

Notice of Annual General Meeting

Notice is hereby given that the Nineteenth Annual General Meeting of the Members of Mphasis Limited will be held at 10.00 a.m. on Thursday, 24 February 2011 at Taj Gateway Hotel, No. 66, Residency Road, Bangalore - 560 025, India to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Balance Sheet as at 31 October 2010 and the Profit and Loss Account for the year ended on that date and the reports of the Directors and Auditors thereon.
2. To declare a dividend on equity shares.
3. To appoint a Director in place of Mr. Nawshir Mirza, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Davinder Singh Brar, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint Auditors and to fix their remuneration.

RESOLVED THAT M/s S R Batliboi & Co., Chartered Accountants (Registration No. 301003E), who retire at the conclusion of this Annual General Meeting, be and are hereby appointed as Statutory Auditors of the Company till the conclusion of the next Annual General Meeting at a remuneration to be fixed by the Board of Directors and billed progressively.

SPECIAL BUSINESS:

6. To consider and, if thought fit, to pass with or without modification(s), the following resolution as an **ORDINARY RESOLUTION**:

RESOLVED THAT subject to provisions of the Companies Act, 1956, including the rules made thereunder, Mr. Francesco Serafini be and is hereby appointed as a Director of the Company, whose period of office shall be liable for retirement by rotation.

7. To consider and, if thought fit, to pass with or without modification(s), the following resolution as an **ORDINARY RESOLUTION**:

RESOLVED THAT subject to provisions of the Companies Act, 1956, including the rules made thereunder, Mr. Balu Doraisamy be and is hereby appointed as a Director of the Company, whose period of office shall be liable for retirement by rotation.

8. To consider and, if thought fit, to pass with or without modification(s), the following resolution as an **ORDINARY RESOLUTION**:

RESOLVED THAT subject to provisions of the Companies Act, 1956, including the rules made thereunder, Mr. Juergen Reiners be and is hereby appointed as a Director of the Company, whose period of office shall be liable for retirement by rotation.

9. To consider and, if thought fit, to pass with or without modification(s), the following resolution as an **ORDINARY RESOLUTION**:

RESOLVED THAT subject to provisions of the Companies Act, 1956, including the rules made thereunder, Mr. Gerard Brossard be and is hereby appointed as a Director of the Company, whose period of office shall be liable for retirement by rotation.

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10. To consider and, if thought fit, to pass with or without modification(s), the following resolution as a **SPECIAL RESOLUTION:**

RESOLVED THAT pursuant to the applicable provisions of the Companies Act, 1956 (including any amendment thereto or re-enactment thereof) and in accordance with the provisions of the Memorandum and Articles of Association of the Company and the Regulations / Guidelines, prescribed by SEBI or any other relevant authority, from time to time, to the extent applicable and subject to such approvals, consents, permissions and sanctions, as may be required, the approval of the Company be and is hereby accorded to grant Restricted Stock Units in the nature of option to apply for equity shares of the face value of Rs.10 each of the Company to or for the benefit of such person(s) who are in the permanent employment of the Company (including the Directors, whether whole-time director or not) or to any Trust, Society, or any entity or any combination thereof that may be existing or to be created for the benefit of such employees at any time under a Scheme titled "RESTRICTED STOCK UNIT 2011 PLAN" (hereinafter referred to as "RSU 2011") to be evolved in this regard, with the underlying equity shares, whether created and/or issued, not exceeding 4,00,000 (as adjusted for any changes in capital structure and adjustments arising out of the corporate actions) equity shares of Rs.10 each in terms of such options and that the Board of Directors of the Company and/or Committee of the Board of Directors be and are hereby authorized to take such steps and actions and give necessary directions as it deems fit to give effect to the above resolution.

RESOLVED FURTHER THAT the maximum number of equity shares issued to any specific employee/Director under the RSU 2011 shall not exceed 1% of the issued and paid-up capital of the Company in any financial year.

11. To consider and, if thought fit, to pass with or without modification(s), the following resolution as a **SPECIAL RESOLUTION:**

RESOLVED THAT pursuant to the applicable provisions of the Companies Act, 1956 (including any amendment thereto or re-enactment thereof) and in accordance with the provisions of the Memorandum and Articles of Association of the Company and the Regulations / Guidelines, prescribed by SEBI or any other relevant Authority, from time to time, to the extent applicable and subject to such approvals, consents, permissions and sanctions, as may be required, the approval of the shareholders be and is hereby accorded to the Board to extend the benefits of Restricted Stock Unit 2011 Plan proposed in the resolution under Item No.10 of this notice to the eligible employees/directors of the subsidiary companies, on such terms and conditions as may be decided by the Board and for the purpose of giving effect to the above Resolution, the Board of Directors of the Company, be and is hereby authorized to take such steps and actions and give such directions as it may in its absolute discretion deem necessary and settle any question that may arise in this regard.

12. To consider and, if thought fit, to pass with or without modification(s), the following resolution as an **ORDINARY RESOLUTION:**

RESOLVED THAT pursuant to Clause 49 of the Listing Agreement with Stock Exchanges and subject to the resolution passed by the shareholders dated 14 September 2007, approval of the shareholders be and is hereby accorded for payment of remuneration to the Independent Non Executive Directors effective 1 November 2010, on the following scale of remuneration at such intervals, as decided by the Board of Directors of the Company and / or the Committee of the Board of Directors of the Company from time to time:

Particulars		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 Chairmanship	Flat Fee p.a.	2.50
- Audit Membership	Per Meeting	0.25
- Compensation Committee Chairmanship	Flat Fee p.a.	0.75
- Compensation Committee Membership Attendance	Per Meeting	0.15
- Strategy Committee Chairmanship	Flat Fee p.a.	0.75
- Strategy Committee Membership 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.

By order of the Board
For **Mphasis Limited**

A. SIVARAM NAIR

Company Secretary, General Counsel and
Head - Global Ethics and Compliance

Bangalore
5 January 2011

Regd. Office:
Bagmane Technology Park
Byrasandra
C V Raman Nagar
Bangalore - 560 093.

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ADDITIONAL INFORMATION IN TERMS OF CLAUSE 49 OF THE LISTING AGREEMENT IN RESPECT OF DIRECTORS BEING PROPOSED FOR APPOINTMENT / RE-APPOINTMENT

Name of the Director	Date of Last Appointment on the Board	Qualifications	Names of other companies in which the person also holds directorship and membership of Committees of the Board (Refer Note)	Number of shares held as on 31 October 2010	Relationship with other directors
Mr. Nawshir Mirza (DIN 44816)	30 July 2004	Chartered Accountant	Tata Power Company Limited, ESAB India Limited (where he is also Chairman of the Audit Committee and a member of the Shareholder Grievance Committee), Foodworld Supermarkets Limited (where he is also a member of the Audit Committee)	Nil	None
Mr. Davinder Singh Brar (DIN 68502)	30 July 2004	BE (Electrical), Masters in Management	Maruti Udyog Limited (where he is also member of the Audit Committee)	918	None
Mr. Francesco Serafini (DIN 3133140)	15 July 2010	Engineering Degree in Electronics	Nil	Nil	None
Mr. Balu Doraisamy (DIN 81807)	15 July 2010	Post Graduate Degree in Computer Science & Master's Degree in Mathematics	Nil	Nil	None
Mr. Juergen Reiners (DIN 3128964)	15 July 2010	Business Administration & IT	Nil	Nil	None
Mr. Gerard Brossard (DIN 3130354)	15 July 2010	Master of Science Degree in Computer Science	Nil	Nil	None

Note :

Directorships in foreign companies, alternate directorships, directorships in private companies and membership in governing councils, chambers and other bodies are not included. Membership/Chairmanship in Audit Committee and Shareholder Grievance Committee of other companies is included.

Notes:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND TO VOTE ON A POLL INSTEAD OF HIMSELF AND A PROXY SO APPOINTED NEED NOT BE A MEMBER OF THE COMPANY. PROXY IN ORDER TO BE EFFECTIVE MUST BE RECEIVED AT THE COMPANY'S REGISTERED OFFICE NOT LATER THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
2. The Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, in respect of the Special Business is annexed hereto and forms part of the Notice.
3. Members / Proxies are requested to bring their copy of the Annual Report and the Attendance Slip sent herewith, duly filled, to the Annual General Meeting.
4. The Register of Members and Share Transfer Books of the Company will remain closed from Monday, 14 February 2011 to Thursday, 24 February 2011 (both days inclusive).
5. The dividend on equity shares as recommended by the Board of Directors for the year ended 31 October 2010, if approved at the Annual General Meeting, will be payable:
 - a. to those members holding shares in physical form, whose names appear on the Register of Members at the close of business hours on Friday, 11 February 2011, after giving effect to all valid transfers in physical form lodged with the Company and/or its Registrar & Share Transfer Agent on or before Friday, 11 February 2011; and
 - b. in respect of shares held in electronic form, on the basis of beneficial ownership the details furnished by National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSIL) for this purpose, at the close of business hours on Friday, 11 February 2011.
6. In terms of Section 205C of the Companies Act, 1956, the unclaimed and unpaid dividend for the year 2002 - 2003 declared by the shareholders of the Company in June 2003, had been transferred to Investor Education and Protection Fund on 18 August 2010. Unclaimed and unpaid dividends for the year 2003-2004 and 2004 (Interim), declared by the shareholders of the Company on 30 July 2004 is due to be transferred to the Investor Education and Protection Fund in August 2011. Shareholders who are yet to claim the said dividend, are requested to submit their claims to the Registrar & Share Transfer Agent, viz., Integrated Enterprises (India) Limited (formerly known as Alpha Systems Private Limited), to avoid forfeiting the dividend.
7. Shareholders intending to require information about the Financial Accounts, to be explained at the meeting are requested to inform the Company at least a week in advance of their intention to do so, so that the papers relating thereto may be made available, if the Chairman permits such information to be furnished.
8. The identity / signature of the members holding shares in demat form is liable for verification with specimen signatures as may be furnished by NSDL / CDSIL, to the Company. Such members are advised to bring the relevant Identity Card issued by the Depository Participant.
9. Members are requested to notify any change in their address to the Company / Depository Participant as the case may be.
10. The shareholders are requested to communicate all their correspondence to:

The Company Secretary, General Counsel and Head - Global Ethics and Compliance, Mphasis Limited,
Bagmane Technology Park, Byrasandra, C V Raman Nagar, Bangalore - 560093. Ph: +91 (080) 40040404
Fax: +91 (080) 4004003

OR

Integrated Enterprises (India) Limited (formerly Alpha Systems Private Limited) Unit: Mphasis Limited, No. 30,
Ramana Residency, 4th Cross, Sampige Road, Malleswaram, Bangalore - 560 003. Ph: +91 (080) 23460815 - 818,
Fax: +91 (080) 23460819.

Annexure to Notice

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

In conformity with the provisions of section 173(2) of the Companies Act, 1956, the following Explanatory Statement sets out all material facts relating to the Special Business mentioned in the accompanying Notice and should be taken as forming part of the Notice.

Item Nos. 6 to 9:

Mr. Francesco Serafini, Mr. Balu Doraisamy, Mr. Juergen Reiners and Mr. Gerard Brossard, were appointed as additional directors on the Board of the Company on 15 July 2010. In terms of Section 260 of the Companies Act, 1956, the additional directors hold office till the ensuing Annual General Meeting. The Company had received a notice from a member under the provisions of Section 257 of the Companies Act, 1956, along with the requisite deposits, proposing the candidatures of Mr. Francesco Serafini, Mr. Balu Doraisamy, Mr. Juergen Reiners and Mr. Gerard Brossard, to the office of directorship. Necessary resolutions seeking approval of the members for the proposed appointments are placed before members by means of Ordinary Resolutions. The profiles of these Directors are given in the Company's website, www.mphasis.com.

The Board of Directors recommends the passing of the said resolutions.

The additional directors referred above may be deemed to be interested in the above resolution to the extent of their respective appointment. None of the other directors, may be deemed to be interested in the resolution.

Item Nos. 10 and 11:

The Board of Directors of the Company, in its meeting held on 22 November 2010, as a gesture for the contribution to the successful attainment of "One Billion Dollar" revenue mark, had considered and approved institution of a Restricted Stock Units 2011 Plan (hereinafter referred to as RSU 2011 or the Plan), subject to the approval of the shareholders and applicable laws. In terms of the proposed Plan all the permanent employees of the Company and its subsidiaries, as at 1 November 2010, would be granted 10 Restricted Stock Units entitling for issuance of 10 equity shares of Rs. 10 each of the Company at the end of the vesting period, which is one year from the date of grant. The shares would be offered at the "Nil" value on exercise after the vesting period. The shares are proposed to be acquired from the market through an employee welfare trust.

The RSU 2011 shall be formulated in accordance with the guidelines laid down under the Securities and Exchange Board of India (Employees Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines, 1999, with subsequent amendments thereto and such other laws, as may be applicable in this regard.

The information as required under Clause 6.2 of the SEBI (Employees Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines, 1999, setting out the salient features of the proposed plan is given below:

i) Total Number of Restricted Stock Units (RSUs) to be granted:

The aggregate Restricted Stock Units (RSUs) proposed to be granted under the Plan, from time to time, shall not exceed 400,000 equity shares of Rs.10 each (or such other adjusted figure for any re-organization of capital structure). It is proposed to purchase equity shares of the Company from the market through an Employee Welfare Trust. The shares so purchased shall not exceed 400,000 equity shares (as adjusted for any changes in capital structure).

ii) Identification of classes of employees entitled to participate in RSU 2011:

The Plan shall extend to all the permanent employees on the rolls of the Company and its subsidiaries, as at 1 November 2010, as may be determined by the Compensation Committee (CC).

The Plan shall not extend to any Promoter or those belonging to the Promoters Group or to any Director, who either by himself or through his relatives(s) or through any Body Corporate, directly or indirectly hold more than 10% of the outstanding equity shares.

iii) Requirements of vesting and period of vesting and the maximum period within which the options shall be vested:

The continuation of employee in the services of the Company shall be the primary requirement of the vesting. The RSUs granted under the Plan shall have a maximum vesting period of one year from the date of grant.

iv) Exercise price or pricing formula:

As per SEBI (Employees Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines, 1999, the companies granting option to its employees pursuant to ESOS will have the freedom to determine the exercise price, subject to conforming to the accounting policies specified in Clause 13.1 of the aforesaid guidelines, which specifies that any option discount to the market price should be accounted for as deferred employee compensation and amortized over the vesting period (Option discount means the excess of the market price of the share as on the date of grant of the option under ESOS over the exercise price of the option).

Subject to the above Clause, the Company has the freedom to price the RSUs. The exercise price in respect of RSUs shall be fully discounted to the market value of the equity shares (which shall be in accordance with the applicable law and if applicable, adjusted from time to time for any bonus, stock splits or consolidations or other re-organization of the capital structure of the Company) on the date of grant of option.

v) Exercise period and procedure for exercise:

The RSUs granted under RSU 2011 shall be exercisable within a period of 6 months from the end of the vesting period and under such conditions as may be determined by the Compensation Committee from time to time. The options shall be exercisable in whole within the exercise period permitted under the Plan.

vi) The appraisal process for determining the eligibility of employees to the RSU 2011:

All the permanent employees as at 1 November 2010, would be eligible to participate and be determined by the Compensation Committee, for grant of 10 RSUs to each of the employees, which would entitle for issuance of 10 equity shares of the Company at the end of the vesting period. There shall be no discrimination as to the quantum of the RSUs and the resultant shares on account of tenure of services, grade etc.

Annexure to Notice

vii) Maximum number of options to be issued per employee and in aggregate:

The maximum number of RSUs granted to any one employee in a year will be equal to 10 RSUs entitling issuance of 10 equity shares of Rs.10 each, subject to adjustments on account of changes in the capital structure, if any.

Subject to the foregoing, the aggregate RSUs proposed to be granted under this Plan, would not exceed 400,000 equity shares of Rs.10 each.

viii) Accounting Policies:

The Company shall comply with the accounting policies specified in Schedule I referred in Clause 13.1 of the SEBI guidelines, in respect of the shares issued under RSU 2011.

ix) Method of Valuation:

The Company shall use one of the applicable methods (intrinsic value or fair value) to value its RSUs. In case the Company calculates the employee compensation cost using the intrinsic value of the RSUs, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognized if it had used the fair value of the options, shall be disclosed in the Directors' Report and also the impact of this difference on profits and on Earnings Per Share (EPS) of the Company shall also be disclosed in the Director's Report.

As per the SEBI Guidelines, separate resolution is required to be passed as a special resolution by the members, if the benefits of RSU 2011 as set out in the resolutions No.10 of this notice are extended to the employees of the subsidiary companies. Accordingly, a separate resolution seeking the approval of the members by means of special resolution for extending the benefits of RSU 2011 to the employees of subsidiary companies is also placed before the members.

The Board of Directors recommend the resolutions set out in Item Nos. 10 and 11 of the Notice for the approval of the Members by means of special resolutions.

Mr. Balu Ganesh Ayyar, Chief Executive Officer, may be deemed to be interested in the resolutions by virtue of being an employee of the Company. None of the other directors of the Company may be deemed to be interested in the resolutions.

Item No. 12:

At the Annual General Meeting held on 14 September 2007, the shareholders passed a special resolution approving payment of remuneration to Non-Executive Directors of the Company by way of commission not exceeding 1% of the net profits of the Company for a period of five financial years commencing from the financial year 1 April 2008.

In order to reflect best practice principles of Corporate Governance and to align towards a transparent remuneration policy, the Board had in its meeting held on 22 November 2010, approved a remuneration policy for the directors including the structure of remuneration to the Independent Non Executive Directors of the Company, with a fixed and variable component together with the determinants thereof, effective 1 November 2010.

In terms of the provisions of the Clause 49 of the Listing Agreement, prior approval of the members is required, for payment of remuneration to the Non Executive Directors including the Independent Directors. Accordingly, necessary resolution seeking approval of the members for payment of Independent Non Executive Directors Commission, is placed before the Members, by means of an ordinary resolution.

The Board of Directors recommends the passing of the said resolution.

None of the Directors, except Mr. Nawshir Mirza, Mr. Davinder Singh Brar and Dr. Friedrich Froeschl may be deemed to be interested in the resolution.

By order of the Board
For **Mphasis Limited**

A. SIVARAM NAIR

Company Secretary, General Counsel and
Head - Global Ethics and Compliance

Bangalore
5 January 2011

Regd. Office:
Bagmane Technology Park
Byrasandra, C V Raman Nagar
Bangalore - 560 093.

