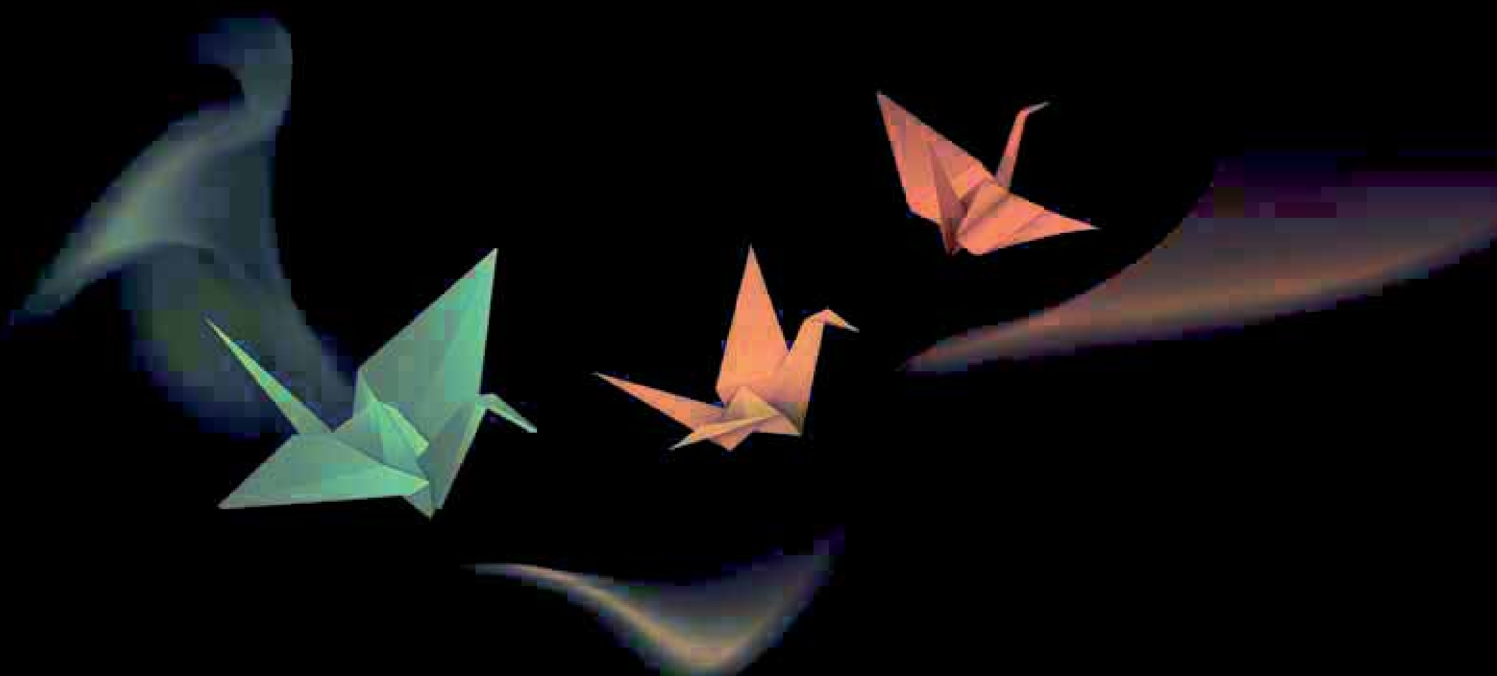
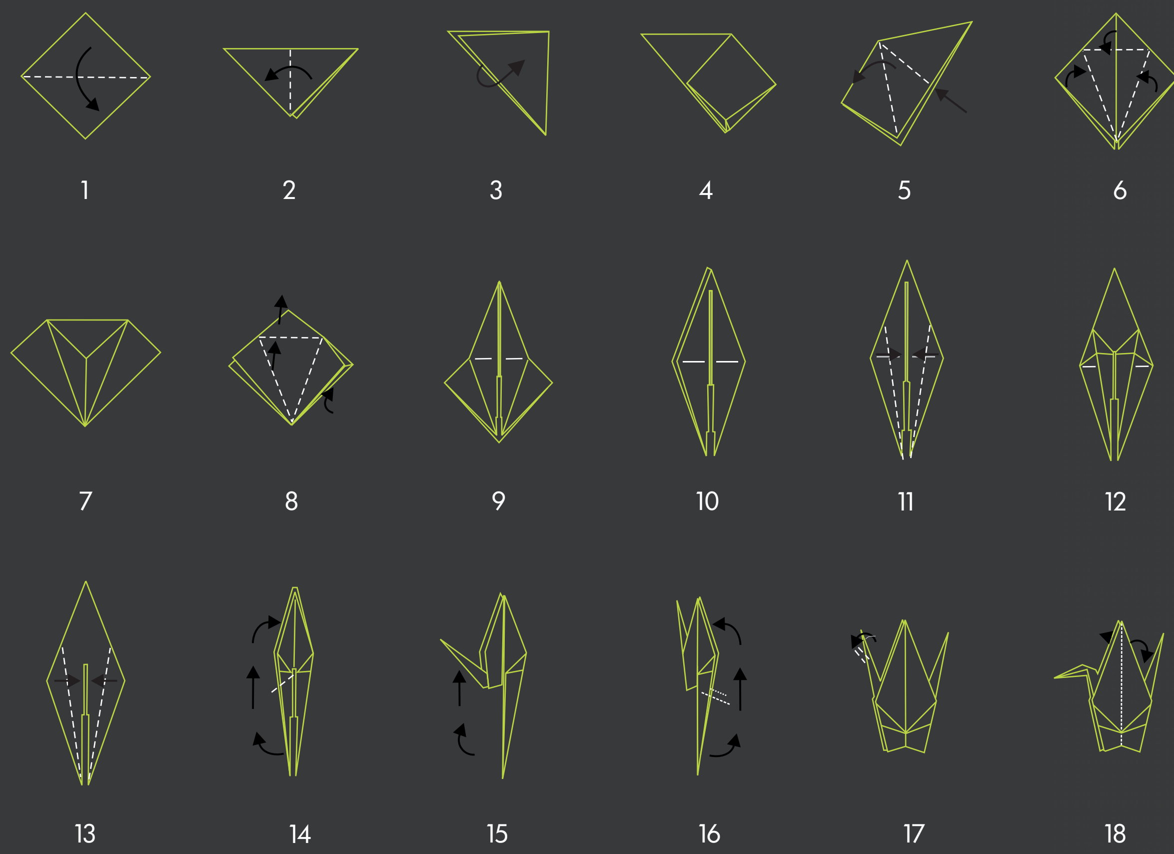
MPHASIS
an HP company



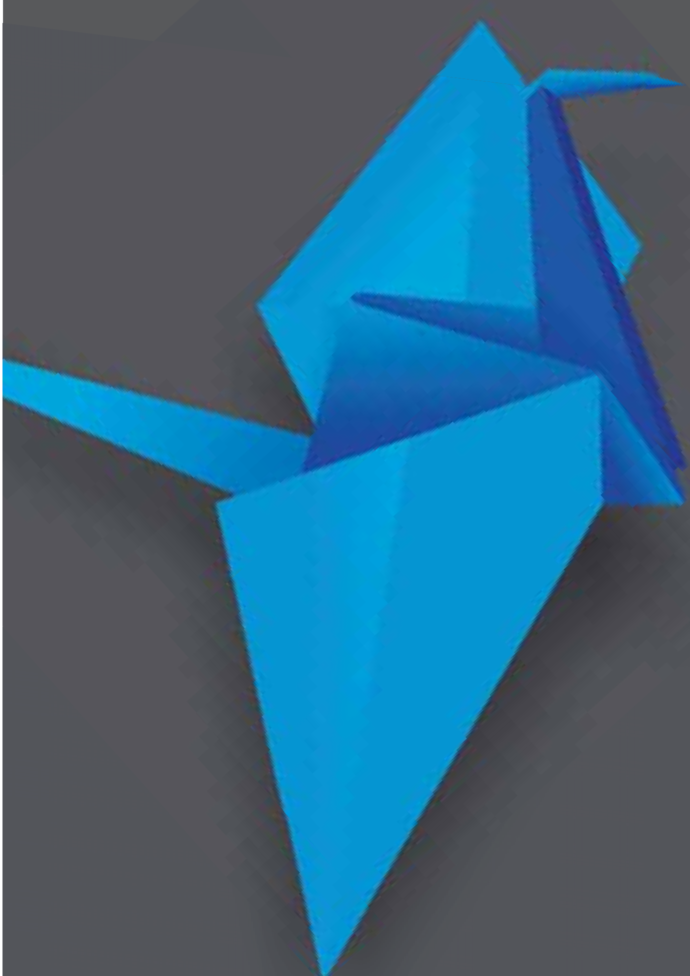
Beyond Ideation...

ANNUAL REPORT 2011



Real Transformation.

Contents



Dear Shareholder,

The previous year I wrote to you about *'an intensive restructuring exercise we have undertaken that will bring us closer to our customers'*. Our strategy was designed to benefit our business by sharper focus on sales and excellence in delivery. This multi-year strategy evolved in 2010 with full participation of the Board of Directors lead. We undertook this transformation journey with a three-year roadmap.

The past year demonstrated that we generated good growth momentum in our Direct Business and laid a good foundation for growth in newer parts of HP outside Enterprise Services (ES). A year where we had to handle the challenge of business decline in the HP ES channel. Our strategy roadmap focuses on:

- Leveraging our strength in BPO and Applications. Defining solutions that cut across both the service lines thereby helping our customers to deliver better business outcomes.
- Leveraging our track record in the Banking, Capital Markets and Insurance verticals, and prioritizing our investments into these verticals.
- Accelerating the growth of our Infrastructure Services Business with greater focus on emerging markets.
- Developing Emerging Geo-specific solutions to ride the growth momentum in these markets.
- Expanding our footprint with HP beyond Enterprise Services.
- Incubating newer areas of businesses such as Payment Solutions and Product Engineering Services.

As we look ahead to 2012, we believe the transformation journey that we undertook 15 months ago has made us stronger in terms of our value proposition to customers. Many customers have applauded our laser-like focus in delivering differentiated value proposition as also our customer intensity. These attributes will also help in handling the changing demand patterns due to the economic uncertainty.

2012 will also require us to adopt a different approach to the HP ES business - a business integral to our success. The foundation that we have laid in 2011 with newer parts of HP will need to be taken to market so as to spur growth.

Profitability will be our central focus in 2012. This sharp focus will also position us well to handle the economic uncertainty. Your Company and the Management Team is now onto the 2nd year of the 3-year transformation roadmap. The objective is to move up the value chain to help our customers deliver business outcomes, thereby delivering consistent and sustained value to our shareholders.

Regards,

Ganesh

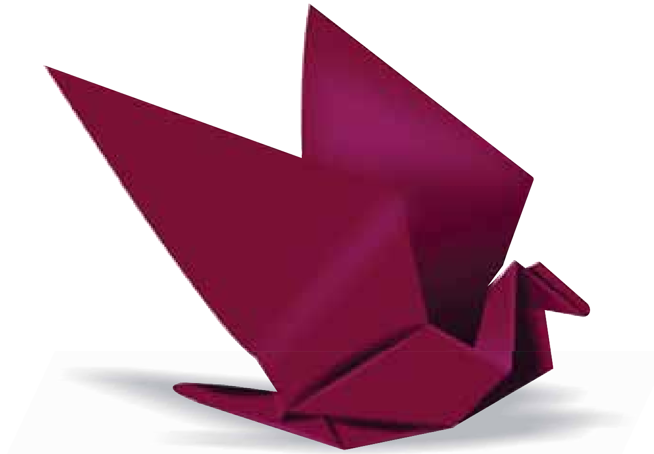
Ganesh Ayyar
Chief Executive Officer

IDEA of Transformation

Our year of 'Transformation' laid a strong foundation for us to overcome challenges and leap forward. Our core tenet lies in the IDEA of Transformation :

I : Investing in Learning
D : Delighting our Customers
E : Engaging with our Teams
A : Acknowledging our Community

I : Investing in Learning



Employees are our greatest strength and the core driver of our '**Winning Culture**'. Our training programs, revolve around '**Love to learn @ MphasiS**'.

MphasiS Vertical-Domain Learning Academy

Specialization holds the key to success!

As IT budgets shrink and economies around us are under pressure, MphasiS understands the need for employees to up-skill and be abreast on customer needs.

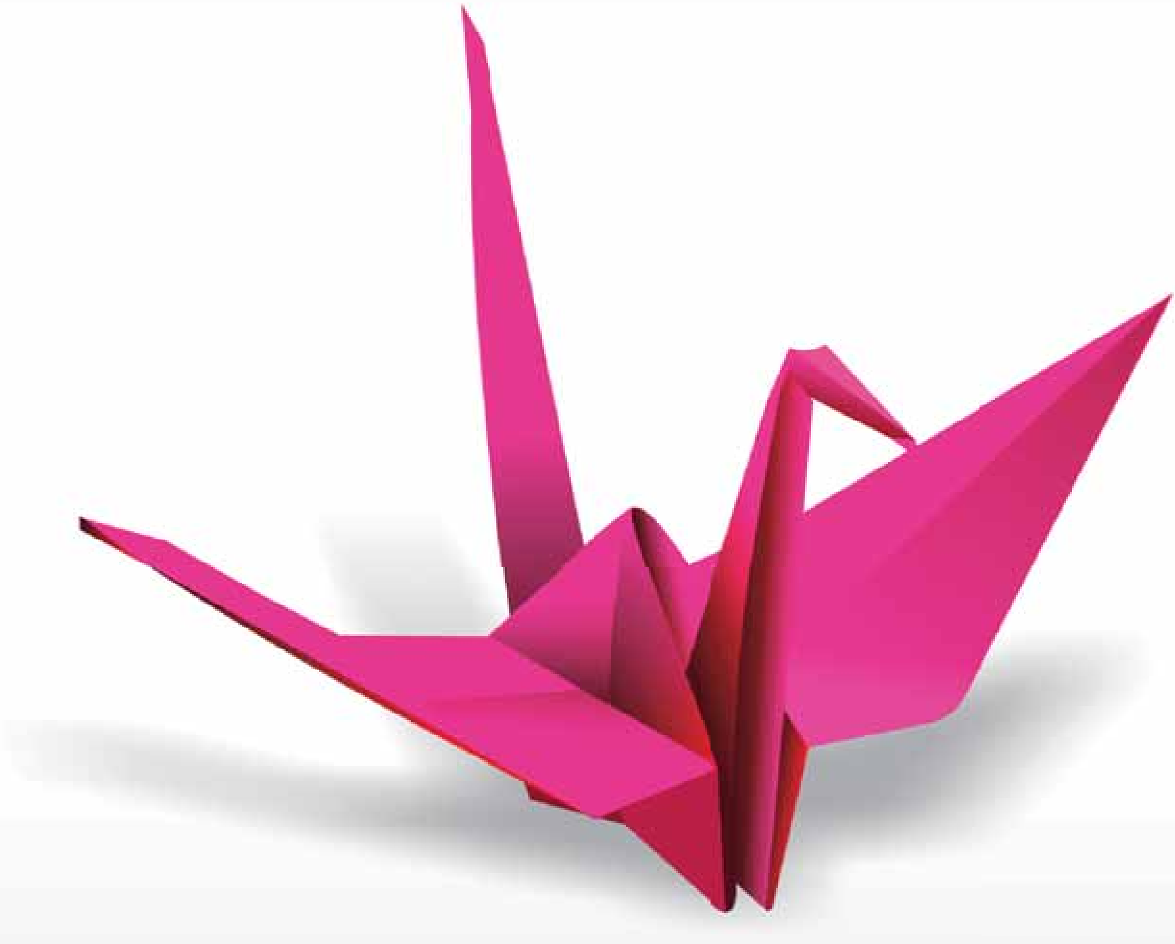
In order to encourage training around specialized functions and skill-sets, the **MphasiS Vertical-Domain Learning Academy** was set up in February 2011. This academy helps employees enhance their careers by providing domain-specific training at various levels of expertise and create a pool of domain experts.

Making learning a part of our work culture… Learning Hours

At MphasiS, mandatory training hours are 10x of the previous year. Employees are allowed to choose independently from the plethora of learning opportunities accessible to them, on what they deem best towards their career progression and personal improvement. Learning is provided through a variety of tools including self-paced web-enabled learning programs on our learning portal.

Instructor-led training sessions at physical locations involving various competency related topics for different levels. Webinars conducted by internal and external teams on different skills and knowledge transfer requirements.

D : Delighting our Customers



BCM'agic Fest

A celebration of delighted customers from Banking and Capital Markets

This event held over the months of October and November 2011 was entirely sponsored by our Customers to showcase their appreciation of MphasiS' value. Their long association synergized between in-depth understanding of their customers and excellent service levels holds testimony to their belief in us over the years and only grows stronger.

The BCM'agic was not all about work though. In fact, not at all! The Grand Finale was held in mid-November across Bangalore and Pune with close to 700 contestants and 2,400 participants (including clients). There were 14 events in all – 7 outdoor and 7 indoor. Sports, Cultural, Music, Dance, Unique Skills… you name it! The 100% client sponsored event witnessed complete participation with renewed enthusiasm levels for the second time in a row. As always, the BCM vertical lived up to its credo – "Work hard, play hard!"

The event also showcased the recognition of 130 consistent performers across teams in the BCM vertical.

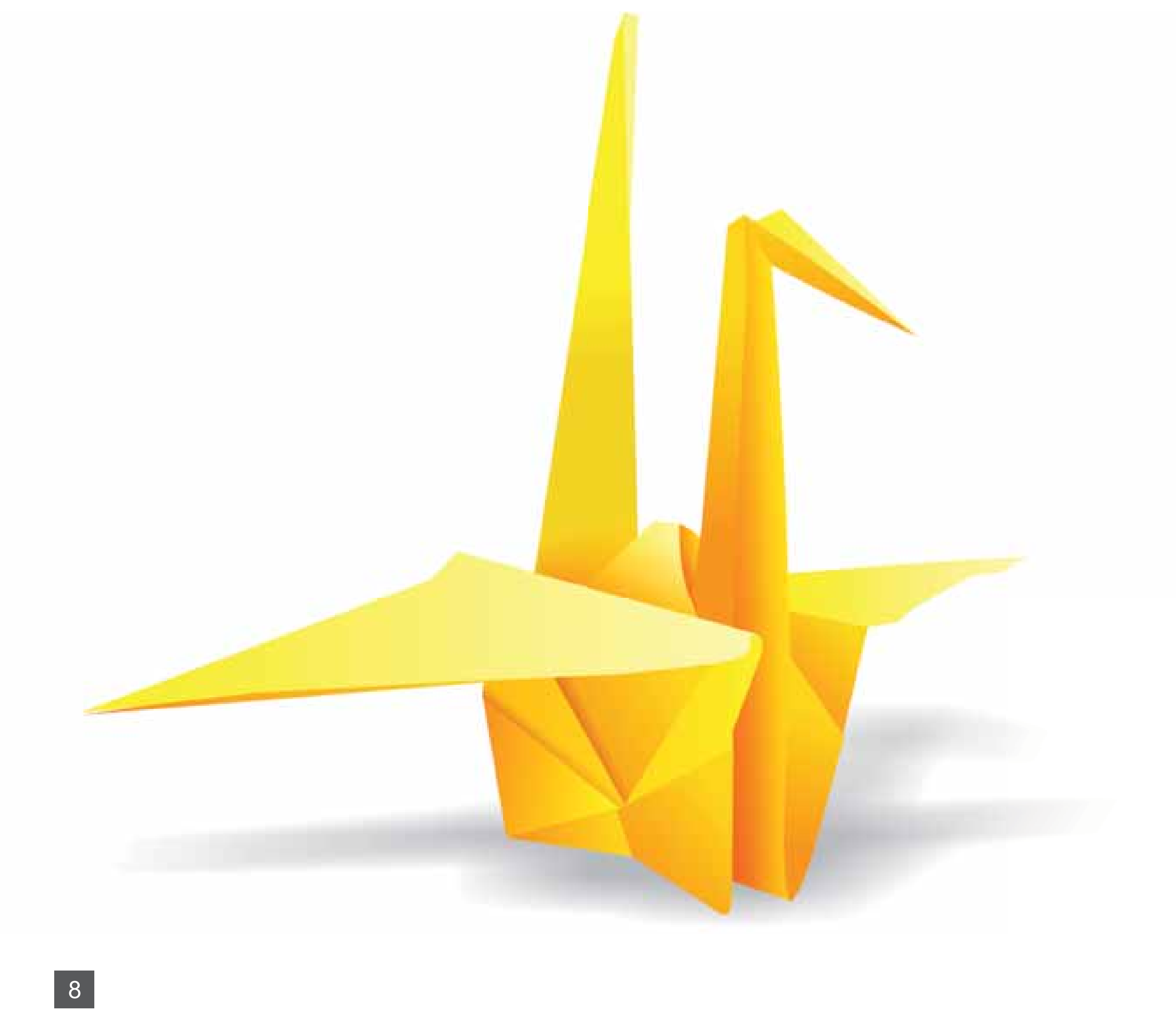
Some Client comments:

"If you go to our stand out there, it'll have a big sign which says 'We are proud sponsors of the event', but we're even more proud of our relationship with MphasiS and with our team who have done a phenomenal job for us. We've been happy clients of MphasiS for nearly 10 years. Now that's an amazing achievement."

"You heard earlier that clients really like you when you get the contract right and MphasiS has always got the contract right for us. You heard what it takes for us to love you; well we definitely love you already."

"As we have seen over the last couple of days, your consultancy is really fantastic. You've been telling us what we need to do better and you're absolutely right and so we're really heading towards the high bar of respect."

E : Engaging with our Teams



A long and fruitful career with MphasiS

Talent Navigator – Internal Job Postings

Everyone has the potential to dream big!

MphasiS Internal Job Postings is an initiative which aims at tapping the best talent from within the organization, allowing them to realize their aspirations by moving into their choice of career within MphasiS. Screened meticulously based on a customised evaluation scale also involving the stipulated eligibility criteria, employees look forward to this as a stepping stone to carve their success stories in the long run.

Here is Nazneen's story...

Nazneen Palsetia

Nazneen Palsetia from Pune successfully moved into Application Services from a BPO role. She secured an Internal Job Posting from BPO to APPS Vertical in February 2011.

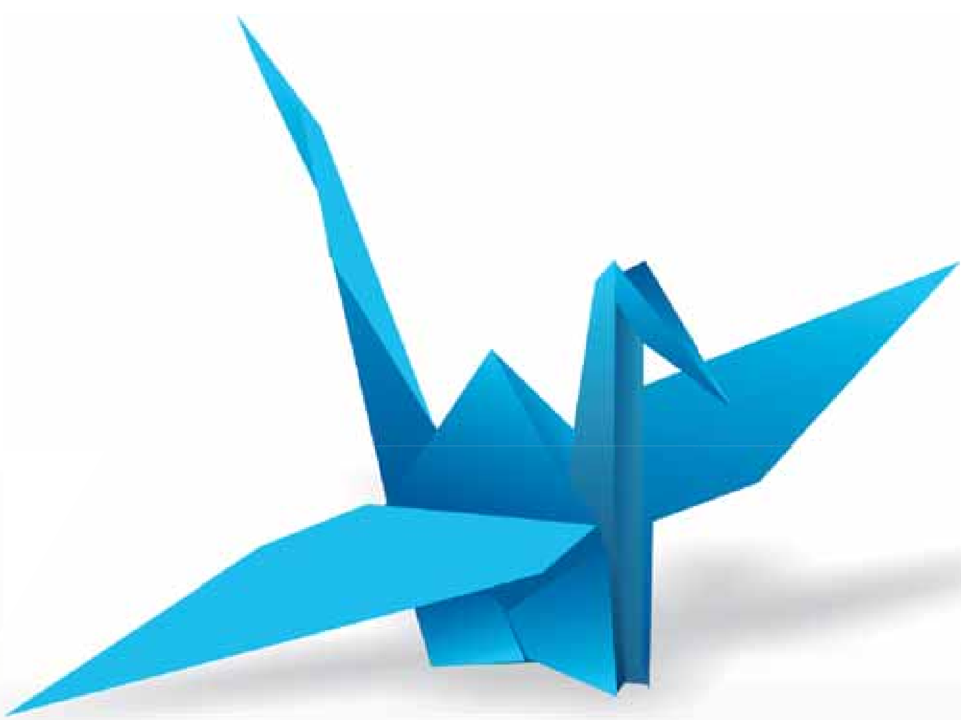
"I am currently working as a Module Lead in a large telecom process in MphasiS Application Services. The decision to transition from BPO to Application Support was tough but nevertheless a good one for personal growth. I did not have any technical experience but was good in interpersonal and leadership skills."

"Being a part of this group in Application Support has been the best work experience I have ever had. I am valued for my work. From my experience, hard work and skills can make up for the number of years of experience one has."

Tapping our Top Talent

Our top talent or the Executive Talent Pool (ETP) consists of select few senior leaders, who have been identified as having the potential to step into the next level of leadership and take on challenging roles. Selection to the high-potential ETP list is the first stage of the 24-month program lifecycle which culminates in a rigorous graduation through this program. ETPs are provided with versatile learning, leadership visibility and career enhancement opportunities.

A : Acknowledging our Community



Corporate Social Responsibility (CSR) at MphasiS is not just a philanthropic function. Its core lies in following the values of empathy and commitment. Also, it seeks to create benchmarks where quality of service and benefits go directly to the beneficiary, especially to the one that is most marginalized. The program lives by the motto *"The more you extend to the community, the more shall you receive!"*

CSR at MphasiS strives to build bridges between:

- The company and the communities we live in
- Our employees and social issues
- Our skills and society's needs

MphasiS works with the voluntary sector in implementing projects in the communities that we live and work in. We seek to involve employees, clients and other stakeholders, and encourage them to actively contribute their skills, time and expertise to such initiatives in the following three focus areas:

- **Education**
- **Employability**
- **Entrepreneurship Development**

CSR Activities

The year 2011 witnessed an expansion of MphasiS CSR footprint to North Karnataka, Chennai and Indore. Aalamba - the flagship entrepreneurship program with Headstreams - extended to Badami in North Karnataka. There it was combined with Swach Gram program under which 50 toilets were constructed in two villages and the community was trained about sanitation and hygiene.

Project Communicate - another flagship employability program was started in Indore with the aim of training and employing 120 youth with disabilities. So far, 59 candidates have been trained and successfully placed in MphasiS and other companies. 32 candidates are undergoing training currently in Indore. We also supported Aide-at-Action's i-Lead program to provide skill based employment opportunities to 120 semi-educated youth in rural and urban areas of Chennai, in the contemporary, highly-competitive job market. The youth are initiated with 3 months in Information Technology Enabled Services (ITES), Automobile Mechanics, Electrician and Hospitality training. Of the 120 trained so far, 110 have been placed in jobs and are earning a monthly income ranging from Rs. 5,500 to Rs. 6,500.

Through its CSR, MphasiS this year entered into supporting Vidya Poshak's Nurture Merit program. Under this program, MphasiS provides scholarships for higher education to 50 SC/ST students. Over all, it has been supporting the education of over 2,000 children across Karnataka, Maharashtra and Noida.

Economic Development - Self-help Groups

Economic Development - Agriculture Development

Economic Development - Veterinary Camp

Competition for school students

Economic Development - Mother-volunteers in Anganwadi

Environment - Waste Management

Infrastructure - Anganwadi and school improvement

Being a Role Model for people with Disabilities

MphasiS employee, Ashwin Karthik, was awarded the prestigious 13th NCPEDP-Shell Helen Keller Award 2011. The Award comprised a medal and a citation, and was presented by Honorable Minister for Sports, Shri Ajay Maken, at a function held at New Delhi.

Says Ashwin Karthik Nagraj (Software Engineer with MphasiS since October 2007)

"It's not about what you can't achieve in life – it's what you CAN. Challenges make you stronger…"

A computer science graduate from Chikmagalur, Ashwin loves cricket and writes poetry besides testing software for a banking project at MphasiS. Ashwin has cerebral palsy (quadriplegia) which interferes with motor skills and speech, but he manages to walk with support and operate a computer.

MphasiS wins NASSCOM Award for Diversity and Inclusion

MphasiS was honoured at the high profile **Diversity and Inclusion Summit 2011** organised by NASSCOM. It won '**Special Recognition**' for Unparalleled Commitment and Excellence in Inclusive Policies and Practices in the category of '**Most Effective Implementation of Practices and Technology for Persons with Disabilities**'.

MphasiS was also among the top-5 companies shortlisted for **Excellence in Gender Inclusivity**.

The **NASSCOM Corporate Awards for Excellence in Diversity and Inclusion** are the only Corporate Awards in India that recognize and honor companies that have adopted and implemented policies and practices to promote inclusion and enabled employees to contribute to the success of their enterprise at all levels in the organization. The Awards recognize that the 'culture of inclusion' has become a business imperative.

The Doora Panchayat Project

As part of Namahalli Project, MphasiS' CSR Team adopted 4 villages of Doora Panchayat in Mysore District - Talur, D.Katur, Doora and Sindhuhalli. The focus areas were Economic Development, Health to Reduce Morbidity, Education and Infrastructure. The impact of the project can be seen in indicators like:

- Increased income generation activities leading to better economic development
- Improved health and sanitation standards reflecting in the reduction of infectious diseases
- Decrease in school dropout rates and beginning of adult literacy levels
- Better school infrastructure leading to an increased interest among students

New Ventures

The year gone by has been tough and filled with learnings…
Giving us grounded optimism for the years ahead.

Practicing the IDEA of Transformation has invigorated innovation and led to the birth of New Business Solutions. These new solutions are incubated under a business unit called 'New Ventures.'

Product Engineering Services (PES)

The 'New Ventures - PES' vertical was institutionalized in January 2011. Product Engineering Services is a market that is ever evolving and growing with radical changes in technologies - from chipsets to platforms and end-user applications.

Supported by extensive market research, PES chose to foray into the Device Market that was 24.5 Billion in 2010, growing at CAGR of 11%, touching a market size of 41.4 Billion. The promise of tremendous market opportunity exists due to demand in emerging markets for embedded device products. OEMs have shifted their focus from product-only approach to end-to-end solution approach and emerging markets need of innovations due to local competition and demand for localized solutions. Our belief in seizing significant opportunities to capture the market has kept us aware of competition in the field for over a decade. The key is to break away from the traditional monthly-billing-business-model and render innovative offerings.

MphasiS displayed its innovative streak by investing in key drivers that would enable it to be a leader in PES market space, in the next two years. The PES market is a domain-driven spread, over a plethora of domains. Our strategic focus was on three verticals - Automotive Infotainment, Consumer Electronics and a green field vertical - Medical Devices. We invested in domain specific sales teams that can converse with client R&D Heads and strike the right chord to enable their business. We also formed high-caliber solutioning teams with a history of adept domain expertise, backed up with an exclusive R&D team that supports every pursuit of opportunity. We have also been working towards a top-of-the-line R&D lab that should evolve and enable us to do business with innovative models.

To leap-frog into acceleration stage, we are building platforms that can address chosen verticals. For market acceptability, our sales and solutioning teams are constantly validating the platform approach with existing clients and prospects that is also aiding us lead existing business. Our efforts in the formative year continue to show promising results. Our focused investment in high-caliber resource is being seen and heard in industry forums. Having just started, the path is long drawn with base platform and its variants coming out over time. Our traction in the market should accelerate as we surge ahead.

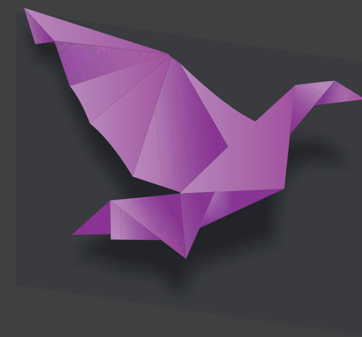
Payment Solutions

The traditional 'payment value chain' has witnessed a dramatic turmoil of late. As industries, channels, payment types and enabling technologies evolve and converge; the resulting market disruption signifies new threats to established revenue streams and business models. A flurry of fast-moving industry trends, technology innovations and transformational regulatory changes call for a fresh perspective from each player.

In our 'New Ventures' vertical, 'Payments' was an obvious choice as a focus area. One where we had strong capabilities on a technology and domain perspective, and where market dynamics signaled a clear opportunity for an 'integrated solutions' provider. 'Payments' was set up in November 2010 with the intent of capitalizing and leveraging our Financial Services heritage as well as our existing portfolio of successful Payments & Cards engagements, coupled with our competencies in the domain.

In 2011 the focus was on establishing 'MphasiS Payments' as a credible 'Solutions Provider'. We strived towards reinventing our core offerings to cater to a customer segment that sought 'end-to-end solutions' addressing specific business opportunities and market events. Some of them were - the rapid proliferation of Mobile Phones as a channel for transactions, cataclysmic regulatory mandates, the deep impact of Dodd Frank and Durbin; the rapid evolution of C2C (*aka* P2P) and C2B payments channels, etc. A core team of 'payments industry experts' and 'domain specialists' came together – both in 'front offices' across various regions as well as delivery centers across India.

We marked exponential growth in e-payments and m-payments. The impact of the financial crisis on Systemic Risk and the need to control this through regulatory initiatives lay a special significance for payments initiatives across banks as well as non-bank PSPs. Today, we are viewed in the marketplace as an 'Agile Market Entrant' helping enterprises to capitalize on disruptive events, game-changing technology and rapidly shifting their organizational culture to take advantage of new opportunities.



Financial Summary

2006 to 2007 pertains to YE 31 March and 2008 to 2010 pertains to 12 months YE 31 Oct

2006 to 2007 pertains to YE 31 March and 2008 to 2010 pertains to 12 months YE 31 Oct

Oct 2009 balance includes investment in liquid mutual funds
2006 to 2007 pertains to YE 31 March and 2008 to 2010 pertains to 12 months YE 31 Oct

2006 to 2007 pertains to YE 31 March and 2008 to 2010 pertains to 12 months YE 31 Oct
Note: Includes Billable contracts. Previous Years data has been restated for proper comparison

Board of Directors

Dr. Friedrich Froeschl
Chairman

Mr. Francesco Serafini
Vice Chairman

Mr. Balu Ganesh Ayyar
Chief Executive Officer

Mr. Nawshir Mirza

Mr. Davinder Singh Brar

Mr. Balu Doraisamy

Mr. Gerard Brossard

SENIOR VICE PRESIDENT, COMPANY SECRETARY, GENERAL COUNSEL & ETHICS OFFICER
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

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Ph: +91 80 4004 4444
www.mphasis.com

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Integrated Enterprises (India) Limited
formerly Alpha Systems Private Limited
30, Ramana Residency, 4th Cross
Sampige Road, Malleswaram
Bangalore - 560 003, India
Ph: +91 80 2346 0815 - 818

Management Discussion and Analysis of Risks and Concerns

Your company has instituted an Enterprise Risk Management (ERM) framework to proactively identify, mitigate, monitor and report risks across various functions in the organization and to facilitate tracking and continuous review. Broadly risks are categorised into:

i) Strategy - These have the potential to impact on the entity's mission which arises out of strategic decisions and its long term marketing, resource allocation, delivery models and other activities. These risks are generally non-routine in nature;

ii) Operational - These have the potential to impact on efficiency and effectiveness in operations;

iii) Financial & Reporting - These have the potential to impact on financial elements and transmission of timely and accurate information to stakeholders;

iv) Compliance - These have potential to impact on the level of adherence to laws and regulations.

The ERM initiative managed by the Chief Risk Office reports to the CEO the progress on various identified risks and mitigation efforts and also presents the status to the Board. Some of the risks/concerns and risk mitigation actions/plans are as follows:

Strategy Risks

- Economic downturn risk leading to protectionism and lower demand

The changing economic conditions in the US, Euro Debt crisis and the competitive market environment are driving organizations to transform their operations and technological innovations. IT service providers have initiated account mining of existing clients and increased the customer experience and value by packaging the existing deliverables into providing innovative solutions. They are focusing on faster delivery of technology solutions to lower total cost of ownership of IT infrastructure or to lower labour costs or to improve quality and innovation and to have more flexibility in scheduling. It is expected that this momentum will continue to drive future growth for outsourced technology services.

This has created the need to differentiate us from our competitors and to widen the service portfolio and sales network in order to integrate our service offerings according to specific market needs. The Company, post restructuring its organization structure, has identified the developments happening in the mature markets and the foreseeable reactions in the emerging markets and commenced augmenting or reallocating existing sales resources to integrate service offerings with client needs.

Continuous efforts are underway to identify cost optimization and cost control opportunities along with deal opportunities and steps are also taken to implement process improvements across functions to cope with new solution needs.

- Customer/Partner concentration risk

The Group derived 10% of its total revenue from a single client and about 66% of the total revenue through HP channel, compared to 10% and 71%, respectively, last year. Though such dependencies can impact Group's operations in case of any adversity, the Group has increased the number of direct clients by 65 during the last year.

The Group's intent is to reduce these risks by taking the following strategic measures:-

- Focus on achieving one of its important strategic objectives of growing direct business as well as sustain and grow business from the HP channel.
- Focus on grow middle market clients which are not connected to HP.

- Geographical concentration risk with business predominantly from US & Europe

Group Revenues are largely dependent on clients located in US and Europe and the economic or other factors that affect the economic health of US and Europe affect the Group's business. The Group is concentrating on acceleration with a focus on key strategic initiatives. This is expected to benefit the business by having a sharper focus on sales, by increasing the number of market facing units and ensuring tight alignment of sales incentives with delivery.

Furthermore, the Group's intent is to reduce these risks by taking the following strategic measures:-

- Focus on growing emerging market business, with identified focus on countries in mature markets.
- Mergers & Acquisitions - Actively pursue companies in emerging markets with accelerated investments.

- Risk of offshore model shift due to newer models emerging with advancement of technology such as Cloud

The Group's ability to remain competitive depends on it adapting to changing technology offered by competitors and adopted by clients. The Group continuously works on this key ability. However, there can be no assurance that the Group will develop and release new or enhanced products and services within time and targeted costs. Significant delays, difficulties or added costs in introducing new services or enhancements, either through internal development, acquisitions or cooperative 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.

The Group is also actively partnering and engaging with industry associations and consultants like Gartner, NASSCOM and with several technology service providers and vendors to keep abreast of technological changes. An example of such engagement is the CIO of MphasiS being on the Technology Advisory forum of a leading telecom service provider in India.

The Group is exploring more differentiated and high-end services such as domain consulting and provide bundled (e.g. ITO + BPO) and end-to-end solutions to its customers.

- Over reliance on India as a Delivery centre and absence of structured delivery centre in our Major Markets such as US and Europe

Your Company faces competition from large technology service providers and firms newly establishing their offshore presence. The competition is also moving to locations with lower personnel costs than those prevailing in India, resulting in squeeze in rates and increased service level commitments.

Your Company has decentralized decisions and moved them closer to the customer and the employee, built new capabilities and offerings and enhanced operational excellence. With nearness to market and swift flow of inputs your Company would be well equipped to enhance customer satisfaction and win large deals.

Your Company has delivery centres in China, Sri Lanka & Poland to mitigate these risks.

Operational Risks

- Lack of holistic due diligence of SLA terms and conditions

With a growing volume of operations, new clients, new geographies and new service offerings, there could be service delivery related risks, transition phase risks, intellectual property rights related risks, risks in data protection and disclosure of confidential information and changes in the proportion of offshore – on-site work which causes skill mismatches. These risks are accentuated in cases where clients face budgetary constraints or have internal management issues or when we have employee attritions. Certain customer contracts are conditioned upon our performance which, if unsatisfactory, could result in less revenue than previously anticipated. The Group with its years of experience, HP's expertise and knowledge base is enhancing the management techniques and framework to fulfill contractual terms compliance and customer satisfaction levels beyond competition.

Management Discussion and Analysis of Risks and Concerns

- Lack of adequately trained and structured solution team resulting in improper solution that costs the Company

With customer contracts getting competitive and all parties trying to protect their interest in the best possible way, effective solutioning becomes very critical. The Group has set-up a dedicated team for review of SLA terms and conditions and training of resources on effort estimation which should also enhance delivery capability. The Group has a proven ability to integrate onsite and offshore execution capabilities so as to deliver seamless, scalable, cost effective services throughout the business transaction cycle. Various new initiatives have been taken to identify and mitigate risks by enhancing quality control measures. Rigorous monitoring of root causes of incidents and initiating remedial measures are in place. Besides adequate insurance for Professional Indemnity and Errors and Omissions exists.

- Increase in Manpower cost and attrition

The uncertainty in the world economy causes uncertainty in our markets. It is important, therefore, to have strong relationships with our customers and to be able to swiftly respond to evolving developments. For this, retaining skilled technology professionals has become a must for every organization. Attrition loss and delays in filling the right talent needs impact deliverables, SLA compliance & revenue, besides cascading costs in recruitment, training and work absorption. The hiring of employees within and outside India and changes in offshore-onsite mix may also hamper the competitive advantage and erode our profit margins. Besides, the Group's future success will depend in part on its 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 impact 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.

- Absence of Disaster Recovery process for critical enterprise applications

Increased disruptions due to man-made and natural calamities have exposed enterprise applications to failure. They often need to recover quickly with minimal disruption to business. Your Company has Disaster Recovery plans for such critical applications.

Financial Risks

- Unfavourable Forex movement

About 91% of revenues are in foreign currency thereby exposing the Group to foreign exchange fluctuation risk. Further, a substantial portion of costs are in Indian rupees. Consequently, any appreciation of Indian rupee would affect our earnings and the carrying value of assets located worldwide. Further, high volatility in exchange rates between Indian Rupee vs. USD and increased offshore projects, increases this risk.

The Company manages this risk through a treasury department which follows a well established hedging policy. Currently the Group has a policy of hedging non-functional current assets and current liabilities and cash flows from forecast revenues. Strategies adopted include layered monthly rolling hedges which are used to mitigate forecasting risk.

- Risk relating to Service Tax

The Group is allowed to claim refund for the service tax paid on input services subject to the fulfilment of specified conditions as per the relevant statute. Hitherto, the Revenue Department has not been granting any refunds on various technical and procedural pretexts leading to accumulation of refunds receivables.

The Group has made representations through Industry bodies such as CII and NASSCOM to the Central Board of Excise & Customs (CBEC) seeking clarity on various aspects of the refund adjudication and asking for expeditious disposal of refund claims. Following such efforts, the CBEC has recently issued a draft circular eliciting public comments on streaming the refund process and eliminating subjectivity by bringing in an all inclusive positive list of input services having direct nexus to Export of Services. The said circular is yet to be notified. Besides, the Company is actively pursuing its past claims & has taken steps to reduce the further accrual of such refundable amounts.

Compliance risk

- Non compliance with statutory requirements

With increase in geographical spread, multitude of legislations and constantly changing regulations affecting the Group, there is a risk of non compliance or delay in compliance with statutory requirements. The Group constantly reviews compliance with transfer pricing and tax laws. Obligations of Company and vendor are monitored for labour law compliance. The Group uses the services of professional consultants to ensure compliance with overseas laws and regulations.

- Non Compliance with Immigration Laws

Increasing protectionism has resulted in developed countries, where the Group operates, tightening the rules for foreign workers and enforcing them more rigorously.

Your Company is equipped with the expertise to handle the complications of immigration laws well and has processes to ensure compliance. Periodic immigration compliance reviews, training and awareness programs are facilitated on immigration requirements. The Company has enlisted external consultants to ensure proper compliance with these laws.

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 2011, 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 2011;
(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.**
Firm registration number: 301003E
Chartered Accountants

per **Navin Agrawal**
Partner
Membership No. 56102

Place : Bangalore
Date : 30 November 2011

Consolidated Balance Sheet

(₹ 000's)

	Notes	As at 31 October 2011	As at 31 October 2010
SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS			
Share capital	3	2,100,431	2,099,318
Reserves and surplus	4	36,780,484	30,886,691
Employee stock options outstanding	5	116,943	5,400
		38,997,858	**32,991,409**
LOAN FUNDS			
Secured loans	6	488,683	453,722
Unsecured loan	7	2,434,750	-
DEFERRED TAX LIABILITY	8	22,477	2,558
		41,943,768	**33,447,689**
APPLICATION OF FUNDS			
FIXED ASSETS	9		
Cost		11,339,334	10,258,254
Accumulated depreciation and amortisation		(8,495,195)	(7,835,668)
Net book value		2,844,139	2,422,586
Capital work-in-progress including capital advances		102,322	88,950
		2,946,461	2,511,536
GOODWILL	10	8,698,024	3,886,491
INVESTMENTS	11	17,764,602	14,600,259
DEFERRED TAX ASSETS	12	974,533	753,645
CURRENT ASSETS, LOANS AND ADVANCES			
Interest receivable	13	1,103	1,997
Debtors and unbilled revenues	14	13,071,910	11,976,651
Cash and bank balances	15	2,896,572	1,783,690
Loans and advances	16	9,641,282	9,445,985
		25,610,867	**23,208,323**
CURRENT LIABILITIES AND PROVISIONS			
Current liabilities	17	9,098,458	8,015,941
Provisions	18	4,952,261	3,496,624
		14,050,719	**11,512,565**
NET CURRENT ASSETS		**11,560,148**	**11,695,758**
		41,943,768	**33,447,689**

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.**
Firm registration number: 301003E
Chartered Accountants

per **Navin Agrawal**
Partner
Membership No. 56102

Bangalore
30 November 2011

For and on behalf of the Board of Directors

Balu Ganesh Ayyar
Chief Executive Officer

Nawshir H Mirza
Director

Ganesh Murthy
Executive Vice President & Chief Financial Officer

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

Bangalore
30 November 2011

Consolidated Profit and Loss Account

(₹ 000's)

	Notes	Year ended 31 October 2011	Year ended 31 October 2010
Revenues	**19**	**50,979,643**	**50,365,178**
Cost of revenues	**20**	38,429,650	35,006,911
Gross profit		**12,549,993**	**15,358,267**
Selling expenses	**21**	2,333,724	2,214,478
General and administrative expenses	**22**	1,919,059	2,129,642
Provision for doubtful debts		3,553	3,003
Operating profit		**8,293,657**	**11,011,144**
Foreign exchange gain, net		665,312	580,818
Other income, net	**23**	1,135,889	516,768
Interest expenses		(48,961)	(9,575)
Profit before taxation		**10,045,897**	**12,099,155**
Income taxes			
- Current		2,445,233	1,772,470
- Deferred		(129,175)	(61,243)
- Minimum alternative tax credit entitlement		(488,380)	(519,597)
Profit after taxation		**8,218,219**	**10,907,525**
Profit brought forward		25,979,964	17,053,799
Profit available for appropriations		**34,198,183**	**27,961,324**
Appropriations			
Transfer to General Reserve		782,007	996,878
Transfer to Capital redemption reserve		-	4,755
Final dividend for earlier years		260	446
Proposed Dividend		1,365,234	839,699
Tax on dividend		221,508	139,550
Issue of bonus shares		7	32
Profit carried forward		**31,829,167**	**25,979,964**
Earnings per share (par value ₹ 10)	**29**		
Basic (₹)		39.14	52.00
Diluted (₹)		39.02	51.76

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 and on behalf of the Board of Directors

For **S.R. BATLIBOI & Co.**
Firm registration number: 301003E
Chartered Accountants

Balu Ganesh Ayyar
Chief Executive Officer

Nawshir H Mirza
Director

per **Navin Agrawal**
Partner
Membership No. 56102

Ganesh Murthy
Executive Vice President &
Chief Financial Officer

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

Bangalore
30 November 2011

Bangalore
30 November 2011

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 (as amended), other pronouncements of the Institute of the Chartered Accountants of India ('ICAI') and the related provisions of the Companies Act 1956. The accounting policies have been consistently applied by the Group, except for the change as disclosed in note 5 as regards to valuation of employees stock based compensation. Also refer note 28 as regards segment disclosure.

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 (as amended).

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.

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

Use of estimates

The preparation of the consolidated financial statements requires the 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 for 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, licensing arrangement, application services and trading of goods.

Revenues from software services & projects comprise income from time-and-material and fixed price contracts. Revenue from time and material contracts is recognized when the services are rendered in accordance with the terms of contracts with clients. Revenue from fixed price contracts is recognized using the percentage-of-completion method, calculated as the proportion of the cost of effort incurred up to the reporting date to estimated cost of total effort.

Notes to the Consolidated Financial Statements

Revenues from call centre & business process outsourcing operations arise from both time-based and unit-priced client contracts. Such revenue is recognized when the services are rendered in accordance with the terms of the contracts with clients.

Revenues from infrastructure outsourcing services arise from time based, unit-priced and fixed price contracts. Revenue from time based and unit-priced is recognized when the services are rendered in accordance with the terms of the contracts with clients. Revenue from fixed price contracts is recognized using the percentage-of-completion method, calculated as the proportion of the cost of effort incurred up to the reporting date to estimated cost of total effort.

Revenue from licensing arrangements is recognised on transfer of the title in user licenses, except those contracts where transfer of title is dependent upon rendering of significant implementation services by the company, in which case 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.

Revenue from sale of goods is recognized on transfer of significant risks and rewards in accordance with the terms of contract. Revenue is shown as net of sales tax, value added tax and applicable discounts.

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 represent revenues in excess of amounts billed to clients as at the balance sheet date. 'Unearned receivables' included in the 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 and write down for impairment if any. Direct costs are capitalised until the 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 capitalised 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.

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 the 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 those 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 less than ₹ 5,000 are depreciated in full in the year of purchase. The estimated useful lives of assets are as follows:

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

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

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 and expected to provide lasting benefits, is capitalised at cost and amortised on a 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. The recoverable amount is the greater of asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using the pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the assets. 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 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.

Notes to the Consolidated Financial Statements

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 or fair value determined on an individual investment basis.

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

Employee benefits

Gratuity which is a defined benefit, is accrued based on an 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 the profit and loss account and are not deferred.

The cost of short term compensated absences are 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 as at the balance sheet date.

Contributions payable to recognised provident funds, which are defined contribution schemes, are charged to the profit and loss account. The Group'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. Non-monetary items which are carried in terms of historical cost denominated in foreign currency are reported using the exchange rate as at the date of the transaction.

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.

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 transactions. 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 the Group has met all the conditions of AS 30, are fair valued at the 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 the 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.

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

A provision is recognised when an enterprise has a present obligation as result of past event; it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. 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.

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 their 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 arrived at, assuming that the proceeds receivable were based on shares having been issued at the average market value of the outstanding shares. In computing dilutive earnings per share, only potential equity shares that are dilutive and that either reduce earnings per share or increase loss per share, are included.

Stock-based compensation (Equity settled)

Measurement and disclosure of the employee share-based payment plans is done in accordance with SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and the Guidance Note on Accounting for Employee Share-based Payments, issued by the Institute of Chartered Accountants of India. The Company measures compensation cost relating to employee stock options using the intrinsic value method except for RSU Plan 2010 and RSU Plan 2011 wherein compensation cost is measured based on fair valuation . Compensation expense is amortized over the vesting period of the option on a straight line basis.

Inventories

Inventory comprises of traded goods and is measured at lower of cost and net realisable value. Cost includes direct materials and labour. Cost is determined on a weighted average basis. Net realisable value is the estimated selling price in the ordinary course of business, less estimated cost necessary to make the sale.

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: % of holding

Subsidiaries	Country of incorporation and other particulars	2011	2010
MphasiS Corporation	a company organised under the laws of Delaware, USA	100	100
MphasiS Deutschland GmbH	a company organised under the laws of Germany	91	91
MphasiS Australia Pty Ltd	a company organised under the laws of Australia	100	100
MphasiS (Shanghai) Software & Services Company Limited	a company organised under the laws of The People's Republic of China	100	100
MphasiS Consulting Limited	a company organised under the laws of United Kingdom	100	100
Eldorado Computing Inc. [Merged with MphasiS Corporation w.e.f 01 March 2010]	a company organised under the laws of Arizona, USA	-	100
MphasiS FinsourcE Limited	a company organised under the laws of India	100	100
MphasiS Ireland Limited	a company organised under the laws of Ireland	100	100
MphasiS Belgium BVBA	a company organised under the laws of Belgium	100	100
MphasiS Lanka (Private) Limited [Refer Note 2.3]	a company organised under the laws of Sri Lanka	100	100
MphasiS Poland s.p.z.o.o. [Refer Note 2.5]	a company organised under the laws of Poland	100	100
PT. MphasiS Indonesia [Refer Note 2.6]	a company organised under the laws of Indonesia	100	-
MphasiS Europe BV	a subsidiary of MphasiS Corporation, organised under the laws of The Netherlands	100	100
MphasiS Infrastructure Services Inc. [Refer Note 2.4]	a subsidiary of MphasiS Corporation organised under the laws of Delaware, USA	100	100
MphasiS Pte Ltd	a subsidiary of MphasiS Europe BV, organised under the laws of Singapore	100	100
MphasiS UK Limited	a subsidiary of MphasiS Europe BV, organised under the laws of United Kingdom	100	100
MphasiS Software and Services (India) Private Limited	a subsidiary of MphasiS Europe BV, organised under the laws of India	100	100
MsourcE Mauritius Inc.	a subsidiary of MphasiS Europe BV, organised under the laws of Mauritius	100	100
Seine Acquisition Inc. [Refer Note 2.7]	a subsidiary of MphasiS UK Limited, organised under the laws of Delaware, USA	100	-
MsourcE (India) Private Limited	a subsidiary of MsourcE Mauritius Inc., organised under the laws of India	100	100
MsourcE India BPO Private Limited [Refer Note 2.8]	a subsidiary of MsourcE (India) Private Limited, organised under the laws of India	100	100
Wyde Corporation (Refer note 2.7)	a subsidiary of Seine Acquisition Inc., organised under the laws of Delaware, USA	100	-
Wyde Inc., S.A (Refer note 2.7)	a subsidiary of Wyde Corporation, organised under the laws of France	100	-
Wyde Solutions Canada Inc. (Refer note 2.7)	a subsidiary of Wyde Corporation, organised under the laws of Quebec, Canada	100	-
Wyde Tunisie SARL (Refer note 2.7)	a subsidiary of Wyde Inc., S.A, organised under the laws of Tunisia	100	-

All the above subsidiaries are under the same management.

Notes to the Consolidated Financial Statements

List of closed subsidiaries **% of holding**

Subsidiaries	Country of incorporation and other particulars	2011	2010
Wide Area Management Services Inc. [effective 4 November 2010]	a subsidiary of MphasiS Infrastructure Services Inc. organised under the laws of California, USA	-	100
BFL Software Asia Pacific Pte Ltd [effective 8 December 2010]	a company organised under the laws of Singapore	-	100

2.1 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 ₹ 17,060,055 (31 October 2010: ₹ 17,060,055) is carried as a liability which will be paid after necessary regulatory approvals are obtained (refer note 17).

2.2 The Company filed a scheme of merger of MphasiS FinSolutions Private Limited, a wholly owned subsidiary acquired by MphasiS Limited effective 1 October 2009, with itself, with the Hon'ble High Court of Karnataka and the Hon'ble High Court of Madras. The Hon'ble High Courts had passed orders approving the petition of merger on 5 July 2010 and 17 September 2010 respectively, effective from 1 November 2009. Subsequently, the Company had filed the Court orders with the RoC of Karnataka and Chennai on 11 August 2010 and 8 October 2010 respectively. The appointed date of merger was 01 November 2009. Accordingly, the consolidated financial statements for the year ended 31 October 2010 had been adjusted by incorporating the merger impact of MphasiS FinSolutions Private Limited with the Company in accordance with aforesaid High Court orders.

Pursuant to the terms of the approved merger scheme, the amalgamation had been accounted for under the pooling of interest method as prescribed by Accounting Standard 14 for "Accounting for Amalgamations", accordingly, all the assets and liabilities recorded in the books of MphasiS Finsolutions as at 31 October 2009 had been recorded by the Company at their respective book values as follows:

	(₹ 000's)
Fixed Assets (net)	34,828
Deferred Tax Assets	9,634
Current Assets	411,664
Current Liabilities	(234,045)
Hedge Reserve	4,102

Further, pursuant to the terms of the approved merger scheme:

(a) The amount of investments in MphasiS Finsolutions, a wholly owned subsidiary, had been credited in full and Goodwill of ₹ 173,468,380 accounted at the time of acquisition of MphasiS Finsolutions by the Company had been reduced from the securities premium account of the Company.

(b) Deficit of ₹ 4,298,663 in net assets acquired by the Company as of appointed date of 1 November 2009 had been adjusted against the securities premium account of the Company.

(c) Expenses of ₹ 622,311 incurred by the Company in connection with the amalgamation scheme had been adjusted against the General Reserves of the Company.

(d) Necessary adjustments had been made in the consolidated financial statements of the Group for the year ended 31 October 2010.

The above treatment is different from the requirement of Accounting Standard 14 for "Accounting for Amalgamations" ('AS-14') and generally accepted accounting principles (GAAP). In accordance with the requirements of AS-14 and GAAP, the carrying value of securities premium would have been higher by ₹ 177,767,044, the profit and loss before tax for the year ended 31 October 2010 would have been lower by ₹ 178,389,355 and general reserves would have been higher by ₹ 622,311.

2.3 MphasiS Lanka (Private) Limited was incorporated as a subsidiary of the Parent Company on 12 February 2010.

2.4 MphasiS Corporation, a subsidiary of the Company, acquired Fortify Infrastructure Services Inc. along with its subsidiaries Fortify North America Inc. and Wide Area Management Services Inc. effective 1 May 2010 for an aggregate consideration of US$ 27,737,309 (₹ 1,230,427,027) including US$ 12,500,000 (₹ 608,687,500) payable in tranches upto the financial year ended 31 October 2012 on the basis of the fulfillment of certain Revenue /Earnings obligations.

As per addendum to the Share Purchase Agreement the date for fulfilment of Revenue/Earnings obligations is revised to 31 January 2013.

The name of the acquired company was changed to MphasiS Infrastructure Services Inc. with effect from 7 July 2010. Further, Fortify North America Inc. was merged with MphasiS Infrastructure Services Inc. effective 14 July 2010. Wide area Management Services Inc., a subsidiary of MphasiS Insfrastrucutre Services Inc. was closed effective 4 November 2010.

2.5 MphasiS Poland s.p.z.o.o. was incorporated as a subsidiary of the Parent Company on 11 May 2010.

2.6 PT. MphasiS Indonesia was incorporated as a subsidiary of the Parent Company on 25 April 2011.

2.7 Seine Acquisition Inc., a subsidiary of MphasiS UK Limited incorporated on 27 July 2011, acquired Wyde Corporation along with its subsidiaries Wyde Solutions Canada Inc., Wyde Inc. SA and Wyde Tunisie SARL effective 29 August 2011 for an aggregate consideration of US$ 90,599,977 (₹ 4,183,046,899) including acquisition related expenses and US$ 6,100,000 (₹ 281,149,000) held in escrow account for a stipulated period subject to deduction of any liability arising in relation to the indemnification provided by the erstwhile shareholders. Accordingly, this acquisition has been given effect to in the consolidated financial statements.

2.8 MsourcE India BPO Private Limited had filed an application under Section 560 of the Companies Act, 1956, for striking its name off the register with the Registrar of Companies, Ministry of Corporate Affairs under Fast Track Exit (FTE) mode which is under progress with Ministry of Corporate Affairs.

2.9 The Board of Directors of MsourcE (India) Private Limited in its meeting held on 6 August 2010 approved the proposal of buy back 475,452 equity shares of ₹ 10/- each at a price of ₹ 774/- per share, which was subsequently approved by the shareholders of MsourcE (India) Private Limited in their meeting held on 16 August 2010. MsourcE (India) Private Limited has bought back 475,452 equity shares for which it has created Capital Redemption Reserve amounting to ₹ 4,754,520 equivalent to the nominal share capital bought back, pursuant to the provisions of Section 77AA of the Companies Act, 1956.

Notes to the Consolidated Financial Statements

(₹ 000's)

		As at 31 October 2011	As at 31 October 2010
3.	**SHARE CAPITAL**		
	Authorised Capital		
	245,000,000 (31 October 2010: 245,000,000) equity shares of ₹ 10 each	2,450,000	2,450,000
	Issued, subscribed and paid-up capital*		
	210,036,045 (31 October 2010: 209,924,713) equity shares of ₹ 10 each fully paid-up [Of the above 53,590,838 (31 October 2010: 53,590,838) equity shares are allotted for consideration other than cash and 134,190,174 (31 October 2010: 134,189,474) equity shares are allotted as bonus shares from securities premium account / profit and loss account)]	2,100,360	2,099,247
	Add: Amount originally paid-up on forfeited shares	71	71
		2,100,431	**2,099,318**

* 83,002,201 equity shares, 44,104,064 equity shares and 1 equity share (31 October 2010: 83,002,201, 44,104,064 and 1) are held by EDS Asia Pacific Holdings, Mauritius, EDS World Corporation (Far East) and EDS World Corporation (Netherlands) respectively.

		As at 31 October 2011	As at 31 October 2010
4.	**RESERVES AND SURPLUS**		
	Securities premium account		
	Balance brought forward	1,534,359	1,669,358
	Add: Premium on allotment of shares	11,926	41,174
	Less: Adjustment on account of MphasiS Finsolutions Merger [Refer note 2.2]	-	(177,767)
	Add: Transferred from employee stock options outstanding	155	1,594
	[Securities premium amounting to ₹ 1,149,561,538 (31 October 2010: ₹ 1,149,406,666) is for consideration other than cash]		
		1,546,440	1,534,359
	Foreign currency translation reserve		
	Balance brought forward	(175,502)	67,103
	Add/(Less): During the year	641,808	(242,605)
		466,306	(175,502)
	Capital reserve		
	Balance brought forward	96,234	96,234
		96,234	96,234
	Capital redemption reserve		
	Balance brought forward	4,755	-
	Add: During the year (Refer note 2.9)	-	4,755
		4,755	4,755
	General reserve		
	Balance brought forward	2,790,103	1,793,847
	Less: Expenses on account of MphasiS Finsolutions merger [Refer Note 2.2]	-	(622)
	Add: Transfer from Profit and loss account	782,007	996,878
		3,572,110	2,790,103
	Hedging reserve		
	Balance brought forward	656,778	670,241
	Add / (Less): Transaction during the year	(1,088,799)	1,161,606
	Add / (Less): Transfer to revenue	(302,507)	(1,175,069)
		(734,528)	656,778
	Profit and loss account balance	31,829,167	25,979,964
		31,829,167	25,979,964
		36,780,484	**30,886,691**

(₹ 000's)

	As at 31 October 2011	As at 31 October 2010
5. EMPLOYEE STOCK OPTIONS OUTSTANDING		
Balance brought forward	5,400	6,994
Add: Options granted during the period	228,744	-
Less: Transferred to Securities premium account on exercise of options	155	1,594
Less: Reversal on forfeiture/ lapse of options granted	31,996	-
	201,993	**5,400**
Less: Deferred Employee Stock Compensation Expense	85,050	-
	116,943	**5,400**

Employee Stock Option Plans ('ESOP') – Equity settled

Effective 1 February 2011, the Group has adopted the policy of accounting employee stock-based compensations using fair-value method in place of intrinsic value method. In the opinion of the Group, fair value method is a more globally accepted method. Measurement and disclosure of the employee share based payments plan is done in accordance with SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and the guidance note on accounting for employee share based payments, issued by Institute of Chartered Accountants of India. The Group accounts for stock compensation expense based on the fair value of the option granted, determined on the date of grant. Compensation expenses are amortized over the vesting period of the option on the straight line basis.

Had the Group adopted the intrinsic value method of accounting, the employee compensation cost would have been higher by ₹ 774,425 for the year ended 31 October 2011 and profit would have been lower by that extent.

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 years ended 31 October 2011 and 31 October 2010 for grants outstanding on and made on or after that date for each of the plans described below (Also refer note 30).

Employees Stock Option Plan - 1998 (the 1998 Plan): The Company instituted the 1998 Plan for all eligible employees in pursuance of the special resolution approved by the shareholders in the Annual General Meeting held on 31 July 1998. The 1998 Plan provides for the issuance of 3,720,000 options to eligible employees as recommended by the ESOP Committee constituted for this purpose.

In accordance with the 1998 Plan, the Committee has formulated 1998 Plan - (Version I) and 1998 Plan - (Version II) during the years 1998 - 1999 and 1999 - 2000 respectively.

1998 Plan - (Version I) : Each option, granted under the 1998 Plan - (Version I), entitles the holder thereof with an option to apply for and be issued one equity share of the Company at an exercise price of ₹ 34.38 per share. The equity shares covered under these options vest at various dates over a period ranging from six to sixty-six months from the date of grant based on the length of service completed by the employee to the date of grant. The options are exercisable any time after their vesting period.

Notes to the Consolidated Financial Statements

The movements in the options granted under the 1998 Plan - (Version I) for the years ended 31 October 2011 and 31 October 2010 are set out below:

	Year ended 31 October 2011		Year ended 31 October 2010	
	No of Options	Weighted Average Exercise Price	No of Options	Weighted Average Exercise Price
Options outstanding at the beginning	69,280	34.38	74,224	34.38
Granted	-	-	-	-
Forfeited	-	-	-	-
Exercised	1,648	34.38	4,944	34.38
Options outstanding at the end	67,632	34.38	69,280	34.38
Exercisable at the end	67,632	34.38	69,280	34.38

The weighted average share price as at the date of exercise for stock options was ₹ 522.00 (31 October 2010: ₹ 689.13). The options outstanding as at 31 October 2011 had an exercise price of ₹ 34.38 (31 October 2010: ₹ 34.38).

1998 Plan - (Version II): Commencing January 2000, the Company decided to grant all future options at the market price immediately preceding the date of grant. The equity shares covered under these options vest at various dates over a period ranging from twelve to forty-eight months from the date of grant based on the grade of the employee. However, in the case of options granted to the then Managing Director or Chief Executive Officer, the vesting period of the options, subject to a minimum period of one year from the date of grant, is determined by the ESOP Committee and approved by the Board. The options are to be exercised within a period of ten years from their date of vesting.

The movements in the options granted under the 1998 Plan - (Version II) for the years ended 31 October 2011 and 31 October 2010 are set out below:

	Year ended 31 October 2011		Year ended 31 October 2010	
	No of Options	Weighted Average Exercise Price	No of Options	Weighted Average Exercise Price
Options outstanding at the beginning	700,338	91.71	745,124	92.01
Granted	-	-	-	-
Forfeited	-	-	-	-
Lapsed	136,724	102.31	-	-
Exercised	47,640	91.70	44,786	96.67
Options outstanding at the end	515,974	88.91	700,338	91.71
Exercisable at the end	515,974	88.91	700,338	91.71

The weighted average share price as at the date of exercise for stock options was ₹ 533.21 (31 October 2010: ₹ 664.54). The options outstanding as at 31 October 2011 had an exercise price ranging from ₹ 23.21 to ₹ 258.00 (31 October 2010: ₹ 23.21 to ₹ 275.00) and weighted average remaining contractual life of 2.33 years (31 October 2010: 2.68 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 the 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 years ended 31 October 2011 and 31 October 2010 are set out below:

	Year ended 31 October 2011		Year ended 31 October 2010	
	No of Options	Weighted Average Exercise Price	No of Options	Weighted Average Exercise Price
Options outstanding at the beginning	117,394	152.24	377,254	143.02
Granted	-	-	-	-
Forfeited	2,675	164.92	1,050	173.40
Lapsed	51,364	147.04	74,266	144.78
Exercised	36,779	144.55	184,544	136.27
Options outstanding at the end	26,576	171.66	117,394	152.24
Exercisable at the end	26,576	171.66	117,394	152.24

The weighted average share price as at the date of exercise for stock options was ₹ 521.83 (31 October 2010: ₹ 649.45). The options outstanding as at 31 October 2011 had an exercise price ranging from ₹ 129.95 to ₹ 208.45 (31 October 2010: ₹ 119.03 to ₹ 208.45) and weighted average remaining contractual life of 0.27 years (31 October 2010: 0.70 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 the ESOP Committee appointed by the Board. 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 years ended 31 October 2011 and 31 October 2010 are set out below:

	Year ended 31 October 2011		Year ended 31 October 2010	
	No of Options	Weighted Average Exercise Price	No of Options	Weighted Average Exercise Price
Options outstanding at the beginning	12,450	130.60	39,200	130.60
Granted	-	-	-	-
Forfeited	-	-	-	-
Lapsed	2,250	130.60	3,000	130.60
Exercised	10,200	130.60	23,750	130.60
Options outstanding at the end	-	-	12,450	130.60
Exercisable at the end	-	-	12,450	130.60

The weighted average share price as at the date of exercise for stock options was ₹ 455.08 (31 October 2010: ₹ 629.56). No options are outstanding as at 31 October 2011 and the options outstanding as at 31 October 2010 had an exercise price of ₹ 130.60 and weighted average remaining contractual life of 0.59 years.

Notes to the Consolidated Financial Statements

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 the ESOP Committee appointed by the Board and comprises two programs. Under Program A, outstanding options of MsourcE Corporation were exchanged for options in the Company on the agreed exchange ratio of 0.14028 stock options with underlying equity shares of the Company for each stock option in the MsourcE 2001 plan, the exercise price being the equivalent amount payable by the option holder under the MsourcE 2001 plan. The equity shares underlying these options vest over a period up to forty-eight months from the date of assumption by the Company and shall be exercisable within a period of ten years from the original date of grant under the MsourcE 2001 plan.

Options under Program B represent fresh grants and will be issued to employees at an exercise price which shall be equal to the fair value of the underlying shares at the date of grant. The equity shares covered under these options vest over a period ranging from twelve to forty-eight months from the date of grant. The exercise period is two years from the date of vesting.

The movements in the options under the 2004 Plan for the years ended 31 October 2011 and 31 October 2010 are set out below:

	Year ended 31 October 2011		Year ended 31 October 2010	
	No of Options	Weighted Average Exercise Price	No of Options	Weighted Average Exercise Price
Options outstanding at the beginning	56,774	127.87	167,901	129.44
Granted	-	-	-	-
Forfeited	1,269	178.26	350	184.50
Lapsed	19,634	134.50	18,109	136.84
Exercised	14,365	136.38	92,668	128.76
Options outstanding at the end	21,506	113.15	56,774	127.87
Exercisable at the end	21,506	113.15	56,774	127.87

The weighted average share price as at the date of exercise for stock options was ₹ 473.40 (31 October 2010: ₹ 647.19). The options outstanding as at 31 October 2011 had an exercise price ranging from ₹ 50.34 to ₹ 184.50 (31 October 2010: ₹ 50.34 to ₹ 184.50) and weighted average remaining contractual life of 4.25 years (31 October 2010: 2.58 years).

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. The total cost incurred towards RSUs for the years ended 31 October 2011 and 31 October 2010 amounted to ₹ 45,441,831 and ₹ 47,907,993 respectively. However, the cost has been borne by HP and accordingly this has not been accounted as an expense by the Group.

Restricted Stock Unit Plan - 2010 ('RSU Plan - 2010')

Effective 1 August 2010, the Company instituted the Restricted Stock Unit Plan-2010. The Board and the shareholders of the Company approved RSU Plan-2010 on 29 June 2010 and 17 August 2010 respectively. The RSU Plan-2010 provides for the issue of restricted options to employees and directors of the Company and its subsidiaries.

The RSU Plan-2010 is administered by the MphasiS Employees Benefit Trust which was created for this purpose. Each option, granted under the RSU Plan-2010, entitles the holder thereof with an option to apply for and be issued one equity share of the Company at an exercise price of ₹ 10.00 per share. The equity shares covered under these options vest over a period ranging from twelve to twenty-four months from the date of grant. The exercise period is one to three years from the date of vesting.

The movements in the options under the RSU Plan-2010 Plan for the years ended 31 October 2011 and 31 October 2010 are set out below:

	Year ended 31 October 2011		Year ended 31 October 2010	
	No of Options	Weighted Average Exercise Price	No of Options	Weighted Average Exercise Price
Options outstanding at the beginning	-	-	-	-
Granted	162,250	10.00	-	-
Forfeited	16,550	10.00	-	-
Lapsed	-	-	-	-
Exercised	-	-	-	-
Options outstanding at the end	145,700	10.00	-	-
Exercisable at the end	-	-	-	-

The option outstanding on 31 October 2011 has an exercise price of ₹ 10.00 and the weighted average remaining contractual life of 3.78 years.

The weighted average fair value of stock options granted during the year ranges from ₹ 404.44 to ₹ 658.42. The Black-Scholes valuation model has been used for computing the weighted average fair value considering the following inputs:

	31 October 2011
Weighted average share price on the date of grant	418.43 – 672.05
Exercise Price	10.00
Expected Volatility*	41.36% - 41.65%
Life of the options granted in years	1 - 2 Years
Average risk-free interest rate	8.00%
Expected dividend rate	0.66%

*The expected volatility was determined based on historical volatility data

Total Employee Compensation Cost pertaining to RSU Plan-2010 during the year is ₹ 51,072,496 (31 October 2010: Nil)

Restricted Stock Unit Plan-2011 ('RSU Plan-2011')

Effective 1 April 2011, the Company instituted the Restricted Stock Unit Plan-2011. The Board and the shareholders of the Company approved RSU Plan-2011 on 22 November 2010 and 24 February 2011 respectively. The RSU Plan-2011 provides for the issue of restricted options to employees and directors of the Company and its subsidiaries.

The RSU Plan-2011 is administered by the MphasiS Employees Benefit Trust which was created for this purpose. Each option, granted under the RSU Plan-2011, entitles the holder thereof with an option to apply for and be issued one equity share of the Company at an exercise price of Nil per share. The equity shares covered under these options vest over a period of twelve months from the date of grant. The exercise period is three months from the date of vesting.

The movements in the options under the RSU Plan-2011 Plan for the years ended 31 October 2011 and 31 October 2010 are set out below:

	Year ended 31 October 2011		Year ended 31 October 2010	
	No of Options	Weighted Average Exercise Price	No of Options	Weighted Average Exercise Price
Options outstanding at the beginning	-	-	-	-
Granted	301,010	-	-	-
Forfeited	50,590	-	-	-
Lapsed	-	-	-	-
Exercised	-	-	-	-
Options outstanding at the end	250,420	-	-	-
Exercisable at the end	-	-	-	-

The option outstanding on 31 October 2011 has an exercise price of ₹ nil and the weighted average remaining contractual life of 0.67 years.

The weighted average fair value of stock options granted during the year was ₹ 415.70. The Black-Scholes valuation model has been used for computing the weighted average fair value considering the following inputs:

	31 October 2011
Weighted average share price on the date of grant	418.43
Exercise Price	-
Expected Volatility*	41.36%
Life of the options granted in years	1 Year
Average risk-free interest rate	8.00%
Expected dividend rate	0.66%

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

Total Employee Compensation Cost pertaining to RSU Plan-2011 during the year is ₹ 60,724,709 (31 October 2010: Nil)

The Group has advanced an amount of ₹ 214,859,768 (31 October 2010: ₹ 20,871,472) to the MphasiS Employees Benefit Trust.

(₹ 000's)

	As at 31 October 2011	As at 31 October 2010
6. SECURED LOANS		
Loan from Hewlett-Packard Company	486,950	444,250
(Secured against Debtors)		
Vehicle loans from banks*	1,733	9,472
(Secured by the hypothecation of vehicles)		
	488,683	**453,722**
*Due within one year ₹ 1,732,649 (31 October 2010: ₹ 7,417,720)		
7. UNSECURED LOAN		
Pre-shipment loan in Foreign Currency	2,434,750	-
	2,434,750	**-**
*Due within one year ₹ 2,434,750,000 (31 October 2010: ₹ Nil)		
8. DEFERRED TAX LIABILITY		
On depreciation	22,477	2,558
	22,477	**2,558**

Notes to the Consolidated Financial Statements

9. FIXED ASSETS

(₹ 000's)

Assets	Cost					Accumulated depreciation and amortisation					Net book value	
	1 November 2010	Additions	Adjustment on merger of MphasiS Finsolutions*	Deductions/ Adjustments**	31 October 2011	1 November 2010	Charge for the year	Adjustment on merger of MphasiS Finsolutions*	Deductions/ Adjustments**	31 October 2011	31 October 2011	31 October 2010
Tangible assets												
Freehold land	27,375	-	-	-	27,375	-	-	-	-	-	27,375	27,375
Buildings	1,230	-	-	-	1,230	1,179	51	-	-	1,230	-	51
Leasehold improvements	1,444,716	317,213	-	26,289	1,735,640	1,091,337	247,904	-	24,463	1,314,778	420,862	353,379
Plant and machinery	2,475,976	372,097	-	305,761	2,542,312	1,798,142	419,114	-	354,320	1,862,936	679,376	677,834
Computer equipment	2,578,072	743,862	-	309,461	3,012,473	2,177,600	383,255	-	267,030	2,293,825	718,648	400,472
Office equipment	1,066,060	247,551	-	67,063	1,246,548	887,164	157,184	-	34,364	1,009,984	236,564	178,896
Furniture and fixtures	1,167,266	132,701	-	112,870	1,187,097	926,280	150,748	-	117,395	959,633	227,464	240,986
Vehicles	102,114	53,187	-	32,532	122,769	42,434	23,114	-	23,583	41,965	80,804	59,680
Intangible assets												
Software	1,395,445	108,006	-	39,561	1,463,890	911,532	170,259	-	70,947	1,010,844	453,046	483,913
Total	**10,258,254**	**1,974,617**	**-**	**893,537**	**11,339,334**	**7,835,668**	**1,551,629**	**-**	**892,102**	**8,495,195**	**2,844,139**	**2,422,586**
Previous year	10,043,649	935,316	128,519	849,230	10,258,254	6,879,945	1,637,755	128,519	810,551	7,835,668	2,422,586	

* includes merger adjustment to gross up the cost and accumulated depreciation of fixed assets acquired on acquisition of MphasiS Finsolutions, which were earlier accounted on acquisition on net basis.

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

Notes to the Consolidated Financial Statements

(₹ 000's)

	As at 31 October 2011	As at 31 October 2010
10. GOODWILL		
Goodwill arising on consolidation		
Balance brought forward	3,886,491	2,945,512
Less: On merger of MphasiS Finsolutions Private Limited	-	(173,468)
Add: On acquisition of MphasiS Infrastructure Services Inc. [Refer Note 2.4]	-	1,297,275
Add: On acquisition of Wyde Corporation. [Refer Note 2.7]	4,404,907	-
Add/(Less): Movement on account of exchange rate fluctuation	406,725	(182,828)
Less: Adjustment on forefeiture/lapse of options granted on earlier acquisitions	(99)	-
	8,698,024	**3,886,491**
11. INVESTMENTS		
Short Term - Quoted (non-trade)		
Current Investments (At lower of cost or market value)		
Birla Sun Life Cash Plus	2,313,287	125,699
23,087,848.59 units at ₹ 100.195 (31 October 2010: 12,545,479.36 units at ₹ 10.0195)		
Birla Sun Life Savings Plus	2,309,372	-
23,078,029.31 units at ₹ 100.068 (31 October 2010: Nil)		
ICICI Prudential Blended Plan B Institutional	1,285,759	-
128,479,560.11 units at ₹ 10.0075 (31 October 2010: Nil)		
ICICI Prudential Flexible Income Plan Premium	1,773,027	-
16,768,587.23 units at ₹ 105.735 (31 October 2010: Nil)		
ICICI Prudential Banking & PSU Debt Fund	504,260	-
50,068,047.24 units at ₹ 10.0715 (31 October 2010: Nil)		
ICICI Prudential Long Term Floating Rate Plan C	505,042	-
50,199,689.04 units at ₹ 10.0607 (31 October 2010: Nil)		
IDFC Ultra Short Term Fund	1,525,976	-
152,407,093.92 units at ₹ 10.0125 (31 October 2010: Nil)		
Kotak Bond (Short Term)	1,000,000	-
99,256,589.48 units at ₹ 10.0749 (31 October 2010: Nil)		
Kotak FMP Series 59	250,000	-
25,000,000 units at ₹ 10.00 (31 October 2010: Nil)		
UTI Treasury Advantage Fund - Institutional Plan	4,069,771	-
4,068,899.84 units at ₹ 1000.2141 (31 October 2010: Nil)		
Templeton India Low Duration Fund	1,725,626	-
167,109,727.16 units at ₹ 10.3263 (31 October 2010: Nil)		
Fidelity Short Term Income Fund	502,482	-
49,982,191.23 units at ₹ 10.0532 (31 October 2010: Nil)		
Birla Sunlife Short term opportunities fund	-	1,531,531
Nil (31 October 2010: 153,049,215.18 units at ₹ 10.0068)		

(₹ 000's)

	As at 31 October 2011	As at 31 October 2010
11. INVESTMENTS (Contd....)		
Reliance Monthly Interval Fund-Series II	-	1,426,965
Nil (31 October 2010: 142,673,224.20 units at ₹ 10.0016)		
Reliance Monthly Interval Fund-Series I	-	1,869,354
Nil (31 October 2010: 186,860,020.49 units at ₹ 10.0040)		
ICICI Prudential Blended Plan B	-	1,159,744
Nil (31 October 2010: 111,866,499.77 units at ₹ 10.3672)		
BSL Interval Income Fund Instl-Quarterly Series 1	-	300,000
Nil (31 October 2010: 30,000,000 units at ₹ 10.00)		
Birla Sun Life Cash Manager- IP	-	3,930,353
Nil (31 October 2010: 392,917,391 units at ₹ 10.003)		
KOTAK Quarterly Interval Plan Series 4	-	350,000
Nil (31 October 2010: 35,000,000 units at ₹ 10.00)		
KOTAK Quarterly Interval Plan Series 8	-	350,000
Nil (31 October 2010: 34,999,300 units at ₹ 10.00)		
KOTAK Quarterly Interval Plan Series 1	-	400,000
Nil (31 October 2010: 40,000,000 units at ₹ 10.00)		
KOTAK Quarterly Interval Plan Series 9	-	200,000
Nil (31 October 2010: 19,998,449.56 units at ₹ 10.0008)		
KOTAK Quarterly Interval Plan Series 10	-	300,000
Nil (31 October 2010: 29,999,999.99 units at ₹ 10.00)		
KOTAK Quarterly Interval Plan Series 5	-	400,000
Nil (31 October 2010: 40,000,000 units at ₹ 10.00)		
G68 IDFC Ultra Short Term Fund	-	506,613
Nil (31 October 2010: 50,424,376 units at ₹ 10.047)		
G690 IDFC Fixed Maturity Quarterly Series-59	-	350,000
Nil (31 October 2010: 35,000,000 units at ₹ 10.00)		
G690 IDFC Fixed Maturity Quarterly Series-60	-	300,000
Nil (31 October 2010: 30,000,000 units at ₹ 10.00)		
DSP BlackRock FMP - 3M Series 19	-	350,000
Nil (31 October 2010: 35,000,000 units at ₹ 10.00)		
DSP BlackRock FMP - 3M Series 21	-	200,000
Nil (31 October 2010: 20,000,000 units at ₹ 10.00)		
B938D Birla Sunlife Short Term FMP Series 1	-	250,000
Nil (31 October 2010: 25,000,000 units at ₹ 10.00)		
DSP BlackRock FMP - 3M Series 22	-	300,000
Nil (31 October 2010: 30,000,000 units at ₹ 10.00)		
	17,764,602	**14,600,259**

The market value of the current investments as at 31 October 2011 is ₹ 17,765,589,734 (31 October 2010 : ₹ 14,640,248,229)

Notes to the Consolidated Financial Statements

(₹ 000's)

	As at 31 October 2011	As at 31 October 2010
12. DEFERRED TAX ASSETS		
On depreciation	832,974	580,084
On losses carried forward	-	44,203
On provision for doubtful debts	27,766	31,022
On provision for employee benefits	85,973	98,336
Others	27,820	-
	974,533	**753,645**
13. INTEREST RECEIVABLE		
Unsecured - considered good	1,103	1,997
	1,103	**1,997**
14. DEBTORS AND UNBILLED REVENUES		
Debts outstanding for a period exceeding six months, unsecured		
- considered good	141,769	93,916
- considered doubtful	100,683	98,396
Other debts, unsecured		
- considered good	5,829,752	5,395,709
	6,072,204	5,588,021
Less: Provision for doubtful debts	(100,683)	(98,396)
	5,971,521	5,489,625
Unbilled revenues	7,100,389	6,487,026
	13,071,910	**11,976,651**
15. CASH AND BANK BALANCES		
Cash in hand	214	300
Balances with scheduled banks		
- Current accounts *	727,859	59,244
- Deposit accounts **	771,000	727,460
- Margin money deposit account	-	908
Balances with non-scheduled banks		
- Current accounts	1,370,203	995,778
- Deposit accounts	27,296	-
	2,896,572	**1,783,690**

* Includes ₹ 3,708,952 and ₹ 4,700,696 representing the balances in unclaimed dividends account as at 31 October 2011 and 31 October 2010 respectively.

** Includes restricted deposits of ₹ 54,954,002 as at 31 October 2011 (31 October 2010: ₹ 70,732,170)

	As at 31 October 2011	As at 31 October 2010
16. LOANS AND ADVANCES		
Unsecured - considered good		
Employee loans	5,456	2,793
Advances recoverable in cash or in kind or for value to be received (refer note 37)	3,432,546	4,272,238
Loan to a ESOP trust	214,860	20,871
Deposits		
- premises	991,926	894,296
- with government authorities	21,728	15,703
- others	117,271	33,541
Advance tax and tax deducted at source (net of provision)	3,118,635	2,772,585
MAT credit entitlement**	1,738,860	1,433,958
	9,641,282	**9,445,985**

** net of MAT credit utilisation of ₹ 183,478,000 (31 October 2010 : ₹ 15,160,000)

(₹ 000's)

	As at 31 October 2011	As at 31 October 2010
17. CURRENT LIABILITIES		
Sundry creditors	1,194,953	368,931
Book overdraft	139,955	70,965
Advances from clients	28,822	86,436
Unearned receivables	368,171	158,370
Salary related costs	2,038,152	2,637,170
Other liabilities*	5,324,696	4,689,368
Unclaimed dividends**	3,709	4,701
	9,098,458	**8,015,941**

* The above amount includes ₹ 17,060,055 (31 October 2010: ₹ 17,060,055) which represents the remaining consideration payable for the acquisition of Kshema Technologies Limited [refer note 2.1] and ₹ 608,687,500 (USD 12,500,000) [31 October 2010: ₹ 555,312,500 (USD 12,500,000)] which represents the earnout payable to the erstwhile share holders of Fortify Infrastructure Services Inc. [refer note 2.4]

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

	As at 31 October 2011	As at 31 October 2010
18. PROVISIONS		
Compensated absences	542,986	303,642
Gratuity [refer note 31(a)]	50,040	109,843
Proposed dividend	1,365,234	839,699
Tax on dividend	221,475	139,474
Taxation	2,772,526	2,103,966
	4,952,261	**3,496,624**

	Year ended 31 October 2011	Year ended 31 October 2010
19. REVENUES*		
Service income	50,744,401	50,365,178
Sale of traded goods	235,242	-
	50,979,643	**50,365,178**

* includes reversal of credit notes pertaining to earlier period which are no longer required amounting to ₹ 665,613,175 (31 October 2010 : ₹ Nil)

	Year ended 31 October 2011	Year ended 31 October 2010
20. COST OF REVENUES*		
Salary and allowances	24,515,227	20,834,858
Contribution to provident and other funds	1,512,578	1,208,180
Staff welfare	618,159	626,708
Purchase of traded goods	218,911	-
Travel	1,022,505	1,276,427
Recruitment charges	317,890	364,099
Communication expenses	470,910	689,350
Rent	1,606,766	1,588,664
Professional charges	126,366	157,511
Depreciation and amortisation	1,453,004	1,487,414
Software development charges	3,846,510	3,372,612
Staff training expenses	64,078	45,116
Electricity	507,457	505,762
Software support and annual maintenance charges	1,332,488	2,050,226
Miscellaneous expenses	816,801	799,984
	38,429,650	**35,006,911**

* net of reversal of certain provisions which are no longer required amounting to ₹ 587,984,112 (31 October 2010: ₹ Nil).

Notes to the Consolidated Financial Statements

(₹ 000's)

		Year ended 31 October 2011	Year ended 31 October 2010
21.	**SELLING EXPENSES***		
	Salary and allowances	1,605,849	1,530,556
	Contribution to provident and other funds	149,366	108,325
	Staff welfare	21,949	22,852
	Travel	196,147	165,893
	Communication expenses	52,556	111,424
	Rent	31,665	37,987
	Professional charges	103,947	97,413
	Depreciation and amortisation	14,433	13,880
	Recruitment expenses	19,116	41,632
	Business meeting expenses	52,051	23,106
	Miscellaneous expenses	86,645	61,410
		2,333,724	**2,214,478**

* net of reversal of certain provisions which are no longer required amounting to ₹ 272,672,434 (31 October 2010 : ₹ Nil)

		Year ended 31 October 2011	Year ended 31 October 2010
22.	**GENERAL AND ADMINISTRATIVE EXPENSES***		
	Salary and allowances	991,619	1,053,324
	Contribution to provident and other funds	55,923	38,116
	Staff welfare	113,971	36,474
	Travel	71,027	84,030
	Communication expenses	58,442	105,558
	Rent	129,815	115,669
	Professional charges	278,013	252,730
	Depreciation and amortisation	84,192	136,461
	Bank charges	8,675	6,772
	Insurance	5,665	8,815
	Rates and taxes	25,737	52,400
	Repairs and maintenance		
	- Plant and machinery	8,787	15,075
	- Building	15,602	6,510
	- Others	19,679	33,689
	Membership and subscriptions	8,408	6,855
	Printing and stationery	11,632	11,209
	Postage and courier charges	4,171	2,783
	Miscellaneous expenses	27,701	163,172
		1,919,059	**2,129,642**

* net of reversal of certain provisions which are no longer required amounting to ₹ 259,528,697 (31 October 2010: ₹ 206,092,099).

		Year ended 31 October 2011	Year ended 31 October 2010
23.	**OTHER INCOME**		
	Profit on sale of fixed assets	32,151	9,602
	Short term mutual fund dividend income-non trade	1,070,876	482,762
	Miscellaneous income /(expense), net	1,633	6,825
	Interest on deposits	31,229	17,579
		1,135,889	**516,768**

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 ₹ 125,812,375 as at 31 October 2011 (31 October 2010: ₹ 119,642,815) have been furnished to the Customs authorities in this regard.

25. Contingent liabilities and commitments

(a) The Group has received assessment orders for the financial years ended 31 March 2004, 31 March 2005, 31 March 2006, 31 March 2007 and 31 March 2008, wherein certain adjustments in respect of transfer pricing under Section 92CA of the Income Tax Act, 1961 and other disallowances have been made to the taxable income and demand order for ₹ 1,792,939,139 (31 October 2010: ₹ 858,689,553) has been raised on the Group.

The above demands are disputed by the management and the Group has filed appeals against the aforesaid orders with appellate authorities.

The management is of the view that the prices determined by it are at arm's length and is confident that the demands raised by the assessing officer are not tenable under law.

Pending outcome of the aforesaid matters under litigation, no provision has been made in the books of accounts for the above mentioned tax demands.

Other claims against the Group not acknowledged as debts amounting to ₹ 659,594,744 (31 October 2010: ₹ 48,035,525)

(b) Estimated amount of contracts remaining to be executed on capital account (net of advances) and not provided for as at 31 October 2011: ₹ 249,235,110 (31 October 2010: ₹ 64,777,067);

(c) Guarantees outstanding including those furnished to the Customs authorities as at 31 October 2011: ₹ 350,755,518 (31 October 2010: ₹ 395,241,752); and

(d) Forward contracts outstanding against receivables/highly probable forecast transactions as at 31 October 2011 and 31 October 2010 are as below:

Currency	As at 31 October 2011		As at 31 October 2010	
	Amount (000's)	Amount in INR (000's)	Amount (000's)	Amount in INR (000's)
USD	462,000	22,497,090	536,075	23,815,132
GBP	21,400	1,669,896	37,100	2,623,712
CAD	-	-	2,492	108,164
AUD	47,300	2,438,906	42,994	1,854,983
EUR	7,300	498,152	4,101	251,861

Forward contracts outstanding against payables as at 31 October 2011 and 31 October 2010 are as below:

Currency	As at 31 October 2011		As at 31 October 2010	
	Amount (000's)	Amount in INR (000's)	Amount (000's)	Amount in INR (000's)
SGD	13,000	507,455	17,040	582,284
USD	50,000	2,434,750	-	-

Notes to the Consolidated Financial Statements

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

Unamortised premium as at 31 October 2011 on forward exchange contracts to hedge the foreign currency risk of the underlying outstanding at the balance sheet date is ₹ 61,477,300 (31 October 2010: ₹ 68,288,482). Net foreign currency exposure of the Group that is not hedged by a derivative instrument or otherwise as at 31 October 2011: ₹ 9,010,653,683 (31 October 2010: ₹ 5,027,229,706).

(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 computer equipments, 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 ₹ 634,983,738 for the year ended 31 October 2011 (31 October 2010: ₹ 886,979,952).

Future minimum lease payments under non-cancellable operating leases as at 31 October 2011 are as follows:

(₹ 000's)

Period	31 October 2011	31 October 2010
Not later than 1 year	547,560	660,808
Later than 1 year and not later than 5 years	834,554	530,072
More than 5 years	25,403	36,178
	1,407,517	**1,227,058**

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 ₹ 1,133,262,454 for the year ended 31 October 2011 (31 October 2010: ₹ 855,340,892).

Office Premises are obtained on operating lease for terms ranging from 1 to 7 years and are renewable at the option of the Company/lessor. 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 60.52% (31 October 2010: 60.55%) of the equity capital of the Company.

The related parties where control exists also include BFL Employees Equity Reward Trust, Kshema Employees Welfare Trust and MphasiS Employee Benefit 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
Non-executive / independent directors on the Board of the Company	
■ Friedrich Froeschl	Director - Appointed as non executive Chairman of the Board w.e.f. 15 July 2010
■ Francesco Serafini	Director & Vice Chairman - Appointed w.e.f. 15 July 2010
■ Nawshir H Mirza	Director
■ Davinder Singh Brar	Director
■ Balu Doraisamy	Director – Appointed w.e.f. 15 July 2010
■ Gerard Brossard	Director – Appointed w.e.f. 15 July 2010
■ Juergen Reiners	Director – Appointed w.e.f. 15 July 2010 and Expired on 07 May 2011
■ K M Suresh	Director - Appointed on 24 November 2009 and Resigned w.e.f. 15 July 2010
■ Andreas W Mattes	Director - Non executive Chairman of the Board - Resigned w.e.f 15 July 2010
■ Prakash Jothee	Director - Resigned w.e.f 14 November 2011
■ Jose de la Torre	Director - Resigned w.e.f 15 July 2010
■ Vinita Bali	Director - Resigned w.e.f 15 July 2010
■ Jim Bridges	Director - Vacated office in terms of Section 283(1)(g) w.e.f 24 November 2009
■ Craig Wilson	Director - Resigned w.e.f 15 July 2010

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

- Hewlett-Packard Polska Sp. z.o.o.
- EDS Business Services Pty Ltd
- EDS Itellium GmbH
- Electronic Data System Columbia, S.A.
- HP Enterprises Services, LLC
- Hewlett-Packard (Canada) Co.
- HP Enterprise Services Australia Pty Ltd
- HP Enterprises Services Bahrain W.L.L
- EDS Sweden AB
- EDS Electronic Data Systems (Thailand) Co. Limited
- Hewlett-Packard Inter-Americas
- E.D.S. International Limited
- Hewlett Packard Ireland Limited
- Hewlett-Packard Globalsoft Private Limited
- HP Enterprise Services UK Ltd
- HP Enterprise Services Italia S.r.l
- Hewlett Packard Europe Finance Limited, Israel Branch
- UAB Hewlett-Packard
- Hewlett Packard Financial Services (India) Private Limited
- Hewlett-Packard Enterprises, LLC
- EDS Japan LLC
- Hewlett-Packard Software, LLC
- Hewlett-Packard Asia Pacific Pte Limited.
- BPO Hewlett Packard Finance Operations
- Hewlett Packard (M) Sdn.Bhd.
- Hewlett Packard New Zealand
- Hewlett-Packard World Services Corporation.
- EDS Operations Services GmbH
- Hewlett Packard Norge A/S
- EDS (New Zealand) Limited
- Electronic Data System Belgium B V B A
- Hewlett-Packard Sverige AB
- EDS Business Services Pty Limited
- EDS (China) Co. Limited
- HP Services (Singapore) Pte Limited
- Hewlett-Packard Holding Iberia, S.L
- EDS (Schweiz) AG
- HP Enterprise Services (Hong Kong) Limited
- EDS Application Services GmbH
- EDS MSC (Malaysia) Sdn Bhd
- HP Magyarorszag Kft
- Hewlett-Packard France SAS
- Hewlett-Packard Colombia Ltda
- Hewlett-Packard Mexico.S.de R.L. de C.V.
- Hewlett-Packard ApS
- Hewlett Packard Development Company, L.P.
- Hewlett Packard India Sales Private Limited
- Hewlett-Packard (India) Software Operations Private Limited
- EDS Africa (Pty) Limited
- EDS Austria GmbH
- Hewlett Packard Singapore (Sales) Pte Limited.
- Hewlett-Packard State & Local Enterprises Services, Inc.

Notes to the Consolidated Financial Statements

- Hewlett Packard GmbH
- Hewlett-Packard Outsourcing Espana, S.L
- EDS (Queensland) Pty Limited
- Hewlett-Packard AP (Hong Kong) Limited
- Hewlett Packard (Schweiz) GmbH
- Hewlett-Packard Deventer B.V.
- Hewlett-Packard Company Financial services Center
- Hewlett Packard Australia Pty Limited
- Hewlett-Packard Gesellschaft m.b.H
- Hewlett Packard (Germany) GmBH
- EDS (Electronic Data Systems) Limited
- HP Enterprise Services Energy Italia S.r.l
- Hewlett-Packard Japan Ltd
- Hewlett-Packard Nederland B.V.
- EDS Finland Oy
- Hewlett Packard Limited
- EDS Holding GmbH
- Electronic Data Systems (Ireland) Limited
- Hewlett Packard (Thailand) Limited
- Excellerate HRO JV
- HP Enterprise Services BPA Pty Limited
- Hewlett-Packard UK Enterprise (I) Ltd.
- Hewlett-Packard Brasil Ltda
- Hewlett-Packard OY
- Electronic Data Systems Limited
- Hewlett-Packard Servizi ICT S.r.l.
- Electronic Data Systems IT Services (M) Sdn.Bhd.
- Hewlett-Packard International Trade B.V,Saudi Arabia branch

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

	Year ended 31 October 2011	Year ended 31 October 2010
Rendering of services to entities where control exists	**1,533,346**	**1,253,695**
- Hewlett-Packard Company [net of credit note reversal of ₹ 665,613 (31 October 2010: Nil)]	1,533,346	1,253,695
Rendering of services to other related parties	**31,801,677**	**33,699,342**
- HP Enterprise Services, LLC	19,437,924	21,329,023
- HP Enterprise Services UK Ltd	2,653,602	4,048,496
- Others	9,710,151	8,321,823
Purchase of fixed assets from other related parties	**514,068**	**123,841**
- HP Services (Singapore) Pte Limited	-	1,549
- Hewlett Packard India Sales Private Limited	95,125	40,373
- Hewlett Packard Singapore (Sales) Pte. Limited	418,943	78,612
- Others	-	3,307
Sale of fixed assets to other related parties	**41,793**	**4,661**
- Hewlett Packard Financial Services (India) Private Limited	-	4,661
- Hewlett-Packard India Sales Private Limited	41,793	-
Lease Rentals to other related parties	**55,703**	**75,939**
- Hewlett Packard Financial Services (India) Private Limited	55,703	75,939
Communication charges paid to other related parties	**(151,187)**	**127,121**
- HP Services (Singapore) Pte Limited [net of reversal of ₹ 236,678 (31 October 2010: Nil)]	(151,187)	127,121
Software development charges to entities where control exists	**-**	**59,249**
- HP Enterprise Services, LLC	-	59,249
Software development charges to other related parties	**80,147**	**84,536**
- Hewlett-Packard Globalsoft Private Limited	24,819	40,111
- HP Services (Singapore) Pte Limited	55,328	44,425
Software support and annual maintenance charges paid to other related parties **	**904,979**	**1,619,895**
- HP Services (Singapore) Pte Limited [net of reversal of ₹ 272,195 (31 October 2010 : Nil)]	904,979	1,619,895
Other expenses to other related parties	**(84,034)**	**27,531**
- HP Services (Singapore) Pte Limited [net of reversal of ₹ 84,034 (31 October 2010 : Nil)]	(84,034)	27,531

(₹ 000's)

	Year ended 31 October 2011	Year ended 31 October 2010
Dividend paid (on cash basis)	**508,425**	**444,872**
- EDS Asia Pacific Holdings, Mauritius	332,009	290,508
- EDS World Corporation (Far East)	176,416	154,364
Remuneration to executive key management personnel	**67,227**	**64,385**
- Balu Ganesh Ayyar	67,227	64,385
Commission to non-executive directors*	**11,235**	**10,490**
- Davinder Singh Brar	3,445	2,400
- Jose de la Torre	-	1,638
- Vinita Bali	-	1,417
- Nawshir H Mirza	3,650	2,400
- Friedrich Froeschl	4,140	2,635
Loan given to BFL Employee Equity Reward Trust	**-**	**8,575**
Loan received from entities where control exists	**-**	**443,600**
- Hewlett-Packard Company	-	443,600
Interest on Loan to entities where control exists	**17,465**	**8,899**
- Hewlett-Packard Company	17,465	8,899
Advance / Loan given to MphasiS Employees Benefit Trust	**194,089**	**20,871**
Loan refunded by a MphasiS Employee Benefit Trust	**100**	**-**

* 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 expired and is expected to be renewed upon completion of the ongoing negotiation of terms. As at 31 October 2011, the provisioning for such services has been made on best estimate basis.

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

	As at 31 October 2011	As at 31 October 2010
Advance / Loan to MphasiS Employees Benefit Trust included in Loans and advances	**214,860**	**20,871**
Sundry debtors and unbilled revenue – entities where control exists	**400,303**	**411,385**
- Hewlett-Packard Company	400,303	411,385
Sundry debtors and unbilled revenue - other related parties	**8,587,702**	**7,893,769**
- HP Enterprise Services LLC	5,391,722	4,717,856
- HP Enterprise Services UK Ltd	931,946	736,407
- HP Enterprise Services Australia Pty Limited	500,753	871,131
- Others	1,763,281	1,568,375
Loan payable to entities where control exists including interest	**514,997**	**452,857**
- Hewlett-Packard Company	514,997	452,857
Current liabilities – other related parties	**1,110,127**	**1,053,397**
- HP Services (Singapore) Pte Limited	1,097,199	1,017,859
- Others	12,928	35,538

Notes to the Consolidated Financial Statements

28. Segment reporting

The Group was reporting Applications Services, Infrastructure Outsourcing Services and Business Process Outsourcing Services as its primary business segments till 31 October 2010. Effective 1 November 2010, the Group has redefined its Organisational Structure and accordingly has identified Banking and Capital Market, Insurance, Information Technology, Communication and Entertainment and Emerging Industries as primary business segments of the Group. The comparative figures have been restated to reflect information for these new segments.

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), India & Asia Pacific (APAC) and Europe, Middle East & Africa (EMEA). Secondary segment information for previous year has been regrouped based on geographical segments of current year.

Primary segment information

(₹ 000's)

	Year ended 31 October 2011	Year ended 31 October 2010
Segment revenue		
Banking and Capital Market	13,100,310	12,458,310
Insurance	5,075,558	4,472,345
Information Technology, Communication and Entertainment	14,001,197	13,723,839
Emerging Industries	18,500,071	18,535,615
Unallocated - Hedge	302,507	1,175,069
	50,979,643	**50,365,178**
Segment profit		
Banking and Capital Market	2,975,006	3,132,978
Insurance	1,164,523	1,189,244
Information Technology, Communication and Entertainment	3,897,717	3,523,734
Emerging Industries	4,210,240	6,337,242
Unallocated - Hedge	302,507	1,175,069
	12,549,993	**15,358,267**
Interest income	31,229	17,579
Interest expenses	(48,961)	(9,575)
Other unallocable expenditure, net of unallocable income	2,486,364	3,267,116
Profit before taxation	**10,045,897**	**12,099,155**
Income taxes	1,827,678	1,191,630
Profit after taxation	**8,218,219**	**10,907,525**

(₹ 000's)

	As at 31 October 2011	As at 31 October 2010
Segment assets		
Banking and Capital Market	4,809,640	4,512,435
Insurance	1,738,295	1,731,703
Information Technology, Communication and Entertainment	4,983,069	4,612,476
Emerging Industries	6,522,441	5,408,571
Unallocated	37,941,042	28,695,069
	55,994,487	**44,960,254**
Segment liabilities		
Banking and Capital Market	2,240,564	2,132,983
Insurance	869,399	755,500
Information Technology, Communication and Entertainment	2,248,109	2,326,069
Emerging Industries	3,170,354	2,786,820
Unallocated	8,468,203	3,967,473
	16,996,629	**11,968,845**
Capital Employed		
Banking and Capital Market	2,569,076	2,379,452
Insurance	868,896	976,203
Information Technology, Communication and Entertainment	2,734,960	2,286,407
Emerging Industries	3,352,087	2,621,751
Unallocated	29,472,839	24,727,596
	38,997,858	**32,991,409**

	Year ended 31 October 2011	Year ended 31 October 2010
Capital expenditure		
Banking and Capital Market	513,906	227,158
Insurance	199,107	81,548
Information Technology, Communication and Entertainment	549,247	250,238
Emerging Industries	725,729	337,976
	1,987,989	**896,920**
Depreciation		
Banking and Capital Market	549,014	503,586
Insurance	80,603	122,567
Information Technology, Communication and Entertainment	429,999	567,443
Emerging Industries	492,013	444,159
	1,551,629	**1,637,755**
Secondary segment information (revenues)		
Region		
USA	33,229,280	31,902,450
APAC	8,772,117	7,934,489
EMEA	8,675,739	9,353,170
Unallocated - Hedge	302,507	1,175,069
	50,979,643	**50,365,178**

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

Notes to the Consolidated Financial Statements

Secondary segment information (segment assets)

(₹ 000's)

	As at 31 October 2011	As at 31 October 2010
Region		
USA	18,865,524	13,122,785
APAC	33,264,285	28,461,547
EMEA	3,864,678	3,375,922
	55,994,487	**44,960,254**

Secondary segment information (capital expenditure)

	Year ended 31 October 2011	Year ended 31 October 2010
Region		
USA	163,289	58,304
APAC	1,751,795	826,817
EMEA	72,905	11,799
	1,987,989	**896,920**

29. Earnings Per Share ('EPS')

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

	Year ended 31 October 2011	Year ended 31 October 2010
Profit after taxation	8,218,219	10,907,525
Number of weighted average shares considered for calculation of basic earnings per share	209,995,945	209,757,266
Add: Dilutive effect of stock options	596,511	984,375
Number of weighted average shares considered for calculation of diluted earnings per share	**210,592,456**	**210,741,641**

The above does not include 21,700 (31 October 2010: 22,400) bonus shares held in abeyance by the Company.

30. Stock Based Compensation

The Group uses the intrinsic value method of accounting for its employee stock options except for RSU Plan 2010 and RSU Plan 2011 wherein compensation cost is measured based on fair value method. 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:

(₹ 000's)

	Year ended 31 October 2011	Year ended 31 October 2010
Net profit as reported	8,218,219	10,907,525
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	5,182	4,373
Pro-forma net profit	8,223,401	10,911,898
Earnings per share: Basic		
As reported	39.14	52.00
Pro-forma	39.16	52.02
Earnings per share: Diluted		
As reported	39.02	51.76
Pro-forma	39.05	51.78

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 (₹ 000's)

	As at 31 October 2011	As at 31 October 2010
Change in projected benefit obligation		
Obligations at year beginning	415,192	378,566
Service cost	108,010	51,323
Interest cost	33,092	26,597
Benefits paid	(52,200)	(36,972)
Actuarial loss/ (gain)	(2,121)	(4,322)
Obligations at year end	**501,973**	**415,192**

Notes to the Consolidated Financial Statements

(₹ 000's)

	As at 31 October 2011	As at 31 October 2010
Change in plan assets		
Plan assets at year beginning, at fair value	305,349	319,091
Expected return on plan assets (estimated)	35,685	22,332
Actuarial gain/ (loss)	1,100	898
Contributions	161,999	-
Benefits paid	(52,200)	(36,972)
Plan assets at year end, at fair value	**451,933**	**305,349**
Reconciliation of present value of obligation and fair value of plan assets		
Fair value of plan assets at the end of the year	451,933	305,349
Present value of defined benefit obligation at the end of the year	501,973	415,192
Liability recognised in the balance sheet	**(50,040)**	**(109,843)**
Assumptions		
Interest rate	8.50%	8.00%
Discount rate	8.50%	8.00%
Expected rate of return on plan assets	8.50%	8.50%
Attrition rate	5% - 30%	5% - 30%
Expected contribution over next one year	150,000	100,000

	Year ended 31 October 2011	Year ended 31 October 2010
Gratuity cost for the year		
Service cost	108,010	51,323
Interest cost	33,092	26,597
Expected return on plan assets	(35,685)	(22,332)
Actuarial loss/(gain)	(3,221)	(5,220)
Net gratuity cost	**102,196**	**50,368**

The gratuity expense is grouped under salary and allowances in the profit and loss account. The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors such as supply and demand factors in the employment market. Expected return on plan assets is computed based on prevailing market rate.

The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

	As at 31 October 2011	As at 31 October 2010
Investments with insurer	100%	100%

Experience Adjustment

	Year ended 31 October 2011	Year ended 31 October 2010	Year ended 31 October 2009	Seven months ended 31 October 2008	Year ended 31 March 2008
On obligations, gain/(loss)	2,121	4,322	11,761	6,782	32,962
On plan assets, gain/(loss)	1,100	898	590	(2,655)	1,722

b. **Provident Fund**

The Company contributed ₹ 675,748,268 during the year ended 31 October 2011 (31 October 2010: ₹ 513,478,046)

32. The Group paid an amount of US$ 397,217 (₹ 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 (₹ 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 (₹ 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 ₹ 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 Group or the client.

33. The Group has amounts due to Micro and Small Enterprises under The Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act) as at 31 October 2011.

(₹ 000's)

Particulars	2011	2010
The principal amount and the interest due thereon remaining unpaid to any supplier as at 31 October	1,986	747
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 year	83	Nil
The amount of further interest remaining due and payable for the earlier years	Nil	Nil

34. The movement in provisions (figures in bracket represent previous year numbers) during the year is as below:

(₹ 000's)

	1 November 2010	Additions	Amounts used	31 October 2011
Claims	91,526 (169,101)	- (15,000)	43,497 (92,575)	48,029 (91,526)
Contingent consideration payable to erstwhile shareholders of a subsidiary (Refer note 2.4)*	555,313 (-)	53,375 (555,313)	- (-)	608,688 (555,313)
	646,839 **(169,101)**	**53,375** **(570,313)**	**43,497** **(92,575)**	**656,717** **(646,839)**

* Additions during the year ended 31 October 2011, represents impact on account of re-statement.

35. The effect of acquisition in subsidiary companies on the consolidated financial statements is as follows:

Name of Subsidiary	Year ended 31 October 2011		Year ended 31 October 2010	
	Effect on Consolidated Profit/(Loss)	Effect on Net Assets	Effect on Consolidated Profit/(Loss)	Effect on Net Assets
MphasiS Infrastructure Services Inc.	-	-	(38,102)	54,371
Wyde Corporation	(17,800)	21,215	-	-

Notes to the Consolidated Financial Statements

36. The Group allocates certain common expenses between Cost of revenues, Selling expenses and General and administrative expenses on reasonable and best estimate basis for the purpose of functional classification of profit and loss account.

37. Loans and Advances include service tax input credit receivable, (net) of ₹ 2,659,806,054 (31October 2010: ₹ 2,533,428,878). Based on legal opinion obtained by the Group, service tax liability on imported services under "Import of Services Rules" have been discharged using accumulated balance available in CENVAT Credit Account for the period December 1, 2010 to March 31, 2011. Effective April 1, 2011 such position is reversed and service tax liability on select imported services under "Import of Services Rules" have been discharged in cash. Further, the Group has obtained legal opinions in support of its position on non applicability of Sec 66A of the Finance Act 1994 read with 'Import of Services Rules' on onsite services provided by foreign vendors (including group companies).

The management, per the legal opinions, is confident that the legal positions taken by the Group are tenable and defendable under law.

38. The Group has entered into joint venture agreements with E – Governance Solutions Private Limited and Strategic Outsourcing Services Private Limited for execution of certain projects jointly. These parties do not have significant interest in such projects being executed jointly with the Group.

39. The figures of previous year have been regrouped/ reclassified, wherever necessary, to conform with the current year classification.

For and on behalf of the Board of Directors

For **S.R. BATLIBOI & Co.**
Firm registration number: 301003E
Chartered Accountants

per **Navin Agrawal**
Partner
Membership No. 56102

Bangalore
30 November 2011

Balu Ganesh Ayyar
Chief Executive Officer

Nawshir H Mirza
Director

Ganesh Murthy
Executive Vice President &
Chief Financial Officer

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

Bangalore
30 November 2011

Consolidated Cash Flow Statement

(₹ 000's)

	Year ended 31 October 2011	Year ended 31 October 2010
Cash flows from operating activities:		
Profit before taxation	10,045,897	12,099,155
Adjustments for:		
Interest income	(31,229)	(17,579)
Mutual fund income	(1,070,876)	(482,762)
Interest expenses	48,961	9,575
ESOP amortised	111,797	-
Profit on sale of fixed assets	(32,151)	(9,602)
Depreciation and amortisation	1,551,629	1,637,755
Effect of exchange rate changes	(48,254)	49,931
Operating profit before working capital changes	10,575,774	13,286,473
Debtors and unbilled revenues	(261,512)	(2,886,764)
Loans and advances	290,205	(123,232)
Current liabilities and provisions	(511,152)	(37,025)
Cash generated from operations	10,093,315	10,239,452
Income taxes (paid)/ refund	(1,954,214)	(1,812,719)
Net cash provided by operating activities	**8,139,101**	**8,426,733**
Cash flows from investing activities:		
Interest received	32,123	16,877
Proceeds from sale of fixed assets	37,983	28,502
Purchase of fixed assets	(2,006,601)	(918,961)
Loan to a ESOP Trust	(193,989)	(20,871)
Mutual fund income (including re-investment)	859,781	482,762
Purchase of units of Mutual Funds	(96,627,040)	(97,556,300)
Payment for subsidiary acquisition, net of cash acquired [refer note 2.4 and 2.7]	(4,091,415)	(543,251)
Sale of units of Mutual Funds	93,673,792	90,568,512
Redemption of deposits	15,778	-
Net cash used in investing activities	**(8,299,588)**	**(7,942,730)**

Consolidated Cash Flow Statement (Contd...)

(₹ 000's)

	Year ended 31 October 2011	Year ended 31 October 2010
Cash flows from financing activities:		
Proceeds from issue of share capital	1,106	3,507
Proceeds of premium from issue of share capital	11,926	41,174
Interest expense	(31,496)	(9,575)
Availment of secured loans	-	443,600
Availment of unsecured loans	2,299,995	-
Repayment of secured loans	(7,739)	(23,735)
Dividend paid including dividend tax	(980,458)	(857,992)
Net cash provided / (used) in financing activities	**1,293,334**	**(403,021)**
Changes in cash and cash equivalents	1,132,847	80,982
Effect of exchange rate changes	(4,187)	(82,990)
Cash and cash equivalents at beginning of the year	**1,712,958**	**1,714,966**
Cash and cash equivalents at end of the year	**2,841,618**	**1,712,958**
Cash in hand	214	300
Current accounts	2,098,062	1,055,022
Deposit accounts	798,296	728,368
Total cash and cash equivalents	**2,896,572**	**1,783,690**
Less : Restricted Deposits and Margin money	**54,954**	**70,732**
Cash and cash equivalents at end of the year	**2,841,618**	**1,712,958**

This is the Consolidated Cash Flow Statement referred to in our report attached

For and on behalf of the Board of Directors

For **S.R. BATLIBOI & Co.**
Firm registration number: 301003E
Chartered Accountants

per **Navin Agrawal**
Partner
Membership No. 56102

Bangalore
30 November 2011

Balu Ganesh Ayyar
Chief Executive Officer

Nawshir H Mirza
Director

Ganesh Murthy
Executive Vice President &
Chief Financial Officer

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

Bangalore
30 November 2011

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

Safe Harbor:

Certain statements in this document may be forward-looking statements. Such forward-looking statements are subject to certain risks and uncertainties like regulatory changes, local political or economic developments, and many other factors that could cause our actual results to differ materially from those contemplated by the relevant forward-looking statements. MphasiS will not be in any way responsible for any action taken based on such statements and undertakes no obligation to publicly update these forward-looking statements to reflect subsequent events or circumstances.

The following discussion and analysis should be read in conjunction with the Company's Indian GAAP Audited Consolidated financial statements and the notes thereon. All comparisons for the purpose of this discussion and analysis are with reference to the audited consolidated financial statements for the year ended 31 October 2011 and 31 October 2010.

A. Overview

MphasiS is a premier global IT services Company ('the Company') headquartered in Bangalore, India formed in the year 2000. In June 2006, the Company became a subsidiary of Electronic Data Systems Corporation (EDS). In terms of a merger agreement executed between Electronic Data Systems Corporation and Hewlett-Packard Company ('HP') on 26 August 2008 Electronic Data Systems Corporation became a 100% subsidiary of Hewlett-Packard Corporation (HP) and HP became the ultimate holding company of MphasiS.

The Company commenced a major transformation journey in 2011 and embarked upon a new strategy in order to meet the challenges in the rapidly changing environment in which it operates. The new strategy has the following tenets:

1. Accelerate growth of direct business
2. Retain footprint of HP Enterprise Services (HP ES)
3. Expand to other areas in HP, beyond HP ES
4. Identify strategic verticals and countries of focus and strengthen those areas
5. Maintain a good balance of business between developed and emerging countries
6. Future-proof the organization by investing in IP and Surround IP led offerings to drive non linear growth (beyond pure labor arbitrage)

The above areas were arrived at with an in-depth assessment of the relative attractiveness in these areas, the Company's strengths and its ability to execute.

In order to become more valuable to its customers and to offer differentiated service, the Company selected two focus verticals after careful assessment of strengths, size and the nature of work. Banking and Capital Markets (BCM) and Insurance were identified as Wave1 focus verticals. The Company has taken steps to invest in these verticals organically and inorganically. The Company has started to be recognized for its strong focus in select areas with clear strategic intent.

The Company has also created separate Market Units to focus on HP Enterprise Services (HP ES) and areas outside of Enterprise Services with clear accountability and roles defined for the executives in charge of both of these. The year saw significant effort being put in to maintain the HP ES business and a good foundation established in the HP non-ES areas.

The Company also set up a dedicated unit to focus on Emerging Markets since the customer buying behaviour in Emerging Markets is different from the Mature Markets. Additionally, the Company set up a dedicated unit to focus on new areas of growth. The New Ventures unit is focused on select areas which are being incubated and which have the potential to become growth engines of the future.

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

The Company has also taken steps to arrest the decline in margins and is undertaking operational improvements.

Strategy in action

a) Direct business

- Revenue from direct business grew 22.2%.
- 1.4% of the growth was contributed by Wyde, the company which was acquired on 29th August 2011.
- 65 direct clients were added during the year.
- The HP:Direct business mix improved from 71:29 (FY10) to 66:34 (FY11)

b) HP business

- Revenue from the HP business, measured in Rupees, declined by 4.7% during the year.
- The HP non-Enterprise Services business gained traction, as the Company continued to explore further opportunities outside its traditional HP relationships. In FY11, Non ES business constituted 5.1% of the total HP business

Cost of Revenues

Cost of revenues is direct costs and primarily comprises of direct manpower, travel, facility expenses, network and technology costs.

The consolidated cost of revenues of the Company was ₹ 38,430 million in FY 11 representing an increase of 9.8% over FY10. This was 75.4% of revenues compared to 69.5% during the previous financial year, mainly due to increase in manpower costs.

Selling Expenses

Selling expenses of ₹ 2,333 million for FY11, represented an increase of ₹ 119 million or 5.4% over FY10. This is on account of increase in manpower cost, travel, professional charges and sales promotion. During the year the Company added a net sales headcount of 8 persons.

General and Administrative Expenses

General and administrative expenses of ₹ 1,919 million for FY11, represented a decrease of ₹ 211 million or 9.9% from FY10, mainly on account of lower manpower cost.

Operating Profit

The operating profit in FY11 decreased to ₹ 8,294 million from ₹ 11,011 million in FY10. This was mainly due to higher manpower costs and increased selling expenses.

Foreign Exchange Gain, net

The gain on foreign exchange for FY11 was ₹ 665 million as against a gain of ₹ 581 million for FY10. The higher gainis on account of gain on forward premium and exchange fluctuation arising out of restatement of assets and liabilities.

Other Income, net

The net other income for FY11 was ₹ 1,136 million as compared to ₹ 517 million for FY10; primarily comprising of dividend from higher investments in short-term liquid mutual funds and fixed maturity plans.

Interest Expense

Net interest expense for FY11 was ₹ 49 million as against ₹ 10 million for the FY10. The interest was mainly on packing credit in foreign currency availed of by the Company.

Income Taxes

Income taxes were ₹ 1,828 million for FY11 as compared to ₹ 1,192 million for FY10. The effective tax rate has increased to 18.2% in FY11 from 9.8% in FY10 primarily due to STPI tax holiday benefit in India coming to an end as of 31 March 2011.

Net Profit

The net profit after taxes was ₹ 8,218 million for FY11, a decrease of ₹ 2,690 million or 24.7% from the net profit of ₹ 10,908 million for FY10.

Key performance Indicators – Profit and Loss Account		**FY11**	**FY10**
PROFIT AND LOSS ACCOUNT			
Gross margin	%	24.6%	30.5%
Selling expenses	%	4.6%	4.4%
General and administrative expenses	%	3.8%	4.2%
Operating margin	%	16.3%	21.9%
EBITDA margin	%	19.3%	25.1%
Net margin	%	16.1%	21.7%
Effective tax rate	%	18.2%	9.8%
EPS (Basic)	₹	39.14	52.00

During the current financial year, there were some instances of provisions no longer required written back. Such reversals of provisions have been separately mentioned as a note to the Audited Financials.

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

(₹ Millions)

Segment	**FY11**	**%**	**FY10**	**%**
Banking and Capital Market	13,100	*26%*	12,458	*25%*
Insurance	5,076	*10%*	4,472	*9%*
Information Technology, Communication & Entertainment	14,001	*28%*	13,724	*28%*
Emerging Industries	18,500	*36%*	18,536	*38%*
Total	50,677	*100%*	49,190	*100%*

Client concentration

	FY11	**FY10**
Revenues from Top Client	10%	10%
Revenues from Top 5 Clients	30%	28%
Revenues from Top 10 Clients	44%	45%
Clients Contributing more than:		
$ 1 million Revenues	120	115
$ 5 million Revenues	43	38
$ 10 million Revenues	24	23
$ 20 million Revenues	12	14

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

During FY11 the Company expanded its client base with 100 new clients added, including 65 clients in Direct Business.

Revenues by Service Type

(₹ Millions)

Service Type	FY11	%	FY10	%
Application Maintenance & Other Services	18,082	36%	18,672	38%
Application Development	13,514	27%	13,864	28%
Customer Service	2,918	6%	2,727	5%
Service / Technical Help Desk	2,356	4%	2,788	6%
Transaction Processing Service	2,736	5%	2,775	6%
Infrastructure Management Services	10,676	21%	7,451	15%
Knowledge Processes	354	1%	873	2%
License Income	41	0%	40	0%
Total	**50,677**	**100%**	**49,190**	**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, mostly undertaken on annuity terms. Customer services include receivables collection support, product support, enrolment etc. provided to clients through BPO operations. Service/Technical Help Desk comprise of inbound and outbound customer interaction programs including technical product support, customer care and allied services. Transaction Processing includes claims and mortgage processing, account opening and maintenance, data processing and management etc. 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. License Income pertains to the income from license sale in the health care space of the Company's product Javelina developed by its foreign subsidiary that was acquired in 2005. Revenues from Infrastructure Management Services grew by 43% in FY11 compared to FY10 mainly from the operations of Fortify which was acquired last year.

Revenues by Project Type

(₹ Millions)

Project Type	FY11	%	FY10	%
Time and Material	44,232	87%	43,344	88%
Fixed Price	6,445	13%	5,846	12%
Total	**50,677**	**100%**	**49,190**	**100%**

Significant revenues are principally generated from services provided on time-and-material (T&M) based contracts. Revenues from service provided on a T&M basis are recognised in the period that services are performed. Revenues from fixed price contracts are recognized using the percentage-of-completion method, calculated as the proportion of the cost of effort incurred up to the reporting date to estimated cost of total effort.

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

Revenues by Delivery Location

(₹ Millions)

Delivery Location	FY11	%	FY10	%
Onsite	15,800	31%	15,531	32%
Offshore	34,877	69%	33,659	68%
Total	**50,677**	**100%**	**49,190**	**100%**

The Company charges higher billing rates and incurs higher compensation expenses for work performed by the onsite teams at customers' premises as compared to work performed at its offshore centres.

Revenues by Geography

(₹ Millions)

Regions	FY11	%	FY10	%
AMERICAS	33,229	66%	31,902	65%
EMEA	8,676	17%	9,353	19%
APJ	8,772	17%	7,935	16%
Total	**50,677**	**100%**	**49,190**	**100%**

Given below are analyses of our people resource information.

Headcount *

	FY11	FY10
Onsite		
- Application Services	2,692	2,535
- ITO Services	314	457
- BPO Services	141	189
Offshore		
- Application Services	12,682	12,071
- ITO Services	7,950	8,139
- BPO Services	15,132	15,137
Sales and Marketing	325	317
General and Administration	1,190	1,117
Total	**40,426**	**39,962**

*** Note: Including billable contractors**

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

Following tables summarise the Utilisation and Billing rates by business unit

Average Utilization Rates	FY11	FY10
Excluding Trainees		
Onsite		
- Application Services	89%	88%
- ITO Services	80%	84%
Offshore		
- Application Services	75%	75%
- ITO Services	77%	78%
- BPO Services	78%	78%
Blended		
- Application Services	77%	77%
- ITO Services	77%	78%
- BPO Services	78%	78%
Including Trainees		
Onsite		
- Application Services	89%	88%
- ITO Services	80%	84%
Offshore		
- Application Services	72%	73%
- ITO Services	74%	73%
- BPO Services	68%	71%
Blended		
- Application Services	75%	75%
- ITO Services	74%	73%
- BPO Services	68%	71%

$/hr

Average Billing Rates	FY11	FY10
Onsite		
Application Services	70	72
ITO Services	67	68
Offshore		
Application Services	20	21
ITO Services	20	19
BPO Services	7	7

Note: Previous year data are restated for proper comparison.

B. Liquidity and Capital Resources

(₹ Millions)

	FY11	FY10	Change
Working Capital	11,560	11,696	(136)
Cash provided by operating activities	8,139	8,427	(288)
Cash (used in) investing activities	(8,300)	(7,943)	(357)
Cash (used in) / provided by Financial activities	1,293	(403)	1,696
Cash and cash equivalents	20,661	16,384	4,277

The Company has historically been financed mainly through cash generated from operations. The Company does not have significant borrowings (long and short term), except a short term packing credit loan availed during the year.

Cash used in investing activities

In FY11, the Company incurred capital expenditure of ₹ 2,007 million for the increased scale of operations and for refreshing assets.

The Company acquired Wyde Corporation for a net cash consideration of ₹ 4,091 million in FY11.

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

Cash provided by financing activities

In FY11 the Company has availed packing credit loan of ₹ 2,300 million for working capital purposes.

The Company paid ₹ 980 million on account of dividend and dividend tax as against ₹ 858 million in FY10.

Cash and cash equivalents

The Company'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 2011 and 2010 is given below.

(₹ Millions)

	As at 31 October 2011	As at 31 October 2010
Margin money deposits	-	1
Fixed Deposit - Escrow Account	55	71
Unclaimed dividends	4	5
TOTAL	**59**	**77**
Restricted cash as a % of total cash balances	**2%**	**4%**

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

Company's treasury policy

The Company's treasury policy calls for investing only in fixed deposits of highly rated banks, units of debt mutual funds and fixed maturity plans (FMP) for maturities up to 6 months. Stringent guidelines have been set for de-risking counter party exposures. The Company maintains balances both in Indian Rupee and foreign currency accounts in India and overseas. The investment philosophy of the Company is to ensure capital preservation and liquidity in preference to returns.

Off balance sheet arrangements

As part of its ongoing business, the Company 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 2011 the Company was not involved in any material unconsolidated SPE transactions.

Directors' Profile

Dr. Friedrich Froeschl, Chairman

Dr. Friedrich Froeschl, Chairman of Board of Directors, 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 associated with Siemens AG as Corporate Vice President for Corporate Information and Operations (CIO) and as a member of the managing board. 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 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. He is also a Director on the Board of ICT Automotive, Netherlands.

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. Francesco Serafini, Vice-Chairman

Francesco Serafini joined the Board of MphasiS in July 2010. Mr. Serafini holds an engineering degree in electronics from Politecnico of Turin, Italy. He was executive Vice President of Emerging Markets at HP. In this position, he headed strategy, planning, coordination and growth initiatives across Emerging Markets globally.

From 2005 until April 2010, Serafini served as Managing Director for HP Europe, the Middle East and Africa (EMEA) and as Senior Vice President for the Enterprise Business in EMEA. He chaired the regional leadership team and was responsible for the company's strategy in EMEA, developing partnerships and key stakeholder relations for HP.

Serafini joined HP in 1981 and had held several senior management positions. He has 30 years of experience in the IT services market.

Mr. Balu Ganesh Ayyar, Chief Executive Officer

Balu 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 joined MphasiS from HP where his last assignment was that of Vice President, Managed Services, Asia Pacific and Japan, leading selective sourcing and small and medium outsourcing deals. At HP, he held several key assignments including being the President of HP India in 1999. He was the co-lead for pre-merger Integration Planning for HP-Compaq Merger for Asia Pacific and Japan. Ganesh also held the office of Vice President of HP Services for South East Asia and lead customer support, consulting & integration and Managed Services business. With more than 25 years of experience, Ganesh's career has spanned across South East Asia (Singapore, Malaysia, Thailand, the Philippines, Indonesia, Vietnam and Asian Emerging Countries) and India.

Directors' Profile

Ganesh is the recipient of the Asia's Viewers Choice Award in the 10th CNBC Asia Business Leader Awards 2011. He also won the India Talent Management Award at the CNBC TV18 India Business Leader Awards (IBLA) 2012 from the Finance Minister, Mr. Pranab Mukherjee.

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

Mr. Nawshir H Mirza, Director

Nawshir Mirza, Director, joined the Board of MphasiS in January 2004. He is a fellow member of 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 served as the President of the Institute of Internal Auditors, Calcutta and the Indo-American Chamber of Commerce, Western India. He has contributed to the accounting profession, being a Speaker or the Chairperson at a large number of professional conferences in India and abroad and has authored many professional publications of the Institute of Chartered Accountants of India.

He is also a Director on the boards of Tata Power Company Limited, Foodworld Supermarkets Limited, Health & Glow Retailing Private Limited, Thermax Limited and Coastal Gujarat Power Limited. As a philanthropist, he is actively involved with Childline, an all India NGO for abused & distressed children. He is also an Honarary Treasurer of Indian Red Cross Society.

Mr. Davinder Singh Brar, Director

D S Brar, Director, joined the Board of MphasiS in April 2004. 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 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 promoter of GVK Bio Sciences Private Limited, Inogent Laboratories Private Limited and Davix Management Services Private Limited. He is also on the boards of Maruti Udyog Limited, Moksha8 apart from being Special Advisor to KKR and to the board of Adamas Pharmaceuticals and a Member of the Board of Governors of the Indian Institute of Management, Lucknow.

Mr. Brar was a Director of the Reserve Bank of India (RBI) between 2000 – 2007.

Mr. Balu Doraisamy, Director

Balu Doraisamy, Director, joined the Board of MphasiS in July 2010. Balu holds a post graduate degree in Computer Science and a Master's degree in Mathematics. He has 30 years of IT experience spanning the global market, including 25 years with HP. This includes 3 years as Managing Director of Hewlett-Packard (HP) in Asia Pacific and Japan (APJ), and 9 years as Country Managing Director for HP/Compaq in India. Under his leadership, HP has achieved nearly 20% (USD 23 Billion) of its global business in the APJ region.

His diverse international background includes hands-on experience in Software, Server, Storage, PC, Printer, Network, Services, M&A and Integration, in the U.S. and across APJ. Balu led leadership teams in various countries through complex customer engagements, business transformation and growth initiatives. His experience include developing and overseeing Country subsidiaries, Manufacturing facilities, Offshore IT delivery services, BPO units, Engineering centers and Research Labs.

Balu's expertise includes the application of technology to the benefits of business transformation across multiple industries. He has also developed significant insight in growing Enterprise, Government, SME and Consumer markets.

He currently serves as a board member of TVS Electronics (India) and Ascendas (Singapore).

Mr. Gerard Brossard, Director

Gerard Brossard, Director, joined the Board of MphasiS in July 2010. Brossard holds a Master of Science degree in Computer Science from MIAGE LYON 1 University in Lyon, France. He is Vice President, Strategy and Operations at HP. In this role, Gerard Brossard is currently responsible for driving a seamless integration of Autonomy into HP.

Prior to this role, as HP Software's Vice President of Strategy, Planning and Operations and Chief of Staff, Gerard Brossard developed and led the execution of HP Software's business priorities by working across the organization to establish business practices and processes that drove accountability and results. He also led the effort to bring alignment across the organizations to achieve HP's software overall strategy and business plan.

As the Vice President of Strategy and Corporate Development, reporting directly to the CEO, he successfully initiated HP's global labor model and location footprint for improved sales coverage, more effective service delivery and lower costs.

As the Vice President of the Mergers & Acquisitions Integration organization, Brossard lead all aspects of HP's USD13.9 Billion acquisition and integration of EDS, delivering financial and operational targets on plan and budget.

Brossard's 20-years HP career has included a variety of positions in the IT and HR organizations in both Europe and the US. As the Vice President of the Workforce Planning and Staffing organization, he led the implementation of world-class workforce plans and programs. As the Director of HR Global Processes and Operations, he led the development and implementation of the new global HR self-service delivery model for HP; the largest most complex PeopleSoft Human Resource Management System installation in the world.

Directors' Report

Dear Shareholders,

We have pleasure in presenting to you the twentieth Annual Report of your Company for the financial year ended 31 October 2011.

CONSOLIDATED FINANCIAL PERFORMANCE

(₹ million)

Particulars	Year Ended 31 October 2011	Year Ended 31 October 2010
Revenues	50,980	50,365
Cost of Revenues	38,430	35,007
Gross Profit	12,550	15,358
Operating Profit	8,294	11,011
Profit before taxation	10,046	12,099
Net Profit	8,218	10,908
Provision for Proposed Dividend	1,365	840
Tax on Dividend	222	140
Transfer to General Reserve	782	997
Transfer to Capital Redemption Reserve	-	5

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.

DIVIDEND

Your Directors are pleased to recommend a final dividend of ₹ 6.50 per equity share of ₹ 10 each for the year ended 31 October 2011, subject to your approval at the ensuing Annual General Meeting.

OUTLOOK

2011 can best be described as a year of volatility and macro economic uncertainties. We undertook the transformation journey to tackle (1) concentration risk of our HP business; (2) absence of growth in Direct channel business; and (3) creating greater value for our customers through industry vertical approach.

Our results for FY11 demonstrate good progress in Direct channel business, with our Infrastructure business leading the growth story. We made inroads into select verticals and are beginning to be known for our focus in the chosen spots. We also established a good foundation for business beyond HP ES, growing areas in HP Non ES. While all these efforts yielded encouraging results, our concentration of HP ES business had a negative impact due to its decline affecting our share of that business. We had pressures on margins, that we took steps to arrest, which yielded results in Q4.

Looking ahead towards FY12, economic uncertainty around Europe and absence of growth in US markets is leading many companies to believe in a long period of muted growth. On the IT services front, many enterprises have tightened their spend on discretionary projects. We expect the sales cycle to be longer and some customers may also go for vendor consolidation. We believe that the entire IT offshore industry will experience a lower rate of growth.

As we look ahead for MphasiS, we have laid a good foundation for direct business growth and we feel optimistic around our growth with HP in newer areas.

Our focus going forward is to:

- Have a cost structure which is able to respond to the changing market dynamics.
- Continue to stay invested in our direct business growth and this will be done through increased focus in specific solutions, infrastructure business and in emerging markets.
- Accelerate our growth engine with newer areas of HP Non ES Business.
- Sharpen our value proposition in specific areas with HP ES.
- Accelerate our strategy execution, utilizing both our existing assets and selectively making acquisitions.

We will continue to strive and build an organization that is deeply aligned with our customers and will focus on delivering consistent results.

SHARE CAPITAL

The Issued Share Capital of the Company as on 31 October 2011 stood at ₹ 2,100 million and Reserves and Surplus of the Group stood at ₹ 36,780 million. There has been an increase in the capital during the year due to allotments on exercise of stock options and release of bonus shares, kept unissued due to dispute of title.

CORPORATE GOVERNANCE

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

ACQUISITION OF WYDE

The Company acquired Wyde Corporation (Wyde) and its subsidiaries in August 2011. This strategic investment by the Company reinforces its focus on the Insurance vertical to deliver business value through domain specific solutions. Wyde is an international software vendor and creator of Wynsure - an industry leading Insurance Policy Administration Solution.

Wyde is headquartered in Minneapolis, USA, with a modern Research & Development (R&D) centre in Paris, France. Wyde has developed and deployed Wynsure at many leading insurance carriers in North America and Europe.

This investment is the second acquisition by MphasiS in the Insurance industry vertical, after acquiring AIG Software Systems Private Limited, the AIG captive subsidiary in India, in 2009. With the acquisition of Wyde, MphasiS can help customers transform their business across the entire insurance value chain.

EMPLOYEES

At MphasiS, we are striving to create a strong winning culture, driven by values and augmented by capability. Our people and leadership practices have all been aligned to enable this end objective. We have been successfully building a committed workforce which lays emphasis on the MphasiS value system even while sporting a relentless winning attitude and focusing on realization of organizational goals.

Our people management practices are getting structured towards inverting the traditional hierarchical pyramid and putting power in employees' hands. All our processes are being simplified with the objective of making the life of the employee easier by treating them as responsible adults. Our career progression framework provides them greater control over their future and growth at MphasiS. Our training strategy too is centered around building the requisite competencies for the growing

Directors' Report

employee population. The Mblaze program, an interactive workshop that focuses on foundational competencies and values, was delivered to more than 25,000 employees.

We covered a wide cross-section of developmental needs across behavioral, technical, domain, sales and leadership competencies. The focus on training this year has resulted in us providing 50 hours of training per employee.

We strongly believe that empowerment of those closest to the customer and of our people, across all roles, will create the maximum positive impact on our performance. Hence, we have introduced the Front Line Manager (FLM) program, giving more authority, responsibility and visibility to our front line managers in all units. A carefully constructed training roadmap for the Frontline Managers equips them to excel in their enhanced roles.

Talent Management has emerged as another key differentiator for MphasiS. Through various concerted initiatives, we have been able to create a healthy leadership pipeline at all layers of employees.

The Company, in order to nurture and retain its top talent and high potential employees, has set in place programs such as the Executive Talent Pool, Future Leader Program, Aarambh and the Leadership Talent Pool at different levels of the organization. These programs aim to train, coach and groom the next line of leadership to take on the challenges that come from an expanding and ambitious business such as ours. The top talent amongst the target groups are inducted into these talent pools after a stringent identification process. As part of these programs, the leaders go through a series of assessment, development interventions and coaching. The success of the programs is clearly evident from the induction of leaders from these talent pools into some of the critical positions across the Company.

Our uniquely designed Rewards and Recognition program reinforces our focus on inculcating a Winning Culture based on a strong value system. Employees get rewarded for delivering exceptional performances while living by the MphasiS values. This is capped with an Annual Awards program, where we identify the Heroes of MphasiS and celebrate them throughout the year.

The total employee strength grew from 39,962 employees on 31 October 2010 to 40,426 employees on 31 October 2011.

EMPLOYEES STOCK OPTION PLAN AND RESTRICTED STOCK UNITS PLANS

Your Company's Employee Stock Option Plan is administered through the BFL Employees Equity Reward Trust and the Restricted Stock Units Plans are administered through MphasiS Employees Benefit Trust.

Grants were made during the year under the Restricted Stock Units Plan 2010 and Restricted Stock Units Plan 2011. As a gesture of appreciation for their contribution in attaining the "One Billion Dollar Revenue Mark", the Company introduced the latter plan, under which it granted, on 1 April 2011, 10 Restricted Stock Units to each eligible employee, entitling them to 10 equity shares of the Company.

In addition to the Restricted Stock Unit Plans, your Company currently has four stock option plans in operation, viz., 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 under these Plans.

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

The Board of Directors of the Company, in its meeting held on 30 November 2011, has proposed to institute MphasiS Employees Stock Option Plan 2012 (ESOP 2012) with the underlying shares not exceeding 2,000,000 equity shares. This is done with a view to reward key managerial talent in line with the shareholders return and to encourage value creation and value sharing with such key employees. The options are proposed to be granted at market price as per the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999. The ESOP 2012 would conform to applicable SEBI guidelines and applicable provisions of the Companies Act, 1956. In line with the provisions of the Act, the Company has sought Members' approval of this proposal by means of postal ballot.

COMMUNITY OUTREACH

Corporate Social Responsibility

The Company attaches highest importance to Corporate Social Responsibility (CSR) and believes that CSR is not just philanthropic giving, but is also about values of empathy and honoring commitments. It is also about setting standards where quality of service and benefit goes directly to the beneficiary, especially those most marginalized.

The Company works with the voluntary sector in implementing projects in the communities that we live and work in. Further the Company seeks to involve employees, clients, and other stakeholders, and encourage them to actively contribute their skills, time and expertise to such initiatives in the three focus areas of Education, Employability and Entrepreneurship development.

Amongst others CSR initiatives, the Company had undertaken training two villages on sanitation and hygiene, including constructing the toilet facilities, training and employment of 120 youth with disabilities and imparting of skill based training to semi-educated youths in rural areas.

Through its CSR, MphasiS this year entered into supporting Vidya Poshak's nurture merit program. Under this program, MphasiS provides scholarship for higher education to 50 SC/ST students. Overall, it has been supporting education of over 2,000 children across Karnataka, Maharashtra and Uttar Pradesh.

Prevention of Sexual Harassment Policy

The Company has a Policy for the Prevention of Sexual Harassment since 2008. The Policy is implemented by a Complaints Committee and Executive Committee. The Chairperson and Co-Chairperson are both external eminent women representing NGO's and with experience in the area for the Prevention of Sexual Harassment in the workplace. The Complaints Committee, among other things, administers the policy, investigates cases, recommends action and undertakes preventive activities in the Company.

Prevention of Sexual Harassment Awareness Campaign is conducted regularly across all MphasiS locations.

GREEN INITIATIVE OF MINISTRY OF CORPORATE AFFAIRS

MCA has implemented "Green Initiative in the Corporate Governance" vide Circular Nos. 17/2011 dated 21 April 2011 and 18/2011 dated 29 April 2011 enabling electronic delivery of Notices for General Meetings, Annual Report containing Balance Sheet, Profit & Loss Account, Auditor's Report, Directors' Report and other communications to the members through e-mail.

Directors' Report

With an intent to participate in the Green Initiative and in compliance with the provisions of the circular mentioned herein the Company proposes to send such documents in electronic form to the e-mail addresses of the members as available with the Depositories. The e-mail addresses indicated in the respective Depository Participant (DP) accounts, deemed to be the registered e-mail address of the members and shall be used for serving Notices for General Meetings, Annual Reports and other communications. Full text of the above said documents will be also be displayed on the website of the Company, www.mphasis.com and all other requirements of the aforesaid MCA circular will be duly complied with.

Members holding shares in electronic mode are therefore requested to keep their e-mail addresses updated with the Depository Participant. Members holding shares in physical mode are also requested to provide their e-mail addresses, quoting their Folio Number, to our Registrar and Share Transfer Agent, in the form provided by the Company. However, physical copy of the Annual Report would be provided to such shareholder upon request.

SUBSIDIARIES

As on 31 October 2011, your Company had subsidiaries in Australia, Belgium, Canada, France, Germany, India, Indonesia, Ireland, Mauritius, The Netherlands, Peoples Republic of China, Poland, Singapore, Sri Lanka, Tunisia, The United Kingdom and The United States of America.

As per Section 212 of the Companies Act, 1956, companies are required to attach the Directors' Report, Balance Sheet & Profit & Loss Account of their subsidiaries. The Ministry of Corporate Affairs vide its Circular No. 2/2011 dated 8 February 2011 has provided an exemption to companies from complying with Section 212. Your Company is in compliance of the section read with the provisions of the circular and will not be attaching the accounts of the subsidiaries. Your Company has presented the consolidated financial statements of the Group. The required information regarding each subsidiary is annexed to the this Report.

The annual accounts of subsidiary companies are available for inspection at the registered office of the Company and upon written request from any shareholder, your Company will send a copy.

DIRECTORS

The Board had, in its meeting held on 15 September 2011, subject to the approval of the shareholders, approved the re-appointment of Mr. Balu Ganesh Ayyar as the Chief Executive Officer (CEO) of the Company for a period of 5 years with effect from 29 January 2012 on revised terms. The necessary resolution for approving his re-appointment together with the terms thereof is in the notice of the Annual General Meeting. In November 2011, Mr. Ayyar received the Asia Viewer's Choice Award in the 10^{th} CNBC Asia Business Leader Awards 2011.

Your directors regret to report the sad demise of Mr. Juergen Reiners on 7 May 2011. Mr. Reiners joined the Board in July 2010. He held a variety of international senior management position at HP and other companies. His expertise and contribution in the Board were noteworthy. The Board places on record its grief over the sudden demise and expresses its gratitude for the contributions.

Mr. Prakash Jothee resigned from the Board effective 14 November 2011. Mr. Jothee had joined the Board in February 2009. The Board wishes to place on record its appreciation for the valuable services rendered by Mr. Jothee during his tenure as a director.

Further, in accordance with the Articles of Association of the Company, Dr. Friedrich Froeschl and Mr. Balu Doraisamy will retire by rotation and are eligible for re-election. The Board of Directors recommends their re-election.

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

DIRECTORS' INTEREST

There was no interest of the Directors in the share capital of the Company as at 31 October 2011. 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. No director holds any shares or stock option in the Company as on 31 October 2011 except Mr. Balu Ganesh Ayyar, Chief Executive Officer, who holds 17,010 Restricted Stock Units of the Company.

SIGNIFICANT SHAREHOLDINGS

The following shareholders held more than 5% of the Company's issued share capital as at 31 October 2011:

Name of the Shareholder	***Percentage Owned***
Hewlett Packard Corporation through its wholly owned subsidiaries *(EDS Asia Pacific Holdings, EDS World Corporation (Far East) & EDS World Corporation (Netherlands))*	60.52%
Aberdeen Asset Managers Limited A/c Aberdeen Global Indian Equity Fund	7.82%

DIRECTORS' RESPONSIBILITY STATEMENT

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

STATUTORY AUDITORS

M/s. S.R.Batliboi & Co. (Registration No. 301003E), Chartered Accountants, have expressed their willingness to continue in office and a resolution proposing their re-appointment at remuneration to be fixed by the Board of Directors and billed progressively, is submitted at the Annual General Meeting.

As regards the observation made by the Auditors, your directors would like to clarify that the delays in remittance of service tax dues were on account of certain legal positions adopted by the Company as regards discharge of liability of service tax.

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 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 to or are working in a country outside India.

Directors' Report

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

Your Company's operations involve low energy consumption. MphasiS is focused on conserving energy. Three key facilities have been awarded ratings by Bureau of Energy Efficiency, Government of India (BEE). Two facilities have been awarded rating of 3 star and one facility has been awarded rating of 5 star. These ratings are nationally accepted industry benchmark and MphasiS has been the twelfth Company in India to be certified by BEE.

Particulars relating to technology absorption are not applicable. Information relating to foreign exchange earnings or outgo during the year under review is as follows.

(a)	Activities relating to export	Export of IT & ITES services to Americas, Europe, Asia and Australia
(b)	Initiatives taken to increase the exports	Marketing efforts are being made through the subsidiaries and branches to increase the exports. The Company's M&A programme also contributes to the increase the foot print in the international market
(c)	Development of new export market for product and services	Marketing efforts are being made in the emerging markets like Africa, Indonesia, Sri Lanka etc.
(d)	Total Foreign Exchange Used (₹ million)	7,204 (Standalone Financial Statements)
(e)	Total Foreign Exchange Earnings (₹ million)	30,057 (Standalone Financial Statements)

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 record their appreciation of the contribution made by the employees at all levels, who enabled the Company to perform well in the market place.

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 for their continued 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, Chattisgarh, Tamil Nadu, Pondicherry, Orissa and Andhra Pradesh, Reserve Bank of India, other governmental agencies and NASSCOM.

For and on behalf of the Board of Directors

Bangalore
12 January 2012

FRIEDRICH FROESCHL
Chairman

Annexure to the Directors' Report

DETAILS OF EMPLOYEES STOCK OPTIONS/RESTRICTED STOCK UNITS AS ON 31 OCTOBER 2011

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

Stock Options/ Restricted Stock Units (RSUs) granted to employees of MphasiS Limited & its subsidiaries: (Figures adjusted for 1:1 Bonus Issues made in the years 2003, 2004 and 2005 for ESOP 1998, ESOP 2000, ESOP 2003 and ESOP 2004)

Particulars	ESOP 1998		ESOP 2000	ESOP 2003	ESOP 2004	RSU 2010	RSU 2011
	Version I	Version II					
Options/RSUs Granted	1,324,552	4,780,000	20,231,844	2,708,800	2,561,152	162,250	301,010
Options Vested*	611,180	2,722,152	10,628,149	2,398,323	1,291,618	Nil	Nil
RSUs Unvested	Nil	Nil	Nil	Nil	Nil	145,700	250,420
Options/RSUs exercised	543,548	2,206,178	10,601,573	2,398,323	1,270,112	Nil	Nil
No. of shares arising out of exercise of options	543,548	2,206,178	10,601,573	2,398,323	1,270,112	Nil	Nil
Options/RSUs lapsed [options reverted due to resignations and non exercise]	713,372	2,057,848	9,603,695	310,477	1,269,534	16,550	50,590
Money realized by exercise of options (₹) (during the FY 2010 - 2011)	56,658	4,368,484	5,316,277	1,332,120	1,959,031	Not Applicable	Not Applicable
Total No. of Options/RSUs in force.	67,632	515,974	26,576	Nil	21,506	145,700	250,420
Options/RSUs granted to the Senior Managerial Personnel (during the FY 2010 - 2011)	Nil	Nil	Nil	Nil	Nil	17,000	10
Pricing formula	Refer Table below						

* Option vested are net of lapsed (including forfeited) options, which were un-exercised.

Annexure to the Directors' Report

Pricing Formulae for the stock option schemes:

Schemes	Pricing Formulae
ESOP 1998 (version I)	No options have been granted under this Scheme during the financial year 2010 - 2011. Earlier, under this plan the options were granted at a strike price of ₹ 275 per share. The price of ₹ 275 was arrived at based on SEBI Guidelines on Pricing of Preferential Allotment.
ESOP 1998 (version II)	No options have been granted under this Scheme during the financial year 2010 - 2011. Earlier, for employees in service as on 10 January 2000, the market price prevalent on the 15th day from the Board Meeting held on 10 January 2000 i.e. ₹ 795 per share and for all the recruits thereafter, market price prevalent on the date of joining unless the ESOP Committee decides otherwise was taken as the grant price. For options granted from September 2003, the grant price was calculated as per sub clause 10 of clause 2.1 of the amendment to SEBI (Employees Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 dated 30 June 2003, which was the average of the two weeks high and low price of share preceding the date of grant of option on the stock exchange on which the shares of the Company are listed.
ESOP 2000	No options have been granted under this Scheme during the financial year 2010 - 2011. Earlier, for employees in the service of the Company as on 25 July 2000, the market price prevalent on 25 July 2000 i.e. ₹ 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. For options granted from September 2003, the grant price was calculated as per sub clause 10 of clause 2.1 of the amendment to SEBI (Employees Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 dated 30 June 2003, which was the average of the two weeks high and low price of share preceding the date of grant of option on the stock exchange on which the shares of the Company are listed.
ESOP 2003	No options have been granted under this Scheme during the financial year 2010 - 2011. 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 (Employees 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.
ESOP 2004	No options have been granted under this Scheme during the financial year 2010 - 2011. 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. Program B The Market Price as per the applicable guidelines prescribed by Securities Exchange Board of India (SEBI) from time to time.*
RSU 2010	During the year 2010-2011, 162,250 Restricted Stock Units under this scheme have been granted to the employees. In terms of the scheme, each Restricted Stock Unit granted, entitles the holder thereof with an option to apply for and be issued one equity share of the Company at an exercise price of ₹ 10 per share.
RSU 2011	During the year 2010-2011, 301,010 Restricted Stock Units under this scheme have been granted to the employees of the Company. In terms of the scheme, each Restricted Stock Unit granted, entitles the holder thereof with an option to apply for and be issued one equity share of the Company at an exercise price of Nil per share.

* *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/RSUs granted	:	32,069,608
2.	Options vested	:	17,651,422
3.	RSUs unvested	:	396,120
4.	Options exercised	:	17,019,734
5.	Options/RSUs lapsed	:	14,022,066
6.	Total no. of options/RSUs in force	:	1,027,808
7.	Money realized by exercise of options for the financial year 2010-2011	:	₹ 13,032,570

Notes:

1. During the period under review, there has not been any variation to the ESOP Plan.
2. 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.
3. Details of stock based compensation are given in the Note Nos. 5 & 37 to the financial accounts (Standalone Financial Statements).
4. Diluted Earnings Per Share [EPS] of the Company for the year, pursuant to issue of shares on exercise of options is ₹ 37.13 (Refer Note 36 of the Standalone Financial Statements).
5. The term Senior Managerial Personnel refers to the Chief Executive Officer of the Company.

Annexure to the Directors' Report

ADDITIONAL DISCLOSURE AS PER AMENDMENT TO SEBI (EMPLOYEES 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 2010 - 2011 using the fair value method for the grants made after the notification is given below:

1) a) Impact on Profit: (₹ 000's)

	MphasiS Limited	MphasiS Group
Audited	7,820,073	8,218,219
Adjusted	7,825,255	8,223,401

b) Impact on EPS: (₹ 000's)

	MphasiS Limited		MphasiS Group	
	Basic	Diluted	Basic	Diluted
Audited	37.24	37.13	39.14	39.02
Adjusted	37.26	37.16	39.16	39.05

Note: The Company has followed fair value method for computing the employee compensation cost for Restricted Stock Units issued under RSU 2010 Plan and RSU 2011 Plan and accordingly, recognized the proportionate cost for the year ended 31 October 2011 in the profit and loss account. Hence, no adjustment is required for the audited profit and audited EPS in respect of Restricted Stock Units.

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 (Employees Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines 1999, as amended.

Plan	Weighted Average Exercise Price (₹)	Weighted Average Fair Value (₹)
ESOP 1998 Version I	34.38	26.28
ESOP 1998 Version II	91.70	59.28
ESOP 2000	144.55	111.96
ESOP 2003	130.60	102.92
ESOP 2004	136.38	106.72

Note: Restricted Stock Units issued under RSU 2010 Plan and RSU 2011 Plan are not exercisable as at 31 October 2011. Hence, the weighted average exercise price and weighted average fair value of Restricted Stock Units is not applicable and hence, not disclosed.

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	41.36 to 69.48%	
4	Expected dividend yield %	0.66% to 1.98%	
5	Market price on date of grant (weighted average) (₹)	ESOP 1998 Version I	34.38
		ESOP 1998 Version II	91.70
		ESOP 2000	144.55
		ESOP 2003	130.60
		ESOP 2004	136.38

Note: Restricted Stock Units issued under RSU 2010 Plan and RSU 2011 Plan are not exercisable as at 31 October 2011. Hence, the weighted average exercise price and weighted average fair value of Restricted Stock Units is not applicable and hence, not disclosed.

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 2011, 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 2012

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 2011.

Amount (₹ 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	2,164,610	8,276,914	6,112,303	-	13,348,791	324,242	258,969	65,273	-
MphasiS Deutscheland GmbH	2,100	-	2,100	28,628	49,430	18,702	-	115,584	16,991	-	16,991	-
MphasiS Australia Pty Limited	46	-	46	(207,274)	769,187	976,415	-	3,260,868	(105,007)	37,351	(142,358)	-
MphasiS (Shanghai) Software & Services Company Ltd	238,756	-	238,756	(252,082)	212,725	226,051	-	205,547	(54,825)	-	(54,825)	-
MphasiS Consulting Limited	1,337	-	1,337	450,124	576,536	125,075	-	310,530	15,404	11,635	3,769	-
MphasiS Belgium BVBA	426	-	426	7,652	178,269	170,191	-	343,152	(4,723)	4,256	(8,979)	-
MphasiS FinsourcE Limited	500	-	500	(18,369)	137,179	155,048	-	233,798	18,713	(750)	19,463	-
MphasiS Europe BV	343,222	-	343,222	4,896,696	5,304,109	64,191	-	601,287	128,526	27,243	101,283	-
MphasiS Pte Ltd	7,772	-	7,772	(97,210)	125,460	214,898	-	186,072	(52,851)	-	(52,851)	-
MphasiS UK Limited	127	-	127	4,623,155	5,353,265	729,983	-	2,124,194	76,199	21,681	54,518	-
MphasiS Software & Services (India) Private Ltd.	100,000	-	100,000	784,783	919,959	35,176	568,879	178,404	106,547	13,637	92,910	-
MsourcE Mauritius Inc.	628,193	-	628,193	(5,627)	626,998	4,432	-	-	(892)	-	(892)	-
MsourcE (India) Private Limited	66,853	-	66,853	3,344,995	4,252,049	840,201	2,007,849	3,241,591	648,691	151,153	497,538	-
MphasiS Ireland Limited	555	-	555	9,168	17,598	7,875	-	27,079	2,863	1,505	1,358	-
MphasiS Lanka (Private) Limited	6,545	-	6,545	(38,064)	94,186	125,705	-	45,835	(35,135)	-	(35,135)	-
MphasiS Infrastructure Services Inc.	44	-	44	(205,146)	322,664	527,766	-	901,491	(131,170)	-	(131,170)	-
MphasiS Poland s.p.z.o.o.	-	-	-	(511)	1,855	2,366	-	1,368	(438)	-	(438)	-
PT. MphasiS Indonesia	4,599	-	4,599	1,074	7,066	1,393	-	1,860	527	-	527	-
Seine Acquisition Inc.	-	-	-	4,406,892	4,543,237	136,345	-	-	(5)	-	(5)	-
Wyde Corporation	3,107	-	3,107	(362,920)	369,661	729,474	-	76,006	1,519	(169)	1,688	-
Wyde Inc., S.A	2,529	-	2,529	351,905	566,607	212,173	-	82,558	(37,930)	-	(37,930)	-
Wyde Solutions Canada Inc.	-	-	-	(15,869)	60,709	76,578	-	47,166	20,011	5,430	14,581	-
Wyde Tunisie SARL	5,042	-	5,042	3,314	9,158	802	-	4,970	3,861	-	3,861	-
MsourcE India BPO Private Limited	100	-	100	(100)	-	-	-	-	(100)	-	(100)	-
Total	**1,411,854**	**-**	**1,411,854**	**19,869,824**	**32,774,821**	**11,493,143**	**2,576,728**	**25,338,151**	**941,018**	**531,941**	**409,077**	**-**

1) The exchange rate applied on the respective overseas entity balances as at 31 October 2011 was INR 48.695/USD, 39.035/SGD, 78.0325/GBP, 51.5625/AUD, 68.2400/EUR, 0.6256/JPY, 7.6625/CNY, 48.8825/CAD, 0.057/IDR, 0.4427/LKR, 15.7081/PLN, 7.5525/SEK and 39.59/NZD
2) MsourcE India BPO Private Limited is under the process of being wound up under Section 560 of the Companies Act, 1956.

Corporate Governance

I. COMPANY'S POLICY ON CORPORATE GOVERNANCE

MphasiS is committed to the highest standards of Corporate Governance in all its activities and processes and is directed towards enhancement of longterm shareholder value, keeping in view the interests of other stakeholders, viz, Clients, Society, Employees, Suppliers and Regulatory Bodies. At MphasiS, the principles of Corporate Governance are structured keeping in view, ethics, transparency, delivering on commitments and fairness in action. The principles of the governance are well articulated in the Company's Code of Business Ethics. The Company's Corporate Social Responsibility activities also enunciate the spirits of Corporate Governance.

The Board recognizes that governance expectations are constantly evolving and is committed to keep its standards of transparency and dissemination of information under review.

The following is a report on the status and progress on major aspects of Corporate Governance for the year ended 31 October 2011.

II. BOARD OF DIRECTORS

The basic responsibility of the Board is to provide effective governance over the Company's affairs. The Company's business is conducted by its employees under the overall supervision of the Chief Executive Officer, who is assisted by a council of Senior Managerial Personnel in different functions.

(a) Composition of the Board:

As at 31 October 2011, the Board comprises of 8 directors of which, one is an executive director, four are nominated by Hewlett Packard Corporation (HP), USA and three are Independent Directors. On 14 November 2011, one director nominated by HP resigned. The composition of the Board is in conformity with the requirements of the Corporate Governance norms under the Listing Agreement.

Dr. Friedrich Froeschl, Non-Executive Independent Director, is the Chairman of the Board and Mr. Francesco Serafini, Non-Executive Director, is the Vice Chairman of the Board.

(b) Board Procedure:

The Board meets at regular intervals with an annual calendar and formal schedule of matters specifically reserved for its consideration to ensure that the matters in relation to Strategy, Operations, Finance and Compliance are reviewed and monitored regularly. The calendar of meetings is communicated to the directors annually to ensure maximum participation. The Board is regularly apprised of the performance of the Company at its meetings and is provided with necessary information and presentations on the matters concerning the business, compliance and quarterly financials to ensure effective discharge of its responsibility. The Directors of the Company, through their participation in board meetings either in person or through technology enabled conferences, provide inputs to management from their relevant fields of knowledge and expertise, viz. Information Technology, Business Process Outsourcing, Finance, Accounting, Marketing and Management Sciences.

The important decisions taken at the meetings are promptly communicated to the respective functionaries for their action. Further, the action items arising out of the decisions of the Board are followed up and reviewed.

Corporate Governance

Primarily, the Board of Directors oversees and provides policy guidance on the business and affairs of MphasiS, while balancing the interests of different stakeholders. Among other things, the Board undertakes the following functions:

1. reviews and assesses the business strategies developed by management;
2. reviews and assesses the operational strategies 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.

(c) Board Meetings held during the year, attendance of directors and particulars of the Directorships, Committee Memberships/Chairmanship:

During the financial year 2010-2011, six meetings of the Board were held on 22 November 2010, 24 February 2011, 26 May 2011, 18 July 2011, 24 August 2011 and 14 & 15 September 2011. The details of the attendance at the meetings of the Board and at the last AGM, together with the particulars of the other directorships, committee memberships/chairmanships, of the directors are given below:

Name	Category	Attendance During 2010-2011				Particulars of other Directorships, Committee Memberships / Chairmanships		
		Board Meetings						
		Number of meetings held during tenure of the Directors	In person	Via tele/Video conference	Last AGM	Other Directorships[1]	Committee Memberships[2]	Committee Chairmanships[2]
Executive Director								
Mr. Balu Ganesh Ayyar	Chief Executive Officer	6	6	-	Yes	-	1	-
Non-Executive Directors								
Dr. Friedrich Froeschl	Chairman, Independent Director	6	5	1	Yes	-	1	-
Mr. Francesco Serafini	Vice Chairman, Non-Independent Director	6	4	1	Yes	-	1	-
Mr. Nawshir Mirza	Independent Director	6	6	-	Yes	4	1	3
Mr. Davinder Singh Brar	Independent Director	6	5	1	Yes	1	2	1
Mr. Balu Doraisamy	Non-Independent Director	6	6	-	Yes	1	-	-
Mr. Gerard Brossard	Non-Independent Director	6	4	-	Yes	-	-	-
Ceased to be a Director								
Mr. Juergen Reiners[4]	Non-Independent Director	2	2	-	Yes	NA	NA	NA
Resigned Director								
Mr. Prakash Jothee[5]	Non-Independent Director	6	5	-	Yes	-	-	-

NA - Not Applicable

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 public limited companies, including MphasiS Limited.*
3. *There are no relationships inter-se directors as on 31 October 2011.*
4. *Mr. Juergen Reiners expired on 7 May 2011.*
5. *Resigned as a director with effect from 14 November 2011.*

III. COMMITTEES

(a) Audit Committee

The primary function of the Audit Committee, as per its Charter, is to provide assistance to the Board of Directors in fulfilling their oversight responsibility to the shareholders and others relating to:

- overseeing the processes of 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.

During the financial year 2010-2011, four meetings of the Audit Committee were held on 22 November 2010, 23 February 2011, 25 May 2011 and 23 August 2011.

The composition of the Committee and the attendance of the members at each of the meetings held during the financial year 2010 - 2011 are given below:

Member	No. of Meetings held during tenure	No. of Meetings attended in person
Present Members		
Mr. Nawshir Mirza, Chairman	4	4
Mr. Davinder Singh Brar	4	4
Dr. Friedrich Froeschl (from 16 May 2011)	2	2
Mr. Francesco Serafini (from 16 May 2011)	2	2
Past Member		
Mr. Juergen Reiners (ceased effective 7 May 2011)	2	2

(b) Share Transfer Committee

In order to expedite the requests of the shareholders, in connection with the transfers, dematerialization and other related process, the Board constituted a Share Transfer Committee. The Share Transfer Committee of the Board is authorized inter-alia to approve physical transfers/transmissions/transpositions/dematerialization/re-materialization requests, issue of duplicate share certificates, issue of fresh share certificates, release of stop transfer cases etc.

Corporate Governance

The composition of this Committee is as follows :

Mr. Balu Ganesh Ayyar	-	Chairman
Mr. Nawshir Mirza	-	Member
Mr. Davinder Singh Brar	-	Member

During the financial year 2010-2011, the Share Transfer Committee passed resolutions approving transfers and other related matters on 2 December 2010, 25 January 2011, 21 February 2011, 19 May 2011, 27 June 2011 and 18 October 2011.

The Company ensures that the transfer of shares is effected within one month of their due lodgment. The Company has appointed Integrated Enterprises (India) Limited, a SEBI registered Registrar and Transfer Agent, as its Share Transfer Agent.

(c) Compensation Committee

i. Brief description of terms of reference of the Committee, composition and attendance:

In order to provide an oversight of the functioning of the compensation and benefits plan for the employees and directors of the Company, the Board has constituted a Compensation Committee. The Compensation Committee is authorized to review the compensation policies and programs of the Company, approve the compensation matters for the Chief Executive Officer and Senior Management of the Company.

The composition of the Committee is as follows:

Mr. Davinder Singh Brar	-	Chairman
Dr. Friedrich Froeschl	-	Member
Mr. Gerard Brossard	-	Member

The Committee meets based on the business to be transacted. During the year the Committee met thrice on 22 November 2010, 25 May 2011 and 23 August 2011 at which all the members were present.

During the year, the Compensation Committee vide its resolutions dated 12 January 2011, 23 March 2011 and 22 June 2011 granted 162,250 stock units under Restricted Stock Units Plan 2010. The Committee had further vide its resolution dated 23 March 2011 approved grant of 301,010 stock units under Restricted Stock Units Plan 2011 to the eligible employees. None of the stock units are vested as at the date of the report.

ii. Remuneration Policy

The remuneration policy of the Company is aligned towards rewarding participation in meetings and is in consonance with Industry benchmarks. The objective of the Policy is to attract and retain excellent talent while delivering optimal value to the business.

The Company pays commission to its Independent Non-Executive Directors as per the following remuneration matrix approved by the shareholders of the Company. The amount of such commission, taken together for all Independent Non-Executive Directors, does not exceed 1% of the net profits of the Company in any financial year.

Particulars	Factor	Proposed Max Remuneration (₹ Lacs)
Fixed Remuneration	Flat Fee p.a.	28.00
Variable Remuneration determined based on the following:		
– Board Chairmanship	Flat Fee p.a.	7.00
– Board Meeting Attendance	Per Meeting	0.75
– AGM Attendance	Per Meeting	0.50
– Audit Committee Chairmanship	Flat Fee p.a.	2.50
– Audit Committee Attendance	Per Meeting	0.25
– Compensation Committee Chairmanship	Flat Fee p.a.	0.75
– Compensation Committee Attendance	Per Meeting	0.15
– Strategy Committee Chairmanship	Flat Fee p.a.	0.75
– Strategy Committee Attendance	Per Meeting	0.15

Note : The portions of the remuneration denominated as "Per Meeting" are applicable in respect of the meetings actually held and participated in person by the Independent Directors

None of the directors are paid any sitting fees for attending the meetings of the Board and Committees on which they are members. The Non-Executive Directors other than the Independent Directors do not receive any remuneration from the Company. There was no pecuniary relationship or transaction with any director other than that reported above.

iii. Details of Remuneration to the Directors for the financial year 2010 - 2011

(₹ 000's)

Name of Director	Salary	Bonus	Benefits / Perquisites	Commission	PF & other Funds	Total
Mr. Balu Ganesh Ayyar[1]	30,664	30,417	5,083	-	1,063	67,227
Dr. Friedrich Froeschl[2]	-	-	-	4,140	-	4,140
Mr. Nawshir Mirza[2]	-	-	-	3,650	-	3,650
Mr. Davinder Singh Brar[2]	-	-	-	3,445	-	3,445
Total	**30,664**	**30,417**	**5,083**	**11,235**	**1,063**	**78,462**

[1] *As per contract executed with Mr. Balu Ganesh Ayyar.*

[2] *Commission paid/payable to Non-Executive Directors is in terms of the approval of the shareholders accorded at the annual general meeting held on 24 February 2011.*

Mr. Balu Ganesh Ayyar, Chief Executive Officer, has been granted 17,000 Restricted Stock Units (RSUs) under Restricted Stock Units Plan 2010 (RSU 2010) and 10 RSUs issued under Restricted Stock Units Plan 2011 (RSU 2011). In terms of the schemes, upon exercise, each of the stock option is eligible for issuance of one equity share of ₹ 10 each. In addition to this, Mr. Ganesh Ayyar also holds Restricted Stock Units of the parent company, Hewlett Packard Corporation. None of the other directors were granted any stock options of MphasiS Limited during the financial year 2010-11.

iv. Details of shares held by the directors

As on 31 October 2011, none of the directors holds any shares of the Company.

Corporate Governance

(d) ESOP Committee

As required under the provisions of the SEBI (Employees Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, the Board of Directors of the Company has constituted an ESOP Committee. The primary function of the committee is to administer Stock Option Plans of the Company including the grants made thereunder. The Committee comprises of the following members:

Mr. Balu Ganesh Ayyar	-	Chairman
Mr. Davinder Singh Brar	-	Member
Mr. Nawshir Mirza	-	Member

During the financial year 2010-2011, the ESOP Committee has, on a periodic basis, approved exercise of 110,632 equity shares of ₹ 10 each under the ESOP Schemes - 1998, 2000, 2003 and 2004. The said shares have been duly credited to the employees and have been listed with the Stock Exchanges.

(e) Investor Grievance Committee

The Company attaches importance to its investor relations and to redressing their grievances promptly. The Board of Directors has constituted an Investor Grievance Committee for this purpose. The details of the correspondence with the shareholders including the details of the Investor Grievances, if any, are placed before the committee members on a monthly basis.

The status of Investor Complaints during 2010-11 is as under:

Complaints as on 1 November 2010	:	Nil
Received during the year	:	2
Resolved during the year	:	2
Pending as on 31 October 2011	:	Nil

The Committee comprises the following members:

Mr. Davinder Singh Brar	-	Chairman
Mr. Balu Ganesh Ayyar	-	Member

Name, Designation and address of Compliance Officer

Mr. A Sivaram Nair
Senior Vice President, Company Secretary, General Counsel & Ethics Officer
MphasiS Limited
Bagmane Technology Park,
Byrasandra, C V Raman Nagar,
Bangalore - 560 093.

(f) Treasury and Operations Committee

Considering the desired focus on the treasury and business operations, the Board has constituted a "Treasury and Operations Committee". The powers and functions of the Committee include, oversight of Liquidity Management and Banking Operations, foreign exchange risk management, the investment portfolio, interest rate risk management, approval of capital expenditure and of hardware resale beyond certain limits and settlement of legal cases beyond certain limits. The present composition of this Committee is as follows:

Mr. Davinder Singh Brar	-	Chairman
Mr. Gerard Brossard	-	Member

During the financial year 2010-2011, the Committee passed resolutions on 24 May 2011, 3 June 2011, 16 June 2011 and 31 October 2011.

(g) Strategy Committee

The primary function of this Committee is to have oversight on the Company's strategic planning process, review and advise on strategic proposals, evaluate the potentials for the growth opportunities of the Company etc. and make appropriate recommendations to the Board. The present composition of this Committee is as follows:

Dr. Friedrich Froeschl	-	Chairman
Mr. Balu Doraisamy	-	Member
Mr. Francesco Serafini	-	Member

Mr. Prakash Jothee was a member of the Committee till 14 November 2011.

During the year, the Strategy Committee met thrice i.e. on 23 February 2011, 25 May 2011 and 23 August 2011 at which all the members were present.

IV. MEETINGS OF THE SHAREHOLDERS

(a) Location and time of last three AGM

The following is the summary of the Annual General Meetings (AGM) of the Company held during the last three years:

AGM	Date & Time	Venue
Seventeenth Annual General Meeting	28 January 2009 10.00 A M	Taj Gateway Hotel, No. 66, Residency Road, Bangalore – 560 025
Eighteenth Annual General Meeting	24 February 2010 10.00 A M	Taj Residency (Vivanta), 41/3, M G Road, Bangalore – 560 001
Nineteenth Annual General Meeting	24 Februrary 2011 10.00 A M	Taj Gateway Hotel, No. 66, Residency Road, Bangalore – 560 025

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

(i) Payment of remuneration by way of commission to Ms. Vinita Bali, passed unanimously at the Seventeenth Annual General Meeting held on 28 January 2009.

(ii) Payment of remuneration by way of commission to Dr. Friedrich Froeschl, passed unanimously at the Eighteenth Annual General Meeting held on 24 February 2010.

(iii) Approval of Restricted Stock Unit Plan 2011, passed unanimously at the Nineteenth Annual General Meeting held on 24 February 2011.

(iv) Extension of "Restricted Stock Unit Plan 2011" to the subsidiary companies, passed unanimously at the Nineteenth Annual General Meeting held on 24 February 2011.

Corporate Governance

(c) Resolutions passed through Postal Ballot:

1. Special resolutions passed through postal ballot on 18 August 2010:

   i. Amendments to the Articles of Association of the Company by insertion of Article 54A relating to Buy-Back of Shares. The resolution was declared as passed with a majority of 99.99% of shares voted under the postal ballot being in favour.

   ii. Grant of Restricted Stock Units under the new plan Restricted Stock Unit Plan – "RSU-2010" to the eligible employees of the Company. The resolution was declared as passed with a majority of 98.63% of shares voted under the postal ballot being in favour.

   iii. Grant of Restricted Stock Units under the new Restricted Stock Unit Plan – "RSU-2010" to eligible employees of the subsidiary companies. The resolution was declared as passed with a majority of 98.63% of shares voted under the postal ballot being in favour.

   The above postal ballot was scrutinized by Ms. Aarthi G Krishna (CP No.5645), a practicing Company Secretary at Bangalore, as required under the provisions of Section 192A of the Companies Act, 1956.

2. Special resolutions proposed to be passed through postal ballot vide notice of the Postal Ballot dated 30 November 2011: (Refer note below)

   The Board of Directors of the Company, in its meeting held on 30 November 2011, has proposed to institute MphasiS Employees Stock Option Plan 2012 (ESOP 2012) with the underlying shares not exceeding 2,000,000 equity shares. This is done with a view reward key managerial talent in line with the shareholders return and to encourage value creation and value sharing with such key employees. The options are proposed to be granted at market price as per the SEBI (Employee Stock Option Plan and Employee Stock Purchase Scheme) Guidelines, 2000. The ESOP 2012 would confirm to applicable SEBI guidelines and applicable provisions of the Companies Act, 1956. In line with the provisions of the Act, the Company has sought Members' approval of this proposal by means of postal ballot.

   Necessary special resolutions in relation to the formulation of ESOP 2012 and extension of the benefits of the same to the employees of the subsidiaries have been placed for approval of the members through the postal ballot forms sent to them along with the Notice thereof. The results of the postal ballot will be announced at the Registered Office of the Company on or before 20 January 2012. The said results will be published on the website at www.mphasis.com and will also be intimated to stock exchanges.

   Note : Subsequent to the date of the report, the above referred special resolutions were declared passed, on 20 January 2012, with a majority of 99.99% of the shares voted in favour, as per the report submitted by postal ballot scrutinizer, Mr. K. Rajshekar (CP No. 2468), a practicing Company Secretary at Bangalore. The results of the postal ballot were informed to the National Stock Exchange of India Limited and Bombay Stock Exchange Limited in addition to the same being hosted on the website of the Company, www.mphasis.com.

V. DISCLOSURES

There are no materially significant related party transactions which have potential conflict with the interests of the Company at large. About two-thirds of the Company's revenues are earned from Company's parent, Hewlett Packard Corporation and its subsidiaries and associate companies. The contractual terms for these businesses are negotiated at arm's length.

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 Clause 49 of the Listing Agreement. As regards the non-mandatory requirements, the Company has constituted a Remuneration (Compensation) Committee and established the Whistleblower Policy.

The Company focuses on reflecting the spirit of Corporate Governance in its activities and to that extent recognizes the substance of the Voluntary Corporate Governance Guidelines recommended by the Ministry of Corporate Affairs. As at the date of the report, the Company has complied with recommendations of the Ministry of Corporate Affairs, in the areas of Remuneration to the Directors, Whistle Blower, Internal Controls etc. The basic principles of the guidelines are incorporated into the practices of the Company.

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 and also to various news agencies pan India. Further, the quarterly and annual audited financial results are also published in leading newspapers within 48 hours of the conclusion of the meetings of the Board in which they are taken on record. Generally, the quarterly results are published in various editions of The Business Standard and Vijaya Karnataka-Kannada. The quarterly and annual results are hosted on the Company's website www.mphasis.com. The website also contains a copy of presentations on the financial results of the Company. The Company's website has in it a separate page for Investor's Relations, wherein the quarterly financial results, shareholding pattern, share price information, are hosted for the knowledge of the Investors.

In addition to the above, the Company participates in the earnings call with various Investors, Analysts and Broking Houses. The transcripts of the earnings call are also hosted on the website of the Company for the information of other Investors, as required under the provisions of the Listing Agreement.

Press briefings are held after important occasions such as announcement of quarterly results and acquisitions of new entities. The press releases issued from time to time are informed to Stock Exchanges where the equity shares of the Company are listed and are also hosted on the Company's website.

The Annual Reports of the Company are available at the website of the Stock Exchanges, in accordance with the provisions of the Circular No. CIR\CFD\DCR\5\2010 dated 7 May 2010.

Corporate Governance

In line with the circulars of the Ministry of Corporate Affairs (MCA) on 'Green Initiative' allowing paperless compliance by companies, the Company will serve documents like Notices, Annual Reports and other statutory communications to its shareholders through e-mail at the registered e-mail addresses. The physical copies of the Annual Report for such shareholders would be sent upon request. Members are requested to note that documents sent through the electronic mode will also be available on the Company's website www.mphasis.com. The Company would like to urge the shareholders to support this initiative of the MCA and contribute towards a greener environment by registering their e-mail addresses if they have not done so already.

VIII. GENERAL SHAREHOLDERS INFORMATION

(a) Details of the AGM

Date of the Annual General Meeting
1 March 2012
Time of the Annual General Meeting
10:00 am
Venue
Taj Gateway Hotel, No.66, Residency Road, Bangalore - 560025

Procedure at the AGM

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 is a beneficiary holder in the books of National Securities Depositories Limited or the Central Depository Services (India) Limited.

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 your copy of Annual Report. Copies of the Annual Report will not be distributed at the meeting. Kindly note that every Joint shareholder can attend and speak at the meeting.

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

If you do not wish 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 you from attending the meeting in person. In case you attend the meeting after appointing a proxy, then the proxy shall be deemed to have been revoked.

The accompanying proxy appointment form enables you to appoint 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 seal or under the hand of a duly authorized officer or attorney and the appropriate power of attorney or other authority must be lodged along with the proxy form.

For the proxy to be valid, the proxy form together with any authority must be received at the Registered Office of the Company not later than 10.00 a.m. on Tuesday, 28 February 2012.

Attendance Slips

The Members and Proxies are requested to bring their Attendance Slips sent herewith duly completed in all respects. The persons representing the Body Corporate should additionally produce necessary authority executed by the Body Corporate in their favour along with the attendance slip.

PROCEEDINGS AT THE MEETING

Voting By Show of Hands

You should raise your hand when called upon to vote, so that the Chairman can see it and take count of votes, taking care to hear if the call is for 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. Proxies cannot vote on show of hands and can do so only in a poll.

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 on his own motion or 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 ₹ 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 them in the ballot boxes kept for the purpose. Valid Proxies can also participate in the poll and cast their ballots.

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, i.e. one vote for each share held by the member.
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 representatives named in such resolution is present at the general meeting at which the vote by proxy is tendered.

Corporate Governance

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.

(b) Financial year

The financial year of the Company is from November to October of every year.

(c) Financial Calendar

Results Announced
30 November 2011
Book Closure Dates
20 Febraury 2012 to 1 March 2012 *(both days inclusive)*
Posting of Annual Reports
3 February 2012
Annual General Meeting
1 March 2012
Dividend Payment Date
on or before 30 March 2012

(d) Listing

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

Exchange	Address	Scrip Code
Bombay Stock Exchange Limited	Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai 400 001. Telephone: 022 - 22721233/34, Fax No.: 022 - 22721062	526299
National Stock Exchange of India Limited	Exchange Plaza, Plot No. C/1, G Block, Bandra- Kurla Complex, Bandra (E) Mumbai - 400 051. Telephone: 022-26598100-8114. Fax Nos. 022-26598237-38	MPHASIS

The Company has paid the listing fee for the year ending 31 March 2012.

(e) Dematerialization of Equity Shares

The Equity Shares of the Company are admitted in the following depositories of the country under the International Securities Identification Number (ISIN) INE356A01018. This number is required to be quoted in each transaction relating to the dematerialized equity shares of the Company.

Name of the Depository	Address
National Securities Depository Limited	Trade World, A Wing, 4th & 5th Floors, Kamala Mills Compound, Senapathi Bapat Marg, Lower Parel, Mumbai - 400 013
Central Depository Services (India) Limited	Phiroze Jeejeebhoy Towers, 16th Floor, Dalal Street, Mumbai - 400 001

The Company has paid the custodial charges to the respective depository participant for the year ending 31 March 2012.

The Securities & Exchange Board of India has specified that the shares of the Company should be traded only in demat form effective 29 November 1999. Considering the benefits embedded in holding the shares in electronic form, it is recommended that the shares be held in the dematerialized form. As on 31 October 2011, 99.24% shareholders held 99.90% of shares in demat form.

(f) Corporate Identity Number

The Corporate identity Number (CIN), allotted by the Ministry of Corporate Affairs, Government of India, is L30007KA1992PLC025294 and the Company's Registration Number is 25294.

The Company's Master Data information and details of the compliance filings by the Company with the Ministry of Corporate Affairs, Government of India, may be viewed by the members and other stakeholders at www.mca.gov.in (MCA21eServices) using the abovementioned CIN.

(g) Permanent Account Number

The Securities Exchange Board of India (SEBI) vide its earlier circulars has made the Permanent Account Number (PAN) as the sole identification number for all participants transacting in the securities market, irrespective of the amount of the transaction. Further to this, SEBI had vide its Circular No. MRD\Dop\Cir-05\2009 dated 20 May 2009, has directed that for securities market transactions and off market transactions involving transfer of shares of listed companies in physical form, it shall be mandatory for the transferee(s) to furnish a copy of the PAN card to the Company/RTA, as the case may be for registration of transfer of shares. In continuation to this circular, SEBI has vide its Circular No. SEBI/MRD/Dop/SE/RTA/Cir-03/2010 dated 7 January 2010, clarified that it shall be mandatory to furnish a copy of PAN in the following cases –

1. Deletion of name(s) of the deceased shareholder(s), where the shares are held in the name of two or more shareholders.
2. Transmission of shares to the legal heir(s), where deceased shareholder(s) was(were) the sole holder(s) of shares.
3. Transposition of shares – when there is a change in the order of names in which physical shares are held jointly in the names of two or more shareholders.

In case of mismatch in PAN card details as well as difference in maiden name and current name (in case of married women) of the investors, the PAN card as submitted by the transferee(s) can be provided by furnishing sufficient evidence in support of the identity of the transferees like passport, Voter Card ID, Driving License, Photo Identity cards issued by Statutory Bodies, Banks, Public Sector Undertakings etc.

Corporate Governance

(h) Market Quotation

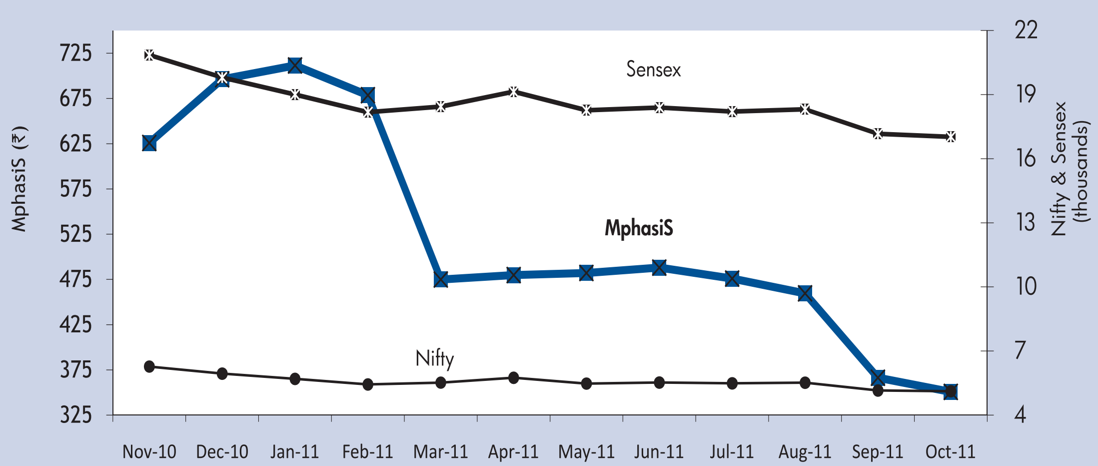
The month wise high and low prices and the volume of shares of the Company traded for the period 1 November 2010 to 31 October 2011 on the National Stock Exchange (NSE) and Bombay Stock Exchange (BSE) are given below:

Month	NSE			BSE		
	High (₹)	Low (₹)	Volume for the month (Shares)	High (₹)	Low (₹)	Volume for the month (Shares)
November 2010	626	547	11,253,779	629	548	1,708,065
December 2010	696	576	6,493,447	690	572	1,095,369
January 2011	711	638	6,336,609	712	638	1,178,975
February 2011	695	421	20,206,049	694	421	6,357,186
March 2011	475	374	24,338,997	475	355	6,850,784
April 2011	480	403	7,592,412	480	414	1,842,074
May 2011	482	403	7,865,682	485	410	1,863,145
June 2011	488	419	3,908,655	488	401	777,005
July 2011	476	420	5,518,927	476	420	1,054,312
August 2011	460	306	12,496,572	460	308	3,371,559
September 2011	366	278	6,234,550	366	312	658,952
October 2011	351	310	3,101,652	351	314	430,725

The prices have been rounded off to the neatest rupees

Based on the closing quotation of ₹344 per share as at 31 October 2011 at the National Stock Exchange, the market capitalization of the Company is ₹7,225 crores.

Performance of MphasiS Stock vis-a-vis Market Indices



(i) Members' Profile

The shareholding pattern of the members of the Company as on 31 October 2011 is as follows:

Category	No. of Shareholders	No. of shares in demat	Total No. of Shares	% to total capital
Promoter	3	127,106,265	127,106,266	60.52
Foreign Institutional Investors	102	42,553,359	42,557,259	20.26
Bodies Corporate	1,186	16,345,694	16,351,394	7.79
Resident Indians	36,115	8,387,787	8,575,347	4.08
Mutual Funds	33	6,034,869	6,036,469	2.87
Financial Institutions & Banks	18	7,326,603	7,326,603	3.49
Non Resident Indians	876	2,081,907	2,082,707	0.99
TOTAL	**38,333**	**209,836,484**	**210,036,045**	**100.00**

Distribution of Shareholding as on 31 October 2011

Range	Shareholders		Shares	
No. of Shares	Number	% to total	Number	% to total
1 - 100	29,944	78.11	1,023,909	0.49
101 - 500	5,750	15.00	1,406,127	0.67
501 - 1000	1,224	3.19	953,253	0.45
1001 - 5000	1,001	2.61	2,288,228	1.09
5001 - 10000	175	0.46	1,253,892	0.60
10001 - 100000	167	0.44	5,251,316	2.50
100001 & above	72	0.19	197,859,320	94.20
TOTAL	**38,333**	**100.00**	**210,036,045**	**100.00**

(j) Address for Communication

Company Contact	RTA Contact
Mr. A Sivaram Nair Senior Vice President, Company Secretary, General Counsel & Ethics Officer MphasiS Limited Bagmane Technology Park, Byrasandra C V Raman Nagar, Bangalore – 560093 Phone: +91 (080) 4004 4444 Fax: +91 (080) 4004 4003	Integrated Enterprises (India) 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

Auditor's 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 2011, 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.**
Firm registration number : 301003E
Chartered Accountants

per **Navin Agrawal**
Partner
Membership No. 56102

Place : Bangalore
Date : 25 January 2012

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 2011 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 2011, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31 October 2011 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956; and

   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 2011;
      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.**
Firm registration number: 301003E
Chartered Accountants

per **Navin Agrawal**
Partner
Membership No.: 56102

Place : Bangalore
Date : 30 November 2011

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 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 disposal of a substantial part of fixed assets during the year.

(ii) The Company does not physically hold inventories and hence in our opinion, clause ii (a), ii (b) and ii (c) of the Order are not applicable to the Company and hence not commented upon.

(iii) (a) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, the provisions of clause 4(iii)(a) to (d) of the Order are not applicable to the Company and hence not commented upon.

(b) According to information and explanations given to us, the Company has not taken any loans, secured or unsecured, from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, the provisions of clause 4(iii)(e) to (g) of the Order are not applicable to the Company and hence not commented upon.

(iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any major weakness or continuing failure to correct any major weakness in the internal control system of the company in respect of these areas.

(v) In our opinion, there are no contracts or arrangements that need to be entered in the register maintained under Section 301 of the Companies Act, 1956.

(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 the maintenance of cost records under clause (d) of sub-section (1) of section 209 of the Companies Act, 1956, for the products of the Company.

(ix) (a) Undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, cess and other material statutory dues have generally been regularly deposited with the appropriate authorities though *there have been delays in remittance of service tax dues in certain cases*. With regard to service tax dues, we also draw reference to Note 41 to the financial statements.

Further, since the Central Government has till date not prescribed the amount of cess payable under section 441 A of the Companies Act, 1956, we are not in a position to comment upon the regularity or otherwise of the company in depositing the same.

(b) According to the information and explanations given to us, no undisputed dues 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 material statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

(c) According to the records of the Company, there are no dues of income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty and cess which have not been deposited on account of any dispute except the following:

Name of the statute	Nature of dues	Disputed Amount (₹)	Amount Paid under protest (₹)	Period to which the amount relates (financial year)	Forum where dispute is pending
Income Tax Act, 1961	Adjustment for transfer pricing and other disallowances	878,520,655	67,601,506	2006-07	In the process of filing before Income Tax Appellate Tribunal
		245,934,507	Nil	2005-06	Income Tax Appellate Tribunal
		120,900,000	Nil	2003-04	
		455,341,538	53,500,000	2004-05	Commissioner of Income Tax (Appeals)
Income Tax Act, 1961	Disallowances under section 10A	18,194,392	10,000,000	2001-02	Asst. Commissioner of Income Tax
		6,843,257	Nil	2002-03	
		13,377,287	6,500,000	2005-06	Income Tax Appellate Tribunal
Income Tax Act, 1961	Tax Deducted at Source	5,230,576	Nil	2007-08	Assessing Officer (TDS)
Customs Act, 1962	De-bonding charges	5,990,000	Nil	2002-03	Commissioner of Customs (Appeals)
Karnataka Sales Tax Act, 1957	Sales tax	3,934,982	3,934,982	2004-05	Sales Tax Appellate Tribunal, Karnataka
		1,196,559	1,196,559	2003-04	
Finance Act, 1994	Service tax	21,926,611	Nil	2005-2007	CESTAT, Karnataka

(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 year end, the Company did not have any outstanding dues to any financial institution or debenture holders.

(xii) According to the information and explanations given to us and based on the documents and records produced before 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 the 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 year.

For **S.R. BATLIBOI & Co.**
Firm registration number: 301003E
Chartered Accountants

per **Navin Agrawal**
Partner
Membership No.: 56102

Place : Bangalore
Date : 30 November 2011

MPHASIS
an HP company

Balance Sheet

(₹ 000's)

	Notes	As at 31 October 2011	As at 31 October 2010
SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS			
Share capital	3	2,100,431	2,099,318
Reserves and surplus	4	31,862,177	26,980,898
Employee stock options outstanding	5	116,943	5,400
		34,079,551	**29,085,616**
LOAN FUNDS			
Secured loans	6	1,566	8,642
Unsecured loans	7	2,434,750	-
		36,515,867	**29,094,258**
APPLICATION OF FUNDS			
FIXED ASSETS	8		
Cost		7,108,675	6,162,081
Accumulated depreciation and amortisation		(5,420,212)	(4,728,684)
Net book value		1,688,463	1,433,397
Capital work-in-progress including capital advances		83,051	67,456
		1,771,514	**1,500,853**
INVESTMENTS	9	23,790,692	16,897,632
DEFERRED TAX ASSETS	10	763,733	622,134
CURRENT ASSETS, LOANS AND ADVANCES			
Interest receivable	11	900	1,515
Debtors and unbilled revenues	12	10,303,390	9,189,218
Cash and bank balances	13	936,071	546,146
Inter corporate deposits	14	70,522	178,904
Loans and advances	15	10,423,676	8,668,985
		21,734,559	**18,584,768**
CURRENT LIABILITIES AND PROVISIONS			
Current liabilities	16	7,412,094	5,641,497
Provisions	17	4,132,537	2,869,632
		11,544,631	**8,511,129**
NET CURRENT ASSETS		**10,189,928**	**10,073,639**
		36,515,867	**29,094,258**
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.**
Firm registration number: 301003E
Chartered Accountants

per **Navin Agrawal**
Partner
Membership No. 56102

Bangalore
30 November 2011

For and on behalf of the Board of Directors

Balu Ganesh Ayyar
Chief Executive Officer

Nawshir H Mirza
Director

Ganesh Murthy
Executive Vice President &
Chief Financial Officer

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

Bangalore
30 November 2011

Profit and Loss Account

(₹ 000's)

	Notes	Year ended 31 October 2011	Year ended 31 October 2010
Revenues	**18**	**34,041,297**	**37,700,850**
Cost of revenues	**19**	24,513,521	25,194,942
Gross profit		**9,527,776**	**12,505,908**
Selling expenses	**20**	992,882	1,435,699
General and administrative expenses	**21**	1,015,370	1,249,599
Provision for doubtful debts		256	-
Operating profit		**7,519,268**	**9,820,610**
Foreign exchange gain, net		610,577	683,604
Other income	**22**	1,008,211	430,912
Interest expenses		(22,245)	(14,098)
Profit before taxation		**9,115,811**	**10,921,028**
Income taxes			
- Current		1,925,717	1,522,296
- Deferred		(141,599)	(50,242)
- Minimum alternative tax credit entitlement		(488,380)	(519,808)
Profit after taxation		**7,820,073**	**9,968,782**
Profit brought forward		22,018,849	14,026,672
Profit available for appropriations		**29,838,922**	**23,995,454**
Appropriations			
Transfer to general reserve		782,007	996,878
Final dividend for earlier years		260	446
Proposed dividend		1,365,234	839,699
Tax on dividend		221,508	139,550
Issue of bonus shares		7	32
Profit carried forward		**27,469,906**	**22,018,849**
Earnings per share (par value ₹ 10)	**36**		
Basic (₹)		37.24	47.53
Diluted (₹)		37.13	47.30

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.**
Firm registration number: 301003E
Chartered Accountants

per **Navin Agrawal**
Partner
Membership No. 56102

Bangalore
30 November 2011

For and on behalf of the Board of Directors

Balu Ganesh Ayyar
Chief Executive Officer

Nawshir H Mirza
Director

Ganesh Murthy
Executive Vice President & Chief Financial Officer

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

Bangalore
30 November 2011

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 (as amended) and other pronouncements of the Institute of the Chartered Accountants of India ('ICAI') and the related provisions of the Companies Act 1956. The accounting policies have been consistently applied by the Company, except for the change as disclosed in note 5 as regards to valuation of employees stock based compensation. Also refer note 35 as regards segment disclosure.

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 for the year. 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, licensing arrangement, application services and trading of goods.

Revenues from software services & projects comprise income from time-and-material and fixed price contracts. Revenue from time and material contracts is recognized when the services are rendered in accordance with the terms of contracts with clients. Revenue from fixed price contracts is recognized using the percentage-of-completion method, calculated as the proportion of the cost of effort incurred up to the reporting date to estimated cost of total effort.

Revenues from call centre & business process outsourcing operations arise from both time-based and unit-priced client contracts. Such revenue is recognized when the services are rendered in accordance with the terms of the contracts with clients.

Revenues from infrastructure outsourcing services arise from time based unit-priced and fixed price contracts. Revenue from time based and unit-priced is recognized when the services are rendered in accordance with the terms of the contracts with clients. Revenue from fixed price contracts is recognized using the percentage-of-completion method, calculated as the proportion of the cost of effort incurred up to the reporting date to estimated cost of total effort.

Revenue from licensing arrangements is recognised on transfer of the title in user licenses, except those contracts where transfer of title is dependent upon rendering of significant implementation services by the company, in which case 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.

Revenue from sale of goods is recognized on transfer of significant risks and rewards in accordance with the terms of contract. Revenue is shown as net of sales tax, value added tax and applicable discounts.

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 represent revenues in excess of amounts billed to clients as at the balance sheet date. 'Unearned receivables' included in the 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 and write down for impairment if any. Direct costs are capitalised until the 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 capitalised 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 the 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 ₹ 5,000 are depreciated in full in the year of purchase. The estimated useful lives of assets are as follows:

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

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

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 and 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.

Notes to the Financial Statements

Leases

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased term, are classified as operating leases.

Where the Company is lessee, operating lease payments are recognized as an expense in the profit and loss account on a straight-line basis over the lease term.

Where the Company is lessor, lease income is recognised in the profit and loss account on straight line basis over the lease term. Costs are recognised as an expense in the profit and loss account. Initial direct costs such as legal costs, brokerage costs, etc, are recognised immediately in the profit and loss account.

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. The recoverable amount is the greater of asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using the pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the assets. 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 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 or fair value determined on an individual investment basis.

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

Employee benefits

Gratuity which is a defined benefit, is accrued based on an 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 the profit and loss account and are not deferred.

The cost of short term compensated absences are 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 as at the balance sheet date.

Contributions payable to recognized provident funds, 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 recognized 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. Non-monetary items which are carried in terms of historical cost denominated in foreign currency are reported using the exchange rate at the date of the transaction.

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 transactions. 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 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 the Company has met all the conditions of AS 30, are fair valued at the 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 the 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.

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.

Notes to the Financial Statements

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

A provision is recognised when an enterprise has a present obligation as result of past event; it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. 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.

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 their 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 arrived at, assuming that the proceeds receivable were based on shares having been issued at the average market value of the outstanding shares. In computing dilutive earnings per share, only potential equity shares that are dilutive and that either reduce earnings per share or increase loss per share, are included.

Stock-based Compensation (Equity settled)

Measurement and disclosure of the employee share-based payment plans is done in accordance with SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and the Guidance Note on Accounting for Employee Share-based Payments, issued by the Institute of Chartered Accountants of India. The Company measures compensation cost relating to employee stock options using the intrinsic value method except for RSU plan 2010 and RSU plan 2011 wherein compensation cost is measured based on fair valuation. Compensation expense is amortized over the vesting period of the option on a straight line basis.

Inventories

Inventory comprises of traded goods and is measured at lower of cost and net realisable value. Cost includes direct materials and labour. Cost is determined on a weighted average basis. Net realisable value is the estimated selling price in the ordinary course of business, less estimated cost necessary to make the sale.

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 it's Registered Office in Bangalore. The Company is listed on the principal stock exchanges of India.

List of subsidiaries with percentage holding: **% of holding**

Subsidiary	Country of incorporation and other particulars	2011	2010
MphasiS Corporation ('MphasiS USA')	a company organised under the laws of Delaware, USA	100	100
MphasiS Deutschland GmbH ('MphasiS GmbH')	a company organised under the laws of Germany	91	91
MphasiS Australia Pty Limited ('MphasiS Australia')	a company organised under the laws of Australia	100	100
MphasiS (Shanghai) Software & Services Company Limited ('MphasiS China')	a company organised under the laws of The People's Republic of China	100	100
MphasiS Consulting Limited ('MphasiS Consulting')	a company organised under the laws of The United Kingdom	100	100
Eldorado Computing Inc. [merged with MphasiS Corporation w.e.f. 1 March 2010]	a company organised under the laws of Arizona, USA	-	100
MphasiS FinsourcE Limited (MphasiS FinsourcE)	a company organised under the laws of India	100	100
MphasiS Ireland Limited ('MphasiS Ireland')	a company organised under the laws of Ireland	100	100
MphasiS Belgium BVBA ('MphasiS Belgium')	a company organised under the laws of Belgium	100	100
MphasiS Lanka Private Limited (MphasiS Lanka) (refer note 2.3)	a company organized under the laws of Sri Lanka	100	100
MphasiS Poland s.p.z.o.o (refer note 2.5)	a company organized under the laws of Poland	100	100
PT MphasiS Indonesia(refer note 2.6)	a company organised under the laws of Indonesia	100	-
MphasiS Europe BV ('MphasiS Europe')	a subsidiary of MphasiS USA, organised under the laws of The Netherlands	100	100
MphasiS Infrastructure Services Inc (refer note 2.4)	a subsidiary of MphasiS Corporation organised under the laws of Delaware, USA	100	100
MphasiS Pte Limited ('MphasiS Singapore')	a subsidiary of MphasiS Europe, organised under the laws of Singapore	100	100
MphasiS UK Limited ('MphasiS UK')	a subsidiary of MphasiS Europe, organised under the laws of The United Kingdom	100	100
MphasiS Software and Services (India) Private Limited ('MphasiS India')	a subsidiary of MphasiS Europe, organised under the laws of India	100	100
MsourcE Mauritius Inc., ('MsourcE Mauritius')	a subsidiary of MphasiS Europe, organised under the laws of Mauritius	100	100
Seine Acquisition Inc (refer note 2.7)	a subsidiary of MphasiS UK Limited, organised under the laws of Delaware, USA	100	-
MsourcE (India) Private Limited ('MsourcE India')	a subsidiary of MsourcE Mauritius, organised under the laws of India	100	100
Wyde Corporation (refer note 2.7)	a subsidiary of Seine Acquisition Inc., organised under the laws of Delaware, USA	100	-
Wyde Inc., S.A (refer note 2.7)	a subsidiary of Wyde Corporation, organised under the laws of France	100	-
Wyde Solutions Canada Inc. (refer note 2.7)	a subsidiary of Wyde Corporation, organised under the laws of Quebec, Canada	100	-
Wyde Tunisie SARL (refer note 2.7)	a subsidiary of Wyde Inc., S.A organised under the laws of Tunisia	100	-

All the above subsidiaries are under the same management.

Notes to the Financial Statements

List of closed subsidiaries **% of holding**

Subsidiaries	Country of incorporation and other particulars	2011	2010
Wide Area Management Services Inc. [effective 4 November 2010]	a subsidiary of MphasiS Infrastructure Services Inc. organised under the laws of California, USA	-	100
BFL Software Asia Pacific Pte Ltd [effective 8 December 2010]	a company organised under the laws of Singapore	-	100

2.1 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 ₹ 17,060,055 (31 October 2010: ₹ 17,060,055) is carried as a liability which will be paid after necessary regulatory approvals are obtained (refer note 16).

2.2 The Company filed a scheme of merger of MphasiS FinSolutions Private Limited, a wholly owned subsidiary acquired by MphasiS Limited effective 1 October 2009, with itself, with the Hon'ble High Court of Karnataka and the Hon'ble High Court of Madras. The Hon'ble High Courts had passed orders approving the petition of merger on 5 July 2010 and 17 September 2010 respectively, effective from 1 November 2009. Subsequently, the Company had filed the Court orders with the RoC of Karnataka and Chennai on 11 August 2010 and 8 October 2010 respectively. The appointed date of merger was 01 November 2009. Accordingly, the financial statements for the year ended 31 October 2010 had been adjusted by incorporating the merger impact of MphasiS FinSolutions Private Limited with the Company in accordance with aforesaid High Court orders.

Pursuant to the terms of the approved merger scheme, the amalgamation had been accounted for under the pooling of interest method as prescribed by Accounting Standard 14 for "Accounting for Amalgamations", accordingly, all the assets and liabilities recorded in the books of MphasiS Finsolutions as at 31 October 2009 had been recorded by the Company at their respective book values as follows:

	(₹ 000's)
Fixed Assets (net)	34,828
Deferred Tax Assets	9,634
Current Assets	411,664
Current Liabilities	(234,045)
Hedge Reserve	4,102

Further, pursuant to the terms of the approved merger scheme:

(a) The amount of investments in MphasiS FinSolutions had been credited in full and Goodwill of ₹ 173,468,380 accounted at the time of acquisition of MphasiS FinSolutions by the Company had been reduced from the securities premium account of the Company.

(b) Deficit of ₹ 4,298,663 in net assets acquired by the Company as of appointed date of 1 November 2009 had been adjusted against the securities premium account of the Company.

(c) Expenses of ₹ 622,311 incurred by the Company in connection with the amalgamation scheme had been adjusted against the General Reserves of the Company.

The above treatment is different from the requirements of Accounting Standard 14 for "Accounting for Amalgamations" ('AS-14') and Generally Accepted Accounting Principles ('GAAP'). In accordance with the requirements of AS-14 and GAAP, the carrying value of securities premium would have been higher by ₹ 177,767,044, profit and loss before tax for the year ended 31 October 2010 would have been lower by ₹ 178,389,355 and general reserves would have been higher by ₹ 622,311.

2.3 MphasiS Lanka (Private) Limited was incorporated as a subsidiary of the Company on 12 February 2010.

2.4 MphasiS Corporation, a subsidiary of the Company, acquired Fortify Infrastructure Services Inc. along with its subsidiaries Fortify North America Inc. and Wide Area Management Services Inc. effective 1 May 2010 for an aggregate consideration of US$ 27,737,309 (₹ 1,230,427,027) including US$ 12,500,000 (₹ 608,687,500) payable in tranches upto the financial year ended 31 October 2012 on the basis of the fulfilment of certain Revenue / Earnings obligations.

As per addendum to the Share Purchase Agreement the date for fulfilment of Revenue/Earnings obligations is revised to 31 January 2013.

The name of the acquired company was changed to MphasiS Infrastructure Services Inc. with effect from 7 July 2010. Further, Fortify North America Inc. was merged with MphasiS Infrastructure Services Inc. effective 14 July 2010. Wide area Management Services Inc., a subsidiary of MphasiS Infrastructure Services Inc. was closed effective 4 November 2010.

2.5 MphasiS Poland s.p.z.o.o. was incorporated as a subsidiary of the Company on 11 May 2010.

2.6 PT MphasiS Indonesia was incorporated as a subsidiary of the Company on 25 April 2011

2.7 Seine Acquisition Inc., a subsidiary of MphasiS UK Limited incorporated on 27 July 2011, acquired Wyde Corporation along with its subsidiaries Wyde Solutions Canada Inc., Wyde Inc. SA and Wyde Tunisie SARL effective 29 August 2011 for an aggregate consideration of US$ 90,599,977 (₹ 4,183,046,899) including acquisition related expenses and US$ 6,100,000 (₹ 281,149,000) held in escrow account for a stipulated period subject to deduction of any liability arising in relation to the indemnification provided by the erstwhile shareholders.

2.8 MsourcE India BPO Private Limited had filed an application under section 560 of the Companies Act 1956, for striking its name off the register with the Registrar of Companies, Ministry of Corporate Affairs under Fast Track Exit mode which is under progress with Ministry of Corporate Affairs.

Notes to the Financial Statements

(₹ 000's)

		As at 31 October 2011	As at 31 October 2010
3.	**SHARE CAPITAL**		
	Authorised capital		
	245,000,000 (31 October 2010: 245,000,000) equity shares of ₹ 10 each	2,450,000	2,450,000
	Issued, subscribed and paid-up capital*		
	210,036,045 (31 October 2010: 209,924,713) equity shares of ₹ 10 each fully paid-up	2,100,360	2,099,247
	[Of the above 53,590,838 (31 October 2010: 53,590,838) equity shares are allotted for consideration other than cash and 134,190,174 (31 October 2010: 134,189,474) equity shares are allotted as bonus shares from securities premium account / profit and loss account)]		
	Add: Amount originally paid-up on forfeited shares	71	71
		2,100,431	**2,099,318**

* 83,002,201, 44,104,064 and 1 (31 October 2010: 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	1,534,359	1,669,358
	Add : Premium on allotment of shares	11,926	41,174
	Less : Adjustment on account of merger of MphasiS Finsolutions [refer note 2.2]	-	(177,767)
	Add : Transferred from employee stock options outstanding	155	1,594
	[Securities premium amounting to ₹ 1,149,561,538 (31 October 2010: ₹ 1,149,406,666) is for consideration other than cash]		
		1,546,440	1,534,359
	General Reserve		
	Balance brought forward from previous year	2,770,912	1,774,656
	Less : Expenses on account of merger of MphasiS Finsolutions [refer note 2.2]	-	(622)
	Add : Transfer from profit and loss account	782,007	996,878
		3,552,919	2,770,912
	Hedge reserve		
	Balance brought forward	656,778	674,345
	Add / (Less): Transaction during the year	(1,055,511)	1,157,502
	Add / (Less): Transfer to Revenue	(308,355)	(1,175,069)
		(707,088)	656,778
	Profit and loss account balance	27,469,906	22,018,849
		31,862,177	**26,980,898**

(₹ 000's)

		As at 31 October 2011	As at 31 October 2010
5.	**EMPLOYEE STOCK OPTIONS OUTSTANDING**		
	Balance brought forward	5,400	6,994
	Add: Options granted during the year	228,744	-
	Less: Transferred to securities premium account on exercise of options	155	1,594
	Less: Reversal on forfeiture/ lapse of options granted	31,996	-
		201,993	**5,400**
	Less: Deferred Employee Stock Compensation Expense	85,050	-
		116,943	**5,400**

Employee Stock Option Plans ('ESOP') - Equity Settled

Effective 1 February 2011, the Company has adopted the policy of accounting employee stock-based compensations using fair-value method in place of intrinsic value method. In the opinion of the Company, fair value method is a more globally accepted method. Measurement and disclosure of the employee share based payments plan is done in accordance with SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and the guidance note on accounting for Employee Share Based Payments, issued by Institute of Chartered Accountants of India ('ICAI'). The Company accounts for stock compensation expense based on the fair value of the option granted, determined on the date of grant. Compensation expenses are amortized over the vesting period of the option on the straight line basis.

Had the Company adopted the intrinsic value method of accounting, the employee compensation cost would have been higher by ₹ 610,929 for the year ended 31 October 2011 and profit would have been lower by that extent.

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 years ended 31 October 2011 and 31 October 2010 for grants outstanding on and made on or after that date for each of the plans described below (Also refer note 37).

Employees Stock Option Plan 1998 (the 1998 Plan): The Company instituted the 1998 Plan for all eligible employees in pursuance of the special resolution approved by the shareholders in the Annual General Meeting held on 31 July 1998. The 1998 Plan provides for the issuance of 3,720,000 options to eligible employees as recommended by the ESOP Committee constituted for this purpose.

In accordance with the 1998 Plan, the Committee has formulated 1998 Plan – (Version I) and 1998 Plan – (Version II) during the years 1998 - 1999 and 1999 - 2000 respectively.

1998 Plan - (Version I): Each option granted under the 1998 Plan – (Version I), entitles the holder thereof with an option to apply for and be issued one equity share of the Company at an exercise price of ₹ 34.38 per share. The equity shares covered under these options vest at various dates over a period ranging from six to sixty-six months from the date of grant based on the length of service completed by the employee to the date of grant. The options are exercisable any time after their vesting period.

Notes to the Financial Statements

The movements in the options granted under the 1998 Plan – (Version I) for the years ended 31 October 2011 and 31 October 2010 are set out below:

	Year ended 31 October 2011		Year ended 31 October 2010	
	No. of Options	Weighted Average Exercise Price	No. of Options	Weighted Average Exercise Price
Options outstanding at the beginning	69,280	34.38	74,224	34.38
Granted	-	-	-	-
Forfeited	-	-	-	-
Exercised	1,648	34.38	4,944	34.38
Options outstanding at the end	67,632	34.38	69,280	34.38
Exercisable at the end	67,632	34.38	69,280	34.38

The weighted average share price as at the date of exercise for stock options was ₹ 522.00 (31 October 2010: ₹ 689.13). The options outstanding as at 31 October 2011 had an exercise price of ₹ 34.38 (31 October 2010: ₹ 34.38).

1998 Plan - (Version II): Commencing January 2000, the Company decided to grant all future options at the market price immediately preceding the date of grant. The equity shares covered under these options vest at various dates over a period ranging from twelve to forty-eight months from the date of grant based on the grade of the employee. However, in the case of options granted to the then Managing Director or Chief Executive Officer, the vesting period of the options, subject to 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 years ended 31 October 2011 and 31 October 2010 are set out below:

	Year ended 31 October 2011		Year ended 31 October 2010	
	No. of Options	Weighted Average Exercise Price	No. of Options	Weighted Average Exercise Price
Options outstanding at the beginning	700,338	91.71	745,124	92.01
Granted	-	-	-	-
Forfeited	-	-	-	-
Lapsed	136,724	102.31	-	-
Exercised	47,640	91.70	44,786	96.67
Options outstanding at the end	515,974	88.91	700,338	91.71
Exercisable at the end	515,974	88.91	700,338	91.71

The weighted average share price as at the date of exercise for stock options was ₹ 533.21 (31 October 2010: ₹ 664.54). The options outstanding as at 31 October 2011 had an exercise price ranging from ₹ 23.21 to ₹ 258.00 (31 October 2010: ₹ 23.21 to ₹ 275) and weighted average remaining contractual life of 2.33 years (31 October 2010: 2.68 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 the 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 years ended 31 October 2011 and 31 October 2010 are set out below:

	Year ended 31 October 2011		Year ended 31 October 2010	
	No. of Options	Weighted Average Exercise Price	No. of Options	Weighted Average Exercise Price
Options outstanding at the beginning	117,394	152.24	377,254	143.02
Granted	-	-	-	-
Forfeited	2,675	164.92	1,050	173.40
Lapsed	51,364	147.04	74,266	144.78
Exercised	36,779	144.55	184,544	136.27
Options outstanding at the end	26,576	171.66	117,394	152.24
Exercisable at the end	26,576	171.66	117,394	152.24

The weighted average share price as at the date of exercise for stock options was ₹ 521.83 (31 October 2010: ₹ 649.45). The options outstanding as at 31 October 2011 had an exercise price ranging from ₹ 129.95 to ₹ 208.45 (31 October 2010: ₹ 119.03 to ₹ 208.45) and weighted average remaining contractual life of 0.27 years (31 October 2010: 0.70 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 the ESOP Committee appointed by the Board. Options shall 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 years ended 31 October 2011 and 31 October 2010 are set out below:

	Year ended 31 October 2011		Year ended 31 October 2010	
	No. of Options	Weighted Average Exercise Price	No. of Options	Weighted Average Exercise Price
Options outstanding at the beginning	12,450	130.60	39,200	130.60
Granted	-	-	-	-
Forfeited	-	-	-	-
Lapsed	2,250	130.60	3,000	130.60
Exercised	10,200	130.60	23,750	130.60
Options outstanding at the end	-	-	12,450	130.60
Exercisable at the end	-	-	12,450	130.60

The weighted average share price as at the date of exercise for stock options was ₹ 455.08 (31 October 2010: ₹ 629.56). No options are outstanding as at 31 October 2011 and the options outstanding as at 31 October 2010 had an exercise price of ₹ 130.60 and weighted average remaining contractual life of 0.59 years.

Notes to the Financial Statements

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 the ESOP Committee appointed by the Board and comprises two programs. Under Program A, outstanding options of MsourcE Corporation were exchanged for options in the Company on the agreed exchange ratio of 0.14028 stock options with underlying equity shares of the Company for each stock option in the MsourcE 2001 plan, the exercise price being the equivalent amount payable by the option holder under the MsourcE 2001 plan. The equity shares underlying these options vest over a period up to forty-eight months from the date of assumption by the Company and shall be exercisable within a period of ten years from the original date of grant under the MsourcE 2001 plan.

Options under Program B represent fresh grants and shall be issued to employees at an exercise price which will 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 years ended 31 October 2011 and 31 October 2010 are set out below:

	Year ended 31 October 2011		Year ended 31 October 2010	
	No. of Options	Weighted Average Exercise Price	No. of Options	Weighted Average Exercise Price
Options outstanding at the beginning	56,774	127.87	167,901	129.44
Granted			-	-
Forfeited	1,269	178.26	350	184.50
Lapsed	19,634	134.50	18,109	136.84
Exercised	14,365	136.38	92,668	128.76
Options outstanding at the end	21,506	113.15	56,774	127.87
Exercisable at the end	21,506	113.15	56,774	127.87

The weighted average share price as at the date of exercise for stock options was ₹ 473.40 (31 October 2010: ₹ 647.19). The options outstanding as at 31 October 2011 had an exercise price ranging from ₹ 50.34 to ₹ 184.50 (31 October 2010: ₹ 50.34 to ₹ 184.50) and weighted average remaining contractual life of 4.25 years (31 October 2010: 2.58 years).

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. The total cost incurred towards RSUs for the year ended 31 October 2011 and 31 October 2010 amounted to ₹ 42,623,598 and ₹ 41,904,396 respectively. However, the cost has been borne by HP and accordingly this has not been accounted as an expense by the Company.

Restricted Stock Unit Plan-2010 ("RSU Plan-2010")

Effective 1 August 2010, the Company instituted the Restricted Stock Unit Plan-2010. The Board and the shareholders of the Company approved RSU Plan-2010 on 29 June 2010 and 17 August 2010 respectively. The RSU Plan-2010 provides for the issue of restricted options to certain employees of the Company and its subsidiaries.

The RSU Plan-2010 is administered by the MphasiS Employees Benefit Trust which was created for this purpose. Each option, granted under the RSU Plan-2010, entitles the holder thereof with an option to apply for and be issued one equity share of the Company at an exercise price of ₹ 10.00 per share. The equity shares covered under these options vest over a period ranging from twelve to twenty-four months from the date of grant. The exercise period is one to three years from the date of vesting.

The movements in the options under the RSU Plan -2010 for the year ended 31 October 2011 is set out below:

	Year ended 31 October 2011		Year ended 31 October 2010	
	No. of Options	Weighted Average Exercise Price	No. of Options	Weighted Average Exercise Price
Options outstanding at the beginning	-	-	-	-
Granted	162,250	10.00	-	-
Forfeited	16,550	10.00	-	-
Lapsed	-	-	-	-
Exercised	-	-	-	-
Options outstanding at the end	145,700	10.00	-	-
Exercisable at the end	-	-	-	-

The option outstanding as on October 2011 has an exercise price of ₹10.00 and the weighted average remaining contractual life of 3.78 years.

The weighted average fair value of stock options granted during the year ranges from ₹ 404.44 to ₹ 658.42. The Black-Scholes valuation model has been used for computing the weighted average fair value considering the following inputs:

	31 October 2011
Weighted average share price on the date of grant	418.43 - 672.05
Exercise Price	10.00
Expected Volatility*	41.36% - 41.65%
Life of the options granted in years	1 - 2 Years
Average risk-free interest rate	8.00%
Expected dividend rate	0.66%

* The expected volatility was determined based on historical volatility data

Total Employee Compensation Cost pertaining to RSU Plan-2010 during the year is ₹ 43,522,056 (31 October 2010: Nil), net of cross charge to subsidiary companies.

Restricted Stock Unit Plan-2011 ("RSU Plan-2011")

Effective 1 April 2011, the Company instituted the Restricted Stock Unit Plan-2011. The Board and the shareholders of the Company approved RSU Plan-2011 on 22 November 2010 and 24 February 2011 respectively. The RSU Plan-2011 provides for the issue of restricted options to employees and directors of the Company and its subsidiaries.

The RSU Plan-2011 is administered by the MphasiS Employees Benefit Trust which was created for this purpose. Each option, granted under the RSU Plan-2011, entitles the holder thereof with an option to apply for and be issued one equity share of the Company at an exercise price of Nil per share. The equity shares covered under these options vest over a period of twelve months from the date of grant. The exercise period is three months from the date of vesting.

Notes to the Financial Statements

The movements in the options under the RSU Plan -2011 for the year ended 31 October 2011 is set out below:

	Year ended 31 October 2011		Year ended 31 October 2010	
	No. of Options	Weighted Average Exercise Price	No. of Options	Weighted Average Exercise Price
Options outstanding at the beginning	-	-	-	-
Granted	301,010	-	-	-
Forfeited	50,590	-	-	-
Lapsed	-	-	-	-
Exercised	-	-	-	-
Options outstanding at the end	250,420	-	-	-
Exercisable at the end	-	-	-	-

The option outstanding as on October 2011 has an exercise price of ₹ Nil and the weighted average remaining contractual life of 0.67 years.

The weighted average fair value of stock options granted during the year was ₹ 415.70. The Black-Scholes valuation model has been used for computing the weighted average fair value considering the following inputs:

	31 October 2011
Weighted average share price on the date of grant	418.43
Exercise Price	-
Expected Volatility*	41.36%
Life of the options granted in years	1 Year
Average risk-free interest rate	8.00%
Expected dividend rate	0.66%

* The expected volatility was determined based on historical volatility data

Total Employee Compensation Cost pertaining to RSU Plan-2011 during the year is ₹ 44,240,140 (31 October 2010: Nil), net of cross charge to subsidiary companies.

The Company has advanced an amount of ₹ 214,859,768 (31 October 2010: ₹ 20,871,472) to the MphasiS Employees Benefit Trust.

(₹ 000's)

		As at 31 October 2011	As at 31 October 2010
6.	**SECURED LOANS**		
	Vehicle loans from banks*	1,566	8,642
	(Secured by the hypothecation of vehicles)		
		1,566	**8,642**

* Due within one year ₹ 1,566,198 (31 October 2010: ₹ 6,754,016)

7.	**UNSECURED LOAN**		
	Pre-shipment loan in Foreign Currency*	2,434,750	-
		2,434,750	**-**

* Due within one year ₹ 2,434,750,000 (31 October 2010: ₹ Nil)

Notes to the Financial Statements

8. FIXED ASSETS

(₹ 000's)

Assets	Cost					Accumulated depreciation and amortisation					Net book value	
	1 November 2010	Additions	Adjustments on merger of MphasiS Finsolutions*	Deductions	31 October 2011	1 November 2010	Charge for the year	Adjustments on merger of MphasiS Finsolutions*	Deductions	31 October 2011	31 October 2011	31 October 2010
Tangible assets												
Freehold land	27,375	-	-	-	27,375	-	-	-	-	-	27,375	27,375
Buildings	1,230	-	-	-	1,230	1,179	51	-	-	1,230	-	51
Leasehold improvements	1,261,027	191,539	-	7,686	1,444,880	982,743	213,852	-	7,448	1,189,147	255,733	278,284
Plant and machinery	924,704	211,448	-	14,673	1,121,479	532,573	239,911	-	11,657	760,827	360,652	392,131
Computer equipment	1,668,172	637,737	-	249,328	2,056,581	1,436,723	278,611	-	219,648	1,495,686	560,895	231,449
Office equipment	874,407	150,556	-	22,139	1,002,824	722,231	131,613	-	22,139	831,705	171,119	152,176
Furniture and fixtures	889,713	46,999	-	32,608	904,104	688,281	119,265	-	32,569	774,977	129,127	201,432
Vehicles	88,907	47,400	-	25,850	110,457	36,929	20,572	-	19,471	38,030	72,427	51,978
Intangible assets												
Software	396,536	74,805	-	61,606	409,735	298,015	62,191	-	61,606	298,600	111,135	98,521
	6,132,071	1,360,484	-	413,890	7,078,665	4,698,674	1,066,066	-	374,538	5,390,202	1,688,463	1,433,397
Purchased Goodwill	**30,010**	**-**	**-**	**-**	**30,010**	**30,010**	**-**	**-**	**-**	**30,010**	**-**	**-**
Total	**6,162,081**	**1,360,484**	**-**	**413,890**	**7,108,675**	**4,728,684**	**1,066,066**	**-**	**374,538**	**5,420,212**	**1,688,463**	**1,433,397**
Year ended 31 October 2010	5,824,165	725,563	165,223	552,870	6,162,081	3,980,976	1,157,873	130,395	540,560	4,728,684	1,433,397	-

* refer note 2.2

Notes to the Financial Statements

(₹ 000's)

		As at 31 October 2011	As at 31 October 2010
9.	**INVESTMENTS**		
	Long Term - Unquoted (trade), at cost		
	In subsidiaries		
	MphasiS USA*	3,724,464	3,724,563
	3,187 (31 October 2010: 3,187) shares of common stock of US $ 0.01 each fully paid-up		
	MphasiS Australia	50	50
	2,000 (31 October 2010: 2,000) shares of common stock of Australian $ 1 each fully paid-up		
	BFL APAC**	-	5,927
	Nil (31 October 2010: 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 2010: 91,000 Deutsche Mark)		
	MphasiS China	105,345	105,345
	100% (31 October 2010: 100%) equity interest		
	MphasiS FinsourcE	500	500
	50,000 (31 October 2010: 50,000) equity shares of ₹ 10 each fully paid-up		
	MphasiS Consulting	685,652	685,652
	7,953,393 (31 October 2010: 7,953,393) ordinary shares of £ 0.002 each fully paid-up		
	MphasiS Ireland	591	591
	10,000 (31 October 2010: 10,000) shares of common stock of € 1 each fully paid-up		
	MphasiS Belgium	393	393
	62 (31 October 2010: 62) shares of common stock of € 100 each fully paid up		
	MphasiS Lanka	6,646	6,646
	150,000 (31 October 2010: 150,000) shares of common stock of LKR 112.10 each fully paid up		
	PT MphasiS Indonesia (Refer note 2.6)	4,378	-
	99,000 (31 October 2010: Nil) shares of common stock of US $ 1 each fully paid-up		
	MphasiS Europe BV	4,074,798	-
	1,471,769 (31 October 2010: Nil) shares of common stock of € 1 each fully paid-up		
		8,605,341	4,532,191
	Less: Provisions (net write offs / adjustments)	2,524	8,451
		8,602,817	4,523,740

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

** Subsidiary is closed effective 8 December 2010

	As at 31 October 2011	As at 31 October 2010
Short Term - Quoted (non-trade) **		
Current Investments (At lower of cost or market value)		
Birla Sunlife Cash Plus	2,045,932	90,624
20,419,499.653 units at ₹ 100.1950 (31 October 2010: 9,044,761.62 units at ₹ 10.0195)		
ICICI Prudential Blended Plan B Institutional	1,285,759	-
128,479,560.11 units at ₹ 10.0075 (31 October 2010: Nil)		

(₹ 000's)

		As at 31 October 2011	As at 31 October 2010
9.	**INVESTMENTS (Contd...)**		
	ICICI Prudential Flexible Income Plan Premium 16,768,587.23 units at ₹ 105.735 (31 October 2010: Nil)	1,773,027	-
	ICICI Prudential Banking & PSU Debt Fund 50,068,047.24 units at ₹ 10.0715 (31 October 2010: Nil)	504,260	-
	ICICI Prudential Long Term Floating Rate Plan C 50,199,689.04 units at ₹ 10.0607 (31 October 2010: Nil)	505,042	-
	IDFC Ultra Short term 152,407,093.92 units at ₹ 10.0125 (31 October 2010: Nil)	1,525,976	-
	Kotak Bond (Short Term) 99,256,589.48 units at ₹ 10.0749 (31 October 2010: Nil)	1,000,000	-
	Kotak FMP Series 59 25,000,000.00 units at ₹ 10.00 (31 October 2010: Nil)	250,000	-
	UTI Treasury Advantage Fund - Institutional Plan 4,068,899.84 units at ₹ 1000.2141 (31 October 2010: Nil)	4,069,771	-
	Templeton India Low Duration Fund 167,109,727.16 units at ₹ 10.3263 (31 October 2010: Nil)	1,725,626	-
	Fidelity Short Term Income Fund 49,982,191.23 units at ₹ 10.0532 (31 October 2010: Nil)	502,482	-
	Reliance Monthly Interval Fund-Series II Institutional Nil (31 October 2010: 102,498,660.99 units at ₹ 10.0016)	-	1,025,150
	Reliance Monthly Interval Fund-Series I Institutional Nil (31 October 2010: 186,860,020.49 units at ₹ 10.004)	-	1,869,355
	ICICI Prudential Blended Plan B Nil (31 October 2010: 111,866,499.77 units at ₹ 10.3672)	-	1,159,744
	Birla Sunlife Short term opportunities fund Nil (31 October 2010: 153,049,215.18 units at ₹ 10.0068)	-	1,531,530
	G68 IDFC Ultra Short Term Fund Nil (31 October 2010: 50,424,376 units at ₹ 10.047)	-	506,613
	G690 IDFC Fixed Maturity Quarterly Series-59 Nil (31 October 2010: 35,000,000 units at ₹ 10.00)	-	350,000
	BSL Interval Income Fund Instl-Quarterly Series 1 Nil (31 October 2010: 30,000,000 units at ₹ 10.00)	-	300,000
	DSP BlackRock FMP - 3M Series 19 Nil (31 October 2010: 35,000,000 units at ₹ 10.00)	-	350,000
	Kotak Quarterly Interval Plan Series 1 Nil (31 October 2010: 40,000,000 units at ₹ 10.00)	-	400,000
	G690 IDFC Fixed Maturity Quarterly Series-60 Nil (31 October 2010: 30,000,000 units at ₹ 10.00)	-	300,000
	Kotak Quarterly Interval Plan Series 9 Nil (31 October 2010: 19,998,449.56 units at ₹ 10.0008)	-	200,000
	Kotak Quarterly Interval Plan Series 10 Nil (31 October 2010: 30,000,000 units at ₹ 10.00)	-	300,000
	Kotak Quarterly Interval Plan Series 5 Nil (31 October 2010: 40,000,000 units at ₹ 10.00)	-	400,000

Notes to the Financial Statements

(₹ 000's)

		As at 31 October 2011	As at 31 October 2010
9.	**INVESTMENTS (Contd...)**		
	B938D Birla Sunlife Short Term FMP Series 1	-	250,000
	Nil (31 October 2010: 25,000,000 units at ₹ 10.00)		
	DSP BlackRock FMP - 3M Series 21	-	200,000
	Nil (31 October 2010: 20,000,000 units at ₹ 10.00)		
	Birla Sun Life Cash Manager- IP	-	3,140,876
	Nil (31 October 2010: 313,993,247.02 units at ₹ 10.003)		
		15,187,875	12,373,892
		23,790,692	**16,897,632**

** The Market value of the current investments as at 31 October 2011 is ₹ 15,188,862,324 (31 October 2010: ₹ 12,406,682,700)

		As at 31 October 2011	As at 31 October 2010
10.	**DEFERRED TAX ASSETS**		
	On depreciation	641,976	563,225
	On provision for employee benefits	73,651	33,218
	On provision for doubtful debts	25,176	25,691
	On others	22,930	-
		763,733	**622,134**
11.	**INTEREST RECEIVABLE**		
	Unsecured - considered good	900	1,515
		900	**1,515**
12.	**DEBTORS AND UNBILLED REVENUES****		
	Debts outstanding for a period exceeding six months, unsecured		
	- considered good	419,603	268,374
	- considered doubtful	77,597	77,341
	Other debts, unsecured		
	- considered good	5,172,546	5,119,576
		5,669,746	5,465,291
	Less: Provision for doubtful debts	(77,597)	(77,341)
		5,592,149	5,387,950
	Unbilled revenues	4,711,241	3,801,268
		10,303,390	**9,189,218**

**refer note 33

		As at 31 October 2011	As at 31 October 2010
13.	**CASH AND BANK BALANCES**		
	Cash in hand	111	179
	Balances with scheduled banks		
	- Current accounts *	637,263	39,208
	- Deposit accounts **	279,293	366,155
	Balances with non-scheduled banks		
	- Current accounts (refer note 32)	19,404	140,604
		936,071	**546,146**

* Includes ₹ 3,708,952 and ₹ 4,700,696 representing the balances in unclaimed dividends accounts as at 31 October 2011 and 31 October 2010 respectively.

** Includes restricted deposits of ₹ 44,221,832 as at 31 October 2011 (31 October 2010: ₹ 60,000,000).

(₹ 000's)

		As at 31 October 2011	As at 31 October 2010
14.	**INTER CORPORATE DEPOSITS**		
	Unsecured, considered good		
	MphasiS FinsourcE	-	119,500
	MphasiS Lanka	70,522	59,404
		70,522	**178,904**
	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	137,500	222,500
	MphasiS Lanka	70,522	59,404
	MsourcE India	-	250,000
15.	**LOANS AND ADVANCES**		
	Unsecured - considered good		
	Advances recoverable in cash or in kind or for value to be received (refer note 41)	2,956,356	3,939,489
	Advances recoverable from subsidiaries [refer note 34(i) and (iii)]	2,464,444	591,152
	Deposits		
	- premises	717,146	675,390
	- with government authorities	15,537	15,539
	- others	77,014	19,157
	Loan to ESOP trust [refer note 34(ii) and (iv)]	214,860	20,871
	Advance tax and tax deducted at source	2,239,459	1,973,429
	MAT credit entitlement*	1,738,860	1,433,958
		10,423,676	**8,668,985**

* net of MAT credit utilisation of ₹ 183,478,000 (31 October 2010: ₹ Nil)

16.	**CURRENT LIABILITIES**		
	Sundry creditors		
	- dues to Micro and Small enterprises (refer note 40)	1,986	747
	- dues to subsidiaries	2,092,090	687,152
	- others	1,055,782	274,539
	Book overdraft	99,518	32,868
	Advances from clients	10,412	8,734
	Unearned receivables	89,948	6,977
	Salary related costs	1,573,828	2,049,264
	Other liabilities *	2,484,821	2,576,515
	Unclaimed dividends**	3,709	4,701
		7,412,094	**5,641,497**

* Included in Other liabilities is an amount of ₹ 17,060,055 (31 October 2010: ₹ 17,060,055) which represents the remaining consideration payable for the acquisition of Kshema Technologies Limited [refer note 2(1)].

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

17.	**PROVISIONS**		
	Compensated absences	141,265	100,839
	Gratuity [refer note 38(a)]	85,738	118,291
	Taxation	2,318,825	1,671,329
	Proposed dividend	1,365,234	839,699
	Tax on dividend	221,475	139,474
		4,132,537	**2,869,632**

Notes to the Financial Statements

(₹ 000's)

		Year ended 31 October 2011	Year ended 31 October 2010
18.	**REVENUES***		
	Service income	33,806,055	37,700,850
	Sale of traded goods	235,242	-
		34,041,297	**37,700,850**

* includes reversal of credit notes pertaining to earlier period which are no longer required amounting to ₹ 665,613,175 (31 Oct 2010: ₹ Nil).

19.	**COST OF REVENUES***		
	Salary and allowances	13,402,329	11,326,386
	Contribution to provident and other funds	556,545	454,735
	Staff welfare	481,047	461,343
	Purchase of traded goods	218,911	-
	Travel	575,516	898,576
	Recruitment expenses	241,542	177,728
	Communication expenses	165,454	484,649
	Rent	1,175,532	1,024,350
	Professional charges	18,525	29,613
	Depreciation and amortisation	997,797	1,059,828
	Software development charges	4,382,764	6,615,357
	Staff training expenses	54,479	21,365
	Electricity	446,646	303,291
	Software support and annual maintenance charges	1,201,252	1,905,473
	Miscellaneous expenses	595,182	432,248
		24,513,521	**25,194,942**

* net of reversal of certain provisions which are no longer required amounting to ₹ 550,328,169 (31 Oct 2010: ₹ Nil).

20.	**SELLING EXPENSES***		
	Salary and allowances	485,003	600,425
	Contribution to provident and other funds	45,470	19,929
	Staff welfare	9,514	1,711
	Travel	52,902	56,322
	Communication expenses	3,901	5,045
	Rent	5,176	2,973
	Commission	315,173	690,267
	Professional charges	17,720	21,314
	Depreciation and amortisation	3,983	3,984
	Market Research cost	11,397	6,925
	Recruitment expenses	9,253	11,476
	Business meeting expenses	12,100	4,459
	Miscellaneous expenses	21,290	10,869
		992,882	**1,435,699**

* net of reversal of certain provisions which are no longer required amounting to ₹ 293,000,358 (31 Oct 2010: ₹ Nil).

21.	**GENERAL AND ADMINISTRATIVE EXPENSES***		
	Salary and allowances	641,171	632,389
	Contribution to provident and other funds	26,059	22,889
	Staff welfare	53,429	15,205
	Travel	33,213	53,250
	Communication expenses	25,926	60,629

(₹ 000's)

		Year ended 31 October 2011	Year ended 31 October 2010
21.	**GENERAL AND ADMINISTRATIVE EXPENSES (Contd...)**		
	Rent	71,470	92,956
	Professional charges	57,257	86,792
	Depreciation and amortisation	64,286	94,061
	Auditor's remuneration**		
	- Statutory audit fees	7,876	8,676
	- Tax audit fees	949	1,425
	- Other audit services	2,500	-
	- Other services	2,320	2,380
	Bank charges	2,981	2,319
	Insurance	3,747	5,384
	Rates and taxes	27,164	21,484
	Repairs and maintenance		
	- Plant and machinery	5,205	9,962
	- Building	3,346	221
	- Others	8,124	14,680
	Membership and subscriptions	5,239	3,922
	Printing and stationery	4,285	6,415
	Postage and courier charges	1,619	1,223
	Miscellaneous expenses	(32,796)	113,337
		1,015,370	**1,249,599**

* net of reversal of certain provisions which are no longer required amounting to ₹ 181,565,004 (31 Oct 2010: ₹ 219,307,634).
** includes remuneration paid to auditors of MphasiS Finsolutions Private Limited for the year ended 31 October 2010

		Year ended 31 October 2011	Year ended 31 October 2010
22.	**OTHER INCOME**		
	Profit on sale of fixed assets, net	16,473	7,681
	Mutual fund income-non trade	927,175	405,895
	Interest on deposits and loans*	17,079	17,237
	Sub- Lease Income	37,305	-
	Miscellaneous income	10,179	99
		1,008,211	**430,912**

* tax deducted at source ₹ 1,154,532 (31 October 2010 : ₹ 2,310,007)

23. Aggregate expenses

The aggregate amount incurred on various expenses reported in more than one group under Cost of Revenues, Selling Expenses and General and Administrative expenses are as follows:

	Year ended 31 October 2011	Year ended 31 October 2010
Salary and allowances	14,528,503	12,559,200
Contribution to provident and other funds	628,074	497,553
Staff welfare	543,990	478,259
Travel	661,631	1,008,148
Recruitment expenses	250,795	189,204
Communication expenses	195,281	550,323
Rent	1,252,178	1,120,279
Professional charges	93,502	137,719
Depreciation and amortisation	1,066,066	1,157,873
Miscellaneous expenses	583,676	556,454

Notes to the Financial Statements

24. The Company's software development centres in India are 100% Export Oriented ('EOU') / Special Economic Zone ('SEZ') under Special Economic Zone Ordinance and Software Technology Park ('STP') Units under the Software Technology Park guidelines issued by the Government of India. They are exempted from customs and central excise duties and levies on imported and indigenous capital goods and stores and spares. The Company has executed legal undertakings to pay customs duty, central excise duty, levies and liquidated damages, 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 ₹ 115,025,500 as at 31 October 2011 (31 October 2010: ₹ 108,855,940) have been furnished to the Customs authorities in this regard.

25. Contingent liabilities and commitments

(a) The Company has received assessment orders for the financial years ended 31 March 2004, 31 March 2005, 31 March 2006, 31 March 2007 and 31 March 2008, wherein certain adjustments in respect of transfer pricing under Section 92CA of the Income Tax Act, 1961 and other disallowances have been made to the taxable income and demand order for ₹ 1,518,477,841 (31 October 2010: ₹ 814,876,045)has 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 accounts in this regards.

(b) Other claims against the Company not acknowledged as debts amount to ₹ 613,042,569 (31 October 2010: ₹ 15,324,107);

(c) Estimated amount of contracts remaining to be executed on capital account (net of advances) and not provided for as at 31 October 2011: ₹ 183,914,732 (31 October 2010: ₹ 31,902,663);

(d) Guarantees outstanding including those furnished to Customs Authorities as at 31 October 2011: ₹ 257,413,768 (31 October 2010: ₹ 306,335,852);

(e) Forward contracts outstanding against receivables/highly probable forecast transactions as at 31 October 2011 and 31 October 2010 are as below:

Currency	31 October 2011		31 October 2010	
	Amount (000's)	Amount in INR (000's)	Amount (000's)	Amount in INR (000's)
USD	436,000	21,231,020	536,075	23,815,132
GBP	21,400	1,669,896	37,100	2,623,712
AUD	47,300	2,438,906	42,994	1,854,983
EUR	7,300	498,152	4,101	251,861

Forward contracts outstanding against payables as at 31 October 2011 and 31 October 2010 are as below:

Currency	31 October 2011		31 October 2010	
	Amount (000's)	Amount in INR (000's)	Amount (000's)	Amount in INR (000's)
USD	50,000	2,434,750	-	-
SGD	13,000	507,455	17,040	582,284

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

Unamortised premium as at 31 October 2011 on forward exchange contracts to hedge the foreign currency risk of the underlying outstanding at the balance sheet date is ₹ 52,925,257 (31 October 2010: ₹ 67,916,086). Net foreign currency exposure of the Company that is not hedged by a derivative instrument or otherwise as at 31 October 2011: ₹ 8,739,083,072 (31 October 2010: ₹ 4,909,958,385).

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

26. Operating Leases

a) The Company is obligated under non-cancellable leases for computer equipments, 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 ₹ 586,792,394 for the year ended 31 October 2011. (31 October 2010: ₹ 790,768,173).

Future minimum lease payments under non-cancellable operating lease as at 31 October 2011 are as follows:

(₹ 000's)

Period	31 October 2011	31 October 2010
Not later than 1 year	416,877	608,446
Later than 1 year and not later than 5 years	420,138	364,529
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 ₹ 665,386,094 for the year ended 31 October 2011. (31 October 2010: ₹ 329,510,696).

Office premises are obtained on operating lease for terms ranging from 1-7 years and are renewable at the option of the Company/lessor.

b) The Company has subleased office space under non-cancellable operating lease agreements that are renewable on a periodic basis at the option of both the lessor and lessee. The total sub lease rental Income under non-cancellable operating leases amounted to ₹ 27,985,067 for the year ended 31 October 2011 (31 October 2010: ₹ Nil).

Future minimum lease payments receivable under non-cancellable operating lease as at 31 October 2011 are as follows:

(₹ 000's)

Period	31 October 2011	31 October 2010
Not later than 1 year	34,140	-
Later than 1 year and not later than 5 years	-	-
More than 5 years	-	-

The Company has subleased office space under cancellable operating lease agreements. The total sub lease rental Income under cancellable operating leases amounted to ₹ 9,319,638 for the year ended 31 October 2011. (31 October 2010: Nil).

Notes to the Financial Statements

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 60.52% (31 October 2010: 60.55%) 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, Kshema Employees Welfare Trust and MphasiS Employee Benefit 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

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

- Friedrich Froeschl — Director - Appointed as non executive Chairman of the Board w.e.f. 15 July 2010
- Francesco Serafini — Director & Vice Chairman - Appointed w.e.f. 15 July 2010
- Nawshir H Mirza — Director
- Davinder Singh Brar — Director
- Balu Doraisamy — Director – Appointed w.e.f. 15 July 2010
- Gerard Brossard — Director – Appointed w.e.f. 15 July 2010
- Juergen Reiners — Director – Appointed w.e.f. 15 July 2010 and Expired on 07 May 2011
- K M Suresh — Director - Appointed on 24 November 2009 and Resigned w.e.f. 15 July 2010
- Andreas W Mattes — Director - Non executive Chairman of the Board - Resigned w.e.f 15 July 2010
- Prakash Jothee — Director - Resigned w.e.f 14 November 2011
- Jose de la Torre — Director - Resigned w.e.f 15 July 2010
- Vinita Bali — Director - Resigned w.e.f 15 July 2010
- Jim Bridges — Director - Vacated office in terms of Section 283(1)(g) w.e.f 24 November 2009
- Craig Wilson — Director - Resigned w.e.f 15 July 2010

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

- Hewlett-Packard Polska Sp. z.o.o.
- Hewlett-Packard Enterprises, LLC
- EDS Itellium GmbH
- Hewlett-Packard (Canada) Co.
- HP Enterprises Services, LLC
- HP Enterprise Services Australia Pty Ltd
- HP Enterprises Services Bahrain W.L.L
- Hewlett-Packard World Services Corporation
- EDS Operations Services GmbH
- Hewlett Packard Norge A/S
- EDS (New Zealand) Limited
- Electronic Data System Belgium BVBA
- EDS Business Services Pty Limited
- EDS (China) Co. Limited

- EDS Sweden AB
- Electronic Data System (Thailand) Co. Limited
- Hewlett-Packard Inter-Americas
- E.D.S. International Limited
- Hewlett Packard Ireland Limited
- Hewlett-Packard Globalsoft Private Limited
- HP Enterprise Services UK Ltd
- HP Enterprise Services Italia S.r.l
- Hewlett Packard Europe Finance Limited, Israel Branch
- UAB Hewlett-Packard
- Hewlett Packard Financial Services (India) Private Limited
- Hewlett Packard Australia Pty Limited
- EDS Japan LLC
- Hewlett-Packard Software, LLC
- Hewlett-Packard Asia Pacific Pte Limited
- BPO Hewlett Packard Finance Operations
- Hewlett Packard (M) Sdn.Bhd.
- Hewlett Packard New Zealand
- Hewlett Packard GmbH
- Hewlett-Packard Outsourcing Espana, S.L
- EDS (Queensland) Pty Limited
- Hewlett-Packard AP (Hong Kong) Limited
- Hewlett Packard (Schweiz) GmbH
- Hewlett-Packard UK Enterprise (I) Ltd
- Hewlett-Packard Company Financial services Center
- Hewlett-Packard Gesellschaft m.b.H
- Hewlett Packard (Germany) GmbH
- EDS (Electronic Data Systems) Limited
- HP Enterprise Services Energy Italia S.r.l
- Hewlett-Packard Japan Ltd
- Hewlett-Packard Nederland B.V.
- Hewlett-Packard International Trade B.V,Saudi Arabia Branch
- Electronic Data System Columbia, S.A.
- HP Services (Singapore) Pte Limited
- Hewlett-Packard Holding Iberia, S.L
- EDS (Schweiz) AG
- HP Enterprise Service (Hong Kong) Limited
- EDS Application Services GmbH
- EDS MSC (Malaysia) Sdn Bhd
- HP Magyarorszag Kft
- Hewlett-Packard France SAS
- Hewlett-Packard Colombia Ltda
- Hewlett-Packard Mexico.S.de R.L. de C.V.
- Hewlett-Packard ApS
- Hewlett Packard Development Company, L.P.
- Hewlett Packard India Sales Private Limited
- Hewlett-Packard (India) Software Operations Private Limited
- EDS Africa(Pty) Limited
- EDS Austria GmbH
- Hewlett Packard Singapore (Sales) Pte Limited.
- Hewlett-Packard State & Local Enterprises Services, Inc.
- EDS Finland Oy
- Hewlett Packard Limited
- EDS Holding GmbH
- Electronic Data Systems (Ireland) Limited
- Hewlett Packard (Thailand) Limited
- Excellerate HRO JV
- HP Enterprise Services BPA Pty Limited
- Hewlett-Packard Brasil Ltda
- Hewlett-Packard OY
- Electronic Data Systems Limited
- Hewlett-Packard Servizi ICT S.r.l.
- Electronic Data Systems IT Services (M) Sdn.Bhd.
- Hewlett-Packard Deventer B.V.
- Hewlett-Packard Sverige AB

Notes to the Financial Statements

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

(₹ 000's)

	Year ended 31 October 2011	Year ended 31 October 2010
Rendering of services to entities where control exists	**4,533,784**	**3,932,779**
- MphasiS USA	1,232,575	949,988
- MphasiS UK	307,912	315,970
- MphasiS Australia	1,358,045	1,256,469
- Hewlett-Packard Company	1,398,410	1,199,412
- Others	236,842	210,940
Rendering of services to other related parties	**20,878,993**	**25,728,742**
- HP Enterprises Services, LLC	14,296,064	17,876,132
- HP Enterprise Services UK Ltd	1,701,260	3,182,983
- Others	4,881,669	4,669,627
Purchase of fixed assets from entities where control exists	**132,563**	**-**
- MsourcE India	132,563	-
Purchase of fixed assets from other related parties	**512,421**	**120,486**
- HP Services (Singapore) Pte Limited	-	1,549
- Hewlett Packard Singapore (Sales) Pte. Limited	417,296	78,564
- Hewlett Packard India Sales Private Limited	95,125	40,373
Lease Rental paid to other related parties	**55,703**	**75,939**
- Hewlett Packard Financial Services (India) Private Limited	55,703	75,939
Sale of fixed assets to other related parties	**42,850**	**4,661**
- Hewlett Packard India Sales Private Limited	41,793	-
- Hewlett Packard Financial Services (India) Private Limited	-	4,661
- Others	1,057	-
Software development charges paid to entities where control exist	**2,789,033**	**4,968,559**
- MphasiS USA	2,210,492	3,289,007
- MphasiS UK	221,769	827,373
- Others	356,772	852,179
Software development charges paid to other related parties	**78,264**	**82,281**
- Hewlett-Packard Globalsoft Private Limited	24,819	40,111
- HP Services (Singapore) Pte Limited	53,445	42,170
Software support and annual maintenance charges paid to other related parties**	**792,515**	**1,507,706**
- HP Services (Singapore) Pte Limited (net of reversal ₹ 265,502), 31 October 2010 : Nil)	792,515	1,505,702
- Others	-	2,004
Other expenses paid to other related parties	**(84,034)**	**27,710**
- HP Services (Singapore) Pte Limited (net of reversal ₹ 84,034), 31 October 2010 : Nil)	(84,034)	27,710
Communication charges paid to other related parties	**(156,495)**	**127,121**
- HP Services (Singapore) Pte Limited (net of reversal ₹ 236,678), 31 October 2010 : Nil)	(156,495)	127,121

(₹ 000's)

	Year ended 31 October 2011	Year ended 31 October 2010
Commission paid to entities where control exists	**315,173**	**690,267**
- MphasiS USA	-	268,671
- MphasiS GmbH	31,667	31,670
- MphasiS Europe BV	51,794	41,265
- MphasiS Belgium-Sweden branch	40,105	27,171
- MphasiS UK	80,847	214,590
- MphasiS Consulting	60,324	102,732
- Others	50,436	4,168
Dividend paid (on cash basis)	**508,425**	**444,872**
- EDS Asia Pacific Holdings, Mauritius	332,009	290,508
- EDS World Corporation (Far East)	176,416	154,364
Remuneration to executive key management personnel	**67,227**	**64,385**
- Balu Ganesh Ayyar	67,227	64,385
Commission to non-executive directors*	**11,235**	**10,490**
- Davinder Singh Brar	3,445	2,400
- Jose de la Torre	-	1,638
- Nawshir Mirza	3,650	2,400
- Vinita Bali	-	1,417
- Friedrich Froeschl	4,140	2,635
Interest income from deposits made to entities where control exists	**5,733**	**12,320**
- MphasiS FinsourcE	5,325	12,068
- MsourcE India	-	158
- MphasiS Lanka	408	94
Interest expenses on unsecured loans received from entities where control exists	**-**	**13,701**
- MphasiS India	-	3,280
- MsourcE India	-	10,421
Investment in entities where control exists	**4,079,176**	**6,646**
- MphasiS Europe	4,074,798	-
- MphasiS Lanka	-	6,646
- PT MphasiS Indonesia	4,378	-
Loan refunded by BFL Employees Equity Reward Trust	**-**	**8,575**
Advance/Loan given to MphasiS Employee Benefit Trust	**194,089**	**20,871**
Loan refunded by MphasiS Employee Benefit Trust	**100**	**-**
Deposits placed with entities where control exists	**70,064**	**525,904**
- MsourcE India	-	261,000
- MphasiS Lanka	47,064	59,404
- MphasiS FinsourcE	23,000	205,500
Deposits refunded by entities where control exists	**178,446**	**489,800**
- MsourcE India	-	261,000
- MphasiS FinsourcE	142,500	228,800
- MphasiS Lanka	35,946	-
Unsecured loans received from entities where control exists	**-**	**170,000**
- MsourcE India	-	170,000

Notes to the Financial Statements

(₹ 000's)

	Year ended 31 October 2011	Year ended 31 October 2010
Unsecured loans refunded to entities where control exists	**-**	**1,405,300**
- MphasiS India	-	253,300
- MsourcE India	-	1,152,000
Sub-Lease Rent received from entities where control exists	**37,305**	**-**
- MsourcE India	32,918	-
- MphasiS FinsourcE	4,387	-

* 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 Company has accrued expenses for certain services received from a related party where significant influence exists for which the Master Service Agreement ("MSA") has expired and is expected to be renewed upon completion of the ongoing negotiation of terms. As at 31 October 2011, the provisioning for such services has been made on best estimate basis.

Due to changes in the business environment and changes in the manner in which business is conducted, the Company has revised its transfer pricing policy with regard to certain transactions with its subsidiaries with effect from 1 April 2011 and the effect of the same has been accounted for in the current year.

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.

(₹ 000's)

	Year ended 31 October 2011	Year ended 31 October 2010
Payments made on behalf of related parties	**1,509,769**	**899,896**
- MphasiS USA	817,472	601,341
- Eldorado Computing Inc.	-	10,021
- MsourcE India	568,289	181,166
- MphasiS India	19,375	3,123
- Others	104,633	104,245
Payments made by related parties on Company's behalf	**691,720**	**396,598**
- MphasiS USA	47,182	25,362
- MphasiS India	638	49,945
- MsourcE India	643,527	318,142
- Others	373	3,149

(e) Managerial remuneration*

Expenses include the following remuneration to the key management personnel:

	Year ended 31 October 2011	Year ended 31 October 2010
Salaries and allowances	61,081	57,870
Provident and other funds **	1,063	979
Monetary value of perquisites	5,083	5,536
	67,227	**64,385**

* 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 are not included above.

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:

(₹ 000's)

	Year ended 31 October 2011	Year ended 31 October 2010
Profit after taxation	7,820,073	9,968,782
Add:		
Director's remuneration	67,227	64,385
Commission to non-executive directors	11,235	10,490
Depreciation as per the accounts*	1,066,066	1,157,873
Provision for doubtful debts	256	-
Provision for taxation	1,295,738	952,246
	10,260,595	12,153,776
Less:		
Depreciation as per Section 350 of the Companies Act, 1956*	1,066,066	1,157,873
Profit on sale of fixed assets	16,473	7,681
Net Profit on which commission is payable	9,178,056	10,988,222
* Depreciation computed based on useful lives which are lower than lives as mentioned in Schedule XIV of the Companies Act, 1956		
Maximum commission under Section 309 of the Companies Act, 1956 at 1% of net profit	91,781	109,882
Commission payable to non-executive directors	11,235	10,490

(f) The balances receivable from and payable to related parties are as follows: (₹ 000's)

	31 October 2011	31 October 2010
Sundry debtors and unbilled revenue- entities where control exists	**2,477,873**	**2,892,796**
- MphasiS USA	1,173,999	1,544,696
- MphasiS UK	119,320	108,842
- MphasiS Australia	442,105	687,306
- Hewlett-Packard Company	309,869	359,854
- Others	432,580	192,098
Sundry debtors and unbilled revenue- other related parties	**5,719,510**	**4,871,957**
- HP Enterprises Services, LLC	3,617,079	3,385,244
- HP Enterprise Services UK Ltd	552,882	302,469
- HP Enterprise Services Australia Pty Ltd	128,902	54,796
- Others	1,420,647	1,129,448
Sundry creditors- entities where control exists*	**2,092,091**	**687,152**
- MphasiS USA	1,701,113	320,468
- MphasiS UK	56,290	109,636
- MsourcE India	102,174	91,676
- Others	232,514	165,372
Sundry creditors- other related parties	**845,942**	**1,048,742**
- HP Services (Singapore) Pte Limited	833,014	989,337
- Hewlett-Packard Globalsoft Private Limited	-	3,692
- Others	12,928	55,713

Notes to the Financial Statements

(₹ 000's)

	31 October 2011	31 October 2010
Advances recoverable in cash or in kind or for value to be received, included in Loans and Advances from entities where control exists **	**2,464,444**	**591,152**
- MphasiS USA	1,839,302	364,450
- MphasiS India	4,682	1,680
- MsourcE India	322,627	5,365
- MphasiS UK	5,560	10,075
- MphasiS China	124,343	108,641
- Others	167,930	100,941
Advances /Loan from MphasiS Employee Benefit Trust	**214,860**	**20,871**
Interest receivable on deposit made to entities, where control exists	**502**	**850**
- MphasiS Finsource	-	756
- MphasiS Lanka	502	94
Inter-corporate deposits placed with – entities where control exists	**70,522**	**178,904**
- MphasiS FinsourcE	-	119,500
- MphasiS Lanka	70,522	59,404

* includes collections on behalf of group companies.

** includes collections on behalf of the company.

28. Particulars in respect of traded goods

		Quantity		Value (₹ 000's)	
Opening Stock	**Unit**	**2011**	**2010**	**2011**	**2010**
Scanners	Nos	-	-	-	-
Purchase of traded items					
Scanners	Nos	9,016	-	218,911	-
		9,016	**-**	**218,911**	**-**
Sale of traded items					
Scanners	Nos	9,016	-	235,242	-
		9,016	**-**	**235,242**	**-**
Closing Stock :					
Scanners	Nos	-	-	-	-

29. C.I.F. value of imports

(₹ 000's)

	Year ended 31 October 2011	Year ended 31 October 2010
Capital goods	588,941	190,226
Purchase of traded goods	109,576	-

30. Earnings in foreign currency

Revenues	30,056,690	36,525,781

31. Expenditure in foreign currency

Software development charges	3,836,274	5,862,720
Travel	333,508	859,862
Professional charges	23,749	38,389
Software support and annual maintenance charges	981,371	1,516,085
Commission	315,173	690,267
Salary	643,003	679,889
Others	372,212	463,152
	6,505,290	**10,110,364**

Additionally, during the year, the Company has remitted dividend in foreign currency of ₹ 510,535,852 (31 October 2010: ₹ 521,543,838) to non-residents holding 127,633,963 (31 October 2010: 149,012,525) equity shares of the Company.

(₹ 000's)

	Year ended 31 October 2011	Year ended 31 October 2010
Number of shareholders	15	17
Number of shares held	127,633,963	149,012,525
Amount remitted (₹)	510,535,852	521,543,838
Year to which the dividend relates	Year ended 31 October 2010	Year ended 31 October 2009

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

(₹ 000's)

	31 October 2011	31 October 2010
Bank of America Checking account, USA	-	10,915
Citibank Checking account, USA	6,843	67,224
Citibank Collection account, USA	12,561	44,323
Citibank Operating account, USA	-	18,142
	19,404	**140,604**

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

	Year ended 31 October 2011	Year ended 31 October 2010
Bank of America Checking account, USA	101,772	252,139
Citibank Checking account, USA	723,644	813,442
Citibank Collection account, USA	115,938	134,711
Citibank Operating account, USA	25,691	94,495

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

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

(₹ 000's)

	As at 31 October 2011	As at 31 October 2010
MphasiS GmbH	2,383	3,476
MphasiS China	35,409	7,877
MphasiS Consulting	50,432	-
MphasiS Ireland	291	113
MphasiS USA	1,173,999	1,544,696
MphasiS Europe	6,882	3,742
MphasiS UK	119,320	108,842
MphasiS Singapore	52,419	30,602
MphasiS Australia	442,105	687,306
MsourcE India	7,531	31,458
MphasiS Belgium	76,257	42,781
PT MphasiS Indonesia	1,146	-
MphasiS Lanka	26,050	-

Notes to the Financial Statements

(₹ 000's)

	As at 31 October 2011	As at 31 October 2010
MphasiS Infrastructure Services	173,205	69,349
MphasiS FinsourcE	477	2,699
MphasiS India	98	-
EDS Africa (Pty) Ltd	3,899	4,369
E.D.S. International Limited	2,362	1,288
EDS (China) Co. Ltd.	370	131
EDS (Electronic Data Systems) Limited	269	-
EDS Business Services Pty Ltd	354	586
EDS (Queensland) Pty Ltd	-	191
EDS Electronic Data Systems (Thailand) Co. Ltd	763	751
EDS Finland Oy	5,900	4,726
EDS MSC (Malaysia) Sdn Bhd	14,270	21,823
EDS Sweden AB	11,706	29,972
Electronic Data Systems Belgium BVBA	47,021	16,776
Hewlett Packard Colombia Ltda.	3,036	32,039
Hewlett Packard Company	309,869	359,854
Hewlett-Packard Europe Finance Limited, Israel Branch	268	72
Hewlett Packard India Sales Private Limited	189,078	59,098
Hewlett-Packard (Canada) Co.	150,645	126,993
Hewlett-Packard (India) Software Operations Private Limited	43,512	55,909
Hewlett-Packard (Schweiz) GmbH	7,747	14,995
Hewlett-Packard (Thailand) Limited	1,600	330
Hewlett-Packard AP (Hong Kong) Limited	974	2,215
Hewlett-Packard ApS	133,966	13,895
Hewlett-Packard Asia Pacific Pte Limited.	8,135	20,830
Hewlett-Packard Australia Pty Limited.	-	10,612
Hewlett-Packard Brasil Ltda	5,760	7,212
Hewlett-Packard Development Company L.P.	117,574	-
Hewlett-Packard Enterprises LLC	873	-
Hewlett-Packard Financial Services (India) Private Ltd	21,579	-
Hewlett-Packard France SAS	68,193	2,760
Hewlett-Packard Mexico, S. de R.L. de C.V.	145	896
Hewlett-Packard Deventer B.V	121,901	411,466
Hewlett-Packard Globalsoft Private Limited	7,273	288
Hewlett-Packard GmbH	14,379	12,265
EDS Operations Services GmbH	-	18,031
Hewlett-Packard Holding Iberia, S.L.	1,588	1,077
Hewlett-Packard Inter-Americas	3,023	1,511
Hewlett-Packard International Trade B.V Saudi Arabia Branch	51,777	10,635
Hewlett-Packard Ireland, Limited.	3,619	512
Hewlett-Packard Japan Ltd	4,225	21
Hewlett-Packard Limited	12,233	3,253
Hewlett-Packard Nederland B.V.	160,791	-
Hewlett-Packard New Zealand	3,945	21,357

(₹ 000's)

	As at 31 October 2011	As at 31 October 2010
Hewlett-Packard Norge A/S	2,890	-
Hewlett-Packard Singapore (Sales) Pte. Ltd	994	-
Hewlett-Packard Sverige AB	50,230	-
Hewlett-Packard UK Enterprises (I) Ltd	780	1,372
HP Enterprise Services (Hong Kong) Limited	3,508	17,457
HP Enterprise Services Australia Pty Ltd	128,902	54,796
HP Enterprise Services Bahrain W.L.L.	981	5,238
HP Enterprise Services BPA Pty Ltd	42,617	47,607
HP Enterprise Services Energy Italia S.r.l.	19,610	-
HP Enterprise Services Italia S.r.l.	28,109	30,121
HP Enterprise Services UK Ltd	552,882	302,469
HP Enterprise Services, LLC	3,617,079	3,385,244
UAB Hewlett-Packard	4,556	34
HP Services (Singapore) Pte Limited	7,909	37,095
Hewlett-Packard Software, LLC	33,079	76,823
Hewlett-Packard Polska Sp. z.o.o.	-	726
Hewlett-Packard World Services Corporation	-	1,810
HP Magyarország Kft	631	2,281
	8,197,383	**7,764,753**

34. (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*

(₹ 000's)

	Year ended 31 October 2011	Year ended 31 October 2010
MphasiS India	4,682	1,680
MsourcE India	322,627	5,365
MphasiS GmbH	37	1,880
MphasiS USA	1,839,302	364,450
MphasiS Singapore	52,934	34,110
MphasiS China	124,343	108,641
MphasiS UK	5,560	10,075
MphasiS Consulting	1,059	897
MphasiS Europe	564	5,353
MphasiS Australia	58,073	27,464
MphasiS FinsourcE	27,838	15,082
MphasiS Ireland	2,815	590
MphasiS Belgium	7,303	15,372
MphasiS Lanka	14,100	1,043
MphasiS Infrastructure Services	3,515	-
MphasiS Poland s.p.z.o.o	194	-
	2,464,946	**592,002**

* Includes interest receivable from subsidiaries amounting to ₹ 501,619 (31 October 2010: 849,825).

(ii) Details of Loans and advances to controlled trust

MphasiS Employee Benefit Trust	214,860	20,871
	214,860	**20,871**

Notes to the Financial Statements

(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

(₹ 000's)

	Year ended 31 October 2011	Year ended 31 October 2010
MphasiS India	38,773	108,345
MsourcE India	322,627	24,091
MphasiS GmbH	1,880	66,523
MphasiS USA	1,839,302	2,066,053
MphasiS Singapore	52,934	54,776
MphasiS China	124,343	108,641
MphasiS UK	14,997	329,551
MphasiS Consulting	1,059	39,710
MphasiS Europe	6,336	42,153
BFL APAC	-	114
MphasiS Australia	58,073	93,453
MphasiS FinsourcE	27,838	121,568
MphasiS Lanka	14,100	1,043
MphasiS Ireland	2,819	10,806
MphasiS Belgium	15,372	19,509
MphasiS Infrastructure Services Inc	4,569	-
MphasiS Poland s.p.z.o.o	194	-

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

ESOP Employees Equity Reward Trust	-	8,575
MphasiS Employee Benefit Trust	214,860	20,871

35. Segment reporting

The Company was reporting Applications Services, Infrastructure Outsourcing Services and Business Process Outsourcing Services as its primary business segments till 31 October 2010. Effective 1 November 2010, the Company has redefined its Organisational Structure and accordingly has identified Banking and Capital Market, Insurance, Information Technology, Communication and Entertainment and Emerging Industries as primary business segments of the Company. The comparative figures have been restated to reflect information for these new segments.

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

Client relationships are driven based on client domicile. The geographical segments include United States of America (USA), India & Asia Pacific (APAC) and Europe, Middle East & Africa (EMEA). Secondary segment information for previous year has been re grouped based on geographical segments of current year.

Primary segment information (₹ 000's)

	Year ended 31 October 2011	Year ended 31 October 2010
Segment revenue		
Banking and Capital Market	6,864,123	7,893,493
Insurance	3,925,173	3,760,534
Information Technology, Communication and Entertainment	9,427,313	9,931,648
Emerging Industries	13,516,333	14,940,106
Unallocated - Hedge	308,355	1,175,069
	34,041,297	**37,700,850**
Segment profit		
Banking and Capital Market	1,072,385	2,328,802
Insurance	1,094,362	1,017,032
Information Technology, Communication and Entertainment	3,067,368	2,778,438
Emerging Industries	3,985,306	5,206,567
Unallocated - Hedge	308,355	1,175,069
	9,527,776	**12,505,908**
Interest income	17,079	17,237
Interest expenses	(22,245)	(14,098)
Other unallocable expenditure, net of unallocable income	406,799	1,588,019
Profit before taxation	**9,115,811**	**10,921,028**
Income taxes	1,295,738	952,246
Profit after taxation	**7,820,073**	**9,968,782**

	As at 31 October 2011	As at 31 October 2010
Segment assets		
Banking and Capital Market	3,092,340	3,285,734
Insurance	1,540,793	1,403,678
Information Technology, Communication and Entertainment	4,783,787	3,023,394
Emerging Industries	6,514,790	5,002,285
Unallocated	32,128,788	24,890,296
	48,060,498	**37,605,387**
Segment liabilities		
Banking and Capital Market	1,600,204	1,427,949
Insurance	784,123	658,714
Information Technology, Communication and Entertainment	1,770,227	1,514,037
Emerging Industries	2,649,275	2,088,513
Unallocated	7,177,118	2,830,558
	13,980,947	**8,519,771**

Notes to the Financial Statements

(₹ 000's)

	As at 31 October 2011	As at 31 October 2010
Capital Employed		
Banking and Capital Market	1,492,136	1,857,785
Insurance	756,670	744,964
Information Technology, Communication and Entertainment	3,013,560	1,509,357
Emerging Industries	3,865,515	2,913,772
Unallocated	24,951,670	22,059,738
	34,079,551	**29,085,616**

	Year ended 31 October 2011	Year ended 31 October 2010
Capital Expenditure		
Banking and Capital Market	280,011	153,552
Insurance	160,122	73,153
Information Technology, Communication and Entertainment	384,572	193,200
Emerging Industries	551,374	290,629
	1,376,079	**710,534**
Depreciation and amortisation		
Banking and Capital Market	411,060	403,491
Insurance	64,856	98,316
Information Technology, Communication and Entertainment	283,090	349,930
Emerging Industries	307,060	306,136
	1,066,066	**1,157,873**
Secondary segment information (revenues)		
USA	22,372,673	24,540,510
EMEA	6,023,984	7,509,027
APAC	5,336,285	4,476,244
Unallocated - Hedge	308,355	1,175,069
	34,041,297	**37,700,850**

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

Secondary segment information (segment assets)

	As at 31 October 2011	As at 31 October 2010
USA	6,620,436	6,420,947
EMEA	1,812,492	2,051,047
APAC	39,627,570	29,133,393
	48,060,498	**37,605,387**

Secondary segment information (capital expenditure)

	Year ended 31 October 2011	Year ended 31 October 2010
APAC	1,376,079	710,534
	1,376,079	**710,534**

36. Earnings Per Share ('EPS')

Reconciliation of basic and diluted shares used in computing earnings per share: (₹ 000's)

	Year ended 31 October 2011	Year ended 31 October 2010
Profit after taxation	7,820,073	9,968,782
Number of weighted average shares considered for calculation of basic earnings per share	209,995,945	209,757,266
Add: Dilutive effect of stock options	596,511	984,375
Number of weighted average shares considered for calculation of diluted earnings per share	210,592,456	210,741,641

The above does not include 21,700 (31 October 2010: 22,400) bonus shares held in abeyance by the Company.

37. Stock Based Compensation

The Company uses the intrinsic value method of accounting for its employee stock options except for RSU Plan 2010 and RSU Plan 2011 wherein compensation cost is measured based on fair value method. 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:

(₹ 000's)

	Year ended 31 October 2011	Year ended 31 October 2010
Net profit as reported	7,820,073	9,968,782
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.	5,182	4,373
Pro-forma net profit	7,825,255	9,973,155
Earning per share: Basic		
As reported	37.24	47.53
Pro-forma	37.26	47.55
Earning per share: Diluted		
As reported	37.13	47.30
Pro-forma	37.16	47.32

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

38. 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 (₹ 000's)

	31 October 2011	31 October 2010
Change in projected benefit obligation		
Obligations at year beginning	378,867	309,003
Adjustment on account of merger of MphasiS FinSolutions	-	15,996
Service cost	104,626	53,296
Transfer	5,718	9,277
Interest cost	30,204	23,936
Benefits paid	(47,039)	(28,769)
Actuarial (gain)/loss	(637)	(3,872)
Obligations at year end	**471,739**	**378,867**
Change in plan assets		
Plan assets at year beginning, at fair value	260,576	250,363
Adjustment on account of merger of MphasiS FinSolutions	-	13,782
Expected return on plan assets (estimated)	30,582	23,412
Actuarial gain / (loss)	939	761
Contributions	140,813	-
Transfer	130	1,027
Benefits paid	(47,039)	(28,769)
Plan assets at year end, at fair value	**386,001**	**260,576**
Reconciliation of present value of obligation and fair value of plan assets		
Fair value of plan assets as at the year end	386,001	260,576
Present value of defined benefit obligation as at the year end	471,739	378,867
Liability recognised in the balance sheet	**(85,738)**	**(118,291)**
Assumptions		
Interest rate	8.50%	8.00%
Discount rate	8.50%	8.00%
Expected rate of return on plan assets	8.50%	8.50%
Attrition rate	5.00%	5.00%
Expected contribution over next one year	125,000	90,000

Gratuity cost	Year ended 31 October 2011	Year ended 31 October 2010
Service cost	104,626	53,296
Interest cost	30,204	23,936
Expected return on plan assets	(30,582)	(23,412)
Actuarial (gain)/ loss	(1,576)	(4,633)
Net gratuity cost	**102,672**	**49,187**

The gratuity expense is grouped under salary and allowances in the profit and loss account. The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors such as supply and demand factors in the employment market. Expected return on plan assets is computed based on prevailing market rate.

The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

	31 October 2011	31 October 2010
Investments with insurer	100%	100%

Experience Adjustment

	Year ended 31 October 2011	Year ended 31 October 2010	Year ended 31 October 2009	Seven months ended 31 October 2008	Year ended 31 March 2008
On obligations, gain/ (loss)	637	3,872	839	430	32,450
On plan assets, gain/ (loss)	939	761	476	156	1,218

b. Provident Fund

The Company contributed ₹ 509,100,024 during the year ended 31 October 2011 (31 October 2010: ₹ 433,183,822).

39. Details of movement in investments for the year ended 31 October 2011 :

(₹ 000's)

Name of mutual fund scheme	Balance as at 1 November 2010		Purchases for the year ended 31 October 2011		Sales for the year ended 31 October 2011		Balance as at 31 October 2011	
	Units	Amount	Units	Amount	Units	Amount	Units	Amount
Birla Sun Life Cash Plus	9,044	90,624	1,310,333	14,970,214	1,298,958	13,014,906	20,419	2,045,932
Birla Sun Life Cash Manager-IP	313,993	3,140,876	653,020	6,532,157	967,013	9,673,033	-	-
Birla Sun Life Floating Rate Long Term Institutional Plan	-	-	151,604	1,516,041	151,604	1,516,041	-	-
Birla Short term Ultra Short Term Fund Instl	-	-	80,795	808,399	80,795	808,399	-	-
Birla Sun Life Savings Fund - Instl	-	-	1,091,987	12,583,221	1,091,987	12,583,221	-	-
B889D BSL Qtly Interval series-series 4	-	-	91,634	916,339	91,634	916,339	-	-
B938D Birla Sunlife Short Term FMP Series-1	25,000	250,000	-	-	25,000	255,891	-	-
B940D Birla Sunlife Short Term FMP Series	-	-	25,000	250,000	25,000	253,938	-	-
B940D Birla Sunlife Short Term FMP Series 3	-	-	30,000	300,000	30,000	305,313	-	-
B947D Birla Sunlife Short Term FMP Series 4	-	-	35,000	356,260	35,000	356,260	-	-
BSL Interval Income Fund Instl-Quarterly Y Series 1	30,000	300,000	856	8,558	30,856	308,558	-	-
Birla Sunlife Short term opportunities fund	153,049	1,531,530	234,190	2,343,589	387,239	3,875,119	-	-
ICICI Prudential Blended Plan B	111,866	1,159,744	37,740	391,690	149,606	1,551,434	-	-
ICICI Prudential Interval fund II Quarterly Interval Plan	-	-	35,000	350,000	35,000	356,314	-	-
ICICI Prudential Banking and PSU Debt Fund Premium Plus	-	-	70,765	712,713	70,765	712,713	-	-
ICICI Prudential Blended Plan B Institutional	-	-	486,935	4,873,002	358,455	3,587,243	128,480	1,285,759
ICICI Prudential Flexible Income Plan Premium	-	-	83,350	8,813,027	66,582	7,040,000	16,768	1,773,027
G68 IDFC ultra short term fund	50,424	506,613	-	-	50,424	506,613	-	-
G690 IDFC fixed maturity quarterly Series-59	35,000	350,000	-	-	35,000	355,289	-	-
G690 IDFC Fixed Maturity quarterly series-60	30,000	300,000	-	-	30,000	304,929	-	-

Notes to the Financial Statements

(₹ 000's)

Name of mutual fund scheme	Balance as at 1 November 2010		Purchases for the year ended 31 October 2011		Sales for the year ended 31 October 2011		Balance as at 31 October 2011	
	Units	Amount	Units	Amount	Units	Amount	Units	Amount
IDFC- FMP-quarterly series 61	-	-	45,000	458,685	45,000	458,685	-	-
G690 IDFC Savings Advantage Fund-Plan A	-	-	511	515,017	511	515,017	-	-
IDFC Savings Advantage Fund - Plan A	-	-	1,464	1,464,515	1,464	1,464,515	-	-
IDFC Fixed Maturity Monthly Series -30	-	-	85,679	856,794	85,679	856,794	-	-
ICICI Prudential Interval Fund 1V Quaterly Interval Plan B Institutional	-	-	30,525	305,253	30,525	305,253	-	-
ICICI Prudential Banking & PSU Debt Fund	-	-	50,068	504,260	-	-	50,068	504,260
ICICI Prudential Long Term Floating Rate Plan C	-	-	50,200	505,042	-	-	50,200	505,042
IDFC Liquid Fund-Plan A	-	-	1,108	1,108,320	1,108	1,108,320	-	-
IDFC Ultra short term	-	-	152,407	1,525,976	-	-	152,407	1,525,976
IDFC Money Manager Fund-TP-Super Inst Plan C	-	-	764,667	7,647,818	764,667	7,647,818	-	-
IDFC- FMP-Quarterly Series 62	-	-	40,000	400,000	40,000	407,560	-	-
IDFC Cash Fund - Super Inst Plan C	-	-	85,010	850,314	85,010	850,314	-	-
DSP BlackRock FMP - 3M Series 19	35,000	350,000	-	-	35,000	355,055	-	-
DSP BlackRock FMP - 3M Series 21	20,000	200,000	-	-	20,000	202,951	-	-
DSP BlackRock FMP - 3M Series 23	-	-	50,000	500,000	50,000	507,945	-	-
DSP BlackRock FMP - 3M Series 24	-	-	35,000	350,000	35,000	355,717	-	-
DSP BlackRock FMP - 3M Series 25	-	-	50,000	500,000	50,000	508,932	-	-
DSP BlackRock FMP - 3M Series 27	-	-	35,000	350,000	35,000	356,258	-	-
DSP BlackRock FMP - 3M Series 29	-	-	50,000	500,000	50,000	509,621	-	-
KOTAK Quarterly Interval Plan Series 1	40,000	400,000	35,000	350,000	75,000	769,408	-	-
KOTAK Quarterly Interval Plan Series 9	19,998	200,000	19,998	200,000	39,996	410,314	-	-
KOTAK Quarterly Interval Plan Series 10	30,000	300,000	-	-	30,000	309,539	-	-
KOTAK Quarterly Interval Plan Series 5	40,000	400,000	-	-	40,000	411,847	-	-
KOTAK Quarterly Interval Plan Series 6	-	-	30,000	300,000	30,000	304,747	-	-
KOTAK Quarterly Interval Plan Series 7	-	-	24,999	250,000	24,999	254,083	-	-
KOTAK Quarterly Interval Plan Series 2	-	-	29,973	300,000	29,973	305,327	-	-
KOTAK Bond (Short Term)	-	-	130,362	1,316,666	31,106	318,689	99,256	1,000,000
KOTAK FMP Series 59	-	-	25,000	250,000	-	-	25,000	250,000
Reliance Monthly Interval Fund-Series II Institutional	102,499	1,025,150	1,044	10,443	103,543	1,035,593	-	-
Reliance Monthly Interval Fund-Series I Institutional	186,860	1,869,355	3,010	30,112	189,870	1,899,467	-	-
Reliance Quarterly Interval Fund-Series II Institutional	-	-	35,537	355,521	35,537	355,521	-	-
5194/ HDFC Quarterly Interval Fund - Plan B	-	-	29,963	300,000	29,963	305,211	-	-
UTI Fixed Income Interval Fund-Quarterly Interval Plan Series 1	-	-	25,413	254,176	25,413	254,176	-	-
UTI Treasury Advantage Fund - Institutional plan	-	-	6,718	6,719,771	2,649	2,650,000	4,069	4,069,771
Templeton India Low Duration Fund	-	-	167,109	1,725,626	-	-	167,109	1,725,626
Fidelity Short Term Income Fund	-	-	49,982	502,482	-	-	49,982	502,482
Total	**1,232,733**	**12,373,892**	**6,558,956**	**86,932,001**	**7,027,931**	**84,276,230**	**763,758**	**15,187,875**

Details of movement in investments for the period ended 31 October 2010 :

(₹ 000's)

Name of mutual fund scheme	Balance as at 01 November 2009		Purchases for the year ended 31 October 2010		Sales for the year ended 31 October 2010		Balance as at 31 October 2010	
	Units	Amount	Units	Amount	Units	Amount	Units	Amount
Liquid funds								
Birla Sun Life Savings Fund	382,245	3,825,050	1,278,888	12,797,580	1,661,133	16,622,630	-	-
Birla Sun Life Cash Plus	-	-	1,829,734	18,333,023	1,820,690	18,242,399	9,044	90,624
ICICI Prudential Flexible Income	348,725	3,687,246	102,551	10,843,196	451,276	14,530,442	-	-
ICICI Prudential Institutional Liquid	8,453	100,175	111,337	13,193,655	119,790	13,293,830	-	-
BSL Interval Income Fund - INSTL - Quarterly - Series 1	-	-	101,175	1,011,746	101,175	1,011,746	-	-
BSL Intervel Income Fund - INSTL - Quarterly - Series 2	-	-	70,859	708,594	70,859	708,594	-	-
Birla Sunlife Savings Fund Instl - Growth	-	-	3,494	60,008	3,494	60,008	-	-
Birla Ultra Short Term Fund INSTL.	-	-	468,750	4,690,081	468,750	4,690,081	-	-
Reliance Monthly Interval Fund-Series II Institutional	-	-	162,160	1,621,863	59,661	596,713	102,499	1,025,150
Reliance Monthly Interval Fund-Series I Institutional	-	-	186,860	1,869,355	-	-	186,860	1,869,355
ICICI Prudential Long Term Floating Rate Plan C	-	-	60,208	602,561	60,208	602,561	-	-
ICICI Prudential Blended Plan B	-	-	111,866	1,159,744	-	-	111,866	1,159,744
Birla Sunlife Short term opportunities fund	-	-	228,007	2,281,583	74,958	750,053	153,049	1,531,530
BSL Floating rate fund- Long term-Instl	-	-	201,307	2,013,608	201,307	2,013,608	-	-
G68 IDFC Ultra Short Term Fund	-	-	50,424	506,613	-	-	50,424	506,613
G690 IDFC Fixed Maturity Quarterly Series-59	-	-	35,000	350,000	-	-	35,000	350,000
BSL Interval Income Fund Instl-QuarterlyY Series 1	-	-	30,000	300,000	-	-	30,000	300,000
DSP BlackRock FMP - 3M Series 19	-	-	35,000	350,000	-	-	35,000	350,000
KOTAK Quarterly Interval Plan Series 1	-	-	40,000	400,000	-	-	40,000	400,000
G690 IDFC Fixed Maturity Quarterly Series-60	-	-	30,000	300,000	-	-	30,000	300,000
KOTAK Quarterly Interval Plan Series 9	-	-	19,998	200,000	-	-	19,998	200,000
KOTAK Quarterly Interval Plan Series 10	-	-	30,000	300,000	-	-	30,000	300,000
KOTAK Quarterly Interval Plan Series 5	-	-	40,000	400,000	-	-	40,000	400,000
B938D Birla Sunlife Short Term FMP Series 1	-	-	25,000	250,000	-	-	25,000	250,000
DSP BlackRock FMP - 3M Series 21	-	-	20,000	200,000	-	-	20,000	200,000
Birla Sun Life Cash Manager- IP	-	-	859,829	8,600,876	545,836	5,460,000	313,993	3,140,876
Total	**739,423**	**7,612,471**	**6,132,447**	**83,344,086**	**5,639,137**	**78,582,665**	**1,232,733**	**12,373,892**

Notes to the Financial Statements

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 2011.

(₹ 000's)

Particulars	2011	2010
The principal amount and the interest due thereon remaining unpaid to any supplier as at 31 October	1,986	747
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 year	83	Nil
The amount of further interest remaining due and payable for the earlier years	Nil	Nil

41. Loans and Advances include service tax input credit receivable, (net) of ₹ 2,662,837,992 (31 October 2010: ₹ 2,510,057,550). Based on legal opinion obtained by the Company, service tax liability on imported services under "Import of Services Rules" have been discharged using accumulated balance available in CENVAT Credit Account for the period December 1, 2010 to March 31, 2011. Effective April 1 ,2011 such position is reversed and service tax liability on select imported services under "Import of Services Rules" have been discharged in cash. Further, the Company has obtained legal opinions in support of its position on non applicability of Sec 66A of the Finance Act 1994 read with 'Import of Services Rules' on onsite services provided by foreign vendors (including group companies).

The management, per the legal opinions, is confident that the legal positions taken by the Company are tenable and defendable under law.

42. The Company has entered into joint venture agreements with E – Governance Solutions Private Limited and Strategic Outsourcing Services Private Limited for execution of certain projects jointly. These parties do not have significant interest in such projects being executed jointly with the Company.

43. The movement in provisions (figures in bracket represent previous year numbers) during the year is as below:

(₹ 000's)

	1 November 2010	Additions	Amounts used	31 October 2011
Claims	91,526 (169,101)	- (15,000)	43,497 (92,575)	48,029 (91,526)

44. The figures of the previous year have been regrouped/ reclassified, wherever necessary, to conform with the current year classification.

For and on behalf of the Board of Directors

For **S.R. BATLIBOI & Co.**
Firm registration number: 301003E
Chartered Accountants

per **Navin Agrawal**
Partner
Membership No. 56102

Bangalore
30 November 2011

Balu Ganesh Ayyar
Chief Executive Officer

Ganesh Murthy
Executive Vice President &
Chief Financial Officer

Bangalore
30 November 2011

Nawshir H Mirza
Director

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

Cash Flow Statement

(₹ 000's)

	Year ended 31 October 2011	Year ended 31 October 2010
Cash flows from operating activities:		
Profit before taxation	9,115,811	10,921,028
Adjustments for:		
Interest income	(17,079)	(17,237)
Mutual Fund income - non trade	(927,175)	(405,895)
Profit on sale of fixed assets	(16,473)	(7,681)
ESOP amortized	87,762	-
Depreciation and amortisation	1,066,066	1,157,873
Unrealized foreign exchange loss, net	134,755	-
Interest expenses	22,245	14,098
Operating profit before working capital changes	9,465,912	11,662,186
Debtors and unbilled revenues	(1,114,172)	(1,503,339)
Loans and advances	(265,732)	574,264
Current liabilities and provisions	1,226,709	(3,991,860)
Cash generated from operations	9,312,717	6,741,251
Income taxes (paid)/ refund	(2,794,731)	(123,936)
Net cash provided by operating activities	**6,517,986**	**6,617,315**
Cash flows from investing activities:		
Interest received	17,694	20,502
Proceeds from sale of fixed assets	14,032	19,991
Purchase of fixed assets	(1,411,444)	(724,753)
Mutual Fund income - non trade (including re-investment)	768,963	405,895
Loan to ESOP Trust	(193,989)	(20,871)
Inter corporate deposits placed	(70,064)	(525,904)
Inter corporate deposits refunded	178,446	489,800
Investment in Subsidiaries	(4,079,176)	(6,646)
Purchase of units of Mutual Funds	(86,932,001)	(83,344,086)
Sale of units of Mutual Funds	84,276,230	78,582,665
Redemption of Deposit	15,778	-
Net cash used in investing activities	**(7,415,531)**	**(5,103,407)**

Cash Flow Statement (Contd...)

(₹ 000's)

	Year ended 31 October 2011	Year ended 31 October 2010
Cash flows from financing activities:		
Proceeds from issue of share capital	1,106	3,507
Proceeds of premium from issue of share capital	11,926	41,174
Repayment of secured loans	(7,076)	(21,109)
Unsecured loans repaid	-	(1,405,300)
Unsecured loans received	2,299,995	170,000
Interest paid on loan	(22,245)	(14,098)
Dividend paid including dividend tax	(980,458)	(857,992)
Net cash provided by/ (used in) financing activities	**1,303,248**	**(2,083,818)**
Changes in cash and cash equivalents	405,703	(569,910)
Cash acquired on merger of MphasiS Finsolutions	-	145,938
Cash and cash equivalents at beginning of the year	**486,146**	**910,118**
Cash and cash equivalents at end of the year	**891,849**	**486,146**
Cash in hand	111	179
Balances with banks		
- Current accounts	656,667	179,812
- Deposit accounts	279,293	366,155
	936,071	**546,146**
Less: Restricted Deposits	44,222	60,000
Cash and cash equivalents at the end of the year	**891,849**	**486,146**

This is the Cash Flow Statement referred to in our report attached

For and on behalf of the Board of Directors

For **S.R. BATLIBOI & Co.**
Firm registration number: 301003E
Chartered Accountants

per **Navin Agrawal**
Partner
Membership No. 56102

Bangalore
30 November 2011

Balu Ganesh Ayyar
Chief Executive Officer

Ganesh Murthy
Executive Vice President &
Chief Financial Officer

Bangalore
30 November 2011

Nawshir H Mirza
Director

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

Balance Sheet Abstract And Company's General Business Profile

I. Registration Details

Registration No.	L 3 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 (Date / Month / Year)	3 1 / 1 0 / 1 1

II. Capital Raised during the year (Amount in ₹ Thousands)

Public Issue	- - N I L - -
Rights Issue	- - N I L - -
Bonus Issue	- - N I L - -
Private Placement	- - N I L - -

III. Position of Mobilisation and Deployment of Funds (Amount is ₹ Thousands)

Total Liabilities	3 6 5 1 5 8 6 7
Total Assets	3 6 5 1 5 8 6 7

Sources of Funds

Paid-up-Capital	2 1 0 0 4 3 1
Reserves & Surplus (Including Employee stock option outstanding)	3 1 9 7 9 1 2 0
Secured Loan	1 5 6 6
Unsecured Loans	2 4 3 4 7 5 0

Application of Funds

Net Fixed Assets (Including Net Deferred Tax Assets and Capital Work in Progress)	2 5 3 5 2 4 7
Investments	2 3 7 9 0 6 9 2
Net Current Assets	1 0 1 8 9 9 2 8
Miscellaneous Expenditure	- - N I L - -
Accumulated Losses	- - N I L - -

IV. Performance of company (Amount in ₹ Thousands)

Turnover	3 4 0 4 1 2 9 7
Total Expenditure	2 4 9 2 5 4 8 6
+ - Profit / Loss Before Tax	✓ (+) 9 1 1 5 8 1 1
+ - Profit / Loss After Tax	✓ (+) 7 8 2 0 0 7 3

(Please tick Appropriate box + for Profit, - for Loss)

Basic earnings per share in ₹	3 7 . 2 4
Dividend Rate (%)	6 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

Balaji Mansion
8/1, Bannerghatta Main Road
J P Nagar Industrial Estate
Bangalore - 560 076
Tel : 080 - 4153 7505
Fax : 080 - 2658 1142

Bagmane Laurel, No 65/2
Block-A& B, Bagmane Technology Park
Byrasandra Village, C V Raman Nagar
Bangalore - 560 093
Tel : 080 - 4004 4444
Fax : 080 - 4004 9998

Bagmane Parin, No 65/2, Block A
Bagmane Technology Park
Byrasandra Village, C V Raman Nagar
Bangalore - 560 093
Tel : 080 - 4004 4444
Fax : 080 - 4004 9999

Global Technology Village SEZ
Survey Nos. 12/1, 12/2, 29 & 30
Mylasandra & Patanegere Villages
RVCE post, Kengeri Hobli
Bangalore - 560 059
Tel : 080 - 4355 6677

Gopalakrishna Complex
45/3, Residency Road Cross,
Bangalore - 560 025
Tel : 080 - 2558 8722 &
080 - 2532 0671/2
Fax : 080-2532 0675

Kshema Dhama
#1, Global Village, Mylasandra,
Mysore Road,
Bangalore - 560 059
Tel : 080 - 4003 0303
Fax : 080 - 2860 3372

Texas Instruments Building
Survey No. 12/1, Mylasandra,
Global Village, Mysore Road,
Bangalore - 560 059
Tel : 080 - 4003 8000

Mereside Heights
No.1, Old Madras Road,
Pai Layout
Bangalore - 560 016
Tel : 080 - 4176 5500
Fax : 080 - 4176 5506

2nd & 3rd Floor,
Bagmane World Technology Center
K.R.Puram, Marathalli Ring Road
Mahadevapura
Bangalore - 560 048
Tel : 080 3346 1100

Baroda

2nd & 3rd Floor Floor, Spencer Mall,
Survey # 81/1, Opp. Sarabhai
Chemicals,Ghenda Circle,
Wadivadi, Off. Alkapuri
Vadodara - 390 002
Tel : 0265 - 6633269

Bhubaneshwar

SM Tower, Plot no 130, Mancheswar
Industrial Estate, P.O. Rasulgarh
Bhubaneswar, Dist: Khurda, Orissa

Chennai

DLF SEZ IT Park, Tower 1B,
Level 1-5 & Block 10, 6th Floor
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

Indore

Westside Building, No. 17
Race Course Road
Indore - 452 001
Tel : 0731 - 3099000
Fax : 0731 - 3099034

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

Pondicherry

Om Shakthi Complex
No. 173/3, 1st Floor
Karuvadikuppam,
East Coast Main Road,
Puducherry - 605 008
Tel: 0413 - 2263 621
Fax: 0413 - 2263 623

Pune

Cybercity, Tower IV & Tower VII
Magarpatta, Hadapsar
Pune - 411 013
Tel: 020 - 4014 1000
Fax: 020 - 6606 9010
020 - 4014 1432

EON free Zone, Cluster C
Kharadi Knowledge Park
EON Kharadi Infrastructure Pvt. Ltd
SEZ Plot No. 1, Survey No. 77
MIDC, Kharadi
Pune - 411 014
Tel : 020 - 4074 0000 / 66170000

Raipur

Gurusukh Towers, 1ST TO 3RD Floor,
Katora Talab Main Road,
Raipur - 492001, Chhattisgarh
Tel : 0771 - 3060200
Fax : 0771 - 3060240

Americas

917 Mg Grandin,
Suite 304 Quebec City
Quebec G1V 3X8

390 Bay Street, Suite 802,
Toronto, Ontario M5H 2Y2
Tel : 1-617-335-2701

1220N Market Street, Suit 806,
Wilmington, DE 19801

5353, North 16th Street, Suite 400
Phoenix, Arizona 85016.
Tel : 1 - 602 - 604 - 3100
Fax : 1 - 602 - 604 - 3115

460 Park Avenue South
NY 10016
Tel : 212-686-6655
Fax : 212-686-2422

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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

299 Cherry Hill Road
302 Parisippany, NJ07054

3226, Scott Blvd, Santa clara, CA

Suite 222, 4660 Slater Road Eagan
MN 55122

2711 Centerville Road
Suite 400 Wilmington
County of New Castle
Delaware 19808

160 Greentree Drive,Suite 101
Dover, DE 19904

Europe

Regus Business Centre
Pegasuslaan 5,
1831 Diegem
Belgium

1 Place Paul Verlaine
92100 Boulogne - Billancourt

20, rue Le Peletier 75009 Paris

Koblenzer Str. 17, EG rechts,
56130 Bad Ems, Germany

Koblenzer Str. 34, Postfach 1221
D 56130 Bad Ems, Germany

Mainzer Landstr. 27-31
Room no. 421, 422, 4th floor
60329 Frankfurt/Main, Germany

C/o D'Arcy Lynch Partners,
Heritage House, Dundrum Office Park,
Dundrum, Dublin -14

Strawinskylaan 337
1077XX AMSTERDAM
The Netherland
Tel : 31 - 639 - 110 - 223

C/o Hellstrom Advokatbyra KB
Box 7305
103 90 Stockholm Sweden

Swiss Branch, Zurich
BB Treuhand AG, Rathausstrasse
6341 Baar (Switzerland)

12th Floor, 88 Wood Street
London EC2V 7RS, UK
Tel : 44 -0208 -528 -1066

Edinburgh House
43 - 51 Windsor Road
Slough SL1 2EE, UK
Tel : 44 -0208 -528 -1066

Asia Pacific

Setiabudi Atrium, 2nd Floor,
Suite 209A Ji. H. R. Rasuna Said Kav. 62
Jakarta 12920
Indonesia

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4-1-12, Tsukiji
Chuou-KU, Tokyo

Prime Square
No. 205, 1-1-7 Hiro
Shibuya - Ku,
Tokyo 150-0012
Japan

99 - 105 Custom House Quay,
Wellington - 6001

30 Cecil Street,
Level 14 Prudential Tower
Singapore 049712

Office 2 , Rigel Building
752/1, Dr Danister De silva M,
Colombo - 09
Tel : 94 - 11 - 468 - 1000
Fax : 94 - 11 - 468 - 1006

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 : 87 - 21 - 5080 - 7366
Fax : 87 -21 -5080 -7362

Australia

Shop 5, 17-19 East Parade
Sutherland NSW 2232.

Regus Business Center 525 Collins Street
Melbourne, Victoria 3000

9, Norberry Terrace
177-199 Pacific Highway
North Sydney 2060
Tel : 61 - 2 - 9954 - 2222

Innovation Campus
University of Wollongong
North Fields Avenue
Wollongong, Australia

Africa

Rogers House, 5
President John Kennedy Street
Port Louis, Mauritius.

Rue du Lac Constance,
Immeuble Carthage Centre,
Bloc A , 2 eme etage - 1053
Les Barges du Lac, Tunisia

BEYOND IDEATION...

The Paper Crane symbolizing 'Peace and Hope' is based on the science of Origami - paper craft through folding. Origami or paper folding ideas are used extensively in technically advanced science projects.

Beyond Ideation. Real Transformation.

'Transformation' is conveyed through the paper-crafted, richly colored cranes rising upwards in flight, powered by synchronized energies and intense effort (the interplay of processes, people, technologies, etc.).

To propel a transformation effort of this scale (across people-process-technology worldwide) requires immense, symbiotic energy symbolized by the rising colored waves in the background - Extraordinary Energy.

MPHASIS
an HP company