



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

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**Mphasis Limited**  
**Condensed standalone interim financial statements**

CONDENSED STANDALONE 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	1,474.81	1,306.95
Capital work-in-progress	10.14	72.67
Right-of-use assets	4,651.07	4,939.67
Other intangible assets	80.91	97.27
<b>Financial assets</b>		
Investments	15,772.22	14,997.93
Loans	460.15	612.74
Other financial assets	174.10	151.78
Deferred tax assets (net)	1,054.00	1,922.47
Income tax assets (net)	4,145.19	4,118.10
Other assets	619.93	1,238.48
<b>Total non-current assets</b>	<b>28,442.52</b>	<b>29,458.06</b>
<b>Current assets</b>		
<b>Financial assets</b>		
Investments	6,420.55	3,166.79
Trade receivables	7,482.13	7,684.46
Unbilled receivables	4,443.43	3,596.83
Cash and cash equivalents	2,761.82	7,464.52
Bank balances other than cash and cash equivalents	595.87	20.78
Loans	1,216.30	1,158.28
Other financial assets	1,014.02	584.67
Other assets	2,029.09	1,989.24
<b>Total current assets</b>	<b>25,963.21</b>	<b>25,665.57</b>
<b>TOTAL ASSETS</b>	<b>54,405.73</b>	<b>55,123.63</b>
<b>EQUITY AND LIABILITIES</b>		
<b>EQUITY</b>		
Share capital	1,866.30	1,865.43
Other equity	34,326.57	34,906.59
<b>Total equity</b>	<b>36,192.87</b>	<b>36,772.02</b>
<b>LIABILITIES</b>		
<b>Non-current liabilities</b>		
<b>Financial liabilities</b>		
Lease liabilities	4,651.58	4,853.38
Other financial liabilities	53.44	627.52
Other liabilities	7.15	-
Employee benefit obligations	597.23	687.76
<b>Total non-current liabilities</b>	<b>5,309.40</b>	<b>6,168.66</b>
<b>Current liabilities</b>		
<b>Financial liabilities</b>		
Borrowings	2,260.31	2,345.62
Lease liabilities	866.90	951.04
Trade payables		
- outstanding dues to micro and small enterprises	4.99	5.07
- outstanding dues to creditors other than micro and small enterprises	6,581.65	5,028.00
Other financial liabilities	1,584.25	2,750.84
Other liabilities	574.88	548.39
Employee benefit obligations	276.37	187.06
Provisions	55.34	55.34
Income tax liabilities (net)	698.77	311.59
<b>Total current liabilities</b>	<b>12,903.46</b>	<b>12,182.95</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>54,405.73</b>	<b>55,123.63</b>

Explanatory notes annexed.

The explanatory notes form an integral part of these condensed standalone 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

**Narayanan Kumar**

Director

Chennai

**Manish Dugar**

Chief Financial Officer

Bengaluru

22 October 2020

**Subramanian Narayan**

Vice President & Company Secretary

Bengaluru

Bengaluru

22 October 2020

**Mphasis Limited**  
**Condensed standalone interim financial statements**

<b>CONDENSED STANDALONE INTERIM STATEMENT OF PROFIT AND LOSS</b>					<b>(₹ million)</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>Income</b>					
Revenue from operations	14,056.35	10,487.87	25,386.43	20,090.83	
Other income	159.20	195.35	389.68	587.15	
<b>Total income (I)</b>	<b>14,215.55</b>	<b>10,683.22</b>	<b>25,776.11</b>	<b>20,677.98</b>	
<b>Expenses</b>					
Employee benefits expense	4,509.95	4,089.20	8,845.33	8,043.23	
Finance costs	121.00	165.52	278.57	318.72	
Depreciation and amortization expense	378.89	391.80	757.64	751.52	
Other expenses	5,443.79	3,315.69	9,450.68	6,223.59	
<b>Total expenses (II)</b>	<b>10,453.63</b>	<b>7,962.21</b>	<b>19,332.22</b>	<b>15,337.06</b>	
<b>Profit before tax (III) [(I)-(II)]</b>	<b>3,761.92</b>	<b>2,721.01</b>	<b>6,443.89</b>	<b>5,340.92</b>	
<b>Tax expenses</b>					
Current tax	1,012.42	625.27	1,613.33	1,265.58	
Deferred tax	(35.71)	(6.85)	43.92	(85.33)	
<b>Total tax expenses</b>	<b>976.71</b>	<b>618.42</b>	<b>1,657.25</b>	<b>1,180.25</b>	
<b>Profit for the period (A)</b>	<b>2,785.21</b>	<b>2,102.59</b>	<b>4,786.64</b>	<b>4,160.67</b>	
<b>Other comprehensive income / (losses) ('OCI')</b>					
<b>Items to be reclassified to profit or loss in subsequent periods</b>					
Net change in fair value of derivatives designated as cash flow hedges	1,009.63	(347.32)	1,654.40	(87.20)	
Income tax effect on the above	(352.80)	121.37	(578.11)	30.47	
<b>Items not to be reclassified to profit or loss in subsequent periods</b>					
Re-measurement gains / (losses) on defined employee benefit plans	(2.79)	(1.26)	(40.48)	45.73	
Income tax effect on the above	0.97	0.44	14.14	(15.98)	
<b>Total OCI for the period, net of tax (B)</b>	<b>655.01</b>	<b>(226.77)</b>	<b>1,049.95</b>	<b>(26.98)</b>	
<b>Total comprehensive income for the period (A+B)</b>	<b>3,440.22</b>	<b>1,875.82</b>	<b>5,836.59</b>	<b>4,133.69</b>	
<b>Earnings per equity share (par value ₹ 10 per share)</b>					
Basic (₹)	14.93	11.28	25.66	22.33	
Diluted (₹)	14.77	11.19	25.44	22.14	
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 standalone 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

**Narayanan Kumar**

Director

Chennai

Bengaluru

22 October 2020

**Manish Dugar**

Chief Financial Officer

Bengaluru

22 October 2020

**Subramanian Narayan**

Vice President & Company Secretary

Bengaluru

**Mphasis Limited**  
**Condensed standalone interim financial statements**

**CONDENSED STANDALONE 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**

	Attributable to the equity owners of the Company								(₹ million)	
	Reserves and surplus							Items of OCI		Total
	a	b	c	d	e	f	g	h		
Securities Premium	General reserve	Retained earnings	Capital reserve	Capital redemption reserve	Special Economic Zone re-investment reserve	Share based payments	Hedging reserve			
<b>As at 1 April 2019</b>	<b>69.26</b>	<b>769.54</b>	<b>27,549.13</b>	<b>265.16</b>	<b>246.91</b>	<b>994.18</b>	<b>492.98</b>	<b>386.81</b>	<b>30,773.97</b>	
Transition impact of Ind AS 116	-	-	(953.34)	-	-	-	-	-	(953.34)	
<b>Restated balance as at 1 April 2019</b>	<b>69.26</b>	<b>769.54</b>	<b>26,595.79</b>	<b>265.16</b>	<b>246.91</b>	<b>994.18</b>	<b>492.98</b>	<b>386.81</b>	<b>29,820.63</b>	
Profit for the period	-	-	4,160.67	-	-	-	-	-	4,160.67	
Other comprehensive income	-	-	29.75	-	-	-	-	(56.73)	(26.98)	
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>771.06</b>	<b>23,697.36</b>	<b>265.16</b>	<b>246.91</b>	<b>2,017.72</b>	<b>546.89</b>	<b>330.08</b>	<b>28,029.87</b>	
<b>As at 1 April 2020</b>	<b>266.18</b>	<b>1,984.38</b>	<b>30,636.93</b>	<b>265.16</b>	<b>246.91</b>	<b>1,760.52</b>	<b>581.21</b>	<b>(834.70)</b>	<b>34,906.59</b>	
Profit for the period	-	-	4,786.64	-	-	-	-	-	4,786.64	
Other comprehensive income	-	-	(26.34)	-	-	-	-	1,076.29	1,049.95	
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>1,985.78</b>	<b>28,789.98</b>	<b>265.16</b>	<b>246.91</b>	<b>1,837.89</b>	<b>638.69</b>	<b>241.59</b>	<b>34,326.57</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** - 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 utilised for the purposes as permitted by the Companies Act, 2013.
- 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.

**Mphasis Limited**  
**Condensed standalone interim financial statements**

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**h. 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.

Explanatory notes annexed.

The explanatory notes form an integral part of these condensed standalone 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

**Narayanan Kumar**

*Director*

Chennai

Bengaluru

22 October 2020

**Manish Dugar**

*Chief Financial Officer*

Bengaluru

22 October 2020

**Subramanian Narayan**

*Vice President & Company Secretary*

Bengaluru

CONDENSED STANDALONE INTERIM STATEMENT OF CASH FLOWS	(₹ million)	
	Six months ended 30 September 2020	Six months ended 30 September 2019
<b>Operating activities</b>		
<b>Profit before tax</b>	<b>6,443.89</b>	<b>5,340.92</b>
<b>Adjustments to reconcile profit before tax to net cash provided by operating activities:</b>		
Depreciation and amortization expense	757.64	751.52
Loss / (profit) on sale of property, plant and equipment and intangible assets	0.15	(7.81)
Net gain on investments carried at fair value through profit and loss	(168.95)	(215.89)
Share based payment expenses	18.25	19.14
Provision for expected credit loss	45.27	51.12
Finance costs	278.57	318.72
Interest income	(56.88)	(234.10)
Others	(20.28)	20.94
Unrealized exchange (gain)/loss, net	(2.47)	(1.76)
<b>Operating profit before changes in operating assets and liabilities</b>	<b>7,295.19</b>	<b>6,042.80</b>
<b>Changes in operating assets and liabilities</b>		
Trade receivables and unbilled receivables	(732.05)	(883.68)
Loans	122.67	(32.52)
Other financial assets	119.44	539.10
Other assets	202.47	141.95
Trade payables	1,553.57	433.86
Other financial liabilities	(383.51)	75.97
Other liabilities	33.64	55.54
Provisions and employee benefit obligations	(41.70)	55.23
<b>Total changes in operating assets and liabilities</b>	<b>874.53</b>	<b>385.45</b>
Income tax paid (net of refunds)	(992.66)	(1,096.45)
<b>Net cash flows generated from operating activities (A)</b>	<b>7,177.06</b>	<b>5,331.80</b>
<b>Investing activities</b>		
Purchase of property, plant and equipment and intangible assets	(331.26)	(425.76)
Proceeds from sale of property, plant and equipment and intangible assets	-	8.87
Purchase of investments	(32,722.36)	(29,337.77)
Sale of investments	28,863.28	32,057.19
Interest received	27.46	6.91
Investments in bank deposits	(463.86)	(71.26)
Redemption / maturity of bank deposits	10.97	27.00
<b>Net cash flows (used in) / generated from investing activities (B)</b>	<b>(4,615.77)</b>	<b>2,265.18</b>
<b>Financing activities</b>		
Proceeds from issue of shares	44.68	67.05
Repayment of borrowings	(3,519.97)	(3,546.84)
Availment of borrowings	3,465.56	3,286.53
Interest paid	(265.88)	(78.65)
Repayment of lease liabilities	(465.39)	(674.57)
Dividends paid	(6,522.99)	(6,065.00)
<b>Net cash flows used in financing activities (C)</b>	<b>(7,263.99)</b>	<b>(7,011.48)</b>
<b>Net (decrease)/ increase in cash and cash equivalents (A+B+C)</b>	<b>(4,702.70)</b>	<b>585.50</b>
Cash and cash equivalents at the beginning of the period	7,464.52	1,418.55
<b>Cash and cash equivalents at the end of the period</b>	<b>2,761.82</b>	<b>2,004.05</b>
<b>Components of cash and cash equivalents</b>		
In current accounts	2,507.69	1,872.99
Deposits with original maturity of less than 3 months	254.13	131.06
<b>Total cash and cash equivalents</b>	<b>2,761.82</b>	<b>2,004.05</b>

Explanatory notes annexed.

The explanatory notes form an integral part of these condensed standalone 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

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Bengaluru

22 October 2020

**Subramanian Narayan**

Vice President & Company Secretary

Bengaluru

Bengaluru

22 October 2020

**1. CORPORATE INFORMATION**

The condensed standalone interim financial statements comprise financial statements of Mphasis Limited ('the Company'), its branch and controlled Employee Stock Option Plan ('ESOP') trusts 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 Limited, 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 condensed standalone 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.

Mphasis Limited is the sponsoring entity of Employee Stock Option Plan ('ESOP') trusts. Management of the Company can appoint and remove the trustees and provide funding to the trust for buying the shares. Basis assessment by the management, it believes that the ESOP trusts are designed to be controlled by the Company as an extension arm of the Company.

**List of Trusts that are consolidated**

- Mphasis Employees Benefit Trust.
- Mphasis Employees Equity Reward Trust.

**Statement of compliance**

The condensed standalone interim financial statements of the Company 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 standalone 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.

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

**Impact of the Global Pandemic ('Covid-19')**

The Company has taken into account the possible impacts of Covid-19 in preparation of the condensed standalone interim financial statements, including but not limited to its assessment of liquidity and going concern assumption, impairment triggers for non-current assets, 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 Company has considered available sources of information upto the date of approval of the condensed standalone interim financial statements and expects to recover the carrying amount of its assets. The impact of Covid-19 on the condensed standalone interim financial statements may differ from that estimated as at the date of approval of these condensed standalone 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	-	-	-	2,761.82	<b>2,761.82</b>
Bank balances other than cash and cash equivalents	-	-	-	595.87	<b>595.87</b>
Investments (other than investment in subsidiaries)	7,187.02	-	-	839.63	<b>8,026.65</b>
Trade receivables	-	-	-	7,482.13	<b>7,482.13</b>
Loans	-	-	-	1,676.45	<b>1,676.45</b>
Derivative assets	-	479.51	60.75	-	<b>540.26</b>
Unbilled receivables	-	-	-	4,443.43	<b>4,443.43</b>
Other financial assets	-	-	-	647.86	<b>647.86</b>
<b>Total</b>	<b>7,187.02</b>	<b>479.51</b>	<b>60.75</b>	<b>18,447.19</b>	<b>26,174.47</b>
<b>Financial liabilities</b>					
Borrowings	-	-	-	2,260.31	<b>2,260.31</b>
Lease liabilities	-	-	-	5,518.48	<b>5,518.48</b>
Trade payables	-	-	-	6,586.64	<b>6,586.64</b>
Derivative liabilities	-	108.16	95.10	-	<b>203.26</b>
Other financial liabilities	-	-	-	1,434.43	<b>1,434.43</b>
<b>Total</b>	<b>-</b>	<b>108.16</b>	<b>95.10</b>	<b>15,799.86</b>	<b>16,003.12</b>

Particulars (as at 31 March 2020)	FVTPL	Derivative instruments		Amortized cost	Total
		in hedging relationship	Derivative instruments not in hedging relationship		
<b>Financial assets</b>					
Cash and cash equivalents	-	-	-	7,464.52	<b>7,464.52</b>
Bank balances other than cash and cash equivalents	-	-	-	20.78	<b>20.78</b>
Investments (other than investment in subsidiaries)	3,166.79	-	-	831.81	<b>3,998.60</b>
Trade receivables	-	-	-	7,684.46	<b>7,684.46</b>
Loans	-	-	-	1,771.02	<b>1,771.02</b>
Derivative assets	-	186.41	122.90	-	<b>309.31</b>
Unbilled receivables	-	-	-	3,596.83	<b>3,596.83</b>
Other financial assets	-	-	-	427.14	<b>427.14</b>
<b>Total</b>	<b>3,166.79</b>	<b>186.41</b>	<b>122.90</b>	<b>21,796.56</b>	<b>25,272.66</b>
<b>Financial liabilities</b>					
Borrowings	-	-	-	2,345.62	<b>2,345.62</b>
Lease liabilities	-	-	-	5,804.42	<b>5,804.42</b>
Trade payables	-	-	-	5,033.07	<b>5,033.07</b>
Derivative liabilities	-	1,469.45	204.01	-	<b>1,673.46</b>
Other financial liabilities	-	-	-	1,704.90	<b>1,704.90</b>
<b>Total</b>	<b>-</b>	<b>1,469.45</b>	<b>204.01</b>	<b>14,888.01</b>	<b>16,561.47</b>

**Impact of Covid-19**

Trade receivables and unbilled receivables of ₹ 11,925.56 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 (ECL). In addition to the historical pattern of credit loss, we have evaluated the likelihood of increased credit risk and consequential default considering Covid-19 situation. This assessment considers the current collection pattern across various verticals and the financial strength of customers. The Company is closely monitoring the developments across various business verticals. Basis this assessment, provision made towards ECL is considered adequate.

The Company 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	<b>7,187.02</b>	6,092.02	1,095.00	-	<b>3,166.79</b>	2,578.07	588.72	-
Derivative assets	<b>540.26</b>	-	540.26	-	<b>309.31</b>	-	309.31	-
<b>Liabilities</b>								
Derivative liabilities	<b>203.26</b>	-	203.26	-	<b>1,673.46</b>	-	1,673.46	-

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 Company has disputes with income tax authorities in India and other jurisdictions where they operate. The ongoing disputes pertain to various assessment years from 2005-06 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 Company in relation to direct taxes, transfer pricing and indirect tax matters not acknowledged as debts amount to ₹ 8,679.12 million (31 March 2020: ₹ 8,665.84 million).

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

The Company has received notices and inquiries from income tax authorities related to the Company's operations in the jurisdictions it operates in. The Company 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: ₹ 156.56 million (31 March 2020: ₹ 167.15 million) pertains to guarantees on behalf of the Company to regulatory authorities.

c. In addition to the above matters, the Company has other claims not acknowledged as debts amounting to ₹ 489.82 million (31 March 2020: ₹ 489.82 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 Company is unable to reasonably estimate the expected impact of the Supreme Court decision. The Company 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: ₹ 166.37 million (31 March 2020: ₹ 150.25 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, the additional impact on Provident Fund contributions is not expected to be material, whereas, the additional impact on Gratuity liability / contributions by the Company 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 will complete their evaluation, determine the impact thereof on the financial statements and account for the same.

**7. SEGMENT REPORTING**

The Company publishes the standalone financial statements along with the consolidated financial statements. In accordance with Ind AS 108, Operating segments, the Company has disclosed the segment information in the consolidated financial statements and is exempted from disclosing segment information in the standalone financial statements.

**8. DISAGGREGATION OF REVENUE**

	(₹ million)			
	Quarter ended 30 September 2020	Quarter ended 30 September 2019	Six months ended 30 September 2020	Six months ended 30 September 2019
<b>Business verticals</b>				
Banking and Capital Market	6,787.08	4,471.50	11,707.50	8,360.67
Logistics and Transportation	2,305.98	1,456.14	4,370.67	2,820.11
Information Technology, Communication and Entertainment	1,315.96	1,323.43	2,520.64	2,643.58
Insurance	1,726.39	1,817.42	3,379.31	3,610.95
Others	1,800.17	1,316.34	3,441.39	2,547.20
Unallocated - hedge	120.77	103.04	(33.08)	108.32
<b>Total</b>	<b>14,056.35</b>	<b>10,487.87</b>	<b>25,386.43</b>	<b>20,090.83</b>
<b>Geographic revenues</b>				
Americas	10,767.68	7,669.22	19,397.41	14,700.74
India	1,115.46	1,104.08	2,058.43	2,120.21
EMEA	1,521.68	1,250.94	3,005.70	2,446.56
ROW	530.76	360.59	957.97	715.00
Unallocated - hedge	120.77	103.04	(33.08)	108.32
<b>Total</b>	<b>14,056.35</b>	<b>10,487.87</b>	<b>25,386.43</b>	<b>20,090.83</b>
<b>Services rendered</b>				
Application Services	9,910.72	7,113.13	18,133.51	13,706.28
Business Process Services	1,496.94	1,132.29	2,549.96	2,133.18
Infrastructure Services	2,527.92	2,139.41	4,736.04	4,143.05
Unallocated - hedge	120.77	103.04	(33.08)	108.32
<b>Total</b>	<b>14,056.35</b>	<b>10,487.87</b>	<b>25,386.43</b>	<b>20,090.83</b>
<b>Delivery location</b>				
Onsite	4,321.90	1,733.47	6,897.53	3,047.60
Offshore	9,613.68	8,651.36	18,521.98	16,934.91
Unallocated - hedge	120.77	103.04	(33.08)	108.32
<b>Total</b>	<b>14,056.35</b>	<b>10,487.87</b>	<b>25,386.43</b>	<b>20,090.83</b>
<b>Project type</b>				
Time and material	8,261.73	5,672.48	14,674.73	11,287.05
Fixed price	4,628.30	3,824.50	8,878.86	7,046.26
Transaction based	1,045.55	887.85	1,865.92	1,649.20
Unallocated - hedge	120.77	103.04	(33.08)	108.32
<b>Total</b>	<b>14,056.35</b>	<b>10,487.87</b>	<b>25,386.43</b>	<b>20,090.83</b>
<b>Market</b>				
Direct	11,605.78	7,977.76	20,855.94	15,124.75
DXC	1,848.72	2,104.77	3,742.09	4,102.08
Others	481.08	302.30	821.48	755.68
Unallocated - hedge	120.77	103.04	(33.08)	108.32
<b>Total</b>	<b>14,056.35</b>	<b>10,487.87</b>	<b>25,386.43</b>	<b>20,090.83</b>

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

The Company 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 Company has concluded that the impact of Covid-19 is not material based on above mentioned evaluation. Company 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 Company's revenue is denominated in various foreign currencies and certain costs are denominated in currencies other than INR. This exposes the Company to currency fluctuations. The Company uses foreign exchange forward contracts to manage exposure on some of its transactions. The counterparty, for all derivative financial instruments is a bank.

The Company 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	361.82	492	549.20	(1,392.68)
GBP	76	13.38	29.35	84	15.53	36.50
EUR	83	16.93	(2.44)	83	14.60	30.37
CAD	3	1.17	1.06	-	-	-
AUD	63	11.23	(18.43)	70	9.88	42.77
<b>Total</b>			<b>371.36</b>			<b>(1,283.04)</b>

The movement in cash flow hedging reserve for derivatives designated as cash flow hedges is as follows: (₹ million)

	Six months ended 30 September 2020	Six months ended 30 September 2019
Balance at the beginning of the period	(834.70)	386.81
Change in fair value of effective portion of cash flow hedges	1,621.32	21.12
(Gain) / loss transferred to statement of profit and loss on occurrence of forecasted hedges	33.08	(108.32)
Income tax effect on the above	(578.11)	30.47
<b>Total</b>	<b>241.59</b>	<b>330.08</b>

**Sensitivity analysis**

For every 1% appreciation/depreciation of the respective underlying foreign currencies, the Company's OCI will decrease or increase approximately by ₹ 403.00 million (31 March 2020: ₹ 443.00 million).

**Impact of Covid-19**

The Company basis their assessment believes that the probability of the occurrence of their forecasted transactions is not impacted by Covid-19 pandemic. The Company 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 Company 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 (Net of withholding taxes ₹ 3,301.19 million) 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 Company's material related party transactions during the period and outstanding balances as on date are with its subsidiaries with whom the Company routinely enters into transactions in the ordinary course of business.

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

**Manish Dugar**

Chief Financial Officer

Bengaluru  
22 October 2020

**Subramanian Narayan**

Vice President & Company Secretary

Bengaluru

Bengaluru  
22 October 2020