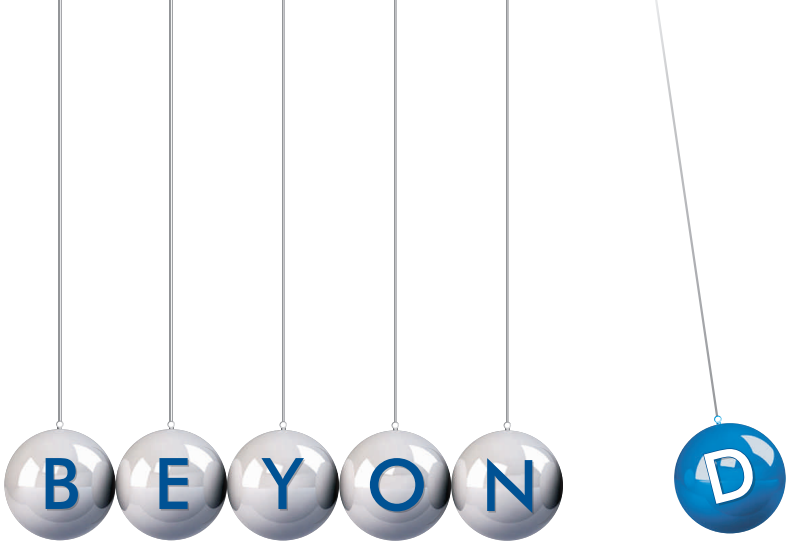
MphasiS Limited
Annual Report 2009



MPHASIS
an HP company



2009

Steered BEYOND competition

Ventured BEYOND boundaries

Sustained results BEYOND the downturn

Contents

Letter from the CEO 3

Group Overview 4

Board of Directors 17

Management Discussion of Risks and Concerns 18

Auditor's Report on Consolidated Financial Statements 22

Consolidated Balance Sheet 23

Consolidated Profit and Loss Account 24

Notes to the Consolidated Financial Statements 25

Consolidated Cash Flow Statements 53

Management Discussion and Analysis of Critical Accounting Policies and Glossary of terms used in the Financial Statements 57

Management Discussion and Analysis of Financial Condition and Results of Operations 60

Directors' Profile 72

Directors' Report 75

Corporate Governance 85

Auditors' Report of MphasiS Limited 98

Balance Sheet of MphasiS Limited 101

Profit and Loss Account of MphasiS Limited 102

Notes to the Financial Statements of MphasiS Limited 103

Cash Flow Statements of MphasiS Limited 139

Group Office Locations 144

Letter from the CEO



Dear Shareholder,

I am pleased to inform you that your company has delivered a good fiscal 2009. Revenues for the financial year were Rs. 42,639 million up 43.2% over the previous financial year. Our Gross Profit increased 96.6% to Rs. 13,846 million. Our Net profit was Rs. 9,087 million, an increase by 121.2% over last fiscal and consequently, our EPS increased to Rs. 43.45 from Rs. 19.69 last fiscal, an increase of 120.7%. Our directors recommended a dividend of 35% for the year.

The economic meltdown was the main theme of the 2009 market. Customers had to deal with the downturn like never before. IT service providers were confronted with shrinking IT budgets. There were unprecedented employment trends in the IT industry in India ranging from job cuts, retrenchment and salary cuts to reduction of benefits.

Our strategy of dealing with this uncertainty was anchored on "partnership". We partnered with our customers to see them through the downturn. We saw our employees as our partners in success and did not cut jobs inculcating a spirit of participation and partnership. We focused on strengthening our partnership with HP.

Partnership continues to be our people approach. We understand the need for a diverse workforce, with different viewpoints. In this direction we are growing our global talent footprint. Our intent to set up a delivery center in Sri Lanka was one such effort.

In troubled times, it is easy to forget the community around us. We have consciously continued with our corporate social responsibility efforts and are focused on education, employability and entrepreneurship development in the communities we work with. MphasiS inherently believes that only a humanistic way of doing business can assure consistent sustainable growth in the long term. A vibrant community is a vibrant us. Our employees globally contributed in multiple ways to the community initiatives.

We believe that companies would need to manage opportunities and risks simultaneously. Business Models are evolving from cost focused suppliers to reward sharing partnerships. In such an environment, our approach is to partner with our customers, align our efforts, and ensure their success on the new parameters.

We believe we are uniquely positioned because of our partnership with world's largest IT Company - HP and our roots as an Indian pure play. This position helps us to offer the of best of both worlds.

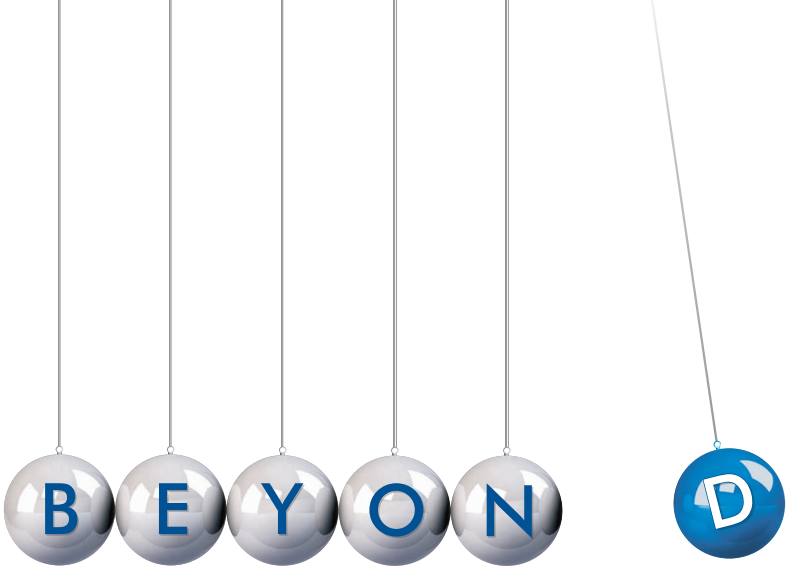
In our quest to partner with our customers, we will continue to focus on their business requirements, moulding our services to an integrated approach. Our three lines of businesses are collaborating to provide integrated solutions. This is a fundamental shift towards focusing on customer's business challenges in a holistic manner without losing depth of our service line.

We are gearing up to deliver another set of consistent results in FY10. Some of the building blocks for our profitable growth will be to ensure service excellence, build a global talent footprint, increase share of customer wallet and most importantly grow our relationship within and with HP

Throughout 2009, you, our shareholders have stayed invested with us. Your support has been immense. I thank you for believing in our capability.

We are now, at the beginning of a year that holds great promise. As we go ahead full steam 'relentless effort and timely execution' will be our mantra.

Regards,
Ganesh Ayyar



the downturn

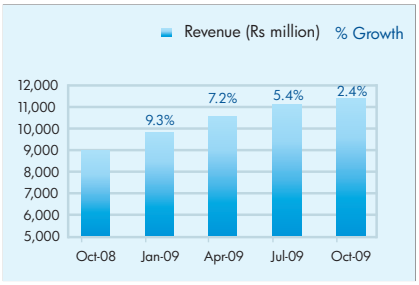
We rallied with speed, agility, and flexibility

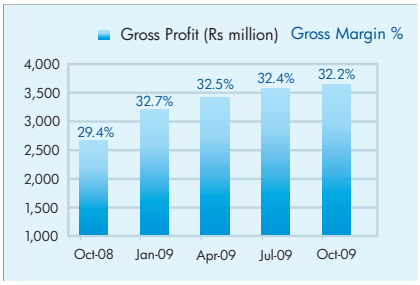
Our numbers tell a compelling story

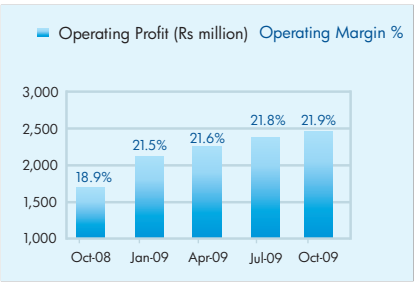
One of determination to persevere
against all odds

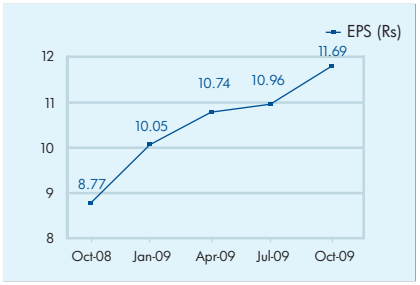
Consistent results quarter after quarter, sustained growth year after year

Profitable QoQ growth during FY09



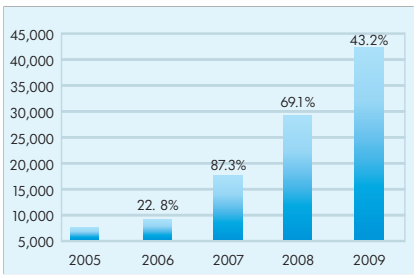




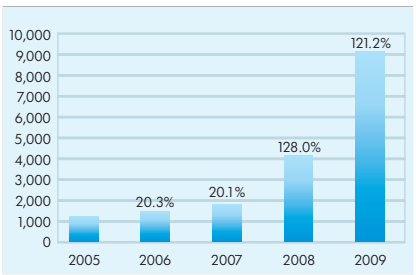


Our five year story…

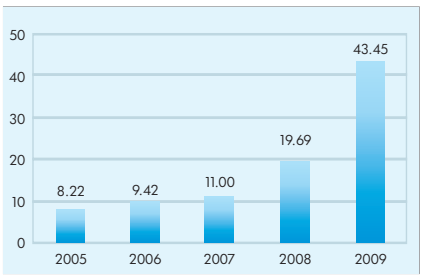
Revenues



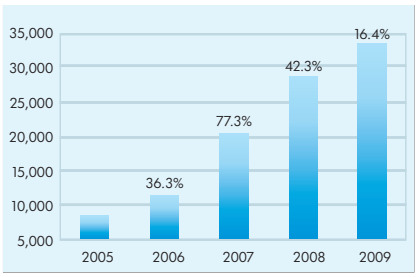
Net Profit



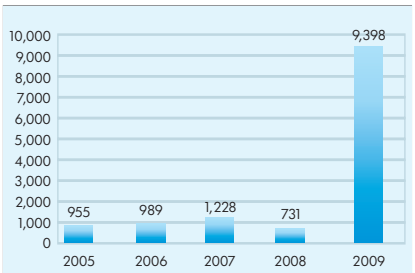
EPS



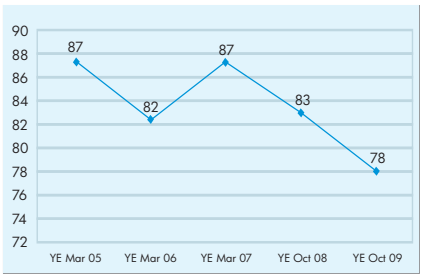
Headcount



Cash and cash equivalents

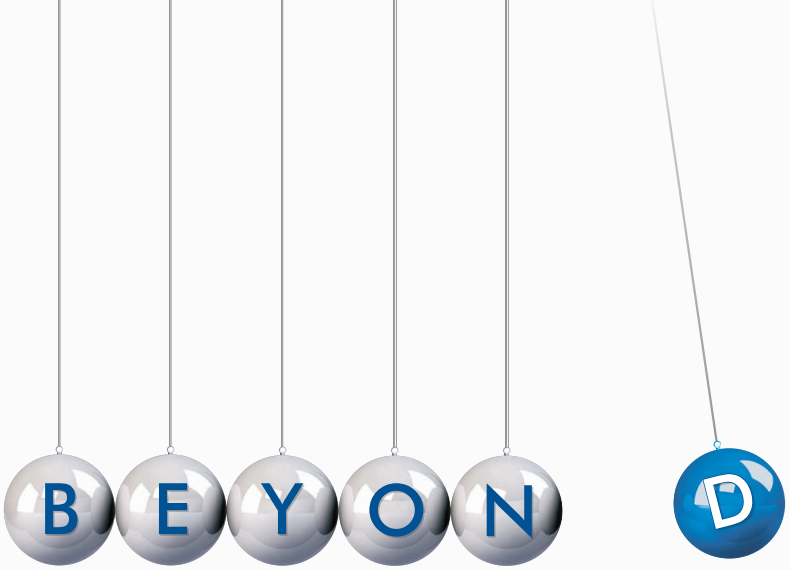


Debtor Days



2005 to 2007 pertains to 12 month YE 31 March and 2008 to 2009 pertains to 12 month YE 31 Oct ; All amounts are in Rs. million except EPS.

% represents percentage growth



the proverbial

Chartered a new course….

An acquisition – 736 employees integrated in just 6 weeks

A new delivery center in Sri Lanka – expanding our global talent pool

A suite of services around IP – our Surround IP program



BEYOND apprehension

Uma Palaniappan, MphasiS FinSolutions

"The integration of AIGSS with MphasiS showcases MphasiS' decisive leadership, speed and orientation to detail.

This merger is a great example for one to look at changes as opportunities. Though I was anxious in the early months, I was made comfortable on every possible occasion by the executive leadership team who explored the right avenues for my role and contribution. While continuing to manage the AIG relationship and the MphasiS FinSolutions delivery center, I have also taken up a new role as Head of Strategy and Delivery – Applications. With a smooth merger accomplished and teams that are confident and excited, I look forward to seeing only impressive results from this integrated family for the years to come!"



BEYOND frontiers

Mr. Dhammika Pereira, Chairman/Director General, Board of Investment of Sri Lanka

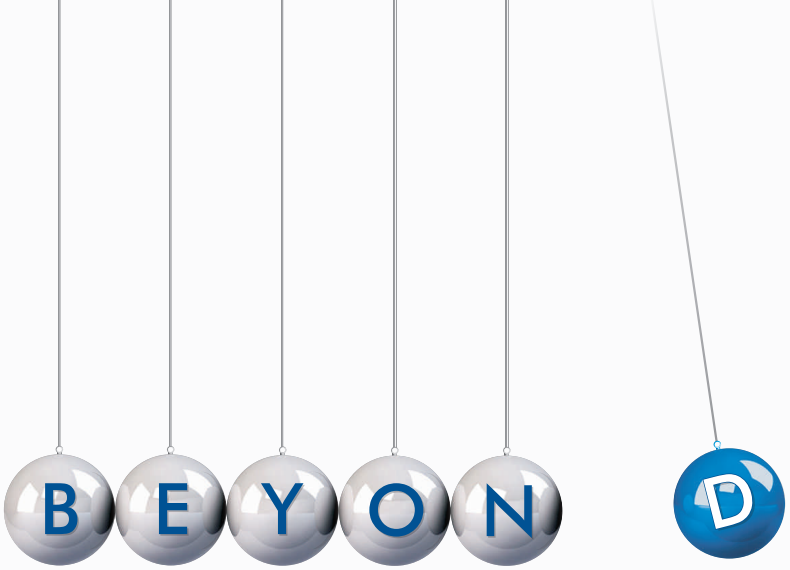
"MphasiS came, saw and established its footprint in Sri Lanka in record time. Working closely with the BOI, within three months of its first communication, MphasiS announced its decision to start operations in Sri Lanka on the 9th December, 2009."

BEYOND the firm

Implementing a service management strategy requires significant costs, effort and duration. It involves changes to people, processes and technology, defining the right details and getting internal agreement on the processes. Managing lengthy reiteration cycles can frustrate any organization.

Globally, the business pressure is to generate results much faster, better and cheaper. MphasiS' Surround IP program provides just that. Our program currently works around HP owned IP. We professionally develop and maintain IP and bring it to the marketplace in a unique, repeatable package.

The MphasiS Surround IP Program minimizes the time to value—leveraging the right combination of proven service management experience, software products and services.



service in silos

Business takes precedence over technology

We measure our success with that of our client's

An Integrated approach to business challenges is the order of the day

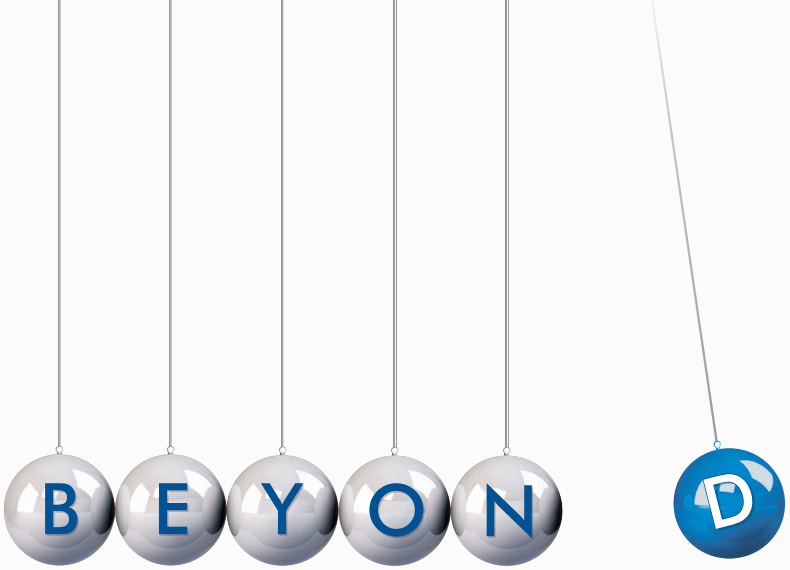
Paradigm shift – an Integrated approach

Technology is a given. Customers today are demanding much more... business realities have taken center stage and IT must tweak itself for business benefits. Beyond technology, customers ask to make outsourcing self funding, show business impact and be flexible to business demands.

An Integrated offering combines multiple elements of technology under one business umbrella. MphasiS brings together the best in customer services, applications development & management and virtualization to provide a unified solution. For instance, in a typical client organization, over 70% of BPO initiatives are taken up by the operations department as well as 90% are managed by them. Suppliers map different client units to distinct supplier business units. Many times, they don't connect the dots within their internal organizations leading to outsourcing failures.

An Integrated approach to outsourcing helps drive innovation and significantly higher cost savings. Using this approach we exceed customer expectations and also aid customers in gaining a competitive advantage in their marketplace. We help our customers in reducing operating costs, accelerating development cycles and delivering new products and services to their buyers.

Our Integrated offerings provide an option for continuous improvement through consolidation of Business Process and IT outsourcing.



the call of duty

Leading by example

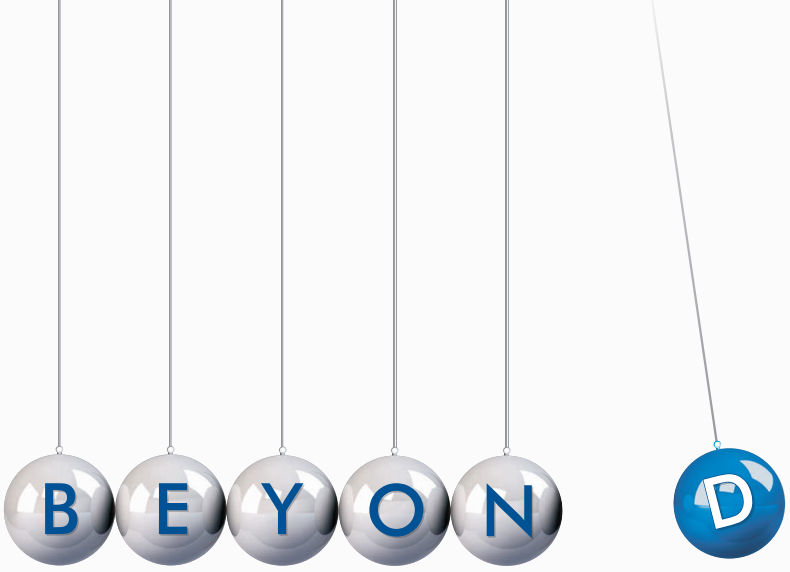
Champions of change

Our people our heroes!

Shankar Shanmugam Ramana Tadepalli Milan Anthony Sequeira Rajeswari Bali Rajeswari KS
Meenu Bhambhani Preeti Singh Subrahmanyam K V Anand Kurse Phani Rajasekher A Milind Shrotri
Swarup Patil Diphaa Nair Hanu Mukku Narayanan Nair Arkesh Katte
Anand Kurse Sonu Pathak Saurabh Jha Milind Shrotri Himali Vasudev Thakker Chetan Kumar
Madhan Ramamoorthy Hemanth Kumar J Rajeswari Bali Srinivasa K Raju Raina Dsouza Saurabh Jha
Narayanan Nair Santosh Dakolia Vineet Kumar Jain Swarup Patil Hanu Mukku Meenu Bhambhani Preeti Singh
Puneet Bhirani Chetan Kumar Diphaa Nair Milan Anthony Sequeira Ashish Verma Vijayakumar B
Phani Rajasekher A Santosh Dakolia



Shankar Shanmugam Ramana Tadepalli Milan Anthony Sequeira Rajeswari Bali Rajeswari KS
Meenu Bhambhani Preeti Singh Subrahmanyam K V Anand Kurse Phani Rajasekher A Milind Shrotri
Swarup Patil Diphaa Nair Hanu Mukku Narayanan Nair Arkesh Katte
Anand Kurse Sonu Pathak Saurabh Jha Milind Shrotri Himali Vasudev Thakker Chetan Kumar
Madhan Ramamoorthy Hemanth Kumar J Rajeswari Bali Srinivasa K Raju Raina Dsouza Saurabh Jha
Narayanan Nair Santosh Dakolia Vineet Kumar Jain Swarup Patil Hanu Mukku Meenu Bhambhani Preeti Singh
Puneet Bhirani Chetan Kumar Diphaa Nair Milan Anthony Sequeira Ashish Verma Vijayakumar B
Phani Rajasekher A Santosh Dakolia



financials

Enabling

Empowering

Enriching



Ms. Ruma Roka, General Secretary, Noida Deaf Society

"Our partnership with MphasiS has enabled us touch the lives of many deaf youth in a meaningful manner. The English Literacy Project is enabling our students to access employment and become productive members of the society. Through this partnership we have spread awareness about the deaf community and demonstrated their capability of adding value to the industry.

MphasiS' support in training and employing our students has been of great value. We have broken barriers with the families of deaf children and engaged them in the process of changing their lives. Our students are scaling new heights! Today, this is possible with the support and dedication of the MphasiS team."



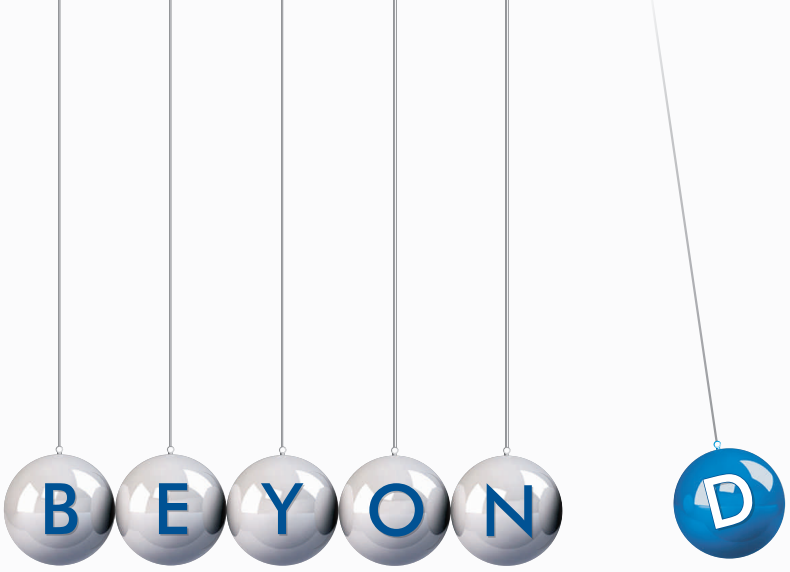
Dr. Meenu Bhambhani, Head – Corporate Social Responsibility

"When I joined MphasiS, I did not know where to start – changing the infrastructure or working with managers to change mindsets or both? To tap the talent of persons with disability, we invested in outreach programs focused on training and development. Our work with partners in the field has been extensive in grooming and placing people with disabilities.

At MphasiS, we changed too. Our infrastructure and policies became inclusive. People with disabilities have the necessary support both from managers and colleagues. Today, we have over 300 employees who are People with Disabilities - more than 1% of our workforce!

In 2009 we received two prestigious awards – the Xth NCPEDP - Shell Helen Keller Award and the President's Award for being the best employer for persons with disabilities.

I believe this is just the beginning. Diversity is in our DNA."



hierarchical structures

Entrepreneurial

Collaborative

Shared Destiny



Rena Nigam, Sales, Americas

"MphasiS has given me the opportunities to grow along with the company. We've always attracted great talent and it is a pleasure to work with and learn from colleagues. I was thrilled to be invited to join the 'Executive Talent' pool. It is a great forum to learn and contribute to the company's strategy. The program is designed to help us grow our leadership skills – and I am focusing my energies on growing my team to be ready for their next roles."



Bert Hooyman, Architect, EMEA

"I joined MphasiS in 2001 and have worked in several key roles. During my tenure at MphasiS I got to file a patent which was personally important to me . I believe in instilling a culture of Process Excellence through professionalism and I aspire to raise the quality of our operations.

For me Integrity is a key value that must drive all activities. I truly believe that one must go that extra mile, a few instances will set you apart."



Madhu Menon, F&A, BPO

"From being an established professional in the MphasiS Finance function, I chartered totally new territory by building F&A BPO service delivery program for MphasiS. The projects I have worked on have since become centers of expertise and consequently service line offerings for MphasiS. The option to choose a work area and make a difference is what sets us apart as a company.

The institutional support we received in navigating complexity and ensure one is set up for success."



Bhaskar Pal, Infrastructure Services Delivery

"One of the most exciting parts of being with MphasiS is the company's ability to reinvent itself every time the operating paradigm changes. I have evolved along with the firm, taking up varied challenges all along. The highlight of my career was my nomination for the 'Mphasian of the year 2009'. This has reaffirmed my faith in driving for excellence for all our stakeholders."



Sudhir Mathur, Sales, ANZ

"At MphasiS, the possibilities are limitless and this has been an exciting journey. I was most exhilarated, when In 2009, ANZ was acknowledged as the fastest growing region in an otherwise "difficult" industry year. I believe one should lead by example and deliver to one's commitments. Inspiring your colleagues is important - you are only as good as your team"



Puneet Bhirani, Resource Management Group

"8 ½ years, 6 departments, 3 continents, 5 cities – clearly far from the mundane! My journey has been fast paced – one of relentless effort for consistent outcomes. In 2009, I was ecstatic when I won the 'Mphasian of the Year'. I believe that managers are responsible for nurturing talent at the workplace. There are no bad resources. With the right mentorship and faith every resource can become a success story. At MphasiS we go that extra mile to create heros!"

Board of Directors

Mr. Andreas W Mattes
Chairman

Mr. Balu Ganesh Ayyar
Chief Executive Officer

Dr. Jose de la Torre

Mr. Nawshir Mirza

Mr. Davinder Singh Brar

Ms. Vinita Bali

Mr. Craig Wilson

Mr. Prakash Jothee

Dr. Friedrich Froeschl

Mr. K M Suresh

COMPANY SECRETARY, GENERAL COUNSEL & HEAD - GLOBAL ETHICS & COMPLIANCE
Mr. A Sivaram Nair

AUDITORS
S R Batliboi & Co.
UB City, 'Canberra Block'
12th and 13th Floor
24, Vittal Mallya Road
Bangalore – 560 001, India

REGISTERED OFFICE
Bagmane Technology Park
Byrasandra, C V Raman Nagar
Bangalore – 560 001, India
Ph: +91 80 4004 0404
www.mphasis.com

REGISTRAR & SHARE TRANSFER AGENT
Alpha Systems Private Limited
30, Ramana Residency
4th Cross, Sampige Road
Malleswaram
Bangalore – 560 003, India
Ph: +91 80 24360815-8

Management Discussion of Risks and Concerns

Any Group needs to ensure that it has a proper continuous risk identification and management process. This process will generally involve the following steps:

- Identifying, ranking and sourcing risks inherent in the Group's strategy (including its overall goals and appetite for risk);
- Selecting the appropriate risk management approaches and transferring or avoiding those risks that the business is not competent or willing to manage;
- Implementing controls to manage the remaining risks;
- Monitoring the effectiveness of risk management approaches and controls;
- Learning from experience and making improvements.

Since August 2008, the Group has become a subsidiary of Hewlett-Packard. Hewlett-Packard (HP) is a technology company that operates in more than 170 countries around the world with a revenue totalling $114.6 billion for the fiscal ended October 31, 2009. HP was founded in 1939 and has its corporate headquarters in Palo Alto, California, USA. HP becoming the ultimate holding company of MphasiS has significantly altered the risk profile of the Group as also given it greater access to international markets combined with a strong governance process.

Management has identified certain areas of risk where the Group is vulnerable and has listed them below along with actions to deal with the same and thereby mitigate, if not eliminate such risks. Management strives to ensure a policy of strong corporate ethics driven by correct organisation culture rather than by legal requirements. Thus, healthy internal systems and practices are based on best practices rather than on legal compliance.

Business Risks

Global Economic crisis

The economic crisis that swept US and Europe during this financial year is showing signs of weakening and by mid 2010 the world economy should have begun its recovery. The Group derived 87% of its revenues for the year from the USA and Europe. With augmentation of work from new clients and new service streams coupled with various productivity and cost optimization measures the Group's revenues and profitability growth has been sustained and strengthened. Continuous efforts to expand service and delivery avenues and process improvements are underway to withstand tough economic situations.

Client / Business concentration risk

During the year the Group derived 13% of its total revenues from a single client and about 70% of the total revenue through HP and such dependencies can impact the Group's operations in case of any adversity. From the business concentration perspective 41% of the revenue is from Banking and Financial Services segment based clients.

Competition risk

New competitors may enter the markets the Group operates in or current competitors could decide to focus more on these markets, and thereby intensify the highly competitive conditions that already exist. These new entrants and existing competitors could offer or introduce new technologies, offer a different service model, or could treat the services to be provided by one of our businesses as a component of a larger service offering. Such developments would enable these new and existing competitors to offer similar services at reduced prices. Such developments could harm the Group's business and results of operations.

The market for software development services is highly competitive and subject to rapid technological change, regulatory developments and emerging industry standards that the Group expects will continue. This could result in lower margins in future for the Group and could also result in increased pricing pressures. Certain of the Group's competitors have substantially greater financial, technical, marketing and other resources than the Group, and competitors of the Group have made and continue to make significant investments in the construction of new facilities. To the extent the Group is unable to compete effectively against its competitors, its financial condition and results of operations would be materially and adversely affected.

Management expects competition to persist and increase in the future. Management continuously monitors competition and modifies the business model to adequately compete but it cannot assure that the Group will be able to compete successfully against these or future competitors.

Management expects that a portion of the Group's anticipated future revenue growth in the various business segments will be derived from:

- The continued selling of services to our existing customers;
- The planned introduction of new or enhanced services;
- The selling of services to new customers;
- Strategic acquisitions.

The alignment with HP has significantly reduced the competition risk and the Group plans to leverage HP's technology and service offerings to broaden its client base.

Overseas operations risk

With clients and operations all across the world there is greater need of awareness of regulatory needs, suitable structure of business models / business contracts besides market intelligence. The Group is required to comply with various federal / state level legislation / visa & immigration rules / tax statutes in the US, Europe and other overseas locations. With increase in geographical spread there could be risk of timeliness in compliance with these legislative requirements. Besides effective scrutiny of customers' liquidity position and credit monitoring / recovery mechanism have to be evolved to avoid risk of bad debts. The Group has substantially augmented the monitoring controls in regard to overseas regulatory compliance by availing services of professional consultants in respective locations. The transfer pricing norms and tax legislative requirements are constantly reviewed to enable compliance. Visa/work permit, immigration norms, off-shorable work etc are reviewed during the business acquisition stage itself. The Group constantly reviews credibility of existing customers and follows rigorous credit checks on prospective clients before fixing credit limits and credit periods. With the increased size of operations, the credit checks will be further strengthened to mitigate the risks.

Service delivery risks

Due to expansion in volume of operations and new client / geography / service offerings there could be service delivery related risks, transition phase risks, intellectual property rights related risks and change in proportion of offshore–on–site mix with risk of consequential skill mismatches. These risks are heightened in cases where clients face budgetary constraints or have internal management issues or we have employee attritions. The Group with its years of experience, HP's expertise and knowledge base is enhancing the management techniques and framework to fulfil customer satisfaction levels beyond competition. Besides this, adequate insurance for professional indemnity, errors and omissions to cover such events is taken.

Management Discussion of Risks and Concerns

Telecommunication infrastructure risk

The use of strategically located delivery locations provides the Group with cost advantages, ability to attract and retain highly skilled personnel and consequently the ability to provide the clients with services 24 hours a day and 7 days a week. This delivery model involves the maintenance of active voice and data communication links between the Group's service delivery locations and clients. Although the Group maintains redundancy facilities and satellite communication links, any loss in its ability to transmit voice and data through satellite and telephone communication links could adversely affect the Group's ability to complete client projects on a timely basis thereby affecting its revenues and operational performance. The delivery centres of the Group have moved on to a state of the art, global secured network with built in redundancies and fall back options to mitigate this risk and this is a source of significant competitive advantage.

Financial Risks

Foreign exchange fluctuation risk

About 93% of the Group's billings for the year is in foreign currency and hence exposed to volatility against the Indian rupee and cross currency movements. Changes in the exchange value of the Rupee with other currencies would affect our earnings and carrying value of net assets located overseas. The expected increase in offshore work may heighten the risk due to exchange rate changes. Currently the Group has a policy of hedging non-functional current assets and current liabilities as well as the forecasted revenues. To protect itself against possible default by the counterparties viz., the banks, the Group uses multiple banks with appropriate limits.

Taxation law change impact risks

Currently, the Group's India operations are entitled to tax exemptions and credits as per the prevailing laws in India. These benefits include, a tax holiday from profits generated from the export of software, refund of service tax suffered on inputs used for export of taxable services and the exemption from import /excise duties on assets purchased that are to be used in export revenue generating activities.

Delay in refund of service tax from the Government will impact the Company's cash flow. Further, non-receipt of refund will adversely impact the profits of the Company. The Company is continuously following up for the refund and taking proactive steps to reduce the incidence of service tax in the future.

Any amendment to the Indian taxation statutes could adversely affect the Group's financial results and competitive advantage vis a vis other countries across the world. With the Software Technology Park (STP) scheme in a sunset phase, the Group is moving towards the Special Economic Zone (SEZ) scheme where it would continue to enjoy tax holidays.

Technology risks

The Group's ability to remain competitive depends on the ability to adapt to changing technology. As a provider of information technology services, the Group strives to adapt and respond to the technological advances offered by competitors and the technological requirements of clients, in order to maintain and improve the Group's competitive position. However, there can be no assurance that the Group will develop and release new products and services or product and service enhancements within the projected time frames and within targeted costs. Significant delays, difficulties or added costs in introducing new services or enhancements, either through internal development, acquisitions or co-operative relationships with other companies, could adversely affect the market acceptance of the Group's services and operating results. The Group has successfully sailed through various phases during the past few years and with access to HP technology it is perceived that there is better sustainability to the group's operations.

Directors, Managers, Officers and other employees' liability risk

These are the legal risks of the above individuals towards third parties for actions taken while performing their duties representing the Group. If such cases are decided against such individuals, the liability could fall on the Group to make good any losses. The Group is sufficiently insured to cover such risks and also there are adequate controls in place to mitigate this.

Human Resources

Attracting and retaining professional talent

The Group's future success will depend in part on continued ability to hire, assimilate and retain qualified personnel. The loss of any key employee, the failure of any key employee to perform in his or her current position or the Group's inability to attract and retain skilled employees, particularly technical and management, as needed, could harm the Group's business.

The Group strives to provide training and excellent staff welfare measures to promote employee satisfaction and thereby attract and retain efficient manpower. The Group has undertaken various initiatives to ensure that succession planning for key employees is put in place.

Others

Travel, Health related, Terrorism and Political risks

While the software development business has a blend of offshore and onsite delivery models, the BPO operations are largely concentrated in India. This makes it all the more susceptible to location concentration risks associated with India and its external relations with neighbours and other countries where clients are served. Further Indian IT and ITES services industry also faces competition from other countries. Should clients decide to shift off-shoring business out of India to other countries, this could adversely affect the Group's business. To mitigate this, the Group has a software development centre in China and another delivery centre will start operation in Sri Lanka in the first half of 2010. The Group also has facilities in Slough, UK and Phoenix, USA. The Group is further looking at opening near shore delivery centres outside India. To ensure continued uninterrupted service to the existing customer and to mitigate the risk of travel, health related, terrorism, political risks certain basic infrastructure like video conferencing and communication facilities are enabled in all major locations to ensure uninterrupted communication and service lines.

Accidents, natural calamities and safety of employees and assets

The risk of natural calamities like earthquake/flood, electricity & telecommunication failures, labour unrest, accidents with peril to employees, assets and other business interruptions beyond management control could adversely affect the Group's business. The Group is sufficiently insured to cover such risks and interruptions to operations and the real estate strategy of the Group requires it to have two sites in each city where it has major operations, to mitigate such risks besides having a disaster recovery and business continuity plan in place.

Auditor's Report

THE BOARD OF DIRECTORS
MPHASIS LIMITED

We have audited the attached consolidated balance sheet of MphasiS Limited ('the Company') and its subsidiaries (collectively referred to as 'MphasiS Group') as at 31 October 2009, and also the consolidated profit and loss account and the consolidated cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

We report that the consolidated financial statements have been prepared by the Company's management in accordance with the requirements of Accounting Standard 21, 'Consolidated financial statements', notified pursuant to the Companies (Accounting Standards) Rules, 2006, (as amended).

In our opinion and to the best of our information and according to the explanations given to us, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

(a) in the case of the consolidated balance sheet, of the state of affairs of the MphasiS Group as at 31 October 2009;

(b) in the case of the consolidated profit and loss account, of the profit for the year ended on that date; and

(c) in the case of the consolidated cash flow statement, of the cash flows for the year ended on that date.

For S.R. BATLIBOI & CO.
Chartered Accountants

per **Sunil Bhumralkar**
Partner
Membership No. 35141

Place : Bangalore
Date : 24 November 2009

Consolidated Balance Sheet

(Rs 000's)

	Notes	31 October 2009	31 October 2008
SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS			
Share capital	3	2,095,779	2,089,303
Reserves and surplus	4	21,350,582	12,213,422
Employee stock options outstanding	5	6,994	60,718
		23,453,355	**14,363,443**
LOAN FUNDS			
Secured loans	6	33,207	53,792
DEFERRED TAX LIABILITY	7	1,432	-
		23,487,994	**14,417,235**
APPLICATION OF FUNDS			
FIXED ASSETS	8		
Cost		10,043,649	9,463,223
Accumulated depreciation and amortisation		(6,879,945)	(6,057,869)
Net book value		3,163,704	3,405,354
Capital work-in-progress including capital advances		127,346	730,719
		3,291,050	4,136,073
GOODWILL	9	2,945,512	2,959,287
INVESTMENTS	10	7,612,471	-
DEFERRED TAX ASSETS	11	695,378	344,539
CURRENT ASSETS, LOANS AND ADVANCES			
Debtors and unbilled revenues	12	9,063,810	8,809,671
Cash and bank balances	13	1,785,698	731,198
Interest receivable	14	1,295	2,247
Loans and advances	15	7,240,135	3,356,948
		18,090,938	**12,900,064**
CURRENT LIABILITIES AND PROVISIONS			
Current liabilities	16	6,413,739	4,424,862
Provisions	17	2,733,616	1,497,866
		9,147,355	**5,922,728**
NET CURRENT ASSETS		**8,943,583**	**6,977,336**
		23,487,994	**14,417,235**
Significant Accounting Policies	1		

The notes referred to above form an integral part of these consolidated financial statements

This is the consolidated balance sheet referred to in our report attached

For S.R. BATLIBOI & CO.
Chartered Accountants

per **Sunil Bhumralkar**
Partner
Membership No. 35141

Bangalore
24 November 2009

For and on behalf of the Board of Directors

Andreas W Mattes
Chairman

Ganesh Murthy
Chief Financial Officer

Bangalore
24 November 2009

Balu Ganesh Ayyar
Chief Executive Officer

A. Sivaram Nair
Company Secretary

Consolidated Profit and Loss Account

(Rs 000's)

	Notes	For the year ended 31 October 2009	For the period from 01 April 2008 to 31 October 2008
Revenue		**42,638,827**	**19,065,192**
Cost of revenues	**18**	28,793,179	14,254,627
Gross profit		**13,845,648**	**4,810,565**
Selling expenses	**19**	1,804,010	727,721
General and administrative expenses	**20**	2,781,219	1,192,314
Provision for doubtful debts	**21**	8,036	11,256
Operating profit		**9,252,383**	**2,879,274**
Foreign exchange gain, net		292,202	163,926
Other income, net	**22**	155,008	8,495
Interest Income	**23**	27,927	45,419
Profit before taxation		**9,727,520**	**3,097,114**
Income taxes			
- Current		1,435,685	408,432
- Deferred		(338,590)	(83,161)
- Minimum alternative tax credit entitlement		(487,060)	(217,965)
- Fringe benefit tax		30,706	35,443
Net Profit		**9,086,779**	**2,954,365**
Earnings per share (par value Rs 10)	**30**		
Basic (Rs)		43.45	14.16
Diluted (Rs)		43.17	14.08

Significant Accounting Policies **1**

The notes referred to above form an integral part of these consolidated financial statements

This is the consolidated profit and loss account referred to in our report attached

For S.R. BATLIBOI & CO.
Chartered Accountants

per **Sunil Bhumralkar**
Partner
Membership No. 35141

Bangalore
24 November 2009

For and on behalf of the Board of Directors

Andreas W Mattes
Chairman

Ganesh Murthy
Chief Financial Officer

Bangalore
24 November 2009

Balu Ganesh Ayyar
Chief Executive Officer

A. Sivaram Nair
Company Secretary

Notes to the Consolidated Financial Statements

1. SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The consolidated financial statements of MphasiS Limited ('the Company') and its subsidiaries, collectively referred to as 'the MphasiS Group' or 'the Group', have been prepared and presented under the historical cost convention on the accrual basis of accounting and comply with the mandatory Accounting Standards ('AS') prescribed in the Companies (Accounting Standards) Rules, 2006, other pronouncements of the Institute of the Chartered Accountants of India ('ICAI') and the related provisions of the Companies Act 1956.

Basis of consolidation

The consolidated financial statements include the financial statements of MphasiS Limited and all its subsidiaries, which are more than 50% owned or controlled. Please refer to Note 2 for the description of the Group.

The financial statements are prepared in accordance with the principles and procedures for the preparation and presentation of consolidated financial statements as laid down under AS 21, Consolidated Financial Statements prescribed by the Companies (Accounting Standards) Rules, 2006.

The financial statements of the parent company and subsidiaries have been combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses after eliminating intra-group balances/ transactions and resulting unrealised profits in full. Unrealised losses resulting from intra-group transactions have also been eliminated except to the extent that the recoverable value of related assets are lower than their cost to the Group. 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.

Minority interest is the amount of equity attributable to minorities at the date on which investment in a subsidiary is made and its share of movements in the equity since that date. Any excess consideration received from minority shareholders of subsidiaries over the amount of equity attributable to the minority on the date of investment is reflected under reserves and surplus.

Consolidated financial statements are prepared using uniform accounting policies across the Group.

Use of estimates

The preparation of the consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent liabilities on the date of the consolidated financial statements and the reported amounts of revenues and expenses during the year reported. Actual results could differ from those estimates. Any revision to accounting estimates is recognised prospectively in the current and future years.

Revenue recognition

The Group derives its revenues primarily from software services & projects, call centre & business process outsourcing operations, infrastructure outsourcing services and from licensing arrangements & application services.

Revenues from software services & projects comprise income from time-and-material and fixed-price contracts. Revenue from time-and-material contracts is recognised on the basis of software developed and billable in accordance with the terms of contracts with clients. Revenue from fixed-price contracts is recognised 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.

Notes to the Consolidated Financial Statements

Revenue from call centre & business process outsourcing operations arises from both time-based and unit-priced client contracts. Such revenue is recognised on completion of the related services and is billable in accordance with the specific terms of the contracts with clients.

Revenue from infrastructure outsourcing services arises from time-and-material contracts and accordingly, revenue is recognised on the basis of services billable in accordance with the terms of the contracts with clients.

Revenue from licensing arrangements is recognised on transfer of the title in user licenses except those contracts, which require significant implementation services, where revenue is recognized over the implementation period in accordance with the specific terms of the contracts with clients.

Maintenance revenue is recognised rateably over the period of underlying maintenance agreements.

Provisions for estimated losses on incomplete contracts are recorded in the period in which such losses become probable based on the current contract estimates. 'Unbilled revenues' included in current assets represent revenues in excess of amounts billed to clients as at the balance sheet date. 'Unearned receivables' included in current liabilities represent billings in excess of revenues recognised.

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

Interest on the deployment of surplus funds is recognised using the time-proportion method, based on underlying interest rates.

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

Fixed assets and capital work-in-progress

Fixed assets are stated at the cost of acquisition or construction less accumulated depreciation. Direct costs are capitalised until assets are ready to be put to use. Borrowing costs directly attributable to acquisition or construction of those fixed assets which necessarily take a substantial period of time to get ready for their intended use are capitalised. Fixed assets purchased in foreign currency are recorded at cost, based on the exchange rate on the date of purchase. Acquired intangible assets are capitalised at the acquisition price. Internally generated intangible assets are stated at cost that can be measured reliably during the development phase and when it is probable that future economic benefits that are attributable to the assets will flow to the Group. Fixed assets held by foreign subsidiaries are translated into Indian rupees at the closing rate (refer accounting policy on foreign currency included in this note).

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 asset or the present value of the minimum lease payments at the inception of the lease, whichever is lower.

Advances paid towards acquisition of fixed assets and the cost of assets not ready for use as at the balance sheet date are disclosed under capital work-in-progress.

Goodwill arising on consolidation

The excess of cost to the Company of its investment in subsidiaries over its portion of equity in the subsidiaries at the respective dates on which subsidiaries were acquired is recognised in the financial statements as goodwill. The Company's portion of equity in the subsidiaries is determined on the basis of the value of assets and liabilities as per the financial statements of the subsidiaries as on the date of acquisition.

Depreciation and amortization

Depreciation on fixed assets is provided using the straight-line method over the estimated useful lives of assets. Depreciation is charged on a proportionate basis for all assets purchased and sold during the year. Individual assets costing Rs 5,000 or less are depreciated in full in the year of purchase. The estimated useful lives of assets are as follows:

For assets used in other services	
	Years
Buildings	10
Plant and machinery	4
Computer equipment	2
Office equipment	3
Furniture and fixtures	4
Vehicles	3 to 5

For assets used in call center services	
	Years
Buildings	10
Plant and machinery (including telecom equipments)	5
Computer equipment	5
Office equipment	5
Furniture and fixtures	5
Vehicles	3 to 5

Freehold land is not depreciated. Leasehold improvements are amortised over the remaining lease term or 3 years (5 years for Call center services), whichever is shorter. Significant purchased application software and internally generated software that is an integral part of the Group's computer systems, expected to provide lasting benefits, is capitalised at cost and amortised on the straight-line method over its estimated useful life or 3 years, whichever is shorter. Internally generated software for sale expected to provide lasting benefits is amortised on the straight-line method over its estimated life or 7 years, whichever is shorter.

Leases

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased term, are classified as operating leases. Operating lease payments are recognized as an expense in the profit and loss account on a straight-line basis over the lease term.

Profit or loss on sale and lease back arrangements resulting in operating leases are recognised immediately in case the transaction is established at fair value, else the excess over the fair value is deferred and amortized over the period for which the asset is expected to be used.

Impairment of assets

The Group assesses at each balance sheet date whether there is any indication that a fixed asset including goodwill may be impaired. If any such indication exists, the Group estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the profit and loss account. If at the balance sheet date there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciated historical cost. In respect of goodwill, the impairment loss will be reversed only when it was caused by specific external events and their effects have been reversed by subsequent external events.

Investments

Investments that are readily realisable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments. Current investments are carried at lower of cost and fair value determined on an individual investment basis.

Notes to the Consolidated Financial Statements

Long-term investments are carried at cost. Provision for diminution in value of investment is made if the impairment is not temporary in nature.

Employee benefits

Gratuity which is a defined benefit is accrued based on independent actuarial valuation which is done based on project unit credit method as at the balance sheet date. Actuarial gains/losses are immediately taken to profit and loss account and are not deferred.

The cost of short term compensated absence is provided for based on estimates. Long term compensated absences costs are provided for based on actuarial valuation which is done based on project unit credit method.

Contributions payable to recognised provident funds and approved superannuation schemes, which are defined contribution schemes, are charged to the profit and loss account. The Group liability is limited to the contribution made to fund.

Foreign currency

Foreign exchange transactions are recorded at the rates of exchange prevailing on the dates of the respective transactions. Exchange differences arising on foreign exchange transactions settled during a year are recognised in the profit and loss account of that year.

Monetary assets and liabilities denominated in foreign currencies as at the balance sheet date are translated at the exchange rates on that date. The resultant exchange differences are recognised in the profit and loss account.

The financial statements of foreign subsidiaries being non-integral operations in terms of para 24 of AS 11, accounting for the Effects of Changes in Foreign Exchange Rates, are translated into Indian rupees as follows:

a) Income and expense items are translated at the average exchange rates.

b) Assets (including goodwill) and liabilities, both monetary and non-monetary are translated at the closing rate.

c) All resulting exchange differences are accumulated in a foreign currency translation reserve which is reflected under Reserves and Surplus until the disposal of the net investment.

d) Contingent liabilities are translated at the closing rate.

Forward contracts are entered into to hedge the foreign currency risk of the underlying outstanding at the balance sheet date and also to hedge the foreign currency risk of firm commitment or highly probable forecast transaction. The premium or discount on forward contracts that are entered into to hedge the foreign currency risk of the underlying outstanding at the balance sheet date, arising at the inception of each contract is amortised as income or expense over the life of the contract. Any profit or loss arising on the cancellation or renewal of forward contracts is recognised as income or as expense for the year.

In relation to the forward contracts entered into to hedge the foreign currency risk of the underlying outstanding at the balance sheet date, the exchange difference is calculated and recorded in accordance with paragraphs 36 and 37 of AS 11. The exchange difference on such a forward exchange contract is calculated as the difference between the foreign currency amount of the contract translated at the exchange rate at the reporting date, or the settlement date where the transaction is settled during the reporting year, and the corresponding foreign currency amount translated at the later of the date of inception of the forward exchange contract and the last reporting date. Such exchange differences are recognised in the profit and loss account in the reporting year in which the exchange rates change.

The Group has adopted the principles of AS 30 "Financial Instruments: Recognition and Measurement" in respect of its derivative financial instruments excluding embedded derivatives that are not covered by AS 11 "Accounting for the Effects of Changes in Foreign Exchange Rates" and that relate to a firm commitment or a highly probable forecast transaction. In accordance with AS 30, such derivative financial instruments, which qualify for cash flow hedge accounting and where Group has met all the conditions of AS 30, are fair valued at balance sheet date and the resultant gain / loss is credited / debited to the hedging reserve included in the Reserves and Surplus. This gain / loss would be recorded in profit and loss account when the underlying transactions affect earnings. Other derivative instruments that relate to a firm commitment or a highly probable forecast transaction and that do not qualify for hedge accounting have been recorded at fair value at the reporting date and the resultant gain / loss has been credited / debited to profit and loss account for the year.

Fringe Benefit Tax

The Group provides for and discloses the Fringe Benefit Tax ('FBT') as a part of taxes in accordance with the provisions of section 115WC of the Income tax Act, 1961 and the guidance note on FBT issued by the Institute of Chartered Accountants of India. The Finance Act, 2009 has withdrawn FBT with effect from 1 April 2009.

Income taxes

The current charge for income taxes is calculated in accordance with the relevant tax regulations. Minimum Alternative Tax ('MAT') paid in accordance with the tax laws which gives rise to future economic benefits in the form of adjustments of future income tax liability, is considered as an asset if there is convincing evidence that the Group will pay normal tax after the tax holiday period. MAT credit entitlement can be carried forward and utilised for a period as specified in the tax laws of the respective countries.

Deferred tax assets and liabilities are recognised for the future tax consequences attributable to timing differences that result between taxable profits and accounting profits. Deferred tax in respect of timing differences which originate during the tax holiday period but reverse after the tax holiday period is recognised in the period in which the timing differences originate. For this purpose the timing difference which originates first is considered to reverse first. Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. The effect on deferred tax assets and liabilities of a change in tax rates is recognised in the period that includes the enactment date. Deferred tax assets on timing differences are recognised only if there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. However, deferred tax assets on the timing differences when unabsorbed depreciation and losses carried forward exist, are recognised only to the extent that there is virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. Deferred tax assets are reassessed for the appropriateness of their respective carrying values at each balance sheet date. The legal entities within the Group offsets, on a year on year basis, the current and deferred tax assets and liabilities, where it has a legally enforceable right and where it intends to settle such assets and liabilities on a net basis.

Provisions and contingent liabilities

The Group recognizes provision when there is a present obligation as a result of an obligating event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Notes to the Consolidated Financial Statements

Provisions for onerous contracts, i.e. contracts where the expected unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it, are recognised 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. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates

Earnings per share

The basic earnings per share is computed by dividing the net profit attributable to equity shareholders for the year by the weighted average number of equity shares outstanding during the year. The number of shares used in computing diluted earnings per share comprises the weighted average shares considered for deriving basic earnings per share, and also the weighted average number of equity shares which would have been issued on the conversion of all dilutive potential equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the year, unless they have been issued at a later date. The diluted potential equity shares have been adjusted for the proceeds receivable had the shares been actually 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 either reduce earnings per share or increase loss per share are included.

Stock-based compensation

The Group accounts for stock-based compensation based on the intrinsic value method. 'Option Discount' is amortised on a straight-line basis over the vesting period of the shares issued under Employee Stock Option Plans ('ESOP').

'Option Discount' means the excess of the market price of the underlying shares as at the date of grant of the options over the exercise price of the options.

2. DESCRIPTION OF THE GROUP

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

MphasiS Limited is registered under the Indian Companies Act, 1956 with its registered office in Bangalore. This is the flagship company of the Group and is listed on the principal stock exchanges of India.

List of subsidiaries with percentage holding:

Subsidiaries	Country of incorporation and other particulars	% of holding
MphasiS Corporation ('MphasiS USA')	a company organised under the laws of Delaware, USA	100
MphasiS Deutschland GmbH ('MphasiS GmbH')	a company organised under the laws of Germany	91
BFL Software Asia Pacific Pte Ltd ('BFL APAC') [Refer Note 2(f)]	a company organised under the laws of Singapore	100
MphasiS Australia Pty Ltd ('MphasiS Australia')	a company organised under the laws of Australia	100
MphasiS (Shanghai) Software & Services Company Limited ('MphasiS China')	a company organised under the laws of The People's Republic of China	100
MphasiS Consulting Limited ('MphasiS Consulting')	a company organised under the laws of United Kingdom	100
Eldorado Computing Inc. ('Eldorado')	a company organised under the laws of Arizona, USA	100
MphasiS FinsourcE Limited ('MphasiS FinsourcE')	a company organised under the laws of India	100
MphasiS Ireland Limited ('MphasiS Ireland')	a company organised under the laws of Ireland	100
MphasiS Belgium BVBA ('MphasiS Belgium') [Refer note 2(d)]	a company organised under the laws of Belgium	100
MphasiS FinSolutions Private Limited ('MphasiS FinSolutions') [Refer note 2(e)]	a company organised under the laws of India	100
MphasiS Europe BV ('MphasiS Europe')	a subsidiary of MphasiS USA, organised under the laws of The Netherlands	100
MphasiS Pte Ltd ('MphasiS Singapore')	a subsidiary of MphasiS Europe, organised under the laws of Singapore	100
MphasiS UK Limited ('MphasiS UK')	a subsidiary of MphasiS Europe, organised under the laws of United Kingdom	100
MphasiS Software and Services (India) Private Limited ('MphasiS India')	a subsidiary of MphasiS Europe, organised under the laws of India	100
MsourcE Mauritius Inc. ('MsourcE Mauritius')	a subsidiary of MphasiS Europe, organised under the laws of Mauritius	100
MsourcE (India) Private Limited ('MsourcE India')	a subsidiary of MsourcE Mauritius, organised under the laws of India	100

All the above subsidiaries are under the same management.

Notes to the Consolidated Financial Statements

2. (a) The Company acquired control of Kshema Technologies Limited ("Kshema") on 1 June 2004. Kshema has been amalgamated with MphasiS Limited with effect from 1 April 2005.

The balance consideration payable to the erstwhile shareholders amounting to Rs 17,060,055 (31 October 2008: Rs 17,060,055) is carried as a liability which will be paid after necessary regulatory approvals are obtained (refer note 16).

2. (b) During July 2006, the Board of the Company approved the amalgamation of EDS Electronic Data Systems (India) Private Limited ('EDS India'), a wholly owned subsidiary of then Electronic Data Systems Corporation USA, ('EDS') into MphasiS Limited. The scheme of amalgamation was approved by the shareholders at their meeting on 13 November 2006, and by the Hon'ble High Courts of Maharashtra and Karnataka on 2 February 2007 and 19 June 2007 respectively. The necessary formalities to give effect to the amalgamation have been completed thereafter. Under the scheme, the Company issued 44,104,064 shares to EDS World Corporation (Far East), the holding company of EDS India and a subsidiary of EDS and 1 share to EDS World Corporation, (Netherlands) on 6 August 2007. Post allotment of the shares, EDS, through EDS Asia Pacific Holdings, Mauritius (formerly TH Holdings, Mauritius), EDS World Corporation (Far East) and EDS World Corporation (Netherlands) holds 127,106,266 equity shares forming more than 50% of the paid-up share capital of the Company. In terms of a merger agreement executed between Electronic Data Systems Corporation USA, Hewlett-Packard Company ('HP') and Hawk Merger Corporation, the last named company merged in to Electronic Data Systems Corporation USA on 26 August 2008. As a result of the merger, Electronic Data Corporation USA became 100% subsidiary of HP and was renamed as Electronic Data Systems LLC. Further HP became the ultimate holding company of MphasiS. Post merger, the Board of Directors of the Company on 16 October 2008 approved the change in the accounting year-end from March to October, in line with the ultimate holding company's accounting year-end.

2. (c) During the year ended 31 March 2008, MbrokeR India, a subsidiary of the Company made an application to the Registrar of Companies, Karnataka, to strike off its name from the Register of Companies. The name was struck off on 16 June 2008 from the Register of Companies and MbrokeR India stands dissolved.

2. (d) During April 2008, MphasiS Belgium BVBA was incorporated as a subsidiary of MphasiS Limited.

2. (e) The Company acquired AIG Systems Solutions Private Limited, a subsidiary of AIG Inc effective 1 October 2009. The name of the acquired company stands changed to MphasiS FinSolutions Private Limited with effect from 13 October 2009.

2. (f) During the year, the Company filed an application with Reserve Bank of India for closure of its subsidiary BFL Software Asia Pacific Pte Ltd.

(Rs 000's)

		31 October 2009	31 October 2008
3.	**SHARE CAPITAL**		
	Authorised Capital		
	245,000,0000 (31 October 2008 : 245,000,000) equity shares of Rs. 10 each	2,450,000	2,450,000
	Issued, subscribed and paid-up capital		
	209,585,021 (31 October 2008 : 208,937,364) equity shares of Rs. 10 each	2,095,850	2,089,374
	[Of the above 53,590, 838 (31 October 2008 : 53,590,838) equity shares are allotted for consideration other than cash and 134,186,274 (31 October 2008 : 134,184,874) equity shares are allotted as fully paid-up by way of bonus shares.]		
	Less : 14,200 (31 October 2008 : 14,200) equity shares of Rs. 10 each forfeited	(142)	(142)
	Add : Amount originally paid-up on forfeited shares	71	71
		2,095,779	**2,089,303**
4.	**RESERVES AND SURPLUS**		
	Securities premium account		
	Balance brought forward	1,564,203	1,543,318
	Add: Premium on allotment of shares	73,352	20,885
	Add: Transferred from employee stock options outstanding	31,803	-
	[Securities premium amounting to Rs 1,147,812,167 (31 October 2008: Rs 1,116,010,000) is for consideration other than cash]		
		1,669,358	1,564,203
	Foreign currency translation reserve		
	Balance brought forward	246,143	(373,156)
	Add / (Less): During the year/period	(179,040)	619,299
		67,103	246,143
	Capital reserve		
	Balance brought forward from previous period	96,234	96,234
		96,234	96,234
	General reserve		
	Balance brought forward	956,975	692,461
	Add: Transfer from Profit and loss account	836,872	264,514
		1,793,847	956,975
	Hedging reserve		
	Balance brought forward	(312,289)	-
	Add / (Less): During the year/period	788,204	(312,289)
	Add / (Less): Transfer to revenue	194,326	-
		670,241	(312,289)
	Profit and loss account		
	Balance brought forward	9,662,156	7,461,882
	Add: Net profit for the year/period	9,086,779	2,954,365
	Profit available for appropriation	18,748,935	10,416,247
	Appropriations		
	Transfer to General reserve	836,872	264,514
	Final dividend for earlier years	80	596
	Proposed dividend	733,498	417,846
	Tax on dividend	124,672	71,114
	Issue of bonus shares	14	21
		17,053,799	9,662,156
		21,350,582	**12,213,422**

Notes to the Consolidated Financial Statements

(Rs 000's)

		31 October 2009	31 October 2008
5.	**EMPLOYEE STOCK OPTIONS OUTSTANDING**		
	Balance brought forward	60,718	60,718
	Less: Transferred to Securities premium account on exercise of options	31,803	-
	Less: Reversal on forfeiture/ lapse of options granted	21,921	-
		6,994	**60,718**

Employee Stock Option Plans ('ESOP')

All the ESOPs are in respect of the Company's shares where each stock option is equivalent to one share. In accordance with the Guidance Note on "Accounting for Employee Share-based Payments" issued by the ICAI with effect from 1 April 2005, the necessary disclosures have been made for the year ended 31 October 2009 and for the period ended 31 October 2008 for grants outstanding on and made on or after that date for each of the plans described below (Also refer note 29).

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 year 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 Rs 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 October 2009 and for the period from 1 April 2008 to 31 October 2008 are set out below:

	Year ended 31 October 2009		For the period from 01 April 2008 to 31 October 2008	
	No of Options	Weighted Average Exercise Price	No of Options	Weighted Average Exercise Price
Options outstanding at the beginning	77,196	34.38	77,196	34.38
Granted	-	-	-	-
Forfeited	-	-	-	-
Exercised	2,972	34.38	-	-
Options outstanding at the end	74,224	34.38	77,196	34.38
Exercisable at the end	74,224	34.38	77,196	34.38

The weighted average share price of options exercised as at the date of exercise was Rs 412.69 (31 October 2008: Nil). The options outstanding as at 31 October 2009 had an exercise price of Rs 34.38 (31 October 2008: Rs 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 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 October 2009 and for the period from 1 April 2008 to 31 October 2008 are set out below:

	Year ended 31 October 2009		For the period from 01 April 2008 to 31 October 2008	
	No of Options	Weighted Average Exercise Price	No of Options	Weighted Average Exercise Price
Options outstanding at the beginning	843,128	93.93	895,108	94.68
Granted	-	-	-	-
Forfeited	400	130.43	12,000	130.60
Lapsed	-	-	-	-
Exercised	97,604	108.40	39,980	99.65
Options outstanding at the end	745,124	92.01	843,128	93.93
Exercisable at the end	745,124	92.01	839,928	93.79

The weighted average share price of options exercised as at the date of exercise was Rs 482.95 (31 October 2008: Rs 233.65). The options outstanding as at 31 October 2009 had an exercise price ranging from Rs 23.21 to Rs 275.00 (31 October 2008: Rs 23.21 to Rs 275.00) and weighted average remaining contractual life of 3.71 years (31 October 2008: 4.98 years).

Employees Stock Option Plan-2000 (the 2000 Plan): Effective 25 July 2000, the Company instituted the 2000 Plan. The shareholders and ESOP Committee approved the 2000 Plan in July 2000. The 2000 Plan provides for the issue of equity shares to employees and directors of the Company and its subsidiaries.

The 2000 Plan is administered by an ESOP Committee appointed by the Board. Under the 2000 Plan, options will be issued to employees at an exercise price, which shall not be less than the market price immediately preceding 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 one to two years from the date of vesting.

The movements in the options under the 2000 Plan for the year ended 31 October 2009 and for the period from 1 April 2008 to 31 October 2008 are set out below:

	Year ended 31 October 2009		For the period from 01 April 2008 to 31 October 2008	
	No of Options	Weighted Average Exercise Price	No of Options	Weighted Average Exercise Price
Options outstanding at the beginning	749,151	138.41	867,725	137.06
Granted	-	-	-	-
Forfeited	23,203	124.76	18,350	127.67
Lapsed	113,486	147.34	46,593	132.50
Exercised	235,208	128.05	53,631	125.07
Options outstanding at the end	377,254	143.02	749,151	138.41
Exercisable at the end	334,972	139.50	480,273	136.25

The weighted average share price of options exercised as at the date of exercise was Rs 401.66 (31 October 2008: Rs 219.66). The options outstanding as at 31 October 2009 had an exercise price ranging from Rs 113.38 to Rs 208.45 (31 October 2008: Rs 71.88 to Rs 208.45) and weighted average remaining contractual life of 1.15 years (31 October 2008: 1.63 years).

Notes to the Consolidated Financial Statements

Employees Stock Option Plan - 2003 (the 2003 Plan): The shareholders at the Annual General Meeting on 2 June 2003 approved a new Employee Stock Option Plan. The 2003 Plan provides for the issue of equity shares to employees and directors of the Company and its subsidiaries and is administered by an ESOP Committee appointed by the Board of Directors. Options will be issued to employees at an exercise price which shall not be less than the market price immediately preceding 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. However, certain options were granted to executive directors having a target stock price condition and a one year service condition as vesting conditions. The exercise period is two years from the date of vesting.

The movements in the options under the 2003 Plan for the year ended 31 October 2009 and for the period from 1 April 2008 to 31 October 2008 are set out below:

	Year ended 31 October 2009		For the period from 01 April 2008 to 31 October 2008	
	No of Options	Weighted Average Exercise Price	No of Options	Weighted Average Exercise Price
Options outstanding at the beginning	175,950	116.64	229,877	116.00
Granted	-	-	-	-
Forfeited	600	130.60	3,750	130.60
Lapsed	17,850	97.85	15,827	102.19
Exercised	118,300	114.78	34,350	117.51
Options outstanding at the end	39,200	130.60	175,950	116.64
Exercisable at the end	39,200	130.60	128,600	111.50

The weighted average share price of options exercised as at the date of exercise was Rs 450.22 (31 October 2008: Rs 219.53). The options outstanding as at 31 October 2009 had an exercise price of Rs 130.60 (31 October 2008: Rs 85.63 to Rs 130.60) and weighted average remaining contractual life of 1.16 years (31 October 2008: 1.42 years).

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

The 2004 Plan is administered through an ESOP Committee appointed by the Board of Directors of the Company 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 October 2009 and for the period from 1 April 2008 to 31 October 2008 are set out below:

	Year ended 31 October 2009		For the period from 01 April 2008 to 31 October 2008	
	No of Options	Weighted Average Exercise Price	No of Options	Weighted Average Exercise Price
Options outstanding at the beginning	460,727	125.75	570,349	125.20
Granted	-	-	-	-
Forfeited	15,664	133.50	13,402	132.90
Lapsed	84,989	102.09	26,889	132.48
Exercised	192,173	132.35	69,331	117.24
Options outstanding at the end	167,901	129.44	460,727	125.75
Exercisable at the end	159,809	126.66	342,005	121.41

The weighted average share price of options exercised as at the date of exercise was Rs 394.04 (31 October 2008: Rs 222.63).The options outstanding as at 31 October 2009 had an exercise price ranging from Rs 50.34 to Rs 184.50 (31 October 2008: Rs 50.34 to Rs 184.50) and weighted average remaining contractual life of 2.67 years (31 October 2008: 3.20 years).

Fringe benefit tax on ESOPs

The Finance Act, 2009 has withdrawn Fringe Benefit Tax ('FBT') on ESOP's exercised after 1 April 2009. As per the ESOP schemes of the Group, all the taxes, including FBT on ESOP's exercised till 31 March 2009 is borne by the concerned employees and hence, this will not have an impact on the profit and loss account of the Group.

Restricted Stock Units

EDS the holding company, had issued Restricted Stock Units ('RSU') to certain employees of the Group. These have been replaced by RSUs of HP, pursuant to the merger. Subsequent to the merger, HP had also issued RSUs to certain employees of the Group. Total cost incurred towards RSUs for the year ended 31 October 2009 and for the period 1 April 2008 to 31 October 2008 amounted to Rs 100,370,084 and Rs 67,763,390 respectively. However, the cost has been borne by HP and accordingly this has not been accounted as an expense by the Group.

(Rs 000's)

		31 October 2009	31 October 2008
6.	**SECURED LOANS**		
	Vehicle loans	33,207	53,792
	(Secured by the hypothecation of vehicles)		
		33,207	**53,792**
7.	**DEFERRED TAX LIABILITY**		
	On depreciation	1,432	-
		1,432	**-**

Notes to the Consolidated Financial Statements

8. FIXED ASSETS

(Rs 000's)

Assets	Cost				Accumulated depreciation and amortisation				Net book value	
	1 November 2008	Additions	Deductions/ Adjustments*	31 October 2009	1 November 2008	Charge for the year	Deductions/ Adjustments*	31 October 2009	31 October 2009	31 October 2008
Tangible assets										
Freehold land	27,375	-	-	27,375	-	-	-	-	27,375	27,375
Buildings	1,230	-	-	1,230	933	123	-	1,056	174	297
Leasehold improvements	1,353,106	444,573	212,555	1,585,124	901,547	343,850	202,828	1,042,569	542,555	451,559
Plant and machinery	2,092,506	459,299	80,405	2,471,400	1,248,243	374,914	56,313	1,566,844	904,556	844,263
Computer equipment	2,608,532	419,681	647,341	2,380,872	1,913,878	559,085	599,956	1,873,007	507,865	694,654
Office equipment	880,729	133,581	55,341	958,969	594,136	197,860	50,236	741,760	217,209	286,593
Furniture and fixtures	1,057,519	193,356	64,400	1,186,475	657,481	213,103	58,715	811,869	374,606	400,038
Vehicles	106,332	25,677	33,334	98,675	54,319	27,670	26,731	55,258	43,417	52,013
Intangible assets										
Software	1,335,894	251,185	253,550	1,333,529	687,332	305,550	205,300	787,582	545,947	648,562
Total	**9,463,223**	**1,927,352**	**1,346,926**	**10,043,649**	**6,057,869**	**2,022,155**	**1,200,079**	**6,879,945**	**3,163,704**	**3,405,354**
Seven months ended 31 October 2008	7,819,704	1,451,023	192,496	9,463,223	4,941,753	1,004,851	111,265	6,057,869	3,405,354	

* includes the effect of translation of assets held by foreign subsidiaries, which are considered as non-integral in terms of AS 11

(Rs 000's)

		31 October 2009	31 October 2008
9.	**GOODWILL**		
	Goodwill arising on consolidation		
	Balance brought forward	2,959,287	2,448,977
	Add : On acquisition of AIG Systems Solutions Private Limited	173,227	-
	Add/(Less): Movement on account of exchange rate fluctuation	(165,081)	510,310
	Add/(Less): Adjustment on forfeiture/ lapse of options granted on earlier acquisitions	(21,921)	-
		2,945,512	**2,959,287**
10.	**INVESTMENTS**		
	Short Term (At lower of cost and market value)		
	ICICI Prudential Flexible Income	3,687,246	-
	348,725,344.16 units at Rs 10.5735		
	(31 October 2008: Nil units)		
	Birla Sun Life Savings Fund	3,825,050	-
	382,245,085.51 units at Rs 10.0068		
	(31 October 2008: Nil units)		
	ICICI Prudential Institutional Liquid	100,175	-
	8,453,484.13 units at Rs 11.8502		
	(31 October 2008: Nil units)		
		7,612,471	**-**
11.	**DEFERRED TAX ASSETS**		
	On depreciation	630,103	268,852
	On provision for doubtful debts	29,001	25,299
	On provision for employee benefits	36,274	50,388
		695,378	**344,539**
12.	**DEBTORS AND UNBILLED REVENUES**		
	Debts outstanding for a period exceeding six months, unsecured		
	- considered good	69,507	39,981
	- considered doubtful	89,353	172,202
	Other debts, unsecured		
	- considered good	3,750,006	3,515,306
		3,908,866	3,727,489
	Less: Provision for doubtful debts (net of write-offs)	(89,353)	(172,202)
		3,819,513	3,555,287
	Unbilled revenues	5,244,297	5,254,384
		9,063,810	**8,809,671**

Notes to the Consolidated Financial Statements

(Rs 000's)

	31 October 2009	31 October 2008
13. CASH AND BANK BALANCES		
Cash in hand	290	962
Remittance in transit	-	11,854
Balances with scheduled banks		
- Current accounts *	296,172	256,503
- Deposit accounts **	950,665	86,214
- Margin money deposit account	913	913
Balances with non-scheduled banks		
- Current accounts	537,658	374,752
	1,785,698	**731,198**

* Includes Rs. 4,014,928 and Rs. 1,251,941 representing the balances in unclaimed dividends account as at 31 October 2009 and 31 October 2008 respectively

** Includes restricted deposits of Rs. 70,732,170 as at 31 October 2009 (31 October 2008 : Rs. 10,732,170)

14. INTEREST RECEIVABLE		
Unsecured - considered good	1,295	2,247
	1,295	**2,247**
15. LOANS AND ADVANCES		
Unsecured - considered good		
Employee loans	1,594	3,737
Advances recoverable in cash or in kind or for value to be received *	3,151,835	757,578
Loan to a ESOP trust	8,575	3,575
Deposits		
- premises	988,520	1,028,758
- with government authorities	14,233	10,907
- others	24,172	11,745
Advance tax and tax deducted at source	2,121,685	1,130,887
MAT credit entitlement	929,521	409,761
Unsecured - considered doubtful		
Advances recoverable in cash or in kind or for value to be received	-	43,345
	7,240,135	3,400,293
Less: Provisions (net of write-offs)	-	(43,345)
	7,240,135	**3,356,948**

* includes service tax input credit receivable Rs 1,931,711,218 (31 October 2008: Rs 354,475,627)

16. CURRENT LIABILITIES		
Sundry creditors	631,904	1,022,918
Book overdraft	93,490	185,257
Advances from clients	61,228	21,821
Unearned receivables	331,492	44,632
Salary related costs	2,446,704	765,302
Other liabilities*	2,844,906	2,383,680
Unclaimed dividends	4,015	1,252
	6,413,739	**4,424,862**

* The above amount includes Rs 17,060,055 (31 October 2008: Rs 17,060,055) which represents the remaining consideration payable for the acquisition of Kshema Technologies Limited [refer note 2(a)].

(Rs 000's)

	31 October 2009	31 October 2008
17. PROVISIONS		
Compensated absences	307,510	178,704
Gratuity [refer note 31 (a)]	59,475	135,270
Proposed dividend	733,498	417,846
Tax on dividend	124,658	71,013
Taxation	1,508,475	695,033
	2,733,616	**1,497,866**

	For the year ended 31 October 2009	For the period from 01 April 2008 to 31 October 2008
18. COST OF REVENUES		
Salary and allowances	17,222,619	8,355,632
Contribution to provident and other funds	942,051	421,283
Staff welfare	684,207	437,831
Travel*	970,109	729,038
Recruitment charges	104,481	45,816
Communication expenses	834,723	482,217
Rent	1,508,238	805,049
Professional charges	91,726	44,317
Depreciation and amortisation	1,892,025	938,804
Software development charges	1,648,736	582,686
Staff training expenses	19,663	33,022
Electricity	437,370	239,997
Software support and annual maintenance charges	1,870,679	916,484
Miscellaneous expenses	566,552	222,451
	28,793,179	**14,254,627**

* Previous period amount includes accelerated amortization of visa costs amounting to Rs 92,786,174 incurred in prior periods owing to a change in accounting treatment. Consequently, the travel expenses of the previous period is higher by the same amount.

19. SELLING EXPENSES		
Salary and allowances	1,352,172	523,677
Contribution to provident and other funds	86,374	33,022
Staff welfare	15,656	7,684
Travel	114,870	70,577
Communication expenses	61,806	25,051
Rent	33,725	16,513
Professional charges	40,524	9,731
Depreciation and amortisation	12,717	6,865
Recruitment expenses	17,007	11,279
Business meeting expenses	19,168	3,301
Miscellaneous expenses	49,991	20,021
	1,804,010	**727,721**

Notes to the Consolidated Financial Statements

(Rs 000's)

	For the year ended 31 October 2009	For the period from 01 April 2008 to 31 October 2008
20. GENERAL AND ADMINISTRATIVE EXPENSES		
Salary and allowances	1,250,407	517,846
Contribution to provident and other funds	41,759	33,960
Staff welfare	81,449	53,685
Travel	54,269	39,643
Communication expenses	110,041	39,537
Rent	267,291	86,946
Professional charges	227,660	86,732
Depreciation and amortisation	117,413	59,182
Auditor's remuneration	7,876	5,138
Bank charges	8,067	6,019
Insurance	13,726	16,947
Rates and taxes	150,855	15,928
Repairs and maintenance		
- Plant and machinery	48,473	23,993
- Building	11,979	8,504
- Others	148,084	80,993
Membership and subscriptions	8,931	5,685
Printing and stationery	42,389	24,475
Postage and courier charges	8,019	4,906
Miscellaneous expenses	182,531	82,195
	2,781,219	**1,192,314**
21. PROVISION FOR DOUBTFUL DEBTS		
Provision for doubtful debts	(81,169)	11,256
Bad Debts written off	89,205	-
	8,036	**11,256**
22. OTHER INCOME, NET		
Profit /(loss) on sale of fixed assets	7,661	1,463
Mutual Fund dividend income	153,128	6,958
Miscellaneous income /(expense), net	(5,781)	74
	155,008	**8,495**
23. INTEREST INCOME		
Interest on deposits	27,927	45,419
	27,927	**45,419**

24. The Group's software development centres and call centres in India are 100% Export Oriented Units ('EOU') / Special Economic Zone ('SEZ') under Special Economic Zone Ordinance / Software Technology Park ('STP') Units under the Software Technology Park guidelines issued by the Government of India. They are exempted from customs and central excise duties and levies on imported and indigenous capital goods and stores and spares. The Group has executed legal undertakings to pay customs duty, central excise duty, levies and liquidated damages payable, if any, in respect of imported and indigenous capital goods and stores and spares consumed duty free, in the event that certain terms and conditions are not fulfilled. Bank guarantees aggregating to Rs 123,042,815 as at 31 October 2009 (31 October 2008: Rs 148,893,415) have been furnished to the Customs authorities in this regard.

25. Contingent liabilities and commitments

(a) Claims against the Group not acknowledged as debts amount to Rs 855,926,880 (31 October 2008: Rs 222,790,578);

(b) Estimated amount of contracts remaining to be executed on capital account (net of advances) and not provided for as at 31 October 2009: 330,389,414 (31 October 2008: Rs 842,880,473);

(c) Guarantees outstanding including those furnished to the Customs authorities as at 31 October 2009: Rs 412,787,640 (31 October 2008: Rs 343,527,315); and

(d) Forward contracts outstanding as at 31 October 2009 are as below:

Currency	Amount	Amount in INR
USD	652,900,000	32,088,557,750
GBP	54,654,683	4,405,112,949
SGD	6,889,857	234,842,330
CAD	850,000	37,601,875

Forward contracts outstanding as at 31 October 2008 are as below:

Currency	Amount	Amount in INR
USD	243,624,000	12,048,424,920
GBP	2,585,037	206,673,704
EUR	1,602,777	100,958,912
SGD	7,143,405	238,357,566

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

Unamortised premium as at 31 October 2009 on forward exchange contracts to hedge the foreign currency risk of the underlying outstanding at the balance sheet date is Rs 32,906,777 (31 October 2008: Rs 6,058,796). Net foreign currency exposure of the Group that is not hedged by a derivative instrument or otherwise as at 31 October 2009: Rs 1,771,303,487.

(e) The Group has issued performance guarantees to certain clients for executed contracts.

26. Operating leases

The Group is obligated under non-cancellable leases for office and residential space that are renewable on a periodic basis at the option of both the lessor and the lessee. Total rental expense under non-cancellable operating leases amounted to Rs 1,067,537,705 for the year ended 31 October 2009 and Rs 395,483,502 for the period from 1 April 2008 to 31 October 2008.

Future minimum lease payments under non-cancellable operating leases as at 31 October 2009 are as follows:

(Rs 000's)

Period	31 October 2009	31 October 2008
Not later than 1 year	829,196	815,313
Later than 1 year and not later than 5 years	870,346	1,039,963
More than 5 years	72,814	-
	1,772,356	**1,855,276**

Notes to the Consolidated Financial Statements

The Group leases 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 was Rs 741,716,650 for the year ended 31 October 2009 and Rs 513,023,849 for the period from 1 April 2008 to 31 October 2008.

Office Premises are obtained on operating lease for terms ranging from 1 to 7 years and renewable at the option of the Company/lessor. Further, there are no sub-leases.

27. Related party transactions

(a) Entities where control exists:

- Hewlett Packard Company, USA (ultimate holding company)
- Hewlett Packard Eagle Corporation, USA (100% subsidiary of Hewlett Packard Company, USA)
- Electronic Data Systems LLC, USA (formerly Electronic Data Systems Corporation, USA), (100% subsidiary of Hewlett Packard Eagle Corporation, USA)*

* EDS Asia Pacific Holdings, Mauritius (formerly TH Holding, Mauritius), EDS World Corporation (Far East) and EDS World Corporation (Netherlands), the subsidiaries of Electronic Data Systems LLC, USA (formerly Electronic Data Systems Corporation, USA) hold 60.65% of the equity capital of the Company.

The related parties where control exists also include BFL Employees Equity Reward Trust and Kshema Employees Welfare Trust.

(b) Key management personnel :

The key management personnel of the Group are as mentioned below :

Executive key management personnel represented on the Board of the Company

■ Balu Ganesh Ayyar	Chief Executive Officer - Appointed w.e.f. 29 January 2009
■ Jeya Kumar	Chief Executive Officer - Resigned w.e.f. 28 January 2009
■ Deepak Patel	Managing Director – Resigned w.e.f. 10 June 2008

Non-executive / independent directors on the Board of the Company

■ Andreas W Mattes	Director – Appointed as non-executive Chairman w.e.f. 6 February 2009.
■ Jose de la Torre	Director
■ Nawshir H Mirza	Director
■ Davinder Singh Brar	Director
■ Vinita Bali	Director
■ Jim Bridges	Director
■ Craig Wilson	Director - Appointed w.e.f. 6 February 2009
■ Prakash Jothee	Director - Appointed w.e.f. 6 February 2009
■ Friedrich Froeschl	Director - Appointed w.e.f. 30 March 2009
■ Michael Coomer	Non-executive Chairman - Resigned w.e.f. 6 February 2009
■ Jeroen Tas	Non-executive Vice Chairman - Resigned w.e.f. 13 October 2008
■ Thomas Erhardt	Director - Resigned w.e.f. 6 October 2008
■ Michael Ronald Koehler	Director - Resigned w.e.f. 6 October 2008
■ Joseph Eazor	Director - Resigned w.e.f. 6 February 2009
■ Anthony Glasby	Director - Resigned w.e.f 30 March 2009

(c) Direct or indirect subsidiaries of ultimate holding company with which transactions have taken place:

- TH Consulting India Private Limited
- EDS (Operations) Pty Limited
- EDS Itellium Gmbh
- Electronic Data Systems (EDS) International B.V.
- EDS Information Services LLC
- EDS Canada Inc.
- EDS (Australia) PTY Limited
- EDS Gulf States, WLL
- EDS Sweden AB
- EDS (Thailand) Co. Ltd
- EDS International (Greece) SA
- EDS Application Services Gmbh
- Electronic Data Systems do Brasil Ltda
- RelQ Software Private Limited
- Electronic Data Systems Limited, UK
- Electronic Data Systems Italia SPA
- Electronic Data Systems (Egypt) SAE
- EDS World Corporation (Far East)
- EDS Poland Sp.Z.O.O
- EDS MSC (M) Sdn Bhd
- EDS Japan LLC
- Neoware Inc
- Hewlett-Packard Asia Pacific Pte Ltd.
- GEMS Techno Solutions India Private Ltd.
- Shanghai Hewlett Packard Co. Ltd.
- Hewlett Packard New Zealand
- Hewlett Packard GmbH
- EDS Omega S.L
- Hewlett Packard Company
- EDS Austria Gmbh
- EDS Operations Services Gmbh
- Electronic Data Systems Limited
- EDS (New Zealand) Limited
- Electronic Data System Belgium N.V
- EDS Information Business Gmbh
- EDS Business Services PTY Limited
- EDS (China) Co. Limited
- EDS International (Singapore) Pte Limited
- Electronic Data Systems Taiwan Corporation
- EDS (Schweiz) AG
- Electronic Data Systems (Hong Kong) Limited
- EDS (Ireland) Ltd
- EDS Malaysia (Shell EPO AP)
- Electronic Data Systems Hungary Limited
- Electronic Data Systems France SAS
- EDS Columbia
- EDS Answare SA
- EDS Denmark A/S
- Mercury Interactive (Singapore) Pte Ltd.
- Hewlett Packard India Sales Private Limited
- HP India Software Operation Private Limited
- Hewlett Packard International Sarl
- Hewlett Packard AP (Hong Kong) Ltd.
- Hewlett Packard Singapore (Sales) Pte Ltd.
- Saber Software, Inc.
- Hewlett Packard Inter-Americas United States (California)
- Hewlett Packard Limited (UK)
- Hewlett Packard Financial Services (India) Pvt. Ltd.

Notes to the Consolidated Financial Statements

(d) The following is a summary of significant transactions with related parties by the Group*: **(Rs 000's)**

	For the year ended 31 October 2009	For the period from 01 April 2008 to 31 October 2008
Rendering of services to other related parties	**29,572,068**	**11,003,640**
- EDS Information Services, LLC	19,016,810	8,573,248
- Electronic Data Systems Ltd, UK	3,689,604	864,626
- Others	6,865,654	1,565,766
Purchase of fixed assets from other related parties	**94,889**	**-**
- EDS International (Singapore) Pte Limited	44,045	-
- Hewlett Packard Singapore (Sales) Pte. Ltd.	27,279	-
- Hewlett Packard India Sales Private Limited	21,780	-
- Others	1,785	-
Sale of fixed assets to other related parties	**46,003**	**-**
- Hewlett Packard Financial Services (India) Pvt. Ltd.	46,003	-
Lease Rentals paid to other related parties	**5,376**	**-**
- Hewlett Packard Financial Services (India) Pvt. Ltd.	5,376	-
Communication charges paid to other related parties	**117,206**	**54,349**
- EDS International (Singapore) Pte Limited	117,206	54,349
Software development charges paid to entities where control exists	**22,610**	**21,472**
- Electronic Data Systems LLC, USA	22,610	21,472
Software development charges paid to others	**44,848**	**33,657**
- RelQ Software Private Limited	44,848	33,657
Software support and annual maintenance charges paid to other related parties **	**1,759,182**	**868,102**
- EDS International (Singapore) Pte Limited	1,759,182	868,102
Other expenses paid to other related parties	**63,455**	**-**
- EDS International (Singapore) Pte Limited	63,455	-
Remuneration to executive key management personnel	**66,583**	**46,220**
- Deepak Patel	-	17,129
- Jeya Kumar	32,814	29,091
- Balu Ganesh Ayyar	33,769	-
Commission to non-executive directors	**9,909**	**4,667**
- Davinder Singh Brar	2,400	1,400
- Jose de la Torre	2,433	1,167
- Vinita Bali	2,000	700
- Nawshir H Mirza	2,400	1,400
- Friedrich Froeschl***	676	-
Loan given to BFL Employee Equity Reward Trust	**5,000**	**5,000**
Loan refunded by BFL Employee Equity Reward Trust	**-**	**5,000**

* This does not include remuneration paid to certain non-executive directors who are paid by the ultimate parent company and its affiliates as they are employees of the said companies.

** The Group has accrued expenses for certain services received from a related party where significant influence exists for which the Master Service Agreement ("MSA") has been signed and the statement of work is expected to be signed upon completion of the ongoing negotiation of terms. As at 31 October 2009, the provisioning for such services has been made on best estimate basis.

*** Subject to Shareholders approval.

(e) The balances receivable from and payable to related parties are as follows: **(Rs 000's)**

	31 October 2009	31 October 2008
Interest free loans to BFL Employee Equity Reward Trust, included in Loans and advances	**8,575**	**3,575**
Sundry debtors and unbilled revenue - other related parties	**6,457,991**	**6,051,517**
- EDS Information Services, LLC	3,753,443	4,539,459
- Electronic Data Systems Ltd, UK	792,393	280,734
- EDS Australia Pty Ltd	792,469	103,140
- Others	1,119,686	1,128,184
Current liabilities – other related parties	**1,100,265**	**683,431**
- EDS International (Singapore) Pte Limited	1,073,511	654,446
- Others	26,754	28,985

(f) Balu Ganesh Ayyar, a non resident director was appointed as Chief Executive Officer w.e.f. 29 January 2009. The Company has made an application to the Central Government for approval in accordance with the requirements of the Companies Act 1956, which is pending for approval.

28. Segment reporting

The Group's operations predominantly relate to providing application development and maintenance (Application) services, business process outsourcing (BPO) services and infrastructure outsourcing (ITO) services delivered to clients operating globally. Secondary segmental reporting is done on the basis of the geographical location of clients.

Application services cover consulting, application development, testing and application maintenance services. BPO services provide voice, transaction based services and knowledge based processes. ITO covers a range of infrastructure management services and service/ technical help desks.

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 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), the Middle East and India and Others.

Primary segment information **(Rs 000's)**

	For the year ended 31 October 2009	For the period from 01 April 2008 to 31 October 2008
Segment revenue		
Application Services	27,325,778	12,207,837
BPO Services	7,425,736	4,001,158
ITO Services	7,887,313	2,856,197
	42,638,827	**19,065,192**

Notes to the Consolidated Financial Statements

(Rs 000's)

	For the year ended 31 October 2009	For the period from 01 April 2008 to 31 October 2008
Segment profit		
Application Services	8,998,205	2,977,820
BPO Services	1,644,401	1,080,966
ITO Services	3,203,042	751,779
	13,845,648	**4,810,565**
Interest income, net	27,927	45,419
Other unallocable expenditure, net of unallocable income	4,146,055	1,758,870
Profit before taxation	**9,727,520**	**3,097,114**
Income taxes (including Fringe benefit tax)	640,741	142,749
Profit after taxation	**9,086,779**	**2,954,365**

	31 October 2009	31 October 2008
Segment assets		
Application Services	8,453,031	8,550,910
BPO Services	6,131,431	6,330,792
ITO Services	2,920,603	2,473,969
Unallocated assets	15,130,284	2,984,292
	32,635,349	**20,339,963**
Segment liabilities		
Application Services	3,449,877	2,265,005
BPO Services	1,611,095	1,031,376
ITO Services	1,513,894	749,687
Unallocated liabilities	2,607,128	1,930,452
	9,181,994	**5,976,520**

	For the year ended 31 October 2009	For the period from 01 April 2008 to 31 October 2008
Capital expenditure		
Application Services	605,868	674,245
BPO Services	549,313	615,326
ITO Services	168,798	137,306
	1,323,979	**1,426,877**
Depreciation and amortisation		
Application Services	948,455	485,973
BPO Services	814,320	423,049
ITO Services	259,380	95,829
	2,022,155	**1,004,851**

Secondary segment information (revenues) **(Rs 000's)**

	For the year ended 31 October 2009	For the period from 01 April 2008 to 31 October 2008
Region		
USA	28,633,186	12,928,148
The Middle East and India	3,089,995	1,625,054
Rest of the world	10,915,646	4,511,990
	42,638,827	**19,065,192**

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

Secondary segment information (segment assets)

	31 October 2009	31 October 2008
Region		
USA	9,285,490	9,768,127
The Middle East and India	20,224,060	8,126,159
Rest of the world	3,125,799	2,445,677
	32,635,349	**20,339,963**

Secondary segment information (capital expenditure)

	For the year ended 31 October 2009	For the period from 01 April 2008 to 31 October 2008
Region		
USA	114,016	135,032
The Middle East and India	1,203,285	1,289,650
Rest of the world	6,678	2,195
	1,323,979	**1,426,877**

29. Earnings Per Share ('EPS')

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

	For the year ended 31 October 2009	For the period from 01 April 2008 to 31 October 2008
Number of weighted average shares considered for calculation of basic earnings per share	209,131,904	208,852,739
Add: Dilutive effect of stock options	1,336,310	1,127,377
Number of weighted average shares considered for calculation of diluted earnings per share	**210,468,214**	**209,980,116**

206,053 weighted average number of shares (31 October 2008: 205,426 weighted average number of shares) held by the BFL Employees Equity Reward Trust and Kshema Employee Welfare Trust have been considered for computing basic and diluted earnings per share. The above does not include 25,600 bonus shares held in abeyance by the Company.

Notes to the Consolidated Financial Statements

30. Stock Based Compensation

The Group uses the intrinsic value method of accounting for its employee stock options. The Group has therefore adopted the pro-forma disclosure provisions as required by the Guidance Note on "Accounting for Employee Share-based Payments" issued by the ICAI with effect from 1 April 2005.

Had the compensation cost been determined in a manner consistent with the fair value approach described in the aforesaid Guidance Note, the Group's net profit and EPS as reported would have been adjusted to the pro-forma amounts indicated below:

(Rs 000's)

	For the year ended 31 October 2009	For the period from 01 April 2008 to 31 October 2008
Net profit as reported	9,086,779	2,954,365
Add: Stock based employee compensation expense determined under the intrinsic value method	-	-
Add/(Less): Stock based employee compensation expense determined under the fair value method	2,291	(17,275)
Pro-forma net profit	9,089,070	2,937,090
Earning per share: Basic		
As reported	43.45	14.16
Pro-forma	43.46	14.06
Earning per share: Diluted		
As reported	43.17	14.08
Pro-forma	43.18	13.99

The fair value of each stock option has been estimated by management on the respective grant date using the Black-Scholes option pricing model with the following assumptions:

Dividend yield %	1.44% to 1.98%
Expected life	1 to 4 years
Risk free interest rates	5.78% to 8.00%
Expected volatility (annualised) *	67.12% to 69.48%

* Expected volatility (annualised) is computed based on historical share price movement since April 2001.

31. Employee Benefits

a. Gratuity Plan

The following tables set out the status of the gratuity plan as required under revised AS 15.

Reconciliation of the projected benefit obligations **(Rs 000's)**

	31 October 2009	31 October 2008
Change in projected benefit obligation		
Obligations at year/period beginning	235,903	204,098
Obligations acquired on acquisition	12,767	-
Service cost	139,266	46,209
Interest cost	15,877	9,457
Benefits paid	(13,486)	(17,079)
Actuarial loss/ (gain)	(11,761)	(6,782)
Obligations at year/period end	**378,566**	**235,903**

(Rs 000's)

	31 October 2009	31 October 2008
Change in plan assets		
Plan assets at year/period beginning, at fair value	100,633	114,707
Plan assets acquired on acquisition	7,712	-
Expected return on plan assets (estimated)	13,205	4,980
Actuarial gain/ (loss)	590	(2,655)
Contributions	210,437	680
Benefits paid	(13,486)	(17,079)
Plan assets at year/period end, at fair value	**319,091**	**100,633**
Reconciliation of present value of obligation and fair value of plan assets		
Fair value of plan assets at the end of the year/period	319,091	100,633
Present value of defined benefit obligation at the end of the year/period	378,566	235,903
Liability recognised in the balance sheet	**(59,475)**	**(135,270)**
Assumptions		
Interest rate	7.00%	8.62%
Discount rate	7.00%	8.62%
Expected rate of return on plan assets	7.00%	8.62%
Attrition rate	5% - 30%	5% - 30%
Expected contribution over next one year	100,000	25,000

	For the year ended 31 October 2009	For the period from 01 April 2008 to 31 October 2008
Gratuity cost for the year/period		
Service cost	139,266	46,209
Interest cost	15,877	9,457
Expected return on plan assets	(13,205)	(4,980)
Actuarial loss/(gain)	(12,351)	(4,127)
Net gratuity cost	**129,587**	**46,559**

The estimate 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.

Experience Adjustment

	For the year ended 31 October 2009	For the period from 01 April 2008 to 31 October 2008
On obligations, gain/ (loss)	11,761	6,782
On plan assets, gain/ (loss)	590	(2,655)

b. Provident Fund

The Company contributed Rs. 429,921,822 during the year ended 31 October 2009 (31 October 2008: Rs. 218,436,406)

Notes to the Consolidated Financial Statements

32. Revenue disclosure

(Rs 000's)

	For the year ended 31 October 2009	For the period from 01 April 2008 to 31 October 2008
Revenue recognised on customised software development contracts	11,903,488	5,289,299
	11,903,488	**5,289,299**

Disclosure for contracts in progress at the reporting date

	31 October 2009	31 October 2008
Fixed Price projects:		
Revenue recognised until the reporting date	746,435	570,970
Unbilled revenue	298,588	345,534
Unearned receivable	-	17,269
Time and material projects:		
Revenue recognised during the year/period	8,203,021	4,716,265
Unbilled revenue	1,195,203	1,181,321
Unearned receivable	152	-

33. The Group paid an amount of US$ 397,217 (Rs 17,529,186) 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 US$ 228,489 (Rs 10,055,790) 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 US$ 175,000 (Rs 7,650,875) 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 Rs 10,732,170 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 the Group or the client.

34. The Group has made a provision of Rs 123,231,404 (31 October 2008: Rs Nil) towards claims during the year and the closing balance of such provisions as at the end of the year is Rs 169,101,026 (31 October 2008: Rs 45,869,622).

35. Prior period figures are for the period 1 April 2008 to 31 October 2008 and hence not comparable with the figures of the current year ended 31 October 2009. The figures of previous period have been regrouped/ reclassified, wherever necessary, to conform with the current year classification.

For S.R. BATLIBOI & CO.
Chartered Accountants

per **Sunil Bhumralkar**
Partner
Membership No. 35141

Bangalore
24 November 2009

For and on behalf of the Board of Directors

Andreas W Mattes
Chairman

Ganesh Murthy
Chief Financial Officer

Bangalore
24 November 2009

Balu Ganesh Ayyar
Chief Executive Officer

A. Sivaram Nair
Company Secretary

Consolidated Cash Flow Statement

(Rs 000's)

	For the year ended 31 October 2009	For the period from 01 April 2008 to 31 October 2008
Cash flows from operating activities:		
Profit before taxation	9,727,520	3,097,114
Adjustments for:		
Interest income	(27,927)	(45,419)
Mutual Fund dividend income	(153,128)	(6,958)
Profit on sale of fixed assets	(7,661)	(1,463)
Depreciation and amortisation	2,022,155	1,004,851
Effect of exchange rate changes	(18,239)	(43,002)
Operating profit before working capital changes	11,542,720	4,005,123
Debtors and unbilled revenues	(52,452)	(2,849,123)
Loans and advances	(2,300,098)	18,898
Current liabilities and provisions	2,973,416	844,902
Cash generated from operations	12,163,586	2,019,800
Income taxes (paid)/ refund	(1,646,270)	(236,215)
Net cash provided by operating activities	**10,517,316**	**1,783,585**
Cash flows from operating activities:		
Interest received	28,969	45,714
Proceeds from sale of fixed assets	124,502	3,546
Purchase of fixed assets	(1,499,751)	(1,259,820)
Mutual Fund dividend income	153,128	6,958
Purchase of units of Mutual Funds	(51,666,305)	(2,667,090)
Payment for subsidiary acquisition, net of cash acquired	(253,462)	-
Sale of units of Mutual Funds	44,053,834	2,667,090
Net cash used in investing activities	**(9,059,085)**	**(1,203,602)**

Consolidated Cash Flow Statement

(Rs 000's)

	For the year ended 31 October 2009	For the period from 01 April 2008 to 31 October 2008
Cash flows from financing activities:		
Proceeds from issue of share capital	6,462	1,973
Proceeds of premium from issue of share capital	73,352	20,885
Availment of secured loans	14,618	16,096
Repayment of secured loans	(35,203)	(19,084)
Dividend paid including dividend tax	(486,189)	(806,569)
Net cash provided by/ (used in) financing activities	**(426,960)**	**(786,699)**
Changes in cash and cash equivalents	1,031,271	(206,716)
Effect of exchange rate changes	23,229	(14,592)
Cash and cash equivalents at beginning of the year/period*	**731,198**	**952,506**
Cash and cash equivalents at end of the year/period*	**1,785,698**	**731,198**

* Cash and cash equivalents consists of cash and bank balances and short-term funds that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. It also includes restricted deposits amounting Rs 70,732,170 (31 October 2008: Rs 10,732,170).

This is the Consolidated Cash Flow Statement.

For S.R. BATLIBOI & CO.
Chartered Accountants

per **Sunil Bhumralkar**
Partner
Membership No. 35141

Bangalore
24 November 2009

For and on behalf of the Board of Directors

Andreas W Mattes
Chairman

Balu Ganesh Ayyar
Chief Executive Officer

Ganesh Murthy
Chief Financial Officer

A. Sivaram Nair
Company Secretary

Bangalore
24 November 2009

Reconciliation of Consolidated financial statement items with consolidated cash flow items

(Rs 000's)

	For the year ended 31 October 2009	For the period from 01 April 2008 to 31 October 2008
Purchase of fixed assets		
As per the Consolidated Balance Sheet	1,927,352	1,451,023
Add: Closing capital work-in-progress	127,346	730,719
Add: Opening creditors for capital goods	302,372	139,280
Less: Opening Fixed Assets of MphasiS Finsolutions	(35,941)	-
Less: Opening capital work-in-progress	(730,719)	(754,865)
Less: Closing creditors for capital goods	(90,659)	(302,372)
Less: Effect of foreign exchange translation	-	(3,965)
Purchase of fixed assets	**1,499,751**	**1,259,820**
Loans and advances		
As per the Consolidated Balance Sheet	7,240,135	3,356,948
Less: Opening Loans and advances of MphasiS Finsolutions	(59,825)	-
Less: Advance income tax & tax deducted at source considered separately	(2,121,685)	(1,130,887)
Less: MAT credit entitlement considered separately	(929,521)	(409,761)
Add: Effect of foreign exchange translation	(12,706)	(81,057)
	4,116,398	**1,735,243**
Less: Opening balance considered	1,816,300	1,754,141
Changes in loans and advances	**2,300,098**	**(18,898)**
Current Liabilities and Provisions		
As per the Consolidated Balance Sheet	9,147,355	5,922,728
Less: Opening current liabilities and provisions of MphasiS Finsolutions	(220,810)	-
Less: Creditors for capital goods, liability for unclaimed dividend, provision for taxation and proposed dividend & tax thereon considered separately	(2,461,305)	(1,487,516)
Less: Liability for Kshema acquisition considered separately	(17,060)	(17,060)
Less: Liability for EDS India merger expenses considered separately	(66,688)	(66,688)
Less: Hedge Reserve	670,242	(312,289)
Add: Effect of foreign exchange translation	(39,143)	(161,300)
	7,012,591	**3,877,875**
Less: Opening balance considered	4,039,175	3,032,973
Changes in current liabilities and provisions	**2,973,416**	**844,902**

Consolidated Cash Flow Statement

Reconciliation of Consolidated financial statement items with consolidated cash flow items *(contd...)*

(Rs 000's)

	For the year ended 31 October 2009	For the period from 01 April 2008 to 31 October 2008
As per the Consolidated Profit and Loss Account	640,741	142,749
Add: Increase in deferred taxes	350,839	84,410
Less: Opening Deferred taxes of MphasiS Finsolutions	(8,294)	-
Less: Opening MAT Credit Entitlement of MphasiS Finsolutions	(32,700)	-
Add: Increase in deferred tax liability	(1,432)	-
Add: Increase/ (decrease) net of provision for taxation	177,356	(329,224)
Add: Increase in balance in advance income tax and tax deducted at source	-	121,213
Add: Increase in balance in MAT credit entitlement	519,760	217,965
Less: Effect of foreign exchange translation	-	(898)
Income taxes paid	**1,646,270**	**236,215**
Interest received		
Interest income, Net	27,927	45,419
Add: Opening interest receivable of MphasiS Finsolutions	90	-
Add: Opening interest receivable	2,247	2,542
Less: Closing interest receivable	(1,295)	(2,247)
Interest received	**28,969**	**45,714**
Sundry debtors and unbilled revenue		
As per the Consolidated Balance Sheet	9,063,810	8,809,671
Less: Opening Debtors and Unbilled revenues of MphasiS Finsolutions	(164,195)	-
Add: Effect of foreign exchange translation	(37,492)	(158,649)
	8,862,123	**8,651,022**
Less: Opening Balance considered	8,809,671	5,801,899
Changes in sundry debtors and unbilled revenue	**52,452**	**2,849,123**

For and on behalf of the Board of Directors

Andreas W Mattes
Chairman

Balu Ganesh Ayyar
Chief Executive Officer

Ganesh Murthy
Chief Financial Officer

A. Sivaram Nair
Company Secretary

Bangalore
24 November 2009

Management discussion and analysis of critical accounting policies and glossary of terms used in the financial statements

A. Management discussion of critical accounting policies

Critical Accounting Policies

The fundamental objective of financial reporting is to provide useful information that allows a reader to comprehend the business activities and performance of an organisation. To aid in the understanding of the MphasiS Group's financial statements, management has identified certain "critical accounting policies". These policies have the potential to have a significant impact on our financial statements, either because of the significance of the financial statement item to which they relate, or because they require judgment and estimation due to the uncertainty involved in measuring, at a specific point in time, events which are continuous in nature.

The discussion and analysis of the Group's financial condition and results of operations are based upon the Group's Audited Consolidated Financial Statements, which have been prepared in accordance with the accounting standards pronounced by the Institute of Chartered Accountants of India and accounting principles generally accepted in India. The preparation of these financial statements requires management to make estimates and judgments that affect the reported amount of assets and liabilities, revenues and expenses, and related disclosure of contingent assets and liabilities as at the date of the financial statements. Management estimates, judgments and assumptions are continually evaluated based on available information and experience. Due to the use of estimates inherent in the financial reporting process, actual results could differ from those estimates.

Critical accounting policies are defined as those that are reflective of significant judgments and uncertainties, and potentially result in materially different results under different assumptions and conditions. Certain of the Group's accounting policies require higher degrees of judgment than others in their application. A "critical accounting policy" is one which is both important to the portrayal of the company's financial condition and results and requires management's most difficult, subjective or complex judgments, often as a result of the need to make estimates about the effect of matters that are inherently uncertain. The management believes that the accounting policies discussed below fit this definition. In addition, Note 1 to the Audited Consolidated Financial Statements includes further discussion of the Group's significant accounting policies.

Revenue Recognition

The Group provides services under time-and-material, unit-price or fixed-price contracts, which may extend beyond the current financial period. Under time-and-material and unit-price contracts under which costs are generally incurred in proportion with contracted billing schedules, revenue is recognised when the customer may be billed. Such method is expected to result in reasonably consistent profit margins over the contract term. For fixed-price contracts, the Group follows the percentage-of-completion method. The percentage-of-completion methodology generally results in the recognition of reasonably consistent profit margins over the life of a contract. Amounts recognised as revenue are calculated using the percentage of services completed, on a current cumulative cost to total cost basis. Cumulative revenues recognised may be less or greater than cumulative billings at any point in time during a contract's term. The resulting difference is recognised as unbilled revenue or unearned receivable, depending on whether the revenue recognised is greater or less than the cumulative billings, respectively.

Any estimation process, including that used in preparing contract accounting models, involves inherent risk. Management reduce the inherent risks relating to revenue and cost estimates in percentage-of-completion models through corporate policy, approval and monitoring processes. Risks relating to service delivery, usage, productivity and other factors are considered in the estimation process. If considerable risk exists, a zero-profit methodology is applied to a specific client contract's percentage-of-completion model whereby the amount of revenue recognised is limited to the amount of costs incurred until such time as the risks have been partially or wholly mitigated through performance. Management estimates of revenues and expenses on client contracts change periodically in the normal course of business, occasionally due to modifications of contractual arrangements. In addition, the implementation of cost saving initiatives and achievement of

Management discussion and analysis of critical accounting policies and glossary of terms used in the financial statements

productivity gains generally results in a reduction of estimated total contract expenses on the relevant client contracts. For client contracts accounted for under the percentage-of-completion method, such changes would be reflected in the results of operations as a change in the accounting estimate in the period the revisions are determined. For all client contracts, provisions for estimated losses, i.e. where the total contract costs are expected to exceed the total contract revenues, on individual contracts are made in the period in which such losses first become apparent.

Provision for Doubtful Debts

Most of the Group's receivables are generated on a fee-for-service basis and are subject, to credit losses. Management have attempted to provide for expected credit losses based on managements past experience with similar receivables and believe such provisions to be adequate. It is possible, however, that the accuracy of management estimation process could be materially impacted as the composition of this pool of receivables changes over time. Management continually reviews and refines the estimation process to make it as reactive to these changes as possible.

Specifically, the management makes estimates of the collectibility of receivables. Management specifically analyses receivables and analyses historical bad debts, client concentrations, client credit-worthiness, current economic trends and changes in the Group's client payment terms when evaluating the adequacy of the provision for doubtful debts. Management evaluates the collectibility of the Group's receivables on a case-by-case basis, and makes adjustments to the provision for doubtful debts for expected losses.

Income taxes

As part of the process of preparing the Group's consolidated financial statements management is required to estimate the Group's income taxes in each of the jurisdictions in which the Group operates. This process involves management estimating the Group's actual current tax exposure together with assessing timing differences resulting from differing treatment of items, such as depreciation, for tax and accounting purposes. These differences result in deferred tax assets and liabilities, which are included within the Group's consolidated balance sheet. Management must then assess the likelihood that the Group's deferred tax assets will be recovered from future taxable income and to the extent management believes that recovery is not virtually certain no deferred tax assets are created.

Significant management judgment is required in determining the Group's provision for income taxes, the Group's deferred tax assets and liabilities. This is based on management estimates of taxable income by jurisdiction in which the Group operates and the period over which the Group's deferred tax assets will be recoverable. In the event that actual results differ from these estimates or management adjusts these estimates in future periods management may need to make an additional provision for taxation which could impact the groups financial position and results of operations.

B. Glossary of Terms used in the Financial Statements

Revenues

The Group derives its revenues primarily from software and call centre services. Revenues from software services comprise income from time and material and fixed price contracts while those from call centre services are mainly from time and material contracts. Revenue with respect to time and material contracts is recognised as services are provided and related costs are incurred. Revenue from fixed price contracts is recognised using the percentage of completion method, under which the revenue recognised is determined by relating the actual cost of work performed upto the balance sheet date to the estimated total cost for each contract. Estimates of costs remaining for completion are subject to periodic revisions. Provisions for estimated losses on incomplete contracts are recorded in the period in which such losses become probable based on the current contract estimates. The asset 'unbilled revenues' represents revenues in excess of amounts billed to clients as at the balance sheet date for work done between contract milestones. Revenue in the call centres is recognised based on the amounts actually billed / billable to clients in terms of the relevant contracts.

Cost of Revenues

Cost of revenues primarily consists of salary and other employee compensation expenses, staff welfare expenses, rent, depreciation, data communications expenses and link charges, computer maintenance, cost of software purchased for internal use, and foreign travel expenses. In the software development business the Group depreciates all computers over two years, buildings over ten years, plant & machinery as well as furniture & fixtures in four years and office equipment and vehicles over three to five years. Leasehold improvements are depreciated over the initial period of the lease or over three years, whichever is lower. Third party software is expensed in the period in which it is acquired whereas significant purchased application software which is integral to the Group's computer systems are capitalised and depreciated over the estimated useful life of the software or three years, whichever is lower. Internally generated software for sale expected to provide lasting benefits is amortised on the straight-line method over its estimated life or 7 years whichever is shorter. In the call centre and business process outsourcing business the assets are depreciated over five years except buildings, which are depreciated over ten years. The Group assumes full project management responsibility for each project that it undertakes.

Gross Profit

Gross profit represents the difference between Revenues and Costs of Revenues as explained above.

Selling Expenses

Selling expenses primarily consist of expenses relating to advertisements, brand building, rentals of sales and marketing offices, salaries of personnel in sales & marketing. Also included are travelling & conveyance expenses and expenses relating to communications, depreciation of assets used in marketing offices and other related miscellaneous expenses for sales and marketing.

General & Administrative Expenses

General and Administrative expenses primarily consist of expenses relating to rentals of general and administrative offices, salaries of senior management and personnel in finance & administration, legal and human resources. Also included are travelling & conveyance expenses and expenses relating to communications, finance and administration, legal and professional charges, insurance, miscellaneous administrative costs, depreciation of assets used in administrative offices and other related miscellaneous expenses.

Employee Benefits

Gratuity which is a defined benefit is accrued based on independent actuarial valuation as at the balance sheet date. Actuarial gains/losses are immediately taken to profit and loss account and are not deferred.

Short term compensated absences are provided based on estimates. Long term compensated absences are provided based on actuarial valuation.

Contributions payable to the recognised provident fund and approved superannuation scheme, which are defined contribution schemes, are charged to the profit and loss account.

Amortisation of ESOP Costs

"Option Discount" calculated as per the guidelines issued by the Securities and Exchange Board of India is amortised over the vesting period of the options. Option Discount means the excess of the market price / fair value of the shares as on the date of grant of the Options over the Option exercise price.

Provision for Doubtful Debts

This relates to the charge for debts that the Group no longer considers recoverable. Provisions are made based on the financial stability and health of the debtor and assessed periodically.

Management's Discussion and Analysis of Financial Condition and Results of Operations

Operating Profit

Operating Profit represents the profits from operations i.e. the Gross Profit less Selling Expenses, General and Administrative Expenses, Amortisation of ESOP Costs, Provision for Doubtful Debts and other exceptional or non-recurring items.

Foreign Exchange Gain / (Loss), net

This represents the net gain or loss on translation of foreign currency assets and liabilities held in the books of the Group's Indian companies into Rupees. This would be offset partially by the gain or loss on the hedging transactions undertaken by the Group, mostly through forward covers. The net gain or loss on translation of foreign currency assets and liabilities held in the books of the Group's overseas subsidiaries into Rupees is taken directly to the Balance Sheet under foreign currency translation reserves.

The Company has adopted the principles of AS 30 relating to cash flow hedge accounting wherein the resultant gain/loss is credited/debited to the hedging reserve included in the Reserves and Surplus. This gain/loss is recorded in profit and loss account when the underlying transactions affect earnings.

Other Income/ (expense), net

Other income includes profit or loss on sale of assets and other miscellaneous income or expense.

Interest, net

This represents interest income net of interest expenses. Interest income includes interest from overnight bank balances deposits with banks, interest & dividends earned from investments in Money Market instruments, and interest on deposits with Financial Institutions.

Income Taxes

Income Taxes represent the provision for Corporate & Income Taxes in various countries where revenues are earned. These taxes are based on the capital structure of the Companies in the relevant countries as also the revenues earned and expenses incurred in these locations as increased by an allocation of corporate overheads and expenses. In estimating these taxes, adjustments are made for Deferred Tax assets and liabilities.

The Group's operations in India enjoy a tax holiday under Indian Income Tax laws as they are predominantly in the nature of export of software and related services and the earnings are in foreign currencies. The Group's earnings in India from Domestic customers as well as non-software related income such as interest or rental incomes are, however, subject to taxation in India.

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

The following discussion and analysis should be read in conjunction with the Group's Indian GAAP Audited Consolidated financial statements and the notes thereon. All comparisons for the purpose of this discussion and analysis is with reference to the audited financials for the 12 month year ended 31 October 2009 and 31 October 2008.

A. Overview

MphasiS is a premier global Apps (Application services) and BPO (Business Process Outsourcing) Services Company ('the Group') headquartered at Bangalore, India formed in the year 2000 after the merger of Bangalore, India, based BFL Software Limited (formed in 1993) and California, US, based MphasiS Corporation (formed in 1998). MphasiS has added ITO (Infrastructure Technology outsourcing) services w.e.f 1 April 2006 with the acquisition of EDS Electronic Data Systems (India) Private Ltd, a subsidiary of Electronic Data Systems Corporation, USA (EDS). With the addition of ITO, the Group offers services in primarily three business lines of Apps, BPO and ITO. Since June 2006, the Group has become a subsidiary of Electronic Data Systems Corporation (EDS). In terms of a merger agreement executed between Electronic Data Systems Corporation, Hewlett-Packard Company ('HP') and Hawk Merger Corporation, the last named company merged into Electronic Data Systems Corporation on 26 August 2008. As a result of this merger, Electronic Data Systems Corporation became a 100% subsidiary of Hewlett-Packard (HP) and was renamed as Electronic Data Systems LLC. Further, HP became the ultimate holding company of MphasiS.

The Group offers solutions to the world's leading companies in various industries, such as banking & financial services, insurance, telecom, manufacturing, airline & transportation, technology and healthcare, based on a portfolio of world-class Apps, BPO & ITO capabilities. The Group significantly grew its ITO capabilities during the financial year with support from HP. A deep understanding of the clients' business processes allows MphasiS to provide focused solutions in the enterprise applications development and management services for the Applications business. The Group strengthened its offering in BPO business in transaction and knowledge process outsourcing apart from customer and service helpdesk services.

All three business lines require detailed understanding of the client organization, their domain, their processes and the way clients make decisions, work and operate. In order to be effective in transitioning and managing their client's engagements, MphasiS integrates their internal processes and the underlying applications and systems with the client's environment. Additionally, they provide their clients complete control, security and transparency of the execution of the processes.

During the year ended 31 October 2009 ('FY09') consolidated revenues were Rs 42,639 million, a growth of Rs 12,865 million or 43% over the year ended 31 October 2008 ('FY08'). Apps revenues increased by 43%, BPO revenue increased by 15% and ITO revenue increased by 85% over FY08. Significant growth came through HP and its subsidiaries.

The consolidated net profit was Rs 9,087 million in FY09, an increase of Rs 4,980 million or 121% over FY08. As a percentage of total revenues, the net profit was 21.3% in FY09 compared to 13.8% in FY08.

Further during FY09, the Group generated cash flows from operations amounting to Rs 10,517 million. The Group has also invested Rs 1,500 million in fixed assets.

Cash and cash equivalents, which includes investments in liquid mutual funds as at 31 October 2009 stood at Rs 9,398 million compared to Rs 731 million as at 31 October 2008.

Management's Discussion and Analysis of Financial Condition and Results of Operations

The Group intends the discussion of the consolidated financial condition and results of operations that follows to provide information that will assist in understanding the financial statements, the changes in certain key items in those financial statements from year to year, and the primary factors that accounted for those changes, as well as how certain accounting principles, policies and estimates affect these financial statements.

B. Critical accounting policies and estimates

The preparation of the Group's consolidated financial statements require management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and the related disclosure of contingent assets and liabilities. Management bases its estimates on historical experience and other assumptions that are believed to be reasonable under the circumstances. To the extent that actual results differ from these estimates, assumptions or judgments, the Group's results will be affected. The significant accounting policies and estimates that the Group considers critical in fully understanding and evaluating the reported financial results and terms used in the financial statements are included in the *'MD&A on critical accounting policies and glossary of terms used in the financial statements'* section of this annual report and should be read in conjunction with the notes to the consolidated financial statements.

C. Results of operations

The following table summarises the audited financials of the Group for FY09 with the corresponding results for FY08.

(Rs millions)

	FY09	FY08
Revenues (net of adjustment from hedging reserve)		
- APPS	27,326	19,065
- BPO	7,426	6,435
- ITO	7,887	4,274
Total Revenue	**42,639**	**29,774**
Cost of Revenues		
- APPS	18,328	14,773
- BPO	5,781	4,706
- ITO	4,684	3,254
Total Cost of Revenues	**28,793**	**22,733**
Gross Profit		
- APPS	8,998	4,292
- BPO	1,645	1,729
- ITO	3,203	1,020
Total Gross Profit	**13,846**	**7,041**
Selling expenses	1,804	1,091
General & administrative expenses	2,782	1,916
Provision for doubtful debts	8	33
Operating Profit	**9,252**	**4,001**
Foreign exchange gain, net	293	186
Other income	155	9
Interest, net	28	75
Profit before Taxation	**9,728**	**4,271**
Income Taxes (including Fringe Benefit Tax)	641	164
Net Profit	**9,087**	**4,107**

The following table sets forth, for the periods indicated, financial data as percentages of consolidated revenues and the absolute increase (or decrease) by item over the previous year.

(Rs millions)

	% of revenues		Increase/ (decrease)
	FY09	**FY08**	**FY09 over FY08**
Revenues (net of adjustment from hedging reserve)	100.0%	100.0%	12,865
Cost of revenues	67.5%	76.4%	6,060
Gross profit	32.5%	23.6%	6,805
Selling expenses	4.2%	3.7%	713
General and administrative expenses	6.5%	6.4%	866
Provision for doubtful debts	0.0%	0.1%	(25)
Operating profit	21.7%	13.4%	5,251
Foreign exchange gain, net	0.7%	0.6%	107
Other income	0.4%	0.0%	146
Interest income, net	0.1%	0.3%	(47)
Profit before tax	22.8%	14.3%	5,457
Income taxes (including Fringe Benefit Tax)	1.5%	0.5%	477
Net profit	**21.3%**	**13.8%**	**4,980**

Revenues

During the year ended 31 October 2009, revenues net of hedging impact, grew by Rs 12,865 million or 43.2%. Revenues grew 30.5% in USD terms on account of depreciation of rupee against the US dollar this year. Apps services revenue grew by 43%, BPO services revenue grew by 15% and ITO services revenue grew by 85% during the year. Apps services contributes 64% of the revenues, while BPO and ITO services account for 17% and 19% of the revenues respectively.

A detailed analysis of the revenues (gross of hedging impact) of the Group is presented below:

(Rs millions)

Vertical/Industry	**FY09**	**%**	**FY08**	**%**
Banking & Financial Services	17,642	*41%*	12,244	*41%*
Technology & OEMs	9,924	*23%*	6,885	*23%*
Telecom	4,704	*11%*	3,637	*12%*
Manufacturing & Retail	5,442	*13%*	4,124	*14%*
Logistics, Airlines & Transportation	2,294	*5%*	1,773	*6%*
Healthcare & Pharma	2,827	*7%*	1,111	*4%*
Total	**42,833**	**100%**	**29,774**	**100%**

All verticals grew compared to last year with significant growth in Healthcare & Pharma, Banking & Financial Services and Technology & OEM. Banking & Financial Services vertical continued to be the largest segment, contributing 41% of the Group's revenues.

Management's Discussion and Analysis of Financial Condition and Results of Operations

Client concentration

	FY09	FY08
Revenues from Top Client	13%	11%
Revenues from Top 5 Clients	32%	31%
Revenues from Top 10 Clients	45%	45%
Clients Contributing more than:		
$ 1 million Revenues	109	94
$ 5 million Revenues	32	31
$ 10 million Revenues	21	17
$ 20 million Revenues	8	6

During FY09 the group expanded its client base with 46 new clients added including relationships through HP.

The Group continued to increase its client base with expanded service offerings to mitigate top line risks.

Revenues by Service Type **(Rs millions)**

Service Type	FY09	%	FY08	%
Application Maintenance & Other Services	14,892	*35%*	10,271	*35%*
Application Development	12,536	*29%*	8,789	*30%*
Infrastructure Management Services	5,561	*13%*	2,160	*7%*
Customer Service	3,422	*8%*	3,062	*10%*
Service / Technical Help Desk	2,671	*6%*	2,446	*8%*
Transaction Processing Service	2,258	*5%*	1,860	*6%*
Knowledge Processes	1,400	*4%*	1,186	*4%*
License Income	93	*0%*	-	-
Total	**42,833**	**100%**	**29,774**	**100%**

Application Development refers to customised software development services based on the requirements and specifications given by the customers and documented in Statement of Works while Application Maintenance involves maintenance of existing customer software and they are mostly undertaken on annuity terms. Infrastructure Management Services 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 and data center services focus on migration, automation & other software services. Customer services include receivables collection support, product support, enrolment etc. provided to clients through BPO operations. Transaction Processing includes claims and mortgage processing, account opening and maintenance, data processing and management etc. Service/Technical Help Desk comprise of inbound and outbound customer interaction programs including technical product support, customer care and allied services. License Income pertains to the income from license sale in the health care space of the Group's product Javelina developed by its foreign subsidiary that was acquired in 2005. Revenues from all the services types grew in FY09 compared to FY08 with revenues from Infrastructure Management Services increasing by 158% and Application Maintenance and Other Services increasing by 145%.

Revenues by Project Type **(Rs millions)**

Project Type	FY09	%	FY08	%
Time and Material	38,937	91%	28,593	96%
Fixed Price	3,896	9%	1,181	4%
Total	**42,833**	**100%**	**29,774**	**100%**

Significant revenues are generated principally from services provided on time-and-material (T&M). Revenues from service provided on a T&M basis are recognised in the period that services are performed. Revenues from services provided on a fixed-price basis are recognised under the percentage of completion method of accounting when the work executed can be reasonably estimated. The percentage of completion estimates are subject to periodic revisions and the cumulative impact of any revision in the estimates of the percentage of completion are reflected in the period in which the changes become known. Share of revenues from fixed price contracts more than doubled during the financial year.

The following tables give the composition of revenues based on the location where services are performed.

Revenues by Delivery Location **(Rs millions)**

Delivery Location	FY09	%	FY08	%
Onsite	11,373	*27%*	6,955	*23%*
Offshore	31,460	*73%*	22,819	*77%*
Total	**42,833**	**100%**	**29,774**	**100%**

The Group charges higher billing rates and incurs higher compensation expenses for work performed by the onsite teams at a customer's premises as compared to work performed at its offshore centres. Services performed onsite typically generate higher revenues per capita than the same amount of services performed at its offshore centres in India. Share of onsite revenues have increased substantially in FY09 compared to FY08 due to new transformation and transition engagements involving higher onsite efforts in their execution.

Revenues by Geography **(Rs millions)**

Regions	FY09	%	FY08	%
USA	28,566	*67%*	20,478	*69%*
Europe	8,724	*20%*	*5,621*	*19%*
Asia Pacific	2,542	*6%*	1,283	*4%*
India & Middle East	3,001	*7%*	2,392	*8%*
Total	**42,833**	**100%**	**29,774**	**100%**

Asia Pacific revenues grew significantly by 98% and share was up by 2%. Revenues from Europe grew by 55% over FY08.

Cost of Revenues

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

Management's Discussion and Analysis of Financial Condition and Results of Operations

The consolidated cost of revenues of the Group is Rs. 28,793 million in FY09 represents an increase of 26.7% over FY08. Cost of revenues were 67.5% of revenues compared to 76.4% during the previous financial year. Cost of revenues grew at a lower rate than revenues for FY09 on account of higher manpower utilisation and cost optimisation during the financial year.

Cost of revenues in Apps decreased from 78% in FY08 to 67% in FY09. Cost of revenues of BPO services increased from 73% in FY08 to 79% in FY09. Cost of revenues for ITO services decreased from 76% in 31 October 2008 to 59% in 31 October 2009.

Headcount by business :

Number of employees	FY09	FY08
Onsite		
- Applications	1,858	1,519
- BPO	144	118
- ITO	31	-
Offshore		
- Applications	10,328	9,072
- BPO	16,161	13,854
- ITO	5,002	4,232
Total	**33,524**	**28,795**

Gross Profit

The consolidated growth in revenues in excess of direct costs resulted in an increase in the gross profit by Rs 6,805 million or 96.6%. As a percentage of total revenues, the consolidated gross profit increased to 32.5% for the year ended 31 October 2009 from 23.6% for the year ended 31 October 2008. The increase in gross margins is attributable to the improvement in utilisation, increase in billing realisation and cost optimisation during the financial year. Depreciation of Indian Rupee against US Dollar also accounted for improvement in the gross margins. Analysed below are the individual gross margins for the Apps, BPO and ITO operations of the Group.

The gross profit from Apps business increased by Rs 4,706 million or 110% over FY08. As a percentage to revenues, the margins increased from 22.5% in FY08 to 32.9% in FY09. Improvement in manpower utilisation and higher billing rates during the financial year significantly helped improve the profitability.

The gross profit from the BPO services decreased by Rs 84 million or 5% over FY08. The gross margins decreased to 22.1% in FY09 from 26.9% in FY08 as a percentage of revenue. The decrease in gross margin is attributable to investment in additional capacities, higher manpower costs and lower billing rate realisation caused by change in business mix.

The gross profit from the ITO services increased by Rs 2,183 million or 214% in FY09. The gross margin increased to 40.6% in FY09 from 23.8% in FY08. Higher volumes, improvement in manpower utilisation, change in the business mix and increase in billing rates during the financial year significantly helped improve the profitability.

Following tables summarise the Utilisation and Billing rates by business unit

Average Utilisation Rates	FY09	FY08
Applications		
Excluding trainees		
- Onsite	85%	84%
- Offshore	78%	73%
- Blended	79%	75%
Including trainees		
- Onsite	85%	84%
- Offshore	75%	70%
- Blended	77%	72%
BPO		
Process Utilisation (excluding trainees)	65%	68%
Process Utilisation (including trainees)	58%	57%
ITO		
Excluding trainees		
- Onsite	91%	-
- Offshore	82%	76%
- Blended	82%	76%
Including trainees		
- Onsite	91%	-
- Offshore	76%	71%
- Blended	76%	71%

$/hr

Average Billing Rates	FY09	FY08
Onsite		
- Applications	71	69
- ITO	70	-
Offshore		
- Applications	22	22
- BPO	9	10
- ITO	22	21

Selling Expenses

Selling expenses were Rs 1,804 million for the year ended 31 October 2009, representing an increase of Rs 713 million or 65% over Rs 1,091 million for the year ended 31 October 2008. As a percentage of revenues, selling expenses increased from 3.7% for the year ended 31 October 2008 to 4.2% for the year ended 31 October 2009. The group invested in sales force to increase coverage which led to increase in selling expenses. Depreciation of the Indian Rupee against the US dollar increased selling expenses on account of translation as most of selling expenses are incurred in US dollar.

Management's Discussion and Analysis of Financial Condition and Results of Operations

General and Administrative Expenses

General and administrative expenses were Rs 2,782 million for the year ended 31 October 2009, representing an increase of Rs 866 million or 45% over Rs 1,916 million during the year ended 31 October 2008. The increase was on account of additional headcount to support growth in business volume and one-time expenses to recalibrate future commitments. As a percentage of revenues, the general and administrative expenses increased marginally from 6.4% for the year ended 31 October 2008 to 6.5% for the year ended 31 October 2009.

Provision for Doubtful Debts

Provision for doubtful debts was Rs 8 million for the year ended 31 October 2009 as against Rs 33 million for the year ended 31 October 2008.

Operating Profit

The operating profit during the year ended 31 October 2009 increased to Rs 9,252 million from Rs 4,001 million for the year ended 31 October 2008. As a percentage of revenues, operating margins increased from 13.4% for the year ended 31 October 2008 to 21.7% for the year ended 31 October 2009. Higher gross profits and better leverage of selling and general & administrative overhead led to higher operating profit.

Foreign Exchange Gain, net

The gain on foreign exchange for the year ended 31 October 2009 was Rs 293 million as against a gain of Rs 186 million for the year ended 31 October 2008. The higher gain on foreign exchange in the year ended 31 October 2009 was on account of gain on forward covers and exchange fluctuation arising out of restatement of assets and liabilities.

Other Income

The net other income for the year ended 31 October 2009 was Rs 155 million as compared to net other income of Rs 9 million for the year ended 31 October 2008. Net other income primarily comprised of dividend from investment in liquid mutual funds.

Interest Income, net

Net interest income for the year ended 31 October 2009 was Rs 28 million, as against a net interest income of Rs 75 million for the year ended 31 October 2008. The decline is primarily on account of reduction in bank fixed deposits. There has been a change in the investment mix of the company in the current year from bank deposits to liquid mutual funds resulting in higher Other Income.

Income Taxes (including Fringe Benefit Tax)

Income taxes were Rs 641 million for the year ended 31 October 2009 as compared to income tax of Rs 164 million for the year ended 31 October 2008. The increase was on account of some of the units coming out of the tax holiday and higher profitability of the company.

Net Profit

The net profit after taxes was Rs 9,087 million for the year ended 31 October 2009, an increase of Rs 4,980 million or 121% over the net profit of Rs 4,107 million for the year ended 31 October 2008. As a percentage of total revenues, the net margin increased to 21.3% for the year ended 31 October 2009 as against 13.8% for the year ended 31 October 2008.

D. Liquidity and Capital Resources

(Rs million)

	FY09	FY08	Change
Working capital	8,944	6,977	1,967
Cash provided by operating activities	10,517	2,628	7,889
Cash (used in) investing activities	(9,059)	(2,305)	(6,754)
Cash (used in)/ provided by financing activities	(427)	(763)	336
Cash and cash equivalents	9,398*	731	8,667

* Which includes investments in liquid mutual funds.

The Group has historically been financed mainly through cash generated from operations. The Group does not have significant borrowings (both long and short term) and the borrowings reflected in the financial statements represent future capital lease obligations.

Working capital

Changes in working capital have been discussed under the caption *'cash flows from operating activities'*.

Cash flows from operating activities

Growth in volumes increased the net cash inflows from operating activities in FY09. The Group recorded a cash profit of Rs 11,543 million in FY09 as against Rs 5,783 million in FY08, an increase of 99.6%. Days Sales Outstanding improved from 83 days for the year ended 31 October 2008 to 78 days for the year ended 31 October 2009.

The following table shows Days Sales Outstanding.

Number of days

	FY09	FY08
Apps	75	86
BPO	68	67
ITO	95	97
Group	**78**	**83**

In FY09 the Group had higher cash outflow for Income taxes of Rs 1,646 million as against Rs 518 million in FY08.

Cash used in investing activities

In FY09, the Group incurred capital expenditure of Rs 1,500 million for the increased scale of operations.

The Group's treasury policy calls for investing in highly rated banks and debt instruments through liquid mutual funds for short to medium term maturities. Stringent guidelines have been set for de-risking counter party exposures. The Group maintains balances both in rupee and foreign currency accounts in India and overseas. The investment philosophy of the Group is to ensure capital preservation and liquidity in preference to returns.

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

Cash provided by financing activities

In FY09 the cash used by financing activities included Rs 486 million paid on account of dividend and dividend tax as against Rs 807 million in FY08.

Management's Discussion and Analysis of Financial Condition and Results of Operations

The group has available credit lines with banks in India. The total non funded credit lines at the disposal of the Group as at 31 October 2009 were Rs 235 million. The credit lines were utilised only towards providing guarantees.

Cash and cash equivalents

The Group's cash balances are held in various locations throughout the world. Cash and cash equivalents comprise highly liquid investments with an average remaining maturity of three months or less, as on the date of purchase. These balances also include amounts that are restricted in use, either as margin monies given to banks for guarantees issued in the normal course of business or amounts held in escrow accounts attributable to acquisitions/commitments made. An analysis of restricted cash balances as at 31 October 2009 and 2008 is given below.

(Rs millions)

	As at 31 October 2009	As at 31 October 2008
Margin money deposits	1	1
Fixed Deposit – Escrow Account	71	11
Unclaimed dividends	4	1
TOTAL	**76**	**13**
As a % of total cash balances	**4%**	**2%**

Contractual commitments

The following table summarises the Group's contractual commitments as at 31 October 2009 and their related effects on the Group's liquidity and cash flows in the future periods. These commitments exclude amounts recognised as current liabilities and/or advances recognised as loans and advances in the balance sheet.

(Rs millions)

Obligations/Commitments	TOTAL	By period		
		Less than 1 year	1 to 5 years	Over 5 years
Capital commitments #	330	330	-	-
Operating leases	1,772	829	870	73
Total contractual cash obligations	**2,102**	**1,159**	**870**	**73**

 # The obligations towards capital commitments primarily represent amounts to be expended towards assets and equipment for the Group. These amounts have not been recorded as liabilities in the balance sheet as at 31 October 2009, as the related assets have not been received on the reporting date.

Contractual obligations that are contingent upon the achievement of certain milestones are not included in the table above.

The expected timing of payment of the obligations discussed above is estimated based on currently available information. The timing and actual amounts paid may differ based on the time of receipt of assets/services or changes to agreed amounts for some obligations.

Off balance sheet arrangements

As part of its ongoing business, the Group does not participate in transactions that generate relationships with unconsolidated entities or financial partnerships, such as entities often referred to as structured finance or Special Purpose Entities ("SPEs"), which would have been established for the purpose of facilitating off-balance sheet arrangements or other contractually narrow or limited purposes. As of 31 October 2009 the Group was not involved in any material unconsolidated SPE transactions.

Stock based compensation

The Group accounts for stock based compensation as per the guidelines issued by the Securities and Exchange Board of India ('SEBI') and the guidance note issued by the Institute of Chartered Accountants of India. The 'option discount' (computed in accordance with SEBI guidelines) representing the excess of the market price/fair value of the shares as on the date of the grant of the options over the option exercise price, is amortised over the vesting period of the options. (For a detailed analysis of the various stock option plans initiated by the Group, refer to note 30 of the consolidated financial statements). All option discounts were amortised by 31 March 2006. Consequent to the issuance of the Guidance Note on Accounting for Employee share based payments by the ICAI recognising the need for fair value disclosures of Employee Stock Option Plans and permitting the intrinsic value method to be used in accounting for option grants made on or after 1 April 2005, sufficient disclosures have been made in the detailed analysis referred above in note 30 of the consolidated financial statements.

Directors' Profile

Mr. Andreas W Mattes, Chairman

Andreas Mattes joined the Board of MphasiS in October 2008 and became Chairman in February 2009. At Hewlett-Packard (HP), Mattes is Senior Vice President and General Manager of the Americas region for HP Enterprise Services. In this role, he is responsible for accelerating market expansion and driving improved revenue and profit in Canada, Latin America, the United States, and in the HP General Motors account.

Prior to this, Mattes had served as Senior Vice President and General Manager of Applications Services for EDS, an HP company. He had also led HP's worldwide Outsourcing Services organization. He came to HP in 2006 to lead the enterprise sales organization with responsibility for corporate accounts, public sector sales, industry markets, worldwide alliance sales, sales compensation, global pre-sales and sales support, sales operations and go-to-market effectiveness.

Prior to HP, Mattes spent 20 years at Siemens AG, where he held various senior management positions.

Mr. Balu Ganesh Ayyar, Chief Executive Officer

Ganesh Ayyar, joined MphasiS as the CEO in January 2009. Ganesh is responsible for the overall management of the Company. He is a member of the MphasiS Board of Directors.

Ganesh joins MphasiS from HP where his last assignment was that of Vice President, Managed Services, Asia Pacific & Japan leading selective sourcing and small and medium outsourcing deals. He joined Hewlett-Packard Singapore in 1989, where he focused on the manufacturing industry. In 1991, Ganesh was at the center of the HP initiative concentrating on the telecommunications industry. His efforts led him to hold a managing role in the Manufacturing and Telecom team in 1992.

In 1999, he became the President of HP India. There, he led the way in delivering the best total customer experience and strengthened HP's position in India. His outstanding efforts saw him move to the position of Asia-Pacific Director of Marketing for the Business Customer Organization in 2001.

Ganesh was the co-lead for pre-merger integration planning for HP-Compaq merger for Asia Pacific & Japan. Immediately after the merger, he took on the role of Vice President of HP Services for South East Asia, and led customer support, consulting & integration and managed services business.

With more than 22 years of experience, Ganesh's career spans across South East Asia (Singapore, Malaysia, Thailand, the Philippines, Indonesia, Vietnam and other emerging countries in Asia) and India. Ganesh is a proven global, visionary leader with relentless business focus. His extensive experience across a portfolio of functions and geographies brings a global perspective to MphasiS.

Born in India, Ganesh is a Chartered Accountant from the Institute of Chartered Accountants of India.

Dr. Jose de la Torre, Director

Dr. Jose de la Torre is a Doctor in Business Administration from Harvard University and MBA (Management) and B.S. (Aerospace Engineering) from the Pennsylvania State University. He is the Dean of the Chapman Graduate School of Business at Florida International University, Miami, Florida and held the Byron Harless Chair in Management until 2007. He now holds the J.K. Batten Chair in Strategy.

He joined the Board in June 2000. Dr. de la Torre was previously a professor of international business strategy at the Anderson School at UCLA and at INSEAD in France. He is currently also a director on the Boards of Quantum Group Inc. and Espirito Santo Bank, USA.

Mr. Nawshir H Mirza, Director

Nawshir Mirza is a Fellow of the Institute of Chartered Accountants of India having qualified in the year 1973. He spent most of his career with Ernst & Young and its Indian member firm, S. R. Batliboi & Co, Chartered Accountants, being a Partner from 1974 to 2003. He joined the Board of MphasiS in January 2004.

He has contributed to the accounting profession, being a Speaker or the Chairperson at a large number of professional conferences in India and abroad.

He is also a Director on the boards of Tata Power Company Limited, Esab India Limited, Foodworld Supermarkets Limited, Health & Glow Retailing Private Limited and Jardine Shipping Services (India) Private Limited. As a philanthropist, he is actively involved with Childline, an all-India NGO for abused & distressed children.

Mr. Davinder Singh Brar, Director

D S Brar is a B.E. (Electrical) from Thapar Institute of Engineering & Technology, Patiala, and a Masters in Management from Faculty of Management Studies, University of Delhi (Gold Medalist - 1974). He joined the Board in April 2004. Brar started his career with Associated Cement Companies (ACC) and later joined Ranbaxy Laboratories Limited where he rose to the position of CEO and Managing Director.

Currently, he is also on the boards of Maruti Udyog Limited, Suraj Hotels Private Limited, Madhubani Investments Private Limited, Suraj Overseas Private Limited, Green Valley Land and Development Private Limited, Davix Management Services Private Limited, GVK Bio Sciences Private Limited, GVK Davix Technologies Private Limited, Inogent Laboratories Private Limited, GVK Davix Research Services Private Limited, Davix Pharmaceuticals Private Limited and Moksha8 (Cayman Islands). He is also a Member of the Board of Governors in Indian Institute of Management, Lucknow and Special Advisor to the Board of Directors of Codexis, a California based Company.

Ms. Vinita Bali, Director

Vinita Bali joined the Board in March 2007. Vinita holds a Bachelor's Degree in Economics and has an MBA degree from the Jamnalal Bajaj Institute of Management Studies of Bombay University. She has acquired additional qualifications in Business and Economics from Michigan State University and has interned at the United Nations headquarters in New York.

Vinita Bali started her career with Voltas in India in 1977. In 1980, she joined Cadbury India as Brand Manager and went on to working in the UK, Nigeria and South Africa, where she also served on Cadbury Boards. In 1994, she moved to the Coca-Cola Company in the USA as the world wide Marketing Director of Coca-Cola. During her ten years at Coke she also served as President of the South Latin Division and Head of Strategy, with responsibility for the Company's worldwide business strategy and new initiatives.

Currently, Vinita Bali is the Managing Director of Britannia Industries Limited, India. She is also on the Boards of Titan Industries Limited, Piramal Glass Limited, Bombay Dyeing & Manufacturing Company Limited, Go Airlines (India) Private Limited, Goldman Sachs Trustee Company (India) Private Limited, Britannia New Zealand Foods Private Limited, Britannia New Zealand Holdings Private Limited, Britannia & Associates (Mauritius) Private Limited, Britannia & Associates (Dubai) Company Limited, Strategic Food International Co. LLC, Al Sallan Food Industries Company SAOG, Strategic Brand Holdings Company Limited and Al Fayafi General Trading Co. LLC, UAE. Vinita Bali has also served on the Board of the Centre for Strategic & International Studies, Washington, a non-profit organization.

Directors' Profile

Mr. Prakash Jothee, Director

Prakash Jothee joined the Board of MphasiS in February 2009. At HP, he is Vice President in the Office of Strategy and Technology. Jothee is responsible for leading all major high-value strategic HP initiatives and leads all major HP Enterprise Services transformation efforts.

Before joining HP in 2005, Jothee was a principal in A.T. Kearney's Communications and High Tech practice, focusing on client projects in the corporate strategy and M&A, marketing and sales strategy arenas.

Prakash Jothee has a bachelor's degree in physics and chemistry and a graduate degree in management from Stanford University.

Mr. Craig Wilson, Director

Craig Wilson joined the Board of MphasiS in February 2009. He is Vice President and leader of HP's Enterprise Services business in UK and Ireland. This is the largest HP sub-region in EMEA. Before this role, Wilson was leader of HP's Applications Services business across Europe, Africa and Middle East; a rapidly growing business with annual revenues of $3 billion and over 15,000 personnel; encompassing consultancy, systems integration and applications development.

Wilson was formerly a client executive for one of EDS' largest accounts globally and before that has held several senior consultancy roles with major government clients. Before joining EDS, Wilson was a management consultant with PA Consulting Group, advising senior civil servants on business and information systems strategy.

Wilson is a Chartered Engineer and holds a BSc (Data Processing) degree and a MBA.

Dr. Friedrich Froeschl, Director

Dr. Friedrich Froeschl joined the Board of MphasiS in March 2009. Dr. Froeschl is a Physicist with PhD and an executive MBA. He currently heads Hi Tec Invest GmBH & Co. which is a private equity management and consulting company with focus on information and communication technology industries. Prior to founding Hi Tec Invest in October 2004, Dr. Froeschl was Corporate Vice President for Corporate Information and Operations (CIO), and member of the managing board of Siemens AG. In 1995, he joined Siemens Business Services as the worldwide President & CEO, representing the company in over 40 countries. In 2002, he was appointed as Member of the Managing Board and Corporate Vice President for Corporate Information and Operations of the entire Siemens organization with almost half a million employees globally. During the course of his career at Siemens, he has been in charge of multi-billion dollar budgets, and covered all ICT related aspects including procurement, cost optimization, e-business and process management.

Prior to Siemens, Dr. Froeschl was CEO of Computer Sciences Corporation, a major global player in IT, Outsourcing and Consulting based in Germany. Before that, he held positions as Vice President and Business Head at Digital Equipment Corporation and Messerschmitt-Bölkow-Blohm (today EADS) respectively. Throughout his career, Dr. Froeschl has been actively involved in both larger multi-billion dollar deals as well as mid-size M&A projects.

Mr. K M Suresh, Director

Suresh joined the Board of MphasiS in November 2009. Suresh is a major in law from Bangalore University. He is a dynamic executive with more than 23 years of experience in international financial management, operations and business management. He is presently the Vice President Finance and heads HP's Enterprises Services in Asia Pacific & Japan region.

He joined HP in 2000 after more than 12 years of experience in finance and business management at leading technology companies. At HP he led the worldwide applications service business line providing leadership across all portfolios and regions. He also led EDS' America business revenue by revamping operational and financial process flows and influencing management in various analytics to drive positive and healthy business results.

Directors' Report

Dear Shareholders,

We have pleasure in presenting to you the Eighteenth Annual Report of your Company for the financial year ended 31 October 2009.

CONSOLIDATED FINANCIAL PERFORMANCE

(Rs. 000s)

Particulars	Year ended 31 October 2009	For the period from 01 April 2008 to 31 October 2008
Revenues	42,638,827	19,065,192
Cost of Revenues	28,793,179	14,254,627
Gross Profit	13,845,648	4,810,565
Operating Profit	9,252,383	2,879,274
Profit before taxation	9,727,520	3,097,114
Net Profit	9,086,779	2,954,365
Provision for Proposed Dividend	733,498	417,846
Tax on Dividend	124,672	71,114
Transfer to General Reserve	836,872	264,514

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

OUTLOOK

Your Company has, through focussed, efficient execution and sustained performance, delivered strong financial results with record EPS and EPS growth - the highest in the history of your Company. Your Company's EPS for the year ended 31 October 2009 stood at Rs.43.45. Your Company's top customers continued to stay invested and your Company saw the relationships deepen during the year. Building long term and deep relationship remains an on-going focus. Your Company's partnership with Hewlett–Packard has played an important role in creating larger opportunities for growth and success. Despite global economic challenges, your Company has held out against the tide, and delivered strong performance. Your Company's efforts to maintain operational efficiencies and grow business through strategic and geographic expansion will continue.

SHARE CAPITAL

The Issued Share Capital of the Company as on 31 October 2009 stood at Rs.2,095,779 thousand (which is inclusive of 147,992 shares of Rs.10/- each amounting to Rs.1,479 thousand held by the BFL Employees Equity Reward Trust) and Reserves and Surplus of the Group stood at Rs.21,350,582 thousand. There has been an increase in the capital on account of allotments made during the year under various ESOP Plans to option holders exercising their options through the BFL Employees Equity Reward Trust and release of bonus shares, earlier kept under abeyance due to dispute in the title of shares.

DIVIDEND

Your Directors are pleased to recommend a final dividend of Rs.3.50 per equity share of Rs.10 each for the year ended 31 October 2009, subject to your approval at the ensuing Annual General Meeting.

Directors' Report

CORPORATE GOVERNANCE

A note on corporate governance and the auditor's certificate on corporate governance are annexed to this report.

OTHER DEVELOPMENTS

Acquisition of AIG Systems Solutions Private Limited

During the year, your Company acquired AIG Systems Solutions Private Limited (AIGSS), an Indian subsidiary of American International Group Inc (AIG), USA. Based in Chennai and Kolkata, AIGSS has over 700 employees and provides IT services to AIG and its member companies. AIGSS' service offerings include application development and maintenance, application implementation, testing, product development and support.

The transaction was closed on 30 September 2009 and AIGSS became a subsidiary of your Company and a part of the Application Services Business Unit with effect from 1 October 2009. AIGSS was renamed MphasiS FinSolutions Private Limited from 13 October 2009.

This acquisition is a significant step and will help your Company augment its capabilities for the insurance industry and offer domain solutions backed by a highly skilled talent pool. The acquisition adds capability to, and enhances the value of your Company and provides it new relationships in the insurance industry.

In order to further improve synergies, the Board of Directors of your Company has approved merging MphasiS FinSolutions Private Limited with your Company, subject to necessary approvals.

Setting up of off-shore delivery centre

Your Company announced its decision to set up an off-shore delivery centre in Sri Lanka on 9 December 2009. The centre will be operational by mid 2010 and will join your Company's network of Global Delivery Centres, providing an array of IT and ITES services to clients, world-wide. The setting up of this new global delivery centre spells opportunity and is an important milestone in your Company's future journey.

EMPLOYEES

Your Company strives to cultivate an organizational culture which is conducive to bringing about changes required for better governance. Our Company culture – *the Winning Culture*, is built on certain key values which are integral to the organisation and which binds the Management, the Board and the Organization.

Your Company has taken several measures for attracting talent including setting up of a world class training facility at Mangalore. Programs for retaining talent include, *MetamorphosiS*, a cross-skilling training program for facilitating cross-functional movements and *Pillars*, an employee tenure recognition program, aimed at recognizing tenured employees within MphasiS. Your Company is committed to ensuring support to its employees in their professional growth in the organization and has partnered with a global talent development agency to work with employees in assessing their strengths and areas of development. Your Company's Leadership Development Programs are tailored to equip leaders with knowledge, skills and attitude necessary to lead, develop and manage their teams.

Your Company has designed several development programs for its employees viz. Buddy Program, Cross Cultural Sensitization and Creativity. Further, in partnership with a training organization, your Company has created the MphasiS Learning Portal, which is a robust on-line learning solution that includes e-learning courses, supporting content and technology designed to enable employees to develop new skills and find answers to important questions, 24x7. The portal provides over 3,000 interactive courses and all employees of the Company are given access to the learning opportunities. Your Company also encourages its employees pursue higher education which is funded by the Company.

The total employee strength grew from 28,795 employees on 31 October 2008 to 33,524 employees on 31 October 2009.

EMPLOYEES STOCK OPTION PLAN

Your Company's Employee Stock Option Plan is administered through the BFL Employees Equity Reward Trust.

The information to be disclosed as per SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, is annexed to this Report.

Your Company currently has four Plans in operation, namely, ESOP 1998 Plan (Version I and II), ESOP 2000 Plan, ESOP 2003 Plan and ESOP 2004 Plan. Since July 2006, the Company has not granted any options to its employees.

SUBSIDIARIES

As on 31 October 2009, your Company had subsidiaries in Australia, Belgium, Germany, India, Ireland, Mauritius, Netherlands, Peoples Republic of China, Singapore, the United Kingdom and the United States of America.

Your Company has sought the approval of the Ministry of Corporate Affairs, New Delhi for exemption from attaching the audited accounts of the subsidiaries to the Annual Accounts of your Company, for the financial year ended 31 October 2009. Your Company publishes the consolidated financial statements of the Group. The information regarding each subsidiary with regards to capital, reserves, total assets, total liabilities, details of investment, turnover, profit before taxation, provision for taxation, profit after taxation and proposed dividend is given as an annexure to the Directors' Report.

The annual accounts of subsidiary companies are available for inspection at the registered office of the Company.

DIRECTORS

The following Directors were appointed on the Board of your Company after the last Annual General Meeting:

(i) Mr. Balu Ganesh Ayyar as Chief Executive Officer with effect from 29 January 2009;

(ii) Mr. Craig Wilson as Additional Director with effect from 6 February 2009;

(iii) Mr. Prakash Jothee as Additional Director with effect from 6 February 2009;

(iv) Dr. Friedrich Froeschl as Additional Director with effect from 30 March 2009;

(v) Mr. K M Suresh as Additional Director with effect from 24 November 2009;

As Additional Directors, the tenure of the aforesaid directors comes to an end at the forthcoming Annual General Meeting and they have been proposed for appointment as Directors liable to retire by rotation at the same meeting.

Further, in accordance with the Articles of Association of the Company, Dr. Jose de la Torre and Mr. Andreas W Mattes will retire by rotation and are eligible for re-election.

The profiles of the present Directors of your Company are provided in the Annual Report.

Directors' Report

The following Directors resigned during the financial year ended 31 October 2009:

(i) Mr. Jeya Kumar (resigned on 28 January 2009)
(ii) Mr. Michael Coomer (resigned on 6 February 2009)
(iii) Mr. Joseph Eazor (resigned on 6 February 2009)
(iv) Mr. Anthony Glasby (resigned on 30 March 2009)

Your Board wishes to place on record its appreciation for the valuable services rendered by these Directors during their tenure.

Mr. Jim Bridges was terminally ill and was unable to attend meetings of the Board during the year. In terms of section 283(1)(g) of the Companies Act, 1956, he vacated office with effect from 24 November 2009 as he could not attend or seek leave of absence from attending three consecutive board meetings. Mr. Jim Bridges passed away on 30 November 2009. While remembering his valuable contribution to the Board during his tenure, the Board also extended its condolences to his family.

DIRECTORS' INTEREST

The interest of the Directors in the share capital of the Company as at 31 October 2009 is provided herein. The Directors' interest includes, where appropriate, ordinary shares held in the form of stock options, subject to satisfying the relevant vesting conditions. No Director was materially interested in any contracts or arrangements existing during or at the end of the financial year that was significant in relation to the business of the Company. Other than Dr. Jose de la Torre and Mr. Davinder Singh Brar, who held 93,000 shares and 1,382 shares, respectively, no other Director held any shares or stock options in the Company as on 31 October 2009.

SIGNIFICANT SHAREHOLDINGS

The following shareholders held more than 5% of the Company's issued share capital as at 31 October 2009:

Name of the Shareholder	*Percentage Owned*
Hewlett-Packard Corporation through its wholly owned subsidiaries, *EDS Asia Pacific Holdings, EDS World Corp. Far East & EDS World Corp. Netherlands*	60.65%
Baring India Investments Limited, PCC	5.51%

DIRECTORS' RESPONSIBILITY STATEMENT

Information as per Section 217(2AA) of the Companies Act, 1956 is annexed and forms part of the Report.

AUDITORS

M/s S R Batliboi & Co., Chartered Accountants, have expressed their willingness to continue in office and a resolution proposing their re-appointment at a remuneration to be fixed by the Board of Directors and billed progressively, is submitted to the Annual General Meeting.

As regards the observations made by the auditors, your Directors would like to clarify that as a result of operating with several entities, there were exceptional occasions where the revenues could not be recognized in the appropriate contracting entity due to delay in documentation. The delays in remittance of service tax and withholding tax dues were due to refinement in Company's interpretation of applicable tax laws. Your Company has taken adequate steps to strengthen relevant processes.

PARTICULARS OF EMPLOYEES' REMUNERATION

Information as per Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 forms part of this Report. However, in terms of Section 219(1)(b)(iv) of the Companies Act, 1956, the Report and Accounts are being sent to the shareholders excluding the aforesaid annexure. Any shareholder interested in obtaining a copy of the said annexure may write to the Company Secretary & General Counsel at the Registered Office of the Company.

In terms of the Notification No.G.S.R.212(E) dated 24 March 2004 issued by the Department of Company Affairs, Ministry of Finance, Information Technology companies have been exempted from providing the particulars of employees including their remuneration, if they have been posted / working in a country outside India. Members desirous of getting these details may write to the Company for the information.

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

Your Company's operations involve low energy consumption. However, efforts to conserve energy will continue. Particulars relating to technology absorption are not applicable. Information relating to foreign exchange earnings or outgo during the year under review is provided in the financial statements forming part of this Annual Report.

DEPOSITS

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

ACKNOWLEDGMENTS

Your Directors would like to place on record their appreciation of the contribution made by the employees at all levels, who, through their competence, hard work, solidarity, co-operation, support and commitment have enabled the Company to achieve its strong growth.

Your Directors acknowledge with thanks the continued support and valuable co-operation extended by the business constituents, investors, vendors, bankers and shareholders of the Company. Your Directors wish to thank Hewlett-Packard Corporation, parent company, for its support. They also wish to place on record their appreciation for the support from the Software Technology Parks of India, the Department of Electronics, the Government of India, Governments of Karnataka, Maharashtra, Gujarat, Uttar Pradesh, Madhya Pradesh, Tamil Nadu, Pondicherry, Andhra Pradesh, West Bengal, Reserve Bank of India, other governmental agencies and NASSCOM.

For and on behalf of the Board of Directors

Bangalore
12 January 2010

ANDREAS W MATTES
Chairman

Annexure to the Directors' Report

DETAILS OF EMPLOYEES STOCK OPTIONS AS ON 31 OCTOBER 2009

The details of Employee Stock Option Plan required to be provided as per Clause 12 of the SEBI [Employee Stock Option Scheme and Employee Stock Purchase Scheme] Guidelines, 1999.

Stock Options granted to employees of MphasiS Limited & its subsidiaries:

(All figures adjusted for 1:1 Bonus Issues made in the years 2003, 2004 and 2005)

Particulars	ESOP 1998		ESOP 2000	ESOP 2003	ESOP 2004
	Version I	Version II			
Options Granted	1,324,552	4,780,000	20,231,844	2,708,800	2,561,152
Options Vested	611,180	2,858,876	13,342,002	2,461,750	1,525,457
Options exercised	536,956	2,113,752	10,380,250	2,364,373	1,163,079
No. of shares arising out of exercise of options	536,956	2,113,752	10,380,250	2,364,373	1,163,079
Options lapsed [options reverted to trust due to resignations and non exercise]	713,372	1,921,124	9,474,340	305,227	1,230,172
Money realized by exercise of options (Rs.) (for the financial year 2008-2009)	102,177.36	10,580,750.32	30,119,025.92	13,578,070.00	25,434,905.60
Total No. of Options in force.	74,224	745,124	377,254	39,200	167,901
Pricing formula	No options have been granted under this Scheme during the financial year 2008-2009. Earlier, under this plan the options were granted at a strike price of Rs.275 per share. The price of Rs.275 was arrived at based on SEBI Guidelines on Pricing of Preferential Allotment.	No options have been granted under this Scheme during the financial year 2008-2009. Earlier, for employees in service as on 10 January 2000, the market price prevalent on the 15 day from the Board Meeting held on 10 January 2000 i.e. Rs. 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.	No options have been granted under this Scheme during the financial year 2008-2009. Earlier, for employees in the service of the Company as on 25 July 2000, the market price prevalent on the 25 July 2000 i.e. Rs. 494.20 per share was taken as the grant price and for employees joining thereafter, the market price prevalent on the last working day of the month in which they join.	No options have been granted under this Scheme during the financial year 2008-2009. Earlier, for options granted from September 2003, the grant price was calculated as per sub clause 10 of clause 2.1 of the amendment to SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 dated 30 June 2003, which is the average of the two weeks high and low price of shares preceding the date of grant of option on the stock exchange on which the shares of the Company are listed.	No options have been granted under this Scheme during the financial year 2008-2009. Program A The original exercise price 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.

Particulars	ESOP 1998		ESOP 2000	ESOP 2003	ESOP 2004
	Version I	Version II			
		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 (Employee 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.	For options granted from September 2003, the grant was calculated as per sub clause 10 of clause 2.1 of the amendment to SEBI (Employee 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.		Program B The Market Price as per the applicable guidelines prescribed by Securities and Exchange Board of India (SEBI) from time to time.*

* *The present Securities & Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, define 'Market Price' as the "latest available closing price, prior to the date of the meeting of the Board of Directors in which options are granted, on the stock exchange on which the shares of the company are listed, if the shares are listed on more than one stock exchange, then the stock exchange where there is highest trading volume on the said date shall be considered."*

Employees Stock Options-Summary:

1.	Options granted	:	31,606,348
2.	Options vested	:	20,799,265
3.	Options exercised	:	16,558,410
4.	Options lapsed	:	13,644,235
5.	Total no. of options in force	:	1,403,703
6.	Money realized by exercise of options for the financial year 2008-2009	:	Rs. 79,814,929

During the period under review, there has not been any variation to the ESOP Plans. During the period under review, no options were granted to senior managerial personnel.

There were no employees who were granted options equal to or exceeding 1% of the issued capital of the Company at the time of grant.

Details of stock based compensation are given in the note 36 to the financial accounts.

Diluted Earning Per Share [EPS] of the Group for the year, pursuant to issue of shares on exercise of options is Rs.43.17 for the year ended 31 October 2009.

Annexure to the Directors' Report

ADDITIONAL DISCLOSURE AS PER AMENDMENT TO SEBI (EMPLOYEE STOCK OPTION SCHEME AND EMPLOYEE STOCK PURCHASE SCHEME) GUIDELINES, 1999 VIDE CIRCULAR DATED 30 JUNE 2003:

Your Company computes employee compensation cost using the intrinsic value of stock options. The impact of the difference on the profits and EPS of the Company for the financial year ended 31 October 2009 using the fair value method for the grants made after the notification, is given below:

1) a) Impact on Profit:

(Rs. 000's)

	MphasiS Limited	MphasiS Group
Audited	8,368,721	9,086,779
Adjusted	8,371,012	9,089,070

b) Impact on EPS: **(Rs.)**

	MphasiS Limited		MphasiS Group	
	Basic	Diluted	Basic	Diluted
Audited	40.02	39.76	43.45	43.17
Adjusted	40.03	39.77	43.46	43.18

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

The exercise price of the stock options is determined as per clause 2.1(10) of SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines 1999, as amended.

Plan	Weighted Average Exercise Price (Rs.)	Weighted average Fair Value (Rs.)
ESOP 1998 Version I	34.38	27.21
ESOP 1998 Version II	108.40	74.96
ESOP 2000	128.05	92.30
ESOP 2003	114.78	85.04
ESOP 2004	132.35	93.86

3) Method and significant assumptions:

Your Company has adopted the Black Scholes option pricing model to determine the fair value of stock options.

The significant assumptions are:

1	Risk free interest rate	5.78% to 8.00%	
2	Expected life	1 to 4 years	
3	Expected volatility	67.12 to 69.48%	
4	Expected dividend yield %	1.44% to 1.98%	
5	Market price on date of grant (weighted average) (Rs.)	ESOP 1998 Version I	34.38
		ESOP 1998 Version II	108.40
		ESOP 2000	128.05
		ESOP 2003	114.78
		ESOP 2004	132.35

DIRECTORS' RESPONSIBILITY STATEMENT

In compliance with Section 217(2AA) of the Companies Act, 1956, your Directors confirm and state as follows:

1. That in preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures.
2. That your Directors have selected such accounting policies and have 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 of the Company for the period under review.
3. That your Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
4. That your Directors have prepared the annual accounts on a going concern basis.

DECLARATION UNDER CLAUSE 49 OF THE LISTING AGREEMENT

As required under Clause 49 of the Listing Agreement with Stock Exchanges, it is hereby confirmed that for the financial year ended 31 October 2009 the Directors of MphasiS Limited have affirmed compliance with the Code of Conduct for Board Members as applicable to them and members of the senior management have also affirmed compliance with the Employee Code of Conduct as applicable to them.

Bangalore
12 January 2010

BALU GANESH AYYAR
Chief Executive Officer

Annexure to the Directors' Report

Particulars of subsidiaries forming part of the Directors' Report for the year ended 31 October, 2009

Information as per the approval under Section 212(8) of the Companies Act, 1956, and forming part of the Directors' Report for the year ended 31 October, 2009

(Rs. 000's)

Subsidiary	Additional information											
	Capital			Reserves	Total assets	Total liabilities	Details of investment (Other than in subsidiaries)	Turnover	Profit before taxation	Provision for taxation	Profit after taxation	Proposed Dividend
	Equity	Preference	Total						Profit / (Loss)	Expense / (Credit)		
MphasiS Corporation	1	-	1	1,653,848	9,718,086	8,064,237	-	9,355,674	9,600	9,348	251	-
MphasiS Deutschland GmbH	2,100	-	2,100	(11,011)	113,421	122,333	-	187,546	8,327	-	8,327	-
BFL Software Asia Pacific Pte Limited	5,960	-	5,960	(7,975)	0	2,016	-	-	(61)	-	(61)	-
MphasiS Australia Pty Limited	46	-	46	200,528	778,348	577,774	-	1,155,893	263,302	78,096	185,206	-
MphasiS (Shanghai) Software & Services Co. Ltd	238,756	-	238,756	(219,691)	204,398	185,333	-	256,762	2,207	-	2,207	-
MphasiS Consulting Limited	1,337	-	1,337	383,249	517,433	132,848	-	437,322	41,757	9,422	32,335	-
MphasiS Belgium BVBA	426	-	426	11,709	133,883	121,748	-	183,234	18,119	5,680	12,439	
MphasiS FinsourcE Limited	500	-	500	(4,279)	172,990	176,768	-	136,751	(7,507)	2,067	(9,574)	-
Eldorado Computing Inc.	148,455	46,394	194,849	(296,076)	778,621	879,847	-	577,969	(283,019)	(10,600)	(272,419)	-
MphasiS Europe BV	1,309,962	-	1,309,962	(125,093)	1,556,462	371,593	-	283,595	24,112	-	24,112	-
MphasiS Pte Limited	7,772	-	7,772	(28,423)	65,282	85,933	-	66,037	(4,071)	196	(4,268)	-
MphasiS UK Limited	67	-	67	118,450	1,103,946	985,430	-	1,789,090	72,523	27,903	44,620	-
MphasiS Software & Services (India) Private Ltd.	100,000	-	100,000	727,654	1,499,695	672,041	-	1,024,202	253,853	81,649	172,204	-
MsourcE Mauritius Inc.	1,001,561	-	1,001,561	882	1,003,555	1,112	-	-	(790)	-	(790)	-
MsourcE (India) Private Limited	71,607	-	71,607	2,979,551	4,931,140	1,879,982	-	3,780,670	639,850	92,884	546,966	-
MphasiS Ireland Limited	555	-	555	4,964	19,796	14,277	-	38,245	(1,831)	(934)	(897)	-
MphasiS FinSolutions Private Limited	23,105	-	23,105	198,977	532,059	309,977	-	86,881	1,380	5,677	(4,298)	-
Total	**2,912,209**	**46,394**	**2,958,604**	**5,587,262**	**23,129,114**	**14,583,249**	**-**	**19,359,870**	**1,037,750**	**301,390**	**736,360**	**-**

The exchange rate applied on the respective overseas entity balances as at 31 October 2009 was INR 46.965/USD, 33.6/SGD, 77.595/GBP, 42.9625/AUD, 69.7/EUR, 0.5163/JPY, 6.889/CNY, 43.98/CAD and 34.3425/NZD.

Corporate Governance

I. COMPANY'S POLICY ON CORPORATE GOVERNANCE

MphasiS' Corporate Governance is directed at the enhancement of shareholder value, keeping in mind the interests of the other stakeholders, viz., clients, employees, investors, regulatory bodies, etc. The functions of the Board of Directors of the Company are well defined. The Company has taken various steps including setting up of sub-committees of the Board to oversee the functions of the management. MphasiS is committed to good corporate governance and has bench marked itself against global best practices.

II. BOARD OF DIRECTORS

MphasiS Limited has a Board comprising 10 directors of which, one is an executive director, four are representatives of the parent company, Hewlett - Packard Corporation, USA and five are Independent.

Mr. Andreas W Mattes is the Chairman of the Board. The Board is primarily responsible for the overall management of the Company's business. The role, functions and responsibilities of the Board are clearly laid down and defined. The directors of the Company, through their participation in board meetings and outside of them, 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 Board, directly and through committees, also undertakes the following functions:

1. reviews and assesses the business strategy developed by management;
2. reviews and assesses the operational strategy and plans developed by management;
3. is responsible for CEO succession, evaluation & compensation;
4. satisfies itself that the Company is governed effectively in accordance with good corporate governance practices;
5. monitors management performance and directs corrections;
6. balances the interests of different stakeholders;
7. reviews and assesses risks facing MphasiS and management approach to addressing such risks;
8. discharges statutory or contractual responsibilities;
9. oversees the reliability of external communications, especially to shareholders; and
10. oversees the process for compliance with laws and regulations.

During the financial year 2008-2009, six meetings of the Board were held on 26 November 2008, 28 January 2009, 27 February 2009, 20 May 2009, 16/17 July 2009 and 19 August 2009.

In accordance with the Articles of Association of the Company, Dr. Jose de la Torre and Mr. Andreas W Mattes will retire by rotation in the ensuing Annual General Meeting and being eligible offer themselves for re-appointment.

Corporate Governance

Category and other details of Directors

Name	Category	Attendance During 2008-2009				Particulars of other Directorships, Committee Memberships/ Chairmanships		
		Board Meetings			Last AGM	Other Directorships [1]	Committee Memberships [2]	Committee Chairmanship [2]
		Number of meetings held during tenure	In person	Via tele / Video conference				
Executive Director								
Mr. Balu Ganesh Ayyar (appointed on 29 January 2009)	Chief Executive Officer	4	4	-	-	-	1	-
Non-Executive Directors								
Mr. Andreas W Mattes	Chairman	6	4	1	Yes	-	-	-
Dr. Jose de la Torre	Independent Director	6	3	-	No	-	-	-
Mr. Nawshir Mirza	Independent Director	6	6	-	Yes	3	2	2
Mr. Davinder Singh Brar	Independent Director	6	3	1	Yes	1	3	1
Ms. Vinita Bali	Independent Director	6	4	1	Yes	4	2	-
Mr. Craig Wilson (appointed on 6 February 2009)	Non-Independent Director	4	2	-	NA	-	-	-
Mr. Prakash Jothee (appointed on 6 February 2009)	Non-Independent Director	4	3	1	NA	-	-	-
Dr. Friedrich Froeschl (appointed on 30 March 2009)	Independent Director	3	3	-	NA	-	-	-
Mr. K M Suresh (appointed on 24 November 2009)	Non-Independent Director	NA	NA	NA	NA	NA	NA	NA
Resigned Directors								
Mr. Jeya Kumar (up to 28 January 2009)	Chief Executive Officer	2	2	-	Yes	-	1	-
Mr. Michael Coomer (up to 6 February 2009)	Chairman	2	2	-	Yes	-	-	-
Mr. Joseph Eazor (up to 6 February 2009)	Non-Independent Director	2	Nil	-	No	-	-	-
Mr. Anthony Glasby (up to 30 March 2009)	Non-Independent Director	3	2	-	Yes	-	1	-
Mr. Jim Bridges* (vacated effective 24 November 2009)	Non-Independent Director	6	-	-	No	-	-	-

* *Due to his critical health condition, Mr. Jim Bridges had not obtained leave of absence from the Board for three consecutive meetings. In terms of section 283(1)(g) of the Companies Act, 1956, he automatically vacated office with effect from the close of the meeting held on 24 November 2009.*

Notes:

1. Does not include directorships in foreign companies, alternate directorships, directorships in private companies and membership in governing councils, chambers and other bodies.
2. Includes membership/Chairmanship in Audit Committee and Shareholder Grievance Committee of companies, including MphasiS Limited.
3. There are no relationships inter-se directors as on 31 October 2009.

III. COMMITTEES

Audit Committee

The primary functions of the Audit Committee, as per its Charter, are to provide assistance to the Board of Directors in fulfilling their oversight responsibility to the shareholders, potential shareholders, the investment community and others relating to:

- overseeing the processes ensuring the integrity of the Company's financial statements;
- overseeing the processes for compliance with laws and regulations;
- overseeing the process by which anonymous complaints pertaining to financial or commercial matters are received and acted upon;
- enquiring into reasons for default in honoring obligations to creditors and members;
- reviewing the process for entering into related party transactions and related disclosures; and
- satisfying itself regarding the conformance of CEO's remuneration, expense reimbursements and use of Company assets with terms of his employment and Company's rules and policies.

Six (6) meetings of the Audit Committee were held during the financial year 2008-2009 on 26 November 2008, 28 January 2009, 26 February 2009, 20 May 2009, 14 August 2009 and 19 August 2009.

The composition of the Committee and the attendance of the members at each of the meetings held during the financial year 2008-2009 is given below:

Member	No. of Meetings held during tenure	No. of Meetings attended in person	No. of Meetings attended via teleconference
Present Members			
Mr. Nawshir Mirza, Chairman	6	6	-
Mr. Davinder Singh Brar	6	3	2
Ms. Vinita Bali	6	3	-
Mr. K M Suresh (since 24 November 2009)	-	-	-
Past Member			
Mr. Anthony Glasby (up to 30 March 2009)	3	2	1

Share Transfer Committee

The Share Transfer Committee of the Board is authorised to approve transfers/transmissions of equity shares. The Company has appointed Alpha Systems Private Limited, a SEBI registered transfer agent, as its Share Transfer Agent.

The present composition of this Committee is as follows:

- Mr. Balu Ganesh Ayyar, Chairman of the Committee (from 29 January 2009)
- Mr. Nawshir Mirza, Member
- Mr. Davinder Singh Brar, Member

Mr. Jeya Kumar was a member of the Committee till the date of his resignation from the Board.

During the financial year 2008-2009, the Share Transfer Committee passed resolutions approving transfers on 20 November 2008, 10 February 2009, 27 April 2009, 27 July 2009, 10 September 2009, 17 September 2009 and 26 October 2009.

The Company ensures that the transfer of shares is effected within one month of their due lodgment.

Corporate Governance

Compensation Committee

The Compensation Committee comprises the following members:

- Dr. Jose de la Torre, Chairman
- Mr. Andreas W Mattes, Member
- Mr. Davinder Singh Brar, Member (Since 30 March 2009)

Mr. Michael Coomer and Mr. Anthony Glasby were also members of the Committee till the date of their resignation from the Board.

The Compensation Committee has the exclusive power and authority to decide all matters that must be determined in connection with compensation to senior management.

During the year, the Compensation Committee met twice i.e. on 26 February 2009 at which meeting Dr. Jose de la Torre and Mr. Anthony Glasby were present and on 15 July 2009 at which meeting Dr. Jose de la Torre, Mr. Davinder Singh Brar and Mr. Andreas Mattes were present.

Details of remuneration to Directors for the financial year ended 2008-2009

(Rs. 000's)

Name of Director	Salary	Benefits / Perquisite	Commission	PF & other Funds	Bonus	Total
Mr. Balu Ganesh Ayyar[1] (since 29 January 2009)	24,853	2,722	-	731	5,463	33,769
Dr. Jose de la Torre[2]	-	-	2,433	-	-	2,433
Mr. Nawshir H Mirza[2]	-	-	2,400	-	-	2,400
Mr. Davinder Singh Brar[2]	-	-	2,400	-	-	2,400
Ms. Vinita Bali[2]	-	-	2,000	-	-	2,000
Mr. Jeya Kumar (up to 28 January 2009)	14,313	260	-	327	17,914	32,814

[1] Mr. Balu Ganesh Ayyar's contract as CEO is valid for 3 years commencing on and from 29 January 2009.

[2] Commission paid/payable to Non-Executive Directors is in terms of the approval of the shareholders accorded at the general meetings held on 13 November 2006 and 14 September 2007. The bonus paid to Mr. Balu Ganesh Ayyar and Mr. Jeya Kumar is in terms of the approval of the Compensation Committee in this regard.

Dr. Friedrich Froeschl was appointed on the Board of the Company on 30 March 2009. With effect from 1 April 2009, it is proposed to pay commission of USD 45,000 per annum to Dr. Froeschl. This includes commission of USD 21,000 approved by the Board after the close of the financial year. The proposal is subject to approval of shareholders in the ensuing Annual General Meeting.

Mr. Balu Ganesh Ayyar and Mr. Jeya Kumar have also been granted Restricted Stock Units of the parent company, Hewlett- Packard. None of the Directors were granted any stock options of MphasiS Limited during the financial year 2008-2009. Except for the amounts disclosed above, none of the Directors were paid any salary, benefits, commission, bonus, pension / other funds or performance linked incentives.

None of the Directors are paid any sitting fees for attending the meetings of the Board and Committees on which they are members. There was no pecuniary relationship or transaction with any Director other than that reported above.

As on 31 October 2009, Dr. Jose de la Torre and Mr. Davinder Singh Brar held 93,000 shares and 1,382 shares of the Company respectively. None of the other Directors had any outstanding shares or stock options as on 31 October 2009.

ESOP Committee

The ESOP Committee comprises the following members:

- Mr. Balu Ganesh Ayyar, Chairman (from 29 January 2009)
- Mr. Davinder Singh Brar, Member
- Mr. Nawshir Mirza, Member

Mr. Jeya Kumar was also a member of the Committee till the date of his resignation from the Board.

There has been no grant of stock options to employees since July 2006. During the financial year 2008-2009, requests for conversion of stock options into shares were processed and approved by the ESOP Committee every week.

Investor Grievance Committee

The Investor Grievance Committee looks into redressing investor complaints and requests regularly. Since the investors hold about 99.89% of the Company's shares in electronic form, the few instances of investor queries have been attended to promptly.

Mr. A Sivaram Nair, Company Secretary, General Counsel and Head - Global Ethics & Compliance, is also the Compliance Officer of the Company for the purpose of compliance with the Listing Agreement.

The Committee comprises the following members:

- Mr. Davinder Singh Brar, Chairman
- Mr. Balu Ganesh Ayyar, Member (from 29 January 2009)

Mr. Jeya Kumar was also a member of the Committee till the date of his resignation from the Board.

The Company received 6 (six) complaints, all of which were promptly redressed, and no complaints were pending for redressal as on 31 October 2009.

Operations Committee

The powers and functions of the Committee include review of customer contracts, corporate financing activity and internal transactions and matters relating to the subsidiaries of the Company. The present composition of this Committee is as follows:

- Mr. Andreas W Mattes, Chairman (member since 6 February 2009 and Chairman from 30 March 2009)
- Mr. Prakash Jothee, Member (from 30 March 2009)
- Mr. Balu Ganesh Ayyar, Permanent Invitee (from 29 January 2009)

Mr. Michael Coomer, Mr. Joseph Eazor and Mr. Jeya Kumar occupied the position of Chairman, Member and Permanent Invitee, respectively, of the Operations Committee till the date of their resignation from the Board. Mr. Anthony Glasby was Chairman of the Committee from 6 February 2009 till 30 March 2009.

Treasury Committee

The powers and functions of the Committee include review and approval of the foreign exchange hedging strategy and framework, approval of framework for investment of surplus funds etc. The present composition of this Committee is as follows:

- Mr. Davinder Singh Brar, Member
- Mr. K M Suresh, Member

Mr. Prakash Jothee was a member of the Treasury Committee till 24 November 2009.

Strategy Committee

The Strategy Committee of the Board is formed to review and advise management on strategic proposals before they are submitted to the Board. The Committee was formed on 24 November 2009 and Dr. Friedrich Froeschl, Dr. Jose de la Torre and Mr. Prakash Jothee are members of this Committee.

Corporate Governance

IV. MEETINGS OF SHAREHOLDERS

The following is the summary of the general meetings of shareholders of the Company held during the last three years:

Nature of the Meeting	Date & Time	Venue
Fifteenth Annual General Meeting	14 September 2007 10.00 A M	Taj Gateway Hotel, No.66, Residency Road, Bangalore - 560 025
Sixteenth Annual General Meeting	25 July 2008 10.00 A M	Taj Residency, 41/3, M G Road, Bangalore - 560 001.
Seventeenth Annual General Meeting	28 January 2009 10.00 A M	Taj Gateway Hotel, No.66, Residency Road, Bangalore - 560 025

Special Business Transacted at the General Meetings held in the last three years with Voting Pattern:

Special Business transacted at the Fifteenth Annual General Meeting held on 14 September 2007:

- Appointment of Mr. Mark Bilger, Mr. Jeroen Tas, Mr. Deepak Patel and Ms. Vinita Bali as Directors of the Company.
- Payment of remuneration by way of commission to Ms. Vinita Bali.
- Revision in terms and conditions of appointment of Mr. Deepak Patel as Managing Director.
- Remuneration to Non-Executive Directors.

The Chairman put the above resolutions to vote and declared the resolutions as carried unanimously by show of hands.

Special Business Transacted at the Sixteenth Annual General Meeting held on 25 July 2008:

- Appointment of Mr. Michael Koehler, Mr. Michael Coomer, Mr. Jim Bridges and Mr. Jeya Kumar as Directors of the Company.
- Approval of terms and conditions of appointment of Mr. Jeya Kumar as Chief Executive Officer (CEO) and whole time Director.

The Chairman put the above resolutions to vote and declared the resolutions as carried unanimously by show of hands.

Special Business Transacted at the Seventeenth Annual General Meeting held on 28 January 2009:

- Appointment of Mr. Anthony Glasby and Mr. Andreas W Mattes as Directors of the Company.
- Payment of remuneration by way of commission to Ms. Vinita Bali

The Chairman put the above resolutions to vote and declared the resolutions as carried unanimously by show of hands.

No resolution has been passed by Postal Ballot in the last three years.

V. DISCLOSURES

Related party transactions i.e. material transactions between the Company and its promoters, directors, the management, their relatives, etc. are reported in Note 27 to the financial statements of the Company.

No penalty has been imposed on the Company on any matter relating to Capital Markets by the Stock Exchanges or Securities & 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. 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 employees 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 Company has complied with all mandatory requirements of the revised Clause 49 of the Listing agreement. Further the Company has also complied with the non-mandatory requirements relating to constitution of Remuneration (Compensation) Committee and establishing the Whistleblower Policy.

VI. INTERNAL CONTROLS

Management is of the opinion that the internal controls in place are sufficient considering the complexity, size and nature of operations of the Company. 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 is also reviewed by the Audit Committee of the Board.

VII. MEANS OF COMMUNICATION

The Board of Directors of the Company approves and takes on record the audited financial quarterly results and the results are announced to all the Stock Exchanges where the shares of the Company are listed as also to various news agencies all over India. Further, the quarterly and annual audited financial results are also published in leading newspapers within 48 hours of the conclusion of the meetings of the Board in which they are taken on record. Generally, the quarterly results are published in various editions of The Economic Times and Times of India-Kannada. The quarterly and annual results are made available on the Company's website **www.mphasis.com**. The website also contains a copy of presentations on the financial results of the Company. The Management Discussion and Analysis Report forms a part of this Annual Report.

VIII. GENERAL SHAREHOLDERS INFORMATION

Date & Time of AGM	:	Wednesday, 24 February 2010 at 10.00 a.m
Venue	:	Taj Residency, No. 41/3, Mahatma Gandhi Road, Bangalore – 560001

ATTENDANCE

Every Member shall have a right to attend, speak and vote at the Annual General Meeting. A person is considered to be a member of the Company if his 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 on the date of General Meeting.

Corporate Governance

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 all the joint shareholders may attend and speak at the meeting.

If you do not intend coming in person but would like to appoint someone to act on your behalf:

If you do not wish or are unable to attend the meeting, your vote is still important. We would urge you, regardless of the number of shares you own, to appoint someone to act on your behalf and to vote in the event of a poll. The person so appointed by you is known as a proxy. In case you wish to appoint a proxy, we call upon you to complete, sign and return the accompanying proxy form. However, it may be noted that appointment of a proxy will not preclude yourself from attending the meeting in person. In case you attend the meeting after appointing a proxy, then the proxy shall be deemed to have been revoked.

The accompanying form of proxy enables you to appoint either the Chairman of the meeting or someone else of your choice to act as a proxy on your behalf.

Before completing the form please read the following explanatory notes.

You may appoint more than one proxy. However, only one proxy may attend the meeting. Please date, sign and affix a revenue stamp of Re. 1/- on the proxy form. In case of joint holders any one of the holders can sign.

Where the person appointing the proxy is a corporation, the form must be either under its Common Seal or under the hand of a duly authorised officer or attorney and the appropriate power of attorney or other authority must be lodged along with the proxy form.

To be valid, the proxy form, together with any authority must be received at the Registered Office of the Company not later than 10.00 a.m. on Monday, 22 February 2010.

Attendance Slips

The Members & Proxies are requested to bring their Attendance Slips sent herewith duly completed in all respects.

PROCEEDINGS AT THE MEETING

After his opening remarks, the Chairman of the meeting will explain the procedures for the conduct of meeting, particularly for asking questions and voting on resolutions. The resolutions, which are set out in the notice of the meeting, will then be put to the meeting.

Voting By Show of Hands

You should raise your hand, so that the Chairman could see and take count of votes, indicating you are voting either for or against each resolution as the Chairman puts the resolutions to vote. Only shareholders, or authorized representatives of corporate shareholders may vote on a show of hands.

Voting on a Poll

As per Article 74 of the Articles of Association of the Company, before or on the declaration of the results of the voting on any resolution by a show of hands, a poll may be ordered to be taken by the Chairman of the meeting of his own motion and shall be ordered to be taken by him on a demand made in that behalf by any member or members present in person or by proxy and holding shares in the Company:

1. which confer a power to vote on the resolution not being less than one-tenth of the total voting power in respect of the resolution; or
2. on which an aggregate sum of not less than Rs.50,000 has been paid up.

For the purpose of voting, staff volunteers would distribute the ballot papers. Please complete the same, as per the instructions contained therein, and drop it in the ballot boxes kept for the purpose.

Voting Rights

Article 76 of the Articles of Association of the Company provides as follows with respect to voting rights:

1. Save as hereinafter provided, on a show of hands every member present in person and being a holder of equity shares shall have one vote.
2. Save as otherwise provided, on a poll the voting rights of a holder of equity shares shall be as specified in section 87 of the Companies Act, 1956.
3. No company or body corporate shall vote by proxy so long as a resolution of its Board of Directors under the provisions of section 187 of the Act is in force and the representative named in such resolution is present at the general meeting at which the vote by proxy is tendered.

As per Article 86 (1), any objection as to the admission or rejection of a vote, either on a show of hands or on a poll made in due time, shall be referred to the Chairman who shall forthwith determine the same, and such determination made in good faith shall be final and conclusive. As per Article 86 (2), no objection shall be raised to the qualification of any vote except at the meeting or adjourned meeting at which the vote objected to is given or tendered and every vote not disallowed to such meeting shall be valid for all purposes.

BOOK CLOSURE DATES

Pursuant to Section 154 of the Companies Act, 1956, the Register of Members and the Share Transfer Books of the Company will be closed from 13 February 2010 to 24 February 2010 (both days inclusive).

LISTING OF SHARES

Equity shares of the Company are listed for trading on the following Stock Exchanges:

- Bombay Stock Exchange Limited, Phiroze Jeejeebhoy Towers
  Dalal Street, Mumbai - 400 001.
  Telephone: 022 - 2272 1233/34, Fax No.: 022 - 2272 1062.
- National Stock Exchange of India Limited, Exchange Plaza,
  Plot No. C/1, G Block, Bandra- Kurla Complex,
  Bandra (E) Mumbai - 400 051.
  Telephone: 022 - 2659 8100 - 8114. Fax Nos. 022 - 2659 8237 - 38.

Corporate Governance

Scrip Code

Scrip code of the Company on Bombay Stock Exchange Limited is 526299 and on National Stock Exchange of India Limited is MPHASIS.

Dematerialisation of Equity Shares

The Securities & Exchange Board of India has specified that the shares of the Company would be traded only in demat form by all the investors effective 29 November 1999. Accordingly, the Company has entered into an agreement with the following Depositories, who are providing the services of dematerialisation of equity shares:

- National Securities Depository Limited, Trade World, 4th & 5th Floors, Kamala Mills Compound, Senapathi Bapat Marg, Lower Parel, Mumbai-400 013. Telephone: 022 - 2499 4200, Fax Nos: 022 - 2497 2993 & 2497 6351.
- Central Depository Services (India) Limited, Phiroze Jeejeebhoy Towers, 17th Floor, Dalal Street, Mumbai – 400 001. Telephone: 022 - 2272 3333, Fax No: 022 - 2272 3199.

As on 31 October 2009, 98.65% shareholders held 99.89% of shares in demat form.

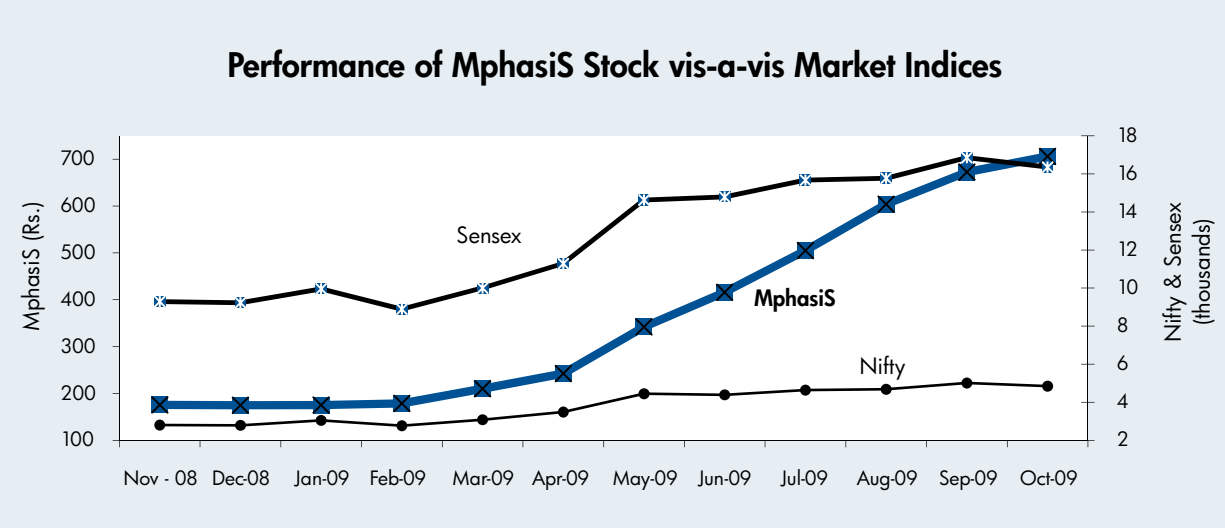
Market Quotation

The month wise high and low prices and the volume of shares of the Company traded for the period 1 November 2008 to 31 October 2009 on the National Stock Exchange (NSE) and Bombay Stock Exchange (BSE) are given below:

Month	NSE			BSE		
	High (Rs.)	Low (Rs.)	Volume for the month	High (Rs.)	Low (Rs.)	Volume for the month
November-08	175.35	146.50	3,789,880	176.00	146.50	1,347,375
December-08	174.95	138.25	2,073,207	173.00	139.30	706,905
January-09	175.00	141.85	2,329,662	174.15	145.05	1,648,004
February-09	178.85	141.00	4,992,712	176.90	142.05	3,025,545
March-09	210.00	162.75	15,219,804	209.00	162.20	2,638,315
April-09	242.40	195.10	4,570,680	242.00	198.15	1,486,507
May-09	342.00	218.10	9,205,503	343.00	224.00	3,309,111
June-09	416.05	283.40	9,185,797	416.00	313.05	3,302,240
July-09	504.95	332.00	15,856,357	504.85	331.00	5,888,326
August-09	604.00	460.30	31,046,790	606.00	460.25	8,542,393
September-09	672.55	552.40	21,532,714	671.00	560.00	5,353,243
October-09	705.90	605.25	15,880,679	705.20	605.90	3,604,447

Market Capitalization

Based on the closing quotation of Rs.675.60 as at 30 October 2009 at the National Stock Exchange, the market capitalization of the Company was Rs.14,159 crores.



Members' Profile

The shareholding pattern of the members of the Company as on 31 October 2009 was:

Category	Total No. of Shares	% to total capital
Promoter	127,106,266	60.65
Foreign Institutional Investors	36,172,124	17.26
Bodies Corporate	20,267,726	9.67
Mutual Funds	13,046,945	6.23
Resident Indians	9,186,599	4.38
Non Resident Indians	2,349,378	1.12
Financial Institutions & Banks	1,347,401	0.64
Director	94,382	0.05
TOTAL	**209,570,821**	**100.00**

Distribution of Shareholding as on 31 October 2009

Range	Shareholders		Shares	
No. of Shares	Number	% to total	Number	% to total
1-100	15,484	63.56	645,160	0.31
101-500	6,028	24.75	1,443,920	0.69
501-1000	1,301	5.34	1,007,793	0.48
1001-5000	1,029	4.22	2,320,552	1.11
5001-10000	177	0.73	1,289,066	0.62
10001-100000	224	0.92	8,136,266	3.88
100001 & above	118	0.48	194,728,064	92.91
TOTAL	**24,361**	**100.00**	**209,570,821**	**100.00**

Corporate Governance

Financial Calendar

Results Announced	:	24 November 2009
Book Closure Dates	:	13 February 2010 to 24 February 2010 (both days inclusive)
Posting of Annual Reports	:	1 February 2010
Annual General Meeting	:	24 February 2010
Dividend Payment Date	:	within 30 days from the date of the AGM

Address for Communication

All correspondence relating to share transfers and matters relating to investor relations may be addressed to:

Mr. A Sivaram Nair
Company Secretary, General Counsel &
Head-Global Ethics & Compliance,
MphasiS Limited,
Bagmane Technology Park,
Byrasandra, C V Raman Nagar,
Bangalore – 560093
Phone: +91 (080) 4004 1045
Fax : +91 (080) 4004 4003

Alpha Systems Private Limited
Unit: MphasiS Limited,
30, Ramana Residency,
4th Cross, Sampige Road,
Malleswaram,
Bangalore-560 003
Phone: +91 (080) 2346 0815-818
Fax: +91 (080) 2346 0819

Auditors' Certificate on Corporate Governance

To
The Members of MphasiS Limited

We have examined the compliance of conditions of corporate governance by MphasiS Limited ("the Company"), for the year ended on 31 October 2009, as stipulated in clause 49 of the Listing Agreement of the said Company with stock exchanges.

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **S. R. BATLIBOI & CO.**
Chartered Accountants

per **Sunil Bhumralkar**
Partner
Membership No. 35141

Place : Bangalore
Date : 12 January 2010

Auditor's Report

To
The Members of MphasiS Limited

1. We have audited the attached balance sheet of MphasiS Limited ('the Company') as at 31 October 2009 and also the profit and loss account and the cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. As required by the Companies (Auditor's Report) Order, 2003 (as amended) issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

4. Further to our comments in the Annexure referred to above, we report that:
   i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
   ii. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
   iii. The balance sheet, profit and loss account and cash flow statement dealt with by this report are in agreement with the books of account;
   iv. In our opinion, the balance sheet, profit and loss account and cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
   v. On the basis of the written representations received from the directors as on 31 October 2009 and based on representation of the Board of Directors incase of an instance where such written representation could not be obtained, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31 October 2009 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956
   vi. In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;
      a) in the case of the balance sheet, of the state of affairs of the Company as at 31 October 2009;
      b) in the case of the profit and loss account, of the profit for the year ended on that date; and
      c) in the case of cash flow statement, of the cash flows for the year ended on that date.

For S.R. BATLIBOI & CO.
Chartered Accountants

per **Sunil Bhumralkar**
Partner
Membership No. 35141

Place : Bangalore
Date : 24 November 2009

Annexure referred to in paragraph 3 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) The Company has a regular programme of physical verification of fixed assets which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. In accordance with this programme, certain fixed assets were physically verified by the management during the year and we are informed that no material discrepancies were noticed on such verification.

(c) There was no substantial disposal of fixed assets during the year.

(ii) The Company is a service company, primarily rendering information technology solutions and related services Accordingly, it does not hold any physical inventories. Thus, paragraph 4(ii) of the Companies (Auditor's Report) Order, 2003 (as amended) is not applicable to the Company.

(iii) As informed, the Company has neither granted nor taken any loans, secured or unsecured, to or from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.

(iv) In our opinion and according to the information and explanations given to us the activities of the Company do not involve purchase of inventories and the sale of goods. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of fixed assets and for the sale of services *except in case of internal control over recording of certain transactions with subsidiary companies, which the management is in the process of further strengthening, to make it commensurate with the size of the Company and nature of its business.* During the course of our audit no major weakness has been noticed in the internal control system in respect of these areas.

(v) (a) According to the information and explanations provided by the management, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Act that need to be entered into the register maintained under section 301 have been so entered.

(b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements exceeding value of Rupees five lakhs have been entered into during the financial year at prices which are reasonable having regard to the prevailing market prices at the relevant time.

vi) The Company has not accepted any deposits from the public.

(vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.

(viii) To the best of our knowledge and as explained, the Central Government has not prescribed maintenance of cost records under clause (d) of sub-section (1) of section 209 of the Companies Act, 1956 for services rendered by the Company.

(ix) (a) Undisputed statutory dues including investor education and protection fund, employees' state insurance, income-tax, sales-tax, labour welfare fund, provident fund, wealth-tax, customs duty, excise duty, professional tax, central sales tax, cess have generally been regularly deposited with the appropriate authorities *though there have been delays in remittance of service tax and withholding tax dues in number of cases.*

Further, there were no dues on account of cess under section 441A of the Companies Act, 1956 since the date from which the aforesaid section comes in to force has not yet been notified by the Central Government of India.

(b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, investor education and protection fund, employees' state insurance, income-tax, wealth-tax, service tax, sales-tax, customs duty, excise duty, cess and other undisputed 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, wealth-tax, service tax, customs duty, excise duty and cess on account of any dispute, are as follows:

Name of the statute	Nature of dues	Disputed Amount (Rs)	Amount Paid under protest (Rs)	Period to which the amount relates (financial year)	Forum where dispute is pending
Income Tax Act, 1961	Adjustment for transfer pricing and other disallowances	452,240,663	50,000,000	2004-05	Commissioner of Income Tax (Appeals)
		120,900,000	Nil	2003-04	
Customs Act, 1962	Debonding charges	5,990,000	Nil	2002-03	Commissioner of Customs (Appeals)
Karnataka Sales Tax Act, 1957	Sales tax	4,135,562	4,135,562	2004-05	Sales Tax Appellate Tribunal, Karnataka
		1,196,559	1,196,559	2003-04	

(x) The Company has no accumulated losses at the end of the financial year and it has not incurred cash losses in the current and immediately preceding financial year.

(xi) Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to a financial institution, bank or debenture holders. As at the year end, the Company did not have any outstanding dues to any financial institutions and debenture holders.

(xii) According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

(xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.

(xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.

(xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.

(xvi) Based on information and explanations given to us by the management, term loans were applied for the purpose for which the loans were obtained.

(xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.

(xviii) The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the Companies Act, 1956.

(xix) The Company did not have any outstanding debentures during the year.

(xx) The Company has not raised any money through a public issue during the year.

(xxi) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

For S.R. BATLIBOI & CO.
Chartered Accountants

per **Sunil Bhumralkar**
Partner
Membership No. 35141

Place : Bangalore
Date : 24 November 2009

Balance Sheet

(Rs 000's)

	Notes	31 October 2009	31 October 2008
SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS			
Share capital	3	2,095,779	2,089,303
Reserves and surplus	4	18,145,031	9,542,785
Employee stock options outstanding	5	6,994	60,718
		20,247,804	**11,692,806**
LOAN FUNDS			
Secured loans	6	29,751	46,132
Unsecured loans	7	1,235,300	105,000
		21,512,855	**11,843,938**
APPLICATION OF FUNDS			
FIXED ASSETS	8		
Cost		5,824,165	5,392,358
Accumulated depreciation and amortisation		(3,980,976)	(3,432,640)
Net book value		1,843,189	1,959,718
Capital work-in-progress including capital advances		82,485	519,806
		1,925,674	**2,479,524**
INVESTMENTS	9	12,533,516	4,539,015
DEFERRED TAX ASSETS	10	562,258	245,752
CURRENT ASSETS, LOANS AND ADVANCES			
Debtors and unbilled revenues	11	7,525,988	7,801,735
Cash and bank balances	12	970,118	350,178
Inter corporate deposits	13	142,800	185,000
Interest receivable	14	4,780	2,534
Loans and advances	15	8,662,202	3,170,129
		17,305,888	**11,509,576**
CURRENT LIABILITIES AND PROVISIONS			
Current liabilities	16	8,687,545	5,745,077
Provisions	17	2,126,936	1,184,852
		10,814,481	**6,929,929**
NET CURRENT ASSETS		**6,491,407**	**4,579,647**
		21,512,855	**11,843,938**
Significant Accounting Policies	1		

The notes referred to above form an integral part of these financial statements

This is the balance sheet referred to in our report attached

For S.R. BATLIBOI & CO.
Chartered Accountants

per **Sunil Bhumralkar**
Partner
Membership No. 35141

Bangalore
24 November 2009

For and on behalf of the Board of Directors

Andreas W Mattes
Chairman

Ganesh Murthy
Chief Financial Officer

Bangalore
24 November 2009

Balu Ganesh Ayyar
Chief Executive Officer

A. Sivaram Nair
Company Secretary

Profit and Loss Account

(Rs 000's)

	Notes	Year ended 31 October 2009	For the period from 01 April 2008 to 31 October 2008
Revenue		34,050,217	14,515,505
Cost of revenues	**18**	22,694,252	10,710,023
Gross profit		**11,355,965**	**3,805,482**
Selling expenses	**19**	1,202,502	614,092
General and administrative expenses	**20**	1,925,674	716,732
Provision for doubtful debts		22,699	3,566
Operating profit		**8,205,090**	**2,471,092**
Foreign exchange gain, net		364,018	173,181
Other income, net	**21**	161,337	7,934
Interest (expense)/ income, net	**22**	(22,373)	34,413
Profit before taxation		**8,708,072**	**2,686,620**
Income taxes			
- Current		1,131,640	298,266
- Deferred		(316,846)	(61,633)
- Minimum alternative tax credit entitlement		(496,700)	(221,070)
- Fringe benefit tax		21,257	25,915
Profit after taxation		**8,368,721**	**2,645,142**
Profit brought forward		7,353,087	5,462,036
Profit available for appropriations		**15,721,808**	**8,107,178**
Appropriations			
Transfer to General Reserve		836,872	264,514
Proposed dividend		733,498	417,846
Final dividend for earlier years		80	596
Tax on dividend		124,672	71,114
Issue of bonus shares		14	21
Profit carried forward		**14,026,672**	**7,353,087**
Earnings per share (par value Rs 10)	**36**		
Basic (Rs)		40.02	12.68
Diluted (Rs)		39.76	12.61
Significant Accounting Policies	**1**		

The notes referred to above form an integral part of these financial statements

This is the profit and loss account referred to in our report attached

For S.R. BATLIBOI & CO.
Chartered Accountants

per **Sunil Bhumralkar**
Partner
Membership No. 35141

Bangalore
24 November 2009

For and on behalf of the Board of Directors

Andreas W Mattes
Chairman

Ganesh Murthy
Chief Financial Officer

Bangalore
24 November 2009

Balu Ganesh Ayyar
Chief Executive Officer

A. Sivaram Nair
Company Secretary

Notes to the Financial Statements

1. SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The financial statements have been prepared and presented under the historical cost convention on the accrual basis of accounting and comply with the mandatory Accounting Standards ('AS') prescribed in the Companies (Accounting Standards) Rules, 2006 and other pronouncements of the Institute of the Chartered Accountants of India ('ICAI') and the relevant provisions of the Companies Act 1956.

Use of estimates

The preparation of financial statements requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities on the date of the financial statements and the reported amounts of revenues and expenses. Actual results could differ from those estimates. Any revision to accounting estimates is recognised prospectively in current and future years.

Revenue recognition

The Company derives its revenues primarily from software services & projects, call centre & business process outsourcing operations, infrastructure outsourcing services and from licensing arrangements & application services.

Revenues from software services and projects comprise income from time-and-material and fixed-price contracts. Revenue from time-and-material contracts is recognised on the basis of software developed and billable in accordance with the terms of contracts with clients. Revenue from fixed-price contracts is recognised 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 efforts.

Revenue from call centre & business process outsourcing operations arises from both time-based and unit-priced client contracts. Such revenue is recognised on completion of the related services and is billable in accordance with the specific terms of the contracts with clients.

Revenue from infrastructure outsourcing services arises from time-and-material contracts and accordingly, revenue is recognised on the basis of services billable in accordance with the terms of the contracts with clients.

Revenue from licensing arrangements is recognised on transfer of the title in user licenses except those contracts, which require significant implementation services, where revenue is recognized over the implementation period in accordance with the specific terms of the contracts with clients.

Maintenance revenue is recognised rateably over the period of underlying maintenance agreements.

Provisions for estimated losses on incomplete contracts are recorded in the period in which such losses become probable based on the current contract estimates. 'Unbilled revenues' included in the current assets represents revenues in excess of amounts billed to clients as at the balance sheet date. 'Unearned receivables' included in current liabilities represents billings in excess of revenues recognised.

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

Interest on the deployment of funds is recognised using the time-proportion method, based on underlying interest rates.

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

Notes to the Financial Statements

Fixed assets and capital work-in-progress

Fixed assets are stated at the cost of acquisition or construction less accumulated depreciation. Direct costs are capitalised until assets are ready to be put to use. Borrowing costs directly attributable to acquisition or construction of those fixed assets which necessarily take a substantial period of time to get ready for their intended use are capitalised. Fixed assets purchased in foreign currency are recorded at cost, based on the exchange rate on the date of purchase.

Acquired intangible assets are capitalised at the acquisition price. Internally generated intangible assets are stated at cost that can be measured reliably during the development phase and when it is probable that future economic benefits that are attributable to the asset will flow to the Company.

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 asset or the present value of the minimum lease payments at the inception of the lease, whichever is lower.

Advances paid towards acquisition of fixed assets and the cost of assets not ready for use as at the balance sheet date are disclosed under capital work-in-progress.

Depreciation and amortisation

Depreciation on fixed assets is provided using the straight-line method over the estimated useful lives of assets. Depreciation is charged on a proportionate basis for all assets purchased and sold during the year. Individual assets costing less than Rs 5,000 are depreciated in full in the year of purchase. The estimated useful lives of assets are as follows:

For assets used in other services	
	Years
Buildings	10
Plant and machinery	4
Computer equipment	2
Office equipment	3
Furniture and fixtures	4
Vehicles	3 to 5

For assets used in call center services	
	Years
Buildings	10
Plant and machinery (including telecom equipments)	5
Computer equipment	5
Office equipment	5
Furniture and fixtures	5
Vehicles	3 to 5

Freehold land is not depreciated. Leasehold improvements are amortised over the remaining lease term or 3 years (5 years for call centre services), whichever is shorter. Significant purchased application software and internally generated software that is an integral part of the Company's computer systems, expected to provide lasting benefits, is capitalised at cost and amortised on the straight-line method over its estimated useful life or 3 years, whichever is shorter. Internally generated software for sale expected to provide lasting benefits is amortised on the straight-line method over its estimated life. Goodwill arising on an amalgamation in the nature of purchase of business is amortised over the period over which the Company expects to realise future economic benefits.

Leases

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased term, are classified as operating leases. Operating lease payments are recognized as an expense in the profit and loss account on a straight-line basis over the lease term.

Profit or loss on sale and lease back arrangements resulting in operating leases are recognised immediately in case the transaction is established at fair value, else the excess over the fair value is deferred and amortized over the period for which the asset is expected to be used.

Impairment of assets

The Company assesses at each balance sheet date whether there is any indication that a fixed asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the profit and loss account. If at the balance sheet date there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciated historical cost.

Investments

Investments that are readily realisable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments. Current investments are carried at lower of cost and fair value determined on an individual investment basis.

Long-term investments are carried at cost. Provision for diminution in value of investment is made if the impairment is not temporary in nature.

Employee benefits

Gratuity which is a defined benefit is accrued based on independent actuarial valuation which is done based on project unit credit method as at the balance sheet date. Actuarial gains/losses are immediately taken to profit and loss account and are not deferred.

The cost of short term compensated absence is provided for based on estimates. Long term compensated absences cost are provided for based on actuarial valuation which is done based on project unit credit method

Contributions payable to recognised provident funds and approved superannuation schemes, which are defined contribution schemes, are charged to the profit and loss account. The Company's liability is limited to the contribution made to the fund.

Foreign currency

Foreign exchange transactions are recorded at the rates of exchange prevailing on the dates of the respective transactions. Exchange differences arising on foreign exchange transactions settled during a year are recognised in the profit and loss account of that year.

Monetary assets and liabilities denominated in foreign currencies as at the balance sheet date are translated at the exchange rates on that date. The resultant exchange differences are recognised in the profit and loss account.

The financial statements of an integral foreign operation are translated as if the transactions of the foreign operation have been those of the company itself.

Forward contracts are entered into to hedge the foreign currency risk of the underlying outstanding at the balance sheet date and also to hedge the foreign currency risk of firm commitment or highly probable forecast transaction. The

Notes to the Financial Statements

premium or discount on forward contracts that are entered into to hedge the foreign currency risk of the underlying outstanding at the balance sheet date, arising at the inception of each contract is amortised as income or expense over the life of the contract. Any profit or loss arising on the cancellation or renewal of forward contracts is recognised as income or as expense for the year.

In relation to the forward contracts entered into to hedge the foreign currency risk of the underlying outstanding at the balance sheet date, the exchange difference is calculated and recorded in accordance with paragraphs 36 and 37 of AS 11. The exchange difference on such a forward exchange contract is calculated as the difference between the foreign currency amount of the contract translated at the exchange rate at the reporting date, or the settlement date where the transaction is settled during the reporting period, and the corresponding foreign currency amount translated at the later of the date of inception of the forward exchange contract and the last reporting date. Such exchange differences are recognised in the profit and loss account in the reporting period in which the exchange rates change.

The Company has adopted the principles of AS 30 "Financial Instruments: Recognition and Measurement" in respect of its derivative financial instruments (excluding embedded derivative) that are not covered by AS 11 "The Effects of Changes in Foreign Exchange Rates" and that relate to a firm commitment or a highly probable forecast transaction. In accordance with AS 30, such derivative financial instruments, which qualify for cash flow hedge accounting and where Company has met all the conditions of AS 30, are fair valued at balance sheet date and the resultant gain / loss is credited / debited to the hedging reserve included in the Reserves and Surplus. This gain / loss would be recorded in profit and loss account when the underlying transactions affect earnings. Other derivative instruments that relate to a firm commitment or a highly probable forecast transaction and that do not qualify for hedge accounting have been recorded at fair value at the reporting date and the resultant gain / loss has been credited / debited to profit and loss account for the year.

Fringe Benefit Tax

The Company provides for and discloses the Fringe Benefit Tax ('FBT') as a part of taxes in accordance with the provisions of section 115WC of the Income tax Act, 1961 and the guidance note on FBT issued by the Institute of Chartered Accountants of India. The Finance Act, 2009 has withdrawn FBT w.e.f. 1 April 2009.

Income taxes

The current charge for income taxes is calculated in accordance with the relevant tax regulations. Minimum Alternative Tax ('MAT') paid in accordance with the tax laws which gives rise to future economic benefits in the form of adjustments of future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal tax after the tax holiday period. MAT credit entitlement can be carried forward and utilised for a period as specified in the tax laws of the respective countries.

Deferred tax assets and liabilities are recognised for the future tax consequences attributable to timing differences that result between taxable profits and accounting profits. Deferred tax in respect of timing differences which originate during the tax holiday period but reverse after the tax holiday period is recognised in the period in which the timing differences originate. For this purpose the timing difference which originates first is considered to reverse first. Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. The effect on deferred tax assets and liabilities of a change in tax rates is recognised in the period that includes the enactment date. Deferred tax assets on timing differences are recognised only if there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

However, deferred tax assets on the timing differences when unabsorbed depreciation and losses carried forward exist, are recognised only to the extent that there is virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. Deferred tax assets are reassessed for the appropriateness of their respective carrying values at each balance sheet date.

Provisions and contingent liabilities

The Company recognizes provision when there is a present obligation as a result of an obligating event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Provisions for onerous contracts, i.e. contracts where the expected unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it, are recognised 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. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

Earnings per share

The basic earnings per share is computed by dividing the net profit attributable to equity shareholders for the year by the weighted average number of equity shares outstanding during the year. The number of shares used in computing diluted earnings per share comprises the weighted average shares considered for deriving basic earnings per share, and also the weighted average number of equity shares which would have been issued on the conversion of all dilutive potential equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the year, unless they have been issued at a later date. The diluted potential equity shares have been adjusted for the proceeds receivable had the shares been actually 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 either reduce earnings per share or increase loss per share are included.

Stock-based compensation

The Company accounts for stock based compensation based on the intrinsic value method. 'Option Discount' has been amortised on a straight-line basis over the vesting period of the shares issued under Employee Stock Option Plans ('ESOP').

'Option Discount' means the excess of the market price/ fair value of the underlying shares at the date of grant of the options over the exercise price of the options.

Notes to the Financial Statements

2. DESCRIPTION OF THE COMPANY

MphasiS Limited ('The Company' or 'MphasiS') is a global, multicultural organisation headquartered in Bangalore, India, specialising in providing a suite of application development and maintenance services, infrastructure outsourcing services and business process outsourcing solutions to clients around the world.

The Company is registered under the Indian Companies Act, 1956 with its Registered Office in Bangalore. The Company is listed on the principal stock exchanges of India.

List of subsidiaries with percentage holding:

Subsidiary	Country of incorporation and other particulars	% of holding
MphasiS Corporation ('MphasiS USA')	a company organised under the laws of Delaware, USA	100
MphasiS Deutschland GmbH ('MphasiS GmbH')	a company organised under the laws of Germany	91
BFL Software Asia Pacific Pte Ltd ('BFL APAC') (refer note 2(f))	a company organised under the laws of Singapore	100
MphasiS Australia Pty Ltd ('MphasiS Australia')	a company organised under the laws of Australia	100
MphasiS (Shanghai) Software & Services Company Limited ('MphasiS China')	a company organised under the laws of The People's Republic of China	100
MphasiS Consulting Limited ('MphasiS Consulting')	a company organised under the laws of United Kingdom	100
Eldorado Computing Inc., ('Eldorado')	a company organised under the laws of Arizona, USA	100
MphasiS FinsourcE Limited (MphasiS FinsourcE)	a company organised under the laws of India	100
MphasiS Ireland Limited ('MphasiS Ireland')	a company organised under the laws of the Ireland	100
MphasiS Belgium BVBA ('MphasiS Belgium') (refer note 2(d))	a company organised under the laws of Belgium	100
MphasiS FinSolutions Private Limited ('MphasiS Finsolutions') (refer note 2(e))	a company organised under the laws of India	100
MphasiS Europe BV ('MphasiS Europe')	a subsidiary of MphasiS USA, organised under the laws of The Netherlands	100
MphasiS Pte Ltd ('MphasiS Singapore')	a subsidiary of MphasiS Europe, organised under the laws of Singapore	100
MphasiS UK Limited ('MphasiS UK')	a subsidiary of MphasiS Europe, organised under the laws of United Kingdom	100
MphasiS Software and Services (India) Private Limited ('MphasiS India')	a subsidiary of MphasiS Europe, organised under the laws of India	100
MsourcE Mauritius Inc., ('MsourcE Mauritius')	a subsidiary of MphasiS Europe, organised under the laws of Mauritius	100
MsourcE (India) Private Ltd. ('MsourcE India')	a subsidiary of MsourcE Mauritius, organised under the laws of India	100

All the above subsidiaries are under the same management.

2. a) The Company acquired control of Kshema Technologies Limited ("Kshema") on 1 June 2004. Kshema has been amalgamated with MphasiS Limited with effect from 1 April 2005.

   The balance consideration payable to the erstwhile shareholders amounting to Rs 17,060,055 (31 October 2008: Rs 17,060,055) is carried as a liability which will be paid after necessary regulatory approvals are obtained (refer note 16).

2. b) During July 2006, the Board of the Company approved the amalgamation of EDS Electronic Data Systems (India) Private Limited ('EDS India'), a wholly owned subsidiary of then Electronic Data Systems Corporation USA, ('EDS') into MphasiS Limited. The scheme of amalgamation was approved by the shareholders at their meeting on 13 November 2006, and by the Hon'ble High Courts of Maharashtra and Karnataka on 2 February 2007 and 19 June 2007 respectively. The necessary formalities to give effect to the amalgamation have been completed thereafter. Under the scheme, the Company issued 44,104,064 shares to EDS World Corporation (Far East), the holding company of EDS India and a subsidiary of EDS and 1 share to EDS World Corporation, (Netherlands) on 6 August 2007. Post allotment of the shares, EDS, through EDS Asia Pacific Holdings, Mauritius (formerly TH Holdings, Mauritius), EDS World Corporation (Far East) and EDS World Corporation (Netherlands) holds 127,106,266 equity shares forming more than 50% of the paid-up share capital of the Company. In terms of a merger agreement executed between Electronic Data Systems Corporation USA, Hewlett-Packard Company ('HP') and Hawk Merger Corporation, the last named company merged in to Electronic Data Systems Corporation USA on 26 August 2008. As a result of the merger, Electronic Data Corporation USA became 100% subsidiary of HP and was renamed as Electronic Data Systems LLC. Further HP became the ultimate holding company of MphasiS. Post merger, the Board of Directors of the Company on 16 October 2008 approved the change in the accounting year-end from March to October, in line with the ultimate holding company's accounting year-end.

2. c) During the year ended 31 March 2008, MbrokeR India, a subsidiary of the Company made an application under Section 560 of the Companies Act, 1956, to the Registrar of Companies, Bangalore, Karnataka to strike off its name from the Register of Companies. The name was struck off on 16 June 2008 from the Register of Companies and MbrokeR India stands dissolved.

2. d) During April 2008, MphasiS Belgium was incorporated as a subsidiary of MphasiS Limited.

2. e) The Company acquired AIG Systems Solutions Private Limited, a subsidiary of AIG Inc effective 1 October 2009. The name of the acquired company stands changed to MphasiS FinSolutions Private Limited with effect from 13 October 2009.

2. f) During the year, the Company filed an application with Reserve Bank of India for closure of its subsidiary BFL Software Asia Pte Ltd.

Notes to the Financial Statements

(Rs 000's)

		31 October 2009	31 October 2008
3.	**SHARE CAPITAL**		
	Authorised capital		
	245,000,000 (31 October 2008: 245,000,000) equity shares of Rs 10 each	2,450,000	2,450,000
	Issued, subscribed and paid-up capital*		
	209,585,021 (31 October 2008: 208,937,364) equity shares of Rs 10 each fully paid	2,095,850	2,089,374
	[Of the above 53,590,838 (31 October 2008: 53,590,838) equity shares are allotted for consideration other than cash and 134,186,274 (31 October 2008: 134,184,874) equity shares are allotted as fully paid-up by way of bonus shares from securities premium account / profit and loss account)]		
	Less: 14,200 (31 October 2008: 14,200) equity shares of Rs 10 each forfeited	(142)	(142)
	Add: Amount originally paid up on forfeited shares	71	71
		2,095,779	**2,089,303**

* 83,002,201, 44,104,064 and 1 equity shares are held by EDS Asia Pacific Holdings, Mauritius, EDS World Corporation (Far East) and EDS World Corporation (Netherlands) respectively.

4.	**RESERVES AND SURPLUS**		
	Securities Premium Account		
	Balance brought forward	1,564,203	1,543,318
	Add: Premium on allotment of shares	73,352	20,885
	Add: Transferred from employee stock options outstanding	31,803	-
	[Securities premium amounting to Rs 1,147,812,167 (31 October 2008: Rs 1,116,010,000) is for consideration other than cash]		
		1,669,358	1,564,203
	General Reserve		
	Balance brought forward from previous period	937,784	673,270
	Add : Transfer from Profit and loss account	836,872	264,514
		1,774,656	937,784
	Hedge reserve		
	Balance brought forward	(312,289)	-
	Add/ (Less): Transaction during the year/period	792,689	(312,289)
	Add/ (Less): Transfer to Revenue	193,945	-
		674,345	(312,289)
	Profit and loss account balance	14,026,672	7,353,087
		18,145,031	**9,542,785**

(Rs 000's)

		31 October 2009	31 October 2008
5.	**EMPLOYEE STOCK OPTIONS OUTSTANDING**		
	Balance brought forward	60,718	60,718
	Less: Transferred to securities premium account on exercise of options	31,803	-
	Less: Reversal on forfeiture/ lapse of options granted	21,921	-
		6,994	**60,718**

Employee Stock Option Plans ('ESOP')

All the ESOPs are in respect of the Company's shares where each stock option is equivalent to one equity share. In accordance with the Guidance Note on "Accounting for Employee Share-based Payments" issued by the ICAI with effect from 1 April 2005, the necessary disclosures have been made for the year ended 31 October 2009 and for the period ended from 1 April 2008 to 31 October 2008 for grants outstanding on and made on or after that date for each of the plans described below (Also refer note 36).

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 year 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 Rs 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 October 2009 and period from 1 April 2008 to 31 October 2008 are set out below:

	For the year ended 31 October 2009		For the period from 01 April 2008 to 31 October 2008	
	No. of Options	Weighted Average Exercise Price	No. of Options	Weighted Average Exercise Price
Options outstanding at the beginning	77,196	34.38	77,196	34.38
Granted	-	-	-	-
Forfeited	-	-	-	-
Exercised	2,972	34.38	-	-
Options outstanding at the end	74,224	34.38	77,196	34.38
Exercisable at the end	74,224	34.38	77,196	34.38

The weighted average share price of options exercised as at the date of exercise was Rs 412.69 (31 October 2008: Rs Nil). The options outstanding as at 31 October 2009 had an exercise price of Rs 34.38 (31 October 2008: Rs 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 case of

Notes to the Financial Statements

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 October 2009 and for the period from 1 April 2008 to 31 October 2008 are set out below:

	For the year ended 31 October 2009		For the period from 01 April 2008 to 31 October 2008	
	No. of Options	Weighted Average Exercise Price	No. of Options	Weighted Average Exercise Price
Options outstanding at the beginning	843,128	93.93	895,108	94.68
Granted	-	-	-	-
Forfeited	400	130.43	12,000	130.60
Lapsed	-	-	-	-
Exercised	97,604	108.40	39,980	99.65
Options outstanding at the end	745,124	92.01	843,128	93.93
Exercisable at the end	745,124	92.01	839,928	93.79

The weighted average share price of options exercised as at the date of exercise was Rs 482.92 (31 October 2008: Rs 233.65). The options outstanding as at 31 October 2009 had an exercise price ranging from Rs 23.21 to Rs 275 (31 October 2008: Rs 23.21 to Rs 275) and weighted average remaining contractual life of 3.71 years (31 October 2008: 4.98 years).

Employees Stock Option Plan - 2000 (the 2000 Plan): Effective 25 July 2000, the Company instituted the 2000 Plan. The shareholders and ESOP Committee approved the 2000 Plan in July 2000. The 2000 Plan provides for the issue of equity shares to employees and directors of the Company and its subsidiaries.

The 2000 Plan is administered by an ESOP Committee appointed by the Board. Under the 2000 Plan, options will be issued to employees at an exercise price, which shall not be less than the market price immediately preceding 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 one to two years from the date of vesting.

The movements in the options under the 2000 Plan for the year ended 31 October 2009 and for the period from 1 April 2008 to 31 October 2008 are set out below:

	For the year ended 31 October 2009		For the period from 01 April 2008 to 31 October 2008	
	No. of Options	Weighted Average Exercise Price	No. of Options	Weighted Average Exercise Price
Options outstanding at the beginning	749,151	138.41	867,725	137.06
Granted	-	-	-	-
Forfeited	23,203	124.76	18,350	127.67
Lapsed	113,486	147.34	46,593	132.50
Exercised	235,208	128.05	53,631	125.07
Options outstanding at the end	377,254	143.02	749,151	138.41
Exercisable at the end	334,972	139.50	480,273	136.25

The weighted average share price of options exercised as at the date of exercise was Rs 401.66 (31 October 2008: Rs 219.66). The options outstanding as at 31 October 2009 had an exercise price ranging from Rs 113.38 to Rs 208.45 (31 October 2008: Rs 71.88 to Rs 208.45) and weighted average remaining contractual life of 1.15 years (31 October 2008: 1.63 years).

Employees Stock Option Plan - 2003 (the 2003 Plan): The shareholders at the Annual General Meeting on 2 June 2003 approved a new Employee Stock Option Plan. The 2003 Plan provides for the issue of equity shares to employees and directors of the Company and its subsidiaries and is administered by an ESOP Committee appointed by the Board of Directors. Options will be issued to employees at an exercise price which shall not be less than the market price immediately preceding 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. However, certain options were granted to executive directors having a target stock price condition and a one year service condition as vesting conditions. The exercise period is two years from the date of vesting.

The movements in the options under the 2003 Plan for the year ended 31 October 2009 and for the period from 1 April 2008 to 31 October 2008 are set out below:

	For the year ended 31 October 2009		For the period from 01 April 2008 to 31 October 2008	
	No. of Options	Weighted Average Exercise Price	No. of Options	Weighted Average Exercise Price
Options outstanding at the beginning	175,950	116.64	229,877	116.00
Granted	-	-	-	-
Forfeited	600	130.60	3,750	130.60
Lapsed	17,850	97.85	15,827	102.19
Exercised	118,300	114.78	34,350	117.51
Options outstanding at the end	39,200	130.60	175,950	116.64
Exercisable at the end	39,200	130.60	128,600	111.50

The weighted average share price of options exercised as at the date of exercise was Rs 450.22 (31 October 2008: Rs 219.53). The options outstanding as at 31 October 2009 had an exercise price of Rs 130.60 (31 October 2008: Rs 85.63 to Rs 130.60) and weighted average remaining contractual life of 1.16 years (31 October 2008: 1.42 years).

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

The 2004 Plan is administered through an ESOP Committee appointed by the Board of Directors of the Company 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

Notes to the Financial Statements

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 October 2009 and for the period from 1 April 2008 to 31 October 2008 are set out below:

	For the year ended 31 October 2009		For the period from 01 April 2008 to 31 October 2008	
	No. of Options	Weighted Average Exercise Price	No. of Options	Weighted Average Exercise Price
Options outstanding at the beginning	460,727	125.75	570,349	125.20
Granted	-	-	-	-
Forfeited	15,664	133.50	13,402	132.90
Lapsed	84,989	102.09	26,889	132.48
Exercised	192,173	132.35	69,331	117.24
Options outstanding at the end	167,901	129.44	460,727	125.75
Exercisable at the end	159,809	126.66	342,005	121.41

The weighted average share price of options exercised as at the date of exercise was Rs 394.04 (31 October 2008: Rs 222.63). The options outstanding as at 31 October 2009 had an exercise price ranging from Rs 50.34 to Rs 184.50 (31 October 2008: Rs 50.34 to Rs 184.50) and weighted average remaining contractual life of 2.67 years (31 October 2008: 3.20 years).

Fringe benefit tax on ESOPs

The Finance Act, 2009 has withdrawn Fringe Benefit Tax ('FBT') on ESOP's exercised after 1 April 2009. As per the ESOP schemes of the Company, all the taxes, including FBT on ESOP's exercised till 31 March 2009 is borne by the employee and hence, this will not have an impact on the profit and loss account of the Company.

Restricted Stock Units

EDS the holding company, had issued Restricted Stock Units ('RSU') to certain employees of the Company. These have been replaced by RSUs of HP, pursuant to the merger. Subsequent to the merger, HP had also issued RSUs to certain employees of the Company. Total cost incurred towards RSUs for the year ended 31 October 2009 and for the period 1 April 2008 to 31 October 2008 amounted to Rs 87,116,118 and Rs 43,840,522 respectively. However, the cost has been borne by HP and accordingly this has not been accounted as an expense by the Company.

(Rs 000's)

		31 October 2009	31 October 2008
6.	**SECURED LOANS**		
	Vehicle Loans	29,751	46,132
	(Secured by the hypothecation of vehicles)		
		29,751	**46,132**

Due within one year Rs. 18,318,116 (31 October 2008 : Rs. 27,109,167)

7.	**UNSECURED LOANS ***		
	MphasiS India	253,300	105,000
	MsourcE India	982,000	-
		1,235,300	**105,000**

* refer note 27

Notes to the Financial Statements

8. FIXED ASSETS

(Rs 000's)

Assets	Cost				Accumulated depreciation and amortisation				Net book value	
	1 November 2008	Additions	Deductions	31 October 2009	1 November 2008	Charge for the year	Deductions	31 October 2009	31 October 2009	31 October 2008
Tangible assets										
Freehold land	27,375	-	-	27,375	-	-	-	-	27,375	27,375
Buildings	1,230	-	-	1,230	933	123	-	1,056	174	297
Leasehold improvements	1,173,500	372,889	164,841	1,381,548	798,658	302,728	159,434	941,952	439,596	374,842
Plant and machinery	594,447	296,442	6,221	884,668	215,792	177,450	135	393,107	491,561	378,655
Computer equipment	1,716,587	287,099	561,497	1,442,189	1,274,754	402,294	520,764	1,156,284	285,905	441,833
Office equipment	689,605	103,790	41,217	752,178	450,038	172,885	38,831	584,092	168,086	239,567
Furniture and fixtures	728,253	164,445	1,118	891,580	392,960	177,144	207	569,897	321,683	335,293
Vehicles	77,831	24,576	18,604	83,803	31,978	24,127	12,134	43,971	39,832	45,853
Intangible assets										
Software	353,520	76,497	100,433	329,584	237,517	113,578	90,488	260,607	68,977	116,003
	5,362,348	**1,325,738**	**893,931**	**5,794,155**	**3,402,630**	**1,370,329**	**821,993**	**3,950,966**	**1,843,189**	**1,959,718**
Purchased Goodwill	30,010	-	-	30,010	30,010	-	-	30,010	-	-
Total	**5,392,358**	**1,325,738**	**893,931**	**5,824,165**	**3,432,640**	**1,370,329**	**821,993**	**3,980,976**	**1,843,189**	**1,959,718**
Seven months ended 31 October 2008	4,556,106	850,272	14,020	5,392,358	2,753,205	690,878	11,443	3,432,640	1,959,718	

Notes to the Financial Statements

(Rs 000's)

		31 October 2009	31 October 2008
9.	**INVESTMENTS**		
	Long Term - Unquoted (trade), at cost		
	In subsidiaries		
	MphasiS USA*	2,992,526	3,014,447
	3,000 (31 October 2008:3,000) shares of common stock of US $ 0.01 each fully paid-up		
	MphasiS Australia	49	49
	2,000 (31 October 2008:2,000) shares of common stock of Australian $ 1 each fully paid-up		
	BFL APAC	5,927	5,927
	218,482 (31 October 2008: 218,482) shares of common stock of Singapore $ 1 each fully paid-up		
	MphasiS GmbH	2,524	2,524
	Nominal capital 91,000 Deutsche Mark (31 October 2008: 91,000 Deutsche Mark)		
	MphasiS China	105,345	105,345
	100% (31 October 2008: 100%) equity interest		
	MphasiS FinsourcE	500	500
	50,000 (31 October 2008: 50,000) equity shares Rs 10 each fully paid-up		
	MphasiS Consulting	685,652	685,652
	7,953,393 (31 October 2008: 7,953,393) ordinary shares of £ 0.002 each fully paid-up		
	Eldorado	732,038	732,038
	5,400,000 (31 October 2008: 5,400,000) shares of Class B non-voting common stock and 600,000 (31 October 2008:600,000) shares of Class A voting common stock		
	MphasiS Ireland	591	591
	10,000 (31 October 2008: 10,000) shares of common stock of € 1 each fully paid-up		
	MphasiS Belgium	393	393
	62 (31 October 2008: 62) shares of common stock of € 100 each fully paid-up		
	MphasiS FinSolutions	403,951	-
	2,310,498 (31 October 2008: Nil) shares of common stock of Rs 10 each fully paid-up		
		4,929,496	4,547,466
	Less: Provisions (net write offs / adjustments)	8,451	8,451
		4,921,045	4,539,015
	Short Term - Quoted (non-trade) **		
	(At lower of cost and market value)		
	ICICI Prudential Flexible Income	3,687,246	-
	348,725,344.16 units at 10.5735		
	(31 October 2008: Nil units)		
	ICICI Prudential Institutional Liquid	100,175	-
	8,453,484.13 units at Rs 11.8502		
	(31 October 2008: Nil units)		
	Birla Sunlife Saving Fund	3,825,050	-
	382,245,085.51 units at Rs. 10.0068		
	(31 October 2008: Nil units)		
		7,612,471	-
		12,533,516	**4,539,015**

* The movement is on account of reversal on forfeiture/lapse of options granted during acquisition.

** The market value of the short term investments as at 31 October 2009 is Rs 7,612,471,136 (31 October 2008: Rs Nil)

(Rs 000's)

		31 October 2009	31 October 2008
10.	**DEFERRED TAX ASSETS**		
	On depreciation	509,281	182,088
	On provision for employee benefits	26,689	45,245
	On provision for doubtful debts	26,288	18,419
		562,258	**245,752**
11.	**DEBTORS AND UNBILLED REVENUES****		
	Debts outstanding for a period exceeding six months, unsecured		
	- considered good	20,041	40,373
	- considered doubtful	77,341	54,640
	Other debts, unsecured		
	- considered good	3,612,139	3,261,844
		3,709,521	3,356,857
	Less: Provision for doubtful debts (net of write-offs)	(77,341)	(54,640)
		3,632,180	3,302,217
	Unbilled revenues	3,893,808	4,499,518
		7,525,988	**7,801,735**
	**refer note 32		
12.	**CASH AND BANK BALANCES**		
	Cash in hand	112	252
	Remittance in transit	-	11,536
	Balances with scheduled banks		
	- Current accounts *	182,830	159,886
	- Deposit accounts **	723,050	3,050
	Balances with non-scheduled banks		
	- Current accounts (refer note 31)	64,126	175,454
		970,118	**350,178**
	* Includes Rs 4,014,928 and Rs 1,251,941 representing the balances in unclaimed dividends accounts as at 31 October 2009 and 31 October 2008 respectively.		
	** Includes restricted deposits of Rs 60,000,000 as at 31 October 2009 (31 October 2008: Rs Nil)		
13.	**INTER CORPORATE DEPOSITS**		
	MphasiS FinsourcE	142,800	25,000
	MsourcE India	-	160,000
		142,800	**185,000**
	Details of maximum balances of inter corporate deposits receivable from companies under the same management as defined under section 370 (1B) of the Companies Act, 1956		
	MphasiS FinsourcE	142,800	120,000
	MphasiS India	147,000	-
	MsourcE India	345,000	160,000

Notes to the Financial Statements

(Rs 000's)

		31 October 2009	31 October 2008
14.	**INTEREST RECEIVABLE**		
	Unsecured - considered good	4,780	2,534
		4,780	**2,534**
15.	**LOANS AND ADVANCES**		
	Unsecured - considered good		
	Employee loans	-	297
	Advances recoverable in cash or in kind or for value to be received [refer note 33(i)] *	5,637,559	1,266,357
	Deposits		
	- premises	684,717	771,861
	- with government authorities	10,096	7,413
	- others	16,119	6,983
	Loan to a ESOP trust [refer note 33(ii)]	8,575	3,575
	Advance tax and tax deducted at source	1,423,686	728,893
	MAT credit entitlement	881,450	384,750
	Unsecured - considered doubtful		
	Advances recoverable in cash or in kind or for value to be received	-	43,345
		8,662,202	3,213,474
	Less: Provisions (net of write-offs)	-	(43,345)
		8,662,202	**3,170,129**

* includes service tax input credit receivable Rs 1,789,240,099 (31 October 2008: Rs 328,888,826)

16.	**CURRENT LIABILITIES**		
	Sundry creditors		
	-dues to Micro and Small enterprises (refer note 40)	2,509	-
	-dues to subsidiaries	4,387,168	2,776,035
	-others	528,764	955,047
	Book overdraft	26,206	69,676
	Advances from clients	8,769	3,110
	Unearned receivables	182,646	28,426
	Salary related costs	1,849,186	530,249
	Other liabilities *	1,698,282	1,381,282
	Unclaimed dividends**	4,015	1,252
		8,687,545	**5,745,077**

* Included in Other liabilities is an amount of Rs 17,060,055 (31 October 2008: Rs 17,060,055) which represents the remaining consideration payable for the acquisition of Kshema Technologies Limited [refer note 2(a)].

** Investor Protection and Education Fund shall be credited for unclaimed dividends amount when due.

17.	**PROVISIONS**		
	Compensated absences	85,656	74,621
	Gratuity [refer note 37(a)]	58,640	112,538
	Taxation	1,124,484	508,834
	Proposed dividend	733,498	417,846
	Tax on dividend	124,658	71,013
		2,126,936	**1,184,852**

(Rs 000's)

		Year ended 31 October 2009	For the period from 01 April 2008 to 31 October 2008
18.	**COST OF REVENUES**		
	Salary and allowances	8,743,123	3,770,372
	Contribution to provident and other funds	304,140	123,972
	Staff welfare	489,053	250,745
	Travel	645,257	354,918
	Recruitment charges	49,576	24,140
	Communication expenses	614,565	347,257
	Rent	1,052,096	550,528
	Professional charges	16,204	21,952
	Depreciation and amortisation	1,286,885	649,722
	Software development charges	7,100,545	3,488,458
	Staff training expenses	8,151	16,223
	Electricity	284,963	143,189
	Software support and annual maintenance charges	1,809,092	862,203
	Miscellaneous expenses	290,602	106,344
		22,694,252	**10,710,023**
19.	**SELLING EXPENSES**		
	Salary and allowances	240,403	122,838
	Contribution to provident and other funds	2,325	795
	Staff welfare	2,431	845
	Travel	22,027	13,451
	Communication expenses	945	353
	Rent	2,468	1,741
	Commission	912,155	468,827
	Professional charges	5,517	588
	Depreciation and amortisation	4,132	1,911
	Market Research cost	4,500	-
	Recruitment charges	222	86
	Business meeting expenses	1,510	147
	Miscellaneous expenses	3,867	2,510
		1,202,502	**614,092**
20.	**GENERAL AND ADMINISTRATIVE EXPENSES**		
	Salary and allowances	899,160	331,168
	Contribution to provident and other funds	21,350	21,970
	Staff welfare	67,120	39,841
	Travel	32,002	24,181
	Communication expenses	67,771	21,153
	Rent	225,287	55,281
	Professional charges	123,144	34,201
	Depreciation and amortisation	79,312	39,245
	Auditor's remuneration		
	- Statutory audit fees	7,876	2,688
	- Other services	-	2,450

Notes to the Financial Statements

(Rs 000's)

		Year ended 31 October 2009	For the period from 01 April 2008 to 31 October 2008
20.	**GENERAL AND ADMINISTRATIVE EXPENSES** *(Contd...)*		
	Bank charges	2,284	2,295
	Insurance	8,063	9,489
	Rates and taxes	99,892	6,223
	Repairs and maintenance		
	- Plant and machinery	32,290	16,033
	- Building	8,497	3,334
	- Others	92,015	49,217
	Membership and subscriptions	5,885	2,755
	Printing and stationery	29,677	13,226
	Postage and courier charges	4,998	2,769
	Miscellaneous expenses	119,051	39,213
		1,925,674	**716,732**
21.	**OTHER INCOME, NET**		
	Profit on sale of fixed assets	8,080	972
	Mutual Fund Dividend income	153,128	6,958
	Miscellaneous income	129	4
		161,337	**7,934**
22.	**INTEREST INCOME/ (EXPENSE), NET**		
	Interest income on deposits*	34,400	41,828
	Interest expense on loans	(56,773)	(7,415)
		(22,373)	**34,413**

* tax deducted at source Rs 3,555,712 (31 October 2008 : Rs 5,446,555)

23. Aggregate expenses

The aggregate amount incurred on various expenses reported under cost of revenues, selling expenses and General and administrative expenses are as follows:

Salary and allowances	9,882,686	4,224,378
Contribution to provident and other funds	327,815	146,737
Staff welfare	558,604	291,431
Travel	699,286	392,550
Recruitment charges	49,798	24,226
Communication expenses	683,281	368,763
Rent	1,279,851	607,550
Commission	912,155	468,827
Professional charges	144,865	56,741
Depreciation and amortisation	1,370,329	690,878

(Rs 000's)

	Year ended 31 October 2009	For the period from 01 April 2008 to 31 October 2008
23. Aggregate expenses *(Contd..)*		
Software development charges	7,100,545	3,488,458
Staff training expenses	8,151	16,223
Electricity	284,963	143,189
Software support and annual maintenance charges	1,809,092	862,203
Miscellaneous expenses	413,520	148,067
Market Research cost	4,500	-
Business meeting expenses	1,510	147
Auditor's remuneration		
- Statutory audit fees	7,876	2,688
- Other services	-	2,450
Bank charges	2,284	2,295
Insurance	8,063	9,489
Rates and taxes	99,892	6,223
Repairs and maintenance		
- Plant and machinery	32,290	16,033
- Building	8,497	3,334
- Others	92,015	49,217
Membership and subscriptions	5,885	2,755
Printing and stationery	29,677	13,226
Postage and courier charges	4,998	2,769
	25,822,428	**12,040,847**

24. The Company's software development centres in India are 100% Export Oriented ('EOU') / 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, if any, in respect of imported and indigenous capital goods and stores and spares consumed duty free, in the event that certain terms and conditions are not fulfilled. Bank guarantees aggregating to Rs 111,582,340 as at 31 October 2009 (31 October 2008: Rs 134,217,540) have been furnished to the Customs authorities in this regard.

25. Contingent liabilities and commitments

(a) Claims against the Company not acknowledged as debts amount to Rs 822,338,829 (31 October 2008: Rs 194,532,433);

(b) Estimated amount of contracts remaining to be executed on capital account (net of advances) and not provided for as at 31 October 2009: Rs 240,249,348 (31 October 2008: Rs 831,778,309);

(c) Guarantees outstanding including those furnished to Customs Authorities as at 31 October 2009: Rs 222,022,340 (31 October 2008: Rs 154,217,540);

Notes to the Financial Statements

(d) Forward contracts outstanding as at 31 October 2009 are as below:

Currency	Amount	Amount in INR
USD	637,900,000	31,377,326,500
GBP	54,654,683	4,405,112,949
SGD	6,889,857	234,842,330

Forward contracts outstanding as at 31 October 2008 are as below:

Currency	Amount	Amount in INR
USD	222,650,000	11,011,155,750
GBP	1,677,037	134,079,104
EUR	1,602,777	100,958,912
SGD	7,143,405	238,357,566

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

Unamortised premium as at 31 October 2009 on forward exchange contracts to hedge the foreign currency risk of the underlying outstanding at the balance sheet date is Rs 32,347,958 (31 October 2008: Rs 4,895,602). Net foreign currency exposure of the Company that is not hedged by a derivative instrument or otherwise as at 31 October 2009: Rs 3,678,793,348

(f) The Company has issued performance guarantee on behalf of its subsidiaries for any future liabilities which may arise out of contracts.

26. Operating Leases

The Company is obligated under non-cancellable lease for office and residential space that are renewable on a periodic basis at the option of both the lessor and lessee. The total rental expenses under non-cancellable operating leases amounted to Rs 887,569,700 for the year ended 31 October 2009 and Rs 321,065,073 for the period from 1 April 2008 to 31 October 2008.

Future minimum lease payments under non-cancellable operating lease as at 31 October 2009 are as follows:

(Rs. 000's)

Period	31 October 2009	31 October 2008
Not later than 1 year	741,183	727,703
Later than 1 year and not later than 5 years	718,600	1,019,478
More than 5 years	-	-

The Company leases 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 was Rs 392,281,266 and Rs 286,485,567 for the year ended 31 October 2009 and for the period from 1 April 2008 to 31 October 2008.

Office premises are obtained on operating lease for terms ranging from 1-7 years and renewable at the option of the Company/lessor. Further, there are no sub leases.

27. Related Party Transactions

(a) Entities where control exists:

- Hewlett Packard Company, USA (ultimate holding company)
- Hewlett Packard Eagle Corporation, USA (100% subsidiary of Hewlett Packard Company, USA)
- Electronic Data Systems LLC, USA (formerly Electronic Data Systems Corporation, USA), (100% subsidiary of Hewlett Packard Eagle Corporation, USA)*

  * EDS Asia Pacific Holdings, Mauritius (formerly TH Holding, Mauritius), EDS World Corporation (Far East) and EDS World Corporation (Netherlands), the subsidiaries of Electronic Data Systems LLC, USA (formerly Electronic Data Systems Corporation, USA) hold 60.65% of the equity capital of the Company.

  The related parties where control exists also include subsidiaries as referred in Note 2, BFL Employees Equity Reward Trust and Kshema Employees Welfare Trust.

(b) Key management personnel:

The key management personnel of the Company are as mentioned below:

Executive key management personnel represented on the Board of the Company

■ Balu Ganesh Ayyar	Chief Executive Officer - Appointed w.e.f. 29 January 2009
■ Jeya Kumar	Chief Executive Officer - Resigned w.e.f. 28 January 2009
■ Deepak Patel	Managing Director – Resigned w.e.f. 10 June 2008

Non-executive / independent directors on the Board of the Company

■ Andreas W Mattes	Director – Appointed as non-executive Chairman w.e.f. 6 February 2009.
■ Jose de la Torre	Director
■ Nawshir H Mirza	Director
■ Davinder Singh Brar	Director
■ Vinita Bali	Director
■ Jim Bridges	Director
■ Craig Wilson	Director - Appointed w.e.f. 6 February 2009
■ Prakash Jothee	Director - Appointed w.e.f. 6 February 2009
■ Friedrich Froeschl	Director - Appointed w.e.f. 30 March 2009
■ Michael Coomer	Non-executive Chairman - Resigned w.e.f. 6 February 2009
■ Jeroen Tas	Non-executive Vice Chairman - Resigned w.e.f. 13 October 2008
■ Thomas Erhardt	Director - Resigned w.e.f. 6 October 2008
■ Michael Ronald Koehler	Director - Resigned w.e.f. 6 October 2008
■ Joseph Eazor	Director - Resigned w.e.f. 6 February 2009
■ Anthony Glasby	Director - Resigned w.e.f. 30 March 2009

Notes to the Financial Statements

(c) Direct or indirect subsidiaries of ultimate holding company with which transactions have taken place:

- TH Consulting India Private Limited
- EDS (Operations) Pty Limited
- EDS Itellium Gmbh
- Electronic Data Systems (EDS) International B.V.
- EDS Information Services LLC
- EDS Canada Inc.
- EDS (Australia) PTY Limited
- EDS Gulf States, WLL
- EDS Sweden AB
- EDS (Thailand) Co. Ltd
- EDS International (Greece) SA
- EDS Application Services Gmbh
- Electronic Data Systems do Brasil Ltda
- RelQ Software Private Limited
- Electronic Data Systems Limited, UK
- Electronic Data Systems Italia SPA
- Electronic Data Systems (Egypt) SAE
- EDS World Corporation (Far East)
- EDS Poland Sp.Z.O.O
- EDS MSC (M) Sdn Bhd
- EDS Japan LLC
- Neoware Inc
- Hewlett-Packard Asia Pacific Pte Ltd.
- GEMS Techno Solutions India Private Ltd.
- Shanghai Hewlett Packard Co. Ltd.
- Hewlett Packard New Zealand
- Hewlett Packard GmbH
- EDS Omega S.L
- Hewlett Packard Company
- EDS Austria Gmbh
- EDS Operations Services Gmbh
- Electronic Data Systems Limited
- EDS (New Zealand) Limited
- Electronic Data System Belgium N.V
- EDS Information Business Gmbh
- EDS Business Services PTY Limited
- EDS (China) Co. Limited
- EDS International (Singapore) Pte Limited
- Electronic Data Systems Taiwan Corporation
- EDS (Schweiz) AG
- Electronic Data Systems (Hong Kong) Limited
- EDS (Ireland) Ltd
- EDS Malaysia (Shell EPO AP)
- Electronic Data Systems Hungary Limited
- Electronic Data Systems France SAS
- EDS Columbia
- EDS Answare SA
- EDS Denmark A/S
- Mercury Interactive (Singapore) Pte Ltd.
- Hewlett Packard India Sales Private Limited
- HP India Software Operation Private Limited
- Hewlett Packard International Sarl
- Hewlett Packard AP (Hong Kong) Ltd.
- Hewlett Packard Singapore (Sales) Pte Ltd.
- Saber Software, Inc.
- Hewlett Packard Inter-Americas United States (California)
- Hewlett Packard Limited (UK)
- Hewlett Packard Financial Services (India) Pvt. Ltd.

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

(Rs 000's)

	Year ended 31 October 2009	For the period from 01 April 2008 to 31 October 2008
Rendering of services to entities where control exists	**903,004**	**416,519**
- MphasiS USA	442,835	218,518
- MphasiS UK	229,758	152,292
- MphasiS Australia	162,167	30
- Others	68,244	45,679
Rendering of services to other related parties	**28,237,923**	**10,403,203**
- EDS Information Services LLC	18,545,609	8,120,172
- Electronic Data Systems Ltd, UK	3,537,292	1,110,878
- Others	6,155,022	1,172,153
Purchase of fixed assets where control exists	**94,889**	**-**
- EDS International (Singapore) Pte Limited	44,045	-
- Hewlett Packard Singapore (Sales) Pte. Ltd	27,279	-
- Hewlett Packard India Sales Pvt. Ltd	21,780	-
- Others	1,785	-
Lease Rental paid to other related parties	**5,376**	**-**
- Hewlett Packard Financial Services (India) Pvt. Ltd.	5,376	-
Sale of Assets to other related parties	**46,003**	**-**
- Hewlett Packard Financial Services (India) Pvt. Ltd.	46,003	-
Software development charges paid to entities where control exist	**6,656,468**	**3,288,865**
- MphasiS USA	4,584,629	2,232,041
- MphasiS UK	980,594	433,016
- MsourcE India	-	91,615
- Others	1,091,245	532,193
Software development charges paid to other related parties	**5,742**	**4,816**
- RelQ Software Private Limited	5,742	4,816
Software support and annual maintenance charges paid to other related parties*	**1,759,650**	**853,286**
- EDS International (Singapore) Pte Limited	1,759,650	853,286
Other expenses paid to related parties	**48,814**	**-**
EDS International (Singapore) Pte Limited	48,814	-
Communication charges paid to related parties	**117,206**	**54,349**
EDS International (Singapore) Pte Limited	117,206	54,349
Commission paid to entities where control exists	**912,155**	**468,827**
- MphasiS USA	508,811	321,794
- MphasiS UK	161,295	110,832
- MphasiS Consulting	93,002	36,147
- Others	149,047	54
Remuneration to executive key management personnel	**66,583**	**46,220**
- Deepak Patel	-	17,129
- Jeyakumar	32,814	29,091
- Balu Ganesh Ayyar	33,769	-

Notes to the Financial Statements

(Rs 000's)

	Year ended 31 October 2009	For the period from 01 April 2008 to 31 October 2008
Commission to non-executive directors	**9,909**	**4,667**
- Davinder Singh Brar	2,400	1,400
- Jose de la Torre	2,433	1,167
- Nawshir Mirza	2,400	1,400
- Vinita Bali	2,000	700
- Friedrich Froeschl**	676	-
Interest income from deposits made to entities where control exists	**10,942**	**3,346**
- MphasiS FinsourcE	5,425	1,713
- MsourcE India	2,934	1,515
- MphasiS India	2,583	118
Interest expenses on unsecured loans received from entities where control exists	**56,530**	**7,193**
- MphasiS India	7,501	5,177
- MsourcE India	49,029	1,943
- Others	-	73
Investment in entities where control exists	**403,951**	**393**
- MphasiS Belgium	-	393
- MphasiS Finsolutions	403,951	-
Loan given to BFL Employees Equity Reward Trusts	**5,000**	**5,000**
Loan refunded by BFL Employees Equity Reward Trusts	**-**	**5,000**
Deposits placed with entities where control exists	**978,800**	**540,900**
- MphasiS India	298,800	45,000
- MsourcE India	503,200	470,900
- MphasiS FinsourcE	176,800	25,000
Deposits refunded by entities where control exists	**1,021,000**	**385,900**
- MphasiS India	298,800	45,000
- MsourcE India	663,200	310,900
- MphasiS FinsourcE	59,000	30,000
Unsecured loans received from entities where control exists	**3,412,600**	**1,264,600**
- MphasiS India	768,300	691,000
- MsourcE India	2,640,200	573,600
- MphasiS FinsourcE	4,100	-
Unsecured loans refunded to entities where control exists	**2,282,300**	**1,159,600**
- MphasiS India	620,000	586,000
- MsourcE India	1,658,200	573,600
- MphasiS FinsourcE	4,100	-

* The Company has accrued expenses for certain services received from a related party where significant influence exists for which the Master Service Agreement ("MSA") has been signed and the statement of work is expected to be signed upon completion of the ongoing negotiation of terms. As at 31 October 2009, the provisioning for such services has been made based on the MSA and best estimate basis.

** Subject to shareholders approval

In addition to the above, the Company has issued performance guarantee on behalf of its subsidiaries for any future liabilities which may arise out of contracts, in the normal course of business.

Further, in addition to the above, the Company and its subsidiaries incur reimbursable expenses on behalf of each other in the normal course of business.

(Rs 000's)

	Year ended 31 October 2009	For the period from 01 April 2008 to 31 October 2008
Payments made on behalf of related parties	**1,552,664**	**2,021,884**
- MphasiS USA	901,501	1,395,475
- MphasiS UK	158,001	142,821
- MphasiS India	134,645	216,869
- Others	358,517	266,719
Payments made by related parties on Company's behalf	**1,656,384**	**1,777,198**
- MphasiS USA	788,001	1,139,995
- MphasiS India	228,063	268,102
- MsourcE India	356,313	100,713
- Others	284,007	268,388

(e) Managerial remuneration*

Expenses include the following remuneration to the key management personnel:

	Year ended 31 October 2009	For the period from 01 April 2008 to 31 October 2008
Salaries and allowances	62,542	42,722
Provident and other funds **	1,059	659
Monetary value of perquisites	2,982	2,839
	66,583	**46,220**

* This does not include remuneration to certain non-executive directors as the same is paid by the ultimate parent company and its affiliates as they are employees of the said companies.

** As the liability for gratuity and leave encashment is provided on an actuarial basis for the Company as whole, the amount pertaining to the directors is not ascertainable and, therefore not included.

Notes to the Financial Statements

Computation of net profit in accordance with Section 198, read with Section 349 of the Companies Act, 1956, and calculation of commission payable to the Managing Director:

(Rs 000's)

	Year ended 31 October 2009	For the period from 01 April 2008 to 31 October 2008
Profit after taxation	8,368,721	2,645,142
Add: Director's remuneration	66,583	46,220
Commission to non-executive directors	9,909	4,667
Commission to wholetime directors	-	-
Depreciation as per the accounts	1,370,329	690,878
Provision for doubtful debts	22,699	3,566
Provision for taxation	339,351	41,478
	10,177,592	3,431,951
Less: Depreciation as per Section 350 of the Companies Act, 1956*	1,370,329	690,878
Profit on sale of fixed assets	8,080	972
Net Profit on which commission is payable	8,799,183	2,740,101
* Depreciation computed based on useful lives which are lower than lives as mentioned in Schedule XIV of the Companies Act, 1956		
Commission Payable	9,909	4,667

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

	31 October 2009	31 October 2008
Sundry debtors and unbilled revenue- entities where control exists	**970,595**	**762,871**
- MphasiS USA	442,882	313,006
- MphasiS UK	169,386	321,184
- MphasiS Australia	162,197	30
- Others	196,130	128,651
Sundry debtors and unbilled revenue- other related parties	**5,715,540**	**5,808,265**
- EDS Information Services LLC	3,700,307	4,399,829
- Electronic Data Systems UK	764,158	490,140
- Others	1,251,075	918,296
Sundry creditors- entities where control exists	**4,387,168**	**2,776,035**
- MphasiS USA	2,175,011	1,595,929
- MphasiS UK	677,246	555,349
- MsourcE India	75,926	374,924
- Others	1,458,985	249,833
Sundry creditors- other related parties	**1,042,455**	**595,465**
- EDS International (Singapore) Pte Limited	1,019,255	586,093
- Others	23,200	9,372
Advances recoverable in cash or in kind or for value to be received, included in Loans and Advances from entities where control exists	**2,814,786**	**736,360**
- Eldorado	193,322	137,960
- MphasiS USA	1,817,122	259,447
- MphasiS India	108,345	120,733
- MsourcE India	22,291	125,142
- MphasiS UK	302,298	30,485
- Others	371,408	62,593

(Rs 000's)

	31 October 2009	31 October 2008
Loans (interest free) to a ESOP Trust, included in Loans and Advances	**8,575**	**3,575**
- BFL Employees Equity Reward Trust	8,575	3,575
Inter-corporate deposits placed with – entities where control exists	**142,800**	**185,000**
- MphasiS FinsourcE	142,800	25,000
- MsourcE India	-	160,000
Other liabilities, included in current liability to entities where control exists	**18,742**	**1,143**
- MsourcE India	16,722	184
- MphasiS India	2,020	959
Unsecured loans payable to entities where control exists	**1,235,300**	**105,000**
- MphasiS India	253,300	105,000
- MsourcE India	982,000	-
Corporate Guarantee given to Citibank on behalf of MsourcE India and MphasiS Software & Services (India) Private Limited	375,720	398,240

(g) Balu Ganesh Ayyar, a non resident director was appointed as Chief Executive Officer w.e.f. 29 January 2009. The Company has made an application to the Central Government for approval in accordance with the requirements of the Companies Act 1956, which is pending for approval.

28. C.I.F. value of imports

	Year ended 31 October 2009	For the period from 01 April 2008 to 31 October 2008
Capital goods	512,307	261,167

29. Earnings in foreign currency

Revenues	32,981,113	13,398,445

30. Expenditure in foreign currency

Software development charges	6,656,468	3,177,001
Travel	280,872	143,514
Professional charges	6,298	4,944
Software support and annual maintenance charges	1,761,404	853,286
Commission	912,155	468,827
Others	229,742	155,927
	9,846,939	**4,803,499**

Additionally, during the year/period, the Company has remitted dividend in foreign currency of Rs 292,702,878 (31 October 2008: Rs 474,747,055) to non-residents holding 146,351,439 (31 October 2008: 143,862,744) equity shares of the Company.

Notes to the Financial Statements

	Year ended 31 October 2009	For the period from 01 April 2008 to 31 October 2008
Number of shareholders	19	17
Number of shares held	146,351,439	143,862,744
Amount remitted (Rs)	292,702,878	474,747,055
Year to which the dividend relates	Seven months ended 31 October 2008	2007-08

31. Details of closing balances held with non-scheduled banks in current accounts are as follows:

(Rs 000's)

	31 October 2009	31 October 2008
Bank of America, USA	64,126	175,454
	64,126	**175,454**

Details of maximum balances held in current accounts with non-scheduled banks are as follows:

	Year ended 31 October 2009	For the period from 01 April 2008 to 31 October 2008
Bank of America, USA	183,626	175,454

None of the directors or their relatives are interested in any of the banks mentioned above.

32. Details of debt dues from companies under the same management included in sundry debtors and unbilled revenue are as follows:

	31 October 2009	31 October 2008
MphasiS GMBH	7,776	5,091
BFL APAC	5,125	5,883
MphasiS China	1,765	1,439
MphasiS Consulting	30,746	22,377
Eldorado	59,274	59,274
MphasiS Ireland	149	149
MphasiS USA	442,882	313,006
MphasiS Europe	31,250	31,250
MphasiS UK	169,386	321,184
MphasiS India	1,023	1,023
MphasiS Singapore	5,599	1,978
MphasiS Australia	162,197	30
MsourcE India	188	187
MphasiS Belgium	53,232	-
Hewlett Packard Company	208,886	71,201
Hewlett-Packard India Sales Private Limited	17,011	-
HP India Software Operation Pvt Ltd	22,756	-
EDS Information Services LLC	3,700,307	4,399,829
EDS Australia Pty Ltd	174,075	103,140
EDS Business Services Pty Limited	51,080	30,505

(Rs 000's)

	31 October 2009	31 October 2008
EDS Belgium N.V, Belgium	55,484	32,659
EDS Gulf States	20	3,612
EDS Canada Inc.	147,040	35,139
EDS (Schweiz) AG	1,797	3,354
EDS Information Business GMBH	43,771	8,634
EDS Columbia	14,332	3,608
EDS (China) Co. Ltd.	11,168	13,034
EDS Operations Services GMBH	21,644	37,472
EDS Itellium GmbH	-	111,669
EDS Application Services GMBH	-	97,802
Hewlett-Packard GmbH	502	-
EDS Omega S.L.	15,711	-
EDS (Electronic Data Systems)France SAS	9,901	-
Hewlett-Packard Limited (UK)	1,234	-
EDS Answare SA	-	84
Electronic Data Systems Limited, UK	764,158	490,140
EDS Hong Kong Ltd	8,307	1,196
Electronic Data Systems Hungary Limited	4,918	2,129
EDS Ireland Limited	314	760
EDS Electronic Data Systems ITALIA SPA	13,242	6,655
EDS International B.V, Netherlands	281,009	212,880
Hewlett-Packard New Zealand	136	-
EDS New Zealand Limited	68,065	22,126
HP Asia Pacific (HK) Limited	687	-
EDS Sweden AB	33,316	23,637
EDS International (Singapore) Pte Ltd	28,279	38,774
Hewlett-Packard Asia Pacific Pte. Ltd.	712	-
Saber Software, Inc	2,483	-
Hewlett-Packard Inter-Americas United States (California)	714	-
EDS Brazil Elimination	-	1,804
EDS Business Services Pty Ltd	-	15,788
EDS Denmark A.S	-	23,208
EDS Electronic Data Systems (Hong Kong) Limited	-	690
EDS Japan LLC	144	638
EDS Malaysia	7,165	-
EDS Malaysia (Shell EPO AP)	-	408
EDS IT Services (M) SDNBHD	920	2,355
EDS Poland SP.Z.O.O	-	180
EDS World Corps Netherlands	-	254
Electronic Data Systems (Thailand) Co., Ltd	719	4,031
Electronic Data Systems Taiwan Corp	3,536	8,870
	6,686,135	**6,571,136**

Notes to the Financial Statements

33. (i) Details of reimbursable expenses receivable from companies under the same management as defined under section 370(1B) of the Companies Act, 1956, included in advances recoverable in cash or in kind or for value to be received

(Rs 000's)

	31 October 2009	31 October 2008
MphasiS India	108,345	120,733
MsourcE India	22,291	125,142
MphasiS GmbH	61,150	16,321
MphasiS USA	1,817,122	259,447
MphasiS Singapore	39,762	14,507
MphasiS China	88,340	2,830
MphasiS UK	302,298	30,485
MphasiS Consulting	16,059	538
Eldorado	193,322	137,960
MphasiS Europe	42,153	6,768
BFL APAC	112	8
MphasiS Australia	93,453	8,787
MphasiS FinsourcE	5,468	5,936
MphasiS Ireland	10,806	3,950
MphasiS Belgium	14,105	2,948
	2,814,786	**736,360**

(ii) Details of Loans and advances to controlled trust

ESOP Employees Equity Reward Trust	8,575	3,575

(iii) Details of maximum balances of reimbursable expenses receivable from companies under the same management as defined under section 370(1B) of the Companies Act, 1956, included in advances recoverable in cash or in kind or for value to be received

	Year ended 31 October 2009	For the period from 01 April 2008 to 31 October 2008
MphasiS India	319,415	120,733
MsourcE India	353,240	125,142
MphasiS GmbH	61,180	16,321
MphasiS USA	1,817,122	568,293
MphasiS Singapore	39,762	14,507
MphasiS China	88,534	3,149
MphasiS UK	302,298	40,962
MphasiS Consulting Ltd	16,059	716
Eldorado Computing Inc	193,325	137,960
MphasiS Europe BV	42,153	6,788
BFL APAC	112	8
MphasiS Australia	93,453	8,928
MphasiS FinsourcE	15,826	31,605
MphasiS Ireland	10,954	3,950
MphasiS Belgium	14,423	2,948

(iv) Details of maximum balances for loans and advances to controlled trust

ESOP Employees Equity Reward Trust	8,575	8,575

34. Segment reporting

The Company's operations predominantly relate to providing application development and maintenance (Application) services, business process outsourcing (BPO) services and infrastructure outsourcing (ITO) services delivered to clients operating globally. Secondary segmental reporting is done on the basis of the geographical location of clients.

Application services cover consulting, application development, testing and application maintenance services. BPO services provide voice, transaction based services and knowledge based processes. ITO covers a range of infrastructure management services and service/ technical help desks.

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), the Middle East and India and Others.

Primary segment information

(Rs 000's)

	Year ended 31 October 2009	For the period from 01 April 2008 to 31 October 2008
Segment revenue		
Application Services	23,233,964	10,337,160
BPO Services	2,977,052	1,322,148
ITO Services	7,839,201	2,856,197
	34,050,217	**14,515,505**
Segment profit		
Application Services	7,222,957	2,505,062
BPO Services	889,441	548,641
ITO Services	3,243,567	751,779
	11,355,965	**3,805,482**
Interest (expense)/ income, net	(22,373)	34,413
Other unallocable expenditure, net of unallocable income	2,625,520	1,153,275
Profit before taxation	**8,708,072**	**2,686,620**
Income taxes (including Fringe benefit tax)	339,351	41,478
Profit after taxation	**8,368,721**	**2,645,142**

	31 October 2009	31 October 2008
Segment assets		
Application Services	9,384,719	7,655,072
BPO Services	1,959,218	2,199,566
ITO Services	2,657,083	2,149,052
Unallocated assets	18,326,316	6,770,177
	32,327,336	**18,773,867**

Notes to the Financial Statements

(Rs 000's)

	31 October 2009	31 October 2008
Segment liabilities		
Application Services	5,894,299	3,498,494
BPO Services	1,680,126	1,188,003
ITO Services	1,207,637	749,687
Unallocated liabilities	3,297,470	1,644,877
	12,079,532	**7,081,061**

	Year ended 31 October 2009	For the period from 01 April 2008 to 31 October 2008
Capital expenditure		
Application Services	568,587	627,684
BPO Services	151,031	215,768
ITO Services	168,799	137,306
	888,417	**980,758**
Depreciation and amortisation		
Application Services	878,873	444,462
BPO Services	232,076	150,588
ITO Services	259,380	95,828
	1,370,329	**690,878**
Secondary segment information (revenues)		
USA	23,190,778	10,380,798
Middle East and India	1,232,120	887,972
Rest of the world	9,627,319	3,246,735
	34,050,217	**14,515,505**

Secondary segment information (segment assets)

	31 October 2009	31 October 2008
Region		
USA	5,482,551	5,807,048
Middle East and India	25,120,371	11,016,633
Rest of the world	1,724,414	1,950,186
	32,327,336	**18,773,867**

Secondary segment information (capital expenditure)

	Year ended 31 October 2009	For the period from 01 April 2008 to 31 October 2008
Region		
Middle East and India	888,417	980,758
	888,417	**980,758**

35. Earnings Per Share ('EPS')

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

	Year ended 31 October 2009	For the period from 01 April 2008 to 31 October 2008
Number of weighted average shares considered for calculation of basic earnings per share	209,131,904	208,852,739
Add: Dilutive effect of stock options	1,336,310	1,127,377
Number of weighted average shares considered for calculation of diluted earnings per share	210,468,214	209,980,116

206,053 weighted average number of shares (31 October 2008: 205,426 weighted average number of shares) held by the BFL Employees Equity Reward Trust and Kshema Employee Welfare Trust have been considered for computing basic and diluted earnings per share. The above does not include 25,600 bonus shares held in abeyance by the Company.

36. Stock Based Compensation

The Company uses the intrinsic value method of accounting for its employee stock options. The Company has therefore adopted the pro-forma disclosure provisions as required by the Guidance Note on "Accounting for Employee Share-based Payments" issued by the ICAI with effect from 1 April 2005.

Had the compensation cost been determined in a manner consistent with the fair value approach described in the aforesaid Guidance Note, the Company's net profit and EPS as reported would have been adjusted to the pro-forma amounts indicated below:

(Rs 000's)

	Year ended 31 October 2009	For the period from 01 April 2008 to 31 October 2008
Net profit as reported	8,368,721	2,645,142
Add: Stock based employee compensation expense determined under the intrinsic value method	-	-
Add/(Less): Stock based employee compensation expense determined under the fair value method.	2,291	(17,275)
Pro-forma net profit	8,371,012	2,627,867
Earning per share: Basic		
As reported	40.02	12.68
Pro-forma	40.03	12.58
Earning per share: Diluted		
As reported	39.76	12.61
Pro-forma	39.77	12.51

The fair value of each stock option has been estimated by management on the respective grant date using the Black-Scholes option pricing model with the following assumptions:

Dividend yield %	1.44% to 1.98%
Expected life	1 to 4 years
Risk free interest rates	5.78% to 8.00%
Expected volatility (annualised) *	67.12% to 69.48%

* Expected volatility (annualised) is computed based on historical share price movement since April 2001.

Notes to the Financial Statements

37. Employee Benefits

a. Gratuity Plan

The following table sets out the status of the gratuity plan as required under revised AS 15.

Reconciliation of the projected benefit obligations **(Rs 000's)**

	31 October 2009	31 October 2008
Change in projected benefit obligation		
Obligations at year/period beginning	179,915	144,874
Service cost	128,143	42,823
Interest cost	11,978	6,926
Benefits paid	(10,194)	(14,278)
Actuarial (gain)/loss	(839)	(430)
Obligations at year/period end	**309,003**	**179,915**
Change in plan assets		
Plan assets at year/period beginning, at fair value	67,377	77,501
Expected return on plan assets (estimated)	8,635	3,550
Actuarial gain / (loss)	476	156
Contributions	184,069	448
Benefits paid	(10,194)	(14,278)
Plan assets at year/period end, at fair value	**250,363**	**67,377**
Reconciliation of present value of obligation and fair value of plan assets		
Fair value of plan assets as at the year/period end	250,363	67,377
Present value of defined benefit obligation as at the year/period end	309,003	179,915
Liability recognised in the balance sheet	**(58,640)**	**(112,538)**
Assumptions		
Interest rate	7.00%	8.62%
Discount rate	7.00%	8.62%
Expected rate of return on plan assets	7.00%	8.62%
Attrition rate	5.00%	5.00%
Expected contribution over next one year	90,000	15,000

Gratuity cost	**Year ended 31 October 2009**	**For the period from 01 April 2008 to 31 October 2008**
Service cost	128,143	42,823
Interest cost	11,978	6,926
Expected return on plan assets	(8,635)	(3,550)
Actuarial (gain)/ loss	(1,315)	(586)
Net gratuity cost	**130,171**	**45,613**

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.

Experience Adjustment

	Year ended 31 October 2009	**For the period from 01 April 2008 to 31 October 2008**
On obligations, gain/ (loss)	839	430
On plan assets, gain/ (loss)	476	156

b. Provident Fund

The Company contributed Rs. 325,844,881 during the year ended 31 October 2009 (31 October 2008: Rs.145,854,121)

38. Revenue disclosure

(Rs 000's)

	Year ended 31 October 2009	For the period from 01 April 2008 to 31 October 2008
Revenue recognised on customised software development contracts	7,287,411	4,101,216

Disclosure for contracts in progress at the reporting date

	31 October 2009	31 October 2008
Fixed Price projects:		
Revenue recognised till the reporting date	484,805	435,113
Unbilled revenues	212,241	295,543
Unearned revenues	-	12,480
Time and material projects:		
Revenue recognised till the reporting date	6,883,232	3,622,279
Unbilled revenues	884,344	1,019,312
Unearned revenues	140	-

39. Details of movement in investments for the period from 1 November 2008 to 31 October 2009*:

Name of mutual fund scheme	Balance As at 01 November 2008		Purchases for the year ended 31 October 2009		Sales for the year ended 31 October 2009		Balance as at 31 October 2009	
	Units	Amount	Units	Amount	Units	Amount	Units	Amount
Liquid funds								
Templeton Treasury	-	-	3,182	3,184,010	3,182	3,184,010	-	-
ICICI Prudential Institutional Liquid	-	-	1,331,339	15,776,638	1,322,886	15,676,463	8,453	100,175
ICICI Prudential Flexible Income	-	-	838,629	8,867,246	489,904	5,180,000	348,725	3,687,246
Birla Sun Life Savings Fund	-	-	801,960	8,025,050	419,715	4,200,000	382,245	3,825,050
Birla Sun Life Short Term Fund	-	-	259,749	2,598,918	259,749	2,598,918	-	-
Birla Sun Life Cash Plus	-	-	978,197	9,801,043	978,197	9,801,043	-	-
B331DD Birla Sun Life Savings Fund	-	-	10,995	110,023	10,995	110,023	-	-
B503G Birla Sun Life Cash Plus	-	-	43,381	610,141	43,381	610,141	-	-
Birla Sun Life Sweep Fund	-	-	266,656	2,693,236	266,656	2,693,236	-	-
Total	**-**	**-**	**4,534,088**	**51,666,305**	**3,794,665**	**44,053,834**	**739,423**	**7,612,471**

Notes to the Financial Statements

Details of movement in investments for the period from 01 April 2008 to 31 October 2008*:

(Rs 000's)

Name of mutual fund scheme	Balance as at 1 April 2008		Purchases for the period ended 31 October 2008		Sales for the period ended 31 October 2008		Balance as at 31 October 2008	
	Units	Amount	Units	Amount	Units	Amount	Units	Amount
Liquid funds								
Templeton Treasury	-	-	1,306	1,334,391	1,306	1,334,391	-	-
ICICI Institutional Plan	-	-	112,462	1,332,699	112,462	1,332,699	-	-
Total	**-**	**-**	**113,768**	**2,667,090**	**113,768**	**2,667,090**	**-**	**-**

* The units are in thousands.

40. 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 October 2009.

Particulars	2009	2008
The principal amount and the interest due thereon remaining unpaid to any supplier as at 31 October	2,509	Nil
The amount of interest paid by the Company along with the amount of the payments made to the supplier beyond the appointed day	Nil	Nil
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year)	Nil	Nil
The amount of interest accrued and remaining unpaid at the end of the period	321	Nil
The amount of further interest remaining due and payable for the earlier years	Nil	Nil

41. The Company is engaged in the business of software development services, projects and professional services. Such services are not capable of being expressed in any generic unit and hence, it is not possible to give the quantitative details required under paragraphs 3, 4C and 4D of Part II of Schedule VI to the Companies Act, 1956.

42. The Company has made a provision of Rs 123,231,404 (31 October 2008: Rs Nil) towards claims during the year and the closing balance of such provisions as at the end of the year is Rs 169,101,026 (31 October 2008: Rs 45,869,622).

43. The Company has short term working capital facility of USD 5,000,000 or equivalent from a bank. This facility is usable interchangeably by the Company and its subsidiaries in India. The facility has not been utilised as at 31 October 2009.

44. Prior period figures are for the period 1 April 2008 to 31 October 2008 and hence not comparable with the figures of the current year ended 31 October 2009. The figures of previous period have been regrouped/ reclassified, wherever necessary, to conform with the current year classification.

For S.R. BATLIBOI & CO.
Chartered Accountants

per **Sunil Bhumralkar**
Partner
Membership No. 35141

Bangalore
24 November 2009

For and on behalf of the Board of Directors

Andreas W Mattes
Chairman

Balu Ganesh Ayyar
Chief Executive Officer

Ganesh Murthy
Chief Financial Officer

A. Sivaram Nair
Company Secretary

Bangalore
24 November 2009

Cash Flow Statement

(Rs 000's)

	Year ended 31 October 2009	For the period from 01 April 2008 to 31 October 2008
Cash flows from operating activities:		
Profit before taxation	8,708,072	2,686,620
Adjustments for:		
Interest income	(34,400)	(41,828)
Mutual Fund dividend income	(153,128)	(6,958)
Profit on sale of fixed assets	(8,080)	(972)
Depreciation and amortisation	1,370,329	690,878
Interest expenses	56,773	7,415
Operating profit before working capital changes	9,939,566	3,335,155
Debtors and unbilled revenues	275,747	(3,117,960)
Loans and advances	(4,300,580)	(249,846)
Current liabilities and provisions	4,060,273	1,477,880
Cash generated from operations	9,975,006	1,445,229
Income taxes (paid)/ refund	(1,231,700)	(78,986)
Net cash provided by operating activities	**8,743,306**	**1,366,243**
Cash flows from investing activities :		
Interest received	32,154	42,956
Proceeds from sale of fixed assets	80,018	3,549
Purchase of fixed assets	(1,065,214)	(825,358)
Mutual Fund dividend income	153,128	6,958
Inter corporate deposits placed	(978,800)	(540,900)
Inter corporate deposits refunded	1,021,000	385,900
Investment in Subsidiaries	(403,951)	(393)
Purchase of units of Mutual Funds	(51,666,305)	(2,667,090)
Sale of units of Mutual Funds	44,053,834	2,667,090
Net cash used in investing activities	**(8,774,136)**	**(927,288)**

Cash Flow Statement

(Rs 000's)

	Year ended 31 October 2009	For the period from 01 April 2008 to 31 October 2008
Cash flows from financing activities:		
Proceeds from issue of share capital (including premium)	79,814	22,858
Availment of secured loans	13,930	13,794
Repayment of secured loans	(30,311)	(15,068)
Unsecured loans repaid	(2,282,300)	(1,159,600)
Unsecured loans received	3,412,600	1,264,600
Interest paid on loan	(56,773)	(7,415)
Dividend paid including dividend tax	(486,190)	(806,569)
Net cash provided by/ (used in) financing activities	**650,770**	**(687,400)**
Changes in cash and cash equivalents	619,940	(248,445)
Cash and cash equivalents at beginning of the period	**350,178**	**598,623**
Cash and cash equivalents at end of the period*	**970,118**	**350,178**

* Cash and cash equivalents consists of cash and bank balances and short-term funds that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. It also includes restricted deposits amounting Rs 60,000,000 (31 October 2008: Rs Nil)

This is the Cash Flow Statement referred to in our report attached

For S.R. BATLIBOI & CO.
Chartered Accountants

per **Sunil Bhumralkar**
Partner
Membership No. 35141

Bangalore
24 November 2009

For and on behalf of the Board of Directors

Andreas W Mattes
Chairman

Balu Ganesh Ayyar
Chief Executive Officer

Ganesh Murthy
Chief Financial Officer

A. Sivaram Nair
Company Secretary

Bangalore
24 November 2009

Reconciliation of Financial Statement items with Cash Flow Items

(Rs 000's)

	Year ended 31 October 2009	For the period from 01 April 2008 to 31 October 2008
Purchase of fixed assets		
As per the Balance Sheet	1,325,738	850,272
Add: Closing capital work-in-progress	82,485	519,806
Add: Opening creditors for capital goods	239,421	84,021
Less: Opening capital work-in-progress	(519,806)	(389,320)
Less: Closing creditors for capital goods	(62,624)	(239,421)
Purchase of fixed assets	**1,065,214**	**825,358**
Sundry debtors and unbilled revenues		
As per the Balance Sheet	7,525,988	7,801,735
	7,525,988	**7,801,735**
Less: Opening Balance considered	7,801,735	4,683,775
Changes in sundry debtors and unbilled revenues	**(275,747)**	**3,117,960**
Loans and advances		
As per the Balance Sheet	8,662,202	3,170,129
Less: Advance income tax & tax deducted at source considered separately	(1,423,686)	(728,893)
Less: MAT credit entitlement considered separately	(881,450)	(384,750)
	6,357,066	**2,056,486**
Less: Opening balance considered	2,056,486	1,806,640
Changes in loans and advances	**4,300,580**	**249,846**
Current Liabilities and Provisions		
As per the Balance Sheet	10,814,481	7,034,929
Less: Creditors for capital goods considered separately	(62,624)	(239,421)
Less: Creditors for unclaimed dividend considered separately	(4,015)	(1,252)
Less: Inter corporate cash deposits	-	(105,000)
Less: Provision for taxation considered separately	(1,124,484)	(508,834)
Less: Liability to erstwhile shareholders of subsidiaries considered separately	(17,060)	(17,060)
Less: Provision for proposed dividend and tax on dividend considered separately	(858,156)	(488,859)
Less: Liability for EDS India merger expenses considered separately	(66,688)	(66,688)
Add/(Less): Hedge Reserve	674,345	(312,289)
	9,355,799	**5,295,526**
Less: Opening balance considered	5,295,526	3,817,646
Changes in current liabilities and provisions	**4,060,273**	**1,477,880**

Cash Flow Statement

(Rs 000's)

	Year ended 31 October 2009	For the period from 01 April 2008 to 31 October 2008
Income taxes paid/(refund)		
As per the Profit and Loss Account	339,351	41,478
Add: Increase in deferred taxes	316,506	61,633
Add: (Increase)/ Decrease in provision for taxation	(615,650)	(276,690)
Add: (Decrease)/ Increase in advance tax and tax deducted at source	694,793	31,495
Add: Increase in balance in MAT credit entitlement	496,700	221,070
Income taxes paid	**1,231,700**	**78,986**
Interest received		
Interest received on deposits	34,400	41,828
Add: Opening interest receivable	2,534	3,662
Less: Closing interest receivable	(4,780)	(2,534)
Interest received	**32,154**	**42,956**

For and on behalf of the Board of Directors

Andreas W Mattes
Chairman

Balu Ganesh Ayyar
Chief Executive Officer

Ganesh Murthy
Chief Financial Officer

A. Sivaram Nair
Company Secretary

Bangalore
24 November 2009

Balance Sheet Abstract

I. Registration Details

Registration No. L 3 0 0 0 7 K A 1 9 9 2 P L C 0 2 5 2 9 4

State Code (Refer Code List) 0 8

Balance-sheet 3 1 1 0 0 9
Date Month Year

II. Capital Raised during the year (Amount in Rs. Thousands)

Public Issue: - - N I L - -

Rights Issue: - - N I L - -

Bonus Issue: - - N I L - -

Private Placement: - - - 6 4 7 8

III. Position of Mobilisation and Deployment of Funds (Amount is Rs. Thousands)

Total Liabilities: 2 1 5 1 2 8 5 5

Total Assets: 2 1 5 1 2 8 5 5

Sources of Funds

Paid-up-Capital: 2 0 9 5 7 7 9

Reserves & Surplus: 1 8 1 4 5 0 3 1

Secured Loan: 2 9 7 5 1

Unsecured Loans: 1 2 3 5 3 0 0

Application of Funds

Net Fixed Assets (Including Net Deferred Tax Assets and Capital Work in Progress): 2 4 8 7 9 3 2

Investments: 1 2 5 3 3 5 1 6

Net Current Assets: 6 4 9 1 4 0 7

Miscellaneous Expenditure: - - N I L - -

Accumulated Losses: - - N I L - -

IV. Performance of company (Amount in Rs. Thousands)

Turnover: 3 4 0 5 0 2 1 7

Total Expenditure: 2 5 3 4 2 1 4 5

Profit / Loss Before Tax (+ / -): + 3 — 8 7 0 8 0 7 2

Profit / Loss After Tax (+ / -): + 3 — 8 3 6 8 7 2 1

(Please tick Appropriate box + for Profit, - for Loss)

Basic earnings per share in Rs.: 4 0 . 0 2

Dividend Rate (%): 3 5 . 0 0

V. Generic Names of Three Principal Products/Services of Company (as per monetary terms)

Item Code No. (ITC Code) 8 5 2 4 9 0 0 9 . 1 0

Product Description S O F T W A R E S E R V I C E S

Group Office Locations

INDIA

Bangalore

Bagmane Laurel
Block - A, Bagmane Technology Park,
Byrasandra Village, C V Raman Nagar,
Bangalore - 560 093
Tel: 080-4004 4444
Fax: 080-4004 9998

Bagmane Parin
Bagmane Technology Park,
Byrasandra Village, C V Raman Nagar,
Bangalore - 560 093
Tel: 080-4004 0404
Fax: 080-4004 9999

Global Technology Village SEZ
Servey Nos. 12/1, 12/2, 29 & 30
Mylasandra & Patanegere Villages
RVCE post, Kengeri Hobli
Bangalore - 560 059
Tel : 080-4355 6677
Fax : 080-2860 3372

Gopalakrishna Complex
45/3, Residency Road Cross,
Bangalore - 560 025
Tel : 080-2558 8722 &
080-2532 0671/2
Fax : 080-2532 0675

Ivega Building
Global Village, Mylasandra,
Mysore Road,
Bangalore -560 059
Tel : 080-4007 0100
Fax : 080-2860 3372

Kshema Dhama
#1, Global Village, Mylasandra,
Mysore Road,
Bangalore -560 059
Tel : 080-4003 0303
Fax : 080-2860 3372

Texas Instruments Building
Sy No. 12/1, Mylasandra,
Global Village, Mysore Road,
Bangalore - 560 059
Tel : 080-4003 8000
Fax : 080-2860 3372

The Millennia,
Tower A & B, No.1 & 2,
Murphy Road, Ulsoor,
Bangalore -560 008
Tel : 080-2556 7500 &
080-4188 2200
Fax : 080-2556 7515

Mereside Heights, No.1,
Old Madras Road,
Bangalore-560 016
Tel : 080-4176 5500
Fax : 080-4176 5506

Balaji Mansion
8/1, Bannerghatta Main Road,
J P Nagar Industrial Estate,
Bangalore-560 076
Tel: 080-4153 7505
Fax: 080-2658 1142

Ahmedabad

Iscon Centre, 2nd & 3rd Floor,
Shivaranjini Cross Road,
Ahmedabad - 380 015
Tel: 079-6652 9900
Fax: 079-6652 9905

Chennai

DLF SEZ IT Park,Tower 1B, Level 1-5,
1/124, Shivaji Garden,Manapakkam,
Mount Poonamalle Road,
Chennai -600 089
Tel : 044-6637 0000
Fax : 044-6637 4000

RMZ Millenia Business Park
Campus 1C, 143, Dr. MGR Road,
Perungadi,
Chennai -600 096
Tel : 044-6612 0000
Fax : 044-6612 2390 & 044-6612 3001

Tidal Park, No.4, 7th Floor,
Rajiv Gandhi Salai, Taramani,
Chennai -600 113.
Tel : 044-2254 9650
Fax : 044-2254 0720 & 044-2254 0710

The Lords II, Northern Extension Area,
Ekkatuthangal,
Thiru-Vi-Ka Industrial Estate
Guindy, Chennai – 600032
Tel : 044-4200 2300
Fax : 044-4209 2117

Hyderabad

Cyber Towers, A1 & A2, 3rd Quadrant,
7th Floor,Hitech City, Madhapur
Hyderabad - 500 081
Tel : 040-4004 7575
Fax : 040-4003 0570

Indore

Westside Building, No.17
3rd to 5th Floor, Race Course Road,
Indore - 452 001
Tel : 0731-4019 000
Fax : 0731-4019 034

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. 101 & 201,
Building No.4, 239,
General A K Vaidya Marg
Dindoshi, Malad(East)
Mumbai - 400 097
Tel : 022-6788 4000
Fax : 022-6788 4888

Akruti Centre Point,
Unit # 501, 5th Floor, MIDC,
Village Marol, Andheri (E),
Mumbai-400 093
Tel : 022-4018 4242
Fax : 022-4018 4200

Noida

A-14, Sector-64, NOIDA-201 301
Tel : 0120-434 1400
Fax : 0120-434 1417

Pune

Cybercity, Tower II & Tower IV
Cybercity, Magarpatta, Hadapsar,
Pune-411 013
Tel : 020-4014 1000
Fax : 020-6606 9010 & 020-4014 1432

Wing 'A' & 'B', Level 2,
Tower VII, Cybercity,
Magarpatta,Hadapsar,
Pune - 411 013
Tel : 020-4014 1000

Kharadi Knowledge Park
EON Kharadi Infrastructure Pvt. Ltd,
SEZ Plot No.1, Survey No.77,
MIDC, Kharadi, Pune - 411 014
Tel : 020-6606 9010

Marisoft, 1st Floor to 5th Floor,
Marigold Premises,
Survey No.15/1 to 15/6,
Vadgon Sheri, Kalyan Nagar,
Pune - 411 014
Tel : 020-6609 5555
Fax : 020-6609 5556

Puducherry

Om Shakthi Complex, No.173/3,
1st Floor, Karuvadikuppam,
East Coast Main Road,
Puducherry -605 008
Tel: 0413-2263 621
Fax: 0413-2263 623

Kolkata

Infinity Tower I, 11th Floor, Plot - A3,
Block-GP Sector - V, Saltlake City,
Kolkata – 700091
Tel : 033-6613 0300
Fax : 033-2357 0104

Vododara

Survey # 81/1, Opp. Sarabhai
Chemicals, Ghenda Circle, Wadivadi,
Off. Alkapuri,
Vadodara - 390 002
Tel : 0265-6633 269

Australia

Shop 5, 17-19 East Parade Sutherland
NSW 2232.

Belgium

Pegasuslaan 5, 1831 Diegem
Belgium

Germany

Koblenzer Str. 17, EG rechts,
56130 Bad Ems, Germany

Koblenzer Str. 34, Postfach 1221,
D 56130 Bad Ems, Germany
Tel : 49-2603 504 151
Fax : 49 (0) 2603 506 301

Mainzer Landstr. 27-31
Room no. 421, 422, 4th floor
60329 Frankfurt/Main, Germany
Tel : 49(0) 69- 2740 15-0
Fax : 49(0) 69- 2740 15-111

Ireland

Century House,
Harold's Cross Road,
Dublin 6 w

Mauritius

Rogers House,
5, President John Kennedy Street
Port Louis, Mauritius

Netherlands

Busitel 1, Oxlyplein 85,
1043 DS Amsterdam,
The Netherlands
Tel : 31 20 4037 330
Fax : 31 20 403 7551

Shanghai

Room No.912, No 1011, Lujiabang Road,
Huangpu District, Shanghai
Tel : 86 21 5080 7366
Fax : 86 21 5080 7362

Room No. 23206, No.498,
Ghoushoujing Road,
Pudong New Area,
Shanghai PO 201203, PRC
Tel : 86 21 5080 7366
Fax : 86 21 5080 7362

Singapore

101 Cecil Street, 22-06,
Tong Eng Building,
Singapore 069533.
Tel : 65-6372 1737
Fax : 65-6372 1737

UK

12th floor, 88 Wood Street,
London EC2V 7RS, UK
Tel : 44 208 5281 066
Fax : 44 208 528 1001

Edinburgh House,
43 - 51 Windsor Road
Slough SL1 2EE, UK
Tel : 44 1753217700
Fax : 44 1753217701

USA

1220N Market Street, Suit 806,
Wilmington, DE 19801

5353, North 16th Street,
Suite 400 Phoenix,
Arizona 85016.
Tel : 602-604-3100
Fax : 602-604-3115

460 Park Avenue South,
NY 10016
Tel : 212-686-6655
Fax : 212-686-2422

1670 South Amphlett Blvd,
Suite 214, San Mateo CA 94402
Tel : 650-349 3952
Fax : 650-378 8531

3242 Players Club Circle
Memphis, TN. 38125
Tel : 901-748-3604
Fax : 901-748-3241

3350 Players Club Parkway
Suite 120, Memphis,
TN 38120
Tel : 901-767-7550
Fax : 901-767-9350

11600 Jones Road
Cypress Center, Suite # 108/14
Houston, TX 77070
Tel : 832-229-4677

Sweden

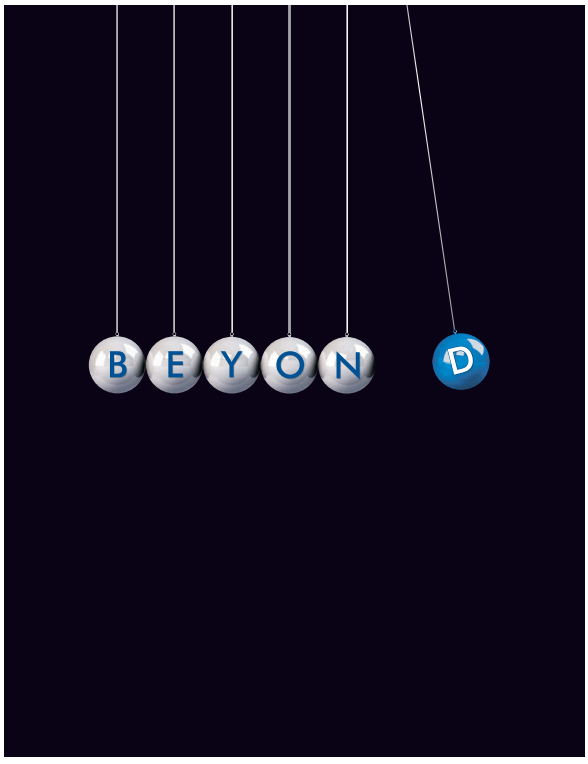
Hellstrom Advokatbyra KB,
Box 7305
103 90 Stockholm Sweden

France

1 Place Paul Verlaine
92100 Boulogne – Billancourt

Switzerland

Swiss Branch, Zurich
BB Treuhand AG,
Rathausstrasse 7
6341 Baar (Switzerland)



When energy is applied to an object, it accelerates. The acceleration takes place in the direction of the applied force, and is proportional to its magnitude.

This principle, derived from Newton's Law of Motion also applies to organizations and their employees.

Organizations with focused goals and committed actions succeed to go BEYOND...

MPHASIS
an HP company

www.mphasis.com