

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

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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 31 July 2009 with audited financials for the quarter ended 30 April 2009.

	<b>Rs million</b>	
	<b>QE-Jul-09</b>	<b>QE-Apr-09</b>
<b>Gross Revenues</b>	<b>11,040.5</b>	<b>10,724.5</b>
Adjustment from hedging reserve	<b>15.2</b>	<b>(239.8)</b>
<b>Net Revenues</b>	<b>11,055.7</b>	<b>10,484.7</b>
Cost of revenues	7,468.8	7,073.7
<b>Gross Profit</b>	<b>3,586.9</b>	<b>3,411.0</b>
<i>Gross Margin %</i>	32.4%	32.5%
<b>Selling General &amp; Administrative Expenses</b>		
Selling expenses	478.9	467.9
General and administrative expenses	702.3	669.3
Provision for doubtful debts	-	8.0
<b>Total Selling General &amp; Administrative Expenses</b>	<b>1,181.2</b>	<b>1,145.2</b>
<i>S G &amp; A %</i>	10.7%	10.9%
<b>Operating Profit</b>	<b>2,405.6</b>	<b>2,265.8</b>
<i>Operating Margin %</i>	21.8%	21.6%
Foreign exchange gain/(loss), net	(15.2)	123.6
Other Income/(expense) , net	47.0	20.3
Interest income	0.4	9.4
<b>Profit before tax</b>	<b>2,437.8</b>	<b>2,419.0</b>
Income tax (incl Fringe benefit tax)	145.5	174.5
<b>Net Profit</b>	<b>2,292.3</b>	<b>2,244.6</b>
<i>Net Margin %</i>	20.7%	21.4%

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## A. Results of operations - Mphasis Group

### 1. Quarter ended 31 July 2009 compared to Quarter ended 30 April 2009

#### Revenues

The Group revenues, net of transfer from Hedging Reserves to Revenues, increased by Rs 571.0 million or by 5.4% to Rs 11,055.7 million for the quarter ended 31 July 2009 over revenues of Rs 10,484.7 million for the quarter ended 30 April 2009 in spite of Indian Rupee appreciation against the US dollar. Revenues from Application services increased by 5.2%, BPO by 2.6% and ITO by 8.9% in the quarter ended 31 July 2009 over quarter ended 30 April 2009. Share of revenues increased in Asia Pacific and India & Middle East while US recorded a marginal decline. Healthcare & Pharma and manufacturing verticals grew during the quarter, share of fixed bid projects increased, compared to the quarter ended 30 April 2009. Increased volumes from existing clients as well as business from new clients resulted in growth in revenues. ITO Billing rates increased while Application services held steady and BPO marginally declined during the quarter.

#### Cost of Revenues

The cost of revenues were Rs 7,468.9 million for the quarter ended 31 July 2009, an increase of Rs 395.2 million or growth of 5.6% over the cost of revenues of Rs 7,073.7 million for the quarter ended 30 April 2009. The cost of revenues represented 67.6% and 67.5% of revenues for the quarter ended 31 July 2009 and 30 April 2009 respectively. Growth in cost of revenue is in line with the growth in revenues during the quarter. The group headcount saw a net decline of 1,057 compared to quarter ended 30 April 2009 and stood at 32,753 at the end of the quarter.

#### Gross Profit

Gross profit increased by Rs 175.9 million or 5.2% from Rs 3,411.0 million for the quarter ended 30 April 2009 to Rs 3,586.9 million for the quarter ended 31 July 2009. As a percentage of revenue, the gross margin marginally reduced by 0.1% from 32.5% for the quarter ended 30 April 2009 to 32.4% for the quarter ended 31 July 2009 in spite of Indian rupee appreciation against the US dollar. Increase in gross profits were in line with the growth in Revenues.

#### Selling Expenses

Selling expenses increased by Rs 11 million or 2.4% from Rs 467.9 million for the quarter ended 30 April 2009 to Rs 478.9 million for the quarter ended 31 July 2009. As a percentage of revenues, selling expenses was 4.3% of revenues for the quarter ended 31 July 2009, a decrease of 0.2% over the preceding quarter.

#### General and Administrative Expenses

General and Administrative expenses were Rs 702.3 million for the quarter ended 31 July 2009, representing an increase of Rs 33.0 million or 4.9% compared to Rs 669.3 million for the quarter ended 30 April 2009. General and administrative expenses remained at 6.4% of revenues for the quarter ended 31 July 2009.

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## Provision for Doubtful Debts

The group did not have any debts considered doubtful of recovery for the quarter ended 31 July 2009. The group had provided Rs 8.0 million considered doubtful during the quarter ended 30 April 2009.

## Operating Profit

The operating profit was Rs 2,405.6 million for the quarter ended 31 July 2009, representing an increase of Rs 139.8 million or 6.2% over the operating profit of Rs 2,265.8 million for the quarter ended 30 April 2009. The growth in operating profit resulted from the growth in gross profits during the quarter. As a percentage of revenues, the operating margin increased by 0.2% to 21.8% for the quarter ended 31 July 2009.

## Foreign Exchange Gain/(Loss), net

The loss on foreign exchange during the quarter ended 31 July 2009 was Rs 15.2 million as against a gain of Rs 123.6 million during the quarter ended 30 April 2009. The appreciation of the Indian Rupee against the US dollar resulted in a foreign exchange loss due to restatement loss on foreign currency assets and liabilities in the current quarter.

## Other income/(expense), net

The net other income during the quarter ended 31 July 2009 was Rs 47.0 million as compared to a net other income of Rs 20.3 million for the quarter ended 30 April 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 0.4 million for the quarter ended 31 July 2009 as compared to a net income of Rs 9.4 million for the quarter ended 30 April 2009. The decrease was due to change in investment mix from bank deposits to liquid mutual funds during the current quarter.

## Income Taxes (including Fringe Benefit Tax)

Income tax for the quarter ended 31 July 2009 was Rs 145.5 million compared to Rs 174.5 million in the quarter ended 30 April 2009. The decrease in the income tax in the current quarter was primarily on account of abolition of fringe benefit tax.

## Net Profit

The net profit after taxes were Rs 2,292.3 million for the quarter ended 31 July 2009, compared to the net profit of Rs 2,244.6 million for the quarter ended 30 April 2009, an increase of Rs 47.7 million or growth of 2.1%. Foreign exchange losses due to rupee appreciation during the quarter adversely impacted growth in net profits inspite of increase in income earned from investments and an increase in operating profits. Net margin as percentage of revenues decreased to 20.7% against 21.4% during the previous quarter due to foreign exchange losses.

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## 2. Quarter ended 31 July 2009 compared to quarter ended 31 July 2008

### Revenues

The Group revenues, net of transfer from Hedging Reserves to Revenues, increased by Rs 3,296.2 million or 42.5% to Rs 11,055.7 million for the quarter ended 31 July 2009, from Rs 7,759.5 million for the quarter ended 31 July 2008. Revenues from Applications grew by 42.3%, BPO grew by 12.7% and ITO grew by 86.6%. Revenues from all geographies grew significantly in the current quarter compared to the same quarter previous year with Asia Pacific growing 102.5% and Europe by 53.0%. All business verticals grew significantly with Healthcare and Pharma growing significantly by 151.4% and Banking and Financial Services by 43.3%. Increased volumes from existing clients as well as business from new clients, depreciation of Indian rupee against the US dollar and increase in billing rates resulted in growth in revenues.

### Cost of Revenues

The cost of revenues were Rs 7,468.8 million for the quarter ended 31 July 2009, an increase of Rs 1,486.3 million or growth of 24.8% over the cost of revenues of Rs 5,982.5 million for the quarter ended 31 July 2008. The cost of revenues represented 67.6% and 77.1% of revenues for the quarter ended 31 July 2009 and 31 July 2008, respectively. Cost optimisation and productivity improvements led to lower increase in cost of revenues compared to increase in revenues. Headcount in Applications business increased by 954, BPO increased by 2,606 and ITO increased by 939 taking the Group total to 32,753 as on 31 July 2009 as against 28,254 as on 31 July 2008, a net increase of 4,499 in group headcount.

### Gross Profit

Gross profit increased by Rs 1,809.9 million, an increase of 101.8% to Rs 3,586.9 million for the quarter ended 31 July 2009 compared to Rs 1,777 million for the quarter ended 31 July 2008. As a percentage of revenue, the gross margin increased by 9.5% to 32.4% for the quarter ended 31 July 2009. The increase in gross margins was mainly due to growth in revenues, higher billing rates, cost optimisation, improved utilisation and depreciation of Indian Rupee against the US Dollar led to improve margins.

### Selling Expenses

The Group incurred selling expenses of Rs 478.9 million for the quarter ended 31 July 2009, representing an increase of 71.9% over the expenses of Rs 278.5 million for the quarter ended 31 July 2008. Selling expenses was 4.3% of revenues for the quarter ended 31 July 2009 compared to 3.6% for the corresponding quarter 31 July 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 702.3 million for the quarter ended 31 July 2009, representing an increase of 51.8% over the expenses of Rs 462.8 million for the corresponding quarter last year ended 31 July 2008. General and administrative expenses were 6.4% of revenues for the quarter ended 31 July 2009 compared to 6.0% for the corresponding quarter in 2008. Increase in manpower to support growth and one-time expenses to recalibrate future commitments also increased the general and administrative expenses compared to the quarter ended 31 July 2008.

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## Provision for Doubtful Debts

The group did not have any debts considered doubtful of recovery for the quarter ended 31 July 2009. The group had provided Rs 2.1 million for debts doubtful of recovery for the quarter ended 31 July 2008.

## Operating Profit

The Group operating profit was Rs 2,405.6 million for the quarter ended 31 July 2009 representing an increase of Rs 1,372.1 million or 132.8% over Rs 1,033.5 million for the quarter ended 31 July 2008. Operating profit as a percentage of revenues was 21.8% for the quarter ended 31 July 2009 compared to 13.3% 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 loss on foreign exchange during the quarter ended 31 July 2009 was Rs 15.2 million as against a gain of Rs 6.5 million in the quarter ended 31 July 2008. The appreciation of Indian Rupee against the US dollar during current quarter resulted in a foreign exchange loss due to restatement loss on foreign currency assets and liabilities.

## Other income /(expense), net

The net other income for the quarter ended 31 July 2009 was Rs 47.0 million from Rs 0.8 million of net other income for the quarter ended 31 July 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 31 July 2008.

## Interest income /(expense), net

Interest income, net of expenses was Rs 0.4 million for the quarter ended 31 July 2009 as compared to Rs 33.1 million for the quarter ended 31 July 2008. The decrease was primarily on account of change in investment mix from bank deposits to liquid mutual funds.

## Income Taxes (including Fringe Benefit Tax)

Income tax for the quarter ended 31 July 2009 was Rs 145.5 million compared to Rs 67.1 million for the quarter ended 31 July 2008. Taxes on overseas entities which have recouped their past losses, increase in domestic income, STPI units retiring from the tax holiday, led to the increase in income tax provision during the quarter ending 31 July 2009 compared to the quarter ending 31 July 2008.

## Net Profit

The net profit after taxes was Rs 2,292.3 million for the quarter ended 31 July 2009, an increase of Rs 1,285.4 million or growth of 127.7% over the net profit of Rs 1,006.9 million for the quarter ended 31 July 2008. Net profit as a percentage of total income was 20.7% in the quarter ended 31 July 2009 compared to 13.0% in the quarter ended 31 July 2008. Higher operating profits led to an increase in net profits and net margins in the current quarter.

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## 3. Nine months ended 31 July 2009 compared to nine months ended 31 July 2008

### Revenues

The Group revenues, net of transfer from Hedging Reserves to Revenues in the nine months ended 31 July 2009, increased by Rs 10,490.5 million or 50.4% to Rs 31,317.0 million, from Rs 20,826.5 million for the nine months ended 31 July 2008. Revenues from Applications grew by 51.0%, BPO grew by 18.1% and ITO grew by 99.3%. Revenues from all geographies grew significantly with Asia Pacific recording the highest growth by 77.4% followed by Europe by 65.1%. All Verticals grew compared to the same period last year with Healthcare and Pharma growing by 182.3% Banking and Financial Services by 56.6%. Increased volumes from existing clients as well as business from new clients, expansion of service offering, depreciation of Indian rupee against the US dollar, and increase in billing rates resulted in growth in revenues.

### Cost of Revenues

The cost of revenues were Rs 21,121.4 million for the nine months ended 31 July 2009, an increase of Rs 4,704.8 million or growth of 28.7% over Rs 16,416.7 million for the nine months ended 31 July 2008. The cost of revenues represented 67.4% and 78.8% of revenues for the nine months ended 31 July 2009 and 31 July 2008, respectively. Salary increments and investment in additional facilities and manpower for growth in the current period led to an increase in cost of revenues. Cost optimisation and productivity improvements resulted in better leverage of existing capacities and led to lower increase in cost of revenues compared to the increase in revenues.

### Gross Profit

Gross profit increased by Rs 5,785.8 million or by 131.2% to Rs 10,195.6 million for the nine months ended 31 July 2009 compared to Rs 4,409.8 million for the nine months ended 31 July 2008. The increase in the gross profits is mainly attributable to growth in revenues coupled with cost optimisations and productivity improvements. As a percentage of revenue, the gross margin increased from 21.2% to 32.6% for the nine months ended 31 July 2009. Depreciation of Indian Rupee against the US Dollar also helped in improving margins.

### Selling Expenses

The Group incurred selling expenses of Rs 1,365.6 million for the nine months ended 31 July 2009, representing an increase of 85.3% over the expenses of Rs 737.1 million for the nine months ended 31 July 2008. Selling expenses was 4.4% of revenues for the nine months ended 31 July 2009 compared to 3.5% for the corresponding nine months ended 31 July 2008. The increase was mainly on account of increase in sales force to increase coverage and depreciation of 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 2,044.6 million for the nine months ended 31 July 2009, representing an increase of 52.5% over the expenses of Rs 1,340.8 million for the corresponding nine months ended 31 July 2008. General and administrative expenses were 6.5% of revenues for the nine months ended 31 July 2009 compared to 6.4% for the corresponding nine months in 2008. The increase in general and administrative expenses is on account of increase in manpower to support growth and other expenses for augmenting capacity and calibration for future growth.

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## Provision for Doubtful Debts

The group has provided for Rs 8.0 million for debts considered doubtful for the nine months ended 31 July 2009, as against Rs 24.3 million during the nine months ended 31 July 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 6,777.3 million for the nine months ended 31 July 2009 representing an increase of Rs 4,469.7 million or 193.7% over Rs 2,307.6 million for the nine months ended 31 July 2008. Operating profit as a percentage of revenues was 21.6% for the nine months ended 31 July 2009 compared to 11.1% for the nine months 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 nine months ended 31 July 2009 was Rs 139.3 million as against a gain of Rs 11.6 million in the nine months ended 31 July 2008. The gain in restatement of assets as on the Balance Sheet date due to depreciation of Indian Rupee against the US dollar, accounted for higher gains in the nine month period ended 31 July 2009.

## Other income /(expense), net

The net other income for the nine months ended 31 July 2009 was Rs 83.2 million from Rs 1.2 million of net other income for the nine months ended 31 July 2008. The net other income for the current nine months comprised of dividend income from significant investment in short term liquid mutual funds. The company had not made any short term investment in liquid mutual funds during the nine months ended 31 July 2008.

## Interest income /(expense), net

Interest income, net of expenses was Rs 27.4 million for the nine months ended 31 July 2009 as compared to Rs 66.8 million for the nine months ended 31 July 2008. The decrease was primarily on account of change in investment mix from bank deposits to liquid mutual funds.

## Income Taxes (including Fringe Benefit Tax)

Income tax for the nine months ended 31 July 2009 was Rs 390.2 million compared to Rs 109.8 million for the nine months ended 31 July 2008. Taxes on overseas entities which have recouped their past losses, increase in domestic income, STPI units retiring from the tax holiday, led to the increase in income tax provision during the nine months ended 31 July 2009 compared to the same period last year.

## Net Profit

The net profit after taxes was Rs 6,637.1 million for the nine months ended 31 July 2009, an increase of Rs 4,359.7 million or growth of 191.4% over the net profit of Rs 2,277.3 million for the nine months ended 31 July 2008. Net profit as a percentage of total income was 21.2% in the nine months ended 31 July 2009 compared to 10.9% in the nine months ended 31 July 2008. An increase in operating profits and operating margins contributed to the growth in net profits and net margins.

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## B. Analysis of Revenues & Human Resources

### I. Revenues

Revenues reported in the tables below are gross of adjustments from hedging reserve.

#### (a) Revenues by Vertical/ Industry

Vertical/Industry	Rs millions			
	Quarter ended		YTD	
	31-Jul 2009	30-Apr 2009	31-Jul 2008	31-Oct 2008
Banking & Financial Services	4,561 40%	4,217 39%	3,183 40%	8,030 42%
Technology & OEMs	2,494 23%	2,557 24%	1,770 23%	4,470 23%
Telecom	1,168 11%	1,239 12%	884 11%	2,153 12%
Manufacturing & Retail	1,433 13%	1,315 12%	1,115 14%	2,589 14%
Logistics, Airlines & Transportation	557 5%	652 6%	479 6%	1,033 5%
Healthcare & Pharma	829 8%	744 7%	330 4%	790 4%
<b>Total</b>	<b>11,041</b>	<b>10,724</b>	<b>7,760</b>	<b>19,065</b>

#### (b) Revenues by Geography

Regions	Rs millions			
	Quarter ended		YTD	
	31-Jul 2009	30-Apr 2009	31-Jul 2008	31-Oct 2008
USA	7,331 66%	7,401 69%	5,307 68%	12,905 68%
Europe	2,198 20%	2,137 20%	1,436 19%	3,664 19%
Asia Pacific	642 6%	565 5%	317 4%	870 5%
India & Middle East	869 8%	621 6%	699 9%	1,626 8%
<b>Total</b>	<b>11,041</b>	<b>10,724</b>	<b>7,760</b>	<b>19,065</b>

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## (c) Revenues by Service Type

Rs millions

Service Type	Quarter ended		YTD	
	31-Jul	30-Apr	31-Jul	31-Oct
	2009	2009	2008	2008
Application Maintenance & Other Services	3,890 35%	3,490 33%	2,656 34%	6,364 33%
Application Development	3,139 29%	3,350 31%	2,292 30%	5,844 31%
Customer Service	923 8%	837 8%	803 10%	1,954 10%
Service / Technical Help Desk	604 6%	705 7%	654 8%	1,535 8%
Transaction Processing Service	562 5%	533 5%	486 6%	1,111 6%
Infrastructure Management Services	1,587 14%	1,428 13%	578 7%	1,513 8%
Knowledge Processes	336 3%	381 3%	292 4%	744 4%
<b>Total</b>	<b>11,041</b>	<b>10,724</b>	<b>7,760</b>	<b>19,065</b>

## (d) Revenues by Project Type

Rs millions

Project Type	Quarter ended		YTD	
	31-Jul	30-Apr	31-Jul	31-Oct
	2009	2009	2008	2008
Time and Material	10,056 91%	9,842 92%	7,466 96%	18,226 96%
Fixed Price	985 9%	882 8%	293 4%	839 4%
<b>Total</b>	<b>11,041</b>	<b>10,724</b>	<b>7,760</b>	<b>19,065</b>

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## (e) Revenues by Delivery Location

Rs millions

Delivery Location	Quarter ended		YTD	
	31-Jul 2009	30-Apr 2009	31-Jul 2008	31-Oct 2008
Onsite	2,764 25%	2,677 25%	1,912 25%	4,877 26%
Offshore	8,276 75%	8,047 75%	5,848 75%	14,188 74%
<b>Total</b>	<b>11,041</b>	<b>10,724</b>	<b>7,760</b>	<b>19,065</b>

## (e) Group - Client Concentration

	Quarter ended		YTD	
	31-Jul 2009	30-Apr 2009	31-Jul 2008	31-Oct 2008
Revenues from Top Client	14%	14%	11%	14%
Revenues from Top 5 Clients	34%	31%	31%	34%
Revenues from Top 10 Clients	48%	43%	45%	47%
Clients Contributing more than:				
\$ 1 million Revenues	106	109	96	95
\$ 5 million Revenues	33	34	32	29
\$ 10 million Revenues	23	22	17	17
\$ 20 million Revenues	9	6	7	9
Receivables Days	75	77	78	80

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## II. Human Resources

### (a) Number of employees

	Quarter ended		YTD	
	31-Jul	30-Apr	31-Jul	31-Oct
	2009	2009	2008	2008
Onsite				
- Applications	1,684	1,589	1,565	1,519
- BPO	129	146	109	118
- ITO	33	24	-	-
Offshore				
- Applications	9,685	9,917	8,850	9,072
- BPO	16,262	17,237	13,676	13,854
- ITO	4,960	4,897	4,054	4,232
<b>Total</b>	<b>32,753</b>	<b>33,810</b>	<b>28,254</b>	<b>28,795</b>

### (b) Average Billing Rates

\$/Hr

	Quarter ended		YTD	
	31-Jul	30-Apr	31-Jul	31-Oct
	2009	2009	2008	2008
Onsite				
- Applications	72	71	69	69
- ITO	70	70	-	-
Offshore				
- Applications	22	22	21	22
- BPO	9	10	10	10
- ITO	22	21	22	21

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## (c) Average Utilisation Rates

	Quarter ended		YTD	
	31-Jul 2009	30-Apr 2009	31-Jul 2008	31-Oct 2008
Applications				
Excluding Trainees				
- Onsite	83%	86%	86%	85%
- Offshore	77%	77%	75%	77%
- Blended	78%	79%	77%	78%
Including Trainees				
- Onsite	83%	86%	86%	85%
- Offshore	74%	73%	72%	73%
- Blended	75%	75%	74%	75%
BPO				
Process Utilisation (excluding trainees)	63%	63%	67%	68%
Process Utilisation (including trainees)	55%	53%	57%	57%
ITO				
Excluding Trainees				
- Onsite	98%	98%	-	-
- Offshore	83%	83%	76%	74%
- Blended	83%	83%	76%	74%
Including Trainees				
- Onsite	98%	98%	-	-
- Offshore	77%	76%	71%	71%
- Blended	78%	76%	71%	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 31 July 2009 was Rs 239.7 million (USD 5.0 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 31 July 2009 the balance of cash and cash equivalents in the Group invested in term deposits or lying with current accounts was Rs 1,374.7 million as against Rs 1,363.7 million as on 30 April 2009. During the quarter ended 31 July 2009, the group made an investment of Rs 5,125.0 million in liquid mutual funds which were not redeemed till the end of the quarter. Cash balances together with investments as at 31 July 2009 stood at Rs 6,499.7 million compared to a balance of Rs 3,554.9 million as at 30 April 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.