

Chairman's Speech

Good afternoon Ladies and Gentlemen.

I am delighted to welcome all of you to the Twenty first Annual General Meeting of your company, Mphasis Limited. I would like to take this opportunity to thank you for your sustained support and presence here today.

Dividend

I thought we should start this session today with some great news! The Board has recommended a significant increase in the dividend payout from Rs. 6.50 per share in FY11 to Rs. 17.00 per share in FY12. This translates into a 45% dividend payout of earnings in FY12.

Mphasis is committed to creating shareholder value. The Board's approval of increased dividend payout reflects our confidence. We continue to generate strong cash flows, enabling us to strike a balance between investing in the business and regularly returning a larger proportion of cash to our shareholders.

Performance Update

The last year has been exciting. We are constantly reevaluating, benchmarking and evolving. Even in this uncertain global economic environment, we have performed well. Let me now take you through the highlights of our financial performance, following which I will discuss our progress on the vision and strategies for your organization.

Mphasis' consolidated revenues for the year ended 31st October, 2012 were Rs.5,357 crores, compared to Rs.5,098 crores in the previous year. Operating profit and net profit was at Rs.875 crores and Rs.792 crores respectively in 2012 as compared to Rs.828 crores and Rs.822 crores in 2011. The Company's earnings per share (EPS) during FY 2012 was at Rs.37.71 compared to Rs.39.14 in the previous year. Mphasis continued to generate strong operating and free cash flows during FY 2012. This resulted in an increase in the cash and cash equivalents to Rs.2,932 crores from Rs.2,052 crores in the previous year.

(Accolades)

One of the very interesting recognitions for the year is through our customer- TATA AIG General Insurance. The Mphasis designed TAGIC CRM Platform at TATA AIG General Insurance; a leading non-life insurance service provider has been felicitated with the Celent Asia Insurance Award- Service at the Celent Asia Insurance Awards function.

Another award too shows our sustained investment in our employees. Mphasis won a Gold award in Global Learning and Development (L&D) Team of the Year Category at the TISS-LeapVault CLO Awards at the 4th Annual Chief Learning Officers Summit India

Corporate Social Responsibility (CSR)

Our Corporate Social Responsibility focus areas continue to be Education, Employability and Entrepreneurship. The CSR Strategy revolves around partnering with non-profit organizations targeting children, youth and women from underserved sections of society spread across Karnataka, UP, MP, TN, Orissa, Gujarat, Sri Lanka, UK and also US.

The key programs we have are:

1. Aalamba & i-lead: where we train school dropouts in livelihood skills. We have trained over 1000 in employability and entrepreneurship skills across Bangalore, Bagalkote and Chennai.
2. Project Communicate: where we trained 124 youth with disabilities in employability skills and over 60% were hired by Mphasis.

(Strategic Update)

Your company is transforming

We sustained our transformation journey and dived deeper into sharpening our focus in chosen verticals. We chose our strategy and executed to plan. While we did this, we also focused on improving our profitability. The combination of operational excellence and improved quality of revenue were the key drivers resulting in improved profitability.

Our hyper-specialization journey continues and is generating higher quality pipeline. The changing landscape of the services market place as well offers us a unique opportunity to surge ahead in our select areas. Banking, Capital Markets and Insurance continue to be our focus vertical. Our inorganic growth plans too is based on strengthening our core verticals and shrinking the distance between us and our customers.

As a step towards this, early December 2012, we announced a definitive agreement to acquire USA based Digital Risk LLC.

Digital Risk is one of the largest independent providers of Risk, Compliance and Transaction Management solutions to the United States mortgage market. The acquisition is an all cash deal valued at USD\$ 175 million with an additional earn-out component.

Digital Risk provides highly specialized Risk, Compliance and Transaction Management solutions for the mortgage industry. In August 2012, Digital Risk was named as one of America's entrepreneurial growth leaders by *Inc. Magazine*. Digital Risk was also ranked number 11 among the fastest growing private financial services companies in the US, in 2012 *Inc. 500 list*.

We are building a world class Go-to-Market (GTM) engine crucial for our success. This will result in attracting and nurturing the best in class Go-to-Market professionals.

Our fundamentals are strong and we have demonstrated our strategy in action. This journey is by no means complete. What is exciting is the participation and partnership of employees, customers and shareholders. There are many miles to go and I am confident that we will set a benchmark for the industry.

To conclude,

Our focus on driving operational excellence has resulted in incremental margin expansion in each quarter this year. Improving overall profitability in line with what we had committed to all of you at the beginning of the year. Going forward, we will continue to execute the strategic imperatives and drive hyper-specialized growth, both organically and through select acquisitions.

We look to increase our focus in select horizontals and emerging technologies such as Mobility and Advanced Analytics which we believe will play a more strategic role in preparing our clients for the future and drive growth. We will continue to invest in building best-in-class Go-To-Market capabilities to drive higher sales returns.

Yet again, I thank you for staying invested in MphasiS and taking time to participate in our meeting today.

Chairman and Director-21st Annual General Meeting**Dr. Friedrich Froeschl**