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INDEPENDENT AUDITORS' REPORT

To the Members of Mphasis Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Mphasis Limited (hereinafter referred to as “the Holding Company”) and its subsidiaries (Holding Company and its subsidiaries together referred to as “the Group”), which comprise the consolidated balance sheet as at 31 March 2022, the consolidated statement of profit and loss (including other comprehensive income), consolidated statement of changes in equity, consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as “the consolidated financial statements”).

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 (“the Act”) in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31 March 2022, of its consolidated profit and other comprehensive income, consolidated changes in equity and consolidated cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those SAs are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in terms of the Code of Ethics issued by the Institute of Chartered Accountants of India and the relevant provisions of the Act, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our opinion on the consolidated financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Mphasis Limited

INDEPENDENT AUDITORS' REPORT (continued)

Key Audit Matters (continued)

Description of Key Audit Matters

Accounting for Business Combinations	
See note 6(a) to the consolidated financial statements	
The key audit matter	How the matter was addressed in our audit
<p>During the current year, the Group completed a business combination.</p> <p>Accounting for Business Combinations requires judgement with respect to identification and valuation of identifiable intangible assets acquired as part of the business combination. A significant portion of the purchase price has been attributed to identified intangible assets and goodwill. The valuation of identified intangible assets are dependent on cash flow forecasts including future business growth, expected synergies and application of a discount rate, which are inherently subjective.</p>	<p>Our audit procedures on accounting for business combinations include the following:</p> <ul style="list-style-type: none"> • Evaluated the design, implementation and operating effectiveness of the internal controls relating to accounting for business combinations and related disclosures in the consolidated financial statements. • Evaluated if the cash flow forecasts with regard to the valuation of the identified intangible assets are reasonable, considering the historical financial performance, business growth and expected synergies. • We along with our valuation specialists, evaluated the reasonableness of the methodology and key assumptions used by the Group and the valuer engaged by the Group to value each intangible asset and goodwill. • Re-computed the deferred tax liabilities arising on the acquired intangible assets and verified if the applicable tax rates have been considered. • Evaluated the adequacy and accuracy of the disclosures in the consolidated financial statements.

Mphasis Limited

INDEPENDENT AUDITORS' REPORT (continued)

Key Audit Matters (continued)

Description of Key Audit Matters (continued)

Evaluation of tax positions	
See note 32(a) to the consolidated financial statements	
The key audit matter	How the matter was addressed in our audit
<p>The Group's operations in India are subject to periodic challenges by local tax authorities on a range of tax matters during the normal course of business including direct tax and transfer pricing matters. Estimating the income tax expense also requires the Group to determine the probability of tax authorities accepting a particular tax treatment for potential tax exposures. These involve significant judgment by the Group to determine the possible outcome of the tax litigations and potential tax exposures, consequently having an impact on related accounting and disclosures in the consolidated financial statements.</p>	<p>Our audit procedures on taxation include the following:</p> <ul style="list-style-type: none"> • Obtained an understanding of key tax litigations and potential tax exposures. • Evaluated the design, implementation and operating effectiveness of the internal controls relating to management's assessment of the possible outcome of tax litigations, potential tax exposures and related disclosures in the consolidated financial statements • The audit team, along with our internal tax experts: <ul style="list-style-type: none"> ▪ read and analyzed select key correspondences and consultations carried out by the Group including with external tax experts for key tax litigations and potential tax exposures. ▪ inquired with the Group and external tax experts to evaluate key assumptions and grounds of appeal considered by the Group in estimating the current tax balances. ▪ evaluated the status of the recent tax assessments / inquiries, results of previous tax assessments, legal precedence / judicial rulings and changes in the tax environment. This is performed to assess and challenge the Group's estimate of the possible outcome of key tax litigations and potential tax exposures. ▪ assessed and tested the adequacy and accuracy of the presentation and disclosures in the consolidated financial statements.

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INDEPENDENT AUDITORS' REPORT (continued)

Key Audit Matters (continued)

Description of Key Audit Matters (continued)

Impairment of Goodwill	
See note 5 to the consolidated financial statements	
The key audit matter	How the matter was addressed in our audit
<p>Goodwill is a significant item on the balance sheet and the Group performs impairment testing for goodwill annually.</p> <p>In performing such impairment assessments, the Group compares the carrying value of each of the identifiable cash generating units (“CGUs”) to which goodwill has been allocated with their respective “value in use” (VIU). The VIU is computed based on the discounted cash flow method and is used to determine if any impairment loss should be recognized.</p> <p>The discounted cash flow method involves estimating future cash flows, growth rates, operating margins and discount rates which require significant judgement by the Group.</p>	<p>Our audit procedures on testing for goodwill impairment includes the following:</p> <ul style="list-style-type: none"> • Evaluated the design, implementation and operating effectiveness of the processes and internal controls relating to impairment of non-financial assets including goodwill and related disclosures in the consolidated financial statements. • Evaluated the Group's identification of CGU's, the carrying value of each CGU and the methodology followed by the Group for the impairment assessment in compliance with the applicable accounting standards. • Evaluated the basis of key assumptions included in the cash flow forecasts used in computing VIU of each CGU. This includes assumptions such as growth rates, operating margins and discount rates with reference to our understanding of their business and historical trends. • Engaged our valuation specialists to evaluate the appropriateness of the methodology used to compute the value in use of the CGU and the key underlying assumptions. • Assessed the sensitivity of the outcome of the impairment assessment to a reasonably possible change in key assumptions such as growth rates, operating margins and discount rates. • Evaluated adequacy and accuracy of the disclosures in the consolidated financial statements.

Mphasis Limited

INDEPENDENT AUDITORS' REPORT (continued)

Other Information

The Holding Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the Holding Company's Annual Report, but does not include the financial statements and our report thereon. The Holding Company's Annual Report is expected to be made available to us after the date of this auditors' report.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

When we read the Holding Company's Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take necessary actions, as applicable under the relevant laws and regulations.

Management's and Board of Directors' Responsibilities for the Consolidated Financial Statements

The Holding Company's management and Board of Directors are responsible for the preparation and presentation of these consolidated financial statements in terms of the requirements of the Act that give a true and fair view of the consolidated state of affairs, consolidated profit/loss and other comprehensive income, consolidated statement of changes in equity and consolidated cash flows of the Group, in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act. The respective management and Board of Directors of the Companies included in the Group are responsible for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of each 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 accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the management and Board of Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective management and Board of Directors of the companies included in the Group are responsible for assessing the ability of each Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the respective Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the Companies included in the Group are responsible for overseeing the financial reporting process of each Company.

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INDEPENDENT AUDITORS' REPORT (continued)

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to the consolidated financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management and Board of Directors.
- Conclude on the appropriateness of the management and Board of Directors' use of the going concern basis of accounting in preparation of consolidated financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the appropriateness of this assumption. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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INDEPENDENT AUDITORS' REPORT (continued)

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (continued)

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government of India in terms of Section 143 (11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. (A) As required by section 143(3) of the Act, based on our audit, we report to the extent applicable that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
 - b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books.
 - c) The consolidated balance sheet, the consolidated statement of profit and loss (including other comprehensive income), the consolidated statement of changes in equity and the consolidated statement of cash flows dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
 - d) In our opinion, the aforesaid consolidated financial statements comply with the Ind AS specified under section 133 of the Act.

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INDEPENDENT AUDITORS' REPORT (continued)

Report on Other Legal and Regulatory Requirements (continued)

- e) On the basis of the written representations received from the directors of the Holding Company as on 31 March 2022 taken on record by the Board of Directors of the Holding Company and on the basis of written representations received by the management from directors of its subsidiaries which are incorporated in India, as on 31 March 2022, none of the directors of the Group companies incorporated in India is disqualified as on 31 March 2022 from being appointed as a director in terms of section 164(2) of the Act.
 - f) With respect to the adequacy of the internal financial controls with reference to the consolidated financial statements of the Holding Company and its subsidiary companies incorporated in India and the operating effectiveness of such controls, refer to our separate report in "Annexure B".
- (B) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- a) The consolidated financial statements disclose the impact of pending litigations as at 31 March 2022 on the consolidated financial position of the Group. Refer note 32 to the consolidated financial statements.
 - b) The Group did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - c) There has been no delay in transferring amounts to the Investor Education and Protection Fund by the Holding Company or its subsidiary companies incorporated in India during the year ended 31 March 2022.
 - d) (i) The respective Managements of the Holding Company and its subsidiaries incorporated in India whose financial statements/ financial information have been audited under the Act have represented to us that, to the best of their knowledge and belief, other than as disclosed in note 43 to the accounts, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Holding Company or any of its subsidiaries incorporated in India, to or in any other persons or entities, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever ("Ultimate Beneficiaries") by or on behalf of the Holding Company or any of its subsidiaries incorporated in India or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

Mphasis Limited

INDEPENDENT AUDITORS' REPORT (continued)

Report on Other Legal and Regulatory Requirements (continued)

- (ii) The respective Managements of the Holding Company and its subsidiaries incorporated in India whose financial statements/ financial information have been audited under the Act have represented to us that, to the best of their knowledge and belief, as disclosed in note 43 to the accounts, no funds have been received by the Holding Company or any of its subsidiaries incorporated in India, from any persons or entities, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Holding Company or any of its subsidiaries incorporated in India shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever ("Ultimate Beneficiaries") by or on behalf of the Funding Parties or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- (iii) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances performed by us, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e) contain any material mis-statement.
- e) The final dividend paid by the Holding Company during the current year in respect of the same declared for the previous year is in accordance with section 123 of the Companies Act 2013 to the extent it applies to payment of dividend. As stated in note 45 to the financial statements, the Board of Directors of the Holding Company have proposed final dividend for the current year which is subject to the approval of the members at the ensuing Annual General Meeting. The dividend declared is in accordance with section 123 of the Act to the extent it applies to declaration of dividend. The subsidiary companies incorporated in India have neither declared nor paid any dividend during the year.
- (C) With respect to the matter to be included in the Auditors' report under section 197(16) of the Act:

In our opinion and according to the information and explanations given to us, the remuneration paid during the current year by the Holding Company and its subsidiary companies incorporated in India to its directors is in accordance with the provisions of section 197 of the Act. The remuneration paid to any director by the Holding Company and its subsidiary companies incorporated in India, is not in excess of the limits laid down under section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under section 197(16) of the Act which are required to be commented upon by us.

for B S R & Co. LLP
Chartered Accountants
Firm's Registration No: 101248W/W-100022

Bengaluru
28 April 2022

Amit Somani
Partner
Membership No: 060154
UDIN: 22060154AIABZF4198

Mphasis Limited

Annexure A to the Independent Auditors' Report

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

With reference to the Annexure A referred to in the Independent Auditors' Report to the members of the Holding Company on the consolidated financial statements for the year ended 31 March 2022, we report the following:

- (xxi) The Companies (Auditor's Report) Order (CARO) report of the Holding Company did not include any unfavorable answers or qualifications or adverse remarks. According to the information and explanations given to us, in respect of the following subsidiary companies incorporated in India and included in the consolidated financial statements, the CARO report relating to them has not been issued by their auditor till the date of this principal auditors' report.

Name of the companies	CIN	Relationship
Msource (India) Private Limited	U72200KA2000PTC038931	Subsidiary
Mphasis Software and Services (India) Private Limited	U72200KA1998PTC038932	Subsidiary

for B S R & Co. LLP
Chartered Accountants
Firm's Registration No: 101248W/W-100022

Bengaluru
28 April 2022

Amit Somani
Partner
Membership No: 060154
UDIN: 22060154AIABZF4198

Mphasis Limited

Annexure B to the Independent Auditors' Report on the consolidated financial statements of Mphasis Limited for the year ended 31 March 2022

Report on the Internal Financial Controls with reference to the aforesaid consolidated financial statements under Clause (i) of sub-section 3 of section 143 of the Companies Act, 2013

(Referred to in paragraph 2 (A)(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Opinion

In conjunction with our audit of the consolidated financial statements of Mphasis Limited ("the Holding Company") as of and for the year ended 31 March 2022, we have audited the internal financial controls with reference to the consolidated financial statements of the Holding Company and such companies incorporated in India under the Companies Act, 2013 which are its subsidiary companies, as of that date.

In our opinion, the Holding Company and such companies incorporated in India which are its subsidiary companies, have, in all material respects, adequate internal financial controls with reference to consolidated financial statements and such internal financial controls were operating effectively as at 31 March 2022, based on the internal financial controls with reference to consolidated financial statements criteria established by such companies considering the essential components of such internal controls stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

Management's Responsibility for Internal Financial Controls

The respective Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls with reference to consolidated financial statements based on the criteria established by the respective Company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 (hereinafter referred to as "the Act").

Auditors' Responsibility

Our responsibility is to express an opinion on the internal financial controls with reference to consolidated financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to consolidated financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to consolidated financial statements were established and maintained and if such controls operated effectively in all material respects.

Mphasis Limited

Annexure B to the Independent Auditors' Report on the consolidated financial statements of Mphasis Limited (continued)

Auditors' Responsibility (continued)

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to consolidated financial statements.

Meaning of Internal Financial Controls with reference to Consolidated Financial Statements

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

B S R & Co. LLP

Mphasis Limited

Annexure B to the Independent Auditors' Report on the consolidated financial statements of Mphasis Limited (continued)

Inherent Limitations of Internal Financial controls with Reference to consolidated Financial Statements

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

for B S R & Co. LLP
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Bengaluru
28 April 2022

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