



**Audited condensed standalone interim financial statements
for the quarter and nine months ended 31 December 2020**

	Page
Condensed standalone interim balance sheet	1
Condensed standalone interim statement of profit and loss	2
Condensed standalone interim statement of changes in equity	3
Condensed standalone interim statement of cash flows	5
Explanatory notes to the condensed standalone interim financial statements	6

Mphasis Limited
Condensed standalone interim financial statements

CONDENSED STANDALONE INTERIM BALANCE SHEET

(₹ million)

	As at 31 December 2020	As at 31 March 2020
ASSETS		
Non-current assets		
Property, plant and equipment	1,469.29	1,306.95
Capital work-in-progress	107.44	72.67
Right-of-use assets	4,259.94	4,939.67
Other intangible assets	78.57	97.27
Financial assets		
Investments	16,048.72	14,997.93
Loans	440.01	612.74
Other financial assets	316.25	151.78
Deferred tax assets (net)	982.86	1,922.47
Income tax assets (net)	4,145.42	4,118.10
Other assets	581.17	1,238.48
Total non-current assets	28,429.67	29,458.06
Current assets		
Financial assets		
Investments	6,790.53	3,166.79
Trade receivables	7,304.05	7,684.46
Unbilled receivables	4,689.32	3,596.83
Cash and cash equivalents	3,650.37	7,464.52
Bank balances other than cash and cash equivalents	591.91	20.78
Loans	1,245.44	1,158.28
Other financial assets	1,269.25	584.67
Other assets	2,297.03	1,989.24
Total current assets	27,837.90	25,665.57
TOTAL ASSETS	56,267.57	55,123.63
EQUITY AND LIABILITIES		
EQUITY		
Share capital	1,867.39	1,865.43
Other equity	37,760.66	34,906.59
Total equity	39,628.05	36,772.02
LIABILITIES		
Non-current liabilities		
Financial liabilities		
Lease liabilities	4,340.22	4,853.38
Other financial liabilities	57.09	627.52
Other liabilities	4.62	-
Employee benefit obligations	667.44	687.76
Total non-current liabilities	5,069.37	6,168.66
Current liabilities		
Financial liabilities		
Borrowings	2,238.86	2,345.62
Lease liabilities	768.70	951.04
Trade payables		
- outstanding dues to micro and small enterprises	4.81	5.07
- outstanding dues to creditors other than micro and small enterprises	6,004.03	5,028.00
Other financial liabilities	1,094.22	2,750.84
Other liabilities	579.64	548.39
Employee benefit obligations	295.00	187.06
Provisions	185.34	55.34
Income tax liabilities (net)	399.55	311.59
Total current liabilities	11,570.15	12,182.95
TOTAL EQUITY AND LIABILITIES	56,267.57	55,123.63

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

Subramanian Narayan

Vice President & Company Secretary

Bengaluru

Bengaluru

21 January 2021

1 21 January 2021

Mphasis Limited
Condensed standalone interim financial statements

CONDENSED STANDALONE INTERIM STATEMENT OF PROFIT AND LOSS					(₹ million)
	Quarter ended 31 December 2020	Quarter ended 31 December 2019	Nine months ended 31 December 2020	Nine months ended 31 December 2019	
Income					
Revenue from operations	14,829.52	11,285.31	40,215.95	31,376.14	
Other income	268.29	208.34	657.97	795.49	
Total income (I)	15,097.81	11,493.65	40,873.92	32,171.63	
Expenses					
Employee benefits expense	4,392.16	4,180.42	13,237.49	12,223.65	
Finance costs	122.80	145.54	401.37	464.26	
Depreciation and amortization expense	375.79	383.29	1,133.43	1,134.81	
Other expenses	6,400.82	3,744.26	15,851.50	9,967.85	
Total expenses (II)	11,291.57	8,453.51	30,623.79	23,790.57	
Profit before tax (III) [(I)-(II)]	3,806.24	3,040.14	10,250.13	8,381.06	
Tax expenses					
Current tax	681.06	519.07	2,294.39	1,784.65	
Deferred tax	(37.85)	(163.47)	6.07	(248.80)	
Total tax expenses	643.21	355.60	2,300.46	1,535.85	
Profit for the period (A)	3,163.03	2,684.54	7,949.67	6,845.21	
Other comprehensive income / (losses) ('OCI')					
Items to be reclassified to profit or loss in subsequent periods					
Net change in fair value of derivatives designated as cash flow hedges	346.07	(90.01)	2,000.47	(177.21)	
Income tax effect on the above	(120.93)	31.45	(699.04)	61.92	
Items not to be reclassified to profit or loss in subsequent periods					
Re-measurement gains / (losses) on defined employee benefit	(34.18)	(5.97)	(74.66)	39.76	
Income tax effect on the above	11.95	2.09	26.09	(13.89)	
Total OCI for the period, net of tax (B)	202.91	(62.44)	1,252.86	(89.42)	
Total comprehensive income for the period (A+B)	3,365.94	2,622.10	9,202.53	6,755.79	
Earnings per equity share (par value ₹ 10 per share)					
Basic (₹)	16.94	14.40	42.60	36.74	
Diluted (₹)	16.73	14.30	42.16	36.44	
Weighted average number of shares – Basic	186,675,773	186,396,057	186,594,243	186,332,879	
Weighted average number of shares – Diluted	189,025,198	187,785,787	188,567,861	187,860,458	

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

21 January 2021

Manish Dugar

Chief Financial Officer

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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	0.23	2.28
As at 31 December 2019	186.45	1,864.54
As at 1 April 2020	186.54	1,865.43
Issue of shares	0.20	1.96
As at 31 December 2020	186.74	1,867.39

b. Other equity

(₹ million)

	Attributable to the equity owners of the Company								Items of OCI h	Total
	Reserves and surplus									
	a	b	c	d	e	f	g			
	Securities Premium	General reserve	Retained earnings	Capital reserve	Capital redemption reserve	Special Economic Zone re-investment reserve	Share based payments	Hedging reserve		
As at 1 April 2019	69.26	769.54	27,549.13	265.16	246.91	994.18	492.98	386.81	30,773.97	
Transition impact of Ind AS 116	-	-	(953.34)	-	-	-	-	-	(953.34)	
Restated balance as at 1 April 2019	69.26	769.54	26,595.79	265.16	246.91	994.18	492.98	386.81	29,820.63	
Profit for the period	-	-	6,845.21	-	-	-	-	-	6,845.21	
Other comprehensive income	-	-	25.87	-	-	-	-	(115.29)	(89.42)	
Dividends *	-	-	(6,065.31)	-	-	-	-	-	(6,065.31)	
Transferred to Special Economic Zone re-investment reserve	-	-	(1,040.73)	-	-	1,040.73	-	-	-	
Transferred from Special Economic Zone re-investment reserve	-	-	585.11	-	-	(585.11)	-	-	-	
Share based expenses	-	-	-	-	-	-	115.73	-	115.73	
Issue of shares on exercise of stock	140.84	9.78	-	-	-	-	(47.23)	-	103.39	
As at 31 December 2019	210.10	779.32	26,945.94	265.16	246.91	1,449.80	561.48	271.52	30,730.23	
As at 1 April 2020	266.18	1,984.38	30,636.93	265.16	246.91	1,760.52	581.21	(834.70)	34,906.59	
Profit for the period	-	-	7,949.67	-	-	-	-	-	7,949.67	
Other comprehensive income	-	-	(48.57)	-	-	-	-	1,301.43	1,252.86	
Dividends	-	-	(6,529.88)	-	-	-	-	-	(6,529.88)	
Transferred to Special Economic Zone re-investment reserve	-	-	(280.13)	-	-	280.13	-	-	-	
Transferred from Special Economic Zone re-investment reserve	-	-	453.94	-	-	(453.94)	-	-	-	
Share based expenses	-	-	-	-	-	-	81.40	-	81.40	
Issue of shares on exercise of stock	123.44	1.40	-	-	-	-	(24.82)	-	100.02	
As at 31 December 2020	389.62	1,985.78	32,181.96	265.16	246.91	1,586.71	637.79	466.73	37,760.66	

* Including dividend distribution tax thereon for 31 December 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

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

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21 January 2021

Manish Dugar

Chief Financial Officer

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21 January 2021

Subramanian Narayan

Vice President & Company Secretary

Bengaluru

CONDENSED STANDALONE INTERIM STATEMENT OF CASH FLOWS	(₹ million)	
	Nine months ended 31 December 2020	Nine months ended 31 December 2019
Operating activities		
Profit before tax	10,250.13	8,381.06
Adjustments to reconcile profit before tax to net cash provided by operating activities:		
Depreciation and amortization expense	1,133.43	1,134.81
Profit on sale of property, plant and equipment and intangible assets	(3.08)	(11.35)
Net gain on investments carried at fair value through profit and loss	(293.40)	(291.21)
Share based payment expenses	26.90	30.30
Provision for expected credit loss	141.88	78.68
Finance costs	401.37	464.26
Interest income	(78.36)	(252.75)
Others	(73.71)	(29.29)
Unrealized exchange (gain)/loss, net	(34.17)	(15.98)
Operating profit before changes in operating assets and liabilities	11,470.99	9,488.53
Changes in operating assets and liabilities		
Trade receivables and unbilled receivables	(882.21)	(2,057.35)
Loans	136.90	(25.12)
Other financial assets	132.79	566.99
Other assets	(26.91)	(16.95)
Trade payables	975.77	1,713.99
Other financial liabilities	(948.55)	159.02
Other liabilities	35.87	295.36
Provisions and employee benefit obligations	142.96	25.62
Total changes in operating assets and liabilities	(433.38)	661.56
Income tax paid (net of refunds)	(1,973.16)	(1,375.71)
Net cash flows generated from operating activities (A)	9,064.45	8,774.38
Investing activities		
Purchase of property, plant and equipment and intangible assets	(516.85)	(679.81)
Proceeds from sale of property, plant and equipment and intangible assets	3.35	12.64
Purchase of investments	(40,590.25)	(42,464.27)
Sale of investments	36,209.12	42,900.58
Interest received	31.15	13.87
Investments in bank deposits	(459.90)	(82.79)
Redemption / maturity of bank deposits	10.97	38.00
Net cash flows used in investing activities (B)	(5,312.41)	(261.78)
Financing activities		
Proceeds from issue of shares	101.98	105.67
Repayment of borrowings	(4,637.33)	(4,688.32)
Availment of borrowings	4,578.91	4,434.21
Interest paid	(388.47)	(103.54)
Repayment of lease liabilities	(694.33)	(1,049.70)
Dividends paid	(6,526.95)	(6,064.47)
Net cash flows used in financing activities (C)	(7,566.19)	(7,366.15)
Net (decrease)/ increase in cash and cash equivalents (A+B+C)	(3,814.15)	1,146.45
Cash and cash equivalents at the beginning of the period	7,464.52	1,418.55
Cash and cash equivalents at the end of the period	3,650.37	2,565.00
Components of cash and cash equivalents		
In current accounts	2,844.29	2,493.01
Deposits with original maturity of less than 3 months	806.08	71.99
Total cash and cash equivalents	3,650.37	2,565.00

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

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21 January 2021

Subramanian Narayan

Vice President & Company Secretary

Bengaluru

Bengaluru

21 January 2021

EXPLANATORY NOTES TO THE CONDENSED STANDALONE INTERIM FINANCIAL STATEMENTS

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 nine months ended 31 December 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 nine months ended 31 December 2020 have been approved by the Board of Directors on 21 January 2021.

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 31 December 2020)	FVTPL	Derivative instruments in hedging relationship	Derivative instruments not in hedging relationship	Amortized cost	Total
Financial assets					
Cash and cash equivalents	-	-	-	3,650.37	3,650.37
Bank balances other than cash and cash equivalents	-	-	-	591.91	591.91
Investments (other than investment in subsidiaries)	7,829.57	-	-	843.56	8,673.13
Trade receivables	-	-	-	7,304.05	7,304.05
Loans	-	-	-	1,685.45	1,685.45
Derivative assets	-	869.18	77.89	-	947.07
Unbilled receivables	-	-	-	4,689.32	4,689.32
Other financial assets	-	-	-	638.43	638.43
Total	7,829.57	869.18	77.89	19,403.09	28,179.73
Financial liabilities					
Borrowings	-	-	-	2,238.86	2,238.86
Lease liabilities	-	-	-	5,108.92	5,108.92
Trade payables	-	-	-	6,008.84	6,008.84
Derivative liabilities	-	151.74	75.17	-	226.91
Other financial liabilities	-	-	-	924.40	924.40
Total	-	151.74	75.17	14,281.02	14,507.93

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

Impact of Covid-19

Trade receivables and unbilled receivables of ₹ 11,993.37 million as at 31 December 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, investments and deposits with banks, mutual funds and other financial institutions to be appropriate.

Fair value hierarchy

Particulars	As at 31 December 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
Assets								
Investments	7,829.57	6,546.47	1,283.10	-	3,166.79	2,578.07	588.72	-
Derivative assets	947.07	-	947.07	-	309.31	-	309.31	-
Liabilities								
Derivative liabilities	226.91	-	226.91	-	1,673.46	-	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 quarter ended 30 September 2020.

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 ₹ 8,499.01 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 31 December 2020: ₹ 156.99 million (31 March 2020: ₹ 167.15 million) pertains to guarantees on behalf of the Company to regulatory authorities.
- c. The Company has given a corporate guarantee amounting to ₹ 3,653.50 million (31 March 2020: ₹ 3,785.00 million) in relation to a working capital loan availed by a wholly owned subsidiary.
- d. 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.

- e. Estimated amounts of contracts remaining to be executed on capital account (net of advances) and not provided for as at 31 December 2020: ₹ 170.11 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 Ministry of Labour and Employment ('Ministry') has released draft rules for the Code on 13 November

Condensed standalone interim financial statements

2020 and has invited suggestions from stake holders. The suggestions received are under consideration by the Ministry. The effective date of the Code has not yet been notified and the related rules to ascertain the financial impact are yet to be finalized and notified. The Company will assess the impact once the subject rules are notified and will give appropriate impact in its financial statements in the period in which, the Code becomes effective and the related rules to determine the financial impact are published.

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 31 December 2020	Quarter ended 31 December 2019	Nine months ended 31 December 2020	Nine months ended 31 December 2019
Business verticals				
Banking and Capital Market	7,529.99	4,749.33	19,237.49	13,110.00
Logistics and Transportation	2,409.60	1,887.29	6,780.27	4,707.40
Information Technology, Communication and Insurance	1,326.41	1,361.87	3,847.05	4,005.45
Others	1,717.34	1,781.41	5,096.65	5,392.36
Unallocated - hedge	1,698.34	1,444.49	5,139.73	3,991.69
	147.84	60.92	114.76	169.24
Total	14,829.52	11,285.31	40,215.95	31,376.14
Geographic revenues				
Americas	11,428.79	8,319.60	30,826.20	23,002.68
India	1,133.94	1,141.29	3,192.37	3,291.65
EMEA	1,610.22	1,364.15	4,615.92	3,805.70
ROW	508.73	399.35	1,466.70	1,106.87
Unallocated - hedge	147.84	60.92	114.76	169.24
Total	14,829.52	11,285.31	40,215.95	31,376.14
Services rendered				
Application Services	10,292.45	7,722.65	28,425.96	21,428.93
Business Process Services	1,789.02	1,211.52	4,338.98	3,344.70
Infrastructure Services	2,600.21	2,290.22	7,336.25	6,433.27
Unallocated - hedge	147.84	60.92	114.76	169.24
Total	14,829.52	11,285.31	40,215.95	31,376.14
Delivery location				
Onsite	4,770.42	2,122.15	11,667.95	5,169.75
Offshore	9,911.26	9,102.24	28,433.24	26,037.15
Unallocated - hedge	147.84	60.92	114.76	169.24
Total	14,829.52	11,285.31	40,215.95	31,376.14
Project type				
Time and material	8,760.55	6,053.70	23,435.28	17,340.76
Fixed price	4,716.44	4,140.78	13,595.30	11,187.04
Transaction based	1,204.69	1,029.91	3,070.61	2,679.10
Unallocated - hedge	147.84	60.92	114.76	169.24
Total	14,829.52	11,285.31	40,215.95	31,376.14
Market				
Direct	12,528.55	8,631.76	33,384.49	23,749.17
DXC	1,614.29	2,056.41	5,356.38	6,156.43
Others	538.84	536.22	1,360.32	1,301.30
Unallocated - hedge	147.84	60.92	114.76	169.24
Total	14,829.52	11,285.31	40,215.95	31,376.14

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 31 December 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	425	501.20	864.47	492	549.20	(1,392.68)
GBP	75	13.33	(29.02)	84	15.53	36.50
EUR	86	17.93	(43.85)	83	14.60	30.37
CAD	26	8.98	(7.44)	-	-	-
AUD	74	15.70	(66.73)	70	9.88	42.77
Total			717.43			(1,283.04)

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

	(₹ million)	
	Nine months ended 31 December 2020	Nine months ended 31 December 2019
Balance at the beginning of the period	(834.70)	386.81
Change in fair value of effective portion of cash flow hedges	2,115.23	(7.97)
(Gain) / loss transferred to statement of profit and loss on occurrence of forecasted hedges	(114.76)	(169.24)
Income tax effect on the above	(699.04)	61.92
Total	466.73	271.52

Sensitivity analysis

For every 1% appreciation/depreciation of the respective underlying foreign currencies, the Company's OCI will decrease or increase approximately by ₹ 408.00 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 ₹ 3,301.19 million (Net of withholding taxes ₹ 366.80 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

Bengaluru

21 January 2021

Manish Dugar

Chief Financial Officer

Bengaluru

21 January 2021

Subramanian Narayan

Vice President & Company Secretary

Bengaluru