



Group Financial Overview and Trends for the Quarter ending 30 Jun 2020

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Overview of Quarterly Results

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.

1. Key Highlights

- Gross Revenue grew 11.8% YoY and declined 1.9% QoQ in Q1 FY21 on reported basis and grew 3.8% YoY and declined 4.6% QoQ in Constant Currency.
- Direct Core revenue grew 15.5% YoY and 0.5% QoQ in Q1 FY21 on a reported basis and grew 6.9% YoY and declined 2.1% QoQ in Constant Currency.
- DXC revenue declined 8.7% YoY and 12.6% QoQ in Q1 FY21 on a reported basis and declined 14.3% YoY and 15.8% QoQ in Constant Currency.
- New TCV wins of USD 259 million in Q1 FY21 in Direct International; highest ever TCV win for a quarter
- Net profit grew 3.9% YoY and declined 22.1% QoQ to ₹ 2,751 million in Q1 FY21
- EPS grew 3.8% YoY and declined 22.1% QoQ to ₹ 14.75

2. Revenue

a. Overall

- Gross Revenue grew 3.8% YoY and declined 4.6% QoQ in Constant Currency in Q1 FY21. Excluding non-strategic ATM Business, revenue grew 4.5% YoY and declined 4.0% QoQ in Constant Currency.

b. Direct International

- Direct International revenue grew 19.8% YoY and 2.1% QoQ on a reported basis in Q1 FY21 and grew 10.8% YoY and declined 0.5% QoQ in Constant Currency.
- Direct Core revenue which is 81% of Direct International revenue in Q1 FY21 grew 15.5% YoY and 0.5% QoQ on a reported basis. Revenue grew 6.9% YoY and declined 2.1% QoQ in Constant Currency.
- Won new deals with TCV of USD 259 million in Q1 FY21 with 79% of the deal wins in New-Gen Services (Includes one large deal win over USD 100+ million TCV).
- New-Gen Services revenue grew 28.4% on a reported basis to 53.8% of Direct Core revenue in Q1 FY21.

c. DXC

- In Q1 FY21, revenue declined 8.7% YoY and 12.6% QoQ on a reported basis and declined 14.3% YoY and 15.8% QoQ in Constant Currency.
- DXC contributed 20% of the overall gross revenue in Q1 FY21.

3. Financial indicators

a. Revenues

- Net Revenue grew 10.9% YoY and declined 2.5% QoQ in Q1 FY21 to ₹ 22,882 million in reported terms. Net Revenue grew 3.0% YoY and declined 5.2% QoQ in Constant Currency.

b. Gross Profit

- Gross profit grew 7.5% YoY and declined 9.5% QoQ in Q1 FY21 to ₹ 6,145 million. Gross Margin declined 80 bps YoY and 200 bps QoQ to 26.9%.

c. Operating Profit (EBIT)

- Operating profit grew 12.2% YoY and declined 6.5% QoQ to ₹ 3,583 million in Q1 FY21. Operating margin grew 20 bps YoY and declined 60bps QoQ to 15.7% in Q1 FY21.

d. Net Profit

- Net profit grew 3.9% YoY and decreased 22.1% QoQ to ₹ 2,751 million in Q1 FY21. Net margin decreased 80 bps YoY and 310 bps QoQ to 12.0%.

e. Earnings per Share

- EPS for Q1 FY21 grew 3.8% YoY and declined 22.1% QoQ to ₹14.75.

4. Cash Management

- Cash and cash equivalents increased by ₹ 2,747 million during the quarter to ₹ 27,488 million (USD 364M). Adjusting for ₹ 455 million net loan repayment, Net operating cash generated during the quarter was ₹ 3,202 million (USD 42M), highest in past 15 quarters.

5. Deal Wins

- One of America's largest home improvement retailer signed Mphasis to help setup an implementation factory and operations Center of Excellence (COE). A new logo for Mphasis, this addresses client's priorities of reducing cyber risk, and brings synergies across portfolios
- In a large deal with one of the America's top banks, Mphasis will help the client in managing the Home preservation applications process that is receiving increased volumes emanating from mortgage loans going into forbearances, and bring Mphasis domain, technology & operations teams together to deliver a bundled approach
- Large Tier-1 bank in America, chose Mphasis as their partner to deliver several strategic programs such as - modernization initiatives, accelerating cloud adoption projects and new business programs
- One of America's life insurance and annuity provider signs Mphasis to setup a testing COE that will help client conduct testing on this annuity product platform. This will enable the client to be nimble and launch new products in the market at a faster rate.

Consolidated Profit and Loss Account

₹ Million

	Quarter ended 30 Jun 2020	Quarter ended 31 Mar 2020	QoQ Growth %	Quarter ended 30 Jun 2019	YoY Growth %
Gross Revenues	23,037	23,476	-1.9%	20,607	11.8%
Profit / (loss) on cash flow hedges reclassified to revenue	(155)	(14)		19	
Net Revenues	22,882	23,462	-2.5%	20,626	10.9%
<i>Cost of revenues</i>	16,737	16,670	0.4%	14,908	12.3%
Manpower and Other Cost	16,261	16,167	0.6%	14,461	12.4%
Depreciation and Amortization	476	503	-5.4%	447	6.4%
Gross profit	6,145	6,792	-9.5%	5,718	7.5%
GM%	26.9%	28.9%	-2.0%	27.7%	-0.8%
<i>Selling expenses</i>	1,522	1,555	-2.2%	1,389	9.6%
Manpower and Other Cost	1,503	1,533	-2.0%	1,376	9.2%
Depreciation and Amortization	19	22	-15.2%	13	47.2%
SE %	6.7%	6.6%	0.0%	6.7%	-0.1%
<i>General and administrative expenses</i>	1,040	1,405	-26.0%	1,136	-8.4%
Manpower and Other Cost	940	1,321	-28.9%	1,046	-10.1%
Depreciation and Amortization	100	84	18.8%	90	11.4%
G&A %	4.5%	6.0%	-1.4%	5.5%	-1.0%
Operating profit	3,583	3,831	-6.5%	3,193	12.2%
Operating Margin	15.7%	16.3%	-0.6%	15.5%	0.2%
Foreign exchange gain, net	66	43		42	
Other income, net	311	483		499	
Interest expenses	(195)	(207)		(199)	
Profit before taxation	3,766	4,150	-9.3%	3,535	6.5%
Income taxes	1,015	618	64.2%	888	14.2%
-Current	889	586		1,034	
-Deferred	125	31		(146)	
Net profit	2,751	3,532	-22.1%	2,647	3.9%
Earning per share (par value ₹10)	14.75	18.94	-22.1%	14.21	3.8%

Note: The figures of the previous periods have been regrouped / reclassified wherever necessary to conform to the current period's classification.

Key Performance Indicators

		Quarter ended 30 Jun 2020	Quarter ended 31 Mar 2020	Quarter ended 30 Jun 2019
PROFIT AND LOSS ACCOUNT				
Gross Revenue (\$ Mn)		305.4	319.9	297.0
Gross margin	%	26.9%	28.9%	27.7%
Selling expenses	%	6.7%	6.6%	6.7%
General and administrative expenses	%	4.5%	6.0%	5.5%
Operating margin	%	15.7%	16.3%	15.5%
EBITDA margin	%	18.3%	18.9%	18.1%
PBT margin	%	16.5%	17.7%	17.1%
PAT margin	%	12.0%	15.1%	12.8%
Effective tax rate	%	26.9%	14.9%	25.1%
EPS (Basic)	₹	14.75	18.94	14.21

Exchange Rates

		Quarter ended 30 Jun 2020	Quarter ended 31 Mar 2020	Quarter ended 30 Jun 2019
₹ / \$				
Period Closing Rate		75.51	75.67	69.02
Average Exchange Rate		75.42	73.39	69.40

Consolidated Balance sheet

₹ Million

	30 Jun 2020	31 Mar 2020	30 Jun 2019
SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS			
Share capital	1,866	1,865	1,863
Reserves and surplus	58,999	55,850	51,915
Employee stock options outstanding	613	581	512
	61,478	58,296	54,290
LOAN FUNDS			
Secured loans	2,946	3,368	2,417
Unsecured loans	2,313	2,346	2,104
Lease Liability	6,894	7,241	6,844
Deferred Tax Liability	201	137	24
	73,832	71,388	65,679
APPLICATION OF FUNDS			
FIXED ASSETS			
Cost	6,975	6,729	5,584
Accumulated depreciation	(4,449)	(4,235)	(3,431)
Net book value	2,526	2,494	2,153
Right-of-use assets	5,887	6,236	5,712
Capital work-in-progress including capital advances	237	553	420
	8,650	9,283	8,285
GOODWILL	21,357	21,405	19,533
INVESTMENTS	20,731	13,257	15,864
DEFERRED TAX ASSETS	1,754	2,157	969
CURRENT ASSETS, LOANS AND ADVANCES			
Debtors	7,219	7,217	8,650
Unbilled revenues	9,038	9,730	9,113
Cash and bank balances	6,757	11,484	5,716
Interest receivable	67	66	62
Loans and advances	11,783	11,800	12,243
	34,864	40,297	35,784
CURRENT LIABILITIES AND PROVISIONS			
Current liabilities	11,035	12,769	11,164
Provisions	2,489	2,242	3,592
	13,524	15,011	14,756
NET CURRENT ASSETS	21,340	25,286	21,028
	73,832	71,388	65,679

Note: The figures of the previous periods have been regrouped / reclassified wherever necessary to conform to the current period's classification.

Key Performance Indicators

		Quarter ended 30 Jun 2020	Quarter ended 31 Mar 2020	Quarter ended 30 Jun 2019
BALANCE SHEET				
Cash & cash equivalents	₹ Millions	27,488	24,741	21,580
Receivables	Days	62	60	75

Cash and bank balance and Investment of cash surplus

Cash and cash equivalents consist of cash & bank balances and investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. It also includes restricted deposits amounting to ₹ 124 million (Q4 FY20 - ₹ 124 million, Q1 FY20 - ₹ 124 million).

The Group's treasury policy calls for investing only in fixed deposits of highly rated banks, units of debt mutual funds, fully hedged arbitrage funds, highly rated listed non-convertible debentures, zero coupon bonds and fixed maturity plans (FMP). Stringent guidelines have been set for de-risking counter party exposures. The Group maintains balances both in Indian Rupee and foreign currency accounts in India and overseas. The investment philosophy of the Group in general is to ensure capital preservation and liquidity in preference to returns. All the investments are recorded and valued as per the relevant Indian Accounting Standards (Ind AS).

Primary Segment Information

	₹ Million				
	Quarter ended 30 Jun 2020	Quarter ended 31 Mar 2020	QoQ Growth %	Quarter ended 30 Jun 2019	YoY Growth %
Segment Revenue					
Banking and Capital Market	11,240	10,719	4.9%	9,206	22.1%
Insurance	2,293	2,679	-14.4%	2,406	-4.7%
Information Technology, Communication & Entertainment	3,258	3,532	-7.8%	3,413	-4.5%
Logistics & Transportation	3,234	3,436	-5.9%	2,659	21.6%
Others	3,012	3,110	-3.1%	2,923	3.0%
Total Revenues	23,037	23,476	-1.9%	20,607	11.8%
Segment Profit					
Banking and Capital Market	2,747	2,824	-2.7%	2,395	14.7%
Insurance	654	832	-21.4%	669	-2.2%
Information Technology, Communication & Entertainment	604	740	-18.4%	766	-21.1%
Logistics & Transportation	1,234	1,321	-6.6%	974	26.7%
Others	1,060	1,089	-2.7%	895	18.4%
Total Segment Profit	6,299	6,807	-7.5%	5,699	10.5%
Gross Margin %					
Banking and Capital Market	24.4%	26.3%	-1.9%	26.0%	-1.6%
Insurance	28.5%	31.1%	-2.6%	27.8%	0.7%
Information Technology, Communication & Entertainment	18.5%	21.0%	-2.5%	22.4%	-3.9%
Logistics & Transportation	38.2%	38.4%	-0.2%	36.6%	1.6%
Others	35.2%	35.0%	0.2%	30.6%	4.6%
Total	27.3%	29.0%	-1.7%	27.7%	-0.4%

Note: Segment results exclude Profit / (loss) on cash flow hedges reclassified to revenue.

Others include Healthcare, Manufacturing & Retail etc.

The figures of the previous periods have been regrouped / reclassified wherever necessary to conform to the current period's classification.

Analysis of Revenues

Revenues reported in the tables below exclude Profit / (loss) on cash flow hedges reclassified to revenue

(a) By Delivery Location

	₹ Million		
	Quarter ended 30 Jun 2020	Quarter ended 31 Mar 2020	Quarter ended 30 Jun 2019
Onsite	13,804 60%	13,406 57%	12,002 58%
Offshore	9,233 40%	10,070 43%	8,605 42%
Total	23,037	23,476	20,607

(b) By Project Type

	₹ Million		
	Quarter ended 30 Jun 2020	Quarter ended 31 Mar 2020	Quarter ended 30 Jun 2019
Time and Material	13,529 59%	13,359 57%	12,999 63%
Transaction Based*	3,505 15%	3,574 15%	2,749 13%
Fixed Price	6,003 26%	6,543 28%	4,859 24%
Total	23,037	23,476	20,607

*Transaction based revenue comprises of projects where the commercials are based on unit of Output

(c) By Secondary Market Segment

	₹ Million		
	Quarter ended 30 Jun 2020	Quarter ended 31 Mar 2020	Quarter ended 30 Jun 2019
Direct International	18,075	17,706	15,093
- Direct Core	14,552	14,480	12,598
- Direct Others	3,522 79%	3,227 75%	2,495 73%
DXC	4,622 20%	5,286 23%	5,061 25%
Others	340 1%	484 2%	453 2%
Total	23,037	23,476	20,607

(d) By Geography

	₹ Million		
	Quarter ended 30 Jun 2020	Quarter ended 31 Mar 2020	Quarter ended 30 Jun 2019
AMERICAS	17,696 77%	17,906 77%	16,242 79%
EMEA	2,749 12%	2,894 12%	2,201 11%
INDIA	948 4%	1,174 5%	1,029 5%
ROW	1,644 7%	1,502 6%	1,135 5%
Total	23,037	23,476	20,607

(e) By Service Type

	₹ Million		
	Quarter ended 30 Jun 2020	Quarter ended 31 Mar 2020	Quarter ended 30 Jun 2019
Application Services	14,695 64%	15,055 64%	13,470 65%
Business Process Services	4,852 21%	4,233 18%	3,087 15%
Infrastructure Services	3,490 15%	4,188 18%	4,050 20%
Total	23,037	23,476	20,607

(f) Client Metrics

	Quarter ended 30 Jun 2020	Quarter ended 31 Mar 2020	Quarter ended 30 Jun 2019
Revenues from Top Client	12%	13%	14%
Revenues from Top 5 Clients	39%	38%	38%
Revenues from Top 10 Clients	48%	47%	47%
Clients Contributing more than:			
\$ 100 million Revenues	2	2	1
\$ 75 million Revenues	4	3	2
\$ 50 million Revenues	4	5	4
\$ 20 million Revenues	7	7	7
\$ 10 million Revenues	16	15	14
\$ 5 million Revenues	32	31	27
\$ 1 million Revenues	79	76	72
New client wins	6	9	14

Notes:

1. Client Concentration is based on Trailing Twelve Months (TTM).
2. Client metrics exclude DXC

Tower Information

(a) Headcount

	Quarter ended 30 Jun 2020	Quarter ended 31 Mar 2020	Quarter ended 30 Jun 2019
Onsite - billable			
- Technology Services*	3,783	4,221	4,648
- BPO Services	1,382	1,199	522
Offshore - billable			
- Technology Services	12,473	12,734	11,832
- BPO Services	4,592	4,286	3,983
Total billable headcount	22,229	22,439	20,985
Total headcount**	26,143	26,398	25,500

*Technology Services include Application & Infrastructure Services

**Includes billable contractors, sales and marketing and general and administration employees

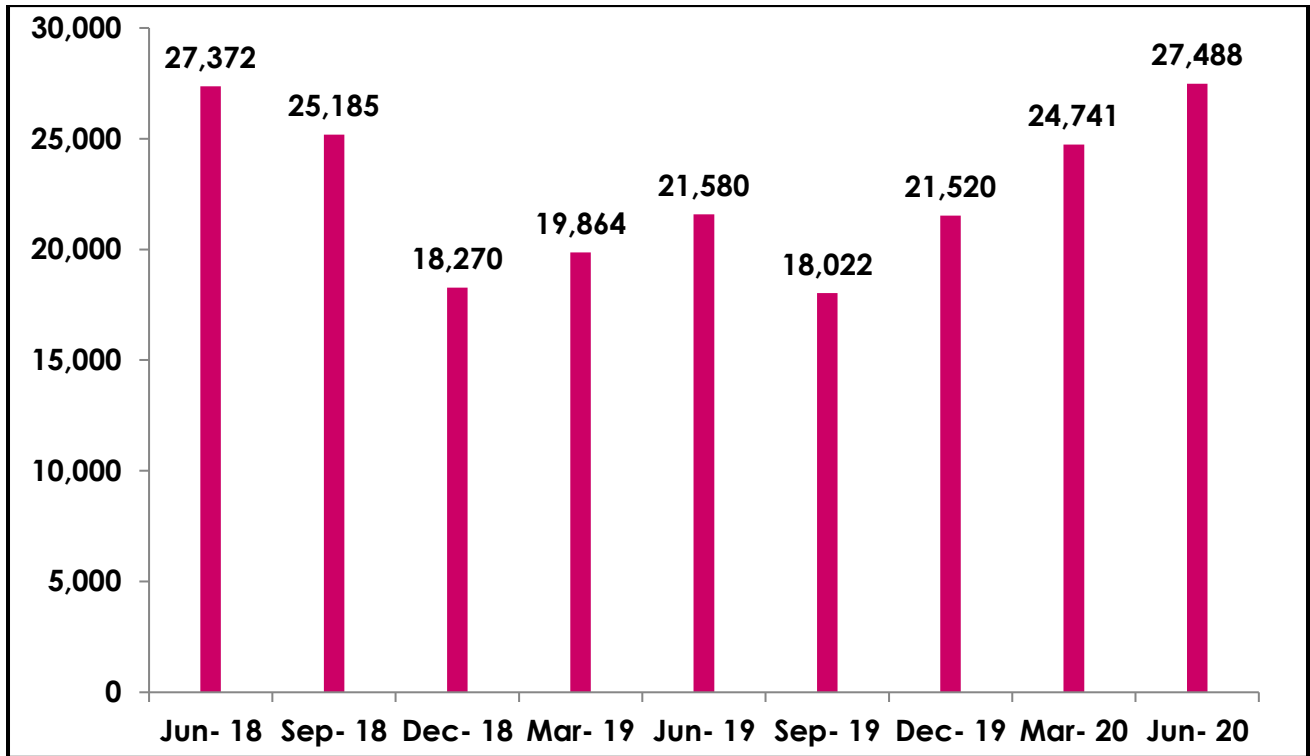
(b) Utilization Rates *

	Quarter ended 30 Jun 2020	Quarter ended 31 Mar 2020	Quarter ended 30 Jun 2019
Including Trainees			
Onsite	93%	97%	95%
Offshore	81%	85%	82%
Excluding Trainees			
Offshore	82%	85%	85%

* Utilization data for Technology services business

Trends

Cash and cash equivalents - ₹ million



Receivables Days

