter ended 31 January 2009 to 32.5% for the quarter ended 30 April 2009. An increase in blended utilisation rates this quarter, optimisation of costs, steady billing rates and depreciation of the Indian Rupee against the International currencies resulted in sustaining the gross margins compared to the quarter ended 31 January 2009.

Selling Expenses

Selling expenses increased by Rs 49.1 million or 11.7% from Rs 418.8 million for the quarter ended 31 January 2009 to Rs 467.9 million for the quarter ended 30 April 2009. As a percentage of revenues, selling expenses was 4.5% of revenues for the quarter ended 30 April 2009, an increase of 0.2% over the preceding quarter. The group continued to invest in sales force leading to increase in selling expenses. The depreciation of the Indian Rupee against the US Dollar also increased the selling expenses on translation as most of the selling expenses are incurred in US Dollar.

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General and Administrative Expenses

General and Administrative expenses were Rs 669.3 million for the quarter ended 30 April 2009, representing a decrease of Rs 3.8 million or 0.6% compared to Rs 673.0 million for the quarter ended 31 January 2009. General and administrative expenses were 6.4% of revenues for the quarter ended 30 April 2009 compared to 6.9% over the preceding quarter.

Provision for Doubtful Debts

The group has provided for Rs 8.0 million for debts considered doubtful for the quarter ended 30 April 2009, against Nil during the quarter ended 31 January 2009. The group follows a stringent policy on provision for doubtful debts based on number of days outstanding and solvency of customers.

Operating Profit

The operating profit was Rs 2,265.8 million for the quarter ended 30 April 2009, representing an increase of Rs 159.9 million or 7.6% over the operating profit of Rs 2,105.9 million for the quarter ended 31 January 2009. The growth in operating profit resulted from the growth in gross profits during the quarter compared to the quarter ended January 2009. As a percentage of revenues, the operating margin increased marginally by 0.1 % to 21.6% for the quarter ended 30 April 2009. Reduction in general and administrative expenses helped to sustain operating margins quarter on quarter.

Foreign Exchange Gain/(Loss), net

The gain on foreign exchange during the quarter ended 30 April 2009 was Rs 123.6 million as against a gain of Rs 30.9 million during the quarter ended 31 January 2009. The gain in restatement of assets as on the Balance sheet date due to depreciating Indian Rupee against the US dollar, net of the losses in the forward contracts and the premia income on Revenue and Balance Sheet Hedges accounted for the gains in this quarter.

Other income /(expense), net

The net other income during the quarter ended 30 April 2009 was Rs 20.3 million as compared to a net other income of Rs 15.8 million for the quarter ended 31 January 2009. This is primarily on account of dividend income earned from higher investment in short term liquid mutual funds during the quarter. The investment in short term mutual funds has increased significantly compared to the last quarter.

Interest income/(expense), net

Interest income, net of expenses, resulted in a net income of Rs 9.4 million for the quarter ended 30 April 2009 as compared to a net income of Rs 17.7 million for the quarter ended 31 January 2009. The decrease was primarily on account of change in investment mix from bank deposits to Mutual Funds during this quarter.

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Income Taxes (including Fringe Benefit Tax)

Income tax for the quarter ended 30 April 2009 was Rs 174.5 million compared to Rs 70.2 million in the quarter ended 31 January 2009. Increase in tax charge was primarily on account of net income from few STPI units becoming taxable having completed their period of tax holiday. Taxes on some overseas entities which have recouped their past losses and turned profitable also contributed to a higher tax charge during the quarter.

Net Profit

The net profit after taxes were Rs 2,244.6 million for the quarter ended 30 April 2009, compared to the net profit of Rs 2,100.2 million for the quarter ended 31 January 2009, an increase of Rs 144.4 million or growth of 6.9%. Net profits increased due to higher operating profits during the quarter compared to the last quarter. Net margin as percentage of total income decreased marginally to 21.4% against 21.5% during the previous quarter.

2. Quarter ended 30 April 2009 compared to quarter ended 30 April 2008

Revenues

The Group revenues, net of transfer from Hedging Reserves to Revenues, increased by Rs 3,601 million or 52.3 % to Rs 10,484.7 million for the quarter ended 30 April 2009, from Rs 6,883.7 million for the quarter ended 30 April 2008. Revenues from USA and Europe grew substantially year on year. Europe also registered an increased share of business compared to the same period last year. Financial services , Technology & OEMs , Logistics, Airlines and Transportation and Healthcare verticals grew. Revenues from Applications grew by 52.7%, BPO grew by 18.4% and ITO grew by 105.5%. Increased volumes from existing clients as well as business from new clients resulted in growth in revenues. Depreciation of Indian Rupee against the US Dollar and improved onsite billing rates also led to the growth in revenues.

Cost of Revenues

The cost of revenues were Rs 7,073.7 million for the quarter ended 30 April 2009, an increase of Rs 1,584 million or growth of 28.9% over the cost of revenues of Rs 5,489.7 million for the quarter ended 30 April 2008. The cost of revenues represented 67.5% and 79.7% of revenues for the quarter ended 30 April 2009 and 30 April 2008, respectively. The increase in cost of revenues during the quarter was in line with the growth in revenues. Headcount in Applications business increased by 1,116, BPO increased by 4,343 and ITO increased by 1,201 taking the Group total to 33,810 as on 30 April 2009 as against 27,150 as on 30 April 2008, a net increase of 6,660 in group headcount.

Gross Profit

Gross profit increased by Rs 2,017 million or by 144.7% to Rs 3,411.0 million for the quarter ended 30 April 2009 compared to Rs 1,394.0 million for the quarter ended 30 April 2008. The increase in the gross profits is mainly attributable to growth in revenues and was further aided by cost optimisations and productivity improvements. As a percentage of revenue, the gross margin increased by 12.3% to 32.5% for the quarter ended 30 April 2009. The gross margins improved due to growth in revenues, improved utilisation and higher billing rates. Depreciation of Indian Rupee against the US Dollar significantly helped to improve margins also.

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Selling Expenses

The Group incurred selling expenses of Rs 467.9 million for the quarter ended 30 April 2009, representing an increase of 73.1% over the expenses of Rs 270.3 million for the quarter ended 30 April 2008. Selling expenses was 4.5% of revenues for the quarter ended 30 April 2009 compared to 3.9% for the corresponding quarter 30 April 2008. The group invested in sales force to increase coverage which led to increase in selling expenses. Depreciation of the Indian Rupee against the US dollar increased selling expenses on account of translation as most of selling expenses are incurred in US Dollar.

General and Administrative Expenses

The Group incurred general and administrative expenses of Rs 669.3 million for the quarter ended 30 April 2009, representing an increase of 50.7% over the expenses of Rs 444.2 million for the corresponding quarter last year ended 30 April 2008. General and administrative expenses were 6.4% of revenues for the quarter ended 30 April 2009 compared to 6.5% for the corresponding quarter in 2008. The increase in general and administrative expenses is primarily on account of increase in manpower to support growth, and salary increments given year on year.

Provision for Doubtful Debts

The group has provided for Rs 8 million as doubtful debts for the quarter ended 30 April 2009 as against Rs 13.1 million for the quarter ended 30 April 2008. The group follows a stringent policy on provision for doubtful debts based on number of days outstanding and solvency of customers.

Operating Profit

The Group operating profit was Rs 2,265.8 million for the quarter ended 30 April 2009 representing an increase of Rs 1,599.4 million or 240.0% over Rs 666.4 million for the quarter ended 30 April 2008. Operating profit as a percentage of revenues was 21.6% for the quarter ended 30 April 2009 compared to 9.7% for the corresponding quarter in 2008. Higher gross profits and gross margins resulted in increase in operating profit and operating margins for the quarter.

Foreign Exchange Gain/(Loss), net

The gain on foreign exchange during the quarter ended 30 April 2009 was Rs 123.6 million as against a gain of Rs 40.5 million in the quarter ended 30 April 2008. The gain in restatement of assets as on the Balance sheet date due to depreciating Indian Rupee against the US dollar, net of the losses in the forward contracts and the premia income on Revenue and Balance Sheet Hedges accounted for the gains in this quarter.

Other income /(expense), net

The net other income for the quarter ended 30 April 2009 was Rs 20.3 million from Rs 0.1 million of net other income for the quarter ended 30 April 2008. The net other income for the current quarter is due to dividend income from short term investment in liquid mutual funds. The company had not made any short term investment during the quarter ended 30 April 2008.

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Interest income /(expense), net

Interest income, net of expenses was Rs 9.4 million for the quarter ended 30 April 2009 as compared to Rs 14.1 million for the quarter ended 30 April 2008. The decrease was primarily on account of change in investment mix from bank deposits to liquid mutual funds. The dividend income from liquid mutual funds are reported as other income.

Income Taxes (including Fringe Benefit Tax)

Income tax for the quarter ended 30 April 2009 was Rs 174.5 million compared to Rs 17.8 million for the quarter ended 30 April 2008. Increase in domestic income, increase in expenses subjected to fringe benefit tax, STPI units retiring from the tax holiday and improved net taxable income of certain overseas entities led to the increase in income tax provision during the quarter ended 30 April 2009 compared to the quarter ended 30 April 2008.

Net Profit

The net profit after taxes was Rs 2,244.6 million for the quarter ended 30 April 2009, an increase of Rs 1,541.2 million or growth of 219.1% over the net profit of Rs 703.4 million for the quarter ended 30 April 2008. Net profit as a percentage of total income was 21.4% in the quarter ended 30 April 2009 compared to 10.2% in the quarter ended 30 April 2008. Higher net profits and higher net margins during the current quarter resulted from the higher operating profits and higher operating margins.

3. Six months ended 30 April 2009 compared to six months ended 30 April 2008

Revenues

The Group revenues, net of transfer from Hedging Reserves to Revenues in the half year ended 30 April 2009, increased by Rs 7,194.4 million or 55.1 % to Rs 20,261.3 million, from Rs 13,066.9 million for the six months ended 30 April 2008. Revenues from Applications grew by 56.1%, BPO grew by 21.2% and ITO grew by 107.8%. Revenues from Europe and USA grew substantially with Europe recording the highest growth among all the geographies. All Verticals grew compared to the same period last year. Infrastructure Management services grew in the share of service offering. Increased volumes from existing clients as well as business from new clients, higher billing rates resulted in growth in revenues. Depreciation of the Indian Rupee against the US dollar also contributed to the growth in revenues.

Cost of Revenues

The cost of revenues were Rs 13,652.6 million for the six months ended 30 April 2009, an increase of Rs 3,218.5 million or growth of 30.8% over Rs 10,434.1 million for the half year ended 30 April 2008. The cost of revenues represented 67.4% and 79.9% of revenues for the half year ended 30 April 2009 and 30 April 2008, respectively. Higher employee productivity across businesses, cost optimisation resulted in the lower costs.

Gross Profit

Gross profit increased by Rs 3,975.9 million or by 151.0% to Rs 6,608.7 million for the half year ended 30 April 2009 compared to Rs 2,632.8 million for the half year ended 30 April 2008. The increase in the gross profits is mainly attributable to growth in revenues coupled with cost optimisations and productivity

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improvements. As a percentage of revenue, the gross margin increased from 20.1% to 32.6% for the half year ended 30 April 2009. Depreciation of Indian Rupee against the US Dollar also helped improve margins .

Selling Expenses

The Group incurred selling expenses of Rs 886.7 million for the half year ended 30 April 2009, representing an increase of 93.4% over the expenses of Rs 458.6 million for the half year ended 30 April 2008. Selling expenses was 4.4% of revenues for the half year ended 30 April 2009 compared to 3.5% for the corresponding half year ended 30 April 2008. The group invested in sales force to increase coverage which led to increase in selling expenses. Depreciation of the Indian Rupee against the US dollar increased selling expenses on account of translation as most of selling expenses are incurred in US Dollar.

General and Administrative Expenses

The Group incurred general and administrative expenses of Rs 1,342.3 million for the half year ended 30 April 2009, representing an increase of 52.9% over the expenses of Rs 878 million for the corresponding half year ended 30 April 2008. General and administrative expenses were 6.6% of revenues for the half year ended 30 April 2009 compared to 6.7% for the corresponding half year in 2008. The increase in general and administrative expenses is on account of increase in manpower to support growth and salary increments.

Provision for Doubtful Debts

The group has provided for Rs 8 million as doubtful debts for the half year ended 30 April 2009 as against Rs 22.2 million for the half year ended 30 April 2008. The group follows a stringent policy on provision for doubtful debts based on number of days outstanding and solvency of customers.

Operating Profit

The Group's operating profit was Rs 4,371.7 million for the half year ended 30 April 2009 representing an increase of Rs 3,097.6 million or 243.1% over Rs 1,274.1 million for the half year ended 30 April 2008. Operating profit as a percentage of revenues was 21.6% for the half year ended 30 April 2009 compared to 9.8% for the half year in 2008. Higher gross profits and gross margins as discussed earlier resulted in increase in operating profit and operating margins for the period.

Foreign Exchange Gain/(Loss), net

The gain on foreign exchange during the half year ended 30 April 2009 was Rs 154.5 million as against a gain of Rs 5.1 million in the half year ended 30 April 2008. The gain in restatement of assets as on the Balance sheet date due to depreciating Indian Rupee against the US dollar, net of the losses in the forward contracts and the premia income on Revenue and Balance Sheet Hedges accounted for the gains in this half year period.

Other income /(expense), net

The net other income for the half year ended 30 April 2009 was Rs 36.2 million from Rs 0.4 million of net other income for the half year ended 30 April 2008. The net other income for this current half year included a significant portion dividend income from short term investment in liquid mutual funds. The company had not made any short term investment in liquid mutual funds during the half year ended 30 April 2008.

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Interest income /(expense), net

Interest income, net of expenses was Rs 27.1 million for the half year ended 30 April 2009 as compared to Rs 33.7 million for the half year ended 30 April 2008. The decrease is primarily on account of reduction in investment in bank fixed deposits during the current period.

Income Taxes (including Fringe Benefit Tax)

Income tax for the half year ended 30 April 2009 was Rs 244.7 million compared to Rs 42.7 million for the half year ended 30 April 2008. Increase in domestic income, increase in expenses subjected to fringe benefit tax, units retiring from the tax holiday, also led to the increase in income tax provision during the six months ended 30 April 2009 compared to the same period last year.

Net Profit

The net profit after taxes was Rs 4,344.8 million for the half year ended 30 April 2009, an increase of Rs 3,074.3 million or growth of 242% over the net profit of Rs 1,270.5 million for the half year ended 30 April 2008. Net profit as a percentage of total income was 21.4% in the half year ended 30 April 2009 compared to 9.7% in the half year ended 30 April 2008. Higher net profits and higher net margins during the current quarter resulted from the higher operating profits and higher operating margins.

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B. Analysis of Revenues & Human Resources

I. Revenues

Revenues reported for the quarter ended 30 April 2009 in the following tables are gross of adjustments from hedging reserve of Rs 239.8 million. Similarly revenues reported for the quarter ended 31 January 2009 in the following tables are also gross of adjustments from Hedging Reserve of Rs 76.1 million.

(a) Revenues by Vertical/ Industry

Vertical/Industry	Rs millions			
	Quarter ended		YTD	
	30-Apr 2009	31-Jan 2009	30-Apr 2008	31-Oct 2008
Banking & Financial Services	4,217 39%	4,223 43%	2,658 39%	8,030 42%
Technology & OEMs	2,557 24%	2,423 25%	1,637 24%	4,470 23%
Telecom	1,239 12%	903 9%	902 13%	2,153 12%
Manufacturing & Retail	1,315 12%	1,264 13%	1,052 15%	2,589 14%
Logistics, Airlines & Transportation	652 6%	512 5%	399 6%	1,033 5%
Healthcare & Pharma	744 7%	528 5%	236 3%	790 4%
Total	10,724	9,853	6,884	19,065

(b) Revenues by Geography

Regions	Rs millions			
	Quarter ended		YTD	
	30-Apr 2009	31-Jan 2009	30-Apr 2008	31-Oct 2008
USA	7,401 69%	6,638 67%	4,601 67%	12,905 68%
Europe	2,137 20%	2,133 22%	1,314 19%	3,664 19%
Asia Pacific	565 5%	373 4%	285 4%	870 5%
India & Middle East	621 6%	709 7%	684 10%	1,626 8%
Total	10,724	9,853	6,884	19,065

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(c) Revenues by Service Type

Service Type	Rs millions			
	Quarter ended		YTD	
	30-Apr 2009	31-Jan 2009	30-Apr 2008	31-Oct 2008
Application Maintenance & Other Services	3,490 33%	3,386 34%	2,373 34%	6,364 33%
Application Development	3,350 31%	3,027 31%	2,008 29%	5,844 31%
Customer Service	837 8%	829 8%	735 11%	1,954 10%
Service / Technical Help Desk	705 7%	741 8%	562 8%	1,535 8%
Transaction Processing Service	533 5%	486 5%	468 7%	1,111 6%
Infrastructure Management Services	1,428 13%	1,006 10%	472 7%	1,513 8%
Knowledge Processes	381 3%	378 4%	266 4%	744 4%
Total	10,724	9,853	6,884	19,065

(d) Revenues by Project Type

Project Type	Rs millions			
	Quarter ended		YTD	
	30-Apr 2009	31-Jan 2009	30-Apr 2008	31-Oct 2008
Time and Material	9,842 92%	9,225 94%	6,697 97%	18,226 96%
Fixed Price	882 8%	628 6%	187 3%	839 4%
Total	10,724	9,853	6,884	19,065

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(e) Revenues by Delivery Location

Delivery Location	Rs millions			
	Quarter ended		YTD	
	30-Apr 2009	31-Jan 2009	30-Apr 2008	31-Oct 2008
Onsite	2,677 25%	2,724 28%	1,357 20%	4,877 26%
Offshore	8,047 75%	7,129 72%	5,527 80%	14,188 74%
Total	10,724	9,853	6,884	19,065

(e) Group - Client Concentration

	Quarter ended		YTD	
	30-Apr 2009	31-Jan 2009	30-Apr 2008	31-Oct 2008
Revenues from Top Client	14%	15%	12%	14%
Revenues from Top 5 Clients	31%	36%	32%	34%
Revenues from Top 10 Clients	43%	50%	46%	47%
Clients Contributing more than:				
\$ 1 million Revenues	109	95	89	95
\$ 5 million Revenues	34	31	31	29
\$ 10 million Revenues	22	21	17	17
\$ 20 million Revenues	6	7	6	9
Receivables Days	40	43	41	41

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II. Human Resources

(a) Number of employees

	Quarter ended		YTD	
	30-Apr 2009	31-Jan 2009	30-Apr 2008	31-Oct 2008
Onsite				
- Applications	1,589	1,581	1,308	1,519
- BPO	146	116	92	118
- ITO	24	24	-	-
Offshore				
- Applications	9,917	9,648	9,082	9,072
- BPO	17,237	13,840	12,948	13,854
- ITO	4,897	4,779	3,720	4,232
Total	33,810	29,988	27,150	28,795

(b) Average Billing Rates

\$/Hr

	Quarter ended		YTD	
	30-Apr 2009	31-Jan 2008	30-Apr 2008	31-Oct 2008
Onsite				
- Applications	71	71	68	69
- ITO	70	70	-	-
Offshore				
- Applications	22	22	22	22
- BPO	10	10	10	10
- ITO	21	21	20	21

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(c) Average Utilisation Rates

	Quarter ended			YTD	
	30-Apr 2009	31-Jan 2009	30-Apr 2008	31-Oct 2008	
Applications					
Excluding Trainees					
- Onsite	86%	84%	83%	85%	
- Offshore	77%	75%	71%	77%	
- Blended	79%	76%	72%	78%	
Including Trainees					
- Onsite	86%	84%	83%	85%	
- Offshore	73%	72%	68%	73%	
- Blended	75%	74%	70%	75%	
BPO					
Process Utilisation (excluding trainees)	63%	65%	68%	68%	
Process Utilisation (including trainees)	53%	58%	56%	57%	
ITO					
Excluding Trainees					
- Onsite	98%	85%	-	-	
- Offshore	83%	78%	75%	74%	
- Blended	83%	78%	75%	74%	
Including Trainees					
- Onsite	98%	85%	-	-	
- Offshore	76%	73%	69%	71%	
- Blended	76%	73%	69%	71%	

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C. Liquidity and Capital Resources

Credit Lines Available & Utilisation

The Group has available credit lines with banks in India. The total funded and non funded credit lines at the disposal of the Group as at 30 April 2009 was Rs 250.2 million (USD 5 million). The credit lines were utilised only towards providing guarantees and letters of credit.

Cash and bank balance and Investment of cash surplus

The Group's treasury policy calls for investing only in highly rated banks, debt instruments through liquid mutual funds for short to medium maturities. The Group maintains balances both in Indian Rupee and foreign currency accounts in India and overseas. The investment philosophy of the Group is to ensure capital preservation and liquidity in preference to returns.

As on 30 April 2009 the balance of cash and cash equivalents in the Group invested in term deposits or lying with current accounts was Rs 1,363.7 million as against Rs 1,147.8 million as on 31 January 2009. During the quarter ended 30 April 2009, the group made an investment of Rs 2,191.2 million in liquid mutual funds which were not redeemed till the end of the quarter. Cash balances together with investments as at 30 April 2009 stood at Rs 3,554.9 million compared to a balance of Rs 3,115.4 million as at 31 January 2009. The increase in the cash position of the group was due to improved cash flow from operations.

As the Group parent company, Mphasis Limited is incorporated in India, investments by it in subsidiaries overseas are subject to exchange control regulations of the Government of India.