



**Audited Condensed Standalone Financial Statements
for the quarter and six months ended 30 September 2017**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Mphasis Limited

Report on the Interim Condensed Standalone Ind AS Financial Statements

We have audited the accompanying interim condensed standalone Ind AS financial statements of Mphasis Limited ("the Company"), which comprise the interim condensed standalone Balance Sheet as at 30 September 2017, the interim condensed standalone Statement of Profit and Loss (including other comprehensive income) for the quarter and six months then ended, the interim condensed standalone statement of cash flows and the interim condensed standalone Statement of changes in equity for the six months then ended on that date and a summary of select explanatory notes.

Management's Responsibility for the Interim Condensed Standalone Ind AS Financial Statements

The Company's Board of Directors is responsible with respect to the preparation of these interim condensed standalone Ind AS financial statements in accordance with the requirements of Indian Accounting Standard (Ind AS) 34, "Interim Financial Reporting" as specified under Section 133 of the Companies Act, 2013 ('Act') read with the relevant rules issued thereunder and other accounting principles generally accepted in India. The Board of Directors are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the interim condensed standalone Ind AS financial statements are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility for Interim Condensed Standalone Ind AS Financial Statements

Our responsibility is to express an opinion on these interim condensed standalone Ind AS financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the interim condensed Ind AS standalone financial statements that are not materially misstated in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Board of Directors, as well as evaluating the overall presentation of the interim condensed standalone Ind AS financial statements. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the interim condensed standalone Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the accompanying interim condensed standalone Ind AS financial statements have been prepared, in all material respects, in accordance with the requirements of Ind AS 34 specified under Section 133 of the Act, read with relevant rules issued thereunder and other accounting principles generally accepted in India.

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

per Adarsh Ranka
Partner
Membership Number: 209567

Place of Signature: Bengaluru
Date: 26 October 2017

Mphasis Limited
Condensed Standalone Financial Statements

CONDENSED STANDALONE BALANCE SHEET

(₹ millions)

30 September 2017

31 March 2017

ASSETS

Non-current assets

Property, Plant and Equipment	609.94	628.54
Other Intangible assets	131.20	146.60
Intangible assets under development	4.80	2.00

Financial assets

Investments	15,425.68	15,425.72
Trade receivables	10.60	31.32
Loans and advances	1,136.13	1,094.73
Other financial assets	0.17	109.32
Deferred tax assets (Net)	551.04	291.44
Income tax assets (Net)	3,529.30	3,540.58
Other non-current assets	1,707.01	1,962.64

Sub total

23,105.87

23,232.89

Financial assets

Investments	8,020.16	14,706.52
Trade receivables	5,119.27	7,075.76
Cash and cash equivalents	816.54	2,520.52
Bank balances other than cash and cash equivalents	109.15	-
Loans and advances	1,229.95	1,497.88
Other financial assets	2,600.88	3,011.32
Other current assets	1,477.60	1,707.06

Sub total

19,373.55

30,519.06

TOTAL ASSETS

42,479.42

53,751.95

Mphasis Limited
Condensed Standalone Financial Statements

CONDENSED STANDALONE BALANCE SHEET

(₹ millions)

30 September 2017 **31 March 2017**

EQUITY AND LIABILITIES

Equity

Equity share capital 1,931.72 2,104.24

Other equity

Securities premium 47.52 1,654.10

General reserve - 6,576.85

Retained earnings 32,030.35 35,455.23

Other reserves 924.68 1,162.84

Total equity 34,934.27 46,953.26

LIABILITIES

Non-current liabilities

Financial liabilities

Other financial liabilities 11.23 10.73

Net employee defined benefit liabilities 430.91 536.05

Sub total 442.14 546.78

Current liabilities

Financial liabilities

Borrowings 1,309.00 -

Trade payables 3,524.67 4,297.74

Other financial liabilities 692.07 536.80

Net employee defined benefit liabilities 375.10 435.96

Provisions 157.03 287.09

Other current liabilities 387.51 241.66

Income tax liabilities (Net) 657.63 452.66

Sub total 7,103.01 6,251.91

TOTAL EQUITY AND LIABILITIES 42,479.42 53,751.95

Explanatory notes annexed.

The explanatory notes form an integral part of these condensed standalone financial statements.

As per our report of even date.

For S.R. BATLIBOI & ASSOCIATES LLP

Chartered Accountants

ICAI Firm registration number: 101049W/E300004

For and on behalf of the Board of Directors

per Adarsh Ranka

Partner

Membership No. 209567

Nitin Rakesh

Chief Executive Officer

Narayanan Kumar

Director

V. Suryanarayanan

Executive Vice President &

Chief Financial Officer

A. Sivaram Nair

Executive Vice President, Company

Secretary General Counsel & Ethics

Officer

Bengaluru

26 October 2017

Mumbai

26 October 2017

Mphasis Limited
Condensed Standalone Financial Statements

CONDENSED STANDALONE STATEMENT OF PROFIT AND LOSS				(₹ millions)
	Quarter ended 30 September 2017	Quarter ended 30 September 2016	Six months ended 30 September 2017	Six months ended 30 September 2016
Income				
Revenue from operations	8,056.96	7,637.06	15,916.89	14,770.95
Other income	292.98	530.18	656.80	972.05
Total income (I)	8,349.94	8,167.24	16,573.69	15,743.00
Expenses				
Purchase of stock-in-trade	-	-	-	0.24
Changes in inventories of stock-in-trade	-	0.24	-	40.99
Employee benefits expense	3,412.84	3,438.29	6,907.64	6,804.58
Finance costs	19.07	2.12	21.20	17.05
Depreciation and amortization expense	80.79	69.92	158.74	126.90
Other expenses	2,526.48	2,586.13	4,986.50	5,003.57
Total expenses (II)	6,039.18	6,096.70	12,074.08	11,993.33
Profit before tax and exceptional item (III) [(I)-(II)]	2,310.76	2,070.54	4,499.61	3,749.67
Exceptional item (net of tax) (IV)				
Accelerated cost due to change in control (refer note 6)	-	39.77	-	39.77
Profit before tax and after exceptional item (III)-(IV)	2,310.76	2,030.77	4,499.61	3,709.90
Tax expenses				
Current tax	572.97	489.86	1,131.84	943.43
Deferred tax	11.07	4.39	(6.94)	(53.11)
Total tax expenses	584.04	494.25	1,124.90	890.32
Profit for the period before exceptional item	1,726.72	1,576.29	3,374.71	2,859.35
Profit for the period after exceptional item (A)	1,726.72	1,536.52	3,374.71	2,819.58
Other comprehensive income ('OCI')				
OCI to be reclassified to profit or loss in subsequent periods				
Net change in fair value of derivatives designated as cash flow hedges	(530.68)	256.94	(701.40)	229.58
Income tax effect on the above	183.66	(88.91)	242.74	(79.44)
Net OCI to be reclassified to profit or loss in subsequent periods (B)	(347.02)	168.03	(458.66)	150.14

Mphasis Limited
Condensed Standalone Financial Statements

CONDENSED STANDALONE STATEMENT OF PROFIT AND LOSS				(₹ millions)
	Quarter ended 30 September 2017	Quarter ended 30 September 2016	Six months ended 30 September 2017	Six months ended 30 September 2016
OCI not to be reclassified to profit or loss in subsequent periods				
Re-measurement gains / (losses) on defined benefit plans	(18.26)	0.07	(28.67)	(0.41)
Income tax effect on the above	6.32	(0.03)	9.92	0.14
Net OCI not to be reclassified to profit or loss in subsequent periods (C)	(11.94)	0.04	(18.75)	(0.27)
Total OCI for the period, net of tax (D) [B+C]	(358.96)	168.07	(477.41)	149.87
Total comprehensive income for the period (A+D)	1,367.76	1,704.59	2,897.30	2,969.45
Profit for the period attributable to:				
Owners of the Company	1,726.72	1,536.52	3,374.71	2,819.58
Non-controlling interests	-	-	-	-
	1,726.72	1,536.52	3,374.71	2,819.58
Total comprehensive income for the period attributable to:				
Owners of the Company	1,367.76	1,704.59	2,897.30	2,969.45
Non-controlling interests	-	-	-	-
	1,367.76	1,704.59	2,897.30	2,969.45
Earnings per equity share before exceptional item (par value ₹ 10 per share)				
Basic (₹)	8.94	7.51	16.92	13.62
Diluted (₹)	8.93	7.48	16.90	13.58
Earnings per equity share after exceptional item (par value ₹ 10 per share)				
Basic (₹)	8.94	7.32	16.92	13.43
Diluted (₹)	8.93	7.30	16.90	13.39
Weighted average number of shares – Basic	193,127,437	209,890,017	199,447,314	209,876,056
Weighted average number of shares – Diluted	193,359,334	210,614,859	199,660,450	210,623,153

Explanatory notes annexed.

The explanatory notes form an integral part of these condensed standalone financial statements.

As per our report of even date.

For S.R. BATLIBOI & ASSOCIATES LLP
Chartered Accountants
ICAI Firm registration number: 101049W/E300004

For and on behalf of the Board of Directors

per Adarsh Ranka
Partner
Membership No. 209567

Nitin Rakesh
Chief Executive Officer

Narayanan Kumar
Director

V. Suryanarayanan
Executive Vice President &
Chief Financial Officer

A. Sivaram Nair
Executive Vice President, Company
Secretary General Counsel & Ethics
Officer

Bengaluru
26 October 2017

Mumbai
26 October 2017

Mphasis Limited
Condensed Standalone Financial Statements

CONDENSED STATEMENT OF CHANGES IN EQUITY

a. Equity share capital

Equity shares of ₹ 10 each issued, subscribed and fully paid	No. in millions	₹ millions
As at 1 April 2017	210.42	2,104.24
Issue of share capital	0.12	1.18
Equity shares extinguished on buy back (refer note 5)	(17.37)	(173.70)
As at 30 September 2017	193.17	1,931.72
As at 1 April 2016	210.19	2,101.94
Issue of share capital	0.04	0.40
As at 30 September 2016	210.23	2,102.34

b. Other equity

(₹ millions)

	Attributable to the equity holders of the Company								Hedging reserve	Total
	Reserves and surplus							Items of OCI		
	Securities Premium	General reserve	Retained earnings	Capital reserve	Capital redemption reserve	Share based payments	Treasury shares			
As at 1 April 2017	1,654.10	6,576.85	35,455.23	265.16	-	190.47	(0.45)	707.66	44,849.02	
Profit for the period	-	-	3,374.71	-	-	-	-	-	3,374.71	
Other Comprehensive Income	-	-	(18.75)	-	-	-	-	(458.66)	(477.41)	
Equity dividend and Dividend Distribution Tax	-	-	(3,951.45)	-	-	-	-	-	(3,951.45)	
Buy back of equity shares (refer note 5)	(1,654.10)	(6,576.85)	(2,799.05)	-	173.70	-	-	-	(10,856.30)	
Buy back expenses	-	-	(30.34)	-	-	-	-	-	(30.34)	
Effect of share based payments	47.52	-	-	-	-	46.35	0.45	-	94.32	
As at 30 September 2017	47.52	-	32,030.35	265.16	173.70	236.82	-	249.00	33,002.55	
As at 1 April 2016	1,572.36	5,946.19	34,910.97	265.16	-	170.43	(158.29)	231.76	42,938.58	
Profit for the period	-	-	2,819.58	-	-	-	-	-	2,819.58	
Other Comprehensive Income	-	-	(0.27)	-	-	-	-	150.14	149.87	
Effect of share based payments	14.15	2.70	-	-	-	131.15	11.44	-	159.44	
As at 30 September 2016	1,586.51	5,948.89	37,730.28	265.16	-	301.58	(146.85)	381.90	46,067.47	

Explanatory notes annexed.

The explanatory notes form an integral part of these condensed standalone financial statements.

As per our report of even date.

For S.R. BATLIBOI & ASSOCIATES LLP

For and on behalf of the Board of Directors

Chartered Accountants

ICAI Firm registration number:

101049W/E300004

per Adarsh Ranka

Partner

Membership No. 209567

Nitin Rakesh

Chief Executive Officer

Narayanan Kumar

Director

V. Suryanarayanan

Executive Vice President &
Chief Financial Officer

A. Sivaram Nair

Executive Vice President, Company
Secretary General Counsel & Ethics
Officer

Bengaluru
26 October 2017

Mumbai
26 October 2017

Mphasis Limited
Condensed Standalone Financial Statements

CONDENSED STANDALONE STATEMENT OF CASH FLOWS

(₹ millions)

	Six months ended 30 September 2017	Six months ended 30 September 2016
Operating activities		
Profit before exceptional item and tax	4,499.61	3,749.67
Adjustment to reconcile profit before tax to net cash flows:		
Depreciation of Property, Plant and Equipment	123.34	105.72
Amortisation of intangible assets	35.43	21.28
Amortisation of rent equalisation	277.77	214.92
Profit on sale of Property, Plant and Equipment	(3.74)	(4.23)
Fair value changes in financial instruments	(247.73)	(105.06)
Amortised cost of deposits	(2.53)	0.16
Share-based payment expense	43.68	(4.55)
Provision for bad and doubtful debts	(20.24)	-
Interest expense (excluding exchange difference considered as adjustment to borrowing cost)	7.27	17.05
Interest income (excluding fair value changes)	(72.20)	(201.77)
Dividend income	-	(126.33)
Profit on sale of investments	(160.23)	(351.62)
Receipts on exercise of options	-	10.28
Effect of exchange rate changes - loss	28.25	38.00
Operating profit before working capital changes	4,508.68	3,363.52
Working capital changes		
(Increase) / decrease in trade receivables	1,997.45	(676.46)
(Increase) / decrease in loans and advances	317.36	165.08
(Increase) / decrease in other financial assets	(114.91)	601.51
(Increase) / decrease in inventories	-	40.99
(Increase) / decrease in other assets	169.48	164.87
Increase / (decrease) in trade payables	(773.07)	452.95
Increase / (decrease) in other financial liabilities	29.10	64.45
Increase / (decrease) in provisions and Net employee defined benefit liabilities	(324.73)	(290.03)
Increase / (decrease) in other liabilities	145.85	(95.59)
Total working capital changes	1,446.53	427.77
Income tax paid (net of refunds)	(915.59)	(550.87)
Net cash flow from operating activities after exceptional item (A)	5,039.62	3,240.42
Investing activities		
Purchase of Property, Plant and Equipment	(132.28)	(281.60)
Proceeds from sale of Property, Plant and Equipment	7.37	9.35
Purchase of investments	(19,474.00)	(150,225.15)
Sale of investments	26,568.32	146,571.00
Interest received	22.16	108.67
Dividends received	-	126.33
Re-investment of dividend	-	(90.75)
Investments in bank deposits	-	(56.03)
Redemption / maturity of bank deposits	-	2,118.75
Net cash flow from / (used in) investing activities (B)	6,991.57	(1,719.43)

Mphasis Limited
Condensed Standalone Financial Statements

CONDENSED STANDALONE STATEMENT OF CASH FLOWS	(₹ millions)	
	Six months ended 30 September 2017	Six months ended 30 September 2016
Financing activities		
Proceeds from issue of share capital	1.18	0.40
Proceeds of premium from issue of share capital	0.24	0.09
Payment towards buy back of shares	(11,030.00)	-
Buy back expenses paid	(30.34)	-
Repayment of unsecured loans	-	(1,363.10)
Availment of unsecured loans	1,280.75	-
Interest paid	(7.27)	(17.05)
Dividends paid (including tax on dividend)	(3,949.73)	(0.15)
Net cash flow used in financing activities (C)	(13,735.17)	(1,379.81)
Net increase/(decrease) in cash and cash equivalents (A+B+C)	(1,703.98)	141.18
Cash and cash equivalents at the beginning of the period	2,520.52	1,321.15
Cash and cash equivalents at the end of the period	816.54	1,462.33
Components of cash and cash equivalents		
On current accounts	515.79	630.49
Deposits with original maturity of less than 3 months	287.52	824.28
Unclaimed dividend	13.23	7.56
Total cash and cash equivalents	816.54	1,462.33

As per our report of even date.

For S.R. BATLIBOI & ASSOCIATES LLP
Chartered Accountants
ICAI Firm registration number: 101049W/E300004

For and on behalf of the Board of Directors

per Adarsh Ranka
Partner
Membership No. 209567

Nitin Rakesh
Chief Executive Officer

Narayanan Kumar
Director

V. Suryanarayanan
Executive Vice President &
Chief Financial Officer

A. Sivaram Nair
Executive Vice President, Company
Secretary General Counsel & Ethics
Officer

Bengaluru
26 October 2017

Mumbai
26 October 2017

Mphasis Limited
Condensed Standalone Financial Statements

EXPLANATORY NOTES TO THE CONDENSED STANDALONE FINANCIAL STATEMENTS

1. Corporate Information

The interim condensed standalone financial statements comprise financial statements of Mphasis Limited, its branch and controlled employee benefit trusts. The Company is a public company domiciled in India and is incorporated under the provisions of the Companies Act applicable in India. The shares of the Company are listed on two recognised stock exchanges in India. The registered office of the Company is located in Bengaluru, India.

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

The condensed standalone financial statements for the quarter and six months ended 30 September 2017 are approved by the Board of Directors on 26 October 2017.

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

List of Trusts that are consolidated

- Mphasis Employee Benefit Trust.
- Mphasis Employees Equity Reward Trust.

2. Basis of Preparation

The accompanying interim condensed standalone financial statements of Mphasis Limited ('the Company'), has been prepared in accordance with the Indian Accounting Standards ("Ind AS") 34, Interim Financial Reporting prescribed under Section 133 of the Companies Act, 2013 read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) amendment Rules, 2016. The interim condensed standalone financial statements have been prepared on the historical cost basis, except for certain financial instruments which are measured at fair values at the end of each reporting period. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The Company has followed the same accounting policies in preparation of the interim condensed standalone financial statements as those followed in preparation of the annual standalone financial statements as at and for the year ended 31 March 2017. These interim condensed standalone financial statements should be read in conjunction with the audited standalone Ind AS financial statements and the related notes for the year ended 31 March 2017.

3. Financial Instruments

The carrying value of financial instruments by categories as of 30 September 2017 is as follows:

(₹ millions)

Particulars	Fair value through profit or loss	Derivative instruments in Hedging relationship	Derivative instruments not in Hedging relationship	Amortised Cost	Total
Financial assets					
Cash and cash equivalents	-	-	-	816.54	816.54
Bank balances other than cash and cash equivalents	-	-	-	109.15	109.15
Investment (other than investment in Subsidiaries)	8,020.16	-	-	1,255.17	9,275.33
Trade receivables	-	-	-	5,129.87	5,129.87
Loans and advances	-	-	-	2,366.08	2,366.08
Forward cover	-	-	19.70	-	19.70
Cash flow hedges	-	507.06	-	-	507.06
Other financial assets	-	-	-	2,074.29	2,074.29
Total	8,020.16	507.06	19.70	11,751.10	20,298.02
Financial liabilities					
Borrowings	-	-	-	1,309.00	1,309.00
Trade payables	-	-	-	3,524.67	3,524.67
Forward cover	-	-	50.97	-	50.97
Cash flow hedges	-	126.30	-	-	126.30
Other financial liabilities	-	-	-	526.03	526.03
Total	-	126.30	50.97	5,359.70	5,536.97

Mphasis Limited
Condensed Standalone Financial Statements

The carrying value of financial instruments by categories as of 31 March 2017 is as follows: (₹ millions)

Particulars	Fair value through profit or loss	Derivative instruments in Hedging relationship	Derivative instruments not in Hedging relationship	Amortised Cost	Total
Financial assets					
Cash and cash equivalents	-	-	-	2,520.52	2,520.52
Bank balances other than cash and cash equivalents	-	-	-	-	-
Investment (other than investment in Subsidiaries)	14,706.52	-	-	1,255.17	15,961.69
Trade receivables	-	-	-	7,107.08	7,107.08
Loans and advances	-	-	-	2,592.61	2,592.61
Forward cover	-	-	168.94	-	168.94
Cash flow hedges	-	1,082.46	-	-	1,082.46
Other financial assets	-	-	-	1,869.24	1,869.24
Total	14,706.52	1,082.46	168.94	15,344.62	31,302.54
Financial liabilities					
Trade payables	-	-	-	4,297.74	4,297.74
Forward cover	-	-	1.33	-	1.33
Cash flow hedges	-	0.29	-	-	0.29
Other financial liabilities	-	-	-	545.91	545.91
Total	-	0.29	1.33	4,843.65	4,845.27

Fair value hierarchy:

Particulars	As at 30 September 2017				As at 31 March 2017			
	Fair value measurements at reporting date using				Fair value measurements at reporting date using			
	Total	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3
Assets								
Investment (other than investment in Subsidiaries)	8,020.16	8,020.16	-	-	14,706.52	14,706.52	-	-
Derivative instruments								
Cash flow hedges*	507.06	-	507.06	-	1,082.46	-	1,082.46	-
Forward cover	19.70	-	19.70	-	168.94	-	168.94	-
Liabilities								
Derivative instruments								
Cash flow hedges*	126.3	-	126.30	-	0.29	-	0.29	-
Forward cover	50.97	-	50.97	-	1.33	-	1.33	-

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

- The management had re-assessed the future profitability of long term revenue contract as at 31 March 2016 and accordingly provided for ₹ 483.66 millions. The losses incurred subsequently under this contract has been adjusted against the said provision and the balance as at 30 September 2017 is ₹ 76.00 millions (31 March 2017: ₹ 204.06 millions).
- During the quarter ended 30 June 2017, the Company has completed the buyback of 17,370,078 fully paid-up equity shares of face value of ₹ 10 each ("equity shares") on 2 June 2017, representing 8.26% of the total paid-up equity share capital of the Company, at a price of ₹ 635 per equity share for an aggregate amount of up to ₹ 11,030.00 millions. The shares accepted by the Company under the buyback has been extinguished on 7 June 2017 and the paid-up equity share capital of the Company has been reduced to that extent. Subsequent to completion of buyback, the Company has transferred ₹ 173.70 millions to Capital Redemption Reserve representing face value of equity shares bought back.
- During the quarter ended 30 September 2016, the transfer of control from Hewlett Packard Enterprise Company to Blackstone group has resulted in accelerated vesting of unvested employee stock options and employee bonus, accordingly the Company has provided for deferred employee compensation cost on an accelerated basis over the remaining vesting period amounting to ₹ 39.77 millions (net of tax of ₹ 21.45 millions) and had accounted the same as exceptional item.
- The Board of Directors, in its meeting held on 25 May 2017 had proposed the final dividend of ₹ 17 per share for the year ended 31 March 2017. The dividend proposed by the Board of Directors is approved by the shareholders' in the Annual General meeting held on 26 July 2017. During the quarter the Company has accounted the same in accordance with Ind AS -10.

Mphasis Limited
Condensed Standalone Financial Statements

8. Contingent Liabilities

The Company has received assessment orders for the financial years ended 31 March 2005, 31 March 2007, 31 March 2008, 31 March 2009, 31 March 2010, 31 March 2011, 31 March 2012 and 31 March 2013 wherein certain adjustments in respect of transfer pricing under Section 92CA of the Income Tax Act, 1961 have been made to the taxable income and demand orders for ₹ 2,080.46 millions (31 March 2017: ₹ 2,080.46 millions) have been raised on the Company. The above demands are disputed by the management and the Company has filed appeals against the aforesaid orders with appellate authorities. The management is of the view that the prices determined by it are at arm's length and is confident that the demands raised by the assessing officer are not tenable under law. Pending outcome of the aforesaid matters under litigation, no provision has been made in the books of account for the above mentioned tax demands.

Other claims against the Company (majorly Income tax and indirect tax) not acknowledged as debts amount to ₹ 7,055.28 millions (31 March 2017: ₹ 7,057.33 millions) net of bank guarantees aggregating to ₹ 6,661.95 millions (31 March 2017: ₹ 6,661.95 millions). The management, basis internal evaluation and legal opinion is of the view that these demands are not tenable.

Other outstanding bank guarantees as at 30 September 2017: ₹ 645.93 millions (31 March 2017: ₹ 688.31 millions); including those furnished on account of jointly controlled operations ₹ 99.35 millions (31 March 2017: ₹ 99.35 millions) and customs authorities aggregating to ₹ 52.57 millions (31 March 2017: ₹ 52.57 millions).

The Company has received claims from certain customers / vendors. Management is of the view that these claims are not tenable and is taking appropriate action in this regard. It is not practical for the Company to estimate the amounts.

The Company has issued performance guarantees on behalf of its subsidiaries for any future liabilities which may arise out of contracts and to certain clients for executed contracts. It is not practical for the Company to estimate the amounts.

9. Segment Reporting

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

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

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

Business segments	(₹ millions)			
	Quarter ended 30 September 2017	Quarter ended 30 September 2016	Six months ended 30 September 2017	Six months ended 30 September 2016
Segment revenue				
Banking and Capital Market	2,889.56	2,669.30	5,695.66	4,959.61
Insurance	1,720.50	1,733.00	3,372.56	3,572.89
Information Technology, Communication and Entertainment	960.86	923.28	1,968.32	1,873.46
Emerging Industries	2,109.77	2,143.44	4,056.87	4,128.53
Unallocated - Hedge	376.27	168.04	823.48	236.46
Total segment revenue	8,056.96	7,637.06	15,916.89	14,770.95
Segment result *				
Banking and Capital Market	617.59	523.71	1,162.08	826.36
Insurance	482.52	391.27	894.16	970.97
Information Technology, Communication and Entertainment	307.96	281.98	601.60	516.82
Emerging Industries	787.82	783.41	1,417.50	1,488.90
Unallocated - Hedge	376.27	168.04	823.48	236.46
Total segment result	2,572.16	2,148.41	4,898.82	4,039.51
Interest income	47.84	142.14	112.59	240.99
Finance costs	(19.07)	(2.12)	(21.20)	(17.05)
Other income	245.14	388.04	544.21	731.06
Other unallocable expenditure	(535.31)	(645.70)	(1,034.81)	(1,284.61)
Profit before taxation	2,310.76	2,030.77	4,499.61	3,709.90
Income taxes	584.04	494.25	1,124.90	890.32
Profit after taxation	1,726.72	1,536.52	3,374.71	2,819.58

* includes exceptional item.

Mphasis Limited
Condensed Standalone Financial Statements

	(₹ millions)	
	30 September 2017	31 March 2017
Segment assets		
Banking and Capital Market	6,018.23	6,770.70
Insurance	1,738.44	2,375.43
Information Technology, Communication and Entertainment	1,130.81	1,528.72
Emerging Industries	2,647.99	3,705.65
Total segment assets	11,535.47	14,380.50
Unallocated assets	30,943.95	39,371.45
Total assets	42,479.42	53,751.95
Segment liabilities		
Banking and Capital Market	2,139.00	2,259.45
Insurance	1,241.11	2,142.55
Information Technology, Communication and Entertainment	692.69	683.37
Emerging Industries	1,284.40	1,201.16
Total segment liabilities	5,357.20	6,286.53
Unallocated liabilities	2,187.95	512.16
Total liabilities	7,545.15	6,798.69
Capital employed		
Banking and Capital Market	3,879.23	4,511.25
Insurance	497.33	232.88
Information Technology, Communication and Entertainment	438.12	845.35
Emerging Industries	1,363.59	2,504.49
Unallocated	28,756.00	38,859.29
Total capital employed	34,934.27	46,953.26

10. Previous period's figures have been reclassified to confirm with the current period's classification, wherever applicable.

As per our report of even date.

For S.R. BATLIBOI & ASSOCIATES LLP
Chartered Accountants
ICAI Firm registration number: 101049W/E300004

For and on behalf of the Board of Directors

per Adarsh Ranka
Partner
Membership No. 209567

Nitin Rakesh
Chief Executive Officer

Narayanan Kumar
Director

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

A. Sivaram Nair
*Executive Vice President, Company
Secretary General Counsel & Ethics
Officer*

Bengaluru
26 October 2017

Mumbai
26 October 2017