



28 April 2023

The Manager, Listing  
BSE Limited  
Phiroze Jeejeebhoy Towers,  
Dalal Street,  
Mumbai - 400 001

The Manager, Listing  
National Stock Exchange of India Ltd  
Exchange Plaza, Plot No. c/1,  
G-Block, Bandra-Kurla Complex,  
Mumbai – 400 051

Dear Sirs,

**Sub: Presentation for Investor(s)/Analyst(s) call**

Please find enclosed a copy of the presentation proposed to be made at the Investor/Analyst call to be held today at 8.30 AM (IST) in connection with the results of the Company for the quarter and year ended 31 March 2023.

The presentation is also being hosted on the website of the Company at [www.mphasis.com](http://www.mphasis.com).

We request you to kindly take the above on record as required under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Yours faithfully,

**For Mphasis Limited**



**Subramanian Narayan**  
**Senior Vice President and Company Secretary**

Encl: As above

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# Continued Focus on Micro in an uncertain Macro

## *Mphasis Earnings Q4 and FY 2023*

Nitin Rakesh

**CEO & Managing Director**

Manish Dugar

**CFO**





Certain statements mentioned in this presentation concerning our future growth prospects are forward looking statements (the “Forward Statements”) and are based on reasonable expectations of the management, which involves a number of risks, and uncertainties that could cause actual results to differ materially from those in such Forward Statements. The risks and uncertainties relating to these Forward Statements include, but are not limited to, risks and uncertainties regarding fluctuations in our earnings, fluctuations in foreign exchange rates, revenue and profits, our ability to generate and manage growth, intense competition in IT services, wage increases in India, our ability to attract and retain highly skilled professionals, time and cost overruns on fixed-price and fixed-time frame contracts, restrictions on immigration, industry segment concentration, our ability to manage our international operations, our revenues being highly dependent on clients in the United States of America, reduced demand for technology in our key focus areas, disruptions in telecommunication networks or system failures, our ability to successfully complete and integrate potential acquisitions, liability for damages on our service contracts, withdrawal of fiscal governmental incentives, political instability, adverse impact of global pandemics (including COVID-19 impact), war, legal restrictions on raising capital or acquiring companies, unauthorized use of our intellectual property(ies) and general economic conditions affecting our businesses and industry. We may, from time to time, make additional written and oral Forward Statements . We do not undertake to update any Forward Statements that may be made from time to time by us or on our behalf, unless required under the law.

# Strategic Spend Priorities

## What we heard from CIOs?



Analytics has become mission critical, new use cases being deployed in pricing and actuaries

— CIO, ~\$70B insurance player

Cost becomes key, accelerated pressure to drive vendor consolidation, adopting 'Champion' and 'Challenger model across service lines

— CIO, ~\$25B lifesciences player

### Spend priorities in current macroeconomic environment



~75%

to increase spend in cloud and digital



60%+

focus on variabilization of cost structures

### Buying preferences change, 'transformation partners' preferred over vendors



~50%

likely to switch / consolidate providers in at-least 1 service line



~60%

expect 40% of deals to be proactively originated



~80%

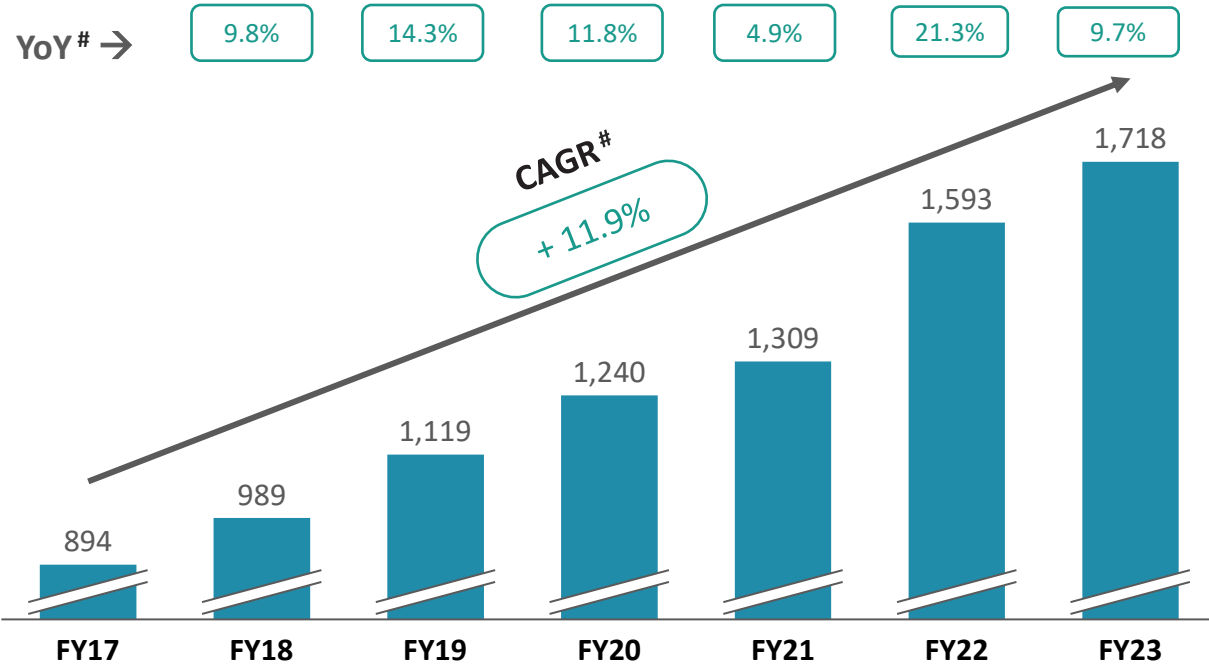
to preserve relationships with transformation partners vs. vendors

Source: CIO Survey on enterprise tech spend priorities, McKinsey and Company, 2022 (n=204)

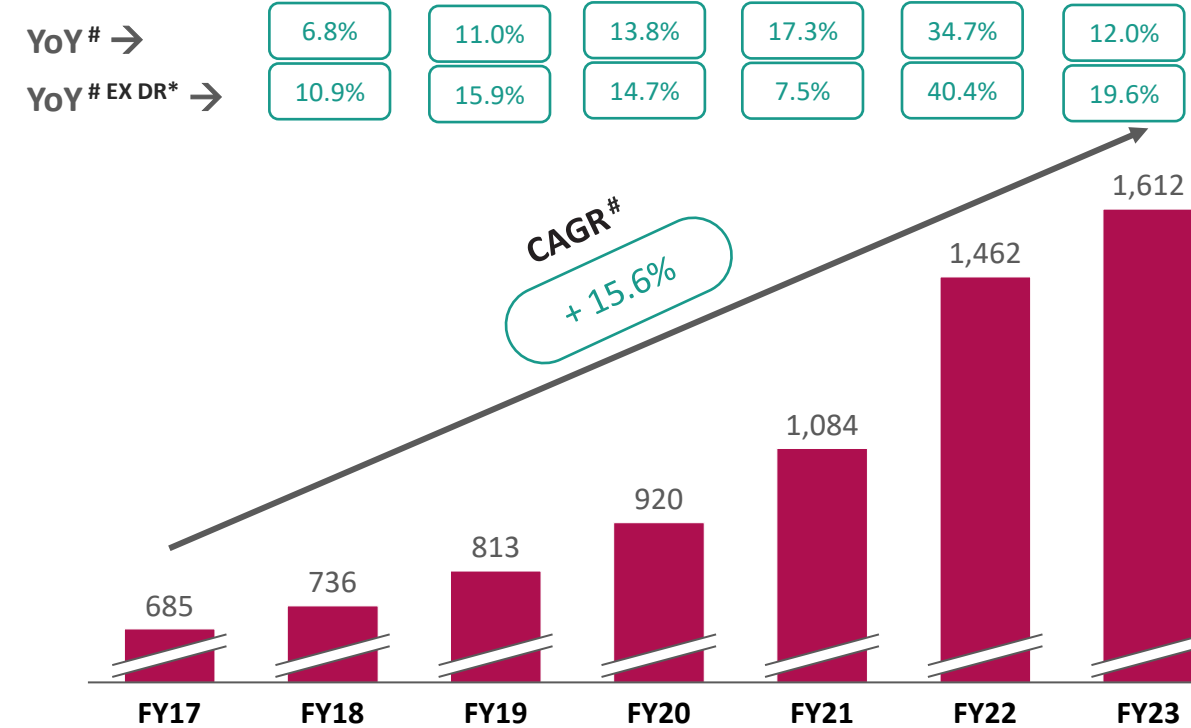
McKinsey & Company 1

# Our Overall Growth: A Snapshot

**FY23 Gross revenue grew 9.7% in Constant Currency**  
**FY23 Direct revenue grew 12.0% in Constant Currency**



## Growth with larger scale in Direct



### Direct as % of revenues

FY17	76%
FY23	94%

### Clients > \$ 20 Mn revenues

FY17	6
FY23	13

### Clients > \$ 10 Mn revenues

FY17	12
FY23	25

### Annual TCV (\$ Mn)

FY17	365
FY23	1313

### Operating profit (Rs Mn)

FY17	8,896
FY23	21,087

Revenue in USD Mn at average USD/INR rate for the respective periods

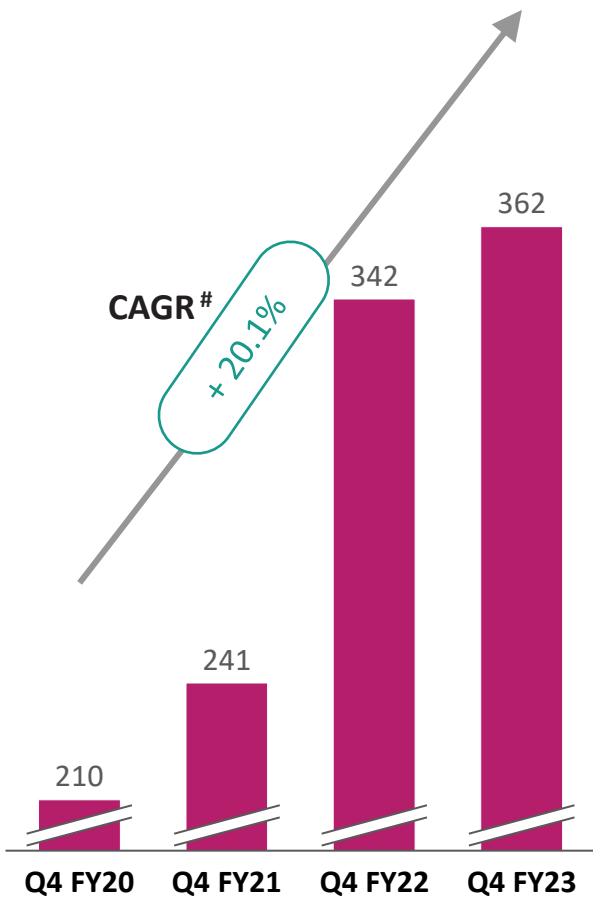
\*DR- Digital Risk

# Revenue Growth in Constant Currency

# Direct Channel: The Duality of FY23

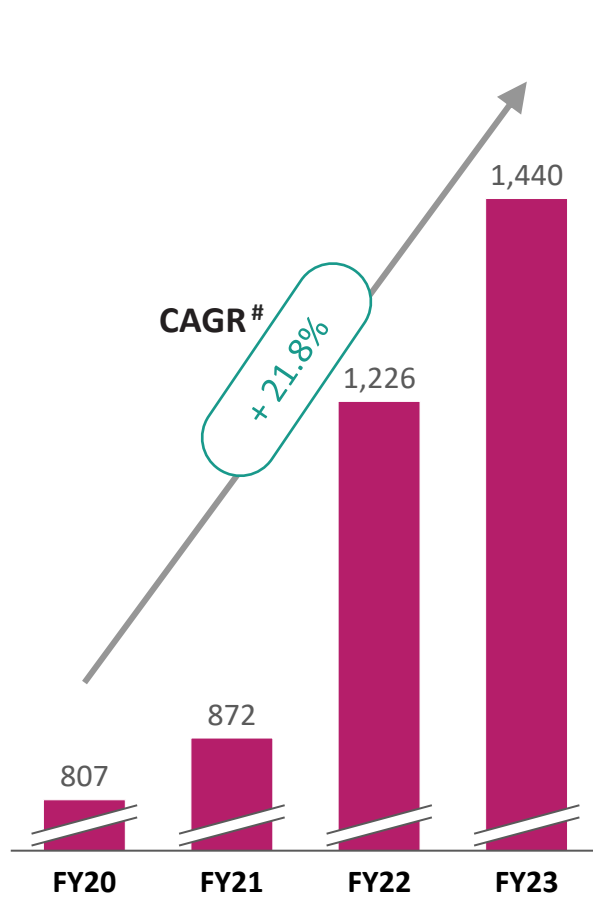
## Direct excluding DR (Qtr)

YoY # → 13.1% 43.4% 6.8%



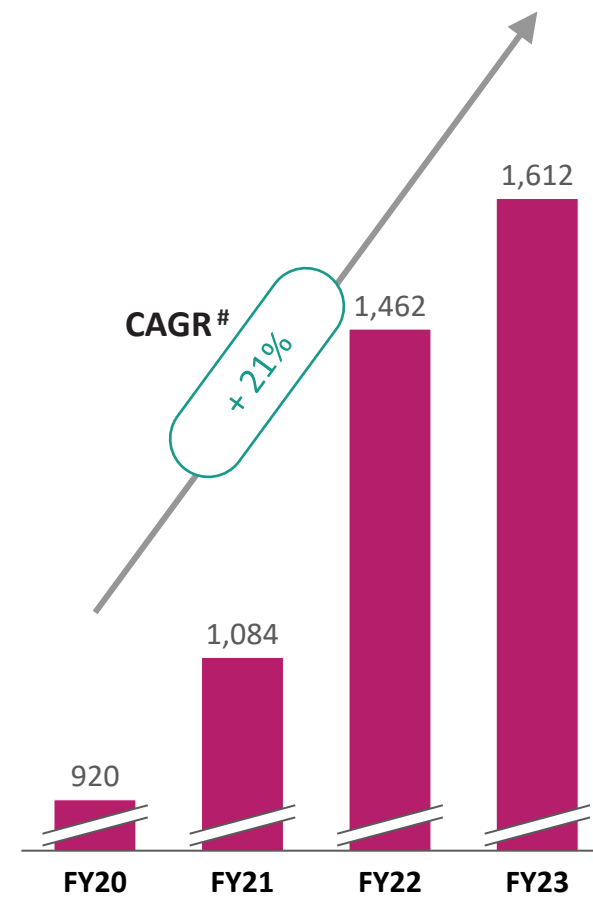
## Direct excluding DR (FY)

YoY # → 7.5% 40.4% 19.6%



## Direct including DR (FY)

YoY # → 17.3% 34.7% 12.0%

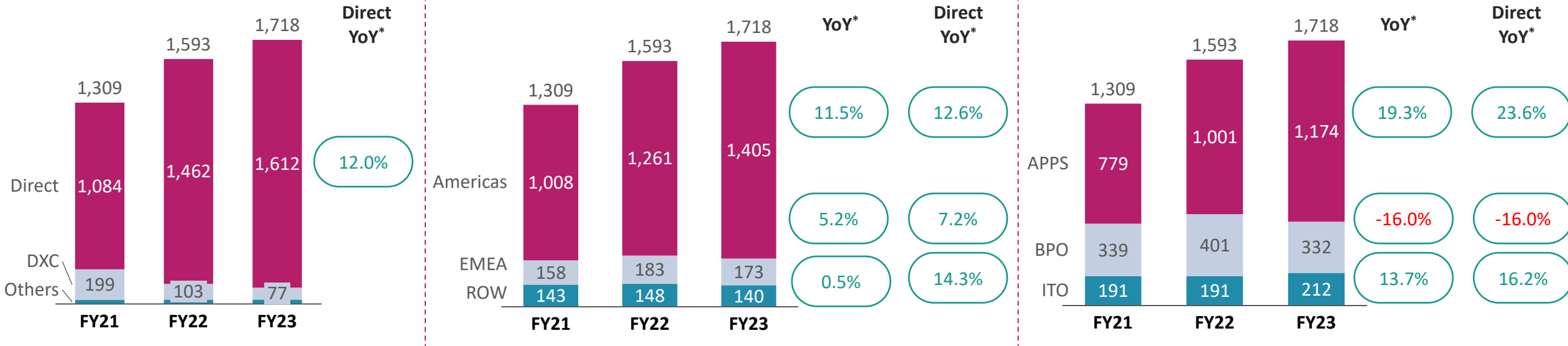


Revenue in USD Mn at average USD/INR rate for the respective periods

# Revenue Growth in Constant Currency

# Growth by Segment: An Annual View

Revenue in USD Mn



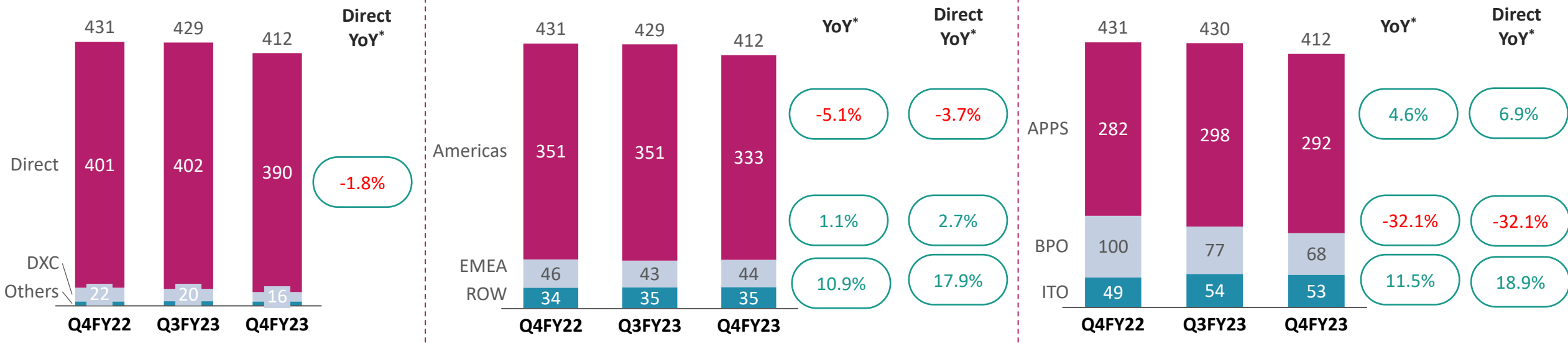
## Direct performance in FY23

- Direct excluding DR grew 19.6%
- Focus segments continue to grow driven by wallet and market share growth
- Applications segment (Direct) at 23.6% YoY growth drives overall business growth
- BPO segment affected by overall mortgage weakness declined 16% YoY



# Growth by Segment: A Quarterly View

Revenue in USD Mn

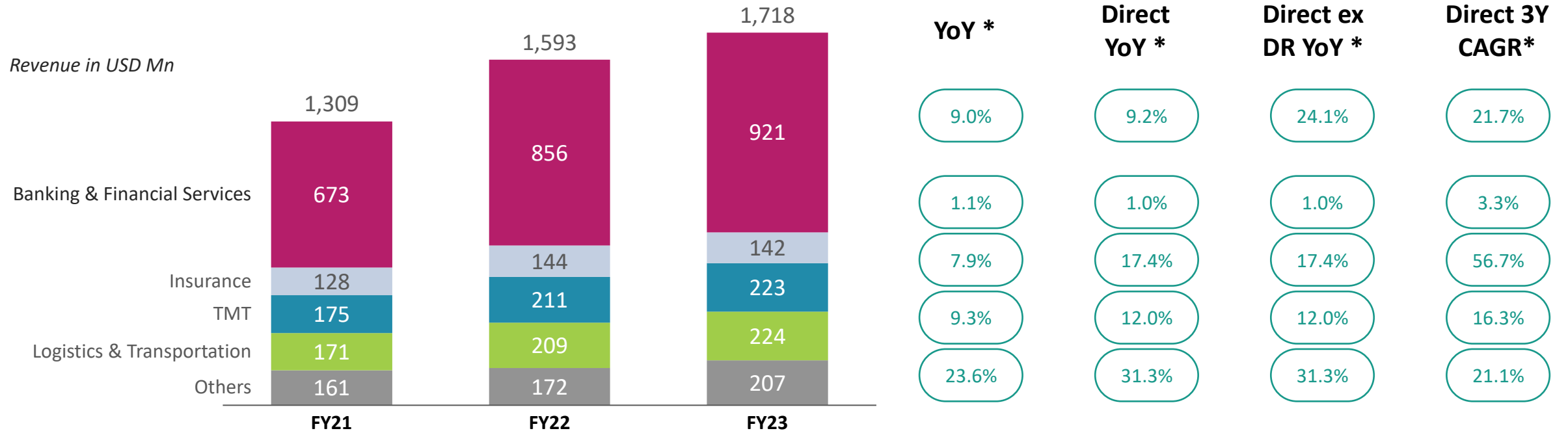


## Direct performance in Q4FY23

- Direct excluding DR grew 6.8% YoY
- Focus segments continue to grow driven by wallet and market share growth
- BPO segment affected by overall mortgage weakness



# Growth by Vertical: An Annual View

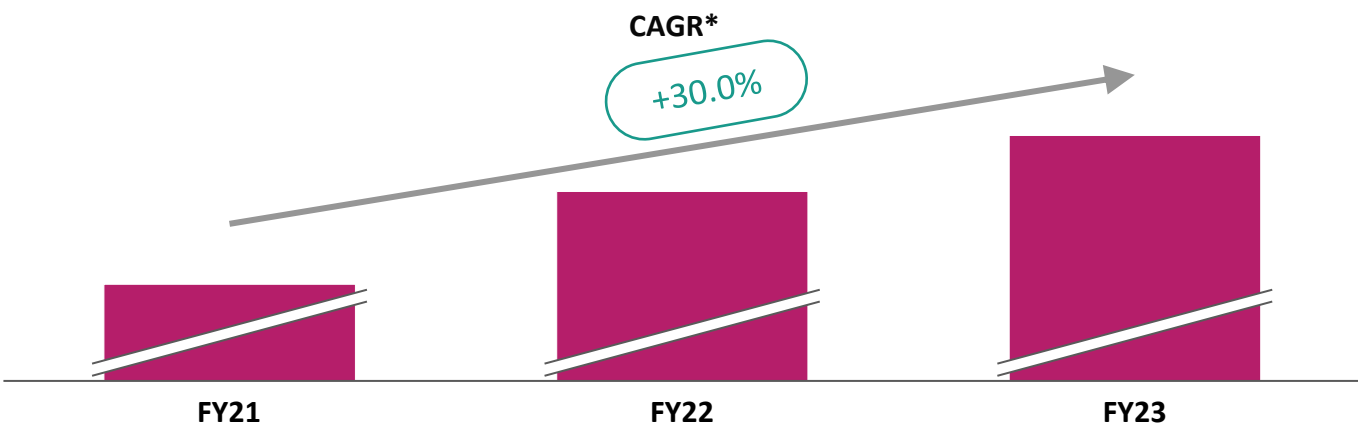


- BFS: Consistent growth track record – specialization at scale, excluding DR clocks healthy growth
- Supplemented by new engines of growth – Logistics & Transportation and Healthcare
- Insurance: TCV wins and pipeline remain healthy; revenue impacted by client specific issues
- With our tech-led positioning, we are replicating our performance in BFS in other verticals of Direct
  - Healthcare (Others segment): Grew 21% CAGR over the last 3 years; 53% YoY in FY23
  - Logistics and Transportation: Grew 16% CAGR over the last 3 years; 12% YoY in FY23



# Sources of Growth

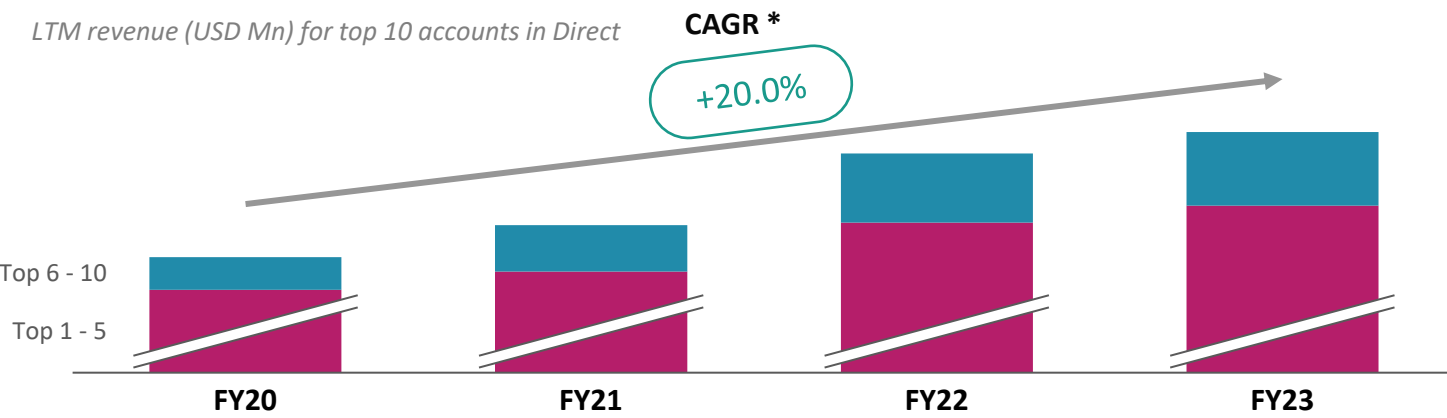
## Growth in Revenue (Direct ex DR)



Revenue in USD Mn at average USD/INR rate for the respective periods

## Top 10 Accounts Performance

LTM revenue (USD Mn) for top 10 accounts in Direct



\* Revenue growth in constant currency

Overall

Direct YoY growth of 12%

- Direct growth ex DR 19.6% YoY

Top 10 Accounts

Grew 8.6% YoY led by top accounts despite pockets of weakness in mortgage and BFSI

Top 11-20 Accounts

Replicating success of account mining to next set of accounts; grew 19% YoY

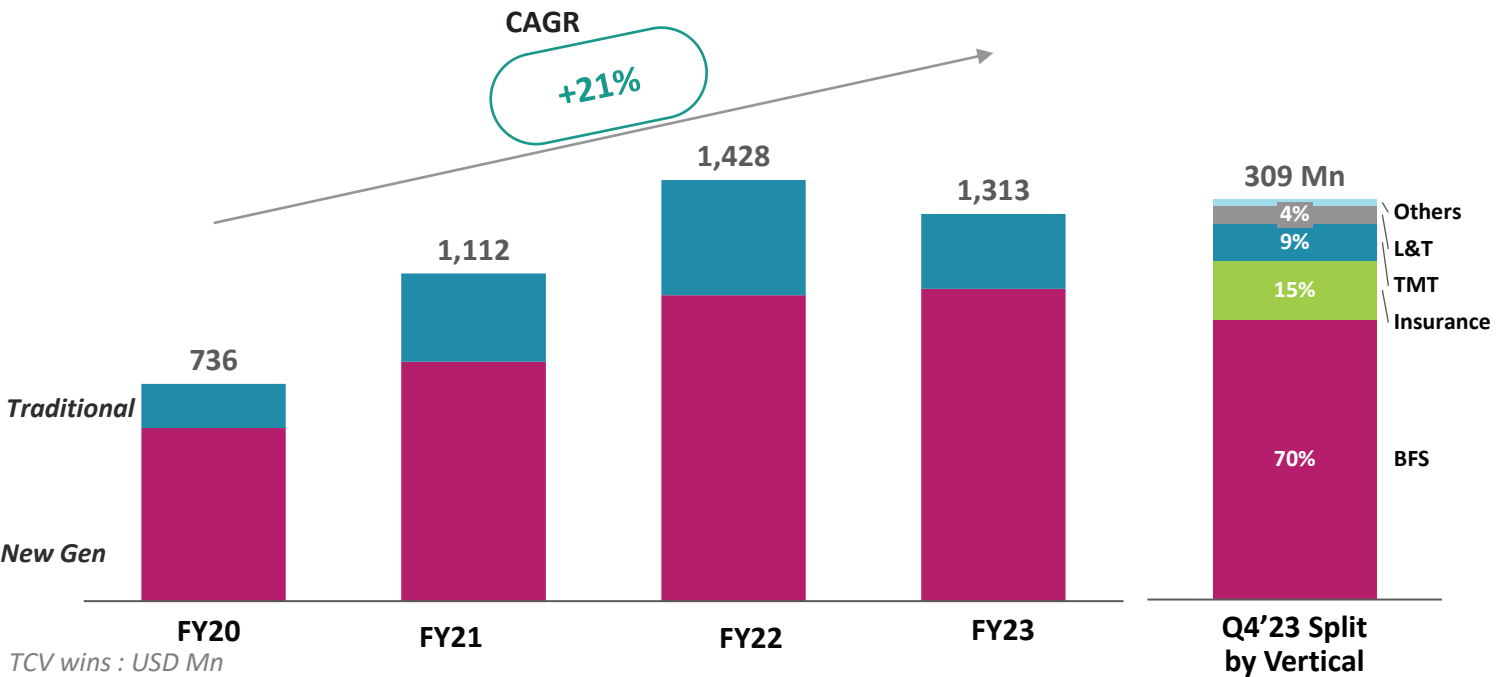
NCA

NCA continues to lead growth in Direct; YoY growth of 39%

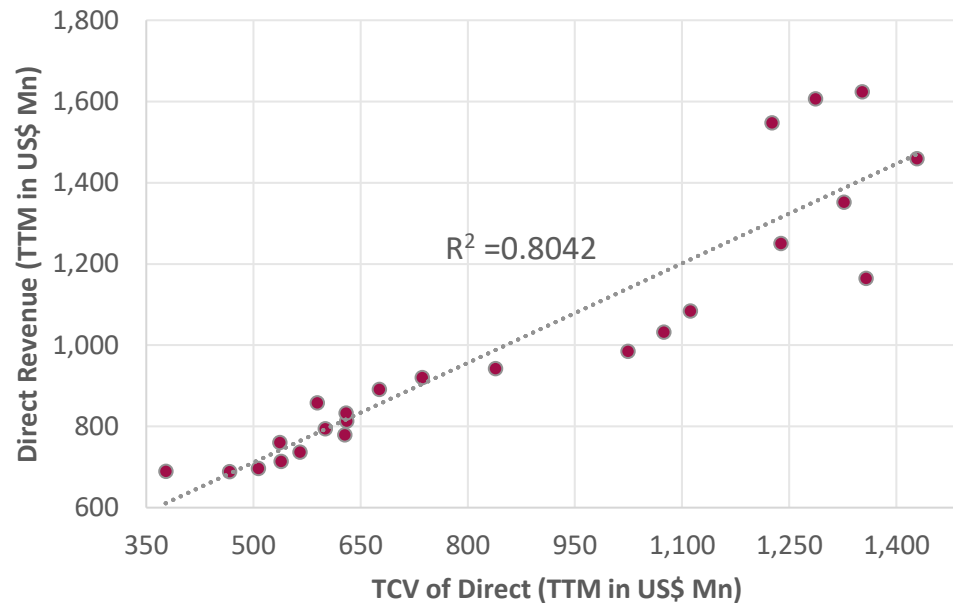


# Direct: TCV Remains Robust

## Direct TCV Wins



## Direct Revenue / TCV Correlation



- FY23 TCV wins at \$1.3Bn; TCV wins of \$309M for Q4FY23; Consistently maintaining run rate of >\$300Mn TCV wins/Qtr
- 2 large deals in Q4FY23
  - >\$150Mn deal from a new customer
  - 95% of the deal wins are proactive
- 10 Large deal wins in FY23
- 81% of FY23 deal wins in New Gen areas



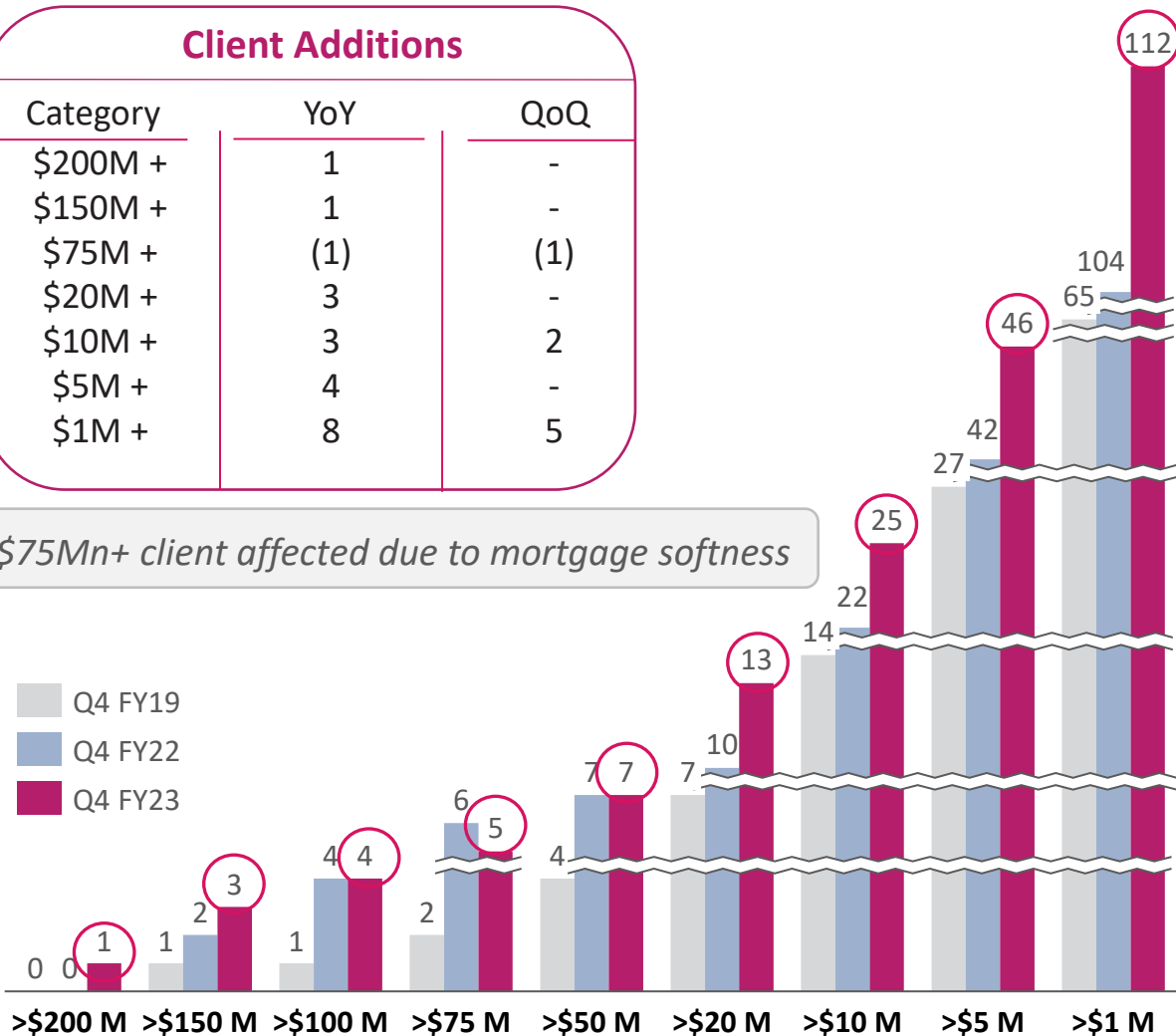
# Direct: Improving Client Mining and Large-deal Metric

## Client Pyramid

### Client Additions

Category	YoY	QoQ
\$200M +	1	-
\$150M +	1	-
\$75M +	(1)	(1)
\$20M +	3	-
\$10M +	3	2
\$5M +	4	-
\$1M +	8	5

\$75Mn+ client affected due to mortgage softness

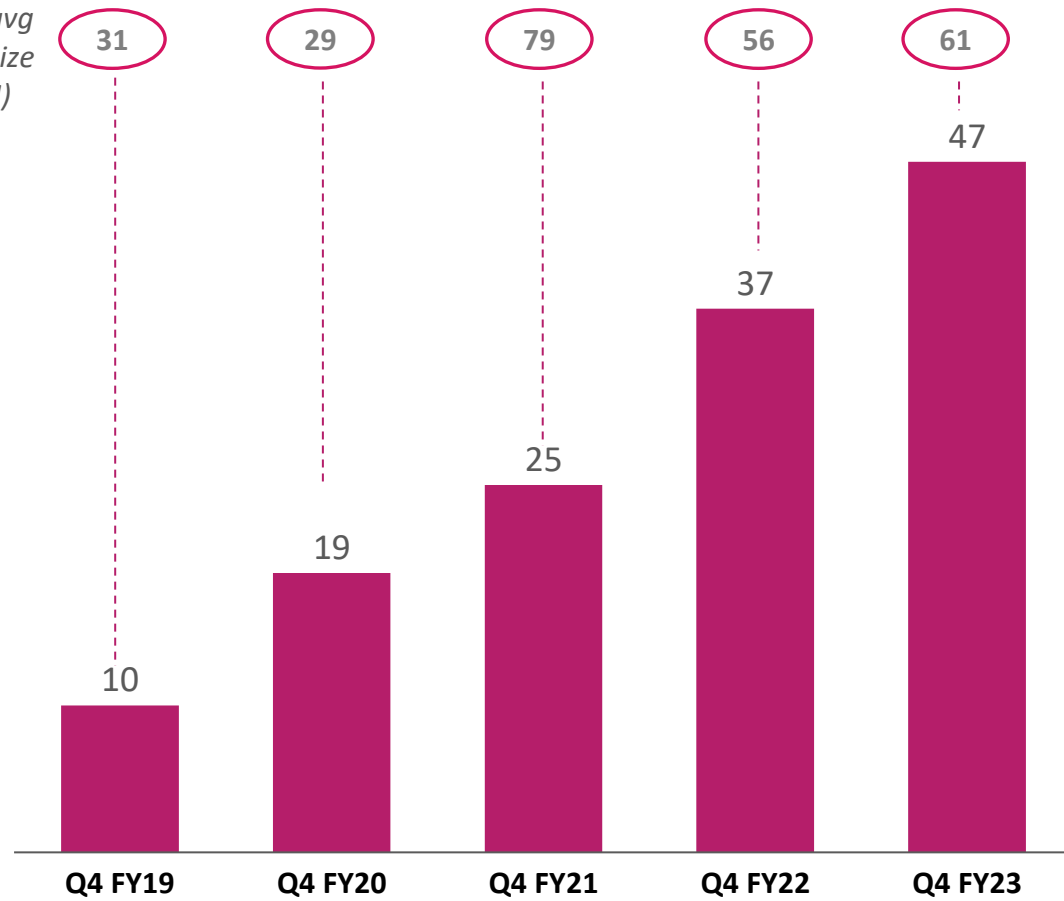


## Robust large deal wins (>\$20M TCV)

# of cumulative deal wins since Q1'18

- 10 Large deals in the past 1 year
- Two deal wins >\$100 Mn in FY23

LTM avg deal size (\$M)

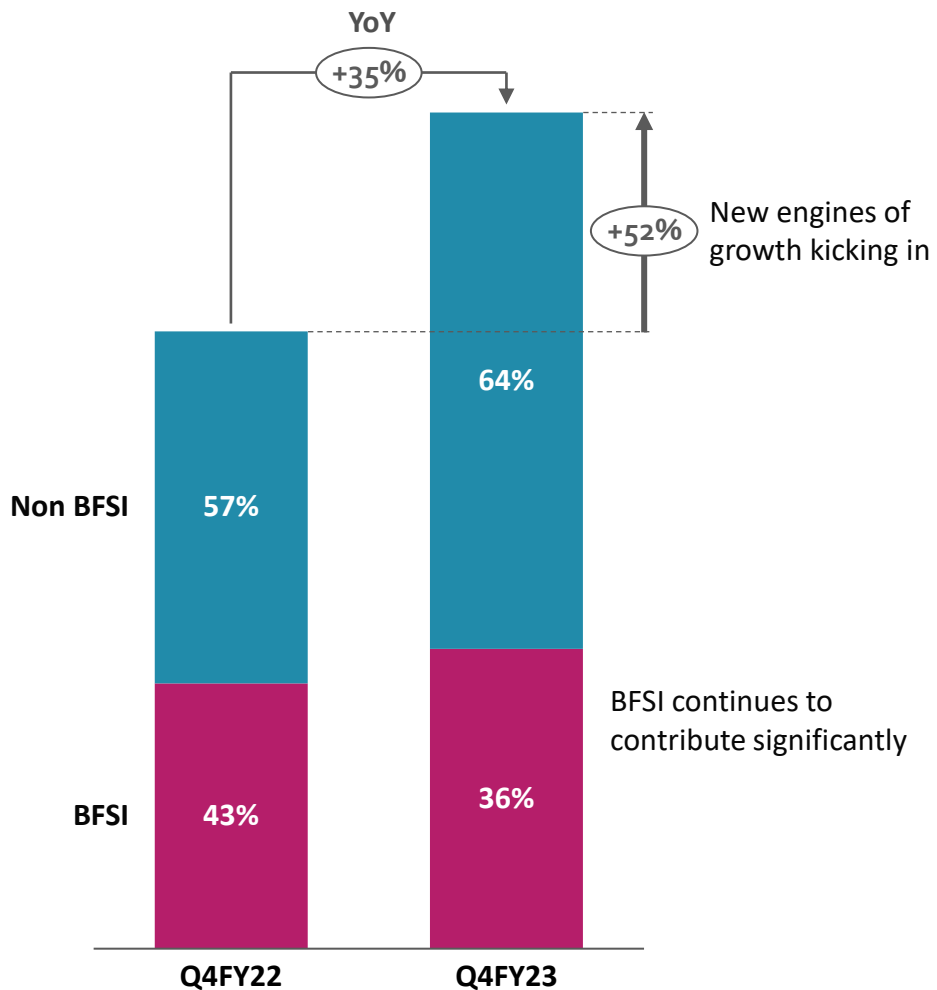


Note: All metrics based on LTM revenues

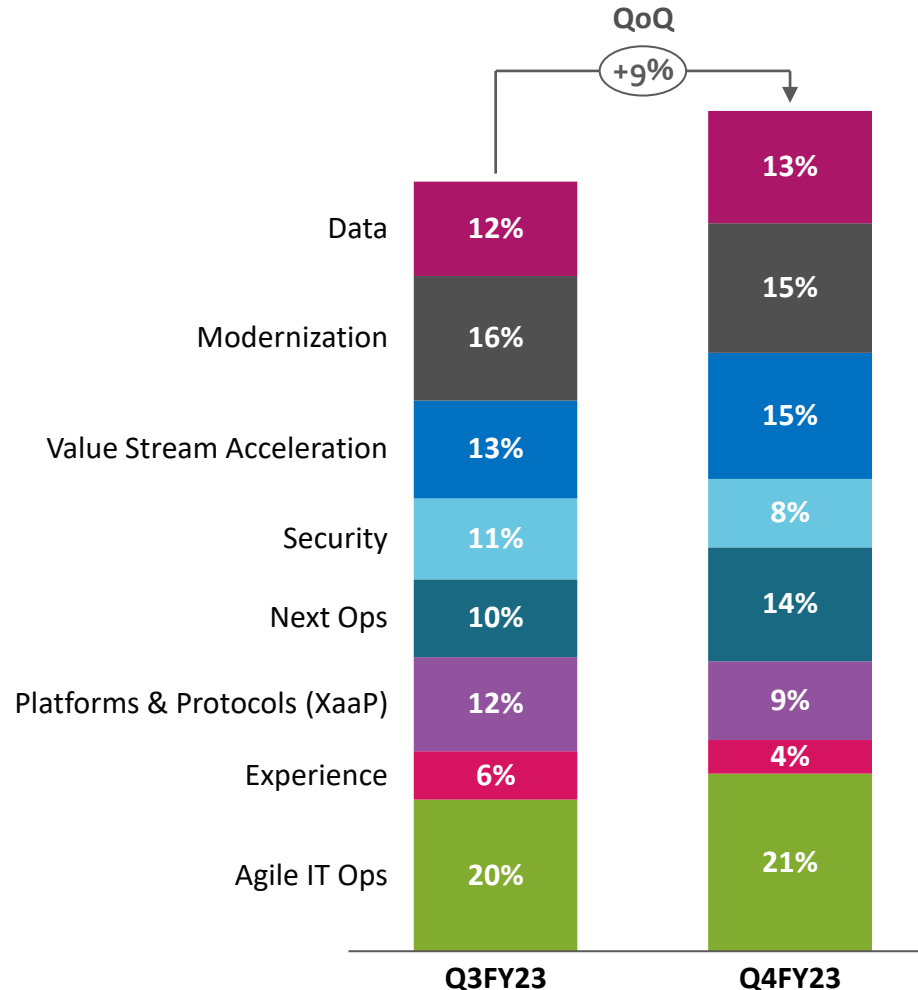


# Strong Pipeline Growth Driven by Cloud & Transformation Deals

## Industry Distribution



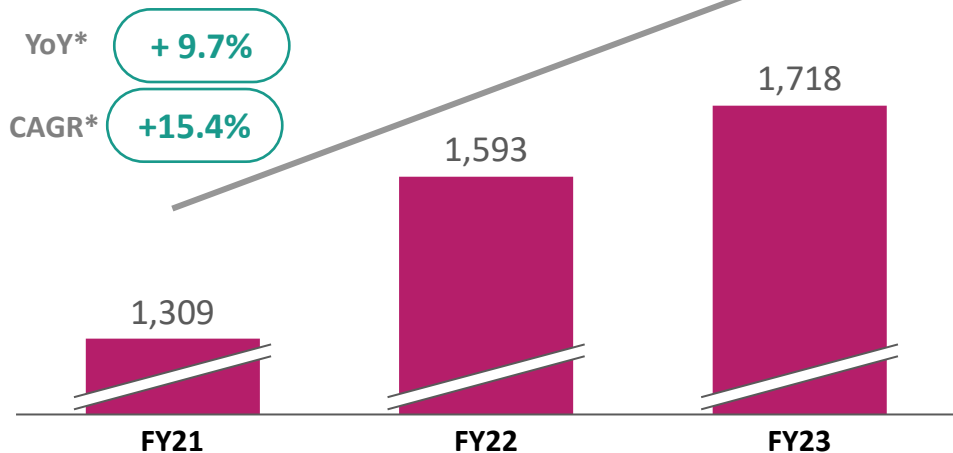
## Solution Archetype Distribution





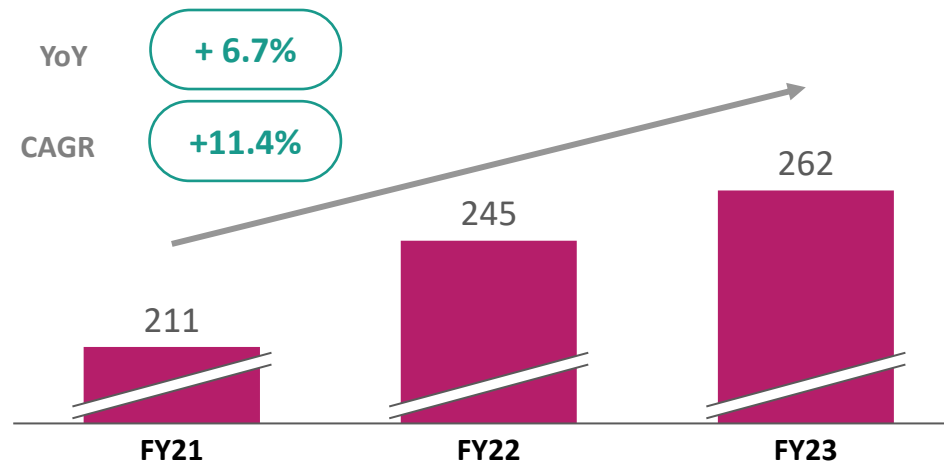
# Financial Metrics: Reporting a Healthy Growth

## Revenue Growth



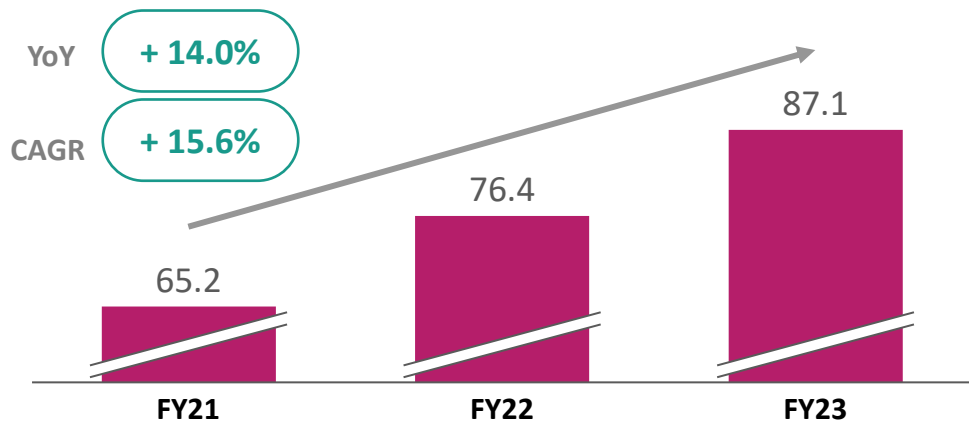
Gross Revenue in USD Mn at average USD/INR rate for respective periods  
\* Revenue growth in constant currency

## Operating Profit Growth



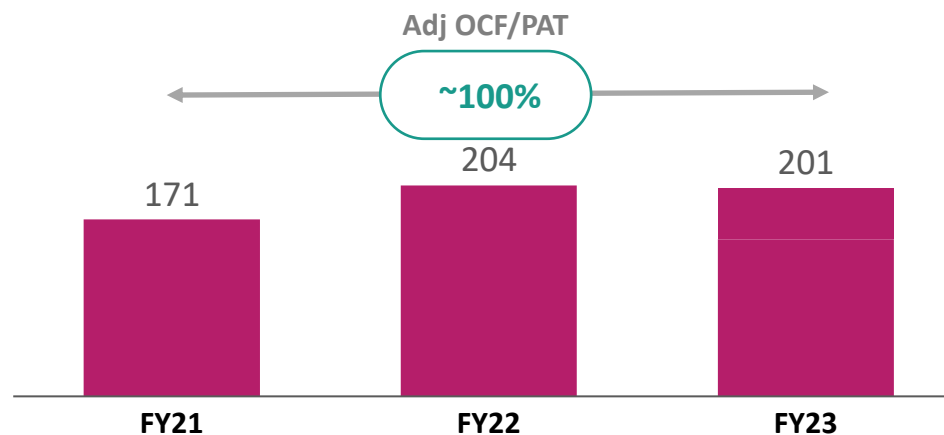
EBIT in \$Mn at average USD/INR rate for respective periods

## EPS Growth



Basic EPS in INR for respective periods

## Cash Flow Generation



Net Operating Cash flow as per MDA disclosures – adjusted for one timers  
Converted at average USD/INR for respective periods



## FY23: In Summary

- Rounded off a mixed FY23 marked by duality in business segments
  - Strong double-digit growth in Direct (ex DR) at 19.6%; FY23 Direct growth at 12% YoY, despite pronounced mortgage weakness, delayed conversions in H2FY23
- Market-share gains sustained in BFS our anchor vertical while smaller verticals showed strong growth
- Margins stable and stay in the stated EBIT margin band; cash generation continues to be healthy
  - Fresher deployment at all-time high; continued pyramid optimization
  - Focus on utilization and productivity
  - Focus on driving offshore leverage
- Operating cash flow at near 100% of PAT





# FY24: An Outlook

- **Focused on Micro in an uncertain Macro**
  - Strong pipeline entering FY24 led by cloud, transformation and consolidation
  - Q1FY24 softness in BFS segment
  - Growth in Direct likely to be back-ended with strong sequential growth starting Q2FY24; YoY growth to increase through Q4FY24
    - Growth outlook in Direct ex-mortgage at industry level or higher
  - Mortgage segment close to bottoming out; incremental stability in mortgage through much of FY24
  - DXC – revenue stability visible
- **Target operating (EBIT) margin band of 15.25% - 16.25% through all four quarters of FY24**
  - Focus on productivity, efficiencies and offshore leverage

# Q&A

**Link to financial data for the past three years:** <https://www.mphasis.com/home/corporate/investors.html>





# Analyst Recognitions: Q4 FY23

Everest Group  
**PEAK MATRIX** MAJOR CONTENDER

Healthcare Cloud-based Core Administration Platforms PEAK Matrix® Assessment 2023

Mphasis ranked #2  
IN THE LIST OF 'TOP 10 IT SERVICES COMPANIES OF 2023'  
Net (net)

Everest Group  
**PEAK MATRIX** LEADER

Group Life Policy Administration Systems (PAS) Products PEAK Matrix® Assessment 2023 – North America



Everest Group  
**PEAK MATRIX** MAJOR CONTENDER

Capital Markets Operations – Services PEAK Matrix® Assessment 2023

Everest Group  
**PEAK MATRIX** MAJOR CONTENDER

Advanced Analytics and Insights (AA&I) Services PEAK Matrix® Assessment 2023

**HFS HORIZON**  
HFS Horizons: The Best Service Providers for Retail Banks, 2023 - HFS Research