



# The Next Applied

Mphasis Limited | Annual Report 2018

# INTRODUCING OUR REFRESHED BRAND IDENTITY

Our Brand identity is a reflection of what we now stand for. Through this change, we reinforce our commitment as an enabler of technology for the future and an applied tech company.

Our repositioning represents our mission to being a global customer-centric technology company, as also reflected in the Mphasis' Front2Back™ (F2B) transformation approach. Front2Back™ uses the exponential power of cloud and cognitive to provide hyper-personalized ( $C=X2C_{tm}^2=1$ ) digital experience to clients and their end customers. Mphasis' Service Transformation approach helps shrink the core through the application of digital technologies across legacy environments within an enterprise, enabling businesses to stay ahead in a changing world.

## We aim to deliver the five global truths for CXOs of every enterprise:

- Create memorable customer experiences
- Make unique products and services targeted at your customers through hyper-personalization
- Turn your customers into repeat customers by driving cross-sell
- Get new products and services into the market faster
- Do more with less by applying technology to drive cost optimization

## Our New Logo



The new logo has been designed with Mphasis' Front2Back™ approach in mind (forward and backward arrows):

- The space between the front and back arrows form the 'Z', representing Gen Z. It recognizes that today's Mphasis is geared to cater to Gen Z in an "always on" digital world
- The logo colors denote vibrancy of all Mphasians

## New Tagline: The Next Applied

We apply next-gen technologies to businesses and our endeavor is to help our clients stay relevant to their customers and keep them ahead of the curve.



TRANSFORMATION APPLIED  
INNOVATION APPLIED  
EXPERIENCES APPLIED  
GROWTH APPLIED



# CONTENTS

From the CEO	3
Transformation Applied	4
Innovation Applied	8
Experiences Applied	12
Growth Applied	16
Awards and Accolades	17
Corporate Social Responsibility	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 the Consolidated Financial Statements	35
Management Discussion and Analysis of Financial Condition and Results of Operations	81
Directors' Profile	88
Board's Report	91
Corporate Governance	120
Independent Auditor's Report on Standalone Financial Statements	139
Standalone Balance Sheet	146
Standalone Statement of Profit and Loss	148
Standalone Statement of Changes in Equity	150
Standalone Statement of Cash Flows	151
Notes to Standalone Financial Statements	153
Group Office Locations	195



# FROM THE CEO

Dear Shareholder,

Fiscal Year (FY) 2018 has been a milestone year for your Company. Mphasis crossed the \$1 billion revenue mark, touched a market capitalization of \$2.5 billion, launched a corporate strategy to bring the 'Technology' (T) back into Information Technology (IT), and unveiled a refreshed brand identity. We feel good about what we achieved, and even more excited about what the coming years hold for us.

In FY 2018, we witnessed the Company's strong performance and a return to growth that created greater value for our stakeholders including clients, customers, employees, shareholders and communities around the world. Our unrelenting customer obsession, ingenuity and commitment to operational excellence reflect our promising future and enabled us to service a marquee client base – from the largest Bank and Insurance companies in North America to the largest Logistics and Real Estate player globally.

Recently, we launched a new brand identity to better communicate our transformative journey, resulting in significant changes in our brand personality. Mphasis' brand refresh showcases our commitment to ensuring that our clients stay ahead of their competition and our ability to apply next-gen technologies to business. The new brand identity symbolizes our renewed business strategy focused around cloud and cognitive technologies, to provide hyper-personalization and create an innovation engine fueled by our employees and our Talent Next - people skills initiative focusing on creating a future-talent ready workforce.

While we are set on our path of accelerated growth, we are pleased to have been recognized by the Alconics Award for Mphasis' DeepInsights™ platform where we won the 'Best Application of AI in Financial Services' at the AI Summit in San Francisco.

FY 2018 was a year of stabilization and growth for us; we continue to stay focused on the next phase of growth for FY 2019 and beyond, with relentless focus on the 4Gs of Growth.

As I complete my first and start my second year as the CEO of Mphasis, I am truly grateful to our clients for their business and trust, to the Board for their support, to each employee for their hard work, and to you, our shareholder, for your faith and encouragement.

Thank you for staying invested.

Regards,



**Nitin Rakesh**

Chief Executive Officer and Executive Director

To watch the CEO message,  
scan this QR Code or  
visit <https://mphs.co/2t8cStd>



Annual Growth

Business Index



TRANSFORMATION  
APPLIED

Mphasis next-gen unified Service Transformation delivers the digital promise faster, better and with higher cost-efficiency. With a seamless synergy of automation, delivery frameworks, methodologies, tools, accelerators, reusable assets and best practices, Mphasis enables businesses to achieve a state of ‘always-on’ and ‘always-ahead’ digital innovation, and to sprint far ahead of competition.

## **Mphasis NextSTEP – Service Transformation Platform**

Faster, better, cost-efficient – this is the promise of Mphasis’ Service Transformation as we enable clients to ‘shrink the core’ and reduce spend on core systems in moving to a digital business.

The Mphasis NextSTEP platform hosts IP assets across all service types and offerings – integrated tool-chains, automation components, cognitive components, agile/DevOps components, delivery accelerators, best practices and frameworks. These reduce delivery efforts by 25 to 40 percent, accelerate time-to-market, and improve the quality and service experience.

### **Digital Transformation for one of the Top 10 Global Insurance Brokers**

Combining our deep understanding of the UK insurance and brokerage market, and automation solutions framework, Mphasis designed a business transformation roadmap. This helped them expand their revenues with a highly scalable and cost-effective operating platform.



## InfraGenie™

A state-of-the-art, artificial intelligence (AI) enabled platform from our DigiOps solution umbrella, InfraGenie™ predicts, diagnoses, and resolves infrastructure issues before they even happen. Through automated service activities, it maintains an enterprise's IT infrastructure to be in a constantly ready state, thereby improving its resilience. Cutting-edge and self-managing predictive analytics and diagnostic tools empower infrastructure operations across industries to enhance customer experiences and accelerate businesses to their next levels of growth.

### **Seamless IT separation and operations for a large Global HR Services Provider**

Mphasis InfraGenie™ provided the client an automated and business service aligned operations framework that integrated disparate systems and tools to significantly save cost and effort.

## LoanFX™

Designed for self-service, Mphasis DigitalRisk LoanFX™ is a transformative digital mortgage platform that addresses the mortgage industry's demand for a full-service digital originations platform. It enables mortgage customers to experience the entire process from application to underwriting and loan approval in as little as 20 minutes.

### **A global financial services company providing mortgage products in addition to banking, insurance, asset management, credit cards, and much more**

LoanFX™ is integrated in all the client's digital channels, including mobile and tablet interfaces. With this solution, the client's customers benefit by becoming verifiers, instead of suppliers of information. It also provides real-time updates throughout the process to their loan officers, customers and realtors for increased transparency.

## Talent Next

Faster, more accurate and optimal creation of talent - this is what the Talent Next Learning Capability framework achieves.

It defines, prioritizes and builds future technology, domain and process skills at customized micro-levels to support our client's digital journey.

It raises our enterprise 'Talent Quotient' to engage and empower our employees (especially the Gen Z) with a clear and objective path to technical and domain expertise.



INNOVATION  
APPLIED



Mphasis NEXTlabs drives research and innovation in emergent and future paradigms (related to Mphasis' focus areas) through disruptive and world-class innovations. Here, thought leadership translates into cutting edge, industry relevant new-age solutions. Mphasis' innovators collaborate with leading academia, start-ups, and technology partners across the globe to craft quick and successful applications of such research for clients.

## **Mphasis DeepInsights™**

DeepInsights™ is our cognitive intelligence platform, which facilitates enterprises to have faster and more effective access to insights from data. Powered by state-of-the-art algorithms in machine learning, neural networks, deep learning, semantics, image analytics, graph theory, predictive analysis and natural language processing, DeepInsights™ enables enterprises to engage with their customers through personalized experiences – anywhere, anytime and on any device.

### **Designing an Analytics Decision Framework for one of the largest mortgage lenders in the US**

Leveraging DeepInsights™, we built a predictive decision support model that enabled the client adjust to changing market conditions in real-time, and create dynamic Market Attractiveness scores.

## Sparkle Labs

Sparkle Labs is a unique partnership between Mphasis, our leading enterprise clients and emerging technology startups to build domain-relevant innovation centric solutions. Startups are offered an open, collaborative platform in an incubator setting to showcase innovative and state-of-the-art tech solutions to address pressing industry problems.

Enterprises have the advantages of early innovation adoption, quick proof of concepts, industry-relevant use cases and the Mphasis guarantee. Startups enjoy the benefits of early success, scalable market access and reduced mortality.

## Partnership with Plug and Play Tech Center

Mphasis has signed a strategic partnership with Plug and Play Tech Center, a global startup ecosystem and venture fund specializing in the development of early-to-growth stage technology startups. Mphasis will mentor emerging technology startups, incorporate their products in its domain focused solutions, extend access to its enterprise clients and help them scale. This collaboration will lead to new insights into the impact of disruptive technologies and go-to-market solutions for our enterprise clients.

## Cognitive Computing Center of Excellence

As part of our corporate social responsibility initiative to promote innovation, the Mphasis – IIIT-B Center of Excellence for Cognitive Computing was set up in collaboration with International Institute of Information Technology Bangalore (IIIT-B) to focus on applied research with relevance for society and enterprises. Over the next three years, Mphasis will invest in this initiative with the following key outcomes:

- World-class, open-source proof of concept, prototypes and research papers
- Collaboration and knowledge exchange between academia and industry
- Cognitive computing training for students from underserved communities
- Consultative think tank for startups, industry partners and Government





EXPERIENCES  
APPLIED

Mphasis' customized solutions and services are aimed at meeting the needs of business and industry, while creating memorable experiences for end customers. We apply next-gen technologies and frameworks to power enterprises into the future and help communities to reap the benefits of digital technologies through Artificial Intelligence (AI), Augmented Reality (AR) and Virtual Reality (VR).

## TraderLens

Mphasis TraderLens assimilates an Artificial Intelligence layer through a next-gen interface to create an immersive yet real-world connected view. With its high-performance, easy-to-use interface, TraderLens applies advanced analytics to market data through its Trained Insights Engine to provide insightful context to customers.

**We co-created a next-gen trading platform with the Corporate Investment division of a US-based multinational banking and financial services company.**

To view the demo,  
scan this QR Code or visit  
[https://mphs.co/TraderLens\\_Demo](https://mphs.co/TraderLens_Demo)





## Conversational User Interface

Voice-driven interfaces or conversational artificial intelligence is poised to transform business in a big way in today's digital ecosystem. Customer service, internal communication, payment services and other business services are being re-imagined with complementing bot services and human interactions.

Mphasis customizes conversational user interfaces to create personalized experiences and model the desired conversational experience to accelerate learning systems. Using functionalities of shared devices and enrolled users, we manage devices at work and assign skills at scale, including building custom voice skills.

### Reimagining Banking Consumer Experience using Intelligent Voice Assistant

Mphasis designs and builds Intelligent Assistant using its expertise in applied technology. This increases client's digital and artificial intelligence quotient, and helps them reach millennial customers over new channels.



To view the demo,  
scan this QR Code  
or visit <https://mphs.co/2M6AZJ7>





## Customer Experience Center in a Box

Mphasis' Customer Experience Center (CEC)-in-a-box is an innovative concept that showcases our latest digital capabilities, collaborates and co-innovates with clients in an agile manner.

A cloud-enabled, state-of-the-art, portable and full-featured innovation lab, CEC-in-a-box empowers teams to present digital experiences in person, virtually or through a semi-permanent setup. Demos, design thinking workshops and rapid prototyping and testing can be undertaken without any location constraints.





GROWTH  
APPLIED

# AWARDS AND ACCOLADES

**18 May 2017**

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

**18 Jul 2017**

Mphasis wins the 2017 ISG Paragon Awards™ Europe in the 'Imagination' category

**24 Jul 2017**

KamiKaze's 'Best Employee Engagement Company in the Private Sector'

**10 Aug 2017**

'2017 Asia Edition Dream Companies to work for' Award in IT and Software category at World HRD Congress

**21 Aug 2017**

America's 20 Most Promising Companies to Watch – Mphasis: A Prominent and Leading Global Player in IT Industry

**11 Sep 2017**

Dr. Meenu Bhambhani, Head – Corporate Social Responsibility, has been recognized among the Sterling 25 'CSR leaders of India, 2017'

**12 Sep 2017**

Mphasis F1 Foundation wins the 4<sup>th</sup> CSR Impact Awards

**14 Sep 2017**

Mphasis named Major Contender and Star Performer in Everest Group 2017 PEAK Matrix™ report for IT Security Services Market Leaders

**04 Oct 2017**

DeepInsights™ wins Alconics Best Application of AI in Financial Services at the AI Summit

**28 Nov 2017**

Sally Else named Bronze Winner in the 14<sup>th</sup> Annual Stevie® Awards for Women in Business

**14 Mar 2018**

V Suryanarayanan, Chief Financial Officer, recognized as one of India's 50 Best CFO's 2017–18 by White Page International

**26 Mar 2018**

Debashis Singh, Chief Information Officer, recognized as Digital Leader by Dataquest Digital Leader 2018 Awards – Celebrating Digital Leadership

**29 May 2018**

Mphasis CEO Nitin Rakesh wins Gold Stevie® Award for Executive of the Year – Computer Services

# CORPORATE SOCIAL RESPONSIBILITY

Mphasis F1 Foundation teamed up with Uber to launch the uberACCESS and uberASSIST initiatives in Bengaluru, India. Mphasis is committed to empowering differently-abled persons by creating equal opportunities in accessing systems, services and resources.

uberACCESS, an Asia-first launch for Uber, offers 50 retrofitted vehicles with heightened roof and a hydraulic wheelchair lift on-demand. uberASSIST comprises a fleet of 500 vehicles designed for additional assistance to senior citizens and people with accessibility needs.





# BOARD OF DIRECTORS



**Davinder Singh Brar**  
Chairman



**Nitin Rakesh**  
Chief Executive Officer and  
Executive Director



**N Kumar**  
Director



**Jan Kathleen Hier**  
Director



**David Lawrence Johnson**  
Director



**Dario Zamarian**  
Director



**Paul James Upchurch**  
Director



**Amit Dixit**  
Director



**Amit Dalmia**  
Director

**EVP, GENERAL COUNSEL AND  
CHIEF ETHICS & COMPLIANCE OFFICER**  
**Eric Winston**

**VICE PRESIDENT AND  
COMPANY SECRETARY**  
**Subramanian Narayan**

**EXECUTIVE VICE PRESIDENT AND  
CHIEF FINANCIAL OFFICER**  
**V Suryanarayanan**

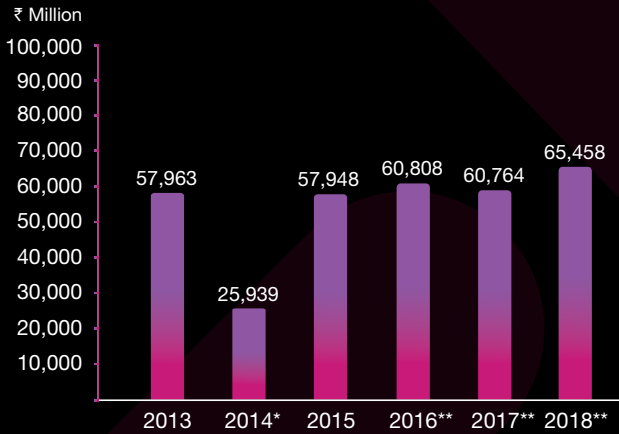
**AUDITORS**  
S.R. Batliboi & Associates LLP  
'UB City' Canberra Block  
12<sup>th</sup> and 13<sup>th</sup> Floor  
24, Vittal Mallya Road  
Bengaluru – 560 001, India

**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](http://www.mphasis.com)  
CIN: L30007KA1992PLC025294

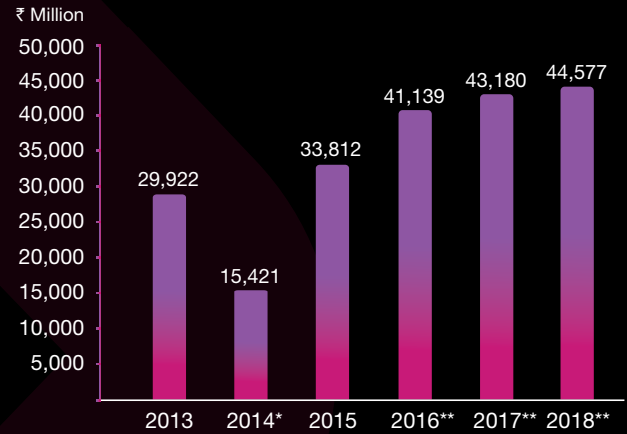
**REGISTRAR & SHARE TRANSFER AGENT**  
Integrated Registry Management Services Pvt. Ltd.  
(Unit: Mphasis Limited)  
30, Ramana Residency  
4<sup>th</sup> Cross Sampige Road, Malleswaram  
Bengaluru – 560 003, India  
Tel: +91 80 2346 0815-818  
Fax: +91 80 2346 0819  
CIN: U65993TN1987PLC014964

# KEY OPERATING METRICS

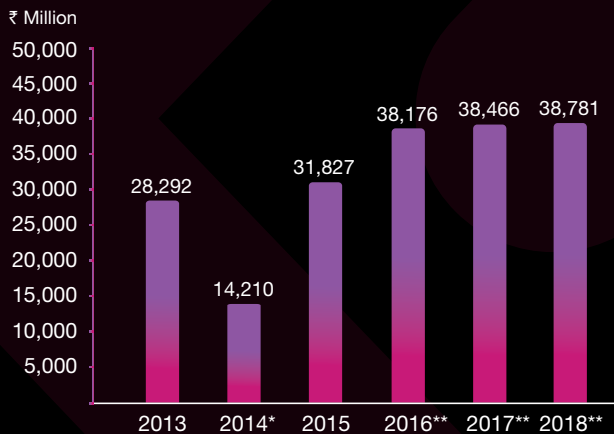
## Net Revenue



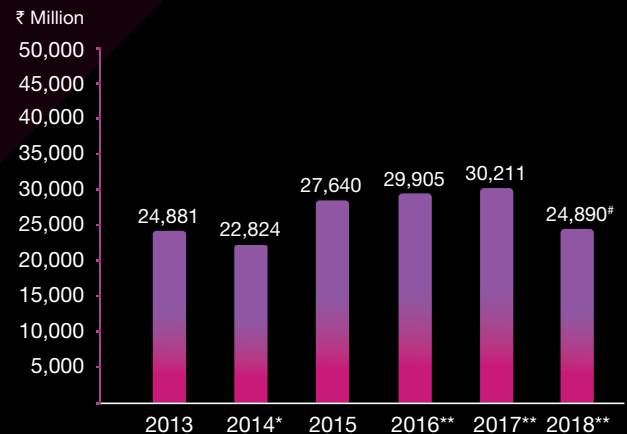
## Direct International Revenue



## Banking, Capital Markets and Insurance Revenue



## Cash and Cash Equivalents



\* Transition year 2014 represents 5 months of operations

\*\* Figures for FY 2016, FY 2017 and FY 2018 are under Ind AS framework and the figures for FY2013, FY2014 and FY2015 are under previous Indian GAAP

# FY 2018 cash and cash equivalents is net of cash outlay of ₹ 11,030 million for the buyback of equity shares completed during the year

## MANAGEMENT DISCUSSION & ANALYSIS OF RISKS AND CONCERNS

With the business environment increasingly characterized by Volatility, Uncertainty, Complexity and Ambiguity (VUCA) due to disruptive technologies it has become imperative to manage these four variables to be successful in business. This is more pronounced in the IT/ITES industry where the digital disruption has brought a paradigm shift in the way business is done, in the way solutions are designed and in the business delivery models. In essence, it has changed the ecosystem radically demanding a different capability for organizations to be successful. Understanding the importance of managing this world of VUCA your Company has built-in this critical capability of risk management to benefit from the opportunities provided by these sweeping changes that we have witnessed across the globe. Risk management capabilities enable companies to improve their strategic decision-making process and enhance the operational performance in addition to providing strong assurance on protection and compliance.

Considering the critical role it plays in enhancing shareholder value, your Company has implemented an Enterprise Risk Management (ERM) program adhering to global standards and complying with the Indian Companies Act 2013. 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 and have high impact on the Company.
- II. **Operational Risks** - These have the potential to impact the efficiency and effectiveness of the business operations.
- III. **Cyber Risks** - These have the potential to adversely impact the security of the information assets and information processing systems.
- IV. **Financial and Reporting Risks** - These have the potential to impact the statutory financial statements and transmission of timely and accurate information to stakeholders.
- V. **Compliance Risks** - These have the 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

#### Concentration Risk

Client Concentration Risk: This risk arises when a high percentage of revenue is received from very few clients. Your Company has addressed this risk by focusing on three engines of growth – The Direct International Business, the HPE/DXC Channel and New Business. This strategy of the Company has helped to mitigate this risk to a large extent. Your Company also monitors concentration risk within the Direct International business and ensures that this is mitigated. Several other initiatives have also been implemented to de-risk your Company from these risks which includes, programs to develop high stickiness with existing clients, closely monitor the customer satisfaction (CSAT) score of the top clients, grow wallet share of other existing clients and acquisition of the new logos.

Geographical Concentration Risk: This risk was identified for mitigation, as maximum of our revenues came from North America. To ensure this risk is mitigated, your Company has put plans in place to grow other regions, in particular, the Europe. In the last one year this risk has had positive directional movement.

#### Risk of Capability Obsolescence

Continued growth and success of your Company depends upon its ability to cater to growing customer demands. Your Company has embarked on a transformation journey in which the focus has been to provide new generation services which includes, Digital, Mobility, Cloud, Cognitive, Artificial Intelligence, etc. By implementing solutions/offerings like Service Transformation Platform (STP), Front to Back (F2B) and anything to cloud (X2C) your Company has ensured that this risk is mitigated. In the last four quarters new generation contract value was 77% of the overall contract value which underscores the Company's success in addressing this risk.

# MANAGEMENT DISCUSSION & ANALYSIS OF RISKS AND CONCERNS

## Operational Risks

### Risk of Attrition

In the knowledge industry, human resource plays an important and critical role in a Company's success. They continue to remain the critical differentiators and loss of these critical resources will pose risk to the Company in delivering on contractual commitments.

Your Company has taken several measures to ensure that this risk is adequately managed. Various initiatives have been rolled out to identify risk profiles of employees to initiate 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. Your Company also ensures that HR interventions such as job enrichment, and job rotations are used to retain critical employee talent. Over and above this skill enhancement, building focus groups, internal job postings and rewards and recognition through various platforms are other initiatives taken by your Company to mitigate this risk.

### Contract Management Risk

This was identified as an important risk, as contractual terms legally bind the Company and can adversely affect it in many ways. To ensure that the terms of engagement are not vague, unachievable representations 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.

Solution risk review and monthly project review are some of the important processes that have helped your Company in ensuring that we accept proposals commensurate with our competencies and SLAs properly identified, and scope of projects are clearly documented without any ambiguity.

### Risk of Fraud

To foster an ethical climate devoid of misconduct at all levels, your Company has implemented a comprehensive 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, your Company through various governance structures, such as internal audits, whistle blower mechanisms and an independent investigation team 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 of the right conduct and can prevent and detect frauds.

### Risk of Key Client Loss

Today's market is one of compelling competitiveness. Winning new customer is difficult but retaining them is much more difficult as clients have diverse options. Unless one can 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, including, satisfaction of customer with the present work, growth of the account and innovative and cost-effective solutions offered by the Company. The CSAT 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 pose 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 clients. The Company has been able to deliver services despite several city level disruptions due to man made and natural calamities during the last year.



# 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 solutions to manage them. To mitigate these risks, your Company has implemented several measures including robust IT security frameworks, a clear Cyber Security Strategy and is also certified on ISO 27001. This is an international standard on Information Security Management System (ISMS). This certification provides a reasonable assurance to all the stakeholders concerned that your Company has implemented adequate data protection and information security measures. During this preceding year your Company implemented certain highly sophisticated technology security solutions to deftly ward off the threat of data breaches and cyber-attacks. To provide high order of assurance to the clients, the Company also undergoes SOC 1 Type 2 audits annually which is undertaken by an independent third-party auditor. Despite several major global cyber incidents, your Company did not face any cyber incidents during this period because of the measures that have been taken.

## Privacy Risk Management

Protection of personal information is becoming a major issue and most clients are concerned about this as they are being scrutinized by regulatory authorities. Governments across the globe are enacting stringent privacy laws and your Company is exposed to the risk of privacy breaches and law suits as the nature of your Company's operation 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 with the stringent privacy law requirements in the countries it operates. The new yet stringent privacy regulation from European Union, the General Data Protection Regulation, poses significant compliance risk to all companies accessing EU subjects' personal information. Your Company has taken special measures to comply with the requirements of the new law and the project is being implemented. 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 a plethora of legislation. There is a risk of non-compliance or delay in compliance with statutory and regulatory requirements. The Company uses enterprise and global legal compliance tools to track compliance across major geographies. The Company also uses the services of professional consultants to ensure compliances 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 evidence to demonstrate that due care has been taken by your Company to ensure compliance.

### Non-Compliance with Immigration Laws

Being in a human intense industry, movement of human resources to various countries for execution of client projects is a necessity. However there have been changes to visa regimes in countries where your Company is operating, including, in the form of increased scrutiny or rejections of visa requests. This also poses the risk of increased cost of operations. 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 margins.

The industry has seen increased scrutiny by various governments for non-compliance with immigration laws and have levied penalties on non-compliant companies. Your Company is equipped with the expertise to handle the complex immigration laws of different countries it operates in and has processes to ensure compliances. 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 with immigration requirements.

## Intellectual Property Violation

Intellectual Property is one of the factors that can act as multiplier in a company's valuation. On the other hand, infringement of trademarks and copyrights of others 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 can expose it to legal liabilities. Your Company has put in place mechanisms to detect and mitigate any probable or inadvertent breach of intellectual property rights. To ensure this your Company has implemented technology based solutions and has taken several steps to hone the awareness level of the employees 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.

# INDEPENDENT AUDITOR'S REPORT

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 2018, 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 Ind AS 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 Indian Accounting Standards (Ind AS) specified under section 133 of the Act, read with 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 2018, 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;

## INDEPENDENT AUDITOR'S REPORT

- (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 the 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 2018 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 2018 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:
  - i. The consolidated Ind AS financial statements disclose the impact of pending litigations on its consolidated financial position of the Group – Refer Note 36 and 50 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 21 to the consolidated Ind AS financial statements in respect of such items as it relates to the Group; and
  - 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 2018;

For S.R. Batliboi & Associates LLP  
Chartered Accountants  
ICAI Firm Registration Number: 101049W/E300004

per Adarsh Ranka  
Partner  
Membership Number: 209567

Place : Bengaluru  
Date : 10 May 2018

# INDEPENDENT AUDITOR'S REPORT

## Annexure 1 to the Independent Auditor's Report of even date on the consolidated Ind AS 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 2018, 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 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.



# INDEPENDENT AUDITOR'S REPORT

## 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 2018, 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 : 10 May 2018

# CONSOLIDATED FINANCIAL STATEMENTS

## CONSOLIDATED BALANCE SHEET

(₹ millions)

	Notes	31 March 2018	31 March 2017
<b>ASSETS</b>			
<b>Non current assets</b>			
Property, Plant and Equipment	3	874.66	1,040.84
Capital work-in-progress		19.15	7.24
Goodwill	4	17,014.72	16,977.88
Other intangible assets	5	950.88	1,192.65
Intangible assets under development	6	3.40	3.53
<b>Financial assets</b>			
Investments	7	3,169.22	1,255.17
Trade receivables	8	10.60	31.32
Loans	9	1,139.84	1,110.59
Other financial assets	10	77.02	110.79
Deferred tax assets (Net)	25	1,056.82	618.17
Income tax assets (Net)	25	4,570.34	4,352.88
Other non current assets	11	1,506.51	1,977.80
<b>Sub total</b>		<b>30,393.16</b>	<b>28,678.86</b>
<b>Current assets</b>			
<b>Financial assets</b>			
Investments	12	14,651.46	22,701.28
Trade receivables	8	8,116.34	6,278.71
Cash and cash equivalents	13.a	4,641.76	6,132.66
Bank balances other than cash and cash equivalents	13.b	2,425.47	11.46
Loans	9	824.09	707.00
Other financial assets	10	6,000.67	5,978.11
Other current assets	11	2,800.42	2,682.81
<b>Sub total</b>		<b>39,460.21</b>	<b>44,492.03</b>
<b>TOTAL ASSETS</b>		<b>69,853.37</b>	<b>73,170.89</b>

# CONSOLIDATED FINANCIAL STATEMENTS

## CONSOLIDATED BALANCE SHEET

(₹ millions)

	Notes	31 March 2018	31 March 2017
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity share capital	14	1,932.67	2,104.24
<b>Other equity</b>			
Securities premium	15	95.18	1,654.10
General reserve	16	761.26	6,596.04
Retained earnings	17	46,667.96	45,835.25
Other reserves	18	5,360.75	5,334.43
<b>Total equity</b>		<b>54,817.82</b>	<b>61,524.06</b>
<b>LIABILITIES</b>			
<b>Non current liabilities</b>			
<b>Financial liabilities</b>			
Other financial liabilities	19	38.15	11.03
Net employee defined benefit liabilities	20	523.37	543.53
Provisions	21	50.00	-
Deferred tax liabilities (Net)	25	49.71	158.30
Other non current liabilities	22	43.62	48.02
Income tax liabilities (Net)	25	311.00	-
<b>Sub total</b>		<b>1,015.85</b>	<b>760.88</b>
<b>Current liabilities</b>			
<b>Financial liabilities</b>			
Borrowings	23	3,898.80	2,601.60
Trade payables	24	5,023.92	3,878.22
Other financial liabilities	19	1,802.87	1,600.76
Net employee defined benefit liabilities	20	730.63	783.98
Provisions	21	245.80	373.20
Other current liabilities	22	1,445.73	997.39
Income tax liabilities (Net)	25	871.95	650.80
<b>Sub total</b>		<b>14,019.70</b>	<b>10,885.95</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>69,853.37</b>	<b>73,170.89</b>

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

Membership No. 209567

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

**Nitin Rakesh**

Chief Executive Officer

**Narayanan Kumar**

Director

**V. Suryanarayanan**

Executive Vice President &

Chief Financial Officer

**Subramanian Narayan**

Vice President, Company Secretary

Bengaluru  
10 May 2018

Bengaluru  
10 May 2018

## CONSOLIDATED FINANCIAL STATEMENTS

### CONSOLIDATED STATEMENT OF PROFIT AND LOSS

(₹ millions)

	Notes	Year ended 31 March 2018	Year ended 31 March 2017
<b>Income</b>			
Revenue from operations	26	65,458.36	60,763.57
Other income	27	1,620.96	2,386.06
<b>Total income (I)</b>		<b>67,079.32</b>	<b>63,149.63</b>
<b>Expenses</b>			
Purchase of stock-in-trade	28	-	0.24
Changes in inventories of stock-in-trade	28.1	-	40.99
Employee benefits expense	29	38,179.27	37,095.61
Finance costs	30	129.96	138.75
Depreciation and amortization expense	31	708.21	791.49
Other expenses	32	16,655.36	13,938.77
<b>Total expenses (II)</b>		<b>55,672.80</b>	<b>52,005.85</b>
<b>Profit before exceptional item and tax (III) [(I)-(II)]</b>		<b>11,406.52</b>	<b>11,143.78</b>
Exceptional item (net of tax) (IV)	33	130.78	151.68
<b>Profit before tax (III)-(IV)</b>		<b>11,275.74</b>	<b>10,992.10</b>
<b>Tax expenses</b>			
	25		
Current tax		3,159.48	2,861.11
Deferred tax		(258.73)	215.23
<b>Total tax expenses</b>		<b>2,900.75</b>	<b>3,076.34</b>
<b>Profit for the year before exceptional item</b>		<b>8,505.77</b>	<b>8,067.44</b>
<b>Profit for the year after exceptional item (A)</b>		<b>8,374.99</b>	<b>7,915.76</b>
<b>Other comprehensive income ('OCI')</b>			
<b>OCI to be reclassified to profit or loss in subsequent periods</b>			
Exchange differences on translation of foreign operations		249.18	(641.65)
Net change in fair value of derivatives designated as cash flow hedges		(800.62)	784.54
Income tax effect on cash flow hedges		275.85	(271.51)
<b>Net OCI to be reclassified to profit or loss in subsequent periods (B)</b>		<b>(275.59)</b>	<b>(128.62)</b>
<b>OCI not to be reclassified to profit or loss in subsequent periods</b>			
Re-measurement gains / (losses) on defined benefit plans		(33.90)	(34.02)
Income tax effect on the above		12.35	11.77
<b>Net OCI not to be reclassified to profit or loss in subsequent periods (C)</b>		<b>(21.55)</b>	<b>(22.25)</b>
<b>Total OCI for the year, net of tax (D) [B+C]</b>		<b>(297.14)</b>	<b>(150.87)</b>
<b>Total comprehensive income for the year (A+D)</b>		<b>8,077.85</b>	<b>7,764.89</b>



# CONSOLIDATED FINANCIAL STATEMENTS

## CONSOLIDATED STATEMENT OF PROFIT AND LOSS

(₹ millions)

	Notes	Year ended 31 March 2018	Year ended 31 March 2017
<b>Profit for the year attributable to:</b>			
Equity owners of the Company		8,374.99	7,915.76
Non-controlling interests		-	-
		<b>8,374.99</b>	<b>7,915.76</b>
<b>Total comprehensive income for the year attributable to:</b>			
Equity owners of the Company		8,077.85	7,764.89
Non-controlling interests		-	-
		<b>8,077.85</b>	<b>7,764.89</b>
<b>Earnings per equity share before exceptional item (par value ₹ 10 per share)</b>			
	34		
Basic (₹)		43.32	38.41
Diluted (₹)		43.26	38.35
<b>Earnings per equity share after exceptional item (par value ₹ 10 per share)</b>			
	34		
Basic (₹)		42.66	37.69
Diluted (₹)		42.59	37.63
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

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

**per Adarsh Ranka**

Partner

Membership No. 209567

**Nitin Rakesh**

Chief Executive Officer

**Narayanan Kumar**

Director

**V. Suryanarayanan**

Executive Vice President &

Chief Financial Officer

**Subramanian Narayan**

Vice President, Company Secretary

Bengaluru

10 May 2018

Bengaluru

10 May 2018

# 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 2017	210.42	2,104.24
Issue of share capital	0.21	2.13
Equity shares extinguished on buy back [refer note 14 (d) (ii)]	(17.37)	(173.70)
As at 31 March 2018	193.26	1,932.67
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

### b. Other equity

(₹ millions)

	Attributable to the equity holders of the Company								Total	
	Reserves and surplus							Items of OCI		
	Securities Premium	General reserve	Retained earnings	Capital reserve	Capital redemption reserve	Share based payments	Treasury shares	Hedging reserve		Foreign currency translation reserve
As at 1 April 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
Profit for the year	-	-	8,374.99	-	-	-	-	-	-	8,374.99
Other Comprehensive Income	-	-	(21.55)	-	-	-	-	(524.77)	249.18	(297.14)
Equity dividend and Dividend Distribution Tax	-	-	(3,951.45)	-	-	-	-	-	-	(3,951.45)
Buy back of equity shares [refer note 14 (d) (ii)]	(1,654.10)	(6,576.85)	(2,799.05)	-	173.70	-	-	-	-	(10,856.30)
Buy back expenses	-	-	(30.34)	-	-	-	-	-	-	(30.34)
Transfer to General Reserve	-	739.89	(739.89)	-	-	-	-	-	-	-
Effect of share based payments	95.18	2.18	-	-	-	127.76	0.45	-	-	225.57
As at 31 March 2018	95.18	761.26	46,667.96	361.39	178.45	318.23	-	236.90	4,265.78	52,885.15
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 Dividend Distribution Tax	-	-	(5,058.70)	-	-	-	-	-	-	(5,058.70)
Transfer to 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

Summary of significant accounting policies. (Note 2)

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

Narayanan Kumar

Director

V. Suryanarayanan

Executive Vice President &

Chief Financial Officer

Subramanian Narayan

Vice President, Company Secretary

Bengaluru  
10 May 2018

Bengaluru  
10 May 2018

## CONSOLIDATED FINANCIAL STATEMENTS

### CONSOLIDATED STATEMENT OF CASH FLOWS

(₹ millions)

	Year ended 31 March 2018	Year ended 31 March 2017
<b>Operating activities</b>		
<b>Profit before exceptional item and tax</b>	<b>11,406.52</b>	<b>11,143.78</b>
<b>Adjustment to reconcile profit before tax to net cash flows:</b>		
Depreciation of Property, Plant and Equipment	421.73	413.19
Amortization of intangible assets	286.52	379.03
Amortisation of rent equalisation	558.50	499.40
Profit on sale of Property, Plant and Equipment	(4.53)	(29.29)
Net gain on investments carried at fair value through profit and loss (refer note 27)	(1,208.06)	(1,155.37)
Amortized cost of deposits	(6.35)	(0.94)
Share-based payment expense	199.02	137.65
Provision for bad and doubtful debts	(33.16)	1.66
Interest expenses (excluding exchange difference considered as adjustment to borrowing cost)	100.98	131.00
Interest income (excluding fair value changes)	(196.71)	(438.04)
Dividend income	(22.45)	(388.70)
Receipts on exercise of options	-	49.77
Effect of exchange rate changes (gain) / loss	113.32	(140.03)
<b>Operating profit before working capital changes</b>	<b>11,615.33</b>	<b>10,603.11</b>
<b>Working capital changes</b>		
(Increase)/decrease in trade receivables	(1,666.44)	165.77
(Increase)/decrease in loans	(57.78)	91.40
(Increase)/decrease in other financial assets	(729.27)	1,130.37
(Increase)/decrease in inventories	-	40.99
(Increase)/decrease in other assets	(248.46)	(256.48)
Increase/(decrease) in trade payables	1,114.75	(601.09)
Increase/(decrease) in other financial liabilities	68.96	(1,051.22)
Increase/(decrease) in provisions and Net employee defined benefit liabilities	(398.39)	(347.79)
Increase/(decrease) in other liabilities	414.16	(217.42)
<b>Total working capital changes</b>	<b>(1,502.47)</b>	<b>(1,045.47)</b>
Income tax paid (net of refunds)	(2,783.30)	(2,902.64)
<b>Net cash flow from operating activities before exceptional item</b>	<b>7,329.56</b>	<b>6,655.00</b>
Accelerated cost due to change in control	-	(13.95)
<b>Net cash flow from operating activities after exceptional item (A)</b>	<b>7,329.56</b>	<b>6,641.05</b>

# CONSOLIDATED FINANCIAL STATEMENTS

## CONSOLIDATED STATEMENT OF CASH FLOWS

(₹ millions)

	Year ended 31 March 2018	Year ended 31 March 2017
<b>Investing activities</b>		
Purchase of Property, Plant and Equipment	(327.05)	(1,181.00)
Proceeds from sale of Property, Plant and Equipment	13.77	31.31
Purchase of investments	(74,342.54)	(188,089.73)
Sale of investments	81,708.82	186,828.44
Interest received	177.30	384.61
Dividends received	22.45	388.70
Re-investment of dividend	(22.45)	(316.86)
Investments in bank deposits	(2,305.62)	(131.41)
Redemption / maturity of bank deposits	0.46	4,765.06
<b>Net cash flow from / (used in) investing activities (B)</b>	<b>4,925.14</b>	<b>2,679.12</b>
<b>Financing activities</b>		
Proceeds from issue of share capital	2.13	2.30
Proceeds of premium from issue of share capital	26.59	0.24
Payment towards buy back of shares	(11,030.00)	-
Buy back expenses paid	(30.34)	-
Repayment of secured loan	(2,128.54)	(3,284.99)
Availment of secured loans	2,126.99	2,646.20
Availment / (payment) of capital lease obligation	-	(2.89)
Repayment of unsecured loans	(2,567.49)	(2,216.47)
Availment of unsecured loans	3,850.16	881.66
Interest paid	(97.63)	(71.32)
Dividends paid (including tax on dividend)	(3,949.29)	(5,054.90)
<b>Net cash flow used in financing activities (C)</b>	<b>(13,797.42)</b>	<b>(7,100.17)</b>
<b>Net (decrease) / increase in cash and cash equivalents (A+B+C)</b>	<b>(1,542.72)</b>	<b>2,220.00</b>
Effect of exchange rate changes	51.82	(13.37)
Cash and cash equivalents at the beginning of the year	6,132.66	3,926.03
<b>Cash and cash equivalents at the end of the year [refer note 13 (a)]</b>	<b>4,641.76</b>	<b>6,132.66</b>

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

**Narayanan Kumar**

Director

**V. Suryanarayanan**

Executive Vice President &  
Chief Financial Officer

**Subramanian Narayan**

Vice President, Company Secretary

Bengaluru  
10 May 2018

Bengaluru  
10 May 2018



# CONSOLIDATED FINANCIAL STATEMENTS

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 1. CORPORATE INFORMATION

The consolidated financial statements comprise financial statements of Mphasis Limited and its subsidiaries, collectively referred to as 'the Mphasis Group' or 'the Group' for the year ended 31 March 2018. 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 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 2018 are approved by the Board of Directors on 10 May 2018.

#### List of subsidiaries with percentage holding

Subsidiaries	Country of incorporation	Parent	% of holding	
			31 March 2018	31 March 2017
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 Company Limited ('Mphasis Shanghai')	China	Mphasis Limited	100	100
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) Private Limited	India	Mphasis Europe BV	100	100
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. ** [refer note 1 (c)]	USA	Digital Risk, LLC.	-	100
Digital Risk Analytics, LLC. ** [refer note 1 (c)]	USA	Digital Risk, LLC.	-	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

\* Forms part of Wyde group.

\*\* Forms part of Digital Risk group.

All the above subsidiaries are under the same management.

# CONSOLIDATED FINANCIAL STATEMENTS

The principal activities of the above subsidiaries include 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 its operations.
  - b) On 31 March 2017 the management of Digital Risk LLC resolved to close the operations of Digital Risk Europe, OOD.
  - c) Digital Risk Compliance Services, LLC. and Digital Risk Analytics, LLC. have been merged with its sole shareholder and parent company, Digital Risk, LLC, effective 13 July 2017 vide approval dated 10 October 2017 from the Secretary of State, Division of Corporation, State of Delaware..

## 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')
- Capital Redemption Reserve ('CRR')

## 2. SIGNIFICANT ACCOUNTING POLICIES

### Basis of preparation

Consolidated financial statements of the Group have been prepared in accordance with Indian Accounting Standards (Ind AS) specified under Section 133 of the Companies Act, 2013 read with the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time).

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 assets and liabilities designated as hedged items are recognized at fair value.

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.

## CONSOLIDATED FINANCIAL STATEMENTS

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 non-controlling 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 consolidation are drawn up to same reporting date.

### Business Combinations and goodwill

The Group accounts for its business combinations using 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 using 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 cash-generating 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 external valuation experts and in certain cases by management internally (refer note 4).

- **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

## CONSOLIDATED FINANCIAL STATEMENTS

for disposing of the asset. The value in use calculation is based on a DCF model. The cash flows are derived from the forecast for future years. These 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 18.

- **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 and tax credits, including the amount expected to be paid or refunded. Refer 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 Group capitalizes intangible asset under development in accordance with the accounting policy. Initial capitalization of costs is based on management's judgement that technological and economic feasibility is confirmed. This is done 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, discount rates to be applied and the expected tenure 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, considering contractually defined terms of payment.

Sales tax / Value Added Tax (VAT) / Service Tax / Goods and Service Tax ('GST') 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.



## CONSOLIDATED FINANCIAL STATEMENTS

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 represents revenues in excess of amounts billed to clients as at the balance sheet date. Unearned revenue represents 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.

## CONSOLIDATED FINANCIAL STATEMENTS

### 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 / Internally developed software for self-consumption	As per Ind AS 38	3 to 7
Internally developed software for sale	As per Ind AS 38	3 to 7
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 in the statement of profit and loss on a straight-line basis over the lease term, unless the lease agreement explicitly states that increase is because inflation.

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.

# CONSOLIDATED FINANCIAL STATEMENTS

## 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, the Group provides for impairment of 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 are 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 based on 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. Trade receivables which are subject to factoring arrangements are derecognized in accordance with Ind AS 109.

### 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.

# CONSOLIDATED FINANCIAL STATEMENTS

## 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. Attributable transaction costs are recognized in the statement of profit and loss as and 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 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 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 till 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 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



## CONSOLIDATED FINANCIAL STATEMENTS

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.

## CONSOLIDATED FINANCIAL STATEMENTS

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.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity.

### 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 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 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 was 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 formed 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.

## CONSOLIDATED FINANCIAL STATEMENTS

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.
- It is held primarily for purpose of trading.
- It is 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 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.

## CONSOLIDATED FINANCIAL STATEMENTS

### 3. PROPERTY, PLANT AND EQUIPMENT

(₹ millions)

	Plant and equipment	Computer equipment	Servers and networks	Office equipment	Furniture and fixtures	Vehicles	Leasehold improvements	Total
<b>Cost</b>								
<b>At 1 April 2016</b>	171.25	325.42	480.05	97.23	165.83	72.17	108.92	<b>1,420.87</b>
Additions	25.45	346.23	152.61	44.93	27.48	29.41	34.32	<b>660.43</b>
Disposals	(7.04)	(123.29)	(4.72)	(0.92)	(2.49)	(16.93)	-	<b>(155.39)</b>
Exchange differences on foreign subsidiaries	(3.83)	(1.34)	(8.45)	(8.79)	(13.19)	0.02	0.13	<b>(35.45)</b>
<b>At 31 March 2017</b>	<b>185.83</b>	<b>547.02</b>	<b>619.49</b>	<b>132.45</b>	<b>177.63</b>	<b>84.67</b>	<b>143.37</b>	<b>1,890.46</b>
Additions	16.99	137.71	72.51	13.27	10.93	(0.06)	7.85	<b>259.20</b>
Disposals	(31.99)	(4.25)	(56.16)	(0.22)	(3.11)	(15.51)	(1.36)	<b>(112.60)</b>
Exchange differences on foreign subsidiaries	2.09	3.87	4.68	0.58	0.59	-	0.66	<b>12.47</b>
<b>At 31 March 2018</b>	<b>172.92</b>	<b>684.35</b>	<b>640.52</b>	<b>146.08</b>	<b>186.04</b>	<b>69.10</b>	<b>150.52</b>	<b>2,049.53</b>
<b>Depreciation</b>								
<b>At 1 April 2016</b>	<b>88.92</b>	<b>120.11</b>	<b>130.71</b>	<b>28.25</b>	<b>56.04</b>	<b>18.73</b>	<b>86.36</b>	<b>529.12</b>
Charge for the year *	27.89	143.67	115.43	32.16	52.27	19.63	22.14	<b>413.19</b>
Disposals	(6.59)	(46.02)	(1.16)	(0.94)	(2.49)	(9.26)	-	<b>(66.46)</b>
Exchange differences on foreign subsidiaries	(3.55)	0.49	(4.10)	(7.61)	(11.80)	0.02	0.32	<b>(26.23)</b>
<b>At 31 March 2017</b>	<b>106.67</b>	<b>218.25</b>	<b>240.88</b>	<b>51.86</b>	<b>94.02</b>	<b>29.12</b>	<b>108.82</b>	<b>849.62</b>
Charge for the year *	29.83	180.05	111.82	26.95	35.39	17.35	20.34	<b>421.73</b>
Disposals	(31.91)	(4.19)	(52.14)	(0.21)	(3.03)	(11.97)	(1.36)	<b>(104.81)</b>
Exchange differences on foreign subsidiaries	1.95	2.28	3.14	0.37	0.34	-	0.25	<b>8.33</b>
<b>At 31 March 2018</b>	<b>106.54</b>	<b>396.39</b>	<b>303.70</b>	<b>78.97</b>	<b>126.72</b>	<b>34.50</b>	<b>128.05</b>	<b>1,174.87</b>
<b>Net block</b>								
<b>At 31 March 2017</b>	<b>79.16</b>	<b>328.77</b>	<b>378.61</b>	<b>80.59</b>	<b>83.61</b>	<b>55.55</b>	<b>34.55</b>	<b>1,040.84</b>
<b>At 31 March 2018</b>	<b>66.38</b>	<b>287.96</b>	<b>336.82</b>	<b>67.11</b>	<b>59.32</b>	<b>34.60</b>	<b>22.47</b>	<b>874.66</b>

\* Depreciation amounting to ₹ 0.04 millions (31 March 2017: ₹ 0.73 millions) has been adjusted against provision created for loss on long term contract, sale / exit of domestic BPO business.

	31 March 2018	31 March 2017
<b>4. GOODWILL</b>		
Balance brought forward	16,977.88	17,477.13
Impairment of goodwill	-	(111.69)
Reversal on lapse of stock options granted	(0.04)	-
Movement on account of exchange rate fluctuation	36.88	(387.56)
	<b>17,014.72</b>	<b>16,977.88</b>

Below is the CGU wise break-up of goodwill

	31 March 2018	31 March 2017
Digital Risk Group	7,904.65	7,911.95
Wyde Group	3,642.72	3,646.09
Eldorado	1,148.21	1,149.27
Infrastructure Services	1,819.97	1,821.65
Others	2,499.17	2,448.92
<b>Total</b>	<b>17,014.72</b>	<b>16,977.88</b>

## CONSOLIDATED FINANCIAL STATEMENTS

### 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 2018	31 March 2017
Growth rate	2% to 25%	3% to 25%
Operating margins	13% to 31%	13% to 29%
Discount rate	13% to 15%	13% to 15%

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 is no impairment of goodwill as on 31 March 2018. During the previous year ended 31 March 2017, the Group had recognised impairment of goodwill on account of Mphasis Shanghai (forming part of others CGU) of ₹ 83.77 million (net of tax of ₹ 27.92 millions) and disclosed as an exceptional item (refer note 33).

	(₹ millions)	
	31 March 2018	31 March 2017
<b>5. OTHER INTANGIBLE ASSETS *</b>		
<b>Cost</b>		
<b>Opening balance</b>	2,214.84	1,227.98
Additions	48.36	1,009.00
Disposals	(8.04)	(1.01)
Exchange differences on foreign subsidiaries	(0.69)	(21.13)
<b>Closing balance</b>	<b>2,254.47</b>	<b>2,214.84</b>
<b>Amortization</b>		
<b>Opening balance</b>	1,022.19	664.68
Amortization	286.52	379.03
Disposals	(6.59)	(0.02)
Exchange differences on foreign subsidiaries	1.47	(21.50)
<b>Closing balance</b>	<b>1,303.59</b>	<b>1,022.19</b>
<b>Net block</b>	<b>950.88</b>	<b>1,192.65</b>

\* includes Software, Customer relationship, License, Technology and Non – compete agreement.

	31 March 2018	31 March 2017
<b>6. INTANGIBLE ASSETS UNDER DEVELOPMENT</b>		
<b>Cost</b>		
<b>Opening balance</b>	3.53	555.86
Additions	21.49	330.19
Capitalization	(21.62)	(870.89)
Exchange differences on foreign subsidiaries	-	(11.63)
<b>Closing balance</b>	<b>3.40</b>	<b>3.53</b>

As at 31 March 2018 Intangible assets under development has a balance of ₹ 3.40 millions (31 March 2017: ₹ 3.53 millions) which is towards software being developed for internal use.



## CONSOLIDATED FINANCIAL STATEMENTS

	31 March 2018			31 March 2017		
	Units	NAV (₹)	₹ millions	Units	NAV (₹)	₹ millions
<b>7. NON CURRENT INVESTMENTS</b>						
<b>Investments carried at amortized cost</b>						
<b>Unquoted bonds</b>						
7.11% Power Finance Corporation Ltd.	25,670	1,000	25.67	25,670	1,000	25.67
7.21% Power Finance Corporation Ltd.	100	1,000,000	100.00	100	1,000,000	100.00
7.19% India Infrastructure Finance Company Limited	929,500	1,000	929.50	929,500	1,000	929.50
7.21% India Infrastructure Finance Company Limited	100	1,000,000	100.00	100	1,000,000	100.00
8.10% Housing and Urban Development Corporation	50,000	1,000	50.00	50,000	1,000	50.00
7.34% Housing and Urban Development Corporation	50,000	1,000	50.00	50,000	1,000	50.00
<b>Investments carried at FVTPL</b>						
<b>Quoted mutual funds</b>						
Aditya Birla Sun Life FTP – Series PC Direct growth	40,000,000	10.1175	404.70	-	-	-
Aditya Birla Sun Life FTP – Series PH Direct growth	20,000,000	10.0534	201.07	-	-	-
ICICI Prudential Fixed Maturity Plan	25,000,000	10.0198	250.50	-	-	-
Kotak FMP Series 219	20,000,000	10.0491	200.98	-	-	-
Reliance Fixed Horizon Fund	15,000,000	10.0384	150.58	-	-	-
IDFC Yearly Interval Plan	13,251,753	15.1960	201.37	-	-	-
Reliance Yearly Interval Fund -Series 1 Direct growth	33,352,900	15.1367	504.85	-	-	-
			<b>3,169.22</b>			<b>1,255.17</b>
Aggregate value of unquoted non current investments			1,255.17			1,255.17
Aggregate net asset value of mutual fund investments			1,914.05			-

	Non Current		Current	
	31 March 2018	31 March 2017	31 March 2018	31 March 2017
<b>8. TRADE RECEIVABLES</b>				
<b>Carried at amortized cost</b>				
Trade receivables	10.60	31.32	8,116.34	6,278.71
<b>Total trade receivables</b>	<b>10.60</b>	<b>31.32</b>	<b>8,116.34</b>	<b>6,278.71</b>
<b>Unsecured</b>				
Considered good	10.60	31.32	8,116.34	6,278.71
Considered doubtful	433.90	563.84	-	-
Less: Provision for doubtful receivables	(433.90)	(563.84)	-	-
	<b>10.60</b>	<b>31.32</b>	<b>8,116.34</b>	<b>6,278.71</b>

## CONSOLIDATED FINANCIAL STATEMENTS

(₹ millions)

	Non Current		Current	
	31 March 2018	31 March 2017	31 March 2018	31 March 2017
<b>9. LOANS</b>				
<b>Unsecured - considered good</b>				
<b>Carried at amortized cost</b>				
Deposits				
-Premises	142.39	166.99	558.98	451.75
-With government authorities	-	-	45.74	49.17
-Others	997.45	932.74	114.01	110.21
Loans to employees	-	-	2.40	3.72
Employee advances	-	10.86	102.96	92.15
	<b>1,139.84</b>	<b>1,110.59</b>	<b>824.09</b>	<b>707.00</b>

	Non Current		Current	
	31 March 2018	31 March 2017	31 March 2018	31 March 2017
<b>10. OTHER FINANCIAL ASSETS</b>				
<b>Unsecured - considered good</b>				
<b>Carried at amortized cost</b>				
Unbilled revenue	-	-	5,432.82	4,560.73
Non current bank balances (refer note 13.b)	1.94	110.79	-	-
Accrued interest	-	-	79.27	59.86
Expense incurred on behalf of customers	-	-	44.16	12.20
<b>Derivative instruments at FVTPL (not designated as hedges)</b>				
Foreign exchange forward contracts	-	-	6.20	180.22
<b>Derivative instruments at FVTOCI (cash flow hedges)</b>				
Foreign exchange forward contracts	75.08	-	438.22	1,165.10
	<b>77.02</b>	<b>110.79</b>	<b>6,000.67</b>	<b>5,978.11</b>

	Non Current		Current	
	31 March 2018	31 March 2017	31 March 2018	31 March 2017
<b>11. OTHER ASSETS</b>				
<b>Unsecured - considered good</b>				
Rent equalization	25.10	395.46	354.09	557.79
Capital advances	375.97	376.62	-	-
Prepaid expenses	51.66	118.08	837.11	785.82
Advance to supplier / others	-	-	957.08	901.33
Indirect tax recoverable *	1,053.78	1,087.64	652.14	437.87
	<b>1,506.51</b>	<b>1,977.80</b>	<b>2,800.42</b>	<b>2,682.81</b>

\* Indirect tax recoverable includes GST / Service Tax receivables and Service Tax refunds due net of provisions for ₹ 1,600.39 millions (31 March 2017: ₹ 1,407.84 millions). Effective 1 April 2011, 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) till June 2017. The management, per the legal opinion, is confident that the legal positions taken by the Group are tenable and defensible under law.

## CONSOLIDATED FINANCIAL STATEMENTS

	31 March 2018			31 March 2017		
	Units	NAV (₹)	₹ millions	Units	NAV (₹)	₹ millions
<b>12. CURRENT INVESTMENTS</b>						
<b>Investments carried at FVTPL</b>						
<b>Quoted mutual funds</b>						
Kotak Floater Short Term - Direct Plan growth	350,403	2,851.9553	999.33	711,270	2,669.3783	1,898.65
L&T Liquid Fund Direct Plan Growth	592,437	2,382.8749	1,411.70	158,866	2,230.0389	354.28
Birla Sun life Cash Plus - Growth -Direct Plan	6,052,163	279.3146	1,690.46	3,619,254	261.3091	945.74
Reliance Liquid Fund - Treasury Plan Direct growth	347,180	4,239.8015	1,471.97	356,004	3,967.3577	1,412.40
Birla Sun Life Banking & PSU Debt -Direct Plan	19,422,529	52.4169	1,018.07	-	-	-
DSP BlackRock FMP Series 222	25,000,000	10.0771	251.93	-	-	-
HDFC FMP 92D	25,000,000	10.0732	251.83	-	-	-
Kotak Equity Arbitrage Fund Direct growth	69,123,872	25.5148	1,763.68	-	-	-
Kotak FMP Series 218 Direct Growth	25,000,000	10.0747	251.87	-	-	-
Reliance Arbitrage Advantage fund	68,919,338	18.2963	1,260.97	-	-	-
Reliance Fixed Horizon Fund XXXVI series 4	50,000,000	10.0811	504.06	-	-	-
0 % Nabard 2020	1,700	16,671.70	28.34	-	-	-
0 % REC 2020	1,830	24,795.60	45.38	-	-	-
IDFC Super Saver Income Fund- Short term plan Growth	-	-	-	29,635,077	34.3185	1,017.03
ICICI Prudential Liquid - Direct Plan - Growth	-	-	-	6,875,509	240.7173	1,655.05
ICICI Ultra Short Term Plan Direct Growth	-	-	-	91,180,422	17.1124	1,560.32
L&T Liquid Ultra short term Fund Growth	-	-	-	55,507,551	26.9023	1,493.28
L&T Short Term opportunities Fund Growth	-	-	-	79,565,712	15.9366	1,268.01
Reliance Money Manager Fund - Direct Growth	-	-	-	602,597	2,276.5217	1,371.83
Axis Treasury Advantage Fund - Direct Plan Growth	-	-	-	974,268	1,846.10	1,798.60
IDFC Money Manager Fund - Invest Plan - Direct Growth	-	-	-	43,032,506	25.7452	1,107.88
HDFC Short Term Opportunities Fund Growth	-	-	-	84,429,985	18.1005	1,528.22
Axis Short Term Fund - Direct Plan Growth	-	-	-	41,313,892	18.4013	760.23
Kotak Floater Short Term - Direct Plan daily dividend	-	-	-	1,564,740	1,011.62	1,582.92
Reliance Liquid Fund - Treasury Plan Direct plan daily dividend	-	-	-	292,292	1,528.74	446.84
<b>Quoted debentures</b>						
Citicorp Finance (India) Ltd.	36,000	102,829.72	3,701.87	25,000	100,000	2,500.00
			<b>14,651.46</b>			<b>22,701.28</b>
Aggregate value of quoted current investments			3,701.87			2,500.00
Aggregate net asset value of mutual fund investments			10,949.59			20,201.28

## CONSOLIDATED FINANCIAL STATEMENTS

(₹ millions)

	Non Current		Current	
	31 March 2018	31 March 2017	31 March 2018	31 March 2017
<b>13. CASH AND CASH EQUIVALENTS *</b>				
<b>a. Balances with banks:</b>				
On current accounts	-	-	3,126.01	2,308.53
Deposits with original maturity less than 3 months	-	-	1,502.05	3,812.52
Unclaimed dividend	-	-	13.67	11.51
Cash on hand	-	-	0.03	0.10
	-	-	<b>4,641.76</b>	<b>6,132.66</b>
<b>b. Bank balances other than cash and cash equivalents</b>				
Deposits with remaining maturity for more than 12 months	1.94	110.79	-	-
Deposits with remaining maturity for less than 12 months	-	-	2,425.47	11.46
	<b>1.94</b>	<b>110.79</b>	<b>2,425.47</b>	<b>11.46</b>
Disclosed under other non current financial assets (refer note 10)	(1.94)	(110.79)	-	-
	-	-	<b>2,425.47</b>	<b>11.46</b>
	-	-	<b>7,067.23</b>	<b>6,144.12</b>

\* includes restricted deposits and bank balances of ₹ 132.43 millions as at 31 March 2018 (31 March 2017: ₹ 132.24 millions).

	31 March 2018	31 March 2017
<b>14. EQUITY SHARE CAPITAL</b>		
<b>Authorised share capital</b>		
245,000,000 (31 March 2017: 245,000,000) equity shares of ₹ 10 each	2,450.00	2,450.00
<b>Issued, subscribed and fully paid-up shares</b>		
193,260,182 (31 March 2017: 210,417,080) equity shares of ₹ 10 each fully paid-up	1,932.60	2,104.17
Add: Amount originally paid-up on forfeited shares	0.07	0.07
<b>Total issued, subscribed and fully paid-up share capital</b>	<b>1,932.67</b>	<b>2,104.24</b>

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

	31 March 2018		31 March 2017	
	Number	₹ millions	Number	₹ millions
At the beginning of the year	210,417,080	2,104.17	210,187,117	2,101.87
Employee stock option plans issued	213,180	2.13	229,963	2.30
Buy back of shares	(17,370,078)	(173.70)	-	-
<b>Outstanding at the end of the year</b>	<b>193,260,182</b>	<b>1,932.60</b>	<b>210,417,080</b>	<b>2,104.17</b>

### (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.

## CONSOLIDATED FINANCIAL STATEMENTS

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

	(₹ millions)	
	31 March 2018	31 March 2017
Marble II Pte Limited (subsidiary of the ultimate holding company) *	1,166.92	1,271.08
116,691,668 (31 March 2017: 127,108,444) equity share of ₹ 10 each fully paid		

\* The ultimate holding company is Blackstone Capital Partners (Cayman II) VI L.P. w.e.f. 1 September 2016 (refer note 48).

### (d) Equity shares movement during five years immediately preceding 31 March 2018

#### (i) Aggregate number of bonus shares and shares issued for consideration other than cash:

	31 March 2018	31 March 2017
Equity shares allotted as fully paid bonus shares by capitalization of securities premium / retained earnings	-	700

In addition, the Company has issued total 503,161 shares (31 March 2017: 309,523) 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.

#### (ii) Equity shares extinguished / cancelled on buy back

The Company has completed the buyback of 17,370,078 fully paid-up equity shares of face value of ₹ 10 each ("equity shares") on 2 June 2017, representing 8.26% of the total paid-up equity share capital of the Company, at a price of ₹ 635 per equity share for an aggregate amount of ₹ 11,030.00 millions. The shares accepted by the Company under the buyback has been extinguished on 7 June 2017 and the paid-up equity share capital of the Company has been reduced to that extent. Subsequent to completion of buyback, the Company has transferred ₹ 173.70 millions to Capital Redemption Reserve representing face value of equity shares bought back.

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

Name of the Shareholder	31 March 2018		31 March 2017	
	Number	% of holding	Number	% of holding
Marble II Pte Limited	116,691,668	60.38	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 ownership 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.

	31 March 2018	31 March 2017
<b>15. SECURITIES PREMIUM</b>		
Balance as per previous financial statements	1,654.10	1,572.36
Utilized for buy back of equity shares	(1,654.10)	-
Premium on issue of shares	26.59	0.24
Transferred from stock options outstanding	68.59	81.50
<b>Closing balance</b>	<b>95.18</b>	<b>1,654.10</b>

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 2018	31 March 2017
<b>16. GENERAL RESERVE</b>		
Balance as per previous financial statements	6,596.04	5,965.38
Utilized for buy back of equity shares	(6,576.85)	-
Reversal on lapse of options granted	2.18	5.65
Amount transferred from surplus balance in the statement of profit and loss	739.89	625.01
<b>Closing balance</b>	<b>761.26</b>	<b>6,596.04</b>

General reserve represents appropriation of profits.



## CONSOLIDATED FINANCIAL STATEMENTS

(₹ millions)

	31 March 2018	31 March 2017
<b>17. RETAINED EARNINGS</b>		
Balance as per previous financial statements	45,835.25	43,625.45
Re-measurement gains / (losses) on defined benefit plans	(21.55)	(22.25)
Profit for the year	8,374.99	7,915.76
Utilized for buy back of equity shares	(2,625.35)	-
Transferred to CRR on buy back of equity shares	(173.70)	-
Buy back related expenses	(30.34)	-
Less: Appropriations		
Equity dividend	3,283.08	4,202.11
Dividend Distribution Tax	668.37	856.59
Transfer to general reserve	739.89	625.01
<b>Total appropriations</b>	<b>4,691.34</b>	<b>5,683.71</b>
<b>Net surplus in the statement of profit and loss</b>	<b>46,667.96</b>	<b>45,835.25</b>

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 2018 is ₹ 20 per share amounting to ₹ 3,865.20 millions and DDT of ₹ 794.69 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).

The Board of Directors, in its meeting held on 25 May 2017 had proposed the final dividend of ₹ 17 per share for the year ended 31 March 2017. The dividend proposed by the Board of Directors is approved by the shareholders' in the Annual General meeting held on 26 July 2017. Accordingly, the Company has accounted the same in accordance with Ind AS-10.

	31 March 2018	31 March 2017
<b>18. OTHER RESERVES</b>		
<b>Capital reserve (a)</b>		
Balance as per previous financial statements	361.39	361.39
<b>Closing balance</b>	<b>361.39</b>	<b>361.39</b>
<b>Capital redemption reserve (b)</b>		
Balance as per previous financial statements	4.75	4.75
Transferred from retained earnings on buy back of equity shares	173.70	-
<b>Closing balance</b>	<b>178.45</b>	<b>4.75</b>
<b>Share based payments (c)</b>		
Balance as per previous financial statements	190.47	170.43
Add: Expense for the year	199.02	215.26
Less: Transferred to securities premium on exercise of options	68.59	81.50
Less: Exercise of options	0.45	108.07
Less: Reversal on lapse of options granted	2.22	5.65
<b>Closing balance</b>	<b>318.23</b>	<b>190.47</b>
<b>Treasury shares (d)</b>		
Balance as per previous financial statements	(0.45)	(158.29)
Transaction during the year	0.45	157.84
<b>Closing balance</b>	<b>-</b>	<b>(0.45)</b>
<b>Hedging reserve (e)</b>		
Balance as per previous financial statements	761.67	248.64
Transaction during the year	1,158.25	1,302.81
Transfer to revenue	(1,683.02)	(789.78)
<b>Closing balance</b>	<b>236.90</b>	<b>761.67</b>
<b>Foreign currency translation reserve (f)</b>		
Balance as per previous financial statements	4,016.60	4,658.25
Transaction during the year	249.18	(641.65)
<b>Closing balance</b>	<b>4,265.78</b>	<b>4,016.60</b>
<b>Total other reserves</b>	<b>5,360.75</b>	<b>5,334.43</b>

## CONSOLIDATED FINANCIAL STATEMENTS

- Created due to redemption of redeemable preference shares and receipts from liquidation of trust.
- Capital Redemption Reserve created to the extent of sum equal to the nominal value of the share capital extinguished on buyback of Company's own shares in accordance with Section 69 of the Companies Act, 2013.
- 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.
- Represents equity shares of the Company held by the controlled trusts.
- 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.
- 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 2018 and 31 March 2017 are set out below:

	Year ended 31 March 2018		Year ended 31 March 2017	
	No. of options	Weighted Average Exercise Price (₹)	No. of options	Weighted Average Exercise Price (₹)
<b>1998 Plan (Version I)</b>				
Options outstanding at the beginning	47,000	34.38	47,000	34.38
<b>Options outstanding at the end</b>	<b>47,000</b>	<b>34.38</b>	<b>47,000</b>	<b>34.38</b>
<b>Exercisable at the end</b>	<b>47,000</b>	<b>34.38</b>	<b>47,000</b>	<b>34.38</b>

The options outstanding as at 31 March 2018 has an exercise price of ₹ 34.38 (31 March 2017: ₹ 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 2018 and 31 March 2017 are set out below:

	Year ended 31 March 2018		Year ended 31 March 2017	
	No. of options	Weighted Average Exercise Price (₹)	No. of options	Weighted Average Exercise Price (₹)
<b>1998 Plan (Version II)</b>				
Options outstanding at the beginning	9,816	84.67	94,400	117.29
Lapsed	6,616	84.21	81,624	122.39
Exercised	3,200	85.63	2,960	84.94
<b>Options outstanding at the end</b>	<b>-</b>	<b>-</b>	<b>9,816</b>	<b>84.67</b>
<b>Exercisable at the end</b>	<b>-</b>	<b>-</b>	<b>9,816</b>	<b>84.67</b>

The weighted average share price as at the date of exercise for stock options was ₹ 584.78 (31 March 2017: ₹ 527.86). The options outstanding as at 31 March 2018 has an exercise price of ₹ Nil (31 March 2017: ₹ 67.38 to ₹ 92.00) and weighted average remaining contractual life of Nil years (31 March 2017: 0.31 years).

## CONSOLIDATED FINANCIAL STATEMENTS

**Employees Stock Option Plan - 2004 (the 2004 Plan):** At the Extraordinary General Meeting held on 12 May 2004, the shareholders approved a new Employee Stock Option Plan. The 2004 Plan provides for the issue 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 granted under the 2004 plan for the year ended 31 March 2018 and 31 March 2017 are set out below:

2004 Plan	Year ended 31 March 2018		Year ended 31 March 2017	
	No. of options	Weighted Average Exercise Price (₹)	No. of options	Weighted Average Exercise Price (₹)
Options outstanding at the beginning	1,598	138.69	2,356	120.22
Lapsed	1,598	138.69	350	117.36
Exercised	-	-	408	50.34
<b>Options outstanding at the end</b>	<b>-</b>	<b>-</b>	<b>1,598</b>	<b>138.69</b>
<b>Exercisable at the end</b>	<b>-</b>	<b>-</b>	<b>1,598</b>	<b>138.69</b>

The weighted average share price as at the date of exercise for stock options was ₹ Nil (31 March 2017: ₹ 464.30). The options outstanding as at 31 March 2018 has an exercise price of ₹ Nil (31 March 2017: ₹ 117.36 to ₹ 148.07) and weighted average remaining contractual life of Nil years (31 March 2017: 0.62 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 the 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 2018 and 31 March 2017 are set out below:

2012 Plan	Year ended 31 March 2018		Year ended 31 March 2017	
	No. of options	Weighted Average Exercise Price (₹)	No. of options	Weighted Average Exercise Price (₹)
Options outstanding at the beginning	-	-	146,450	410.25
Lapsed	-	-	30,475	410.25
Exercised	-	-	115,975	410.25
<b>Options outstanding at the end</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

The weighted average share price as at the date of exercise of stock option was ₹ Nil (31 March 2017: ₹ 562.67).

**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 Equity Reward 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.

## CONSOLIDATED FINANCIAL STATEMENTS

The movements in the options under the 2016 plan for the year ended 31 March 2018 and 31 March 2017 are set out below:

2016 Plan	Year ended 31 March 2018		Year ended 31 March 2017	
	No. of options	Weighted Average Exercise Price (₹)	No. of options	Weighted Average Exercise Price (₹)
Options outstanding at the beginning	3,885,100	500.00	-	-
Granted	1,613,176	630.20	3,916,900	500.00
Forfeited	485,610	504.59	31,800	500.00
Exercised	53,780	500.00	-	-
<b>Options outstanding at the end</b>	<b>4,958,886</b>	<b>541.91</b>	<b>3,885,100</b>	<b>500.00</b>
<b>Exercisable at the end</b>	<b>658,000</b>	<b>500.00</b>	<b>-</b>	<b>-</b>

The weighted average share price as at the date of exercise of stock option was ₹ 831.99 (31 March 2017: ₹ Nil). The options outstanding on 31 March 2018 has an exercise price ranging from ₹ 500.00 to ₹ 650.00 (31 March 2017: ₹ 500.00) and the weighted average remaining contractual life of 5.10 years (31 March 2017: 5.78 years).

The weighted average fair value of stock options granted during the year was ₹ 228.54 (31 March 2017: ₹ 130.58). The Black-Scholes valuation model has been used for computing the weighted average fair value considering the following inputs:

	31 March 2018	31 March 2017
Weighted average share price on the date of grant (₹)	775.62	541.72
Exercise Price (₹)	500.00 to 650.00	500.00
Expected Volatility*	24.18% to 26.98%	32.06%
Life of the options granted in years	1-5 years	1 -5 Years
Average risk-free interest rate	6.38% to 7.26%	6.38%
Expected dividend rate	2.85% to 3.93%	3.93%

\* The expected volatility was determined based on historical volatility data.

Total Employee Compensation Cost pertaining to 2016 Plan during the year is ₹ 199.02 millions (31 March 2017: ₹ 46.30 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 2018 and 31 March 2017 are set out below:

RSU 2014 Plan	Year ended 31 March 2018		Year ended 31 March 2017	
	No. of options	Weighted Average Exercise Price (₹)	No. of options	Weighted Average Exercise Price (₹)
Options outstanding at the beginning	88,545	10.00	328,640	10.00
Forfeited	-	-	7,537	10.00
Lapsed	-	-	5,963	10.00
Exercised	53,090	10.00	226,595	10.00
<b>Options outstanding at the end</b>	<b>35,455</b>	<b>10.00</b>	<b>88,545</b>	<b>10.00</b>
<b>Exercisable at the end</b>	<b>35,455</b>	<b>10.00</b>	<b>88,545</b>	<b>10.00</b>

The weighted average share price as at the date of exercise of stock option was ₹ 654.64 (31 March 2017: ₹ 537.65). The options outstanding on 31 March 2018 has an exercise price of ₹ 10.00 (31 March 2017: ₹ 10.00) and the weighted average remaining contractual life of 1.18 years (31 March 2017: 2.19 years).

Total Employee Compensation Cost pertaining to RSU Plan-2014 during the year is ₹ Nil (31 March 2017: ₹ 17.01 millions).

## CONSOLIDATED FINANCIAL STATEMENTS

### 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 2018 and 31 March 2017 are set out below:

RSU 2015 Plan	Year ended 31 March 2018		Year ended 31 March 2017	
	No. of options	Weighted Average Exercise Price (₹)	No. of options	Weighted Average Exercise Price (₹)
Options outstanding at the beginning	192,900	10.00	423,050	10.00
Forfeited	-	-	11,250	10.00
Lapsed	5,000	10.00	-	-
Exercised	104,050	10.00	218,900	10.00
<b>Options outstanding at the end</b>	<b>83,850</b>	<b>10.00</b>	<b>192,900</b>	<b>10.00</b>
<b>Exercisable at the end</b>	<b>83,850</b>	<b>10.00</b>	<b>192,900</b>	<b>10.00</b>

The weighted average share price as at the date of exercise of stock option was ₹ 629.92 (31 March 2017: ₹ 551.62). The options outstanding on 31 March 2018 has an exercise price of ₹ 10.00 (31 March 2017: ₹ 10.00) and the weighted average remaining contractual life of 1.62 years (31 March 2017: 2.62 years).

Total Employee Compensation Cost pertaining to RSU Plan-2015 during the year is ₹ Nil (31 March 2017: ₹ 74.74 millions).

	(₹ millions)			
	Non Current		Current	
	31 March 2018	31 March 2017	31 March 2018	31 March 2017
<b>19. OTHER FINANCIAL LIABILITIES</b>				
<b>Carried at amortized cost</b>				
Salary related costs	-	-	1,371.23	1,266.22
Capital creditors	-	-	28.24	36.78
Other payables	10.67	11.03	209.68	284.55
Unpaid dividend*	-	-	13.67	11.51
<b>Derivative instruments at FVTPL (not designated as hedges)</b>				
Foreign exchange forward contracts	-	-	58.38	1.37
<b>Derivative instruments at FVTOCI (cash flow hedges)</b>				
Foreign exchange forward contracts	27.48	-	121.67	0.33
	<b>38.15</b>	<b>11.03</b>	<b>1,802.87</b>	<b>1,600.76</b>

\* Unclaimed dividends when due shall be credited to Investor Protection and Education Fund.

	(₹ millions)			
	Non Current		Current	
	31 March 2018	31 March 2017	31 March 2018	31 March 2017
<b>20. NET EMPLOYEE DEFINED BENEFIT LIABILITIES</b>				
Provision for gratuity [refer note 42 (a)]	523.37	543.53	200.00	300.00
Provision for employee compensated absences	-	-	530.63	483.98
	<b>523.37</b>	<b>543.53</b>	<b>730.63</b>	<b>783.98</b>



## CONSOLIDATED FINANCIAL STATEMENTS

(₹ millions)

	Non Current		Current	
	31 March 2018	31 March 2017	31 March 2018	31 March 2017
<b>21. PROVISIONS</b>				
Provision for loss on long-term contract	50.00	-	150.00	204.06
Other provisions	-	-	95.80	169.14
	<b>50.00</b>	<b>-</b>	<b>245.80</b>	<b>373.20</b>

Provisions	Legal fees	Onerous contracts	Sale of business	Others	Total
<b>As at 1 April 2017</b>	48.03	204.06	35.00	86.11	<b>373.20</b>
Additions during the year	-	200.00	-	-	<b>200.00</b>
Re-statement of balances	-	-	-	1.10	<b>1.10</b>
Utilised / paid / reversed	-	(204.06)	(2.00)	(72.44)	<b>(278.50)</b>
<b>As at 31 March 2018</b>	<b>48.03</b>	<b>200.00</b>	<b>33.00</b>	<b>14.77</b>	<b>295.80</b>
Current	48.03	150.00	33.00	14.77	<b>245.80</b>
Non current	-	50.00	-	-	<b>50.00</b>
<b>As at 1 April 2016</b>	48.03	483.66	63.17	167.91	<b>762.77</b>
Re-statement of balances	-	-	-	(8.22)	<b>(8.22)</b>
Utilised / paid / reversed	-	(279.60)	(28.17)	(73.58)	<b>(381.35)</b>
<b>As at 31 March 2017</b>	<b>48.03</b>	<b>204.06</b>	<b>35.00</b>	<b>86.11</b>	<b>373.20</b>
Current	48.03	204.06	35.00	86.11	<b>373.20</b>
Non current	-	-	-	-	<b>-</b>

- a) During the year ended 31 March 2016, the Group had formalized a plan to early exit / ramp down operations in respect of certain domestic BPO contracts. 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 2018 is ₹ 33.00 millions (31 March 2017: ₹ 35.00 millions).
- b) The loss incurred on onerous contracts during the year ended 31 March 2017 has been adjusted against the provision and the balance as at 31 March 2017 is ₹ 204.06 millions. Further, during the year, upon assessment of future profitability, the Group provided an amount of ₹ 130.78 millions (net of tax ₹ 69.22 millions) towards expected loss and the same has been disclosed as an exceptional item. The closing balance as at 31 March 2018 is ₹ 200.00 millions.

	Non Current		Current	
	31 March 2018	31 March 2017	31 March 2018	31 March 2017
<b>22. OTHER LIABILITIES</b>				
Unearned revenue	-	-	763.98	338.82
Advances from clients	-	-	1.16	0.51
Rent equalization	43.62	48.02	13.49	24.65
Statutory dues	-	-	667.10	633.41
	<b>43.62</b>	<b>48.02</b>	<b>1,445.73</b>	<b>997.39</b>

	31 March 2018	31 March 2017
<b>23. SHORT TERM BORROWING</b>		
Pre-shipment loan in foreign currency from bank (unsecured) *	1,299.60	-
Loan from Citibank **	2,599.20	2,601.60
	<b>3,898.80</b>	<b>2,601.60</b>

\* Pre-shipment loan carries interest @ LIBOR plus 0.05% (31 March 2017: LIBOR plus 0.20%) p.a. The loan is repayable on 27 April 2018.

\*\* Loan from Citibank carries interest @ LIBOR plus 1.65% (31 March 2017: LIBOR plus 1.65%) p.a. The loan is repayable within 22 June 2018. The loan is secured against current assets of Mphasis Corporation USA.

## CONSOLIDATED FINANCIAL STATEMENTS

(₹ millions)

	Non Current		Current	
	31 March 2018	31 March 2017	31 March 2018	31 March 2017
<b>24. TRADE PAYABLES</b>				
<b>Carried at amortized cost</b>				
Trade payables	-	-	5,023.92	3,878.22
	-	-	<b>5,023.92</b>	<b>3,878.22</b>

**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 44.

### 25. TAXES

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

	Year ended 31 March 2018	Year ended 31 March 2017
<b>Taxes</b>		
Current taxes	3,159.48	2,861.11
Deferred taxes	(258.73)	215.23
<b>Total taxes</b>	<b>2,900.75</b>	<b>3,076.34</b>

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 1 April 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 2018 and 31 March 2017 relates to origination and reversal of temporary differences.

## CONSOLIDATED FINANCIAL STATEMENTS

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 2018	Year ended 31 March 2017
<b>Profit before exceptional item and tax</b>	<b>11,406.52</b>	<b>11,143.78</b>
Applicable tax rates in India	34.608%	34.608%
<b>Computed tax charge (A)</b>	<b>3,947.57</b>	<b>3,856.64</b>
Tax effect on exempt operating income	(855.07)	(676.68)
Tax effect on exempt non - operating income	(106.66)	(284.24)
Tax effect on permanent non - deductible expenses	22.98	21.59
Tax effect on differential domestic / overseas tax rate	37.36	182.71
Tax effect on undistributed earnings of foreign subsidiaries of US entities	342.01	-
Tax Effect on DTA recognised on carried forward Long Term Capital Loss	(166.17)	-
Reversal of tax expenses on account of completed assessments	(331.96)	-
Others	10.69	(23.68)
<b>Total adjustments (B)</b>	<b>(1,046.82)</b>	<b>(780.30)</b>
<b>Total tax expenses (A+B)</b>	<b>2,900.75</b>	<b>3,076.34</b>

Pursuant to the Tax Cuts and Jobs Act ("US Tax Reforms"), the US Tax Reforms has reduced the statutory U.S. Corporate income tax rate from 35% to 21% effective 1 January 2018. The US Tax Reforms also provides for a one-time tax on certain accumulated undistributed post-1986 earnings of foreign subsidiaries.

Upon the enactment of the US Tax Reforms, the Group provisionally recognized an income tax provision of ₹ 342.01 millions (USD 5.23 millions) with respect to the deemed repatriation of the accumulated undistributed post-1986 earnings of specified foreign subsidiaries.

The Group also recorded reduction in deferred income tax asset of approximately ₹ 41.18 millions relating to the re-measurement of the U.S. deferred tax assets on account of the aforementioned change in the U.S. statutory income tax rate. Thus, upon the enactment of the US Tax Reforms, the Group included a net income tax provision in financial statements for the year ended 31 March 2018 amounting to ₹ 383.19 millions.

The one-time incremental income tax expense is provisional as at 31 March 2018 since it reflects certain assumptions based upon interpretation of the Tax Reform Act as of 31 March 2018 and may change as we receive additional clarification and guidance and as the interpretation of the Tax Reform Act evolves over time. The Group currently expects that the accounting for the repatriation tax under the US Tax Reforms will be completed by December 2018.

During the quarter ended 31 March 2018, the Group has reversed certain income tax provisions of ₹ 331.96 millions which pertains to Completed Tax Assessment. Further during the quarter ended 31 March 2018, the Group has recognised deferred tax asset of ₹ 166.17 millions on capital losses of previous periods and is confident of reversal of the timing differences in the foreseeable future.

	Non Current		Current	
	31 March 2018	31 March 2017	31 March 2018	31 March 2017
<b>Income tax assets (Net)</b>				
Advance income-tax (net of provision for taxation)	4,570.34	4,352.88	-	-
	<b>4,570.34</b>	<b>4,352.88</b>	-	-
<b>Income tax liabilities (Net)</b>				
Provision for taxation	311.00	-	871.95	650.80
	<b>311.00</b>	-	<b>871.95</b>	<b>650.80</b>
<b>Net income tax asset</b>			<b>3,387.39</b>	<b>3,702.08</b>

## CONSOLIDATED FINANCIAL STATEMENTS

The tax effects of significant temporary differences that resulted in deferred tax assets and liabilities are as follows:

(₹ millions)

	31 March 2018	31 March 2017
<b>Deferred Tax Asset (Net)</b>		
Depreciation and amortization expense: Difference between tax depreciation and depreciation / amortization as per statement of profit and loss	276.11	475.93
Provision for doubtful debts and advances	159.78	186.01
Provision for employee benefits	387.62	390.40
Provision for loss on long-term contract	16.23	16.08
Deferred tax liability on rent equalization reserve	(132.26)	(330.43)
On Carried forward Long Term Capital Loss	166.17	-
Others	183.17	(119.82)
	<b>1,056.82</b>	<b>618.17</b>
<b>Deferred Tax Liabilities (Net)</b>		
Depreciation and amortization expense: Difference between tax depreciation and depreciation / amortization as per statement of profit and loss	182.28	327.41
Provision for employee benefits	(117.68)	(151.02)
Deferred tax asset on rent equalization reserve	(2.01)	(3.90)
Others	(12.88)	(14.19)
	<b>49.71</b>	<b>158.30</b>
<b>Net deferred tax asset</b>	<b>1,007.11</b>	<b>459.87</b>

\* net of MAT credit utilisation of ₹ Nil (31 March 2017: ₹ 341.26 millions).

	Year ended 31 March 2018	Year ended 31 March 2017
<b>26. REVENUE FROM OPERATIONS</b>		
Sale of services	63,775.34	59,925.50
Sale of traded goods	-	48.29
Profit on cash flow hedges	1,683.02	789.78
	<b>65,458.36</b>	<b>60,763.57</b>
<b>26.1 Details of services rendered:</b>		
Application maintenance & other services	21,038.41	21,743.77
Application development	16,575.32	14,191.06
Infrastructure management services	8,873.00	8,226.19
Knowledge processing services	7,446.41	9,091.25
Other services	9,842.20	6,673.23
	<b>63,775.34</b>	<b>59,925.50</b>
<b>26.2 Details of traded goods sold:</b>		
Cash deposit machine and UPS	-	48.29
	<b>-</b>	<b>48.29</b>

## CONSOLIDATED FINANCIAL STATEMENTS

(₹ millions)

	Year ended 31 March 2018	Year ended 31 March 2017
<b>27. OTHER INCOME</b>		
Interest income on		
Bank deposits	105.93	206.63
Long term bonds	90.63	90.73
Others	82.22	219.22
Dividend income on investments	22.45	388.70
Net gain on investments carried at FVTPL *	1,208.06	1,155.37
Foreign exchange gain / (loss), (net)	96.21	273.98
Profit on sale of fixed assets, (net)	4.53	29.29
Miscellaneous income	10.93	22.14
	<b>1,620.96</b>	<b>2,386.06</b>

\* includes profit on sale of investments.

	Year ended 31 March 2018	Year ended 31 March 2017
<b>28. PURCHASE OF STOCK-IN-TRADE</b>		
Cash deposit machine and UPS	-	0.24
	<b>-</b>	<b>0.24</b>

	Year ended 31 March 2018	Year ended 31 March 2017	(Increase) / decrease
<b>28.1 CHANGE IN INVENTORIES OF STOCK-IN-TRADE</b>			
Inventories at the end of the year			
Traded goods	-	-	-
	<b>-</b>	<b>-</b>	<b>-</b>
Inventories at the beginning of the year			
Traded goods	-	40.99	40.99
	<b>-</b>	<b>40.99</b>	<b>40.99</b>
	<b>-</b>	<b>40.99</b>	

	Year ended 31 March 2018	Year ended 31 March 2017
<b>29. EMPLOYEE BENEFITS EXPENSE</b>		
Salaries and bonus	35,108.55	34,230.49
Contribution to provident and other funds	2,300.23	2,179.68
Employee share based payment	199.02	138.05
Gratuity expense [refer note 42 (a)]	170.30	193.99
Staff welfare expenses	401.17	353.40
	<b>38,179.27</b>	<b>37,095.61</b>

	Year ended 31 March 2018	Year ended 31 March 2017
<b>30. FINANCE COSTS</b>		
Interest	100.98	131.00
Exchange difference to the extent considered as an adjustment to borrowing costs	28.98	7.75
	<b>129.96</b>	<b>138.75</b>

	Year ended 31 March 2018	Year ended 31 March 2017
<b>31. DEPRECIATION AND AMORTIZATION EXPENSE</b>		
Depreciation of property, plant and equipment (refer note 3)	421.69	412.46
Amortization of intangible assets (refer note 5)	286.52	379.03
	<b>708.21</b>	<b>791.49</b>



## CONSOLIDATED FINANCIAL STATEMENTS

(₹ millions)

	Year ended 31 March 2018	Year ended 31 March 2017
<b>32. OTHER EXPENSES</b>		
Travel	1,687.70	1,797.33
Recruitment expenses	358.12	427.75
Communication expenses	606.36	614.31
Rent	2,274.64	2,264.10
Professional charges	2,609.63	2,318.00
Payment to auditor (refer details below)	18.69	19.91
Provision for doubtful debts	(33.16)	1.66
Software development expenses	6,171.42	3,702.33
Power and fuel	297.54	350.85
Software support & annual maintenance charges	1,024.25	949.46
Insurance	184.44	143.21
Rates & taxes *	82.30	(11.71)
Repairs & maintenance	32.41	35.57
Corporate Social Responsibility expense (refer note 47)	131.28	133.56
Miscellaneous expenses	1,209.74	1,192.44
	<b>16,655.36</b>	<b>13,938.77</b>

\* Rates and taxes includes refund received against Service Tax receivables during the year ended 31 March 2017.

### Payment to Auditor \*

As auditor :

Statutory audit fee	14.25	15.80
Other services (certification fees)	3.27	3.08
Reimbursement of expenses	1.17	1.03
	<b>18.69</b>	<b>19.91</b>

\* excluding Service Tax / Goods and Service tax.

	Year ended 31 March 2018	Year ended 31 March 2017
<b>33. EXCEPTIONAL ITEM (NET OF TAX)</b>		
Expected loss on sale of domestic BPO business	-	(2.58)
Expected loss on exit from other domestic BPO business [refer note 21 (a)]	-	(21.57)
Provision for loss on long-term contract [refer note 21 (b)]	130.78	-
Impairment of Mphasis Shanghai goodwill	-	83.77
Accelerated cost due to change in control (refer note 49)	-	58.52
Others	-	33.54
	<b>130.78</b>	<b>151.68</b>

### 34. EARNINGS PER SHARE ('EPS')

Reconciliation of basic and diluted shares used in computing earnings per share:

	Year ended 31 March 2018	Year ended 31 March 2017
Profit before exceptional item (₹ in millions)	8,505.77	8,067.44
Profit after exceptional item (₹ in millions)	8,374.99	7,915.76
Number of weighted average shares considered for calculation of basic earnings per share	196,333,584	210,035,384
Add: Dilutive effect of stock options	297,424	345,892
Number of weighted average shares considered for calculation of diluted earnings per share	<b>196,631,008</b>	<b>210,381,276</b>

The above does not include 21,000 (31 March 2017: 21,000) bonus shares held in abeyance by the Company.

## CONSOLIDATED FINANCIAL STATEMENTS

35. 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, if certain terms and conditions are not fulfilled.

### 36. 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 2009, 31 March 2010, 31 March 2011, 31 March 2012, 31 March 2013 and 31 March 2014, 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 ₹ 3,511.65 millions (31 March 2017: ₹ 2,518.35 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 ₹ 7,099.69 millions (31 March 2017: ₹ 7,118.14 millions) net of bank guarantees aggregating to ₹ 6,662.76 millions (31 March 2017: ₹ 6,661.95 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 2018: ₹ 607.78 millions (31 March 2017: ₹ 774.76 millions) including those furnished on account of jointly controlled operations ₹ 22.00 millions (31 March 2017: ₹ 99.35 millions) and customs authorities aggregating to ₹ 53.66 millions (31 March 2017: ₹ 53.66 millions).
- c) Estimated amount of contracts remaining to be executed on capital account (net of advances) and not provided for as at 31 March 2018: ₹ 274.54 millions (31 March 2017: ₹ 97.19 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.

### 37. 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 ₹ 1,013.08 millions for the year ended 31 March 2018 (31 March 2017: ₹ 1,020.44 millions).

Future minimum lease payments under non-cancellable operating leases are as follows:

	(₹ millions)	
Period	31 March 2018	31 March 2017
Not later than 1 year	531.62	530.07
Later than 1 year and not later than 5 years	772.88	706.78
More than 5 years	-	25.35
	<b>1,304.50</b>	<b>1,262.20</b>

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 2018 amounted to ₹ 1,261.56 millions (31 March 2017: ₹ 1,243.66 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.

# CONSOLIDATED FINANCIAL STATEMENTS

## 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 EDS World Corporation (Far East) LLC EDS World Corporation (Netherlands) LLC	Marble II Pte Limited

Immediate holding company holds 60.38% (31 March 2017: 60.41%) of the total share capital of the Company.

The related parties 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).

### 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 (Resigned w.e.f. 31 October 2017)
V. Suryanarayanan	Executive Vice President & Chief Financial Officer
Subramanian Narayan	Vice President & Company Secretary (Appointed w.e.f. 1 November 2017)
James Mark Merritt	Director - Vice Chairman of the Board- (Resigned w.e.f. 1 September 2016)
Davinder Singh Brar	Non Executive Independent 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
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

### 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 Software, LLC	Hewlett-Packard Multimedia SDN BHD
Hewlett-Packard (Canada) Co.	Hewlett-Packard Nederland B.V.
Hewlett-Packard (India) Software Operation Private Limited	Hewlett-Packard OY
Hewlett-Packard (Schweiz) GmbH	Hewlett-Packard Singapore (Sales) Pte. Ltd
Hewlett-Packard ApS	Hewlett-Packard Sverige A.B.
Hewlett-Packard Australia Pty Limited	HP Enterprise Services (Hong Kong) Limited
Hewlett-Packard Belgium B.V.B.A/S.P.R.L	HP Enterprise Services Australia Pty Ltd
Hewlett-Packard Centre de Competence France SAS	HP Enterprise Services BPA Pty Ltd

## CONSOLIDATED FINANCIAL STATEMENTS

Direct or indirect subsidiaries of ultimate holding company with which transactions have taken place (Continued)	
Hewlett-Packard de Mexico S. De R.L. De CV	HP Enterprise Services Italia S.r.l
Hewlett-Packard Enterprise Services UK Limited	HP Enterprise Services, LLC
Hewlett-Packard France SAS	HP Facilities Services (Malaysia) Sdn Bhd
Hewlett-Packard Globalsoft Private Limited	HP Financial Services (Australia) Pty Limited
Hewlett-Packard GmbH	HP Financial Services (New Zealand)
Hewlett-Packard International Sa'rl	HP Services (Singapore) Pte 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 48).

The following is the summary of significant transactions with related parties by the Company: (₹ millions)

	Year ended 31 March 2018	Year ended 31 March 2017
<b>Rendering of services - entities where control exists</b>	-	<b>960.84</b>
Hewlett-Packard Enterprise Company	-	960.84
<b>Rendering of services - other related parties</b>	-	<b>4,898.46</b>
HP Enterprise Services, LLC	-	2,995.05
Hewlett-Packard Australia Pty Limited	-	893.01
Hewlett-Packard Enterprise Services UK Ltd.	-	436.50
Others	-	573.90
<b>Purchase of fixed assets - other related parties</b>	-	<b>0.50</b>
Hewlett Packard Singapore (Sales) Pte. Limited	-	0.50
<b>Software development charges - other related parties</b>	-	<b>4.56</b>
HP Services (Singapore) Pte Limited	-	4.56
<b>Software support and annual maintenance charges - other related parties</b>	-	<b>220.75</b>
HP Services (Singapore) Pte Limited	-	220.09
Others	-	0.66
<b>Other expenses incurred - other related parties</b>	-	<b>5.13</b>
HP Services (Singapore) Pte Limited	-	0.92
Hewlett Packard Enterprise India Pvt Ltd	-	2.83
Hewlett Packard Singapore (Sales) Pte Ltd	-	1.35
Others	-	0.03
<b>Dividend paid (on cash basis)</b>	<b>1,983.76</b>	<b>2,542.17</b>
Marble II Pte Limited	1,983.76	2,542.17
<b>Remuneration / Commission to key management personnel *</b>	<b>145.52</b>	<b>311.42</b>
Nitin Rakesh	86.14	29.64
Balu Ganesh Ayyar	-	215.70
Others	59.38	66.08

\* 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 2018	31 March 2017
<b>Remuneration / Commission payable to key management personnel</b>	<b>5.10</b>	<b>9.75</b>
Davinder Singh Brar	0.98	2.10
Narayanan Kumar	0.85	1.80
David Lawrence Johnson	0.83	2.00
Dario Zamarian	0.76	2.00
Jan Kathleen Hier	0.87	1.85
Paul James Upchurch	0.81	-

## CONSOLIDATED FINANCIAL STATEMENTS

### 39. Additional information pursuant to para 2 of general instructions for the preparation of the Consolidated Financial Statements for year ended 31 March 2018 and 31 March 2017.

31 March 2018 Name of the entity	Consolidated net assets		Consolidated profit or loss		Consolidated OCI		Consolidated total Comprehensive Income	
	Percentage	₹ millions	Percentage	₹ millions	Percentage	₹ millions	Percentage	₹ millions
<b>Parent</b>								
Mphasis Limited	42.697	39,074.24	70.514	7,398.91	84.579	(493.84)	69.686	6,905.07
<b>Indian subsidiaries</b>								
Msource (India) Private Limited	9.119	8,345.42	4.405	462.16	9.024	(52.69)	4.132	409.47
Mphasis Software and Services (India) Private Limited	1.731	1,584.13	0.388	40.66	-	-	0.410	40.66
<b>Foreign subsidiaries</b>								
Mphasis Corporation	6.798	6,221.46	2.921	306.48	(2.113)	12.34	3.218	318.82
Mphasis Deutschland GmbH	0.111	101.69	0.244	25.59	(1.749)	10.21	0.361	35.80
Mphasis Australia Pty Limited	0.615	563.13	0.506	53.07	(1.545)	9.02	0.627	62.09
Mphasis (Shanghai) Software & Services Company Limited	0.151	137.81	0.120	12.57	(2.288)	13.36	0.262	25.93
Mphasis Consulting Limited	0.667	610.76	(0.033)	(3.44)	(12.069)	70.47	0.676	67.03
Mphasis Ireland Limited	0.045	40.75	0.084	8.82	(0.697)	4.07	0.130	12.89
Mphasis Belgium BVBA	0.352	322.46	0.278	29.19	(6.327)	36.94	0.667	66.13
Mphasis Lanka Private Limited	-	-	-	-	-	-	-	-
Mphasis Poland s.p.z.o.o	(0.013)	(11.69)	0.045	4.68	0.339	(1.98)	0.027	2.70
Msource Mauritius Inc.	0.688	629.60	(0.014)	(1.47)	(0.677)	3.95	0.025	2.48
PT. Mphasis Indonesia	-	0.01	(0.003)	(0.33)	-	-	(0.003)	(0.33)
Mphasis Europe BV	12.715	11,636.32	(0.347)	(36.36)	(4.621)	26.98	(0.095)	(9.38)
Mphasis Pte Limited	0.457	418.00	0.426	44.72	(4.218)	24.63	0.700	69.35
Mphasis Infrastructure Services Inc.	(1.192)	(1,090.48)	(0.614)	(64.47)	0.151	(0.88)	(0.660)	(65.35)
Mphasis UK Limited	11.432	10,462.28	(0.231)	(24.29)	(16.103)	94.02	0.704	69.73
Mphasis Wyde Inc.	12.320	11,274.27	10.231	1,073.47	(0.204)	1.19	10.846	1,074.66
Mphasis Philippines Inc.	0.020	18.05	(0.006)	(0.60)	0.122	(0.71)	(0.013)	(1.31)
Wyde Corporation Inc.	(0.907)	(830.24)	(2.303)	(241.61)	0.051	(0.30)	(2.441)	(241.91)
Mphasis Wyde SASU	(0.734)	(671.60)	(0.005)	(0.52)	14.565	(85.04)	(0.863)	(85.56)
Wyde Solutions Canada Inc.	(0.164)	(149.95)	0.013	1.40	1.045	(6.10)	(0.047)	(4.70)
Digital Risk LLC.	1.118	1,023.27	4.781	501.61	106.608	(622.46)	(1.220)	(120.85)
Digital Risk Compliance Services LLC.	-	-	-	-	(58.986)	344.41	3.476	344.41
Digital Risk Mortgage Services LLC.	2.478	2,268.13	7.692	807.09	(0.923)	5.39	8.200	812.48
Digital Risk Analytics LLC.	-	-	-	-	(3.544)	20.69	0.209	20.69
Investor Services, LLC	0.696	636.74	0.798	83.77	(0.238)	1.39	0.859	85.16
Digital Risk Valuation Services LLC.	(1.202)	(1,100.08)	0.109	11.47	(0.182)	1.06	0.126	12.53
<b>Total Foreign subsidiaries</b>	<b>46.451</b>	<b>42,510.69</b>	<b>24.692</b>	<b>2,590.84</b>	<b>6.398</b>	<b>(37.35)</b>	<b>25.771</b>	<b>2,553.49</b>
<b>Sub Total</b>	<b>100.00</b>	<b>91,514.48</b>	<b>100.00</b>	<b>10,492.57</b>	<b>100.00</b>	<b>(583.88)</b>	<b>100.00</b>	<b>9,908.69</b>
Adjustment arising out of consolidation		(36,696.66)		(2,117.58)		286.74		(1,830.84)
<b>Total</b>		<b>54,817.82</b>		<b>8,374.99</b>		<b>(297.14)</b>		<b>8,077.85</b>

## CONSOLIDATED FINANCIAL STATEMENTS

31 March 2017 Name of the entity	Consolidated net assets"		Consolidated profit or loss		Consolidated OCI		Consolidated total Comprehensive Income	
	Percentage	₹ millions	Percentage	₹ millions	Percentage	₹ millions	Percentage	₹ millions
<b>Parent</b>								
Mphasis Limited	47.552	46,953.26	57.926	6,250.10	223.730	453.77	60.985	6,703.87
<b>Indian subsidiaries</b>								
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
<b>Foreign subsidiaries</b>								
Mphasis Corporation	5.978	5,902.65	5.782	623.82	(37.496)	(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	(4.225)	(8.57)	0.151	16.63
Mphasis Consulting Limited	0.551	543.73	0.119	12.80	(44.739)	(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	(9.200)	(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	(52.155)	(105.78)	0.732	80.52
Mphasis Wyde Inc.	10.330	10,199.60	18.020	1,944.33	26.541	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)	15.807	32.06	(2.271)	(249.65)
Wyde Solutions Canada Inc.	(0.147)	(145.25)	(0.207)	(22.30)	3.732	7.57	(0.134)	(14.73)
Digital Risk LLC.	4.303	4,248.89	(1.509)	(162.83)	(36.959)	(74.96)	(2.163)	(237.79)
Digital Risk Compliance Services LLC.	(2.126)	(2,099.58)	-	-	19.337	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	(7.341)	(14.89)	2.113	232.23
Digital Risk Valuation Services LLC.	(1.127)	(1,112.61)	(0.062)	(6.64)	10.132	20.55	0.127	13.91
<b>Total Foreign subsidiaries</b>	<b>42.848</b>	<b>42,309.15</b>	<b>34.306</b>	<b>3,701.39</b>	<b>(141.988)</b>	<b>(287.98)</b>	<b>31.052</b>	<b>3,413.41</b>
<b>Sub Total</b>	<b>100.00</b>	<b>98,741.82</b>	<b>100.00</b>	<b>10,789.82</b>	<b>100.00</b>	<b>202.82</b>	<b>100.00</b>	<b>10,992.64</b>
Adjustment arising out of consolidation		(37,217.76)		(2,874.06)		(353.69)		(3,227.75)
<b>Total</b>		<b>61,524.06</b>		<b>7,915.76</b>		<b>(150.87)</b>		<b>7,764.89</b>



# CONSOLIDATED FINANCIAL STATEMENTS

## 40. 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 31 March 2018	Year ended 31 March 2017
<b>Segment revenue</b>		
Banking and Capital Market	30,685.00	29,520.50
Insurance	8,096.16	8,893.30
Information Technology, Communication and Entertainment	9,277.76	6,032.35
Emerging Industries	15,716.42	15,527.64
Unallocated - Hedge	1,683.02	789.78
<b>Total segment revenue</b>	<b>65,458.36</b>	<b>60,763.57</b>
<b>Segment result</b>		
Banking and Capital Market	7,306.15	6,945.17
Insurance	1,916.40	2,058.27
Information Technology, Communication and Entertainment	1,859.16	1,922.95
Emerging Industries	4,800.33	4,939.89
Unallocated - Hedge	1,683.02	789.78
<b>Total segment result</b>	<b>17,565.06</b>	<b>16,656.06</b>
Interest income	278.78	516.58
Finance costs	(129.96)	(138.75)
Other income	1,342.18	1,869.48
Other unallocable expenditure	(7,649.54)	(7,759.59)
Exceptional item (net of tax) (refer note 33)	(130.78)	(151.68)
<b>Profit before taxation</b>	<b>11,275.74</b>	<b>10,992.10</b>
Income taxes	2,900.75	3,076.34
<b>Profit after taxation</b>	<b>8,374.99</b>	<b>7,915.76</b>

Revenue from two customers amounted to more than 10% of the total revenue amounting to ₹ 14,346.66 millions and ₹ 8,195.80 millions (31 March 2017: ₹ 14,108.22 millions and ₹ 6,789.88 millions).

	31 March 2018	31 March 2017
<b>Segment assets</b>		
Banking and Capital Market	9,064.06	9,169.58
Insurance	2,122.17	2,325.59
Information Technology, Communication and Entertainment	3,073.45	1,825.21
Emerging Industries	5,339.91	4,512.76
<b>Total segment assets</b>	<b>19,599.59</b>	<b>17,833.14</b>
Unallocated assets	50,253.78	55,337.75
<b>Total assets</b>	<b>69,853.37</b>	<b>73,170.89</b>

## CONSOLIDATED FINANCIAL STATEMENTS

	(₹ millions)	
	31 March 2018	31 March 2017
<b>Segment liabilities</b>		
Banking and Capital Market	4,230.24	3,800.98
Insurance	1,473.05	1,459.26
Information Technology, Communication and Entertainment	1,531.68	759.28
Emerging Industries	2,190.00	1,890.90
<b>Total segment liabilities</b>	<b>9,424.97</b>	<b>7,910.42</b>
Unallocated liabilities	5,610.58	3,736.41
<b>Total liabilities</b>	<b>15,035.55</b>	<b>11,646.83</b>
<b>Capital employed</b>		
Banking and Capital Market	4,833.82	5,368.60
Insurance	649.12	866.33
Information Technology, Communication and Entertainment	1,541.77	1,065.93
Emerging Industries	3,149.91	2,621.86
Unallocated	44,643.20	51,601.34
<b>Total capital employed</b>	<b>54,817.82</b>	<b>61,524.06</b>

	Year ended 31 March 2018	Year ended 31 March 2017
<b>Capital expenditure</b>		
Banking and Capital Market	153.33	543.43
Insurance	40.46	163.71
Information Technology, Communication and Entertainment	46.36	111.05
Emerging Industries	78.54	285.85
<b>Total capital expenditure</b>	<b>318.69</b>	<b>1,104.04</b>

### Geographic Segments

	Year ended 31 March 2018	Year ended 31 March 2017
<b>Region</b>		
USA	50,842.07	46,731.91
India	4,087.10	3,956.53
APAC	2,448.13	3,227.58
EMEA	6,398.04	6,057.77
Unallocated - Hedge	1,683.02	789.78
<b>Total geographical revenue</b>	<b>65,458.36</b>	<b>60,763.57</b>

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

### Non current operating assets

	31 March 2018	31 March 2017
India	781.63	911.53
Outside India	18,081.18	18,310.61
<b>Total non current operating assets</b>	<b>18,862.81</b>	<b>19,222.14</b>

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

## CONSOLIDATED FINANCIAL STATEMENTS

### Reconciliations to amounts reflected in the financial statements.

Reconciliation of assets		(₹ millions)	
	31 March 2018	31 March 2017	
<b>Segment assets</b>	<b>19,599.59</b>	<b>17,833.14</b>	
Goodwill (refer note 4)	17,014.72	16,977.88	
Investments (refer note 7 and 12)	17,820.68	23,956.45	
Cash and cash equivalents (refer note 13)	7,067.23	6,144.12	
Income tax assets (refer note 25)	4,570.34	4,352.88	
Deferred tax assets (refer note 25)	1,056.82	618.17	
Non current bank balances	1.94	110.79	
Interest receivable	79.27	59.86	
Deposits with government authorities	45.74	49.17	
Indirect tax recoverable	1,705.92	1,525.51	
Derivatives	513.30	1,165.10	
Capital advance	375.96	375.96	
Others	1.86	1.86	
<b>Total assets</b>	<b>69,853.37</b>	<b>73,170.89</b>	
<b>Reconciliation of liabilities</b>			
	31 March 2018	31 March 2017	
<b>Segment liabilities</b>	<b>9,424.97</b>	<b>7,910.42</b>	
Borrowings (refer note 23)	3,898.80	2,601.60	
Income tax liabilities (refer note 25)	1,182.95	650.80	
Deferred tax liabilities (refer note 25)	49.71	158.30	
Statutory dues	312.82	275.34	
Derivatives	149.15	0.33	
Unpaid dividend	13.67	11.51	
Others	3.48	38.53	
<b>Total liabilities</b>	<b>15,035.55</b>	<b>11,646.83</b>	

#### 41. 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 2018	31 March 2017
Total equity attributable to the share holders of the Group (A)	54,817.82	61,524.06
Loans and borrowings (B)	3,898.80	2,601.60
<b>Total loans and borrowings as a percentage of capital (B / C)</b>	<b>6.64%</b>	<b>4.06%</b>
<b>Total capital (A+B=C)</b>	<b>58,716.62</b>	<b>64,125.66</b>
<b>Total equity as a percentage of total capital (A / C)</b>	<b>93.36%</b>	<b>95.94%</b>

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.

#### 42. 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.

## CONSOLIDATED FINANCIAL STATEMENTS

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 2018	31 March 2017
<b>Change in projected benefit obligations</b>		
Obligations at beginning of the year	1,070.01	947.76
Service cost	118.64	136.47
Interest cost	75.51	69.01
Benefits settled	(153.01)	(126.04)
Actuarial (gain) /loss (through OCI)	34.06	42.81
<b>Obligations at end of the year</b>	<b>1,145.21</b>	<b>1,070.01</b>
<b>Change in plan assets</b>		
Plan assets at beginning of the year, at fair value	226.48	131.75
Expected return on plan assets	23.85	11.49
Actuarial gain / (loss) (through OCI)	0.16	8.79
Contributions	327.67	200.49
Benefits settled	(153.01)	(126.04)
Administration charges	(3.31)	-
<b>Plan assets at end of the year</b>	<b>421.84</b>	<b>226.48</b>
Present value of defined benefit obligation at the end of the year	1,145.21	1,070.01
Fair value of plan assets at the end of the year	421.84	226.48
<b>Net liability recognised in the balance sheet</b>	<b>(723.37)</b>	<b>(843.53)</b>

	Year ended 31 March 2018	Year ended 31 March 2017
<b>Expenses recognised in statement of profit and loss</b>		
Service cost	118.64	136.47
Interest cost (net)	51.66	57.52
<b>Net gratuity cost</b>	<b>170.30</b>	<b>193.99</b>
<b>Re-measurement gains / (losses) in OCI</b>		
Actuarial (gain) / loss due to financial assumption changes	(96.25)	15.90
Actuarial (gain) / loss due to experience adjustments	130.31	26.91
Return on plan assets (greater) less than discount rate	(0.16)	(8.79)
<b>Total expenses routed through OCI</b>	<b>33.90</b>	<b>34.02</b>
<b>Assumptions</b>		
Interest rate	7.60%	6.80%
Discount factor	7.60%	6.80%
Expected rate of return on plan assets	7.60%	6.80%
Actual return on plan assets	7.75%	8.25%
Salary increase	5.00%	6.50%
Attrition rate	20% to 30%	20% to 30%
Retirement age	60 years	60 years
Projected benefit obligation at end	1,145.21	1,070.01
Projected benefit obligation at beginning	1,070.01	947.76
Accumulated benefit obligation at end	865.06	963.16
Vested benefit obligation at end	920.07	909.01

## CONSOLIDATED FINANCIAL STATEMENTS

(₹ millions)

	Year ended 31 March 2018	Year ended 31 March 2017
<b>Five years payouts</b>		
Year 1	206.65	190.55
Year 2	160.99	151.31
Year 3	123.71	119.45
Year 4	96.16	94.50
Year 5	74.27	74.60
6 to 10 years	189.32	195.65
Beyond 10 years	294.11	243.95
Contributions likely to be made for the next one year	200.00	300.00

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 2018	31 March 2017
Investments with insurer	100%	100%

Sensitivity analysis	31 March 2018		31 March 2017	
	1% increase	1% decrease	1% increase	1% decrease
Effect of change in discount rate				
Effect on the aggregate of service cost	(1.84)	1.99	(7.84)	8.62
Effect on the aggregate of interest cost	9.93	(9.93)	-	-
Effect on the deemed benefit obligation	(39.62)	42.93	(81.68)	109.23
Effect of change in salary				
Effect on the aggregate of service cost	1.65	(1.56)	8.35	(7.57)
Effect on the aggregate of interest cost	-	-	-	-
Effect on the deemed benefit obligation	35.65	(33.70)	102.60	(62.59)

### b. Provident fund

The Group has carried out actuarial valuation as at 31 March 2018. 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 2018 and 31 March 2017.

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 2018	31 March 2017
Plan assets at the year end	7,352.08	6,579.19
Present value of benefit obligation at year end	7,352.08	6,579.19
<b>Asset recognized in balance sheet</b>	-	-

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

	31 March 2018	31 March 2017
Government of India (GOI) bond yield	7.60%	6.80%
Remaining term of maturity (in years)	12	12
Expected guaranteed interest rate	9.25%	8.65%

The Group has contributed ₹ 454.05 millions during the year ended 31 March 2018 (31 March 2017: ₹ 433.03 millions).

## CONSOLIDATED FINANCIAL STATEMENTS

### 43. FINANCIAL INSTRUMENTS

The carrying value of financial instruments by categories as of 31 March 2018 is as follows:

(₹ millions)

Particulars	Fair value through profit and loss	Derivative instruments in Hedging relationship	Derivative instruments not in Hedging relationship	Amortised Cost	Total
<b>Financial assets</b>					
Cash and cash equivalents	-	-	-	4,641.76	<b>4,641.76</b>
Bank balances other than cash and cash equivalents	-	-	-	2,425.47	<b>2,425.47</b>
Investments	16,565.51	-	-	1,255.17	<b>17,820.68</b>
Trade receivables	-	-	-	8,126.94	<b>8,126.94</b>
Loans	-	-	-	1,963.93	<b>1,963.93</b>
Forward cover	-	-	6.20	-	<b>6.20</b>
Cash flow hedges	-	513.30	-	-	<b>513.30</b>
Other financial assets	-	-	-	5,558.19	<b>5,558.19</b>
<b>Total</b>	<b>16,565.51</b>	<b>513.30</b>	<b>6.20</b>	<b>23,971.46</b>	<b>41,056.47</b>
<b>Financial liabilities</b>					
Borrowings	-	-	-	3,898.80	<b>3,898.80</b>
Trade payables	-	-	-	5,023.92	<b>5,023.92</b>
Forward cover	-	-	58.38	-	<b>58.38</b>
Cash flow hedges	-	121.67	-	-	<b>121.67</b>
Other financial liabilities	-	-	-	1,660.97	<b>1,660.97</b>
<b>Total</b>	<b>-</b>	<b>121.67</b>	<b>58.38</b>	<b>10,583.69</b>	<b>10,763.74</b>

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
<b>Financial assets</b>					
Cash and cash equivalents	-	-	-	6,132.66	<b>6,132.66</b>
Bank balances other than cash and cash equivalents	-	-	-	11.46	<b>11.46</b>
Investments	22,701.28	-	-	1,255.17	<b>23,956.45</b>
Trade receivables	-	-	-	6,310.03	<b>6,310.03</b>
Loans	-	-	-	1,817.59	<b>1,817.59</b>
Forward cover	-	-	180.22	-	<b>180.22</b>
Cash flow hedges	-	1,165.10	-	-	<b>1,165.10</b>
Other financial assets	-	-	-	4,743.58	<b>4,743.58</b>
<b>Total</b>	<b>22,701.28</b>	<b>1,165.10</b>	<b>180.22</b>	<b>20,270.49</b>	<b>44,317.09</b>
<b>Financial liabilities</b>					
Borrowings	-	-	-	2,601.60	<b>2,601.60</b>
Trade payables	-	-	-	3,878.22	<b>3,878.22</b>
Forward cover	-	-	1.37	-	<b>1.37</b>
Cash flow hedges	-	0.33	-	-	<b>0.33</b>
Other financial liabilities	-	-	-	1,610.09	<b>1,610.09</b>
<b>Total</b>	<b>-</b>	<b>0.33</b>	<b>1.37</b>	<b>8,089.91</b>	<b>8,091.61</b>



## CONSOLIDATED FINANCIAL STATEMENTS

Fair Value hierarchy:

(₹ millions)

Particulars	As at 31 March 2018				As at 31 March 2017			
	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
<b>Assets</b>								
Investments	<b>16,565.51</b>	16,565.51	-	-	<b>22,701.28</b>	22,701.28	-	-
Derivative instruments								
Cash flow hedges *	<b>513.30</b>	-	513.30	-	<b>1,165.10</b>	-	1,165.10	-
Forward cover	<b>6.20</b>	-	6.20	-	<b>180.22</b>	-	180.22	-
<b>Liabilities</b>								
Derivative instruments								
Cash flow hedges *	<b>121.67</b>	-	121.67	-	<b>0.33</b>	-	0.33	-
Forward cover	<b>58.38</b>	-	58.38	-	<b>1.37</b>	-	1.37	-

\* Cash flow hedges are routed through FVTOCI and the rest are routed through FVTPL.

#### 44. 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 a counter party will not meet its obligations under a financial instrument 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. The particulars of outstandings are as below.

Particulars	31 March 2018	31 March 2017
Trade receivables	8,126.94	6,310.03
Unbilled revenue	5,432.82	4,560.73
<b>Total</b>	<b>13,559.76</b>	<b>10,870.76</b>

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.

## CONSOLIDATED FINANCIAL STATEMENTS

### 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.

(₹ millions)

Particulars	31 March 2018	31 March 2017
Cash and cash equivalents	4,641.76	6,132.66
Bank balances other than cash and cash equivalents	2,425.47	11.46
Current investments	14,651.46	22,701.28
<b>Total</b>	<b>21,718.69</b>	<b>28,845.40</b>

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.

Financial liabilities (31 March 2018)	On demand	0-180 days	180 to 365 days	365 days and above	Total
Trade payables	569.24	4,227.49	227.19	-	<b>5,023.92</b>
Borrowings	-	3,898.80	-	-	<b>3,898.80</b>
Other financial liabilities	39.00	1,682.68	81.19	38.15	<b>1,841.02</b>
<b>Total financial liabilities</b>	<b>608.24</b>	<b>9,808.97</b>	<b>308.38</b>	<b>38.15</b>	<b>10,763.74</b>

Financial liabilities (31 March 2017)	On demand	0-180 days	180 to 365 days	365 days and above	Total
Trade payables	626.82	3,150.96	100.44	-	<b>3,878.22</b>
Borrowings	-	2,601.60	-	-	<b>2,601.60</b>
Other financial liabilities	31.16	1,569.60	-	11.03	<b>1,611.79</b>
<b>Total financial liabilities</b>	<b>657.98</b>	<b>7,322.16</b>	<b>100.44</b>	<b>11.03</b>	<b>8,091.61</b>

### 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 2018	Currency				Total
	USD	GBP	EUR	Others	
<b>Financial assets</b>					
Trade receivables	2,004.27	222.76	305.43	257.10	<b>2,789.56</b>
Cash and cash equivalents	961.28	-	-	24.53	<b>985.81</b>
Other financial assets	1,123.26	126.60	190.12	79.43	<b>1,519.41</b>
<b>Total financial assets</b>	<b>4,088.81</b>	<b>349.36</b>	<b>495.55</b>	<b>361.06</b>	<b>5,294.78</b>

Financial liabilities	USD	GBP	EUR	Others	Total
Trade payables	21.04	0.74	0.24	8.55	<b>30.57</b>
Borrowings	1,299.60	-	-	-	<b>1,299.60</b>
Other financial liabilities	7.50	-	-	-	<b>7.50</b>
<b>Total financial liabilities</b>	<b>1,328.14</b>	<b>0.74</b>	<b>0.24</b>	<b>8.55</b>	<b>1,337.67</b>
<b>Net financial assets</b>	<b>2,760.67</b>	<b>348.62</b>	<b>495.31</b>	<b>352.51</b>	<b>3,957.11</b>

## CONSOLIDATED FINANCIAL STATEMENTS

31 March 2017	Currency				Total
Financial assets	USD	GBP	EUR	Others	
Trade receivables	1,530.49	149.83	186.82	169.04	2,036.18
Cash and cash equivalents	116.84	-	-	61.29	178.13
Other financial assets	1,481.91	127.18	153.91	107.66	1,870.66
<b>Total financial assets</b>	<b>3,129.24</b>	<b>277.01</b>	<b>340.73</b>	<b>337.99</b>	<b>4,084.97</b>
<b>Financial liabilities</b>					<b>Total</b>
Trade payables	20.70	-	0.14	39.69	60.53
Other financial liabilities	7.04	-	-	1.36	8.40
<b>Total financial liabilities</b>	<b>27.74</b>	<b>-</b>	<b>0.14</b>	<b>41.05</b>	<b>68.93</b>
<b>Net financial assets</b>	<b>3,101.50</b>	<b>277.01</b>	<b>340.59</b>	<b>296.94</b>	<b>4,016.04</b>

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 are as below:

Currency	31 March 2018		31 March 2017	
	Amount (millions)	Amount in (₹ millions)	Amount (millions)	Amount in (₹ millions)
<b>Balance sheet hedges*</b>				
USD	60.40	3,924.79	74.06	4,802.86
GBP	3.32	306.09	6.89	557.71
CAD	2.63	133.24	2.16	104.98
AUD	2.17	109.23	6.77	335.48
EUR	6.51	525.73	3.61	250.01

\* Includes hedges taken on transactions within the Group.

Forward contracts outstanding against payables are as below:

Currency	31 March 2018		31 March 2017	
	Amount (millions)	Amount in (₹ millions)	Amount (millions)	Amount in (₹ millions)
USD	20.00	1,299.60	-	-
SGD	-	-	0.46	21.16

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 0.04% for the year ending 31 March 2018 and 0.13% for the year ending 31 March 2017.

## 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 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.

# CONSOLIDATED FINANCIAL STATEMENTS

## 46. HEDGING ACTIVITIES AND DERIVATIVES

### Derivatives not designated as hedging instruments

The Group uses foreign exchange forward contracts to manage exposure on some of its transactions. 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

The Group has taken cash flow hedges on account of highly probable forecast transactions. These are measured at fair value through OCI.

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 are as below:

Currency	31 March 2018		31 March 2017	
	Amount (millions)	Amount in (₹ millions)	Amount (millions)	Amount in (₹ millions)
Cash flow hedges				
USD	508.24	33,025.44	229.93	14,910.96
GBP	21.52	1,985.40	15.65	1,266.12
CAD	6.28	317.84	4.97	241.50
AUD	11.53	580.35	7.26	359.93
EUR	18.50	1,494.12	7.81	541.11

Fair value of foreign currency forward contracts designated as hedging instruments are as follows: (₹ millions)

	31 March 2018	31 March 2017
Assets	513.30	1,165.10
Liabilities	149.15	0.33

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 2018 were assessed to be highly effective and a net unrealised loss of ₹ 800.62 millions, with a deferred tax asset of ₹ 275.85 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 2017 were assessed to be highly effective and an unrealised gain of ₹ 784.54 millions with a deferred tax liability of ₹ 271.51 millions was included in OCI in respect of these contracts.

47. 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 ₹ 191.66 millions (31 March 2017: ₹ 156.38 millions). The expenses incurred towards CSR activities amounting to ₹ 131.28 millions (31 March 2017: ₹ 133.56 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 2018 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	131.28	Nil	131.28

## CONSOLIDATED FINANCIAL STATEMENTS

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

Particulars	(₹ millions)		
	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

48. 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 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.
49. During the previous year, 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.
50. 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.

### 51. STANDARDS / PRONOUNCEMENTS ISSUED BUT NOT YET EFFECTIVE

#### Ind AS 115- Revenue from Contract with Customers:

On 28 March 2018, the Ministry of Corporate Affairs notified Ind AS 115 Revenue from Contracts with Customers. The standard replaces Ind AS 11 Construction Contracts and Ind AS 18 Revenue.

The core principle of Ind AS 115 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Ind AS 115 introduces a 5-step approach to revenue recognition:

- Identify the contract(s) with a customer
- Identify the performance obligation in contract
- Determine the transaction price
- Allocate the transaction price to the performance obligations in the contract
- Recognise revenue when (or as) the entity satisfies a performance obligation

Ind AS 115 establishes control-based revenue recognition model. An entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the performance obligation is transferred to the customer. Also, Ind AS 115 provides more guidance for deciding whether revenue is recognised at a point in time or over time.

Transitional options under Ind AS 115:

- Retrospectively to each prior period presented in accordance with Ind AS 8 Accounting Policies, Changes in Accounting Estimates and Errors, subject to some practical expedients mentioned in Ind AS 115
- Retrospectively with the cumulative effect of initial application recognised at the date of initial application

The standard is effective for annual periods beginning on or after 1 April 2018. The Group is currently evaluating the requirements and impact of Ind AS 115 on its financial statements.

## CONSOLIDATED FINANCIAL STATEMENTS

### Appendix B to Ind AS 21, Foreign currency transactions and advance consideration:

On 28 March 2018, Ministry of Corporate Affairs ("MCA") has notified the Companies (Indian Accounting Standards) Amendment Rules, 2018 containing Appendix B to Ind AS 21, Foreign currency transactions and advance consideration which clarifies the date of the transaction for determining the exchange rate to use on initial recognition of the related asset, expense or income, when an entity has received or paid advance consideration in a foreign currency. The amendment will come into force from 1 April 2018. The Group is evaluating the impact of this amendment on its financial statements.

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

#### Narayanan Kumar

Director

#### V. Suryanarayanan

Executive Vice President &

Chief Financial Officer

#### Subramanian Narayan

Vice President & Company Secretary

Bengaluru  
10 May 2018

Bengaluru  
10 May 2018



# MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

## 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 Ind AS 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 2018 and 31 March 2017.*

## Overview

Mphasis (BSE: 526299; NSE: MPHASIS), is a leading IT solutions provider specializing in cloud and cognitive services. Mphasis' core reference architectures and tools, speed and innovation with domain expertise and specialization are key to building strong relationships with marquee clients.

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 (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 since. Blackstone is one of the world's leading investment and advisory firms with over US\$400 billion in assets under management.

Global economy witnessed cyclical recovery in 2017 with expected GDP growth of 3% (Source: World Bank). The upturn is broad-based with growth expected in more than half of the world's economies. Growth among emerging markets and developing economies is estimated to be 4.3% whereas the growth for advanced economies have rebounded to 2.3%. However, the global political and economic environment continues to be turbulent with increasing risk of protectionist measures and trade wars across countries which could impact the Information Technology services industry as well.

Global IT spend is expected to grow by 6.7% in 2018 (Source: Gartner) and Digital spend is to drive most of this growth. The share of digital revenues of Indian IT industry has also increased steadily. Digital revenues which was ~20% of the total IT exports in 2017, is expected to grow by ~30% in 2018 (Source: NASSCOM). With continued increase in market share in global sourcing arena, India is set to become a global Digital hub.

As the convergence of cloud computing, cognitive technology and big data is driving the growth in digital technologies, organizations are embracing these technologies to drive their future growth. While these organizations are making progress in their digital journey, Mphasis is focused on helping them adapt these business models and remain competitive and relevant. We are trying to help our clients embrace the consumer-facing front end view of the world through a front-to-back transformation. While organizations strive towards becoming cognitive enterprises, Mphasis is focused on shaping their cognitive mesh to enable them to effortlessly embrace these new business models as it continually develops and adapts to changing marketplace realities. We aim to leverage our 'solution-led' expertise and scale it across all our offerings and units, so as to be able to proactively lead our clients in their digital transformation journeys; whether to transform customer experience, leverage data, analytics, AI or towards transforming their Core Applications through application of Cloud and Cognitive led Service Transformation.

Cloud and Cognitive are two pillars of the entire front-to-back transformation strategy which is our key offering for enterprise clients. X2C<sup>2</sup> stands for anything to cloud, powered by cognitive. Our expertise to leverage the exponential power of Cloud & Cognitive (X2C<sup>2</sup>™) technologies, helps to provide Hyper Personalized (n=1) experience. Thus C=X2C<sup>2</sup>™=1 aims to deliver high-impact business outcomes of speed, innovation and cost-effectiveness along with Service Transformation.

The focus has been on customer centric transformation by placing customer at the centre of everything Mphasis does. We are constantly on the lookout for ways to proactively lead our clients in their digital transformation journeys; whether to transform customer experience, leverage data, analytics, AI or towards transforming their Core Applications through application of Cloud and Cognitive led Service Transformation.

## MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

With our continued focus to grow Direct channel ahead of market and with addition of new growth channels, Direct International witnessed a significant growth momentum in FY18 with TCV wins of USD 551 million against USD 366 million in the previous year which represents a 51% growth year on year. Around 83% of the deal wins are in the focus areas of Digital, Governance Risk & Compliance and NextGen Services.

The HP channel witnessed significant turnaround in FY 2018. Our increased sales efforts have helped us improve the strategic framework of client engagement and build a solid partnership. During the year, we have won significant large deals with DXC/ HP which has helped us grow the revenues from this channel.

We have started seeing early signs of growth from our Europe strategy where this region has seen a significant QoQ & YoY growth in Q4 FY 18 at 18% & 34% respectively on a reported basis.

### Revenues

FY 2018 has been a break-out year for Mphasis with a return to growth trajectory on the back of continued growth in Direct Core, new growth areas in HP and stability in other business segments.

Reported Net revenue in FY18 was ₹ 65,458 million representing a growth of 7.7% over the year ended 31 March 2017 (FY17). During the year rupee appreciated 3.9% against USD, impacting the reported revenue for the year. Adjusting for the rupee appreciation, net revenue grew 11.1% in FY18.

Overall gross revenue grew 6.3% in FY18 to ₹ 63,775 million. On a constant currency basis, overall gross revenue grew 9.8% in FY18.

Direct International revenue grew 3.2% on a reported basis and 6.8% in constant currency basis in FY18 to ₹ 44,577 million. Direct Core, which constitutes 78% of FY18 Direct International revenue, grew 8.0% in FY18 on a reported basis and 11.6% in constant currency basis. The growth has been driven by expansion of footprint in our existing key accounts, growth from Blackstone portfolio companies and new accounts. Revenue from New Gen services grew 39% in FY18.

Revenue from HP/DXC business was ₹ 16,754 million in FY18 and constituted 26% of the gross revenue. The addition of multiple vectors of growth within the HP/DXC channel in FY18 and our enhanced partnership framework has helped us achieve a growth of 16.8% on a reported basis in FY18. Revenue grew 20.6% on a constant currency basis in FY18.

Market Segment	Year ended		Year ended	
	31 March 2018	%	31 March 2017	%
Direct International	44,577	70%	43,180	72%
HP / DXC Business	16,754	26%	14,345	24%
Others	2,444	4%	2,449	4%
<b>Total</b>	<b>63,775</b>		<b>59,974</b>	

(₹ millions)

### Client concentration

Given below is the analysis of Client Concentration:

	Year ended	Year ended
	31 March 2018	31 March 2017
Revenues from Top Client	13%	11%
Revenues from Top 5 Clients	40%	41%
Revenues from Top 10 Clients	56%	55%
Clients Contributing more than:		
\$ 20 million Revenues	8	7
\$ 10 million Revenues	17	14
\$ 5 million Revenues	37	36
\$ 1 million Revenues	90	91

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

Revenues from top 10 clients grew 10.6% during FY18. During the year we added 18 new clients in direct channel.

# MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

## Segment Revenues

A segment analysis of revenues for the year ended March 2018 is given below:

Segment	Year ended 31 March 2018		Year ended 31 March 2017	
	₹ millions	%	₹ millions	%
Banking and Capital Market	30,685	48%	29,520	49%
Insurance	8,096	12%	8,946	15%
Information Technology, Communication & Entertainment	9,278	15%	5,980	10%
Emerging Industries	15,716	25%	15,528	26%
<b>Total Revenues</b>	<b>63,775</b>		<b>59,974</b>	

Focus vertical of Banking and Capital Markets grew 3.9% on a reported basis over FY17. ITCE segment also reported robust growth of 55.2% in FY 18.

## Revenues by Geography

Regions	Year ended 31 March 2018		Year ended 31 March 2017	
	₹ millions	%	₹ millions	%
AMERICAS	50,842	80%	46,731	78%
EMEA	6,398	10%	6,058	10%
INDIA	4,087	6%	3,957	7%
ROW	2,448	4%	3,228	5%
<b>Total</b>	<b>63,775</b>		<b>59,974</b>	

Americas continue to be our focus market and revenue grew by 8.8% in FY18 on a reported basis. As mentioned, Europe is one of our focus areas for growth and we continue to increase our sales efforts here. EMEA revenue has grown 5.6% in FY18.

## Revenues by Service Type

Service Type	Year ended 31 Mar 2018		Year ended 31 Mar 2017	
	₹ millions	%	₹ millions	%
Application Maintenance & Other Services	21,396	34%	21,744	36%
Application Development	16,142	25%	14,191	24%
Customer Service	945	1%	1,104	2%
Service / Technical Help Desk	4,423	7%	1,347	2%
Transaction Processing Service	4,404	7%	4,001	7%
Infrastructure Management Services	8,873	14%	8,274	14%
Knowledge Processes	7,446	12%	9,091	15%
License Income	147	0%	221	0%
<b>Total</b>	<b>63,775</b>		<b>59,974</b>	

**Application Maintenance** involves maintenance of existing customer software and is mostly undertaken on annuity terms.

**Application Development** refers to customized software development services based on the requirements and specifications given by customers and documented in a Statement of Work. Revenues grew by 13.7% during FY18.

**Customer Services** include receivables collection support, product support, enrolment etc., provided to clients through BPO operations.

## MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

**Service/Technical Help Desk** comprise of inbound and outbound customer interaction programs including technical product support, customer care and allied services. Revenues grew by 228.2 % during the year.

**Transaction Processing** includes claims and mortgage processing, account opening and maintenance, data processing and management. Revenues grew by 10.1 % during the year.

**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. Revenues grew by 7.2 % during the year.

**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 18.1% during the year due to lower volumes and higher mortgage rates.

**License Income** pertains to the income from license sale in the healthcare 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 declined by 33.6% in FY18 due to shift towards SaaS model.

### Revenues by Delivery Location

Delivery Location	Year ended 31 Mar 2018		Year ended 31 Mar 2017	
	₹	%	₹	%
Onsite	35,206	55%	30,925	52%
Offshore	28,569	45%	29,049	48%
<b>Total</b>	<b>63,775</b>		<b>59,974</b>	

Onsite revenues increased by 13.8% in FY18 on a reported basis. Some of the large transformational deals won during the year and the New Gen revenues have higher onsite component of work.

### Revenues by Project Type

Project Type	Year ended 31 Mar 2018		Year ended 31 Mar 2017	
	₹	%	₹	%
Time and Material	48,562	76%	48,062	80%
Fixed Price	15,213	24%	11,912	20%
<b>Total</b>	<b>63,775</b>		<b>59,974</b>	

As part of our strategy to improve margins, we continue to focus on increasing the revenue from Fixed Price contracts. In FY18, the revenue from fixed price contracts increased 27.7% to ₹15,213 million and constituted 24% of overall revenue in FY18.

# MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

## Headcount\* and Utilization

Management has continued its focus upon delivering quality at lower cost. Utilization has remained stable through the year.

Headcount *	Year ended 31 Mar 2018	Year ended 31 Mar 2017
Onsite		
- Application Services	2,456	2,353
- ITO Services / IS	1,120	274
- BPO Services	950	1,040
Offshore		
- Application Services	8,281	8,807
- ITO Services / IS	3,121	3,074
- BPO Services	5,139	5,176
Sales and Marketing	278	325
General and Administration	894	945
<b>Total</b>	<b>22,239</b>	<b>21,994</b>

\* Note: Including billable contractors

Utilization Rates	Year ended 31 Mar 2018	Year ended 31 Mar 2017
<b>Excluding Trainees</b>		
Onsite		
- Application Services	92%	92%
- ITO Services	97%	93%
Offshore		
- Application Services	80%	80%
- ITO Services	88%	93%
- BPO Services	91%	93%
Blended		
- Application Services	83%	83%
- ITO Services	90%	93%
- BPO Services	91%	93%
<b>Including Trainees</b>		
Onsite		
- Application Services	92%	92%
- ITO Services	97%	93%
Offshore		
- Application Services	79%	79%
- ITO Services	87%	89%
- BPO Services	81%	80%
Blended		
- Application Services	82%	81%
- ITO Services	89%	90%
- BPO Services	81%	80%

# MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

## Results of Operations

(₹ Millions)

	Year ended 31 Mar 2018	Year ended 31 Mar 2017	Growth %
<b>Gross Revenues</b>	<b>63,775</b>	<b>59,974</b>	6.3%
Adjustment from Hedging Reserve	1,683	790	113.0%
<b>Net Revenues</b>	<b>65,458</b>	<b>60,764</b>	7.7%
Cost of Revenues	47,893	44,117	8.6%
% of Revenue	73.2%	72.6%	
<b>Gross profit</b>	<b>17,565</b>	<b>16,646</b>	<b>5.5%</b>
% of Revenue	26.8%	27.4%	
Selling Expenses	4,239	4,318	-1.8%
% of Revenue	6.5%	7.1%	
General and administrative expenses	3,444	3,430	0.4%
% of Revenue	5.3%	5.6%	
Provision for doubtful debts	(33)	2	-1750.0%
<b>Operating Profit</b>	<b>9,915</b>	<b>8,896</b>	<b>11.5%</b>
% of Revenue	15.1%	14.6%	
Foreign Exchange gain, net	96	274	-64.9%
Other Income, net	1,525	2,112	-27.8%
Interest Expenses	(130)	(139)	-6.5%
<b>Profit before tax before Exceptional item</b>	<b>11,406</b>	<b>11,144</b>	<b>2.4%</b>
Exceptional item (net of taxes)	131	152	-
<b>Profit before tax after Exceptional item</b>	<b>11,275</b>	<b>10,992</b>	<b>2.6%</b>
Income Taxes	2,900	3,076	-5.7%
<b>Net profit before Exceptional item</b>	<b>8,506</b>	<b>8,067</b>	<b>5.4%</b>
<b>Net profit after Exceptional item</b>	<b>8,375</b>	<b>7,916</b>	<b>5.7%</b>
<b>Earning per share (par value ₹ 10)</b>			
Before Exceptional Item (₹)	43.32	38.41	12.8%
After Exceptional Item (₹)	42.66	37.69	13.2%

\* 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 for FY18 was at ₹ 47,893 million. Cost of revenues was 73.2% of revenues as compared to 72.6% during the previous financial year. Cost of revenues as % of revenues increased during the year due to annual wage hike, higher onsite mix and transitional impact of large projects ramp up which has been partially offset by operational improvements.

### Selling Expenses

Selling expenses for the year ended March 2018 was ₹ 4,239 million representing 6.5% of revenues against 7.1% of revenues in the previous year. Reduction in selling expenses is majorly driven by sales force re-organization and head count rationalization.



# MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

## **Operating Profit**

Operating profit for the year ended March 2018 was ₹ 9,915 million. Operating margin improved by 50 bps to 15.1% in FY18 driven by revenue growth and cost optimization.

## **Income Taxes**

Income taxes were ₹ 2,900 million for the year ended March 2018 as compared to ₹ 3,076 million for the year ended March 2017. The effective tax rate decreased from 27.6% in FY17 to 25.4% in FY18.

## **Net Profit**

Net profit before exceptional item for FY18 grew 5.4% over FY17 to ₹ 8,506 million. Net margin before exceptional item for FY18 was 13.0% as against 13.3% for FY17.

Net profit after exceptional item was ₹ 8,375 million for FY18. Exceptional item represents provision for loss under a long- term revenue contract after re-assessment of future profitability.

## **Earnings per share**

Earnings per share after exceptional item grew from ₹ 37.69 for the year ended March 2017 to ₹ 42.66 for the year ended March 2018, which represents a growth of 13.2%. Growth in revenue & operating profit, favorable tax rate and share buy-back helped EPS growth in FY18.

## DIRECTORS' PROFILE

### Mr. Davinder Singh Brar, Chairman

Mr. Davinder Singh 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 master's 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 to 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 and 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 Inogen 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 and Mountain Trail Foods (India) Pvt. Ltd. He is also a member of the Advisory Board of the USA-India Chamber of Commerce (USAIC). From 2000 to 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 a member of the 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 & Executive Director

Mr. Nitin Rakesh joined the Board of Mphasis as its Chief Executive Officer and Executive Director in January 2017. He is a distinguished leader in the IT services industry. Prior to joining Mphasis, Mr. Rakesh was the Chief Executive Officer and President of Syntel (a NASDAQ listed IT Services Company). Mr. Rakesh has a proven track record of delivering profitable growth at industry leading operating margins. Before he was appointed as the CEO, he served as a President, Americas, for Syntel, where he headed Business Development and North American operations.

Mr. Rakesh has deep domain expertise in Banking, Financial Services and Insurance verticals. He has strong customer-orientation, large deal experience and a track record of delivering transformative digital solutions. Mr. Rakesh has an entrepreneurial mindset and a focus on launching innovative new service offerings, including service offerings in automation.

Mr. Rakesh served at Syntel in various capacities (most recently as the CEO) between 2012 and 2016 and also before that between 2002 and 2008. Between 2008 to 2012, he served as the CEO and Managing Director of Motilal Oswal Asset Management Company. During his tenure, the company was named "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.

He has also worked with the TCG Group, a transnational private equity and investments firm as the Head of Banking & Financial Services Sales at TCG Software Services between 1999 and 2002. Earlier in his career, Mr. Rakesh worked for Unit Trust of India, setting up offshore mutual funds and secondary Market Research Cell, Product Development and Risk Management divisions.

American Business Awards 2018 recognized Mr. Rakesh as the 'Executive of the Year - Computer Services', felicitating him with the Gold Stevie Award under the Management award category.

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.

## DIRECTORS' PROFILE

### Mr. Narayanan Kumar, Director

Mr. Narayanan Kumar joined the Board of Mphasis in February 2013. He is the Vice Chairman of The Sanmar Group ([www.sanmargroup.com](http://www.sanmargroup.com)), 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.

Mr. Kumar is the Honorary Consul General of Greece in Chennai.

As a spokesman of Industry and Trade, Mr. Kumar has been a President of CII and participated in other apex bodies. Mr. Kumar is also the President of the Indo-Japan Chamber of Commerce & Industry.

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, Technology, Education and Finance.

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.

Mr. Kumar is a Governing Council Member of Save the Children, India with a key responsibility of Child safeguarding. Mr. Kumar is one of the Trustees of WWF-India (World Wide Fund for Nature - India).

Mr. Kumar is the Chairman of Madhuram Narayanan Centre for Exceptional Children and Managing Trustee of The Indian Education Trust which runs two Schools (one School Affiliated to CBSE, New Delhi and one School recognized by the Government of Tamil Nadu).

Mr. Kumar is an Electronics Engineering Graduate from Anna University, Chennai and a fellow member of the Indian National Academy of Engineering. Mr. Kumar is also a fellow life member of The Institution of Electronics and Telecommunication Engineers and The Institute of Electrical and Electronics Engineers, Inc., New York (IEEE).

Mr. Kumar is an avid golfer and a patron of cricket and tennis.

### 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](http://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](http://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.

## DIRECTORS' PROFILE

### Mr. Paul James Upchurch, Director

Mr. Paul James Upchurch joined the Board of Mphasis in September 2016. Mr. Upchurch is Chief Operating Officer, Europe, for the Lombard International Assurance, based in Luxembourg. In this role, he is restructuring for profitable growth and closed a record €4 billion Assets under Administration in 2017 and achieved a more competitive operating expenditure run rate. He is focused on readying the Blackstone investment for its exit stage and creating a long range sustainable operating model.

Mr. Upchurch joined Lombard International Assurance from Blackstone, where he led the Enterprise Systems function within Blackstone's Portfolio Operations group. He worked 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.

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 a member of the North America leadership team at Nielsen, previously owned by Blackstone. 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.

Prior to that, Mr. Upchurch had a successful career for over 18 years in management consulting, serving as a partner at Accenture and Diamond Management Consultants. He guided clients on a wide range of enterprise technology and operational improvements, serving as a leader on complex, multi-year, over \$1billion transformations, outsourcing as well as rapid-turn carve-outs and integrations.

Mr. Upchurch holds a bachelor's degree 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. Mr. Zamarian is currently Group President of SSL, a Maxar Company.

He was 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 a Vice President and General Manager of Cisco's Security and Network Management Business Unit.

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 Intelenet Global Services, IBS Software Pte Ltd, S.H. Kelkar, Jagran Prakashan, Mid-Day Infomedia and Hindustan Power Projects. Mr. Dixit was previously a Director of Emcure Pharmaceuticals, Igarashi Motors India and Trans Maldivian Airways.

### 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, 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 a 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 ranking first in the country.

# BOARD'S REPORT

Dear Shareholders,

We have pleasure in presenting you the twenty seventh Annual Report of your Company for the year ended 31 March 2018.

## FINANCIAL PERFORMANCE

Key aspects of the financial performance of the Company are as follows :

(₹ million)

Particulars	CONSOLIDATED		STANDALONE	
	Year ended 31 March 2018	Year ended 31 March 2017	Year ended 31 March 2018	Year ended 31 March 2017
Revenues	67,079	63,150	33,965	32,051
Expenses	55,803	52,158	24,660	23,788
Profit before taxation	11,276	10,992	9,305	8,263
Net Profit	8,375	7,916	7,398	6,250
Transfer to General Reserve	740	625	740	625

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

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

## OUTLOOK

As digital technologies have become synonymous with business transformation and dominate boardroom conversations, organizations are metamorphosing into cognitive enterprises. Artificial Intelligence (AI) and Machine Learning (ML) are contributing to the steady build-up of the 'Intelligent Digital Mesh' as described in Gartner's Top 10 Strategic Technology Trends for the year 2018 and are expected to be the game changers of the coming decade. The ability to use AI to augment decision making, reinvent business models and ecosystems, and re-create customer experience will drive the payoff for digital initiatives in the years leading to 2025. A recent Gartner survey showed that 59% of the organizations are still gathering information to build their AI strategies, while others have already made progress in piloting or adopting AI solutions.

Today, there are over 5,000 cognitive engines, and in the next five years, they are expected to be well over a million engines. The 'intelligent digital organizations' are poised to grow further beyond 2018. As enterprises leverage the potential of these cognitive platforms, they will experience disruptive and creative revolution at an unprecedented level. CIOs view making progress with AI initiatives as one of their top five priorities for the year 2018. By 2020, 85% of CIOs will be piloting AI programmes through a combination of buy, build and outsource models.

Mphasis is focused on architecting these new business models as the Company continually develops and adapts to the changing marketplace realities. We have architected our Front2Back™ transformation strategy to empower our clients so that they can reimagine their digital future. Customers (C) are at the core of our 'Inverted T' strategy, an integrated domain-technology play that ensures focus on industry expertise and technology. Our expertise to leverage the exponential power of cloud and cognitive (X2C<sup>2TM</sup>) technologies helps to provide hyper personalised (n=1) experience. Thus, C=X2C<sup>2TM</sup>=1 aims to deliver high-impact business outcomes of speed, innovation, and cost-effectiveness along with Service Transformation.

DeepInsights™ was developed by Next Labs, the research and innovation hub of Mphasis, a part of Mphasis' commitment to the leverage cutting-edge technology for its clients. DeepInsights™ is a cognitive intelligence platform that enables enterprises to harness insights from data. State-of-the-art algorithms in machine learning, neural networks, deep learning, semantics, image analytics, graph theory, predictive analytics, and natural language processing power the platform. DeepInsights™ allows enterprises to engage with their customers through personalised experiences and explore newer business models that leverage the potential of anywhere, anytime on any device computing capabilities.

Mphasis launched Sparkles, an innovation lab, which offers startups a platform to showcase innovative solutions to large enterprises and incorporate such products into Mphasis solutions. Sparkles Lab is fostering a unique partnership between global enterprises and promising technology start-ups. It aims to co-create new, disruptive solutions that can have a positive impact on enterprise clients' business addressing their challenges. Mphasis' vast technology experience helps tie together integration services, domain capabilities, and disruptive technologies from startups. The collaboration will not only lead to new insights into the impact of these disruptive technologies but also offer go-to-market solutions for our enterprise clients.

As a part of Sparkles, Mphasis partnered with Plug and Play Tech Center, a global startup ecosystem and venture fund specializing in the development of technology startups. Mphasis will offer mentoring support to the emerging technology startups, develop domain-focused solutions, extend access to its enterprise clients, and help them scale. We identify and nurture promising technology startups and help them to succeed.

## BOARD'S REPORT

Mphasis is geared up to achieve greater success through its C=X2C<sup>2TM</sup>=1 framework integrated with consumer-centric Front2Back<sup>TM</sup> and Service Transformation approach to drive a growth that is profitable, responsible, competitive, and consistent, thus re-defining the strategic direction of the Company.

### DIVIDEND

Your directors are pleased to recommend a final dividend of ₹ 20/- per equity share of ₹ 10 each for the financial year ended 31 March 2018, subject to your approval at the ensuing Annual General Meeting.

### BUYBACK

During the year under review, the Company had completed a buyback of 17,370,078 equity shares of the Company, representing 8.26% of the total paid up equity share capital of the Company, at a price of ₹ 635 per share, for an aggregate amount of ₹ 11,030 million from the existing shareholders of the Company, on a proportionate basis under the Tender Offer method in accordance with the provisions of Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998, the Companies Act, 2013 and rules made thereunder, and all compliances have been duly completed. Consequently, the paid up equity share capital of the Company is reduced to the extent of the shares bought back by the Company.

### ENTERPRISE RISK MANAGEMENT

Enterprise risk management at Mphasis encompasses practices relating to identification, assessment, monitoring, mitigation and reporting of strategic, operations, financial, compliance and information risks. The program is aligned with the business strategy of the Company and has the following objectives:

1. Make risk-informed decisions - no big mistakes;
2. Find the unexpected before it finds you – no big surprises; and
3. Improve readiness to tackle uncertainty – bring clarity

The program is bench marked to COSO guidelines and ISO 31000 and the risk assessments are reviewed by the Audit Committee on a quarterly basis.

A detailed analysis of monitored risks and their mitigation plans are available in the section titled Management Discussion and Analysis of Risks and Concerns of this Annual Report.

### INTELLECTUAL PROPERTY RIGHTS

Mphasis recognizes Intellectual Property to be a key business enabler in augmenting both linear and non-linear revenues while increasing customer confidence and enterprise valuations. Mphasis has launched the service transformation initiative for the development of intellectual property assets to enable execution of projects for its Customers by way of providing seamless customer experience and faster time to market. Mphasis NEXT Labs continues to focus on research and innovation on emergent and future paradigms related to Mphasis' focus areas through disruptive world-class innovations, thought leadership, and industry relevant solutions.

### CORPORATE GOVERNANCE

A report on corporate governance along with a certificate from the Auditors confirming the compliance for the year ended 31 March 2018 as required under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is annexed and forms part of this report.

### EMPLOYEES

In FY18, Mphasis continued to maintain the focus on attracting, hiring, training, and inducting top talent of the Industry. On the hiring front, we recruited exceptional talent from the top-run engineering and management colleges across the country. To train the fresh talent, we focused on optimised training duration, exhaustive coverage of all foundation skills, greater emphasis and stress on knowledge application, continuous monitoring of trainee performance, and exposure to project environment through a real-life lab.

Mphasis continually enables and encourages its employees to be empowered, happy, and enthused about work. Our total rewards program is based on principles of equality and is designed to support the Company's culture of high performance and innovation. We introduced a variety of flexi-benefit choices including meal benefits for Indian employees and commuter benefits for onsite employees. We continued to base our pay philosophy and variability in compensation on 'Pay for Performance' ideology for all employees

We introduced TalentNext with the aim to transform our culture into one that values and rewards learning. TalentNext is tightly linked to our strategy of C=X2C<sup>2TM</sup> =1, cutting across all our lines of businesses and geographies where each employee will be actively engaged and benefitted. As our first milestone on the TalentNext journey, we are implementing Oracle Cloud HCM, which will help us to achieve seamless integration of HR processes, real-time data, better decision making, and best-in-class employee experience.

We celebrated diversity within Mphasis by hosting an array of activities from financial awareness for women employees to talks with successful industry leaders to honor the achievements and contributions of women.

## BOARD'S REPORT

To propagate fun, bonding, and celebration at work, we hosted our flagship events such as Bring Your Child to Work, Bring your Parents to Work, and Mphiesta. We organised yoga, health talks, and awareness sessions to promote it as a crucial element of engagement at work. We also maintain active communities for photography and sports to provide employees a platform to express their creativity.

### COMMUNITY OUTREACH

#### CORPORATE SOCIAL RESPONSIBILITY (CSR)

The Mphasis F1 Foundation has been working to promote equity, inclusion and empowerment of the under-represented and underserved communities much before the CSR regulation came into force. It invests in the areas of Education, Inclusion and Livelihood through non-profits and social enterprises. Its constant endeavor has been to support initiatives in the chosen focus areas of CSR, including certain unique initiatives. It has attempted to look into the solutions to disrupt the status quo and bring in fresh thinking to the existing problems of exclusion, deprivation and poverty. Mphasis F1 Foundation focuses on supporting and experimenting with initiatives that leverage technology and has supported disability inclusion and advocacy related causes since its inception. It follows an "inch wide – mile deep" approach in all its initiatives and goes beyond focusing just on service delivery programs.

During the year, the Company spent ₹ 129.12 million on the CSR expenditure as against the mandated spend of ₹ 168.56 million. The Company could not spend the mandated CSR expenditure owing to delays in obtaining statutory approvals from the Government agencies for two of the flagship programmes in the areas of Education and Inclusion, which had resulted in non-disbursement of the allocated funds.

#### Education

One of our flagship programs in education is Arivu-Disha, in partnership with Headstreams. One of the central tenets of the program is to integrate play into learning for better learning outcomes. Among others, this includes developing play-based content, setting up play based learning environments in schools and motivating teachers to take ownership to integrate play in teaching. Over the last three years, the program has evolved continuously and has generated exceptional results. The program has reached out to more than 3000 students in Bengaluru, Hosakote and Kolar districts in Karnataka.

We also realized the need to support social entrepreneurs who are working on innovative technology-based solutions in education and accessibility. Towards this, the F1 Foundation has partnered with NASSCOM Foundation to provide seed funding and mentoring to the top ICT based solutions in the space of primary and secondary education and accessibility, allowing us to scale sustainable models for social enterprises.

#### Inclusion

Mphasis has partnered with the National Centre for Promotion of Employment for Disabled People (NCPEDP) on the program 'Make India Accessible'. The focus of the program is on promoting awareness and striving for policy changes to improve accessibility for persons with disabilities. This program has been a stellar success with a lot of positive legislative changes regarding accessibility, the most significant of which is the passage of the Rights of Persons with Disabilities Act.

In keeping with our focus on promoting accessibility, we launched a program in partnership with Uber to address the acute need for accessible cabs for people with reduced mobility. Two of Uber's new services – uberASSIST and uberACCESS – were launched in October 2017.

uberASSIST- Care-Giver Trained Driver Partners: uberASSIST is designed to provide for additional assistance for senior citizens and the disabled. Drivers are specially trained to assist riders into the vehicles and they can accommodate folding wheelchairs, walkers and scooters. Since its launch, the service has completed more than 97,000 rides in Bengaluru.

uber ACCESS : This wheel-chair accessible vehicle service, along with specially trained drivers, will have wheel-chair accessible vehicles with a hydraulic lift for transportation. The uber ACCESS service is expected to become functional in FY19.

#### Livelihood

Through digital empowerment and vocational training, Mphasis strengthens local communities with digital and technological literacy and specific skills that enable youth to improve their lifetime earning potential. By scaling global technologies to the local level, we tailor-make our efforts to meet specific needs on the ground.

Mphasis-Nudge Gurukul is a program under Livelihood, which was started with the objective to alleviate poverty by providing vocational skills as well as foundational skills training to underprivileged youth in the age group of 18-25 years and place them in jobs in an urban setting along with a life-long support system. So far, in the last two years, the program has trained around 400 students from under-privileged background.

Another program under Livelihood is integrated digital clusters in partnership with DEF. The program is intended to transform the lives of artisans and the weavers' community in Musiri, Trichy in Tamilnadu by training them on new age digital design techniques, reducing information asymmetries, fostering entrepreneurship and establishing direct market linkages. The program had an impact on more than 1,500 weaver families so far.



## BOARD'S REPORT

### 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 2018, 41 complaints were received, out of which 38 complaints were disposed of in terms of the aforesaid Act as on 31 March 2018. Outstanding complaints have 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 the 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 a 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 whistleblower@mphasis.com, a written complaint can be dropped into the whistle blower drop box at the respective Company's location or through the Tele-Hotline. The Chairman of the Audit Committee is the Ombudsperson under Whistleblower Policy. A complaint can be reported to the Ombudsperson (Ombudsperson@mphasis.com) 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 Whistleblower Committee or the Executive Council.

The Whistleblower policy is published on the Mphasis website making it accessible to all. Mphasis will keep the whistleblower's identity confidential and prohibits retaliation against a whistleblower 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 AND KMP**

The members have, at the 24<sup>th</sup> Annual General Meeting held on 9 September 2015, appointed Mr. Narayanan Kumar as an Independent Director of the Company to hold office for a term of 5 (five) consecutive years with effect from 1 April 2014. Accordingly, the current term of Mr. Kumar expires on 31 March 2019. In terms of Section 149 of the Companies Act, 2013, Mr. Kumar is eligible for being appointed as an Independent Director for another term of 5 consecutive years effective 1 April 2019. The Company has received a Notice in writing from a member proposing his re-appointment as an Independent Director of the Company for another term of five consecutive years effective 1 April 2019. Pursuant to the recommendation of the Nomination and Remuneration Committee, the Board of Directors of the Company at its meeting held on 10 May 2018, approved, subject to the approval of the members at the ensuing Annual General Meeting, the re-appointment of Mr. Kumar as an Independent Director for another term of five consecutive years commencing from 1 April 2019.

In accordance with Section 152 of the Companies Act, 2013, Mr. Amit Dalmia and Mr. David Lawrence Johnson will retire by rotation at this Annual General Meeting and are eligible for re-election.

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

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

During the year, Mr. A Sivaram Nair, EVP, Company Secretary, General Counsel and Ethics Officer of the Company resigned from the services of the Company with effect from 31 October 2017. The Board of Directors places on record its appreciation for the services rendered by Mr. Nair during his tenure with the Company.

Consequent to the resignation of Mr. Nair, the Board on the recommendation of the Nomination and Remuneration Committee, appointed Mr. Subramanian Narayan as Company Secretary and Compliance Officer of the Company effective 1 November 2017.

# BOARD'S REPORT

## STATUTORY AUDITORS

In terms of the Companies Act, 2013, M/s. S R Batliboi & Associates LLP, Chartered Accountants, were appointed as the Statutory Auditors of the Company for a term of three years, from the conclusion of twenty fourth Annual General Meeting till the conclusion of twenty seventh annual general meeting. Accordingly, the term of M/s. S R Batliboi & Associates LLP would be completed upon the conclusion of this Annual General Meeting. As per the provisions of the Companies Act, 2013, M/s. S R Batliboi & Associates LLP, are not eligible for re-appointment. The Board places on record its appreciation for the services rendered by M/s. S R Batliboi & Associates LLP during their tenure as the Statutory Auditors of the Company.

The Board of Directors, after considering the recommendations of the Audit Committee, at its meeting held on 10 May 2018 has recommended the appointment of M/s. B S R & Co. LLP, Chartered Accountants, as the Statutory Auditors of the Company for a period commencing from the conclusion of this Annual General Meeting till the conclusion of the thirty second Annual General Meeting.

The Company has received a certificate from M/s. B S R & Co. LLP, Chartered Accountants to the effect that the appointment, if made, would be in accordance with limits specified under the Companies Act, 2013. As required under SEBI Regulations, they have confirmed that they hold valid certificate issued by the Peer Review Board of the Institute of Chartered Accountants of India.

A resolution proposing their appointment, from the conclusion of this Annual General Meeting till the conclusion of the thirty second Annual General Meeting of the Company, at a remuneration to be fixed by the Audit Committee and/or Board of Directors and billed progressively, is submitted at the Annual General Meeting for approval of the members. The Board recommends the appointment of M/s. B S R & Co. LLP, Chartered Accountants as the Statutory Auditors, for approval of the members.

## SECRETARIAL AUDITOR

The Board had in its meeting held on 24 January 2018 appointed Mr. S P Nagarajan, Practicing Company Secretary, as the Secretarial Auditor of the Company for the financial year ended 31 March 2018. As required under the Section 204 of the Companies Act, 2013, the secretarial audit for the financial year 2018 has been concluded and the Secretarial Audit Report in Form No. MR-3 is annexed and forms part of the Report. The audit report does not contain any qualification, reservation or adverse remarks.

## DIRECTORS' RESPONSIBILITY STATEMENT

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

Further, based on the confirmation and certificates received, the Board of Directors confirms that the Company has complied with the Secretarial Standards on the Board Meetings issued by the Institute of Company Secretaries of India, as applicable to the Company, during the financial year ended 31 March 2018.

## BUSINESS RESPONSIBILITY REPORT (BRR)

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 a suite of frameworks, governance, social objectives, codified culture, charters, policies, code of conduct and management systems integrated with the business process. Your Company reported its performance for the financial year 2018 as per the BRR framework, describing initiatives taken from an environmental, social and governance perspective. A report detailing the business responsibility practices for the financial year ended 31 March 2018 is uploaded on the website of the Company at [www.mphasis.com](http://www.mphasis.com) and forms part of the Annual Report.

## OTHER DISCLOSURES

### SUBSIDIARIES

As on 31 March 2018, your Company has subsidiaries in Australia, Belgium, Canada, France, Germany, India, Ireland, Mauritius, Netherlands, People's Republic of China, 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 this 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 provide the performance and financial position of each of the subsidiaries.

The latest financial statements of the subsidiaries including the audited financial statements, wherever such accounts are audited, are available for inspection of the members at the Registered Office of the Company and are also being uploaded on the website of the Company, [www.mphasis.com](http://www.mphasis.com). A translated copy of the financial statements which are not in English language have been provided where such accounts are in the foreign language.

A copy of the above financial statements shall be sent to the members upon request.

# BOARD'S REPORT

## EMPLOYEES STOCK OPTION PLANS AND RESTRICTED STOCK UNIT PLANS

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

Your Company currently has two stock option plans in operation, namely, Mphasis Employees Stock Option Plan – 1998 (ESOP 1998) (Version I and II) and Mphasis Employees Stock Option Plan – 2016 (ESOP 2016), in addition to the Mphasis Restricted Stock Unit Plan – 2014 (RSU 2014) and Mphasis Restricted Stock Unit Plan – 2015 (RSU 2015). During the year the Company has allotted 213,180 shares pursuant to the exercise of stock options and RSUs under ESOP 1998, ESOP 2016, RSU 2014 and RSU 2015 Plans.

The information to be disclosed as per Securities and Exchange Board of India (Share based Employee Benefits) Regulations 2014, for the financial year ended 31 March 2018 is annexed to the Board's report and also uploaded on the website of the Company at [www.mphasis.com](http://www.mphasis.com).

## 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 2018 except Mr. Nitin Rakesh, Chief Executive Officer and Executive Director, who holds 909,000 stock options. None of the directors had any other interest in the share capital of the Company as at 31 March 2018. 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 an 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 [www.mphasis.com](http://www.mphasis.com). 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 2018 stood at ₹ 1932.60 million and Reserves and Surplus stood at ₹ 52,885 million (consolidated basis) and ₹ 37,141 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 an 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 ensuing 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, 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 2018 in Form MGT-9 is annexed and forms part of this Report.

## PARTICULARS OF LOANS, GUARANTEES 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 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 use of energy. The key facilities have been awarded a 5 star, 4 star or 3 star rating by the Bureau of Energy Efficiency, Government of India (BEE) in the last five years. The rating is a nationally accepted industry benchmark and Mphasis in India is certified by BEE. Your Company has been awarded by the Confederation of Indian Industry, an Environment Health and Safety (EHS) award with a rating 3 for one of its facilities in Bengaluru for its sustainable initiatives.

## BOARD'S REPORT

The Company has installed lighting energy savers and LED light fixtures, occupancy sensors, enthalpy system, automatic operation of AC system at data center to minimize power consumption and solar inverters at certain facilities to promote sustainable energy usage. The carbon foot-print is monitored every month. One of the Company's facilities in 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 tools to monitor the energy consumption and the carbon foot-print at each location. The data collected by the tool helps the management in monitoring and optimizing the energy consumption at the locations. Your 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	26,689.52
(b) Foreign Exchange outgo in terms of actual outflows during the year	5,427.16

### SIGNIFICANT AND MATERIAL ORDERS

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

### ACKNOWLEDGEMENT

Your Directors acknowledge 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 have 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  
10 May 2018

**Davinder Singh Brar**  
Chairman

# ANNEXURE TO THE BOARD'S REPORT

## Annual Report on CSR Activities for the year ended 31 March 2018

1. **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 of 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:*

*<http://www.mphasis.com/downloads/Governance/Corporate%20Social%20Responsibility%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*

3. **Average Net Profit of the Company for the last three financial years:**

*₹ 8,428 million*

4. **Prescribed CSR Expenditure (two per cent of the amount above)**

*₹ 168.56 million*

5. **Details of CSR spent during the financial year.**

- a) *Total amount spent during the financial year ended 31 March 2018– ₹ 129.12 million*
- b) *Amount unspent, if any – ₹ 39.45 million*
- c) *Reason for not spending the mandated amount: The Company could not spend the mandated CSR expenditure owing to delays in obtaining statutory approvals from the Government agencies for two of the flagship programmes in the areas of Education and Inclusion which had resulted in non-disbursement of the allocated funds.*
- 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

**Narayanan Kumar**  
Chairman of CSR Committee

Bengaluru  
10 May 2018

# ANNEXURE TO THE BOARD'S REPORT

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

Sl. No.	CSR Project	Sector in which the Project is covered	Areas where the Projects are undertaken		CSR Amount Spent (₹ million)			Cumulative expenditure up to FY 18 (₹ million)	Details of the Implementing Agency
			Local	District / State	CSR Amount outlay	Expenditure on Projects	Overheads		
1	Uber WAV	Inclusion	✓	Bengaluru - Karnataka	49.60	Nil	112.02	Uber BV	
2	Aivu Disha	Education	✓	Bengaluru - Karnataka	32.20	Nil	57.82	Headstreams	
3	Make India Accessible	Inclusion	X	Pan India	12.44	Nil	39.77	National Centre for Promotion of Employment for Disabled People	
4	Residential Skilling Program	Livelihood	✓	Bengaluru - Karnataka	6.23	Nil	26.17	The Nudge Foundation	
5	NASSCOM Social Innovation Forum	Education	X	National	6.00	Nil	31.77	NASSCOM Foundation	
6	Mphasis Research Chair on Digital Accessibility at IIM Bengaluru	Inclusion	X	Pan India	4.72	Nil	20.89	IIM Bengaluru	
7	Setting up STP at Mahadevapura Lake	Inclusion	✓	Bengaluru - Karnataka	3.17	Nil	16.71	United Way Bengaluru	
8	NSRCEL IIM Bengaluru	Education	✓	Bengaluru - Karnataka	2.50	Nil	5.50	IIM Bengaluru	
9	Cognitive Computer Centre of Excellence	Education	✓	Bengaluru - Karnataka	2.50	Nil	9.86	IIT Bengaluru	
10	Katalyst	Livelihood	✓	Pune- Maharashtra	2.26	Nil	7.26	Third sector partners	
11	SOS Children's Villages of India	Education	✓	Bengaluru - Karnataka	1.24	Nil	3.74	SOS Childrens Villages of India	
12	Digital Financial Literacy Program	Inclusion	✓	Bengaluru - Karnataka	0.11	Nil	2.46	Mphasis F1 Foundation	
13	Digital Literacy & Design Ecosystem for Rural Artisans	Livelihood	✓	Trichy - Tamil Nadu	Nil	Nil	2.65	Digital Empowerment Foundation	
14	Chennai Flood Relief	Inclusion	✓	Chennai - Tamil Nadu	Nil	Nil	Nil	Habitat For Humanity	
15	Skilltrain - Digital App For Skilling	Livelihood	X	Pan India	Nil	Nil	Nil	Vilgro Innovations Foundation	
16	National Digital Literacy Mission Centres	Education	✓	Pune - Maharashtra /Chennai - Tamil Nadu	Nil	Nil	Nil	NASSCOM Foundation	
17	Vocational Skilling Program for persons with disabilities	Livelihood	✓	Bengaluru - Karnataka	Nil	Nil	1.31	Enable India	
18	Nanagu Shaale - mainstreaming children with disabilities	Inclusion	✓	Bengaluru - Karnataka	Nil	Nil	7.83	Fourth Wave Foundation	
19	Kickstart Cabs	Inclusion	✓	Bengaluru - Karnataka	Nil	Nil	23.28	IIT Bengaluru	
20	Akshardeep - Remedial School Support Program	Education	✓	Pune - Maharashtra	Nil	Nil	2.37	Swadhar	
21	Remedial School Support Program	Education	✓	Mumbai - Maharashtra	Nil	Nil	3.37	Each One Teach one	
22	Education Sponsorships for Children	Education	✓	Chennai - Tamil Nadu	Nil	Nil	1.25	Suyam Charitable Trust	
23	Remedial School Support Program	Education	✓	Pune - Maharashtra	Nil	Nil	0.73	Jagruti Seva Sanstha	
24	Contribution to PM Relief Fund- Assam Floods	Inclusion	✓	Assam	Nil	Nil	6.36	PM Relief Fund	
25	Contribution to F1 Foundation	Inclusion	✓	Bengaluru - Karnataka	Nil	Nil	0.50	Mphasis F1 Foundation	
26	Market Aligned Skills Training	Livelihood	X	Bhubaneswar - Orissa	Nil	Nil	1.41	Anudip Foundation	
27	Aalamba-Women entrepreneurship support	Livelihood	✓	Bengaluru - Karnataka	Nil	Nil	2.71	Headstreams	
28	Chennai Flood Relief Support	Disaster Relief	✓	Chennai - Tamil Nadu	Nil	Nil	0.98	Bhoornika Trust	
	CSR Office Costs				6.15	6.15			
	<b>Total</b>				<b>129.12</b>	<b>122.97</b>	<b>388.72</b>		

For and on behalf of the Board

**Nitin Rakesh**  
Chief Executive Officer

**Narayanan Kumar**  
Chairman of CSR Committee

Bengaluru  
10 May 2018

# ANNEXURE TO THE BOARD'S REPORT

## Form No. MR-3 SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

[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,  
Bengaluru-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 2018 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 2018 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 / re-materialisation 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'):-
    - 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, 2015 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;



## ANNEXURE TO THE BOARD'S REPORT

- vi. The other laws to the extent applicable:
- a. The 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. The Special Economic Zones Act, 2005
  - i. The Trade Marks Act, 1999
  - j. The Patents Act, 1970
  - k. Copyright Act, 1957
  - l. Designs Act, 2000
  - m. Income Tax Act, 1961
  - n. The Central Goods and Services Tax Act, 2017
  - o. Environment Protection Act, 1986
  - p. Trade Unions Act, 1926
  - q. Weekly Holidays Act, 1942
  - r. The Telecom Regulatory Authority of India Act, 1997
  - s. The Insurance Act, 1938
  - t. General Clauses, 1897
  - u. Foreign Trade (Development And Regulation) Act, 1992
  - v. Employees' Provident Funds And Miscellaneous Provisions Act, 1952
  - w. Employees' State Insurance Act, 1948
  - x. Employees' State Insurance (Central) Rules, 1950
  - y. Labour Laws including ESI Act, Employee's PF & Miscellaneous Provision Act, Payment of Bonus Act, Payment of Gratuity Act, Contract Labour Act, Employees Compensation Act, Equal Remuneration Act, Maternity Benefit Act, 1961
  - z. Bureau of Indian Standards Act, 1986
  - aa. E-waste (Management and Handling) Rules, 2011
  - bb. 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 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;

## ANNEXURE TO THE BOARD'S REPORT

- 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 26th Annual General Meeting held on 26 July 2017;
- h) minutes of proceedings of General Meeting 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, regularization and re-appointment of Directors including the Executive Director/Whole-time Director, Key Managerial Personnel wherever applicable;
- k) payment of remuneration to Executive Director/ Whole-time Director and payment of commission to Non-Executive Directors;
- l) 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, loans to others and investments;
- 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 III 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/Key Managerial Personnel 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.

S.P. NAGARAJAN  
Company Secretary

Place: Bengaluru  
Date : 10 May 2018

ACS Number: 10028  
CP Number : 4738

# ANNEXURE TO THE BOARD'S REPORT

## 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 2018:

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 period 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 operating 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  
10 May 2018

**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 2018, the directors of Mphasis Limited have affirmed compliance with the Code of Conduct for the 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  
10 May 2018

**Nitin Rakesh**  
Chief Executive Officer

# ANNEXURE TO THE BOARD'S REPORT

## FORM AOC - I

Statements containing salient features of the financial statement of subsidiaries / associate companies / joint ventures (Pursuant to first proviso to sub-section(3) of section 129 read with rule 5 of the Companies (Accounts) Rule, 2014)

Sl. No.	Name of the subsidiary	Reporting Period	Reporting Currency	Exchange Rate	Share Capital		Reserves & Surplus	Total assets	Total liabilities	Details of investment (Other than in subsidiaries)	Turnover	Profit before taxation		Provision for taxation Expense / (Credit)	Profit after taxation Profit / (Loss)	Proposed Dividend	% of shareholding
					Equity	Preference						Profit / (Loss)	Profit / (Loss)				
1	Mphasis Corporation	01-04-2017 to 31-03-2018	USD	64.980	-	-	6,221.45	15,668.05	9,446.59	-	31,870.70	909.86	603.39	306.47	-	100	
2	Mphasis Deutschland GmbH	01-04-2017 to 31-03-2018	EUR	80.763	2.10	2.10	99.61	240.99	139.29	-	240.89	33.64	8.04	25.60	-	91	
3	Mphasis Australia Pty Limited	01-04-2017 to 31-03-2018	AUD	50.334	0.05	0.05	563.10	140.01	-	-	1,111.30	86.94	33.87	53.07	-	100	
4	Mphasis (Shanghai) Software & Services Company Ltd	01-01-2017 to 31-12-2017	CNY	10.966	238.76	-	(100.94)	370.45	232.63	-	46.65	1.57	(11.00)	12.57	-	100	
5	Mphasis Consulting Limited	01-04-2017 to 31-03-2018	GBP	92.258	1.34	-	609.46	619.95	9.17	-	63.80	(3.06)	0.36	(3.42)	-	100	
6	Mphasis Belgium BV/BA	01-04-2017 to 31-03-2018	EUR	80.763	0.43	-	322.04	557.07	234.60	-	824.70	44.29	15.10	29.19	-	100	
7	Mphasis Europe BV	01-04-2017 to 31-03-2018	EUR	80.763	477.01	-	11,199.33	11,992.85	336.53	-	493.13	(35.24)	1.11	(36.35)	-	100	
8	Mphasis Pte Ltd	01-04-2017 to 31-03-2018	SGD	49.660	152.86	-	152.86	506.33	88.33	-	431.87	53.02	8.30	44.72	-	100	
9	Mphasis UK Limited	01-04-2017 to 31-03-2018	GBP	92.258	0.24	-	10,462.08	11,275.54	813.24	-	2,333.53	(21.64)	2.63	(24.27)	-	100	
10	Mphasis Software & Services (India) Private Limited	01-04-2017 to 31-03-2018	INR	1.000	100.00	-	1,494.12	1,590.92	6.79	985.27	2.78	90.08	49.42	40.66	-	100	
11	Mphasis Mauritius Inc.	01-04-2017 to 31-03-2018	USD	64.980	592.35	-	37.25	631.78	2.19	-	(1.47)	-	-	(1.47)	-	100	
12	Mphasis (India) Private Limited	01-04-2017 to 31-03-2018	INR	1.000	66.85	-	82,78.53	8,996.89	251.50	4,038.83	1,533.17	622.70	160.55	462.15	-	100	
13	Mphasis Ireland Limited	01-04-2017 to 31-03-2018	EUR	80.763	0.56	-	40.19	50.98	10.23	-	34.81	9.83	1.01	8.82	-	100	
14	Mphasis Lanka (Private) Limited	01-04-2017 to 31-03-2018	LKR	0.417	55.49	-	(55.49)	-	-	-	-	-	-	-	-	100	
15	Mphasis Infrastructure Services Inc.	01-04-2017 to 31-03-2018	USD	64.980	0.05	-	(1,090.52)	266.86	1,357.33	-	27.52	(64.63)	(0.16)	(64.47)	-	100	
16	Mphasis Poland S.p.a.o.o.	01-04-2017 to 31-03-2018	PLN	19.158	1.99	-	13,671.07	106.26	117.94	-	136.49	8.68	4.00	4.68	-	100	
17	PT. Mphasis Indonesia	01-04-2017 to 31-03-2018	IDR	0.005	4.60	-	(4.57)	1.53	1.51	-	0.45	(0.32)	-	(0.32)	-	100	
18	Mphasis Wyde Inc.	01-04-2017 to 31-03-2018	USD	64.980	-	-	11,274.26	15,449.22	4,174.96	-	1,200.15	126.68	1,073.47	-	100		
19	Wyde Corporation	01-04-2017 to 31-03-2018	USD	64.980	3.11	-	(833.35)	746.75	1,576.99	-	381.73	(241.94)	0.27	(241.61)	-	100	
20	Mphasis Wyde SASU	01-04-2017 to 31-03-2018	EUR	80.763	2.53	-	(674.12)	283.61	955.40	-	692.94	(17.41)	(16.90)	(0.51)	-	100	
21	Wyde Solutions Canada Inc.	01-04-2017 to 31-03-2018	CAD	50.611	0.05	-	(150.00)	4.42	154.37	-	33.36	1.41	-	1.41	-	100	
22	Mphasis Philippines Inc	01-04-2017 to 31-03-2018	PHP	1.247	11.34	-	6.71	18.73	0.68	-	(0.63)	(0.03)	(0.60)	-	100		
23	Digital Risk LLC	01-04-2017 to 31-03-2018	USD	64.980	942.62	-	942.62	3,415.01	2,391.73	-	3,292.36	501.61	-	501.61	-	100	
24	Digital Risk Mortgage Services, LLC	01-04-2017 to 31-03-2018	USD	64.980	1,151.73	-	1,116.42	2,992.44	714.30	-	4,423.25	815.34	8.25	807.09	-	100	
25	Investor Services, LLC	01-04-2017 to 31-03-2018	USD	64.980	-	-	636.74	636.98	0.24	-	188.83	83.77	-	83.77	-	100	
26	Digital Risk Valuation Services, LLC	01-04-2017 to 31-03-2018	USD	64.980	-	-	(1,100.08)	2.40	1,102.48	-	40.11	11.47	-	11.47	-	100	
<b>Total</b>					<b>3,806.06</b>	<b>-</b>	<b>48,634.36</b>	<b>76,719.37</b>	<b>24,279.03</b>	<b>5,024.10</b>	<b>48,124.37</b>	<b>4,088.62</b>	<b>994.89</b>	<b>3,083.73</b>	<b>-</b>	<b>-</b>	

Notes :

- 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.
- On 31 March 2017 the management of Digital Risk LLC resolved to close the operations of Digital Risk Europe, OOD.
- Wyde Tunisie SARL has been liquidated effective 10 June 2015.
- Digital Risk Compliance Services, LLC, and Digital Risk Analytics, LLC, have been merged with its sole shareholder and parent company, Digital Risk, LLC, effective 13 July 2017 vide approval dated 10 October 2017 from the Secretary of State, Division of Corporation, State of Delaware.
- The Company does not have any Associates or Joint Venture.
- Exchange rate applied is at 31 March 2018.
- There are no dividend proposed from any of the subsidiaries.
- The reporting period of the Subsidiaries is 31 March of every Year except for Mphasis (Shanghai) Software & Services Company Limited which is 31 December of every year.

For and on behalf of the Board of Directors

**Nitin Rakesh**  
Chief Executive Officer

**Suryanarayanan V.**  
Executive Vice President &  
Chief Financial Officer

**Narayanan Kumar**  
Director

**Subramanian Narayan**  
Vice President, Company Secretary

Bengaluru  
10 May 2018

# ANNEXURE TO THE BOARD'S REPORT

## DISCLOSURE UNDER SEBI (SHARE BASED EMPLOYEE BENEFITS) REGULATIONS, 2014 FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

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

Particulars	ESOP 1998		ESOP 2004	ESOP 2016	RSU 2014	RSU 2015
	Version I	Version II				
Date of Shareholders' Approval	31 July 1998		12 May 2004	4 November 2016	30 July 2014	9 September 2015
Total Number of Stock Options/Restricted Stock Units approved under the Plan	465,000 <sup>Note 1</sup>		593,126 <sup>Note 1</sup>	8,400,000	550,000	2,500,000
Vesting Requirements	Time based vesting				Time and Performance based vesting	
Maximum term of Stock Options/Restricted Stock Units granted (refers to Exercise Period)	Until exercise	10 years	10 years	5 years	3 years	3 years
Source of shares (Primary, Secondary or Combination) (Combination involves primary market issuance as well as transfer of shares acquired from secondary market, to the extent such shares have been acquired )	Primary	Primary	Primary	Primary	Combination	Combination
Pricing formula	Refer table below <sup>Note 4</sup>					
Total number of Stock Options/Restricted Stock Units outstanding at the beginning of the year (2017-2018)	47,000	9,816	1,598	3,885,100	88,545	192,900
Number of Stock Options/Restricted Stock Units granted during the year	-	-	-	1,613,176	-	-
Number of options lapsed and forfeited during the year	-	6,616	1,598	485,610	-	5,000
Number of Stock Options/RSUs vested during the year	-	-	-	711,780	-	-
Number of Stock Options/RSUs exercised during the year	-	3,200	-	53,780	53,090	104,050
Total number of shares arising as a result of exercise of Options	-	3,200	-	53,780	53,090	104,050
Money realized by exercise of options during the year (in ₹)	-	274,016	-	26,890,000	530,900	192,900
Number of Stock Options/RSUs outstanding as at the end of the year	47,000	-	-	4,958,886	35,455	83,850
Total number of Stock Options/RSUs exercisable at the end of the year	47,000	-	-	658,000	35,455	83,850
Loan repaid by the Trust during the year from the exercise price received	NA	NA	NA	NA	-	-
Employee wise details of Options granted to	-					
(a) Senior Managerial Personnel :						
- Mr. Nitin Rakesh Chief Executive Officer and Executive Director	-	-	-	254,000	-	-
- Mr. V. Suryanarayanan CFO	-	-	-	14,800	-	-
- Mr. Subramanian Narayan Company Secretary	-	-	-	3,870	-	-
(b) Employees, who were granted, during any one year, options amounting to 5% or more of options granted during the year:						
- Mr. Nitin Rakesh Chief Executive Officer and Executive Director	-	-	-	Grant to CEO as mentioned above	-	-
- Mr. Subramanian Sundaresan President – Global Delivery	-	-	-	118,108	-	-
- Mr. Elango R President – DXC & HP -SBU	-	-	-	87,500	-	-
- Mr. Dinesh Venugopal President - Direct-Core Business and Digital	-	-	-	81,700	-	-

## ANNEXURE TO THE BOARD'S REPORT

Particulars	ESOP 1998		ESOP 2004	ESOP 2016	RSU 2014	RSU 2015
	Version I	Version II				
(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	The Company computes Employee Compensation Cost using the fair value method of accounting except for Employee Stock Option 1998 Plan (ESOP 1998 Plan) and Employee Stock Option 2004 Plan (ESOP 2004 Plan) wherein the Employee Compensation Cost is computed based on intrinsic value method. The differential value is Nil for the year ended 31 March 2018 if the fair value of the ESOPs were considered for ESOP 1998 Plan and ESOP 2004 Plan instead of the intrinsic value. Consequently, there are no impacts on profits and Earnings Per Share (EPS).					
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 (₹)	Refer to the additional 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:

- Refers to Options as approved by shareholders and accordingly excludes the adjustment for Bonus Issues.
- There has been no variation in the Employee Stock Option and Restricted Stock Units Plans of the Company during the year.
- The diluted EPS of Mphasis Group for the financial year ended 31 March 2018, pursuant to issue of shares on exercise of options, is ₹ 42.59 per share.
- 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 2017-18. 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 2017-18. Earlier, for employees in service as on 10 January 2000, the market price prevalent on the 15th 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 2004	No options have been granted under this Scheme during the financial year 2017-18. <u>Program A</u> 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. <u>Program B</u> The Market Price as per the applicable guidelines prescribed by Securities Exchange Board of India (SEBI) from time to time.*
RSU 2014	No RSUs have been granted under this Scheme during the financial year 2017-18. In terms of the Plan 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 2017-18. In terms of the Plan 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	1,613,176 options have been granted during the year under this Plan. Each stock option entitles the holder thereof with an option to apply for and be issued one equity share of the Company. During the year, the ESOP Compensation Committee had made grants of option at exercise prices ranging from ₹ 500 to ₹ 625 per option. In terms of the 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 ESOP Compensation Committee at the time of grant.

\* The present Securities & Exchange Board of India (Share based Employee Benefits) Regulation, 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."

# ANNEXURE TO THE BOARD'S REPORT

## 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	86.63	67.48
ESOP 2004	-	-
RSU 2014	10	356.52
RSU 2015	10	452.14
ESOP 2016	500	87.37

Note: Stock Options issued under ESOP 1998 Version I and ESOP 2004 were not exercised during the financial year ended 31 March 2018. Accordingly, the Weighted Average Exercise Price and the Weighted Average Fair Value has 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:

Sl. No.	Assumption													
1	Risk free interest rate	5.78% to 8.20%												
2	Expected Option life	1 to 5 years												
3	Expected volatility	40.53% to 69.48%												
4	Expected dividend yield %	0.66% to 3.94%												
5	Market price on date of grant (weighted average value of shares) (₹)	<table border="1"> <tbody> <tr> <td>ESOP 1998 Version I</td> <td>-</td> </tr> <tr> <td>ESOP 1998 Version II</td> <td>343.10</td> </tr> <tr> <td>ESOP 2004</td> <td>-</td> </tr> <tr> <td>RSU 2014</td> <td>399.15</td> </tr> <tr> <td>RSU 2015</td> <td>479.75</td> </tr> <tr> <td>ESOP 2016</td> <td>534.30</td> </tr> </tbody> </table>	ESOP 1998 Version I	-	ESOP 1998 Version II	343.10	ESOP 2004	-	RSU 2014	399.15	RSU 2015	479.75	ESOP 2016	534.30
ESOP 1998 Version I	-													
ESOP 1998 Version II	343.10													
ESOP 2004	-													
RSU 2014	399.15													
RSU 2015	479.75													
ESOP 2016	534.30													
6	Whether and how any other features of the option grant were incorporated into the measurement of fair value, such as a market condition	NA												
7	How expected volatility was determined and explanation of the extent to which expected volatility was based on historical volatility.	Volatility based on daily closing price for last 12 months from the date of the grant												

Note: Stock Options issued under ESOP 1998 Version I and ESOP 2004 Plans were not exercised during the financial year ended 31 March 2018.

## 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 the Company) as at the end of the year	Amount of loan, if any, taken from any other source for which the Company/any Company in the group has provided any security or guarantee	Any other contribution made to the Trust during the year
Mphasis Employees Equity Reward Trust	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	Nil	Nil	Nil



## ANNEXURE TO THE BOARD'S REPORT

### 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 2017	2,520	940
Number of shares acquired during the year through		
a. Primary Issuance	56,980	156,200
b. Secondary acquisition	Nil	Nil
- % age of paid up share capital as at 31 March 2017	NA	NA
- Weighted Average cost of acquisition (₹)	NA	NA
Number of shares transferred to the employees against exercise of Stock Options/Restricted Stock Units	56,980	157,140
Number of shares sold along with the purpose thereof	Nil	Nil
<b>Number of shares held at 31 March 2018</b>	<b>2,520</b>	<b>Nil</b>

### iii. Disclosures 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 <small>(Refer Note)</small>
Held at the beginning of the year	940	0.00
Acquired during the year	-	-
Number of shares allotted during the year	156,200	0.00
Sold during the year	-	-
Transferred to the employees during the year	157,140	0.00
<b>Held at the end of the year</b>	<b>-</b>	<b>-</b>

Note: Capital considered as at 31 March 2015

For and on behalf of the Board of Directors

Bengaluru  
10 May 2018

**Davinder Singh Brar**  
Chairman

# ANNEXURE TO THE BOARD'S REPORT

## FORM - AOC-2

Form for disclosure of particulars of contracts/arrangements entered into by the Company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under the 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 the first proviso to section 188
- } Nil

2. Details of material contracts or arrangement or transactions at arm's length basis

- (a) Name(s) of the related party and nature of the relationship:
  - 1. *Subsidiaries of Mphasis Limited.*
- (b) Nature of contracts/arrangements/transactions:
  - i. *Availing and rendering of IT/ITES services;*
  - ii. *Payment and Receipt of Sub-lease rent to/from subsidiaries; and*
  - iii. *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 with the subsidiaries 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 the subsidiaries of the Company are disclosed under the Related Party schedule to the financial statements for the year ended 31 March 2018. Please refer to Note 38 of the consolidated financial statements and Note 37 of the standalone financial statements of the Company.*
- (e) Date(s) of approval by the Board, if any:

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

*Please refer to the related party schedule in the financial statements.*

For and on behalf of the Board of Directors

Bengaluru  
10 May 2018

**Davinder Singh Brar**  
Chairman

# ANNEXURE TO THE BOARD'S REPORT

## FORM No. MGT-9

**EXTRACT OF ANNUAL RETURN  
as at 31 March 2018  
[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

a	CIN	L30007KA1992PLC025294
b	Registration Date	10 August 1992
c	Name of the Company	Mphasis Limited
d	Category / Sub- Category of the Company	Public Limited Company Limited by Shares
e	Address of the Registered office and contact details	Bagmane World Technology Centre, Marathahalli Outer Ring Road, Doddanakundi Village, Mahadevapura, 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:-

Sl. 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

Sl. No.	Name of the Company	Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1	Marble II Pte Limited	77, Robinson Road, #13-00 Robinson Singapore 068896	NA	Holding Company	60.38	2(46)
2	Mphasis Software & Services (India) Private Ltd.	Bagmane World Technology Center, Marathahalli Ring Road, Doddanakundi Village, Mahadevapura, Bengaluru – 560 048	U72200KA1998PTC038932	Subsidiary	100	2(87)(ii)
3	Msource (India) Private Limited	Bagmane World Technology Center, Marathahalli Ring Road, Doddanakundi Village, Mahadevapura, Bengaluru – 560 048	U72200KA2000PTC038931	Subsidiary	100	2(87)(ii)
4	Mphasis Corporation	251 Little Falls Drive, Wilmington, DE 19808	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)

## ANNEXURE TO THE BOARD'S REPORT

Sl. No.	Name of the Company	Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
8	Mphasis Consulting Limited	88 Woodstreet London EC2V 7 RS United Kingdom	NA	Subsidiary	100	2(87)(ii)
9	Mphasis Europe B.V.	Strawinskylaan 3051, 1077 ZX Amsterdam, The Netherlands	NA	Subsidiary	100	2(87)(ii)
10	Mphasis UK Limited	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 SGG Corporate Services (Mauritius) Ltd, 33 Edith Cavell Street, Port Louis, 11324, 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.	251, Little Falls Drive Wilmington, DE 19808	NA	Subsidiary	100	2(87)(ii)
18	PT. Mphasis Indonesia	One Pacific Place, Level 11, Sudirman Cen- tral Business District (SCBD), Jln. Jend. Sudirman Kav.52-53, Jakarta 12190, Indonesia	NA	Subsidiary	100	2(87)(ii)
19	Mphasis Wyde Inc.	251, Little Falls Drive, Wilmington, DE 19808	NA	Subsidiary	100	2(87)(ii)
20	Wyde Corporation	251, Little Falls Drive, Wilmington, DE 19808	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	103-105 rue Anatole France, 92300 Levallois-Perret	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, LLC	Corporate Creations Network, 3411 Silverside Road, Tatnall Bldg. Suite 104 Wilmington, DE 19810	NA	Subsidiary	100	2(87)(ii)
25	Digital Risk Mortgage Services, LLC	Corporate Creations Network, 3411 Silverside Road, Tatnall Bldg. Suite 104 Wilmington, DE 19810	NA	Subsidiary	100	2(87)(ii)
26	Digital Risk Valuation Services, LLC	Corporate Creations Network, 3411 Silverside Road, Tatnall Bldg. Suite 104 Wilmington, DE 19810	NA	Subsidiary	100	2(87)(ii)
27	Investor Services, LLC	Corporate Creations Network, 3411 Silverside Road, Tatnall Bldg. Suite 104 Wilmington, DE 19810	NA	Subsidiary	100	2(87)(ii)

NA - Not Applicable.

# ANNEXURE TO THE BOARD'S REPORT

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

### i) Category - wise Share Holding

Sl. No.	Category of Shareholders	No. of shares held at the beginning of the year			No. of shares held as at the end of the year			% change during the year
		Demat	Physical	Total	Demat	Physical	Total	
(A) (1)	<b>Promoters</b>							
	<b>Indian</b>							
	a) Individuals/Hindu Undivided Family	-	-	-	-	-	-	-
	b) Central Government	-	-	-	-	-	-	-
	c) State Government(s)	-	-	-	-	-	-	-
	d) Bodies Corporate	-	-	-	-	-	-	-
	e) Banks/ Financial Institutions	-	-	-	-	-	-	-
f) Any Other (specify)	-	-	-	-	-	-	-	
	Sub-Total (A)(1):-	-	-	-	-	-	-	-
(2)	<b>Foreign</b>							
	a) NRIs-Individuals	-	-	-	-	-	-	-
	b) Other- Individuals	-	-	-	-	-	-	-
	c) Bodies Corporate	127,108,444	-	127,108,444	116,691,668	-	116,691,668	60.38 (0.03)
	d) Banks/ Financial Institutions	-	-	-	-	-	-	-
	e) Any Other (specify)	-	-	-	-	-	-	-
		Sub-Total (A)(2):-	127,108,444	-	127,108,444	116,691,668	-	116,691,668
	<b>Total Shareholding of Promoter (A)= (A)(1)+(A)(2)</b>	<b>127,108,444</b>	<b>-</b>	<b>127,108,444</b>	<b>116,691,668</b>	<b>-</b>	<b>116,691,668</b>	<b>60.38 (0.03)</b>
(B) (1)	<b>Public shareholding</b>							
	<b>Institutions</b>							
	a) Mutual Funds	13,431,743	1,600	13,433,343	12,906,201	-	12,906,201	6.68 0.29
	b) Banks/Financial Institutions	7,288,467	-	7,288,467	1,740,386	-	1,740,386	0.90 (2.56)
	c) Central Government	-	-	-	-	-	-	-
	d) State Government(s)	-	-	-	-	-	-	-
	e) Venture Capital Funds	-	-	-	-	-	-	-
	f) Insurance Companies	-	-	-	-	-	-	-
	g) FIs	2,210,188	3,200	2,213,388	192,870	100	192,970	0.10 (0.95)
	h) Foreign Venture Capital Funds	-	-	-	-	-	-	-
	i) Others (specify)	-	-	-	-	-	-	-
	Sub-Total (B)(1) :-	22,930,398	4,800	22,935,198	14,839,457	100	14,839,557	7.68 (3.22)
(2)	<b>Non-Institutions</b>							
	a) Bodies Corporate	10,294,970	1,000	10,295,970	10,900,250	1,000	10,901,250	5.64 0.75
	(i) Indian							
	(ii) Overseas							

# ANNEXURE TO THE BOARD'S REPORT

Sl. No.	Category of Shareholders	No. of shares held at the beginning of the year			No. of shares held as at the end of the year			% change during the year
		Demat	Physical	Total	Demat	Physical	Total	
b)	Individuals							
i.	Individual shareholders holding nominal share capital up to ₹ 1 lakh	6,215,271	125,205	6,340,176	3,785,862	106,442	3,892,304	2.01 (1.00)
ii.	Individual shareholders holding nominal share capital in excess of ₹ 1 lakh.	2,909,140	-	2,909,140	2,697,665	-	2,697,665	1.40 0.02
c)	Any other (specify)							
-	Directors	26,764	-	26,764	-	-	-	0.00 0.00
-	Mphasis Limited/Unclaimed Suspense Account	18,150	-	18,150	4,500	-	4,500	0.00 (0.01)
-	Trusts	5,200	-	5,200	9,657	-	9,657	0.00 0.00
-	Clearing Member	60,865	-	60,865	327,751	-	327,751	0.17 0.14
-	Foreign Portfolio Investors	40,737,560	-	40,737,560	43,858,574	-	43,858,574	22.69 3.33
-	IEPF	-	-	-	37,206	-	37,206	0.02 0.02
-	NBFC Registered with RBI	6,077	-	6,077	50	-	50	0.00 0.00
	Sub-Total (B)(2):-	60,247,233	126,205	60,373,438	61,621,515	107,442	61,728,957	31.94 3.25
	<b>Total Public Shareholding (B) = (B)(1)+(B)(2)</b>	<b>83,177,631</b>	<b>131,005</b>	<b>83,308,636</b>	<b>76,460,972</b>	<b>107,542</b>	<b>76,568,514</b>	<b>39.59 39.62</b>
(C)	Shares held by Custodians for GDRs & ADRs	-	-	-	-	-	-	- -
	<b>GRAND TOTAL (A)+(B)+(C)</b>	<b>210,286,075</b>	<b>131,005</b>	<b>210,417,080</b>	<b>193,152,640</b>	<b>107,542</b>	<b>193,260,182</b>	<b>100 100</b>

## ii) Shareholding of Promoters

Shareholder's Name	Shareholding at the beginning of the year		Shareholding at the end of the year		% change
	No. of Shares	% of Shares Pledged	No. of Shares	% of Shares Pledged	
Marble II Pte Ltd.	127,108,444	60.41	116,691,668	60.38	(0.03)
<b>Total</b>	<b>127,108,444</b>	<b>60.41</b>	<b>116,691,668</b>	<b>60.38</b>	<b>(0.03)</b>

### Notes:

1. % refers to the percentage to total shares of the Company.
2. % change refers to the percentage change in the shareholding during the year ended 31 March 2018 over 31 March 2017.
3. % of Shares pledged refers to percentage of shares pledged/encumbered to total shares.
4. % within brackets denotes reduction and without brackets denotes increase.
5. Shareholding at the beginning of the year signifies shareholding as at 1 April 2017 and shareholding at the end of the year signifies shareholding as on 31 March 2018.

# ANNEXURE TO THE BOARD'S REPORT

## iii) Change in the Promoter's Shareholding

Name of Shareholders	Changes during the year		Cumulative Shareholding	
	Shares	%	Shares	%
<b>Marble II Pte Ltd.</b>				
Shareholding at the beginning of the year	Nil	Nil	127,108,444	60.41
Shares tendered and accepted under the buyback offer made by the Company	(10,416,776) <small>Refer note 3</small>	(0.03) <small>Refer note 2</small>	(10,416,776)	(0.03)
Shareholding at the end of the year			116,691,668	60.38

Note:

1. % refers to the percentage to total shares of the Company.
2. The reduction in the % shareholding of the promoters represents reduction on account of allotment of shares, from time to time, during the year, on account of exercise of stock options.
3. Represents shares which were tendered by the promoters and accepted by the Company under the buyback offer through tender offer route.
4. % within brackets denotes reduction.
5. Shareholding at the beginning of the year i.e. 1 April 2017 and shareholding at the end of the year, i.e. 31 March 2018, are the same as cumulative shareholding.

## iv. Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

NAME OF THE SHAREHOLDERS	ABERDEEN GLOBAL INDIAN EQUITY LIMITED	BAIAJ ALLIANZ LIFE INSURANCE COMPANY LTD.	ICICI PRUDENTIAL LIFE INSURANCE COMPANY LIMITED	MATTHEWS INDIA FUND	HDFC STANDARD LIFE INSURANCE COMPANY LIMITED	THE INDIA FUND INC	ABERDEEN GLOBAL-ASIAN SMALLER COMPANIES FUND	ICICI PRUDENTIAL VALUE DISCOVERY FUND	VANGUARD EMERGING MARKETS STOCK INDEX FUND	EASTSPRING INVESTMENTS INDIA EQUITY OPEN LIMITED
Shareholding as at 01.04.2017	10,241,396	4,789,020	2,973,991	-	-	2,030,000	1,939,800	2,346,484	-	1,390,852
% to Total Shares	4.87	2.28	1.41	-	-	0.96	0.92	1.12	-	0.66
07.04.2017	(15,945)	100,000	-	-	-	-	-	-	-	-
14.04.2017	(42,965)	-	-	-	-	-	-	-	-	-
21.04.2017	-	-	-	-	-	-	-	-	-	-
28.04.2017	-	(28,000)	-	-	-	-	-	-	-	-
05.05.2017	-	(100,000)	-	-	-	-	-	-	-	-
12.05.2017	-	-	-	-	-	-	100,711	-	-	-
19.05.2017	-	(26,300)	-	-	-	-	239,289	-	-	-
26.05.2017	-	(14,000)	-	-	738,458	-	-	-	-	-
02.06.2017	(732,135)	(430,385)	(395,851)	-	272,433	(145,422)	-	(192,299)	-	-
09.06.2017	-	-	-	-	(17,093)	-	(141,970)	-	-	244,683
16.06.2017	-	7,000	-	-	(11,390)	-	-	-	-	(14,868)
23.06.2017	-	7,000	-	-	(36)	-	-	-	-	-
30.06.2017	-	5,590	-	-	-	-	-	-	-	-



# ANNEXURE TO THE BOARD'S REPORT

NAME OF THE SHAREHOLDERS	ABERDEEN GLOBAL INDIAN EQUITY LIMITED	BAIAJ ALLIANZ LIFE INSURANCE COMPANY LTD.	ICICI PRUDENTIAL LIFE INSURANCE COMPANY LIMITED	MATTHEWS INDIA FUND	HDFC STANDARD LIFE INSURANCE COMPANY LIMITED	THE INDIA FUND INC	ABERDEEN GLOBAL-ASIAN SMALLER COMPANIES FUND	ICICI PRUDENTIAL VALUE DISCOVERY FUND	VANGUARD EMERGING MARKETS STOCK INDEX FUND	EASTSPRING INVESTMENTS INDIA EQUITY OPEN LIMITED
07.07.2017	-	1,500	-	-	-	-	-	-	-	-
14.07.2017	-	-	(26,003)	-	-	-	-	-	-	-
21.07.2017	-	-	26,003	-	6,060	-	-	-	-	-
28.07.2017	-	-	-	-	4,117	-	-	-	-	(44,608)
04.08.2017	-	75,000	-	-	45,385	-	-	-	-	-
11.08.2017	-	-	-	-	217	-	-	-	-	-
18.08.2017	-	-	-	-	-	-	-	-	-	-
25.08.2017	-	-	-	-	-	-	-	-	-	-
01.09.2017	-	-	(128,897)	-	-	6,034	-	-	-	-
08.09.2017	-	(200,000)	-	-	-	133,256	-	-	-	-
15.09.2017	-	-	-	-	60,591	80,710	-	-	-	-
22.09.2017	(343,000)	-	-	-	1,759	90,315	-	-	-	-
30.09.2017	(156,041)	35,000	-	-	63,413	201,439	-	-	-	-
06.10.2017	(170,144)	40,000	-	-	-	(10,340)	-	-	-	-
13.10.2017	(11,842)	-	-	-	-	(620)	-	-	-	-
20.10.2017	-	-	-	-	-	-	-	-	-	-
27.10.2017	-	-	-	-	23,866	-	-	-	-	-
03.11.2017	-	(75,000)	-	-	130,697	-	-	-	-	-
10.11.2017	(600,000)	(15,000)	-	951,536	-	-	-	-	-	-
17.11.2017	(500,000)	(25,000)	-	500,870	-	-	-	-	-	-
24.11.2017	-	-	-	567,430	27,000	-	(190,705)	-	-	-
01.12.2017	(245,000)	-	-	430,164	-	-	(109,295)	-	-	-
08.12.2017	(130,978)	-	-	-	183,010	-	-	-	-	-
15.12.2017	(165,881)	-	-	-	187,982	-	-	-	-	-
22.12.2017	(18,141)	4,000	-	-	891	-	(68,501)	-	-	-
29.12.2017	-	-	-	-	23,577	(18,495)	(11,499)	-	-	-
30.12.2017	-	-	-	-	-	-	-	-	-	-
05.01.2018	-	-	-	-	25,000	(292,571)	-	-	-	-
12.01.2018	-	(15,000)	530,000	-	50,000	(242,934)	-	-	-	-
19.01.2018	-	18,210	548,407	-	(3,412)	-	-	-	-	-
25.01.2018	-	-	-	-	-	-	-	-	-	-
02.02.2018	-	(368,600)	-	538,900	39,949	-	-	-	-	-
09.02.2018	-	-	-	-	-	-	-	-	-	-
16.02.2018	(40,397)	(17,000)	-	-	(11,114)	-	-	-	-	-
23.02.2018	(100,000)	-	1,596	-	25,834	-	-	-	-	-

# ANNEXURE TO THE BOARD'S REPORT

NAME OF THE SHAREHOLDERS	ABERDEEN GLOBAL INDIAN EQUITY LIMITED	BAIAJ ALLIANZ LIFE INSURANCE COMPANY LTD.	ICICI PRUDENTIAL LIFE INSURANCE COMPANY LIMITED	MATTHEWS INDIA FUND	HDFC STANDARD LIFE INSURANCE COMPANY LIMITED	THE INDIA FUND INC	ABERDEEN GLOBAL-ASIAN SMALLER COMPANIES FUND	ICICI PRUDENTIAL VALUE DISCOVERY FUND	VANGUARD EMERGING MARKETS STOCK INDEX FUND	EASTSPRING INVESTMENTS INDIA EQUITY OPEN LIMITED
02.03.2018	(152,763)	-	-	-	80,104	-	-	-	-	-
09.03.2018	(4,794)	100,000	-	-	50,000	-	-	(221,840)	-	-
16.03.2018	-	(20,000)	717	36,988	35,841	-	-	(144,086)	-	-
23.03.2018	(91,515)	-	-	-	-	-	-	(33,616)	1,520,685	-
31.03.2018	(203,746)	-	-	348,151	-	-	-	(192,573)	(6,350)	-
Shareholding as at 31.03.2018	6,516,109	3,848,035	3,529,963	3,374,039	2,033,129	1,831,372	1,767,830	1,562,070	1,514,335	1,410,630
% to Total Shares	3.37	1.99	1.83	1.75	1.05	0.95	0.91	0.81	0.78	0.73
% Change during the year	1.50	0.28	(0.41)	(1.75)	(1.05)	0.02	0.01	0.31	(0.78)	(0.07)

Notes :

1. The figures within the brackets denote decrease in the shareholding and figures without brackets denote increase in the shareholding on account of market transactions
2. % change during the year refers to the change during the year ended 31 March 2018 over 31 March 2017.

## ANNEXURE TO THE BOARD'S REPORT

### v) Shareholding of Directors and Key Managerial Personnel (KMP) as at 31 March 2018

Sl. No.	Names of the Directors and KMP	Shareholding at the beginning of the year		Date wise Increase / Decrease in Shareholding during the year* ( Number of Shares)	Shareholding at the end of the year	
		No. of Shares	% of total shares of the Company		No. of Shares	% of total shares of the Company
1	Nitin Rakesh (CEO)	-	-	refer to the table below	-	-
2	V. Suryanarayanan (CFO)	16,501	0.01		20,416	0.01
3	Subramanian Narayan (CS) <sup>Refer Note 2</sup>	2,864	-		2,660	-

Notes :

- Shareholding at the beginning of the year signifies shareholding as at 1 April 2017 and shareholding at the end of the year signifies shareholding as on 31 March 2018.
- Appointed as the Company Secretary effective 1 November 2017.
- The increase/decrease in the shareholding of the Directors and KMPs are as follows:

Name of the Director and KMP	Increase / (Decrease) in Shareholding	Date of Transaction	Reason for Increase/Decrease
V. Suryanarayanan (CFO)	7250	6 Jul 2017	Increase : Acquired shares by exercise of Stock Units / Stock Options granted
	(50)	10 Nov 2017	
	(1200)	22 Dec 2017	
	(1335)	02 June 2017	Decrease : Sale of Shares in the market and shares tendered under buyback Offer of the Company
	(250)	02 Feb 2018	
	(500)	05 Feb 2018	
Subramanian Narayan (CS)	(204)	02 Jun 2017	

### 5. Indebtedness

Indebtedness of the Company including interest outstanding/accrued but not due for payment

(₹ million)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>	-	-	-	-
i. Principal Amount	-	-	-	-
ii. Interest due but not paid	-	-	-	-
iii. Interest accrued but not due	-	-	-	-
<b>Total ( i+ii+iii)</b>	-	-	-	-
Change in the indebtedness during the financial year	-	-	-	-
Addition	-	3867.09	-	3867.09
Reduction	-	(2567.49)	-	(2567.49)
<b>Net Change</b>	-	<b>1299.60</b>	-	<b>1299.60</b>
<b>Indebtedness at the end of the financial year</b>	-	-	-	-
i. Principal Amount	-	1299.60	-	1299.60
ii. Interest due but not paid	-	-	-	-
iii. Interest accrued but not due	-	-	-	-
<b>Total ( i+ii+iii)</b>	-	<b>1299.60</b>	-	<b>1299.60</b>

## 6. Remuneration of Directors and Key Managerial Personnel

### A. Remuneration to Managing Director , Whole Time Directors (WTD), Manager and Key Managerial Personnel other than MD /Manager/WTD as at 31 March 2018

Sl. No.	Particulars of Remuneration	Mr. Nitin Rakesh (CEO)	Mr. V. Suryanarayanan (CFO)	Mr. Subramanian Narayan (CS) <small>Refer Note</small>	Total Amount
1	<b>Gross salary</b>				
(a)	Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	42.14	18.77	2.06	62.97
(b)	Value of perquisites u/s 17(2) Income-tax Act, 1961	0.06	0.69	0.01	0.76
(c)	Profits in lieu of salary under section 17(3) Income- tax Act, 1961	-	-	-	-
2	Stock Options	43.94	1.67	0.27	45.88
3	Sweat Equity	-	-	-	-
4	Commission	-	-	-	-
	- as % of Profit	-	-	-	-
	- Others, specify	-	-	-	-
5	Others, please specify - <i>PF and other funds</i>	-	0.45	0.06	0.51
	Total (A)	86.14	21.58	2.40	110.12
	Ceiling as per the Companies Act, 2013	478.90	Not Applicable	Not Applicable	

Note : Represents the Salary for the period 1 November 2017 to 31 March 2018

### B. Remuneration to other directors

Sl. No.	Particulars of Remuneration	Name of the Independent Directors (1)			Total Amount	Name of other Non-Executive Directors (2)				Total Amount	Total (1 +2)	
		Mr. Davinder Singh Brar	Ms. Jan Kathleen Hier	Mr. Narayanan Kumar		Mr. David Lawrence Johnson	Mr. Paul James Upchurch	Mr. Dario Zamarian	Mr. Amit Dixit			Mr. Amit Dalmia
1	Fee for attending Board Committee Meetings	-	-	-	-	-	-	-	-	-	-	-
2	Commission	4.43	5.13	3.89	13.45	4.82	2.72	4.63	-	12.17	25.62	
3	Others, please specify	-	-	-	-	-	-	-	-	-	-	-
	Total (B)	4.43	5.13	3.89	13.45	4.82	2.72	4.63	-	12.17	25.62	
	Total Managerial Remuneration											135.74
	Overall Ceiling as per the Companies Act, 2013											1053.59

## ANNEXURE TO THE BOARD'S REPORT

### 7. Penalties/Punishment/Compounding of Offence

Type	Section of the Companies Act, 2013	Brief Description	Details of Penalty/Punishment/compounding fee imposed	Authority (IRD/NCLT/COURT)	Appeal made, if any (give details)
A. Company					
Penalty	NIL	NIL	NIL	NIL	NIL
Punishment	NIL	NIL	NIL	NIL	NIL
Compounding	NIL	NIL	NIL	NIL	NIL
B. Directors					
Penalty	NIL	NIL	NIL	NIL	NIL
Punishment	NIL	NIL	NIL	NIL	NIL
Compounding	NIL	NIL	NIL	NIL	NIL
C. Other officers in Default					
Penalty	NIL	NIL	NIL	NIL	NIL
Punishment	NIL	NIL	NIL	NIL	NIL
Compounding	NIL	NIL	NIL	NIL	NIL

For and on behalf of the Board of Directors

Bengaluru  
10 May 2018

**Davinder Singh Brar**  
Chairman

# CORPORATE GOVERNANCE

## I. COMPANY'S POLICY ON CORPORATE GOVERNANCE

Corporate Governance at Mphasis encompasses the structure, practices and processes adopted in every sphere of the Company's operations to provide long term value to its stakeholders through ethical business standards. 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 where every business is transforming into a digital one. The Company is transforming based on a new-age digital offerings, business transaction-as-a service, an eco-system of co-created IP and a team of co-creators. Mphasis strategy leverages the exponential power of Cloud and Cognitive ( $C=X2C^{2TM}=1$ ) technologies to provide a hyper personalized ( $n=1$ ) experience to the customers.

Mphasis principles of governance is articulated in the Company's code of conduct and its corporate strategies. The cornerstones of our culture – customer centricity, empowerment, outcome-focus and experimentation – continue to emerge as the recurring themes.

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, redressal against fraud 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 subsidiaries are integrated within the core culture as 'one Mphasis', ensuring same belief system while engaging in the business.

Mphasis has charted a growth trajectory along four parameters of growth; competitiveness, consistency, profitability and responsibility to benefit our 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 2018:

## II. BOARD OF DIRECTORS

Mphasis believes that an effective Board requires an optimum combination of professionals from different spheres with diversity and independence. The primary 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 2018, the Board comprises of nine directors (including a woman director) of which, one is an executive director, five directors were nominated by Marble II Pte. Ltd., the Promoter (forming a part of the 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.

Mr. Narayananan Kumar was initially appointed as an Independent Director of the Company effective 15 February 2013. Further, as per the Companies Act, 2013, Mr. Kumar was appointed as an Independent Director for a term of five years with effect from 1 April 2014 at the Annual General Meeting held on 9 September 2015. Accordingly, Mr. Kumar holds the office of Independent Director till 31 March 2019. It is proposed to re-appoint Mr. Kumar as an Independent Director for the second term of five years at the ensuing Annual General Meeting effective 1 April 2019.

### (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 sufficiently. 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 matters concerning business, compliances and quarterly financials to ensure effective discharge of

## CORPORATE GOVERNANCE

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 every 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 operational strategy and the plans developed by the 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 address such risks;
7. oversees the reliability of external communications, especially to the 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 make informed decisions. Thoughtful and thorough orientation is key to the directors to realize their full potential to contribute to the collective mindset of the Board and to 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. Also, in-depth details of the Company are provided on a 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 list a few.

The orientation involves educating the directors on an on-going basis. The continued orientation program involves, a review of the market units, update on changes in the 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 topics inter-alia covering the Company's strategies, Industry landscape, Investors and Customers perspective etc. which helps the director to orient himself/herself with the Industry, 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 build the orientation process further. The orientation process is also uploaded on the website at <https://www.mphasis.com/content/dam/mphasis-com/global/en/investors/governance/Mphasis%20-Orientation%20to%20Directors.pdf>. Further, at the time of the 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 [www.mphasis.com](http://www.mphasis.com) under the Investor section.

During the year ended 31 March 2018, the Independent Directors of the Board were updated on topics in relation to business models, industry trends, leadership development and compliance for over 14 hours.



## CORPORATE GOVERNANCE

### (c) Board Meetings held during the year, attendance of the directors and details of the Directorships, Committee Membership/Chairmanship:

During the financial year 2018, five meetings of the Board were held on 25 May 2017, 27 June 2017, 26 July 2017, 25 & 26 October 2017 and 24 January 2018. The details of the attendance at the meetings of the Board and last AGM together with the particulars of other directorship, committee membership/chairmanship, are as follows:

Name	Category	Attendance During 2017-18			Other Directorship, Committee Membership / Chairmanship			
		Board Meetings		Attendance at the last AGM	Other Directorships (Directorships in Public Limited Companies) <sup>1</sup>	Independent Directorships in other Listed Companies <sup>2</sup>	Committee Memberships <sup>3</sup>	Committee Chairmanships <sup>3</sup>
		Number of meetings held during tenure	No. of meetings attended					
<b>Executive Director</b>								
Mr. Nitin Rakesh	Chief Executive Officer and Executive Director	5	5	Yes	-	-	1	-
<b>Non-Executive Directors</b>								
Mr. Davinder Singh Brar	Chairman, Independent Director	5	5	Yes	15 (2)	2	5	1
Ms. Jan Kathleen Hier	Independent Director	5	5	Yes	-	-	1	-
Mr. Narayanan Kumar	Independent Director	5	5	Yes	10 (8)	6	2	4
Mr. David Lawrence Johnson	Non-Independent Director	5	5	No	-	-	-	-
Mr. Dario Zamarian	Non-Independent Director	5	3	No	-	-	-	-
Mr. Paul James Upchurch	Non-Independent Director	5	5	No	-	-	-	-
Mr. Amit Dixit	Non-Independent Director	5	5	Yes	8 (3)	1	2	-
Mr. Amit Dalmia	Non-Independent Director	5	5	Yes	3 (1)	-	3	-

Notes:

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 2018.

### (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 :

1. Reviewed the performance of the Non-Independent Directors and Board as a whole;
2. Reviewed the performance of the Chairperson of the Board taking into the views of Executive Director and Non-Executive Director; and
3. Assessed 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 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;

## CORPORATE GOVERNANCE

- 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 in 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 2018, four meetings of the Audit Committee were held on 25 May 2017, 26 July 2017, 25 October 2017 and 24 January 2018.

The composition of the Committee and the attendance of the members at each of the meetings held during the year ended 31 March 2018 are given below:

Member	No. of Meetings held during tenure	No. of Meetings attended
Mr. Narayanan Kumar, Chairman	4	4
Mr. Davinder Singh Brar	4	4
Ms. Jan Kathleen Hier	4	4
Mr. Amit Dixit	4	4

### (b) Share Transfer Committee

In order to expedite the requests of the shareholders, in connection with transfers, demat and other related processes, 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

During the year ended 31 March 2018, the Share Transfer Committee passed resolutions dated 19 May 2017, 18 September 2017, 10 October 2017, 27 October 2017, 28 November 2017, 30 January 2018 and 27 March 2018 for approving transfer of shares, issue of duplicate share certificates and consolidation of shares.

The Company ensures that the transfer of shares is effected within the statutory time of their due lodgment. The Company has appointed Integrated Registry Management Services Private Limited (earlier Integrated Enterprises (India) Limited) 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 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 2018, two meetings of the Nomination and Remuneration Committee were held on 25 May 2017 and 24 January 2018, besides a telecon meeting on 26 April 2017.

## CORPORATE GOVERNANCE

The composition of the Committee and the attendance at each of the meetings held during the year ended 31 March 2018 are given below:

Member	No. of Meetings held during tenure (including telecon meeting)	No. of Meetings attended (including telecon meeting)
Ms. Jan Kathleen Hier, Chairperson	3	3
Mr. Davinder Singh Brar	3	3
Mr. Amit Dixit	3	3
Mr. David Lawrence Johnson	3	3

### ii. Remuneration Policy

The remuneration policy of the Directors is aligned towards rewarding participation in meetings and is 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 [www.mphasis.com](http://www.mphasis.com) in the investors section under the Corporate Governance page. The highlights of the remuneration policy for the directors and executives are given below:

#### (a) Non-Executive Directors

The Company pays commission to its Non-Executive Directors and Independent Directors as per the 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.

During the year, the Board of Directors approved uniform fixed remuneration to all the Non-Executive Directors (including Indian and foreign directors) at ₹ 44 lakhs with effect from 1 April 2018. Accordingly, Directors Remuneration policy was amended to provide uniform remuneration to all the Non-Executive Directors.

The revised remuneration matrix for the Non-Executive Directors is set out below:

Particulars	Factor	Max Remuneration (₹ Lacs)
Fixed Remuneration	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 in which they are members. There were no pecuniary relationship or transactions with any director other than that reported above.

## CORPORATE GOVERNANCE

### (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 as a group. Variable pay is payable to the Executive Director on achievement of the said targets and is paid as per the agreement entered with such Executive Director. The equity-based compensation will be in accordance with the stock options/stock units plans of the Company, which aligns with the long-term interests of the Company and its 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 the form of Restricted Stock Units and Stock Options in order to align with the long-term interests of the Company and its Stakeholders.

The remuneration policy for the executives is hosted on the website of the Company at [www.mphasis.com](http://www.mphasis.com) in the investors section.

### iii. Details of Remuneration paid to the Directors for the year 2017-2018:

(₹ million)

Name of Director	Salary	Bonus	Benefits / Perquisite	Commission	PF and other Funds	Total
Mr. Nitin Rakesh	42.14	-	44.00	-	-	86.14
Mr. Davinder Singh Brar	-	-	-	4.43	-	4.43
Mr. Narayanan Kumar	-	-	-	3.89	-	3.89
Ms. Jan Kathleen Hier	-	-	-	5.13	-	5.13
Mr. David Lawrence Johnson	-	-	-	4.82	-	4.82
Mr. Dario Zamarian	-	-	-	4.63	-	4.63
Mr. Paul James Upchurch <sup>Refer Note</sup>	-	-	-	2.72	-	2.72
Mr. Amit Dixit	-	-	-	-	-	-
Mr. Amit Dalmia	-	-	-	-	-	-
<b>Total</b>	<b>42.14</b>	<b>-</b>	<b>44.00</b>	<b>25.62</b>	<b>-</b>	<b>111.76</b>

Note: The remuneration paid to Mr. Paul James Upchurch is effective 1 September 2017

The notice period for severance of employment of Mr. Nitin Rakesh, CEO and Executive 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 to be paid is US \$ 900,000.

Mr. Nitin Rakesh, CEO and Executive Director holds 909,000 stock options under the 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.

The Independent Directors of the Company are not eligible for any stock options and none of the other non-executive directors were granted any stock options of Mphasis Limited during the year ended 31 March 2018.

## CORPORATE GOVERNANCE

### 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 2018:

#### Remuneration to the Non-Executive Directors

Name of the Directors	Remuneration (₹ Million)		Ratio of Remuneration	
	2017-18		MR (in times)	NP (in %)
Mr. Davinder Singh Brar	4.43		7	0.05
Mr. Narayanan Kumar	3.89		6	0.05
Ms. Jan Kathleen Hier	5.13		9	0.06
Mr. David Lawrence Johnson	4.82		8	0.06
Mr. Dario Zamarian	4.63		8	0.06
Mr. Paul James Upchurch	2.72		8 Refer Note 4	0.06 Refer Note 4

Notes :

1. MR = Median Remuneration, NP= consolidated 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 is calculated based on annualized remuneration.

#### Remuneration to Key Managerial Personnel (KMPs) as at 31 March 2018:

Name of the KMPs	Remuneration (₹ Million)		Ratio of Remuneration	
	2017-18	% Increase	MR (in times)	NP (in %)
Mr. Nitin Rakesh, Chief Executive Officer	86.14	Nil	144	1.03
Mr. V Suryanarayanan, Chief Financial Officer	21.59	Nil	36	0.26
Mr. Subramanian Narayan <sup>4</sup> , Company Secretary	2.41	10	9	0.06

Notes:

1. MR = Median Remuneration, NP= Consolidated Net Profit, NA= Not Applicable.
2. Remuneration is calculated as per Section 197 of the Companies Act, 2013.
3. The variable component of the remuneration is linked to the targets of Mphasis Group in terms of revenue and EPS, in addition to their performance.
4. Represents the salary from 1 November 2017 to 31 March 2018 (5 months). The ratio of remuneration is calculated based on the annualized salary.

During the year, in line with the Industry standards and to remain competitive in the marketplace the Company has awarded 4.96% average increase in the remuneration to the employees. There has been no revision in the remuneration of the Key Managerial Personnel except for the Company Secretary. The Median Remuneration of the employees increased by 5.94% during the year. There are no employees receiving remuneration in excess of remuneration received by the CEO and Executive Director of the Company. As at 31 March 2018, there were 15,909 permanent employees of the Company.

### v. Details of shares held by the directors

As on 31 March 2018, 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 the Board's performance. The assessment is carried annually 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.

## CORPORATE GOVERNANCE

### 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 are 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 <https://www.mphasis.com/content/dam/mphasis-com/global/en/investors/governance/Board%20Diversity%20Policy.pdf> 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 its implementation and progress from time to time. As at the date of report, Mr. Narayanan Kumar, Mr. Davinder Singh Brar, Mr. Amit Dalmia and Mr. Nitin Rakesh are the members of the Committee. Mr. Kumar is the Chairman of the Committee.

During the year ended 31 March 2018, a telecon meeting of the CSR Committee was held on 12 February 2018 to take a note of update on CSR programs and amount spent for FY 2018, at which Mr. Narayanan Kumar and Mr. Nitin Rakesh were present.

### (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 2018, the ESOP Compensation Committee has, on a periodic basis, approved exercise of 214,120 equity shares of ₹ 10 each under various employee stock option plans and restricted stock units plans 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 option plans of the Company including the grants made there under. The present composition of the Committee is as below:

Mr. Narayanan Kumar	-	Chairman
Mr. Davinder Singh Brar	-	Member
Mr. Amit Dixit	-	Member

During the year, the Committee approved grant of 1,613,176 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 non-receipt of balance sheet, non-receipt of declared dividends and other investor related grievances in a timely manner.

The details of the correspondence with the shareholders including the details of the Investor Grievances, if any, are circulated to the Committee on a monthly basis.

The status of Investor Complaints during the year ended 31 March 2018, is as under:

Complaints as on 1 April 2017	:	Nil
Complaints received during the year	:	4
Complaints resolved during the year	:	4
Complaints pending as on 31 March 2018	:	Nil

*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. Nitin Rakesh	:	Member
Mr. Amit Dalmia	:	Member

## CORPORATE GOVERNANCE

### *Name, Designation and Address of the Compliance Officer*

Mr. Subramanian Narayan  
Vice President and Company Secretary  
Mphasis Limited  
Bagmane World Technology Center,  
Marathahalli Outer Ring Road, Doddanakundi Village,  
Mahadevapura, Bengaluru - 560048.

### (g) Treasury and Operations Committee

The Board has constituted a "Treasury and Operations Committee" considering the desired focus on the treasury and business operations. 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 2018, meetings of the Committee were held on 25 May 2017, 25 October 2017 and 24 January 2018.

The composition of the Committee and the attendance of the members at the meetings held during the year ended 31 March 2018 is given below:

Member	No. of Meetings held during tenure	No. of Meetings attended
Mr. Davinder Singh Brar, Chairman	3	3
Mr. Nitin Rakesh	3	3
Mr. Amit Dalmia	3	3

### (h) Strategy Committee

The primary function of the Committee is to oversee the Company's strategic planning process, review and advice 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 follows:

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

During the year, there were no meetings of the Strategy Committee conducted.

### (i) 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. During the year ended 31 March 2018, the Buyback Committee passed resolutions dated 27 April 2017 and 2 June 2017 for approving the Letter of Offer and post buyback public announcement. Further to the completion of the buyback, the Buyback Committee was wound up by the Board at its meeting held on 26 July 2017. The Committee comprised Mr. Davinder Singh Brar, Mr. Nitin Rakesh, Mr. Amit Dixit and Mr. Amit Dalmia as its members.

## 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 (AGM) of the Company:

AGM	Date and Time	Venue
Twenty fourth Annual General Meeting	9 September 2015 10:00 AM	The Chancery Pavilion Hotel, No. 135, K.S. Thimmaiah Road, (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.
Twenty sixth Annual General Meeting	26 July 2017 10:30 AM	The Chancery Pavilion Hotel, No. 135, K.S. Thimmaiah Road, (Residency Road), Bengaluru – 560025.



## CORPORATE GOVERNANCE

### (b) Special Resolutions transacted at the Annual General Meetings held in the last three years

Date of AGM	Special Resolutions transacted
9 September 2015	<ul style="list-style-type: none"><li>• Approval for the 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 the 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 associates.</li></ul>
4 November 2016	<ul style="list-style-type: none"><li>• Approval for the 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><li>• Approval for the 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

During the year there were no special resolutions transacted through a Postal Ballot.

None of the items to be transacted at the ensuing 27<sup>th</sup> Annual General Meeting are required to be passed by special resolution through a 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 every quarter. Related party transactions are reported in the financial statements of the Company. The Board of Directors of the Company has approved a Policy on the materiality of related party transactions which is hosted on the website of the Company [www.mphasis.com](http://www.mphasis.com) 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 Office and Chief Financial Officer and the details of such transactions are placed before the Committee on a quarterly basis.

The code of conduct for 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 the 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 emails 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 disclosures are uploaded on the website of the Company at <https://www.mphasis.com/home/corporate/investors.html>. 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 appointment of Independent Directors
4. Mphasis Related Party Policy
5. Corporate Social Responsibility Policy

## CORPORATE GOVERNANCE

6. Board Diversity Policy
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. Orientation process for the Directors
11. Remuneration Policy for executives and directors
12. Correspondence with Stock Exchanges
13. Dividend Distribution Policy
14. Document Retention and Archival Policy
15. Policy for fair disclosure of UPSI
16. Mphasis Prevention of Sexual Harassment(POSH) Policy
17. Mphasis IP Policy
18. Mphasis Anti-Slavery Policy
19. Anti Bribery and Corruption Policy

### VI. INTERNAL CONTROLS

The Company has adequate internal control systems in place and also has reasonable assurances 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. Adherence to 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. Ensuring that 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 audit 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 function. The internal audit reports and recommended management actions are presented to the Audit Committee on a quarterly basis. The status of the management actions is 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 an 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 audits.

### VII. MEANS OF COMMUNICATION

The Board of Directors of the Company approves and takes on record the audited financial results every quarter 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 approved. 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 at [www.mphasis.com](http://www.mphasis.com). 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 and share price information, are hosted for the knowledge of the Investors.

## CORPORATE GOVERNANCE

In addition to the above, the Company participates in the earnings call with various Investors, Analysts and Broking Houses. The Company also makes a presentation at the various Investors and Analysts meets, the particulars of which are disclosed to the Stock Exchanges.

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 occasions viz., announcement of quarterly results, acquisition of a 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 – www.mphasis.com. 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.

### VIII. GENERAL SHAREHOLDERS INFORMATION

#### (a) Details of the AGM

**Date**

Tuesday, 7 August 2018

**Time**

10.30 AM

**Venue**

The Chancery Pavilion Hotel, No.135, K S Thimmaiah Road (Residency Road), Bengaluru- 560 035

#### Procedure at the AGM

##### ATTENDANCE

Every member shall have the 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 as at the cut off date considered for voting, i.e. Tuesday, 31 July 2018.

##### *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 to attend or are unable to attend the meeting, your vote is still important. We 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 you 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 the person of your choice to act as a proxy on your behalf. However, such person should be capable of entering into a contract.

## CORPORATE GOVERNANCE

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 the 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 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.
- For 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 5 August 2018.

### 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, under its seal, in their favour along with the attendance slip.

### VOTING

The Company has made available two modes of voting, viz, 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 the Companies Act, 2013, the Company is pleased to provide the members, the facility to exercise their right to vote at the 27<sup>th</sup> 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/her 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 Tuesday, 31 July 2018.

#### **1. The process and manner for remote e-voting are as under:**

##### **a) In case a Member receives an email from NSDL [for members whose email IDs are registered with the Company/ Depository Participants(s)] :**

- (i) Open the email 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 a scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. together with an attested specimen signature of the duly authorized signatory(ies) who is/are authorized to vote, to the Scrutinizer, Mr. S P Nagarajan through e-mail to [cs@nagarajansp818.com](mailto:cs@nagarajansp818.com) with a copy marked to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in)

## CORPORATE GOVERNANCE

b) In case a member receives a 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:

<u>EVEN (Remote e-voting Event Number)</u>	<u>USER ID</u>	<u>PASSWORD/PIN</u>
--------------------------------------------	----------------	---------------------

(ii) Please follow all steps from Sl. No. (ii) to Sl. No. (xii) above, to cast vote.

- In case of any queries, you may refer to the Frequently Asked Questions (FAQs) for members and remote e-voting user manual for Members available at the downloads section of [www.evoting.nsdl.com](http://www.evoting.nsdl.com) or call on the toll free no.: 1800-222-990.
- If you are already registered with NSDL for remote e-voting then you can use your existing user ID and password/PIN to cast your vote.
- 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).
- 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 Tuesday, 31 July 2018.
- Any person, who acquires shares of the Company and becomes a member of the Company after dispatch of the notice and holding shares as of the cut-off date i.e. Tuesday, 31 July 2018, such member may obtain the login ID and password by sending a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) or [giri@integratedindia.in](mailto:giri@integratedindia.in) (RTA).

However, if you are already registered with NSDL for remote e-voting then you can use your existing user ID and password to cast your vote. If you forgot your password, you can reset your password by using "Forgot User Details/Password" option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com) or contact NSDL at the following toll free No.: 1800-222-990.

- 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 the physical ballot. A person who is not a member as on the cut-off date should treat the above for information purposes only.

### 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 a physical ballot.

### 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 for 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
Despatch of Annual Report	By 14 July 2018
Advertisement regarding dispatch of notices and public notice regarding e-voting in English and Kannada language	By 14 July 2018
Cut-off date for remote e-voting	31 July 2018
Commencement of remote e-voting	2 August 2018 at 9.00 am
Closing of the e-voting	6 August 2018 at 5.00 pm
Physical voting at AGM	7 August 2018
Declaration of results of voting	9 August 2018

## CORPORATE GOVERNANCE

### VOTING RESULTS:

The results declared along with the report of the Scrutinizer shall be placed on the website of the Company, [www.mphasis.com](http://www.mphasis.com) and on the website of NSDL ([www.evoting.nsdl.com](http://www.evoting.nsdl.com)) 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 the corporate office.

### (b) Financial Calendar

Financial Year	1 April 2017 to 31 March 2018
Results Announced	10 May 2018
Book Closure Dates	28 July 2018 to 7 August 2018 (both days inclusive)
Posting of Annual Reports	By 14 July 2018
Annual General Meeting	7 August 2018
Dividend Payment Date	On or before 6 September 2018

### (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

\* Traded as permitted security on the Exchange.

The Company has paid the listing fees for the year ending 31 March 2019.

### (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, 4 <sup>th</sup> & 5 <sup>th</sup> Floors, Kamala Mills Compound, Senapathi Bapat Marg, Lower Parel, Mumbai - 400 013.
Central Depository Services (India) Limited	Phiroze Jeejeebhoy Towers, 17 <sup>th</sup> Floor, Dalal Street, Mumbai - 400 001.

Upon receipt of necessary documents, the Company has paid the custodial charges to the respective depository participant for the year ending 31 March 2019.

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. It is recommended that the shares be held in the dematerialized form considering the benefits embedded in holding the shares in electronic form. As on 31 March 2018, 99.12% 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 [www.mca.gov.in](http://www.mca.gov.in) (MCA21eServices) using the above mentioned CIN.

## CORPORATE GOVERNANCE

### (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 of the amount of the transaction and further 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/Registrar and Share Transfer Agent, 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:-

- Deletion of names of the deceased shareholder(s), where the shares are held in the name of two or more shareholders.
- Transmission of shares to the legal heir(s), where deceased shareholder(s) was the sole holder(s) of shares.
- 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, closing prices and the volume of shares of the Company traded for the period 1 April 2017 to 31 March, 2018 on the National Stock Exchange of India Limited (NSE) and BSE Limited (BSE) are given below:

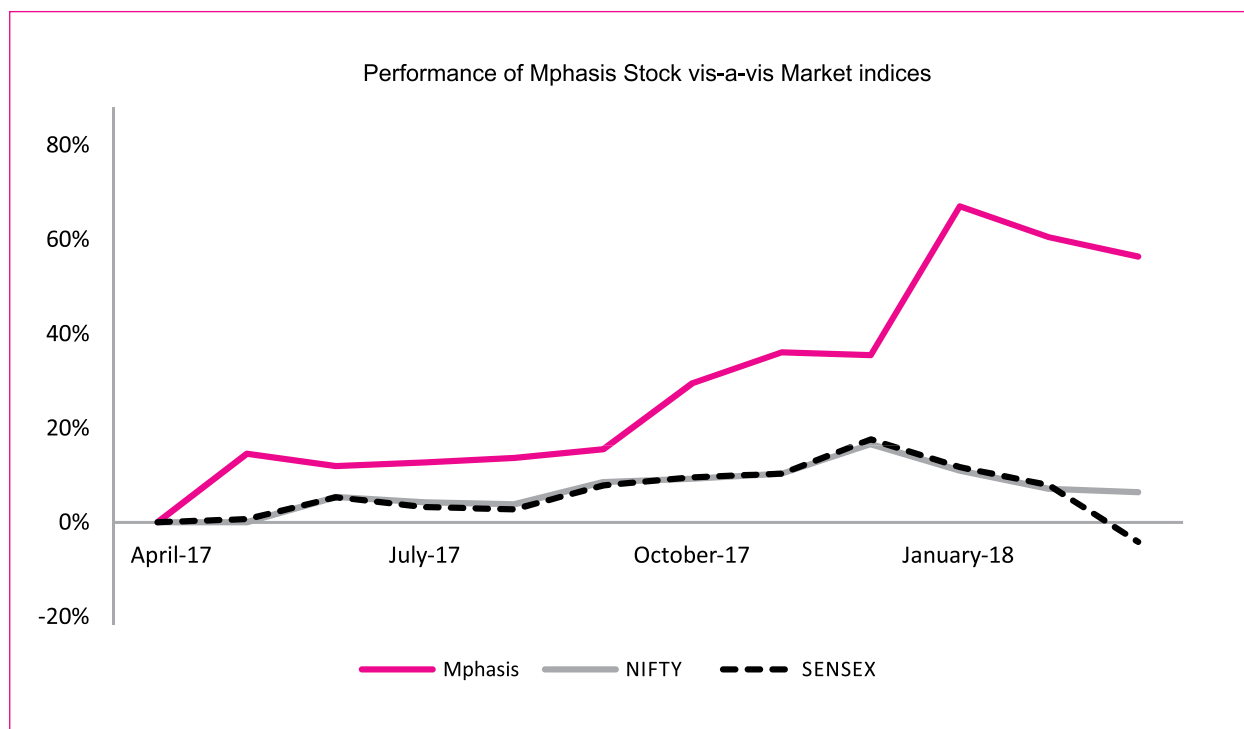
Month	NSE				BSE			
	High	Low	Close	Volume for the month	High	Low	Close	Volume for the month
	(₹)	(₹)	(₹)	(Shares)	(₹)	(₹)	(₹)	(Shares)
Apr-17	580	522	536	1,493,111	578	522	535	61,743
May-17	620	537	614	2,121,979	619	534	610	237,991
Jun-17	654	580	600	1,767,995	654	580	599	410,833
Jul-17	649	563	604	2,3747,39	650	560	605	167,779
Aug-17	628	526	609	1,052,530	626	560	612	50,703
Sep-17	642	572	619	1,818,917	642	575	618	186,115
Oct-17	736	605	694	2,760,814	735	606	690	534,512
Nov-17	775	680	729	4,354,889	774	681	730	1,326,452
Dec-17	772	733	726	2,096,386	770	700	729	92,920
Jan-18	925	707	895	7,947,303	918	700	900	565,625
Feb-18	934	812	860	5,477,544	933	821	859	262,143
Mar-18	895	799	838	5,337,491	895	802	844	134,299

Note: The prices have been rounded off to the nearest rupee

Based on the closing quotation of ₹ 838 per share as at 28 March 2018 at the National Stock Exchange, the market capitalization of the Company is ₹ 162 billion (as at 31 March 2017, ₹ 122 billion), representing a growth of 33% of market capitalization as at 31 March 2018.



## CORPORATE GOVERNANCE



### (h) Members' Profile

The shareholding pattern of the members of the Company as on 31 March 2018 is as follows :

Category	Total No. of shareholders	Shares held in demat form	Shares held in physical form	Total No. of shares	% to total capital
Promoter	1	116,691,668	-	116,691,668	60.38
Foreign Institutional Investors	5	192,870	100	192,970	0.10
Foreign Portfolio Investors	283	43,858,574	-	43,858,574	22.69
Financial Institutions and Banks	15	1,740,386	-	1,740,386	0.90
Mutual Funds	58	12,906,201	-	12,906,201	6.68
Bodies Corporate	389	10,904,800	1,000	10,905,800	5.64
Non-Resident Indians	641	1,764,299	-	1,764,299	0.91
Resident Indians	21,349	4,682,684	106,442	4,789,126	2.48
Others	153	411,158	-	411,158	0.22
<b>Total</b>	<b>22,894</b>	<b>193,152,640</b>	<b>107,542</b>	<b>193,260,182</b>	<b>100</b>

## CORPORATE GOVERNANCE

### (i) Distribution of Shareholding as on 31 March 2018

Category	Shareholders		Shares held	
	Number	Percentage	Number	Percentage
Upto 500	20,840	91.03	1,355,829	0.70
501 - 1000	843	3.68	651,033	0.34
1001 - 2000	390	1.70	572,359	0.30
2001 - 3000	161	0.70	407,092	0.21
3001 - 4000	91	0.40	326,770	0.17
4001 - 5000	76	0.33	347,826	0.18
5001 - 10000	149	0.65	1,052,268	0.54
10001 & above	344	1.50	188,547,005	97.56
<b>Total</b>	<b>22,894</b>	<b>100</b>	<b>193,260,182</b>	<b>100</b>

### (j) Details of shares in the Unclaimed Suspense Account:

Sl. No.	Particulars	No. of shareholders	No. of Shares
1	Aggregate number of shareholders and the outstanding shares in the unclaimed suspense account as at 1 April 2017	39	18,150
2	Transfer of Shares to Investor Education and Protection Fund pursuant to Section 124(6) of the Companies Act, 2013 <sup>Refer Note</sup>	27	13,650
3	Number of shareholders who approached the issuer for transfer of shares from the unclaimed suspense account during the year	0	0
4	Aggregate number of shareholders and the outstanding shares lying in the unclaimed suspense account at 31 March 2018	12	4,500

Note: Pursuant to Section 124 (6) of the Companies Act, 2013 read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, the shares, held by Shareholders who have not claimed dividend for the last seven consecutive years, have been transferred to Investor Education and Protection Fund.

The voting rights on the shares outstanding in the suspense account as on 31 March 2018 shall remain frozen till the rightful owner of such shares claims the shares

### (k) Address for Communication

#### Company Contact

Mr. Subramanian Narayan  
Vice President and Company Secretary  
Mphasis Limited,  
Bagmane World Technology Center,  
Marathahalli Outer Ring Road,  
Doddanakundi Village, Mahadevapura,  
Bengaluru - 560 048, India  
Phone: +91 (080) 6750 1000  
Fax: +91 (080) 6695 9943

#### Registrar and Share Transfer Agent Contact

Mr. S. Vijayagopal  
Vice President  
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  
10 May 2018

**Davinder Singh Brar**  
Chairman

## CORPORATE GOVERNANCE

### 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 2018, as stipulated under the provisions of Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and amendments thereof.

The compliance of conditions of Corporate Governance is the responsibility of the Company's management. This responsibility includes the design, implementation and maintenance of internal control and procedures to ensure the compliance with the conditions of the Corporate Governance stipulated in the SEBI Listing Regulations.

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 the examination of the relevant records, the representations and all material disclosures made by the Directors and the Management, the Company has complied with the provisions 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 : 10 May 2018  
Place : Bengaluru

# INDEPENDENT AUDITOR'S REPORT

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 2018, 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 Standalone Ind AS 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 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 2018, 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;

## INDEPENDENT AUDITOR'S REPORT

- (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 Companies (Indian Accounting Standards) Rules, 2015, as amended.
- (e) On the basis of written representations received from the directors as on 31 March 2018, and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2018, 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 35 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 20 to the standalone Ind AS financial statements; and
  - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the 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 : 10 May 2018

## INDEPENDENT AUDITOR'S REPORT

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 Company's business does not involve inventories and, accordingly, the requirements under paragraph 3(ii) of the Order are not applicable to the Company.
- (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 within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.
- (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, goods and 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, goods and 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, goods and service tax, duty of customs, duty of excise, value added tax and cess on account of any dispute, are as follows:

(₹ million)

Name of the Statute	Nature of Dues	Amount disputed*	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 for transfer pricing and other disallowances	1,221.03	-	-	2013-14	Dispute Resolution Panel
		1,655.81	107.47	-	2012-13	CIT (Appeals)
		354.31	224.79	-	2011-12	CIT (Appeals)
		563.35	563.35	-	2010-11	CIT (Appeals)
		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
		575.15	575.15	-	2006-07	ITAT
		324.56	113.76	-	2004-05	ITAT

## INDEPENDENT AUDITOR'S REPORT

(₹ million)

Name of the Statute	Nature of Dues	Amount disputed*	Amount paid/ refund adjusted under protest	Bank guarantee provided under protest	Period to which the amount relates (financial year)	Forum where dispute is Pending
	Non-deduction of TDS	491.02	20.00	455.19	2014-15	CIT (Appeals)
		1,552.38	90.00	1,365.62	2012-13 to 2013-14	CIT (Appeals)
		5,363.73	407.10	4,841.14	2005-06 to 2011-12	ITAT
		3.37	-	-	1999-00 to 2001-02	Supreme Court
	Disallowances under section 10A	4.61	4.61	-	2005-06	Supreme court
		14.16	14.16	-	2004-05	Karnataka High court
		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
		109.41	6.67	-	2005-06 to 2008-09	CESTAT, Karnataka
		2.6	0.19	-	Oct-06 to Sep-11	CESTAT, Karnataka
Maharashtra Value Added Tax Act, 2002	Sales Tax	0.06	-	-	2013-14	Deputy Commissioner of Commercial Taxes, Maharashtra
Tennessee Sales and Use Tax Regulations, USA	Non levy of Sales and Use Tax on specified transactions	350.33	-	-	Dec-11 to April-15	Department of Revenue, Tennessee

\* excluding penalty and interest from the date of the Order to 31 March 2018.

- (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.



## INDEPENDENT AUDITOR'S REPORT

- (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 : Bengaluru  
Date : 10 May 2018

# INDEPENDENT AUDITOR'S REPORT

## **Annexure 2 to the Independent Auditor's Report of even date on the standalone Ind AS 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")**

We have audited the internal financial controls over financial reporting of Mphasis Limited ("the Company") as of 31 March 2018 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.

## INDEPENDENT AUDITOR'S REPORT

### 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 2018, 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 : 10 May 2018

# STANDALONE FINANCIAL STATEMENTS

## STANDALONE BALANCE SHEET

		(₹ millions)	
	Notes	31 March 2018	31 March 2017
<b>ASSETS</b>			
<b>Non current assets</b>			
Property, Plant and Equipment	3	529.04	628.54
Capital work-in-progress		18.20	-
Other intangible assets	4	114.89	146.60
Intangible assets under development	5	3.40	2.00
<b>Financial assets</b>			
Investments	6	15,626.75	15,425.72
Trade receivables	7	10.60	31.32
Loans	8	1,120.20	1,094.73
Other financial assets	9	75.25	109.32
Deferred tax assets (Net)	24	829.50	291.44
Income tax assets (Net)	24	3,891.43	3,540.58
Other non current assets	10	1,502.47	1,962.64
<b>Sub total</b>		<b>23,721.73</b>	<b>23,232.89</b>
<b>Current assets</b>			
<b>Financial assets</b>			
Investments	11	9,627.36	14,706.52
Trade receivables	7	5,595.21	7,075.76
Cash and cash equivalents	12.a	1,975.87	2,520.52
Bank balances other than cash and cash equivalents	12.b	136.15	-
Loans	8	1,463.24	1,497.88
Other financial assets	9	2,371.08	3,019.42
Other current assets	10	1,768.87	1,698.96
<b>Sub total</b>		<b>22,937.78</b>	<b>30,519.06</b>
<b>TOTAL ASSETS</b>		<b>46,659.51</b>	<b>53,751.95</b>

# STANDALONE FINANCIAL STATEMENTS

## STANDALONE BALANCE SHEET

(₹ millions)

	Notes	31 March 2018	31 March 2017
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity share capital	13	1,932.67	2,104.24
<b>Other equity</b>			
Securities premium	14	95.18	1,654.10
General reserve	15	742.07	6,576.85
Retained earnings	16	35,308.68	35,455.23
Other reserves	17	995.64	1,162.84
<b>Total equity</b>		<b>39,074.24</b>	<b>46,953.26</b>
<b>LIABILITIES</b>			
<b>Non current liabilities</b>			
<b>Financial liabilities</b>			
Other financial liabilities	18	38.15	10.73
Net employee defined benefit liabilities	19	519.29	536.05
Provisions	20	50.00	-
<b>Sub total</b>		<b>607.44</b>	<b>546.78</b>
<b>Current liabilities</b>			
<b>Financial liabilities</b>			
Borrowings	21	1,299.60	-
Trade payables	22	3,114.41	4,297.74
Other financial liabilities	18	749.27	536.80
Net employee defined benefit liabilities	19	354.94	435.96
Provisions	20	231.03	287.09
Other current liabilities	23	555.94	241.66
Income tax liabilities (Net)	24	672.64	452.66
<b>Sub total</b>		<b>6,977.83</b>	<b>6,251.91</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>46,659.51</b>	<b>53,751.95</b>

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**

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

**Narayanan Kumar**

Director

**V. Suryanarayanan**

Executive Vice President &  
Chief Financial Officer

**Subramanian Narayan**

Vice President, Company Secretary

Bengaluru  
10 May 2018

Bengaluru  
10 May 2018

## STANDALONE FINANCIAL STATEMENTS

### STANDALONE STATEMENT OF PROFIT AND LOSS

(₹ millions)

	Notes	Year ended 31 March 2018	Year ended 31 March 2017
<b>Income</b>			
Revenue from operations	25	32,748.71	30,185.54
Other income	26	1,216.16	1,865.83
<b>Total income (I)</b>		<b>33,964.87</b>	<b>32,051.37</b>
<b>Expenses</b>			
Purchase of stock-in-trade	27	-	0.24
Changes in inventories of stock-in-trade	27.1	-	40.99
Employee benefits expense	28	13,915.52	13,564.99
Finance costs	29	52.38	24.01
Depreciation and amortization expense	30	317.89	263.78
Other expenses	31	10,243.56	9,845.85
<b>Total expenses (II)</b>		<b>24,529.35</b>	<b>23,739.86</b>
<b>Profit before exceptional item and tax (III) [(I)-(II)]</b>		<b>9,435.52</b>	<b>8,311.51</b>
Exceptional item (net of tax) (IV)	32	130.78	47.98
<b>Profit before tax (III)-(IV)</b>		<b>9,304.74</b>	<b>8,263.53</b>
<b>Tax expenses</b>			
	24		
Current tax		2,183.56	2,036.31
Deferred tax		(277.73)	(22.88)
<b>Total tax expenses</b>		<b>1,905.83</b>	<b>2,013.43</b>
<b>Profit for the year before exceptional item</b>		<b>7,529.69</b>	<b>6,298.08</b>
<b>Profit for the year after exceptional item (A)</b>		<b>7,398.91</b>	<b>6,250.10</b>

# STANDALONE FINANCIAL STATEMENTS

## STANDALONE STATEMENT OF PROFIT AND LOSS

(₹ in million)

	Notes	Year ended 31 March 2018	Year ended 31 March 2017
<b>Other comprehensive income ('OCI')</b>			
<b>OCI to be reclassified to profit or loss in subsequent periods</b>			
Net change in fair value of derivatives designated as cash flow hedges		(715.49)	727.76
Income tax effect on the above		246.38	(251.86)
<b>Net OCI to be reclassified to profit or loss in subsequent period (B)</b>		<b>(469.11)</b>	<b>475.90</b>
<b>OCI not to be reclassified to profit or loss in subsequent periods</b>			
Re-measurement gains / (losses) on defined benefit plans		(38.67)	(33.85)
Income tax effect on the above		13.94	11.72
<b>Net OCI not to be reclassified to profit or loss in subsequent periods (C)</b>		<b>(24.73)</b>	<b>(22.13)</b>
<b>Total OCI for the year, net of tax (D) [B+C]</b>		<b>(493.84)</b>	<b>453.77</b>
<b>Total comprehensive income for the year (A+D)</b>		<b>6,905.07</b>	<b>6,703.87</b>
<b>Earnings per equity share before exceptional item (par value ₹ 10 per share)</b>	33		
Basic (₹)		38.35	29.99
Diluted (₹)		38.29	29.94
<b>Earnings per equity share after exceptional item (par value ₹ 10 per share)</b>	33		
Basic (₹)		37.69	29.76
Diluted (₹)		37.63	29.71
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**

Chartered Accountants

ICAI Firm registration number:101049W/E300004

**per Adarsh Ranka**

Partner

Membership No. 209567

Bengaluru  
10 May 2018

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

**Nitin Rakesh**

Chief Executive Officer

**V. Suryanarayanan**

Executive Vice President &  
Chief Financial Officer

Bengaluru  
10 May 2018

**Narayanan Kumar**

Director

**Subramanian Narayan**

Vice President, Company Secretary



# 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 2017	210.42	2,104.24
Issue of share capital	0.21	2.13
Equity shares extinguished on buy back [refer note 13(d)(ii)]	(17.37)	(173.70)
<b>As at 31 March 2018</b>	<b>193.26</b>	<b>1,932.67</b>
As at 1 April 2016	210.19	2,101.94
Issue of share capital	0.23	2.30
<b>As at 31 March 2017</b>	<b>210.42</b>	<b>2,104.24</b>

### b. Other equity

(₹ millions)

	Attributable to the equity holders of the Company								Total
	Reserves and surplus							Items of OCI	
	Securities Premium	General reserve	Retained earnings	Capital reserve	Capital redemption reserve	Share based payments	Treasury shares	Hedging reserve	
<b>As at 1 April 2017</b>	<b>1,654.10</b>	<b>6,576.85</b>	<b>35,455.23</b>	<b>265.16</b>	-	<b>190.47</b>	<b>(0.45)</b>	<b>707.66</b>	<b>44,849.02</b>
Profit for the year	-	-	7,398.91	-	-	-	-	-	7,398.91
Other Comprehensive Income	-	-	(24.73)	-	-	-	-	(469.11)	(493.84)
Equity dividend and Dividend Distribution Tax	-	-	(3,951.45)	-	-	-	-	-	(3,951.45)
Buy back of equity shares [refer note 13(d)(ii)]	(1,654.10)	(6,576.85)	(2,799.05)	-	173.70	-	-	-	(10,856.30)
Buy back expenses	-	-	(30.34)	-	-	-	-	-	(30.34)
Transfer to General Reserve	-	739.89	(739.89)	-	-	-	-	-	-
Effect of share based payments	95.18	2.18	-	-	-	127.76	0.45	-	225.57
<b>As at 31 March 2018</b>	<b>95.18</b>	<b>742.07</b>	<b>35,308.68</b>	<b>265.16</b>	<b>173.70</b>	<b>318.23</b>	-	<b>238.55</b>	<b>37,141.57</b>
<b>As at 1 April 2016</b>	<b>1,572.36</b>	<b>5,946.19</b>	<b>34,910.97</b>	<b>265.16</b>	-	<b>170.43</b>	<b>(158.29)</b>	<b>231.76</b>	<b>42,938.58</b>
Profit for the year	-	-	6,250.10	-	-	-	-	-	6,250.10
Other Comprehensive Income	-	-	(22.13)	-	-	-	-	475.90	453.77
Equity dividend and Dividend Distribution Tax	-	-	(5,058.70)	-	-	-	-	-	(5,058.70)
Transfer to General Reserve	-	625.01	(625.01)	-	-	-	-	-	-
Effect of share based payments	81.74	5.65	-	-	-	20.04	157.84	-	265.27
<b>As at 31 March 2017</b>	<b>1,654.10</b>	<b>6,576.85</b>	<b>35,455.23</b>	<b>265.16</b>	-	<b>190.47</b>	<b>(0.45)</b>	<b>707.66</b>	<b>44,849.02</b>

Summary of significant accounting policies. (Note 2)

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

**Narayanan Kumar**

Director

**V. Suryanarayanan**

Executive Vice President &

Chief Financial Officer

**Subramanian Narayan**

Vice President, Company Secretary

Bengaluru

10 May 2018

Bengaluru

10 May 2018

## STANDALONE FINANCIAL STATEMENTS

### STANDALONE STATEMENT OF CASH FLOWS

(₹ millions)

	Year ended 31 March 2018	Year ended 31 March 2017
<b>Operating activities</b>		
<b>Profit before exceptional item and tax</b>	<b>9,435.52</b>	<b>8,311.51</b>
<b>Adjustment to reconcile profit before tax to net cash flows:</b>		
Depreciation of Property, Plant and Equipment	244.99	212.70
Amortisation of intangible assets	72.94	51.25
Amortisation of rent equalisation	574.06	487.03
Profit on sale of Property, Plant and Equipment	(7.46)	(27.94)
Net gain on investments carried at fair value through profit and loss (refer note 26)	(752.02)	(1,005.84)
Amortised cost of deposits	(6.20)	(0.94)
Share-based payment expense	89.10	27.73
Provision for bad and doubtful debts	(20.24)	-
Interest expenses (excluding exchange difference considered as adjustment to borrowing cost)	23.40	16.26
Interest income (excluding fair value changes)	(122.70)	(322.00)
Dividend income	-	(135.04)
Receipts on exercise of options	-	49.77
Effect of exchange rate changes (gain) / loss	16.93	9.71
<b>Operating profit before working capital changes</b>	<b>9,548.32</b>	<b>7,674.20</b>
<b>Working capital changes</b>		
(Increase) / decrease in trade receivables	1,521.51	(1,984.53)
(Increase) / decrease in loans	200.84	196.06
(Increase) / decrease in other financial assets	(0.79)	588.49
(Increase) / decrease in inventories	-	40.99
(Increase) / decrease in other assets	(259.42)	(36.02)
Increase / (decrease) in trade payables	(1,183.33)	662.16
Increase / (decrease) in other financial liabilities	106.35	(791.11)
Increase / (decrease) in provisions and Net employee defined benefit liabilities	(342.51)	(257.36)
Increase / (decrease) in other liabilities	314.28	(105.68)
<b>Total working capital changes</b>	<b>356.93</b>	<b>(1,687.00)</b>
Income tax paid (net of refunds)	(2,245.22)	(1,969.22)
<b>Net cash flow from operating activities before exceptional item</b>	<b>7,660.03</b>	<b>4,017.98</b>
Accelerated cost due to change in control	-	(13.95)
<b>Net cash flow from operating activities after exceptional item (A)</b>	<b>7,660.03</b>	<b>4,004.03</b>

# STANDALONE FINANCIAL STATEMENTS

## STANDALONE STATEMENT OF CASH FLOWS

(₹ millions)

	Year ended 31 March 2018	Year ended 31 March 2017
<b>Investing activities</b>		
Purchase of Property, Plant and Equipment	(213.11)	(641.09)
Proceeds from sale of Property, Plant and Equipment	13.48	44.49
Purchase of investments	(42,724.54)	(176,163.68)
Sale of investments	48,354.65	176,432.70
Interest received	113.48	255.73
Dividends received	-	135.04
Re-investment of dividend	-	(99.46)
Investments in bank deposits	(27.00)	(74.93)
Redemption / maturity of bank deposits	-	3,709.97
<b>Net cash flow from investing activities (B)</b>	<b>5,516.96</b>	<b>3,598.77</b>
<b>Financing activities</b>		
Proceeds from issue of share capital	2.13	2.30
Proceeds of premium from issue of share capital	26.59	0.24
Payment towards buy back of shares	(11,030.00)	-
Buy back expenses paid	(30.34)	-
Repayment of unsecured loans	(2,567.49)	(2,216.47)
Availment of unsecured loans	3,850.16	881.66
Interest paid	(23.40)	(16.26)
Dividends paid (including tax on dividend)	(3,949.29)	(5,054.90)
<b>Net cash flow used in financing activities (C)</b>	<b>(13,721.64)</b>	<b>(6,403.43)</b>
<b>Net (decrease) / increase in cash and cash equivalents (A+B+C)</b>	<b>(544.65)</b>	<b>1,199.37</b>
Cash and cash equivalents at the beginning of the year	2,520.52	1,321.15
<b>Cash and cash equivalents at the end of the year [refer note 12(a)]</b>	<b>1,975.87</b>	<b>2,520.52</b>

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

**Narayanan Kumar**

Director

**V. Suryanarayanan**

Executive Vice President &

Chief Financial Officer

**Subramanian Narayan**

Vice President, Company Secretary

Bengaluru

10 May 2018

Bengaluru

10 May 2018

# STANDALONE FINANCIAL STATEMENTS

## 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 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 2018 are approved by the Board of Directors on 10 May 2018.

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')
- Capital Redemption Reserve ('CRR')

### 2. SIGNIFICANT ACCOUNTING POLICIES

#### Basis of preparation

Standalone financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) specified under Section 133 of the Companies Act, 2013 read with the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time).

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 assets and liabilities designated as hedged items are recognized at fair value.

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.

## STANDALONE FINANCIAL STATEMENTS

Business combinations arising from transfers of interests in entities that are under the common control are accounted using 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 forecast for future years. These 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 17.

- **Taxes**

The Company's major tax jurisdictions is in India. Significant judgments are involved in determining the provision for income taxes and tax credits, including the amount expected to be paid or refunded. (refer note 24).

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 41)

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.

## STANDALONE FINANCIAL STATEMENTS

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 in accordance with the accounting policy. Initial capitalization of costs is based on management's judgement that technological and economic feasibility is confirmed. This is done 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, discount rates to be applied and the expected tenure 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, considering contractually defined terms of payment.

Sales tax/Value Added Tax (VAT) / Service Tax / Goods and Service Tax ("GST") 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 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.

## STANDALONE FINANCIAL STATEMENTS

Unbilled revenue represents 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 / Internally developed software for self-consumption	As per Ind AS 38	3 to 7
Internally developed software for sale	As per Ind AS 38	3 to 7
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.



## STANDALONE FINANCIAL STATEMENTS

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 in the statement of profit and loss on a straight line basis over the lease term, unless the lease agreement explicitly states that increase is because of inflation.

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, The Company provides for impairment of 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.

# STANDALONE FINANCIAL STATEMENTS

## 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. Trade receivables which are subject to factoring arrangements are derecognized in accordance with Ind AS 109.

## 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. Attributable transaction costs are recognized in the statement of profit and loss as and 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 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 till 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 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.

# STANDALONE FINANCIAL STATEMENTS

## 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.

# STANDALONE FINANCIAL STATEMENTS

## 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 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.

## 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 formed 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.

## STANDALONE FINANCIAL STATEMENTS

### 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.
- It is held primarily for purpose of trading.
- It is 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 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 equipment	Computer equipment	Servers and Networks	Office equipment	Furniture and fixtures	Vehicles	Leasehold improvements	Total
<b>Cost</b>								
<b>At 1 April 2016</b>	<b>59.23</b>	<b>215.18</b>	<b>202.08</b>	<b>41.46</b>	<b>22.19</b>	<b>67.77</b>	<b>41.26</b>	<b>649.17</b>
Additions	23.22	277.43	99.23	23.53	10.16	28.08	31.17	<b>492.82</b>
Disposals	(0.49)	(122.50)	(3.47)	(0.87)	(2.51)	(13.88)	-	<b>(143.72)</b>
<b>At 31 March 2017</b>	<b>81.96</b>	<b>370.11</b>	<b>297.84</b>	<b>64.12</b>	<b>29.84</b>	<b>81.97</b>	<b>72.43</b>	<b>998.27</b>
Additions	11.40	85.14	41.30	7.80	4.31	(0.06)	0.17	<b>150.06</b>
Disposals	(2.08)	(4.04)	(43.64)	(0.11)	(0.16)	(15.22)	-	<b>(65.25)</b>
<b>At 31 March 2018</b>	<b>91.28</b>	<b>451.21</b>	<b>295.50</b>	<b>71.81</b>	<b>33.99</b>	<b>66.69</b>	<b>72.60</b>	<b>1,083.08</b>
<b>Depreciation</b>								
<b>At 1 April 2016</b>	<b>11.89</b>	<b>64.85</b>	<b>69.46</b>	<b>9.67</b>	<b>8.78</b>	<b>17.04</b>	<b>33.25</b>	<b>214.94</b>
Charge for the year*	15.06	97.76	44.19	13.62	8.52	18.38	15.17	<b>212.70</b>
Disposals	(0.21)	(45.95)	(1.05)	(0.88)	(2.49)	(7.33)	-	<b>(57.91)</b>
<b>At 31 March 2017</b>	<b>26.74</b>	<b>116.66</b>	<b>112.60</b>	<b>22.41</b>	<b>14.81</b>	<b>28.09</b>	<b>48.42</b>	<b>369.73</b>
Charge for the year*	16.99	132.98	48.40	13.40	5.46	16.78	10.98	<b>244.99</b>
Disposals	(2.00)	(4.02)	(42.80)	(0.09)	(0.10)	(11.67)	-	<b>(60.68)</b>
<b>At 31 March 2018</b>	<b>41.73</b>	<b>245.62</b>	<b>118.20</b>	<b>35.72</b>	<b>20.17</b>	<b>33.20</b>	<b>59.40</b>	<b>554.04</b>
<b>Net block</b>								
<b>At 31 March 2017</b>	<b>55.22</b>	<b>253.45</b>	<b>185.24</b>	<b>41.71</b>	<b>15.03</b>	<b>53.88</b>	<b>24.01</b>	<b>628.54</b>
<b>At 31 March 2018</b>	<b>49.55</b>	<b>205.59</b>	<b>177.30</b>	<b>36.09</b>	<b>13.82</b>	<b>33.49</b>	<b>13.20</b>	<b>529.04</b>

\* Depreciation amounting to ₹ 0.04 millions (31 March 2017: ₹ 0.17 millions) has been adjusted against provision created for loss on long term contract, sale / exit of domestic BPO business.

## STANDALONE FINANCIAL STATEMENTS

### 4. OTHER INTANGIBLE ASSETS

(₹ millions)

	31 March 2018	31 March 2017
<b>Software</b>		
<b>Cost</b>		
Opening balance	258.61	121.27
Additions	42.68	137.34
Disposals	(6.50)	-
<b>Closing balance</b>	<b>294.79</b>	<b>258.61</b>
<b>Amortization</b>		
Opening balance	112.01	60.76
Amortization	72.94	51.25
Disposals	(5.05)	-
<b>Closing balance</b>	<b>179.90</b>	<b>112.01</b>
<b>Net block</b>	<b>114.89</b>	<b>146.60</b>

### 5. INTANGIBLE ASSETS UNDER DEVELOPMENT

	31 March 2018	31 March 2017
<b>Cost</b>		
Opening balance	2.00	10.91
Additions	21.49	9.21
Capitalization	(20.09)	(18.12)
<b>Closing balance</b>	<b>3.40</b>	<b>2.00</b>

As at 31 March 2018, Intangible assets under development has a balance of ₹ 3.40 millions (31 March 2017: ₹ 2.00 millions) which is towards software being developed for internal use.

	31 March 2018			31 March 2017		
	Shares	Per share	₹ millions	Shares	Per share	₹ millions
<b>6. NON CURRENT INVESTMENTS</b>						
<b>Investments carried at cost</b>						
<b>Investment in subsidiaries</b>						
Mphasis Corporation	3,187	US \$ 0.01	3,724.39	3,187	US \$ 0.01	3,724.43
Mphasis Australia Pty Limited	2,000	AUD 1	0.05	2,000	AUD 1	0.05
Mphasis Deutschland GmbH (Nominal capital of 91,000 Deutch Mark)	-	-	2.52	-	-	2.52
Less: Provision for impairment in value of investment			(2.52)			(2.52)
Mphasis (Shanghai) Software & Services Company Limited (100% equity interest)	-	-	105.35	-	-	105.35
Mphasis Consulting Limited	7,953,393	£ 0.002	685.65	7,953,393	£ 0.002	685.65
Mphasis Ireland Limited	10,000	€ 1	0.59	10,000	€ 1	0.59
Mphasis Belgium BVBA	62	€ 100	0.39	62	€ 100	0.39
Mphasis Lanka Private Limited	1,095,584	LKR 112.10	55.78	1,095,584	LKR 112.10	55.78
Less: Provision for impairment in value of investment			(55.78)			(55.78)
PT Mphasis Indonesia	99,000	US \$ 1	4.38	99,000	US \$ 1	4.38
Mphasis Poland s.p.z.o.o.	200	PLN 500	2.07	200	PLN 500	2.07
<b>In fellow subsidiaries</b>						
Mphasis Europe BV	3,381,654	€ 1	9,647.64	3,381,654	€ 1	9,647.64
<b>Investment in subsidiaries (A)</b>			<b>14,170.51</b>			<b>14,170.55</b>



## STANDALONE FINANCIAL STATEMENTS

	31 March 2018			31 March 2017		
	Units	NAV (₹)	₹ millions	Units	NAV (₹)	₹ millions
<b>6. NON CURRENT INVESTMENTS (Continued)</b>						
<b>Investments carried at amortized cost</b>						
<b>Unquoted bonds</b>						
7.11% Power Finance Corporation Ltd.	25,670	1,000	25.67	25670	1,000	25.67
7.21% Power Finance Corporation Ltd.	100	1,000,000	100.00	100	1,000,000	100.00
7.19% India Infrastructure Finance Company Limited	929,500	1,000	929.50	929500	1,000	929.50
7.21% India Infrastructure Finance Company Limited	100	1,000,000	100.00	100	1,000,000	100.00
8.10% Housing and Urban Development Corporation	50,000	1,000	50.00	50,000	1,000	50.00
7.34% Housing and Urban Development Corporation	50,000	1,000	50.00	50,000	1,000	50.00
<b>Investments carried at FVTPL</b>						
<b>Quoted mutual funds</b>						
Aditya Birla Sun Life FTP – Series PH Direct Growth	20,000,000	10.0534	201.07	-	-	-
<b>Investments other than subsidiaries (B)</b>			<b>1,456.24</b>			<b>1,255.17</b>
<b>Total Non current investments (A+B)</b>			<b>15,626.75</b>			<b>15,425.72</b>
Aggregate value of unquoted non current investments in subsidiaries			14,170.51			14,170.55
Aggregate value of unquoted non current investments			1,255.17			1,255.17
Aggregate net asset value of mutual fund investment			201.07			-
Aggregate amount of impairment in value of investments			(58.30)			(58.30)

	(₹ millions)			
	Non Current		Current	
	31 March 2018	31 March 2017	31 March 2018	31 March 2017
<b>7. TRADE RECEIVABLES</b>				
<b>Carried at amortized cost</b>				
Trade receivables	10.60	31.32	3,303.12	2,466.61
Receivables from related parties	-	-	2,292.09	4,609.15
<b>Total trade receivables</b>	<b>10.60</b>	<b>31.32</b>	<b>5,595.21</b>	<b>7,075.76</b>
<b>Unsecured</b>				
Considered good	10.60	31.32	5,595.21	7,075.76
Considered doubtful	365.29	472.16	-	-
Less: Provision for doubtful receivables	(365.29)	(472.16)	-	-
	<b>10.60</b>	<b>31.32</b>	<b>5,595.21</b>	<b>7,075.76</b>

## STANDALONE FINANCIAL STATEMENTS

(₹ millions)

	Non Current		Current	
	31 March 2018	31 March 2017	31 March 2018	31 March 2017
<b>8. LOANS</b>				
<b>Unsecured - considered good</b>				
<b>Carried at amortized cost</b>				
Deposits				
- Premises	123.31	158.01	484.87	368.35
- With government authorities	-	-	26.42	29.90
- Others	996.89	932.35	75.32	71.70
Employee advances	-	4.37	32.66	20.78
Recoverable from subsidiaries	-	-	843.97	1,007.15
	<b>1,120.20</b>	<b>1,094.73</b>	<b>1,463.24</b>	<b>1,497.88</b>

	Non Current		Current	
	31 March 2018	31 March 2017	31 March 2018	31 March 2017
<b>9. OTHER FINANCIAL ASSETS</b>				
<b>Unsecured - considered good</b>				
<b>Carried at amortized cost</b>				
Unbilled revenue	-	-	1,891.48	1,724.74
Non current bank balances (refer note 12.b)	0.17	109.32	-	-
Accrued interest	-	-	44.40	35.18
Expense incurred on behalf of customers	-	-	9.40	8.10
<b>Derivative instruments at FVTPL (not designated as hedges)</b>				
Foreign exchange forward contracts	-	-	1.71	168.94
<b>Derivative instruments at FVTOCI (cash flow hedges)</b>				
Foreign exchange forward contracts	75.08	-	424.09	1,082.46
	<b>75.25</b>	<b>109.32</b>	<b>2,371.08</b>	<b>3,019.42</b>

	Non Current		Current	
	31 March 2018	31 March 2017	31 March 2018	31 March 2017
<b>10. OTHER ASSETS</b>				
<b>Unsecured - considered good</b>				
Rent equalisation	25.10	395.46	354.09	557.79
Capital advances	375.97	376.04	-	-
Prepaid expenses	47.58	109.27	480.28	486.82
Advance to supplier / others	-	-	600.12	484.25
Indirect tax recoverable *	1,053.82	1,081.87	334.38	170.10
	<b>1,502.47</b>	<b>1,962.64</b>	<b>1,768.87</b>	<b>1,698.96</b>

\* Indirect tax recoverable includes GST / Service Tax receivables and Service Tax refunds due net of provisions amounting to ₹ 1,390.67 millions (31 March 2017: ₹ 1,223.09 millions). Effective 1 April 2011, 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) till June 2017. The management, per the legal opinion, is confident that the legal positions taken by the Company are tenable and defensible under law.

## STANDALONE FINANCIAL STATEMENTS

(₹ millions)

	31 March 2018			31 March 2017		
	Units	NAV (₹)	₹ millions	Units	NAV (₹)	₹ millions
<b>11. CURRENT INVESTMENTS</b>						
<b>Investments carried at FVTPL</b>						
<b>Quoted mutual funds</b>						
Birla Sun life Cash Plus - Growth -Direct Plan	5,233,773	279.3146	1,461.87	3,619,254	261.3091	945.74
L&T Liquid Fund Direct Plan Growth	142,820	2,382.8749	340.32	158,866	2,230.0391	354.28
Reliance Liquid Fund - Treasury Plan Direct growth	323,614	4,239.9424	1,372.10	310,580	3,967.3575	1,232.18
Kotak Floater Short Term - Direct Plan Growth	302,787	2,851.9553	863.53	460,150	2,669.3784	1,228.31
DSP BlackRock FMP Series 222	25,000,000	10.0771	251.93	-	-	-
0 % Nabard 2020	1,700	16,671.70	28.34	-	-	-
0 % REC 2020	1,830	24,795.60	45.38	-	-	-
Reliance Fixed Horizon Fund XXXVI	25,000,000	10.0811	252.03	-	-	-
Kotak Equity Arbitrage Fund	41,470,753	25.5148	1,058.12	-	-	-
Kotak FMP Series 218 Direct	25,000,000	10.0747	251.87	-	-	-
IDFC Super Saver Income Fund-Short term plan growth	-	-	-	29,635,077	34.3185	1,017.03
ICICI Prudential Liquid - Direct Plan - Growth	-	-	-	3,966,098	240.7173	954.71
ICICI Ultra Short Term Plan Direct Growth	-	-	-	91,180,422	17.1124	1,560.32
L&T Liquid Ultra short term Fund - Growth	-	-	-	55,507,551	26.9023	1,493.28
L&T Short Term opportunities Fund- Growth	-	-	-	79,565,712	15.9366	1,268.01
Axis Treasury Advantage Fund - Direct Plan - Growth	-	-	-	565,936	1,846.1020	1,044.78
IDFC Money Manager Fund-Invest Plan-Direct-Growth	-	-	-	43,032,506	25.7452	1,107.88
<b>Quoted Debentures</b>						
Citicorp Finance (India) Ltd.	36,000	102,829.72	3,701.87	25,000	100,000.00	2,500.00
			<b>9,627.36</b>			<b>14,706.52</b>
Aggregate value of quoted current investments			<b>3,701.87</b>			<b>2,500.00</b>
Aggregate net asset value of mutual fund investment			<b>5,925.49</b>			<b>12,206.52</b>

	Non Current		Current	
	31 March 2018	31 March 2017	31 March 2018	31 March 2017
<b>12. CASH AND CASH EQUIVALENTS</b>				
<b>a. Balances with banks:</b>				
On current accounts	-	-	1,867.03	573.63
Deposits with original maturity less than 3 months	-	-	95.17	1,935.38
Unclaimed dividend	-	-	13.67	11.51
	-	-	<b>1,975.87</b>	<b>2,520.52</b>
<b>b. Bank balances other than cash and cash equivalents*</b>				
Deposits with remaining maturity for more than 12 months	0.17	109.32	-	-
Deposits with remaining maturity for less than 12 months	-	-	136.15	-
	<b>0.17</b>	<b>109.32</b>	<b>136.15</b>	-
Disclosed under other non current financial assets (refer note 9)	(0.17)	(109.32)	-	-
	-	-	<b>136.15</b>	-
	-	-	<b>2,112.02</b>	<b>2,520.52</b>

\* includes restricted deposits of ₹ 109.32 millions as at 31 March 2018 (31 March 2017: ₹ 109.32 millions).

## STANDALONE FINANCIAL STATEMENTS

(₹ millions)

	31 March 2018	31 March 2017
<b>13. EQUITY SHARE CAPITAL</b>		
<b>Authorised share capital</b>		
245,000,000 (31 March 2017: 245,000,000) equity shares of ₹ 10 each	2,450.00	2,450.00
<b>Issued, subscribed and fully paid-up shares</b>		
193,260,182 (31 March 2017: 210,417,080) equity shares of ₹ 10 each fully paid-up	1,932.60	2,104.17
Add: Amount originally paid-up on forfeited shares	0.07	0.07
<b>Total issued, subscribed and fully paid-up share capital</b>	<b>1,932.67</b>	<b>2,104.24</b>

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

	31 March 2018		31 March 2017	
	Number	₹ millions	Number	₹ millions
At the beginning of the year	210,417,080	2,104.17	210,187,117	2,101.87
Employee stock option plans issued	213,180	2.13	229,963	2.30
Buy back of shares	(17,370,078)	(173.70)	-	-
<b>Outstanding at the end of the year</b>	<b>193,260,182</b>	<b>1,932.60</b>	<b>210,417,080</b>	<b>2,104.17</b>

### (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

	31 March 2018	31 March 2017
Marble II Pte Limited (subsidiary of the ultimate holding company) *	1,166.92	1,271.08
116,691,668 (31 March 2017 127,108,444) equity share of ₹ 10 each fully paid		

\* The ultimate holding company is Blackstone Capital Partners (Cayman II) VI L.P. w.e.f. 1 September 2016 (refer note 47).

### (d) Equity shares movement during five years immediately preceding 31 March 2018

#### (i) Aggregate number of bonus shares and shares issued for consideration other than cash:

	31 March 2018	31 March 2017
Equity shares allotted as fully paid bonus shares by capitalization of securities premium / retained earnings	-	700

In addition, the Company has issued total 503,161 shares (31 March 2017: 309,523) 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 the form of employee services.

#### (ii) Equity shares extinguished / cancelled on buy back

The Company has completed the buyback of 17,370,078 fully paid-up equity shares of face value of ₹ 10 each ("equity shares") on 2 June 2017, representing 8.26% of the total paid-up equity share capital of the Company, at a price of ₹ 635 per equity share for an aggregate amount of ₹ 11,030.00 million. The shares accepted by the Company under the buyback has been extinguished on 7 June 2017 and the paid-up equity share capital of the Company has been reduced to that extent. Subsequent to completion of buyback, the Company has transferred ₹ 173.70 millions to Capital Redemption Reserve representing face value of equity shares bought back.

## STANDALONE FINANCIAL STATEMENTS

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

(₹ millions)

Name of the shareholder	31 March 2018		31 March 2017	
	Number	% of holding	Number	% of holding
Marble II Pte Limited	116,691,668	60.38	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 17.

	31 March 2018	31 March 2017
<b>14. SECURITIES PREMIUM</b>		
Balance as per previous financial statements	1,654.10	1,572.36
Utilized for buy back of equity shares	(1,654.10)	-
Premium on issue of shares	26.59	0.24
Transferred from stock options outstanding	68.59	81.50
<b>Closing balance</b>	<b>95.18</b>	<b>1,654.10</b>

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 2018	31 March 2017
<b>15. GENERAL RESERVE</b>		
Balance as per previous financial statements	6,576.85	5,946.19
Utilized for buy back of equity shares	(6,576.85)	-
Reversal on lapse of options granted	2.18	5.65
Amount transferred from surplus balance in the statement of profit and loss	739.89	625.01
<b>Closing balance</b>	<b>742.07</b>	<b>6,576.85</b>

General reserve represents appropriation of profit.

	31 March 2018	31 March 2017
<b>16. RETAINED EARNINGS</b>		
Balance as per previous financial statements	35,455.23	34,910.97
Re-measurement gains / (losses) on defined benefit plans	(24.73)	(22.13)
Profit for the year	7,398.91	6,250.10
Utilized for buy back of equity shares	(2,625.35)	-
Transfer to CRR on buy back of equity shares	(173.70)	-
Buy back related expenses	(30.34)	-
Less: Appropriations		
Equity dividend	3,283.08	4,202.11
Dividend Distribution Tax	668.37	856.59
Transfer to general reserve	739.89	625.01
<b>Total appropriations</b>	<b>4,691.34</b>	<b>5,683.71</b>
<b>Net surplus in the statement of profit and loss</b>	<b>35,308.68</b>	<b>35,455.23</b>

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 2018 is ₹ 20 per share amounting to ₹ 3,865.20 millions and DDT of ₹ 794.69 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).

The Board of Directors, in its meeting held on 25 May 2017 had proposed the final dividend of ₹ 17 per share for the year ended 31 March 2017. The dividend proposed by the Board of Directors is approved by the shareholders' in the Annual General meeting held on 26 July 2017. Accordingly, the Company has accounted the same in accordance with Ind AS-10.

## STANDALONE FINANCIAL STATEMENTS

(₹ millions)

	31 March 2018	31 March 2017
<b>17. OTHER RESERVES</b>		
<b>Capital reserve (a)</b>		
Balance as per previous financial statements	265.16	265.16
<b>Closing balance</b>	<b>265.16</b>	<b>265.16</b>
<b>Capital redemption reserve (b)</b>		
Balance as per previous financial statements	-	-
Transfer from retained earnings on buy back of equity shares	173.70	-
<b>Closing balance</b>	<b>173.70</b>	<b>-</b>
<b>Share based payments (c)</b>		
Balance as per previous financial statements	190.47	170.43
Add: Expense for the year	199.02	215.26
Less: Transferred to securities premium on exercise of options	68.59	81.50
Less: Exercise of options	0.45	108.07
Less: Reversal on lapse of options granted	2.22	5.65
<b>Closing balance</b>	<b>318.23</b>	<b>190.47</b>
<b>Treasury shares (d)</b>		
Balance as per previous financial statements	(0.45)	(158.29)
Transaction during the year	0.45	157.84
<b>Closing balance</b>	<b>-</b>	<b>(0.45)</b>
<b>Hedging reserve (e)</b>		
Balance as per previous financial statements	707.66	231.76
Transaction during the year	1,130.37	1,206.96
Transfer to revenue	(1,599.48)	(731.06)
<b>Closing balance</b>	<b>238.55</b>	<b>707.66</b>
<b>Total other reserves</b>	<b>995.64</b>	<b>1,162.84</b>

- Created due to receipts from liquidation of trust.
- Capital Redemption Reserve created to the extent of sum equal to the nominal value of the share capital extinguished on buyback of Company's own shares in accordance with Section 69 of the Companies Act, 2013.
- 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.
- Represents equity shares of the Company held by the controlled trusts.
- 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.

### 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 2018 and 31 March 2017 are set out below:

	Year ended 31 March 2018		Year ended 31 March 2017	
	No. of Options	Weighted Average Exercise Price (₹)	No. of Options	Weighted Average Exercise Price (₹)
<b>1998 Plan (Version I)</b>				
Options outstanding at the beginning	47,000	34.38	47,000	34.38
<b>Options outstanding at the end</b>	<b>47,000</b>	<b>34.38</b>	<b>47,000</b>	<b>34.38</b>
<b>Exercisable at the end</b>	<b>47,000</b>	<b>34.38</b>	<b>47,000</b>	<b>34.38</b>

The options outstanding as at 31 March 2018 has an exercise price of ₹ 34.38 (31 March 2017: ₹ 34.38).

## STANDALONE FINANCIAL STATEMENTS

**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 2018 and 31 March 2017 are set out below:

	Year ended 31 March 2018		Year ended 31 March 2017	
	No. of Options	Weighted Average Exercise Price (₹)	No. of Options	Weighted Average Exercise Price (₹)
<b>1998 Plan (Version II)</b>				
Options outstanding at the beginning	9,816	84.67	94,400	117.29
Lapsed	6,616	84.21	81,624	122.39
Exercised	3,200	85.63	2,960	84.94
<b>Options outstanding at the end</b>	-	-	<b>9,816</b>	<b>84.67</b>
<b>Exercisable at the end</b>	-	-	<b>9,816</b>	<b>84.67</b>

The weighted average share price as at the date of exercise for stock options was ₹ 584.78 (31 March 2017: ₹ 527.86). The options outstanding as at 31 March 2018 has an exercise price of ₹ Nil (31 March 2017: ₹ 67.38 to ₹ 92.00) and the weighted average remaining contractual life of Nil years (31 March 2017: 0.31 years).

**Employees Stock Option Plan - 2004 (the 2004 Plan):** At the Extraordinary General Meeting held on 12 May 2004, the shareholders approved a new Employee Stock Option Plan. The 2004 Plan provides for the issue 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 2018 and 31 March 2017 are set out below:

	Year ended 31 March 2018		Year ended 31 March 2017	
	No. of Options	Weighted Average Exercise Price (₹)	No. of Options	Weighted Average Exercise Price (₹)
<b>2004 Plan</b>				
Options outstanding at the beginning	1,598	138.69	2,356	120.22
Lapsed	1,598	138.69	350	117.36
Exercised	-	-	408	50.34
<b>Options outstanding at the end</b>	-	-	<b>1,598</b>	<b>138.69</b>
<b>Exercisable at the end</b>	-	-	<b>1,598</b>	<b>138.69</b>

The weighted average share price as at the date of exercise for stock options was ₹ Nil (31 March 2017: ₹ 464.30). The options outstanding as at 31 March 2018 has an exercise price of ₹ Nil (31 March 2017: ₹ 117.36 to ₹ 148.07) and weighted average remaining contractual life of Nil years (31 March 2017: 0.62 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 the 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.



## STANDALONE FINANCIAL STATEMENTS

The movements in the options under the 2012 plan for the year ended 31 March 2018 and 31 March 2017 are set out below:

2012 Plan	Year ended 31 March 2018		Year ended 31 March 2017	
	No. of Options	Weighted Average Exercise Price (₹)	No. of Options	Weighted Average Exercise Price (₹)
Options outstanding at the beginning	-	-	146,450	410.25
Lapsed	-	-	30,475	410.25
Exercised	-	-	115,975	410.25
<b>Options outstanding at the end</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

The weighted average share price as at the date of exercise of stock options was ₹ Nil (31 March 2017: ₹ 562.67).

**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 Employees Equity Reward 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 2018 and 31 March 2017 are set out below:

2016 Plan	Year ended 31 March 2018		Year ended 31 March 2017	
	No. of Options	Weighted Average Exercise Price (₹)	No. of Options	Weighted Average Exercise Price (₹)
Options outstanding at the beginning	3,885,100	500.00	-	-
Granted	1,613,176	630.20	3,916,900	500.00
Forfeited	485,610	504.59	31,800	500.00
Exercised	53,780	500.00	-	-
<b>Options outstanding at the end</b>	<b>4,958,886</b>	<b>541.91</b>	<b>3,885,100</b>	<b>500.00</b>
<b>Exercisable at the end</b>	<b>658,000</b>	<b>500.00</b>	<b>-</b>	<b>-</b>

The weighted average share price as at the date of exercise of stock option was ₹ 831.99 (31 March 2017: ₹ Nil) The options outstanding as at 31 March 2018 has an exercise price ranging from ₹ 500.00 to ₹ 650.00 (31 March 2017: ₹ 500.00) and the weighted average remaining contractual life of 5.10 years (31 March 2017: 5.78 years).

The weighted average fair value of stock options granted during the year was ₹ 228.54 (31 March 2017: ₹ 130.58). The Black-Scholes valuation model has been used for computing the weighted average fair value considering the following inputs:

	31 March 2018	31 March 2017
Weighted average share price on the date of grant (₹)	775.62	541.72
Exercise Price (₹)	500.00 to 650.00	500.00
Expected Volatility*	24.18% to 26.98%	32.06%
Life of the options granted in years	1-5 years	1 -5 Years
Average risk-free interest rate	6.38% to 7.26%	6.38%
Expected dividend rate	2.85% to 3.93%	3.93%

\* The expected volatility was determined based on historical volatility data.

Total Employee Compensation Cost pertaining to 2016 Plan during the year is ₹ 89.10 millions, (31 March 2017: ₹ 20.19 millions) net of cross charge to subsidiary.

### 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.

## STANDALONE FINANCIAL STATEMENTS

The movements in the options under the RSU Plan -2014 for the year ended 31 March 2018 and 31 March 2017 are set out below:

RSU 2014 Plan	Year ended 31 March 2018		Year ended 31 March 2017	
	No. of Options	Weighted Average Exercise Price (₹)	No. of Options	Weighted Average Exercise Price (₹)
Options outstanding at the beginning	88,545	10.00	328,640	10.00
Forfeited	-	-	7,537	10.00
Lapsed	-	-	5,963	10.00
Exercised	53,090	10.00	226,595	10.00
<b>Options outstanding at the end</b>	<b>35,455</b>	<b>10.00</b>	<b>88,545</b>	<b>10.00</b>
<b>Exercisable at the end</b>	<b>35,455</b>	<b>10.00</b>	<b>88,545</b>	<b>10.00</b>

The weighted average share price as at the date of exercise of stock option was ₹ 654.64 (31 March 2017: ₹ 537.65). The options outstanding on 31 March 2018 has an exercise price of ₹ 10.00 (31 March 2017: ₹ 10.00) and the weighted average remaining contractual life of 1.18 years (31 March 2017: 2.19 years).

Total Employee Compensation Cost pertaining to RSU Plan-2014 during the year is ₹ Nil (31 March 2017: ₹ 9.49 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 2018 and 31 March 2017 are set out below:

RSU 2015 Plan	Year ended 31 March 2018		Year ended 31 March 2017	
	No. of Options	Weighted Average Exercise Price (₹)	No. of Options	Weighted Average Exercise Price (₹)
Options outstanding at the beginning	192,900	10.00	423,050	10.00
Forfeited	-	-	11,250	10.00
Lapsed	5,000	10.00	-	-
Exercised	104,050	10.00	218,900	10.00
<b>Options outstanding at the end</b>	<b>83,850</b>	<b>10.00</b>	<b>192,900</b>	<b>10.00</b>
<b>Exercisable at the end</b>	<b>83,850</b>	<b>10.00</b>	<b>192,900</b>	<b>10.00</b>

The weighted average share price as at the date of exercise of stock option was ₹ 629.92 (31 March 2017: ₹ 551.62). The options outstanding on 31 March 2018 has an exercise price of ₹ 10.00 (31 March 2017: ₹ 10.00) and the weighted average remaining contractual life of 1.62 years (31 March 2017: 2.62 years).

Total Employee Compensation Cost pertaining to RSU Plan-2015 during the year is ₹ Nil (31 March 2017: ₹ 45.33 millions), net of cross charge to subsidiary.

## STANDALONE FINANCIAL STATEMENTS

(₹ millions)

	Non Current		Current	
	31 March 2018	31 March 2017	31 March 2018	31 March 2017
<b>18. OTHER FINANCIAL LIABILITIES</b>				
<b>Carried at amortized cost</b>				
Salary related costs	-	-	475.18	419.10
Capital creditors	-	-	13.26	14.09
Other payables	10.67	10.73	99.37	90.48
Unpaid dividend *	-	-	13.67	11.51
<b>Derivative instruments at FVTPL (not designated as hedges)</b>				
Foreign exchange forward contracts	-	-	42.78	1.33
<b>Derivative instruments at FVTOCI (cash flow hedges)</b>				
Foreign exchange forward contracts	27.48	-	105.01	0.29
	<b>38.15</b>	<b>10.73</b>	<b>749.27</b>	<b>536.80</b>

\* Unclaimed dividends when due shall be credited to Investor Protection and Education Fund.

	Non Current		Current	
	31 March 2018	31 March 2017	31 March 2018	31 March 2017
<b>19. NET EMPLOYEE DEFINED BENEFIT LIABILITIES</b>				
Provision for gratuity [refer note 41(a)]	519.29	536.05	200.00	290.00
Provision for employee compensated absences	-	-	154.94	145.96
	<b>519.29</b>	<b>536.05</b>	<b>354.94</b>	<b>435.96</b>

	Non Current		Current	
	31 March 2018	31 March 2017	31 March 2018	31 March 2017
<b>20. PROVISIONS</b>				
Provision for loss on long-term contract	50.00	-	150.00	204.06
Other provisions	-	-	81.03	83.03
	<b>50.00</b>	<b>-</b>	<b>231.03</b>	<b>287.09</b>

Provisions	Legal fees	Onerous contracts	Sale of business	Total
<b>As at 1 April 2017</b>	48.03	204.06	35.00	<b>287.09</b>
Additions during the year	-	200.00	-	<b>200.00</b>
Utilised / paid/ reversed	-	(204.06)	(2.00)	(206.06)
<b>As at 31 March 2018</b>	<b>48.03</b>	<b>200.00</b>	<b>33.00</b>	<b>281.03</b>
Current	48.03	150.00	33.00	<b>231.03</b>
Non current	-	50.00	-	<b>50.00</b>
<b>As at 1 April 2016</b>	48.03	483.66	67.99	<b>599.68</b>
Utilised / paid/ reversed	-	(279.60)	(32.99)	<b>(312.59)</b>
<b>As at 31 March 2017</b>	<b>48.03</b>	<b>204.06</b>	<b>35.00</b>	<b>287.09</b>
Current	48.03	204.06	35.00	<b>287.09</b>
Non current	-	-	-	<b>-</b>

- a) During the year ended 31 March 2016, the company had formalized a plan to early exit / ramp down operations in respect of certain domestic BPO contracts. 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 2018 is ₹ 33.00 millions (31 March 2017: ₹ 35.00 millions)
- b) The loss incurred on onerous contracts during the year ended 31 March 2017 has been adjusted against the provision and the balance as at 31 March 2017 is ₹ 204.06 millions. Further, during the year, upon assessment of future profitability, the company provided an amount of ₹ 130.78 millions (net of tax ₹ 69.22 millions) towards expected loss and the same has been disclosed as an exceptional item. The closing balance as at 31 March 2018 is ₹ 200.00 millions.

## STANDALONE FINANCIAL STATEMENTS

(₹ millions)

	31 March 2018	31 March 2017
<b>21. SHORT TERM BORROWING</b>		
Pre-shipment loan in foreign currency from bank (unsecured)*	1,299.60	-
	<b>1,299.60</b>	<b>-</b>

\* Pre-shipment loan carries interest @ LIBOR plus 0.05% (31 March 2017: LIBOR plus 0.20%) p.a. The loan is repayable on 27 April 2018.

	Non Current		Current	
	31 March 2018	31 March 2017	31 March 2018	31 March 2017
<b>22. TRADE PAYABLES</b>				
<b>Carried at amortized cost</b>				
Total outstanding dues of micro and small enterprises	-	-	5.96	4.47
Total outstanding dues of creditors other than micro and small enterprises	-	-	2,161.52	2,195.39
Trade payables with related parties	-	-	946.93	2,097.88
	-	-	<b>3,114.41</b>	<b>4,297.74</b>

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 2018 and 31 March 2017. The details in respect of such dues are as follows:

Particulars	31 March 2018	31 March 2017
The principal amount and the interest due thereon (to be shown separately) remaining unpaid to any supplier at the end of each accounting year		
- Principal amount due to micro and small enterprises	5.96	4.47
- Interest due on above	1.03	0.90
The amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during each accounting year	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) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006	0.45	1.76
The amount of interest accrued and remaining unpaid at the end of each accounting year	Nil	Nil
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006	14.56	13.08

### 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 43.

	Non Current		Current	
	31 March 2018	31 March 2017	31 March 2018	31 March 2017
<b>23. OTHER LIABILITIES</b>				
Unearned revenue	-	-	301.02	15.67
Advances from clients	-	-	0.02	0.02
Statutory dues	-	-	254.90	208.88
Dues to subsidiaries	-	-	-	17.09
	-	-	<b>555.94</b>	<b>241.66</b>

## STANDALONE FINANCIAL STATEMENTS

### 24. TAXES

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

(₹ millions)

	Year ended 31 March 2018	Year ended 31 March 2017
<b>Taxes</b>		
Current taxes	2,183.56	2,036.31
Deferred taxes	(277.73)	(22.88)
<b>Total taxes</b>	<b>1,905.83</b>	<b>2,013.43</b>

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 has 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 2018 and 31 March 2017 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 2018	Year ended 31 March 2017
<b>Profit before exceptional item and tax</b>	<b>9,435.52</b>	<b>8,311.51</b>
Applicable tax rates in India	34.608%	34.608%
<b>Computed tax expenses (A)</b>	<b>3,265.44</b>	<b>2,876.45</b>
Tax effect on exempted operating income	(851.94)	(676.68)
Tax effect on exempted non- operating income	(99.38)	(158.24)
Tax effect on permanent non-deductible expenses	22.98	21.59
Tax effect on differential domestic / overseas tax rate	20.16	3.63
Reversal of tax expenses on account of completed assessments	(331.96)	-
Tax Effect on DTA recognised on carried forward Long Term Capital Loss	(123.02)	-
Others	3.55	(53.32)
<b>Total adjustments (B)</b>	<b>(1,359.61)</b>	<b>(863.02)</b>
<b>Total tax expenses (A+B)</b>	<b>1,905.83</b>	<b>2,013.43</b>

During the quarter ended 31 March 2018, the Company has reversed certain income tax provisions of ₹ 331.96 million which pertains to Completed Tax Assessment. Further during the quarter ended 31 March 2018, the Company has recognised deferred tax asset of ₹ 123.02 millions on capital losses and is confident of reversal of the timing differences in the foreseeable future.

	31 March 2018	31 March 2017
<b>Income tax assets (Net)</b>		
Advance income-tax (net of provision for taxation)	3,891.43	3,540.58
	<b>3,891.43</b>	<b>3,540.58</b>
<b>Income tax liabilities (Net)</b>		
Provision for taxation	672.64	452.66
	<b>672.64</b>	<b>452.66</b>
<b>Net income tax asset</b>	<b>3,218.79</b>	<b>3,087.92</b>

## STANDALONE FINANCIAL STATEMENTS

The tax effects of significant temporary differences that resulted in deferred tax assets and liabilities are as follows:

(₹ millions)

	31 March 2018	31 March 2017
<b>DEFERRED TAX ASSET (Net)</b>		
Depreciation and amortization expense: Difference between tax depreciation and depreciation / amortization as per statement of profit and loss	415.14	434.54
Provision for doubtful debts and advances	157.92	163.41
Provision for employee benefits	364.89	359.83
Provision for loss on long-term contract	16.23	16.08
Deferred tax liability on rent equalization reserve	(132.50)	(330.43)
On Carried forward Long Term Capital Loss	123.02	-
Others	(115.20)	(351.99)
	<b>829.50</b>	<b>291.44</b>

\* net of MAT credit utilisation of ₹ Nil (31 March 2017: ₹ 341.26 millions).

	Year ended 31 March 2018	Year ended 31 March 2017
<b>25. REVENUE FROM OPERATIONS</b>		
Sale of services	31,149.23	29,406.19
Sale of traded goods	-	48.29
Profit on cashflow hedges	1,599.48	731.06
	<b>32,748.71</b>	<b>30,185.54</b>

### 25.1 Details of services rendered:

Application maintenance & other services	13,273.50	13,513.11
Application development	5,794.49	5,309.25
Infrastructure management services	6,967.19	6,725.45
Other services	5,114.05	3,858.38
	<b>31,149.23</b>	<b>29,406.19</b>

### 25.2 Details of traded goods sold:

Cash deposit machine and UPS	-	48.29
	<b>-</b>	<b>48.29</b>

	Year ended 31 March 2018	Year ended 31 March 2017
<b>26. OTHER INCOME</b>		
Interest income on		
Bank deposits	32.07	131.89
Long term bonds	90.63	90.73
Others	81.75	177.75
Dividend income on investments	-	135.04
Net gain on investments carried at FVTPL *	752.02	1,005.84
Foreign exchange gain / (loss), (net)	178.05	215.17
Profit on sale of fixed assets, (net)	7.46	27.94
Sublease income	69.23	67.18
Miscellaneous income	4.95	14.29
	<b>1,216.16</b>	<b>1,865.83</b>

\*includes profit on sale of investments

## STANDALONE FINANCIAL STATEMENTS

(₹ millions)

	Year ended 31 March 2018	Year ended 31 March 2017
<b>27. PURCHASE OF STOCK-IN-TRADE</b>		
Cash deposit machine and UPS	-	0.24
	-	<b>0.24</b>

	Year ended 31 March 2018	Year ended 31 March 2017	(Increase) / decrease
<b>27.1 CHANGES IN INVENTORIES OF STOCK-IN-TRADE</b>			
Inventories at the end of the year			
Traded goods	-	-	-
	-	-	-
Inventories at the beginning of the year			
Traded goods	-	40.99	40.99
	-	40.99	40.99
	-	<b>40.99</b>	

	Year ended 31 March 2018	Year ended 31 March 2017
<b>28. EMPLOYEE BENEFITS EXPENSE</b>		
Salaries and bonus	12,808.97	12,506.10
Contribution to provident and other funds	533.20	514.21
Employee share based payment	89.10	75.01
Gratuity expense [refer note 41(a)]	166.73	186.74
Staff welfare expenses	317.52	282.93
	<b>13,915.52</b>	<b>13,564.99</b>

	Year ended 31 March 2018	Year ended 31 March 2017
<b>29. FINANCE COSTS</b>		
Interest	23.40	16.26
Exchange difference to the extent considered as an adjustment to borrowing costs	28.98	7.75
	<b>52.38</b>	<b>24.01</b>

	Year ended 31 March 2018	Year ended 31 March 2017
<b>30. DEPRECIATION AND AMORTIZATION EXPENSE</b>		
Depreciation of property, plant and equipment (refer note 3)	244.95	212.53
Amortization of intangible assets (refer note 4)	72.94	51.25
	<b>317.89</b>	<b>263.78</b>



## STANDALONE FINANCIAL STATEMENTS

(₹ millions)

	Year ended 31 March 2018	Year ended 31 March 2017
<b>31. OTHER EXPENSES</b>		
Travel	420.13	467.15
Recruitment expenses	87.13	186.19
Communication expenses	280.08	207.12
Rent	1,734.92	1,670.03
Professional charges	1,731.37	1,345.88
Payment to auditor (refer details below)	17.58	18.89
Provision for doubtful debts	(20.24)	-
Software development expenses	4,061.71	4,144.04
Power and fuel	249.95	293.83
Selling commission	-	32.25
Sales support and marketing expenses	68.25	57.83
Software support & annual maintenance charges	684.30	645.45
Insurance	80.44	80.50
Rates & taxes*	64.56	(47.71)
Repairs & maintenance	20.27	12.85
Corporate Social Responsibility expense (refer note 46)	129.12	133.56
Miscellaneous expenses	633.99	597.99
	<b>10,243.56</b>	<b>9,845.85</b>

\* Rates and taxes includes refund received against service tax receivables during the year ended 31 March 2017.

### Payment to Auditor \*

As auditor:

Statutory audit fee	13.50	15.00
Other services (certification fees)	2.97	2.88
Reimbursement of expenses	1.11	1.01
	<b>17.58</b>	<b>18.89</b>

\* excluding Service Tax / Goods and Service Tax.

	Year ended 31 March 2018	Year ended 31 March 2017
<b>32. EXCEPTIONAL ITEM (NET OF TAX)</b>		
Expected loss on sale of domestic BPO business	-	(3.76)
Expected loss on exit from other domestic BPO business [refer note 20 (a)]	-	(21.57)
Provision for loss on long-term contract [refer note 20 (b)]	130.78	-
Accelerated cost due to change in control (refer note 48)	-	39.77
Others	-	33.54
	<b>130.78</b>	<b>47.98</b>

### 33. EARNINGS PER SHARE ('EPS')

Reconciliation of basic and diluted shares used in computing earnings per share:

	Year ended 31 March 2018	Year ended 31 March 2017
Profit before exceptional item (₹ in millions)	7,529.69	6,298.08
Profit after exceptional item (₹ in millions)	7,398.91	6,250.10
Number of weighted average shares considered for calculation of basic earnings per share	196,333,584	210,035,384
Add: Dilutive effect of stock options	297,424	345,892
Number of weighted average shares considered for calculation of diluted earnings per share	<b>196,631,008</b>	<b>210,381,276</b>

The above does not include 21,000 (31 March 2017: 21,000) bonus shares held in abeyance by the Company.

## STANDALONE FINANCIAL STATEMENTS

34. 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, if certain terms and conditions are not fulfilled.

### 35. 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 2009, 31 March 2010, 31 March 2011, 31 March 2012, 31 March 2013 and 31 March 2014 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 ₹ 3,085.21 millions (31 March 2017: ₹ 2,080.46 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 ₹ 6,971.23 millions (31 March 2017: ₹ 7,057.33 millions) net of bank guarantees aggregating to ₹ 6,662.76 millions (31 March 2017: ₹ 6,661.95 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 2018: ₹ 576.69 millions (31 March 2017: ₹ 688.31 millions); including those furnished on account of jointly controlled operations ₹ 22.00 millions (31 March 2017: ₹ 99.35 millions) and customs authorities aggregating to ₹ 52.57 millions (31 March 2017: ₹ 52.57 millions).
- c. Estimated amount of contracts remaining to be executed on capital account (net of advances) and not provided for as at 31 March 2018: ₹ 230.09 millions (31 March 2017: ₹ 77.14 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.

### 36. 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. Total rental expenses under non-cancellable operating leases amounted to ₹ 762.99 millions for the year ended 31 March 2018 (31 March 2017: ₹ 803.08 millions).

Future minimum lease payments under non-cancellable operating leases are as follows:

Period	₹ millions	
	31 March 2018	31 March 2017
Not later than 1 year	274.26	317.14
Later than 1 year and not later than 5 years	273.02	188.29
More than 5 years	-	-
	<b>547.28</b>	<b>505.43</b>

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 2018 amounted to ₹ 971.93 millions (31 March 2017: ₹ 866.95 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 ₹ 52.61 millions for the year ended 31 March 2018 (31 March 2017: ₹ 50.56 millions). The total sublease rental income under non-cancellable operating leases for the year ended 31 March 2018 amounted to ₹ 16.62 millions (31 March 2017: 16.62 millions)

Future minimum sublease payments receivable under non-cancellable operating lease as at 31 March 2018 are as follows:

Period	₹ millions	
	31 March 2018	31 March 2017
Not later than 1 year	9.30	16.62
Later than 1 year and not later than 5 years	-	9.30
More than 5 years	-	-
	<b>9.30</b>	<b>25.92</b>

## STANDALONE FINANCIAL STATEMENTS

### 37. 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 EDS World Corporation (Far East) LLC EDS World Corporation (Netherlands) LLC	Marble II Pte Limited

Immediate holding company holds 60.38% (31 March 2017: 60.41%) of the total share capital of the Company.

The related parties also include Kshema Employees Welfare Trust and Mphasis Provident Fund Trust (Refer note 41(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 Analytics, 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')

\* Digital Risk Compliance Services, LLC. and Digital Risk Analytics, LLC. have been merged with its sole shareholder and parent company, Digital Risk, LLC, effective 13 July 2017 vide approval dated 10 October 2017 from the Secretary of State, Division of Corporation, State of Delaware.

#### 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 (Resigned w.e.f. 31 October 2017)
V. Suryanarayanan	Executive Vice President & Chief Financial Officer
Subramanian Narayan	Vice President & Company Secretary (Appointed w.e.f. 1 November 2017)
James Mark Merritt	Director - Vice Chairman of the Board- (Resigned w.e.f. 1 September 2016)
Davinder Singh Brar	Non Executive Independent 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
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

## STANDALONE FINANCIAL STATEMENTS

### 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 Software, LLC	Hewlett-Packard Multimedia SDN BHD
Hewlett-Packard (Canada) Co.	Hewlett-Packard Nederland B.V.
Hewlett-Packard (India) Software Operation Private Limited	Hewlett-Packard OY
Hewlett-Packard (Schweiz) GmbH	Hewlett-Packard Singapore (Sales) Pte. Ltd
Hewlett-Packard ApS	Hewlett-Packard Sverige A.B.
Hewlett-Packard Australia Pty Limited.	HP Enterprise Services (Hong Kong) Limited
Hewlett-Packard Belgium B.V.B.A/S.P.R.L	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.l
Hewlett-Packard Enterprise Services UK Limited	HP Enterprise Services, LLC
Hewlett-Packard France SAS	HP Facilities Services (Malaysia) Sdn Bhd
Hewlett-Packard Globalsoft Private Limited	HP Financial Services (Australia) Pty Limited
Hewlett-Packard GmbH	HP Financial Services (New Zealand)
Hewlett-Packard International Sa'rl	HP Services (Singapore) Pte 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 47).

### The following is the summary of significant transactions with related parties by the Company:

(₹ millions)

	Year ended 31 March 2018	Year ended 31 March 2017
<b>Rendering of services - entities where control exists</b>	<b>10,208.27</b>	<b>8,681.98</b>
Mphasis USA	8,186.86	6,291.48
Hewlett Packard Enterprise Company	-	109.76
Others	2,021.41	2,280.74
<b>Rendering of services - other related parties</b>	<b>-</b>	<b>2,874.74</b>
HP Enterprises Services, LLC	-	1,926.18
Hewlett Packard Australia Pty Limited	-	292.79
Hewlett-Packard Enterprise Services UK Limited	-	280.86
Others	-	374.91
<b>Purchase of fixed assets - entities where control exists</b>	<b>-</b>	<b>0.88</b>
Msource India	-	0.38
Mphasis China	-	0.50
<b>Sale of fixed assets - entities where control exists</b>	<b>2.29</b>	<b>0.19</b>
Msource India	2.29	0.19
<b>Software development charges - entities where control exists</b>	<b>2,658.89</b>	<b>2,608.77</b>
Mphasis USA	2,384.39	2,334.94
Others	274.50	273.83
<b>Software development charges - other related parties</b>	<b>-</b>	<b>4.56</b>
HP Services (Singapore) Pte Limited	-	4.56
<b>Software support and annual maintenance charges - other related parties</b>	<b>-</b>	<b>181.03</b>
HP Services (Singapore) Pte Limited	-	180.37
Others	-	0.66
<b>Other expenses incurred - other related parties</b>	<b>-</b>	<b>4.69</b>
HP Services (Singapore) Pte Ltd	-	0.75
Hewlett Packard Enterprise India Pvt Ltd	-	2.59
Hewlett Packard Singapore (Sales) Pte Ltd	-	1.35
<b>Sales support and marketing expenses - entities where control exists</b>	<b>68.25</b>	<b>57.83</b>
Mphasis UK	68.25	57.83

## STANDALONE FINANCIAL STATEMENTS

(₹ millions)

	Year ended 31 March 2018	Year ended 31 March 2017
<b>Selling commission - entities where control exists</b>	-	<b>32.25</b>
Mphasis Europe	-	19.67
Mphasis Consulting	-	11.82
Others	-	0.76
<b>Dividend paid (on cash basis)</b>	<b>1,983.76</b>	<b>2,542.17</b>
Marble II Pte Limited	1,983.76	2,542.17
<b>Remuneration / Commission to key management personnel*</b>	<b>145.52</b>	<b>311.42</b>
Nitin Rakesh	86.14	29.64
Balu Ganesh Ayyar	-	215.70
Others	59.38	66.08
<b>Investment in entities where control exists</b>	<b>(0.04)</b>	<b>(0.01)</b>
Mphasis USA	(0.04)	(0.01)
<b>Sub-lease rental income - entities where control exists</b>	<b>69.23</b>	<b>67.17</b>
Msource India	52.61	50.55
Digital Risk Mortgage Services, LLC	16.62	16.62

\* 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 2018	Year ended 31 March 2017
<b>Expenses incurred on behalf of related parties</b>	<b>165.14</b>	<b>118.19</b>
Mphasis USA	98.16	70.36
Msource India	25.94	15.58
Others	41.04	32.25
<b>Cost Allocation to related parties</b>	<b>26.98</b>	<b>430.82</b>
Msource India	-	186.36
Wyde Corporation	14.72	-
Mphasis USA	12.26	186.29
Others	-	58.17
<b>Expenses incurred by related parties on Company's behalf</b>	<b>270.51</b>	<b>232.99</b>
Msource India	212.53	149.46
Mphasis USA	53.21	83.36
Others	4.77	0.17

### Managerial remuneration\*

Expenses include the following remuneration to the key management personnel:

	Year ended 31 March 2018	Year ended 31 March 2017
Short-term employee benefits	72.23	240.23
Share based payment**	45.58	44.99
Commission to independent directors	25.62	19.89
Other benefits***	2.09	6.31
	<b>145.52</b>	<b>311.42</b>

\* 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.

\*\* Includes RSU / ESOP cost determined as per with Ind AS 102 ('Share Based Payment').

\*\*\* 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.

## STANDALONE FINANCIAL STATEMENTS

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

(₹ millions)

	31 March 2018	31 March 2017
<b>Trade receivables - entities where control exists</b>	<b>2,292.09</b>	<b>4,609.15</b>
Mphasis USA	1,921.10	3,899.39
Others	370.99	709.76
<b>Trade payables- entities where control exists</b>	<b>946.93</b>	<b>2,097.88</b>
Mphasis USA	852.24	1,865.84
Others	94.69	232.04
<b>Other liabilities- entities where control exists *</b>	<b>-</b>	<b>17.09</b>
Mphasis USA	-	15.83
Others	-	1.26
<b>Remuneration / Commission payable to key management personnel</b>	<b>5.10</b>	<b>9.75</b>
Davinder Singh Brar	0.98	2.10
Narayanan Kumar	0.85	1.80
Jan Kathleen Hier	0.87	1.85
David Lawrence Johnson	0.83	2.00
Dario Zamarian	0.76	2.00
Paul James Upchurch	0.81	-
<b>Loans and Advances - entities where control exists**</b>	<b>843.97</b>	<b>1,007.15</b>
Mphasis USA	578.88	742.79
Mphasis China	175.24	126.10
Others	89.85	138.26

\* includes collection on behalf of related party.

\*\* includes collection on behalf of company.

38. During the year ended 31 March 2018, the Company has remitted dividend in foreign currency of ₹ 1,985.68 millions (31 March 2017: ₹ 2,544.29 millions) to non-residents holding 116,804,414 (31 March 2017: 127,214,738) equity shares of the Company.

	Year ended 31 March 2018	Year ended 31 March 2017
Number of shareholders	10	9
Number of shares held	116,804,414	127,214,738
Amount remitted (₹ millions)	1,985.68	2,544.29
Year / period to which the dividend relates	Year ended 31 March 2017	Year ended 31 March 2016

### 39. 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).

## STANDALONE FINANCIAL STATEMENTS

Business segments	(₹ millions)	
	Year ended 31 March 2018	Year ended 31 March 2017
<b>Segment revenue</b>		
Banking and Capital Market	11,831.84	10,126.47
Insurance	6,709.55	7,188.98
Information Technology, Communication and Entertainment	4,224.50	3,882.28
Emerging Industries	8,383.34	8,256.75
Unallocated - Hedge	1,599.48	731.06
<b>Total segment revenue</b>	<b>32,748.71</b>	<b>30,185.54</b>
<b>Segment result</b>		
Banking and Capital Market	2,520.79	1,989.63
Insurance	1,829.44	2,065.18
Information Technology, Communication and Entertainment	1,451.75	1,209.84
Emerging Industries	3,054.23	3,009.71
Unallocated - Hedge	1,599.48	731.06
<b>Total segment result</b>	<b>10,455.69</b>	<b>9,005.42</b>
Interest income	204.45	400.37
Finance costs	(52.38)	(24.01)
Other income	1,011.71	1,465.46
Other unallocable expenditure	(2,183.95)	(2,535.73)
Exceptional item (net of tax) (refer note 32)	(130.78)	(47.98)
<b>Profit before taxation</b>	<b>9,304.74</b>	<b>8,263.53</b>
Income taxes	1,905.83	2,013.43
<b>Profit after taxation</b>	<b>7,398.91</b>	<b>6,250.10</b>

Revenue from two customers amounted to more than 10% of the total revenue amounting to ₹ 6,487.67 and ₹ 4,010.03 millions (31 March 2017: one customer amounting to ₹ 4,761.82 millions).

	31 March 2018	31 March 2017
<b>Segment assets</b>		
Banking and Capital Market	5,934.45	6,770.70
Insurance	1,760.12	2,375.43
Information Technology, Communication and Entertainment	1,574.81	1,528.72
Emerging Industries	2,966.88	3,705.65
<b>Total segment assets</b>	<b>12,236.26</b>	<b>14,380.50</b>
Unallocated assets	34,423.25	39,371.45
<b>Total assets</b>	<b>46,659.51</b>	<b>53,751.95</b>
<b>Segment liabilities</b>		
Banking and Capital Market	2,166.60	2,259.45
Insurance	1,157.66	2,142.55
Information Technology, Communication and Entertainment	766.71	683.37
Emerging Industries	1,299.24	1,201.16
<b>Total segment liabilities</b>	<b>5,390.21</b>	<b>6,286.53</b>
Unallocated liabilities	2,195.06	512.16
<b>Total liabilities</b>	<b>7,585.27</b>	<b>6,798.69</b>
<b>Capital employed</b>		
Banking and Capital Market	3,767.85	4,511.25
Insurance	602.46	232.88
Information Technology, Communication and Entertainment	808.10	845.35
Emerging Industries	1,667.64	2,504.49
Unallocated	32,228.19	38,859.29
<b>Total capital employed</b>	<b>39,074.24</b>	<b>46,953.26</b>



## STANDALONE FINANCIAL STATEMENTS

(₹ millions)

	Year ended 31 March 2018	Year ended 31 March 2017
<b>Capital expenditure</b>		
Banking and Capital Market	80.63	210.20
Insurance	45.73	149.22
Information Technology, Communication and Entertainment	28.79	80.59
Emerging Industries	57.13	171.39
<b>Total capital expenditure</b>	<b>212.28</b>	<b>611.40</b>

### Geographic segments

	Year ended 31 March 2018	Year ended 31 March 2017
<b>Region</b>		
USA	22,460.21	20,951.06
India	4,128.53	3,847.35
APAC	1,169.08	1,384.59
EMEA	3,391.41	3,271.48
Unallocated - Hedge	1,599.48	731.06
<b>Total geographic segments</b>	<b>32,748.71</b>	<b>30,185.54</b>

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

### Non current operating assets

	31 March 2018	31 March 2017
India	665.53	777.14
Outside India	-	-
<b>Total non current operating assets</b>	<b>665.53</b>	<b>777.14</b>

Non current operating assets includes Property, Plant and Equipment, Intangible assets and Intangible assets under development.

### Reconciliation to amounts reflected in the financial statements.

#### Reconciliations of assets

	31 March 2018	31 March 2017
<b>Segment assets</b>	<b>12,236.26</b>	<b>14,380.50</b>
Investments (refer note 6 and 11)	25,254.11	30,132.24
Cash and cash equivalents (refer note 12)	2,112.02	2,520.52
Income tax assets (refer note 24)	3,891.43	3,540.58
Deferred tax assets (refer note 24)	829.50	291.44
Non current bank balances	0.17	109.32
Interest receivable	44.40	35.18
Deposits with government	26.42	29.90
Indirect tax recoverable	1,388.20	1,251.97
Derivatives	499.17	1,082.46
Capital advance	375.96	375.96
Others	1.87	1.88
<b>Total assets</b>	<b>46,659.51</b>	<b>53,751.95</b>

## STANDALONE FINANCIAL STATEMENTS

Reconciliation of liabilities	(₹ millions)	
	31 March 2018	31 March 2017
<b>Segment liabilities</b>	<b>5,390.21</b>	<b>6,286.53</b>
Borrowings (refer note 21)	1,299.60	-
Income tax liabilities (refer note 24)	672.64	452.66
Statutory dues	76.53	30.43
Derivatives	132.49	0.29
Unpaid dividend	13.67	11.51
Others	0.13	17.27
<b>Total liabilities</b>	<b>7,585.27</b>	<b>6,798.69</b>

### 40. 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 2018	31 March 2017
Total equity attributable to the equity share holders of the Company (A)	39,074.24	46,953.26
Loans and borrowings (B)	1,299.60	-
<b>Total loans and borrowings as a percentage of total capital (B / C)</b>	<b>3.22%</b>	<b>0.00%</b>
<b>Total capital (A+B=C)</b>	<b>40,373.84</b>	<b>46,953.26</b>
<b>Total equity as a percentage of total capital (A / C)</b>	<b>96.78%</b>	<b>100.00%</b>

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.

### 41. 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

	31 March 2018	31 March 2017
<b>Change in projected benefit obligations</b>		
Obligations at beginning of the year	1,035.27	914.61
Service cost	115.93	130.22
Interest cost	73.16	66.71
Benefits settled	(145.34)	(118.65)
Actuarial (gain) /loss (through OCI)	38.79	42.38
<b>Obligations at end of the year</b>	<b>1,117.81</b>	<b>1,035.27</b>

## STANDALONE FINANCIAL STATEMENTS

(₹ millions)

	31 March 2018	31 March 2017
<b>Change in plan assets</b>		
Plan assets at beginning of the year, at fair value	209.22	109.14
Expected return on plan assets	22.36	10.19
Actuarial gain / (loss) (through OCI)	0.12	8.53
Contributions	315.35	200.04
Benefits settled	(145.34)	(118.65)
Administration charges	(3.19)	(0.03)
<b>Plan assets at end of the year</b>	<b>398.52</b>	<b>209.22</b>
Present value of defined benefit obligation at the end of the year	1,117.81	1,035.27
Fair value of plan assets at the end of the year	398.52	209.22
<b>Net liability recognised in the balance sheet</b>	<b>(719.29)</b>	<b>(826.05)</b>
	<b>Year ended</b>	<b>Year ended</b>
	<b>31 March 2018</b>	<b>31 March 2017</b>
<b>Expenses recognised in statement of profit and loss</b>		
Service cost	115.93	130.22
Interest cost (net)	50.80	56.52
<b>Net gratuity cost</b>	<b>166.73</b>	<b>186.74</b>
<b>Re-measurement gains / (losses) in OCI</b>		
Actuarial (gain) / loss due to financial assumption changes	(94.19)	16.27
Actuarial (gain) / loss due to experience adjustments	132.98	26.11
Return on plan assets (greater) less than discount rate	(0.12)	(8.53)
<b>Total expenses routed through OCI</b>	<b>38.67</b>	<b>33.85</b>
Interest rate	7.60%	6.80%
Discount factor	7.60%	6.80%
Expected rate of return on plan assets	7.60%	6.80%
Actual return on plan assets	7.75%	8.25%
Salary increase	5.00%	6.50%
Attrition rate	20.00%	20.00%
Retirement age	60 years	60 years
Projected benefit obligation at end	1,117.81	1,035.27
Projected benefit obligation at beginning	1,035.27	914.61
Accumulated benefit obligation at end	842.58	931.75
Vested benefit obligation at end	897.00	878.40
Year 1	199.36	181.26
Year 2	156.02	144.92
Year 3	120.32	114.99
Year 4	93.85	91.38
Year 5	72.63	72.41
6 to 10 years	186.38	191.35
Beyond 10 years	289.25	238.96
Contributions likely to be made for the next one year	200.00	290.00

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 2018	31 March 2017
Investments with insurer	100%	100%

## STANDALONE FINANCIAL STATEMENTS

(₹ millions)

Sensitivity analysis	31 March 2018		31 March 2017	
	1% increase	1% decrease	1% increase	1% decrease
Effect of change in discount rate				
Effect on the aggregate of service cost	(1.77)	1.92	(7.42)	8.07
Effect on the aggregate of interest cost	9.63	(9.63)	-	-
Effect on the defined benefit obligation	(38.93)	42.19	(78.68)	105.60
Effect of change in salary				
Effect on the aggregate of service cost	1.60	(1.51)	7.82	(7.16)
Effect on the aggregate of interest cost	-	-	-	-
Effect on the defined benefit obligation	35.10	(33.16)	99.39	(60.05)

### b. Provident fund

The Company has carried out actuarial valuation as at 31 March 2018. 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 2018 and 31 March 2017.

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 2018	31 March 2017
Plan assets at the year end	7,352.08	6,579.19
Present value of benefit obligation at year end	7,352.08	6,579.19
<b>Asset recognized in balance sheet</b>	<b>-</b>	<b>-</b>

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

Government of India (GOI) bond yield	7.60%	6.80%
Remaining term of maturity (in years)	12	12
Expected guaranteed interest rate	9.25%	8.65%

The Company contributed ₹ 437.69 millions during the year ended 31 March 2018 (31 March 2017: ₹ 417.32 millions).

## 42. FINANCIAL INSTRUMENTS

The carrying value of financial instruments by categories as of 31 March 2018 is as follows:

Particulars	Fair value through profit and loss	Derivative instruments in Hedging relationship	Derivative instruments not in Hedging relationship	Amortised Cost	Total
<b>Financial assets</b>					
Cash and cash equivalents	-	-	-	1,975.87	<b>1,975.87</b>
Bank balances other than cash and cash equivalents	-	-	-	136.15	<b>136.15</b>
Investment (other than investment in subsidiaries)	9,828.43	-	-	1,255.17	<b>11,083.60</b>
Trade receivables	-	-	-	5,605.81	<b>5,605.81</b>
Loans	-	-	-	2,583.44	<b>2,583.44</b>
Forward cover	-	-	1.71	-	<b>1.71</b>
Cash flow hedges	-	499.17	-	-	<b>499.17</b>
Other financial assets	-	-	-	1,945.45	<b>1,945.45</b>
<b>Total</b>	<b>9,828.43</b>	<b>499.17</b>	<b>1.71</b>	<b>13,501.89</b>	<b>23,831.20</b>
<b>Financial liabilities</b>					
Borrowings	-	-	-	1,299.60	<b>1,299.60</b>
Trade payables	-	-	-	3,114.41	<b>3,114.41</b>
Forward cover	-	-	42.78	-	<b>42.78</b>
Cash flow hedges	-	105.01	-	-	<b>105.01</b>
Other financial liabilities	-	-	-	639.63	<b>639.63</b>
<b>Total</b>	<b>-</b>	<b>105.01</b>	<b>42.78</b>	<b>5,053.64</b>	<b>5,201.43</b>

## STANDALONE FINANCIAL STATEMENTS

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

(₹ millions)

Particulars	Fair value through profit and loss	Derivative instruments in Hedging relationship	Derivative instruments not in Hedging relationship	Amortised Cost	Total
<b>Financial assets</b>					
Cash and cash equivalents	-	-	-	2,520.52	2,520.52
Investment (other than investment in subsidiaries)	14,706.52	-	-	1,255.17	15,961.69
Trade receivables	-	-	-	7,107.08	7,107.08
Loans	-	-	-	2,592.61	2,592.61
Forward cover	-	-	168.94	-	168.94
Cash flow hedges	-	1,082.46	-	-	1,082.46
Other financial assets	-	-	-	1,877.34	1,877.34
<b>Total</b>	<b>14,706.52</b>	<b>1,082.46</b>	<b>168.94</b>	<b>15,352.72</b>	<b>31,310.64</b>
<b>Financial liabilities</b>					
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
<b>Total</b>	<b>-</b>	<b>0.29</b>	<b>1.33</b>	<b>4,843.65</b>	<b>4,845.27</b>

Fair Value hierarchy:

Particulars	As at 31 March 2018				As at 31 March 2017			
	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
<b>Assets</b>								
Investment (other than investment in Subsidiaries)	9,828.43	9,828.43	-	-	14,706.52	14,706.52	-	-
Derivative instruments								
Cash flow hedges*	499.17	-	499.17	-	1,082.46	-	1,082.46	-
Forward cover	1.71	-	1.71	-	168.94	-	168.94	-
<b>Liabilities</b>								
Derivative instruments								
Cash flow hedges*	105.01	-	105.01	-	0.29	-	0.29	-
Forward cover	42.78	-	42.78	-	1.33	-	1.33	-

\* Cash flow hedges are routed through FVTOCI and the rest are routed through FVTPL.

### 43. 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 a counter party will not meet its obligations under a financial instrument 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.

## STANDALONE FINANCIAL STATEMENTS

### 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. The particulars of outstanding are as below.

(₹ millions)

Particulars	31 March 2018	31 March 2017
Trade receivables	5,605.81	7,107.08
Unbilled revenues	1,891.48	1,724.74
<b>Total</b>	<b>7,497.29</b>	<b>8,831.82</b>

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 2018	31 March 2017
Cash and cash equivalents	1,975.87	2,520.52
Bank balances other than cash and cash equivalents	136.15	-
Current Investments	9,627.36	14,706.52
<b>Total</b>	<b>11,739.38</b>	<b>17,227.04</b>

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.

Financial liabilities (31 March 2018)	On demand	0-180 days	180 to 365 days	365 days and above	Total
Trade payables	294.68	2,793.02	26.71	-	3,114.41
Borrowings	-	1,299.60	-	-	1,299.60
Other financial liabilities	38.38	649.08	61.81	38.15	787.42
<b>Total financial liabilities</b>	<b>333.06</b>	<b>4,741.70</b>	<b>88.52</b>	<b>38.15</b>	<b>5,201.43</b>

## STANDALONE FINANCIAL STATEMENTS

(₹ millions)

Financial liabilities (31 March 2017)	On demand	0-180 days	180 to 365 days	365 days and above	Total
	Trade payables	292.75	3,990.88	14.11	-
Other financial liabilities	30.13	506.67	-	10.73	547.53
<b>Total financial liabilities</b>	<b>322.88</b>	<b>4,497.55</b>	<b>14.11</b>	<b>10.73</b>	<b>4,845.27</b>

### 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.

31 March 2018	Currency				Total
Financial assets	USD	GBP	EUR	Others	Total
Trade receivables	4,032.50	267.21	239.72	224.84	4,764.27
Cash and cash equivalents	916.83	-	-	-	916.83
Other financial assets	1,029.58	119.87	138.45	41.13	1,329.03
<b>Total financial assets</b>	<b>5,978.91</b>	<b>387.08</b>	<b>378.17</b>	<b>265.97</b>	<b>7,010.13</b>
Financial liabilities					Total
Trade payables	861.67	29.43	5.40	9.53	906.03
Borrowings	1,299.60	-	-	-	1,299.60
Other financial liabilities	3.55	-	-	-	3.55
<b>Total financial liabilities</b>	<b>2,164.82</b>	<b>29.43</b>	<b>5.40</b>	<b>9.53</b>	<b>2,209.18</b>
<b>Net financial assets</b>	<b>3,814.09</b>	<b>357.65</b>	<b>372.77</b>	<b>256.44</b>	<b>4,800.95</b>

31 March 2017	Currency				Total
Financial assets	USD	GBP	EUR	Others	Total
Trade receivables	5,527.89	317.66	71.71	287.35	6,204.61
Cash and cash equivalents	45.86	-	-	-	45.86
Other financial assets	1,363.67	125.50	38.98	34.38	1,562.53
<b>Total financial assets</b>	<b>6,937.42</b>	<b>443.16</b>	<b>110.69</b>	<b>321.73</b>	<b>7,813.00</b>
Financial liabilities					Total
Trade payables	2,113.26	-	-	24.64	2,137.90
Other financial liabilities	2.39	-	-	1.33	3.72
<b>Total financial liabilities</b>	<b>2,115.65</b>	<b>-</b>	<b>-</b>	<b>25.97</b>	<b>2,141.62</b>
<b>Net financial assets</b>	<b>4,821.77</b>	<b>443.16</b>	<b>110.69</b>	<b>295.76</b>	<b>5,671.38</b>

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 as at 31 March 2018 and 31 March 2017 are as below:

Currency	31 March 2018		31 March 2017	
	Amount (millions)	Amount in (₹ millions)	Amount (millions)	Amount in (₹ millions)
<b>Balance sheet hedges</b>				
USD	59.90	3,892.30	70.10	4,545.99
GBP	3.32	306.09	6.89	557.71
CAD	1.49	75.56	0.64	31.12
AUD	2.17	109.23	6.77	335.48
EUR	4.21	339.94	1.77	122.92

## STANDALONE FINANCIAL STATEMENTS

Forward contracts outstanding against payables as at 31 March 2018 and 31 March 2017 are as below:

Currency	31 March 2018		31 March 2017	
	Amount (millions)	Amount in (₹ millions)	Amount (millions)	Amount in (₹ millions)
USD	20.00	1,299.60	-	-
SGD	-	-	0.46	21.16

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 0.19 % for the year ending 31 March 2018 and 0.25% for the year ending 31 March 2017

## 44. 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.

## 45. HEDGING ACTIVITIES AND DERIVATIVES

### Derivatives not designated as hedging instruments

The Company uses foreign exchange forward contracts to manage exposure on some of its transactions. 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

The Company has taken cash flow hedges on account of highly probable forecast transactions. These are measured at fair value through OCI.

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 2018 and 31 March 2017 are as below:

Currency	31 March 2018		31 March 2017	
	Amount (millions)	Amount in (₹ millions)	Amount (millions)	Amount in (₹ millions)
<b>Cash flow hedges</b>				
USD	501.50	32,587.47	220.60	14,305.91
GBP	21.52	1,985.40	15.65	1,266.12
AUD	11.53	580.35	7.26	359.93
EUR	13.49	1,089.50	3.96	274.33



## STANDALONE FINANCIAL STATEMENTS

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

(₹ millions)

Particulars	31 March 2018	31 March 2017
Assets	499.17	1,082.46
Liabilities	132.49	0.29

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 2018 were assessed to be highly effective and a net unrealised loss of ₹ 715.49 millions, with a deferred tax asset of ₹ 246.38 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 2017 were assessed to be highly effective and an unrealised gain of ₹ 727.76 millions with a deferred tax liability of ₹ 251.86 millions was included in OCI in respect of these contracts.

46. 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 ₹ 168.57 millions (31 March 2017: ₹ 129.80 millions). The expenses incurred towards CSR activities amounting to ₹ 129.12 million (31 March 2017: ₹ 133.56 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 2018 are as follows:

Particulars	In cash	Yet to be paid in cash	Total
Construction / acquisition of any asset	Nil	Nil	Nil
On purposes other than above	129.12	Nil	129.12

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

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

47. 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 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.
48. During the previous year, 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.

### 49. STANDARDS/ PRONOUNCEMENTS ISSUED BUT NOT YET EFFECTIVE

**Ind AS 115- Revenue from Contract with Customers:**

On 28 March 2018, the Ministry of Corporate Affairs notified Ind AS 115 Revenue from Contracts with Customers. The standard replaces Ind AS 11 Construction Contracts and Ind AS 18 Revenue.

The core principle of Ind AS 115 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

## STANDALONE FINANCIAL STATEMENTS

Ind AS 115 introduces a 5-step approach to revenue recognition:

- Identify the contract(s) with a customer
- Identify the performance obligation in contract
- Determine the transaction price
- Allocate the transaction price to the performance obligations in the contract
- Recognise revenue when (or as) the entity satisfies a performance obligation

Ind AS 115 establishes control-based revenue recognition model. An entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the performance obligation is transferred to the customer. Also, Ind AS 115 provides more guidance for deciding whether revenue is recognised at a point in time or over time.

Transitional options under Ind AS 115:

- Retrospectively to each prior period presented in accordance with Ind AS 8 Accounting Policies, Changes in Accounting Estimates and Errors, subject to some practical expedients mentioned in Ind AS 115
- Retrospectively with the cumulative effect of initial application recognised at the date of initial application

The standard is effective for annual periods beginning on or after 1 April 2018. The Company is currently evaluating the requirements and impact of Ind AS 115 on its financial statements.

### Appendix B to Ind AS 21, Foreign currency transactions and advance consideration:

On 28 March 2018, Ministry of Corporate Affairs ("MCA") has notified the Companies (Indian Accounting Standards) Amendment Rules, 2018 containing Appendix B to Ind AS 21, Foreign currency transactions and advance consideration which clarifies the date of the transaction for determining the exchange rate to use on initial recognition of the related asset, expense or income, when an entity has received or paid advance consideration in a foreign currency. The amendment will come into force from 1 April, 2018. The Company is evaluating the impact of this amendment on its financial statements.

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*

**Narayanan Kumar**

*Director*

**V. Suryanarayanan**

*Executive Vice President &*

*Chief Financial Officer*

**Subramanian Narayan**

*Vice President & Company Secretary*

Bengaluru  
10 May 2018

Bengaluru  
10 May 2018

# 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 0404  
Fax: 080 - 2534 8634
- Bagmane Parin, No. 65/2, Block A, Bagmane Technology Park, Byrasandra Village, C V Raman Nagar, Bengaluru - 560 093  
Tel: 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
- Tower E, 1<sup>st</sup> and 2<sup>nd</sup> Floor Global Village SEZ Mylasandra - Patanegere Villages Kengeri Hobli, Off Bengaluru Mysore Express Way, RVCE Post, Bengaluru - 560 059
- 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 Marathahalli Ring Road, Mahadevapura, Bengaluru - 560 048 India  
Tel: 080 - 3352 5000
- Bagmane World Technology Center Special Economic Zone, W.T.C. 3, Block A & B, Level 1, Bengaluru - 560 048  
Tel: 080 - 3352 5000
- Bagmane World Technology Center Special Economic Zone, W.T.C. 4, Level 4, Mahadevapura, K R Puram, Bengaluru - 560 048  
Tel: 080 - 3352 5000
- Mascot 90, EPIP Industrial Area No. 80, Block II, Whitefield, Bengaluru - 560 066

### Chennai

- DLF IT PARK, Block 8 & 10, 6<sup>th</sup> Floor, 1/124, Sivaji Gardens, Moonlight Stop, Mount Poonamalle Road, Chennai - 600 089
- DLF SEZ IT Park, Tower 1B Level 1-3, 1/124, Sivaji Garden Manapakkam, Mount Poonamalle Road, Chennai - 600 089  
Tel : 044-6637 0000

### Hyderabad

- Sundew Properties Limited Building No. 12C, Mindspace Cyberabad Survey No. 64 (Park), TSSIC Software Layout, Madhapur, Hyderabad - 500 081  
Tel: 040 - 6788 0000, 4813 6000

### Mangalore

- 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. 102, 'B' Wing, Building No. 4, 239, General A K Vaidya Marg, Dindoshi, Malad (East), Mumbai - 400 097  
Tel: 022 - 6788 4000

### Pune

- 4th Floor, 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, 020-6617 0000  
Fax: 020 - 6617 0902

## AMERICAS

### Canada

- 176, Great George Street, Suite 409, Charlotte Town, PE, C1A4K
- 5925, Airport Road, Suite 200, Mississauga, Ontario, L4V, 1W1, Canada
- Lecours, Hébert avocats inc. 354, rue Notre-Dame Ouest Bureau 100 Montréal (Québec) H2Y 1T9 Canada
- 90 University Avenue Charlottetown, Prince Edward Island, C1A4K9
- 340 King Street East, Toronto, Ontario M5A 1K8 Canada
- 2828 Boulevard Laurier Suite 700 Quebec City G1V0B9, Canada

### USA

- 1220N Market Street, Suit 806, Wilmington, Delaware 19801
- 2711 Centerville Road, Suite 400 Wilmington, County of New Castle, Delaware 19808

- Corporate Creations Network, 3411, Silverside Road Tatnall Bldg, Suite 104, Wilmington – Delaware 19810
- # 7460, Warren Parkway, Suite 100 Frisco, Texas - 75034
- 2301 Maitland Center Parkway, Suite 165, Maitland, Florida 32751  
Tel: 407-215-2900
- 660 Century Point, Suite 1000, Lake Mary, Florida 32746  
Tel: 407-708-0693
- 5201 Congress Avenue, Suite 250 Boca Raton, Florida 33487  
Tel: 561-208-7489
- 460 Park Avenue South, New York 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, New Jersey - 08540.
- 226, Airport Parkway, San Jose, California - 95110.
- 3600, American Blvd West, Suite 110, Bloomington, Eagan, Minneapolis 55431
- 8900 freedom Parkway, Building 100 Suite 110, Jacksonville, FL 32256.

## EUROPE

### Belgium

- Office No. 9 & 22, Leonardo Da Vincilaan, 9, Zaventem, Belgium B-19350

### 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

- Strawinskyiaan 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 Wroclaw

## Sweden

- C/o Hellstrom Advokatbyrå KB Box 7305, 103 90 Stockholm Sweden

## Switzerland

- Kolinplatz 2, 6300 Zug

## UK

- 88, Wood Street, London EC2V 7RS, UK  
Tel: 44 - 0208 - 581000
- 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

### 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, Office No. 641, 6/F Office Tower C, Chamtime Plaza, No. 3, Pudong New District, Shanghai, 201203

### Philippines

- 8th Floor, Sunlife Centre, 5th Avenue Corner, Rizal Drive, Bonifacio, Global City, Taguig City, Philippines

### AUSTRALIA

- Shop 5, 17-19, East Parade Sutherland, New South Wales 2232, Australia

### New Zealand

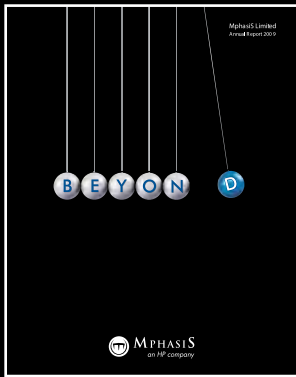
- Level 1, 50, Custom House Quay Wellington - 6001, New Zealand

## AFRICA

### Mauritius

- C/o SGG Corporate Services (Mauritius) Ltd., 33, Edith Cavell Street, Port Louis, Mauritius - 11324





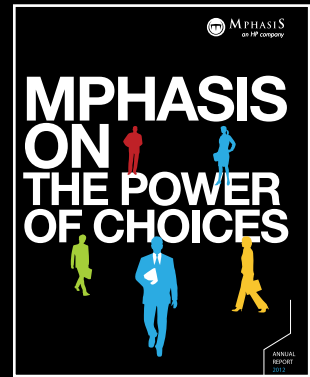
2009 Beyond



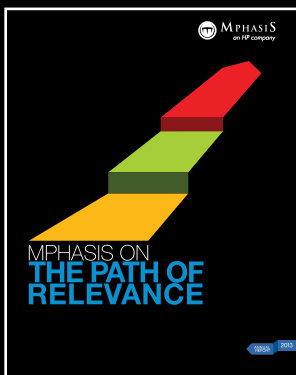
2010 Beyond a Billion



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



2017 The Perfect Balance



2018 The Next Applied

There is a new dynamism in the air, as Mphasis gears up for a revolutionary phase of growth as a future-tech enabler and an applied technology brand to cater to Gen Z in an “always on” digital world.

The ‘next’ will be all about unleashing the exponential power of cloud and cognitive to provide a hyper-personalized digital experience to clients. It’s all about being a customer-centric global technology company reflected deeply in our Front2Back™ transformation approach.



[www.mphasis.com](http://www.mphasis.com)



## About Mphasis

Mphasis (BSE: 526299; NSE: MPHASIS) applies next-generation technology to help enterprises transform businesses globally. Customer centricity is foundational to Mphasis and is reflected in the Mphasis' Front2Back™ Transformation approach. Front2Back™ uses the exponential power of cloud and cognitive to provide hyper-personalized ( $C = X2C_{TM}^2 = 1$ ) digital experience to clients and their end customers. Mphasis' Service Transformation approach helps 'shrink the core' through the application of digital technologies across legacy environments within an enterprise, enabling businesses to stay ahead in a changing world. Mphasis' core reference architectures and tools, speed and innovation with domain expertise and specialization are key to building strong relationships with marquee clients.