



## Group Financial Overview and Trends for the Quarter ending 31 Dec 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 1.5% QoQ and 8.4% YoY in Q3 FY21 on reported basis and grew 1.6% QoQ and 4.3% YoY in Constant Currency. FYTD revenue grew 11.0% on reported basis and 5.0% in Constant Currency.
- Direct revenue grew 5.1% QoQ and 23.7% YoY on a reported basis in Q3 FY21 and grew 5.3% QoQ and 19.0% YoY in Constant Currency. FYTD revenue grew 22.9% YoY on reported basis and 16.2% in Constant Currency.
- DXC revenue declined 17.9% QoQ and 39.2% YoY in Q3 FY21 on a reported basis and declined 18.2% QoQ and 42.2% YoY in Constant Currency. FYTD revenue declined 24.2% YoY on reported basis and 28.8% in Constant Currency.
- New TCV wins of USD 247 million in Q3 FY21 in Direct. FYTD TCV wins of USD 867 million; YoY growth of 64.0%
- Net profit grew 8.8% QoQ and 10.9% YoY to ₹ 3,255 million in Q3 FY21
- EPS grew 8.7% QoQ and 10.7% YoY to ₹ 17.44

### 2. Revenue

#### a. Overall

- Gross Revenue grew 1.6% QoQ and 4.3% YoY in Constant Currency in Q3 FY21. Excluding non-strategic ATM Business, revenue grew 1.4% QoQ and 4.1% YoY in Constant Currency.

#### b. Direct

- Direct revenue grew 5.1% QoQ and 23.7% YoY on a reported basis in Q3 FY21 and grew 5.3% QoQ and 19.0% YoY in Constant Currency.
- Won new deals with TCV of USD 247 million in Q3 FY21 with 71% of the deal wins in New-Gen Services.
- New-Gen Services revenue grew 11.4% YoY on a reported basis in Q3 FY21.

#### c. DXC

- In Q3 FY21, revenue declined 17.9% QoQ and 39.2% YoY on a reported basis and declined 18.2% QoQ and 42.2% YoY in Constant Currency.
- DXC contributed 13% of the overall gross revenue in Q3 FY21.

### 3. **Financial indicators**

#### a. **Revenues**

- Net Revenue grew 1.6% QoQ and 8.7% YoY in Q3 FY21 to ₹ 24,744 million in reported terms. Net Revenue grew 1.7% QoQ and 4.5% YoY in Constant Currency.

#### b. **Gross Profit**

- Gross profit grew 4.2% QoQ and 12.6% YoY in Q3 FY21 to ₹ 7,201 million. Gross Margin grew 70 bps QoQ and 100 bps YoY to 29.1%.

#### c. **Operating Profit (EBIT)**

- Operating profit grew 3.2% QoQ and 9.6% YoY to ₹ 4,048 million in Q3 FY21. Operating margin grew 30 bps QoQ and 20 bps YoY to 16.4%.

#### d. **Net Profit**

- Net profit grew 8.8% QoQ and 10.9% YoY to ₹ 3,255 million in Q3 FY21. Net margin increased 90 bps QoQ and 30 bps YoY to 13.2% in Q3 FY21.

#### e. **Earnings per Share**

- EPS for Q3 FY21 grew 8.7% QoQ and 10.7% YoY to ₹17.44

### 4. **Cash Management**

- Cash and cash equivalents increased by ₹ 2,283 million during the quarter to ₹ 26,649 million (USD 365M). Adjusting for ₹ 792 million payment for Acquisition (net of Cash acquired), and loan repayment, Net operating cash generated during the quarter was ₹ 3,127 million (USD 42M).

### 5. **Deal Wins**

- A leading insurer in the EU has partnered with Mphasis in a program that aims to grow the backstage and frontstage operations and leverage technology to transform how it engages with Clients, Colleagues, Carriers & Regulators. It will create a Digital & Data Strategy for the advisory business across the client's multiple brands.
- An insurance brokerage group has engaged with Mphasis for its Health and Voluntary benefits focused on consumer business division. Mphasis will help modernise their complex legacy platform, reduce total cost of ownership and improve overall customer experience.
- A leading logistics client has engaged with Mphasis, where Mphasis provides managed maintenance and development services for multiple applications (mix of legacy and modern tech) critical to higher shipment volumes experienced by its LOB in recent months.

## Consolidated Profit and Loss Account

₹ Million

	Quarter ended 31 Dec 2020	Quarter ended 30 Sep 2020	QoQ Growth %	Quarter ended 31 Dec 2019	YoY Growth %
<b>Gross Revenues</b>	<b>24,601</b>	<b>24,238</b>	<b>1.5%</b>	<b>22,694</b>	<b>8.4%</b>
Profit / (loss) on cash flow hedges reclassified to revenue	142	116		73	
<b>Net Revenues</b>	<b>24,744</b>	<b>24,354</b>	<b>1.6%</b>	<b>22,767</b>	<b>8.7%</b>
<i>Cost of revenues</i>	17,542	17,444	0.6%	16,371	7.2%
Manpower and Other Cost	17,073	16,974	0.6%	15,883	7.5%
Depreciation and Amortization	469	470	-0.2%	488	-3.9%
<b>Gross profit</b>	<b>7,201</b>	<b>6,910</b>	<b>4.2%</b>	<b>6,396</b>	<b>12.6%</b>
<b>GM%</b>	<b>29.1%</b>	<b>28.4%</b>	<b>0.7%</b>	<b>28.1%</b>	<b>1.0%</b>
<i>Selling expenses</i>	1,786	1,631	9.5%	1,465	21.9%
Manpower and Other Cost	1,771	1,617	9.5%	1,451	22.1%
Depreciation and Amortization	15	14	7.1%	14	7.1%
SE %	7.2%	6.7%	0.5%	6.4%	0.8%
<i>General and administrative expenses</i>	1,367	1,355	0.9%	1,237	10.5%
Manpower and Other Cost	1,245	1,239	0.5%	1,164	6.9%
Depreciation and Amortization	122	116	5.2%	72	68.7%
G&A %	5.5%	5.6%	0.0%	5.4%	0.1%
<b>Operating profit</b>	<b>4,048</b>	<b>3,924</b>	<b>3.2%</b>	<b>3,694</b>	<b>9.6%</b>
<b>Operating Margin</b>	<b>16.4%</b>	<b>16.1%</b>	<b>0.3%</b>	<b>16.2%</b>	<b>0.2%</b>
Foreign exchange gain, net	13	(51)		14	
Other income, net	353	312		348	
Interest expenses	(148)	(147)		(190)	
<b>Profit before taxation</b>	<b>4,266</b>	<b>4,038</b>	<b>5.6%</b>	<b>3,865</b>	<b>10.4%</b>
<b>Income taxes</b>	<b>1,011</b>	<b>1,046</b>	<b>-3.3%</b>	<b>929</b>	<b>8.8%</b>
-Current	895	1,028		1,013	
-Deferred	116	18		(84)	
<b>Net profit</b>	<b>3,255</b>	<b>2,992</b>	<b>8.8%</b>	<b>2,936</b>	<b>10.9%</b>
<b>Earning per share (par value ₹10)</b>	<b>17.44</b>	<b>16.04</b>	<b>8.7%</b>	<b>15.75</b>	<b>10.7%</b>

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 31 Dec 2020	Quarter ended 30 Sep 2020	Quarter ended 31 Dec 2019
<b>PROFIT AND LOSS ACCOUNT</b>				
Gross Revenue (\$ Mn)		333.9	327.4	318.1
Gross margin	%	29.1%	28.4%	28.1%
Selling expenses	%	7.2%	6.7%	6.4%
General and administrative expenses	%	5.5%	5.6%	5.4%
Operating margin	%	16.4%	16.1%	16.2%
EBITDA margin	%	18.8%	18.6%	18.8%
PBT margin	%	17.2%	16.6%	17.0%
PAT margin	%	13.2%	12.3%	12.9%
Effective tax rate	%	23.7%	25.9%	24.0%
EPS (Basic)	₹	17.44	16.04	15.75

## Exchange Rates

		₹ / \$		
		Quarter ended 31 Dec 2020	Quarter ended 30 Sep 2020	Quarter ended 31 Dec 2019
Period Closing Rate		73.07	73.77	71.39
Average Exchange Rate		73.68	74.03	71.35

## Consolidated Balance sheet

₹ Million

	31 Dec 2020	30 Sep 2020	31 Dec 2019
<b>SOURCES OF FUNDS</b>			
<b>SHAREHOLDERS' FUNDS</b>			
Share capital	1,867	1,866	1,864
Reserves and surplus	59,238	55,736	52,191
Employee stock options outstanding	638	639	561
	<b>61,743</b>	<b>58,241</b>	<b>54,616</b>
<b>LOAN FUNDS</b>			
Secured loans	3,252	3,283	3,213
Unsecured loans	2,239	2,260	2,213
Lease Liability	6,736	6,735	6,845
Deferred Tax Liability	541	295	117
	<b>74,511</b>	<b>70,813</b>	<b>67,004</b>
<b>APPLICATION OF FUNDS</b>			
<b>FIXED ASSETS</b>			
Cost	7,759	7,276	6,405
Accumulated depreciation	(4,855)	(4,628)	(3,901)
<b>Net book value</b>	<b>2,904</b>	<b>2,648</b>	<b>2,504</b>
Right-of-use assets	5,761	5,721	5,825
Capital work-in-progress including capital advances	354	207	486
	<b>9,019</b>	<b>8,576</b>	<b>8,815</b>
<b>GOODWILL</b>	21,304	20,885	20,221
<b>INVESTMENTS</b>	17,548	16,801	16,638
<b>DEFERRED TAX ASSETS</b>	1,318	1,349	1,329
<b>CURRENT ASSETS, LOANS AND ADVANCES</b>			
Debtors	7,928	6,580	8,648
Unbilled revenues	9,381	10,250	8,756
Cash and bank balances	9,101	7,565	4,882
Interest receivable	144	102	82
Loans and advances	12,521	11,791	12,383
	<b>39,075</b>	<b>36,288</b>	<b>34,751</b>
<b>CURRENT LIABILITIES AND PROVISIONS</b>			
Current liabilities	11,229	10,436	10,886
Provisions	2,524	2,650	3,864
	<b>13,753</b>	<b>13,086</b>	<b>14,750</b>
<b>NET CURRENT ASSETS</b>	<b>25,322</b>	<b>23,202</b>	<b>20,001</b>
	<b>74,511</b>	<b>70,813</b>	<b>67,004</b>

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 31 Dec 2020	Quarter ended 30 Sep 2020	Quarter ended 31 Dec 2019
<b>BALANCE SHEET</b>				
Cash & cash equivalents	₹ Million	26,649	24,366	21,520
Receivables	Days	62	62	67

### 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 (Q2 FY21 - ₹ 124 million, Q3 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 31 Dec 2020	Quarter ended 30 Sep 2020	QoQ Growth %	Quarter ended 31 Dec 2019	YoY Growth %
<b>Segment Revenue</b>					
Banking and Capital Market	13,117	12,950	1.3%	10,326	27.0%
Insurance	2,386	2,308	3.4%	2,553	-6.5%
Information Technology, Communication & Entertainment	3,165	2,860	10.7%	3,567	-11.3%
Logistics & Transportation	3,109	2,979	4.4%	3,159	-1.6%
Others	2,824	3,141	-10.1%	3,090	-8.6%
<b>Total Revenues</b>	<b>24,601</b>	<b>24,238</b>	<b>1.5%</b>	<b>22,694</b>	<b>8.4%</b>
<b>Segment Profit</b>					
Banking and Capital Market	3,227	3,256	-0.9%	2,704	19.3%
Insurance	819	748	9.5%	655	25.0%
Information Technology, Communication & Entertainment	761	563	35.2%	819	-7.0%
Logistics & Transportation	1,291	1,127	14.6%	1,163	11.0%
Others	961	1,100	-12.6%	981	-2.1%
<b>Total Segment Profit</b>	<b>7,059</b>	<b>6,794</b>	<b>3.9%</b>	<b>6,323</b>	<b>11.6%</b>
<b>Gross Margin %</b>					
Banking and Capital Market	24.6%	25.1%	-0.5%	26.2%	-1.6%
Insurance	34.3%	32.4%	1.9%	25.7%	8.6%
Information Technology, Communication & Entertainment	24.0%	19.7%	4.3%	22.9%	1.1%
Logistics & Transportation	41.5%	37.8%	3.7%	36.8%	4.7%
Others	34.0%	35.0%	-1.0%	31.8%	2.2%
<b>Total</b>	<b>28.7%</b>	<b>28.0%</b>	<b>0.7%</b>	<b>27.9%</b>	<b>0.8%</b>

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 31 Dec 2020	Quarter ended 30 Sep 2020	Quarter ended 31 Dec 2019
Onsite	14,263 58%	14,224 59%	13,187 58%
Offshore	10,338 42%	10,014 41%	9,507 42%
<b>Total</b>	<b>24,601</b>	<b>24,238</b>	<b>22,694</b>

### (b) By Project Type

	₹ Million		
	Quarter ended 31 Dec 2020	Quarter ended 30 Sep 2020	Quarter ended 31 Dec 2019
Time and Material	14,517 59%	14,327 59%	13,110 58%
Transaction Based*	4,136 17%	3,832 16%	3,516 15%
Fixed Price	5,949 24%	6,079 25%	6,069 27%
<b>Total</b>	<b>24,601</b>	<b>24,238</b>	<b>22,694</b>

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

### (c) By Secondary Market Segment

	₹ Million		
	Quarter ended 31 Dec 2020	Quarter ended 30 Sep 2020	Quarter ended 31 Dec 2019
Direct	20,832 85%	19,823 82%	16,845 74%
DXC	3,231 13%	3,934 16%	5,312 23%
Others	539 2%	481 2%	536 2%
<b>Total</b>	<b>24,601</b>	<b>24,238</b>	<b>22,694</b>

**(d) By Geography**

	₹ Million		
	Quarter ended 31 Dec 2020	Quarter ended 30 Sep 2020	Quarter ended 31 Dec 2019
AMERICAS	19,156 78%	18,929 78%	17,592 78%
EMEA	2,940 12%	2,624 11%	2,616 12%
INDIA	1,146 5%	1,101 5%	1,149 5%
ROW	1,360 5%	1,584 6%	1,337 5%
<b>Total</b>	<b>24,601</b>	<b>24,238</b>	<b>22,694</b>

**(e) By Service Type**

	₹ Million		
	Quarter ended 31 Dec 2020	Quarter ended 30 Sep 2020	Quarter ended 31 Dec 2019
Application Services	13,760 56%	14,300 59%	13,841 61%
Business Process Services	7,235 29%	6,434 27%	4,112 18%
Infrastructure Services	3,607 15%	3,504 14%	4,741 21%
<b>Total</b>	<b>24,601</b>	<b>24,238</b>	<b>22,694</b>

**(f) Client Metrics**

	Quarter ended 31 Dec 2020	Quarter ended 30 Sep 2020	Quarter ended 31 Dec 2019
Revenues from Top Client	11%	12%	13%
Revenues from Top 5 Clients	40%	39%	38%
Revenues from Top 10 Clients	52%	50%	47%
<b>Clients Contributing more than:</b>			
\$ 100 million Revenues	2	2	2
\$ 75 million Revenues	4	4	3
\$ 50 million Revenues	5	4	5
\$ 20 million Revenues	9	8	7
\$ 10 million Revenues	16	17	15
\$ 5 million Revenues	35	31	30
\$ 1 million Revenues	81	80	77
<b>New client wins</b>	6*	5	14

\* Does not include 24 clients added through the acquisition of Datalytx

**Notes:**

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

## Tower Information

### (a) Headcount

	Quarter ended 31 Dec 2020	Quarter ended 30 Sep 2020	Quarter ended 31 Dec 2019
<b>Onsite - billable</b>			
- Technology Services*	3,474	3,357	4,575
- BPO Services	3,081	2,715	1,244
<b>Offshore - billable</b>			
- Technology Services	12,558	12,358	12,780
- BPO Services	4,854	4,519	4,553
<b>Total billable headcount</b>	<b>23,967</b>	<b>22,950</b>	<b>23,152</b>
<b>Total headcount**</b>	<b>28,116</b>	<b>27,148</b>	<b>27,289</b>

\*Technology Services include Application & Infrastructure Services

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

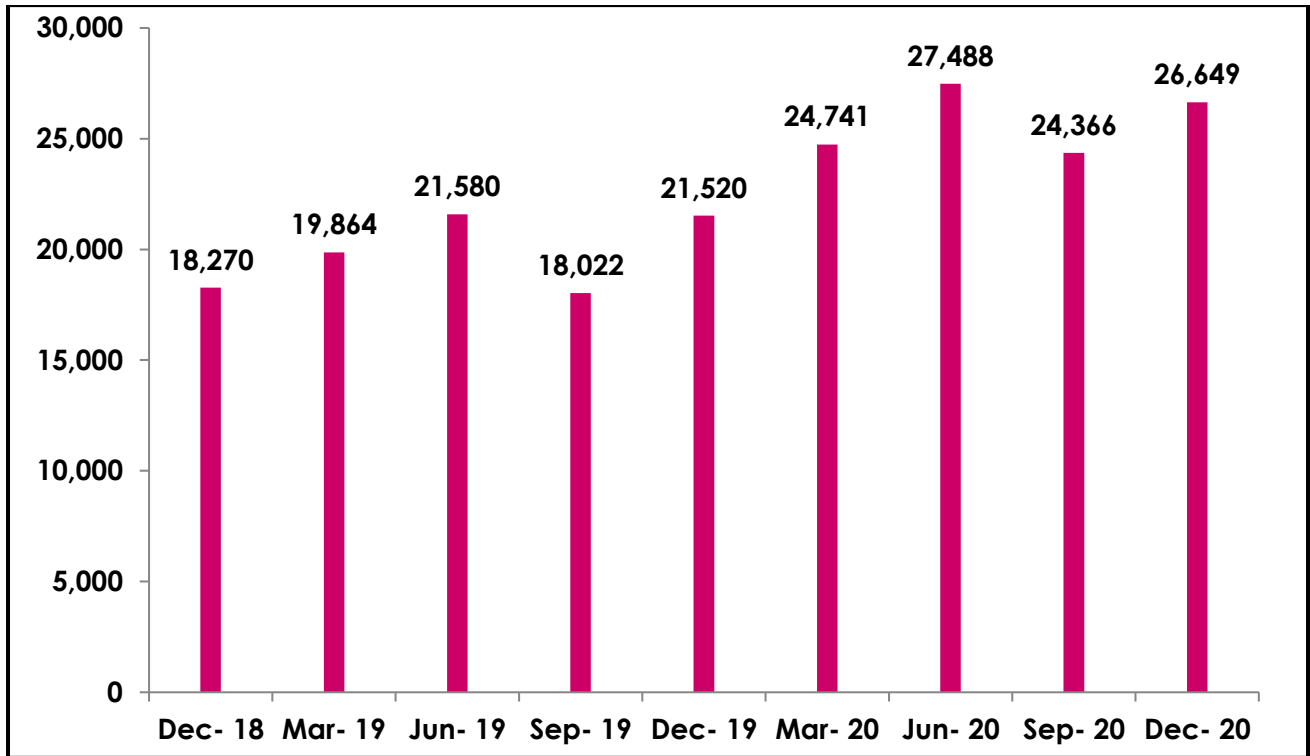
### (b) Utilization Rates \*

	Quarter ended 31 Dec 2020	Quarter ended 30 Sep 2020	Quarter ended 31 Dec 2019
<b>Including Trainees</b>			
Onsite	90%	94%	94%
Offshore	80%	80%	81%
<b>Excluding Trainees</b>			
Offshore	80%	80%	83%

\* Utilization data for Technology services business

## Trends

### Cash and cash equivalents - ₹ million



### Receivables Days

