



Group Financial Overview and Trends for the Quarter ending 30 Sep 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 5.2% QoQ and 12.9% YoY in Q2 FY21 on reported basis and grew 6.0% QoQ and 6.7% YoY in Constant Currency. FYTD revenue grew 12.4% on reported basis and 5.3% in constant currency
- Direct revenue grew 9.7% QoQ and 25.2% YoY on a reported basis in Q2 FY21 and grew 10.9% QoQ and 18.4% YoY in Constant Currency. FYTD revenue grew 22.5% YoY on reported basis and 14.7% in Constant Currency.
- DXC revenue declined 14.9% QoQ and 23.9% YoY in Q2 FY21 on a reported basis and declined 15.5% QoQ and 28.9% YoY in Constant Currency. FYTD revenue declined 16.4% YoY on reported basis and 22% in Constant Currency.
- New TCV wins of USD 360 million in Q2 FY21 in Direct; highest ever TCV win for a quarter. FYTD TCV wins of 619 million; YoY growth of 87.0%
- Net profit grew 8.8% QoQ and 9.5% YoY to ₹ 2,992 million in Q2 FY21
- EPS grew 8.7% QoQ and 9.3% YoY to ₹ 16.04

2. **Revenue**

a. **Overall**

- Gross Revenue grew 6.0% QoQ and 6.7% YoY in Constant Currency in Q2 FY21. Excluding non-strategic ATM Business, revenue grew 5.5% QoQ and 6.7% YoY in Constant Currency.

b. **Direct**

- Direct revenue grew 9.7% QoQ and 25.2% YoY on a reported basis in Q2 FY21 and grew 10.9% QoQ and 18.4% YoY in Constant Currency.
- Won new deals with TCV of USD 360 million in Q2 FY21 with 73 % of the deal wins in New-Gen Services (Includes one large deal win of over USD 200+ million TCV).
- New-Gen Services revenue grew 17.6% YoY on a reported basis in Q2 FY21.

c. **DXC**

- In Q2 FY21, revenue declined 14.9% QoQ and 23.9% YoY on a reported basis and declined 15.5% QoQ and 28.9% YoY in Constant Currency.
- DXC contributed 16.2% of the overall gross revenue in Q2 FY21.

3. Financial indicators

a. Revenues

- Net Revenue grew 6.4% QoQ and 12.8% YoY in Q2 FY21 to ₹ 24,354 million in reported terms. Net Revenue grew 7.2% QoQ and 6.7% YoY in Constant Currency.

b. Gross Profit

- Gross profit grew 12.4% QoQ and 14.7% YoY in Q2 FY21 to ₹ 6,910 million. Gross Margin grew 150 bps QoQ and 40 bps YoY to 28.4%.

c. Operating Profit (EBIT)

- Operating profit grew 9.5% QoQ and 13.1% YoY to ₹ 3,924 million in Q2 FY21. Operating margin grew 50bps QoQ to 16.1% in Q2 FY21.

d. Net Profit

- Net profit grew 8.8% QoQ and 9.5% YoY to ₹ 2,992 million in Q2 FY21. Net margin increased 30 bps QoQ and decreased 40 bps YoY to 12.3% in Q2 FY21.

e. Earnings per Share

- EPS for Q2 FY21 grew 8.7% QoQ and 9.3% YoY to ₹16.04.

4. Cash Management

- Cash and cash equivalents decreased by ₹ 3,122 million during the quarter to ₹ 24,366 million (USD 330M). Adjusting for ₹ 6,239 million dividend pay-out and net loan drawdown, Net operating cash generated during the quarter was ₹ 3,117 million (USD 42M).

5. Deal Wins

- A large American insurance brokerage group has partnered with Mphasis to Modernize platforms, reduce total cost of ownership, improve customer experience, reduce technology cost/ debt and modernized IT estate for their Health and Voluntary benefits division.
- One of America's premier financial services company was in their final phase of a multi-year Core Banking transformation; Mphasis was chosen as a strategic partner for the QA and surrounding interfaces development as they implement the core banking platform.
- An American bank holding company signed their maiden end-to-end mortgage origination project with Mphasis post their merger with another financial service organization.

Consolidated Profit and Loss Account

₹ Million

	Quarter ended 30 Sep 2020	Quarter ended 30 Jun 2020	QoQ Growth %	Quarter ended 30 Sep 2019	YoY Growth %
Gross Revenues	24,238	23,037	5.2%	21,462	12.9%
Profit / (loss) on cash flow hedges reclassified to revenue	116	(155)		119	
Net Revenues	24,354	22,882	6.4%	21,581	12.8%
<i>Cost of revenues</i>	17,444	16,737	4.2%	15,554	12.2%
Manpower and Other Cost	16,974	16,261	4.4%	15,075	12.6%
Depreciation and Amortization	470	476	-1.3%	479	-1.9%
Gross profit	6,910	6,145	12.4%	6,027	14.7%
GM%	28.4%	26.9%	1.5%	27.9%	0.4%
<i>Selling expenses</i>	1,631	1,522	7.2%	1,411	15.6%
Manpower and Other Cost	1,617	1,503	7.6%	1,391	16.2%
Depreciation and Amortization	14	19	-26.3%	20	-30.0%
SE %	6.7%	6.7%	0.0%	6.5%	0.2%
<i>General and administrative expenses</i>	1,355	1,040	30.3%	1,146	18.2%
Manpower and Other Cost	1,239	940	31.8%	1,063	16.6%
Depreciation and Amortization	116	100	16.0%	83	39.8%
G&A %	5.6%	4.5%	1.0%	5.3%	0.3%
Operating profit	3,924	3,583	9.5%	3,470	13.1%
Operating Margin	16.1%	15.7%	0.5%	16.1%	0.0%
Foreign exchange gain, net	(51)	66		49	
Other income, net	312	311		302	
Interest expenses	(147)	(195)		(217)	
Profit before taxation	4,038	3,766	7.2%	3,603	12.1%
Income taxes	1,046	1,015	3.1%	871	20.1%
-Current	1,028	889		862	
-Deferred	18	125		9	
Net profit	2,992	2,751	8.8%	2,733	9.5%
Earning per share (par value ₹10)	16.04	14.75	8.7%	14.67	9.3%

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 Sep 2020	Quarter ended 30 Jun 2020	Quarter ended 30 Sep 2019
PROFIT AND LOSS ACCOUNT				
Gross Revenue (\$ Mn)		327.4	305.4	304.7
Gross margin	%	28.4%	26.9%	27.9%
Selling expenses	%	6.7%	6.7%	6.5%
General and administrative expenses	%	5.6%	4.5%	5.3%
Operating margin	%	16.1%	15.7%	16.1%
EBITDA margin	%	18.6%	18.3%	18.8%
PBT margin	%	16.6%	16.5%	16.7%
PAT margin	%	12.3%	12.0%	12.7%
Effective tax rate	%	25.9%	26.9%	24.2%
EPS (Basic)	₹	16.04	14.75	14.67

Exchange Rates

		₹ / \$		
		Quarter ended 30 Sep 2020	Quarter ended 30 Jun 2020	Quarter ended 30 Sep 2019
Period Closing Rate		73.77	75.51	70.88
Average Exchange Rate		74.03	75.42	70.43

Consolidated Balance sheet

₹ Million

	30 Sep 2020	30 Jun 2020	30 Sep 2019
SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS			
Share capital	1,866	1,866	1,864
Reserves and surplus	55,736	58,999	48,902
Employee stock options outstanding	639	613	547
	58,241	61,478	51,313
LOAN FUNDS			
Secured loans	3,283	2,946	2,340
Unsecured loans	2,260	2,313	2,197
Lease Liability	6,735	6,894	6,947
Deferred Tax Liability	295	201	48
	70,813	73,832	62,845
APPLICATION OF FUNDS			
FIXED ASSETS			
Cost	7,276	6,975	5,901
Accumulated depreciation	(4,628)	(4,449)	(3,673)
Net book value	2,648	2,526	2,228
Right-of-use assets	5,721	5,887	5,904
Capital work-in-progress including capital advances	207	237	456
	8,576	8,650	8,588
GOODWILL	20,885	21,357	20,046
INVESTMENTS	16,801	20,731	14,082
DEFERRED TAX ASSETS	1,349	1,754	1,090
CURRENT ASSETS, LOANS AND ADVANCES			
Debtors	6,580	7,219	8,331
Unbilled revenues	10,250	9,038	8,855
Cash and bank balances	7,565	6,757	3,940
Interest receivable	102	67	50
Loans and advances	11,791	11,783	11,820
	36,288	34,864	32,996
CURRENT LIABILITIES AND PROVISIONS			
Current liabilities	10,436	11,035	10,600
Provisions	2,650	2,489	3,357
	13,086	13,524	13,957
NET CURRENT ASSETS	23,202	21,340	19,039
	70,813	73,832	62,845

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 Sep 2020	Quarter ended 30 Jun 2020	Quarter ended 30 Sep 2019
BALANCE SHEET				
Cash & cash equivalents	₹ Millions	24,366	27,488	18,022
Receivables	Days	62	62	70

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 (Q1 FY21 - ₹ 124 million, Q2 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 Sep 2020	Quarter ended 30 Jun 2020	QoQ Growth %	Quarter ended 30 Sep 2019	YoY Growth %
Segment Revenue					
Banking and Capital Market	12,950	11,240	15.2%	9,834	31.7%
Insurance	2,308	2,293	0.7%	2,414	-4.4%
Information Technology, Communication & Entertainment	2,860	3,258	-12.2%	3,459	-17.3%
Logistics & Transportation	2,979	3,234	-7.9%	2,877	3.5%
Others	3,141	3,012	4.3%	2,877	9.2%
Total Revenues	24,238	23,037	5.2%	21,462	12.9%
Segment Profit					
Banking and Capital Market	3,256	2,747	18.5%	2,613	24.6%
Insurance	748	654	14.3%	729	2.6%
Information Technology, Communication & Entertainment	563	604	-6.8%	709	-20.6%
Logistics & Transportation	1,127	1,234	-8.7%	959	17.5%
Others	1,100	1,060	3.8%	896	22.7%
Total Segment Profit	6,794	6,299	7.9%	5,906	15.0%
Gross Margin %					
Banking and Capital Market	25.1%	24.4%	0.7%	26.6%	-1.5%
Insurance	32.4%	28.5%	3.9%	30.2%	2.2%
Information Technology, Communication & Entertainment	19.7%	18.5%	1.2%	20.5%	-0.8%
Logistics & Transportation	37.8%	38.2%	-0.4%	33.3%	4.5%
Others	35.0%	35.2%	-0.2%	31.2%	3.8%
Total	28.0%	27.3%	0.7%	27.5%	0.5%

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 Sep 2020	Quarter ended 30 Jun 2020	Quarter ended 30 Sep 2019
Onsite	14,224 59%	13,804 60%	12,500 58%
Offshore	10,014 41%	9,233 40%	8,962 42%
Total	24,238	23,037	21,462

(b) By Project Type

	₹ Million		
	Quarter ended 30 Sep 2020	Quarter ended 30 Jun 2020	Quarter ended 30 Sep 2019
Time and Material	14,327 59%	13,529 59%	12,818 60%
Transaction Based*	3,832 16%	3,505 15%	3,062 14%
Fixed Price	6,079 25%	6,003 26%	5,581 26%
Total	24,238	23,037	21,462

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

(c) By Secondary Market Segment

	₹ Million		
	Quarter ended 30 Sep 2020	Quarter ended 30 Jun 2020	Quarter ended 30 Sep 2019
Direct	19,823 82%	18,075 79%	15,835 74%
DXC	3,934 16%	4,622 20%	5,171 24%
Others	481 2%	340 1%	455 2%
Total	24,238	23,037	21,462

(d) By Geography

	₹ Million		
	Quarter ended 30 Sep 2020	Quarter ended 30 Jun 2020	Quarter ended 30 Sep 2019
AMERICAS	18,929 78%	17,696 77%	17,005 80%
EMEA	2,624 11%	2,749 12%	2,176 10%
INDIA	1,101 5%	948 4%	1,131 5%
ROW	1,584 6%	1,644 7%	1,150 5%
Total	24,238	23,037	21,462

(e) By Service Type

	₹ Million		
	Quarter ended 30 Sep 2020	Quarter ended 30 Jun 2020	Quarter ended 30 Sep 2019
Application Services	14,300 59%	14,695 64%	13,735 64%
Business Process Services	6,434 27%	4,852 21%	3,494 16%
Infrastructure Services	3,504 14%	3,490 15%	4,233 20%
Total	24,238	23,037	21,462

(f) Client Metrics

	Quarter ended 30 Sep 2020	Quarter ended 30 Jun 2020	Quarter ended 30 Sep 2019
Revenues from Top Client	12%	12%	14%
Revenues from Top 5 Clients	39%	39%	38%
Revenues from Top 10 Clients	50%	48%	47%
Clients Contributing more than:			
\$ 100 million Revenues	2	2	2
\$ 75 million Revenues	4	4	2
\$ 50 million Revenues	4	4	4
\$ 20 million Revenues	8	7	7
\$ 10 million Revenues	17	16	14
\$ 5 million Revenues	31	32	29
\$ 1 million Revenues	80	79	76
New client wins	5	6	8

Notes:

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

Tower Information

(a) Headcount

	Quarter ended 30 Sep 2020	Quarter ended 30 Jun 2020	Quarter ended 30 Sep 2019
Onsite - billable			
- Technology Services*	3,357	3,783	4,708
- BPO Services	2,715	1,382	822
Offshore - billable			
- Technology Services	12,358	12,473	12,550
- BPO Services	4,519	4,592	4,094
Total billable headcount	22,950	22,229	22,174
Total headcount**	27,148	26,143	26,964

*Technology Services include Application & Infrastructure Services

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

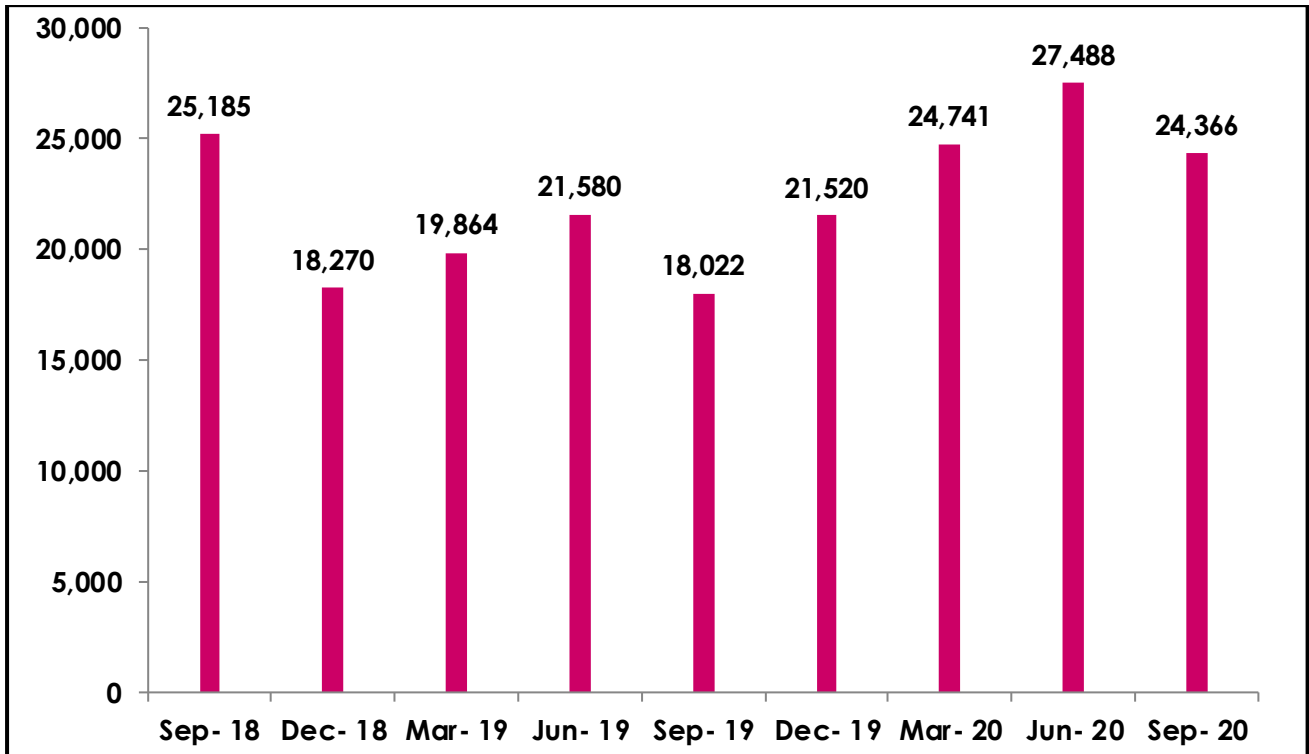
(b) Utilization Rates *

	Quarter ended 30 Sep 2020	Quarter ended 30 Jun 2020	Quarter ended 30 Sep 2019
Including Trainees			
Onsite	94%	93%	94%
Offshore	80%	81%	82%
Excluding Trainees			
Offshore	80%	82%	84%

* Utilization data for Technology services business

Trends

Cash and cash equivalents - ₹ million



Receivables Days

