



### THE PERFECT BALANCE

Mphasis Limited ANNUAL REPORT 2017





Legacy and Modernization

Domain Depth and Technology Breadth

Core Creation and Co-creation

Emotional Intelligence and Artificial Intelligence

The Perfect Balance...

010101010



# Contents

From the CEO	3
Legacy and Modernization	4
Domain Depth and Technology Breadth	6
Core Creation and Co-creation	10
Emotional Intelligence and Artificial Intelligence	14
Awards and Accolades	18
Board of Directors	19
Key Operating Metrics	20
Management Discussion and Analysis of Risks and Concerns	21
Independent Auditor's Report on Consolidated Financial Statements	24
Consolidated Balance Sheet	28
Consolidated Statement of Profit and Loss	30
Consolidated Statement of Changes in Equity	32
Consolidated Statement of Cash Flows	33
Notes to Consolidated Financial Statements	35
Management Discussion and Analysis of Financial Condition and Results of Operations	88
Directors' Profile	95
Board's Report	99
Corporate Governance	130
Independent Auditor's Report on Standalone Financial Statements	151
Standalone Balance Sheet	156
Standalone Statement of Profit and Loss	158
Standalone Statement of Changes in Equity	160
Standalone Statement of Cash Flows	161
Notes to Standalone Financial Statements	163
Group Office Locations	211

### From the CEO

Dear Shareholder.

I begin this letter with a sense of gratitude to lead your Company and optimistic enthusiasm at the opportunity to charter the next phase of accelerated growth.

FY 2016-17 has been a breakthrough year for your Company. Blackstone (NYSE:BX), the world's leading Private Equity (PE) firm acquired Hewlett Packard Enterprise's (NYSE:HPE) stake (60.5%) in Mphasis. This deal represents the biggest technology investment as well as the largest acquisition by Blackstone in India. Being recognized by the world's major PE firm is encouraging, and this investment is a proof point of your Company's potential.

As part of this agreement, HPE and Blackstone have agreed on the terms of a Master Services Agreement (MSA) for a period of five years, with an additional three automatic renewals of two years each. Under this MSA, HPE has committed a minimum revenue amount of \$990 million over the next five years. Also, Mphasis is included in HPE's Preferred Provider Program, opening up significant avenues for growth. HPE Enterprise Services and Computer Science Corporation (CSC) have merged to form DXC Technology, a \$25 billion IT services company with over 6000 clients across 70 countries. Further to this reorganization, we now have four engines of growth within the DXC/HP business: HPE, HP Inc, Micro Focus (HPE non-core software asset business merged with Micro Focus), and DXC. I strongly believe this partnership will power additional growth engines for Mphasis. We are also witnessing greater traction in Direct Core business, especially with new-generation services including Cloud and Digital deals in our pipeline.

While FY 2017 has set the stage for us, we have a bold agenda laid out for FY 2018, with our top four priorities being Growth, Growth, Growth and Growth:

1. Growth that is Consistent

2. Growth that is Competitive

3. Growth that is Profitable

4. Growth that is Responsible

Our size is our advantage; it gives us agility as well as scale to deliver constituently in this evolving technology era. We continue to excel in areas where we have strengths and build new muscle in areas that are important for our future. Our pipeline of new deals and breakthrough innovation has never been more robust; and our long-term commitment to delivering an elevated partner experience is unwavering. I can assure you that we will continue to lead and manage the Company through the lens of humanity, doing everything we possibly can to make your families proud of our Company and all that we stand for.

In closing, I cannot emphasize enough how honored I am to be part of the Mphasis family. I want to thank the leadership team for their remarkable capabilities, character, culture, experience, wisdom, and precise focus on customer outcomes that are the core foundation of your Company's success.

FY 2017 has paved the way to a 'Perfectly Balanced' FY 2018 and beyond... Thank you for staying invested.

Regards,

Nitin Rakesh
Chief Executive Officer



# Legacy and Modernization



Mphasis has been a leading provider of core IT services to global marquee customers for over 25 years; bringing in best-of-class expertise in the foundational services of Application Development and Maintenance, Infrastructure Services, and Business Process Services. To this existing suite of services, Mphasis has been nimble and agile in integrating and building specialization to enable future-proofing of the organization as well as its customers.

Mphasis enables customers re-imagine their digital future by applying a unique formula of cloud migration and cognitive technology, to modernize and power the legacy systems to timeless computing.

Mphasis' array of algorithm-based technologies seamlessly combines Robotic Process Automation, Predictive Analytics, Cloud, Artificial Intelligence, and Blockchain, surrounding legacy technologies with domain expertise and modernization.

First to take the world's leading retail bank

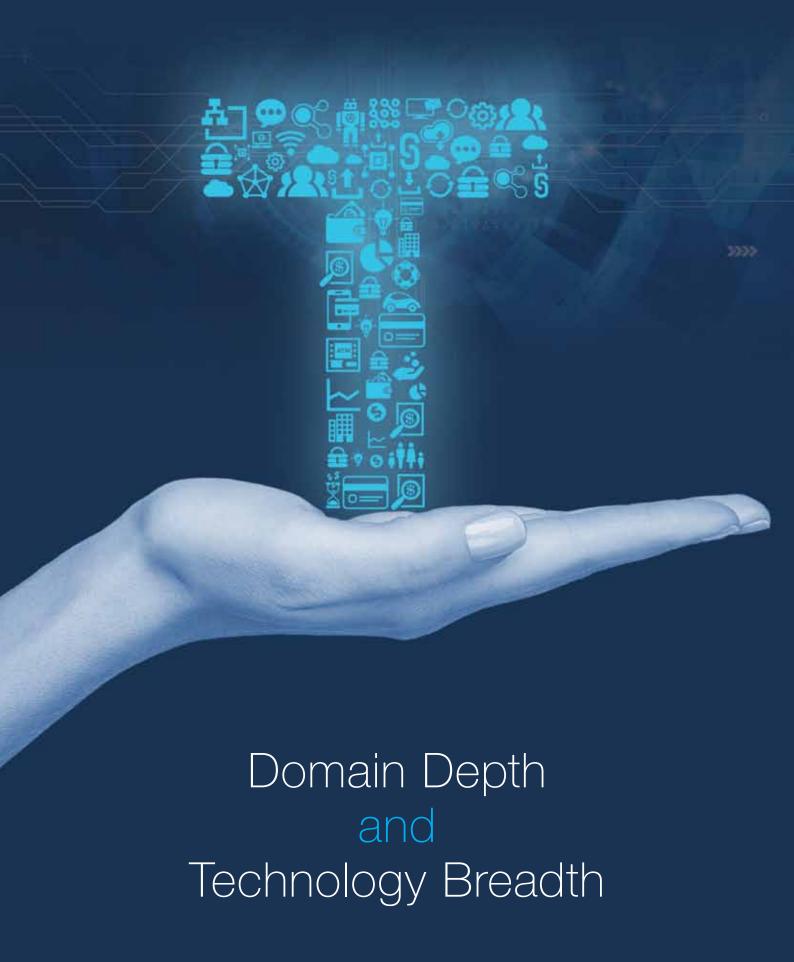
First to develop and take the retail bank's first application to Apple Pay

First to introduce semantic technology to one of the largest banks in North America with a potential to drive mass personalization and learning systems

First to launch Adobe AEM 6.0 based website for the largest insurance provider in North America

First to integrate Natural Language Interaction with Salesforce

First IT company to receive a corporate 'My Stamp' from India Post to commemorate the Silver Jubilee





Deep domain expertise and laser-sharp focus on Banking, Capital Market and Insurance domains have propelled Mphasis' growth, driving over 60% of revenues through these chosen verticals. Year on year, Mphasis has developed an increasing repertoire of technology solutions relevant to its customers, helping them future-proof their business and stay ahead of the curve. A preferred solution partner to its customers, Mphasis prides itself on being a technology enabler of several global marquee customers including:

- 6 of the Top Global Banks
- 3 of the Top Global Insurance Companies
- 7 of the Top Mortgage Lenders

Mphasis' core reference architectures and tools, expertise in a breadth of relevant technologies, combined with deep and hyperspecialized domain expertise are the foundation of various new-generation technologies that were introduced in FY 2017, including Blockchain, and other Al and analytics-based solutions.



### Blockchain

Mphasis has been a catalyst in defining Blockchain strategy for multiple banking and non-banking organizations by helping them charter their Blockchain adoption roadmap. Blockchain has been revolutionizing legacy practices, helping reduce costs as well as increase operational efficiency, and legitimizing transaction data. It has been disrupting business flows and processes across different industries.

India's first-ever Center of Excellence for Blockchain technologies was established by Mphasis, and it delivers agility, visibility and scalability.





### Sparks

The Digital Acceleration Program - 'Sparks' showcases Mphasis' technology breadth through relevant verticalized collaboration with Fintech and Insurtech friendly start-ups to enable its customers gain digital competitive advantage. By combining tested, innovative technical expertise with relevant industry-driven use cases, this program creates futuristic business solutions to accelerate digital transformation for its customers without them having to invest and build capability in future-proof technologies or research labs. Examples of technologies brought to market include both emerging and established solutions around Machine Learning, Natural Language Processing (NLP) and Artificial Intelligence (AI), Big Data, Data Governance and Lineage, Digital Marketing, Accessibility, Cloud, DevOps, and Application Program Interface (API).

Sparks concurrently fast tracks market reach and growth of leading Fintech and Insurtech companies by leveraging Mphasis':

- Strong vertical focus and understanding of industry-specific needs
- Ability to bring multiple technologies together
- Access via trusted relationship with marquee customers
- Depth and breadth of digital capability and experience
- Ability to configure pragmatic solutions for emerging needs of enterprise customers





Co-creation



ANNUAL REPORT • 2017

Mphasis' core has been to develop next-generation technologies to accelerate the digital transformation and growth journey of all its customers. Mphasis has augmented value-based services by further enhancing its core services through co-creation with its customers. Mphasis' NEXTlabs, NextAngles™ and platforms such as Javelina and Wynsure have all been co-created with its customers.

By enhancing its core service offerings, such as Business Process Management (BPM) with Robotic Process Automation (RPA), Mphasis offers its legacy solutions in a seamless and market-ready state.

Delighting customers has been at the core of Mphasis culture. Co-creation of a new paradigm with its customers has created several milestones. A good case in point is Mphasis' solid 18-year partnership with one of the largest retail banks in the US resulted in:

- Launch of Cognitive Hub for Risk and Compliance
- An impactful digital transformation journey with implementation of several firsts both for the bank and the industry
- Being a trusted partner of choice for large and complex projects

   Being a trusted partner of choice for large and complex projects

   Being a trusted partner of choice for large and complex projects

   Being a trusted partner of choice for large and complex projects

   Being a trusted partner of choice for large and complex projects

   Being a trusted partner of choice for large and complex projects

   Being a trusted partner of choice for large and complex projects

   Being a trusted partner of choice for large and complex projects

   Being a trusted partner of choice for large and complex projects

   Being a trusted partner of choice for large and complex projects

   Being a trusted partner of choice for large and complex projects

   Being a trusted partner of choice for large and complex projects

   Being a trusted partner of choice for large and complex projects

   Being a trusted partner of choice for large and complex projects

   Being a trusted partner of choice for large and complex projects

   Being a trusted partner of choice for large and complex projects

   Being a trusted partner of choice for large and complex projects

   Being a trusted partner of choice for large and complex projects

   Being a trusted partner of choice for large and complex projects

   Being a trusted partner of choice for large and complex projects

   Being a trusted partner of choice for large and complex projects

   Being a trusted partner of choice for large and complex projects

   Being a trusted partner of choice for large and complex projects

   Being a trusted partner of choice for large and complex projects

   Being a trusted partner of choice for large and complex projects

   Being a trusted partner of choice for large and complex projects

   Being a trusted partner of choice for large and complex projects

   Being a trusted partner of choice for large and complex projects

   Being a trusted partner of choice for large and complex projects

   Being a tru



# Robotic Process Automation (RPA)

Robotic Process Automation has been transforming the way business processes are delivered. Coupling its expertise with the technological advances of RPA, Mphasis has been working towards enabling transformation and optimization of customers' business.

Reinventing how work gets done in today's world, this disruptive, game-changing technology delivers on the promise of a smarter future for business process services by flawlessly mimicking human behavior and taking over the performance of repetitive tasks at a fraction of the cost of traditional processes.

## Robotic Process Automation offers an opportunity to:

Digitize and transform the processes to achieve significant improvements in cycle time, higher accuracy at reduced costs, and better customer experience



Make significant savings in back-office operation cost in lesser time, enabling client to reinvest IT budget in other digital innovations and growth



To know more, scan this QR code or visit http://www.mphasis.com/RPA.html



# Cognitive Hub for Risk and Compliance (CHRC)

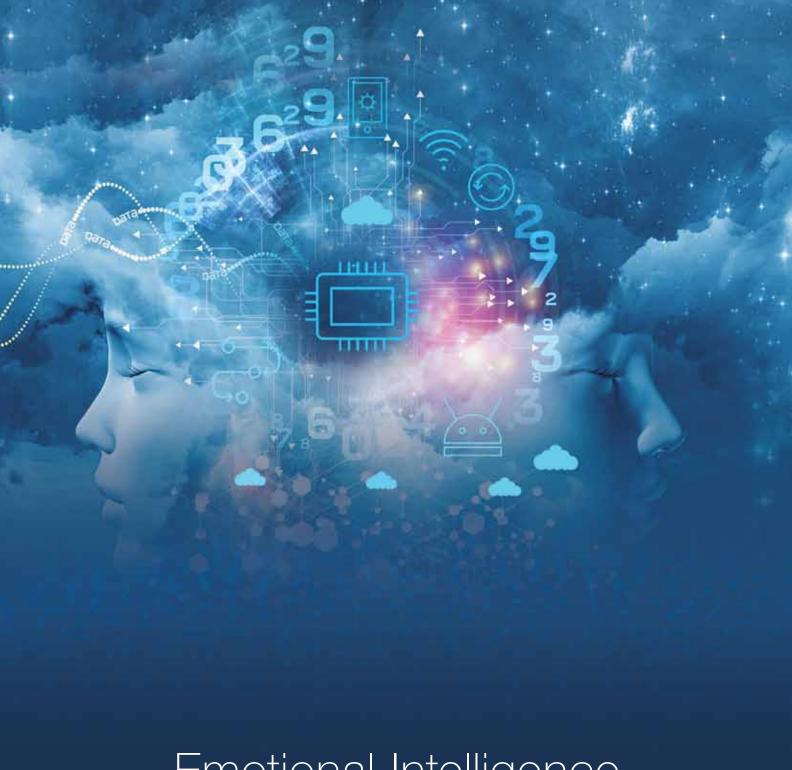
Mphasis' flagship innovation, CHRC, focuses on creation and delivery of next-generation Governance, Risk and Compliance (GRC) framework and domain specific solutions for enterprises in the financial services industry. This center has been designed to accelerate banking clients' journey to develop an integrated path for compliance and risk management with a sound governance approach.

Mphasis' hyperspecialization strategy helps develop next-generation GRC solutions based on Artificial Intelligence (AI), Cognitive Computing, Machine Learning, Natural Language Processing, Big Data, Semantic Modeling, and Knowledge Systems.









## Emotional Intelligence and Artificial Intelligence



Mphasis is committed to making a difference in the lives of people by providing cutting edge digital technologies to the under-served and leveling the playing field - be it by building applications for vocational training or by inculcating language skills. Its Corporate Social Responsibility charter is to ensure measurable social change through self-sustenance models.

While the nation is on a journey to create a digitally empowered society, Mphasis joined hands to contribute significantly as a responsible corporate citizen. Specific solutions are designed to focus on inclusion of the under-represented while addressing accessibility needs of Persons with Disabilities (PwD).

# Mphasis' initiatives impacting various sectors of society

### ELIHOOD

#### Arivu-Disha

NOITADUO

Improve English
learning outcomes
among 4000
government school
children through play
and app-based
learning
methodology

#### **DEF**

1500 handloom weaver families receive access to digital tools and digital literacy that would subsequently improve their earning potential

#### **IIMB**

USION

Set up Research Chair in the space of Digital Accessibility and Inclusion for Persons with Disabilities, in collaboration with IIM Bangalore



### Partnership with Digital Empowerment Foundation

Mphasis' partnership with Digital Empowerment Foundation (DEF) helped in spearheading digital transformation of India's rural masses, to transform the lives of weavers and artisans in Trichy and Musiri, Tamil Nadu. Empowering them digitally, Mphasis modernized the way they function, live and trade.

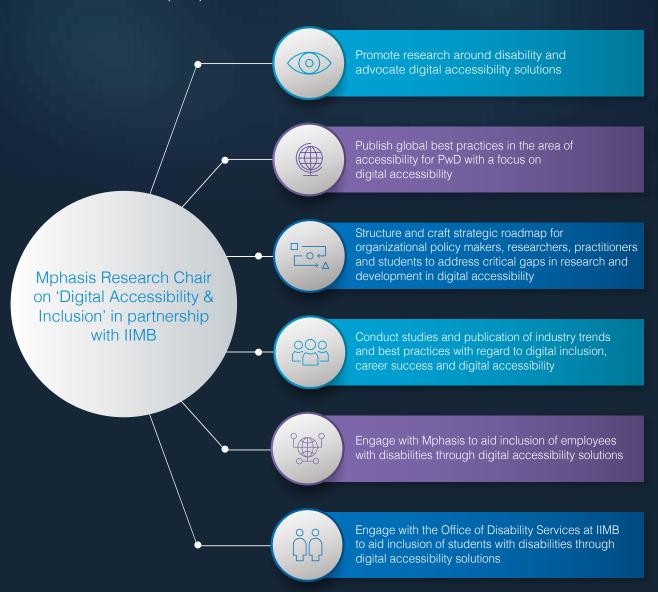
Mphasis established a cluster structure to provide physical space, digital infrastructure, and equipment required for the betterment of the cluster community.





# Carving a niche in the area of accessibility with IIMB

Mphasis is one among the few organizations to build accessible technologies and is working towards Digital Accessibility in collaboration with Indian Institute of Management Bangalore (IIMB), under its CSR initiative. Mphasis already has a strong history of advocacy and success in accessibility. Partnership with IIMB goes back to 2010 when the Office of Disability Services was set up to make the campus accessible to students with disability. This renewed partnership is a step forward to collectively make a difference to the lives of Persons with Disabilities (PwD).





### Awards and Accolades

#### 12 May 2017

Nitin Rakesh, Chief Executive Officer, on the Wall Street Journal CEO Council to discuss issues shaping the future

#### 04 May 2017

Rajesh Makhija, Chief Executive Officer - Wyde and Eldorado; Chief Marketing and M&A Officer - Mphasis Group, wins Gold Stevie® Award for 'Executive of the Year' in 2017 American Business Awards

#### 04 May 2017

Eldorado wins Bronze Stevie® Award for 'Company of the Year' in 2017 American Business Awards

#### 28 April 2017

Nitin Rakesh, Chief Executive Officer, on the Global Forbes Technology Council to advise on current and future technologies and trends

#### 25 March 2017

Nitin Rakesh, Chief Executive Officer, on the US-India Business Council to drive the financial services charter

#### 05 March 2017

Nitin Rakesh, Chief Executive Officer, on the advisory board of Knowledge@Wharton, Pennsylvania

#### 10 January 2017

Digital Risk's Jeffrey C. Taylor joins Mortgage Bankers Association's 2017 Board of Directors

#### 09 December 2016

Mphasis NEXTlabs awarded 2<sup>nd</sup> Runner-up under Clouds Solution category at Express IT Awards

#### 19 November 2016

Sivaram Nair, Company Secretary and General Counsel, recognized among the Top 100 Legal Counsels of India, in the inaugural list of GC Powerlist for India

#### 01 June 2016

Digital Risk's Leo Loomie & Jonathan Sparks named winners of HousingWire's 2016 Rising Stars



### Board of Directors



Davinder Singh Brar Chairman



Nitin Rakesh Chief Executive Officer



N Kumar Director



Jan Kathleen Hier Director



David Lawrence Johnson Director



Dario Zamarian Director



Paul James Upchurch
Director



Amit Dixit Director



Amit Dalmia
Director

### EXECUTIVE VICE PRESIDENT, COMPANY SECRETARY, GENERAL COUNSEL, ETHICS & COMPLIANCE OFFICER

#### A Sivaram Nair

#### **AUDITORS**

S.R. Batliboi & Associates LLP 'UB City' Canberra Block 12th and 13th Floor 24, Vittal Mallya Road Bengaluru - 560 001, India

#### REGISTERED OFFICE

Bagmane World Technology Center Marathahalli Outer Ring Road Doddanakundi Village, Mahadevapura Bengaluru - 560 048, India Tel: +91 80 6750 1000 Fax: +91 80 6695 9943

Website: www.mphasis.com CIN: L30007KA1992PLC025294

#### EXECUTIVE VICE PRESIDENT & CHIEF FINANCIAL OFFICER

#### V Suryanarayanan

#### **REGISTRAR & SHARE TRANSFER AGENT**

Integrated Registry Management Services Pvt. Ltd. (Unit: Mphasis Limited)
30, Ramana Residency
4th Cross, Sampige Road, Malleswaram
Bengaluru - 560 003, India
Tel: +91 80 2346 0815-818

Fax: +91 80 2346 0819 CIN: U74900TN2015PTC101466



# Key Operating Metrics

#### **Net Revenue**

#### ₹ in Million 70,000 60,808 60,764 60,000 57.963 57,948 50,000 40,000 30,000

25,939

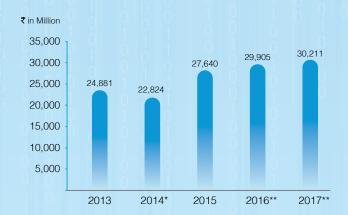
2014\*

20.000

10,000

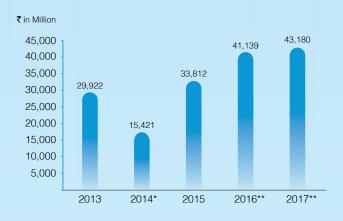
2013

#### Cash and Cash Equivalents



#### **Direct International Revenue**

2015



#### Banking, Capital Market and Insurance Revenue



<sup>\*</sup>Transition year 2014 represents 5 months of operations

2017\*\*

2016\*\*

<sup>\*\*</sup>Figures for FY 2016 and FY 2017 are under Ind AS framework and the figures for FY 2013, FY 2014 and FY 2015 are under previous Indian GAAP.



#### MANAGEMENT DISCUSSION & ANALYSIS OF RISKS AND CONCERNS

The Digital Revolution that is sweeping the IT and ITES services industry has brought immense opportunities: to grow organically, to achieve efficiency in operations and provide innovative digital solutions to global clients. However, like every revolution it has brought more Volatility, Uncertainty, Complexity and Ambiguity (VUCA) into the business environment which demands good risk management capabilities. Thus, Risk Management has become a critical capability for organizations to benefit from the opportunities provided by the Digital Revolution. In addition to providing strong assurance on protection and compliance, risk management capabilities enable companies to improve their strategic decision-making process and enhance the operational performance.

Considering its importance and the critical role it plays in enhancing Shareholder value, your Company has implemented an Enterprise Risk Management (ERM) program adhering to global standards. The ERM program helps to proactively identify, mitigate, monitor and report risks across the enterprise that have the potential to prevent your Company from achieving its business objectives. Broadly enterprise risks are classified and managed under the following categories:

- i) Strategy Risks These have the potential to impact the entity's mission which arises out of strategic decisions and IT Investments, resource allocation, delivery models, geographical expansion and other activities. These risks are generally non-routine in nature but have high impact on the Company
- II. Operational Risks These have the potential to impact the efficiency and effectiveness of the business operations
- III. Information/Cyber Risks These have the potential to adversely impact security of information assets and information processing systems;
- IV. Financial & Reporting Risks These have the potential to impact on statutory financial statements and transmission of timely and accurate information to stakeholders;
- V. Compliance Risks These have potential to expose the Company to regulatory, statutory and legal risks.

The Risk Governance Committee chaired by the CEO provides the required oversight for the ERM program and monitors the progress on various identified enterprise risks and periodically reviews the mitigation efforts. The status of the risks faced by the enterprise is reported to the Audit Committee of the Board on a quarterly basis.

Some of the important risks/concerns and steps taken by your Company to mitigate the risks are given below:

#### Strategy Risks

#### Client Concentration Risk

This risk arises when high percentage of revenue is received from very few clients. This risk has two components – Direct business vs HPE channel business and client concentration within the Direct business itself. To mitigate the former risk, your Company has focused on growth of Direct business by establishing a world class Go To Market team which has helped us maintain the growth of our Direct business. In addition to the above measures your Company has also signed a Minimum Guarantee Agreement with HPE/DxC to bring stability to this Channel of business.

The latter risk is addressed by focusing on expanding and growing other Direct channel clients. Several other initiatives have also been implemented to de-risk your Company from this risk which includes, programs to develop high stickiness with existing clients, closely monitor CSAT (customer satisfaction) score of the top clients, grow wallet share of other existing clients and acquisition of new logos

#### Risk of Capability Obsolescence

The Group's ability to remain competitive depends on the ability to adapt to changing client demands and models of business delivery. Over the last 12 months the Group has focused on new generation services: Digital, GRC and Customer Experience Management which has helped the Company to remain competitive by securing contracts in these areas.

#### Operational Risks

#### Lack of Holistic Due Diligence of SLA Terms and Conditions

Growth is about successfully pursuing new opportunities. But new business models, new service offerings and growing volume of operations, have brought risks related to delivery, competency and adherence of SLA terms and conditions. The Group with its years of experience has implemented a framework to enhance the review and control mechanisms of all new deals and renewals, to ensure risks arising from new business deals are identified and mitigated appropriately. A dedicated team ensures that your Company's interests are well protected before deals are signed up.



#### MANAGEMENT DISCUSSION & ANALYSIS OF RISKS AND CONCERNS

A Solution Risk Review is undertaken for all new deals. This team of experts approves SLA terms and conditions and ensures that the Company is not exposed to unlimited liabilities. Variance from solution to execution stage is also closely monitored to mitigate the risk of resource estimation errors.

#### Contract Management Risk

This was identified as an important risk as contractual terms bring legal binding on the Company and can adversely affect in many ways. To ensure that the terms of engagement are not vague, infeasible promises are not made and implementation is possible, a robust function has been created with adequate checks and balances to ensure that this risk is well mitigated. Your Company has put in place a robust contract management system, ensuring legal and financial compliance, tracks implementation of contract clauses and manages commercial risks effectively.

#### Risk of Loss of Talent

Human capital has assumed paramount importance and is seen as the differentiator in achieving business success. To surmount challenges posed by the rapid changes in the industry, customer relationships and high quality service delivery have assumed even greater criticality to sustain performance and growth. Your Company has ensured continuous improvement in the efficiency of core processes like Hiring, Employee Engagement, Key Talent management and Retention of critical employees.

To manage this risk, your Company is building out a strong employee value proposition. Your Company is certified on PCMM level 5 (People Capability Maturity Model) that has helped build robust people processes. As a result of the above initiatives, your Company expects to maintain an optimal mix of manpower in terms of experience, knowledge and skill sets to balance quality and cost. Your Company has increased its investment in Learning &Development which has helped the Company to improve in this area.

Your Company identifies risk profiles of employees to initiate various steps to curb attrition and manage potential market variables. Assessing risk by categorizing employees into Critical, High Risk and Low Risk profiles and providing mitigation plans like role / project change, onsite assignments, salary increases and promotions have helped in maintaining the right workforce. Over and above this skill enhancement, building focus groups, internal job posting and recognition through various platforms are other initiatives taken by your Company to mitigate this risk.

#### Risk of Fraud

Instances of corporate fraud and misconduct remain a constant threat to public trust and confidence in the market. Keeping the regulatory mandates and the Company's felt need to maintain an ethical business environment, your Company has implemented a Fraud Risk Management System consisting of policies and procedures that provide direction for ensuring antifraud mechanisms as part of the fabric of the organization. In addition, through various governance structures, internal audits and Whistle Blower mechanisms has built a strong framework to detect and mitigate fraud risk.

Your Company has spent significant time and effort in promoting Fraud Risk Awareness to ensure that we have a workforce which is aware and can prevent and detect frauds. Your Company has set up a specialist team of forensic experts to ensure that we are in the best position to deal with any such situation.

#### Risk of Key Client Loss

Today's market is one of compelling competitiveness. Unless one is able to consistently delight the customer there is always the risk of losing them to competition. Your Company has recognized this and has put in place proactive measuring mechanisms to gauge the levels of customer satisfaction from various perspectives. The CSAT (customer satisfaction) surveys are conducted regularly by an independent team and the scores are monitored closely by the Risk Governance Committee and reported to the Audit Committee of the Board.

#### Information Risks

#### Continuity and Disaster Recovery Risk

Increased disruptions due to man-made and natural calamities are posing a risk to the enterprise Information Technology infrastructure and in turn to the business operations. Recovery and availability of enterprise applications and infrastructure, post any such disruptions have become critical for uninterrupted service delivery. In addition to implementing Disaster Recovery for the identified critical enterprise applications your Company is certified on ISO 22301 which is an international standard for Business Continuity Management System (BCMS) and which provides reasonable assurance of continuity of service to the clients. The testimony of this was the way in which your Company successfully managed several city level disruptions in 2016, with no impact on the client SLAs and negligible revenue loss.



#### MANAGEMENT DISCUSSION & ANALYSIS OF RISKS AND CONCERNS

#### Data and Information Security Risk

The Information and Cyber security threats are growing in types and magnitude and your Company is exposed to different types of risks related to information assets and data breaches. These threats have become highly sophisticated and demands high end technology and process solution. To mitigate these risks, your Company has implemented several measures including robust IT Security framework and is also certified on ISO 27001. This is an international standard on Information Security Management System (ISMS). This certification provides reasonable assurance to all concerned stakeholders that your Company has implemented adequate data protection and information security measures. During this preceding year, your Company did implement certain highly sophisticated technology security solutions to deftly ward off the threat of data breaches and cyber-attacks.

#### Privacy Risk Management

Governments across globe are enacting stringent Privacy Laws and your Company is exposed to the risk of privacy breaches and law suits as the nature of operations involves handling and processing such personal information of customers and clients. To mitigate this risk, your Company has implemented Privacy Risk Management Framework to ensure that the Company complies to the stringent privacy law requirements in countries it operates. These measures are periodically audited and reported to the Audit Committee of the Board.

#### Compliance Risks

#### Non-compliance with statutory requirements

With presence across multiple geographies your Company is subjected to plethora of legislations. There is a risk of non-compliance or delay in compliance with statutory and regulatory requirements. The Group uses enterprise and global legal compliance tools to track compliance across major geographies. The Group also uses the services of professional consultants to ensure compliance with domestic and overseas laws and regulations. Your Company has implemented the processes to ensure internal stakeholders of the Company are aware of statutory requirements and maintain required evidences to demonstrate that due care has been taken by your Company to ensure compliance.

#### Non-Compliance with Immigration Laws

Several important countries where we have operations have either changed or contemplating of changing the visa rules which poses the risk of increasing the cost of operations. While some of the countries are yet to formally announce the changed rules, your Company has put in place several measures such as local campus hiring, offshoring of onsite work and rework rate cards where possible with clients to reduce the impact on the margins.

The industry has seen increased scrutiny by various governments for non-compliance of Immigration laws and have levied penalties on deviant companies. Your Company is equipped with the expertise to handle the complex immigration laws of different countries it operates and has processes to ensure compliance. In addition to a specialist internal team, your Company has enlisted external consultants, wherever necessary, to ensure proper compliance with these laws. Periodic immigration compliance reviews, training and awareness programs are facilitated to ensure compliance to immigration requirements.

#### Intellectual Property Violation

Intellectual Property is one of the factors that has a multiplier effect in a Company's valuation. On the other hand, infringement of trademarks and copyrights can lead to severe penalties. The geographies your Company works in and the clients your Company serves give a lot of importance to protection of intellectual property. Any violation in this space will negatively impact your Company's reputation, brand image and expose it to legal liabilities. Your Company has put in place mechanisms to detect and mitigate any probable or inadvertent breach of intellectual property. To ensure this your Company has implemented technology based solution and has taken several steps to hone the awareness level of the employees on this front to ensure that the Company's IP is well guarded. Mandatory trainings, knowledge sharing sessions and discussions on best practices are conducted to ensure that this risk is well mitigated.



To the Members of Mphasis Limited

#### Report on the Consolidated Ind AS Financial Statements

We have audited the accompanying consolidated Ind AS financial statements of Mphasis Limited (hereinafter referred to as "the Holding Company"), its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), comprising of the consolidated Balance Sheet as at 31 March 2017, the consolidated Statement of Profit and Loss including other comprehensive income, the consolidated Cash Flow Statement, the consolidated Statement of Changes in Equity for the year then ended and a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated Ind AS financial statements").

#### Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated Ind AS financial statements in terms of the requirement of the Companies Act, 2013 ("the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated statement of changes in equity of the Group in accordance with accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the Companies (Indian Accounting Standards) Rules, 2015, as amended. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, 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, which have been used for the purpose of preparation of the consolidated Ind AS financial statements by the Directors of the Holding Company, as aforesaid.

#### Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated Ind AS financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. 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 consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated Ind AS financial statements that give a true and fair view 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 the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the consolidated Ind AS financial statements.

#### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated Ind AS 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 of the consolidated state of affairs of the Group as at 31 March 2017, their consolidated profit including other comprehensive income, their consolidated cash flows and consolidated statement of changes in equity for the year ended on that date.

#### Report on Other Legal and Regulatory Requirements

As required by section 143 (3) of the Act, we report, to the extent applicable, that:

(a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid consolidated Ind AS financial statements;



- (b) In our opinion proper books of account as required by law relating to preparation of the aforesaid consolidation of the financial statements have been kept so far as it appears from our examination of those books;
- (c) The consolidated Balance Sheet, consolidated Statement of Profit and Loss including the Statement of Other Comprehensive Income, the consolidated Cash Flow Statement and consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the consolidated Ind AS financial statements;
- (d) In our opinion, the aforesaid consolidated Ind AS financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and Companies (Indian Accounting Standards) Rules, 2015, as amended:
- (e) On the basis of the written representations received from the directors of the Holding Company and subsidiary companies incorporated in India as on 31 March 2017 taken on record by the Board of Directors of the Holding Company and of its subsidiaries respectively, none of the directors of the Group's companies incorporated in India is disqualified as on 31 March 2017 from being appointed as a director in terms of Section 164(2) of the Act
- (f) With respect to the adequacy and the operating effectiveness of the internal financial controls over financial reporting of the Holding Company and its subsidiary companies, incorporated in India, refer to our separate report in "Annexure 1" to this report;
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - The consolidated Ind AS financial statements disclose the impact of pending litigations on its consolidated financial position of the Group – Refer Note 38 and 53 to the consolidated Ind AS financial statements;
  - ii. Provision has been made in the consolidated Ind AS financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts Refer Note 23 to the consolidated Ind AS financial statements in respect of such items as it relates to the Group;
  - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company, its subsidiaries, incorporated in India during the year ended 31 March 2017; and
  - iv. The Holding Company and subsidiaries, incorporated in India, have provided requisite disclosures in Note 14 to these consolidated Ind AS financial statements as to the holding of Specified Bank Notes on 8 November 2016 and 30 December 2016 as well as dealings in Specified Bank Notes during the period from 8 November 2016 to 30 December 2016. Based on our audit procedures and relying on the management representation of the Holding Company regarding the holding and nature of cash transactions, including Specified Bank Notes, we report that these disclosures are in accordance with the books of accounts maintained by the Group and as produced to us by the Management of the Holding Company.

For S.R. Batliboi & Associates LLP Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004

per Adarsh Ranka Partner

Membership Number: 209567

Place: Bengaluru Date: 25 May 2017



Annexure 1 to the Independent Auditor's Report of even date on the consolidated financial statements of Mphasis Limited Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

To the Members of Mphasis Limited

In conjunction with our audit of the consolidated financial statements of Mphasis Limited as of and for the year ended 31 March 2017, we have audited the internal financial controls over financial reporting of Mphasis Limited (hereinafter referred to as the "Holding Company") and its subsidiary companies, which are companies incorporated in India, as of that date.

#### Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Holding Company and its subsidiary companies which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, both, issued by Institute of Chartered Accountants of India, and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting.

#### Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.



#### Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

#### **Opinion**

In our opinion, the Holding Company and its subsidiary companies, which are companies incorporated in India, have, maintained in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2017, based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For S.R. Batliboi & Associates LLP Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004

per Adarsh Ranka

Partner

Membership Number: 209567

Place: Bengaluru Date: 25 May 2017



### CONSOLIDATED FINANCIAL STATEMENTS CONSOLIDATED BALANCE SHEET

				(₹ millions)
	Notes	31 March 2017	31 March 2016	1 April 2015
ASSETS				
Non-current assets				
Property, Plant and Equipment	3	1,040.84	891.75	1,166.03
Capital work-in-progress		7.24	-	-
Goodwill	4	14,068.99	14,513.89	13,718.30
Other Intangible assets	5	1,192.65	563.30	1,105.02
Intangible assets under development	6	3.53	555.86	204.28
Financial assets				
Investments	7	1,255.17	3,850.01	2,608.27
Trade receivables	8	31.32	40.41	53.82
Loans and advances	9	1,110.59	984.25	861.84
Other financial assets	10	110.79	109.85	0.85
Deferred tax assets (Net)	27	3,527.06	4,335.72	4,510.90
Income tax assets (Net)	27	4,352.88	3,502.70	2,999.96
Other non-current assets	11	1,977.80	2,563.13	2,572.67
Sub total		28,678.86	31,910.87	29,801.94
Current assets				
Inventories	12	-	40.99	-
Financial assets				
Investments	13	22,701.28	17,372.91	12,036.49
Trade receivables	8	6,278.71	6,489.28	6,252.02
Cash and cash equivalents	14.a	6,132.66	3,926.03	4,043.49
Bank balances other than cash and cash equivalents	14.b	11.46	4,646.05	9,183.14
Loans and advances	9	707.00	854.08	942.38
Other financial assets	10	5,965.91	6,377.76	5,538.00
Other current assets	11	2,695.01	2,550.44	2,202.54
Sub total		44,492.03	42,257.54	40,198.06
TOTAL ASSETS		73,170.89	74,168.41	70,000.00



### CONSOLIDATED FINANCIAL STATEMENTS CONSOLIDATED BALANCE SHEET

				(₹ millions)
	Notes	31 March 2017	31 March 2016	1 April 2015
EQUITY AND LIABILITIES				
Equity				
Equity share capital	15	2,104.24	2,101.94	2,101.48
Other equity				
Securities premium	16	1,654.10	1,572.36	1,556.84
General reserve	17	6,596.04	5,965.38	5,497.21
Retained earnings	18	45,835.25	43,625.45	41,873.10
Other reserves	19	5,334.43	5,285.17	4,167.09
Total equity		61,524.06	58,550.30	55,195.72
LIABILITIES				
Non-current liabilities				
Financial liabilities				
Borrowings	20	-	1,788.89	3,093.75
Other financial liabilities	21	11.03	11.61	26.09
Net employee defined benefit liabilities	22	543.53	611.01	539.78
Provisions	23	-	144.25	-
Deferred tax liabilities (Net)	27	158.30	88.81	-
Other non-current liabilities	24	48.02	33.89	41.29
Sub total		760.88	2,678.46	3,700.91
Current liabilities				
Financial liabilities				
Borrowings	25	2,601.60	1,325.10	1,250.00
Trade payables	26	3,878.22	4,477.11	4,015.57
Other financial liabilities	21	1,600.76	4,211.73	3,951.05
Net employee defined benefit liabilities	22	783.98	688.78	533.61
Provisions	23	373.20	618.52	48.03
Other current liabilities	24	997.39	1,257.03	929.34
Income tax liabilities (Net)	27	650.80	361.38	375.77
Sub total		10,885.95	12,939.65	11,103.37
TOTAL EQUITY AND LIABILITIES		73,170.89	74,168.41	70,000.00
Summary of significant accounting policies	2			

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

As per our report of even date.

#### For S.R. BATLIBOI & ASSOCIATES LLP

Chartered Accountants

ICAI Firm registration number:101049W/E300004

#### per Adarsh Ranka

Partner

Bengaluru

25 May 2017

Membership No. 209567

For and on behalf of the Board of Directors

Nitin Rakesh Chief Executive Officer

#### V. Suryanarayanan

Executive Vice President & Chief Financial Officer

Bengaluru 25 May 2017

#### Davinder Singh Brar

Chairman

#### A. Sivaram Nair

Executive Vice President, Company Secretary General Counsel & Ethics Officer



### CONSOLIDATED FINANCIAL STATEMENTS CONSOLIDATED STATEMENT OF PROFIT AND LOSS

(₹ millions)

			(₹ millions)
	Notes	Year ended 31 March 2017	Year ended 31 March 2016
Income			
Revenue from operations	28	60,763.57	60,807.81
Other income	29	2,386.06	1,913.21
Total Income (I)		63,149.63	62,721.02
Expenses			
Purchase of stock-in-trade	30	0.24	421.57
Changes in inventories of stock-in-trade	30.1	40.99	(40.99)
Employee benefits expense	31	37,095.61	37,304.94
Finance costs	32	138.75	241.64
Depreciation and amortization expense	33	791.49	1,210.78
Other expenses	34	13,938.77	14,135.53
Total expenses (II)		52,005.85	53,273.47
Profit before exceptional item and tax (III) [(I)-(II)]		11,143.78	9,447.55
Exceptional item (net of tax) (IV)	35	151.68	548.29
Profit before tax (III)-(IV)		10,992.10	8,899.26
Tax expenses	27		
Current tax		2,861.11	2,174.21
Deferred tax		215.23	409.98
Total tax expenses		3,076.34	2,584.19
Profit for the year before exceptional item		8,067.44	6,863.36
Profit for the year after exceptional item (A)		7,915.76	6,315.07
Other comprehensive income ('OCI')			
OCI to be reclassified to profit or loss in subsequent periods			
Exchange differences on translation of foreign operations		(641.65)	1,007.08
Net change in fair value of derivatives designated as cash flow hedges		784.54	119.16
Income tax effect on cash flow hedges		(271.51)	(41.24)
Net OCI to be reclassified to profit or loss in subsequent period (B)		(128.62)	1,085.00
OCI not to be reclassified to profit or loss in subsequent periods			
Re-measurement gains / (losses) on defined benefit plans		(34.02)	(94.31)
Income tax effect on the above		11.77	32.64
Net OCI not to be reclassified to profit or loss in subsequent periods (C)		(22.25)	(61.67)
Total OCI for the year, net of tax (D) [B+C]		(150.87)	1,023.33
Total comprehensive income for the year (A+D)		7,764.89	7,338.40



### CONSOLIDATED FINANCIAL STATEMENTS CONSOLIDATED STATEMENT OF PROFIT AND LOSS

(₹ millions)

			•
	Notes	Year ended 31 March 2017	Year ended 31 March 2016
Profit for the year attributable to:			
Equity owners of the Company		7,915.76	6,315.07
Non-controlling interests		-	-
		7,915.76	6,315.07
Total comprehensive income for the year attributable to:			
Equity owners of the Company		7,764.89	7,338.40
Non-controlling interests		-	-
		7,764.89	7,338.40
Earnings per equity share before exceptional item (par value ₹ 10 per share)	36		
Basic (₹)		38.41	32.71
Diluted (₹)		38.35	32.65
Earnings per equity share after exceptional item (par value ₹ 10 per share)	36		
Basic (₹)		37.69	30.09
Diluted (₹)		37.63	30.04

Summary of significant accounting policies

2

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

As per our report of even date.

Chartered Accountants

ICAI Firm registration number:101049W/E300004

For and on behalf of the Board of Directors

per Adarsh Ranka

Partner

Bengaluru

25 May 2017

Membership No. 209567

Nitin Rakesh

Chief Executive Officer

V. Suryanarayanan

Executive Vice President & Chief Financial Officer

Bengaluru 25 May 2017 Davinder Singh Brar

Chairman

A. Sivaram Nair

Executive Vice President, Company Secretary

General Counsel & Ethics Officer



### CONSOLIDATED FINANCIAL STATEMENTS CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

#### a. Equity share capital

Equity shares of ₹ 10 each issued, subscribed and fully paid	No. in millions	₹ millions
As at 1 April 2016	210.19	2,101.94
Issue of share capital	0.23	2.30
As at 31 March 2017	210.42	2,104.24
As at 1 April 2015	210.14	2,101.48
Issue of share capital	0.05	0.46
As at 31 March 2016	210.19	2,101.94

b. Other equity (₹ millions)

Attributable to the equity holders of the Company										
		Reserves and surplus					Items of OCI			
	Securities Premium	General reserve	Retained earnings	Capital reserve	Capital redemption reserve	Share based pay- ments	Treasury shares	Hedging reserve	Foreign currency transla- tion reserve	Total
As at 1 April 2016	1,572.36	5,965.38	43,625.45	361.39	4.75	170.43	(158.29)	248.64	4,658.25	56,448.36
Profit for the year	-	-	7,915.76	-	-	-	-	-	-	7,915.76
Other Comprehensive Income	-	-	(22.25)	-	-	-	-	513.03	(641.65)	(150.87)
Equity dividend and DDT	-	-	(5,058.70)	-	-	-	-	-	-	(5,058.70)
General Reserve	-	625.01	(625.01)	-	-	-	-	-	-	-
Effect of share based payments	81.74	5.65	-	-	_	20.04	157.84	-	-	265.27
As at 31 March 2017	1,654.10	6,596.04	45,835.25	361.39	4.75	190.47	(0.45)	761.67	4,016.60	59,419.82
As at 1 April 2015	1,556.84	5,497.21	41,873.10	361.39	4.75	106.74	(127.68)	170.72	3,651.17	53,094.24
Profit for the year	-	-	6,315.07	-	-	-	-	-	-	6,315.07
Other Comprehensive Income	-	-	(61.67)	-	-	-	-	77.92	1,007.08	1,023.33
Equity dividend and DDT	-	-	(4,042.69)	-	-	-	-	-	-	(4,042.69)
General Reserve	-	458.36	(458.36)	-	-	-	-	-	-	-
Effect of share based payments	15.52	9.81	-	-	-	63.69	(30.61)	-	-	58.41
As at 31 March 2016	1,572.36	5,965.38	43,625.45	361.39	4.75	170.43	(158.29)	248.64	4,658.25	56,448.36

Summary of significant accounting policies. (Note 2)

As per our report of even date.

For S.R. BATLIBOI & ASSOCIATES LLP

For and on behalf of the Board of Directors

Chartered Accountants

ICAI Firm registration number:101049W/E300004

per Adarsh Ranka

Partner

Membership No. 209567

Nitin Rakesh

Chief Executive Officer

Davinder Singh Brar

Chairman

V. Suryanarayanan

Executive Vice President & Chief Financial Officer

Bengaluru 25 May 2017 A. Sivaram Nair

Executive Vice President, Company Secretary General Counsel & Ethics Officer

Bengaluru 25 May 2017



### CONSOLIDATED FINANCIAL STATEMENTS CONSOLIDATED STATEMENT OF CASH FLOWS

(₹ millions)

		(< millions)
	Year ended 31 March 2017	Year ended
One washing posticistics	31 Warch 2017	31 March 2016
Operating activities	11 140 70	0 447 55
Profit before exceptional item and tax	11,143.78	9,447.55
Adjustment to reconcile profit before tax to net cash flows:	440.40	F70.00
Depreciation of Property, Plant and Equipment	413.19	578.99
Amortization of intangible assets	379.03	660.41
Amortisation of rent equalisation	499.40	(299.12)
Profit on sale of Property, Plant and Equipment	(29.29)	(6.77)
Fair value changes in financial instruments	(397.66)	108.47
Amortized cost of deposits	(0.94)	2.49
Share-based payment expense	137.65	94.53
Provision for bad and doubtful debts	1.66	26.57
Impairment of goodwill	-	7.70
Interest expenses (excluding exchange difference considered as adjustment to borrowing cost)	131.00	194.65
Interest income (excluding fair value changes)	(438.04)	(646.97)
Dividend income	(388.70)	(764.62)
Profit on sale of investments	(757.71)	(298.32)
Purchase of treasury shares	-	(73.49)
Receipts on exercise of options	49.77	36.91
Effect of exchange rate changes (gain) / loss	(140.03)	166.22
Operating profit before working capital changes	10,603.11	9,235.20
Working capital changes		
(Increase) / decrease in trade receivables	165.77	16.16
(Increase) / decrease in loans and advances	91.40	160.01
(Increase) / decrease in other financial assets	1,142.57	(586.58)
(Increase) / decrease in inventories	40.99	(40.99)
(Increase) / decrease in other assets	(268.68)	149.16
Increase / (decrease) in trade payables	(601.09)	372.39
Increase / (decrease) in other financial liabilities	(1,051.22)	82.11
Increase / (decrease) in provisions and Net employee defined benefit liabilities	(347.79)	46.94
Increase / (decrease) in other liabilities	(217.42)	324.27
Total working capital changes	(1,045.47)	523.47
Income tax paid (net of refunds)	(2,902.64)	(2,344.89)
Net cash flow from operating activities before exceptional item	6,655.00	7,413.78
Accelerated cost due to change in control / Restructuring expenses paid	(13.95)	(105.69)
Net cash flow from operating activities after exceptional item (A)	6,641.05	7,308.09

01010101010101010101010



### CONSOLIDATED FINANCIAL STATEMENTS CONSOLIDATED STATEMENT OF CASH FLOWS

(₹ millions)

		(< 1111110115)
	Year ended 31 March 2017	Year ended 31 March 2016
Investing activities		
Purchase of Property, Plant and Equipment	(1,181.00)	(1,273.77)
Proceeds from sale of Property, Plant and Equipment	31.31	52.02
Purchase of investments	(1,88,089.73)	(1,42,925.94)
Sale of investments	1,86,828.44	1,37,302.21
Interest received	384.61	665.84
Dividends received	388.70	764.62
Re-investment of dividend	(316.86)	(764.58)
Investments in bank deposits	(131.41)	(4,736.58)
Redemption / maturity of bank deposits	4,765.06	9,164.67
Proceeds from sale of domestic BPO business	-	167.86
Net cash flow from / (used in) investing activities (B)	2,679.12	(1,583.65)
Financing activities		
Proceeds from issue of share capital	2.30	0.46
Proceeds of premium from issue of share capital	0.24	0.46
Repayment of secured loan	(3,284.99)	(1,474.96)
Availment of secured loans	2,646.20	-
Availment / (payment) of capital lease obligation	(2.89)	0.16
Repayment of unsecured loans	(2,216.47)	(3,929.33)
Availment of unsecured loans	881.66	3,943.60
Interest paid	(71.32)	(176.59)
Dividends paid (including tax on dividend)	(5,054.90)	(4,041.95)
Net cash flow used in financing activities (C)	(7,100.17)	(5,678.15)
Net increase/(decrease) in cash and cash equivalents (A+B+C)	2,220.00	46.29
Effect of exchange rate changes	(13.37)	(163.75)
Cash and cash equivalents at the beginning of the year	3,926.03	4,043.49
Cash and cash equivalents at the end of the year	6,132.66	3,926.03

As per our report of even date.

For S.R. BATLIBOI & ASSOCIATES LLP

Chartered Accountants

ICAI Firm registration number:101049W/E300004

per Adarsh Ranka

Partner

Membership No. 209567

For and on behalf of the Board of Directors

Nitin Rakesh

Chief Executive Officer

Davinder Singh Brar

Chairman

V. Suryanarayanan

Executive Vice President & Chief Financial Officer

Bengaluru 25 May 2017 A. Sivaram Nair

Executive Vice President, Company Secretary General Counsel & Ethics Officer

Bengaluru 25 May 2017



### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 1. CORPORATE INFORMATION

The consolidated financial statements comprise financial statements of Mphasis Limited and its subsidiaries for the year ended 31 March 2017. The Company is a public company domiciled in India and is incorporated under the provisions of the Companies Act applicable in India. The shares of the Company are listed on two recognised stock exchanges in India. The registered office of the Company is located in Bengaluru, India.

Mphasis Group, a global, multicultural organisation headquartered in Bengaluru, India, specialises in providing a suite of application development and maintenance services, infrastructure outsourcing services and business & knowledge process outsourcing solutions to clients around the world.

The consolidated financial statements for the year ended 31 March 2017 are approved by the Board of Directors on 25 May 2017.

## List of subsidiaries with percentage holding

% of holding

Subsidiaries	liaries Country of Parent incorporation		31 March 2017	31 March 2016
Mphasis Corporation	USA	Mphasis Limited	100	100
Mphasis Deutschland GmbH	Germany	Mphasis Limited	91	91
Mphasis Australia Pty Limited	Australia	Mphasis Limited	100	100
Mphasis (Shanghai) Software & Services			100	100
Company Limited ('Mphasis Shanghai')	China	Mphasis Limited		
Mphasis Consulting Limited	United Kingdom	Mphasis Limited	100	100
Mphasis Ireland Limited	Ireland	Mphasis Limited	100	100
Mphasis Belgium BVBA	Belgium	Mphasis Limited	100	100
Mphasis Lanka (Private) Limited [refer note 1 (a)]	Sri Lanka	Mphasis Limited	100	100
Mphasis Poland s.p.z.o.o.	Poland	Mphasis Limited	100	100
PT. Mphasis Indonesia	Indonesia	Mphasis Limited	100	100
Mphasis Europe BV	The Netherlands	Mphasis Corporation	100	100
Mphasis Infrastructure Services Inc.	USA	Mphasis Corporation	100	100
Mphasis Pte Limited	Singapore	Mphasis Europe BV	100	100
Mphasis UK Limited	United Kingdom	Mphasis Europe BV	100	100
Mphasis Software and Services (India)			100	100
Private Limited	India	Mphasis Europe BV		
Msource Mauritius Inc.	Mauritius	Mphasis Europe BV	100	100
Mphasis Wyde Inc.	USA	Mphasis UK Limited	100	100
Mphasis Philippines Inc.	Philippines	Mphasis Pte Limited	100	100
Msource (India) Private Limited	India	Msource Mauritius Inc.	100	100
Wyde Corporation Inc. *	USA	Mphasis Wyde Inc.	100	100
Mphasis Wyde SASU *	France	Wyde Corporation Inc.	100	100
Wyde Solutions Canada Inc. *	Canada	Wyde Corporation Inc.	100	100
Digital Risk, LLC. **	USA	Mphasis Wyde Inc.	100	100
Digital Risk Mortgage Services, LLC. **	USA	Digital Risk, LLC.	100	100
Digital Risk Compliance Services, LLC. **	USA	Digital Risk, LLC.	100	100
Digital Risk Analytics, LLC. **	USA	Digital Risk, LLC.	100	100
Investor Services, LLC. **	USA	Digital Risk, LLC.	100	100
Digital Risk Valuation Services, LLC. **	USA	Digital Risk, LLC.	100	100
Digital Risk Europe, OOD. [refer note 1 (b)] **	Bulgaria	Digital Risk, LLC.	100	100

<sup>\*</sup> Forms part of Wyde group.

All the above subsidiaries are under the same management.

<sup>\*\*</sup> Forms part of Digital Risk group.



The principal activities of the above subsidiaries includes providing Information Technology and Information Technology Enabled Services, except for Digital Risk group and Wyde group which provides Mortgage services and Development of software solution for insurance respectively.

Mphasis Limited is the sponsoring entity of Employee Stock Option Plan ('ESOP') trusts. Management of the Company can appoint and remove the trustees and provide funding to the trust for buying the shares. Basis assessment by the management, it believes that the ESOP trusts are designed to be controlled by the Company and therefore it needs to be consolidated under Ind AS 110.

#### List of Trusts that are consolidated

- Mphasis Employees Benefit Trust.
- Mphasis Employees Equity Reward Trust.
- a) On 22 July 2013 the Board of Directors of Mphasis Lanka (Private) Limited, a wholly owned subsidiary of Mphasis Limited, resolved to close down its operations.
- b) On 31 March 2017 the management of Digital Risk LLC resolved to close the operations of Digital Risk Europe, OOD.
- c) Wyde Tunisie SARL has been liquidated effective 10 June 2015.

#### Abbreviations

Indian Accounting Standards - ('Ind AS')

Employee Stock Option Plan - ('ESOP')

Restricted Stock Units - ('RSU')

Other Comprehensive Income - ('OCI')

Fair Value through Profit and Loss - ('FVTPL')

Fair Value Through Other Comprehensive Income - ('FVTOCI')

Dividend Distribution Tax ('DDT')

### 2. SIGNIFICANT ACCOUNTING POLICIES

# Basis of preparation

In accordance with the notification issued by the Ministry of Corporate Affairs, Mphasis Limited ('the Company') and its subsidiaries, collectively referred to as 'the Mphasis Group' or 'the Group' has adopted Indian Accounting Standards (referred to as "Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) amendment Rules 2016, as amended with effect from 1 April 2016. The consolidated financial statements of the Group, have been prepared and presented in accordance with Ind AS. Previous year numbers in the consolidated financial statements have been restated to Ind AS. In accordance with Ind AS 101 First-time Adoption of Indian Accounting Standards, the Group has presented a reconciliation from the presentation of consolidated financial statements under Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 ("Previous GAAP") to Ind AS of Shareholders' equity as at 31 March 2016 and 1 April 2015 and of the comprehensive net income for the year ended 31 March 2016. (refer note 54 for reconciliations and effects of transition).

The consolidated financial statements have been prepared on a historical cost basis, except for the following assets and liabilities which have been measured at fair value.

- Derivative financial instruments
- Certain financial assets measured at fair value (refer accounting policy regarding financial instruments).

In addition, the carrying values of recognised assets and liabilities designated as hedged items are fair value hedges that would otherwise be carried at amortised cost are adjusted to record changes in the fair values attributable to the risks that are being hedged in effective hedge relationships. The consolidated financial statements are presented in INR ('₹') and all the values are rounded off to the nearest million (INR 000,000) except when otherwise indicated.



### Basis of consolidation

The Group consolidates entities which it owns or controls. The consolidated financial statements comprise the financial statements of the Company, its controlled trusts and its subsidiaries as disclosed in Note 1. Control exists when the parent has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns.

Entities are consolidated from the date control commences until the date control ceases. The Group re-assesses whether or not it controls an entity if facts and circumstances indicate that there are changes to one or more of the three elements of control.

The consolidated financial statements of the parent Company and subsidiaries have been combined on a line-by-line basis and intra group balances and transactions including unrealised gain / loss from such transactions are eliminated upon consolidation. The amounts shown in respect of reserves comprise the amount of the relevant reserves as per the balance sheet of the parent Company and its share in the post-acquisition increase in the relevant reserves of subsidiaries. Changes in the Company's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amount of the Company's interests and the noncontrolling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

Consolidated financial statements are prepared using uniform accounting policies across the Group. The financial statements of all entities used for the purpose of consolidation are drawn up to same reporting date.

#### **Business Combinations and goodwill**

The Group accounts for its business combinations under acquisition method of accounting. Acquisition related costs are recognized in the statement of profit and loss as incurred. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the condition for recognition are recognized at their fair values at the acquisition date.

Purchase consideration paid in excess of the fair value of net assets acquired is recognized as goodwill. Where the fair value of identifiable assets and liabilities exceed the cost of acquisition, after reassessing the fair values of the net assets and contingent liabilities, the excess is recognized as capital reserve.

Business combinations arising from transfers of interests in entities that are under the common control are accounted at pooling of interest method. The difference between any consideration given and the aggregate historical carrying amounts of assets and liabilities of the acquired entity are recorded in shareholders' equity.

Goodwill is initially measured at cost and subsequently measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cashgenerating units that are expected to benefit from the combination.

# Use of estimates, assumptions and judgements

The preparation of the consolidated financial statements in conformity with Ind AS requires the management to make estimates, judgements and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities on the date of the consolidated financial statements and the reported amounts of revenues and expenses for the year reported. Actual results could differ from those estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimates are revised and future periods are affected.

Key source of estimation of uncertainty as at the date of consolidated financial statements, which may cause a material adjustment to the carrying amounts of assets and liabilities within the next financial year, is in respect of the following:

# Revenue recognition

The Group uses the percentage-of-completion method in accounting for its fixed-price contracts. Use of the percentage-of completion method requires the Group to estimate the efforts or costs expended to date as a proportion of the total efforts or costs to be expended. Efforts or costs expended have been used to measure progress towards completion as there is a direct relationship between input and productivity. Provisions for estimated losses, if any, on uncompleted contracts are recorded in the year in which such losses become probable based on the expected contract estimates at the reporting date.



#### Business combinations and intangible assets

Business combinations are accounted for using Ind AS 103, Business Combinations. Ind AS 103 requires the identifiable intangible assets and contingent consideration to be fair valued in order to ascertain the net fair value of identifiable assets, liabilities and contingent liabilities of the acquiree. Significant estimates are required to be made in determining the value of contingent consideration and intangible assets. These valuations are conducted by valuation experts (refer note 54).

#### Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a DCF model. The cash flows are derived from the budget for future years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. These estimates are most relevant to goodwill and other intangibles with indefinite useful lives recognized by the Group. The key assumptions used to determine the recoverable amount for the different CGUs, are disclosed and further explained in note 4.

### Share-based payments

Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in note 19.

#### Taxes

The Group's two major tax jurisdictions are India and the U.S., though the Group also files tax returns in other foreign jurisdictions. Significant judgments are involved in determining the provision for income taxes, tax credits including the amount expected to be paid or refunded. Refer to Note 27.

Deferred tax assets are recognized for unused tax losses to the extent that it is probable that future taxable profit will be available against which the losses can be utilized. Significant management judgement is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

### Defined benefit plans

The cost of the defined benefit gratuity plan and other post-employment benefits and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date (refer note 44).

The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds in currencies consistent with the currencies of the postemployment benefit obligation.

The mortality rate is based on publicly available mortality tables. These mortality tables tend to change only at interval in response to demographic changes. Future salary increases and gratuity increases are based on expected future inflation rates.

# • Fair Value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using internal valuation techniques. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.



## • Intangible assets under development

The Group capitalizes intangible asset under development for a project in accordance with the accounting policy. Initial capitalization of costs is based on management's judgement that technological and economic feasibility is confirmed, usually when a product development project has reached a defined milestone according to an established project management model. In determining the amounts to be capitalized, management makes assumptions regarding the expected future cash generation of the project, discount rates to be applied and the expected year of benefits.

#### Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment.

Sales tax / Value Added Tax (VAT) / Service Tax is not received by the Group on its own account. Rather, it is tax collected on value added to the commodity / service rendered by the seller on behalf of the government. Accordingly, it is excluded from revenue.

The Group derives its revenues primarily from software services & projects, call centre and business & knowledge process outsourcing operations, infrastructure outsourcing services, licensing arrangement, application services and trading of goods.

Revenues from software services & projects comprise income from time-and-material and fixed price contracts. Revenue from time and material contracts is recognized when the services are rendered in accordance with the terms of contracts with clients. Revenue from fixed price contracts is recognized using the percentage-of-completion method, calculated as the proportion of the cost of effort incurred up to the reporting date to estimated cost of total effort.

Revenues from call centre and business & knowledge process outsourcing operations arise from both time-based and unit-priced client contracts. Such revenue is recognized when the services are rendered in accordance with the terms of the contracts with clients.

Revenues from infrastructure outsourcing services arise from time based, unit-priced and fixed price contracts. Revenue from time based and unit-priced is recognized when the services are rendered in accordance with the terms of the contracts with clients. Revenue from fixed price contracts is recognized using the percentage-of-completion method, calculated as the proportion of the cost of effort incurred up to the reporting date to estimated cost of total effort.

License fee revenues are recognised when the general revenue recognition criteria is met. Revenue from bundled contracts is allocated separately for each element based on their fair values. Maintenance revenue is recognized rateably over the period of underlying maintenance agreements.

Revenue from sale of services is shown as net of applicable discounts and pricing incentives to customer.

Revenues from sale of goods is recognized on transfer of significant risks and rewards where it is probable that economic benefits will flow to the Company and there is neither continuing managerial involvement nor effective control over the goods sold.

Revenue is recognised only when evidence of an arrangement is obtained and the other criteria to support revenue recognition are met, including the price is fixed or determinable, services have been rendered, the cost incurred and cost to complete the transaction can be measured reliably and collectability of the resulting receivables is probable.

Provisions for estimated losses on incomplete contracts are recorded in the year in which such losses become probable based on the current contract estimates. Unbilled revenue represent revenues in excess of amounts billed to clients as at the balance sheet date. Unearned revenue represent billings in excess of revenues recognized.

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

Interest income is recognized as it accrues in the statement of profit and loss using effective interest rate method.

Dividend income is recognized when the right to receive the dividend is established.



## Property, Plant and Equipment and Intangible assets

Property, plant and equipment are stated at the cost of acquisition or construction less accumulated depreciation and write down for, impairment if any. Direct costs are capitalised until the assets are ready to be put to use. When significant parts of plant and equipment are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives. All other repair and maintenance costs are recognised in the statement of profit and loss as incurred. Property, plant and equipment purchased in foreign currency are recorded at cost, based on the exchange rate on the date of purchase.

The Group identifies and determines cost of each component/ part of Property, plant and equipment separately, if the component/ part has a cost which is significant to the total cost of the Property, plant and equipment and has useful life that is materially different from that of the remaining asset.

Intangible assets purchased or acquired in business combination, are measured at cost or fair value as of the date of acquisition, as applicable, less accumulated amortisation and accumulated impairment, if any. The amortization period and the amortization method are reviewed at least at each financial year end. Internally developed intangible assets are stated at cost that can be measured reliably during the development phase and capitalised when it is probable that future economic benefits that are attributable to the assets will flow to the Group.

Gains or losses arising from derecognition of Property, plant and equipment are measured as the difference between the net disposal proceeds and the carrying amount of Property, plant and equipment and are recognized in the statement of profit and loss when the Property, plant and equipment is derecognized.

Cost of assets not ready for use at the balance sheet date are disclosed under capital work-in-progress.

#### Depreciation and amortization

Depreciation on Property, plant and equipment is calculated on a straight-line basis using the rates arrived at, based on the useful lives estimated by the management. Intangible assets are amortised on a straight line basis over the estimated useful economic life. The useful lives estimated by the management are given below:

(In years)

Asset	Useful life as per Companies Act, 2013	Useful life estimated by the management
Computer equipment	3	3
Furniture and fixtures	10	5
Lease hold improvements	Not applicable	10 or remaining primary lease term whichever is less
Office equipment	5	5
Plant and equipment	15	7
Server and networks	6	6
Customer relationship / License / Technology	As per Ind AS 38	2 to 4
Purchased software / Internally developed for self-consumption	As per Ind AS 38	Useful life of the asset
Internally developed software for sale	As per Ind AS 38	Useful life of the asset
Vehicles	8	5

In respect of plant and equipment, furniture and fixtures and vehicles, the management, basis internal assessment of usage pattern believes that the useful lives as mentioned above best represent the period over which management expects to use these assets. Hence the useful lives in respect of these assets are different from the useful lives as prescribed under Part C of Schedule II of the Companies Act 2013.

Project specific assets are depreciated over the period of contract or useful life of the asset, whichever is lower.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss when the asset is derecognised.



The residual values, useful lives and methods of depreciation of property, plant and equipment and intangible assets are reviewed at each financial year end and adjusted prospectively, if appropriate.

#### Leases

#### Group as a lessee

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

Leases, where the lessor effectively retains substantially all the risks and benefits of ownership of the leased items, are classified as operating leases. Operating lease payments are recognised on a straight line basis over the lease term, unless the lease agreement explicitly states that increase is on account of inflation in the statement of profit and loss.

Leases under which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Such assets acquired are capitalised at the fair value of the leased asset or the present value of the minimum lease payments at the inception of the lease, whichever is lower.

For arrangements entered into prior to 1 April 2015, the Group has determined whether the arrangement contain lease on the basis of facts and circumstances existing on the date of transition.

### **Borrowing costs**

Borrowing cost includes interest, amortization of ancillary costs incurred in connection with the arrangement of borrowings and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the year they occur.

#### Impairment

#### Financial assets (other than at fair value)

The Group assesses at each date of balance sheet whether a financial asset or a group of financial assets is impaired. Ind AS 109 ('Financial instruments') requires expected credit losses to be measured through a loss allowance. The Group recognises lifetime expected losses for all contract assets and / or all trade receivables that do not constitute a financing transaction. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month expected credit losses or at an amount equal to the life time expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. The Group provides for impairment upon the occurrence of the triggering event. As per the policy, Group provides for impairment for trade receivables outstanding more than 180 days from the date they are due for payment.

### Non-financial assets

## Tangible and intangible assets

Property, plant and equipment and intangible assets with finite life are evaluated for recoverability whenever there is any indication that their carrying amounts may not be recoverable. If any such indication exists, the recoverable amount (i.e. higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the cash generating unit ('CGU') to which the asset belongs.

If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. An impairment loss is recognised in the statement of profit and loss.

#### Goodwill

The Group estimates the value in use of CGU's based on the future cash flows after considering current economic conditions and trends, estimated future operating results and growth rate and estimated future economic and regulatory conditions. The estimated cash flows were developed using internal forecasts. The discount rates used for the CGU's represents the weighted average cost of capital based on the historical market return of comparable companies.



CGU's to which goodwill has been allocated are tested for impairment annually as at 31 March or more frequently when there is indication for impairment. If the recoverable amount of a CGU is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit.

#### Financial instruments

Financial assets and liabilities are recognised when the Group becomes a party to the contract that gives rise to financial assets and liabilities. Financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value measured on initial recognition of financial asset or financial liability.

### Cash and cash equivalents

The Group considers all highly liquid financial instruments, which are readily convertible into known amounts of cash that are subject to an insignificant risk of change in value and having original maturities of three months or less from the date of purchase, to be cash equivalents. Cash and cash equivalents consist of balances with banks which are unrestricted for withdrawal and usage.

#### Financial assets at amortised cost

Financial assets are subsequently measured at amortised cost if these financial assets are held within a business whose objective is to hold these assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

#### Financial assets at fair value through other comprehensive income

Financial assets are measured at fair value through other comprehensive income if these financial assets are held within a business whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

## Financial assets at fair value through profit or loss

Financial assets are measured at fair value through profit or loss unless it is measured at amortised cost or at fair value through other comprehensive income on initial recognition. The transaction costs directly attributable to the acquisition of financial assets at fair value through profit or loss are immediately recognised in statement of profit and loss.

## Financial liabilities

Financial liabilities are subsequently carried at amortized cost using the effective interest method, except for contingent consideration recognized in a business combination which is subsequently measured at fair value through profit or loss. For trade and other payables maturing within one year from the balance sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

### **Derivative financial instruments**

The Group holds derivative financial instruments such as foreign exchange forward contract to mitigate the risk of changes in exchange rates on foreign currency exposures. The counterparty for these contracts is generally a bank.

## Financial assets or financial liabilities, at fair value through statement of profit or loss.

This category has derivative financial assets or liabilities which are not designated as hedges.

Any derivative that is either not designated as a hedge, or is so designated but is ineffective as per Ind AS 109, is categorized as a financial asset or financial liability, at fair value through statement of profit and loss.

Derivatives not designated as hedges are recognized initially at fair value and attributable transaction costs are recognized in net profit in the statement of profit and loss when incurred. Any gains or losses arising from changes in the fair value of deravatives are taken directly to statement of profit and loss.



### Cash flow hedge accounting

The Group designates certain foreign exchange forward contracts as cash flow hedges to mitigate the risk of foreign exchange exposure on highly probable forecast cash transactions. When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognized in other comprehensive income and accumulated in the cash flow hedging reserve. Any ineffective portion of changes in the fair value of the derivative is recognized immediately in the net profit in the statement of profit and loss. If the hedging instrument no longer meets the criteria for hedge accounting, then hedge accounting is discontinued prospectively. If the hedging instrument expires or is sold, terminated or exercised, the cumulative gain or loss on the hedging instrument recognized in cash flow hedging reserve until the period the hedge was effective remains in cash flow hedging reserve until the forecasted transaction occurs. The cumulative gain or loss previously recognized in the cash flow hedging reserve is transferred to the net profit in the statement of profit and loss upon the occurrence of the related forecasted transaction. If the forecasted transaction is no longer expected to occur, then the amount accumulated in cash flow hedging reserve is reclassified to net profit in the statement of profit and loss.

### De-recognition of financial instruments

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for derecognition under Ind AS 109. A financial liability (or a part of a financial liability) is derecognized when the obligation specified in the contract is discharged or cancelled or expires.

#### Fair value of financial instruments

In determining the fair value of its financial instruments, the Group uses following hierarchy and assumptions that are based on market conditions and risks existing at each reporting date.

#### Fair value hierarchy:

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

### Retirement and other employee benefits

Gratuity, which is a defined benefit plan, is accrued based on an independent actuarial valuation, which is done based on project unit credit method as at the balance sheet date. The Group recognizes the net obligation of a defined benefit plan in its balance sheet as an asset or liability. Gains and losses through re-measurements of the net defined benefit liability / (asset) are recognized in other comprehensive income. In accordance with Ind AS, re-measurement gains and losses on defined benefit plans recognised in OCI are not to be subsequently reclassified to statement of profit and loss. As required under Ind AS compliant Schedule III, the Group transfers it immediately to retained earnings.

The cost of short term compensated absences are provided for based on estimates. Long term compensated absence costs are provided for based on actuarial valuation using the project unit credit method. The Group 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.

Contributions payable to recognized provident funds, which are defined contribution schemes, are charged to the statement of profit and loss.

Mphasis Limited has established a Provident Fund Trust to which contributions towards provident fund are made each month. The Provident Fund Trust guarantees a specified rate of return on such contributions on a periodical basis. This being a defined benefit plan, the Company accounts for it, based on actuarial valuation, as per Projected Unit Credit Method, as at the date of Balance Sheet.



### Share based payments

The Group measures compensation cost relating to share-based payments using the fair valuation method in accordance with Ind AS 102, Share-Based Payment. Compensation expense is amortized over the vesting period of the option on a straight line basis. The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model (Black-Scholes valuation model). That cost is recognised, together with a corresponding increase in share-based payment (SBP) reserves in equity, over the period in which the performance and/or service conditions are fulfilled in employee benefits expense. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

### Foreign currencies

The Group's consolidated financial statements are presented in INR, which is also the parent company's functional currency. For each entity the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency.

The functional currency of the Company and its Indian subsidiaries is Indian Rupee whereas the functional currency of foreign subsidiaries is the currency of their countries of domicile. Foreign currency transactions are recorded at exchange rates prevailing on the date of the transaction. Foreign currency denominated monetary assets and liabilities are restated into the functional currency using exchange rates prevailing on the balance sheet date.

Gains and losses arising on settlement and restatement of foreign currency denominated monetary assets and liabilities are included in the statement of profit and loss.

Assets and liabilities of entities with functional currency other than presentation currency have been translated to the presentation currency using exchange rates prevailing on the balance sheet date. Statement of profit and loss have been translated using weighted average exchange rates. Translation adjustments have been reported as foreign currency translation reserve in the statement of changes in equity.

### Income taxes

Income tax expense comprises current tax expense and the net change in the deferred tax asset or liability during the year. Current and deferred tax are recognised in statement of profit and loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity, respectively.

#### Current income tax

Current income tax for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities based on the taxable income for that period. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

### Deferred income tax

Deferred income tax is recognised using the balance sheet approach, deferred tax is recognized on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes, except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

Deferred income tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.



Deferred income taxes are not provided on the undistributed earnings of subsidiaries and branches where it is expected that the earnings of the subsidiary or branch will not be distributed in the foreseeable future.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Deferred tax assets include Minimum Alternative Tax ('MAT') paid in accordance with the tax laws in India, which is likely to give future economic benefits in the form of availability of set off against future income tax liability. Accordingly, MAT is recognized as deferred tax asset in the balance sheet when the asset can be measured reliably and it is probable that the future economic benefit associated with the asset will be realized.

### Provisions and contingent liabilities

A provision is recognized when an enterprise has a present obligation (legal or constructive) as result of past event and it is probable that an outflow of embodying economic benefits of resources will be required to settle a reliably assessable obligation. Provisions are determined based on best estimate required to settle each obligation at each balance sheet date. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Provisions for onerous contracts, i.e. contracts where the expected unavoidable costs of meeting obligations under a contract exceed the economic benefits expected to be received, are recognized 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.

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Group does not recognize a contingent liability but discloses its existence in the consolidated financial statements.

### 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 could be issued on the conversion of all dilutive potential equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless they have been issued at a later date. The diluted potential equity shares have been arrived at, assuming that the proceeds receivable were based on shares having been 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 would, if issued, either reduce future earnings per share or increase loss per share, are included.

### Inventories

Inventory comprises of traded goods and is measured at lower of cost and net realisable value. Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on a weighted average basis. Net realisable value is the estimated selling price in the ordinary course of business, less estimated cost necessary to make the sale.

## Treasury shares

The Company has created an Employee Benefit Trust ('EBT') for providing share-based payment to its employees. The Company uses EBT as a vehicle for distributing shares to employees under the employee remuneration schemes. The EBT buys shares of the company from the market, for giving shares to employees. The Company treats EBT as its extension and shares held by EBT are treated as treasury shares.

Own equity instruments that are reacquired (treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognised in the statement of profit and loss on the purchase, sale, issue or cancellation of the Company's own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognised in reserve. Share options exercised during the reporting period are adjusted against treasury shares.



### Cash dividend to equity holders of the Parent

The Company recognises a liability to make cash distributions to equity holders of the parent when the distribution is authorised and the distribution is no longer at the discretion of the Company. Final equity dividends on shares are recorded as a liability on the date of approval by the shareholders and interim dividends are recorded as a liability on the date of declaration by the Company's Board of Directors.

#### **Government Grants**

The Group recognizes government grants only when there is reasonable assurance that the conditions attached to them shall be complied with, and the grants will be received. Government grants related to assets are treated as deferred income and are recognized in net profit in the statement of profit and loss on a systematic and rational basis over the useful life of the asset. Government grants related to revenue are recognized on a systematic basis in net profit in the statement of profit and loss over the periods necessary to match them with the related costs which they are intended to compensate.

#### Reclassification of financial assets

The Group determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. If the Group reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Group does not restate any previously recognized gains, losses (including impairment gains or losses) or interest.

## Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated balance sheet if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

#### Current vs non-current classification

The Group presents assets and liabilities in the balance sheet based on current / non-current classification.

An asset is treated as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle.
- Held primarily for purpose of trading.
- Expected to be realised within twelve months after the reporting period
- Cash and cash equivalents unless restricted from being exchanged or used to settle a liability for at least twelve months
  after the reporting period.

All other assets are classified as non-current.

A liability is treated as current when it is:

- It is expected to settle in the normal operating cycle.
- It is due to be settled within twelve months after the reporting date.
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current.

Advance tax paid is classified as non-current assets.



### 3. PROPERTY, PLANT AND EQUIPMENT

	-		••
- 1	₹	mil	lions
٠,	•		110113

	Plant and equipment	Computer equipment	Servers and networks	Office equipment	Furniture and fixtures	Vehicles ir	Leasehold nprovements	Total
Cost								
At 1 April 2015	178.96	230.88	333.56	75.59	122.97	73.33	150.74	1,166.03
Additions	12.09	139.99	188.98	31.93	49.35	26.75	7.99	457.08
Disposals **	(25.00)	(43.23)	(47.23)	(10.78)	(10.98)	(27.77)	(49.21)	(214.20)
Exchange differences on foreign								
subsidiaries	5.20	(2.22)	4.74	0.49	4.49	(0.14)	(0.60)	11.96
At 31 March 2016	171.25	325.42	480.05	97.23	165.83	72.17	108.92	1,420.87
Additions	25.45	346.23	152.61	44.93	27.48	29.41	34.32	660.43
Disposals	(7.04)	(123.29)	(4.72)	(0.92)	(2.49)	(16.93)	-	(155.39)
Exchange differences on foreign								
subsidiaries	(3.83)	(1.34)	(8.45)	(8.79)	(13.19)	0.02	0.13	(35.45)
At 31 March 2017	185.83	547.02	619.49	132.45	177.63	84.67	143.37	1,890.46
Depreciation								
At 1 April 2015	-	-	-	-	-	-	-	-
Charge for the year *	91.40	137.37	137.10	29.87	58.64	23.52	99.43	577.33
Disposals **	(3.03)	(11.74)	(5.75)	(1.76)	(1.91)	(4.60)	(11.17)	(39.96)
Exchange differences on foreign								
subsidiaries	0.55	(5.52)	(0.64)	0.14	(0.69)	(0.19)	(1.90)	(8.25)
At 31 March 2016	88.92	120.11	130.71	28.25	56.04	18.73	86.36	529.12
Charge for the year *	27.89	143.67	115.43	32.16	52.27	19.63	22.14	413.19
Disposals	(6.59)	(46.02)	(1.16)	(0.94)	(2.49)	(9.26)	-	(66.46)
Exchange differences on foreign								
subsidiaries	(3.55)	0.49	(4.10)	(7.61)	(11.80)	0.02	0.32	(26.23)
At 31 March 2017	106.67	218.25	240.88	51.86	94.02	29.12	108.82	849.62
Net block								
At 31 March 2016	82.33	205.31	349.34	68.98	109.79	53.44	22.56	891.75
At 31 March 2017	79.16	328.77	378.61	80.59	83.61	55.55	34.55	1,040.84
At 1 April 2015	178.96	230.88	333.56	75.59	122.97	73.33	150.74	1,166.03

<sup>\*</sup> Depreciation amounting to ₹ 0.73 millions (31 March 2016: ₹ 26.96 millions) has been adjusted against provision created for loss on long term contract, sale / exit of domestic BPO business.

<sup>\*\*</sup> Disposals include assets transferred on account of sale of domestic BPO business gross block and accumulated depreciation amounting to ₹163.17 millions and ₹ 28.42 millions respectively.

	31 March 2017	31 March 2016	1 April 2015
4. GOODWILL			
Balance brought forward	14,513.89	13,718.30	
Less: Impairment of goodwill	(111.69)	(13.10)	
Add: Movement on account of exchange rate fluctuation	(333.21)	808.69	
	14,068.99	14,513.89	13,718.30

01010101010101010101010



### Below is the CGU wise break-up of goodwill

(₹ millions)

	31 March 2017	31 March 2016	1 April 2015
Digital Risk Group	5,003.06	5,096.52	4,807.67
Wyde Group	3,646.09	3,714.20	3,503.70
Eldorado	1,149.27	1,170.77	1,104.34
Infrastructure Services	1,821.65	1,855.68	1,750.51
Others	2,448.92	2,676.72	2,552.08
Total	14,068.99	14,513.89	13,718.30

### Goodwill impairment testing

The Group tests whether goodwill has suffered any impairment on an annual basis as at 31 March. The recoverable amount of a Cash Generating Unit ('CGU') is determined based on value-in-use calculations which require the use of assumptions. The calculations use cash flow projections based on financial budgets approved by the management. An average of the range of each assumption used is mentioned below.

	31 March 2017	31 March 2016	1 April 2015
Growth rate	3% to 25%	3% to 21%	3% to 22%
Operating margins	13% to 29%	13% to 34%	12% to 29%
Discount rate	13% to 15%	12.5% to 14.4%	13.5% to 13.75%

The above discount rate is based on the Weighted Average Cost of Capital (WACC) which represents the weighted average return attributable to all the assets of the CGU. These estimates are likely to differ from future actual results of operations and cash flows.

Based on the above assessment, there has been no impairment of goodwill except in the case of Goodwill amounting to ₹ 111.69 millions in relation to Mphasis Shanghai (forming part of Others CGU), where the recoverable amount of the CGU was lower than the carrying cost due to ramp down of certain projects. Accordingly an amount of ₹ 83.77 millions (net of tax of ₹ 27.92 millions) was recorded as impairment during the year ended 31 March 2017 as exceptional item (refer note 35).

(₹ millions)

	31 March 2017	31 March 2016	1 April 2015
5. OTHER INTANGIBLE ASSETS *			
Cost			
Opening balance	1,227.98	1,105.02	
Additions	1,009.00	75.58	
Disposals	(1.01)	(11.15)	
Exchange differences on foreign subsidiaries	(21.13)	58.53	
Closing balance	2,214.84	1,227.98	1,105.02
Amortization			
Opening balance	664.68	-	
Amortization **	379.03	662.07	
Disposals	(0.02)	(5.39)	
Exchange differences on foreign subsidiaries	(21.50)	8.00	
Closing balance	1,022.19	664.68	-
Net block	1,192.65	563.30	1,105.02

<sup>\*</sup> includes Software, Customer relationship, License, Technology and Non - compete agreement.

<sup>\*\*</sup> Amortization amounting to ₹ Nil (31 March 2016: ₹ 1.66 millions) has been adjusted against provision created for loss on long term contract, sale / exit of domestic BPO business.

daio / Calt di dell'idetto Di O badil'idee.			
	31 March 2017	31 March 2016	1 April 2015
6. INTANGIBLE ASSETS UNDER DEVELOPMENT			
Cost			
Opening balance	555.86	204.28	
Additions	330.19	445.55	
Capitalization	(870.89)	(14.05)	
Reversals	-	(85.94)	
Exchange differences on foreign subsidiaries	(11.63)	6.02	
Closing balance	3.53	555.86	204.28

As at 31 March 2016 intangible assets on the development includes internally developed software Next Angles and Veritas intended to earn revenues. As at 31 March 2017 intangible assets under development has a balance of ₹ 3.53 millions which is towards software being developed for internal use.



(₹ millions)
--------------

			(
	31 March 2017	31 March 2016	1 April 2015
7. NON-CURRENT INVESTMENTS			
Investments carried at fair value through profit and loss			
Unquoted mutual funds			
Birla Sun Life Dynamic Bond Fund - Retail Plan - Monthly Dividend Reinvestment	-	2,594.84	2,608.27
Nil units (31 March 2016: 238,885,199 units at ₹10.8623, 1 April 2015: 238,885,199 units at ₹ 10.9185)			
Investments carried at amortized cost			
Unquoted bonds			
7.11% Power Finance Corporation Ltd.	25.67	25.67	-
25,670 units at ₹ 1,000 (31 March 2016: 25,670 units at ₹ 1,000, 1 April 2015: Nil units)			
7.21% Power Finance Corporation Ltd.	100.00	100.00	-
100 units at ₹ 1,000,000 (31 March 2016: 100 units at ₹ 1,000,000, 1 April 2015: Nil units)			
7.19% India Infrastructure Finance Company Limited	929.50	929.50	-
929,500 units at ₹1,000 (31 March 2016: 929,500 units at ₹ 1,000, 1 April 2015: Nil units)			
7.21% India Infrastructure Finance Company Limited	100.00	100.00	-
100 units at ₹ 1,000,000 (31 March 2016: 100 units at ₹ 1,000,000, 1 April 2015: Nil units)			
8.10% Housing and Urban Development Corporation	50.00	50.00	-
50,000 units at ₹1,000 (31 March 2016: 50,000 units at ₹ 1,000, 1 April 2015: Nil units)			
7.34% Housing and Urban Development Corporation	50.00	50.00	-
50,000 units at ₹ 1,000 (31 March 2016: 50,000 units at ₹ 1,000, 1 April 2015: Nil units)			
	1,255.17	3,850.01	2,608.27
Aggregate value of unquoted non-current investments	1,255.17	1,255.17	-
Aggregate net asset value of mutual fund investment	-	2,594.84	2,608.27

		Non Current			Current		
	31 March 2017	31 March 2016	1 April 2015	31 March 2017	31 March 2016	1 April 2015	
8. TRADE RECEIVABLES							
Carried at amortized cost							
Trade receivables	31.32	40.41	53.82	6,278.71	4,527.06	3,890.02	
Receivables from related parties	-	-	-	-	1,962.22	2,362.00	
Total trade receivables	31.32	40.41	53.82	6,278.71	6,489.28	6,252.02	
Unsecured							
Considered good	31.32	40.41	53.82	6,278.71	6,489.28	6,252.02	
Considered doubtful	563.84	679.03	651.20	-	-	-	
Less: Provision for doubtful receivables	(563.84)	(679.03)	(651.20)	-	-	_	
	31.32	40.41	53.82	6.278.71	6.489.28	6.252.02	

		Non Current			Current		
	31 March 2017	31 March 2016	1 April 2015	31 March 2017	31 March 2016	1 April 2015	
9. LOANS AND ADVANCES							
Unsecured - considered good							
Carried at amortized cost							
Deposits							
- Premises	166.99	136.33	75.54	451.75	525.50	651.28	
- With government authorities	-	-	-	49.17	25.21	22.92	
- Others	932.74	847.92	786.30	110.21	164.69	155.80	
Loans to employees	-	-	-	3.72	4.37	5.14	
Employee advances	10.86	-	-	92.15	134.31	107.24	
	1,110.59	984.25	861.84	707.00	854.08	942.38	



(₹ millions)

	Non Current				Current		
	31 March 2017	31 March 2016	1 April 2015	31 March 2017	31 March 2016	1 April 2015	
10. OTHER FINANCIAL ASSETS							
Unsecured - considered good							
Carried at amortized cost							
Unbilled revenue	-	-	-	4,560.73	5,802.55	5,064.68	
Non-current bank balances (refer note 14.b)	110.79	109.85	0.85	-	-	-	
Accrued interest	-	-	-	59.86	83.04	101.91	
Derivative instruments at FVTPL (not designated as hedges)							
Foreign exchange forward contracts	-	-	-	180.22	105.56	98.60	
Derivative instruments at FVTOCI (cash flow hedges)							
Foreign exchange forward contracts	-	-	-	1,165.10	386.61	272.81	
	110.79	109.85	0.85	5,965.91	6,377.76	5,538.00	

		Non Current			Current		
	31 March 2017	31 March 2016	1 April 2015	31 March 2017	31 March 2016	1 April 2015	
11. OTHER ASSETS							
Unsecured - considered good							
Rent equalisation	395.46	928.92	1,051.50	557.79	511.36	94.38	
Capital advances	376.62	396.92	114.20	-	-	-	
Advances recoverable in cash or kind							
Prepaid expenses	118.08	183.51	237.30	785.82	665.22	723.98	
Advance to supplier / others	-	-	-	901.33	811.32	667.20	
Balance with statutory / government authorities *	1,087.64	1,053.78	1,169.67	437.87	542.15	671.83	
Expense incurred on behalf of customers	-	-	-	12.20	20.39	45.15	
	1,977.80	2,563.13	2,572.67	2,695.01	2,550.44	2,202.54	

<sup>\*</sup> Balances with statutory/government authorities include service tax input credit receivable net of ₹ 1,407.84 millions (31 March 2016: ₹ 1,504.98 millions and 1 April 2015: ₹ 1,788.89 millions). Based on legal opinion obtained by the Group, service tax liability on imported services under "Import of Services Rules" have been discharged using accumulated balance available in CENVAT Credit Account for the period 1 December 2010 to 31 March 2011. Effective 1 April 2011 such position is reversed and service tax liability on select imported services under "Import of Services Rules" have been discharged in cash. Further, the Group has obtained legal opinion in support of its position on non applicability of service tax under 'Import of Services Rules' on onsite services provided by foreign vendors (including group companies). The management, per the legal opinion, is confident that the legal positions taken by the Group are tenable and defendable under law.

	31 March 2017	31 March 2016	1 April 2015
12. INVENTORIES (Valued at lower of cost and net reailzable value)			
Traded goods (refer note 30)	-	40.99	-
	-	40.99	-



	31 March 2017	31 March 2016	1 April 2015
13. CURRENT INVESTMENTS			
Investments carried at fair value through profit & loss			
Unquoted mutual funds			
Birla Sun life Cash Plus - Growth -Direct Plan	945.74	-	-
3,619,254 units at ₹ 261.3091 (31 March 2016: Nil units, 1 April 2015: Nil units)			
IDFC Super Saver Income Fund- Short term plan growth	1,017.03	-	-
29,635,077 units at ₹ 34.3185 (31 March 2016: Nil units, 1 April 2015: Nil units)			
ICICI Prudential Liquid - Direct Plan - Growth	1,655.05	-	-
6,875,509 units at ₹ 240.7173 (31 March 2016: Nil units, 1 April 2015: Nil units)			
ICICI Ultra Short Term Plan Direct Growth	1,560.32	-	-
91,180,422 units at ₹ 17.1124 (31 March 2016: Nil units, 1 April 2015: Nil units)			
L&T Liquid Fund Direct Plan - Growth	354.28	-	-
158,866 units at ₹ 2,230.0389 (31 March 2016: Nil units, 1 April 2015: Nil units)			
L&T Liquid Ultra short term Fund - Growth	1,493.28	-	_
55,507,551 units at ₹ 26.9023 (31 March 2016: Nil units, 1 April 2015: Nil units)			
L&T Short Term opportunities Fund- Growth	1,268.01	_	_
79,565,712 units at ₹ 15.9366 (31 March 2016: Nil units, 1 April 2015: Nil units)			
Reliance Liquid Fund - Treasury Plan - Direct Growth	1,412.40	-	_
356,004 units at ₹ 3,967.3577 (31 March 2016: Nil units, 1 April 2015: Nil units)	,		
Reliance Money Manager Fund - Direct Growth	1,371.83	_	_
602,597 units at ₹ 2,276.5217 (31 March 2016: Nil units, 1 April 2015: Nil units)	1,01 1.00		
Kotak Floater Short Term - Direct Plan - Growth	1,898.65	_	_
711,270 units at ₹ 2,669.3783 (31 March 2016: Nil units, 1 April 2015: Nil units)	1,000.00		
Axis Treasury Advantage Fund - Direct Plan - Growth	1,798.60	_	_
974,268 units at ₹ 1,846.1019 (31 March 2016: Nil units, 1 April 2015: Nil units)	1,700.00		
IDFC Money Manager Fund - Invest Plan - Direct- Growth	1,107.88	_	_
43,032,506 units at ₹ 25.7452 (31 March 2016: Nil units, 1 April 2015: Nil units)	1,107.00		
HDFC Short Term Opportunities Fund-Growth	1,528.22	_	_
84,429,985 units at ₹18.1005 (31 March 2016: Nil units, 1 April 2015: Nil units)	1,020.22		
Axis Short Term Fund - Direct Plan - Growth	760.23		
41,313,892 units at ₹ 18.4013 (31 March 2016: Nil units, 1 April 2015: Nil units)	100.23	-	-
	1,582.92	0.051.10	
Kotak Floater Short Term - Direct Plan - Daily Dividend Reinvestment 1,564,740 units at ₹ 1,011.62 (31 March 2016: 2,818,353 units at ₹ 1,011.62,	1,002.92	2,851.10	-
1,504,740 dints at ₹ 1,011.02 (\$1 March 2010, 2,616,555 dints at ₹ 1,011.02, 1 April 2015: Nil units)			
Reliance Liquid Fund - Treasury Plan Direct plan - daily Dividend Reinvestment	446.84	1,565.49	376.02
292,292 units at ₹ 1,528.74 (31 March 2016: 1,024,042 units at ₹ 1,528.74,		,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	
1 April 2015: 245,965 units at ₹ 1,528.74)			
Birla Sun Life Cash Plus - Daily Dividend -Regular plan Reinvestment	-	764.81	-
Nil units (31 March 2016: 7,633,209 units at ₹ 100.195, 1 April 2015: Nil units)			
IDFC Cash Fund-Daily Dividend -Direct Plan	-	786.65	-
Nil units (31 March 2016: 785,565 units at ₹ 1,001.3763, 1 April 2015: Nil units)			
L&T Ultra short term Fund - Daily Dividend Re-investment	-	1,005.50	-
Nil units (31 March 2016: 96,981,266 units at ₹ 10.368, 1 April 2015: Nil units)			
Reliance Banking & PSU Debt Fund - Direct Weekly Dividend Plan Reinvestment	-	1,282.97	-
Nil units (31 March 2016: 126,729,386 units at ₹ 10.1237, 1 April 2015: Nil units)			
IDFC Banking Debt Fund	-	1,035.58	-
Nil units (31 March 2016: 103,050,115 units at ₹ 10.0493, 1 April 2015: Nil units)		,	
ICICI Prudential Liquid - Direct Plan daily Dividend	_	3,747.27	1,047.90
Nil units (31 March 2016: 37,447,085 units at ₹ 100.0685, 1 April 2015: 10,473,077		*	,
units at ₹ 100.0565)			

Continued

01010101010101010101010



	31 March 2017	31 March 2016	1 April 2015	
CURRENT INVESTMENTS (Continued)				
L&T Liquid Fund Direct Plan daily Dividend Reinvestment  Nil units (31 March 2016: 1,299,463 units at ₹ 1,012.8474, 1 April 2015: 477,276 units at ₹ 1,012.1551)	-	1,316.16	483.08	
Birla Sun Life Cash Plus -Daily Dividend -Direct plan Reinvestment Nil units (31 March 2016: 5,662,715 units at ₹ 100.1950, 1 April 2015: Nil units)	-	567.38	-	
Birla Sun Life Savings Fund - Retail - Daily Dividend  Nil units (31 March 2016: Nil units, 1 April 2015: 27,006,823 units at ₹ 100.2972)	-	-	2,708.70	
Birla Fixed Term Plan - Series KX  Nil units (31 March 2016: Nil units, 1 April 2015: 20,000,000 units at ₹ 10.9328)	-	-	218.66	
IDFC Money Manager Fund - Treasury Plan Nil units (31 March 2016: Nil units, 1 April 2015: 75,171,893 units at ₹ 10.0699)	-	-	756.97	
IDFC Fixed Term Plan Series 86 Direct Plan Nil units (31 March 2016: Nil units, 1 April 2015: 20,000,000 units at ₹ 10.9692)	-	-	219.38	
JPMorgan India Liquid Fund - Direct - Daily Dividend Re-investment Nil units (31 March 2015: Nil units, 1 April 2015: 52,913,078 units at ₹ 10.0101)	-	-	529.67	
ICICI Prudential FMP Series 73  Nil units (31 March 2016: Nil units, 1 April 2015: 20,000,000 units at ₹ 10.9923)	-	-	219.85	
L&T Cash Fund Direct Plan - Daily Dividend Nil units (31 March 2016: Nil units, 1 April 2015: 491,483 units at ₹ 1,023.30)	-	-	502.93	
Reliance Yearly Interval Fund - Series 6 Nil units (31 March 2016: Nil units, 1 April 2015: 32,150,501 units at ₹ 11.8627)	-	-	381.39	
Reliance Yearly Interval Fund - Series 9  Nil units (31 March 2016: Nil units, 1 April 2015: 13,796,656 units at ₹ 11.5959)	-	-	159.98	
ICICI Prudential Liquid - Regular Plan - Daily Dividend Nil units (31 March 2016: Nil units, 1 April 2015: 7,361,899 units at ₹ 100.0636)	-	-	736.66	
Kotak Treasury Advantage Fund - Direct plan - Daily Dividend Nil units (31 March 2016: Nil units, 1 April 2015: 99,916,052 units at ₹ 10.0798)	-	-	1,007.13	
Reliance Liquid Fund - Cash Plan - Direct Plan Nil units (31 March 2016: Nil units, 1 April 2015: 903,574 units at ₹ 1,114.15)	-	-	1,006.72	
Reliance Qtly Interval fund - Series II - Direct Dividend  Nil units (31 March 2016: Nil units, 1 April 2015: 39,944,876 units at ₹ 10.1381)	-	-	404.97	
Relegate Invesco Credit Opportunities Fund - Direct Plan Daily Dividend Nil units (31 March 2016: Nil units, 1 April 2015: 511,074 units at ₹ 1,000.29)	-	-	511.22	
IDFC Money Manager Fund - Invest Plan  Nil units (31 March 2016: Nil units, 1 April 2015: 76,123,899 units at ₹ 10.0528)	-	-	765.26	
Unquoted Debentures				
Citicorp Finance (India) Ltd. 25,000 units at ₹ 100,000 (31 March 2016: 24,500 units at ₹ 100,000, 1 April 2015: Nil units)	2,500.00	2,450.00	-	
	22,701.28	17,372.91	12,036.49	
Aggregate value of unquoted current investments	2,500.00	2,450.00	-	
Aggregate net asset value of mutual fund investment	20,201.28	14,922.91	12,036.49	



	llion	

						(
		Non Current			Current	
	31 March 2017	31 March 2016	1 April 2015	31 March 2017	31 March 2016	1 April 2015
14. CASH AND CASH EQUIVALENTS *						
a. Balances with banks:						
On current accounts	-	-	-	2,308.53	2,148.40	2,300.65
Deposits with original maturity less than 3 months	-	-	-	3,812.52	1,769.91	1,735.82
Unclaimed dividend	-	-	-	11.51	7.71	6.97
Cash on hand	-	-	-	0.10	0.01	0.05
	-	-	-	6,132.66	3,926.03	4,043.49
b. Bank balances other than cash and cash equivalents						
Deposits with remaining maturity for more than 12 months	110.79	109.85	0.85	-	-	586.32
Deposits with remaining maturity for less than 12 months	-	-	-	11.46	4,646.05	8,596.82
	110.79	109.85	0.85	11.46	4,646.05	9,183.14
Disclosed under other non-current financial assets (refer note10)	(110.79)	(109.85)	(0.85)	-	-	-
	-	-	-	11.46	4,646.05	9,183.14
	-	-	-	6,144.12	8,572.08	13,226.63

<sup>\*</sup> includes restricted deposits and bank balances of ₹ 132.24 millions as at 31 March 2017 (31 March 2016: ₹ 120.81 millions, 1 April 2015: ₹ 97.95 millions).

During the year, the Group had specified bank notes or other denomination notes as defined in the MCA notification G.S.R. 308(E) dated 31 March 2017 and the details of Specified Bank Notes (SBN) held and transacted during the period from 8 November 2016 to 30 December 2016 is given below:

Particulars	SBN	Other denomination notes	Total
Closing cash in hand as on 08 November 2016	-	-	-
Add: Permitted receipts	2.89	0.42	3.31
Less: Permitted payments	-	-	-
Less: Amount deposited in banks	(2.89)	(0.42)	(3.31)
Closing cash in hand as on 30 December 2016	-	-	-

For the purposes of this clause, the term 'Specified Bank Notes' shall have the same meaning provided in the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs number S.O. 3407(E), dated the 8th November, 2016.

	31 March 2017	31 March 2016	1 April 2015
15 . EQUITY SHARE CAPITAL			
Authorised share capital			
245,000,000 (31 March 2016: and 1 April 2015: 245,000,000) equity shares of ₹ 10 each	2,450.00	2,450.00	2,450.00
Issued, subscribed and fully paid-up shares			
210,417,080 (31 March 2016: 210,187,117 and 1 April 2015: 210,140,823) equity shares of	2,104.17	2,101.87	2,101.41
₹ 10 each fully paid-up			
Add: Amount originally paid-up on forfeited shares	0.07	0.07	0.07
Total issued, subscribed and fully paid-up share capital	2,104.24	2,101.94	2,101.48



## (a) Reconciliation of the shares outstanding at the beginning and at the end of the reporting year

	31 March 2017		31 March 2016		1 April 2015	
	Number	₹ millions	Number	₹ millions	Number	₹ millions
At the beginning of the year	210,187,117	2,101.87	210,140,823	2,101.41		
Employee stock option plans issued	229,963	2.30	46,294	0.46		
Outstanding at the end of the year	210,417,080	2,104.17	210,187,117	2,101.87	210,140,823	2,101.41

### (b) Terms/rights attached to 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 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 distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

#### (c) Shares held by holding/ ultimate holding company and/ or their subsidiaries/ associates

(₹ millions)

	31 March 2017	31 March 2016	1 April 2015
EDS Asia Pacific Holdings (Subsidiary of the erstwhile ultimate holding company)	-	830.02	830.02
Nil (31 March 2016 and 1 April 2015: 83,002,201) equity shares of ₹ 10 each fully paid			
EDS World Corporation (Far East) LLC (Subsidiary of the erstwhile ultimate holding company)	-	441.04	441.04
Nil (31 March 2016 and 1 April 2015: 44,104,064) equity shares of ₹ 10 each fully paid			
EDS World Corporation (Netherlands) LLC (Subsidiary of the erstwhile ultimate holding company)	-	0.00	0.00
Nil (31 March 2016 and 1 April 2015: 1) equity share of ₹ 10 each fully paid			
Marble II Pte Limited (subsidiary of the ultimate holding company) *	1,271.08	-	-
127,108,444 (31 March 2016 and 1 April 2015: Nil) equity share of ₹ 10 each fully paid			

<sup>\*</sup> The ultimate holding company is Blackstone Capital Partners (Cayman II) VI L.P. w.e.f. 1 September 2016 (refer note 51).

# (d) Aggregate number of bonus shares and shares issued for consideration other than cash during the period of five years immediately preceding the reporting date:

miniculation processing the reporting date.			
	31 March	31 March	1 April
	2017	2016	2015
Equity shares allotted as fully paid bonus shares by capitalization of securities	700	700	1,400
premium / statement of profit and loss			

In addition, the Company has issued total 309,523 shares (31 March 2016: 150,372) during the period of five years immediately preceding the reporting date on exercise of options granted under the employee stock option plan wherein part consideration was received in form of employee services.

## (e) Details of shareholders holding more than 5% shares in the Company

	31 March 2017 31 March 2016		31 March 2017 31 March 2016 1 April		2015	
Name of the share holder	Number	% of holding	Number	% of holding	Number	% of holding
EDS Asia Pacific Holdings	-	-	83,002,201	39.49	83,002,201	39.50
EDS World Corporation (Far East) LLC	-	-	44,104,064	20.98	44,104,064	20.99
Aberdeen Global Indian Equity (Mauritius) Ltd.	10,241,396	4.87	10,359,822	4.93	17,765,301	8.45
Marble II Pte Limited	127,108,444	60.41	-	-	-	-

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.



## (f) Shares reserved for issue under options

For details of shares reserved for issue under the ESOP plan of the Company, refer note 19.

	mil	

			(* 11111110110)
	31 March 2017	31 March 2016	1 April 2015
16. SECURITIES PREMIUM			
Balance as per previous financial statements	1,572.36	1,556.84	
Add: Premium on issue of shares	0.24	0.46	
Add: Transferred from stock options outstanding	81.50	15.06	
Closing balance	1,654.10	1,572.36	1,556.84

Securities premium reserve is used to record the premium on issue of shares. The reserve is utilized in accordance with the provisions of the Companies Act.

	31 March 2017	31 March 2016	1 April 2015
17. GENERAL RESERVE			
Balance as per previous financial statements	5,965.38	5,497.21	
Add: Reversal on lapse of options granted	5.65	9.81	
Add: Amount transferred from surplus balance in the statement of profit and loss	625.01	458.36	
Closing balance	6,596.04	5,965.38	5,497.21

General reserve represents appropriation of profits.

	31	March 2017	31 March 2016	1 April 2015
18. RETAINED EARNINGS				
Balance as per previous financial statements	43,6	25.45	41,873.10	
Re-measurement gains / losses on defined benefit plans	(	22.25)	(61.67)	
Profit for the year	7,9	15.76	6,315.07	
Less: Appropriations				
Equity dividend	4,2	202.11	3,358.14	
Dividend Distribution Tax	8	356.59	684.55	
Transfer to general reserve	6	25.01	458.36	
Total appropriations	5,6	83.71	4,501.05	
Net surplus in the statement of profit and loss	45,8	35.25	43,625.45	41,873.10

Retained earnings comprises of prior and current year's undistributed earnings after tax.

## Proposed dividend on equity shares

Proposed dividend for the year ended 31 March 2017 is ₹ 17 per share amounting to ₹ 3,577.09 millions and DDT of ₹ 728.21 millions. Proposed dividends on equity shares are subject to approval at the annual general meeting and are not recognized as a liability (including DDT thereon).



			(₹ millions)
	31 March 2017	31 March 2016	1 April 2015
19. OTHER RESERVES			
Capital reserve (a)			
Balance as per previous financial statements	361.39	361.39	
Closing balance	361.39	361.39	361.39
Capital redemption reserve (b)			
Balance as per previous financial statements	4.75	4.75	
Closing balance	4.75	4.75	4.75
Share based payments (c)			
Balance as per previous financial statements	170.43	106.74	
Add: Expense for the year	215.26	94.53	
Less: Transferred to securities premium on exercise of options	81.50	15.06	
Less: Exercise of options	108.07	5.97	
Less: Reversal on lapse of options granted	5.65	9.81	
Closing balance	190.47	170.43	106.74
Treasury shares (d)			
Balance as per previous financial statements	(158.29)	(127.68)	
Transaction during the year	157.84	(30.61)	
Closing balance	(0.45)	(158.29)	(127.68)
Hedging reserve (e)			
Balance as per previous financial statements	248.64	170.72	
Transaction during the year	1,302.81	216.84	
Add / (Less): Transfer to revenue	(789.78)	(138.92)	
Closing balance	761.67	248.64	170.72
Foreign currency translation reserve (f)			
Balance as per previous financial statements	4,658.25	3,651.17	
Transaction during the year	(641.65)	1,007.08	
Closing balance	4,016.60	4,658.25	3,651.17
Total other reserves	5,334.43	5,285.17	4,167.09

- a. Created due to redemption of redeemable preference shares and receipts from liquidation of trust.
- b. On account of cancellation of the Company's own equity instruments.
- c. Share based payments reserve is used to record the fair value of equity-settled share based payment transactions with employees. The amounts recorded in this account are transferred to share premium upon exercise of stock options by employees. In case of lapse, corresponding balance is transferred to general reserve.
- d. Represents equity shares of the Company held by the controlled trusts.
- e. Changes in the fair value of financial instruments designated as hedge is recognized in this reserve through OCI. Amounts recognized in hedging reserve is reclassified to statement of profit and loss when the hedge item affects profit or loss.
- f. Exchange difference relating to the translation of the results and net assets of the Company's foreign operations from their functional currencies to the Company's presentation currency are recognized directly in other comprehensive income and accumulated in the foreign currency translation reserve.

### Employee Stock Option Plans - Equity settled

Employees Stock Option Plan 1998 (the 1998 Plan): The Company instituted the 1998 Plan for all eligible employees in pursuance of the special resolution approved by the shareholders in the Annual General Meeting held on 31 July 1998. The 1998 Plan provides for the issuance of 3,720,000 options to eligible employees as recommended by the ESOP Committee constituted for this purpose. In accordance with the 1998 Plan, the Committee has formulated 1998 Plan-(Version I) and 1998 Plan - (Version II) during the years 1998-1999 and 1999-2000 respectively.

**1998 Plan – (Version I):** Each option, granted under the 1998 Plan- (Version I), entitles the holder thereof with an option to apply for and be issued one equity share of the Company at an exercise price of ₹ 34.38 per share. The equity shares covered under these options vest at various dates over a period ranging from six to sixty-six months from the date of grant based on the length of service completed by the employee to the date of grant. The options are exercisable any time after their vesting period.



The movements in the options granted under the 1998 Plan (Version I) for the year ended 31 March 2017 and 31 March 2016 are set out below:

	Year ended	d 31 March 2017	Year ended 31 March 20		
	No. of	Weighted Average	No. of	Weighted Average	
1998 Plan (Version I)	Options	Exercise Price (₹)	Options	Exercise Price (₹)	
Options outstanding at the beginning	47,000	34.38	47,000	34.38	
Granted	-	-	-	-	
Forfeited	-	-	-	-	
Lapsed	-	-	-	-	
Exercised	-	-	-	-	
Options outstanding at the end	47,000	34.38	47,000	34.38	
Exercisable at the end	47,000	34.38	47,000	34.38	

The options outstanding as at 31 March 2017 has an exercise price of ₹ 34.38 (31 March 2016: ₹ 34.38).

1998 Plan - (Version II): Commencing January 2000, the Company decided to grant all future options at the market price immediately preceding the date of grant. The equity shares covered under these options vest at various dates over a period ranging from twelve to forty-eight months from the date of grant based on the grade of the employee. However, in the case of options granted to the then Managing Director or Chief Executive Officer, the vesting period of the options, subject to a minimum period of one year from the date of grant, is determined by the ESOP Committee and approved by the Board. The options are to be exercised within a period of ten years from their date of vesting.

The movements in the options granted under the 1998 Plan - (Version II) for the year ended 31 March 2017 and 31 March 2016 are set out below:

	Year ende	d 31 March 2017	Year ended 31 March 2016	
1998 Plan (Version II)	No. of Options	Weighted Average Exercise Price (₹)	No. of Options	Weighted Average Exercise Price (₹)
Options outstanding at the beginning	94,400	117.29	116,232	109.46
Granted	-	-	-	-
Forfeited	-	-	-	-
Lapsed	81,624	122.39	15,632	72.09
Exercised	2,960	84.94	6,200	84.38
Options outstanding at the end	9,816	84.67	94,400	117.29
Exercisable at the end	9,816	84.67	94,400	117.29

The weighted average share price as at the date of exercise for stock options was ₹ 527.86 (31 March 2016: ₹ 408.20). The options outstanding as at 31 March 2017 has an exercise price ranging from ₹ 67.38 to ₹ 92.00 (31 March 2016: ₹ 67.38 to ₹ 130.60) and weighted average remaining contractual life of 0.31 years (31 March 2016: 0.37 years).

*Employees Stock Option Plan - 2004 (the 2004 Plan):* At the Extraordinary General Meeting on 12 May 2004, the shareholders approved a new Employee Stock Option Plan. The 2004 Plan provides for the issuance of equity shares to employees and directors of the Company and its subsidiaries and for the exchange of outstanding stock options of Msource Corporation as on 20 September 2004, pursuant to its merger with Mphasis Corporation and the assumption of the Msource stock options by the Company.

The 2004 Plan is administered through the ESOP Committee appointed by the Board and comprises two programs. Under Program A, outstanding options of Msource Corporation were exchanged for options in the Company on the agreed exchange ratio of 0.14028 stock options with underlying equity shares of the Company for each stock option in the Msource 2001 plan, the exercise price being the equivalent amount payable by the option holder under the Msource 2001 plan. The equity shares underlying these options vest over a period up to forty-eight months from the date of assumption by the Company and shall be exercisable within a period of ten years from the original date of grant under the Msource 2001 plan.

Options under Program B represent fresh grants and will be issued to employees at an exercise price which shall be equal to the fair value of the underlying shares at the date of grant. The equity shares covered under these options vest over a period ranging from twelve to forty-eight months from the date of grant. The exercise period is two years from the date of vesting.



The movements in the options under the 2004 plan for the year ended 31 March 2017 and 31 March 2016 are set out below:

	Year ende	d 31 March 2017	Year ende	d 31 March 2016
2004 Plan	No. of options	Weighted Average Exercise Price (₹)	No. of options	Weighted Average Exercise Price (₹)
Options outstanding at the beginning	2,356	120.22	2,590	119.96
Granted	-	-	-	-
Forfeited	-	-	-	-
Lapsed	350	117.36	234	117.36
Exercised	408	50.34	-	-
Options outstanding at the end	1,598	138.69	2,356	120.22
Exercisable at the end	1,598	138.69	2,356	120.22

The weighted average share price as at the date of exercise for stock options was ₹ 464.30 (31 March 2016: ₹ Nil). The options outstanding as at 31 March 2017 has an exercise price ranging from ₹ 117.36 to ₹ 148.07 (31 March 2016: ₹ 50.34 to ₹ 148.07) and weighted average remaining contractual life of 0.62 years (31 March 2016: 1.17 years).

*Employees Stock Option Plan - 2012 (the 2012 Plan):* Effective 14 March 2012, the Company instituted the 2012 Plan. The Board and the shareholders of the Company approved 2012 plan on 20 January 2012. The 2012 plan provides for the issue of restricted options to certain employees of the Company and its subsidiaries.

The 2012 plan is administered by the Mphasis Employees Benefit Trust which is created for this purpose. Each option, granted under this plan, entitles the holder thereof with an option to apply for and be issued one equity share of the Company at an exercise price of ₹ 410.25 per share. The equity shares covered under these options vest over a period ranging from twelve to twenty-four months from the date of grant. The exercise period is three years from the date of vesting.

The movements in the options under the 2012 plan for the year ended 31 March 2017 and 31 March 2016 are set out below:

	Year ended	d 31 March 2017	Year ended 31 March 2010		
		Weighted Average		Weighted Average	
2012 Plan	No. of options	Exercise Price (₹)	No. of options	Exercise Price (₹)	
Options outstanding at the beginning	146,450	410.25	374,600	410.25	
Granted	-	-	-	-	
Forfeited	-	-	-	-	
Lapsed	30,475	410.25	138,300	410.25	
Exercised	115,975	410.25	89,850	410.25	
Options outstanding at the end	-	-	146,450	410.25	
Exercisable at the end	-	-	146,450	410.25	

The weighted average share price as at the date of exercise of stock option was ₹ 562.67 (31 March 2016: ₹ 480.47). There are no options outstanding as at 31 March 2017. Options as at 31 March 2016 had an exercise price ₹ 410.25. The weighted average remaining contractual life of Nil years (31 March 2016: 0.93 years).

Total Employee Compensation Cost pertaining to 2012 plan during the year is ₹ Nil (31 March 2016: ₹ (2.01) millions).

*Employees Stock Option Plan - 2016 (the 2016 Plan):* Effective 4 November 2016, the Company instituted the 2016 Plan. The Board of Directors of the Company and the shareholders approved the 2016 Plan at its meeting held on 27 September 2016 and 4 November 2016 respectively. The 2016 plan provides for the issue of options to certain employees of the Company and its subsidiaries.

The 2016 Plan is administered by the Mphasis Employees Benefit Trust. As per the ESOP 2016 Plan, the stock options are granted at the Market Price subject to a discount up to twenty per cent (20%) as may be determined by the Compensation Committee at the time of Grant. The equity shares covered under these options vest over 60 months from the date of grant. The exercise period is thirty six months from the respective date of vesting.



The movements in the options under the 2016 plan for the year ended 31 March 2017 is set out below:

	Year ended 31 March 2017			
2016 Plan	No. of options	Weighted Average Exercise Price (₹)		
Options outstanding at the beginning	-	-		
Granted	3,916,900	500.00		
Forfeited	31,800	500.00		
Lapsed	-	-		
Exercised	-	-		
Options outstanding at the end	3,885,100	500.00		
Exercisable at the end	-	-		

The options outstanding on 31 March 2017 has an exercise price of ₹ 500.00 and the weighted average remaining contractual life of 5.78 years.

The weighted average fair value of stock options granted during the year was ₹ 130.58. The Black-Scholes valuation model has been used for computing the weighted average fair value considering the following inputs:

	31 March 2017
Weighted average share price on the date of grant (₹)	541.72
Exercise Price (₹)	500.00
Expected Volatility*	32.06%
Life of the options granted in years	1 -5 Years
Average risk-free interest rate	6.38%
Expected dividend rate	3.93%

<sup>\*</sup> The expected volatility was determined based on historical volatility data.

Total Employee Compensation Cost pertaining to 2016 Plan during the year is ₹ 46.30 millions.

### Restricted Stock Unit Plan-2010 ('RSU Plan-2010')

Effective 01 August 2010, the Company instituted the Restricted Stock Unit Plan-2010. The Board and the shareholders of the Company approved RSU Plan-2010 on 29 June 2010 and 17 August 2010 respectively. The RSU Plan-2010 provides for the issue of restricted options to employees and directors of the Company and its subsidiaries.

The RSU Plan-2010 is administered by the Mphasis Employees Benefit Trust which was created for this purpose. Each option, granted under the RSU Plan-2010, entitles the holder thereof with an option to apply for and be issued one equity share of the Company at an exercise price of ₹ 10.00 per share. The equity shares covered under these options vest over a period ranging from twelve to twenty-four months from the date of grant. The exercise period is one to three years from the date of vesting.

The movements in the options under the RSU Plan-2010 for the year ended 31 March 2017 and 31 March 2016 are set out below:

	Year ende	d 31 March 2017	Year ended 31 March 201			
RSU 2010 Plan	No. of options	Weighted Average Exercise Price (₹)	No. of options	Weighted Average Exercise Price (₹)		
Options outstanding at the beginning	-	-	5,050	10.00		
Granted	-	-	-	-		
Forfeited	-	-	-	-		
Lapsed	-	-	975	10.00		
Exercised	-	-	4,075	10.00		
Options outstanding at the end	-	-	-	-		
Exercisable at the end	-	-	-	-		

The weighted average share price as at the date of exercise of stock option was ₹ Nil (31 March 2016: ₹ 445.76). The options outstanding on 31 March 2017 has an exercise price of ₹ Nil (31 March 2016: ₹ 10.00).

Total Employee Compensation Cost pertaining to RSU Plan-2010 during the year is ₹ Nil. (31 March 2016: ₹ (0.06) millions).



## Restricted Stock Unit Plan-2014 ('RSU Plan-2014')

Effective 20 October 2014, the Company instituted the Restricted Stock Unit Plan-2014. The Board and the shareholders of the Company approved RSU Plan-2014 on 14 May 2014. The RSU Plan-2014 provides for the issue of restricted options to employees and directors of the Company and its subsidiaries.

The RSU Plan-2014 is administered by the Mphasis Employees Benefit Trust. Each option, granted under the RSU Plan-2014, entitles the holder thereof with an option to apply for and be issued one equity share of the Company at an exercise price of ₹ 10.00 per share. The equity shares covered under these options vest over a period ranging from twelve to thirty-six months from the date of grant. The exercise period is three years from the date of vesting.

The movements in the options under the RSU Plan-2014 for the year ended 31 March 2017 and 31 March 2016 are set out below:

	Year ended	d 31 March 2017	Year ended 31 March 2016			
RSU 2014 Plan	No. of options	Weighted Average Exercise Price (₹)	No. of options	Weighted Average Exercise Price (₹)		
Options outstanding at the beginning	328,640	10.00	445,750	10.00		
Granted	-	-	-	-		
Forfeited	7,537	10.00	77,016	10.00		
Lapsed	5,963	10.00	-	-		
Exercised	226,595	10.00	40,094	10.00		
Options outstanding at the end	88,545	10.00	328,640	10.00		
Exercisable at the end	88,545	10.00	72,202	10.00		

The weighted average share price as at the date of exercise of stock option was ₹ 537.65 (31 March 2016: ₹ 475.20). The options outstanding on 31 March 2017 has an exercise price of ₹ 10.00 (31 March 2016: ₹ 10.00) and the weighted average remaining contractual life of 2.19 years (31 March 2016: 3.68 years).

Total Employee Compensation Cost pertaining to RSU Plan-2014 during the year is ₹ 17.01 millions (31 March 2016: ₹ 51.79 millions).

### Restricted Stock Unit Plan-2015 ('RSU Plan-2015')

Effective 29 July 2015, the Company instituted the Restricted Stock Unit Plan-2015. The Board and the shareholders of the Company approved RSU Plan-2015 on 9 September 2015. The RSU Plan-2015 provides for the issue of restricted options to employees and directors of the Company and its subsidiaries.

The RSU Plan-2015 is administered by the Mphasis Employees Benefit Trust. Each option, granted under the RSU Plan-2015, entitles the holder thereof with an option to apply for and be issued one equity share of the Company at an exercise price of ₹ 10.00 per share. The equity shares covered under these options vest over a period ranging from twelve to thirty-six months from the date of grant. The exercise period is three years from the date of vesting.

The movements in the options under the RSU Plan-2015 for the year ended 31 March 2017 and 31 March 2016 are set out below:

	Year ended	d 31 March 2017	Year ended 31 March 2016			
RSU 2015 Plan	No. of options	Weighted Average Exercise Price (₹)	No. of options	Weighted Average Exercise Price (₹)		
Options outstanding at the beginning	423,050	10.00	-	-		
Granted	-	-	440,550	10.00		
Forfeited	11,250	10.00	17,500	10.00		
Lapsed	-	-	-	-		
Exercised	218,900	10.00	-	-		
Options outstanding at the end	192,900	10.00	423,050	10.00		
Exercisable at the end	192,900	10.00	-	-		

The weighted average share price as at the date of exercise of stock option was ₹ 551.62 (31 March 2016: ₹ Nil). The options outstanding on 31 March 2017 has an exercise price of ₹ 10.00 (31 March 2016: ₹ 10.00) and the weighted average remaining contractual life of 2.62 years (31 March 2016: 4.63 years).

Total Employee Compensation Cost pertaining to RSU Plan-2015 during the year is ₹ 74.74 millions (31 March 2016: ₹ 44.81 millions).



(₹ millions)

	Non Current			Current		
	31 March 2017	31 March 2016	1 April 2015	31 March 2017	31 March 2016	1 April 2015
20. LONG-TERM BORROWINGS						
Carried at amortized cost						
Loan from bank	-	1,788.89	3,093.75	-	1,493.63	1,408.98
Current maturities of long-term borrowings	-	-	-	-	(1,493.63)	(1,408.98)
	-	1,788.89	3,093.75	-	-	-

Loan from bank carries interest at LIBOR + 2.27% (31 March 2016: LIBOR PLUS 2.27%) p.a. 100% equity interest of Digital Risk LLC has been pledged against loan. The loan has been repaid during the year ended 31 March 2017.

	Non Current					
	31 March 2017	31 March 2016	1 April 2015	31 March 2017	31 March 2016	1 April 2015
21. OTHER FINANCIAL LIABILITIES						
Carried at amortized cost						
Salary related costs	-	-	15.65	1,266.22	2,289.73	2,103.34
Interest on long term loans payable	-	-	-	-	0.26	0.64
Capital creditors	-	-	-	36.78	93.89	39.06
Current maturities of long-term borrowings	-	-	-	-	1,493.63	1,408.98
Other payables	11.03	11.61	10.44	284.55	224.52	256.43
Unpaid dividend*	-	-	-	11.51	7.71	6.97
Derivative instruments at FVTPL (not designated as hedges)						
Foreign exchange forward contract	-	-	-	1.37	95.63	123.89
Derivative instruments at FVTOCI (cash flow hedges)						
Foreign exchange forward contract	-	-	-	0.33	6.36	11.74
	11.03	11.61	26.09	1,600.76	4,211.73	3,951.05

<sup>\*</sup> Investor Protection and Education Fund shall be credited for unclaimed dividends when due.

	Non Current					
	31 March 2017	31 March 2016	1 April 2015	31 March 2017	31 March 2016	1 April 2015
22. NET EMPLOYEE DEFINED BENEFIT LIABILITIES						
Provision for gratuity [refer note 44 (a)]	543.53	611.01	539.78	300.00	205.00	52.50
Provision for employee compensated absences	-	-	-	483.98	483.78	481.11
	543.53	611.01	539.78	783.98	688.78	533.61



(₹	mil	lions)	į

		Non Current			Non Current Current			Current	
	31 March 2017	31 March 2016	1 April 2015	31 March 2017	31 March 2016	1 April 2015			
23. PROVISIONS									
Provision for loss on long-term contract	-	144.25	-	204.06	339.41	-			
Other provisions	-	-	-	169.14	279.11	48.03			
	-	144.25	-	373.20	618.52	48.03			

Provisions	Legal fees	Onerous	Sale of	Others	Total
		contracts	business		
As at 1 April 2016	48.03	483.66	63.17	167.91	762.77
Re-statement of balances	-	-	-	(8.22)	(8.22)
Utilised / paid/ reversed	-	(279.60)	(28.17)	(73.58)	(381.35)
As at 31 March 2017	48.03	204.06	35.00	86.11	373.20
Current	48.03	204.06	35.00	86.11	373.20
Non-current	-	-	-	-	-
As at 1 April 2015	48.03	-	-	-	48.03
Additions during the year	-	483.66	177.08	167.91	828.65
Utilised / paid/ reversed	-	-	(113.91)	-	(113.91)
As at 31 March 2016	48.03	483.66	63.17	167.91	762.77
Current	48.03	339.41	63.17	167.91	618.52
Non-current	-	144.25	-	-	144.25
As at 1 April 2015	48.03				48.03
Current	48.03				48.03
Non-current	-				-

- a) During the previous year the Board of Directors of the Company and Msource (India) Private Limited had approved sale and transfer of some contracts of the domestic BPO business, which is not a separate major line of the Group's business to Hinduja Global Solutions Limited and Karvy Data Management Services Limited. The Group had estimated losses of ₹ 23.78 millions (net of tax of ₹ 12.59 millions) arising on the sale and accounted for the same as an exceptional item. During the year ended 31 March 2017 the Group reversed ₹ 2.58 millions (net of tax of ₹ 1.36 millions) and the closing balance as at 31 March 2017 is ₹ Nii.
- b) During the previous year, the Group had formalized a plan to early exit / ramp down operations in respect of certain domestic BPO contracts. On account of the early closure of the said contracts, the management had provided for ₹ 92.04 millions (net of tax of ₹ 48.67 millions) towards expected loss as an exceptional item. During the year ended 31 March 2017 the Group reversed ₹ 21.57 millions (net of tax of ₹ 11.41 millions) and the closing balance as at 31 March 2017 is ₹ 35.00 millions.
- c) The management had re-assessed the future profitability of long term revenue contract as at 31 March 2016 and accordingly provided for ₹ 316.28 millions (net of tax of ₹ 167.38 millions) towards expected loss as an exceptional item during the year ended 31 March 2016. The loss incurred during the year ended 31 March 2017 under this contract has been adjusted against the said provision and the balance as at 31 March 2017 is ₹ 204.06 millions.

		Non Current			Current		
	31 March 2017	31 March 2016	1 April 2015	31 March 2017	31 March 2016	1 April 2015	
24. OTHER LIABILITIES							
Unearned revenue	-	-	-	338.82	521.28	332.99	
Advances from clients	-	-	-	0.51	12.46	10.84	
Rent equalization	48.02	33.89	41.29	24.65	26.41	23.73	
Statutory dues	-	-	-	633.41	696.88	561.78	
	48.02	33.89	41.29	997.39	1,257.03	929.34	



			(₹ millions)
	31 March 2017	31 March 2016	1 April 2015
25. SHORT TERM BORROWINGS			
Post shipment loan in foreign currency from bank (unsecured)*	-	1,325.10	1,250.00
Loan from Citibank**	2,601.60	-	-
	2,601.60	1,325.10	1,250.00

<sup>\*</sup>Post-shipment loan carries interest @ LIBOR plus 0.20% (31 March 2016: LIBOR plus 0.30%) p.a. The loan has been repaid during the year ended 31 March 2017.

<sup>\*\*</sup> Loan from Citibank carries interest @ LIBOR plus 1.65% p.a. The loan is repayable within 23 June 2017. The loan is secured against current assets of Mphasis Corporation USA.

		Non Current			Current		
	31 March 2017	31 March 2016	1 April 2015	31 March 2017	31 March 2016	1 April 2015	
26. TRADE PAYABLES							
Carried at amortized cost							
Trade payables	-	-	-	3,878.22	4,268.43	3,727.91	
Trade payables with related parties	-	-	-	-	208.68	287.66	
	-	-	-	3,878.22	4,477.11	4,015.57	

### Terms and conditions of the above trade payables are as below:

- Trade payables are non-interest bearing and are normally settled on 60-day terms.
- For explanation on the Group's credit risk management refer note 46.

### **27. TAXES**

Income tax expenses in the statement of profit and loss consist of the following:

	Year ended 31 March 2017	Year ended 31 March 2016
Taxes		
Current taxes	2,861.11	2,174.21
Deferred taxes	215.23	409.98
Total taxes	3,076.34	2,584.19

Under the Indian Income Tax Act, 1961, the Company is liable to pay Minimum Alternate Tax in the tax holiday period. MAT paid can be carried forward for a period of 15 years and can be set off against the future tax liabilities.

The Company has units at Bengaluru, Hyderabad, Chennai and Pune registered as Special Economic Zone (SEZ) units which are entitled to a tax holiday under Section 10AA of the Income Tax Act, 1961. The Group also has STPI units at Bengaluru, Pune and other locations which are registered as a 100 percent Export Oriented Unit, which were earlier entitled to a tax holiday under Section 10B / 10A of the Income Tax Act, 1961.

A portion of the profits of the Company's India operations are exempt from Indian income taxes being profits attributable to export operations from undertakings situated in Special Economic Zone (SEZ). Under the Special Economic Zone Act, 2005 scheme, units in designated special economic zones providing service on or after April 1, 2005 will be eligible for a deduction of 100 percent of profits or gains derived from the export of services for the first five years from commencement of provision of services and 50 percent of such profits and gains for a further five years. Certain tax benefits are also available for a further five years subject to the unit meeting defined conditions.

Dividend income from certain category of investments is exempt from tax. The difference between the reported income tax expense and income tax computed at statutory tax rate is primarily attributable to income exempt from tax, tax deductions and tax effect on allowances / disallowances.

The Group is also subject to tax on income attributable to its permanent establishment in certain foreign jurisdictions due to operation of its foreign branches and subsidiaries.



Mphasis Limited and certain entities in the Group have 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 Group is of the view that all the aforesaid transactions have been made at arms' length terms.

Deferred tax for the year ended 31 March 2017 and 31 March 2016 relates to origination and reversal of temporary differences.

Reconciliation of taxes to the amount computed by applying the statutory income tax rate to the income before taxes is summarized below:

		(₹ millions)
	Year ended 31 March 2017	Year ended 31 March 2016
Profit before exceptional item and tax	11,143.78	9,447.55
Applicable tax rates in India	34.608%	34.608%
Computed tax charge (A)	3,856.64	3,269.61
Tax effect on exempt operating income	(676.68)	(515.67)
Tax effect on Exempt non- operating income	(284.24)	(274.28)
Tax effect on permanent non-deductible expenses	21.59	19.53
Tax effect on differential domestic / overseas tax rate	182.71	154.16
Others	(23.68)	(69.16)
Total adjustments (B)	(780.30)	(685.42)
Total tax expenses (A+B)	3,076.34	2,584.19

	31 March 2017	31 March 2016	1 April 2015
Income tax assets (Net)			
Advance income-tax (net of provision for taxation)	4,352.88	3,502.70	2,999.96
	4,352.88	3,502.70	2,999.96
Income tax liabilities (Net)			
Provision for taxation	650.80	361.38	375.77
	650.80	361.38	375.77
Net income tax asset	3,702.08	3,141.32	2,624.19

The tax effects of significant temporary differences that resulted in deffered tax asset & liabilities are as follows:

	31 March 2017	31 March 2016	1 April 2015
DEFERRED TAX ASSET (Net)			
Depreciation and amortization expense: Difference between tax depreciation and depreciation / amortization as per statement of profit and loss	475.93	565.51	644.83
Provision for doubtful debts and advances	186.01	225.17	224.22
Provision for employee benefits	390.40	418.43	414.19
Provision for loss on long-term contract	16.08	167.38	-
Deferred tax liability on rent equalization reserve	(330.43)	(502.31)	(398.70)
On goodwill arising on business combination	2,908.89	2,963.23	2,815.83
Others	(119.82)	286.03	125.23
MAT credit entitlement *	-	212.28	685.30
	3,527.06	4,335.72	4,510.90



₹ Millions

	31 March 2017	31 March 2016	1 April 2015
DEFERRED TAX LIABILITIES (Net)			
Depreciation and amortization expense: Difference between tax depreciation and depreciation / amortization as per statement of profit and loss	327.41	205.94	-
Provision for employee benefits	(151.02)	(108.13)	-
Deferred tax asset on rent equalization reserve	(3.90)	(4.31)	-
Others	(14.19)	(4.69)	-
	158.30	88.81	-
Net deferred tax asset	3,368.76	4,246.91	4,510.90

<sup>\*</sup> net of MAT credit utilisation of ₹ 341.26 millions (31 March 2016: ₹ 473.02 millions).

	Year ended 31 March 2017	Year ended 31 March 2016
28. REVENUE FROM OPERATIONS		
Sale of services	59,925.50	60,260.37
Sale of traded goods	48.29	408.52
Profit on cash flow hedges	789.78	138.92
	60,763.57	60,807.81
28.1 Details of services rendered:		
Application maintenance & other services	21,743.77	19,160.50
Application development	14,191.06	14,542.84
Infrastructure management services	8,226.19	8,445.33
Knowledge processing services	9,091.25	10,425.97
Other services	6,673.23	7,685.73
	59,925.50	60,260.37
28.2 Details of traded goods sold:		
Cash deposit machine and UPS	48.29	408.52
	48.29	408.52

	Year ended 31 March 2017	Year ended 31 March 2016
29. OTHER INCOME		
Interest income on		
Bank deposits	206.63	609.22
Long term bonds	90.73	37.49
Others	219.22	68.38
Dividend income on investments	388.70	764.62
Fair value gain / (loss) on financial instruments at fair value through profit and loss	397.66	(108.47)
Profit on sale of investments	757.71	298.32
Foreign exchange gain / (loss), (net)	273.98	215.35
Profit on sale of fixed assets, (net)	29.29	6.77
Miscellaneous income	22.14	21.53
	2,386.06	1,913.21

01010101010101010101010



			(₹ millions)
		Year ended 31 March 2017	Year ended 31 March 2016
30. PURCHASE OF STOCK-IN-TRADE		0111141011 2011	0.1.1.1.1.1.1.1.1.1.1.1.1.1.1.1.1.1.1.1
Cash deposit machine and UPS		0.24	421.57
		0.24	421.57
Details of inventory			
Traded Goods			
Cash deposit machine and UPS		-	40.99
		-	40.99
	Year ended	Year ended	(Increase)
204 OHANGE IN INVENTORIES OF STOCK IN TRADE	31 March 2017	31 March 2016	decrease
30.1 CHANGE IN INVENTORIES OF STOCK-IN-TRADE			
Inventories at the end of the year Traded goods		40.99	40.99
naueu goous		40.99	40.99
Inventories at the beginning of the year	40.99	-0.99	(40.99
Traded goods	40.99	_	(40.99
	40.99	-	(40.99
	40.99	(40.99)	(
		Year ended 31 March 2017	Year ended 31 March 2016
31. EMPLOYEE BENEFITS EXPENSE			
Salaries and bonus		34,230.49	34,221.20
Contribution to provident and other funds		2,179.68	2,246.75
Employee share based payment		138.05	94.53
Gratuity expense [refer note 44 (a)]		193.99	133.33
Staff welfare expenses		353.40	609.13
		37,095.61	37,304.94
		Year ended 31 March 2017	Year ended
32. FINANCE COSTS		OT WATCH 2017	OT WATCH 2010
Interest		131.00	194.65
Exchange difference to the extent considered as an adjustment to borrowing considered as an adjustment and adjustment adjustment and adjustment and adjustment adjustment and adjustment adjustment adjustment and adjustment adjustment and adjustment	osts	7.75	46.99
		138.75	241.64
		Year ended 31 March 2017	Year ended 31 March 2016
33. DEPRECIATION AND AMORTIZATION EXPENSE			
Depreciation of property, plant and equipment (refer note 3)		412.46	550.37
		070.00	

379.03

791.49

660.41

1,210.78

Amortization of intangible assets (refer note 5)



(₹ millions)

	Year ended 31 March 2017	Year ended 31 March 2016
34. OTHER EXPENSES		
Travel	1,797.33	1,565.67
Recruitment expenses	427.75	306.49
Communication expenses	614.31	543.81
Rent	2,264.10	2,784.33
Professional charges	2,318.00	1,870.38
Payment to auditor (refer details below)	19.91	19.44
Provision for doubtful debts	1.66	26.57
Software development expenses	3,702.33	3,610.80
Power and fuel	350.85	550.86
Software support & annual maintenance charges	949.46	932.87
Insurance	143.21	181.73
Rates & taxes *	(11.71)	80.53
Repairs & maintenance	35.57	35.46
Corporate Social Responsibility expense (refer note 50)	133.56	126.70
Miscellaneous expenses	1,192.44	1,499.89
	13,938.77	14,135.53
* Rates and taxes includes refund received against service tax receivables.		
Payment to Auditor *		
As auditor:		
Statutory audit fee	15.80	14.29
Other services (certification fees)	3.08	4.16
Reimbursement of expenses	1.03	0.99
	19.91	19.44

*	exc	ludi	ng	ser	vice	tax.
---	-----	------	----	-----	------	------

	Year ended 31 March 2017	Year ended 31 March 2016
35. EXCEPTIONAL ITEM (NET OF TAX)		
Expected loss on sale of domestic BPO business [refer note 23 (a)]	(2.58)	23.78
Expected loss on exit from other domestic BPO business [refer note 23 (b)]	(21.57)	92.04
Restructuring expenses	-	63.59
Provision for impairment of intangible under development	-	52.60
Provision for loss on long-term contract [refer note 23 (c)]	-	316.28
Impairment of Mphasis Shanghai goodwill	83.77	-
Accelerated cost due to change in control (refer note 52)	58.52	-
Others	33.54	<u>-</u>
	151.68	548.29

	Year ended 31 March 2017	Year ended 31 March 2016
36. EARNINGS PER SHARE ('EPS')		
Reconciliation of basic and diluted shared used in computing earnings per share:		
Profit before exceptional item (₹ in millions)	8,067.44	6,863.36
Profit after exceptional item (₹ in millions)	7,915.76	6,315.07
Number of weighted average shares considered for calculation of basic earnings per share	210,035,384	209,853,970
Add: Dilutive effect of stock options	345,892	358,540
Number of weighted average shares considered for calculation of diluted earnings per share	210,381,276	210,212,510

The above does not include 21,000 (31 March 2016: 21,000) bonus shares held in abeyance by the Company.



37. The Group's software development centres and call centres in India include 100% Export Oriented Units ('EOU'), Special Economic Zone ('SEZ') under Special Economic Zone Ordinance and Software Technology Park ('STP') Units under the Software Technology Park guidelines issued by the Government of India. They are exempted from customs and central excise duties and levies on imported and indigenous capital goods and stores and spares. The Group has executed legal undertakings to pay customs duty, central excise duty, levies and liquidated damages payable, if any, in respect of imported and indigenous capital goods and stores and spares consumed duty free, in the event that certain terms and conditions are not fulfilled.

#### 38. CONTINGENT LIABILITIES AND COMMITMENTS

a) The Group has received assessment orders for the financial years ended 31 March 2003, 31 March 2005, 31 March 2007, 31 March 2008, 31 March 2019, 31 March 2011, 31 March 2012 and 31 March 2013, wherein certain adjustments in respect of transfer pricing under Section 92CA of the Income Tax Act, 1961 have been made to the taxable income and demand orders for ₹ 2,518.35 millions (31 March 2016: ₹ 2,074.77 millions, 1 April 2015: ₹ 2,267.01 millions) have been raised on the Group. The above demands are disputed by the management and the Group has filed appeals against the aforesaid orders with appellate authorities. The management is of the view that the prices determined by it are at arm's length and is confident that the demands raised by the assessing officer are not tenable under law. Pending outcome of the aforesaid matters under litigation, no provision has been made in the books of account for the above mentioned tax demands

Other claims against the Group (majorly Income tax and indirect tax) not acknowledged as debts amounting to ₹ 7,118.14 millions (31 March 2016: ₹ 5,588.43 millions, 1 April 2015: ₹ 1,721.23 millions) net of bank guarantees aggregating to ₹ 6,661.95 millions (31 March 2016: ₹ 6,661.95 millions, 1 April 2015: ₹ 4,841.14 millions). The management, basis internal evaluation and legal opinion is of the view that these demands are not tenable.

- b) Other outstanding bank guarantees as at 31 March 2017: ₹ 774.76 millions (31 March 2016: ₹ 791.51 millions, 1 April 2015: ₹ 760.62 millions) including those furnished on account of jointly controlled operations ₹ 99.35 millions (31 March 2016 and 1 April 2015: ₹ 99.35 millions) and customs authorities aggregating to ₹ 53.66 millions (31 March 2016: ₹ 48.91 millions, 1 April 2015: ₹ 52.98 millions).
- c) Estimated amount of contracts remaining to be executed on capital account (net of advances) and not provided for as at 31 March 2017: ₹ 97.19 millions (31 March 2016: ₹ 172.74 millions, 1 April 2015: ₹ 327.90 millions).
- d) The Group has received claims from certain customers / vendors. Management is of the view that these claims are not tenable and is taking appropriate action in this regard. It is not practical for the Group to estimate the amounts.
- e) The Group has issued performance guarantees to certain clients for executed contracts. It is not practical for the Group to estimate the amounts.

## 39. OPERATING LEASES

The Group is obligated under non-cancellable leases for equipments, office and residential space that are renewable on a periodic basis at the option of the lessor and the lessee. Total rental expense under non-cancellable operating leases amounted to ₹ 1,020.44 millions for the year ended 31 March 2017 (31 March 2016: ₹ 1,031.87 millions).

Future minimum lease payments under non-cancellable operating leases as at 31 March 2017 are as follows:		(₹ millions)
Period	31 March 2017	31 March 2016
Not later than 1 year	530.07	402.48
Later than 1 year and not later than 5 years	706.78	718.50
More than 5 years	25.35	108.04
	1,262.20	1,229.02

The Group has also occupied office facilities and residential facilities under cancellable operating lease agreements. The Group intends to renew such leases in the normal course of its business. Total rental expense under cancellable operating leases for the year ended 31 March 2017 amounted to ₹ 1,243.66 millions (31 March 2016: ₹ 1,752.46 millions).

Office premises are obtained on operating lease for terms ranging from 1 to 7 years and are renewable at the option of the Group / lessor.



### **40. RELATED PARTY TRANSACTIONS**

### Entities where control exists:

	Upto 31 August 2016	From 1 September 2016
Ultimate holding company	Hewlett-Packard Enterprise Company	Blackstone Capital Partners (Cayman II) VI L.P.
Intermediate holding company	Hewlett Packard Barcelona BV	Blackstone Capital Partners (Singapore) VI Holding Co Pte Ltd.
Immediate holding companies	EDS Asia Pacific Holdings	Marble II Pte Limited
	EDS World Corporation (Far East) LLC	
	EDS World Corporation (Netherlands) LLC	

Immediate holding company holds 60.41% (31 March 2016: 60.47%) of the total share capital of the Company.

The related parties also include Kshema Employees Welfare Trust and Mphasis Provident Fund Trust. (Refer note 44 (b) for information on transactions with Mphasis Provident Fund Trust mentioned above).

# **Key Management Personnel**

Nitin Rakesh	Chief Executive Officer (Appointed w.e.f. 29 January 2017)
Balu Ganesh Ayyar	Chief Executive Officer (Resigned w.e.f. 29 January 2017)
A. Sivaram Nair	Executive Vice President, Company Secretary General Counsel & Ethics Officer
V. Suryanarayanan	Executive Vice President & Chief Financial Officer
James Mark Merritt	Director - Vice Chairman of the Board- Resigned w.e.f. 1 September 2016
Davinder Singh Brar	Director, Chairman of the Board
Narayanan Kumar	Director - Non Executive Independent Director
Lakshmikanth K Ananth	Director- Resigned w.e.f. 1 September 2016
Stefan Antonio Lutz	Director- Resigned w.e.f. 1 September 2016
Mary Teresa Hassett	Director- Resigned w.e.f. 1 September 2016
Jan Kathleen Hier	Non Executive Independent Director – Appointed w.e.f. 11 December 2015
Jeff Thomas Ricci	Non-Executive Director – Resigned w.e.f. 1 September 2016
Amit Dixit	Director – Appointed w.e.f. 1 September 2016
Amit Dalmia	Director – Appointed w.e.f. 1 September 2016
Paul James Upchurch	Director – Appointed w.e.f. 1 September 2016
Dario Zamarian	Director – Appointed w.e.f. 1 September 2016
David Lawrence Johnson	Director – Appointed w.e.f. 1 September 2016
Shankar Maitra	Director - Resigned w.e.f. 26 October 2015
Friedrich Froeschl	Director - Non Executive Independent Director, Chairman of the Board – Resigned w.e.f. 26 October 2015

## Direct or indirect subsidiaries of ultimate holding company with which transactions have taken place

Global E:Business Operations Private Ltd	Hewlett-Packard Limited
Hewlett Packard Enterprise Information Security UK Limited	Hewlett-Packard Multimedia SDN BHD
Hewlett Packard Software, LLC	Hewlett-Packard Nederland B.V.
Hewlett-Packard (Canada) Co.	Hewlett-Packard New Zealand
Hewlett-Packard (India) Software Operation Private Limited	Hewlett-Packard Norge AS
Hewlett-Packard (K) Limited Liability Partnership	Hewlett-Packard OY
Hewlett-Packard (Schweiz) GmbH	Hewlett-Packard Philippines Incorporation
Hewlett-Packard ApS	Hewlett-Packard Singapore (Sales) Pte. Ltd
Hewlett-Packard Asia Pacific Pte Ltd	Hewlett-Packard Sverige A.B.

Continued



Direct or indirect subsidiaries of ultimate holding company with which transactions have taken place (Continued)		
Hewlett-Packard Australia Pty Limited.	Hewlett-Packard UK Enterprise (1) Ltd.	
Hewlett-Packard Belgium B.V.B.A/S.P.R.L	HP Enterprise Services (Hong Kong) Limited	
Hewlett-Packard CDS GmbH	HP Enterprise Services Australia Pty Ltd	
Hewlett-Packard Centre de Competence France SAS	HP Enterprise Services BPA Pty Ltd	
Hewlett-Packard de Mexico S. De R.L. De CV	HP Enterprise Services Italia S.r.I	
Hewlett-Packard Enterprise Services UK Limited	HP Enterprise Services Energy Italia S.r.I	
Hewlett-Packard Enterprises LLC *	HP Enterprise Services, LLC	
Hewlett-Packard Financial Services (India) Private Ltd.	HP Facilities Services (Malaysia) Sdn Bhd	
Hewlett-Packard France SAS	HP Financial Services (Australia) Pty Limited	
Hewlett-Packard Galway Ltd	HP Financial Services (New Zealand)	
Hewlett-Packard Globalsoft Private Limited	HP India Sales Private Limited *	
Hewlett-Packard GmbH	HP PPS Singapore Sales Pte Ltd. *	
Hewlett-Packard International Sa'rl	HP Services (Singapore) Pte Ltd	
Hewlett-Packard International Trade B.V.	P.T. Hewlett-Packard Berca Servisindo	
Hewlett-Packard Ireland, Ltd. *	Shanghai Hewlett-Packard Co, Ltd	
Hewlett-Packard Japan, Ltd.	Hewlett-Packard Enterprise Singapore Pte. Ltd.	
Hewlett-Packard Enterprise India Private Limited		

The above companies ceased to be related parties w.e.f. 1 September 2016 (refer note 51).

<sup>\*</sup> Effective 1 November 2015, ceased to be related parties as these companies are no longer the subsidiaries of Hewlett-Packard Enterprise Company (ultimate holding company) and accordingly transactions up till 31 October 2015 have been disclosed as related party transactions.

The following is the summary of significant transactions with related parties by the Company:		(₹ millions)
	Year ended 31 March 2017	Year ended 31 March 2016
Rendering of services - entities where control exists	960.84	2,150.12
Hewlett-Packard Company, USA	-	766.53
Hewlett-Packard Enterprise Company	960.84	1,383.59
Rendering of services - other related parties	4,898.46	13,538.29
HP Enterprise Services, LLC	2,995.05	8,197.89
Hewlett-Packard Australia Pty Limited	893.01	2,105.38
Hewlett-Packard Enterprise Services UK Ltd.	436.50	1,544.05
Others	573.90	1,690.97
Purchase of fixed assets - other related parties	0.50	33.79
Hewlett Packard India Sales Private Limited	-	19.36
Hewlett Packard Singapore (Sales) Pte. Limited	0.50	12.76
Others	-	1.67



(₹ millions)

	Year ended	Year ended
	31 March 2017	31 March 2016
Lease rentals incurred - other related parties	-	0.16
Hewlett Packard Financial Services (India) Private Limited	-	0.16
Software development charges - other related parties	4.56	11.69
HP Services (Singapore) Pte Limited	4.56	10.33
Others	-	1.36
Software support and annual maintenance charges - other related parties	220.75	399.64
HP Services (Singapore) Pte Limited	220.09	397.14
Others	0.66	2.50
Other expenses incurred - other related parties	5.13	2.51
HP Services (Singapore) Pte Limited	0.92	2.50
Hewlett Packard Enterprise India Pvt Ltd	2.83	0.01
Hewlett Packard Singapore (Sales) Pte Ltd	1.35	-
Others	0.03	-
Dividend paid (on cash basis)	2,542.17	2,033.70
Marble II Pte Limited	2,542.17	-
EDS Asia Pacific Holdings	-	1,328.04
EDS World Corporation (Far East) LLC	-	705.66
Remuneration / Commission to key management personnel *	311.42	156.63
Nitin Rakesh	29.64	-
Balu Ganesh Ayyar	215.70	106.81
Others	66.08	49.82

<sup>\*</sup> This does not include remuneration paid to certain directors by the ultimate parent company and its affiliates as they are employees of the said companies.

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

	31 March 2017	31 March 2016
Trade receivables and unbilled revenue – entities where control exists	-	568.14
Hewlett-Packard Enterprise Company	-	568.14
Trade receivables and unbilled revenue - other related parties	-	2,306.11
HP Enterprise Services, LLC	-	1,195.98
Hewlett-Packard Enterprise Services UK Ltd	-	229.53
Hewlett-Packard Australia Pty Limited	-	479.71
Others	-	400.89
Trade payable - other related parties	-	208.68
HP Services (Singapore) Pte Limited	-	154.48
Hewlett Packard Singapore (Sales) Pte Ltd	-	27.20
Others	-	27.00
Remuneration / Commission payable to key management personnel	9.75	8.84
Balu Ganesh Ayyar	-	2.32
Davinder Singh Brar	2.10	2.11
Friedrich Froeschl	-	1.49
Narayanan Kumar	1.80	1.95
David Lawrence Johnson	2.00	-
Dario Zamarian	2.00	-
Jan Kathleen Hier	1.85	-
Others	-	0.97



41. Additional information pursuant to para 2 of general instructions for the preparation of the Consolidated Financial Statements for year ended 31 March 2017 and 31 March 2016.

31 March 2017	Net a	ssets	Share in pro	ofit or loss	Share i	n OCI	Share in total Co	-
Name of the entity	% of consolidated net assets	₹ millions	% of consolidated profit or loss	₹ millions	% of consolidated OCI	₹ millions	% of consolidated total Comprehensive Income	₹ millions
Parent								
Mphasis Limited	47.552	46,953.26	57.924	6,250.10	223.735	453.76	60.984	6,703.86
Indian subsidiaries								
Msource (India) Private Limited	8.037	7,935.94	6.500	701.35	18.258	37.03	6.717	738.38
Mphasis Software and Services (India) Private Limited	1.563	1,543.47	1.270	136.98	-	-	1.246	136.98
Foreign subsidiaries								
Mphasis Corporation	5.978	5,902.65	5.782	623.82	(37.498)	(76.05)	4.983	547.77
Mphasis Deutschland GmbH	0.067	65.89	0.073	7.88	(2.470)	(5.01)	0.026	2.87
Mphasis Australia Pty Limited	0.507	501.05	0.919	99.15	(5.685)	(11.53)	0.797	87.62
Mphasis (Shanghai) Software & Services Company Limited	0.113	111.88	0.234	25.20	(4.226)	(8.57)	0.151	16.63
Mphasis Consulting Limited	0.551	543.73	0.119	12.80	(44.741)	(90.74)	(0.709)	(77.94)
Mphasis Ireland Limited	0.028	27.86	0.007	0.71	(0.907)	(1.84)	(0.010)	(1.13)
Mphasis Belgium BVBA	0.260	256.32	0.718	77.51	(7.549)	(15.31)	0.566	62.20
Mphasis Lanka Private Limited	-	-	-	-	-	-	-	-
Mphasis Poland s.p.z.o.o	(0.015)	(14.39)	0.075	8.09	0.646	1.31	0.086	9.40
Msource Mauritius Inc.	0.639	631.08	(0.009)	(0.95)	0.099	0.20	(0.007)	(0.75)
PT. Mphasis Indonesia	-	0.34	(0.013)	(1.43)	-	-	(0.013)	(1.43)
Mphasis Europe BV	11.794	11,645.70	(0.210)	(22.68)	(8.944)	(18.14)	(0.371)	(40.82)
Mphasis Pte Limited	0.353	348.66	0.931	100.45	(9.201)	(18.66)	0.744	81.79
Mphasis Infrastructure Services Inc.	(1.038)	(1,025.12)	(0.038)	(4.06)	9.501	19.27	0.138	15.21
Mphasis UK Limited	10.525	10,392.55	1.727	186.30	(52.157)	(105.78)	0.732	80.52
Mphasis Wyde Inc.	10.330	10,199.60	18.020	1,944.33	26.542	53.83	18.177	1,998.16
Mphasis Philippines Inc.	0.020	19.36	0.001	0.08	(1.090)	(2.21)	(0.019)	(2.13)
Wyde Corporation Inc.	(0.596)	(588.33)	(0.637)	(68.77)	4.837	9.81	(0.536)	(58.96)
Mphasis Wyde SASU	(0.594)	(586.04)	(2.611)	(281.71)	15.808	32.06	(2.271)	(249.65)
Wyde Solutions Canada Inc.	(0.147)	(145.25)	(0.207)	(22.30)	3.733	7.57	(0.134)	(14.73)
Digital Risk LLC.	4.303	4,248.89	(1.509)	(162.83)	(36.960)	(74.96)	(2.163)	(237.79)
Digital Risk Compliance Services LLC.	(2.126)	(2,099.58)	-	-	19.338	39.22	0.357	39.22
Digital Risk Mortgage Services LLC.	2.790	2,755.24	8.843	954.12	(16.897)	(34.27)	8.368	919.85
Digital Risk Analytics LLC.	(0.326)	(321.91)	(0.137)	(14.80)	3.037	6.16	(0.079)	(8.64)
Investor Services, LLC	0.559	551.58	2.290	247.12	(7.342)	(14.89)	2.113	232.23
Digital Risk Valuation Services LLC.	(1.127)	(1,112.61)	(0.062)	(6.64)	10.133	20.55	0.127	13.91
Total Foreign subsidiaries	42.848	42,309.15	34.306	3,701.39	(141.993)	(287.98)	31.053	3,413.41
Sub Total	100.00	98,741.82	100.00	10,789.82	100.00	202.81	100.00	10,992.63
Adjustment arising out of consolidation		(37,217.76)		(2,874.06)		(353.68)		(3,227.74)
Total		61,524.06		7,915.76		(150.87)		7,764.89



31 March 2016	Net as	ssets	Share in pro	ofit or loss	Share i	n OCI	Share in total Co	•
Name of the entity	% of consolidated net assets	₹ millions	% of consolidated profit or loss	₹ millions	% of consolidated OCI	₹ millions	% of consolidated total Comprehensive Income	₹ millions
Parent								
Mphasis Limited	47.388	45,040.52	67.379	4,571.36	49.729	9.18	67.331	4,580.54
Indian subsidiaries								
Msource (India) Private Limited	7.573	7,197.55	9.111	618.13	38.296	7.07	9.190	625.20
Mphasis Software and Services (India) Private Limited	1.480	1,406.49	1.811	122.84	-	-	1.806	122.84
Foreign subsidiaries								
Mphasis Corporation	5.634	5,354.88	13.123	890.33	722.267	133.34	15.047	1,023.67
Mphasis Deutschland GmbH	0.066	63.02	0.070	4.77	34.559	6.38	0.164	11.15
Mphasis Australia Pty Limited	0.435	413.44	2.805	190.33	127.022	23.45	3.142	213.78
Mphasis (Shanghai) Software & Services Company Limited	0.100	95.26	0.066	4.48	(2.925)	(0.54)	0.058	3.94
Mphasis Consulting Limited	0.654	621.68	0.227	15.38	102.105	18.85	0.503	34.23
Mphasis Ireland Limited	0.031	28.99	0.031	2.11	16.304	3.01	0.075	5.12
Mphasis Belgium BVBA	0.204	194.13	0.929	63.04	91.109	16.82	1.174	79.86
Mphasis Lanka Private Limited	-	-	-	-	-	-	-	-
Mphasis Poland s.p.z.o.o	(0.025)	(23.79)	(0.169)	(11.49)	3.088	0.57	(0.161)	(10.92)
Msource Mauritius Inc.	0.649	617.19	(0.011)	(0.72)	(2.763)	(0.51)	(0.018)	(1.23)
PT. Mphasis Indonesia	0.002	1.77	(0.029)	(1.96)	0.542	0.10	(0.027)	(1.86)
Mphasis Europe BV	12.296	11,686.52	0.429	29.10	139.156	25.69	0.805	54.79
Mphasis Pte Limited	0.281	266.87	1.519	103.06	84.393	15.58	1.744	118.64
Mphasis Infrastructure Services Inc.	(1.095)	(1,040.33)	(1.204)	(81.68)	(288.224)	(53.21)	(1.983)	(134.89)
Mphasis UK Limited	10.849	10,312.03	0.770	52.24	124.043	22.90	1.105	75.14
Mphasis Wyde Inc.	8.629	8,201.44	(3.429)	(232.67)	(1,853.930)	(342.26)	(8.451)	(574.93)
Mphasis Philippines Inc.	0.023	21.49	(800.0)	(0.54)	1.571	0.29	(0.004)	(0.25)
Wyde Corporation Inc.	(0.557)	(529.37)	0.944	64.07	(170.140)	(31.41)	0.480	32.66
Mphasis Wyde SASU	(0.354)	(336.39)	(3.339)	(226.55)	(116.785)	(21.56)	(3.647)	(248.11)
Wyde Solutions Canada Inc.	(0.137)	(130.52)	(0.346)	(23.45)	(30.930)	(5.71)	(0.429)	(29.16)
Wyde Tunisia	-	-	-	-	(1.080)	(0.20)	(0.003)	(0.20)
Digital Risk LLC.	7.098	6,746.12	(19.306)	(1,309.84)	1,706.270	315.00	(14.623)	(994.84)
Digital Risk Compliance Services LLC.	(2.250)	(2,138.80)	-	-	(656.616)	(121.22)	(1.782)	(121.22)
Digital Risk Mortgage Services LLC.	2.206	2,096.56	10.649	722.49	644.212	118.93	12.368	841.42
Digital Risk Analytics LLC.	(0.330)	(313.27)	(0.934)	(63.39)	(83.634)	(15.44)	(1.159)	(78.83)
Investor Services, LLC	0.336	319.35	20.604	1,397.87	(257.457)	(47.53)	19.849	1,350.34
Digital Risk Valuation Services LLC.	(1.185)	(1,126.53)	(1.691)	(114.73)	(320.183)	(59.11)	(2.555)	(173.84)
Total Foreign subsidiaries	43.560	41,401.74	21.700	1,472.25	11.974	2.21	21.674	1,474.46
Sub Total	100.00	95,046.30	100.00	6,784.58	100.00	18.46	100.00	6,803.04
Adjustment arising out of consolidation		(36,496.00)		(469.51)		1,004.87		535.36
Total		58,550.30		6,315.07		1,023.33		7,338.40



# 42. SEGMENT REPORTING

Operating segments are defined as components of the Group for which discrete financial information is available that is evaluated regularly by the chief operating decision maker, in deciding how to allocate resources and assessing performance. The Group's chief operating decision maker is the Chief Executive Officer.

The Group has identified business segments (industry practice) as reportable segments. The business segments comprise: Banking and Capital Market, Insurance, Information Technology, Communication and Entertainment and Emerging Industries.

The accounting policies consistently used in the preparation of financial statements are also applied to record revenue and expenditure in individual segments. Assets, liabilities, revenues and direct expenses in relation to segments are categorised based on items that are individually identifiable to that segment, while other items, wherever allocable, are apportioned to the segments on an appropriate basis. Certain items are not specifically allocable to individual segments as the underlying services are used interchangeably. The Group, therefore believes that it is not practical to provide segment disclosures relating to such items, and accordingly such items are separately disclosed as 'unallocated'.

Client relationships are driven based on client domicile. The geographical segments include United States of America (USA), India, Asia Pacific (APAC) and Europe, Middle East & Africa (EMEA).

Business segments		(₹ millions)
	Year ended	Year ended
	31 March 2017	31 March 2016
Segment revenue		
Banking and Capital Market	29,520.50	28,714.79
Insurance	8,893.30	9,461.10
Information Technology, Communication and Entertainment	6,032.35	7,247.06
Emerging Industries	15,527.64	15,245.94
Unallocated - Hedge	789.78	138.92
Total segment revenue	60,763.57	60,807.81
Segment result*		
Banking and Capital Market	6,945.17	5,136.10
Insurance	2,058.27	2,073.00
Information Technology, Communication and Entertainment	1,922.95	2,282.85
Emerging Industries	4,939.89	5,075.03
Unallocated - Hedge	789.78	138.92
Total segment result	16,656.06	14,705.90
Interest income	516.58	715.09
Finance costs	(138.75)	(241.64)
Other income	1,869.48	1,198.12
Other unallocable expenditure *	(7,911.27)	(7,478.21)
Profit before taxation	10,992.10	8,899.26
Income taxes	3,076.34	2,584.19
Profit after taxation	7,915.76	6,315.07

<sup>\*</sup> includes exceptional item (refer note 35).

Revenue from two customers amounted to more than 10% of the total revenue amounting to ₹ 14,108.22 millions and ₹ 6,789.88 millions (31 March 2016: ₹ 15,760.80 millions and ₹ 6,540.91 millions).

	31 March 2017	31 March 2016	1 April 2015
Segment assets			
Banking and Capital Market	9,169.58	10,584.30	8,817.25
Insurance	2,325.59	2,649.56	2,885.71
Information Technology, Communication and Entertainment	1,825.21	1,926.16	2,785.80
Emerging Industries	4,512.76	4,282.57	4,055.53
Total segment assets	17,833.14	19,442.59	18,544.29
Unallocated assets	55,337.75	54,725.82	51,455.71
Total assets	73,170.89	74,168.41	70,000.00



(₹ millions)

	31 March 2017	31 March 2016	1 April 2015
Segment liabilities			
Banking and Capital Market	3,800.98	4,872.35	3,508.48
Insurance	1,459.26	1,897.24	1,486.98
Information Technology, Communication and Entertainment	759.28	1,128.54	1,319.16
Emerging Industries	1,890.90	2,300.74	2,127.23
Total segment liabilities	7,910.42	10,198.87	8,441.85
Unallocated liabilities	3,736.41	5,419.24	6,362.43
Total liabilities	11,646.83	15,618.11	14,804.28
Capital employed			
Banking and Capital Market	5,368.60	5,711.95	5,308.77
Insurance	866.33	752.32	1,398.73
Information Technology, Communication and Entertainment	1,065.93	797.62	1,466.64
Emerging Industries	2,621.86	1,981.83	1,928.30
Unallocated	51,601.34	49,306.58	45,093.28
Total capital employed	61,524.06	58,550.30	55,195.72

	Year ended 31 March 2017	Year ended 31 March 2016
Capital expenditure		
Banking and Capital Market	543.43	593.64
Insurance	163.71	196.14
Information Technology, Communication and Entertainment	111.05	149.68
Emerging Industries	285.85	314.92
Total capital expenditure	1,104.04	1,254.38

# Geographic segments

Revenue	Year ended 31 March 2017	Year ended 31 March 2016
Region		
USA	46,731.91	45,818.02
India	3,956.53	5,069.72
APAC	3,227.58	3,690.85
EMEA	6,057.77	6,090.30
Unallocated - Hedge	789.78	138.92
Total geographical revenue	60,763.57	60,807.81

Revenues by geographic area are based on the geographical location of the client.

# Non-current operating assets

	31 March 2017	31 March 2016	1 April 2015
India	911.53	626.72	838.45
Outside India	15,401.72	15,898.08	15,355.18
Total non-current operating assets	16,313.25	16,524.80	16,193.63

Non current operating assets includes Property, Plant and Equipment, Capital work –in-progress, Goodwill, Other Intangible assets, and Intangible assets under development.



# Reconciliations to amounts reflected in the financial statements.

Reconciliation of assets			(₹ millions)
	31 March 2017	31 March 2016	1 April 2015
Segment Assets	17,833.14	19,442.59	18,544.29
Goodwill (refer note 4)	14,068.99	14,513.89	13,718.30
Investments (refer note 7 and 13)	23,956.45	21,222.92	14,644.76
Cash and cash equivalents (refer note 14)	6,144.12	8,572.08	13,226.63
Income tax assets (refer note 27)	4,352.88	3,502.70	2,999.96
Deferred tax assets (refer note 27)	3,527.06	4,335.72	4,510.90
Non current bank balances	110.79	109.85	0.85
Interest receivable	59.86	83.04	101.91
Deposits with government authorities	49.17	25.21	22.92
Balances with statutory / government authorities	1,525.51	1,595.93	1,841.50
Derivatives	1,165.10	386.61	272.81
Capital advance	375.96	375.96	113.31
Others	1.86	1.91	1.86
Total assets	73,170.89	74,168.41	70,000.00

# Reconciliation of liabilities

	31 March 2017	31 March 2016	1 April 2015
Segment liabilities	7,910.42	10,198.87	8,441.85
Borrowings	2,601.60	3,113.99	4,343.75
Current tax liabilities (refer note 27)	650.80	361.38	375.77
Deferred tax liabilities (refer note 27)	158.30	88.81	-
Statutory dues	275.34	346.21	214.40
Derivatives	0.33	6.36	11.74
Unpaid dividend	11.51	7.71	6.97
Interest payable	-	0.26	0.64
Others	38.53	0.89	0.18
Current maturities of long term borrowings	-	1,493.63	1,408.98
Total liabilities	11,646.83	15,618.11	14,804.28

# 43. CAPITAL MANAGEMENT

The Group's objective is to maintain a strong capital base to ensure sustained growth in business. The Capital Management focusses to maintain an optimal structure that balances growth and maximizes shareholder value.

	31 March 2017	31 March 2016	1 April 2015
Total equity attributable to the share holders of the Group (A)	61,524.06	58,550.30	55,195.72
Borrowings - current	2,601.60	1,325.10	1,250.00
Borrowings - non current	-	1,788.89	3,093.75
Current maturities of long-term borrowings	-	1,493.63	1,408.98
Total loans and borrowings (B)	2,601.60	4,607.62	5,752.73
Total loans and borrowings as a percentage of capital (B / C)	4.06%	7.30%	9.44%
Total capital (A+B=C)	64,125.66	63,157.92	60,948.45
Total equity as a percentage of total capital (A / C)	95.94%	92.70%	90.56%

The Group is predominantly equity financed as evident from the capital structure table above. Further the Group has sufficient cash, cash equivalents, current investments and financial assets which are liquid to meet the debts.



# 44. EMPLOYEE BENEFITS

### a. Gratuity

The Group has a defined benefit gratuity plan in India (funded). The Group's defined benefit gratuity plan is a final salary plan for India employees, which requires contributions to be made to a separately administered fund.

The gratuity plan is governed by the Payment of Gratuity Act, 1972. Under the Act, employee who has completed five years of service is entitled to specific benefit. The level of benefits provided depends on the member's length of service and salary at retirement age. The fund has the form of a trust and it is governed by the Board of Trustees, which consists of an equal number of employer and employee representatives. The Board of Trustees is responsible for the administration of the plan assets and for the definition of the investment strategy.

Each year, the Board of Trustees reviews the level of funding in the India gratuity plan. Such a review includes the asset-liability matching strategy and investment risk management policy. This includes employing the use of annuities and longevity swaps to manage the risks. The Board of Trustees decides its contribution based on the results of this annual review. Generally, it aims to have a portfolio mix of equity instruments, property and debt instruments. The Board of Trustees aim to keep annual contributions relatively stable at a level such that no plan deficits (based on valuation performed) will arise.

The following tables set out the status of the gratuity plan.

Disclosure as per Ind AS - 19

(₹ millions)

	31 March 2017	31 March 2016
Change in projected benefit obligations		
Obligations at beginning of the year	947.76	871.24
Service cost	136.47	89.19
Interest cost	69.01	60.63
Benefits settled	(126.04)	(167.61)
Actuarial (gain) /loss (through OCI)	42.81	94.31
Obligations at end of the year	1,070.01	947.76
Change in plan assets		
Plan assets at beginning of the year, at fair value	131.75	278.96
Expected return on plan assets	11.49	16.49
Actuarial gain /(loss) (through OCI)	8.79	-
Contributions	200.49	11.09
Transfer	-	(7.18)
Benefits settled	(126.04)	(167.61)
Plan assets at end of the year	226.48	131.75
Present value of defined benefit obligation at the end of the year	1,070.01	947.76
Fair value of plan assets at the end of the year	226.48	131.75
Net liability recognised in the balance sheet	(843.53)	(816.01)

	Year ended 31 March 2017	Year ended 31 March 2016
Expenses recognised in statement of profit and loss		
Service cost	136.47	89.19
Interest cost (net)	57.52	44.14
Net gratuity cost	193.99	133.33
Re-measurement gains / (losses) in OCI		
Actuarial (gain) / loss due to demographic assumption changes	-	-
Actuarial (gain) / loss due to financial assumption changes	15.90	37.03
Actuarial (gain) / loss due to experience adjustments	26.91	57.28
Return on plan assets (greater) less than discount rate	(8.79)	-
Total expenses routed through OCI	34.02	94.31



	31 March 2017	31 March 2016
Assumptions		
Interest rate	6.80%	7.70%
Discount factor	6.80%	7.70%
Expected rate of return on plan assets	6.80%	7.70%
Actual return on plan assets	8.25%	8.35%
Salary increase	6.50%	6.50%
Attrition rate	20% to 30%	20% to 30%
Retirement age	60 years	60 years
Projected benefit obligation at end	1,070.01	947.76
Projected benefit obligation at beginning	947.76	871.24
Accumulated benefit obligation at end	963.16	851.66
Vested benefit obligation at end	909.01	810.43
Five years payouts		
Year 1	190.55	176.88
Year 2	151.31	136.67
Year 3	119.45	108.03
Year 4	94.50	84.43
Year 5	74.60	66.64
6 to 10 years	195.65	169.78
Beyond 10 years	243.95	205.33
Contributions likely to be made for the next one year	300.00	205.00

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. Expected return on plan assets is computed based on prevailing market rate.

# The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

	31 March 2017	31 March 2016
Investments with insurer	100%	100%

# (₹ millions)

				(
Sensitivity analysis	31 March 2017		31 Marc	h 2016
Effect of change in discount rate	1% increase	1% decrease	1% increase	1% decrease
Effect on the aggregate of service cost	(7.84)	8.62	(4.84)	5.44
Effect on the aggregate of interest cost	-	-	-	-
Effect on the deemed benefit obligation	(81.68)	109.23	(81.88)	94.94
Effect of change in salary	1% increase	1% decrease	1% increase	1% decrease
Effect on the aggregate of service cost	8.35	(7.57)	6.71	(4.91)
Effect on the aggregate of interest cost	-	-	-	-
Effect on the deemed benefit obligation	102.60	(62.59)	81.73	(70.13)

# b. Provident fund

The Group has carried out actuarial valuation as at 31 March 2017. The actuary has provided a valuation for provident fund liabilities and based on the assumption mentioned below, there is no shortfall as at 31 March 2017 and 31 March 2016.

The amount of plan assets disclosed below has been restricted to the extent of present value of benefit obligation at the year end.



The details of the fund and plan asset position are given below:

(₹ millions)

	31 March 2017	31 March 2016
Plan assets at the year end	6,579.19	6,101.22
Present value of benefit obligation at year end	6,579.19	6,101.22
Asset recognized in balance sheet	-	-

Assumptions used in determining the present value obligation of the interest rate guarantee under the Deterministic Approach.

	31 March 2017	31 March 2016
Government of India (GOI) bond yield	6.80%	7.70%
Remaining term of maturity (in years)	12	12
Expected guaranteed interest rate	8.65%	8.70%

The Group has contributed ₹ 433.03 millions during the year ended 31 March 2017 (31 March 2016: ₹ 436.17 millions).

# **45. FINANCIAL INSTRUMENTS**

The carrying value of financial instruments by categories as of 31 March 2017 is as follows:

Particulars	Fair value through profit or loss	Derivative instruments in Hedging relationship	Derivative instruments not in Hedging relationship	Amortised Cost	Total
Financial assets					
Cash and cash equivalents	-	-	-	6,132.66	6,132.66
Bank balances other than cash and cash equivalents	-	-	-	11.46	11.46
Investments	22,701.28	-	-	1,255.17	23,956.45
Trade receivables	-	-	-	6,310.03	6,310.03
Loans and advances	-	-	-	1,817.59	1,817.59
Forward cover	-	-	180.22	-	180.22
Cash flow hedges	-	1,165.10	-	-	1,165.10
Other financial assets	-	-	-	4,731.38	4,731.38
Total	22,701.28	1,165.10	180.22	20,258.29	44,304.89
Financial liabilities					
Borrowings	-	-	-	2,601.60	2,601.60
Trade payables	-	-	-	3,878.22	3,878.22
Forward cover	-	-	1.37	-	1.37
Cash flow hedges	-	0.33	-	-	0.33
Other financial liabilities	-	-	-	1,610.09	1,610.09
Total	-	0.33	1.37	8,089.91	8,091.61

The carrying value of financial instruments by categories as of 31 March 2016 is as follows:

Particulars	Fair value through profit or loss	Derivative instruments in Hedging relationship	Derivative instruments not in Hedging relationship	Amortised Cost	Total
Financial assets					
Cash and cash equivalents	-	-	-	3,926.03	3,926.03
Bank balances other than cash and cash	-	-	-	4,646.05	4,646.05
equivalents					
Investments	19,967.75	-	-	1,255.17	21,222.92
Trade receivables	-	-	-	6,529.69	6,529.69
Loans and advances	-	-	-	1,838.33	1,838.33
Forward cover	-	-	105.56	-	105.56
Cash flow hedges	-	386.61	-	-	386.61
Other financial assets	-	-	-	5,995.44	5,995.44
Total	19,967.75	386.61	105.56	24,190.71	44,650.63



(₹ millions)

Particulars	Fair value through profit or loss	Derivative instruments in Hedging relationship	Derivative instruments not in Hedging relationship	Amortised Cost	Total
Financial liabilities					
Borrowings	-	-	-	3,113.99	3,113.99
Trade payables	-	-	-	4,477.11	4,477.11
Forward cover	-	-	95.63	-	95.63
Cash flow hedges	-	6.36	-	-	6.36
Other financial liabilities	-	-	-	4,121.35	4,121.35
Total	-	6.36	95.63	11,712.45	11,814.44

# The carrying value of financial instruments by categories as of 1 April 2015 is as follows:

Particulars	Fair value through profit or loss	Derivative instruments in Hedging relationship	Derivative instruments not in Hedging relationship	Amortised Cost	Total
Financial assets					
Cash and cash equivalents	-	-	-	4,043.49	4,043.49
Bank balances other than cash and cash equivalents	-	-	-	9,183.14	9,183.14
Investments	14,644.76	-	-	-	14,644.76
Trade receivables	-	-	-	6,305.84	6,305.84
Loans and advances	-	-	-	1,804.22	1,804.22
Forward cover	-	-	98.60	-	98.60
Cash flow hedges	-	272.81	-	-	272.81
Other financial assets	-	-	-	5,167.44	5,167.44
Total	14,644.76	272.81	98.60	26,504.13	41,520.30
Financial liabilities					
Borrowings	-	-	-	4,343.75	4,343.75
Trade payables	-	-	-	4,015.57	4,015.57
Forward cover	-	-	123.89	-	123.89
Cash flow hedges	-	11.74	-	-	11.74
Other financial liabilities	-	-	-	3,841.51	3,841.51
Total	-	11.74	123.89	12,200.83	12,336.46

# Fair Value hierarchy:

Particulars		As at 31 M	larch 2017		As at 31 March 2016				As at 1 April 2015			
	Fair val	ue measure date	ements at re using	eporting	Fair value measurements at reporting date using			Fair value measurements at reporting date using				
	Total	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3
Assets												
Investments	22,701.28	22,701.28	-	-	19,967.75	19,967.75	-	-	14,644.76	14,644.76	-	-
Derivative instruments												
Cash flow hedges *	1,165.10	-	1,165.10	-	386.61	-	386.61	-	272.81	-	272.81	-
Forward cover	180.22	-	180.22	-	105.56	-	105.56	-	98.60	-	98.60	-
Liabilities												
Derivative instruments												
Cash flow hedges *	0.33	-	0.33	-	6.36	-	6.36	-	11.74	-	11.74	-
Forward cover	1.37	-	1.37	-	95.63	-	95.63	-	123.89	-	123.89	-

 $<sup>^{\</sup>star}$  Cash flow hedges are routed through FVTOCl and the rest are routed through FVTPL.



#### **46. FINANCIAL RISK MANAGEMENT**

The Group's activities expose it to the following risks:

- Credit risk
- Interest risk
- Liquidity risk
- Market risk

#### **CREDIT RISK**

Credit Risk is the risk that counter party will not meet its obligations under a financial instruments or customer contract leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables and unbilled revenue) and from its financing activities including deposits with banks and financial institutions, investments, foreign exchange transactions and other financial instruments.

#### Trade receivables

Credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to customer credit risk management. Outstanding customer receivables are regularly monitored.

The impairment analysis is performed at each reporting date on an individual basis for major clients. In addition, a large number of minor receivables are grouped into homogeneous groups and assessed for impairment collectively. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets. The Group does not hold collateral as security.

#### Credit risk exposure

The Group's credit period generally ranges from 30 – 60 days is as below.

(₹ millions)

Particulars	31 March 2017	31 March 2016
Trade receivables	6,310.03	6,529.69
Unbilled revenues	4,560.73	5,802.55
Total	10,870.76	12,332.24

The Group evaluates the concentration of risk with respect to trade receivables as low as they are spread across multiple geographies and multiple industries.

#### Financial instruments and deposits with banks

Credit risk is limited as we generally invest in deposits with banks and financial institutions with high credit ratings assigned by international and domestic credit rating agencies. Investments primarily include investments in liquid mutual fund units and bonds issued by government. Counterparty credit limits are reviewed by the Group periodically and the limits are set to minimise the concentration of risks and therefore mitigate financial loss through counterparty's potential failure to make payments

### INTEREST RATE RISK

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Group's exposure to the risk of changes in interest rates relates primarily to the Group's debt obligations with floating interest rates. The Group's borrowings are short term / working capital in nature and hence is not exposed to significant interest rate risk.

# LIQUIDITY RISK

The Group's principal sources of liquidity are cash and cash equivalents and the cash flow that is generated from operations. The Group believes that the cash and cash equivalents is sufficient to meet its current requirements. Accordingly no liquidity risk is perceived.

The break-up of cash and cash equivalents, deposits and investments is as below.

Particulars	31 March 2017	31 March 2016
Cash and cash equivalents	6,132.66	3,926.03
Bank balances other than cash and cash equivalents	11.46	4,646.05
Investments	22,701.28	17,372.91
Total	28,845.40	25,944.99



The table below summarises the maturity profile of the Group's financial liabilities at the reporting date. The amounts are based on contractual undiscounted payments.

(₹ millions)

Financial liabilities (31 March 2017)	On demand	0-180 days	180 to 365 days	365 days and above	Total
Trade payables	66.74	3,150.96	660.52	-	3,878.22
Borrowings	-	2,601.60	-	-	2,601.60
Other financial liabilities	11.51	1,589.25	-	11.03	1,611.79
Total financial liabilities	78.25	7,341.81	660.52	11.03	8,091.61

Financial liabilities (31 March 2016)					
Trade payables	70.90	3,759.14	647.07	-	4,477.11
Borrowings	-	1,325.10	-	1,788.89	3,113.99
Other financial liabilities	7.71	4,204.02	-	11.61	4,223.34
Total financial liabilities	78.61	9,288.26	647.07	1,800.50	11,814.44

#### MARKET RISK

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Group's exchange risk arises from its foreign operations, foreign currency revenues and expenses, (primarily in United States Dollars ('USD'). Group also has exposures to Great Britain Pound ('GBP') and Euros ('EUR'')). The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense is denominated in a foreign currency).

Group uses derivative financial instruments, such as foreign exchange forward contracts, to mitigate the risk of changes in foreign currency exchange rates in respect of its forecasted cash flows and trade receivables.

Below is the summary of foreign currency exposure of Group's financial assets and liabilities.

31 March 2017		Currency			
Financial assets	USD	GBP	EUR	Others	Total
Trade receivables	1,530.49	149.83	186.82	169.04	2,036.18
Other financial assets	1,484.55	127.18	154.51	93.25	1,859.49
Total financial assets	3,015.04	277.01	341.33	262.29	3,895.67
Financial liabilities					Total
Trade payables	20.70	-	0.14	39.69	60.53
Other financial liabilities	7.04	-	-	1.36	8.40
Total financial liabilities	27.74	-	0.14	41.05	68.93
Net financial assets	2,987.30	277.01	341.19	221.24	3,826.74

31 March 2016					
Financial assets	USD	GBP	EUR	Others	Total
Trade receivables	1,321.21	280.57	181.17	266.88	2,049.83
Other financial assets	1,939.11	132.67	113.56	212.60	2,397.94
Total financial assets	3,260.32	413.24	294.73	479.48	4,447.77
Financial liabilities					Total
Trade payables	175.69	3.92	0.21	162.10	341.92
Borowings	1,325.10	-	-	-	1,325.10
Other financial liabilities	67.15	18.77	2.38	11.75	100.05
Total financial liabilities	1,567.94	22.69	2.59	173.85	1,767.07
Net financial assets	1,692.38	390.55	292.14	305.63	2,680.70

The Group holds derivative financial instruments such as foreign currency forward contracts to mitigate the risk of changes in exchange rates on foreign currency exposures. The counter party for these transactions are banks. These derivative financial instruments are valued based on quoted prices for similar assets and liabilities in active markets or inputs that are directly or indirectly observable in the market place.



Forward contracts outstanding against receivables / highly probable forecast transactions as at 31 March 2017 and 31 March 2016 are as below:

Currency	31 March	2017	31 Marc	31 March 2016		
Balance sheet hedges*	Amount (millions)	Amount in (₹ millions)	Amount (millions)	Amount in (₹ millions)		
USD	74.06	4,802.86	80.41	5,327.56		
GBP	6.89	557.71	6.09	581.80		
CAD	2.16	104.98	1.72	88.12		
AUD	6.77	335.48	5.13	261.62		
EUR	3.61	250.01	3.29	248.27		

<sup>\*</sup> Includes hedges taken on transactions within the Group.

Forward contracts outstanding against payables as at 31 March 2017 and 31 March 2016 are as below:

Currency	31 March	2017	31 March 2016		
	Amount (millions)	Amount in (₹ millions)	Amount (millions)	Amount in (₹ millions)	
USD	-	-	20.00	1,325.10	
SGD	0.46	21.16	1.38	68.01	

The foreign exchange exposure of the Group has been hedged by forward contracts disclosed above.

# Sensitivity analysis

Every 1% increase / decrease of the respective foreign currencies compared to functional currency of the Group would impact operating margins by 0.13% for the year ending 31 March 2017 and 0.11% for the year ending 31 March 2016.

# 47. FAIR VALUES

Financial instruments carried at Amortised cost such as Cash and cash equivalents, Trade receivables, Loans and advances, other financial assets, Borrowings and Trade payables and other financial liabilities are considered to be same as their fair values, due to short term nature.

For financial assets and liabilities that are measured at fair value, the carrying amounts are equal to the fair values.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

- The fair values of the quoted Investments are based on price quotations at the reporting date.
- The Group holds derivative financial instruments such as foreign exchange forward to mitigate the risk of changes in exchange rates on foreign currency exposures. The counterparty for these contracts is generally a bank. Foreign exchange forward contracts are valued using valuation techniques, which employs the use of market observable inputs. The models incorporate various inputs including the credit quality of counterparties, foreign exchange spot and forward rates. The changes in counterparty credit risk had no material effect on the hedge effectiveness assessment for derivatives designated in hedge relationships and other financial instruments recognized at fair value.

# 48. HEDGING ACTIVITIES AND DERIVATIVES

# Derivatives not designated as hedging instruments

The Group uses foreign exchange forward contracts to manage some of its transaction exposures. The foreign exchange forward contracts are not designated as cash flow hedges and are entered into for periods consistent with foreign currency exposure of the underlying transactions, generally from one to twelve months.

# Cash flow hedges

### Foreign currency risk

Foreign exchange forward contracts measured at fair value through OCI are designated as hedging instruments in cash flow hedges of forecast sales in foreign currencies. These forecast transactions are highly probable.



The foreign exchange forward contract balances vary with the level of expected foreign currency sales and changes in foreign exchange forward rates.

Forward contracts outstanding against cash flow hedges as at 31 March 2017 and 31 March 2016 are as below:

Currency	31 March	2017	31 March	31 March 2016	
Cash flow hedges	Amount	Amount in	Amount	Amount in	
	(millions)	(₹ millions)	(millions)	(₹ millions)	
USD	229.93	14,910.96	164.20	10,879.07	
GBP	15.65	1,266.12	13.31	1,270.55	
CAD	4.97	241.50	3.92	200.82	
AUD	7.26	359.93	2.97	151.41	
EUR	7.81	541.11	6.41	483.13	

Fair value of foreign currency forward contracts designated as hedging instruments are as follows:

(₹ millions)

Particulars	31 March 2017	31 March 2016	1 April 2015
Assets	1,165.10	386.61	272.81
Liabilities	0.33	6.36	11.74

The terms of the foreign currency forward contracts match the terms of the expected highly probable forecast transactions. As a result, no hedge ineffectiveness arise requiring recognition through profit or loss.

The cash flow hedges of the expected future sales during the year ended 31 March 2017 were assessed to be highly effective and a net unrealised gain of ₹ 784.54 millions, with a deferred tax liability of ₹ 271.51 millions relating to the hedging instruments, is included in OCI. Comparatively, the cash flow hedges of the expected future sales during the year ended 31 March 2016 were assessed to be highly effective and an unrealised gain of ₹ 119.16 millions with a deferred tax liability of ₹ 41.24 millions was included in OCI in respect of these contracts.

- 49. The Company has announced a buyback of up to 17,370,078 fully paid-up equity shares of face value of ₹ 10 each ("Equity Shares"), representing up to 8.26% of the total paid-up equity share capital of the Company, from all the shareholders/beneficial owners of the Equity Shares of the Company as on the record date i.e., 31 March 2017 ("Record Date"), on a proportionate basis, by way of "tender offer" method as prescribed under the Securities and Exchange Board of India (Buy Back of Securities) Regulations, 1998 ("Buyback Regulations") through the stock exchange mechanism as specified by Securities and Exchange Board of India ("SEBI") in its circular bearing number CIR/CFD/POLICYCELL/1/2015 dated 13 April 2015 read with SEBI circular bearing number CFD/DCR2/CIR/P/2016/131 dated 9 December 2016, at a price of ₹ 635 per Equity Share for an aggregate amount of up to ₹ 11,029,999,530 ("Buyback"/ "Buyback Offer"). The offer letters together with the tender form have been sent to the shareholders as required under the Buyback Regulations. The buyback opened on 12 May 2017 and closes on 25 May 2017.
- 50. As per Section 135 of the Companies Act, 2013, a Corporate Social Responsibility ('CSR') committee has been formed by the Group. The primary function of the Committee is to assist the Board of Directors in formulating a CSR Policy and review the implementation and progress of the same from time to time. The CSR Policy focuses on creating opportunities for the disadvantaged with emphasis on persons with disabilities and technology driven community development. Gross amount required to be spent by the Group during the year was ₹ 156.38 millions (31 March 2016: ₹ 167.68 millions). The expenses incurred towards CSR activities amounting to ₹ 133.56 millions (31 March 2016: ₹ 126.70 millions) has been charged to the statement of profit and loss and is disclosed under other expenses.

Amount spent during the year ended 31 March 2017 is as follows:

(₹ millions)

Particulars	In cash	Yet to be paid in cash	Total
Construction / acquisition of any asset	Nil	Nil	Nil
On purposes other than above	133.56	Nil	133.56

51. Pursuant to the Share Purchase Agreement executed on 4 April 2016, Hewlett Packard Enterprise Company the erstwhile ultimate holding company has transferred its entire stake in the Company to Marble II Pte. Limited a company in Blackstone group effective 1 September 2016. Further, Marble II Pte. Limited, has acquired 2,178 Equity Shares, from the Public Shareholders, under the Open Offer as per the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011. The shareholding of the Marble II Pte. Limited, post the acquisition and Open Offer, is 127,108,444 equity shares representing 60.47% of the paid up equity share capital of the Company. Further to the above, the Group forms part of Blackstone group of companies.



- 52. During the quarter ended 30 September 2016, the transfer of control from Hewlett Packard Enterprise Company to Blackstone group has resulted in accelerated vesting of unvested employee stock options and employee bonus, accordingly the Group has provided for deferred employee compensation cost on an accelerated basis over the remaining vesting period amounting to ₹ 58.52 millions (net of tax of ₹ 33.03 millions) and has accounted the same as exceptional item.
- 53. The Group paid an amount of USD 0.40 millions (₹ 17.53 millions) against a claim received from a client in respect of alleged identity theft pertaining to customer bank accounts involving the Group's employees and ex-employees. Liquid assets and properties worth USD 0.23 millions (₹ 10.06 millions) of the alleged offenders have been frozen by the authorities and legal action has been instituted against them. Under a separate deed of assignment, the client has assigned any amount recoverable from the aforesaid frozen assets of the alleged offenders to the Group. During the quarter ended 31 December 2005, the Group reached settlements for USD 0.18 millions (₹ 7.65 millions) with the insurance companies. The amount has since been received in cash.

During July 2007, the Group has received from the client, who was given this amount by the Court to be held in trust, an amount of ₹ 10.73 millions including interest from the aforesaid frozen assets. The said amount has been assigned by the client to the Group and has been kept in Fixed Deposit, until such time the Court in a final, non-appealable written order holds that the amounts may be appropriated by the Group or the client.

#### 54. ADOPTION OF Ind AS

These consolidated financial statements, for the year ended 31 March 2017, have been prepared in accordance with Ind AS. For the year ended 31 March 2016, the Group prepared its annual consolidated financial statements in accordance with accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 ('Indian GAAP' or 'previous GAAP').

Accordingly, the Group has prepared consolidated financial statements which comply with Ind AS applicable for the year ended 31 March 2017, together with the comparative period data, as described in the summary of significant accounting policies. This note explains the principal adjustments made by the Group in restating its Indian GAAP financial statements.

The Group had previously prepared its financial results for period through 31 December 2016, in accordance with the recognition and measurement principles of Ind AS, based on its preliminary assessment and selection of exemptions and accounting policies. Since all such policies and exemptions have now been finalized, financial results for all periods from 1 April 2015 have now been restated effecting the same.

### **Exemptions applied**

Ind AS 101 allows first-time adopters certain exemptions from the retrospective application of certain requirements under Ind AS. The Group has applied the following material exemptions:

- Ind AS 101 provides an option to restate past business combinations as per Ind AS 103 (Business Combination) starting from a pre transition date (selected by the Group). Accordingly, Group has selected 01 Aug 2011 as the pre transition date (effective date) and has restated all business combinations post effective date. Hence, business combinations pertaining to Wyde group and Digital Risk group have been restated as per Ind AS 103. Accordingly, intangible assets that was subsumed in Goodwill and which met the recognition criteria as per Ind AS 38 (Intangible Assets) have been recognized as per the Purchase Price Allocation model. Consequently, Goodwill previously recognized has been reduced by ₹ 2,165.16 (USD 33.29) millions and ₹ 3,199.70 (USD 49.20) millions (₹ 2,908.89 (USD 44.72) millions treated as deferred tax asset) for Wyde group & Digital Risk group respectively.
- The Group has elected to avail exemption under Ind AS 101 to use India GAAP carrying value as deemed cost at the date of transition for all items of property, plant and equipment and intangible assets as per the statement of financial position prepared in accordance with previous GAAP.

# Reconciliation of total equity between previous GAAP and Ind AS

(₹ millions)

	Notes	31 March 2016	1 April 2015
Equity under previous GAAP		62,930.51	54,797.72
Fair valuation of investments	54 (a)	105.28	213.74
Fair valuation of forward contracts	54 (b)	(3.44)	4.49
Proposed dividend and tax on dividend	54 (c)	-	4,046.73
Effect of consolidation of Employee Welfare Trusts	54 (d)	(135.35)	(109.93)
Goodwill / amortization of intangibles including Foreign currency translation reserve	54 (e)	(4,268.29)	(3,577.96)
Others		(24.52)	(21.35)
Effect of income tax		(53.89)	(157.72)
Equity as per Ind AS		58,550.30	55,195.72



Total comprehensive income reconciliation for the year ended 31 March 2016

		Year ende
	Notes	31 March 201
Profit for the year after exceptional item under previous GAAP		6,693.7
Fair valuation of investments	54 (a)	(108.46
Fair valuation of forward contracts	54 (b)	(7.93

(₹ millions)

	Notes	31 March 2016
Profit for the year after exceptional item under previous GAAP		6,693.76
Fair valuation of investments	54 (a)	(108.46)
Fair valuation of forward contracts	54 (b)	(7.93)
Employee benefits	54 (f)	94.31
Amortization on intangibles	54 (e)	(466.58)
Others		(2.46)
Effect of income tax		112.43
Profit for the year after exceptional item under Ind AS		6,315.07
Other comprehensive income		1,023.33
Total comprehensive income		7,338.40

# Notes to reconciliations between previous GAAP and Ind AS

#### a) Fair valuation of investments

Under previous GAAP, current investments were measured at lower of cost or fair value and long term investments were measured at cost less diminution in value which is other than temporary. Under Ind AS, financial assets other than those valued at amortized cost are measured at fair value.

Investment in Mutual Funds have been classified as fair value through statement of profit and loss and fair value changes are recognized in the statement of profit and loss.

#### b) Fair valuation of forward contracts

Under previous GAAP, in relation to the forward contracts entered into, to hedge the foreign currency risk of the underlying outstanding at the balance sheet date, the exchange difference is calculated and recorded in accordance with paragraphs 36 and 37 of AS 11. Under Ind AS, the aforementioned forward contracts are fair valued through statement of profit and loss and fair value changes are recognized in statement of profit and loss.

# c) Dividend and tax on dividend

Under previous GAAP, dividend payable was recorded as a liability in the period to which it relates. Under Ind AS, dividend to holders of equity instruments is recognised as a liability in the period in which the obligation to pay is established.

# d) Effect of consolidation of employee welfare trusts

Under previous GAAP. Employee welfare trusts were not required to be consolidated considering that these trusts were constituted as irrecoverable trust. Under Ind AS all the employee welfare trusts have been consolidated.

The Group has opted to apply the optional exemption provided in Ind AS 101, with regard to business combinations wherein the Group has considered 1 August 2011 as the effective date, for applying business combinations retrospectively and has restated all business combinations as per Ind AS 103 post effective date. This has resulted in the Group recognising certain items of intangibles (License, Customer relationship, Technology and Non-Compete agreement) and related amortisation earlier subsumed within goodwill in previous GAAP. Accordingly, the Group has recognised amortisation charges towards the same amounting to ₹ 246.42 millions and ₹ 466.58 millions during the year ended 31 March 2017 and 31 March 2016 respectively . Amortization expense from the effective date till the date of transition to Ind AS amounting to ₹ 3,753.08 millions and other consequential impacts have been adjusted against Reserves as on the transition date (1 April 2015). Refer note 54 for reconciliations and effects of transition to Ind AS.

# **Employee benefits**

Under previous GAAP, actuarial gains and losses were recognized in the statement of profit and loss. Under Ind AS, the actuarial gains and losses form part of remeasurement of net defined benefit liability/asset which is recognized in other comprehensive income in the respective periods.

55. The comparatives given in the consolidated financial statements have been compiled after making necessary Ind AS adjustments to the respective audited financial statements under previous GAAP to give a true and fair view in accordance with Ind AS.



# 56. STANDARDS ISSUED BUT NOT YET EFFECTIVE

In March 2017, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2017. notifying amendments to Ind AS 7, 'Statement of cash flows' and Ind AS 102, 'Share-based payment.' These amendments are in accordance with the recent amendments made by International Accounting Standards Board (IASB) to IAS 7, 'Statement of cash flows' and IFRS 2, 'Share-based payment,' respectively. The amendments are applicable to the Group from 1 April 2017.

#### Amendment to Ind AS 7:

The amendment to Ind AS 7 requires the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the balance sheet for liabilities arising from financing activities, to meet the disclosure requirement.

The Group is currently evaluating the requirements of the amendment and has not yet determined the impact on the consolidated financial statements.

# Amendment to Ind AS 102:

The amendment to Ind AS 102 provides specific guidance to measurement of cash-settled awards, modification of cash-settled awards and awards that include a net settlement feature in respect of withholding taxes.

It clarifies that the fair value of cash-settled awards is determined on a basis consistent with that used for equity-settled awards. Marketbased performance conditions and non-vesting conditions are reflected in the 'fair values', but non-market performance conditions and service vesting conditions are reflected in the estimate of the number of awards expected to vest. Also, the amendment clarifies that if the terms and conditions of a cash-settled share-based payment transaction are modified with the result that it becomes an equity-settled share-based payment transaction, the transaction is accounted for as such from the date of the modification. Further, the amendment requires the award that include a net settlement feature in respect of withholding taxes to be treated as equity-settled in its entirety. The cash payment to the tax authority is treated as if it was part of an equity settlement.

The Group is currently evaluating the requirements of the amendment and has not yet determined the impact on the consolidated financial statements.

As per our report of even date.

# For S.R. BATLIBOI & ASSOCIATES LLP

Chartered Accountants

ICAI Firm registration number:101049W/E300004

### per Adarsh Ranka

Partner

Membership No. 209567

Bengaluru 25 May 2017

#### For and on behalf of the Board of Directors

# Nitin Rakesh

Chief Executive Officer

# V. Suryanarayanan

Executive Vice President & Chief Financial Officer

Bengaluru 25 May 2017

# **Davinder Singh Brar**

Chairman

# A. Sivaram Nair

Executive Vice President, Company Secretary General Counsel & Ethics Officer



# Safe Harbor

Certain statements in this document may be forward-looking statements. Such forward-looking statements are subject to certain risks and uncertainties like regulatory changes, local political or economic developments, and many other factors that could cause our actual results to differ materially from those contemplated by the relevant forward-looking statements. Mphasis will not be in any way responsible for any action taken based on such statements and undertakes no obligation to publicly update these forward-looking statements to reflect subsequent events or circumstances.

The following discussion and analysis should be read in conjunction with the Company's Indian GAAP Audited Consolidated financial statements and the notes thereon. All comparisons for the purpose of this discussion and analysis are with reference to the audited financials for the year ended 31 March 2017 and 31 March 2016.

Mphasis adopted Ind AS framework starting Q1 FY17. The consolidated financial statements for the year ended 31 March 2017, have been prepared in accordance with Ind AS. Accordingly, the Group has prepared consolidated financial statements which comply with Ind AS applicable for the year ended 31 March 2017, together with the comparative period data, as described in the summary of significant accounting policies.

The Group had previously prepared its financial results for period through 31 December 2016, in accordance with the recognition and measurement principles of Ind AS, based on its preliminary assessment and selection of exemptions and accounting policies. Since all such policies and exemptions have now been finalized, financial results for all periods from 1 April 2015 have now been restated effecting the same. IND AS 101 provides an option to restate past business combinations as per IND AS 103 (Business Combination) starting from a pre transition date (selected by Mphasis). Accordingly, Mphasis has selected 01 Aug 2011 as the pre transition date (effective date) and has restated all business combinations post effective date. Hence, business combinations pertaining to Wyde group and Digital Risk group have been restated as per IND AS 103. Accordingly, intangible assets that were subsumed in Goodwill and which met the recognition criteria as per IND AS 38 (Intangible Assets) have been recognized as per the Purchase Price Allocation model. Consequently, Goodwill previously recognized has been reduced accordingly.

This has resulted in the Group recognizing certain items of intangibles (License, Customer relationship, Technology and Non-Compete agreement) and related amortization earlier subsumed within goodwill in previous GAAP. Accordingly, the Group has recognized amortization charges towards the same amounting to ₹ 246.42 million and ₹ 466.58 million during the year ending 31 March 2017 and 31 March 2016 respectively.

## Overview

Mphasis is a leading IT solutions provider, offering Applications, Business Process Outsourcing (BPO) and Infrastructure services globally through a combination of technology know-how, domain and process expertise. It was formed in the year 2000 through the merger of two IT companies. In June 2006, Electronics Data Systems Corporation (EDS) acquired a majority holding in the equity capital of the Company. In August 2008 EDS was acquired by Hewlett-Packard Company (HP); On April 4, 2016, HP entered into a definitive agreement with private equity funds managed by Blackstone to sell the shares held by it in the Company. In September 2016, Blackstone Group through its fund "Marble II PTE" completed the share purchase and the Company has become a Blackstone Company then. Blackstone is one of the world's leading investment and advisory firms. Blackstone has substantial experience in effecting private equity transactions with over US\$360 billion in assets under management.

2017 has been another landmark year for Mphasis with Blackstone Group making one of its largest investments in the Indian IT Services Industry. As part of the acquisition, HP and Blackstone have agreed on the terms of a Master Service Agreement (MSA) under which HP has proposed to commit a minimum revenue amount escalating year over year and totaling \$990 million over five years from effective date. The duration of the MSA is five years with three automatic renewals of two years each. Further, the Company is now a member of preferred service provider program of HP which gives a preference over the non-preferred providers, opening up significant additional revenue opportunities. This new agreement brings in stability and greater visibility to the HP Channel revenues. In addition to the prospects through MSA, being a Blackstone Company, Mphasis now has access to portfolio of Blackstone companies across the globe.



Since 2011, we have been relentlessly pursuing our strategy to focus on growing direct business with differentiated offerings in Banking and Capital Markets and Insurance verticals, and expansion beyond HP channel. We have been successfully executing this and our inch-wide-mile-deep strategy has made us increasingly relevant to our customers in their competitive landscape as well.

In FY16, we embarked on a strategic roadmap addressing growth and profitability of the Company while identifying focus areas to create a platform that will continue to grow in the future. The successful execution of this provided the platform for excellent success in FY17 which enabled us to build a strong Direct Core growth engine and improve profitability. We are building a strong pipeline winning deals with TCV of USD 365 million which is a 21% growth over the value of deals won in FY16.

The continued focus on execution of our strategy in Direct Channel, the new MSA with HP and the opportunities in Blackstone portfolio companies gives us great confidence of growing the overall Company revenue.

The results of our strategy and the degree of success is part of the below discussion.

# Revenues

Global economy continued to witness subdued growth with GDP growth of 2.3% in the year 2016 (Source: World Bank). While there has been decline in commodity prices and slowdown in investment and trade, the political environment is turning highly volatile and there is increasing trend of protectionist measures across countries. The global political & economic environment continues to challenge the growth and the IT sector growth in particular.

While the global IT Services spend has grown in low single digits, the Indian IT-BPM industry (including IT Services, BPM, Packaged software and Hardware) grew nearly 8% in FY17 to reach USD 154 billion vis-à-vis USD 143 billion in FY16. The share of revenue from digital business is steadily increasing and is currently estimated between 14% - 17%. The industry is expected to have a market size of USD 225 billion by 2020 (Source: NASSCOM). With the large talent availability, wide geographic delivery presence India continues to gain market share in global sourcing arena and with start-ups redefining innovation capabilities, India is set to become a global Digital hub.

According to IDC report titled 'IT Service Tracker', the BFSI and government sectors continue to grow at a faster rate in terms of IT adoption. The emergence of fintech banks and payment banks, and growing 3rd platform technology adoption have been major drivers for growth in the BFSI sector. Further, changing customer expectations and demographics, and fintech firms gaining traction in the market are forcing banks to invest more in technology.

Convergence of big data, cloud and mobility services will drive fresh opportunities in the IT industry. As technology continues to evolve rapidly and permeate more layers of business operations, digital solutions have become an integral part of the growth roadmaps for most enterprises. Digital technologies are expected to drive the Indian IT-BPM sector and increase their share to approximately 23% by 2020 and over 38% by 2025.

Our Customers are partnering with us in this Digital journey.

Our specialization and focus in the space of Digital, Governance Risk & Compliance and NextGen Services focused around Banking Capital Markets and Insurance sector continues to help us build a strong pipeline with significant deal wins during the year. During the year, we won deals with TCV of USD 365 million which is an increase of 21% over previous year. Of this, 61% are in these focus areas.

Gross revenue in FY17 was ₹ 59,974 million representing a decline of 1.1% over the year ended 31 March 2016 (FY16). Excluding the revenues of Domestic BPO business in FY16 (which got sold to HGS Global Services and Karvy in FY16), overall revenues grew 1.5% in FY17 over FY16.

Direct Core business which constitutes 74% of FY17 Direct International revenue grew 11.7% in FY17 on a reported basis and 10.4% net of rupee depreciation. This enabled the Direct International revenue to grow 5.0% on a reported basis and 3.2% net of rupee depreciation in FY17 to ₹ 43.180 million.

Revenue from HP/ DXC business which constituted 24% of FY17 total revenue declined to ₹ 14,345 million in FY17 against ₹ 15,761 million in FY16 representing a decline of 9.0% on a reported basis.



(₹ millions)

Modest Comment	Year ended		Year ended	
Market Segment	31 Mar 2017	%	31 Mar 2016	%
Direct International	43,180	71%	41,139	68%
HP / DXC Business	14,345	24%	15,761	26%
Others	2,449	4%	3,769	6%
Total	59,974		60,669	

# Client concentration based on ultimate customer

Given below is the analysis of Client Concentration.

	Year ended 31 Mar 2017	Year ended 31 Mar 2016
Revenues from Top Client	11%	11%
Revenues from Top 5 Clients	40%	38%
Revenues from Top 10 Clients	55%	51%
Clients Contributing more than:		
\$ 20 million Revenues	7	8
\$ 10 million Revenues	14	14
\$ 5 million Revenues	36	35
\$ 1 million Revenues	90	103

Note: Client Concentration is based on Trailing Twelve Months (TTM)

The Company's strategy to grow Direct International revenues is to drive growth in key customers. The revenues from top 10 grew 7.1% during FY17. During the year we expanded our client base with 15 new clients in direct channel.

# Segment Revenues

A segment analysis of revenues for the year ended March 2017 is given below:

(₹ millions)

Commont	Year ended		Year ended	
Segment	31 Mar 2017	%	31 Mar 2016	%
Banking and Capital Market	29,520	49%	28,715	47%
Insurance	8,893	15%	9,461	16%
Information Technology, Communication & Entertainment	6,032	10%	7,247	12%
Emerging Industries	15,528	26%	15,246	25%
Total Revenues	59,974		60,669	

Focus vertical of Banking and Capital Markets grew 2.8% on a reported basis over FY16 impacted mainly by decline in Digital Risk revenues. Both Emerging Industries and ITCE were impacted by exit of domestic BPO business.

# Revenues by Geography

(₹ millions)

Doniene	Year ended		Year ended	
Regions	31 Mar 2017	%	31 Mar 2016	%
AMERICAS	46,731	78%	45,818	76%
EMEA	6,058	10%	6,090	10%
INDIA	3,957	7%	5,070	8%
ROW	3,228	5%	3,691	6%
Total	59,974		60,669	

AMERICAS continue to be our focus market and revenue grew by 2% in FY17 over FY16 on a reported basis. Revenues from India declined mainly on account of exit of domestic BPO business.



# Revenues by Service Type

(₹ millions)

				(* 11111110110)
Service Type	Year ended		Year ended	
Service Type	31 Mar 2017	%	31 Mar 2016	%
Application Maintenance & Other Services	21,744	36%	19,160	32%
Application Development	14,191	24%	14,543	24%
Customer Service	1,104	2%	2,114	3%
Service / Technical Help Desk	1,347	2%	1,182	2%
Transaction Processing Service	4,001	7%	4,152	7%
Infrastructure Management Service	8,274	14%	8,854	15%
Knowledge Processes	9,091	15%	10,426	17%
License Income	221	0%	238	0%
Total	59,974		60,669	

**Application Maintenance** involves maintenance of existing customer software and is mostly undertaken on annuity terms. Revenues grew by 13.5% during FY17.

Application Development refers to customized software development services based on the requirements and specifications given by customers and documented in a Statement of Work.

Customer Services include receivables collection support, product support, enrolment etc. provided to clients through BPO operations. Revenues declined on account of exit of domestic BPO business.

Service/Technical Help Desk comprise of inbound and outbound customer interaction programs including technical product support, customer care and allied services. Revenues grew by 14.0 % during the year.

Transaction Processing includes claims and mortgage processing, account opening and maintenance, data processing and management.

Infrastructure Management Service include end-to-end managed mobility solutions covering workplace management & other support services, hosting services which comprise of mainframe or midrange, application & web hosting services, Payment Managed Solutions and data centre services focused on migration, automation & other software services.

**Knowledge Processes** refer to the outsourcing of relatively high-level processes of the customer and Risk, Compliance and Transaction management solutions in the US housing market. Revenues declined by 12.8% during the year impacted by decline in Digital Risk revenues.

**License Income** pertains to the income from license sale in the health care space of the Company's product Javelina, developed by its foreign subsidiary and from Wynsure, a product of Wyde Corporation, acquired by the Company in 2011. Revenues decreased by 6.7% in FY17.

# Revenues by Delivery Location

(₹ Millions)

				(* 14111110110)
Delivery Location	Year ended		Year ended	
	31 Mar 2017	%	31 Mar 2016	%
Onsite	30,925	52%	30,461	50%
Offshore	29,049	48%	30,208	50%
Total	59,974		60,669	

Onsite revenues increased by 1.5% in FY17 on a reported basis. New age revenues and Increasing complexity of solutions rendered is causing the delivery to be from Onsite and accordingly we continue to see revenue increase across the industry.



# Headcount\* and Utilization

Decrease in headcount is on account of exit of domestic BPO business and ramp-down in HP channel.

Headcount *	Year ended 31 Mar 2017	Year ended 31 Mar 2016
Onsite		
- Application Services	2,353	2,322
- ITO Services / IS	274	212
- BPO Services	1,040	1,359
Offshore		
- Application Services	8,807	8,441
- ITO Services / IS	3,074	3,209
- BPO Services	5,176	5,511
Sales and Marketing	325	300
General and Administration	945	948
Total	21,994	22,302

<sup>\*</sup> Note: Including billable contractors

Management has continued its focus upon delivering quality at lower cost. BPO utilization improved upon exit of domestic BPO business. ITO utilization has improved marginally on account of increase in offshore utilization.

Utilization Rates	Year ended 31 Mar 2017	Year ended 31 Mar 2016
Excluding Trainees		
Onsite		
- Application Services	92%	94%
- ITO Services	94%	97%
Offshore		
- Application Services	80%	82%
- ITO Services	94%	93%
- BPO Services	93%	85%
Blended		
- Application Services	83%	85%
- ITO Services	94%	93%
- BPO Services	93%	85%
Including Trainees		
Onsite		
- Application Services	92%	94%
- ITO Services	94%	97%
Offshore		
- Application Services	79%	78%
- ITO Services	94%	91%
- BPO Services	80%	70%
Blended		
- Application Services	81%	82%
- ITO Services	94%	91%
- BPO Services	80%	70%



# Revenues by Project Type

(₹ Millions)

Drainat Tima	Year ended		Year ended	
Project Type	31 Mar 2017	%	31 Mar 2016	%
Time and Material	48,062	80%	50,588	83%
Fixed Price	11,912	20%	10,081	17%
Total	59,974		60,669	

As a strategy, we continue to focus on increasing the share of Fixed Price contracts and in FY17, we have seen this increase by 18.2% over FY16.

# **Results of Operations**

(₹ Millions)

	Year ended 31 Mar 2017	Year ended 31 Mar 2016	Growth %
Gross Revenues	59,974	60,669	-1.1%
Adjustment from Hedging Reserve	790	139	468.3%
Net Revenues	60,764	60,808	-0.1%
Cost of Revenues	44,117	45,413	-2.9%
% of Revenue	72.6%	74.7%	
Gross profit	16,646	15,395	8.1%
% of Revenue	27.4%	25.3%	
Selling Expenses	4,318	4,227	2.1%
% of Revenue	7.1%	7.0%	
General and administrative expenses	3,430	3,356	2.2%
% of Revenue	5.6%	5.5%	
Provision for doubtful debts	2	26	-92.3%
Operating Profit	8,896	7,785	14.3%
% of Revenue	14.6%	12.8%	
Foreign Exchange gain, net	274	215	27.3%
Other Income, net	2,112	1,690	25.0%
Interest Expenses	(139)	(242)	-42.6%
Profit before tax before Exceptional item	11,144	9,448	18.0%
Exceptional item (net of taxes)	152	548	-
Profit before tax after Exceptional item	10,992	8,900	23.5%
Income Taxes	3,076	2,584	19.0%
Net profit before Exceptional item	8,067	6,864	17.5%
Net profit after Exceptional item	7,916	6,315	25.3%
Earning per share (par value ₹ 10)			
Before Exceptional Item (₹)	38.41	32.71	17.4%
After Exceptional Item (₹)	37.69	30.09	25.2%

 $<sup>^{\</sup>star}$  The above classification of expenses is based on management reporting

# Cost of Revenues

Cost of revenues primarily comprise of direct costs and includes direct manpower, travel, facility expenses, network and technology costs.

Consolidated cost of revenues of the Company was at ₹ 44,117 million for the year ended March 2017. Cost of revenues was 72.6% of revenues as compared to 74.7% during the previous financial year. The exit of domestic BPO business in FY16, restructuring of ATM business and revenue growth helped improve Gross Margins and increase gross profits by 8.1% in FY17.

# Selling Expenses

Selling expenses for the year ended March 2017 were at ₹ 4,318 million representing 7.1% of our revenues against 7.0% of revenues in the previous year.



# General and Administrative Expenses

General and Administrative expenses for the year ended March 2017 were at ₹ 3,430 million representing 5.6% of revenues against 5.5% of revenues in the previous year. During the year the company increased the amount spent on Corporate Social Responsibility programs.

# Operating Profit

Operating profit for the year ended March 2017 was ₹ 8,896 million. Operating margin improved by 180 bps to 14.6% in FY17. Increase in Gross Margins has helped improve the margins though partly offset by increased Selling, General and Administration expenses.

#### Other Income

Other income of ₹ 2,112 million in FY17 represents an increase of 25.0% over FY16 mainly on account of higher returns from investments. Gain on foreign exchange for FY17 was ₹ 274 million as against Rs. 215 million during FY16.

#### Interest expenses

Interest expenses for the year ended March 2017 was ₹ 139 million as against ₹ 242 million in the year ended March 2016. Lower interest rate and reduced loan outstanding contributed to the decrease.

# **Income Taxes**

Income taxes were ₹3,076 million for the year ended March 2017 as compared to ₹2,584 million for the year ended March 2016. The effective tax rate increased from 27.4% in FY16 to 27.6% in FY17.

# Net Profit

Net profit before exceptional item was ₹ 8,067 million. Net margin before exceptional item for the year ended March 2017 was 13.3% as against 11.3% for the year ended March 2016.

Net profit after taxes and exceptional item was ₹ 7,916 million for the year ended March 2017. Exceptional items comprises of buyback expenses, impairment of subsidiary company's goodwill and provision for deferred employee compensation cost.

# Cash and cash equivalents

The Company's cash and bank balances are held in various locations throughout the world. Cash and bank balances comprise of investments in mutual funds and deposits of any kind with banks. These balances also include amounts that are restricted in use, either as margin monies given to banks for guarantees issued in the normal course of business or amounts held in escrow accounts attributable to commitments made.

/∓ mailliama\

An analysis of restricted cash balances as at 31 March 2017 and 31 March 2016 is given below:

	(x millions)		
	As at 31 March 2017	As at 31 March 2016	
Fixed Deposit- Restricted	132	121	
Unclaimed dividends	12	8	
Total	144	129	
Restricted cash as a % of total cash balance	2.3%	1.5%	

### Company's treasury policy

The Company's treasury policy calls for investing only in fixed deposits of highly rated banks, units of debt mutual funds, NCDs of AAA ratings, Tax free bonds of AAA ratings and fixed maturity plans (FMP) for maturities up to 15 months. Stringent guidelines have been set for de-risking counter party exposures. The Group maintains balances both in Indian Rupee and foreign currency accounts in India and overseas. The investment philosophy of the Group in general is to ensure capital preservation and liquidity in preference to returns. All current investments have been recorded at lower of cost or net realisable value and non-current investments have been recorded at cost.

# Off balance sheet arrangements

As part of its ongoing business, the Company does not participate in transactions that generate relationships with unconsolidated entities or financial partnerships, such as entities often referred to as structured finance or Special Purpose Entities ("SPEs"), which would have been established for the purpose of facilitating off-balance sheet arrangements or other contractually narrow or limited purposes. As of 31 March 2017 the Company was not involved in any material unconsolidated SPE transactions.



# Mr. Davinder Singh Brar, Chairman

Mr. D.S. Brar joined the Board of Mphasis in April 2004. Mr. Brar graduated with a Bachelor of Engineering (Electrical) degree from Thapar Institute of Engineering and Technology, Patiala. He further completed his Masters Degree in Business Administration with top rank (Gold Medal) from the Faculty of Management Studies, University of Delhi. After having started his career in 1974 with The Associated Cement Companies Limited (ACC), Mr. Brar has been associated with the Pharmaceutical Industry for three decades. Mr. Brar spent major part of this period (1977 – 2004) with Ranbaxy Laboratories Limited – India's largest Pharmaceutical company at various positions and rose to the level of President in 1993. He became the CEO & Managing Director of Ranbaxy in 1999. Mr. Brar stepped down from this position in 2004 to start his entrepreneurial journey and ventured into GVK Biosciences - a leading contract research organization providing Discovery and Development services to Global Life Sciences companies. Mr. Brar also promoted Inogent Labs - an early development/scale up company in Hyderabad and Davix Management Services - Pharmaceuticals focused Consulting/Advisory Services Company.

Mr. Brar currently holds Board positions in various Indian and International companies like Maruti Suzuki India Limited, Wockhardt Limited, Gland Pharma Limited and Mountain Trail Foods (India) Pvt. Ltd. He is also Special Advisor to the Board of Directors of Adamas Pharmaceuticals Inc., and a member of the Advisory Board of the USA-India Chamber of Commerce (USAIC). From 2000–2007, Mr. Brar served as a Director of Reserve Bank of India (RBI) and was also a member of the Inspection and Audit Sub-Committee of the Central Board of Directors of the RBI.

Mr. Brar also served as a Senior Advisor to Kohlberg Kravis Roberts (KKR) from 2011-2015.

Mr. Brar has been involved with some of the premier Research and Educational Institutions in India. He has served as a member on the Board of National Institute of Pharmaceutical Education and Research (NIPER), SAS Nagar, Punjab and as a member of the Board of Governors of the Indian Institute of Management, Lucknow (IIML).

Mr. Brar has been involved with several leading industry associations in India. He was associated with Confederation of Indian Industry (CII) where he Chaired CII's Indian MNC Council and with Federation of Indian Chambers of Commerce and Industry (FICCI) in the past. Mr. Brar was a Member of Prime Minister's Task Force on pharmaceuticals and knowledge-based industries which drafted the blue print for the growth and global expansion of Indian Pharmaceutical Industry including R&D and Pricing policies. He is currently member of Consultative Group on Exports of Pharmaceutical Products, under the Chairmanship of Hon'ble Minister of Commerce, Industry and Textiles, Government of India.

For his service and contribution to the pharmaceutical industry, Mr. Brar was honoured with the Dean's Medal from the Tufts University School of Medicine, U.S.A. in 2004. The Federation of Asian Biotech Associations (FABA) conferred on Mr. Brar the "FABA Special Award 2011" for his contribution to the biopharma sector.

# Mr. Nitin Rakesh, Chief Executive Officer & Whole-time Director

Mr. Nitin Rakesh joined the Board of Mphasis in January 2017. He is a pioneer financial technologist and people leader with an unfailing ability to combine technology prowess with exceptional business insights. His entrepreneurial spirit, coupled with his trademark customer-first and lean startup philosophy, has led to the development and launch of disruptive new service offerings, consistent upgradation and accelerated growth trajectory of all the organizations he has served.

In the first 100 days of taking on the mantle as the CEO of Mphasis, Mr. Rakesh has launched Mphasis' X2C<sup>2 TM</sup> formula for success, (shift anything to cloud and power everything with cognitive); driving five dimensions of business value with an integrated consumer-centric Front to Back Digital Transformation, enabling Business Operations and Technology Transformation.

Prior to joining Mphasis, Mr. Rakesh was the Chief Executive Officer and President of Syntel (a NASDAQ listed IT Services Company); where he established a track record of delivering profitable growth at industry leading operating margins. In the very first year as CEO, Mr. Rakesh led the company to a 14 per cent annual revenue increase, accompanied by expanded geographic reach. He also developed and launched new service offerings such as, Syntel's innovative SyntBots automation platform. This award-winning automation solution effectively positioned Syntel as a disruptive challenger in the industry.



Mr. Rakesh was elevated to being a CEO after serving as President, Americas for Syntel, where he headed Business Development and North American operations. During this time, he extended the company's footprint to Europe, including setting up centers in Scotland and Poland. This was his second four year run with Syntel (2012 to 2016), the first being between 2002 to 2008. During his first innings, Mr. Rakesh developed and launched Syntel's Knowledge Process Outsourcing (KPO) offerings. He also charted a strategy that propelled Syntel's KPO practice as the company's fastest-growing business unit and quickly growing to account for 25% of Syntel's overall revenue. From Vice President and Head of Syntel's KPO operations, he was elevated to CEO of Syntel's joint venture, State Street Syntel Services, where he led its India operations, until 2008.

He then moved to head Motilal Oswal Asset Management Company as CEO and Managing Director; where he piloted Exchange Traded Fund (EFT) in India. This was recognized as the "Most Innovative ETF, Asia Pacific" at the 2011 ETF Awards in New York and the "Most Innovative Mutual Fund, India" in 2010 at the Crisil - S&P Mutual Fund Awards.

Mr. Rakesh is also on the advisory board or council at various institutions such as:

- US India Business Council (USIBC) driving financial services council and business relations between US and India
- NASSCOM IT Services Council, as the Council Chair, chartered to future proof IT services industry
- Knowledge@Wharton, The Wharton School, University of Pennsylvania advisory board, driving digital transformation discussions at grass root level
- Wall Street Journal (WSJ) CEO Council, to debate and formulate strategies to address the biggest issues facing global business and leadership
- Forbes Technology Council (FTC) as an industry expert and practitioner to advise Forbes' readers globally on current as well as future technologies and trends.

Mr. Rakesh holds a Bachelor's degree in Engineering (Computer Science) from Delhi Institute of Technology, Delhi University and has received his Master's in Management from Narsee Monjee Institute of Management Studies, Mumbai and is also an alumni of Harvard Business School's CEO Workshop.

# Mr. Narayanan Kumar, Director

Mr. Narayanan Kumar joined the Board of Mphasis in February 2013. He is the Vice Chairman of The Sanmar Group, a multinational US \$ 1 billion conglomerate headquartered in Chennai, India with manufacturing facilities in India, the US, Mexico and Egypt. The Group is engaged in key business sectors - Chemicals (including Speciality Chemicals), Engineering (Products and Steel Castings) and Shipping.

He is the Honorary Consul General of Greece in Chennai.

Mr. Kumar is on the Board of various public companies and carries with him over four decades of experience in the spheres of Electronics, Telecommunications, Chemicals, Engineering, Technology, Management and Finance. He is also a member of the Board of Governors of Institute for Financial Management & Research (IFMR).

As a spokesman of Industry and Trade, he had been a President of CII and participated in other apex bodies.

He is also the President of the Indo-Japan Chamber of Commerce & Industry.

Mr. Kumar has a wide range of public interests going beyond the confines of corporate management in areas of health, social welfare, education and sports. He is the Chairman of Madhuram Narayanan Centre for Exceptional Children and Managing Trustee of The Indian Education Trust which runs two Schools. He is an avid golfer and a patron of cricket and tennis.

Mr. Kumar is an Electronics Engineering Graduate from Anna University, Chennai and a fellow member of the Indian National Academy of Engineering. He is also a fellow life member of The Institution of Electronics and Telecommunication Engineers.



# Ms. Jan Kathleen Hier, Director

Ms. Jan Kathleen Hier joined the Board of Mphasis in December 2015. Ms. Jan Kathleen Hier (Ms. Jan Hier-King) is currently a partner with a start-up (Bicycle Financial – www.bicyclefinancial.com).

Formerly, she was the Executive Vice President at Charles Schwab responsible for centralized support services including Schwab Technology Services, Operational Services, Corporate Project Management, Operational Risk Management and Offshore Services.

At Schwab, Ms. Hier held several other positions, including, Chief Information Officer; Executive Vice President of Human Resources; Head of Electronic Brokerage Technology that developed schwab.com; and Head of Schwab Institutional Technology.

Before joining Schwab in 1994, Ms. Hier served as a Vice President of engineering at Transaction Technology, Inc., a Citicorp subsidiary, where she was responsible for providing distributed technology to Citibank businesses worldwide. Previously, she was a telecommunications specialist at Bank of America.

As an economist with the Bureau of Labor Statistics, she was instrumental in the original development of a Producer Price Index for the telecommunications industry and was called on as an expert witness at the U.S. House of Representatives.

Ms. Hier earned her Bachelor's degree in Economics and attended Post-Graduate studies at Syracuse University, New York, USA.

#### Mr. David Lawrence Johnson, Director

Mr. David Lawrence Johnson (Dave Johnson) joined the Board of Mphasis in September 2016. Mr. Johnson is a senior advisor to Blackstone, where he has led many of their Private Equity technology investments. He joined the firm in 2013 and is based in New York. He is currently a Director of Cylance (Cyber Security), Pactera (IT Services), Green Sky Labs (Pharma) and Cloudreach (Cloud Advisory).

Before joining Blackstone, Mr. Johnson was the Senior Vice President of Strategy at Dell Corporation, where he was responsible for corporate strategy, corporate development and acquisition integration. Prior to joining Dell, Mr. Johnson held a number of positions at IBM, including Vice President of Corporate Development, responsible for the company's acquisitions, divestitures, minority investments and acquisition integration. Mr. Johnson received a B.A. in English and an M.B.A. from Boston College.

# Mr. Paul James Upchurch, Director

Mr. Paul James Upchurch joined the Board of Mphasis in September 2016. 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. In addition, Mr. Upchurch has been heavily involved in shaping the business development strategies across the consulting firms owned by Blackstone. He is currently a director of Service King since November 2016.

Mr. Upchurch has a unique blend of private equity, operating and consulting expertise that enables him to pivot across commercial, operational and technical needs of companies seamlessly.

Before joining Blackstone, Mr. Upchurch worked as an Executive Vice President and member of the North America leadership team at Nielsen, previously owned by Blackstone. He also worked with The Cambridge Group, a strategy consulting firm owned by Nielsen, to drive demand strategies for clients. Mr. Upchurch led teams to elevate client relationships and tackle Nielsen clients' most pressing business issues, including demand creation, pricing and trade optimization, innovation and retail execution, leveraging data, analytics and client service platforms. Early on, Mr. Upchurch led the largest commercial portfolio in North America, overseeing hundreds of client relationships across Consumer, Financial Services and Retail Brokers.



Prior to that, Mr. Upchurch had a successful career for over 18 years in management consulting, serving as partner at Accenture and Diamond Management Consultants. He guided clients on wide range of enterprise technology and operational improvements, serving as a leader on complex, multi-year, \$1b+ transformations, outsourcing as well as rapid-turn carve-outs and integrations. He has extensive experience and passion for practice building in large and smaller consulting environments and deep functional acumen in sales and marketing across consumer and industrial industries.

Mr. Upchurch resides in Chicago, Illinois and received a BS in Information and Decision Sciences from the University of Illinois, Chicago.

#### Mr. Dario Zamarian, Director

Mr. Dario Zamarian joined the Board in Mphasis in September 2016. 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. His operational experience spans Fortune 100 companies, Private-Equity firms and VC-backed start-ups. He is currently an Operating Advisor with The Blackstone Group.

Prior to Blackstone, Mr. Zamarian was Dell's Global Vice President and Worldwide General Manager of the Enterprise Systems & Solutions and the Networking Divisions, where he was responsible for strategy and operations. Prior to Dell, he was Vice President and General Manager of Cisco's Security and Network Management Business Unit.

Mr. Zamarian is currently Director of Gigamon, Scale Computing, Run-Time-Design-Automation and Cloudreach.

Mr. Zamarian has an M.B.A from INSEAD (European Institute of Business Administration), Fontainebleau, France and an M.S.E.E. from Polytechnic of Turin, Torino, Italy.

# Mr. Amit Dixit, Director

Mr. Amit Dixit joined the Board of Mphasis in September 2016. Mr. Dixit is a Senior Managing Director and 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. Previously, Mr. Dixit was a Principal at Warburg Pincus. Mr. Dixit received an MBA from Harvard Business School, an MS in Engineering from Stanford University and a B.Tech from Indian Institute of Technology, Mumbai where he was awarded the Director's Silver Medal for graduating at the top of his program. He currently serves as a Director of Mphasis, Intelenet Global Services, IBS Software, S.H. Kelkar, Trans Maldivian Airways, Jagran Prakashan, Mid-Day Infomedia, HPPPL and NCC. Mr. Dixit was previously a Director of Emcure Pharmaceuticals and Igarashi Motors India.

# Mr. Amit Dalmia, Director

Mr. Amit Dalmia joined the Board of Mphasis in September 2016. Mr. Dalmia is a Managing Director in the Corporate Private Equity group in Blackstone and is based in Mumbai. Since joining Blackstone in 2010, Mr. Dalmia has primarily been involved in creating and driving value added initiatives across Blackstone portfolio companies in India. Before joining Blackstone, Mr. Dalmia had diverse operational experience with Hindustan Unilever India ("HUL") in various management and business leadership roles ranging from finance and accounts to commercial and supply chain. Mr. Dalmia has undergone a management training program with the Indian Institute of Management, Ahmedabad and subsequently worked extensively on 'in-company' training at Unilever. Mr. Dalmia received a B. Com. (Hons.) from St. Xaviers' College from the University of Kolkata, India. He is also a Chartered Accountant (CA), Company Secretary (CS) and Cost Accountant (ICWA) with three Gold Medals for securing first-ranks in the country.



Dear Shareholders,

We have pleasure in presenting to you the twenty sixth Annual Report of your Company for the year ended 31 March 2017.

#### FINANCIAL PERFORMANCE

Key aspects of the financial performance of the Company are tabulated below:

(₹ million)

	CONSOLIDATED		STANDALONE	
Particulars	Year ended 31 March 2017	Year ended 31 March 2016	Year ended 31 March 2017	Year ended 31 March 2016
Revenues	63,150	62,721	32,051	30,818
Expenses	52,158	53,822	23,788	24,747
Profit before taxation	10,992	8,899	8,263	6,071
Net Profit	7,916	6,315	6,250	4,571
Transfer to General Reserve	625	458	625	458

Note: the figures are rounded off to the nearest integer.

A detailed analysis of performance is available in the section headed Management Discussion and Analysis of Financial Condition and Results of Operations in this Annual Report.

#### **OUTLOOK**

Future of enterprises powered by Cloud and Cognitive Computing.

The traditional services market has deaccelerated over the past few years, but underneath there is a new segment that is beginning to emerge: digital platforms. Here there is substantial growth of 25% to 30% and this is creating significant new opportunity across several dimensions including cloud, analytics, mobile, IoT and whole list of new digital opportunities. Digitization is changing industry boundaries and dynamics; growth is shifting; disruption is accelerating.

Thanks to the current pace of innovation, a prodigious wave of ecosystem revolution anchored by digitization, machine learning and life sciences is plotting the inflection point of technology explosion. Robotics, autonomous, cognitive computing, internet of things and predictive data analytics is not a futuristic strategy, it is the current reality. This wave of technologies are poised to re-create industries and customer experience as they move from periphery to mainstream revolutionizing how we live, work or do business.

Cloud technologies coupled with cognitive computing capabilities such as Robotic Process Automation (RPA), Artificial Intelligence (AI), Natural Language Processing (NLP) have been successfully embedded and scaled in multiple organizations. These are being designed around the company's existing value drivers and strengths, including the product portfolio, technical competence and customer proximity. Projects and partnerships too are designed with the linked objectives of digitizing core processes, upgrading IT platforms and conquering new business terrain.

As our customers embark on their digital transformation journey, Mphasis is focused on future proofing them with cognitive solutions on cloud that enable agile processes and predictive analytics resulting in competitive advantage. Even as the organization is building the new capabilities that digital businesses require, it must deploy its existing capabilities very differently in order to achieve scale and speed. The challenge is to balance all of the conflicting demands.

A good case in point is the complete Digital Transformation journey (Strategy to Implementation) enabling a Retail Insurance company to achieve measurable business value – 3x Revenue by embracing Customer Centricity and Fast IT. This was significant milestone for Mphasis as it was the:

- First end to end Digital Marketing Program;
- First Program for Digital Transformation Consulting Services;
- · Digital Maturity Index & Design Thinking; and
- Aligned to Mphasis' Cloud and Cognitive Strategy Cloud and Cognitive Cloud native, Cognitive, API-fication and DevOps.

Mphasis launched Mphasis NEXT Labs for Cloud to focus on emergent and future paradigms related to Cloud Computing. Mphasis NEXT Labs for Cloud would focus on creation of Intellectual Property, industry leading innovations and thought leadership to open new strategic opportunities and enable differentiation in the Cloud Computing services space. We also acquired an 'Advanced Consulting Partner' status with Amazon Web Services (AWS), just one level below our next goal - Premier Partner!



To leverage the start-up ecosystem and bring disruptive solutions to customers, Mphasis introduced 'Sparks' – a Digital Acceleration Program in collaboration with FinTech startups globally. The collaboration with industry leaders in RPA drives technology-enabled business process services and adopt digital automation capabilities.

Similarly, in the cognitive space, we launched NextAngles<sup>TM</sup> Cognitive Regulatory Compliance Suite, a smart data and artificial intelligence based software that reduces cost and workflow burdens for compliance personnel and enables new compliance professionals to work like experts.

Through our new majority shareholder - Blackstone, we are finding synergies with its group companies across multiple areas of operations and most importantly, by putting forward a compelling value proposition to translate them into customers. We also see potential with DXC Technology, the IT services company, created by the merger of CSC and the Enterprise Services business of Hewlett Packard Enterprise. Mphasis has been working with EDS and the legacy HP Enterprise Services for over ten years now.

Mphasis is poised to achieve higher levels of operational efficiency while becoming effective Cloud services and Cognitive computing business. Our services would help clients realize higher levels of automation and convert core IT activities into managed services that drive innovation and reduce operational costs. Mphasis will also assist in modernizing legacy systems and creating core platforms, processes and infrastructure that support digital business across the extended enterprise and deliver higher levels of performance.

#### **DIVIDEND**

Your directors are pleased to recommend a final dividend of ₹ 17/- per equity share of ₹ 10/- each for the financial year ended 31 March 2017, subject to your approval at the ensuing Annual General Meeting.

#### **BUY-BACK**

The Board of Directors and the shareholders of the Company, during the year, approved Buyback of up to 17,370,078 Equity Shares of the Company, representing 8.26% of total paid-up equity share capital of the Company, at a price of ₹ 635/- per equity share payable in cash for an aggregate amount of up to ₹ 11,030 million (Rupees Eleven Thousand and Thirty Million only), excluding any expenses incurred or to be incurred for the Buyback, on a proportionate basis under the tender offer method in accordance with the provisions contained in the Securities and Exchange Board of India (Buy Back of Securities) Regulations, 1998 and the Companies Act, 2013 and rules made thereunder.

Further to the above, the Company has despatched the letter of offer to the eligible shareholders, holding shares as at the record date i.e. 31 March 2017, after obtaining necessary approvals and complying with the necessary statutory formalities. The Buyback offer opened on 12 May 2017 and closed on 25 May 2017. The Company shall make payment to shareholders for the accepted tenders as per the Securities and Exchange Board of India (Buy Back of Securities) Regulations, 1998.

# **ENTERPRISE RISK MANAGEMENT**

The Company has an elaborate Enterprise Risk Management (ERM) Programme to proactively identify, assess, mitigate, monitor and report risks across the enterprise. ERM at Mphasis seek to minimize the adverse impact of the risks on our business objectives through risk assessment and mitigation while providing reassurance to Customers, Shareholders, Employees, etc. The updates on the development and implementation of the ERM Programme are reviewed by the Audit Committee on a quarterly basis. A detailed analysis on the formulation, implementation and monitoring of the Risk Management Plan is available in the section headed Management Discussion and Analysis of Risks and Concerns.

# INTELLECTUAL PROPERTY RIGHTS

Mphasis recognizes Intellectual Property to be a key business enabler. Your Company has been leveraging its Intellectual Property Assets for delivering differentiated value offerings to its customers and deliver next-gen experiences. During the year, NEXT Labs has filed two patent applications in the area of digital and analytics. Mphasis NEXT Labs focuses on research and innovation on emergent and future paradigms, through disruptive world class innovations, thought leadership and industry- relevant solutions, thereby building an Intellectual Property asset portfolio for the Company.

### **CORPORATE GOVERNANCE**

A report on Corporate Governance along with a certificate from the Auditors confirming the compliance for the year ended 31 March 2017 as required under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is annexed and forms part of this report.

# **EMPLOYEES**

In FY'17, Mphasis made significant strides in its quest to attract, hire, train and induct best-in-class talent. In line with our culture of Experimentation and Customer Centricity, we ensured to not only hire exceptional talent but also nurture them. On the hiring front, Mphasis recruited exceptional talent from the top run engineering colleges across the country and on the training front, the foundation program was entirely revamped to suit the customer needs. This included some of the salient features as optimized training duration, exhaustive coverage of all foundational skills, greater emphasis and stress on knowledge application, continuous monitor of trainee performance and exposure to Project environment through Real-life Lab.



As we maintained our focus on fresh talent, your Company is also committed to ensuring a workforce that is empowered, happy and enthused about work. Our total rewards programs reflects our egalitarian philosophy and is designed to support the company's culture of high performance and innovation. A variety of benefit choices were introduced last year to assist employees with life stage decisions and optimize their finances through better tax planning options. 'Pay for Performance' continues to be the underlying philosophy for variability in compensation. This was further extended to all managerial levels (for existing employees) and all new joiners in the Americas, ensuring an inclusive and accountable work environment.

As Mphasis completed 25 years in the business, we looked to give back to society in ways most meaningful to employees – who are the reason for our growth. The launch of the 'Mphasis Care Policy' for tenured employees is a testimony to this. Eligible employees can now apply for interest free loans. Mphasis will also partake in providing educational assistance to deserving children of employees.

At Mphasis, we also believe in creating a stimulating workplace, one which creates more avenues for employees to break the monotony at work. In its true sense we have been steadily bringing an element of Care and a Sense of pride by driving focused engagement initiatives from Rewards to Diversity, from Fun at workplace to Health, from Interest Group Communities to Communications.

'The beauty of the world lies in the diversity of its people' and at Mphasis, we believe in the same. Every year we celebrate this diversity and strengthen it further by hosting an array of activities from financial awareness for women employees to Leader talks with successful Leaders from the Industry and many such initiatives to honour the achievements and contributions of women as showcased by them to inspire and to be rivalled.

Mphasis also hosts mega flagship events such as Bring Your Child to Work, Bring your Parents to Work and Mphiesta which are consortium of fun, bonding and celebration at work. Our focus on health has been paramount and our endeavour through initiatives like Yoga, Health Talks and Awareness Sessions is to bring it in as a crucial element of engagement at work. We also maintain active communities such as Photography and Sports to keep the enthusiasm and the novelty alive at workplace.

#### COMMUNITY OUTREACH

#### CORPORATE SOCIAL RESPONSIBILITY

As front-runners of innovative solutions, Mphasis' efforts in Corporate Social Responsibility hone in on these strengths — bringing 'disruptive' technologies into the realm of **Education, Livelihood and Inclusion** covering the following. By adopting tech-centric models to generate and scale social impact, Mphasis strives to propel the inclusion and empowerment of underserved and underrepresented communities. The programs expand across the organization's geographies of operation as well as disaster affected regions in India. The Company has a CSR Policy as required under the provisions of law and the same is hosted on the website of the Company; <a href="www.mphasis.com">www.mphasis.com</a>. The CSR Committee of the Board approves the CSR Budget and monitors the implementation of the CSR Policy. Our CSR activities are carried out through Mphasis F1 Foundation.

# Education

Mphasis' CSR projects in the space of education endeavors to drive technology-led innovation for the Base of the Pyramid (BoP) population, by developing solutions to address gaps across the education value chain.

Headstreams' 'Arivu-Disha' Program and NASSCOM Foundation's Social Innovation Award for Education are the flagship programs supported by the Company under the ambit of Education. Through seed funding and mentorship, the award winning program partners strive to improve the quality of schooling among marginalized communities using tech-centric models of execution. In 2016, 'Arivu-Disha' was awarded the NASSCOM Social Innovation Award for Education for its innovative approach to improving learning outcomes among government school children.

#### Livelihood

Mphasis' objective within the skilling ecosystem is to leverage technology to empower youth with employable skills required to break the cycle of poverty in a single generation. The Company's livelihood programs harness digital tools to foster job security, reduce information asymmetries and propel sustainable socio- economic progress among underserved communities.

Flagship programs in the livelihood space include Mphasis-DEF Integrated Digital Clusters, SkillTrain Mobile App and Mphasis-Nudge Gurukul and are executed in partnership with Digital Empowerment Foundation, SkillTrain, Villgro Innovations Foundation and Nudge Foundation respectively. SkillTrain won the Manthan Award in e-Education 2016 for its inventive approach to ensuring digital inclusion in skilling.

# Inclusion

As pioneers in the field of Disability Inclusion, Mphasis works towards enhancing Accessibility, Universal Design and Digital and Mobility solutions for persons with disabilities. Additionally, the Company engaged in rehabilitation of families affected by floods as well as environmental rejuvenation of lakes.



Flagship programs under the domain of Inclusion are executed in collaboration with National Centre for the Promotion of Employment for Disabled People (NCPEDP), Indian Institute of Management- Bangalore (IIMB), United Way of Bengaluru and Habitat for Humanity. The 'Make India Accessible' Campaign launched in collaboration with NCPEDP was instrumental in the enactment of the Rights of Persons with Disabilities (RPWD) Act, 2016.

During the year, the Company spent INR 133.56 Million as against mandated spend of ₹ 129.80 Million.

# PREVENTION OF SEXUAL HARASSMENT

Your Company's Code of Business Conduct (COBC) provides broad directions as well as specific guidelines for all business transactions. The emphasis is on human rights, prevention of fraudulent and corrupt practices, avoidance of conflict of interest, prevention of Sexual Harassment and unyielding integrity at all times. Mphasis is committed to the provision of a workplace, free of Sexual Harassment ("SH") and to provide a redressal mechanism for all complaints of SH without fear or threat of reprisals in any form or manner whatsoever. The work place in context of SH is not restricted to the office but includes extended work areas such as Client's place, work related travel, cafeterias and Company sponsored events, to name a few.

In compliance with the Sexual Harassment of women at workplace (Prevention, Prohibition and Redressal) Act, 2013, the Company has established Internal Complaints Committees at all its locations. During FY 2016-17, 39 complaints were received, out of which 38 complaints were disposed off in terms of the aforesaid Act as on 31 March 2017. Complaint outstanding has since been investigated and disposed within the prescribed time limits.

#### ESTABLISHMENT OF VIGIL MECHANISM

Mphasis Code of Conduct requires directors, officers and employees to observe high standards of business and personal ethics in conduct of their duties and responsibilities. As employees and representatives of the Company, they must practice honesty and integrity in fulfilling their responsibilities and comply with all applicable laws and regulations. The Company has a Whistleblower Policy to enable persons who observe unethical practices (whether or not a violation of law), to approach the Whistleblower Custodian without revealing their identity, if they choose to do so. This Policy governs reporting and investigation of allegations that are breach of Code of Business Conduct. This Policy covers all Mphasis group companies and its affiliates and further extends to all Mphasis suppliers and contractors engaged in rendering the services.

There are various channels to report actual or suspected fraud or violation of the Company's Code of Conduct or Ethics policy i.e. through e-mail to the Whistle Blower office at <a href="whistleblower@mphasis.com">whistleblower@mphasis.com</a>, written complaint can be dropped into the Whistle blower drop box at the respective Company's location and through Telephone where a complaint can be left at the Whistle blower Hotline. The Chairman of the Audit Committee is the Ombudsperson under Whistle blower Policy. A complaint can be reported to the Ombudsperson (<a href="https://doi.org/>Ombudsperson@mphasis.com">Ombudsperson@mphasis.com</a>) where the Complainant feels that the complaint has not been addressed or actioned in a timely and appropriate manner or if the complaint is against any member of the Whistle blower Committee or the Executive Council.

The Whistle blower policy is published on the Mphasis website making it accessible to all. Mphasis will keep the whistle blower's identity confidential and prohibits retaliation against a whistle blower with the intent or effect of adversely affecting the terms or conditions of employment (including but not limited to, threats of physical harm, loss of job, punitive work assignments, or impact on salary or wages).

# **DIRECTORS**

The Board of Directors of the Company at its meeting held on 27 January 2017, appointed Mr. Nitin Rakesh as an additional director on the Board and further as the Chief Executive Officer and Whole time Director of the Company for a period of 5 years with effect from 29 January 2017. The appointment was subject to approval of the shareholders of the Company at the ensuing Annual General Meeting. Prior to joining Mphasis, Mr. Nitin Rakesh was the Chief Executive Officer and President of Syntel (a NASDAQ listed IT Services Company). Mr. Nitin Rakesh has a proven track record of delivering profitable growth at industry leading operating margins. The Board is confident that his diverse expertise and deep domain experience will benefit the Company in the times ahead. The Company has received a notice from a member under Section 160 of the Companies Act, 2013, proposing his candidature to the office of director. Accordingly, necessary resolutions seeking approval of the members for appointing Mr. Nitin Rakesh as a director and further as the CEO and Whole time Director of the Company is placed before the members for their approval.

Mr. Nitin Rakesh took over as the Chief Executive Officer and Whole time Director from Mr. Ganesh Ayyar, whose tenure expired on 28 January 2017. The Board places on record its appreciation for the services rendered by Mr. Ganesh Ayyar during his tenure.

In accordance with section 152 of the Companies Act, 2013, Mr. Dario Zamarian and Mr. Paul James Upchurch will retire by rotation and are eligible for re-election.

The profiles of the present directors including the directors seeking appointment at the ensuing Annual General Meeting are provided in the Annual Report.

The Board recommends the appointment of the above directors for approval of the members.



# STATUTORY AUDITORS

S R Batliboi & Associates LLP (registration No.101049W), Chartered Accountants, were appointed as the statutory Auditors of the Company under Section 139 of the Companies Act, 2013, for a term of 3 years, from the conclusion of Twenty Fourth Annual General Meeting till the conclusion of Twenty Seventh Annual General Meeting subject to annual ratification.

The Company has received a certificate from the Statutory Auditors to the effect that the ratification of appointment, if made, would be in accordance with limits specified under the Companies Act, 2013. As required under SEBI Regulations, the Auditors have confirmed that they hold valid certificate issued by the Peer Review Board of the Institute of Chartered Accountants of India.

A resolution proposing ratification of their appointment, from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting of the Company, at a remuneration to be fixed by the Board of Directors and billed progressively, is submitted at the Annual General Meeting for approval of the members.

#### SECRETARIAL AUDITOR

The Board had in its meeting held on 31 January 2017 approved appointment of Mr. S P Nagarajan, Practicing Company Secretary, as the Secretarial Auditor of the Company for the financial year ended 31 March 2017. As required under the provisions of Section 204 of the Companies Act, 2013, the secretarial audit for Financial year 2017 has been concluded and the Secretarial Audit Report in Form No. MR-3 is annexed and forms part of the Report.

#### **DIRECTORS' RESPONSIBILITY STATEMENT**

Information as per Section 134(5) of the Companies Act, 2013, is annexed and forms part of the Report.

#### **BUSINESS RESPONSIBILITY REPORT**

Your Company's business responsibility ingrains the spectrum of nine principles of National Voluntary Guidelines issued by the Ministry of Corporate Affairs, Government of India, along with their key elements. This is enabled by suite of frameworks, governance, social objectives, codified culture, charters, policies, code of conduct and management systems integrated with the business process. A report detailing the business responsibility practices for the year ended 31 March 2017 is uploaded on the website of the Company at <a href="https://www.mphasis.com">www.mphasis.com</a> and forms part of the Annual Report.

# OTHER DISCLOSURES

# **SUBSIDIARIES**

As on 31 March 2017, your Company has subsidiaries in Australia, Belgium, Canada, France, Germany, India, Ireland, Mauritius, Netherlands, People's Republic of China, Republic of Indonesia, Philippines, Poland, Singapore, the United Kingdom and the United States of America.

In accordance with section 129 (3) of the Companies Act 2013 the Consolidated Financial Statements are attached to the Annual Report. Further, a statement containing salient features of the financial statements of subsidiaries in the prescribed Form AOC-1 is annexed to this Report. The statements provides the performance and financial position of each of the subsidiaries.

The latest audited accounts of the subsidiary Companies are available for inspection of the members at the Registered Office of the Company and is also being uploaded on the website of the Company, www.mphasis.com. A copy of the same shall be sent to the members upon request.

# EMPLOYEES STOCK OPTION PLANS AND RESTRICTED STOCK UNIT PLANS

Your Company's Employee Stock Option Plans (ESOPs) are administered through the Mphasis Employees Equity Reward Trust (earlier BFL Employees Equity Reward Trust) and the Restricted Stock Unit Plans (RSUs) and Mphasis Employees Stock Option Plan - 2012 (ESOP 2012 Plan) are administered through Mphasis Employees Benefit Trust. Further, all the plans are administered by the ESOP Compensation Committee of the Board.

The shareholders at its Annual General Meeting held on 4 November 2016 approved the Mphasis Employee Stock Option Plan - 2016 (ESOP 2016) with the underlying shares not exceeding 8.4 million equity shares. The Company had obtained in-principle approval for the Mphasis Employee Stock Option Plan - 2016 (ESOP 2016) from BSE Limited on 21 November 2016 and The National Stock Exchange of India Limited on 9 November 2016. Further to this, the ESOP Compensation Committee had granted 3,261,900 stock options to eligible employees on 4 January 2017 at a price of ₹ 500 per option.

Your Company currently has three stock option plans in operation, namely, Mphasis Employees Stock Option Plan – 1998 (ESOP 1998 Plan) (Version I and II), Mphasis Employees Stock Option Plan – 2004(ESOP 2004) and Mphasis Employee Stock Option Plan – 2016 (ESOP 2016), in addition to Mphasis Restricted Stock Unit Plan – 2014 (RSU 2014) and Mphasis Restricted Stock Unit Plan – 2015 (RSU 2015).



During the year, 2,960 shares were issued pursuant to exercise of options under ESOP 1998 Plan Version II, 408 shares were issued pursuant to exercise of options under ESOP 2004 Plan and 115,975 shares were transferred under ESOP 2012 Plan against exercise of options by the employees. Further, pursuant to exercise applications made by the employees, the Company has issued 226,595 equity shares towards exercise of RSUs under RSU 2014 Plan and transferred 218,900 equity shares pursuant to exercise of RSUs under RSU 2015 Plan.

The information to be disclosed as per Securities and Exchange Board of India (Share based Employee Benefits) Regulations, 2014, for the year ended 31 March 2017 is annexed to the Board's Report and also uploaded on the website of the Company at <a href="https://www.mphasis.com">www.mphasis.com</a>.

# DIRECTORS' INTEREST AND RELATED PARTY DISCLOSURES

No director was interested in any contracts or arrangements existing during or at the end of the year that was significant in relation to the business of the Company. No director holds any shares or stock option in the Company as on 31 March 2017 except Mr. Nitin Rakesh, Chief Executive Officer and Whole time Director, who holds 6,55,000 Stock Options. None of the directors had any other interest in the share capital of the Company as at 31 March 2017. All the transaction entered into with related parties, as defined under Section 2(76) of the Companies Act, 2013 and Regulation 23 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, during the financial year were in the ordinary course of business and are at arm's length basis. The Company has a policy for dealing with Related Party Transactions which has been uploaded on the Company's website at <a href="https://www.mphasis.com">www.mphasis.com</a>. The particulars of the contract or arrangements with the Related Parties in form AOC-2 is annexed and forms part of this report.

# SHARE CAPITAL

The Issued Share Capital of the Company as on 31 March 2017 stood at ₹ 2104.24 million and Reserves and Surplus stood at ₹ 59,420 million (consolidated basis) and ₹ 44.849 million (standalone basis) respectively.

# PARTICULARS OF EMPLOYEES' REMUNERATION

The statement containing particulars of employees as required under Section 197(12) of the Companies Act, 2013 read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is given in the annexure and forms part of this report.

However, in terms of Section 136(1) of the Companies Act, 2013, the report is being sent to the members excluding the aforesaid Annexure and shall be available for inspection of the members till the date of the Annual General Meeting at the registered office of the Company during working hours. Any Member interested in obtaining a copy of the Annexure may write to the Company Secretary at the Registered Office of the Company.

In terms of proviso to Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the particulars of the employees posted and working in a country outside India is not circulated to the members, but the same shall be filed with the Registrar of Companies while filing the Financial Statements and Board's Report.

# EXTRACT OF ANNUAL RETURN

The extract of the Annual Return as at 31 March 2017 in Form MGT-9 is annexed and forms part of the Report.

# PARTICULARS OF LOANS, GUARANTEE AND INVESTMENTS

The particulars of Loans, Guarantees and Investments under Section 186 of the Companies Act, 2013 are disclosed in the financial statements of the Company.

#### **DEPOSITS**

Your Company has not accepted any deposits from the public and as such no amount of principal or interest was outstanding as on the date of the Balance Sheet.

# PARTICULARS REGARDING CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

## A. CONSERVATION OF ENERGY:

Your Company's operations involve low energy consumption. Mphasis is committed to conserving energy and efficient usage of energy. The key facilities have been awarded 5 star, 4 star or 3 star rating by Bureau of Energy Efficiency, Government of India (BEE) in the last 5 years. The rating is nationally accepted industry benchmark and Mphasis in India is certified by BEE. Your Company has been awarded by Confederation of Indian Industry an Environment Health and Safety (EHS) award with a rating 3 for one of its facility at Bengaluru appreciating its sustainable initiatives.

The Company has installed lighting energy savers and LED light fixtures, occupancy sensors, enthalpy system, automatic operation of AC system at data centers to minimize power consumption and solar inverters at certain facilities to promote sustainable energy usage. The carbon foot prints are monitored on a monthly basis and reported to Carbon Disclosure Project (CDP), an international, not-for-profit organization providing the only global system for companies and cities to measure, disclose, manage and share vital environmental information. One of the Company's facility at Bengaluru has been certified LEED (Leadership in Energy and Environmental Design) Gold by United States Green Building Council (USGBC).



The Company has also installed energy consumption monitoring tool to monitor the energy consumption and the carbon foot prints at each location. The data collected by the tool helps the management in monitoring and optimize the energy consumption at the locations. Our Company is one of the few IT companies in India who have implemented captive renewable energy generation in multi-locations as part of its sustainability initiatives.

# B. TECHNOLOGY ABSORPTION:

Particulars relating to technology absorption are not applicable.

# C. FOREIGN EXCHANGE EARNINGS OR OUTGO:

		(₹ million)
(a)	Foreign Exchange earned in terms of actual inflows during the year	25,017
(b)	Foreign Exchange outgo in terms of actual outflows during the year	5,581

#### D. DETAILS OF SIGNIFICANT AND MATERIAL ORDERS:

There were no significant material orders passed by the Regulators or the Courts, Tribunals impacting the going concern status and companies operations in future.

# **ACKNOWLEDGEMENT**

Your directors acknowledge with thanks the continued support and valuable co-operation extended by the business constituents, investors, vendors, bankers and shareholders of the Company. The directors place on record their appreciation for the support from the Software Technology Parks of India, the Department of Communication and Information Technology, the Government of India, Government of Karnataka, Telangana, Maharashtra, Tamil Nadu, Reserve Bank of India, other governmental agencies, Trade Associations and NASSCOM. We also thank the government agencies of various other countries where we have our operations.

Your directors would like to place on record their appreciation for the employees of the Company and its subsidiaries, at all levels, for their hard work and commitment. Their dedication and competence has ensured that the Company continues to be a significant and leading player in the industry.

For and on behalf of the Board of Directors

Bengaluru 25 May 2017 Davinder Singh Brar Chairman



# ANNEXURE TO THE BOARD'S REPORT

# Annual Report on CSR Activities for the year ended 31 March 2017

 A brief outline of the Company's CSR Policy, including overview of the projects and programs proposed to be undertaken and a reference to the web-link to the CSR policy, projects or programs:

The brief of the CSR Policy and the Programs are provided in the Board's Report and the CSR Policy is also uploaded on the website of the Company at: <a href="http://www.mphasis.com/downloads/Governance/Corporate%20Social%20">http://www.mphasis.com/downloads/Governance/Corporate%20Social%20</a> Responsibility%20Policy.pdf

2. The Composition of the CSR Committee.

The following are the members of the CSR Committee as at the date of the report:

- a. Mr. Narayanan Kumar Chairman
- b. Mr. Davinder Singh Brar
- c. Mr. Amit Dalmia
- d. Mr. Nitin Rakesh
- Average Net Profit of the Company for the last three financial years:

₹ 6490.09 Million

- Prescribed CSR Expenditure (two per cent of the amount above)
  - ₹ 129.80 Million
- 5. Details of CSR spent during the financial year.
  - a) Total amount spent during the financial year ended 31 March 2017 ₹ 133.6 million
  - b) Amount unspent, if any Nil
  - Reason for not spending the mandated amount: Not Applicable.
  - d) Manner in which the CSR amount was spent during the year: as per the details enclosed

It is confirmed that the implementation and monitoring of CSR Policy is in compliance with the CSR Objectives and CSR Policy of the Company.

For and on behalf of the Board of Directors

Nitin Rakesh Chief Executive Officer

Bengaluru 25 May 2017 Narayanan Kumar Chairman of CSR Committee



		Sector in	Are	Areas where the Projects are	CSR A	CSR Amount Spent (₹ million)	f million)	Cumulative	
7		which the		undertaken				expenditure	Details of the Implementing
ģ <u>Š</u>	CSR Project	Project is covered	Local	District / State	CSR Amount outlay	Expenditure on Projects	Overheads	up to FY 2017 (₹ million)	Agency
-	Arivu Disha	Education	`>	Karnataka-Bangalore	35.3	35.3	≅	62.4	Headstreams
2	Uber WAV	Inclusion	`^	Karnataka-Bangalore	25.6	25.6	Ē	25.6	Uber BV
က	Make India Accessible	Inclusion	×	Pan India	12.0	12.0	乭	27.3	National Centre for Promotion of Employment for Disabled
									People
4	Digital Literacy & Design ecosystem for rural artisans	Livelihood	>	Tamil Nadu- Trichy	1.1	11.1	쿨	19.9	Digital Empowerment Foundation
2	Nasscom Social Innovation Forum	Education	×	National	9.4	9.4	≅	25.8	Nasscom Foundation
9	Residential skilling program	Livelihood	`>	Karnataka-Bangalore	8.8	8.8	≅	16.2	The Nudge Foundation
7	Chennai Floods Relief	Inclusion	`>	Chennai- Tamil Nadu	3.9	3.9	≅	13.5	Habitat for Humanity
∞	Skilltrain -Digital App for Skilling	Livelihood	×	Pan India	3.3	3.3	≅	7.4	Villgro Innovations Foundation
o	Setting up on STP at Mahadevapura Lake	Inclusion	`>	Karnataka-Bangalore	3.0	3.0	₹	3.0	United Way Bangalore
10	National Digital Literacy Mission Centres	Education	>	Pune- Maharashtra/ Chennai- Tamil Nadu	2.7	2.7	쿧	5.0	Nasscom Foundation
Ξ	Mphasis Research Chair on Digital Accessibility at IIM Bangalore	Inclusion	×	Pan India	2.5	2.5	Ē	2.5	IIM Bangalore
12	Skilling program for persons with disabilities	Livelihood	`>	Karnataka-Bangalore	2.4	2.4	≅	2.4	Enable India
13	SOS Children's Villages of India	Education	^	Karnataka- Bangalore	1.5	1.5	Ī	2.7	SOS Childrens Villages of India
14	Digital Financial Literacy Program	Inclusion	>	Karnataka-Bangalore	1.3	1.3	₹	<del>1</del> ن.	Mphasis F1 Foundation
15	Mainstreaming children with disabilities	Inclusion	>	Karnataka- Bangalore	1.2	1.2	⋽	7.8	Fourth Wave Foundation
16	Chennai Floods Relief Support	Disaster Relief	>	Tamil Nadu- Chennai	0.0	0.0	⋽	1.0	Bhoomika Trust
17	Kickstart Cabs	Inclusion	>	Karnataka- Bangalore	6.0	6:0	≅	23.3	IIIT Bangalore
18	Akshardeep- Remedial School Support Program	Education	>	Maharashtra- Pune	0.8	0.8	쿧	2.4	Swadhar
19	Remedial School Support Program	Education	>	Maharashtra- Mumbai	0.7	0.7	Ē	3.4	Each One Teach One
20	Education sponsorships for children	Education	`>	Tamil Nadu- Chennai	9.0	9.0	≅	1.3	Suyam Charitable Trust
21	Remedial School Support Program	Education	`>	Maharashtra- Pune	0.2	0.2	Ē	0.7	Jagruti Seva Sanstha
22	Contribution to PM Relief Fund- Assam Floods	Inclusion	`>	Assam	0.1	0.1	≅	6.4	PM Relief Fund
23	Contribution to F1 Foundation	Inclusion	^	Karnataka- Bangalore	0.0	0.0	Ī	0.5	Mphasis F1 Foundation
24	Market Aligned Skills Training	Livelihood	×	Orissa- Bhubaneshwar	0.0	0.0	≅	1.4	Anudip Foundation
22		Livelihood	>	Karnataka- Bangalore	0:0	0:0	₹	2.7	Headstreams
0			;						
56	CSR Office Costs	NA	×	-	6.4		6.4		
		Total			133.6	127.2	6.4	265.75	

Annexure to CSR Annual Report: Manner in which the amount spent during the financial year is detailed below.

For and on behalf of the Board

Nitin Rakesh Chief Executive Officer

Narayanan Kumar Chairman of CSR Committee

Bengaluru 25 May 2017



### Form No. MR-3 SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

[Pursuant to section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration Personnel Rules, 2014]

To,

The Members, MPHASIS LIMITED Bagmane World Technology Center, Marathahalli Outer Ring Road, Doddanakundi Village, Mahadevapura, Bangalore-560048

CIN of Company: L30007KA1992PLC025294 Authorised Capital: ₹ 2,45,00,00,000/-

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by MPHASIS LIMITED ("the Company"). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31 March 2017 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

- 1. I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31 March 2017 according to the provisions of:
  - i. The Companies Act, 2013 (the Act) and the rules made thereunder;
  - ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder with regard to maintenance of minimum public shareholding and compliance under clause 38 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015:
  - iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder with regard to dematerialisation / rematerialisation of securities and reconciliation of records of dematerialised securities with all securities issued by the Company in compliance with clause 55A of the SEBI (Depositories and Participants) Regulations, 1996 and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
  - iv. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent applicable to Overseas Direct Investment:
  - v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') are:
    - a. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
    - b. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 including the provisions with regard to disclosures and maintenance of records required under the said Regulations;
    - c. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 including the provisions with regard to disclosures and maintenance of records required under the said Regulations;
    - d. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 are not applicable during the year under review;
    - e. The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
    - f. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 are not applicable during the year under review;
    - g. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
    - h. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009, are not applicable during the year under review; and
    - i. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;



- vi. The other laws to the extent applicable:
  - a. Registration Act, 1908
  - b. Indian Stamp Act, 1899
  - c. Limitation Act. 1963
  - d. Indian Contract Act, 1872
  - e. Negotiable Instrument Act, 1881
  - f. Sale of Goods Act, 1930
  - g. Information Technology Act, 2000
  - h. Special Economic Zones Act, 2005
  - i. Trade Marks Act, 1999
  - j. Patents Act, 1970
  - k. Copyright Act, 1957
  - I. Designs Act, 2000
  - m. Income Tax Act, 1961
  - n. Central Excise Act, 1944
  - o. Customs Act, 1962
  - p. Chapter V of the Finance Act, 1994 (Service Tax)
  - g. Central Sales Tax Act, 1956
  - r. VAT Act (State Acts)
  - s. Environment Protection Act, 1986
  - t. Trade Unions Act, 1926
  - u. Weekly Holidays Act, 1942
  - v. The Telecom Regulatory Authority of India Act, 1997
  - w. Insurance Act, 1938
  - x. General Clauses, 1897
  - y. Foreign Trade (Development And Regulation) Act, 1992
  - z. Employees' Provident Funds And Miscellaneous Provisions Act, 1952
  - aa. Employees' State Insurance Act, 1948
  - bb. Employees' State Insurance (Central) Rules, 1950
  - cc. Labour Laws including ESI Act, Employee's PF and Miscellaneous Provision Act, Payment of Bonus Act, Payment of Gratuity Act, Contract Labour Act, Employees Compensation Act, Equal Remuneration Act, Maternity Benefit Act, 1961
  - dd. Bureau of Indian Standards Act, 1986
  - ee. e-waste (Management and Handling) Rules, 2011
  - ff. The State Acts, rules, guidelines and regulations to the extent applicable to the Company based on the location of its offices across India.

I have also examined compliance with the applicable clauses of the following:

- a) Secretarial Standards issued by The Institute of Company Secretaries of India (ICSI) and Section 118(10) of the Companies Act, 2013.
  - In my opinion and to the best of my information and according to the explanation given to me, I report that the Company has complied with all material aspects of applicable Secretarial Standards issued by ICSI with respect to General and Board meetings in accordance with Section 173(3) of the Act.
- b) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
  - The Company has complied with the requirements under Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.



2. Based on my examination and verification of the registers, records and documents produced to me and according to the information and explanations given to me by the Company:-

I report that during the period under review, the Company has complied with the applicable provisions of the Act, Rules, Regulations, Guidelines, Standards etc. mentioned above.

I further report that the Company has, in my opinion, complied with the provisions of the Companies Act, 2013 (the Act) and the rules made thereunder and with the enabling provisions of the Memorandum and Articles of Association of the Company, wherever applicable with regard to:

- a) maintenance of various statutory registers and documents and making necessary entries therein;
- b) closure of the Register of Members;
- c) forms, returns, documents and resolutions required to be filed with the Registrar of Companies and the Central Government;
- d) service of documents by the Company on its Members, Auditors and the Registrar of Companies;
- e) notice of Board meetings and Committee meetings of Directors;
- f) the meetings of Directors and Committees of Directors including passing of resolutions by circulation;
- g) the 25th Annual General Meeting held on 04th November 2016;
- h) minutes of proceedings of General Meetings and of the Board and its Committee meetings;
- i) approvals of the Members, the Board of Directors, the Committees of Directors and the government authorities, wherever required;
- j) constitution of the Board of Directors /Committee(s) of Directors, appointment, retirement and re-appointment of Directors including the Executive Directors and Whole-time Director, Key Managerial Personnel;
- k) payment of remuneration to Executive Director and payment of commission to Non-Executive Directors;
- I) appointment of Auditors and the remuneration payable to them;
- m) transfer and transmission of the Company's shares if any, issue and allotment of shares, issue and delivery of share certificate(s) and duplicate share certificates wherever applicable;
- n) declaration and payment of dividends;
- o) transfer of certain amounts as required under the Act to the Investor Education and Protection Fund and uploading of details of unpaid and unclaimed dividends on the websites of the Company and the Ministry of Corporate Affairs;
- p) investment of the Company's funds including inter-corporate loans and investments and loans to others;
- q) the Company has availed no secured loans during the year under review and consequently there were no requirements with regard to creation, modification or satisfaction of charges;
- r) form of balance sheet as prescribed under Part I, form of statement of profit and loss as prescribed under Part II and General Instructions for preparation of the same as prescribed in Schedule VI to the Act;
- s) Board's report;
- t) contracts, common seal, registered office and publication of name of the Company; and
- u) generally, all other applicable provisions of the Act and the Rules made under.

I further report that compliance by the Company of applicable financial laws such as direct and indirect taxation laws and maintenance of financial records and books of accounts has not been reviewed in this audit since the same have been subject to review by statutory financial audit and other designated professionals.

### 3. I further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the year under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent atleast seven days in advance in accordance with Section 173(3) of the Act and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All decisions at Board Meetings and Committee Meetings are carried out by requisite majority as recorded in the minutes of the meetings of the Board of Directors or Committee of the Board as the case may be.



- 4. I further report that there are adequate systems and processes in the Company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.
- 5. I further report that:
  - (a) the Directors have complied with the requirements as to disclosure of interests and concerns in contracts and arrangements, shareholdings and directorships in other companies and interests in other entities;
  - (b) the Directors have complied with the disclosure requirements in respect of their eligibility of appointment, being independent and compliance with the Code of Business Conduct and Ethics for Directors and Management Personnel;
  - (c) the Company has obtained all necessary approvals under the various provisions of the aforesaid Acts and rules made thereunder, to the extent applicable; and
  - (d) there are no prosecution initiated by any statutory authorities and no fines or penalties were imposed during the year under review under the Act, SEBI Act, SCRA, Depositories Act and Rules, Regulations and Guidelines framed under these Acts against / on the Company, its Directors and officers.

I further report that during the audit period the following events of the Company had bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, standards, guidelines etc.:

- 1. Independent Directors Committee had provide its written reasoned recommendations on the Open Offer and the same was published in the Newspapers as per Regulation 26 of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.
- 2. Grant of "Mphasis Employee Stock Option Plan 2016" pursuant to approval from the Shareholders at the Annual General Meeting held on 4 November 2016.
- 3. The Company entered into an Amended and Re-stated Standard Services Agreement ("HPE Agreement") with Hewlett Packard Enterprise Co., Palo Alto, USA ("HPE"), for availing and/or rendering services to HPE, its subsidiaries, group companies and associates in terms of approval of shareholders by postal ballot, the results of which were declared on 23 May 2016.
- 4. Reclassification of the outgoing promoters as non-promoters with effect from 1st September 2016 consequent to acquisition by Marble II Pte. Limited (Acquirer) of 60.47% of the total issued share capital of the Company from EDS Asia Pacific Holdings, EDS World Corporation (Far East) LLC and EDS World Corporation (Netherlands) LLC (together, Outgoing Promoters) pursuant to approval from the Shareholders at the Extra Ordinary General Meeting held on 13 October 2016 and approval of the National Stock Exchange of India Limited and the BSE Limited.
- 5. Buy-back of not exceeding 17,370,078 equity shares of the Company from the existing shareholders on a proportionate basis through the "Tender Offer" method as prescribed under the Securities and Exchange Board of India (Buy-Back of Securities) Regulations, 1998 pursuant to approval of shareholders through postal ballot, the results of which were declared on 13 March 2017.

S.P. NAGARAJAN Company Secretary

Place: Bangalore ACS Number: 10028
Date: 25 May 2017 CP Number: 4738



### **DIRECTORS' RESPONSIBILITY STATEMENT**

In compliance with Section 134(5) of the Companies Act, 2013, your directors confirm and state as follows for the financial year ended 31 March 2017:

- 1. That in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- 2. That the directors had selected such accounting policies and 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 and loss of the company for that period;
- 3. That the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- 4. That the directors had prepared the annual accounts on a going concern basis;
- 5. That directors had devised proper systems to ensure compliance with the provisions of applicable laws and such systems are adequate and operating effectively; and
- 6. That as regards Internal Financial Controls, the directors to the best of their knowledge and belief and according to the information and explanations provided, makes the following statements:
  - a) that we are responsible for establishing and maintaining internal financial controls to be followed by your Company that are adequate and operate effectively.
    - Your Company's internal financial controls are deployed through a framework that addresses material risks in your Company's operations and financial reporting objectives. The framework is a combination of entity level controls (including Enterprise Risk Management, Legal Compliance Framework, Internal audit and Anti-fraud Mechanisms such as Ethics Framework, Code of Conduct, Whistle Blower Policy, etc.), process level controls, information technology based controls, period end financial reporting and closing controls.
    - Internal financial controls cannot provide absolute assurance of achieving financial, operational and compliance reporting objectives because of its inherent limitations. Also, projections of any evaluation of the internal financial controls to future periods are subject to the risk that the internal financial control may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.
  - b) Your Company's management has carried out the evaluation of design and operative effectiveness of these controls and noted no significant deficiencies / material weaknesses that might impact financial statements as at the balance sheet date.

For and on behalf of the Board of Directors

Bengaluru 25 May 2017 Davinder Singh Brar Chairman

### DECLARATION UNDER SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015 REGARDING COMPLIANCE WITH CODE OF CONDUCT

As required under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, it is hereby confirmed that for the year ended 31 March 2017, the directors of Mphasis Limited have affirmed compliance with the Code of Conduct for Board Members as applicable to them and members of the senior management have also affirmed compliance with the Employee Code of Conduct as applicable to them.

Bengaluru 17 May 2017 Nitin Rakesh Chief Executive Officer



(Pursuant to first proviso to sub-section(3) of section 129 read with rule 5 of the Companies (Accounts) Rule, 2014)

Statements containing salient features of the financial statement of subsidiaries / associate companies / joint ventures

FORM AOC -

₹ Millions

No. Name of Subsidiary No. Mohasis Corporation Mohasis Corporation Mohasis Pustralia Ply Limited Mohasis Susralia Ply Limited Mohasis Sonsulfing Limited Mohasis Begium B/BA Mohasis Europe B/V Mohasis Europe B/V Mohasis Ple Ltd Mohasis Ple Ltd Mohasis Software & Sewices (India) Mohasis Software & Sewices (India) Mohasis Software & Sewices (India) Mohasis Coffware & Sewices (India)	vices		CNY CAPPOINTS SGD GBP CBP CBP CBP CBP CBP CBP CBP CBP CBP C		Equity 0.00 0.00 0.05 0.05 0.05 0.05	Prefer-	Total	& Surplus	assets	liabilities	(Other than in subsidiaries)	Turnover	(000 II ) #IJ 070	Expense /	Profit /	Dividend	sharehold-
1 Mytrasis Corporation 2 Mytrasis Deutscheland Gmt 3 Mytrasis Deutscheland Gmt 4 Mytrasis (Shanghai) Softwar Company Ltd 5 Mytrasis Belguim BNBA 7 Mytrasis Encorpe BV 8 Mytrasis Pruce BV 9 Mytrasis Put Ltd 9 Mytrasis Put Limited 10 Mytrasis Software & Service 11 Mytrasis Software & Service 12 Mytrasis Software & Service 14 Mytrasis Software & Service 15 Mytrasis Software & Service 16 Mytrasis Software & Service 17 Mytrasis Software & Service 18 Mytrasis Software & Service 19 Mytrasis Software & Service 10 Mytrasis Software & Service 11 Mytrasis Software & Service 11 Mytrasis Software & Service 12 Mytrasis Software & Service 13 Mytrasis Software & Service 14 Mytrasis Software & Service 15 Mytrasis Software & Service 16 Mytrasis Software & Service 17 Mytrasis Software & Service 18 Mytrasis Software & Service 19 Mytrasis Software & Service 10 Mytrasis Software & Service 10 Mytrasis Software & Service 10 Mytrasis Software & Service 11 Mytrasis Software & Service 11 Mytrasis Software & Service 12 Mytrasis Software & Service 13 Mytrasis Software & Service 14 Mytrasis Software & Service 15 Mytrasis Software & Service 16 Mytrasis Software & Service 17 Mytrasis Software & Service 18 Mytrasis Software & Service 19 Mytrasis Software & Service 10 Mytrasis Software & Service 10 Mytrasis Software & Service 11 Mytrasis Software & Service 11 Mytrasis Software & Service 12 Mytrasis Software & Service 13 Mytrasis Software & Service 14 Mytrasis Software & Service 15 Mytrasis Software & Service 16 Mytrasis Software & Service 17 Mytrasis Software & Service 18 Mytrasis Software & Service 19 Mytrasis Software & Service 10 Mytrasis Software & Service 10 Mytrasis Software & Service 10 Mytrasis Software & Service 11 Mytrasis Software & Service 11 Mytrasis Software & Service	ijoes	1-04-2016 to 31-02-2017 1-04-2016 to 31-03-2017 1-01-2016 to 31-03-2017 1-01-2016 to 31-03-2017 1-04-2016 to 31-03-2017 1-04-2016 to 31-03-2017 1-04-2016 to 31-03-2017 1-04-2016 to 31-03-2017 1-04-2016 to 31-03-2017	USD CNY	65.040 70.674 49.567 9.453 81.648 70.674 70.674	0.00 2.10 0.05 238.76	3					,		Profit / (Loss)	(Credit)	(Foss)		ing
2 Mythasis Deutscheland Gmt Ambasis Shanghai Softwar Ambasis (Shanghai Softwar Company Ltd Company Ltd Company Ltd Mythasis Eucope BW Mythasis Eucope BW Mythasis Eucope BW Mythasis Pet Ltd Mythasis Pet Ltd Mythasis Sulkume & Service 10 Mythasis Sulkume & Service 11 Mythasis Sulkume & Service 11 Mythasis Sulkume & Service Mythasis Sulkume & Service Mythasis Sulkume & Service 11 Mythasis Sulkume & Service 11 Mythasis Sulkume & Service	rices	1-04-2016 to 31-03-2017 1-04-2016 to 31-03-2017	AUD ONY ONY GBP EUR EUR SGD GBP	70.674 49.567 9.453 81.648 70.674 46.524	2.10		0.00	5,902.65	15,998.80	10,096.15	•	25,387.23	1,059.61	435.79	623.82	•	100
Mythasis Australia Ply Limite     Mythasis (Shanghai) Softwar     Company Ltd     Mythasis Consulting Limited     Mythasis Belgium BNBA     Mythasis Europe BW     Mythasis Ple Ltd     Mythasis Ple Ltd     Mythasis SP	vices	1-04-2016 to 31-05-2017 1-04-2016 to 31-03-2017 1-04-2016 to 31-03-2017 1-04-2016 to 31-03-2017 1-04-2016 to 31-03-2017 1-04-2016 to 31-03-2017 1-04-2016 to 31-03-2017 1-04-2016 to 31-03-2017	AUD CNY CNY EUR EUR EUR SGD GBP	9.453 9.453 81.648 70.674 70.674	0.05		2.10	63.66	77.26	11.38	•	86.78	14.53	6.65	7.88	,	91
4 Mphasis (Shanghai) Sothwar Company Lid Company Lid Mphasis Belgum BVBA 7 Mphasis Bugobe BV BV Mphasis Ple Lid 9 Mphasis Software & Service 110 Mphasis So	vices	1-01-2016 to 31-12-2016 1-04-2016 to 31-03-2017 1-04-2016 to 31-03-2017 1-04-2016 to 31-03-2017 1-04-2016 to 31-03-2017 1-04-2016 to 31-03-2017	CNY GBP SGD SGD NR	9.453 81.648 70.674 46.524	238.76		0.05	501.00	765.07	264.01	•	1,573.88	167.88	68.73	99.15		100
5 Mytrasis Consultrigo Limited 6 Mytrasis Belgium BVBA 7 Mytrasis Europe BV 8 Mytrasis Pre Ltd 9 Mytrasis Pre Ltd 9 Mytrasis Virturled 10 Mytrasis Software & Sarviox Private Limites from Mytrasis Fr		1-04-2016 to 31-03-2017 1-04-2016 to 31-03-2017 1-04-2016 to 31-03-2017 1-04-2016 to 31-03-2017 1-04-2016 to 31-03-2017	GBP SGD SGD NR	81.648 70.674 70.674 46.524			238.76	(126.87)	355.74	243.85		133.46	36.74	11.54	25.20	'	100
6 Mythasis Belgium BVBA 7 Mythasis Europe BV 8 Mythasis Pre Ltd 9 Mythasis Pre Ltd 10 Mythasis Software & Servick Private Lurilled 11 Mythasis Profiles		1.04-2016 to 31-03-2017 1.04-2016 to 31-03-2017 1-04-2016 to 31-03-2017 1-04-2016 to 31-03-2017 1-04-2016 to 31-03-2017	EUR SGD GBP	70.674 70.674 46.524	1.34		1.3	542.40	557.62	13.89	•	100.08	16.15	3.35	12.80		9
7 Mohasis Europe BV 8 Mohasis Pre Ltd 9 Mohasis UK Limited 10 Mohasis Software & Service Private Limited 11 Mosurre Mauritius Inc.		1.04-2016 to 31-03-2017 1-04-2016 to 31-03-2017 1-04-2016 to 31-03-2017 1-04-2016 to 31-03-2017	SGD GBP INR	46.524	0.43		0.43	255.91	529.58	273.24	•	985.22	116.00	38.49	77.51	'	9
8 Mphasis Pte Ltd 9 Mphasis UK Limited 10 Mphasis Software & Service Private Limited 11 Mayurce Mauritius Inc		1.04-2016 to 31-03-2017 1-04-2016 to 31-03-2017 1-04-2016 to 31-03-2017	SGD GBP INR	46.524	477.01		477.01	11,168.70	11,734.01	88.30	•	215.84	(24.49)	(1.81)	(22.68)	•	100
9 Mphasis UK Limited 10 Mphasis Software & Service Private Limited 11 Msource Mauritius Inc		1-04-2016 to 31-03-2017 1-04-2016 to 31-03-2017	GBP NR	0,0,0	152.86		152.86	195.81	431.82	83.16	,	494.86	117.06	16.60	100.46	'	9
10 Mphasis Software & Service Private Limited 11 Msource Majuritius Inc.		1-04-2016 to 31-03-2017	N.	81.648	0.24		0.24	10,392.31	11,258.30	865.75	•	2,517.21	236.42	50.12	186.30	'	9
11 Msource Mauritius Inc.		1	_	1.000	100:00		100.00	1,443.47	1,575.96	32.49	1400.82	168.48	172.09	35.11			100
WINDOW OF PRINCIPLE OF PRINCIPL		01-04-2016 to 31-03-2017	OSN	65.040	596.31		596.31	34.76	641.94	10.86	•		(0.95)	'	(0.95)	'	9
12 Msource (India) Private Limited		01-04-2016 to 31-03-2017	£	1.000	99.99		99.99	7,883.07	8,366.01	416.10	6593.94	2,113.71	920.53	205.20	715.33		100
13 Mphasis Ireland Limited	0	01-04-2016 to 31-03-2017	EIR	70.674	0.56		0.56	27.30	29.03	1.17	,	16.70	1.06	0.35	0.71	'	9
14 Mphasis Lanka (Private) Limited		01-04-2016 to 31-03-2017	LKR	0.430	55.49		55.49	(55.49)	•	•	•		•	•	•	•	100
15 Mphasis Infrastructure Services Inc.		01-04-2016 to 31-03-2017	OSD	65.040	0.05		0.05	(1,025.17)	37.88	1,063.00	•	74.61	(3.91)	0.15	(4.06)	•	100
16 Mphasis Poland s.p.z.o.o.	0	01-04-2016 to 31-03-2017	PLN	16.484	1.99		1.99	(16.38)	78.26	92.65	•	116.14	2.69	(5.39)	8.08	•	100
17 PT. Mphasis Indonesia	0	01-04-2016 to 31-03-2017	IDR	0.005	4.60		4.60	(4.27)	2.13	1.78	•	0.01	(1.21)	0.23	(1.44)	•	100
18 Mphasis Wyde Inc.	0	01-04-2016 to 31-03-2017	OSD	65.040	0.00		0.00	9,513.75	16,172.44	6,658.68	•	•	2,089.79	243.22	1,846.57	•	100
19 Wyde Corporation	0	01-04-2016 to 31-03-2017	OSD	65.040	3.11		3.11	(591.44)	1,041.16	1,629.49	•	657.94	(68.77)	-	(68.77)	•	100
20 Wyde Inc., S.A	0	01-04-2016 to 31-03-2017	EUR	70.674	2.53		2.53	(588.57)	566.29	1,152.33	•	457.40	(281.71)	-	(281.71)	•	100
21 Wyde Solutions Canada Inc.		01-04-2016 to 31-03-2017	CAD	48.628	0.05		0.05	(145.31)	(2.26)	140.00	•	29.08	(22.30)	•	(22.30)	•	100
22 Wyde Tunisie SARL	0	01-04-2016 to 31-03-2017	2	28.875	•		•	•	•	•	•		•	•		•	100
23 Mphasis Philippines Inc	0	01-04-2016 to 31-03-2017	PHP	1.296	11.34		11.34	8.01	21.24	1.88	•		0.13	0.06	0.07	•	100
24 Digital Risk LLC		01-04-2016 to 31-03-2017	OSD	65.040	942.62		942.62	3,306.27	7,256.54	3,007.64	•	1,996.76	(162.83)	•	(162.83)	•	100
25   Digital Risk Mortgage Services, LLC		01-04-2016 to 31-03-2017	OSD	65.040	,671.55		1,671.55	1,083.68	4,705.61	1,950.37	•	6,111.86	954.12	•	954.12	•	100
26 Digital Risk Compliance Services,	2	01-04-2016 to 31-03-2017	OSN	65.040	•		•	(2,099.58)	(2.73)	2,096.84	•	•	•	•		•	100
27 Digital Risk Analytics, LLC	0	01-04-2016 to 31-03-2017	OSD	65.040	•		•	(321.91)	(49.24)	272.67	•		(14.80)	-	(14.80)	•	100
28 Investor Services, LLC		01-04-2016 to 31-03-2017	OSD	65.040	1		•	551.58	1,163.51	611.95	•	631.71	247.12	•	247.12	•	100
29 Digital Risk Valuation Services,	C	01-04-2016 to 31-03-2017	OSN	65.040	•			(1,112.62)	287.71	1,400.33	•	144.93	(6.64)	•	(6.64)	•	100
Total				7	4,329.84	•	4,329.84	46,786.72	83,596.68	32,479.96	7,994.77	44,015.09	5,564.31	1,108.39	4,455.92	•	

There are no other Subsidiaries which are yet to commence operation.

On 22 July 2013 the Board of Directors of Mphasis Lanka (Private) Limited, a wholly owned subsidiary of Mphasis Limited, resolved to close down its operations. The Company does not have any Associates & Joint Venture.

Exchange rate applied is at 31 March 2017.

There are no dividend proposed from any Subsidiaries. The reporting period of the Subsidiaries is 31 March of every Year except Mphasis (Shanghaj) Software & Services Company Limited which is 31 December of every year

### For and on behalf of the Board of Directors

Chief Executive Officer Nitin Rakesh

Executive Vice President & Chief Financial Officer V. Suryanarayanan

A. Sivaram Nair Director

Narayanan Kumar

Executive Vice President, Company Secretary General Counsel & Ethics Officer

Bengaluru 25 May 2017



### DETAILS OF EMPLOYEES STOCK OPTIONS/RESTRICTED STOCK UNITS AS ON 31 MARCH 2017

### DISCLOSURE UNDER SEBI (SHARE BASED EMPLOYEE BENEFITS) REGULATIONS, 2014 FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

Stock Options/ Restricted Stock Units (RSUs) granted to employees of Mphasis Limited and its subsidiaries:

Deutisulaus	ESOF	1998	ECOD 0004	E00D 0010	E00D 0040	DOLL 004 4	DOLL 004.5
Particulars	Version I	Version II	ESOP 2004	ESOP 2012	ESOP 2016	RSU 2014	RSU 2015
Date of Shareholders' Approval	31 c 199		12 May 2004	20 January 2012	4 November 2016	30 July 2014	9 September 2015
Total Number of Stock Options/Restricted Stock Units approved under the Plan	465,00	00 note 1	593,126 <sup>note 1</sup>	2,000,000	8,400,000	550,000	2,500,000
Vesting Requirements		Tir	ne based vestinç	)		Time and Perfo	
Maximum term of Stock Options/Restricted Stock Units granted (refers to Exercise Period)	Until exercise	10 years	10 years	3 years	5 years	3 years	3 years
Source of shares (Primary, Secondary or Combination ( Combination involves primary market issuance as well as secondary market acquisition)	Primary	Primary	Primary	Combination	Primary	Combination	Combination
Pricing formula			Refe	er table below <sup>Not</sup>	e 4		
Total number of Stock Options/Restricted Stock Units outstanding at the beginning of the year (2016-2017)	47,000	94,400	2,356	146,450	Nil	328,640	423,050
Number of Stock Options/Restricted Stock Units granted during the year	-	-	-	-	3,916,900	-	-
Number of options lapsed and forfeited during the year	-	81,624	350	30,475	31,800	13,500	11,250
No. of Stock Options/RSUs vested during the year	-	-	-	-	-	321,103	411,800
No. of Options/RSUs exercised during the year	-	2,960	408	115,975	-	226,595	218,900
Total number of shares arising as a result of exercise of Options	-	2,960	408	115,975	-	226,595	218,900
Money realized by exercise of options during the year (In Rupees)	-	251,437	20,539	47,578,744	-	2,265,950	2,189,000
Number of Stock Options/Restricted Stock Units outstanding as at the end of the year	47,000	9,816	1,598	-	3,885,100	88,545	192,900
Total number of options exercisable at the end of the year	47,000	9,816	1,598	-	-	88,545	192,900
Loan repaid by the Trust during the year from the exercise price received	NA	NA	NA	47,578,744	-	-	2,189,000
Employee Wise details of Options granted to:							
(a) Senior Managerial Personnel							
- Mr. Nitin Rakesh, CEO and Whole time Director	-	-	-	-	655,000	-	-
- Mr. Suryanarayanan V, CFO	-	-	-	-	30,000	-	-
- Mr. A Sivaram Nair, Company Secretary	-	-	-	-	25,000	-	-
(b) Employees who were granted, during any one year, options amounting to 5% or more of the options granted during the year:							



Darkiandara	ESO	P 1998	ECOD 0004	ECOD 0010	ECOD 0010	DCI 1004.4	DCI 1004 F
Particulars	Version I	Version II	ESOP 2004	ESOP 2012	ESOP 2016	RSU 2014	RSU 2015
- Mr. Nitin Rakesh, CEO and Whole time Director	-	-	-	-	Grant to CEO as mentioned above	-	-
- Mr. Dinesh Venugopal President - Direct-Core Business and Digital	-	-	-	-	200,000	-	-
(c) Identified employees who were granted options, during any one year, equal to or exceeding 1% of the issued capital (exceeding outstanding warrants and conversion) of the company at the time of grant.		-	-	-	-	-	-
Valuation of Stock Options and their related impact on Profits and EPS	Employee Stoc wherein the Em for the year end	computes Emplo k Option 1998 Pl ployee Compens ded 31 March 20 ad of the intrinsic	an (ESOP 1998 ation Cost is com 16 if the fair value	Plan) and Emplo nputed based on e of the ESOPs v	yee Stock Option intrinsic value me vere considered	n 2004 Plan, (ES ethod. The differe for ESOP 1998 F	OP 2004 Plan) ntial value is Nil Plan and ESOP
Weighted Average exercise price and weighted average fair value of options during the year whose exercise price either equals or exceeds or is less than the market price (₹)		R	efer to the addition	onal disclosures :	given below <sup>Note 5</sup>		
A description of method and significant assumption used during the year to estimate the fair values of options.							

### Notes:

- 1. Refers to Options as approved by shareholders and accordingly excludes the adjustment for Bonus Issues.
- 2. There has been no variation in the Employee Stock Option and Restricted Stock Units Plan of the Company during the year.
- 3. The diluted EPS of Mphasis Group for the financial year ended 31 March 2017, pursuant to issue of shares on exercise of options, is ₹ 37.63 per share.
- 4. Pricing Formulae for the stock option/RSU schemes:

Schemes	Pricing Formulae
ESOP 1998 (version I)	No options have been granted under this Scheme during the financial year 2016-17.
	Earlier, under this plan the options were granted at a strike price of ₹ 275 per share. The price of ₹ 275 was arrived at based on SEBI Guidelines on Pricing for Preferential Allotment.
ESOP 1998 (version II)	No options have been granted under this Scheme during the financial year 2016-17.
	Earlier, for employees in service as on 10 January 2000, the market price prevalent on the 15 <sup>th</sup> day from the Board Meeting held on 10 January 2000 i.e. ₹ 795 per share and for all the recruits thereafter, market price prevalent on the date of joining, unless the ESOP Committee decides otherwise, was taken as the grant price. For options granted from September 2003, the grant price was calculated as per sub clause 10 of clause 2.1 of the amendment to SEBI (Employees Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, dated 30 June 2003, which was the average of the two weeks high and low price of share preceding the date of grant of option on the stock exchange on which the shares of the Company are listed.
ESOP 2000	No options have been granted under this Scheme during the financial year 2016-17.
	Earlier, for employees in the service of the Company as on 25 July 2000, the market price prevalent on 25 July 2000 i.e. ₹ 494.20 per share was taken as the grant price and for employees joining thereafter, the market price prevalent on the last working day of the month in which they join was taken as the grant price.
	For options granted from September 2003, the grant was calculated as per sub clause 10 of clause 2.1 of the amendment to SEBI (Employees Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 dated 30 June 2003, which was the average of the two weeks high and low price of share preceding the date of grant of option on the stock exchange on which the shares of the Company are listed.

1010101010101010101010



Schemes	Pricing Formulae
ESOP 2003	No options have been granted under this Scheme during the financial year 2016-17.
	Earlier, for options granted from September 2003, the grant price was calculated as per sub clause 10 of clause 2.1 of the amendment to SEBI (Employees Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 dated 30 June 2003 which is the average of the two weeks high and low price of shares preceding the date of grant of option on the stock exchange on which the shares of the Company are listed.
ESOP 2004	No options have been granted under this Scheme during the financial year 2016-17.
	Program A
	The original exercise price is as per the original grant made by MsourcE Corporation while granting its options, converted at the exchange rate between USD and INR as on 12 May 2004 and as adjusted for the swap ratio of the MsourcE acquisition and the bonus shares issued by Mphasis Limited after 12 May 2004.
	Program B
	The Market Price as per the applicable guidelines prescribed by Securities Exchange Board of India (SEBI) from time to time.*
ESOP 2012	No options have been granted under this Scheme during the financial year 2016-17.
	In terms of the scheme, each stock options granted, entitles the holder thereof with an option to apply for and be issued one equity share of the Company at an exercise price of ₹ 410.25 per share, being the Market Price*.
RSU 2014	No RSUs have been granted under this Scheme during the financial year 2016-17.
	In terms of the scheme each of the Restricted stock units granted, entitles the holder thereof with an option to apply for and be issued one equity share of the Company at an exercise price of ₹ 10 per share.
RSU 2015	No RSUs have been granted under this Scheme during the financial year 2016-17.
	In terms of the scheme each of the Restricted stock units granted, entitles the holder thereof with an option to apply for and be issued one equity share of the Company at an exercise price of ₹ 10 per share.
ESOP 2016	As per the ESOP 2016 Plan, the stock options are granted at the Market Price subject to a discount up to twenty per cent (20%) as may be determined by the Compensation Committee at the time of Grant.
	During the year 2016-17, 3,916,900 stock options have been granted under this Plan. Each of the stock options granted, entitles the holder thereof with an option to apply for and be issued one equity share of the Company at an exercise price of ₹ 500 per share.

<sup>\*</sup> The present Securities and Exchange Board of India (Share based Employee Benefits) Regulations, 2014 defines 'Market Price' as the "latest available closing price on a recognized stock exchange on which the shares of the company are listed on the date immediately prior to the relevant date.."

### 5. ADDITIONAL DISCLOSURES

1) Weighted average exercise price and weighted average fair value of options:

(₹ million)

Plan	Weighted Average Exercise Price (₹)	Weighted Average Fair Value (₹)
ESOP 1998 Version I	-	-
ESOP 1998 Version II	84.94	66.44
ESOP 2004	50.34	32.85
ESOP 2012	410.25	110.26
RSU 2014	10.00	359.61
RSU 2015	10.00	435.22
ESOP 2016	-	-

Stock Options issued under ESOP 1998 Version I and ESOP 2016 Plans were not exercised during the financial year ended 31 March 2017. Accordingly, the Weighted Average Exercise Price and the Weighted Average Fair Value have not been provided.



### 2) Methods and significant assumptions:

Your Company has adopted the Black Scholes option pricing model to determine the fair value of stock options with the following significant assumptions:

SI.	Assumption		
No.	7.004		
1	Risk free interest rate	5.78% to	8.20%
2	Expected Option life	1 to 5	years
3	Expected volatility	29.51% to	67.12%
4	Expected dividend yield %	0.66% to	3.94%
5	Market price on date of grant	ESOP 1998 Version I	-
	(weighted average value of shares) (₹)	ESOP 1998 Version II	516.88
		ESOP 2004	304.00
		ESOP 2012	415.20
		RSU 2014	399.15
		RSU 2015	479.75
		ESOP 2016	-
6	Whether and how any other features of the option grant were	N	A
	incorporated into the measurement of fair value, such as a market		
	condition		
7	How expected volatility was determined and explanation of the	The expected volatility was de	
	extent to which expected volatility was based on historical volatility.	volatility data for last 12 mont	hs from the date of grant

Note: Stock Options issued under ESOP 1998 Version I and ESOP 2016 Plans were not exercised during the financial year ended 31 March 2017.

### **DETAILS RELATED TO TRUSTS**

### i. General Information on all Schemes:

Name of the Trust	Details of the Trustee(s)	Amount of Loan disbursed by the Company during the year (₹)	Amount of loan outstanding (repayable to Company) as at the end of the year	Amount of loan, if any, taken from any other source for which company/any company in the group has provided any security or guarantee	Any other contribution made to the Trust during the year (₹)
	Ms. Saraswathy Srikanth Mr. Kannan Sriraman Mr. Venkatesh Radhakrishnan	Nil	Nil	Nil	Nil
Mphasis Employees Benefit Trust	Ms. Saraswathy Srikanth Mr. Kannan Sriraman Mr. Venkatesh Radhakrishnan	Nil	433,970	Nil	Nil

### ii. Brief details of transactions in shares by the Trust

Description	Mphasis Employees Equity Reward Trust	Mphasis Employees Benefit Trust
Number of shares held as at 1 April 2016	3,360 Refer note	345,890
Number of shares acquired during the year through		
a. Primary Issuance	3,368	226,595
b. Secondary acquisition	Nil	Nil
- % age of paid up share capital as at 31 March 2016	NA	NA
<ul> <li>Weighted Average cost of acquisition (₹)</li> </ul>	NA	NA
Number of shares transferred to the employees against exercise of Stock Options/Restricted Stock Units	4,208	571,545
Number of shares sold along with the purpose thereof	Nil	Nil
Number of shares held at 31 March 2017	2,520	940

Note: Includes 840 shares allotted on 2 March 2016 which was credited to the employee on 1 April 2016.



### In case of secondary acquisition of shares by the Trust Name of the Trust: Mphasis Employees Benefit Trust

Description	Number of Shares	As a percentage of paid up equity capital as at the end of the year immediately preceding the year in which shareholders' approval was obtained
Held at the beginning of the year	345,890	0.16 <sup>Refer Note</sup>
Acquired during the year	-	-
Number of shares allotted during the year	226,595	0.11 <sup>Refer Note</sup>
Sold during the year	-	-
Transferred to the employees during the year	571,545	-
Held at the end of the year	940	-

Note: Considered the paid-up equity share capital as at 31 March 2015

For and on behalf of the Board of Directors

Chairman

Bengaluru Davinder Singh Brar 25 May 2017



### FORM - AOC-2

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in subsection (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto

(Pursuant to clause (h) of sub-section (3) of section 134 of the Companies Act, 2013 and Rule 8(2) of the Companies (Accounts) Rules, 2014)

- 1. Details of contracts or arrangements or transactions not at arm's length basis -
  - (a) Name(s) of the related party and nature of relationship
  - (b) Nature of contracts/arrangements/transactions
  - (c) Duration of the contracts/arrangements/transactions
  - (d) Salient terms of the contracts or arrangements or transactions including the value, if any
  - (e) Justification for entering into such contracts or arrangements or transactions
  - (f) Date(s) of approval by the Board
  - (g) Amount paid as advances, if any:
  - (h) Date on which the special resolution was passed in general meeting as required under first proviso to section 188



- 2. Details of material contracts or arrangement or transactions at arm's length basis
  - (a) Name(s) of the related party and nature of relationship:
    - 1. Hewlett-Packard Enterprise Company (HPE), Palo Alto (USA) and its subsidiaries and group companies (Related Parties till 31 August 2016)
    - 2. Subsidiaries of Mphasis Limited.
  - (b) Nature of contracts/arrangements/transactions:
    - i. Availing and Rendering of IT & ITES Services;
    - ii. Purchase and Sale of Fixed Assets;
    - iii. Payment and Receipt of Sub-lease rent to/from subsidiaries; and
    - iv. Placing and Receipt of Inter Corporate Deposits with/from the subsidiaries.
  - (c) Duration of the contracts/arrangements/transactions:

The services are availed and provided based on the agreements entered into and amended from time to time.

(d) Salient terms of the contracts or arrangements or transactions including the value, if any:

The value of the transactions with HPE and its subsidiaries and the subsidiaries of the Company are disclosed under the Related Party schedule to the financial statements for the year ended 31 March 2017. Please refer to Note 40 of the consolidated financial statements and Note 38 of the standalone financial statements of the Company.

The Company had entered Amended and Re-stated Standard Services Agreement ("HPE Agreement") with HPE for the above transactions for the Initial term of 5 years, which shall automatically be renewed for 3 consecutive terms of 2 years. The minimum revenue commitment by HPE is \$ 990 Mln in 5 years. The monetary value of services is determined by the rate table, where applicable and in other cases the value will be determined when the Statement of Works (SOWs) are negotiated and finalized.

- (e) Date(s) of approval by the Board, if any:
  - Nil as the contracts are in Ordinary Course of Business and at Arm's length basis.
- (f) Amount paid as advances, if any:

Please refer to related party schedule in the financial statements.

Note: The term material related party transaction is as defined under the Listing Regulations. Further to the change of control, HPE and its subsidiaries have ceased to be a related party effective 1 September 2016.

For and on behalf of the Board of Directors

Bengaluru 25 May 2017 Davinder Singh Brar Chairman



### FORM No. MGT-9

### EXTRACT OF ANNUAL RETURN

as at 31 March 2017

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

### 1. Registration and Other Details

а	CIN	L30007KA1992PLC025294
b	Registration Date	10 August 1992
С	Name of the Company	Mphasis Limited
d	Category / Sub- Category of the Company	Public Limited Company Limited by Shares
е	Address of the Registered office and contact details	Bagmane World Technology Centre, Marathalli Outer Ring Road, Doddanakhundi Village, Mahadevpura, Bengaluru, Karnataka, India. Telephone:+91 (080)6750 1000 Fax: +91 (080)6695 9943
f	Whether listed Company	Yes
g	Name, Address and contact details of Registrar and Transfer Agent, if any	Integrated Registry Management Services Private Limited (Unit: Mphasis Limited) 30, Ramana Residency, 4th Cross, Sampige Road, Malleswaram,Bengaluru -560 003 Phone: +91 (080) 2346 0815-818 Fax: +91 (080) 2346 0819 Contact Person: Mr. S Vijayagopal, Vice President

### 2. Principal Business Activities of the Company

All the Business activities contributing 10 % or more of the total turnover of the company shall be stated:-

SI. No.	Name and Description of main products /services	NIC Code of the Product/ service	% to total turnover of the Company
1	Computer Programming and related activities	620	100%

### 3. Particulars of Holding, Subsidiary and Associate Companies

SI. No.	Name of the Company	Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held**	Appli- cable Section
1	Marble II Pte Limited	3 Anson Road, #27-01 Springleaf Tower, Singapore (079909)	NA	Holding Company	60.41	2(46)
2	Mphasis Software & Services (India) Pvt. Ltd.	Bagmane World Technology Center, Marathalli Ring Road, Doddanakhundi Village, Mahadevapura, Bengaluru – 560 048	U72200KA1998PTC038932	Subsidiary	100	2(87)(ii)
3	Msource (India) Private Limited	Bagmane World Technology Center, Marathalli Ring Road, Doddanakhundi Village, Mahadevapura, Bengaluru – 560 048	U72200KA2000PTC038931	Subsidiary	100	2(87)(ii)
4	Mphasis Corporation	2711 Centerville Road, Suite 400 Wilmington, Delaware USA 19808 New Castle County	NA	Subsidiary	100	2(87)(ii)
5	Mphasis Deutschland GmBH	Koblenzer, Street 34, Postfach 1221, D-56130, Bad Ems, Germany.	NA	Subsidiary	91	2(87)(ii)
6	Mphasis Australia Pty. Ltd	Shop 5, 17-19 East Parade Sutherland NSW 2232.	NA	Subsidiary	100	2(87)(ii)
7	Mphasis (Shanghai) software & Services Co. Ltd.	B101, 7F, No. 500 East Jinling Road, Huangpu district, Shanghai, P.R.C	NA	Subsidiary	100	2(87)(ii)
8	Mphasis Consulting Limited	88 Woodstreet London EC2V 7 RS United Kingdom.	NA	Subsidiary	100	2(87)(ii)



SI. No.	Name of the Company	Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held**	Appli- cable Section
9	Mphasis Europe B.V.	Strawinskylaan 3051,1077 ZX Amsterdam, The Netherlands	NA	Subsidiary	100	2(87)(ii)
10	Mphasis UK Ltd.	88 Woodstreet London EC2V 7 RS United Kingdom.	NA	Subsidiary	100	2(87)(ii)
11	Mphasis Pte Ltd	6 Battery Road, Level 42 'The Executive Center', Singapore - 49909	NA	Subsidiary	100	2(87)(ii)
12	Msource Mauritius Inc.	C/o CIM Global Business, Les Cascades Building, Edith Cavell Street, Port Louis, Mauritius	NA	Subsidiary	100	2(87)(ii)
13	Mphasis Ireland Ltd	Boole House, Beech Hill Office Campus, Clonskeagh, Dublin 4,D04A563	NA	Subsidiary	100	2(87)(ii)
14	Mphasis Belgium BVBA	Leonardo Da Vincilaan 9, B-1935 Zaventem, Belgium	NA	Subsidiary	100	2(87)(ii)
15	Mphasis Lanka (Private) Limited	C/o Julius & Creasy, No.9/5, Thambiah Avenue Colombo 07	NA	Subsidiary	100	2(87)(ii)
16	Mphasis Poland Sp. z o.o.	50-102 Wroclaw, Rynek 39/40	NA	Subsidiary	100	2(87)(ii)
17	Mphasis Infrastructure Services Inc.	2711 Centerville Road, Suite 400 Wilmington, County of New Castle, Delaware 19808	NA	Subsidiary	100	2(87)(ii)
18	PT. Mphasis Indonesia	One Pacific Place, Level 11, Sudirman Central Business District (SCBD), Jln. Jend. Sudirman Kav.52-53, Jakarta 12190, Indonesia	NA	Subsidiary	100	2(87)(ii)
19	Mphasis Wyde Inc.	2711 Centerville Road, Suite 400 Wilming- ton, County of New Castle, Delaware 19808	NA	Subsidiary	100	2(87)(ii)
20	Wyde Corporation	160 Greentree Drive, Suite 101, Dover, DE 19904	NA	Subsidiary	100	2(87)(ii)
21	Wyde Solutions Canada Inc.	2828 Boulevard Laurier Suite 700 Quebec City G1V 0B9 Canada	NA	Subsidiary	100	2(87)(ii)
22	Mphasis Wyde SASU	6 rue Beaubourg 75004 Paris, France	NA	Subsidiary	100	2(87)(ii)
23	Mphasis Philippines Inc.	8th Floor , Sun Life Centre , 5th Avenue cor. Rizal Drive, Bonitacio Global city , Taguig City, Philippines	NA	Subsidiary	100	2(87)(ii)
24	Digital Risk Europe OOD	Danailov, Drenski, Nedelchev and Co. Lex Locus Law Office 98A Knyaz Boris I Street, floor 4 ,1000 Sofia, Bulgaria	NA	Subsidiary	100	2(87)(ii)
25	Digital Risk, LLC	Corporate Creations Network, 3411 Silverside Road, Tatnall Bldg. Suite 104 Wilmington, DE 19810	NA	Subsidiary	100	2(87)(ii)
26	Digital Disk Mortgage Services, LLC	-do-	NA	Subsidiary	100	2(87)(ii)
27	Digital Risk Valuation Services, LLC	-do-	NA	Subsidiary	100	2(87)(ii)
28	Digital Risk Compliance Services, LLC	-do-	NA	Subsidiary	100	2(87)(ii)
29	Digital Risk Analytics, LLC	-do-	NA	Subsidiary	100	2(87)(ii)
30	Investor Services, LLC	-do-	NA	Subsidiary	100	2(87)(ii)

NA - Not Applicable.

<sup>\*\*</sup>Represents % of shares held in the Share Capital of the Company.



# SHAREHOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

### Category - wise Share Holding

Physical   Total   Physical   Total   %   Demat   Physical   Total   Physical   Phy	S.	;	No. of share	es held at th	No. of shares held at the beginning of the year	he year	No. of shar	es held as at	No. of shares held as at the end of the year	ear	% change
Promoters   Promoters	ė Š	Category of Shareholders	Demat	Physical	Total	%	Demat	Physical	Total	%	year
Indianals/Hindu Undivided Family   10   Indianals/Hindu Undivided Family   10   Central Governments   1   Indianals/Hindu Undivided Family   1   Indianals/Hindu Undivided Family   1   Indianals/Hindu Undivided Family   1   Indianals/Hindu Undividuals   1   Indianals/Hindu Indianals   1   Indianals/Hindu Indianals   1   Indianals/Hindu Indianals   Indianals/Hindu Indianals/H	€										
a) Individuals/Hindu Undivided Family b) Central Government(s) c) State Government(s) d) Bodies Corporate e) Banks/ Financial Institutions a) NRIs-individuals b) Other Individuals c) Any Other (specify) c) Bub-Total (A)(1):-  Foreign a) NRIs-individuals c) Bodies Corporate c) Any Other (specify) c) Bub-Total (A)(2):- c) Bub-Total (B)(3):- c) Bub-Total (B)(4):- c) Bub-Total (B)(4):- c) Bub-Total (B)(4):- c) Bub-Tota	Ξ										
b) Central Government(s) c) State Government(s) d) Bodies Corporate e) Banks/ Financial Institutions d) NRI-Individuals c) Bodies Corporate e) Banks/ Financial Institutions d) NRI-Individuals c) Bodies Corporate e) Banks/ Financial Institutions d) NRI-Individuals e) Any Other (specify) Sub-Total (A)(1):		a) Individuals/Hindu Undivided Family		1		1	ı	'	ı	'	1
(a) State Government(s)		b) Central Government	I	ı	ı	ı	ı	'	I	ı	'
d) Bodies Corporate         -		c) State Government(s)	ı	1	ı	1	ı	1	ı	1	1
b Banks/ Financial Institutions   c		d) Bodies Corporate	I	1	ı	1	ı	1	I	1	1
f) Any Other (specify)         - <th></th> <td>e) Banks/ Financial Institutions</td> <td>ı</td> <td>1</td> <td>1</td> <td>1</td> <td>ı</td> <td>1</td> <td>ı</td> <td>1</td> <td>1</td>		e) Banks/ Financial Institutions	ı	1	1	1	ı	1	ı	1	1
Sub-Total (A)(1):		f) Any Other (specify)	I	1	ı	1	ı	,	I	'	1
a) NRIs-Individuals b) Other Individuals c) Banks/Financial Institutions a) Any Other (specify) Sub-Total Shareholding of Promoter b) Banks/Financial Institutions a) Mutual Funds b) Banks/Financial Institutions c) Central Government(s) e) Venture Capital Funds f) State Government(s) e) Venture Capital Funds f) Insurance Companies g) Filis h) Foreign Venture Capital Funds f) Others (specify) Sub-Total (B(VI):- c) Su		Sub-Total (A)(1):-	-	1	1	1	ı	1	ı	1	-
a) NRIs-Individuals b) Other- Individuals c) BodiesCorporate d) Banks/ Financial Institutions e) Arry Other (specify) Sub-Total (A)(2):  - Arry Other (specify) - Arr	(2)	Foreign									
b) Other-Individuals c) BodiesCorporate d) Banks/ Financial Institutions e) AnyOther (specify) Sub-Total (A)(2):-  127,106,266 c) AnyOther (specify) 127,108,444 127,1		a) NRIs-Individuals	ı	1	1	1	ı	1	I		,
(a) BodiesCorporate         127,106,266         127,106,266         60.47         127,108,444           (a) Banks/ Financial Institutions         -			ı	1	ı		ı	1	I	,	1
d) Banks/ Financial Institutions         -         <		c) BodiesCorporate	127,106,266		127,106,266	60.47	127,108,444	'	127,108,444	60.41	(0.06)
a) AnyOther (specify)		d) Banks/Financial Institutions	ı	1	ı		ı	1	I	'	,
Sub-Total (A)(2):-         127,106,266         -         127,106,266         60.47         127,108,44           Total Shareholding of Promoter (A)= (A)= (A)(1)+(A)(2)         127,106,266         -         127,106,266         60.47         127,108,44           Public shareholding Institutions         13,442,375         1,600         13,443,975         6.40         13,431,74           a) Mutual Funds         7,338,782         -         7,338,782         -         -         -           c) Central Government(s)         -         -         7,338,782         -         -         -           d) Banks/Financial Institutions         7,338,782         -         -         7,338,782         -         -           c) Central Government(s)         -         -         7,338,782         -         -         -           d) State Government(s)         -         -         -         -         -         -         -         -           d) State Government(s)         -		e) Any Other (specify)	ı	1	1		I	1	ı	1	1
Total Shareholding of Promoter         127,106,266         - 127,106,266         60.47         127,108,44           Public shareholding Institutions         13,442,375         1,600         13,443,975         6.40         13,431,74           a) Mutual Funds         7,338,782         - 7,338,782         - 7,338,782         - 7,338,782         - 7,338,782         - 7,338,782         - 7,338,782         - 7,338,782         - 7,338,782         - 7,338,782         - 7,338,782         - 7,338,782         - 7,338,782         - 7,338,782         - 7,384,46;           c) Central Government(s)         - 7,338,782         - 7,338,782         - 7,338,782         3.49         7,288,46;           e) Venture Capital Funds		Sub-Total (A)(2):-	127,106,266	1	127,106,266	60.47	127,108,444	1	127,108,444	60.41	(0.06)
Public shareholding   Institutions   13,442,375   1,600   13,443,975   6.40   13,431,745     a) Mutual Funds   7,338,782   - 7,338,782   3.49   7,288,465     c) Central Government       d) State Government(s)       d) State Government(s)       e) Venture Capital Funds       f) Insurance Companies   34,061,682   3,200   34,064,882   16.21   2,210,188     f) Foreign Venture Capital Funds       g) Others (specify)       g) Others (specify)       h) Foreign Venture Capital Funds       g) Others (specify)       g) Others (specify)       g) Others (specify)       g) Ann-Institutions		Total Shareholding of Promoter (A)= (A)(1)+(A)(2)	127,106,266	1	127,106,266	60.47	127,108,444	•	127,108,444	60.41	(0.06)
a) Mutual Funds b) Banks/Financial Institutions c) Central Government(s) e) Ventrae Capital Funds f) Insurance Companies g) Fills h) Foreign Ventrae Capital Funds h) Fundamentaria Capital Fundamentaria Capital Fundamentaria Capital Fundamentaria Capital Fundamentaria Capital Fundamentaria Capi	<u>@</u>	Public shareholding									
a) Mutual Funds b) Banks/Financial Institutions c) Central Government(s) e) Venture Capital Funds f) Insurance Companies g) Fills h) Foreign Venture Capital Funds h)	Ξ										
b) Banks/Financial Institutions 7,338,782 - 7,338,782 3.49 7,288,466 c) Central Government (s) c) Central Government (s) e) Ventrure Capital Funds f) Insurance Companies g) Fills h) Foreign Venture Capital Funds h) Foreign Venture Capital Funds c) Others (specify) Sub-Total (B)(1):- c) 64,842,839 c) 4,800 c) 64,847,639 c) 22,930,398 d) Mon-Institutions a) Bodies Corporate b) Early 7,288,466 c) 2,210,188 c) 2,210,188 c) 2,210,188 c) 3,200 c) 34,064,882 c) 3,200 c) 34,064,882 c) 3,200 c) 34,064,882 c) 3,200 c) 3,			13,442,375	1,600	13,443,975	6.40	13,431,743	1,600	13,433,343	6.39	(0.01)
c) Central Government (s)       -<			7,338,782	1	7,338,782	3.49	7,288,467	1	7,288,467	3.46	(0.03)
d) State Government(s)       - <th></th> <td></td> <td>ı</td> <td>1</td> <td>ı</td> <td>1</td> <td>ı</td> <td>'</td> <td>I</td> <td>1</td> <td>1</td>			ı	1	ı	1	ı	'	I	1	1
e) Venture Capital Funds       - </th <th></th> <td></td> <td>Ī</td> <td></td> <td>ı</td> <td>ı</td> <td>Ī</td> <td>1</td> <td>Î</td> <td>ı</td> <td>1</td>			Ī		ı	ı	Ī	1	Î	ı	1
f) Insurance Companies         -			1	1	ı	1	ı	1	ı	1	1
9) Fills h) Foreign Venture Capital Funds h) Funds Venture Capital Funds Venture Capit			1	1	1	1	1	1	I	,	•
h) Foreign Venture Capital Funds       -		g) Flls	34,061,682	3,200	34,064,882	16.21	2,210,188	3,200	2,213,388	1.05	(15.16)
i) Others (specify)         -		h) Foreign Venture Capital Funds	ı	1	ı	İ	ı	1	I	İ	1
Sub-Total (B)(1):-         54,842,839         4,800         54,847,639         26.10           Non-Institutions         a) BodiesCorporate         8,418,079         1,000         8,419,079         4,00		i) Others (specify)	1	1	1	1	ı	1	ı	1	1
Non-Institutions         3         BodiesCorporate         8 418 079         1 000         8 419 079         4 00		Sub-Total (B)(1) :-	54,842,839	4,800	54,847,639	26.10	22,930,398	4,800	22,935,198	10.90	(15.20)
	(2)	Non-Institutions a) BodiesCorporate	8,418,079	1,000	8.419.079	4.00	10,294,970	1.000	10.295.970	4.89	0.88
		(i) Overseas		2		)				2	



	and of and 3 for some of O	No. of shares	s held at th	No. of shares held at the beginning of the year	the year	No. of shares held as at the end of the	neldasat 1	the end of the	year	% change during the
	category of original contents	Demat	Physical	Total	%	Demat	Physical	Total	%	year
	b) Individuals i. Individual shareholders holding nominal share capital up to ₹ 1 lakh.	4,228,032	1,39,870	4,367,902	2.08	6,215,271	125,205	6,340,176	3.01	0.93
	<ul><li>ii. Individual shareholders holding nominal share capital in excess of ₹1 lakh.</li></ul>	2,725,191	1	2,725,191	1.30	2,909,140	I	2,909,140	1.38	0.08
	c) Anyother (specify)									
	- Directors	26,764		26,764	0.01	26,764	'	1	1	(0.01)
	<ul> <li>Mphasis Limited Unclaimed Suspense Account</li> </ul>	18,150	ı	18,150	0.01	18,150	ı	18,150	0.01	ı
	- Trusts	349,290		349,290	0.17	5,200	'	5,200	0.00	(0.17)
	- Clearing Member	202,909	'	202,909	0.10	60,865	'	60,865	0.03	(0.07)
	- Foreign Portfolio Investors	12,121,100	'	12,121,100	5.77	40,737,560	'	40,737,560	19.36	13.59
	- NBFC Registered with RBI	2,827	-	2,827	0.00	6,077	1	6.007	0.00	ı
	Sub-Total (B)(2):-	28,092,342	140,870	28,233,212	13.43	60,247,233	126,205	60,373,438	28.69	15.26
	Total Public Shareholding (B)= (B)(1)+(B)(2)	82,935,181	145,670	83,080,851	39.54	83,177,631	131,005	83,308,636	39.59	90.0
	Shares held by Custodians for GDRs & ADRs	-	ı	ı	ı	-	I	-	-	
	GRAND TOTAL (A)+(B)+(C)	210,041,447	145,670	210,187,117	100	210,286,075	131,005	210,417,080	100	00.0
1										

છું છું

ί
ā
ž
2
⊏
0
╌
ш.
↹
_
Ō
.⊑
0
ᅐ
ػ
ᢐ
≒
22
斻
0,

≘

0

	Shareholding	Shareholding at the beginning of the year	g of the year	Shareholdi	Shareholding at the end of the year	of the year	
Shareholder's Name	No. of Shares	%	% of Shares Pledged	% of Shares No. of Shares Pledged	%	% of Shares Pledged	% change
1. EDS ASIA PACIFIC HOLDINGS	83,002,201	39.49	ı	ı	,	ı	(39.49)
2. EDS WORLD CORPORATION (FAR EAST) LLC	44,104,064	20.98	ı	1	ı	ı	(20.98)
3. EDS WORLD CORPORATION (NETHERLANDS) LLC	1	0.00	1	1	1	-	(00:00)
4. MARBLE II PTE LTD	1	•	ı	127,108,444	60.41	-	60.41
Total	127,106,266	60.47	ı	127,108,444	60.41	ı	90.0

- % refers to the percentage to total shares of the Company.
- % change refers to the percentage change in the shareholding during the year ended 31 March 2017 over 31 March 2016.
  - % of Shares pledged refers to percentage of shares pledged/encumbered to total shares.
    - % within brackets denotes reduction and without brackets denotes increase.
- 9.6.4.6.6
- Increase in the promoter's shareholding is due to acquisition of 2,178 shares pursuant to open offer made by Marble II Pte. Ltd. on account of change in control. Shareholding at the beginning of the year signifies shareholding as at 1 April 2016 on the basis of the SHP as of 31 March 2016 and shareholding at the end of the year signifies shareholding as on 31 March 2017 on the basis of the SHP as of 31 March 2017.



## Change in the Promoter's Shareholding (Please specify, if there is no change)

Name of Shareholders	Shares	%	Cumulative Shareholding	sholding
	refer note 2		Shares	%
EDS Asia Pacific Holdings				
- Shareholding at the beginning of the year	1	•	83,002,201	39.49
- Sale of Shares on 1 September 2016	(83,002,201)	(39.49)	Ē	Ē
- Shareholding at the end of the year	Z	Ē	Ē	Ē
EDS World Corporation (Far East) LLC				
- Shareholding at the beginning of the year	ı	•	44,104,064	20.98
- Sale of Shares on 1 September 2016	(44,104,064)	(20.98)	Ē	Ē
- Shareholding at the end of the year	Ē	Ē	Ē	Ē
EDS World Corporation (Netherlands) LLC				
- Shareholding at the beginning of the year	ı	1	-	0.00
- Sale of Shares on 1 September 2016	(1)	(0.00)	Ē	Ē
- Shareholding at the end of the year	Ē	Ē	Ē	Ē
Marble II Pte. Ltd.				
- Shareholding at the beginning of the year	Ē	Ē	Ē	Ē
- Acquisition of Shares from public on 24 August 2016 under open offer	2,178	0.00	2178	0.00
- Acquisition of shares from EDS Asia Pacific Holdings, EDS World Corporation (Far East) LLC and EDS World Corporation (Netherlands) LLC	127,106,266	60.41	127,108,444	60.41
- Shareholding at the end of the year	1	1	127,108,444	60.41

Note:
1. % refers to the percentage to total shares of the Company.
2. Represents shares which were sold / acquired

Figures and % within brackets denotes reduction and without brackets denotes increase.

Shareholding at the beginning of the year i.e. 1 April 2016 and shareholding at the end of the year, i.e. 31 March 2017, are the same as cumulative shareholding denoted. ⊢. ഗ. დ. 4.



Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs)

	Cap Vanguard Emerging Markets Stock Index Fund, A Series Of Vanguard International Equity Index Fund	1,431,921	0.33 0.68	0 5,796	0	0 3,940	529 0	256 0	0 0	0 0	0 0	0 0	309 4,209	0	0 16,192	0	0 0	0 0	0 3,312	0 9,816	0 7,292	0 8,325	0 11,840	325 0	0 0	0 5,010	0 0	0 0	0 0	0 5,344	0 3,674	0 12,525	0 5,010	
	lia UTI-Mid Cap	00 688,681		0	0	0	0 370,529	0 183,256	0	0	0	0	0 189,809	0	0	0	0	0	0	0	0	0	0	0 184,825	0	0	0	0	0	0	0	0	0	
id AURS)	The India 1 Fund Inc	8 2,030,000	3 0.96	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
or GDRS ar	LIC of India Market Plus 1 Growth Fund	3,437,518	1.63																															
nd Holders	ICICI Prudential Value Discovery Fund	2,346,484	1.12	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Promoters a	ICICI Prudential Life Insurance Company Limited	2,985,138	1.42	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	(18,544)	0	0	0	0	0	0	113	34	48	36	28	90	30	44	
onarenoiding Pattern of top ten onarenoiders ( other than Directors, Promoters and holders of GDAS and ADAS)	Highclere International Investors Emerg- ing Markets Smid Funds	1,885,783	06:0	0	0	0	0	0	0	0	0	105,848	0	0	0	(43,422)	0	0	0	0	18,345	0	0	0	(099)	(3,309)	0	0	0	0	0	0	0	
rers ( omer	Bajaj Allianz Life Insur- ance Com- pany Ltd.	3,954,801	1.88	150,000	11,112	0	1,235	100,000	200,000	100,000	0	55,999	(20,000)	0	42,115	62,150	50,000	70,000	(51,934)	0	0	0	0	0	(50,000)	0	0	25	70,000	24,073	(4,532)	(1,591)	75,000	
	Aberdeen Global-Asian Smaller Companies Fund	3,125,800	1.49	0	0	0	0	0	0	0	(120,000)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
ei doi lo illei	Aberdeen Global Indian Equity Limited	10,359,822	4.92	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
5 . 8	Name of the Shareholders	Shareholding as at 01.04.2016	% to Total Shares	08.04.2016	15.04.2016	22.04.2016	29.04.2016	06.05.2016	13.05.2016	20.05.2016	27.05.2016	03.06.2016	10.06.2016	17.06.2016	24.06.2016	01.07.2016	08.07.2016	15.07.2016	22.07.2016	29.07.2016	05.08.2016	12.08.2016	19.08.2016	26.08.2016	02.09.2016	09.09.2016	16.09.2016	23.09.2016	30.09.2016	07.10.2016	14.10.2016	21.10.2016	28.10.2016	



Name of the Shareholders	Aberdeen Global Indian Equity Limited	Aberdeen Global-Asian Smaller Companies Fund	Bajaj Allianz Life Insur- ance Com- pany Ltd.	Highclere International Investors Emerg- ing Markets Smid Funds	ICICI Prudential Life Insurance Company Limited	ICICI Prudential Value Discovery Fund	LIC of India Market Plus 1 Growth Fund	The India Fund Inc	Uti-Mid Cap Fund	Vanguard Emerging Markets Stock Index Fund, A Series Of Vanguard International Equity Index Fund
11.11.2016	0	(70,938)	10,000	0	51	0	0	0	0	10,855
18.11.2016	(118,426)	(96,000)	(34,465)	0	29	0	0	0	0	0
25.11.2016	0	0	0	0	32	0	0	0	0	13,193
02.12.2016	0	0	(000'006)	0	33	0	0	0	0	7,515
09.12.2016	0	0	(100,000)	0	34	0	0	0	0	0
16.12.2016	0	0	0	0	46	0	0	0	0	0
23.12.2016	0	(80,883)	25,000	0	0	0	0	0	0	0
30.12.2016	0	(153,589)	59,968	0	0	0	0	0	0	0
31.12.2016	0	0	0	0	6,714	0	0	0	0	0
06.01.2017	0	(29,065)	75,032	0	0	0	0	0	0	4,320
13.01.2017	0	(30,857)	0	0	0	0	0	0	0	9,180
20.01.2017	0	(79,593)	(40,000)	0	0	0	0	0	0	4,320
27.01.2017	0	(56,013)	10,000	0	0	0	0	0	0	0
03.02.2017	0	0	000'09	0	0	0	0	0	0	2,340
10.02.2017	0	0	(100,000)	0	0	0	0	0	0	0
17.02.2017	0	(67,474)	(25,000)	0	0	0	0	0	0	3,600
24.02.2017	0	(62,526)	30,000	0	0	0	0	0	0	0
03.03.2017	0	0	0	0	0	0	0	0	0	0
10.03.2017	0	0	0	0	0	0	0	0	0	0
17.03.2017	0	0	0	0	0	0	0	0	0	0
24.03.2017	0	0	0	0	0	0	0	0	0	8,685
31.03.2017	0	0	20,000	0	0	0	0	0	0	8,492
Shareholding as at 31.03.2017	10,241,396	1,939,800	4,789,020	1,962,595	2,973,991	2,346,484	3,437,518	2,030,000	1,617,100	1,606,706
% to Total Shares	4.87	0.92	2.28	0.93	1.41	1.12	1.63	0.96	0.77	92.0
% Change during the year	(0.05)	(0.57)	0.40	0.03	(0.01)	00'0	00:00	0.00	0.44	0.08

- The figures within the bracket denotes decrease in the shareholding and figures without brackets denotes increase in the shareholding on account of market
- % change during the year refers to the change during the year ended 31 March 2016 over 31 March 2017. Top 10 shareholders as at 31 March 2017 has been considered for the above disclosure.
- o, ω,



### v) Shareholding of Directors and Key Managerial Personnel (KMP) as at 31 March 2017

SI.	Names of the Directors	•	at the beginning ne year	Date wise Increase / Decrease in Shareholding	Shareholding at	the end of the year
No.	and KMP	No. of Shares	% of total shares of the company	during the year* (Number of Shares)	No. of Shares	% of total shares of the company
1	Nitin Rakesh (CEO)	-	-	Not Applicable	-	-
2	A Sivaram Nair (CS)	11,107	-	refer to the table below	20,297	0.01
3	V. Suryanarayanan (CFO)	3,261	-		16,501	0.01

### Notes:

- 1. Shareholding at the beginning of the year signifies shareholding as at 1 April 2016 i.e on the basis of the SHP as of 31 March 2016. and shareholding at the end of the year signifies shareholding as on 31 March 2017 i.e on the basis of the SHP of 31 March 2017.
- 2. The increase/decrease in the shareholding of the Directors and KMPs are given below:

Name of the Director and KMP	Increase / (Decrease) in Shareholding	Date of Transaction	Reason for increase/ Decrease
A Sivaram Nair	5,000	22 Jul 2016	Increase :
	4,690	20 Sep 2016	Acquired shares by exercise of stock Option and
	3,500	13 Jan 2017	Stock Units granted
	(4000)	27 Feb 2017	Decrease:
V Suryanarayanan	9,240	3 Oct 2016	Sale of Shares in the market
	7,250	13 Jan 2017	
	(2000)	6 Mar 2017	
	(1000)	15 Mar 2017	
	(250)	22 Mar 2017	

### 5. Indebtedness

Indebtedness of the Company including interest outstanding/accrued but not due for payment

(₹ millions)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i. Principal Amount	-	1325.10	-	1325.10
ii. Interest due but not paid	-	-	-	-
iii. Interest accrued but not due	-	-	-	-
Total ( i+ii+iii)	-	1325.10	-	1325.10
Change in the indebtedness during the financial year				
Addition	-	891.37	-	891.37
Reduction	-	(2216.47)	-	(2216.47)
Net Change	-	(1325.10)	-	(1325.10)
Indebtedness at the end of the financial year				
i. Principal Amount	-	-	-	-
ii. Interest due but not paid	-	-	-	-
iii. Interest accrued but not due	-	-	-	-
Total ( i+ii+iii)	-	-	-	-



(₹ million)

Remuneration to Managing Director (MD), Whole Time Directors (WTD), Manager and Key Managerial Personnel other than MD /Manager/WTD as at 31 March 2017

					(
થું કે	Particulars of Remuneration	Mr. Nitin Rakesh (CEO) refer note below	Mr. Suryanarayanan V (CFO)	A Sivaram Nair (CS)	Total Amount
1 (a)	<b>Gross salary</b> Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	22.52	20.22	14.36	57.10
<u>Q</u>	Value of perquisites u/s 17(2) of the Income-tax Act, 1961	0.01	0.73	0.50	1.24
0	Profits in lieu of salary under section 17(3) of the Income - tax Act, 1961	ı	ı	1	1
7	Stock Options	7.11	6.31	3.29	16.71
က	Sweat Equity	ı	1	1	,
4	Commission				
	- as % of Profit				
	- Others, specify				
2	Others, please specify - PF and other funds	ı	0.45	0.33	0.78
	Total (A)	29.64	27.71	18.48	75.83
	Ceiling as per the Companies Act, 2013	410.51	Not Applicable	Not Applicable	

Note:

Remuneration to other directors

ä

(₹ million)

		Manage of the		(4)		_	and the first of the second	Men Presenting	6			
		Name or the	Name of the Independent Directors (1)	Ulrectors (1)			vame or otner	Non-Executiv	Name of other Non-Executive Directors (2)			
Si. No.	Particulars of Remuneration	Mr. Davin- der Singh Brar	Ms. Jan Kathleen Hier	Mr. Narayanan Kumar	TOTAL	Mr. Amit Dixit	Mr. Amit Dalmia	Mr. David Lawrence Johnson	Mr.Paul James Upchurch	Mr. Dario Zamarian	TOTAL	Total (1 +2)
-	Fee for attending Board Committee Meetings	•	'	,	ı	,			,	ı	ı	
2	Commission	4.68	5.44	4.00	14.12			2.89		2.89	5.78	19.90
က	Others, please specify	•	•		•					•	•	•
	Total (B)	4.68	5.44	4.00	14.12			2.89		2.89	5.78	19.90
	Total Managerial Remuneration											265.24
	Overall Ceiling as per the Companies Act, 2013											903.12

6

Remuneration of Directors and Key Managerial Personnel

Æ

<sup>1.</sup> Represents the salary for the period 29 January 2017 to 31 March 2017.

Total managerial remuneration includes the remunerations paid to Executive Directors, Non-Executive directors, remuneration of ₹ 164.45 million paid to Mr. Ganesh Ayyar, who was the CEO of the Company till 28 January 2017 and ₹ 51.25 million paid as one time bonus to Mr. Ganesh Ayyar at the end of the term.



Penalties/Punishment/Compounding of Offence - Nil

7

Туре	Section of the Companies Act, 2013	Brief Description	cription	Details of Pens compoundin	Details of Penalty/Punishment/ compounding fee imposed	Authority (IRD/ NCLT/ COURT)	Appeal made, if any(give details)
A. Company							
Penalty	NI	N	JIN	J	NIL	NIL	NIL
Punishment	NIL	NIL	NIL	JIN	NIL	NIL	NIL
Compounding	٦IN	NIL	NIL	JIN	NIL	NIL	N
B. Directors							
Penalty	NIL	NIL	NIL	JIN	NIL	NIL	NIL
Punishment	NIL	NIL	JIN	JIN	NIL	NIL	NIL
Compounding	JIN	NIL	NIL	NIL	NIL	NIL	NIL
C. Other officers in Default							
Penalty	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Punishment	٦IN	NIL	NIL	NIL	NIL	NIL	N
Compounding	J	N	JIN	JIN	NIL	NIL	N

For and on behalf of the Board of Directors

Davinder Singh Brar Chairman

Bengaluru 25 May 2017



### I. COMPANY'S POLICY ON CORPORATE GOVERNANCE

Corporate Governance is a collaborative conception and enhancement of long term values of stakeholders through ethical business process. Mphasis is committed to a high level of Corporate Governance practices in all its activities and processes and endeavors to enhance the long-term value, keeping in view the interests of the stakeholders, viz, Shareholders, Clients, Employees, Suppliers, Society and Regulatory Bodies. The Company strongly believes that the spirit of Corporate Governance stretches beyond statutory acquiescence.

With its values ingrained, the Company is building an ecosystem for the new business era which will be dominated by ever encompassing Digital eco-system. The Company is transforming based on new age digital offerings, business transaction-as-a service, eco-system of co-created IP and team of co-creators.

The principles of the governance are articulated in the Company's Code of Conduct and in its vision statements. More importantly, the culture of the organization strongly reinforces our strategy and is the soul of what defines Mphasis.

The cornerstones of our culture – Customer Centricity, Empowerment, Outcome-focus and Experimentation – continue to emerge as recurring themes along which our vision, mission and values are aligned. These in fact are the DNA that create the Mphasis identity.

The Company's Code of Business Conduct is an inclusive set of values fostering a strong sense of ownership, ethics and transparency, reinforcing the integrity of the management, redress against frauds and fairness in dealing with the Company's stakeholders. The Company's values and ethics, meaningful Corporate Social Responsibility activities and sustainability initiatives are the embodiment of Corporate Governance.

Mphasis envisions redefining the paradigm for business success together and carries the mission to be a specialized enterprise at the confluence of people, profit and planet powered by inquisitive minds. We leverage global talent and innovative blend of services and technology to deliver customer delight.

"Unleash the Next" represents our aspiration and commitment to business that drives the next wave of capabilities and services, integrating technology with business while grooming specialized talent to deliver a symbiotic success model. Our positioning statement is timeless, aspirational and applicable for our offerings, employees, customers and the community at large.

The Company has complied with the governance requirements under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and hereby presents the Corporate Governance Report for the financial year ended 31 March 2017:

### II. BOARD OF DIRECTORS

Mphasis believes that an effective Board requires an optimum combination of professionals from different spheres with diversity and independence. The basic responsibility of the Board is to provide effective governance over the Company's affairs. The Company's business is conducted by its employees under the overall supervision of the Chief Executive Officer, who is assisted by a council of Senior Managerial Personnel in different functions.

### (a) Composition of the Board

As at 31 March 2017, the Board comprises of 9 directors (including a woman director) of which, one is an executive director, five directors were nominated by Marble II Pte. Ltd., the Promoter (forming part of Blackstone Group of companies) and three are Independent Directors. The maximum tenure of the Independent Directors is as per the provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. All the Independent Directors have confirmed that they meet the criteria of Independence as laid out under the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Further to Change of Control from HPE to Blackstone Group, Mr. James Mark Merritt, Mr. Lakshmikanth K Ananth, Mr. Stefan Antonio Lutz, Ms. Mary Teresa Hassett and Mr. Jeff Thomas Ricci, being the directors nominated by Hewlett Packard Enterprises Co. (HPE), have ceased to be the directors effective close of business hours on 1 September 2016 and Mr. David Lawrence Johnson, Mr. Dario Zamarian, Mr. Paul James Upchurch, Mr. Amit Dixit and Mr. Amit Dalmia have been appointed as the directors effective that day.

Mr. Balu Ganesh Ayyar ceased to be the Chief Executive Officer and Whole time Director of the Company, consequent to completion of his term, with effect from 29 January, 2017. Mr. Nitin Rakesh was appointed as the Chief Executive Officer and Whole time Director of the Company effective 29 January 2017, which is recommended to the approval of the shareholders at the ensuing Annual General Meeting.



### (b) Board Procedure:

### i. Meetings of the Board:

The Board meets at regular intervals with an annual calendar and formal schedule of matters specifically reserved for its consideration to ensure that the matters in relation to Strategy, Operations, Governance, Finance and Compliances are reviewed. The annual calendar of meetings is communicated to the directors in advance to ensure maximum participation. The Board is regularly apprised on the performances of the Company at the meetings and is provided with necessary information and presentations on the matters concerning the business, compliances and quarterly financials to ensure effective discharge of its responsibility. The Board holds telecon meetings to discuss matters requiring immediate attention. The Directors of the Company, through their participation in board meetings provide inputs to management from their relevant fields of knowledge and expertise, viz. Information Technology, Business Process Outsourcing, Finance, Accounting, Marketing and Management Sciences.

The important decisions taken at the meetings are promptly communicated to the respective functionaries for their action. Further, the action items, arising out of the decisions of the Board are followed up, reviewed and updated at the Board Meetings.

The Board takes updates, at the meeting, from the Chairperson of the respective Committees regarding the Committee meetings held since the date of the last Board Meeting.

Primarily, the Board oversees and provides policy guidance on the business and affairs of Mphasis, while balancing the interests of different stakeholders. Among other things, the Board undertakes the following functions:

- 1. reviews and assesses the business and the operational strategy and plans developed by management;
- 2. is responsible for CEO succession, evaluation and compensation;
- 3. satisfies itself that the Company is governed effectively in accordance with good corporate governance practices;
- 4. monitors management performance and directs corrections;
- 5. balances the interests of different stakeholders;
- 6. reviews and assesses the risks facing Mphasis, and management approach to addressing such risks;
- 7. oversees the reliability of external communications, especially to shareholders;
- 8. oversees the process for compliance with laws and regulations; and
- 9. monitoring and reviewing the Board Evaluation framework.

### ii. Orientation for Directors:

The Company believes that it is pertinent for the Board members to know what is expected from them and equip them with necessary skills and knowledge which will enable the Board to take informed decisions. Thoughtful and thorough orientation is key to directors to realize their full potential to contribute to the collective mindset of the Board and avoid wastage of opportunities.

A director orientation program is a process which begins when a person is appointed as a director. Upon appointment, a director is provided with a joining kit containing the Charters of the Board and Committees, Profiles of his/her colleagues on the Board and Senior Management, Board Calendar etc. These details are also hosted on a secured electronic platform which is available for the director's reference throughout his/her tenure. In addition to this, an in-depth details of the Company is provided on one on one basis to the new director, covering Organization history and current set up, business offerings, budgets, board culture and process, duties, responsibilities and liabilities, to name a few.

The Orientation is continued by educating the directors on an on-going basis. The continued orientation program involves, review of the market units, update on changes in competitive landscape, enterprise risk minimization overview and regulatory compliances. The directors step back and assist the senior management by understanding the strategy and provide effective guidance on select topic areas. This process provides an effective mechanism for the director to acquire specialized orientation.

The Company conducts an Annual Board Strategy meeting, which discusses the topics of significance, Company's strategies, Investors and Customers perspective etc. which helps the director to orient himself/herself with the Company's operations, governance, strategy and perspective of stakeholders.

The adequacy perception of the orientation is ingrained into the Board evaluation parameters, which helps the Company to further build the orientation process. The orientation process is also uploaded on the website at <a href="http://www.mphasis.com/downloads/Governance/new/Mphasis%20-Orientation%20to%20Directors.pdf">http://www.mphasis.com/downloads/Governance/new/Mphasis%20-Orientation%20to%20Directors.pdf</a>. Further, at the time of appointment of the Independent Directors, the Company issues a formal letter of appointment inter-alia setting out his/her roles, duties and responsibilities. The letters are also hosted on the website of the Company at <a href="https://www.mphasis.com">www.mphasis.com</a>.

During the year ended 31 March 2017, the Independent Directors of the Board have been updated on topics in relation to business models, industry trends, leadership development, compliance updates over three and half hours.



### (c) Board Meetings held during the year, attendance of directors and particulars of the Directorships, Committee Membership/ Chairmanship:

During the financial year 2016-17, seven meetings of the Board were held on 15 April 2016, 26 May 2016, 23 July 2016, 27 September 2016, 3 November 2016, 27 January 2017 and 31 January 2017. In addition, a telecon meeting was held on 29 March 2017. The details of the attendance at the meetings of the Board and at the last AGM together with the particulars of other directorship, committee membership/chairmanship, are given below:

			endance g 2016-2017		Particulars Committee Me	of other Dirembership /		-
		Board N	<b>leetings</b>	<b>≒</b> =	δ _ <b>b</b> -	ء تا <del>با</del>	ະຶ	S
Name	Category	Number of meetings held during tenure (including Telecon meetings)	No. of meet- ings attended (including attendance through Telecon)	Attendance at the Last AGM	Other Directorships (Director in Public Limited Companies) 1	Independent Directorships in other Listed Companies 2	Committee Memberships <sup>3</sup>	Committee Chairmanships <sup>3</sup>
<b>Executive Director</b>								
Mr. Nitin Rakesh 7	CEO & Whole time Director	2	2	NA	-	-	1	-
Non-Executive Directors								
Mr. Davinder Singh Brar	Chairman, Independent Director	8	8	Yes	16 (3)	2	6	1
Ms. Jan Kathleen Hier	Independent Director	8	8	Yes	-	-	1	-
Mr. Narayanan Kumar	Independent Director	8	7	Yes	10(8)	5	2	4
Mr. David Lawrence Johnson <sup>6</sup>	Non-Independent Director	5	4	Yes	-	-	-	-
Mr. Dario Zamarian 6	Non-Independent Director	5	5	Yes	-	-	-	-
Mr. Paul James Upchurch <sup>6</sup>	Non-Independent Director	5	5	Yes	-	-	-	-
Mr. Amit Dixit <sup>6</sup>	Non-Independent Director	5	5	Yes	8(4)	-	3	-
Mr. Amit Dalmia 6	Non-Independent Director	5	5	Yes	2(1)	-	3	-
Ceased to be a Director								
Mr. Balu Ganesh Ayyar 8	Chief Executive Officer	6	5	Yes	-	-	-	-
Mr. Lakshmikanth K Ananth <sup>5</sup>	Non-Independent Director	3	3	NA	-	-	-	-
Mr. Stefan Antonio Lutz 5	Non-Independent Director	3	1	NA	-	-	-	-
Ms. Mary Teresa Hassett 5	Non-Independent Director	3	1	NA	-	-	-	-
Mr. Jeff Thomas Ricci ⁵	Non-Independent Director	3	2	NA	-	-	-	-
Mr. James Mark Merritt <sup>5</sup>	Vice Chairman, Non-Independent Director	3	0	NA	-	-	-	-

NA - Not Applicable

- 1. Does not include directorships in foreign companies and membership in governing councils, chambers and other bodies.
- 2. Applicable for directorship in listed companies for independent directors and executive directors.
- 3. Includes membership/chairmanship in Audit Committee and Stakeholders Relationship Committee of public limited companies, including Mphasis Limited.
- 4. There are no relationships inter-se directors as on 31 March 2017.



- 5. Further to Change of Control, Mr. James Mark Merritt, Mr. Lakshmikanth K Ananth, Mr. Stefan Antonio Lutz, Mr. Jeff Thomas Ricci and Ms. Mary Teresa Hassett, have ceased to be the directors effective the closing hours of 1 September 2016.
- 6. Further to Change of Control, Mr. David Lawrence Johnson, Mr. Dario Zamarian, Mr. Paul James Upchurch, Mr. Amit Dixit and Mr. Amit Dalmia were appointed as directors effective the closing hours of 1 September 2016.
- 7. Appointed as Chief Executive Officer and Whole time Director during the year effective 29 January 2017.
- 8. Ceased to be Chief Executive Officer and Whole time Director with effect from 29 January 2017.

### (d) Independent Directors Meeting:

In accordance with Section 149 read with Schedule IV to the Companies Act, 2013 ("the Act") and Listing Regulations, the Independent Directors of the Company meets without the presence of the management to discuss the Company's operations and performance. During the year, the Independent Directors meeting have inter-alia considered the following:

- 1. Review the performance of the Non Independent Directors and Board as a whole;
- 2. Review the performance of the Chairperson of the Board by the other Independent Directors taking into the views of executive directors and non-executive directors; and
- 3. Assess the flow of information between the Management and Board.

### III. COMMITTEES

### (a) Audit Committee

The primary function of the Audit Committee, as per its Charter, is to provide assistance to the Board of Directors in fulfilling their responsibilities to the shareholders and others, inter-alia, relating to:

- overseeing the processes of ensuring the integrity of the Company's financial statements;
- overseeing the processes for compliance with laws and regulations;
- overseeing the process by which anonymous complaints pertaining to financial or commercial matters are received and acted upon:
- reviewing the process for entering into related party transactions and related disclosures;
- Satisfying itself regarding the conformance of CEO's remuneration, expense reimbursements and use of Company assets with terms of his employment and Company's rules and policies;
- Evaluating the internal financial controls and risk management systems; and
- · Overseeing the process of inter-corporate transactions and scrutinizing the inter-corporate loans and investments.

During the year ended 31 March 2017, six meetings of the Audit Committee were held on 15 April 2016, 26 May 2016, 23 July 2016, 27 September 2016, 3 November 2016 and 31 January 2017.

The composition of the Committee and the attendance of the members at each of the meetings held during the year ended 31 March 2017 are given below

Member	No. of Meetings held during tenure	No. of Meetings attended including attendance through telecon
Mr. Narayanan Kumar, Chairman	6	5
Mr. Davinder Singh Brar	6	6
Ms. Jan Kathleen Hier	6	6
Mr. Amit Dixit <sup>1</sup>	3	3
Mr. Lakshmikanth K Ananth <sup>2</sup>	3	3

NA - Not Applicable

- 1. Appointed as a member, effective closing hours of 1 September 2016.
- 2. Ceased to be a member, effective closing hours of 1 September 2016.



### (b) Share Transfer Committee

In order to expedite the requests of the shareholders, in connection with transfers, demat and other related process, the Board had constituted a Share Transfer Committee. The Share Transfer Committee of the Board is authorized inter-alia to approve physical transfers/transmissions / transpositions/ dematerialization/re-materialization requests, issue of duplicate share certificates, issue of fresh share certificates, release of stop transfer cases etc.

The present composition of the Committee is as follows:

Mr. Nitin Rakesh - Member
Mr. Davinder Singh Brar - Member
Mr. Amit Dalmia - Member

Mr. Jeff Thomas Ricci ceased to be a member and Mr. Amit Dalmia was appointed as a member effective closing hours of 1 September 2016 pursuant to Change of Control. Mr. Balu Ganesh Ayyar ceased to be member of the Committee with effect from 29 January 2017 and Mr. Nitin Rakesh was appointed as a member with effect from 29 January 2017.

During the year ended 31 March 2017, the Share Transfer Committee passed resolutions dated 22 November 2016, 16 December 2016 and 22 March 2017 for approving transmissions, issue of duplicate share certificates and re-materialization of shares

The Company ensures that the transfer of shares is effected within the statutory time of their due lodgement. The Company has appointed Integrated Registry Management Services Private Limited (earlier Integrated Enterprises (India) Limited), a SEBI registered Share Registrar and Transfer Agent, as its Share Transfer Agent.

### (c) Nomination and Remuneration Committee

### i. Brief description of terms of reference of the Committee, composition and attendance:

In order to oversee the functioning of the Compensation and Benefit Plans and to provide for fair and transparent nomination process for the directors, the Board of Directors of the Company has constituted a Nomination and Remuneration Committee.

The primary function of the Nomination and Remuneration Committee, is to provide assistance to the Board of Directors in fulfilling its responsibility with respect to oversight of the establishment, administration and appropriate functioning of compensation and benefit plans and related matters and to review and recommend to the Board, the appointment and removal of the Directors and Key Managerial Personnel.

The Committee meets based on the business to be transacted. During the year ended 31 March 2017, six meetings of the Nomination and Remuneration Committee were held on 25 May 2016, 23 July 2016, 27 September 2016, 3 November 2016, 27 January 2017 and 31 January 2017.

The composition of the Committee and the attendance at each of the meetings held during the year ended 31 March 2017 are given below:

Member	No. of Meetings held during tenure	No. of Meetings attended including attendance through telecon
Ms. Jan Kathleen Hier, Chairperson	6	6
Mr. Davinder Singh Brar	6	6
Mr. Amit Dixit <sup>1</sup>	4	4
Mr. David Lawrence Johnson <sup>1</sup>	4	3
Ms. Mary Teresa Hassett <sup>2</sup>	2	2
Mr. Jeff Thomas Ricci <sup>2</sup>	2	1

- 1. Appointed as a member, effective closing hours of 1 September 2016.
- 2. Ceased to be a member, effective closing hours of 1 September 2016.



### ii. Remuneration Policy

The remuneration policy of the Directors is aligned towards rewarding participation in meetings in consonance with Industry benchmarks and provisions of the law. The objective of the Policy is to attract and retain excellent talent while delivering optimal value to the business. The executive remuneration policy is aligned with an objective to recognize the need to be competitive in the Industry by ensuring fair and reasonable rewards for high levels of performance. The remuneration policy is uploaded on the website of the Company <a href="https://www.mphasis.com">www.mphasis.com</a> in the Investors Section under the Corporate Governance page. The key points of the remuneration policy for the directors and executives are given below:

### (a) Non-Executive Directors

The Company earlier paid remuneration to the Independent Directors as per the then approved remuneration matrix. Further to the Change of Control, the shareholders at its Annual General Meeting held on 4 November 2016, approved payment of remuneration to all the non-executive directors including the Non Independent Directors. Accordingly, the Company pays commission to its Non-Executive Directors (other than directors who are on employment with Blackstone Group of Companies) and Independent Directors as per the following remuneration matrix approved by the shareholders of the Company. The amount of such commission, taken together for all Non-Executive Directors and Independent Directors, does not exceed 1% of the net profits of the Company in any financial year.

Particulars	Factor	Max Remuneration (₹ Lacs)
Fixed Remuneration – Indian Directors	Flat Fee p.a.	28.00
Fixed Remuneration – Foreign Directors	Flat Fee p.a.	44.00
Variable Remuneration determined based on the following:		
- Board Chairmanship	Flat Fee p.a.	10.00
- Board Meeting Attendance	Per Meeting	0.75
- General Body Meeting Attendance	Per Meeting	0.50
- Audit Chairmanship	Flat Fee p.a.	5.00
- Audit Membership	Per Meeting	0.40
- Nomination and Remuneration Committee Chairmanship	Flat Fee p.a.	1.00
- Nomination and Remuneration Committee Membership Attendance	Per Meeting	0.25
- Strategy Committee Chairmanship	Flat Fee p.a.	1.00
- Strategy Committee Membership Attendance	Per Meeting	0.25

Note: The portions of the remuneration denominated as "Per Meeting" are applicable in respect of the meetings actually held and participated by the Non-Executive Directors and Independent Directors which is statutorily counted for quorum.

None of the directors are paid any sitting fees for attending the meetings of the Board and Committees thereof on which they are members. There was no pecuniary relationship or transaction with any director other than that reported above.

The Board at its meeting held on 25 May 2017 had amended the Directors Remuneration Policy to provide for payment of remuneration to the non-executive directors on a quarterly basis instead of half yearly basis.

### (b) Executive Director

Mr. Nitin Rakesh is the Chief Executive Officer (Executive Director) of the Company. The Board of Directors / the Nomination and Remuneration Committee of Directors is authorized to decide the remuneration of the Executive Director, subject to the approval of the Members. The remuneration structure comprises of Salary, Perquisites, Retirement benefits, Variable Pay and Equity based compensation. Annual increments are decided by the Nomination and Remuneration Committee within the limits approved by the members of the Company.

The variable pay compensation and equity based compensation constitute remuneration other than the fixed pay. Variable pay is computed on the basis of specific targets set for the executive director every year which is linked to the Company's performance. Variable pay is paid to the executive director on achievement of the said targets. The equity based compensation will be in accordance with the stock options/stock units plan of the Company, which aligns with the long term interests of the Company and stakeholders.



### (c) Other Employees

The Company's executive remuneration policy for the Senior Executives including the Key Managerial Personnel, is guided by the Mphasis Compensation and Benefits Manual. The Policy is aligned with an objective to recognize the need to be competitive in the Industry by ensuring fair and reasonable rewards for high levels of performance, enabling stable leadership and governance in the Company. The remuneration policy aims to attract, retain and motivate skilled executives keeping in mind the short term and long term objectives of the Investors. The remuneration of executives comprises of Fixed and Variable compensation and equity based compensation in form of Restricted Stock Units and Stock Options in order to align with the long term interests of the Company and stakeholders.

The remuneration policy for the executives is hosted on the website of the Company at <a href="www.mphasis.com">www.mphasis.com</a> in the Investors section.

### iii. Details of Remuneration to the Directors for the year 2016-2017:

(₹ million)

Name of Director	Salary	Bonus	Benefits / Perquisite	Commission	PF & other Funds	Total
Mr. Nitin Rakesh <sup>1</sup>	22.52	-	7.12	-	-	29.64
Mr. Balu Ganesh Ayyar <sup>2</sup>	36.82	90.82	35.76	-	1.05	164.45
Mr. Davinder Singh Brar	-	-	-	4.68	-	4.68
Mr. Narayanan Kumar	-	-	-	4.00	-	4.00
Ms. Jan Kathleen Hier	-	-	-	5.44	-	5.44
Mr. David Lawrence Johnson <sup>3</sup>	-	-	-	2.89	-	2.89
Mr. Dario Zamarian <sup>3</sup>	-	-	-	2.89	-	2.89
Total	59.34	90.82	42.88	19.90	1.05	213.99

### Notes:

- 1. As per contract executed with Mr. Nitin Rakesh. The period is from 29 January 2017 to 31 March 2017 (61 days). The remuneration includes joining bonus of ₹ 17.01 million paid to Mr. Nitin Rakesh as joining bonus.
- 2. Ceased to be the CEO and Whole time Director upon completion of his term. The remuneration is for the period from 1 April 2016 to 28 January 2017. The remuneration excludes ₹ 51.25 million paid to Mr. Balu Ganesh Ayyar as one time bonus paid at the end of the term.
- 3. Paid for the period from 2 September 2016 to 31 March 2017.

The notice period for severance of employment for Mr. Nitin Rakesh, CEO and Whole time Director, is 90 days. In the event of termination of employment of Mr. Nitin Rakesh, for convenience, consequent to a Change in Control, subject to the other provisions of the employment contract, the severance compensation is US\$900,000.

Mr. Nitin Rakesh, CEO and Whole time Director holds 655,000 stock options under Employee Stock Option Plan 2016. In terms of the scheme, upon exercise, each of the stock option is eligible for issuance of one equity share of ₹ 10 each.

None of the other directors were granted any stock options of Mphasis Limited during the year ended 31 March 2017.

### iv. Remuneration Report

The remuneration to the employees and directors are paid as per the Remuneration Policy of the Company. The following is a Report on the Remuneration for the year ended 31 March 2017:

### **Remuneration to Directors**

Name of the Directors	Remuneration (₹ Million)	Ratio of Rer	nuneration
	2016-17	MR (in times)	NP (in %)
Mr. Davinder Singh Brar	4.68	8	0.07
Mr. Narayanan Kumar	4.00	7	0.06
Ms. Jan Kathleen Hier	5.44	10	0.09
Mr. David Lawrence Johnson <sup>4</sup>	2.89	9	0.08
Mr. Dario Zamarian <sup>4</sup>	2.89	9	0.08



### Notes:

- 1. MR = Median Remuneration, NP= Net Profit, NA = Not Applicable.
- 2. As per the remuneration policy the Independent directors are not eligible for Stock Options of the Company.
- 3. No other directors were paid any remuneration.
- 4. The ratio of remuneration to median remuneration is calculated based on annualized remuneration.

### Remuneration to Key Managerial Personnel (KMPs)

Name of the KMPs	Remunerat	ion (₹ Million)	Ratio of Rer	nuneration
	2016-17	% Increase	MR (in times)	NP (in %)
Mr. Nitin Rakesh <sup>4</sup> , Chief Executive Officer	29.64	NA	85	0.47
Mr. V Suryanarayanan, Chief Financial Officer	27.71	31.27%	NA	0.44
Mr. A Sivaram Nair, Company Secretary	18.48	16.22%	NA	0.30

### Notes:

- 1. MR = Median Remuneration, NP= Net Profit, NA = Not Applicable.
- 2. Remuneration is calculated as per Section 197 of the Companies Act, 2013.
- 3. The variable component of the Salary of CEO is linked to the performance targets for the overall Mphasis Group in terms of Revenue and EPS and for other employees, the Company has a defined performance targets linked to the consolidated Statement of Profit and Loss, in addition to their performance.
- The period is from 29 January 2017 to 31 March 2017 (61 days). The remuneration includes joining bonus of ₹ 17.01 million paid to Mr. Nitin Rakesh as joining bonus.

During the year, in line with the Industry standards and to remain competitive in the marketplace the Company has awarded 6.90% average increase in the remuneration to the employees. The average increase in remuneration of KMPs, excluding the value of stock options, is 13.60%. The average increase in the remuneration is at par with the Company performance. The Median Remuneration of the employees increased by 3.32% during the year. There are no employees receiving remuneration in excess of the annualized remuneration received by the CEO and Whole time director of the Company. As at 31 March 2017, there were 15,771 permanent employees of the Company.

### v. Details of shares held by the directors

As on 31 March 2017, none of the directors held any equity shares.

### vi. Board Assessment

Performance assessment of the Board involves directors undertaking a critical review as a collective body, identifying Board's strengths and weaknesses and is initiated towards enhancement of Board's performance. The assessment is carried on an annual basis by means of a structured questionnaire with forced rankings.

During the year, the performance evaluation of the Independent Directors, was carried out by the entire Board based on the framework recommended by the Nomination and Remuneration Committee. The criteria included evaluation of the Board Culture, Sub-committees, Board Management, evaluation of Directors' abilities in terms of understanding the Business of the Company, engaging with the management, participation at the meetings etc. The performance evaluation of the Non-Independent Directors was carried out by the Independent Directors.

Considering the recent appointment of Mr. Nitin Rakesh as the Chief Executive Officer and Whole time Director effective 29 January 2017, the evaluation of Mr. Nitin Rakesh was not carried out for the financial year 2017.

### vii. Board Diversity

Diversity is intrinsically woven into the philosophy of Mphasis. The Company has always been committed to ensure that the workplace is free from any form of discrimination based on gender, age, race, religion, disability or sexual orientation. Mphasis respects each of its stakeholders associated with it and values their differences. The Board of the Company had adopted a Board Diversity Policy as per the requirements of law with an emphasis to recognize inclusion of woman director on the Board.

All Board appointments is based on meritocracy and candidates are considered against objective criteria, having due regard for the benefits of Diversity on the Board. The Board Diversity Policy has been uploaded on the website of the Company at <a href="http://www.mphasis.com/downloads/Governance/new/Board%20Diversity%20Policy.pdf">http://www.mphasis.com/downloads/Governance/new/Board%20Diversity%20Policy.pdf</a> in the Investors Section.



### (d) CSR Committee

As required under Section 135 of the Companies Act, 2013, the Board of Directors has constituted a CSR Committee. The primary function of the committee is to assist the Board of Directors in formulating a Corporate Social responsibility (CSR) Policy and review the implementation and progress of the same from time to time. During the year ended 31 March 2017, one meeting of the CSR Committee was held on 25 May 2016 to review the CSR related matters for FY 2017. The composition of the Committee and the attendance of the members at the meetings held during the year ended 31 March 2017 are given below:

Member	No. of Meetings held during tenure	No. of Meetings attended
Mr. Narayanan Kumar, Chairman	1	1
Mr. Davinder Singh Brar	1	1
Mr. Amit Dalmia 1	NA	NA
Mr. Nitin Rakesh <sup>2</sup>	NA	NA
Ms. Mary Teresa Hassett <sup>3</sup>	1	1
Mr. Balu Ganesh Ayyar 4	1	1

### NA - Not Applicable

- 1. Appointed effective closing hours of 1 September 2016.
- 2. Appointed with effect from 29 January 2017.
- 3. Ceased to be a member, effective closing hours of 1 September 2016.
- 4. Ceased to be a member, effective 29 January 2017.

### (e) ESOP Compensation Committee

The Board of Directors of the Company has constituted an ESOP Compensation Committee in line with the requirements of SEBI (Share Based Employee Benefits) Regulations, 2014.

During the year ended 31 March 2017, the ESOP Compensation Committee has, on a periodic basis, approved exercise of 564,838 equity shares of ₹ 10 each under various Employee Stock Options Schemes and Restricted Stock Units schemes in force. The said shares have been duly credited to the employees and have been listed with the Stock Exchanges.

The primary function of the Committee is to administer Stock Options plans of the Company including the grants made thereunder. The present composition of the Committee is as below:

Mr. Narayanan Kumar - Chairman Mr. Davinder Singh Brar - Member Mr. Amit Dixit - Member

Ms. Mary Teresa Hasset has ceased to be a member of the Committee and Mr. Amit Dixit is appointed as a member of the Committee effective closing hours of 1 September 2016.

During the year, the Committee approved a grant of 3,261,900 stock options under Employees Stock Option Plan 2016.

### (f) Stakeholders Relationship Committee

The Company attaches importance to the Investor relations and is committed on redressal of grievances such as transfer of shares, non-receipt of balance sheet, non-receipt of declared dividends and other investor related grievances on a timely manner.

The details of the correspondence with the shareholders including the details of the Investor Grievances, if any, are placed before the committee members on a monthly basis.

The status of Investor Complaints during the year ended 31 March 2017, is as under:

Complaints as on 1 April 2016	:	Nil
Complaints Received during the year	:	3
Complaints Resolved during the year <sup>1</sup>	:	3
Complaints Pending as on 31 March 2017	:	Nil

<sup>&</sup>lt;sup>1</sup> All the grievances are resolved to the satisfaction of the Investors.



The present composition of the Committee is as below:

Mr. Davinder Singh Brar - Chairman
Mr. Amit Dalmia¹ - Member
Mr. Nitin Rakesh² - Member

### Notes:

- 1. Mr. Lakshmikanth K. Ananth and Mr. James Mark Merritt ceased to be members of the Committee and Mr. Amit Dalmia was appointed as a member of the Committee effective closing hours of 1 September 2016.
- 2. Mr. Balu Ganesh Ayyar ceased to be a member of the Committee effective 27 January 2017 and Mr. Nitin Rakesh was appointed as a member of the Committee effective 27 January 2017.

### Name, Designation and Address of Compliance Officer

Mr. A Sivaram Nair

Executive Vice President, Company Secretary, General Counsel & Ethics Officer

Mphasis Limited

Bagmane World Technology Center,

Marathalli Outer Ring Road, Doddanakhundi Village,

Mahadevapura, Bengaluru - 560048.

### (g) Treasury and Operations Committee

Considering the desired focus on the treasury and business operations, the Board has constituted a "Treasury and Operations Committee". The powers and functions of the Committee include, oversight of liquidity management and banking operations, forex risk management, investment portfolio/interest rate risk management, approval for capital expenditure/hardware resale and settlement of legal cases beyond certain limits. During the year ended 31 March 2017, a meeting of the Committee was held on 3 November 2016 and circular resolution dated 19 August 2016 was passed by the Committee.

The composition of the Committee and the attendance of the members at the meetings held during the year ended 31 March 2017 is given below:

Member	No. of Meetings held during tenure	No. of Meetings attended
Mr. Davinder Singh Brar, Chairman	1	1
Mr. Nitin Rakesh <sup>1</sup>	NA	NA
Mr. Amit Dalmia <sup>2</sup>	1	1
Mr. Jeff Thomas Ricci <sup>3</sup>	NA	NA
Mr. Balu Ganesh Ayyar <sup>4</sup>	1	1

### Notes:

- 1. Appointed as a member effective 29 January 2017.
- 2. Appointed as a member effective closing hours of 1 September 2016
- 3. Ceased to be a member, effective closing hours of 1 September 2016
- 4. Ceased to be a member, effective 29 January 2017.

### (h) Strategy Committee

The primary function of the Committee is to oversee the Company's strategic planning process, review and advise on strategic proposals, evaluate the potentials for the growth opportunities of the Company etc. and make appropriate recommendations to the Board.

The present composition of the Committee is as below:

Mr. Davinder Singh Brar - Member
Ms. Jan Kathleen Hier - Member
Mr. Nitin Rakesh - Member
Mr. David Lawrence Johnson - Member
Mr. Amit Dixit - Member
Mr. Paul James Upchurch - Member
Mr. Dario Zamarian - Member



Mr. Stefan Antonio Lutz, Mr. Lakshmikanth K. Ananth, Mr. James Mark Merritt ceased to be members of the Committee and Mr. Davinder Singh Brar, Mr. David Lawrence Johnson, Mr. Amit Dixit, Mr. Paul James Upchurch and Mr. Dario Zamarian were appointed as the members of the Committee effective closing hours of 1 September 2016.

During the year, there was no meeting of the Strategy Committee held.

### (i) Independent Directors Committee

The Board of Directors through its resolution dated 12 April 2016 had constituted Independent Directors Committee in accordance with Regulation 26 of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, to provide the written reasoned recommendations on the Open Offer made by Marble II Pte. Ltd. (the "Acquirer" together with Marble I Pte. Ltd. ("PAC 1"), and Blackstone Capital Partners (Cayman II) VI L.P. ("PAC 2" (collectively the "PACs"), Blackstone Group of Companies. Accordingly, a meeting of the Independent Directors Committee was held on 15 July 2016 to discuss the Open Offer made by the Acquirer, provided its reasoned recommendation. The same was published in the newspapers as per the requirements of the SEBI Regulations.

The composition of the Committee and the attendance of the members at the meeting held during the year ended 31 March 2017 is given below:

Member	No. of Meetings held during tenure	No. of Meetings attended (including attendance through telecon)
Mr. Davinder Singh Brar	1	1
Mr. Narayanan Kumar	1	1
Ms. Jan Kathleen Hier	1	1

Further to the completion of the takeover and accomplishment of the objective of the Committee, the Independent Directors Committee was wound up by the Board at its meeting held on 27 September 2016.

### (j) Buyback Committee

The Board of Directors of the Company, in its meeting held on 31 January 2017, had constituted a Buyback Committee to administer the operational activities involved in the Buyback of Shares.

The present composition of the Committee is as below:

Mr. Davinder Singh Brar - Member
Mr. Nitin Rakesh - Member
Mr. Amit Dixit - Member
Mr. Amit Dalmia - Member

During the year ended 31 March 2017, the Buyback Committee passed resolutions dated 14 March 2017 and 20 March 2017 for approving the buyback price, opening of Escrow Bank Account, Special Bank Account, Demat Escrow Account and Trading Account, fixing of record date, appointment of Designated Stock Exchange, approval of draft Public Announcement and approval of Draft Letter of Offer.

### IV. MEETINGS OF THE SHAREHOLDERS

### (a) Location and time of last three AGMs:

The following is the summary of the last three Annual General Meetings (AGMs) of the Company:

AGM	Date & Time	Venue	
Twenty Third Annual General Meeting	30 July 2014 10:00 AM	The Chancery Pavilion Hotel, No. 135, Residency Road, Bengaluru – 560025.	
Twenty Fourth Annual General Meeting	9 September 2015 10:00 AM	The Chancery Pavilion Hotel, No. 135, Residency Road, Bengaluru – 560025.	
Twenty Fifth Annual General Meeting	4 November 2016 10:00 AM	Vivanta by Taj, 41/3, Mahatma Gandhi Road, Bengaluru – 560 001.	



During the year, an Extraordinary General Meeting of the Company was held on 13 October 2016 at The Chancery Pavilion Hotel, No. 135, Residency Road, Bengaluru – 560025 pursuant to Regulation 31A of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 with regard to reclassification of the outgoing promoters as non-promoters with effect from 1 September 2016.

### (b) Special Resolutions transacted at the Annual General Meetings held in the last three years

Date of AGM	Special Resolutions transacted
30 July 2014	<ul> <li>Approval of Mphasis Restricted Stock Units Plan 2014 (RSU 2014).</li> <li>Extend the benefits of RSU 2014 to eligible Senior Executives of the subsidiary companies.</li> </ul>
9 September 2015	<ul> <li>Approval for formulation of Mphasis Restricted Stock Units Plan 2015 (RSU 2015).</li> <li>Approval for extension of the benefits of RSU 2015 to the eligible Senior Executives of the subsidiary companies.</li> <li>Acquisition of shares from secondary market by the Mphasis Employees Benefit Trust for implementation of RSU 2015.</li> <li>Approval for entering into transactions including Material Related Party Transaction with Hewlett Packard Company, Palo Alto, USA and its subsidiaries, group companies and</li> </ul>
4 November 2016	<ul> <li>Approval for payment of remuneration by way of commission not exceeding 1% of the net profits of the company to be paid to non-executive directors.</li> </ul>
	<ul> <li>Approval for formulation of Mphasis Employee Stock Option Plan 2016 (ESOP 2016).</li> <li>Approval for extending the ESOP 2016 to the eligible employees of the subsidiary companies.</li> </ul>

### (c) Special Resolutions transacted through Postal Ballot last year

Dataile of Consid Deschation reposed through Destal Ballat	Vation Dattern
Details of Special Resolution passed through Postal Ballot	Voting Pattern
Approval of Buy-back upto 17,370,078 equity shares of the Company representing 8.26% of the fully paid up equity shares from all the equity shareholders on a proportionate basis through "Tender Offer" method under the Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 at a price not exceeding ₹ 635/- per equity share aggregating to ₹ 11,030 million.	Resolution passed by 99.99% majority

During the year, the Company had obtained approval of the Members by means of an ordinary resolution, under Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, by Postal Ballot, for entering into an Amended and Re-stated Standard Services Agreement with Hewlett Packard Enterprise Co., Palo Alto, USA, for availing and rendering services to HPE, its subsidiaries, group companies and associates in its ordinary course of business. The resolution was passed by the members with 99.99% majority on 23 May 2016.

Mr. S P Nagarajan, Practicing Company Secretary was appointed as the scrutinizer for the above postal ballots for carrying out the postal ballot processes in a fair and transparent manner.

None of the items to be transacted at the ensuing 26th Annual General Meeting is required to be passed by special resolution through postal ballot.

### V. DISCLOSURES

There are no materially significant related party transactions which have potential conflict with the interests of the Company at large. The details of material related party transactions, if any, are filed with the stock exchanges on a quarterly basis. Related party transactions are reported in the financial statements of the Company. The Board of Directors of the Company have approved a Policy on materiality of related party transactions which is hosted on the website of the Company <a href="https://www.mphasis.com">www.mphasis.com</a> in the Investors section under the Corporate Governance page. The Audit Committee of the Board has delegated the powers to approve the routine non-material related party transactions as per the provisions of the SEBI Listing Regulations severally to the Chief Executive Officer and Chief Financial Officer and the details of such transactions are placed before the Committee on a quarterly basis.

The Code of Conduct of the Board of Directors and Senior Management has also been disclosed on the website.



No penalty has been imposed on the Company on any matter relating to Capital Markets by the Stock Exchanges or Securities and Exchange Board of India or any other statutory authority from the date of inception of the Company.

At Mphasis, we have a free and fair channel of communication for concerns about integrity, unethical behavior, actual or suspected fraud or violation of the Company's Code of Conduct or Ethics Policy.

The objective of the Whistleblower Policy is to provide, anyone observing an illegal or unethical practice within the organization, secure means to raise that concern, without fear of retaliation. All companies of Mphasis Group and people associated with the Company viz., Customers, Vendors etc. can raise such concerns through written complaints deposited in drop-boxes at any of our offices, through e-mails or through the whistleblower hotline numbers. The Audit Committee Chairman is the Whistleblower Ombudsperson.

The Company has complied with all mandatory requirements of the Listing Regulations, as regards the non-mandatory requirement, the Company has separate posts for Chairman and Chief Executive Officer.

As required under the provisions of the law, the following disclosure documents are uploaded on the website of the Company at <a href="http://www.mphasis.com/CorporateGovernance.html">http://www.mphasis.com/CorporateGovernance.html</a>, Investors are encouraged to visit the website of the Company to access such documents:

- 1. Quarterly shareholding pattern;
- 2. Disclosures of voting results;
- 3. Letters of re-appointment of Independent Directors;
- 4. Mphasis Related Party Policy;
- 5. Corporate Social Responsibility Policy;
- 6. Policy on Board diversity;
- 7. Policy on material subsidiaries;
- 8. Code of Conduct for prevention of Insider Trading;
- 9. Code of Conduct for directors and employees of the Company;
- 10. Employees responsible for statutory compliance;
- 11. Process of familiarization program for directors;
- 12. Remuneration Policy for executives and directors;
- 13. Correspondence with Stock Exchanges;
- 14. Dividend Distribution Policy;
- 15. Document Retention and Archival Policy; and
- 16. Policy for fair disclosure of UPSI.

### VI. INTERNAL CONTROLS

The Company has adequate internal control systems in place and also has reasonable assurance on authorizing, recording and reporting transactions of its operations in all material respects and in providing protection and safeguard against misuse or loss of assets of the Company. The Company has in place, well documented procedures covering critical financial and operational functions commensurate with the size and complexities of the organization.

Some of the salient features of the internal control system in place are:-

- 1. Adhering to the applicable Accounting Standards and Policies.
- 2. ERP system connecting all offices enabling seamless data and information flow. This is constantly reviewed to enhance the internal control check points.
- 3. Preparation of annual budget for operation and service functions and monitoring the same with actual performance at regular intervals.
- 4. All assets are properly recorded and procedures have been put in place to safeguard against any loss or unauthorized use or disposal.
- 5. Internal audit is carried based on the Audit universe coverage and Internal Audit Plan approved by the Audit Committee.
- 6. The observations arising out of internal audits are periodically reviewed at the Audit Committee meetings along with follow up action.
- 7. Quarterly presentations are made to the Audit Committee on enterprise risks faced by the Company and action plan of the Company to mitigate the same.



In addition, the Company uses the services of an external firm to periodically review various aspects of the internal control system to ensure that such controls are operating in the way expected and whether any modification is required.

The Internal Audit function develops an audit plan for the Company, which includes a mix of financial, operational, compliance and IT areas. The audit coverage includes corporate, core business operations, as well as support functions. The annual internal audit plan is approved by the Audit Committee and is followed for Internal Audits by the external firm. The audit reports and recommended management actions are presented to the Audit Committee on a quarterly basis. The status of the management actions are followed by the Internal Audit function and the progress of the implementation of the action is reported to the Audit Committee on a quarterly basis.

The Company's internal financial controls are deployed through an internally evolved framework that addresses material risks in your Company's operations and financial reporting objectives, through a combination of entity level controls (including Enterprise Risk Management, Legal Compliance Framework and Anti-fraud Mechanisms such as Ethics Framework, Code of Conduct, Whistle Blower Policy, etc.), process controls (both manual and automated), information technology based controls, period end financial reporting and closing controls and through internal audit.

#### VII. MEANS OF COMMUNICATION

The Board of Directors of the Company approves and takes on record the audited financial quarterly results and the results are announced to all the Stock Exchanges where the shares of the Company are listed and also to various news agencies pan India. Further, the quarterly and annual audited financial results are also published in leading newspapers within 48 hours of the conclusion of the meetings of the Board in which they are taken on record. Generally, the quarterly results are published in various editions of The Business Standard and Samyukta Karnataka-Kannada. The quarterly and annual results are hosted on the Company's website <a href="https://www.mphasis.com">www.mphasis.com</a>. The website also contains a copy of presentations on the financial results of the Company. The Company's website has in it a separate page for investor's relations, wherein the financial results, shareholding pattern, share price information are hosted for the knowledge of the Investors.

In addition to the above, the Company participates in the earnings call with various Investors, Analysts and Broking Houses. The transcripts of the earnings call are hosted on the website of the Company for the information of the other Investors as required under the provisions of the Listing Regulations.

Press briefings are held after important occasion viz., announcement of quarterly results, acquisition of new entity etc. The press releases issued from time to time are informed to the Stock Exchanges where the equity shares of the Company are listed and are also hosted on the Company's website.

In line with the circulars of the Ministry of Corporate Affairs (MCA) on 'Green Initiative' allowing paperless compliances by companies, the Company serves documents like Notices, Annual Reports and other statutory communications to its shareholders through e-mail at the registered e-mail addresses. The physical copies of the Annual Report for such shareholders are sent upon request. Members are requested to note that documents sent through the electronic mode will also be available on the Company's website – <a href="https://www.mphasis.com">www.mphasis.com</a>. The Company would like to urge the shareholders to support this initiative of the MCA and contribute towards a greater sustainability by registering their e-mail addresses, if not already registered.

The Financial Results of the Company, shareholding pattern and the Corporate Governance Report filed with the National Stock Exchange of India Limited (NSE) and BSE Limited (BSE) under the Listing Regulations are also uploaded in NSE Electronic Application Processing System (NEAPS) and BSE Listing Centre respectively.

#### VIII. GENERAL SHAREHOLDERS INFORMATION

# (a) Details of the AGM

Date

26 July 2017

Time

10.30 AM

Venue

The Chancery Pavilion Hotel, No. 135, Residency Road, Bengaluru – 560 035.



#### Procedure at the Annual General Meeting (AGM)

#### **ATTENDANCE**

Every member shall have a right to attend and speak at the Annual General Meeting. A member can vote at the Annual General Meeting provided he/she has not voted through e-voting. A person is considered to be a member of the Company if his/her name appears on the Register of Members or a beneficiary holder in the books of National Securities Depositories Limited or the Central Depository Services (India) Limited.

#### If you intend coming to the meeting:

If you intend coming to the meeting in person, please do complete and bring the Attendance Slip and the copy of your Annual Report. Copies of the Annual Report will not be distributed at the meeting. Kindly note that every joint shareholder can attend and speak at the meeting.

If you do not intend coming in person but would like to appoint someone to act on your behalf:

If you do not wish or are unable to attend the meeting, your vote is still important. We would urge you, regardless of the number of shares you own, to appoint someone to act on your behalf and to vote at the Annual General Meeting. The person so appointed by you is known as a proxy. In case you have voted on the resolutions through e-voting, the proxy can only attend the Annual General Meeting. In case you wish to appoint a proxy, we call upon you to complete, sign and return the accompanying proxy form. However, it may be noted that appointment of a proxy will not preclude yourself from attending the meeting in person. In case you attend the meeting after appointing a proxy, then the proxy shall be deemed to have been revoked.

The accompanying proxy appointment form enables you to appoint person of your choice to act as a proxy on your behalf. However, such person should be capable of entering into contract.

Before completing the form please read the following explanatory notes.

- A single proxy cannot represent more than 50 persons and represent for more than 10% of the voting rights of the Company. We urge you to ensure compliance with this before appointment of the proxy so that the proxy is valid and can be accepted.
- You may appoint more than one proxy. However, only one proxy may attend the meeting. Please date, sign and affix a revenue stamp of ₹ 1/- on the proxy form. In case of joint holders any one of the holders can sign.
- Where the person appointing the proxy is a corporation, the form must be either under its common seal or under the hand of a
  duly authorized officer or attorney and the appropriate power of attorney or other authority must be lodged along with the proxy
  form.
- The proxy to be valid, the proxy form together with any authority must be received at the Registered Office of the Company not later than 10:30 am on 24th day of July 2017.

#### Attendance Slips

The Members and Proxies are requested to bring their attendance slips sent herewith duly completed in all respects. The persons representing the Body Corporate should additionally produce necessary authority executed by the Body Corporate in their favour along with the attendance slip.

#### **VOTING**

Company has made available two modes of voting, viz remote e-voting and physical voting at the Annual General Meeting, to ensure wider participation of members. Members are requested to use any one of the above modes to cast their vote.

Please read the following instructions carefully in relation to voting:

#### Remote e-voting:

Pursuant to provisions of Companies Act, 2013, the Company is pleased to provide members, facility to exercise their right to vote at the 26th Annual General Meeting (AGM) by electronic means and the businesses of the meeting shall be transacted through remote e-voting Services provided by National Securities Depository Limited (NSDL). The Company has approached NSDL for providing remote e-voting services.



The shareholders may cast their vote electronically during the period when the remote e-voting is open. The remote e-voting module shall be disabled for voting thereafter. The shareholder shall not be allowed to change his e-vote once a vote on a resolution is cast by the shareholder in the e-voting module. The voting rights of Shareholders shall be in proportion to their shares of the paid up equity share capital of the Company as on Thursday, 20 July 2017.

- 1. The process and manner for remote e-voting are as under:
  - a) In case a Member receives an e-mail from NSDL [for members whose e-mail IDs are registered with the Company/ Depository Participants(s)]:
    - (i) Open e-mail and open PDF file viz; "remote e-voting.pdf" with your Client ID or Folio No. as the password. The said PDF file contains your user ID and password/PIN for remote e-voting. Please note that the password is an initial password.
    - (ii) Launch internet browser by typing the following URL: https://www.evoting.nsdl.com/
    - (iii) Click on Shareholder Login
    - (iv) Put user ID and password as initial password/PIN noted in step (i) above. Click Login.
    - (v) Password change menu appears. Change the password/PIN with new password of your choice with minimum 8 digits/ characters or combination thereof. Note the new password. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
    - (vi) Home page of remote e-voting opens. Click on remote e-voting: Active Voting Cycles.
    - (vii) Select "EVEN" of "Mphasis Limited".
    - (viii) Now you are ready for remote e-voting as "Cast Vote" page opens.
    - (ix) Cast your vote by selecting appropriate option and click on "Submit" and also "Confirm" when prompted.
    - (x) Upon confirmation, the message "Vote cast successfully" will be displayed.
    - (xi) Once you have voted on the resolution, you will not be allowed to modify your vote.
    - (xii) Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer, Mr. S P Nagarajan through e-mail to <a href="mailto:cs@nagarajansp818.com">cs@nagarajansp818.com</a> with a copy marked to <a href="mailto:evoting@nsdl.co.in">evoting@nsdl.co.in</a>
  - b) In case a member receives physical copy of the Notice of the AGM [for members whose email IDs are not registered with the Company/Depository Participants(s) or requesting physical copy]:
    - (i) Initial password is provided as below in the Attendance Slip:

EVEN (Remote e-voting Event Number)

USER ID

PASSWORD/PIN

- (ii) Please follow all steps from SI. No. (ii) to SI. No. (xii) above, to cast vote.
- In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Members and remote e-voting user manual for Members available at the downloads section of <u>www.evoting.nsdl.com</u> or call on toll free no.: 1800-222-990.
- 3. If you are already registered with NSDL for remote e-voting then you can use your existing user ID and password/PIN for casting your vote.
- 4. You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).
- 5. The voting rights of members shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date of Thursday, 20 July 2017.
- 6. Any person, who acquires shares of the Company and becomes member of the Company after dispatch of the notice and holding shares as of the cut-off date i.e. Thursday, 20 July 2017, such member may obtain the login ID and password by sending a request at <a href="mailto:evoting@nsdl.co.in">evoting@nsdl.co.in</a> or <a href="mailto:gir@integratedindia.in">gir@integratedindia.in</a> (RTA).
  - However, if you are already registered with NSDL for remote e-voting then you can use your existing user ID and password for casting your vote. If you forgot your password, you can reset your password by using "Forgot User Details/Password" option available on <a href="https://www.evoting.nsdl.com">www.evoting.nsdl.com</a> or contact NSDL at the following toll free No.: 1800-222-990.
- 7. A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of remote e-voting as well as voting at the AGM through physical ballot.



#### Voting at the Annual General Meeting through physical ballot:

The facility for voting through a physical ballot shall be made available at the Annual General Meeting and the members attending the meeting, who have not cast their vote by remote e-voting, shall only, be able to exercise their right to vote at the meeting through physical ballot.

For the purpose of voting, scrutinizer/volunteers would distribute the ballot papers to all those members who are present at the Annual General Meeting and who have not cast their votes by availing the remote e-voting.

Please complete the same as per the instructions contained in ballot paper and drop it in the ballot boxes kept for the purpose. Valid Proxies can also participate in the poll and cast their ballots.

#### PROCEEDINGS AT THE MEETING

The Chairman shall after discussion on all the items of business placed before the members order a physical ballot to be taken to the shareholders who have not voted through e-voting. The eligible shareholders may cast their votes thereafter. The scrutinizer shall, immediately after the conclusion of voting at the Annual General Meeting, first count the votes cast at the meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the company and make a consolidated scrutinizer's report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing not later than forty eight hours of conclusion of the meeting.

#### SCHEDULE OF EVENTS FOR VOTING AND DECLARATION OF VOTING RESULTS

Events	Planned dates (Tentative)
Dispatch of Annual Report	By 1 July 2017
Advertisement regarding dispatch of notices and public notice regarding e-voting in English and Kannada language	By 1 July 2017
Cut-off date for remote e-voting	20 July 2017
Commencement of remote e-voting	22 July 2017 at 9.00 am
Closing of the e-voting	25 July 2017 at 5.00 pm
Physical Voting at AGM	26 July 2017
Declaration of results of voting	By 28 July 2017

#### **VOTING RESULTS:**

The results declared along with the report of the Scrutinizer shall be placed on the website of the Company, <a href="www.mphasis.com">www.mphasis.com</a> and on the website of NSDL (<a href="www.evoting.nsdl.com">www.evoting.nsdl.com</a>) immediately after the declaration of the results by the Chairman or a person authorized by him in writing. The results shall also be immediately forwarded to the stock exchanges where the shares of the Company are listed. The results shall also be displayed on the notice board of the Company at the registered office and at the corporate office.

#### (b) Financial Calendar

Financial Year	1 April 2016 to 31 March 2017
Results Announced	25 May 2017
Book Closure Dates	15 July 2017 to 26 July 2017 (both days inclusive)
Posting of Annual Reports	By 1 July 2017
Annual General Meeting	26 July 2017
Dividend Payment Date	On or before 25 August 2017



## (c) Listing

Equity shares of the Company are listed and traded on the following Stock Exchanges:

Exchange	Address	Scrip Code
BSE Limited	Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai 400 001. Telephone: 022-22721233/34, Fax No.: 022-22721062	526299
The National Stock Exchange of India Limited	Exchange Plaza, Plot No. C/1, G Block, Bandra- Kurla Complex, Bandra (E) Mumbai - 400 051. Telephone: 022-26598100-8114. Fax Nos. 022-26598237-38	MPHASIS
Metropolitan Stock Exchange of India Limited (MSEI)*	Vibgyor Towers, 4th floor, Plot No.C 62, G-Block, Opp. Trident Hotel, Bandra Kurla Complex, Bandra (E), Mumbai-400 098, India. Telephone: 022-6112 9000, Fax No.022-2654 4000	MPHASIS

<sup>\*</sup> Traded as permitted security on the Exchange.

The Company has paid the listing fees for the year ending 31 March 2018.

#### (d) Dematerialization of Equity Shares

The Equity Shares of the Company are admitted in the following depositories of the country under the International Securities Identification Number (ISIN) INE356A01018. This number is required to be quoted in each transaction relating to the dematerialized equity shares of the Company.

Name of the Depository	Address
National Securities Depository Limited	Trade World, A wing, 4th & 5th Floors, Kamala Mills Compound, Senapathi Bapat Marg, Lower Parel, Mumbai - 400 013.
Central Depository Services (India) Limited	Phiroze Jeejeebhoy Towers, 17th Floor, Dalal Street, Mumbai - 400 001

The Company has paid the custodial charges to the respective depository participant for the year ending 31 March 2018.

The Securities and Exchange Board of India has specified that the shares of the Company would be traded only in demat form effective 29 November 1999. Considering the benefits embedded in holding shares in electronic form, it is recommended that the shares be held in the dematerialized form. As on 31 March 2017, 99.28% shareholders held 99.94% of shares in demat form.

## (e) Corporate Identity Number

The Corporate Identity Number (CIN), allotted by the Ministry of Corporate Affairs, Government of India, is L30007KA1992PLC025294 and the Company's Registration Number is 25294.

The Company's Master Data and details of the compliance filings by the Company with the Ministry of Corporate Affairs, Government of India, may be viewed by the members and other stakeholders at <a href="www.mca.gov.in">www.mca.gov.in</a> (MCA21eServices) using the above mentioned CIN.

#### (f) Permanent Account Number

The Securities Exchange Board of India (SEBI) vide its circulars has made the Permanent Account Number (PAN) as the sole identification number for all participants transacting in the securities market, irrespective the amount of the transaction and further had directed that for securities market transactions and off market transactions involving transfer of shares of listed companies in physical form, it shall be mandatory for the transferee(s) to furnish a copy of the PAN card to the Company/RTA, as the case may be for registration of transfer of shares. SEBI has also clarified that it shall be mandatory to furnish a copy of PAN in the following cases –

- i) Deletion of names of the deceased shareholder(s), where the shares are held in the name of two or more shareholders.
- ii) Transmission of shares to the legal heir(s), where deceased shareholder(s) was the sole holder(s) of shares.
- iii) Transposition of shares when there is a change in the order of names in which physical shares are held jointly in the names of two or more shareholders.

In case of mismatch in PAN card details as well as difference in maiden name and current name (in case of married women) of the investors, the PAN card as submitted by the transferee(s) can be provided by furnishing sufficient evidence in support of the identity of the transferee like passport, Voter Card ID, Driving License, Photo Identity cards issued by Statutory Bodies/ Banks/ Public Sector Undertakings etc.



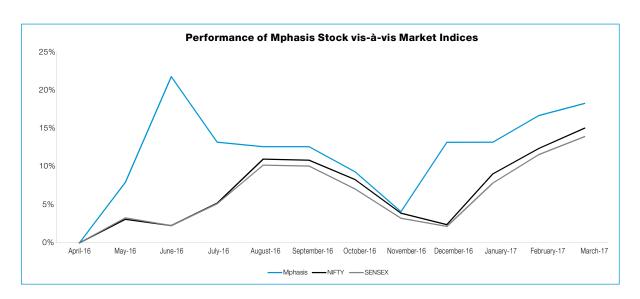
## (g) Market Quotation

The month wise high low and closing prices and the volume of shares of the Company traded for the period 1 April 2016 to 31 March 2017 on The National Stock Exchange of India Limited (NSE) and BSE Limited (BSE) are given below:

	-	N	ISE			В	SE	
Month	High	Low	Close	Volume for the month	High	Low	Close	Volume for the month
	(₹)	(₹)	(₹)	(Shares)	(₹)	(₹)	(₹)	(Shares)
Apr-16	512	451	489	5,721,185	510	450	489	619,610
May-16	553	458	524	4,512,182	552	457	521	425,584
Jun-16	624	515	573	4,828,694	622	511	572	527,781
Jul-16	580	518	541	1,794,649	581	524	540	217,087
Aug-16	577	517	567	2,577,891	576	517	567	441,971
Sep-16	577	501	520	2,420,884	577	502	521	178,605
Oct-16	560	501	513	1,666,889	560	502	512	179,862
Nov-16	533	465	527	3,106,844	533	425	524	672,154
Dec-16	580	506	565	2,181,160	579	508	566	186,418
Jan-17	580	516	559	2,054,188	579	517	560	227,422
Feb-17	598	558	595	4,434,406	597	559	595	280,311
Mar-17	606	565	580	3,176,138	606	565	578	292,870

Note: The prices have been rounded off to the nearest rupee

Based on the closing quotation of ₹ 579.90 per share as at 31 March 2017 in the NSE, the market capitalization of the Company is ₹ 122 billion (as at 31 March 2016, ₹103 Billion), representing a growth of 18.45% of market capitalization as at 31 March 2017.





## (h) Members' Profile

The shareholding pattern of the members of the Company as on 31 March 2017 is as follows :

Category	Total No. of shareholders	Shares held in Demat	Shares held in Physical	Total No. of shares	% to total capital
Promoter	1	127,108,444	-	127,108,444	60.41
Foreign Institutional Investors	21	2,161,218	3,200	2,164,418	1.03
Foreign Portfolio Investors	210	40,737,560	-	40,737,560	19.36
Financial Institutions and Banks	22	7,288,467	-	7,288,467	3.46
Mutual Funds	66	13,431,743	1,600	13,433,343	6.38
Bodies Corporate	547	10,368,167	1,000	10,369,167	4.93
Non Resident Indians	708	1,709,330	-	1,709,330	0.81
Resident Indians	32,556	7,415,081	125,205	7,540,286	3.58
Others:					
- Trust	6	5,200	-	5,200	0.00
- Clearing Members	108	60,865	-	60,865	0.03
Total	34,245	210,286,075	131,005	210,417,080	100.00

# (i) Distribution of Shareholding as on 31 March 2017

0-4	Share	eholders	Share	es held
Category	Number	Percentage	Number	Percentage
Upto 500	32,245	94.16	3,896,649	1.85
501 - 1000	854	2.49	667,248	0.32
1001 - 2000	395	1.15	599,139	0.28
2001 - 3000	160	0.47	406,960	0.19
3001 - 4000	84	0.25	305,882	0.15
4001 - 5000	66	0.19	307,431	0.15
5001 - 10000	127	0.37	926,885	0.44
10001 & above	314	0.92	203,306,886	96.62
Total	34,245	100.00	210,417,080	100.00

# (j) Details regarding the shares in the Unclaimed Suspense Account:

SI. No.	Particulars	No. of shareholders	No. of Shares
1	Aggregate number of shareholders and the outstanding shares lying in the unclaimed suspense account at the beginning of the year	39	18,150
2	Number of shareholders who approached for transfer of shares from the unclaimed suspense account during the year	-	-
3	Aggregate number of shareholders and the outstanding shares lying in the unclaimed suspense account at the end of the year	39	18,150

The voting rights on the shares outstanding in the suspense account as on 31 March 2017 shall remain frozen till the rightful owner of such shares claims the shares.

1010101010101010101010



#### (k) Address for Communication

### **Company Contact**

Mr. A Sivaram Nair, Executive Vice President,

Company Secretary, General Counsel & Ethics Officer,

Mphasis Limited,

Bagmane World Technology Center,

Marathalli Outer Ring Road,

Doddanakhundi Village, Mahadevapura,

Bengaluru - 560 048, India Phone: +91 (080) 6750 1000 Fax: +91 (080) 6695 9943

#### **RTA Contact**

Integrated Registry Management Services Private Limited

(Unit: Mphasis Limited)

30, Ramana Residency, 4th Cross

Sampige Road, Malleswaram,

Bengaluru - 560 003

Phone: +91 (080) 2346 0815-818

Fax: +91 (080) 2346 0819

For and on behalf of the Board of Directors

Bengaluru 25 May 2017 Davinder Singh Brar Chairman

# **Compliance Certificate on Corporate Governance**

To,

The Members of Mphasis Limited

I have examined the compliance of the conditions of Corporate Governance by Mphasis Limited ('the Company') for the financial year ended on 31 March 2017, as stipulated under the provisions of Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The compliance of conditions of Corporate Governance is the responsibility of the Company's management. My examination was carried out in accordance with the Guidance Note on certification of Corporate Governance (as stipulated in SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015), issued by The Institute of Company Secretaries of India (ICSI) and was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliances of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of Company.

Based on the information, explanations given to me and according to my examination of the relevant records, the representations and all material disclosures made by the Directors and the Management, the Company has complied in all material respects, with the conditions of Corporate Governance as stipulated under the provisions of Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. It is further stated that no investor grievance is pending for the said financial year as per the records of the Company.

I further state that such compliance is neither an assurance as to future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

#### S. P. NAGARAJAN COMPANY SECRETARY

ACS : 10028 CP No. : 4738

Date: 25 May 2017 Place: Bangalore



To the Members of Mphasis Limited

#### Report on the Standalone Ind AS Financial Statements

We have audited the accompanying standalone Ind AS financial statements of Mphasis Limited ("the Company"), which comprise the Balance Sheet as at 31 March 2017, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended and a summary of significant accounting policies and other explanatory information.

#### Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial control that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS 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 standalone Ind AS financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit of the standalone Ind AS financial statements in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. 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 standalone Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone Ind AS financial statements that give a true and fair view 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 the Company's Directors, as well as evaluating the overall presentation of the standalone Ind AS financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.

#### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the standalone Ind AS 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, of the state of affairs of the Company as at 31 March 2017, its profit including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

#### Report on Other Legal and Regulatory Requirements

- 1. As required by the Companies (Auditor's report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure 1" a statement on the matters specified in paragraphs 3 and 4 of the Order.
- 2. As required by section 143 (3) of the Act, we report that:
- (A) We have sought and 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 it appears from our examination of those books:
- (C) The Balance Sheet, Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;



- (D) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the Companies (Indian Accounting Standards) Rules, 2015, as amended;
- (E) On the basis of written representations received from the directors as on 31 March 2017, and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2017, from being appointed as a director in terms of section 164 (2) of the Act;
- (F) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;
- (G) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - i. The Company has disclosed the impact of pending litigations on its financial position in its standalone Ind AS financial statements Refer Note 36 to the standalone Ind AS financial statements;
  - ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts Refer Note 21 to the standalone Ind AS financial statements;
  - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company; and
  - iv. The Company has provided requisite disclosures in Note 13 to these standalone Ind AS financial statements as to the holding of Specified Bank Notes on 8 November 2016 and 30 December 2016 as well as dealings in Specified Bank Notes during the period from 8 November 2016 to 30 December 2016. Based on our audit procedures and relying on the management representation regarding the holding and nature of cash transactions, including Specified Bank Notes, we report that these disclosures are in accordance with the books of accounts maintained by the Company and as produced to us by the Management.

For S.R. Batliboi & Associates LLP Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004

per Adarsh Ranka Partner

Membership Number: 209567

Place: Bengaluru
Date: 25 May 2017



Annexure 1 referred to in paragraph 1 under the heading "Report on Other Legal and Regulatory Requirements" of our report of even date.

Re: Mphasis 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) According to the information and explanations given by the management, there are no immovable properties, included in property, plant and equipment/ fixed assets of the company and accordingly, the requirements under paragraph 3(i)(c) of the Order are not applicable to the Company.
- (ii) The management has conducted physical verification of inventory at reasonable intervals during the year and no material discrepancies were noticed on such physical verification.
- (iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Act. Accordingly, the provisions of clause 3(iii)(a), (b) and (c) 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, provisions of section 185 and 186 of the Companies Act 2013 in respect of loans to directors including entities in which they are interested and in respect of loans and advances given, investments made and, guarantees, and securities given have been complied with by the Company.
- (v) The Company has not accepted any deposits from the public.
- (vi) To the best of our knowledge and as explained, the Central Government has not specified the maintenance of cost records under section 148(1) of the Act, for the products/ services of the Company.
- (vii) (a) The Company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues applicable to it. With regard to service tax dues, we also draw reference to note 10 to the financial statements.
  - (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, 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 records of the Company, the dues outstanding of income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax and cess on account of any dispute, are as follows:

(₹ in million)

Name of the Statute	Nature of Dues	Amount disputed (excluding penalty and interest)	Amount paid/ refund adjusted under protest	Bank guarantee provided under protest	Period to which the amount relates (financial year)	Forum where dispute is Pending
Income Tax Act, 1961	Adjustment	1,712.65	107.47	-	2012-13	CIT (Appeals)
	for transfer	343.12	224.79	-	2011-12	CIT (Appeals)
	pricing and other disallowances	563.35	563.35	-	2010-11	CIT (Appeals)
other disallowances	Other disallowarices	1,134.51	1,033.48	-	2009-10	ITAT
	5,072.86	974.25	-	2008-09	CIT (Appeals)	
		268.74	268.74	-	2007-08	ITAT
		774.09	526.40	-	2006-07	ITAT
		324.56	113.76	-	2004-05	ITAT
		4.64	-	-	2003-04	Karnataka High Court
	Non-deduction	491.02	20.00	455.19	2014-15	CIT(Appeals)
of TDS	of TDS	of TDS 1,552.38	90.00	1,365.62	2012-13 to 2013-14	CIT(Appeals)
		3.37	-	-	1999-00 to 2001-02	Supreme Court
		5,363.73	366.96	4,841.14	2005-06 to 2011-12	ITAT



(₹ in million)

Name of the Statute	Nature of Dues	Amount disputed (excluding penalty and interest)	Amount paid/ refund adjusted under protest	Bank guarantee provided under protest	Period to which the amount relates (financial year)	Forum where dispute is Pending
	Disallowances	1.56	-	-	2008-09	CIT(Appeals)
	under section	4.61	4.61	-	2005-06	Supreme court
	10A	85.20	-	-	2002-03	Supreme court
		121.43	10.00	-	2001-02	Supreme court
		0.17	-	-	2000-01	Supreme court
		169.19	-	-	2003-04	Supreme court
Finance Act, 1994	Service tax	21.92	7.30	-	2005-2007	CESTAT, Karnataka
		143.67	10.78	-	Dec-10 to Mar-11	CESTAT, Karnataka
		20.80	2.06	-	Oct-11 To Mar-15	Commissioner (Appeals),Karnataka
		2.04	-	-	2013-14 & 2014-15	Commissioner (Appeals),Karnataka
		109.41	6.67	-	2005-06 to 2008-09	CESTAT, Karnataka
		2.60	0.19	-	Oct-06 to Sep-11	CESTAT, Karnataka

- (viii) In our opinion and according to the information and explanations given by the management, the Company has not defaulted in repayment of loans or borrowing to financial institution, bank, government or dues to debenture holders.
- (ix) According to the information and explanations given by the management, the Company has not raised any money by way of initial public offer/ further public offer/ debt instruments and term loans hence, reporting under clause (ix) is not applicable to the Company and hence not commented upon.
- (x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud by the company or no fraud on the company by the officers and employees of the Company has been noticed or reported during the year.
- (xi) According to the information and explanations given by the management, the managerial remuneration has been paid/ provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.
- (xii) In our opinion, the Company is not a nidhi company. Therefore, the provisions of clause 3(xii) of the Order are not applicable to the Company and hence not commented upon.
- (xiii) According to the information and explanations given by the management, transactions with the related parties are in compliance with section 177 and 188 of Act where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.
- (xiv) According to the information and explanations given to us and on an overall examination of the balance sheet, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence, reporting requirements under clause 3(xiv) are not applicable to the company and not commented upon.
- (xv) According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in section 192 of the Act
- (xvi) According to the information and explanations given to us, the provisions of section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

For S.R. Batliboi & Associates LLP Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004

per Adarsh Ranka Partner

Membership Number: 209567 Place of Signature : Bengaluru Date : 25 May 2017



Annexure 2 to the Independent Auditor's Report of even date on the standalone Ind AS financial statement of Mphasis Limited Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Mphasis Limited ("the Company") as of 31 March 2017 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

#### Management's Responsibility for Internal Financial Controls

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing as specified under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting.

#### Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

#### Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

## **Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For S.R. Batliboi & Associates LLP Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004

per Adarsh Ranka Partner

Membership Number: 209567

Place: Bengaluru Date: 25 May 2017



# STANDALONE FINANCIAL STATEMENTS STANDALONE BALANCE SHEET

				(₹ millions)
	Notes	31 March 2017	31 March 2016	1 April 2015
ASSETS				
Non-current assets				
Property, Plant and Equipment	3	628.54	434.23	565.46
Other Intangible assets	4	146.60	60.51	76.17
Intangible assets under development	5	2.00	10.91	10.46
Financial assets				
Investments	6	15,425.72	16,711.23	15,462.72
Trade receivables	7	31.32	40.41	53.82
Loans and advances	8	1,094.73	974.84	856.05
Other financial assets	9	109.32	109.17	0.10
Deferred tax assets (Net)	25	291.44	863.53	1,149.68
Income tax assets (Net)	25	3,540.58	2,781.36	2,398.88
Other non-current assets	10	1,962.64	2,513.27	2,536.02
Sub total		23,232.89	24,499.46	23,109.36
Current assets				
Inventories	11	-	40.99	-
Financial assets				
Investments	12	14,706.52	12,584.74	7,659.17
Trade receivables	7	7,075.76	5,012.88	4,774.30
Cash and cash equivalents	13.a	2,520.52	1,321.15	1,901.05
Bank balances other than cash and cash equivalents	13.b	-	3,635.19	8,650.84
Loans and advances	8	1,497.88	1,595.21	1,633.51
Other financial assets	9	3,011.32	2,916.74	2,544.88
Other current assets	10	1,707.06	1,686.62	1,433.77
Sub total		30,519.06	28,793.52	28,597.52
TOTAL ASSETS		53,751.95	53,292.98	51,706.88
EQUITY AND LIABILITIES		,	,	,
Equity				
Equity share capital	14	2,104.24	2,101.94	2,101.48
	14	2,104.24	2,101.94	2,101.40
Other equity				
Securities premium	15	1,654.10	1,572.36	1,556.84
General reserve	16	6,576.85	5,946.19	5,478.02
Retained earnings	17	35,455.23	34,910.97	34,901.49
Other reserves	18	1,162.84	509.06	405.97
Total equity		46,953.26	45,040.52	44,443.80
LIABILITIES				
Non-current liabilities				
Financial liabilities				
Other financial liabilities	19	10.73	11.30	26.04
Net employee defined benefit liabilities	20	536.05	605.47	535.35
Provisions	21	-	144.25	-
Sub total		546.78	761.02	561.39



# STANDALONE FINANCIAL STATEMENTS STANDALONE BALANCE SHEET

				(₹ millions)
	Notes	31 March 2017	31 March 2016	1 April 2015
Current liabilities				
Financial liabilities				
Borrowings	22	-	1,325.10	1,250.00
Trade payables	23	4,297.74	3,584.29	3,166.11
Other financial liabilities	19	536.80	1,356.72	1,372.88
Net employee defined benefit liabilities	20	435.96	316.19	188.28
Provisions	21	287.09	455.43	48.03
Other current liabilities	24	241.66	347.34	428.44
Income tax liabilities (Net)	25	452.66	106.37	247.95
Sub total		6,251.91	7,491.44	6,701.69
TOTAL EQUITY AND LIABILITIES		53,751.95	53,292.98	51,706.88

Summary of significant accounting policies

2

The accompanying notes are an integral part of the standalone financial statements. As per our report of even date.

#### For S.R. BATLIBOI & ASSOCIATES LLP

For and on behalf of the Board of Directors

Chartered Accountants

ICAI Firm registration number:101049W/E300004

per Adarsh Ranka Partner	Nitin Rakesh Chief Executive Officer	<b>Davinder Singh Brar</b> Chairman
Membership No. 209567		
	V. Suryanarayanan Executive Vice President & Chief Financial Officer	A. Sivaram Nair Executive Vice President, Company Secretary General Counsel & Ethics Officer
Bengaluru 25 May 2017	Bengaluru 25 May 2017	



# STANDALONE FINANCIAL STATEMENTS STANDALONE STATEMENT OF PROFIT AND LOSS

(₹ millions)

	Notes	Year ended 31 March 2017	Year ended 31 March 2016
Income			
Revenue from operations	26	30,185.54	29,236.44
Other income	27	1,865.83	1,581.93
Total Income (I)		32,051.37	30,818.37
Expenses			
Purchase of stock-in-trade	28	0.24	421.57
Changes in inventories of stock-in-trade	28.1	40.99	(40.99)
Employee benefits expense	29	13,564.99	13,901.84
Finance costs	30	24.01	64.27
Depreciation and amortization expense	31	263.78	287.61
Other expenses	32	9,845.85	9,691.84
Total expenses (II)		23,739.86	24,326.14
Profit before exceptional item and tax (III) [(I)-(II)]		8,311.51	6,492.23
Exceptional item (net of tax) (IV)	33	47.98	420.72
Profit before tax (III)-(IV)		8,263.53	6,071.51
Tax expenses	25		
Current tax		2,036.31	1,658.85
Deferred tax		(22.88)	(158.70)
Total tax expenses		2,013.43	1,500.15
Profit for the year before exceptional item		6,298.08	4,992.08
Profit for the year after exceptional item (A)		6,250.10	4,571.36



# STANDALONE FINANCIAL STATEMENTS STANDALONE STATEMENT OF PROFIT AND LOSS

(₹ in million)

	Notes	Year ended 31 March 2017	Year ended 31 March 2016
Other comprehensive income ('OCI')			
OCI to be reclassified to profit or loss in subsequent periods			
Net change in fair value of derivatives designated as cash flow hedges		727.76	107.07
Income tax effect on the above		(251.86)	(37.06)
Net OCI to be reclassified to profit or loss in subsequent period (B)		475.90	70.01
OCI not to be reclassified to profit or loss in subsequent periods			
Re-measurement gains / (losses) on defined benefit plans		(33.85)	(93.03)
Income tax effect on the above		11.72	32.20
Net OCI not to be reclassified to profit or loss in subsequent periods (C)		(22.13)	(60.83)
Total OCI for the year, net of tax (D) [B+C]		453.77	9.18
Total comprehensive income for the year (A+D)		6,703.87	4,580.54
Earnings per equity share before exceptional item (par value ₹ 10 per share)	34		
Basic (₹)		29.99	23.79
Diluted (₹)		29.94	23.75
Earnings per equity share after exceptional item (par value ₹ 10 per share)	34		
Basic (₹)		29.76	21.78
Diluted (₹)		29.71	21.75
	_		

Summary of significant accounting policies

2

The accompanying notes are an integral part of the standalone financial statements. As per our report of even date.

## For S.R. BATLIBOI & ASSOCIATES LLP

For and on behalf of the Board of Directors

Chartered Accountants

ICAI Firm registration number:101049W/E300004

per Adarsh Ranka	Nitin Rakesh	Davinder Singh Brar
Partner	Chief Executive Officer	Chairman

Membership No. 209567

V. Suryanarayanan

Executive Vice President & Executive Vice President, Company Secretary

Chief Financial Officer

General Counsel & Ethics Officer

Bengaluru Bengaluru 25 May 2017 25 May 2017



# STANDALONE FINANCIAL STATEMENTS STANDALONE STATEMENT OF CHANGES IN EQUITY

### a. Equity share capital

Equity shares of ₹ 10 each issued, subscribed and fully paid	No. in millions	₹ millions
As at 1 April 2016	210.19	2,101.94
Issue of share capital	0.23	2.30
As at 31 March 2017	210.42	2,104.24
As at 1 April 2015	210.14	2,101.48
Issue of share capital	0.05	0.46
As at 31 March 2016	210.19	2,101.94

b. Other equity (₹ millions)

								,
	1	Attributable to the equity holders of the Company						
			Reserves an	d surplus			Items of OCI	
	Securities Premium	General reserve	Retained earnings	Capital reserve	Share based payments	Treasury shares	Hedging reserve	Total
As at 1 April 2016	1,572.36	5,946.19	34,910.97	265.16	170.43	(158.29)	231.76	42,938.58
Profit for the year	-	-	6,250.10	-	-	-	-	6,250.10
Other Comprehensive Income	-	-	(22.13)	-	-	-	475.90	453.77
Equity dividend and DDT	-	-	(5,058.70)	-	-	-	-	(5,058.70)
General Reserve	-	625.01	(625.01)	-	-	-	-	-
Effect of share based payments	81.74	5.65	-	-	20.04	157.84	-	265.27
As at 31 March 2017	1,654.10	6,576.85	35,455.23	265.16	190.47	(0.45)	707.66	44,849.02
As at 1 April 2015	1,556.84	5,478.02	34,901.49	265.16	106.74	(127.68)	161.75	42,342.32
Profit for the year	-	-	4,571.36	-	-	-	-	4,571.36
Other Comprehensive Income	-	-	(60.83)	-	-	-	70.01	9.18
Equity dividend and DDT	-	-	(4,042.69)	-	-	-	-	(4,042.69)
General Reserve	-	458.36	(458.36)	-	-	-	-	-
Effect of share based payments	15.52	9.81	-	-	63.69	(30.61)	-	58.41
As at 31 March 2016	1,572.36	5,946.19	34,910.97	265.16	170.43	(158.29)	231.76	42,938.58

Summary of significant accounting policies. (Note 2)

As per our report of even date.

For S.R. BATLIBOI & ASSOCIATES LLP

For and on behalf of the Board of Directors

Chartered Accountants

ICAI Firm registration number:101049W/E300004

per Adarsh Ranka

Partner

Membership No. 209567

Nitin Rakesh

Chief Executive Officer

Chairman

V. Suryanarayanan

Executive Vice President & Chief Financial Officer

A. Sivaram Nair

Davinder Singh Brar

Executive Vice President, Company Secretary General Counsel & Ethics Officer

Bengaluru 25 May 2017 Bengaluru 25 May 2017



# STANDALONE FINANCIAL STATEMENTS STANDALONE STATEMENT OF CASH FLOWS

(₹ millions)

aromini /j					
	Year ended 31 March 2017	Year ended 31 March 2016			
Operating activities					
Profit before exceptional item and tax	8,311.51	6,492.23			
Adjustment to reconcile profit before tax to net cash flows:					
Depreciation of Property, Plant and Equipment	212.70	250.48			
Amortisation of intangible assets	51.25	65.75			
Amortisation of rent equalisation	487.03	(294.40)			
Profit on sale of Property, Plant and Equipment	(27.94)	(10.75)			
Fair value changes in financial instruments	(331.05)	105.45			
Amortised cost of deposits	(0.94)	2.48			
Share-based payment expense	27.73	55.34			
Provision for bad and doubtful debts	-	2.70			
Interest expense (excluding exchange difference considered as adjustment to borrowing cost)	16.26	17.28			
Interest income (excluding fair value changes)	(322.00)	(603.72)			
Dividend income	(135.04)	(448.85)			
Profit on sale of investments	(674.79)	(287.94)			
Purchase of treasury shares	-	(73.49)			
Receipts on exercise of options	49.77	36.91			
Effect of exchange rate changes loss	9.71	60.83			
Operating profit before working capital changes	7,674.20	5,370.30			
Working capital changes					
(Increase) / decrease in trade receivables	(1,984.53)	(227.87)			
(Increase) / decrease in loans and advances	196.06	20.68			
(Increase) / decrease in other financial assets	596.59	(301.22)			
(Increase) / decrease in inventories	40.99	(40.99)			
(Increase) / decrease in other assets	(44.12)	265.71			
Increase / (decrease) in trade payables	662.16	418.18			
Increase / (decrease) in other financial liabilities	(791.11)	(86.15)			
Increase / (decrease) in provisions and Net employee defined benefit liabilities	(257.36)	20.70			
Increase / (decrease) in other liabilities	(105.68)	(81.77)			
Total working capital changes	(1,687.00)	(12.73)			
Income tax paid (net of refunds)	(1,969.22)	(1,519.47)			
Net cash flow from operating activities before exceptional item	4,017.98	3,838.10			
Accelerated cost due to change in control	(13.95)				
Net cash flow from operating activities after exceptional item (A)	4,004.03	3,838.10			



# STANDALONE FINANCIAL STATEMENTS STANDALONE STATEMENT OF CASH FLOWS

(₹ millions)

		(₹ millions)
	Year ended 31 March 2017	Year ended 31 March 2016
Investing activities		
Purchase of Property, Plant and Equipment	(641.09)	(554.52)
Proceeds from sale of Property, Plant and Equipment	44.49	38.03
Purchase of investments	(176,163.68)	(118,709.69)
Sale of investments	176,432.70	113,166.91
Interest received	255.73	633.45
Dividends received	135.04	448.85
Re-investment of dividend	(99.46)	(448.81)
Investments in bank deposits	(74.93)	(3,736.58)
Redemption / maturity of bank deposits	3,709.97	8,643.15
Proceeds from sale of domestic BPO business	-	144.58
Net cash flow from / (used in) investing activities (B)	3,598.77	(374.63)
Financing activities		
Proceeds from issue of share capital	2.30	0.46
Proceeds of premium from issue of share capital	0.24	0.46
Repayment of unsecured loans	(2,216.47)	(3,929.33)
Availment of unsecured loans	881.66	3,943.60
Interest paid	(16.26)	(16.61)
Dividends paid (including tax on dividend)	(5,054.90)	(4,041.95)
Net cash flow used in financing activities (C)	(6,403.43)	(4,043.37)
Net increase/(decrease) in cash and cash equivalents (A+B+C)	1,199.37	(579.90)
Cash and cash equivalents at the beginning of the year	1,321.15	1,901.05
Cash and cash equivalents at the end of the year (refer note 13)	2,520.52	1,321.15

As per our report of even date.

# For S.R. BATLIBOI & ASSOCIATES LLP

Chartered Accountants

ICAI Firm registration number:101049W/E300004

# For and on behalf of the Board of Directors

per Adarsh Ranka

Partner

Membership No. 209567

Nitin Rakesh

Chief Executive Officer

Davinder Singh Brar

Chairman

V. Suryanarayanan

Executive Vice President & Chief Financial Officer

A. Sivaram Nair

Executive Vice President, Company Secretary

General Counsel & Ethics Officer

Bengaluru 25 May 2017 Bengaluru 25 May 2017



#### NOTES TO THE STANDALONE FINANCIAL STATEMENTS

#### 1. CORPORATE INFORMATION

Mphasis Limited is a public company domiciled in India and is incorporated under the provisions of the Companies Act applicable in India. The shares of the Company are listed on two recognised stock exchanges in India. The registered office of the Company is located in Bengaluru, India.

Mphasis Limited, a global, multicultural organisation headquartered in Bengaluru, India, specialises in providing a suite of application development and maintenance services, infrastructure outsourcing services and business & knowledge process outsourcing solutions to clients around the world.

The standalone financial statements for the year ended 31 March 2017 are approved by the Board of Directors on 25 May 2017.

The standalone financial statements comprise the financial statements of the Company and its controlled employee benefit trusts.

Mphasis Limited is the sponsoring entity of Employee Stock Option Plan ('ESOP') trusts. Management of the Company can appoint and remove the trustees and provide funding to the trust for buying the shares. Basis assessment by the management, it believes that the ESOP trusts are designed to be controlled by the Company as an extension arm of the Company.

#### List of Trusts that are consolidated

- Mphasis Employees Benefit Trust.
- Mphasis Employees Equity Reward Trust.

#### **Abbreviations**

Indian Accounting Standards - ('Ind AS')
Employee Stock Option Plan - ('ESOP')
Restricted Stock Units - ('RSU')
Other Comprehensive Income - ('OCI')
Fair Value Through Profit and Loss - ('FVTPL')
Fair Value Through Other Comprehensive Income - ('FVTOCI')
Dividend Distribution Tax ('DDT')

#### 2. SIGNIFICANT ACCOUNTING POLICIES

#### Basis of preparation

In accordance with the notification issued by the Ministry of Corporate Affairs, Mphasis Limited ('the Company') has adopted Indian Accounting Standards (referred to as "Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) amendment Rules 2016, as amended with effect from 1 April 2016. The standalone financial statements of the Company, have been prepared and presented in accordance with Ind AS. Previous year numbers in the standalone financial statements have been restated to Ind AS. In accordance with Ind AS 101 First-time Adoption of Indian Accounting Standards, the Company has presented a reconciliation from the presentation of standalone financial statements under Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 ("Previous GAAP") to Ind AS of Shareholders' equity as at 31 March 2016 and 1 April 2015 and of the comprehensive net income for the year ended 31 March 2016 (refer note 51 for reconciliations and effect of transitions).

The standalone financial statements have been prepared on the historical cost basis, except for following assets and liabilities which have been measured at fair values.

- Derivative financial instruments
- Certain financial assets measured at fair value (refer accounting policy regarding financial instruments).

In addition, the carrying values of recognised assets and liabilities designated as hedged items are fair value hedges that would otherwise be carried at amortised cost are adjusted to record changes in the fair values attributable to the risks that are being hedged in effective hedge relationships. The standalone financial statements are presented in INR ('₹') and all the values are rounded off to the nearest million (INR 000,000) except when otherwise indicated.

#### **Business Combinations**

The Company accounts for its business combinations under acquisition method of accounting. Acquisition related costs are recognised in the statement of profit and loss as incurred. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the condition for recognition are recognised at their fair values at the acquisition date.



Purchase consideration paid in excess of the fair value of net assets acquired is recognised as goodwill. Where the fair value of identifiable assets and liabilities exceed the cost of acquisition, after reassessing the fair values of the net assets and contingent liabilities, the excess is recognised as capital reserve.

Business combinations arising from transfers of interests in entities that are under the common control are accounted at pooling of interest method. The difference between any consideration given and the aggregate historical carrying amounts of assets and liabilities of the acquired entity are recorded in shareholders' equity.

#### Use of estimates, assumptions and judgements

The preparation of the standalone financial statements in conformity with Ind AS requires the management to make estimates, judgements and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities on the date of the standalone financial statements and the reported amounts of revenues and expenses for the year reported. Actual results could differ from those estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimates are revised and future periods are affected.

Key source of estimation of uncertainty as at the date of standalone financial statements, which may cause a material adjustment to the carrying amounts of assets and liabilities within the next financial year, is in respect of the following:

#### • Revenue Recognition

The Company uses the percentage-of-completion method in accounting for its fixed-price contracts. Use of the percentage-of completion method requires the Company to estimate the efforts or costs expended to date as a proportion of the total efforts or costs to be expended. Efforts or costs expended have been used to measure progress towards completion as there is a direct relationship between input and productivity. Provisions for estimated losses, if any, on uncompleted contracts are recorded in the period in which such losses become probable based on the expected contract estimates at the reporting date.

#### • Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a DCF model. The cash flows are derived from the budget for future years and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. These estimates are most relevant to other intangibles with indefinite useful lives recognized by the Company.

## Share-based payments

Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in note 18.

#### Taxes

The Company's major tax jurisdictions is in India. Significant judgments are involved in determining the provision for income taxes, tax credits including the amount expected to be paid or refunded. Also refer to Note 25.

Deferred tax assets are recognized for unused tax losses to the extent that it is probable that future taxable profit will be available against which the losses can be utilized. Significant management judgement is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

#### · Defined benefit plans

The cost of the defined benefit gratuity plan and other post-employment benefits and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. (refer note 42)



The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligation.

The mortality rate is based on publicly available mortality tables. These mortality tables tend to change only at interval in response to demographic changes. Future salary increases and gratuity increases are based on expected future inflation rates.

#### Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using internal valuation techniques. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

#### • Intangible assets under development

The Company capitalizes intangible asset under development for a project in accordance with the accounting policy. Initial capitalization of costs is based on management's judgement that technological and economic feasibility is confirmed, usually when a product development project has reached a defined milestone according to an established project management model. In determining the amounts to be capitalized, management makes assumptions regarding the expected future cash generation of the project, discount rates to be applied and the expected period of benefits.

#### Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment.

Sales tax/Value Added Tax (VAT)/Service Tax is not received by the Company on its own account. Rather, it is tax collected on value added to the commodity/service rendered by the seller on behalf of the government. Accordingly, it is excluded from revenue.

The Company derives its revenues primarily from software services & projects, call centre and business & knowledge process outsourcing operations, infrastructure outsourcing services, licensing arrangement, application services and trading of goods.

Revenues from software services & projects comprise income from time-and-material and fixed price contracts. Revenue from time and material contracts is recognized when the services are rendered in accordance with the terms of contracts with clients. Revenue from fixed price contracts is recognized using the percentage-of-completion method, calculated as the proportion of the cost of effort incurred up to the reporting date to estimated cost of total effort.

Revenues from call centre and business & knowledge process outsourcing operations arise from both time-based and unit-priced client contracts. Such revenue is recognized when the services are rendered in accordance with the terms of the contracts with clients.

Revenues from infrastructure outsourcing services arise from time based, unit-priced and fixed price contracts. Revenue from time based and unit-priced is recognized when the services are rendered in accordance with the terms of the contracts with clients. Revenue from fixed price contracts is recognized using the percentage-of-completion method, calculated as the proportion of the cost of effort incurred up to the reporting date to estimated cost of total effort.

License fee revenues are recognised when the general revenue recognition criteria is met. Revenue from bundled contracts is allocated separately for each element based on their fair values. Maintenance revenue is recognized rateable over the period of underlying maintenance agreements.

Revenue from sale of services is shown as net of applicable discounts and pricing incentives to customer.

Revenues from sale of goods is recognized on transfer of significant risks and rewards where it is probable that economic benefits will flow to the Company and there is neither continuing managerial involvement nor effective control over the goods sold.

Revenue is recognised only when evidence of an arrangement is obtained and the other criteria to support revenue recognition are met, including the price is fixed or determinable, services have been rendered, the cost incurred and cost to complete the transaction can be measured reliably and collectability of the resulting receivables is probable.



Provisions for estimated losses on incomplete contracts are recorded in the period in which such losses become probable based on the current contract estimates. Unbilled revenue represent revenues in excess of amounts billed to clients as at the balance sheet date. Unearned revenue represent billings in excess of revenues recognized.

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

Interest income is recognized as it accrues in the statement of profit and loss using effective interest rate method.

Dividend income is recognized when the right to receive the dividend is established.

#### Property, Plant and Equipment and Intangible assets

Property, plant and equipment are stated at the cost of acquisition or construction less accumulated depreciation and write down for, impairment if any. Direct costs are capitalised until the assets are ready to be put to use. When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. All other repair and maintenance costs are recognised in the statement of profit or loss as incurred. Property, plant and equipment purchased in foreign currency are recorded at cost, based on the exchange rate on the date of purchase.

The Company identifies and determines cost of each component/ part of Property, plant and equipment separately, if the component/ part has a cost which is significant to the total cost of the Property, plant and equipment and has useful life that is materially different from that of the remaining asset.

Intangible assets purchased or acquired in business combination, are measured at cost or fair value as of the date of acquisition, as applicable, less accumulated amortisation and accumulated impairment, if any. The amortization period and the amortization method are reviewed at least at each financial year end. Internally developed intangible assets are stated at cost that can be measured reliably during the development phase and capitalised when it is probable that future economic benefits that are attributable to the assets will flow to the Company.

Gains or losses arising from derecognition of Property, plant and equipment are measured as the difference between the net disposal proceeds and the carrying amount of Property, plant and equipment and are recognized in the statement of profit and loss when the Property, plant and equipment is derecognized.

Cost of assets not ready for use at the balance sheet date are disclosed under capital work-in-progress.

### **Depreciation and amortisation**

Depreciation on Property, plant and equipment is calculated on a straight-line basis using the rates arrived at, based on the useful lives estimated by the management. Intangible assets are amortised on a straight line basis over the estimated useful economic life. The useful lives estimated by the management are given below:

(In Years)

Asset	Useful life as per Companies Act, 2013	Useful life estimated by the management
Computer equipment	3	3
Furniture and Fixtures	10	5
Lease hold Improvements	Not Applicable	10 or remaining primary lease term whichever is less
Office equipment	5	5
Plant and equipment	15	7
Server and Networks	6	6
Purchased software / Internally developed for self-consumption	As per Ind AS 38	Useful life of the asset
Internally developed software for sale	As per Ind AS 38	Useful life of the asset
Vehicles	8	5

In respect of plant and equipment, furniture and fixtures and vehicles, the management basis internal assessment of usage pattern believes that the useful lives as mentioned above best represent the period over which management expects to use these assets. Hence the useful lives in respect of these assets are different from the useful lives as prescribed under Part C of Schedule II of the Companies Act 2013.



Project specific assets are depreciated over the period of contract or useful life of the asset, whichever is lower.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss when the asset is derecognised.

The residual values, useful lives and methods of depreciation of property, plant and equipment and intangible assets are reviewed at each financial year end and adjusted prospectively, if appropriate.

#### Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

Leases, where the lessor effectively retains substantially all the risks and benefits of ownership of the leased items, are classified as operating leases. Operating lease payments are recognised on a straight line basis over the lease term, unless the lease agreement explicitly states that increase is on account of inflation in the statement of profit and loss.

Leases under which the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Such assets acquired are capitalised at the fair value of the leased asset or the present value of the minimum lease payments at the inception of the lease, whichever is lower.

For arrangements entered into prior to 1 April 2015, the Company has determined whether the arrangement contain lease on the basis of facts and circumstances existing on the date of transition.

#### **Borrowing costs**

Borrowing cost includes interest, amortization of ancillary costs incurred in connection with the arrangement of borrowings and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur.

#### Impairment

## Financial assets (other than at fair value)

The Company assesses at each date of balance sheet whether a financial asset or a group of financial assets is impaired. Ind AS 109 ('Financial Instruments') requires expected credit losses to be measured through a loss allowance. The Company recognises lifetime expected losses for all contract assets and / or all trade receivables that do not constitute a financing transaction. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month expected credit losses or at an amount equal to the life time expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. The Company provides for impairment upon the occurrence of the triggering event. As per the policy, Company provides for impairment for trade receivables (other than intercompany receivables) outstanding more than 180 days from the date they are due for payment.

#### Non-financial assets

#### Tangible and intangible assets

Property, plant and equipment and intangible assets with finite life are evaluated for recoverability whenever there is any indication that their carrying amounts may not be recoverable. If any such indication exists, the recoverable amount (i.e. higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the cash generating unit (CGU) to which the asset belongs.

If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. An impairment loss is recognised in the statement of profit and loss.



#### Financial instruments

Financial assets and liabilities are recognised when the Company becomes a party to the contract that gives rise to financial assets and financial liabilities. Financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value measured on initial recognition of financial asset or financial liability.

#### Cash and cash equivalents

The Company considers all highly liquid financial instruments, which are readily convertible into known amounts of cash that are subject to an insignificant risk of change in value and having original maturities of three months or less from the date of purchase, to be cash equivalents. Cash and cash equivalents consist of balances with banks which are unrestricted for withdrawal and usage.

#### Financial assets at amortised cost

Financial assets are subsequently measured at amortised cost if these financial assets are held within a business whose objective is to hold these assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

#### Financial assets at fair value through other comprehensive income

Financial assets are measured at fair value through other comprehensive income if these financial assets are held within a business whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

#### Financial assets at fair value through profit or loss

Financial assets are measured at fair value through profit or loss unless it is measured at amortised cost or at fair value through other comprehensive income on initial recognition. The transaction costs directly attributable to the acquisition of financial assets at fair value through profit or loss are immediately recognised in statement of profit and loss.

#### Financial liabilities

Financial liabilities are subsequently carried at amortized cost using the effective interest method, except for contingent consideration recognized in a business combination which is subsequently measured at fair value through profit or loss. For trade and other payables maturing within one year from the balance sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

#### **Derivative financial instruments**

The Company holds derivative financial instruments such as foreign exchange forward contracts to mitigate the risk of changes in exchange rates on foreign currency exposures. The counterparty for these contracts is generally a bank.

#### Financial assets or financial liabilities, at fair value through statement of profit or loss.

This category has derivative financial assets or liabilities which are not designated as hedges.

Any derivative that is either not designated as a hedge, or is so designated but is ineffective as per Ind AS 109, is categorized as a financial asset or financial liability, at fair value through statement of profit and loss.

Derivatives not designated as hedges are recognized initially at fair value and attributable transaction costs are recognized in net profit in the statement of profit and loss when incurred. Any gains or losses arising from changes in the fair value of derivatives are taken directly to statement of profit and loss.

#### Cash flow hedge accounting

The Company designates certain foreign exchange forward contracts as cash flow hedges to mitigate the risk of foreign exchange exposure on highly probable forecast cash transactions. When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognized in other comprehensive income and accumulated in the cash flow hedging reserve. Any ineffective portion of changes in the fair value of the derivative is recognized immediately in the net profit in the statement of profit and loss. If the hedging instrument no longer meets the criteria for hedge accounting, then hedge accounting is discontinued prospectively. If the hedging instrument expires or is sold, terminated or exercised, the cumulative gain or loss on the hedging instrument recognized in cash flow hedging reserve until the forecasted transaction occurs. The cumulative gain or loss previously recognized in the cash flow hedging reserve is transferred to the net profit in the statement of profit and loss upon the occurrence of the related forecasted transaction. If the forecasted transaction is no longer expected to occur, then the amount accumulated in cash flow hedging reserve is reclassified to net profit in the statement of profit and loss.



#### De-recognition of financial instruments

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for derecognition under Ind AS 109. A financial liability (or a part of a financial liability) is derecognized when the obligation specified in the contract is discharged or cancelled or expires.

#### Fair value of financial instruments

In determining the fair value of its financial instruments, the Company uses following hierarchy and assumptions that are based on market conditions and risks existing at each reporting date.

#### Fair value hierarchy:

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

#### Retirement and other employee benefits

Gratuity, which is a defined benefit plan, is accrued based on an independent actuarial valuation, which is done based on project unit credit method as at the balance sheet date. The Company recognizes the net obligation of a defined benefit plan in its balance sheet as an asset or liability. Gains and losses through re-measurements of the net defined benefit liability/(asset) are recognized in other comprehensive income. In accordance with Ind AS, re-measurement gains and losses on defined benefit plans recognized in OCI are not to be subsequently reclassified to statement of profit and loss. As required under Ind AS compliant Schedule III, the Company transfers it immediately to retained earnings.

The cost of short term compensated absences are provided for based on estimates. Long term compensated absence costs are provided for based on actuarial valuation using the project unit credit method. 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.

Contributions payable to recognized provident funds, which are defined contribution schemes, are charged to the statement of profit and loss.

The Company has established a Provident Fund Trust to which contributions towards provident fund are made each month. The Provident Fund Trust guarantees a specified rate of return on such contributions on a periodical basis. This being a defined benefit plan, the Company accounts for it, based on actuarial valuation, as per Projected Unit Credit Method, as at the date of Balance Sheet.

### Share based payments

The Company measures compensation cost relating to share-based payments using the fair valuation method in accordance with Ind AS 102 ('Share-Based Payment'). Compensation expense is amortized over the vesting period of the option on a straight line basis. The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model (Black-Scholes valuation model). That cost is recognised, together with a corresponding increase in share-based payment (SBP) reserves in equity, over the period in which the performance and/or service conditions are fulfilled in employee benefits expense. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

## Foreign currencies

Foreign currency transactions are recorded at exchange rates prevailing on the date of the transaction. Foreign currency denominated monetary assets and liabilities are restated into the functional currency using exchange rates prevailing on the balance sheet date.



Gains and losses arising on settlement and restatement of foreign currency denominated monetary assets and liabilities are included in the statement of profit and loss.

The Company's financial statements are presented in INR. The Company determines the functional currency as INR on the basis of primary economic environment in which the entity operates.

#### Income taxes

Income tax expense comprises current tax expense and the net change in the deferred tax asset or liability during the year. Current and deferred tax are recognised in the statement of profit and loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity, respectively.

#### Current income tax

Current income tax for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities based on the taxable income for that period. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

#### Deferred income tax

Deferred income tax is recognised using the balance sheet approach, deferred tax is recognized on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes, except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

Deferred income tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Deferred income taxes are not provided on the undistributed earnings of branches where it is expected that the earnings of the branch will not be distributed in the foreseeable future.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Deferred tax assets include Minimum Alternative Tax ('MAT') paid in accordance with the tax laws in India, which is likely to give future economic benefits in the form of availability of set off against future income tax liability. Accordingly, MAT is recognized as deferred tax asset in the balance sheet when the asset can be measured reliably and it is probable that the future economic benefit associated with the asset will be realized.

#### Provisions and contingent liabilities

A provision is recognized when an enterprise has a present obligation (legal or constructive) as result of past event and it is probable that an outflow of embodying economic benefits of resources will be required to settle a reliably assessable obligation. Provisions are determined based on best estimate required to settle each obligation at each balance sheet date. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Provisions for onerous contracts, i.e. contracts where the expected unavoidable costs of meeting obligations under a contract exceed the economic benefits expected to be received, are recognized 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.

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the standalone financial statements.



#### Earnings per share

The basic earnings per share is computed by dividing the net profit attributable to equity shareholders for the period by the weighted average number of equity shares outstanding during the period. 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 could be issued on the conversion of all dilutive potential equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless they have been issued at a later date. The diluted potential equity shares have been arrived at, assuming that the proceeds receivable were based on shares having been 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 would, if issued, either reduce future earnings per share or increase loss per share, are included.

#### Inventories

Inventory comprises of traded goods and is measured at lower of cost and net realisable value. Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on a weighted average basis. Net realisable value is the estimated selling price in the ordinary course of business, less estimated cost necessary to make the sale.

#### Treasury shares

The Company has created an Employee Benefit Trust ('EBT') for providing share-based payment to its employees. The Company uses EBT as a vehicle for distributing shares to employees under the employee remuneration schemes. The EBT buys shares of the company from the market, for giving shares to employees. The Company treats EBT as its extension and shares held by EBT are treated as treasury shares.

Own equity instruments that are reacquired (treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognised in statement of profit and loss on the purchase, sale, issue or cancellation of the Company's own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognised in reserve. Share options exercised during the reporting period are adjusted against treasury shares.

#### Cash dividend to equity holders of the Company

The Company recognises a liability to make cash distributions to equity holders of the Company when the distribution is authorised and the distribution is no longer at the discretion of the Company. Final dividends on shares are recorded as a liability on the date of approval by the shareholders and interim dividends are recorded as a liability on the date of declaration by the Company's Board of Directors.

#### **Government Grants**

The Company recognizes government grants only when there is reasonable assurance that the conditions attached to them shall be complied with, and the grants will be received. Government grants related to assets are treated as deferred income and are recognized in net profit in the statement of profit and loss on a systematic and rational basis over the useful life of the asset. Government grants related to revenue are recognized on a systematic basis in net profit in the statement of profit and loss over the periods necessary to match them with the related costs which they are intended to compensate.

#### Reclassification of financial assets

The Company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. If the Company reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Company does not restate any previously recognized gains, losses (including impairment gains or losses) or interest.

#### Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the standalone balance sheet if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.



#### Current vs non-current classification

The Company presents assets and liabilities in the balance sheet based on current / non-current classification.

An asset is treated as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle.
- Held primarily for purpose of trading.
- Expected to be realised within twelve months after the reporting period.
- Cash and cash equivalents unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is treated as current when it is:

- It is expected to settle in the normal operating cycle.
- It is due to be settled within twelve months after the reporting date.
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current.

Advance tax paid is classified as non-current assets.

### 3. PROPERTY, PLANT AND EQUIPMENT

(₹ millions)

Plant and	Computer		Office	Furniture	Vehicles	Leasehold	Total
equipment	equipment	Networks	equipment	and fixtures		improvements	
68.96	131.88	156.53	33.85	23.59	66.50	84.15	565.46
11.14	108.70	79.61	15.38	4.40	26.75	0.15	246.13
(20.87)	(25.40)	(34.06)	(7.77)	(5.80)	(25.48)	(43.04)	(162.42)
59.23	215.18	202.08	41.46	22.19	67.77	41.26	649.17
23.22	277.43	99.23	23.53	10.16	28.08	31.17	492.82
(0.49)	(122.50)	(3.47)	(0.87)	(2.51)	(13.88)	-	(143.72)
81.96	370.11	297.84	64.12	29.84	81.97	72.43	998.27
-	-	-	-	-	-	-	-
14.90	72.87	74.17	11.10	10.63	21.34	44.02	249.03
(3.01)	(8.02)	(4.71)	(1.43)	(1.85)	(4.30)	(10.77)	(34.09)
11.89	64.85	69.46	9.67	8.78	17.04	33.25	214.94
15.06	97.76	44.19	13.62	8.52	18.38	15.17	212.70
(0.21)	(45.95)	(1.05)	(0.88)	(2.49)	(7.33)	-	(57.91)
26.74	116.66	112.60	22.41	14.81	28.09	48.42	369.73
47.34	150.33	132.62	31.79	13.41	50.73	8.01	434.23
55.22	253.45	185.24	41.71	15.03	53.88	24.01	628.54
68.96	131.88	156.53	33.85	23.59	66.50	84.15	565.46
	equipment  68.96 11.14 (20.87) 59.23 23.22 (0.49) 81.96  - 14.90 (3.01) 11.89 15.06 (0.21) 26.74  47.34 55.22	equipment         equipment           68.96         131.88           11.14         108.70           (20.87)         (25.40)           59.23         215.18           23.22         277.43           (0.49)         (122.50)           81.96         370.11           -         -           14.90         72.87           (3.01)         (8.02)           11.89         64.85           15.06         97.76           (0.21)         (45.95)           26.74         116.66           47.34         150.33           55.22         253.45	equipment         equipment         Networks           68.96         131.88         156.53           11.14         108.70         79.61           (20.87)         (25.40)         (34.06)           59.23         215.18         202.08           23.22         277.43         99.23           (0.49)         (122.50)         (3.47)           81.96         370.11         297.84           -         -         -           14.90         72.87         74.17           (3.01)         (8.02)         (4.71)           11.89         64.85         69.46           15.06         97.76         44.19           (0.21)         (45.95)         (1.05)           26.74         116.66         112.60           47.34         150.33         132.62           55.22         253.45         185.24	equipment         equipment         Networks         equipment           68.96         131.88         156.53         33.85           11.14         108.70         79.61         15.38           (20.87)         (25.40)         (34.06)         (7.77)           59.23         215.18         202.08         41.46           23.22         277.43         99.23         23.53           (0.49)         (122.50)         (3.47)         (0.87)           81.96         370.11         297.84         64.12           -         -         -         -           14.90         72.87         74.17         11.10           (3.01)         (8.02)         (4.71)         (1.43)           11.89         64.85         69.46         9.67           15.06         97.76         44.19         13.62           (0.21)         (45.95)         (1.05)         (0.88)           26.74         116.66         112.60         22.41           47.34         150.33         132.62         31.79           55.22         253.45         185.24         41.71	equipment         equipment         Networks         equipment and fixtures           68.96         131.88         156.53         33.85         23.59           11.14         108.70         79.61         15.38         4.40           (20.87)         (25.40)         (34.06)         (7.77)         (5.80)           59.23         215.18         202.08         41.46         22.19           23.22         277.43         99.23         23.53         10.16           (0.49)         (122.50)         (3.47)         (0.87)         (2.51)           81.96         370.11         297.84         64.12         29.84	equipment         equipment         Networks         equipment and fixtures           68.96         131.88         156.53         33.85         23.59         66.50           11.14         108.70         79.61         15.38         4.40         26.75           (20.87)         (25.40)         (34.06)         (7.77)         (5.80)         (25.48)           59.23         215.18         202.08         41.46         22.19         67.77           23.22         277.43         99.23         23.53         10.16         28.08           (0.49)         (122.50)         (3.47)         (0.87)         (2.51)         (13.88)           81.96         370.11         297.84         64.12         29.84         81.97           14.90         72.87         74.17         11.10         10.63         21.34           (3.01)         (8.02)         (4.71)         (1.43)         (1.85)         (4.30)           11.89         64.85         69.46         9.67         8.78         17.04           15.06         97.76         44.19         13.62         8.52         18.38           (0.21)         (45.95)         (1.05)         (0.88)         (2.49)         (7.33)<	equipment         equipment         Networks         equipment and fixtures         improvements           68.96         131.88         156.53         33.85         23.59         66.50         84.15           11.14         108.70         79.61         15.38         4.40         26.75         0.15           (20.87)         (25.40)         (34.06)         (7.77)         (5.80)         (25.48)         (43.04)           59.23         215.18         202.08         41.46         22.19         67.77         41.26           23.22         277.43         99.23         23.53         10.16         28.08         31.17           (0.49)         (122.50)         (3.47)         (0.87)         (2.51)         (13.88)         -           81.96         370.11         297.84         64.12         29.84         81.97         72.43           14.90         72.87         74.17         11.10         10.63         21.34         44.02           (3.01)         (8.02)         (4.71)         (1.43)         (1.85)         (4.30)         (10.77)           11.89         64.85         69.46         9.67         8.78         17.04         33.25           15.06         97

<sup>\*</sup> Depreciation amounting to ₹ 0.17 millions (31 March 2016: ₹ 27.17 millions) has been adjusted against provision created for loss on long term contract, sale / exit of domestic BPO business.

<sup>\*\*</sup> Disposals include gross block and accumulated depreciation of assets transferred on account of sale of domestic BPO business amounting to ₹ 126.92 millions and ₹ 23.00 millions respectively.



4. OTHER INTANGIBLE ASSETS			(₹ millions)
	31 March 2017	31 March 2016	1 April 2015
Software			
Cost			
Opening balance	121.27	76.17	
Additions	137.34	54.41	
Disposals	-	(9.31)	
Closing balance	258.61	121.27	76.17
Amortization			
Opening balance	60.76	-	
Amortization*	51.25	67.20	
Disposals	-	(6.44)	
Closing balance	112.01	60.76	
Net block	146.60	60.51	76.17

<sup>\*</sup> Amortization amounting to ₹ Nil (31 March 2016: ₹ 1.45 millions) has been adjusted against provision created for loss on long term contract, sale / exit of domestic BPO business.

# 5. INTANGIBLE ASSETS UNDER DEVELOPMENT

	31 March 2017	31 March 2016	1 April 2015
Cost			
Opening balance	10.91	10.46	
Additions	9.21	18.94	
Capitalization	(18.12)	(18.49)	
Closing balance	2.00	10.91	10.46

Intangible assets under development includes internally developed software intended to earn revenues. Intangible assets under development has a balance of ₹ 2.00 millions which is towards software being developed for internal use.

	31 March 2017	31 March 2016	1 April 2015
6. NON-CURRENT INVESTMENTS			
Investments carried at cost			
Investment in subsidiaries			
Mphasis Corporation	3,724.43	3,724.44	3,724.45
3,187 (31 March 2016, 1 April 2015 : 3,187) shares of common stock of US \$ 0.01 each fully paid-up			
Mphasis Australia Pty Limited	0.05	0.05	0.05
2,000 (31 March 2016, 1 April 2015: 2,000) shares of common stock of Australian \$ 1 each fully paid-up			
Mphasis Deutschland GmbH	2.52	2.52	2.52
Nominal capital 91,000 Deutsche Mark (31 March 2016, 1 April 2015 : 91,000 Deutsche Mark)			
Less: Provision for impairment in value of investment	(2.52)	(2.52)	(2.52)
Mphasis (Shanghai) Software & Services Company Limited	105.35	105.35	105.35
100% (31 March 2016, 1 April 2015 : 100%) equity interest			
Mphasis Consulting Limited	685.65	685.65	685.65
7,953,393 (31 March 2016, 1 April 2015 : 7,953,393) ordinary shares of £ 0.002 each fully paid-up			
Mphasis Ireland Limited	0.59	0.59	0.59
10,000 ( 31 March 2016, 1 April 2015 : 10,000) shares of common stock of € 1 each fully paid-up			
Mphasis Belgium BVBA	0.39	0.39	0.39
62 (31 March 2016, 1 April 2015 : 62) shares of common stock of $\in$ 100 each fully paid up			
Mphasis Lanka Private Limited	55.78	55.78	55.78
1,095,584 (31 March 2016, 1 April 2015: 1,095,584) shares of common stock of LKR 112.10 each fully paid up			
Less: Provision for impairment in value of investment	(55.78)	(55.78)	(55.78)
			Continued

1010101010101010101010



			(₹ millions)
	31 March 2017	31 March 2016	1 April 2015
NON-CURRENT INVESTMENTS (Continued)	2017	2010	2010
PT Mphasis Indonesia	4.38	4.38	4.38
99,000 (31 March 2016, 1 April 2015 : 99,000) shares of common stock of US \$ 1 each fully paid-up			
Mphasis Poland s.p.z.o.o.	2.07	2.07	2.07
200 (31 March 2016, 1 April 2015 : 200) equity shares of 500 PLN each fully paid-up			
In fellow subsidiaries			
Mphasis Europe BV	9,647.64	9,647.64	9,647.64
3,381,654 (31 March 2016, 1 April 2015 : 3,381,654 ) shares of common stock of € 1 each fully paid-up	5,5	-,	2,2
	14,170.55	14,170.56	14,170.57
Investments carried at fair value through profit and loss	·	•	<u> </u>
Unquoted mutual funds			
Birla Sun Life Dynamic Bond Fund - Retail Plan- Monthly Dividend Reinvestment	-	1,285.50	1,292.15
Nil units (31 March 2016: 118,344,866 units at ₹ 10.8623, 1 April 2015: 118,344,866 units at ₹10.9185)			
Investments carried at amortized cost			
Unquoted bonds			
7.11% Power Finance Corporation Ltd.	25.67	25.67	-
25,670 units at ₹ 1,000 (31 March 2016: 25,670 units at ₹ 1,000, 1 April 2015: Nil units)			
7.21% Power Finance Corporation Ltd.	100.00	100.00	-
100 units at ₹ 1,000,000 (31 March 2016: 100 units at ₹ 1,000,000, 1 April 2015: Nil units)			
7.19% India Infrastructure Finance Company Limited	929.50	929.50	-
929,500 units at ₹ 1,000 (31 March 2016: 929,500 units at ₹ 1,000, 1 April 2015: Nil units)			
7.21% India Infrastructure Finance Company Limited	100.00	100.00	-
100 units at ₹ 1,000,000 (31 March 2016: 100 units at ₹ 1,000,000, 1 April 2015: Nil units)			
8.10% Housing and Urban Development Corporation	50.00	50.00	-
50,000 units at ₹ 1,000 (31 March 2016: 50,000 units at ₹ 1,000, 1 April 2015: Nil units)			
7.34% Housing and Urban Development Corporation	50.00	50.00	-
50,000 units at ₹ 1,000 (31 March 2016: 50,000 units at ₹ 1,000, 1 April 2015: Nil units)			
	1,255.17	2,540.67	1,292.15
	15,425.72	16,711.23	15,462.72
Aggregate value of unquoted non-current investments in subsidiaries	14,170.55	14,170.56	14,170.57
Aggregate value of unquoted non-current investments (other than subsidiaries)	1,255.17	1,255.17	-
Aggregate net asset value of mutual fund investment	-	1,285.50	1,292.15
Aggregate amount of impairment in value of investments	(58.30)	(58.30)	(58.30)



						(₹ millions)
		Non Current			Current	
	31 March 2017	31 March 2016	1 April 2015	31 March 2017	31 March 2016	01 April 2015
7. TRADE RECEIVABLES						
Carried at amortized cost						
Trade receivables	31.32	40.41	53.82	2,466.61	1,138.39	1,249.38
Receivables from related parties	-	-	-	4,609.15	3,874.49	3,524.92
Total trade receivables	31.32	40.41	53.82	7,075.76	5,012.88	4,774.30
Unsecured						
Considered good	31.32	40.41	53.82	7,075.76	5,012.88	4,774.30
Considered doubtful	472.16	588.11	585.41	-	-	-
Less: Provision for doubtful receivables	(472.16)	(588.11)	(585.41)	-	-	-
	31.32	40.41	53.82	7,075.76	5,012.88	4,774.30

		Non Current			Current		
	31 March 2017	31 March 2016	1 April 2015	31 March 2017	31 March 2016	1 April 2015	
8. LOANS AND ADVANCES							
Unsecured - considered good							
Carried at amortized cost							
Deposits							
- Premises	158.01	127.17	69.83	368.35	436.17	508.82	
- With government authorities	-	-	-	29.90	7.31	8.31	
- Others	932.35	847.67	786.22	71.70	124.73	109.59	
Loans to employees	-	-	-	-	0.22	0.16	
Employee advances	4.37	-	-	20.78	61.49	49.92	
Recoverable from subsidiaries	-	-	-	1,007.15	965.29	956.71	
	1.094.73	974.84	856.05	1.497.88	1,595.21	1.633.51	

	Non Current			Current		
	31 March 2017	31 March 2016	1 April 2015	31 March 2017	31 March 2016	1 April 2015
9. OTHER FINANCIAL ASSETS						
Unsecured - considered good						
Carried at amortized cost						
Unbilled revenue	-	-	-	1,724.74	2,393.87	2,107.91
Non-current bank balances (refer note 13.b)	109.32	109.17	0.10	-	-	-
Accrued interest	-	-	-	35.18	68.30	98.03
Derivative instruments at FVTPL						
(not designated as hedges)						
Foreign exchange forward contracts	-	-	-	168.94	96.39	81.13
Derivative instruments at FVTOCI						
(cash flow hedges)						
Foreign exchange forward contracts	-	-	-	1,082.46	358.18	257.81
	109.32	109.17	0.10	3,011.32	2,916.74	2,544.88



(₹ millions)

	Non Current					
	31 March 2017	31 March 2016	1 April 2015	31 March 2017	31 March 2016	1 April 2015
10. OTHER ASSETS						
Unsecured - considered good						
Rent equalisation	395.46	928.92	1,051.50	557.79	511.36	94.38
Capital advances	376.04	385.88	114.05	-	-	-
Advances recoverable in cash or kind						
-Prepaid expenses	109.27	144.69	200.80	486.82	405.54	454.05
-Advance to supplier / others	-	-	-	484.25	442.23	382.20
Balance with statutory / government authorities *	1,081.87	1,053.78	1,169.67	170.10	317.44	472.73
Expense incurred on behalf of customers	-	-	-	8.10	10.05	30.41
	1,962.64	2,513.27	2,536.02	1,707.06	1,686.62	1,433.77

<sup>\*</sup> Balances with statutory/government authorities include service tax input credit receivable net of ₹ 1,223.09 millions (31 March 2016: ₹ 1,362.24 millions, 1 April 2015 ₹ 1,640.02 millions). Based on legal opinion obtained by the Company, service tax liability on imported services under "Import of Services Rules" have been discharged using accumulated balance available in CENVAT Credit Account for the period 1 December 2010 to 31 March 2011. Effective 1 April 2011 such position is reversed and service tax liability on select imported services under "Import of Services Rules" have been discharged in cash. Further, the Company has obtained legal opinion in support of its position on non-applicability of service tax under 'Import of Services Rules' on onsite services provided by foreign vendors (including group companies). The management, per the legal opinion, is confident that the legal positions taken by the Company are tenable and defendable under law.

	31 March 2017	31 March 2016	01 April 2015
11. INVENTORIES (Valued at lower of cost and net reailzable value)			
Traded goods (refer note 28)	-	40.99	-
	-	40.99	-

	31 March 2017	31 March 2016	1 April 2015
12. CURRENT INVESTMENTS			
Investments at fair value through profit and loss			
Unquoted mutual funds			
Birla Sun Life Cash Plus -Daily Dividend -Direct plan Reinvestment	-	154.10	-
Nil units (31 March 2016: 1,537,972 units at ₹ 100.1950, 1 April 2015: Nil units)			
Birla Sun life Cash Plus - Growth -Direct Plan	945.74	-	-
3,619,254 units at ₹ 261.3091 (31 March 2016: Nil units, 1 April 2015: Nil units)			
IDFC Super Saver Income Fund- Short term plan growth	1,017.03	-	-
29,635,077 units at ₹ 34.3185 (31 March 2016: Nil units, 1 April 2015: Nil units)			
ICICI Prudential Liquid - Direct Plan - Growth	954.71	-	-
3,966,098 units at ₹ 240.7173 (31 March 2016: Nil units, 1 April 2015: Nil units)			
ICICI Ultra Short Term Plan Direct Growth	1,560.32	-	-
91,180,422 units at ₹ 17.1124 (31 March 2016: Nil units, 1 April 2015: Nil units)			
L&T Liquid Fund Direct Plan - Growth	354.28	-	-
158,866 units at ₹ 2,230.0391 (31 March 2016: Nil units, 1 April 2015: Nil units)			
L&T Liquid Ultra short term Fund - Growth	1,493.28	-	-
55,507,551 units at ₹ 26.9023 (31 March 2016: Nil units, 1 April 2015: Nil units)			
L&T Short Term opportunites Fund- Growth	1,268.01	-	-
79,565,712 units at ₹ 15.9366 (31 March 2016: Nil units, 1 April 2015: Nil units)			
Reliance Liquid Fund - Treasury Plan - Direct Growth	1,232.18	-	-
310,580 units at ₹ 3,967.3575 (31 March 2016: Nil units, 1 April 2015: Nil units)			
Kotak Floater Short Term - Direct Plan - Growth	1,228.31	-	-
460,150 units at ₹ 2,669.3784 (31 March 2016: Nil units, 1 April 2015: Nil units)			



			(₹ millions)
OURDENIT INNERTNATION OF THE PROPERTY OF THE P	31 March 2017	31 March 2016	1 April 2015
CURRENT INVESTMENTS (Continued)			
Axis Treasury Advantage Fund - Direct Plan - Growth	1,044.78	-	-
565,936 units at ₹ 1,846.1020 (31 March 2016: Nil units, 1 April 2015: Nil units)			
IDFC Money Manager Fund - Invest Plan - Direct- Growth	1,107.88	-	-
43,032,506 units at ₹ 25.7452 (31 March 2016: Nil units, 1 April 2015: Nil units)		700.05	
IDFC Cash Fund - Daily Dividend - Direct Plan	-	786.65	-
Nil units (31 March 2016: 785,565 units at ₹ 1,001.3762, 1 April 2015: Nil units) L&T Ultra short term Fund - Daily Dividend Reinvestment		1 005 50	
Nil units (31 March 2016: 96,981,266 units at ₹ 10.3680, 1 April 2015: Nil units)	-	1,005.50	-
Kotak Floater Short Term - Direct Plan - Daily Dividend Reinvestment	_	1,013.60	_
Nil units (31 March 2016: 1,001,959 units at ₹ 1,011.6196, 1 April 2015: Nil units)		1,010.00	
IDFC Banking Debt Fund	_	1,035.58	_
Nil units (31 March 2016: 103,050,115 units at ₹ 10.0493, 1 April 2015: Nil units)		1,000.00	
ICICI Prudential Liquid - Direct Plan Daily Dividend	_	3,747.27	526.30
Nil units (31 March 2016: 37,447,085 units at ₹ 100.0685, 1 April 2015: 5,260,008 units at		2,: :: :=:	
₹ 100.0565)			
L&T Liquid Fund - Direct Plan - Daily Dividend Reinvestment	-	1,316.16	403.73
Nil units (31 March 2016: 1,299,463 units at ₹ 1,012.8475, 1 April 2015: 398,880 units at ₹ 1012.1551)			
Reliance Liquid Fund - Treasury Plan Direct plan - Daily Dividend Reinvestment	_	1,075.88	332.96
Nil units (31 March 2016: 703,768 units at ₹ 1,528.7407, 1 April 2015: 217,800 units at ₹1,528.7400)		1,070.00	002.00
Birla Sun Life Savings Fund-Retail-Daily Dividend	_	_	2,202.13
Nil units (31 March 2016: Nil units, 1 April 2015: 21,956,082 units at ₹100.2972)			2,202.10
Birla Fixed Term Plan - Series KX	-	-	218.66
Nil units (31 March 2016: Nil units, 1 April 2015: 20,000,000 units at ₹10.9328)			
IDFC Fixed Term Plan Series 86 Direct Plan	-	-	219.38
Nil units (31 March 2016: Nil units, 1 April 2015: 20,000,000 units at ₹10.9692)			
IDFC Money Manager Fund - Treasury Plan	-	-	756.97
Nil units (31 March 2016: Nil units, 1 April 2015: 75,171,893 units at ₹ 10.0699 )			
JPMorgan India Liquid Fund - Direct- DDR	-	-	529.67
Nil units (31 March 2016: Nil units, 1 April 2015: 52,913,078 units at ₹ 10.0101 )			
ICICI Prudential FMP Series 73	-	-	219.85
Nil units (31 March 2016: Nil units, 1 April 2015: 20,000,000 units at ₹ 10.9923 )			
Reliance Yearly Interval Fund - Series 6	-	-	381.39
Nil units (31 March 2016: Nil units, 1 April 2015: 32,150,501 units at ₹ 11.8627 )			450.00
Reliance Yearly Interval Fund - Series 9	-	-	159.98
Nil units (31 March 2016: Nil units, 1 April 2015: 13,796,656 units at ₹ 11.5959)			051.60
Reliance Liquid Fund - Cash Plan - Direct Plan Nil units (31 March 2016: Nil units, 1 April 2015: 225,893 units at ₹ 1,114.1500)	-	-	251.68
Reliance Qtly Interval fund - Series II- Direct Dividend	_	_	404.97
Nil units (31 March 2016: Nil units, 1 April 2015: 39,944,876 units at ₹ 10.1381 )	_	_	404.97
Religare Invesco Credit Opportunities Fund- Direct Plan Daily Dividend	_	_	511.22
Nil units (31 March 2016: Nil units, 1 April 2015: 511,074 units at ₹ 1,000.2900 )			011.22
IDFC Money Manager Fund - Invest Plan	_	_	540.28
Nil units (31 March 2016: Nil units, 1 April 2015: 53,744,895 units at ₹ 10.0528)			
Unquoted Debentures			
Citicorp Finance (India) Ltd.	2,500.00	2,450.00	-
25,000 units at ₹ 100,000 (31 March 2016: 24,500 units at ₹ 100,000, 1 April 2015: Nil units)			
	14,706.52	12,584.74	7,659.17
Aggregate value of unquisted current investments	2,500.00	2,450.00	
Aggregate value of unquoted current investments			7 650 17
Aggregate net asset value of mutual fund investment	12,206.52	10,134.74	7,659.17

01010101010101010101010



	lior	

						(< 11111110115)
		Non Current			Current	
	31 March 2017	31 March 2016	1 April 2015	31 March 2017	31 March 2016	1 April 2015
13. CASH AND CASH EQUIVALENTS						
a. Balances with banks:						
On current accounts	-	-	-	573.63	630.98	1,078.00
Deposits with original maturity less than 3 months		-	-	1,935.38	682.46	816.08
Unclaimed dividend	-	-	-	11.51	7.71	6.97
Cash on hand	-	-	-	-	-	-
	-	-	-	2,520.52	1,321.15	1,901.05
<ul> <li>Bank balances other than cash and cash equivalents*</li> </ul>						
Deposits with remaining maturity for more than 12 months	109.32	109.17	0.10	-	-	586.32
Deposits with remaining maturity for less than 12 months	-	-	-	-	3,635.19	8,064.52
	109.32	109.17	0.10	-	3,635.19	8,650.84
Disclosed under other non-current financial assets (refer note 9)	(109.32)	(109.17)	(0.10)	-	-	-
	-	-	-	-	3,635.19	8,650.84
	-	-	-	2,520.52	4,956.34	10,551.89

<sup>\*</sup> includes restricted deposits of ₹ 109.32 millions as at 31 March 2017 (31 March 2016: ₹ 109.27 millions, 1 April 2015: ₹ 86.42 millions). During the year, the Company had specified bank notes or other denomination note as defined in the MCA notification G.S.R. 308(E) dated March 31, 2017 and the details of Specified Bank Notes (SBN) held and transacted during the period from 8 November 2016 to 30 December 2016 is given below:

(₹ millions)

Particulars	SBN	Other denomination notes	Total
Closing cash in hand as on 08 November 2016	-	-	-
Add: Permitted receipts	2.89	0.42	3.31
Less: Permitted payments	-	-	-
Less: Amount deposited in Banks	(2.89)	(0.42)	(3.31)
Closing cash in hand as on 30 December 2016	-	-	-

For the purposes of this clause, the term 'Specified Bank Notes' shall have the same meaning provided in the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs number S.O. 3407(E), dated the 8th November, 2016.

	31 March 2017	31 March 2016	1 April 2015
14. EQUITY SHARE CAPITAL			
Authorised share capital			
245,000,000 (31 March 2016: 245,000,000, 1 April 2015: 245,000,000) equity shares of ₹ 10 each	2,450.00	2,450.00	2,450.00
Issued, subscribed and fully paid-up shares			
210,417,080 (31 March 2016: 210,187,117, 1 April 2015: 210,140,823) equity shares of ₹ 10 each fully paid-up	2,104.17	2,101.87	2,101.41
Add: Amount originally paid-up on forfeited shares	0.07	0.07	0.07
Total issued, subscribed and fully paid-up share capital	2,104.24	2,101.94	2,101.48



### (a) Reconciliation of the shares outstanding at the beginning and at the end of the reporting year

	31 March 2017		31 March 2016		1 April 2015	
	Number	₹ millions	Number	₹ millions	Number	₹ millions
At the beginning of the year	210,187,117	2,101.87	210,140,823	2,101.41		
Employee stock option plans issued	229,963	2.30	46,294	0.46		
Outstanding at the end of the year	210,417,080	2,104.17	210,187,117	2,101.87	210,140,823	2,101.41

### (b) Terms/rights attached to 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 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 distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

### (c) Shares held by holding/ ultimate holding company and/ or their subsidiaries/ associates

(₹ millions)

			(
	31 March 2017	31 March 2016	1 April 2015
EDS Asia Pacific Holdings (Subsidiary of the erstwhile ultimate holding company)	-	830.02	830.02
Nil (31 March 2016 and 1 April 2015: 83,002,201) equity shares of ₹ 10 each fully paid			
EDS World Corporation (Far East) LLC (Subsidiary of the erstwhile ultimate holding company)	-	441.04	441.04
Nil (31 March 2016 and 1 April 2015: 44,104,064) equity shares of ₹ 10 each fully paid			
EDS World Corporation (Netherlands) LLC (Subsidiary of the erstwhile ultimate holding company)	-	0.00	0.00
Nil (31 March 2016 and 1 April 2015: 1) equity share of ₹ 10 each fully paid			
Marble II Pte Limited (subsidiary of the ultimate holding company) *	1,271.08	-	-
127,108,444 (31 March 2016 and 1 April 2015: Nil) equity share of ₹ 10 each fully paid			

<sup>\*</sup> The utlimate loading company is Blackstone Capital Partners (Cayman II) VILP w.e.f. 1 September 2016 (refer note 49).

# (d) Aggregate number of bonus shares issued and shares issued for consideration other than cash during the period of five years immediately preceding the reporting date:

	31 March 2017	31 March 2016	1 April 2015
Equity shares allotted as fully paid bonus shares by capitalization of securities premium / statement of profit and loss	700	700	1,400
premium / statement of profit and loss			

In addition, the Company has issued total 309,523 shares (31 March 2016: 150,372) during the period of five years immediately preceding the reporting date on exercise of options granted under the employee stock option plan (ESOP) wherein part consideration was received in the form of employee services.

#### (e) Details of shareholders holding more than 5% shares in the Company

	31 March 2017		31 March	า 2016	1 April 2015	
	Number	% of holding		% of holding	Number	% of holding
EDS Asia Pacific Holdings	-	-	83,002,201	39.49	83,002,201	39.50
EDS World Corporation (Far East) LLC	-	-	44,104,064	20.98	44,104,064	20.99
Aberdeen Global Indian Equity (Mauritius) Ltd.	10,241,396	4.87	10,359,822	4.93	17,765,301	8.45
Marble II Pte Limited	12,71,08,444	60.41	-	-	-	-

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.



#### (f) Shares reserved for issue under options

For details of shares reserved for issue under the ESOP plan of the Company, refer note 18.

			(₹ millions)
	31 March 2017	31 March 2016	1 April 2015
15. SECURITIES PREMIUM			
Balance as per previous financial statements	1,572.36	1,556.84	
Add: Premium on issue of shares	0.24	0.46	
Add: Transferred from stock options outstanding	81.50	15.06	
Closing balance	1,654.10	1,572.36	1,556.84

Securities premium reserve is used to record the premium on issue of shares. The reserve is utilised in accordance with the provision of the Companies Act.

	31 March 2017	31 March 2016	1 April 2015
16. GENERAL RESERVE			
Balance as per previous financial statements	5,946.19	5,478.02	
Add: Reversal on lapse of options granted	5.65	9.81	
Add: Amount transferred from surplus balance in the statement of profit and loss	625.01	458.36	
Closing balance	6,576.85	5,946.19	5,478.02

General reserve represents appropriation of profit.

	31 March 2017	31 March 2016	1 April 2015
17. RETAINED EARNINGS			
Balance as per previous financial statements	34,910.97	34,901.49	
Re-measurement gains / losses on defined benefit plans	(22.13)	(60.83)	
Profit for the year	6,250.10	4,571.36	
Less: Appropriations			
Equity dividend	4,202.11	3,358.14	
Dividend Distribution Tax	856.59	684.55	
Transfer to general reserve	625.01	458.36	
Total appropriations	5,683.71	4,501.05	
Net surplus in the statement of profit and loss	35,455.23	34,910.97	34,901.49

Retained earnings comprises of prior and current year's undistributed earnings after tax.

### Proposed dividend on equity shares

Proposed dividend for the year ended 31 March 2017 is ₹ 17 per share amounting to ₹ 3,577.09 millions and DDT of ₹ 728.21 millions.

Proposed dividends on equity shares are subject to approval at the annual general meeting and are not recognized as a liability (including DDT thereon).



			(₹ millions)
	31 March 2017	31 March 2016	1 April 2015
18. OTHER RESERVES			
Capital reserve (a)			
Balance as per previous financial statements	265.16	265.16	
Closing balance	265.16	265.16	265.16
Share based payments (b)			
Balance as per previous financial statements	170.43	106.74	
Add: Expense for the year	215.26	94.53	
Less: Transferred to securities premium on exercise of options	81.50	15.06	
Less: Exercise of options	108.07	5.97	
Less: Reversal on lapse of options granted	5.65	9.81	
Closing balance	190.47	170.43	106.74
Treasury shares (c)			
Balance as per previous financial statements	(158.29)	(127.68)	
Transaction during the year	157.84	(30.61)	
Closing balance	(0.45)	(158.29)	(127.68)
Hedging reserve (d)			
Balance as per previous financial statements	231.76	161.75	
Transaction during the year	1,206.96	207.70	
Add / (Less): Transfer to revenue	(731.06)	(137.69)	
Closing balance	707.66	231.76	161.75
Total other reserves	1,162.84	509.06	405.97

- a. Created due to receipts from liquidation of trust.
- b. Share based payments reserve is used to record the fair value of equity-settled share based payment transactions with employees. The amounts recorded in this account are transferred to share premium upon exercise of stock options by employees. In case of lapse, corresponding balance is transferred to general reserve.
- c. Represents equity shares of the Company held by the controlled trusts.
- d. Changes in the fair value of financial instruments designated as hedge is recognized in this reserve through OCI. Amounts recognized in hedging reserve is reclassified to profit and loss when the hedge item affects profit or loss.

### Employee Stock Option Plans ('ESOP') - Equity settled

Employees Stock Option Plan - 1998 (the 1998 Plan): The Company instituted the 1998 Plan for all eligible employees in pursuance of the special resolution approved by the shareholders in the Annual General Meeting held on 31 July 1998. The 1998 Plan provides for the issuance of 3,720,000 options to eligible employees as recommended by the ESOP Committee constituted for this purpose. In accordance with the 1998 Plan, the Committee has formulated 1998 Plan – (Version I) and 1998 Plan (Version II) during the years 1998-1999 and 1999-2000 respectively.

1998 Plan - (Version I): Each option granted under the 1998 Plan - (Version I), entitles the holder thereof with an option to apply for and be issued one equity share of the Company at an exercise price of ₹ 34.38 per share. The equity shares covered under these options vest at various dates over a period ranging from six to sixty-six months from the date of grant based on the length of service completed by the employee to the date of grant. The options are exercisable any time after their vesting period.

The movements in the options granted under the 1998 Plan – (Version I) for the year ended 31 March 2017 and 31 March 2016 are set out below:

	Year ended	31 March 2017	Year ended 31 March 2016		
		Weighted Average		Weighted Average	
1998 Plan (Version I)	No. of Options	Exercise Price (₹)	No. of Options	Exercise Price (₹)	
Options outstanding at the beginning	47,000	34.38	47,000	34.38	
Granted	-	-	-	-	
Forfeited	-	-	-	-	
Lapsed	-	-	-	-	
Exercised	-	-	-	-	
Options outstanding at the end	47,000	34.38	47,000	34.38	
Exercisable at the end	47,000	34.38	47,000	34.38	

The options outstanding as at 31 March 2017 has an exercise price of ₹ 34.38 (31 March 2016: ₹ 34.38).



1998 Plan - (Version II): Commencing January 2000, the Company decided to grant all future options at the market price immediately preceding the date of grant. The equity shares covered under these options vest at various dates over a period ranging from twelve to forty-eight months from the date of grant based on the grade of the employee. However, in the case of options granted to the then Managing Director or Chief Executive Officer, the vesting period of the options, subject to minimum period of one year from the date of grant, is determined by the ESOP Committee and approved by the Board. The options are to be exercised within a period of ten years from their date of vesting.

The movements in the options granted under the 1998 Plan - (Version II) for the year ended 31 March 2017 and 31 March 2016 are set out below:

	Year ended	l 31 March 2017	Year ended 31 March 201		
		Weighted Average		Weighted Average	
1998 Plan (Version II)	No. of Options	Exercise Price (₹)	No. of Options	Exercise Price (₹)	
Options outstanding at the beginning	94,400	117.29	1,16,232	109.46	
Granted	-	-	-	-	
Forfeited	-	-	-	-	
Lapsed	81,624	122.39	15,632	72.09	
Exercised	2,960	84.94	6,200	84.38	
Options outstanding at the end	9,816	84.67	94,400	117.29	
Exercisable at the end	9,816	84.67	94,400	117.29	

The weighted average share price as at the date of exercise for stock options was ₹ 527.86 (31 March 2016: ₹ 408.20). The options outstanding as at 31 March 2017 has an exercise price ranging from ₹ 67.38 to ₹ 92.00 (31 March 2016: ₹ 67.38 to ₹ 130.60) and weighted average remaining contractual life of 0.31 years (31 March 2016: 0.37 years).

*Employees Stock Option Plan - 2004 (the 2004 Plan):* At the Extraordinary General Meeting on 12 May 2004, the shareholders approved a new Employee Stock Option Plan. The 2004 Plan provides for the issuance of equity shares to employees and directors of the Company and its subsidiaries and for the exchange of outstanding stock options of Msource Corporation as on 20 September 2004, pursuant to its merger with Mphasis Corporation and the assumption of the Msource stock options by the Company.

The 2004 Plan is administered through the ESOP Committee appointed by the Board and comprises two programs. Under Program A, outstanding options of Msource Corporation were exchanged for options in the Company on the agreed exchange ratio of 0.14028 stock options with underlying equity shares of the Company for each stock option in the Msource 2001 plan, the exercise price being the equivalent amount payable by the option holder under the Msource 2001 plan. The equity shares underlying these options vest over a period up to forty-eight months from the date of assumption by the Company and shall be exercisable within a period of ten years from the original date of grant under the Msource 2001 plan.

Options under Program B represent fresh grants and will be issued to employees at an exercise price which shall be equal to the fair value of the underlying shares at the date of grant. The equity shares covered under these options vest over a period ranging from twelve to forty-eight months from the date of grant. The exercise period is two years from the date of vesting.

The movements in the options under the 2004 Plan for the year ended 31 March 2017 and 31 March 2016 are set out below:

	Year ended	Year ended 31 March 2017 Year ended 31 M		d 31 March 2016
2004 Plan	No. of Options	Weighted Average Exercise Price (₹)	No. of Options	Weighted Average Exercise Price (₹)
Options outstanding at the beginning	2,356	120.22	2,590	119.96
Granted	-	-	-	-
Forfeited	-	-	-	-
Lapsed	350	117.36	234	117.36
Exercised	408	50.34	-	-
Options outstanding at the end	1,598	138.69	2,356	120.22
Exercisable at the end	1,598	138.69	2,356	120.22

The weighted average share price as at the date of exercise for stock options was ₹ 464.30 (31 March 2016: ₹ Nil). The options outstanding as at 31 March 2017 has an exercise price ranging from ₹ 117.36 to ₹ 148.07 (31 March 2016: ₹ 50.34 to ₹ 148.07) and weighted average remaining contractual life of 0.62 years (31 March 2016: 1.17 years).

*Employees Stock Option Plan - 2012 (the 2012 Plan):* Effective 14 March 2012, the Company instituted the 2012 Plan. The Board and the shareholders of the Company approved 2012 plan on 20 January 2012. The 2012 plan provides for the issue of restricted options to certain employees of the Company and its subsidiaries.



The 2012 plan is administered by the Mphasis Employees Benefit Trust which is created for this purpose. Each option, granted under this plan, entitles the holder thereof with an option to apply for and be issued one equity share of the Company at an exercise price of ₹ 410.25 per share. The equity shares covered under these options vest over a period ranging from twelve to twenty-four months from the date of grant. The exercise period is three years from the date of vesting.

The movements in the options under the 2012 plan for the year ended 31 March 2017 and 31 March 2016 are set out below:

	Year ended	l 31 March 2017	Year ended 31 March 2		
		Weighted Average		Weighted Average	
2012 Plan	No. of Options	Exercise Price (₹)	No. of Options	Exercise Price (₹)	
Options outstanding at the beginning	146,450	410.25	374,600	410.25	
Granted	-	-	-	-	
Forfeited	-	-	-	-	
Lapsed	30,475	410.25	138,300	410.25	
Exercised	115,975	410.25	89,850	410.25	
Options outstanding at the end	-	-	146,450	410.25	
Exercisable at the end	-	-	146,450	410.25	

The weighted average share price as at the date of exercise of stock options was ₹ 562.67 (31 March 2016: ₹ 480.47). There are no options outstanding as at 31 March 2017. Options as at 31 March 2016 had an exercise price ₹ 410.25. The weighted average remaining contractual life of Nil years (31 March 2016: 0.93 years).

Total Employee Compensation Cost pertaining to 2012 plan during the year is ₹ Nil (31 March 2016: ₹ (1.87) millions), net of cross charge to subsidiary.

*Employees Stock Option Plan - 2016 (the 2016 Plan):* Effective 4 November 2016, the Company instituted the 2016 Plan. The Board of Directors of the Company and shareholders approved the 2016 Plan at its meeting held on 27 September 2016 and 4 November 2016 respectively. The 2016 plan provides for the issue of options to certain employees of the Company and its subsidiaries.

The 2016 Plan is administered by the Mphasis Employee Benifit Trust. As per the ESOP 2016 Plan, the stock options are granted at the Market Price subject to a discount up to twenty per cent (20%) as may be determined by the Compensation Committee at the time of Grant. The equity shares covered under these options vest over 60 months from the date of grant. The exercise period is thirty six months from the respective date of vesting.

The movements in the options under the 2016 plan for the year ended 31 March 2017 is set out below:

	Year ended 31 March 2017		
	Weighted Ave		
2016 Plan	No. of options	Exercise Price (₹)	
Options outstanding at the beginning	-	-	
Granted	3,916,900	500.00	
Forfeited	31,800	500.00	
Lapsed	-	-	
Exercised	-	-	
Options outstanding at the end	3,885,100	500.00	
Exercisable at the end	-	-	

The options outstanding on 31 March 2017 has an exercise price of ₹ 500.00 and the weighted average remaining contractual life of 5.78 years.

The weighted average fair value of stock options granted during the year was ₹ 130.58. The Black-Scholes valuation model has been used for computing the weighted average fair value considering the following inputs:

	31 March 2017
Weighted average share price on the date of grant (₹)	541.72
Exercise Price (₹)	500.00
Expected Volatility*	32.06%
Life of the options granted in years	1 -5 Years
Average risk-free interest rate	6.38%
Expected dividend rate	3.93%

<sup>\*</sup> The expected volatility was determined based on historical volatility data.

Total Employee Compensation Cost pertaining to 2016 Plan during the year is ₹ 20.19 millions, net of cross charge to subsidiary.



#### Restricted Stock Unit Plan-2010 ('RSU Plan-2010')

Effective 01 August 2010, the Company instituted the Restricted Stock Unit Plan-2010. The Board and the shareholders of the Company approved RSU Plan-2010 on 29 June 2010 and 17 August 2010 respectively. The RSU Plan-2010 provides for the issue of restricted options to employees and directors of the Company and its subsidiaries.

The RSU Plan-2010 is administered by the Mphasis Employees Benefit Trust which was created for this purpose. Each option, granted under the RSU Plan-2010, entitles the holder thereof with an option to apply for and be issued one equity share of the Company at an exercise price of ₹ 10.00 per share. The equity shares covered under these options vest over a period ranging from twelve to twenty-four months from the date of grant. The exercise period is one to three years from the date of vesting.

The movements in the options under the RSU Plan-2010 for the year ended 31 March 2017 and 31 March 2016 are set out below:

	Year ended	l 31 March 2017	Year ended 31 March 20		
		Weighted Average		Weighted Average	
RSU 2010 Plan	No. of Options	Exercise Price (₹)	No. of Options	Exercise Price (₹)	
Options outstanding at the beginning	-	-	5,050	10.00	
Granted	-	-	-	-	
Forfeited	-	-	-	-	
Lapsed	-	-	975	10.00	
Exercised	-	-	4,075	10.00	
Options outstanding at the end	-	-	-	-	
Exercisable at the end	-	-	-	-	

The weighted average share price as at the date of exercise of stock option was ₹ Nil (31 March 2016: ₹ 445.76). The options outstanding on 31 March 2016 has an exercise price of ₹ Nil (31 March 2016: ₹ 10.00).

#### Restricted Stock Unit Plan-2014 ("RSU Plan-2014")

Effective 20 October 2014, the Company instituted the Restricted Stock Unit Plan-2014. The Board and the shareholders of the Company approved RSU Plan-2014 on 14 May 2014. The RSU Plan-2014 provides for the issue of restricted options to employees of the Company and its subsidiaries.

The RSU Plan-2014 is administered by the Mphasis Employees Benefit Trust. Each option, granted under the RSU Plan-2014, entitles the holder thereof with an option to apply for and be issued one equity share of the Company at an exercise price of ₹ 10.00 per share. The equity shares covered under these options vest over a period ranging from twelve to thirty-six months from the date of grant. The exercise period is three years from the date of vesting.

The movements in the options under the RSU Plan -2014 for the year ended 31 March 2017 and 31 March 2016 are set out below:

	Year ended	31 March 2017	7 Year ended 31 Marcl		
	Weighted Average			Weighted Average	
RSU 2014 Plan	No. of Options	Exercise Price (₹)	No. of Options	Exercise Price (₹)	
Options outstanding at the beginning	328,640	10.00	445,750	10.00	
Granted	-	-	-	-	
Forfeited	7,537	10.00	77,016	10.00	
Lapsed	5,963	10.00	-	-	
Exercised	226,595	10.00	40,094	10.00	
Options outstanding at the end	88,545	10.00	328,640	10.00	
Exercisable at the end	88,545	10.00	72,202	10.00	

The weighted average share price as at the date of exercise of stock option was ₹ 537.65 (31 March 2016: ₹ 475.20). The options outstanding on 31 March 2017 has an exercise price of ₹ 10.00 (31 March 2016: ₹ 10.00) and the weighted average remaining contractual life of 2.19 years (31 March 2016: 3.68 years).

Total Employee Compensation Cost pertaining to RSU Plan-2014 during the year is ₹ 9.49 millions (31 March 2016: ₹ 30.29 millions), net of cross charge to subsidiary.

#### Restricted Stock Unit Plan-2015 ('RSU Plan-2015')

Effective 29 July 2015, the Company instituted the Restricted Stock Unit Plan-2015. The Board and the shareholders of the Company approved RSU Plan-2015 on 9 September 2015. The RSU Plan-2015 provides for the issue of restricted options to employees and directors of the Company and its subsidiaries.



The RSU Plan-2015 is administered by the Mphasis Employees Benefit Trust. Each option, granted under the RSU Plan-2015, entitles the holder thereof with an option to apply for and be issued one equity share of the Company at an exercise price of ₹ 10.00 per share. The equity shares covered under these options vest over a period ranging from twelve to thirty-six months from the date of grant. The exercise period is three years from the date of vesting.

The movements in the options under the RSU Plan-2015 for the year ended 31 March 2017 and 31 March 2016 are set out below:

	Year ended	31 March 2017	Year ended 31 March 201		
	Weighted Average			Weighted Average	
RSU 2015 Plan	No. of Options	Exercise Price (₹)	No. of Options	Exercise Price (₹)	
Options outstanding at the beginning	423,050	10.00	-	-	
Granted	-	-	440,550	10.00	
Forfeited	11,250	10.00	17,500	10.00	
Lapsed	-	-	-	-	
Exercised	218,900	10.00	-	-	
Options outstanding at the end	192,900	10.00	423,050	10.00	
Exercisable at the end	192,900	10.00	-	-	

The weighted average share price as at the date of exercise of stock option was ₹ 551.62 (31 March 2016: ₹ Nil). The options outstanding on 31 March 2017 has an exercise price of ₹ 10.00 (31 March 2016: ₹ 10.00) and the weighted average remaining contractual life of 2.62 years (31 March 2016: 4.63 years).

Total Employee Compensation Cost pertaining to RSU Plan-2015 during the year is ₹ 45.33 millions (31 March 2016: ₹ 26.92 millions), net of cross charge to subsidiary.

(₹ millions)

						(< millions)	
		Non Current			Current		
	31 March 2017	31 March 2016	1 April 2015	31 March 2017	31 March 2016	1 April 2015	
19. OTHER FINANCIAL LIABILITIES							
Carried at amortized cost							
Salary related costs	-	-	15.65	419.10	1,224.28	1,283.86	
Capital creditors	-	-	-	14.09	43.77	25.48	
Other payables	10.73	11.30	10.39	90.48	36.06	20.58	
Unpaid dividend *	-	-	-	11.51	7.71	6.97	
Derivative instruments at FVTPL (not designated as hedges)							
Foreign exchange forward contracts	-	-	-	1.33	41.13	25.52	
Derivative instruments at FVTOCI (cash flow hedges)							
Foreign exchange forward contracts	-	-	-	0.29	3.77	10.47	
	10.73	11.30	26.04	536.80	1,356.72	1,372.88	

<sup>\*</sup> Investor Protection and Education Fund shall be credited for unclaimend dividends when due.

	Non Current			Current		
	31 March 2017	31 March 2016	1 April 2015	31 March 2017	31 March 2016	1 April 2015
20. NET EMPLOYEE DEFINED BENEFIT LIABILITIES						
Provision for gratuity [refer note 42(a)]	536.05	605.47	535.35	290.00	200.00	50.00
Provision for employee compensated absences	-	-	-	145.96	116.19	138.28
	536.05	605.47	535.35	435.96	316.19	188.28



(₹ millions)

	Non Current		Current			
	31 March 2017	31 March 2016	1 April 2015	31 March 2017	31 March 2016	1 April 2015
21. PROVISIONS						
Provision for loss on long-term contract	-	144.25	-	204.06	339.41	-
Other provisions	-	-	-	83.03	116.02	48.03
	-	144.25	-	287.09	455.43	48.03

Provisions	Legal fees	Onerous contracts	Sale of business	Total
As at 1 April 2016	48.03	483.66	67.99	599.68
Utilised / paid/ reversed	-	(279.60)	(32.99)	(312.59)
As at 31 March 2017	48.03	204.06	35.00	287.09
Current	48.03	204.06	35.00	287.09
Non-current	-	-	-	-
As at 1 April 2015	48.03	-	-	48.03
Additions during the year	-	483.66	159.68	643.34
Utilised / paid/ reversed	-	-	(91.69)	(91.69)
As at 31 March 2016	48.03	483.66	67.99	599.68
Current	48.03	339.41	67.99	455.43
Non-current	-	144.25	-	144.25
As at 1 April 2015	48.03			48.03
Current	48.03			48.03
Non-current Non-current	-			-

- a) During the previous year the Board of Directors of the Company had approved sale and transfer of some contracts of the domestic BPO business, which is not a separate major line of the Company's business to Hinduja Global Solutions Limited and Karvy Data Management Services Limited. The Company had estimated losses of ₹ 12.40 millions (net of tax of ₹ 6.57 millions) arising on the sale and accounted for the same as an exceptional item. During the year ended 31 March 2017 the Company reversed ₹ 3.76 millions (net of tax of ₹ 1.19 millions) and the closing balance as at 31 March 2017 is ₹ Nil.
- b) During the previous year, the company had formalized a plan to early exit / ramp down operations in respect of certain domestic BPO contracts. On account of the proposed early closure of the said contracts, the management had provided for ₹ 92.04 millions (net of tax of ₹ 48.67 millions) towards expected loss as an exceptional item. During the year ended 31 March 2017 the Company reversed ₹ 21.57 millions (net of tax of ₹ 11.41 millions) and the closing balance as at 31 March 2017 is ₹ 35.00 millions.
- c) The management had re-assessed the future profitability of long term revenue contract as at 31 March 2016 and accordingly provided for ₹ 316.28 millions (net of tax of ₹ 167.38 millions) towards expected loss as an exceptional item during the year ended 31 March 2016. The loss incurred during the year ended 31 March 2017 under this contract has been adjusted against the said provision and the balance as at 31 March 2017 is ₹ 204.06 millions.

	31 March 2017	31 March 2016	1 April 2015
22. SHORT TERM BORROWING			
Post-shipment loan in foreign currency from bank (unsecured)*	-	1,325.10	1,250.00
	-	1,325.10	1,250.00

<sup>\*</sup> Post-shipment loan carries interest @ LIBOR plus 0.20% (31 March 2016: LIBOR plus 0.30%) p.a. The loan has been repaid during the year ended 31 March 2017.



(₹ millions)

	Non Current			Current		
	31 March 2017	31 March 2016	1 April 2015	31 March 2017	31 March 2016	1 April 2015
23. TRADE PAYABLES						
Total outstanding dues of micro and small enterprises	-	-	-	4.47	6.71	11.49
Total outstanding dues of creditors other than micro and small enterprises	-	-	-	2,195.39	2,302.38	2,138.23
Trade payables with related parties	-	-	-	2,097.88	1,275.20	1,016.39
	-	-	-	4,297.74	3,584.29	3,166.11

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 2017 and 31 March 2016. The details in respect of such dues are as follows:

Particulars	31 March 2017	31 March 2016
The principal amount remaining unpaid to any supplier	4.47	6.71
The amount of interest due and remaining unpaid to any supplier.	13.08	10.41
The amount of interest paid by the Company along with the amount of the payments made to the supplier beyond the appointed day	Nil	Nil
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)	1.76	1.75
The amount of interest accrued and remaining unpaid at the end of the year.	Nil	Nil
The amount of further interest remaining due and payable for the earlier years.	10.41	7.61

### Terms and conditions of the above trade payables are as below:

- Trade payables are non-interest bearing and are normally settled on 60-day terms.
- For explanation on the Company's credit risk management refer note 44.

		Long Term			Short Term		
	31 March 2017	31 March 2016	1 April 2015	31 March 2017	31 March 2016	1 April 2015	
24. OTHER LIABILITIES							
Unearned revenue	-	-	-	15.67	77.23	8.98	
Advances from clients	-	-	-	0.02	3.68	1.72	
Statutory dues	-	-	-	208.88	218.68	153.89	
Dues to subsidiaries	-	-	-	17.09	47.75	263.85	
	-	-	-	241.66	347.34	428.44	



Income tax expenses in the statement of profit and loss consist of the following:		(₹ millions)
	Year ended 31 March 2017	Year ended 31 March 2016
25. TAXES		
Taxes		
Current taxes	2,036.31	1,658.85
Deferred taxes	(22.88)	(158.70)
Total taxes	2.013.43	1,500,15

Under the Indian Income Tax Act, 1961, the Company is liable to pay Minimum Alternate Tax in the tax holiday period. MAT paid can be carried forward for a period of 15 years and can be set off against the future tax liabilities.

The Company has units at Bengaluru, Hyderabad, Chennai and Pune registered as Special Economic Zone (SEZ) units which are entitled to a tax holiday under Section 10AA of the Income Tax Act, 1961. The Company also has STPI units at Bengaluru, Pune and other locations which are registered as a 100 percent Export Oriented Unit, which were earlier entitled to a tax holiday under Section 10B / 10A of the Income Tax Act, 1961.

A portion of the profits of the Company's India operations are exempt from Indian income taxes being profits attributable to export operations from undertakings situated in Special Economic Zone (SEZ). Under the Special Economic Zone Act, 2005 scheme, units in designated special economic zones providing service on or after April 1, 2005 will be eligible for a deduction of 100 percent of profits or gains derived from the export of services for the first five years from commencement of provision of services and 50 percent of such profits and gains for a further five years. Certain tax benefits are also available for a further five years subject to the unit meeting defined conditions.

Dividend income from certain category of investments is exempt from tax. The difference between the reported income tax expense and income tax computed at statutory tax rate is primarily attributable to income exempt from tax, tax deductions and tax effect on allowances / disallowances.

The Company is also subject to tax on income attributable to its permanent establishment in certain foreign jurisdictions due to operation of its foreign branches.

Mphasis Limited have 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.

Deferred tax for the year ended 31 March 2017 and 31 March 2016 relates to origination and reversal of temporary differences

Reconciliation of taxes to the amount computed by applying the statutory income tax rate to the income before taxes is summarized below:

		Year ended 31 March 2017	Year ended 31 March 2016
Profit before exceptional item and tax		8,311.51	6,492.23
Applicable tax rates in India		34.608%	34.608%
Computed tax expenses (A)		2,876.45	2,246.83
Tax effect on exempted operating income		(676.68)	(515.67)
Tax effect on exempted non- operating income		(158.24)	(168.30)
Tax effect on permanent non-deductible expenses		21.59	19.53
Tax effect on differential domestic / overseas tax rate		3.63	5.34
Others		(53.32)	(87.58)
Total adjustments (B)		(863.02)	(746.68)
Total tax expenses (A+B)		2,013.43	1,500.15
	31 March 2017	31 March 2016	1 April 2015
Income tax assets (Net)			
Advance income-tax (net of provision for taxation)	3,540.58	2,781.36	2,398.88
	3,540.58	2,781.36	2,398.88
Income tax liabilities (Net)			
Provision for taxation	452.66	106.37	247.95
	452.66	106.37	247.95
Net income tax asset	3,087.92	2,674.99	2,150.93



The tax effects of significant temporary differences that resulted in deferred tax assets and liabilities are as follows:

(₹	mil	lion	S

			(< 1111110115)
	31 March 2017	31 March 2016	1 April 2015
DEFERRED TAX ASSET (Net)			
Depreciation and amortization expense: Difference between tax depreciation			
and depreciation / amortization as per statement of profit and loss	434.54	489.57	452.74
Provision for doubtful debts and advances	163.41	203.53	202.60
Provision for employee benefits	359.83	392.11	315.69
Provision for loss on long-term contract	16.08	167.39	-
Deferred tax liability on rent equalization reserve	(330.43)	(502.31)	(403.83)
Others	(351.99)	(99.04)	(102.82)
MAT credit entitlement *	-	212.28	685.30
	291.44	863.53	1,149.68

<sup>\*</sup> net of MAT credit utilisation of ₹ 341.26 (31 March 2016: ₹ 473.02 millions).

	Year ended 31 March 2017	Year ended 31 March 2016
26. REVENUE FROM OPERATIONS		
Sale of services	29,406.19	28,690.23
Sale of traded goods	48.29	408.52
Profit on cashflow hedges	731.06	137.69
	30,185.54	29,236.44
26.1 Details of services rendered:		
Application maintenance & other services	13,513.11	11,709.78
Application development	5,309.25	5,811.44
Infrastructure management services	6,725.45	6,958.88
Other services	3,858.38	4,210.13
	29,406.19	28,690.23
26.2 Details of traded goods sold:		
Cash deposit machine and UPS	48.29	408.52
	48.29	408.52

	Year ended 31 March 2017	Year ended 31 March 2016
27. OTHER INCOME		
Interest income on		
Bank deposits	131.89	566.23
Long term bonds	90.73	37.49
Others	177.75	67.95
Dividend income on investments	135.04	448.85
Fair value gain / (loss) on financial instruments at fair value through profit and loss	331.05	(105.45)
Profit on sale of investments	674.79	287.94
Foreign exchange gain / (loss), (net)	215.17	204.79
Profit on sale of fixed assets, (net)	27.94	10.75
Sublease income	67.18	50.49
Miscellaneous income	14.29	12.89
	1,865.83	1,581.93



		Year ended	(₹ millions Year ended
		31 March 2017	31 March 2016
28. PURCHASE OF STOCK-IN-TRADE			
Cash deposit machine and UPS		0.24	421.57
		0.24	421.57
Details of inventory			
Traded Goods			
Cash deposit machine and UPS		-	40.99
		-	40.99
	Va au au ala al	Year ended	(Increase)
	Year ended 31 March 2017	31 March 2016	decrease
28.1 CHANGE IN INVENTORIES OF STOCK-IN-TRADE	01 Maion 2011		
Inventories at the end of the year			
Traded goods	-	40.99	40.99
	-	40.99	40.99
Inventories at the beginning of the year			
Traded goods	40.99	_	(40.99
	40.99	-	(40.99
	40.99	(40.99)	
		Year ended	Year ended
		31 March 2017	31 March 2016
29. EMPLOYEE BENEFITS EXPENSE			
Salaries and bonus		12,506.10	12,647.07
Contribution to provident and other funds		514.21	536.73
Employee share based payment		75.01	55.34
Gratuity expense [refer note 42(a)]		186.74	132.59
Staff welfare expenses		282.93	530.11
		13,564.99	13,901.84
		Year ended	Year ended
		31 March 2017	31 March 2016
30. FINANCE COSTS			
Interest		16.26	17.28
Exchange difference to the extent considered as an adjustment to borrowing c	osts	7.75	46.99
		24.01	64.27
		Year ended	Year ended
		31 March 2017	31 March 2016
31. DEPRECIATION AND AMORTIZATION EXPENSE			
Depreciation of property, plant and equipment (refer note 3)		212.53	221.86
Annantematical at internalista annata (unternalista A)		51.25	65.75
Amortization of intangible assets (refer note 4)		263.78	287.61



	mi		

	Year ended	Year ended
	31 March 2017	31 March 2016
32. OTHER EXPENSES		
Travel	467.15	491.66
Recruitment expenses	186.19	138.92
Communication expenses	207.12	213.31
Rent	1,670.03	2,231.34
Professional charges	1,345.88	943.32
Payment to auditor (refer details below)	18.89	18.45
Provision for doubtful debts	-	2.70
Software development expenses	4,144.04	3,335.82
Power and fuel	293.83	491.53
Selling commission	90.08	69.79
Software support & annual maintenance charges	645.45	668.19
Insurance	80.50	85.44
Rates & taxes*	(47.71)	41.28
Repairs & maintenance	12.85	27.30
Corporate Social Responsibility expense (refer note 48)	133.56	126.70
Miscellaneous expenses	597.99	806.09
	9,845.85	9,691.84

<sup>\*</sup> Rates and taxes includes refund received against service tax receivables.

## Payment to Auditor \*

Statutory audit fee 15.00 13.5-Other services (certification fees) 2.88 3.95		18.89	18.45
Statutory audit fee 15.00 13.5	Reimbursement of expenses	1.01	0.99
	Other services (certification fees)	2.88	3.92
As auditor:	Statutory audit fee	15.00	13.54
A P	As auditor:		

<sup>\*</sup> excluding service tax.

	Year ended 31 March 2017	Year ended 31 March 2016
33. EXCEPTIONAL ITEM (NET OF TAX)		
Expected loss on sale of domestic BPO business [refer note 21 (a)]	(3.76)	12.40
Expected loss on exit from other domestic BPO business [refer note 21 (b)]	(21.57)	92.04
Provision for loss on long-term contract [refer note 21 (c)]	-	316.28
ESOP expenses / bonus (refer note 50)	39.77	-
Others	33.54	-
	47.98	420.72

## 34. EARNINGS PER SHARE ('EPS')

Reconciliation of basic and diluted shares used in computing earnings per share:

	Year ended 31 March 2017	Year ended 31 March 2016
Profit before exceptional item (₹ in millions)	6,298.08	4,992.08
Profit after exceptional item (₹ in millions)	6,250.10	4,571.36
Number of weighted average shares considered for calculation of basic earnings per share	210,035,384	209,853,970
Add: Dilutive effect of stock options	345,892	358,540
Number of weighted average shares considered for calculation of diluted earnings per share	210,381,276	210,212,510

The above does not include 21,000 (31 March 2016: 21,000) bonus shares held in abeyance by the Company.



35. The Company's software development centres in India include 100% Export Oriented ('EOU'), Special Economic Zone ('SEZ') under Special Economic Zone Ordinance and Software Technology Park ('STP') Units under the Software Technology Park guidelines issued by the Government of India. They are exempted from customs and central excise duties and levies on imported and indigenous capital goods and stores and spares. The Company has executed legal undertakings to pay customs duty, central excise duty, levies and liquidated damages payable, if any, in respect of imported and indigenous capital goods and stores and spares consumed duty free, in the event that certain terms and conditions are not fulfilled.

#### 36. CONTINGENT LIABILITIES AND COMMITMENTS

- a. The Company has received assessment orders for the financial years ended 31 March 2005, 31 March 2007, 31 March 2008, 31 March 2010, 31 March 2011, 31 March 2012 and 31 March 2013 wherein certain adjustments in respect of transfer pricing under Section 92CA of the Income Tax Act, 1961 have been made to the taxable income and demand orders for ₹ 2080.46 millions (31 March 2016: ₹ 1,637.11 millions, 1 April 2015: ₹ 1,802.44 millions) have been raised on the Company. The above demands are disputed by the management and the Company has filed appeals against the aforesaid orders with appellate authorities. The management is of the view that the prices determined by it are at arm's length and is confident that the demands raised by the assessing officer are not tenable under law. Pending outcome of the aforesaid matters under litigation, no provision has been made in the books of account for the above mentioned tax demands.
  - Other claims against the Company (majorly Income tax and indirect tax) not acknowledged as debts amount to ₹ 7,057.33 millions (31 March 2016: ₹ 5,532.55 millions, 1 April 2015: ₹ 1,692.91 millions) net of bank guarantees aggregating to ₹ 6,661.95 millions (31 March 2016: ₹ 6,661.95 millions, 1 April 2015: ₹ 4,841.14 millions). The management, basis internal evaluation and legal opinion is of the view that these demands are not tenable.
- b. Other outstanding bank guarantees as at 31 March 2017: ₹ 688.31 millions (31 March 2016: ₹ 703.84 millions, 1 April 2015: ₹ 676.72 millions); including those furnished on account of jointly controlled operations ₹ 99.35 millions (31 March 2016: ₹ 99.35 millions, 1 April 2015: ₹ 99.35 millions) and customs authorities aggregating to ₹ 52.57 millions (31 March 2016: ₹ 47.82 millions, 1 April 2015: ₹ 51.89 millions).
- c. Estimated amount of contracts remaining to be executed on capital account (net of advances) and not provided for as at 31 March 2017: ₹ 77.14 millions (31 March 2016: ₹ 68.15 millions, 1 April 2015: ₹ 304.60 millions)
- d. The Company has received claims from certain customers / vendors. Management is of the view that these claims are not tenable and is taking appropriate action in this regard. It is not practical for the Company to estimate the amounts.
- e. The Company has issued performance guarantees on behalf of its subsidiaries for any future liabilities which may arise out of contracts and to certain clients for executed contracts. It is not practical for the Company to estimate the amounts.

#### 37. OPERATING LEASES

The Company is obligated under non-cancellable leases for equipment, office and residential space that are renewable on a periodic basis at the option of the lessor and lessee. The total rental expenses under non-cancellable operating leases amounted to ₹ 803.08 millions for the year ended 31 March 2017 (31 March 2016: ₹ 831.88 millions).

Future minimum lease payments under non-cancellable operating lease as at 31 March 2017 are as follows:

(₹ millions)

Period	31 March 2017	31 March 2016
Not later than 1 year	317.14	225.73
Later than 1 year and not later than 5 years	188.29	139.22
More than 5 years	-	=
	505.43	364.95

The Company has also occupied office facilities and residential 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 for the year ended 31 March 2017 amounted to ₹ 866.95 millions (31 March 2016: ₹ 1,399.46 millions).

Office premises are obtained on operating lease for terms ranging from 1-7 years and are renewable at the option of the Company/lessor.

The Company has also subleased office space under cancellable operating lease agreements. The total sublease rental income under cancellable operating leases amounted to ₹ 50.56 millions for the year ended 31 March 2017 (31 March 2016: ₹ 50.49 millions). The total sublease rental income under non-cancellable operating leases for the year ended 31 March 2017 amounted to ₹ 16.62 millions (31 March 2016: Nil).



Future minimum sub lease payments receivable under non-cancellable operating lease as at 31 March 2017 are as follows:

(₹ millions)

Period	31 March 2017	31 March 2016
Not later than 1 year	16.62	-
Later than 1 year and not later than 5 years	9.30	-
More than 5 years	-	-
	25.92	-

#### 38. RELATED PARTY TRANSACTIONS

#### Entities where control exists:

	Upto 31 August 2016	From 1 September 2016
Ultimate holding company	Hewlett-Packard Enterprise Company	Blackstone Capital Partners (Cayman II) VI L.P.
Intermediate holding company	Hewlett Packard Barcelona BV	Blackstone Capital Partners (Singapore) VI Holding Co Pte Ltd.
Immediate holding companies	EDS Asia Pacific Holdings	Marble II Pte Limited
	EDS World Corporation (Far East) LLC	
	EDS World Corporation (Netherlands) LLC	

Immediate holding company holds 60.41% (31 March 2016: 60.47%) of the total share capital of the Company.

The related parties where control exists also include Kshema Employees Welfare Trust and Mphasis Provident Fund Trust (Refer note 42(b) for information on transactions with Mphasis Provident Fund Trust mentioned above) and the following subsidiaries:

Msource (India) Private Limited ('Msource India')	Mphasis Australia Pty Limited ('Mphasis Australia')
Mphasis Software and Services (India) Private Limited ('Mphasis India')	Mphasis (Shanghai) Software & Services Company Limited ('Mphasis China')
Mphasis Corporation ('Mphasis USA')	Mphasis Europe BV ('Mphasis Europe')
Mphasis Infrastructure Services Inc.	Mphasis Pte Limited ('Mphasis Singapore')
Digital Risk, LLC	Mphasis Deutschland GmbH ('Mphasis GmbH')
Digital Risk Mortgage Services, LLC	Mphasis Belgium BVBA ('Mphasis Belgium')
Digital Risk Compliance Services, LLC	Mphasis Poland s.p.z.o.o
Digital Risk Valuation Services, LLC	Mphasis Ireland Limited ('Mphasis Ireland')
Digital Risk Europe, OOD	Wyde Solutions Canada Inc.
Digital Risk Anaytics, LLC	Wyde Tunisie SARL
Investor Services, LLC	Mphasis Wyde SASU
Wyde Corporation Inc.	PT. Mphasis Indonesia ('Mphasis Indonesia')
Mphasis Wyde Inc.	Msource Mauritius Inc. ('Msource Mauritius')
Mphasis UK Limited ('Mphasis UK')	Mphasis Philippines Inc.
Mphasis Consulting Limited ('Mphasis Consulting')	Mphasis Lanka Private Limited ('Mphasis Lanka')

### Key management personnel

Nitin Rakesh	Chief Executive Officer (Appointed w.e.f. 29 January 2017)
Balu Ganesh Ayyar	Chief Executive Officer (Resigned w.e.f. 29 January 2017)
A. Sivaram Nair	Executive Vice President, Company Secretary General Counsel & Ethics Officer
V. Suryanarayanan	Executive Vice President & Chief Financial Officer
James Mark Merritt	Director - Vice Chairman of the Board- Resigned w.e.f. 1 September 2016
Davinder Singh Brar	Director, Chairman of the Board
Narayanan Kumar	Director - Non Executive Independent Director
Lakshmikanth K Ananth	Director- Resigned w.e.f. 1 September 2016
Stefan Antonio Lutz	Director- Resigned w.e.f. 1 September 2016



Mary Teresa Hassett Director- Resigned w.e.f. 1 September 2016

Jan Kathleen Hier Non Executive Independent Director - Appointed w.e.f. 11 December 2015

Jeff Thomas Ricci Non-Executive Director - Resigned w.e.f. 1 September 2016

Amit Dixit Director - Appointed w.e.f. 1 September 2016 Amit Dalmia Director - Appointed w.e.f. 1 September 2016 Paul James Upchurch Director - Appointed w.e.f. 1 September 2016 Dario Zamarian Director - Appointed w.e.f. 1 September 2016

David Lawrence Johnson Director - Appointed w.e.f. 1 September 2016 Shankar Maitra Director - Resigned w.e.f. 26 October 2015

Friedrich Froeschl Director - Non Executive Independent Director, Chairman of the Board - Resigned

w.e.f. 26 October 2015

#### Direct or indirect subsidiaries of ultimate holding company with which transactions have taken place:

Global E:Business Operations Private Ltd Hewlett-Packard Limited

Hewlett Packard Enterprise Information Security UK Limited Hewlett-Packard Multimedia SDN BHD Hewlett-Packard Nederland B.V. Hewlett Packard Software, LLC

Hewlett-Packard (Canada) Co. Hewlett-Packard New Zealand Hewlett-Packard Norge AS

Hewlett-Packard (India) Software Operation Private Limited

Hewlett-Packard (K) Limited Liability Partnership Hewlett-Packard OY

Hewlett-Packard (Schweiz) GmbH Hewlett-Packard Philippines Incorporation Hewlett-Packard ApS

Hewlett-Packard Singapore (Sales) Pte. Ltd Hewlett-Packard Asia Pacific Pte Ltd Hewlett-Packard Sverige A.B.

Hewlett-Packard Australia Pty Limited. Hewlett-Packard UK Enterprise (1) Ltd.

Hewlett-Packard Belgium B.V.B.A/S.P.R.L HP Enterprise Services (Hong Kong) Limited

Hewlett-Packard CDS GmbH HP Enterprise Services Australia Pty Ltd Hewlett-Packard Centre de Competence France SAS HP Enterprise Services BPA Pty Ltd

Hewlett-Packard de Mexico S. De R.L. De CV HP Enterprise Services Italia S.r.I

Hewlett-Packard Enterprise Services UK Limited HP Enterprise Services Energy Italia S.r.I

Hewlett-Packard Enterprises LLC \* HP Enterprise Services, LLC

Hewlett-Packard Financial Services (India) Private Ltd. HP Facilities Services (Malaysia) Sdn Bhd

Hewlett-Packard France SAS HP Financial Services (Australia) Pty Limited

Hewlett-Packard Galway Ltd HP Financial Services (New Zealand) Hewlett-Packard Globalsoft Private Limited HP India Sales Private Limited \*

Hewlett-Packard GmbH HP PPS Singapore Sales Pte Ltd. \*

Hewlett-Packard International Sa'rl HP Services (Singapore) Pte Ltd Hewlett-Packard International Trade B.V. P.T. Hewlett-Packard Berca Servisindo

Hewlett-Packard Ireland, Ltd. \* Shanghai Hewlett-Packard Co, Ltd

Hewlett-Packard Japan, Ltd. Hewlett-Packard Enterprise Singapore Pte. Ltd. Hewlett-Packard Enterprise India Private Limited

The above companies ceased to be related parties w.e.f. 1 September 2016 (refer note 49).

\* Effective 1 November 2015, ceased to be related parties as these companies are no longer the subsidiaries of Hewlett-Packard Enterprise Company (ultimate holding company) and accordingly transactions up till 31st October 2015 have been disclosed as related party transactions.



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

(₹ millions)

The following is the summary of significant transactions with related parties by the Company		(< millions
	Year ended 31 March 2017	Year ended 31 March 2016
Rendering of services - entities where control exists	8,681.98	6,735.57
Mphasis USA	6,291.48	4,563.50
Hewlett Packard Enterprise Company	109.76	156.49
Hewlett-Packard Company, USA	-	130.66
Others	2,280.74	1,884.92
Rendering of services - other related parties	2,874.74	8,533.56
HP Enterprises Services, LLC	1,926.18	5,503.20
Hewlett Packard Australia Pty Limited	292.79	855.51
Hewlett-Packard Enterprise Services UK Limited	280.86	1,077.27
Others	374.91	1,097.58
Purchase of fixed assets - entities where control exists	0.88	0.94
Msource India	0.38	0.82
Mphasis China	0.50	-
Others	-	0.12
Purchase of fixed assets - other related parties	-	31.29
Hewlett-Packard India Sales Private Limited	-	18.84
Hewlett-Packard Singapore (Sales) Pte. Limited	-	10.78
Others	-	1.67
Lease Rental incurred - other related parties	-	0.16
Hewlett-Packard Financial Services (India) Private Limited	-	0.16
Sale of fixed assets - entities where control exists	0.19	0.19
Msource India	0.19	0.18
Others	-	0.01
Software development charges - entities where control exists	2,608.77	2,618.40
Mphasis USA	2,334.94	2,185.74
Others	273.83	432.66
Software development charges - other related parties	4.56	10.33
HP Services (Singapore) Pte Limited	4.56	10.33
Software support and annual maintenance charges - other related parties	181.03	355.79
HP Services (Singapore) Pte Limited	180.37	340.55
Others	0.66	15.24
Other expenses incurred - other related parties	4.69	-
HP Services (Singapore) Pte Ltd	0.75	-
Hewlett Packard Enterprise India Pvt Ltd	2.59	-
Hewlett Packard Singapore (Sales) Pte Ltd	1.35	-
Commission charges - entities where control exists	90.08	69.79
Mphasis UK	57.83	36.69
Mphasis Europe	19.67	18.85
Mphasis Consulting	11.82	14.72
Others	0.76	(0.47)
Dividend paid (on cash basis)	2,542.17	2,033.70
Marble II Pte Limited	2,542.17	-
EDS Asia Pacific Holdings	-	1,328.04
EDS World Corporation (Far East) LLC	_	705.66
Remuneration/ Comission to key management personnel*	311.42	156.63
Nitin Rakesh	29.64	-
Balu Ganesh Ayyar	215.70	106.81
Others	66.08	49.82

01010101010101010101010



(₹ millions)

	Year ended 31 March 2017	Year ended 31 March 2016
Investment in entities where control exists	(0.01)	(0.01)
Mphasis USA	(0.01)	(0.01)
Sub-lease rental income - entities where control exists	67.17	50.49
Msource India	50.55	50.49
Digital Risk Mortgage Services, LLC	16.62	-
Sub-lease rent expense - entities where control exists	-	9.57
Msource India	-	9.57

<sup>\*</sup> This does not include remuneration paid to certain directors by the ultimate parent company and its affiliates as they are employees of the said companies.

In addition to the above, the Company and its subsidiaries incur reimbursable expenses on behalf of each other in the normal course of business.

	Year ended 31 March 2017	Year ended 31 March 2016
Expenses incurred on behalf of related parties	118.19	39.18
Mphasis USA	70.36	29.79
Msource India	15.58	2.15
Others	32.25	7.24
Cost Allocation to related parties	430.82	363.50
Msource India	186.36	210.70
Mphasis USA	186.29	111.39
Others	58.17	41.41
Expenses incurred by related parties on Company's behalf	232.99	230.40
Mphasis USA	83.36	71.94
Msource India	149.46	158.12
Others	0.17	0.34

### Managerial remuneration\*

Expenses include the following remuneration to the key management personnel:

	Year ended	Year ended
	31 March 2017	31 March 2016
Short-term employee benefits	240.23	123.33
Share based payment**	44.99	18.02
Commission to independent directors	19.89	12.81
Other benefits***	6.31	2.47
	311.42	156.63

<sup>\*</sup> This does not include remuneration paid to certain directors by the ultimate parent company and its affiliates as they are employees of the said companies.

<sup>\*\*</sup> Includes RSU / ESOP cost determined in consistent with Ind AS 102 ('Share Based Payment').

<sup>\*\*\*</sup> As the liability for gratuity and leave encashment is provided on actuarial basis for the company as whole, the amount pertaining to the directors are not included above.



The balances receivable from and payable to related parties are as follows:		(₹ millions)
	31 March 2017	31 March 2016
Trade receivables and unbilled revenue- entities where control exists	4,609.15	2,854.42

	OT WATCH 2017	OT Watch 2010
Trade receivables and unbilled revenue- entities where control exists	4,609.15	2,854.42
Mphasis USA	3,899.39	2,421.35
Hewlett-Packard Enterprise Company	-	77.94
Others	709.76	355.13
Trade receivables and unbilled revenue- other related parties	-	1,438.35
HP Enterprises Services, LLC	-	766.62
Hewlett-Packard Enterprise Services UK Limited	-	192.65
Hewlett-Packard Australia Pty Limited	-	192.99
Others	-	286.09
Trade payables- entities where control exists	2,097.88	1,088.49
Mphasis USA	1,865.84	964.22
Mphasis Consulting Limited	32.70	13.11
Others	199.34	111.16
Other liabilities- entities where control exists *	17.09	47.75
Mphasis USA	15.83	42.09
Mphasis UK	-	5.66
Others	1.26	-
Trade Payables- other related parties	-	186.71
HP Services (Singapore) Pte Limited	-	124.68
Hewlett Packard Singapore (Sales) Pte Ltd	-	26.75
Others	-	35.28
Remuneration / Commission payable to key management personnel	9.75	8.84
Balu Ganesh Ayyar	-	2.32
Davinder Singh Brar	2.10	2.11
Narayanan Kumar	1.80	1.95
Jan Kathleen Hier	1.85	-
David Lawrence Johnson	2.00	-
Dario Zamarian	2.00	-
Friedrich Froeschl	-	1.49
Others	-	0.97
Loans and Advances - entities where control exists**	1,007.16	965.29
Mphasis USA	742.79	667.53
Msource India	84.02	29.81
Mphasis China	126.10	181.04
Others	54.25	86.91

<sup>\*</sup> includes collection on behalf of related party.

39. During the year ended 31 March 2017, the Company has remitted dividend in foreign currency of ₹ 2,544.29 millions (31 March 2016: ₹ 2,055.21 millions) to non-residents holding 127,214,738 (31 March 2016: 128,450,771) equity shares of the Company.

	Year ended 31 March 2017	Year ended 31 March 2016
Number of shareholders	9	13
Number of shares held	127,214,738	128,450,771
Amount remitted (₹ millions)	2,544.29	2,055.21
Year / period to which the dividend relates	Year ended 31 March 2016	Year ended 31 March 2015

1010101010101010101010

<sup>\*\*</sup> includes collection on behalf of company.



#### 40. SEGMENT REPORTING

Operating segments are defined as components of the Company for which discrete financial information is available that is evaluated regularly by the chief operating decision maker, in deciding how to allocate resources and assessing performance. The Company's chief operating decision maker is the Chief Executive Officer.

The Company has identified business segments (industry practice) as reportable segments. The business segments comprise: Banking and Capital Market, Insurance, Information Technology, Communication and Entertainment and Emerging Industries.

The accounting policies consistently used in the preparation of the financial statements are also applied to record revenue and expenditure in individual segments. Assets, liabilities, revenues and direct expenses in relation to segments are categorised based on items that are individually identifiable to that segment, while other items, wherever allocable, are apportioned to the segments on an appropriate basis. Certain items are not specifically allocable to individual segments as the underlying services are used interchangeably. The Company therefore believes that it is not practical to provide segment disclosures relating to such items, and accordingly such items are separately disclosed as 'unallocated'.

Client relationships are driven based on client domicile. The geographical segments include United States of America (USA), India, Asia Pacific (APAC) and Europe, Middle East & Africa (EMEA).

Business segments		(₹ millions)
	Year ended	Year ended
	31 March 2017	31 March 2016
Segment revenue		
Banking and Capital Market	10,126.47	8,795.41
Insurance	7,188.98	7,002.16
Information Technology, Communication and Entertainment	3,882.28	4,702.71
Emerging Industries	8,256.75	8,598.47
Unallocated - Hedge	731.06	137.69
Total segment revenue	30,185.54	29,236.44
Segment result*		
Banking and Capital Market	1,989.63	105.52
Insurance	2,065.18	2,108.88
Information Technology, Communication and Entertainment	1,209.84	1,475.76
Emerging Industries	3,009.71	2,988.92
Unallocated - Hedge	731.06	137.69
Total segment result	9,005.42	6,816.77
Interest income	400.37	671.67
Finance costs	(24.01)	(64.27)
Other income	1,465.46	910.26
Other unallocable expenditure*	(2,583.71)	(2,262.92)
Profit before taxation	8,263.53	6,071.51
Income taxes	2,013.43	1,500.15
Profit after taxation	6,250.10	4,571.36

<sup>\*</sup> includes exceptional item (refer note 33).

Revenue from one customer amounted to more than 10% of the total revenue amounting to ₹ 4,761.82 millions (31 March 2016: ₹ 4,720.35 millions).

	31 March 2017	31 March 2016	1 April 2015
Segment assets			
Banking and Capital Market	6,770.70	5,773.40	4,847.15
Insurance	2,375.43	2,618.96	1,826.23
Information Technology, Communication and Entertainment	1,528.72	1,405.27	2,231.30
Emerging Industries	3,705.65	3,306.15	3,457.31
Total segment assets	14,380.50	13,103.78	12,361.99
Unallocated assets	39,371.45	40,189.20	39,344.89
Total assets	53,751.95	53,292.98	51,706.88



			(₹ millions)
	31 March 2017	31 March 2016	1 April 2015
Segment liabilities			
Banking and Capital Market	2,259.45	2,579.35	1,778.42
Insurance	2,142.55	1,536.45	1,053.88
Information Technology, Communication and Entertainment	683.37	937.91	1,097.91
Emerging Industries	1,201.16	1,639.60	1,550.88
Total segment liabilities	6,286.53	6,693.31	5,481.09
Unallocated liabilities	512.16	1,559.15	1,781.99
Total liabilities	6,798.69	8,252.46	7,263.08
Capital employed			
Banking and Capital Market	4,511.25	3,194.05	3,068.73
Insurance	232.88	1,082.51	772.35
Information Technology, Communication and Entertainment	845.35	467.36	1,133.39
Emerging Industries	2,504.49	1,666.55	1,906.43
Unallocated capital employed	38,859.29	38,630.05	37,562.90
Total capital employed	46,953.26	45,040.52	44,443.80

	Year ended 31 March 2017	Year ended 31 March 2016
Capital expenditure		
Banking and Capital Market	210.20	172.97
Insurance	149.22	138.12
Information Technology, Communication and Entertainment	80.59	92.48
Emerging Industries	171.39	169.23
Total capital expenditure	611.40	572.80

### Geographic segments

	Year ended	Year ended
Revenue	31 March 2017	31 March 2016
Region		
USA	20,951.06	19,320.91
India	3,847.35	4,682.52
APAC	1,384.59	1,470.23
EMEA	3,271.48	3,625.09
Unallocated - Hedge	731.06	137.69
Total geographic segments	30,185.54	29,236.44

Revenues by geographical area are based on the geographical location of the client.

### Non-current operating assets

	31 March 2017	31 March 2016	1 April 2015
India	777.14	505.65	652.09
Outside India	-	-	-
Total non-current operating assets	777.14	505.65	652.09

Non-current operating assets includes Property, Plant and Equipment, Intangible assets and Intangible assets under development.



# Reconcilation to amounts reflected in the financial statements.

Reconciliation of assets			(₹ millions)
	31 March 2017	31 March 2016	1 April 2015
Segment assets	14,380.50	13,103.78	12,361.99
Investments (refer note 6 and 12)	30,132.24	29,295.97	23,121.89
Cash and cash equivalents (refer note 13)	2,520.52	4,956.34	10,551.89
Income tax assets (refer note 25)	3,540.58	2,781.36	2,398.88
Deferred tax assets (refer note 25)	291.44	863.53	1,149.68
Non current bank balances	109.32	109.17	0.10
Interest receivable	35.18	68.30	98.03
Deposits with government	29.90	7.31	8.31
Balances with statutory / government authorities	1,251.97	1,371.22	1,642.40
Derivatives	1,082.46	358.18	257.81
Capital advance	375.96	375.96	114.05
Others	1.88	1.86	1.85
Total assets	53,751.95	53,292.98	51,706.88

#### Reconciliation of liabilities

	31 March 2017	31 March 2016	1 April 2015
Segment liabilities	6,286.53	6,693.31	5,481.09
Borrowings (refer note 22)	-	1,325.10	1,250.00
Income tax liabilities (refer note 25)	452.66	106.37	247.95
Statutory dues	30.43	67.57	2.63
Other Payable	17.27	48.63	263.97
Derivatives	0.29	3.77	10.47
Unpaid dividend	11.51	7.71	6.97
Total liabilities	6,798.69	8,252.46	7,263.08

#### 41. CAPITAL MANAGEMENT

The Company's objective is to maintain a strong capital base to ensure sustained growth in business. The Capital Management focusses to maintain an optimal structure that balances growth and maximizes shareholder value.

	31 March 2017	31 March 2016	1 April 2015
Total equity attributable to the equity share holders of the Company (A)	46,953.26	45,040.52	44,443.80
Total Current loans and borrowings (B)	-	1,325.10	1,250.00
Total loans and borrowings as a percentage of total capital (B / C)	0.00%	2.86%	2.74%
Total capital (A+B=C)	46,953.26	46,365.62	45,693.80
Total equity as a percentage of total capital (A / C)	100.00%	97.14%	97.26%

The Company is predominantly equity financed which is evident from the capital structure table above. Further the Company has sufficient cash, cash equivalents, current investments and financial assets which are liquid to meet the debts.

### **42. EMPLOYEE BENEFITS**

#### a. Gratuity Plan

The Company has a defined benefit gratuity plan in India (funded). The Company's defined benefit gratuity plan is a final salary plan for India employees, which requires contributions to be made to a separately administered fund.

The gratuity plan is governed by the Payment of Gratuity Act, 1972. Under the act, employee who has completed five years of service is entitled to specific benefit. The level of benefits provided depends on the member's length of service and salary at retirement age. The fund has the form of a trust and it is governed by the Board of Trustees, which consists of an equal number of employer and employee representatives. The Board of Trustees is responsible for the administration of the plan assets and for the definition of the investment strategy.



Each year, the Board of Trustees reviews the level of funding in the India gratuity plan. Such a review includes the asset-liability matching strategy and investment risk management policy. This includes employing the use of annuities and longevity swaps to manage the risks. The Board of Trustees decides its contribution based on the results of this annual review. Generally, it aims to have a portfolio mix of equity instruments, property and debt instruments. The Board of Trustees aim to keep annual contributions relatively stable at a level such that no plan deficits (based on valuation performed) will arise.

The following tables set out the status of the gratuity plan.

Disclosure as per Ind AS - 19

(₹ millions)

	31 March 2017	31 March 2016
Change in projected benefit obligations		
Obligations at beginning of the year	914.61	827.15
Service cost	130.22	88.93
Interest cost	66.71	57.83
Benefits settled	(118.65)	(152.33)
Acturial (gain) /loss (through OCI)	42.38	93.03
Obligations at end of the year	1,035.27	914.61
Change in plan assets		
Plan assets at beginning of the year, at fair value	109.14	241.80
Expected return on plan assets	10.19	14.17
Actuarial gain /(loss) (through OCI)	8.53	-
Contributions	200.01	10.30
Transfer	-	(4.80)
Benefits settled	(118.65)	(152.33)
Plan assets at end of the year	209.22	109.14
Present value of defined benefit obligation at the end of the year	1,035.27	914.61
Fair value of plan assets at the end of the year	209.22	109.14
Net liability recognised in the balance sheet	(826.05)	(805.47)

	Year ended 31 March 2017	Year ended 31 March 2016
Expenses recognised in statement of profit and loss		
Service cost	130.22	88.93
Interest cost (net)	56.52	43.66
Net gratuity cost	186.74	132.59
Re-measurement gains / (losses) in OCI		
Actuarial (gain) / loss due to demographic assumption changes	-	-
Actuarial (gain) / loss due to financial assumption changes	16.27	37.03
Actuarial (gain) / loss due to experience adjustments	26.11	56.00
Return on plan assets (greater) less than discount rate	(8.53)	
Total expenses routed through OCI	33.85	93.03
Assumptions		
Interest rate	6.80%	7.70%
Discount factor	6.80%	7.70%
Expected rate of return on plan assets	6.80%	7.70%
Actual return on plan assets	8.25%	8.35%
Salary increase	6.50%	6.50%
Attrition rate	20.00%	20.00%
Retirement age	60 years	60 years
Projected benefit obligation at end	1,035.27	914.61
Projected benefit obligation at beginning	914.61	827.15
Accumulated benefit obligation at end	931.75	823.15
Vested benefit obligation at end	878.40	781.00



(₹ millions)

	31 March 2017	31 March 2016
Five years payouts		
Year 1	181.26	167.71
Year 2	144.92	130.31
Year 3	114.99	103.69
Year 4	91.38	81.45
Year 5	72.41	64.59
6 to 10 years	191.35	165.91
Beyond 10 years	238.96	200.95
Contributions likely to be made for the next one year	290.00	200.00

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. Expected return on plan assets is computed based on prevailing market rate.

### The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

	31 March 2017	31 March 2016
Investments with insurer	100%	100%

Sensitivity analysis	31 Mar	ch 2017	31 March 2016		
Effect of change in discount rate	1% increase	1% increase 1% decrease		1% decrease	
Effect on the aggregate of service cost	(7.42)	(8.07)	(4.82)	5.42	
Effect on the aggregate of interest cost	-	-	-	-	
Effect on the defined benefit obligation	(78.68)	105.60	(79.02)	91.46	
Effect of change in salary	1% increase	1% decrease	1% increase	1% decrease	
Effect on the aggregate of service cost	7.82	(7.16)	6.69	(4.89)	
Effect on the aggregate of interest cost	-	-	-	-	
Effect on the defined benefit obligation	99.39	(60.05)	78.66	(67.68)	

#### b. Provident fund

The Company has carried out actuarial valuation as at 31 March 2017. The actuary has provided a valuation for provident fund liabilities and based on the assumption mentioned below, there is no shortfall as at 31 March 2017 and 31 March 2016.

The amount of plan assets disclosed below has been restricted to the extent of present value of benefit obligation at the year end.

The details of the fund and plan asset position are given below:

	31 March 2017	31 March 2016
Plan assets at the year end	6,579.19	6,101.22
Present value of benefit obligation at year end	6,579.19	6,101.22
Asset recognized in balance sheet	-	-

Assumptions used in determining the present value obligation of the interest rate guarantee under the Deterministic Approach.

Government of India (GOI) bond yield

Remaining term of maturity (in years)

12

Expected guaranteed interest rate

8.65%

8.70%

The Company contributed ₹ 417.32 millions during the year ended 31 March 2017 (31 March 2016: ₹ 415.62 millions).



### 43. FINANCIAL INSTRUMENTS

The carrying value of financial instruments by categories as of 31 March 2017 is as follows: (₹ millions)

Particulars	Fair value through profit or loss	Derivative instruments in Hedging relationship	Derivative instruments not in Hedging relationship	Amortised Cost	Total
Financial assets					
Cash and cash equivalents	-	-	-	2,520.52	2,520.52
Bank balances other than cash and cash equivalents	-	-	-	-	-
Investment (other than investment in Subsidiaries)	14,706.52	-	-	1,255.17	15,961.69
Trade receivables	-	-	-	7,107.08	7,107.08
Loans and advances	-	-	-	2,592.61	2,592.61
Forward cover	-	-	168.94	-	168.94
Cash flow hedges	-	1,082.46	-	-	1,082.46
Other financial assets	-	-	-	1,869.24	1,869.24
Total	14,706.52	1,082.46	168.94	15,344.62	31,302.54
Financial liabilities					
Borrowings	-	-	-	-	-
Trade payables	-	-	-	4,297.74	4,297.74
Forward cover	-	-	1.33	-	1.33
Cash flow hedges	-	0.29	-	-	0.29
Other financial liabilities	-	_	-	545.91	545.91
Total	-	0.29	1.33	4,843.65	4,845.27

The carrying value of financial instruments by categories as of 31 March 2016 is as follows:

Particulars	Fair value through profit or loss	Derivative instruments in Hedging relationship	Derivative instruments not in Hedging relationship	Amortised Cost	Total
Financial assets					
Cash and cash equivalents	-	-	-	1,321.15	1,321.15
Bank balances other than cash and cash equivalents	-	-	-	3,635.19	3,635.19
Investment (other than investment in Subsidiaries)	13,870.24	-	-	1,255.17	15,125.41
Trade receivables	-	-	-	5,053.29	5,053.29
Loans and advances	-	-	-	2,570.05	2,570.05
Forward cover	-	-	96.39	-	96.39
Cash flow hedges	-	358.18	-	-	358.18
Other financial assets	-	-	-	2,571.34	2,571.34
Total	13,870.24	358.18	96.39	16,406.19	30,731.00
Financial liabilities					
Borrowings	-	-	-	1,325.10	1,325.10
Trade payables	-	-	-	3,584.29	3,584.29
Forward cover	-	-	41.13	-	41.13
Cash flow hedges	-	3.77	-	-	3.77
Other financial liabilities	-	-	-	1,323.12	1,323.12
Total	-	3.77	41.13	6,232.51	6,277.41



The carrying value of financial instruments by categories as of 1 April 2015 is as follows:

(₹ millions)

Particulars	Fair value through profit or loss	Derivative instruments in Hedging relationship	Derivative instruments not in Hedging relationship	Amortised Cost	Total
Financial assets					
Cash and cash equivalents	-	-	-	1,901.05	1,901.05
Bank balances other than cash and cash equivalents	-	-	-	8,650.84	8,650.84
Investment (other than investment in Subsidiaries)	8,951.32	-	-	-	8,951.32
Trade receivables	-	-	-	4,828.12	4,828.12
Loans and advances	-	-	-	2,489.56	2,489.56
Forward cover	-	-	81.13	-	81.13
Cash flow hedges	-	257.81	-	-	257.81
Other financial assets	-	-	-	2,206.04	2,206.04
Total	8,951.32	257.81	81.13	20,075.61	29,365.87
Financial liabilities					
Borrowings	-	-	-	1,250.00	1,250.00
Trade payables	-	-	-	3,166.11	3,166.11
Forward cover	-	-	25.52	-	25.52
Cash flow hedges	-	10.47	-	-	10.47
Other financial liabilities	-	-	-	1,404.00	1,404.00
Total	-	10.47	25.52	5,820.11	5,856.10

#### Fair Value hierarchy:

Particulars		As at 31 March 2017				As at 31 March 2016			As at 1 April 2015			
	Fair valu	Fair value measurements at reporting date using Fair value measurements at reporting date using date using date using							porting			
	Total	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3
Assets												
Investment (other than investment in Subsidiaries)	14,706.52	14,706.52	-	-	13,870.24	13,870.24	-	-	8,951.32	8,951.32	-	-
Derivative instruments												
Cash flow hedges*	1,082.46	-	1,082.46	-	358.18	-	358.18	-	257.81	-	257.81	-
Forward cover	168.94	-	168.94	-	96.39	-	96.39	-	81.13	-	81.13	-
Liabilities												
Derivative instruments												
Cash flow hedges*	0.29	-	0.29	-	3.77	-	3.77	-	10.47	-	10.47	-
Forward cover	1.33	-	1.33	-	41.13	-	41.13	-	25.52	-	25.52	-

<sup>\*</sup> Cash flow hedges are routed through FVTOCI and the rest are routed through FVTPL.

### 44. FINANCIAL RISK MANAGEMENT

The Company's activities expose it to the following risks:

- Credit risk
- Interest risk
- Liquidity risk
- Market risk

#### Credit Risk

Credit Risk is the risk that counter party will not meet its obligations under a financial instruments or customer contract leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables and unbilled revenue) and from its financing activities including deposits with banks and financial institutions, investments, foreign exchange transactions and other financial instruments.



#### Trade receivables

Credit risk is managed by each business unit subject to the Company's established policy, procedures and control relating to customer credit risk management. Outstanding customer receivables are regularly monitored.

The impairment analysis is performed at each reporting date on an individual basis for major clients. In addition, a large number of minor receivables are grouped into homogeneous groups and assessed for impairment collectively. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets. The Company does not hold collateral as security.

#### Credit risk exposure

The Company's credit period generally ranges from 30 – 60 days is as below.

(₹ millions)

Particulars	31 March 2017	31 March 2016
Trade receivables	7,107.08	5,053.29
Unbilled revenues	1,724.74	2,393.87
Total	8,831.82	7,447.16

The Company evaluates the concentration of risk with respect to trade receivables as low as they are spread across multiple geographies and multiple industries.

#### Financial instruments and deposits with banks

Credit risk is limited as we generally invest in deposits with banks and financial institutions with high credit ratings assigned by international and domestic credit rating agencies. Investments primarily include investments in liquid mutual fund units and bonds issued by government. Counterparty credit limits are reviewed by the Company periodically and the limits are set to minimise the concentration of risks and therefore mitigate financial loss through counterparty's potential failure to make payments.

#### Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Company's exposure to the risk of changes in interest rates relates primarily to the Company's debt obligations with floating interest rates. The Company's borrowings are short term / working capital in nature and hence is not exposed to significant interest rate risk.

#### Liquidity risk

The Company's principal sources of liquidity are cash and cash equivalents and the cash flow that is generated from operations. The Company believes that the cash and cash equivalents is sufficient to meet its current requirements. Accordingly no liquidity risk is perceived.

The break-up of cash and cash equivalents, deposits and investments is as below.

Particulars	31 March 2017	31 March 2016
Cash and cash equivalents	2,520.52	1,321.15
Bank balances other than cash and cash equivalents	-	3,635.19
Investments	14,706.52	12,584.74
Total	17,227.04	17,541.08

The table below summarises the maturity profile of the Company's financial liabilities at the reporting date. The amounts are based on contractual undiscounted payments.

			180 to	365 days	Total
Financial liabilities (31 March 2017)	On demand	0-180 days	365 days	and above	
Trade payables	37.61	3,990.89	269.24	-	4,297.74
Other financial liabilities	11.51	525.29	-	10.73	547.53
Total financial liabilities	49.12	4,516.18	269.24	10.73	4,845.27

Financial liabilities (31 March 2016)					
Trade payables	40.52	3,445.50	98.27	-	3,584.29
Borowings	-	1,325.10	-	-	1,325.10
Other financial liabilities	7.71	1,349.01	-	11.30	1,368.02
Total financial liabilities	48.23	6,119.61	98.27	11.30	6,277.41



#### Market Risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's exchange risk arises from its foreign operations, foreign currency revenues and expenses, (primarily in United States Dollars ('USD')). The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense is denominated in a foreign currency).

Company uses derivative financial instruments, such as foreign exchange forward contracts, to mitigate the risk of changes in foreign currency exchange rates in respect of its forecasted cash flows and trade receivables.

Below is the summary of foreign currency exposure of Company's financial assets and liabilities.

(₹ millions)

31 March 2017		Currency			
Financial assets	USD	GBP	EUR	Others	Total
Trade receivables	5,527.89	317.66	71.71	287.35	6,204.61
Other financial assets	1,366.31	125.50	39.58	40.40	1,571.79
Total financial assets	6,894.20	443.16	111.29	327.75	7,776.40
Financial liabilities					Total
Trade payables	2,113.26	-	-	24.64	2,137.90
Other financial liabilities	2.39	-	-	1.33	3.72
Total financial liabilities	2,115.65	-	-	25.97	2,141.62
Net financial assets	4,778.55	443.16	111.29	301.78	5,634.78

31 March 2016	Currency				
Financial assets	USD	GBP	EUR	Others	Total
Trade receivables	3,611.35	409.20	79.13	260.64	4,360.32
Other financial assets	1,825.71	132.02	53.70	86.54	2,097.97
Total financial assets	5,437.06	541.22	132.83	347.18	6,458.29
Financial liabilities					Total
Trade payables	1,106.61	0.95	0.98	76.21	1,184.75
Borowings	1,325.10	-	-	-	1,325.10
Other financial liabilities	27.26	2.17	1.18	10.52	41.13
Total financial liabilities	2,458.97	3.12	2.16	86.73	2,550.98
Net financial assets	2,978.09	538.10	130.67	260.45	3,907.31

The Company holds derivative financial instruments such as foreign currency forward contracts to mitigate the risk of changes in exchange rates on foreign currency exposures. The counter party for these transactions are banks. These derivative financial instruments are valued based on quoted prices for similar assets and liabilities in active markets or inputs that are directly or indirectly observable in the market place.

Forward contracts outstanding against receivables / highly probable forecast transactions as at 31 March 2017 and 31 March 2016 are as below:

Currency	31 March 2017		31 Marcl	31 March 2016	
Balance sheet hedges	Amount (millions)	Amount in (₹ millions)	Amount (millions)	Amount in ( ₹ millions)	
USD	70.10	4,545.99	76.41	5,062.81	
GBP	6.89	557.71	6.09	581.80	
CAD	0.64	31.12	0.64	32.53	
AUD	6.77	335.48	5.13	261.62	
EUR	1.77	122.92	1.77	133.75	

Forward contracts outstanding against payables as at 31 March 2017 and 31 March 2016 are as below:

Currency	31 March	2017	31 Marc	31 March 2016		
	Amount (millions)	Amount in (₹ millions)	Amount (millions)	Amount in ( ₹ millions)		
USD	-	-	20.00	1325.10		
SGD	0.46	21.16	1.38	68.01		

The foreign exchange exposure of the Company has been hedged by forward contracts disclosed above.



#### Sensitivity analysis

Every 1% increase/decrease of the respective foreign currencies compared to functional currency of the Company would impact operating margins by 0.25% for the year ending 31 March 2017 and 0.14% for the year ending 31 March 2016.

#### 45. FAIR VALUES

Financial instruments carried at Amortised cost such as Cash and cash equivalents, Trade receivables, Loans and advances, other financial assets, Borrowings and Trade payables and other financial liabilities are considered to be same as their fair values, due to short term nature.

For financial assets and liabilities that are measured at fair value, the carrying amounts are equal to the fair values.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

- The fair values of the quoted Investments are based on price quotations at the reporting date.
- The Company holds derivative financial instruments such as foreign exchange forward to mitigate the risk of changes in exchange rates on foreign currency exposures. The counterparty for these contracts is generally a bank. Foreign exchange forward contracts are valued using valuation techniques, which employs the use of market observable inputs. The models incorporate various inputs including the credit quality of counterparties, foreign exchange spot and forward rates. The changes in counterparty credit risk had no material effect on the hedge effectiveness assessment for derivatives designated in hedge relationships and other financial instruments recognized at fair value.

#### 46. HEDGING ACTIVITIES AND DERIVATIVES

#### Derivatives not designated as hedging instruments

The Company uses foreign exchange forward contracts to manage some of its transaction exposures. The foreign exchange forward contracts are not designated as cash flow hedges and are entered into for periods consistent with foreign currency exposure of the underlying transactions, generally from one to twelve months.

#### Cash flow hedges

#### Foreign currency risk

Foreign exchange forward contracts measured at fair value through OCI are designated as hedging instruments in cash flow hedges of forecast sales in foreign currencies. These forecast transactions are highly probable.

The foreign exchange forward contract balances vary with the level of expected foreign currency sales and changes in foreign exchange forward rates.

Forward contracts outstanding against cash flow hedges as at 31 March 2017 and 31 March 2016 are as below:

Currency	31 March	2017	31 Marc	31 March 2016		
	Amount Amount in		Amount	Amount in		
Cash flow hedges	(millions)	(₹ millions)	(millions)	(₹ millions)		
USD	220.60	14,305.91	152.00	10,070.76		
GBP	15.65	1,266.12	13.31	1,270.55		
AUD	7.26	359.93	2.97	151.41		
EUR	3.96	274.33	4.07	306.86		

Fair value of foreign currency forward contracts designated as hedging instruments are as follows:

(₹ millions)

Particulars	31 March 2017	31 March 2016	1 April 2015
Assets	1,082.46	358.18	257.81
Liabilities	0.29	3.77	10.47

The terms of the foreign currency forward contracts match the terms of the expected highly probable forecast transactions. As a result, no hedge ineffectiveness arise requiring recognition through profit or loss.

The cash flow hedges of the expected future sales during the year ended 31 March 2017 were assessed to be highly effective and a net unrealised gain of ₹ 727.75 millions, with a deferred tax liability of ₹ 251.86 millions relating to the hedging instruments, is included in OCI. Comparatively, the cash flow hedges of the expected future sales during the year ended 31 March 2016 were assessed to be highly effective and an unrealised gain of ₹ 107.07 millions with a deferred tax liability of ₹ 37.06 millions was included in OCI in respect of these contracts.



- 47. The Company has announced a buyback of up to 17,370,078 fully paid-up equity shares of face value of ₹ 10 each ("Equity Shares"), representing up to 8.26% of the total paid-up equity share capital of the Company, from all the shareholders/beneficial owners of the Equity Shares of the Company as on the record date i.e., 31 March 2017 ("Record Date"), on a proportionate basis, by way of "tender offer" method as prescribed under the Securities and Exchange Board of India (Buy Back of Securities) Regulations, 1998 ("Buyback Regulations") through the stock exchange mechanism as specified by Securities and Exchange Board of India ("SEBI") in its circular bearing number CIR/CFD/POLICYCELL/1/2015 dated 13 April 2015 read with SEBI circular bearing number CFD/DCR2/CIR/P/2016/131 dated 9 December 2016, at a price of ₹ 635 per Equity Share for an aggregate amount of up to ₹ 11,029,999,530 ("Buyback"/ "Buyback Offer"). The offer letters together with the tender form have been sent to the shareholders as required under the Buyback Regulations. The buyback opened on 12 May 2017 and closes on 25 May 2017.
- 48. As per Section 135 of the Companies Act, 2013, a Corporate Social Responsibility ('CSR') committee has been formed by Mphasis Limited. The primary function of the Committee is to assist the Board of Directors in formulating a CSR Policy and review the implementation and progress of the same from time to time. The CSR Policy focuses on creating opportunities for the disadvantaged with emphasis on persons with disabilities and Technology driven community development. Gross amount required to be spent by the Company during the year was ₹ 129.80 millions (31 March 2016:₹ 134.20 millions). The expenses incurred towards CSR activities amounting to ₹ 133.56 million (31 March 2016:₹ 126.70 millions) has been charged to the statement of profit and loss and is disclosed under other expenses.

Amount spent during the year ended 31 March 2017 are as follows:

(₹ millions)

Particulars	In cash	Yet to be paid in cash	Total
Construction / acquisition of any asset	Nil	Nil	Nil
On purposes other than above	133.56	Nil	133.56

- 49. Pursuant to the Share Purchase Agreement executed on 4 April 2016, Hewlett Packard Enterprise Company the erstwhile ultimate holding company has transferred its entire stake in the Company to Marble II Pte. Limited a company in Blackstone group effective 1 September 2016. Further, Marble II Pte. Limited, has acquired 2,178 Equity Shares, from the Public Shareholders, under the Open Offer as per the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011. The shareholding of the Marble II Pte. Limited, post the acquisition and Open Offer, is 127,108,444 equity shares representing 60.47% of the paid up equity share capital of the Company. Further to the above, the Company forms part of Blackstone group of companies.
- 50. During the quarter ended 30 September 2016, the transfer of control from Hewlett Packard Enterprise Company to Blackstone group has resulted in accelerated vesting of unvested employee stock options and employee bonus, accordingly the Company has provided for deferred employee compensation cost on an accelerated basis over the remaining vesting period amounting to ₹ 39.77 millions (net of tax of ₹ 21.45 millions) and has accounted the same as exceptional item.

### 51. ADOPTION OF Ind AS

These standalone financial statements, for the year ended 31 March 2017, have been prepared in accordance with Ind AS. For the year ended 31 March 2016, the Company prepared its annual standalone financial statements in accordance with accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 ('Indian GAAP' or 'previous GAAP').

Accordingly, the Company has prepared standalone financial statements which comply with Ind AS applicable for the year ended 31 March 2017, together with the comparative period data, as described in the summary of significant accounting policies. This note explains the principal adjustments made by the Company in restating its Indian GAAP financial statements.

#### Exemptions applied

Ind AS 101 allows first-time adopters certain exemptions from the retrospective application of certain requirements under Ind AS. The Company has applied the following material exemptions:

- Ind AS 101 provides an option to restate past business combinations as per Ind AS 103 ('Business Combination') starting from a pre
  transition date (selected by the Company). Accordingly, Company has selected 01 Aug 2011 as the pre transition date (effective date)
  and has restated all business combinations post effective date.
- The Company has elected to avail exemption under Ind AS 101 to use India GAAP carrying value as deemed cost at the date of transition for all items of property, plant and equipment and intangible assets as per the statement of financial position prepared in accordance with previous GAAP.



#### Reconciliation of total equity between previous GAAP and Ind AS

(₹ millions)

	Notes	31 March 2016	1 April 2015
Equity under previous GAAP		45,274.83	40,495.05
Fair valuation of investments	51 (a)	53.13	158.58
Fair valuation of forward contracts	51 (b)	(4.99)	2.62
Effect of income tax		(132.61)	(137.24)
Proposed dividend and tax on dividend	51 (c)	-	4,046.73
Effect of consolidation of Employee Welfare Trusts	51 (d)	(135.35)	(109.93)
Others		(14.49)	(12.01)
Equity as per Ind AS		45,040.52	44,443.80

#### Total comprehensive income reconciliation for the year ended 31 March 2016

	Notes	Year ended 31 March 2016
Profit for the year after exceptional item under previous GAAP		4,583.65
Fair valuation of investments	51 (a)	(105.45)
Fair valuation of forward contracts	51 (b)	(4.99)
Employee benefits	51 (e)	93.03
Effect of income tax		6.89
Others		(1.77)
Profit for the year after exceptional item under Ind AS		4,571.36
Other comprehensive income		9.18
Total comprehensive income		4,580.54

### Notes to reconciliations between previous GAAP and Ind AS

#### a) Fair valuation of investments

Under previous GAAP, current investments were measured at lower of cost or fair value and long term investments were measured at cost less diminution in value which is other than temporary. Under Ind AS, financial assets other than those valued at amortized cost are measured at fair value.

Investment in Mutual Funds have been classified as fair value through statement of profit and loss and fair value changes are recognized in the statement of profit and loss.

#### b) Fair valuation of forward contracts

Under previous GAAP, in relation to the forward contracts entered into, to hedge the foreign currency risk of the underlying outstanding at the balance sheet date, the exchange difference is calculated and recorded in accordance with paragraphs 36 and 37 of AS 11. Under Ind AS, the aforementioned forward contracts are fair valued through statement of profit and loss and fair value changes are recognized in statement of profit and loss.

#### c) Dividend and tax on dividend

Under previous GAAP, dividend payable was recorded as a liability in the period to which it relates. Under Ind AS, dividend to holders of equity instruments is recognised as a liability in the period in which the obligation to pay is established.

#### d) Effect of consolidation of employee welfare trusts

Under previous GAAP, employee welfare trusts were not required to be consolidated considering that these trusts were constituted as irrecoverable trusts. Under Ind AS all the employee welfare trusts have been consolidated.

#### e) Employee benefits

Under previous GAAP, actuarial gains and losses were recognized in the statement of profit and loss. Under Ind AS, the actuarial gains and losses form part of re-measurement of net defined benefit liability/asset which is recognized in other comprehensive income in the respective periods.



52. The comparatives given in the standalone financial statements have been compiled after making necessary Ind AS adjustments to the respective audited financial statements under previous GAAP to give a true and fair view in accordance with Ind AS.

#### 53. STANDARDS ISSUED BUT NOT YET EFFECTIVE

In March 2017, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2017, notifying amendments to Ind AS 7, 'Statement of cash flows' and Ind AS 102, 'Share-based payment.' These amendments are in accordance with the recent amendments made by International Accounting Standards Board (IASB) to IAS 7, 'Statement of cash flows' and IFRS 2, 'Share-based payment,' respectively. The amendments are applicable to the Company from 1 April 2017.

#### Amendment to Ind AS 7:

The amendment to Ind AS 7 requires the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the balance sheet for liabilities arising from financing activities, to meet the disclosure requirement. The Company is currently evaluating the requirements of the amendment and has not yet determined the impact on the standalone financial statements.

#### Amendment to Ind AS 102:

The amendment to Ind AS 102 provides specific guidance to measurement of cash-settled awards, modification of cash-settled awards and awards that include a net settlement feature in respect of withholding taxes.

It clarifies that the fair value of cash-settled awards is determined on a basis consistent with that used for equity-settled awards. Marketbased performance conditions and non-vesting conditions are reflected in the 'fair values', but non-market performance conditions and service vesting conditions are reflected in the estimate of the number of awards expected to vest. Also, the amendment clarifies that if the terms and conditions of a cash-settled share-based payment transaction are modified with the result that it becomes an equity-settled share-based payment transaction, the transaction is accounted for as such from the date of the modification. Further, the amendment requires the award that include a net settlement feature in respect of withholding taxes to be treated as equity-settled in its entirety. The cash payment to the tax authority is treated as if it was part of an equity settlement.

The Company is currently evaluating the requirements of the amendment and has not yet determined the impact on the standalone financial statements.

As per our report of even date.

#### For S.R. BATLIBOI & ASSOCIATES LLP

For and on behalf of the Board of Directors

Chartered Accountants

ICAI Firm registration number:101049W/E300004

per Adarsh Ranka

Partner

Membership No. 209567

Nitin Rakesh

Chief Executive Officer

**Davinder Singh Brar** 

Chairman

V. Suryanarayanan

Executive Vice President & Chief Financial Officer

Bengaluru

A. Sivaram Nair

Executive Vice President, Company Secretary

General Counsel & Ethics Officer

Bengaluru 25 May 2017

25 May 2017



# **GROUP OFFICE LOCATIONS**

### INDIA

#### Bengaluru

- Bagmane Laurel,
   No. 65/2, Block-A,
   Bagmane Technology Park,
   Byrasandra Village, C V Raman Nagar,
   Bengaluru 560 093
   Tel: 080 4004 4444
   Fax: 080 2534 8634
- Bagmane Parin,
   No. 65/2, Block A,
   Bagmane Technology Park,
   Byrasandra Village, C V Raman Nagar,
   Bengaluru 560 093
   Tei:080 4004 0404
   Fax: 080 4004 9999
- Global Technology Village SEZ Survey Nos. 12/1, 12/2, 29 & 30 Mylasandra & Patanegere Villages RVCE post, Kengeri Hobli Bengaluru - 560 059 Tel: 080 - 3986 7000 Fax: 080 - 3064 6551
- Kshema Dhama #1, Global Village, Mylasandra Mysore Road, Bengaluru - 560 059 Tel: 080 - 4003 0303
   Fax: 080 - 4003 3137
- Bagmane World Technology Center, W.T.C. 2, K.R. Puram Marathalli Ring Road, Mahadevapura, Bengaluru - 560 048 India Tel: 080 - 3352 1000
- Bagmane World Technology Center Special Economic Zone, W.T.C. 3, Block A & B, Level 1, Bengaluru - 560 048
   Tel: 080 - 3352 1000
- Bagmane World Technology Center Special Economic Zone, W.T.C. 4, Level 4, Mahadevpura, K R Puram, Bengaluru - 560 048
   Tal: 080 - 3352 1000
- Mascot 90, EPIP Industrial Area No. 80, Block II, Whitefield, Bengaluru - 560 066
   Tel: 080 - 6792 3001

#### Chenna

- DLF IT PARK, Block 10, 6th Floor, 1/124, Sivaji Gardens, Moonlight Stop, Mount Poonamalle Road, Chennai - 600 089 Tel: 044-6637 6000 Fax: 044-6637 6103
- DLF SEZ IT Park, Tower 1B Level 1-5, 1/124, Sivaji Garden Manapakkam, Mount Poonamalle Road, Chennai - 600 089
   Tel : 044-6637 0000
   Fax: 044-6637 4000

#### Hyderabad

 Sundew Properties Limited Building No. 12C, 12th floor Mindspace Cyberabad Survey No. 64 (Park), TSSIIC Software Layout, Madhapur, Hyderabad - 500 081
 Tel: 040 - 6788 0000, 4813 6000

#### Mangalore

- No 92, Mangalore Thota, Mangalore Thota, 575001
   Tel: 0824 - 2413000
   Fax: 0824 - 2419800
- Techbay, PL Compound, Morgan's Gate, 22-5-750, Jeppu Ferry Road, Mangalore - 575 001
   Tel: 0824 - 241 3000
   Fax: 0824 - 241 9800

#### Mumbai

 Infinity IT Park, Unit No. 101, 'B' Wing, Building No. 4, 239 General A K Vaidya Marg, Dindoshi, Malad (East), Mumbai - 400 097 Tel: 022 - 6788 4000

#### Pune

- Cybercity, Tower IV Magarpatta Hadapsar, Pune - 411 013
   Tel: 020 - 4014 1000
- EON free Zone. Cluster C Kharadi Knowledge Park EON Kharadi Infrastructure Pvt. Ltd SEZ Plot No.1, Survey No.77 MIDC, Kharadi, Pune - 411 014 Tel: 020 - 4074 0000 Fax: 020 - 6617 0000

#### **AMERICAS**

#### Canada

- 33 City Centre Drive, Suite 601 Mississauga, Ontario, L5B 2N5, Canada
- Lecours, Hébert avocats inc. 354, rue Notre-Dame Ouest Bureau 100 Montréal (Québec) H2Y 1T9 Canada
- 90 University Avenue Charlottetown, P.E.I C1A4K9
- 340 King Street East, Toronto, Ontario M5A 1K8 Canada

#### USA

- 1220N Market Street, Suit 806, Wilmington, DE 19801
- 2711 Centerville Road, Suite 400 Wilmington, County of New Castle, Delaware 19808
- C/O Corporation Services Company 251 Little Falls Drive Wilmington, DE 19808

- Corporate Creations Network, 3411, Silverside Road Tatnall Bldg, Suite 104, Willmington – DE - 19810
- # 7460, Warren Parkway, Suite 100 Frisco, Texas - 75034
- 2301 Maitland Center Parkway, Suite 165, Maitland, FL 32751
   Tel: 407-215-2900
- 660 Century Point, Suite 1000, Lake Mary, FL 32746
   Tel: 407-708-0693
- 5201 Congress Avenue, Suite 250 Boca Raton, FL 33487
   Tel: 561-208-7489
- 460 Park Avenue South, New York NY 10016
   Tel: (212) 686-6655
   Fax: (212) 683-1690
- 5353, North 16th Street, Suite 400, Phoenix, Arizona 85016
   Tel: 1 - 602 - 604 - 3100
   Fax: 1 - 602 - 604 - 3115
- Suite 340, South Wind Office Center D Building, 8295, Tournament Drive Memphis. Tennessee - 38215.
- 314, Wall Street, Building J Montgomery Township, Somerset County, NJ - 08540.
- 226, Airport Parkway, San Jose, California - 95110.
- 3600, American Blvd West, Suite 110, Bloomington, Minneapolis, Eagan, MN 55431
- 8900 freedom Parkway, Building 100 Suite 110, Jaksonville, SL 32256.

#### LUNOFL

### Belgium

Office No. 9 & 22,
 Leonardo Da Vincilaan,
 9, Zaventem, Belgium B-1935

#### France

- 103-105 rue Anatole France 92300 Levallois-Perret
- 1 Place Paul Verlaine 92100 Boulogne - Billancourt

#### Germany

 Koblenzer, Street 34, Postfach 1221, D 56130 Bad Ems, Germany Tel: 49-2603504151
 Fax: 49(0)-2603506301

#### The Netherlands

 Strawinskylaan 3051, 1077 ZX AMSTERDAM, The Netherlands
 Tel: 31 - 639 - 110 - 223

#### Ireland

 Boole House, Beech Hill Office Campus, Clonskeagh, Dublin 4, D04A563

#### Poland

- 50-102 Wroclaw, Rynek 39/40
- KGHM Kuprum
   Ul.Gen.W.Sikorskiego, 2-8 Wrocław
   Tel: +48 717 902 701

#### Sweden

 C/o Hellstrom Advokatbyra KB Box 7305, 103 90 Stockholm Sweden

#### Continuent

Kolinplatz 2, 6300 Zug

#### UK

- 88 Wood Street, London EC2V 7RS, UK
   Tel: 44 - 0208 - 528 - 1066
- Siena Court, Broadway, Maidenhead, Berkshire, UK, SL6, INJ
- No. G20, 'G' Floor, Regus House, Atterbury Lakes, Milton Keynes, BUCKS, MK10 9RG

#### ASIA PACIFIC AND JAPAN

#### Indonesia

 One Pacific Place, Level 11 Sudirman Central Business District (SCBD), Jln. Jend. Sudirman, KAV. 52-53 Jakarta-12190. Indonesia

#### Japan

 Kabutocho Daiichi Heiwa Building, 3rd Floor, 5-1, Nihonbashi Kabutocho, Chuo-ku, Tokyo, 1030026, Japan

### Singapore

 The Executive Center, Level 42, 6 Battery Road, Singapore, 49909
 Tel: + 65 63721737
 Fax: + 65 63721739

#### China

- B-101, 7F, No. 500 East Jinling Road, Huangpu District, Shanghai, P.R.C.
- Shanghai Chamtime Plaza, 6/F Office Tower C, Chamtime Plaza, No. 3, Lane 2889, Jinke Road, Pudong New District, Shanghai, 201203

#### Philippines

8th Floor, Sunlife Centre,
 5th Avenue Cor,
 Rizal Drive, Bonifacio, Global City,
 Taguig City, Philippines

#### AUSTRALIA

Shop 5, 17-19,
 East Parade Sutherland,
 NSW 2232

### New Zealand

 99 - 105 Custom House Quay Wellington - 6001.

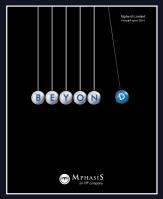
#### AFRICA

#### Mauritius

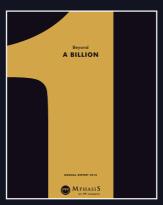
 C/o Cimglobal Business, Les Cascades Building, Edith Cavell Street, Port Louis, Mauritius



Notes			



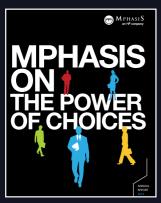
2009 Beyond



2010 Beyond a Billion



2011 Beyond Ideation



2012 Power of Choices



2013 Path of Relevance



2014 Unleash the Next...



2015 Unleash the Next Digital Customer Experience



2016 Unleashing the Best of the Next



An optimal intersection of laser sharp strategy and execution precision. A realm where proven tools and processes provide a vantage point to reimagine the future. The agility of right size balances with the depth of knowledge. An ecosystem where passion to catapult customer's growth is matched by the desire to give back to the community. It is all about equilibrium.

It is about Mphasis, the organization that consistently brings 'Perfect Balance' to People, Planet and Profit.

2017 The Perfect Balance



www.mphasis.com





Mphasis enables customers to reimagine their digital future by applying a unique formula of integrated cloud and cognitive technology. Mphasis X2C<sup>2</sup>™ formula for success, (shift anything to cloud and power everything with cognitive), drives five dimensions of business value with an integrated consumer-centric Front to Back Digital Transformation, enabling Business Operations and Technology Transformation. Mphasis applies advancements in cognitive and cloud to traditional application and infrastructure services to bring much needed efficiency and cost effectiveness. Mphasis' core reference architectures and tools, combined with domain expertise and hyperspecialization are the foundation for building strong relationships with marquee customers.