



**Audited condensed consolidated interim financial statements  
for the quarter and six months ended 30 September 2020**

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**Mphasis Limited**  
**Condensed consolidated interim financial statements**

**CONDENSED CONSOLIDATED INTERIM BALANCE SHEET**

(₹ million)

	As at 30 September 2020	As at 31 March 2020
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	1,994.53	1,699.74
Capital work-in-progress	10.18	73.80
Right-of-use assets	5,721.22	6,236.41
Goodwill	20,884.80	21,404.74
Other intangible assets	652.81	794.04
Intangible assets under development	195.47	93.22
<b>Financial assets</b>		
Investments	2,696.80	3,478.70
Loans	529.08	640.68
Other financial assets	225.51	164.71
Deferred tax assets (net)	1,348.97	2,157.46
Income tax assets (net)	5,178.52	4,882.58
Other assets	1,117.69	1,778.27
<b>Total non-current assets</b>	<b>40,555.58</b>	<b>43,404.35</b>
<b>Current assets</b>		
<b>Financial assets</b>		
Investments	14,104.56	9,777.80
Trade receivables	8,127.11	8,352.52
Unbilled receivables	9,861.44	9,343.02
Cash and cash equivalents	5,020.47	9,880.01
Bank balances other than cash and cash equivalents	2,390.27	1,377.02
Loans	1,366.17	1,409.11
Other financial assets	1,002.34	548.05
Other assets	3,018.08	3,443.03
<b>Total current assets</b>	<b>44,890.44</b>	<b>44,130.56</b>
<b>TOTAL ASSETS</b>	<b>85,446.02</b>	<b>87,534.91</b>
<b>EQUITY AND LIABILITIES</b>		
<b>EQUITY</b>		
Share capital	1,866.30	1,865.43
Other equity	56,374.29	56,430.56
<b>Total equity</b>	<b>58,240.59</b>	<b>58,295.99</b>
<b>LIABILITIES</b>		
<b>Non-current liabilities</b>		
<b>Financial liabilities</b>		
Lease liabilities	5,454.03	5,844.40
Other financial liabilities	60.78	630.82
Other liabilities	738.80	-
Employee benefit obligations	607.03	697.90
Deferred tax liabilities (net)	294.52	137.32
Income tax liabilities (net)	243.01	256.81
<b>Total non-current liabilities</b>	<b>7,398.17</b>	<b>7,567.25</b>
<b>Current liabilities</b>		
<b>Financial liabilities</b>		
Borrowings	5,543.08	5,712.85
Lease liabilities	1,281.11	1,396.60
Trade payables		
- outstanding dues to micro and small enterprises	4.99	5.07
- outstanding dues to creditors other than micro and small enterprises	5,128.49	6,661.74
Other financial liabilities	3,563.87	4,162.71
Other liabilities	2,418.12	2,377.29
Employee benefit obligations	918.19	720.46
Provisions	67.97	68.30
Income tax liabilities (net)	881.44	566.65
<b>Total current liabilities</b>	<b>19,807.26</b>	<b>21,671.67</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>85,446.02</b>	<b>87,534.91</b>

Explanatory notes annexed.

The explanatory notes form an integral part of these condensed consolidated interim financial statements.

As per our report of even date attached.

for **B S R & Co. LLP**

Chartered Accountants

ICAI Firm registration number: 101248W/W-100022

for and on behalf of the Board of Directors

**Amit Somani**

Partner

Membership No. 060154

Bengaluru

22 October 2020

**Nitin Rakesh**

Chief Executive Officer

New York

**Manish Dugar**

Chief Financial Officer

Bengaluru

22 October 2020

**Narayanan Kumar**

Director

Chennai

**Subramanian Narayan**

Vice President & Company Secretary

Bengaluru

**Mphasis Limited**  
**Condensed consolidated interim financial statements**

<b>CONDENSED CONSOLIDATED INTERIM STATEMENT OF PROFIT AND LOSS</b>				(₹ million)
	Quarter ended 30 September 2020	Quarter ended 30 September 2019	Six months ended 30 September 2020	Six months ended 30 September 2019
<b>Income</b>				
Revenue from operations	24,354.29	21,581.11	47,236.43	42,206.70
Other income	261.17	350.37	637.88	891.34
<b>Total income (I)</b>	<b>24,615.46</b>	<b>21,931.48</b>	<b>47,874.31</b>	<b>43,098.04</b>
<b>Expenses</b>				
Employee benefits expense	14,351.30	11,884.04	27,379.71	23,426.00
Finance costs	147.45	216.56	342.12	415.29
Depreciation and amortization expense	599.76	582.83	1,194.23	1,131.91
Other expenses	5,478.76	5,644.80	11,154.39	10,986.08
<b>Total expenses (II)</b>	<b>20,577.27</b>	<b>18,328.23</b>	<b>40,070.45</b>	<b>35,959.28</b>
<b>Profit before tax (III) [(I)-(II)]</b>	<b>4,038.19</b>	<b>3,603.25</b>	<b>7,803.86</b>	<b>7,138.76</b>
<b>Tax expenses</b>				
Current tax	1,028.12	861.70	1,917.48	1,895.88
Deferred tax	17.79	8.50	142.95	(137.16)
<b>Total tax expenses</b>	<b>1,045.91</b>	<b>870.20</b>	<b>2,060.43</b>	<b>1,758.72</b>
<b>Profit for the period (A)</b>	<b>2,992.28</b>	<b>2,733.05</b>	<b>5,743.43</b>	<b>5,380.04</b>
<b>Other comprehensive income / (losses) ('OCI')</b>				
<b>Items to be reclassified to profit or loss in subsequent periods</b>				
Exchange differences on translation of financial statements of foreign operations	(429.99)	522.41	(423.89)	422.71
Net change in fair value of derivatives designated as cash flow hedges	1,012.95	(350.25)	1,644.01	(105.62)
Income tax effect on cash flow hedges	(353.64)	122.23	(575.50)	35.84
<b>Items not to be reclassified to profit or loss in subsequent periods</b>				
Re-measurement gains / (losses) on defined employee benefit plans	(3.97)	(2.08)	(42.50)	44.27
Income tax effect on the above	1.32	0.55	14.79	(15.65)
<b>Total OCI for the period, net of tax (B)</b>	<b>226.67</b>	<b>292.86</b>	<b>616.91</b>	<b>381.55</b>
<b>Total comprehensive income for the period (A+B)</b>	<b>3,218.95</b>	<b>3,025.91</b>	<b>6,360.34</b>	<b>5,761.59</b>
<b>Profit for the period attributable to:</b>				
Equity owners of the Company	2,992.28	2,733.05	5,743.43	5,380.04
Non-controlling interests	-	-	-	-
	<b>2,992.28</b>	<b>2,733.05</b>	<b>5,743.43</b>	<b>5,380.04</b>
<b>Total comprehensive income for the period attributable to:</b>				
Equity owners of the Company	3,218.95	3,025.91	6,360.34	5,761.59
Non-controlling interests	-	-	-	-
	<b>3,218.95</b>	<b>3,025.91</b>	<b>6,360.34</b>	<b>5,761.59</b>
<b>Earnings per equity share (par value ₹ 10 per share)</b>				
Basic (₹)	16.04	14.67	30.79	28.88
Diluted (₹)	15.87	14.54	30.52	28.63
Weighted average number of shares – Basic	186,568,890	186,336,745	186,553,253	186,301,118
Weighted average number of shares – Diluted	188,597,426	187,961,176	188,172,101	187,939,259

Explanatory notes annexed.

The explanatory notes form an integral part of these condensed consolidated interim financial statements.

As per our report of even date attached.

for **B S R & Co. LLP**

Chartered Accountants

ICAI Firm registration number: 101248W/W-100022

for and on behalf of the Board of Directors

**Amit Somani**

Partner

Membership No. 060154

**Nitin Rakesh**

Chief Executive Officer

New York

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**Manish Dugar**

Chief Financial Officer

Bengaluru

22 October 2020

**Subramanian Narayan**

Vice President & Company Secretary

Bengaluru

Bengaluru

22 October 2020

**CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY**

**a. Equity share capital**

Equity shares of ₹ 10 each issued, subscribed and fully paid	No. in million	₹ million
As at 1 April 2019	186.22	1,862.26
Issue of shares	0.14	1.38
<b>As at 30 September 2019</b>	<b>186.36</b>	<b>1,863.64</b>
As at 1 April 2020	186.54	1,865.43
Issue of shares	0.09	0.87
<b>As at 30 September 2020</b>	<b>186.63</b>	<b>1,866.30</b>

**b. Other equity**

(₹ million)

	Attributable to the equity owners of the Company									Total
	Reserves and surplus						Items of OCI			
	a	b	c	d	e	f	g	h		
Securities premium	General reserve	Retained earnings	Capital reserve	Capital redemption reserve	Economic Zone re-investment reserve	Share based payments	Hedging reserve	Foreign currency translation reserve		
<b>As at 1 April 2019</b>	<b>69.26</b>	<b>788.73</b>	<b>41,950.46</b>	<b>361.39</b>	<b>251.66</b>	<b>994.18</b>	<b>492.98</b>	<b>416.85</b>	<b>5,310.41</b>	<b>50,635.92</b>
Transition impact of Ind AS 116	-	-	(1,022.41)	-	-	-	-	-	-	(1,022.41)
<b>Restated balance as at 1 April 2019</b>	<b>69.26</b>	<b>788.73</b>	<b>40,928.05</b>	<b>361.39</b>	<b>251.66</b>	<b>994.18</b>	<b>492.98</b>	<b>416.85</b>	<b>5,310.41</b>	<b>49,613.51</b>
Profit for the period	-	-	5,380.04	-	-	-	-	-	-	5,380.04
Other comprehensive income	-	-	28.62	-	-	-	-	(69.78)	422.71	381.55
Dividends *	-	-	(6,065.31)	-	-	-	-	-	-	(6,065.31)
Transferred to Special Economic Zone re-investment reserve	-	-	(1,279.20)	-	-	1,279.20	-	-	-	-
Transferred from Special Economic Zone re-investment reserve	-	-	255.66	-	-	(255.66)	-	-	-	-
Share based expenses	-	-	-	-	-	-	75.19	-	-	75.19
Issue of shares on exercise of stock options	85.43	1.52	-	-	-	-	(21.28)	-	-	65.67
<b>As at 30 September 2019</b>	<b>154.69</b>	<b>790.25</b>	<b>39,247.86</b>	<b>361.39</b>	<b>251.66</b>	<b>2,017.72</b>	<b>546.89</b>	<b>347.07</b>	<b>5,733.12</b>	<b>49,450.65</b>
<b>As at 1 April 2020</b>	<b>266.18</b>	<b>2,003.57</b>	<b>44,764.37</b>	<b>361.39</b>	<b>251.66</b>	<b>1,760.52</b>	<b>581.21</b>	<b>(831.50)</b>	<b>7,273.16</b>	<b>56,430.56</b>
Profit for the period	-	-	5,743.43	-	-	-	-	-	-	5,743.43
Other comprehensive income	-	-	(27.71)	-	-	-	-	1,068.51	(423.89)	616.91
Dividends	-	-	(6,529.88)	-	-	-	-	-	-	(6,529.88)
Transferred to Special Economic Zone re-investment reserve	-	-	(386.37)	-	-	386.37	-	-	-	-
Transferred from Special Economic Zone re-investment reserve	-	-	309.00	-	-	(309.00)	-	-	-	-
Share based expenses	-	-	-	-	-	-	69.46	-	-	69.46
Issue of shares on exercise of stock options	54.39	1.40	-	-	-	-	(11.98)	-	-	43.81
<b>As at 30 September 2020</b>	<b>320.57</b>	<b>2,004.97</b>	<b>43,872.84</b>	<b>361.39</b>	<b>251.66</b>	<b>1,837.89</b>	<b>638.69</b>	<b>237.01</b>	<b>6,849.27</b>	<b>56,374.29</b>

\* Including dividend distribution tax thereon for 30 September 2019 amounting to ₹ 1,034.18 million.

Pursuant to the requirements of Division II to Schedule III, below is the nature and purpose of each reserve:

- Securities premium** - Securities premium reserve is used to record the premium received on issue of shares. The reserve is utilised in accordance with the provisions of section 52 of the Companies Act, 2013.
- General reserve** - General reserve represents appropriation of profits. This represents a free reserve and is available for dividend distributions. As the general reserve is created by a transfer from one component of equity to another and is not an item of other comprehensive income, items included in the general reserve will not be reclassified subsequently to the statement of profit and loss.
- Retained earnings** - Retained earnings comprises of prior and current year's undistributed earnings after tax.
- Capital reserve** - ₹ 265.16 million represents receipts during the year ended 31 October 2012, upon termination of Mphasis Employee Welfare Trust, in accordance with the Declaration of Trust made for administration of share-based payment plan in relation to erstwhile employees of Mphasis Corporation. The net assets of the Trust were transferred to the Company upon completion of its objectives in accordance with the provisions of the said Declaration of Trust. The same will be utilized for the purposes as permitted by the Companies Act, 2013. ₹ 94.00 million represents Capital reserve created on redemption of redeemable preference share during the year ended 31 March 2007.
- Capital Redemption Reserve ('CRR')** - Capital Redemption Reserve is created to the extent of the nominal value of the share capital extinguished on buyback of Company's own shares in accordance with Section 69 of the Companies Act, 2013. The reserve is utilized in accordance with the provisions of section 69 of the Companies Act, 2013.
- Special Economic Zone re-investment reserve** - The Special Economic Zone Re-Investment Reserve has been created out of the profits of eligible SEZ units in accordance with the provisions of section 10AA(1)(ii) of Income Tax Act, 1961. The reserve is required to be utilized by the Company for acquiring new plant and machinery for the purpose of its business.
- Share based payments** - Share based payments reserve is used to record the fair value of equity-settled share-based payment transactions with employees. The amounts recorded in this account are transferred to share premium upon exercise of stock options by employees.
- Hedging reserve** - Cumulative changes in the fair value of financial instruments designated and effective as a hedge are recognized in this reserve through OCI (net of taxes). Amounts recognized in the hedging reserve are reclassified to the statement of profit and loss when the underlying transaction occurs.

**Mphasis Limited**  
**Condensed consolidated interim financial statements**

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- i. **Foreign currency translation reserve ('FCTR')** - Exchange difference relating to the translation of the results and net assets of the Company's foreign operations from their respective functional currencies to the Company's functional and presentation currency are recognized directly in other comprehensive income and accumulated in the foreign currency translation reserve. When a foreign operation is disposed off, the relevant amount recognized in FCTR is transferred to the statement of profit or loss as part of the profit or loss on disposal.

Explanatory notes annexed.

The explanatory notes form an integral part of these condensed consolidated interim financial statements.

As per our report of even date attached.

for **B S R & Co. LLP**

Chartered Accountants

ICAI Firm registration number: 101248W/W-100022

for **and on behalf of the Board of Directors**

**Amit Somani**

*Partner*

Membership No. 060154

**Nitin Rakesh**

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*Director*

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**Manish Dugar**

*Chief Financial Officer*

Bengaluru

22 October 2020

**Subramanian Narayan**

*Vice President & Company Secretary*

Bengaluru

<b>CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS</b>	<b>(₹ million)</b>	
	<b>Six months ended 30 September 2020</b>	<b>Six months ended 30 September 2019</b>
<b>Operating activities</b>		
<b>Profit before tax</b>	<b>7,803.86</b>	<b>7,138.76</b>
<b>Adjustments to reconcile profit before tax to net cash provided by operating activities:</b>		
Depreciation and amortization expense	1,194.23	1,131.91
Loss / (profit) on sale of property, plant and equipment and intangible assets	0.14	(7.99)
Net gain on investments carried at fair value through profit and loss	(430.91)	(477.49)
Share based payment expenses	69.46	75.19
Provision for expected credit loss	76.94	44.21
Finance costs	342.12	415.29
Interest income	(106.09)	(332.82)
Others	(21.10)	24.98
Unrealized exchange (gain), / loss, net	(2.56)	(1.50)
<b>Operating profit before changes in operating assets and liabilities</b>	<b>8,926.09</b>	<b>8,010.54</b>
<b>Changes in operating assets and liabilities</b>		
Trade receivables and unbilled receivables	(353.57)	770.14
Loans	182.95	(29.46)
Other financial assets	51.82	17.65
Other assets	702.59	416.46
Trade payables	(1,641.65)	(1,325.99)
Other financial liabilities	201.29	220.48
Other liabilities	777.72	87.45
Provisions and employee benefit obligations	62.32	(28.65)
<b>Total changes in operating assets and liabilities</b>	<b>(16.53)</b>	<b>128.08</b>
Income tax paid (net of refunds)	(1,635.37)	(1,927.12)
<b>Net cash flows generated from operating activities (A)</b>	<b>7,274.19</b>	<b>6,211.50</b>
<b>Investing activities</b>		
Purchase of property, plant and equipment and intangible assets	(650.91)	(505.56)
Proceeds from sale of property, plant and equipment and intangible assets	0.20	9.15
Purchase of investments	(47,295.36)	(46,134.60)
Sale of investments	44,181.41	45,821.99
Interest received	73.40	130.40
Investments in bank deposits	(1,551.52)	(360.45)
Redemption / maturity of bank deposits	610.63	2,792.71
<b>Net cash flows (used in) / generated from investing activities (B)</b>	<b>(4,632.15)</b>	<b>1,753.64</b>
<b>Financing activities</b>		
Proceeds from issue of shares	44.68	67.05
Repayment of borrowings	(5,619.93)	(10,586.61)
Availment of borrowings	5,558.02	9,543.38
Interest paid	(330.02)	(148.47)
Repayment of lease liabilities	(677.99)	(895.79)
Dividends paid	(6,522.99)	(6,065.00)
<b>Net cash flows used in financing activities (C)</b>	<b>(7,548.23)</b>	<b>(8,085.44)</b>
<b>Net decrease in cash and cash equivalents (A+B+C)</b>	<b>(4,906.19)</b>	<b>(120.30)</b>
Effect of exchange rate changes	46.65	(77.74)
Cash and cash equivalents at the beginning of the period	9,880.01	3,500.02
<b>Cash and cash equivalents at the end of the period</b>	<b>5,020.47</b>	<b>3,301.98</b>
<b>Components of cash and cash equivalents</b>		
In current accounts	4,523.93	2,680.53
Deposits with original maturity of less than 3 months	496.51	621.45
Cash on hand	0.03	-
<b>Total cash and cash equivalents</b>	<b>5,020.47</b>	<b>3,301.98</b>

Explanatory notes annexed.

The explanatory notes form an integral part of these condensed consolidated interim financial statements.

As per our report of even date attached.

for **B S R & Co. LLP**

Chartered Accountants

ICAI Firm registration number: 101248W/W-100022

for and on behalf of the Board of Directors

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22 October 2020

**Subramanian Narayan**

Vice President & Company Secretary

Bengaluru

Bengaluru

22 October 2020

**EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

**1. CORPORATE INFORMATION**

The condensed consolidated interim financial statements comprise financial statements of Mphasis Limited ('the Company') and its subsidiaries (collectively referred to as 'the Mphasis Group' or 'the Group') for the quarter and six months ended 30 September 2020. The Company is a public company domiciled in India and is incorporated under the provisions of the Companies Act applicable in India. The shares of the Company are listed on two recognised stock exchanges in India. The registered office of the Company is in Bengaluru, India.

Mphasis Group, a global Information Technology (IT) solutions provider specializing in providing cloud and cognitive services, applies next-generation technology to help enterprises transform businesses globally. Customer centricity is foundational to Mphasis and is reflected in the Mphasis' Front2Back™ Transformation approach. Front2Back™ uses the exponential power of cloud and cognitive to provide hyper-personalized digital experience to clients and their end customers.

The principal activities of the below subsidiaries include providing Information Technology and Information Technology enabled services, except for Digital Risk group which renders risk, compliance, and technology related services to customers in the mortgage industry.

The condensed consolidated interim financial statements as at and for the quarter and six months ended 30 September 2020 have been approved by the Board of Directors on 22 October 2020.

**List of subsidiaries with percentage holding**

Subsidiaries	Country of incorporation	Parent	% of holding	
			30 September 2020	31 March 2020
Mphasis Corporation	USA	Mphasis Limited	100	100
Mphasis Deutschland GmbH	Germany	Mphasis Limited	91	91
Mphasis Australia Pty Limited	Australia	Mphasis Limited	100	100
Mphasis (Shanghai) Software & Services Company Limited	China	Mphasis Limited	100	100
Mphasis Consulting Limited	United Kingdom	Mphasis Limited	100	100
Mphasis Ireland Limited	Ireland	Mphasis Limited	100	100
Mphasis Belgium BV (formerly Mphasis Belgium BVBA)	Belgium	Mphasis Limited	100	100
Mphasis Lanka (Private) Limited [refer note 1 (a)]	Sri Lanka	Mphasis Limited	100	100
Mphasis Poland s.p.z.o.o.	Poland	Mphasis Limited	100	100
PT. Mphasis Indonesia [refer note 1 (c)]	Indonesia	Mphasis Limited	100	100
Mphasis Europe BV	The Netherlands	Mphasis Corporation	59.62	59.62
		Mphasis Limited	40.38	40.38
Mphasis Infrastructure Services Inc.	USA	Mphasis Corporation	100	100
Mphasis Pte Limited	Singapore	Mphasis Europe BV	100	100
Mphasis UK Limited	United Kingdom	Mphasis Europe BV	100	100
Mphasis Software and Services (India) Private Limited	India	Mphasis Europe BV	100	100
Msource Mauritius Inc.	Mauritius	Mphasis Europe BV	100	100
Mphasis Wyde Inc.	USA	Mphasis UK Limited	100	100
Mphasis Philippines Inc.	Philippines	Mphasis Pte Limited	100	100
Msource (India) Private Limited	India	Msource Mauritius Inc.	100	100
Wyde Corporation	USA	Mphasis Wyde Inc.	100	100
Mphasis Wyde SASU	France	Wyde Corporation Inc.	100	100
Wyde Solutions Canada Inc.	Canada	Wyde Corporation Inc.	100	100
Digital Risk, LLC. *	USA	Mphasis Wyde Inc.	100	100
Digital Risk Mortgage Services, LLC. *	USA	Digital Risk, LLC.	100	100
Investor Services, LLC. *	USA	Digital Risk, LLC.	100	100
Digital Risk Valuation Services, LLC. *	USA	Digital Risk, LLC.	100	100
Digital Risk Europe, OOD. [refer note 1 (b)] *	Bulgaria	Digital Risk, LLC.	100	100
Stelligent Systems LLC	USA	Mphasis Corporation	100	100

\* Forms part of Digital Risk group.

**List of Trusts that are consolidated**

- Mphasis Employees Benefit Trust.
- Mphasis Employees Equity Reward Trust.
- a) On 22 July 2013, the Board of Directors of Mphasis Lanka (Private) Limited, a wholly owned subsidiary of Mphasis Limited, resolved to close its operations.
- b) On 31 March 2017, the management of Digital Risk LLC resolved to close the operations of Digital Risk Europe, OOD.
- c) On 16 April 2018, the shareholders of PT. Mphasis Indonesia resolved to dissolve and liquidate the entity.

**Statement of compliance**

The condensed consolidated interim financial statements of the Group have been prepared in accordance with Indian Accounting Standards (Ind AS) 34, Interim Financial Reporting, specified under Section 133 of the Companies Act, 2013 read with Companies (Indian Accounting Standards) Rules, as amended from time to time.

**2. SIGNIFICANT ACCOUNTING POLICIES**

**Basis of preparation**

The condensed consolidated interim financial statements have been prepared on a historical cost convention and on an accrual basis of accounting, except for the following assets and liabilities which have been measured at fair value.

- Derivative financial instruments.
- Investments classified as Fair Value Through Profit or Loss ('FVTPL').
- Fair value of plan assets less present value of defined benefit obligations.

**Mphasis Limited**  
**Condensed consolidated interim financial statements**

The condensed consolidated interim financial statements are presented in INR (‘₹’) and all the values are rounded off to the nearest million (INR 000,000) except when otherwise indicated.

The statement of cash flows have been prepared under the indirect method.

The Group has followed the same accounting policies in preparation of the condensed consolidated interim financial statements as those followed in preparation of the annual consolidated financial statements as at and for the year ended 31 March 2020. These condensed consolidated interim financial statements should be read in conjunction with the audited consolidated financial statements and the related notes for the year ended 31 March 2020.

**Impact of the Global Pandemic (‘Covid-19’)**

The Group has taken into account the possible impacts of Covid-19 in preparation of the condensed consolidated interim financial statements, including but not limited to its assessment of liquidity and going concern assumption, impairment triggers for non-current assets including goodwill, recoverable values of its financial and non-financial assets, impact on revenues and on cost budgets in respect of fixed price contracts, impact on measurement of deferred tax assets / liabilities, impact on leases and impact on effectiveness of its hedging relationships. The Group has considered available sources of information upto the date of approval of the condensed consolidated interim financial statements and expects to recover the carrying amount of its assets. The impact of Covid-19 on the condensed consolidated interim financial statements may differ from that estimated as at the date of approval of these condensed consolidated interim financial statements.

**3. FINANCIAL INSTRUMENTS**

The carrying value of financial instruments by categories is as follows:

(₹ million)

Particulars (as at 30 September 2020)	FVTPL	Derivative instruments in hedging relationship	Derivative instruments not in hedging relationship	Amortized cost	Total
<b>Financial assets</b>					
Cash and cash equivalents	-	-	-	5,020.47	<b>5,020.47</b>
Bank balances other than cash and cash equivalents	-	-	-	2,390.27	<b>2,390.27</b>
Investments	14,279.17	-	-	2,522.19	<b>16,801.36</b>
Trade receivables	-	-	-	8,127.11	<b>8,127.11</b>
Loans	-	-	-	1,895.25	<b>1,895.25</b>
Derivative assets	-	482.51	64.14	-	<b>546.65</b>
Unbilled receivables	-	-	-	9,861.44	<b>9,861.44</b>
Other financial assets	-	-	-	681.20	<b>681.20</b>
<b>Total</b>	<b>14,279.17</b>	<b>482.51</b>	<b>64.14</b>	<b>30,497.93</b>	<b>45,323.75</b>
<b>Financial liabilities</b>					
Borrowings	-	-	-	5,543.08	<b>5,543.08</b>
Lease liabilities	-	-	-	6,735.14	<b>6,735.14</b>
Trade payables	-	-	-	5,133.48	<b>5,133.48</b>
Derivative liabilities	-	117.26	116.80	-	<b>234.06</b>
Other financial liabilities	-	-	-	3,390.59	<b>3,390.59</b>
<b>Total</b>	<b>-</b>	<b>117.26</b>	<b>116.80</b>	<b>20,802.29</b>	<b>21,036.35</b>
<b>Particulars (as at 31 March 2020)</b>					
<b>Financial assets</b>					
Cash and cash equivalents	-	-	-	9,880.01	<b>9,880.01</b>
Bank balances other than cash and cash equivalents	-	-	-	1,377.02	<b>1,377.02</b>
Investments	9,820.23	-	-	3,436.27	<b>13,256.50</b>
Trade receivables	-	-	-	8,352.52	<b>8,352.52</b>
Loans	-	-	-	2,049.79	<b>2,049.79</b>
Derivative assets	-	196.53	128.05	-	<b>324.58</b>
Unbilled receivables	-	-	-	9,343.02	<b>9,343.02</b>
Other financial assets	-	-	-	388.18	<b>388.18</b>
<b>Total</b>	<b>9,820.23</b>	<b>196.53</b>	<b>128.05</b>	<b>34,826.81</b>	<b>44,971.62</b>
<b>Financial liabilities</b>					
Borrowings	-	-	-	5,712.85	<b>5,712.85</b>
Lease liabilities	-	-	-	7,241.00	<b>7,241.00</b>
Trade payables	-	-	-	6,666.81	<b>6,666.81</b>
Derivative liabilities	-	1,475.29	245.34	-	<b>1,720.63</b>
Other financial liabilities	-	-	-	3,072.90	<b>3,072.90</b>
<b>Total</b>	<b>-</b>	<b>1,475.29</b>	<b>245.34</b>	<b>22,693.56</b>	<b>24,414.19</b>

**Impact of Covid-19**

Trade receivables and unbilled receivables of ₹ 17,988.55 million as at 30 September 2020 forms a significant part of the financial assets carried at amortized cost which is valued considering provision for allowance using expected credit loss method. In addition to the historical pattern of credit loss, we have evaluated the likelihood of increased credit risk and consequential default considering the Covid-19 situation. This assessment considers the current collection pattern across various verticals and the financial strength of customers. The Group is closely monitoring the developments across various business verticals. Basis this assessment, provision made towards ECL is considered adequate.

The Group has assessed the counterparty credit risk and concluded the carrying / fair value, as applicable, of the financial instruments and deposits with banks to be appropriate.

**Fair value hierarchy**

Particulars	As at 30 September 2020				As at 31 March 2020			
	Fair value measurements at reporting date using				Fair value measurements at reporting date using			
	Total	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3
<b>Assets</b>								
Investments	14,279.17	12,093.47	2,185.70	-	9,820.23	8,214.92	1,605.31	-
Derivative assets	546.65	-	546.65	-	324.58	-	324.58	-
<b>Liabilities</b>								
Derivative liabilities	234.06	-	234.06	-	1,720.63	-	1,720.63	-



4. The Board of Directors, in its meeting held on 13 May 2020 had proposed the final dividend of ₹ 35 per share for the year ended 31 March 2020. The dividend proposed by the Board of Directors was approved by the shareholders in the Annual General meeting held on 23 July 2020 and has been paid during the current quarter.

#### **5. CONTINGENT LIABILITIES AND COMMITMENTS**

a. The Group has disputes with income tax authorities in India and other select jurisdictions where they operate. The ongoing disputes pertain to various assessment years from 2002-03 to 2016-17. The matters under dispute pertain to transfer pricing, tax treatment of certain expenses claimed as deductions, or allowances, characterization of fees for services paid and applicability of withholding taxes. Claims against the Group in relation to direct taxes, transfer pricing and indirect tax matters not acknowledged as debts amount to ₹ 9,183.28 million (31 March 2020: ₹ 9,201.20 million).

In relation to other tax demands not included above, the Group has furnished bank guarantees amounting to ₹ 6,661.95 million (31 March 2020: ₹ 6,661.95 million). These demands are being contested by the Group based on management evaluation, advice of tax consultants and legal advice obtained. No provision has been made in the books of accounts. The Group has filed appeals against such orders with the appropriate authorities.

The Group has received notices and inquiries from income tax authorities related to the Group's operations in the jurisdictions it operates in. The Group has evaluated these notices, responded appropriately, and believes there are no financial statement implications as on date.

b. Other outstanding bank guarantees as at 30 September 2020: ₹ 195.35 million (31 March 2020: ₹ 205.94 million) pertains to guarantees on behalf of the Group to regulatory authorities.

c. In addition to the above matters, the Group has other claims not acknowledged as debts amounting to ₹ 854.29 million (31 March 2020: ₹ 852.25 million). There has been a Supreme Court judgement dated 28 February 2019, relating to components of salary structure that need to be taken into account while computing the contribution to provident fund under the Provident Fund Act, 1952. However, considering that there are numerous interpretative issues relating to this judgment, including the effective date of the application, and based on expert advice obtained, the Group is unable to reasonably estimate the expected impact of the Supreme Court decision. The Group will continue to assess any further developments in this matter for the implications on financial statements, if any.

d. Estimated amounts of contracts remaining to be executed on capital account (net of advances) and not provided for as at 30 September 2020: ₹ 230.85 million (31 March 2020: ₹ 222.25 million).

6. The Code on Social Security 2020 ('Code'), which received the Presidential Assent on 28 September 2020, subsumes nine regulations relating to social security, retirement, and employee benefits. The effective date of the Code has not yet been notified and the related rules to ascertain the financial impact are yet to be framed and made available. Based on an initial assessment carried out by the Company and its Indian subsidiaries, the additional impact on Provident Fund contributions is not expected to be material, whereas, the additional impact on Gratuity liability / contributions by the Company and its Indian subsidiaries is likely to be material. In the period in which the Code is made effective and the related rules to determine the financial impact have been notified, the Company and its Indian subsidiaries will complete their evaluation, determine the impact thereof on the financial statements and account for the same.

#### **7. SEGMENT REPORTING**

Operating segments are defined as components of the Group for which discrete financial information is available that is evaluated regularly by the chief operating decision maker, in deciding how to allocate resources and assessing performance. The Group's Chief Operating Decision Maker ('CODM') is the Chief Executive Officer.

The Group has identified business segments as reportable segments. Effective 1 April 2020, the Group reorganized its industry verticals. Consequently, the Emerging Industries segment has been split into two segments - Logistics and transportation and Others. Accordingly, the new business segments are: Banking and Capital Market, Logistics and transportation, Information Technology Communication and Entertainment, Insurance, and Others.

Effective 1 April 2020, the basis of cost allocation to all segments has been changed by considering certain expenses to be un-allocable expenditure as these are not directly related to the revenue generating activities. The revised segment results have been computed accordingly. The change in the cost allocation methodology has led to an increase in segment results by 1.98% and 1.79% on segment revenue for quarter and six months ended 30 September 2020. (Quarter and six months ended 30 September 2019: 1.62% and 1.72%).

Comparative information has been restated to give effect to the above changes.

The accounting policies consistently used in the preparation of financial statements are also applied to record revenue and expenditure in individual segments. 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'.

CODM does not review assets and liabilities at reportable segments level, hence segment disclosures relating to total assets and liabilities have not been provided.

Client relationships are driven based on client domicile. The geographical segments include United States of America ('Americas'), India, Europe, Middle East & Africa, ('EMEA') and Rest of the world ('ROW').

	(₹ million)			
<b>Business segments</b>	<b>Quarter ended 30 September 2020</b>	<b>Quarter ended 30 September 2019</b>	<b>Six months ended 30 September 2020</b>	<b>Six months ended 30 September 2019</b>
<b>Segment revenue</b>				
Banking and Capital Market	12,949.92	9,833.64	24,189.61	19,039.91
Logistics and Transportation	2,979.25	2,877.25	6,213.64	5,536.59
Information Technology, Communication and Entertainment	2,860.32	3,459.40	6,118.24	6,872.32
Insurance	2,307.59	2,414.41	4,600.84	4,819.93
Others	3,140.98	2,876.93	6,152.60	5,799.92
Unallocated - hedge	116.23	119.48	(38.50)	138.03
<b>Total segment revenue</b>	<b>24,354.29</b>	<b>21,581.11</b>	<b>47,236.43</b>	<b>42,206.70</b>
<b>Segment result</b>				
Banking and Capital Market	3,255.54	2,613.46	6,002.74	5,008.42
Logistics and Transportation	1,126.70	958.52	2,360.63	1,932.38
Information Technology, Communication and Entertainment	563.36	709.23	1,167.56	1,474.91
Insurance	748.48	728.91	1,402.73	1,397.91
Others	1,100.47	896.44	2,160.37	1,791.86
Unallocated - hedge	116.23	119.48	(38.50)	138.03
<b>Total segment result</b>	<b>6,910.78</b>	<b>6,026.04</b>	<b>13,055.53</b>	<b>11,743.51</b>
Finance costs	(147.45)	(216.56)	(342.12)	(415.29)
Other income	261.17	350.37	637.88	891.34
Other unallocable expenditure	(2,986.31)	(2,556.60)	(5,547.43)	(5,080.80)
<b>Profit before taxation</b>	<b>4,038.19</b>	<b>3,603.25</b>	<b>7,803.86</b>	<b>7,138.76</b>
Income taxes	1,045.91	870.20	2,060.43	1,758.72
<b>Profit after taxation</b>	<b>2,992.28</b>	<b>2,733.05</b>	<b>5,743.43</b>	<b>5,380.04</b>
<b>Geographic revenues</b>				
Americas	18,929.30	17,004.94	36,625.47	33,246.12
India	1,100.72	1,131.25	2,048.42	2,160.55
EMEA	2,624.12	2,175.82	5,373.43	4,377.25
ROW	1,583.92	1,149.62	3,227.61	2,284.75
Unallocated - hedge	116.23	119.48	(38.50)	138.03
<b>Total</b>	<b>24,354.29</b>	<b>21,581.11</b>	<b>47,236.43</b>	<b>42,206.70</b>
<b>8. DISAGGREGATION OF REVENUE</b>				
<b>Services rendered</b>				
Application Services	14,300.04	13,734.74	28,995.26	27,204.96
Business Process Services	6,434.11	3,493.58	11,286.21	6,580.20
Infrastructure Services	3,503.91	4,233.31	6,993.46	8,283.51
Unallocated - hedge	116.23	119.48	(38.50)	138.03
<b>Total</b>	<b>24,354.29</b>	<b>21,581.11</b>	<b>47,236.43</b>	<b>42,206.70</b>
<b>Delivery location</b>				
Onsite	14,224.35	12,499.27	28,028.64	24,501.04
Offshore	10,013.71	8,962.36	19,246.29	17,567.63
Unallocated - hedge	116.23	119.48	(38.50)	138.03
<b>Total</b>	<b>24,354.29</b>	<b>21,581.11</b>	<b>47,236.43</b>	<b>42,206.70</b>
<b>Project type</b>				
Time and material	14,327.22	12,818.39	27,855.93	25,817.36
Fixed price	6,078.86	5,581.23	12,081.99	10,440.41
Transaction based	3,831.98	3,062.01	7,337.01	5,810.90
Unallocated - hedge	116.23	119.48	(38.50)	138.03
<b>Total</b>	<b>24,354.29</b>	<b>21,581.11</b>	<b>47,236.43</b>	<b>42,206.70</b>
<b>Market</b>				
Direct	19,823.42	15,835.38	37,898.20	30,928.09
DXC	3,933.56	5,170.75	8,555.25	10,231.70
Others	481.08	455.50	821.48	908.88
Unallocated - hedge	116.23	119.48	(38.50)	138.03
<b>Total</b>	<b>24,354.29</b>	<b>21,581.11</b>	<b>47,236.43</b>	<b>42,206.70</b>

**Impact of Covid-19 on revenue from operations:**

The Group has evaluated the impact of Covid-19 resulting from

- the possibility of constraints to render services which may require revision of estimations of costs to complete the contract because of additional efforts.
- potential onerous contract obligations,
- penalties relating to breaches of service level agreements and,
- termination / deferment of contracts by customers.

The Group has concluded that the impact of Covid-19 is not material based on above mentioned evaluation. Group will continue to monitor developments to identify significant uncertainties relating to revenue in future periods given the nature and duration of Covid-19.

**9. HEDGING ACTIVITIES AND DERIVATIVES**

The Group's revenue is denominated in various foreign currencies. Given the nature of business, a large part of the costs are denominated in the respective functional currencies. This exposes the Group to currency fluctuations. The Group uses foreign exchange forward contracts to manage exposure on some of its transactions. The counterparty, for all derivative financial instruments is a bank.

The Group has taken cash flow hedges on account of highly probable forecast transactions. Designated cash flow hedges are measured at Fair Value Through OCI. Other derivatives which are not designated as hedge are measured at FVTPL.

The foreign exchange forward contract balances vary with the level of expected foreign currency sales and changes in foreign exchange forward rates.

The following are outstanding forward contracts which have been designated as cash flow hedges:

Currency	As at 30 September 2020			As at 31 March 2020		
	Number of contracts	Notional amount (million)	Fair value gain / (loss) (₹ million)	Number of contracts	Notional amount (million)	Fair value gain / (loss) (₹ million)
USD	439	502.20	362.38	492	549.20	(1,392.68)
GBP	76	13.38	29.35	84	15.53	36.50
EUR	95	20.92	(10.34)	95	19.21	25.03
CAD	15	6.25	2.29	12	7.88	9.62
AUD	63	11.23	(18.43)	70	9.88	42.77
<b>Total</b>			<b>365.25</b>			<b>(1,278.76)</b>

The movement in cash flow hedging reserve for derivatives designated as cash flow hedge is as follows:

	Six months ended 30 September 2020	Six months ended 30 September 2019
Balance at the beginning of the period	(831.50)	416.85
Change in fair value of effective portion of cash flow hedges	1,605.51	32.41
(Gain) / loss transferred to statement of profit and loss on occurrence of forecasted hedges	38.50	(138.03)
Income tax effect on the above	(575.50)	35.84
<b>Total</b>	<b>237.01</b>	<b>347.07</b>

**Sensitivity analysis**

For every 1% appreciation / depreciation of the respective underlying foreign currencies, the Group's OCI will decrease / increase by approximately ₹ 408.00 million (31 March 2020: ₹ 451.00 million).

**Impact of Covid-19**

The Group basis their assessment believes that the probability of the occurrence of their forecasted transactions is not impacted by Covid-19 pandemic. The Group has also considered the effect of changes, if any, in both counterparty credit risk and own credit risk while assessing hedge effectiveness and measuring hedge ineffectiveness. The Group continues to believe that there is no impact on effectiveness of its hedges.

**10. RELATED PARTY TRANSACTIONS**

During the current year, the Company paid an amount of ₹ 3,667.99 million (Net of withholding taxes ₹ 3,301.19 million) to Marble II Pte Ltd., the holding company towards final dividend for the year ended 31 March 2020. The dividend proposed by the Board of Directors has been approved by the shareholders at the Annual General meeting held on 23 July 2020.

During the previous year, the Company paid an amount of ₹ 2,627.58 million to Marble II Pte Ltd., the holding company towards final dividend as approved by the shareholders.

Other than the above, the Group did not have any other material related party transactions and outstanding balances as at and for the quarter and six months ended 30 September 2020.

As per our report of even date attached.

for **B S R & Co. LLP**  
Chartered Accountants  
ICAI Firm registration number: 101248W/W-100022

for **and on behalf of the Board of Directors**

**Amit Somani**  
Partner  
Membership No. 060154

**Nitin Rakesh**  
Chief Executive Officer  
New York

**Narayanan Kumar**  
Director  
Chennai

Bengaluru  
22 October 2020

**Manish Dugar**  
Chief Financial Officer  
Bengaluru  
22 October 2020

**Subramanian Narayan**  
Vice President & Company Secretary  
Bengaluru