



Group Financial Overview and Trends for the Quarter ending 31 Dec 2021

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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 8.8% QoQ and 25.8% YoY in Q3 FY22 on reported basis and grew 7.8% QoQ and 24.2% YoY in Constant Currency. FYTD revenue grew 19.9% YoY on reported basis and 19.3% in Constant Currency.
- Direct revenue grew 10.0% QoQ and 37.9% YoY on a reported basis in Q3 FY22 and grew 9.0% QoQ and 36.1% YoY in Constant Currency. FYTD revenue grew 33.9% YoY on reported basis and 33.5% in Constant Currency.
- DXC revenue declined 9.5% QoQ and 48.5% YoY in Q3 FY22 on a reported basis and declined 10.4% QoQ and 49.2% YoY in Constant Currency. FYTD revenue declined 49.4% YoY on reported basis and 50.2% in Constant Currency.
- New TCV wins of USD 335 million in Q3 FY22 in Direct. FYTD TCV wins of USD 1,081 million.
- Net profit grew 4.8% QoQ and 9.9% YoY to ₹ 3,577 million in Q3 FY22. Adjusted for the M&A charges Net profit grew 6.4% QoQ and 16.8% YoY to ₹ 3,802 million
- EPS grew 4.7% QoQ and 9.5% YoY to ₹ 19.1 in Q3 FY22. Adjusted for the M&A charges EPS grew 6.3% QoQ and 16.4% YoY to ₹ 20.3

2. Revenue

a. Overall

- Gross Revenue grew 8.8% QoQ and 25.8% YoY in Q3 FY22 on reported basis and grew 7.8% QoQ and 24.2% YoY in Constant Currency. Excluding non-strategic ATM Business, revenue grew 7.7% QoQ and 24.6% YoY in Constant Currency.

b. Direct

- Direct revenue grew 10.0% QoQ and 37.9% YoY on a reported basis in Q3 FY22 and grew 9.0% QoQ and 36.1% YoY in Constant Currency.
- Won new deals with TCV of USD 335 million in Q3 FY22 with 57% of the deal wins in New-Gen Services.

c. DXC

- In Q3 FY 22, revenue declined 9.5% QoQ and 48.5% YoY on a reported basis and declined 10.4% QoQ and 49.2% YoY in Constant Currency.
- DXC contributed 5% of the overall gross revenue in Q3 FY22.

3. Financial indicators

a. Revenues

- Net Revenue grew 8.9% QoQ and 26.2% YoY in Q3 FY22 to ₹ 31,237 million in reported terms. Net Revenue grew 7.9% QoQ and 24.6% YoY in Constant Currency.

b. Gross Profit

- Gross profit grew 11.6% QoQ and grew 20.4% YoY to ₹ 8,668 million in Q3 FY22. Gross margin improved 60 bps QoQ and declined 140 bps YoY to 27.7% in Q3 FY22.

c. Operating Profit (EBIT)

- Operating profit grew 9.0% QoQ and 16.3% YoY to ₹ 4,706 million in Q3 FY22. Operating Margin remained unchanged QoQ and declined 130 bps YoY to 15.1% in Q3 FY22.
- Adjusted for M&A related charges operating profit grew 9.5% QoQ and 22.4% YoY to ₹ 4,956 million in Q3 FY22. Adjusted Operating Margin grew 10 bps QoQ and declined 50 bps YoY to 15.9% in Q3 FY22.

d. Net Profit

- Net profit grew 4.8% QoQ and 9.9% YoY to ₹ 3,577 million in Q3 FY22. Net Margin declined 40 bps QoQ and 170 bps YoY to 11.5% in Q3 FY22.
- Adjusted for the M&A charges Net profit grew 6.4% QoQ and 16.8% YoY to ₹ 3,802 million. Adjusted Net Margin declined 30 bps QoQ and 100 bps YoY to 12.2% in Q3 FY22.

e. Earnings per Share

- EPS grew 4.7% QoQ and 9.5% YoY to ₹ 19.1 in Q3 FY22. Adjusted for the M&A charges EPS grew 6.3% QoQ and 16.4% YoY to ₹ 20.3

4. Cash Management

- Cash and cash equivalents decreased by ₹ 8,757 million during the quarter to ₹24,430 million (USD 329M). Adjusting for Dividend payments of ₹ 12,174 million and loan drawdown of ₹ 38 million, Net operating cash generated during the quarter was ₹ 3,379 million (USD 45M).

5. Deal Wins

- Mphasis won a large Service Transformation deal with a new client in Healthcare segment. Mphasis would build a modern claims platform and help reduce tech debt, using Mphasis accelerators and automation suite to reduce end customer conversion lead times.
- Mphasis has been chosen as a strategic partner by one of the leading US banks to help with their Risk platforms modernization, Acceleration of public cloud adoption (AWS), and Data center migration of their applications in various portfolios.
- One of the leading US banks has chosen Mphasis as a strategic partner to accelerate their QA transformation program and to modernize their move money/payment applications.

Consolidated Profit and Loss Account

₹ Million

	Quarter ended 31 Dec 2021	Quarter ended 30 Sep 2021	QoQ Growth %	Quarter ended 31 Dec 2020	YoY Growth %
Gross Revenues	30,955	28,460	8.8%	24,601	25.8%
Profit / (loss) on cash flow hedges reclassified to revenue	282	232		142	
Net Revenues	31,237	28,692	8.9%	24,744	26.2%
<i>Cost of revenues</i>	22,569	20,926	7.9%	17,542	28.7%
Manpower and Other Cost	21,961	20,428	7.5%	17,073	28.6%
Depreciation and Amortization	608	498	22.0%	469	29.6%
Gross profit	8,668	7,766	11.6%	7,201	20.4%
GM%	27.7%	27.1%	0.6%	29.1%	-1.4%
<i>Selling expenses</i>	1,884	1,696	11.0%	1,786	5.5%
Manpower and Other Cost	1,862	1,678	10.9%	1,771	5.1%
Depreciation and Amortization	22	18	22.2%	15	46.7%
SE %	6.0%	5.9%	0.1%	7.2%	-1.2%
<i>General and administrative expenses</i>	2,078	1,750	18.7%	1,367	52.0%
Manpower and Other Cost	1,882	1,609	16.9%	1,245	51.1%
Depreciation and Amortization	196	141	39.1%	122	60.7%
G&A %	6.7%	6.1%	0.6%	5.5%	1.2%
Operating profit	4,706	4,320	9.0%	4,048	16.3%
Operating Margin	15.1%	15.1%	0.0%	16.4%	-1.3%
Foreign exchange gain, net	116	104		13	
Other income, net	190	336		353	
Interest expenses	(216)	(163)		(148)	
Profit before taxation	4,796	4,597	4.3%	4,266	12.4%
Income taxes	1,219	1,182	3.1%	1,011	20.6%
-Current	1,219	1,295		895	
-Deferred	-	(113)		116	
Net profit	3,577	3,415	4.8%	3,255	9.9%
Earning per share (par value ₹10)	19.1	18.2	4.7%	17.4	9.5%

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 2021	Quarter ended 30 Sep 2021	Quarter ended 31 Dec 2020	Quarter ended 31 Dec 2021*
PROFIT AND LOSS ACCOUNT				
Gross Revenue (\$ Mn)	414.0	385.2	333.9	414.0
Gross margin	% 27.7%	27.1%	29.1%	28.3%
Selling expenses	% 6.0%	5.9%	7.2%	6.0%
General and administrative expenses	% 6.7%	6.1%	5.5%	6.4%
Operating margin	% 15.1%	15.1%	16.4%	15.9%
EBITDA margin	% 17.7%	17.3%	18.8%	18.1%
PBT margin	% 15.4%	16.0%	17.2%	16.3%
PAT margin	% 11.5%	11.9%	13.2%	12.2%
Effective tax rate	% 25.4%	25.7%	23.7%	25.4%
EPS (Basic)	₹ 19.1	18.2	17.4	20.3

*Adjusted for M&A related charges.

Exchange Rates

	₹ / \$		
	Quarter ended 31 Dec 2021	Quarter ended 30 Sep 2021	Quarter ended 31 Dec 2020
Period Closing Rate	74.34	74.23	73.07
Average Exchange Rate	74.77	73.89	73.68

Consolidated Balance sheet

₹ Million

	31 Dec 2021	30 Sep 2021	31 Dec 2020
SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS			
Share capital	1,875	1,873	1,867
Reserves and surplus	62,070	58,116	59,238
Employee stock options outstanding	817	583	638
	64,762	60,572	61,743
LOAN FUNDS			
Secured loans	3,304	3,266	3,252
Unsecured loans	2,880	2,880	2,239
Lease Liability	7,782	8,132	6,736
Deferred Tax Liability	660	455	541
	79,388	75,305	74,511
APPLICATION OF FUNDS			
FIXED ASSETS			
Cost	10,141	9,807	7,759
Accumulated depreciation	(6,030)	(5,609)	(4,855)
Net book value	4,111	4,198	2,904
Right-of-use assets	6,722	7,115	5,761
Capital work-in-progress including capital advances	52	14	354
	10,885	11,327	9,019
GOODWILL	26,853	26,784	21,304
INVESTMENTS	15,037	20,108	17,548
DEFERRED TAX ASSETS	1,475	1,382	1,318
CURRENT ASSETS, LOANS AND ADVANCES			
Debtors	8,909	8,518	7,928
Unbilled revenues	11,491	11,623	9,381
Cash and bank balances	9,393	13,079	9,101
Interest receivable	137	98	144
Loans and advances	16,159	13,783	12,521
	46,089	47,101	39,075
CURRENT LIABILITIES AND PROVISIONS			
Current liabilities	16,509	26,934	11,229
Provisions	4,442	4,463	2,524
	20,951	31,397	13,753
NET CURRENT ASSETS	25,138	15,704	25,322
	79,388	75,305	74,511

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 2021	Quarter ended 30 Sep 2021	Quarter ended 31 Dec 2020
BALANCE SHEET				
Cash & cash equivalents	₹ Million	24,430	33,187	26,649
Receivables	Days	59	62	62

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 ₹ 94 million (Q2 FY22 - ₹ 94 million, Q3 FY21 - ₹ 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 2021	Quarter ended 30 Sep 2021	QoQ Growth %	Quarter ended 31 Dec 2020	YoY Growth %
Segment Revenue					
Banking and Financial Services	17,115	15,532	10.2%	13,117	30.5%
Insurance	2,725	2,503	8.9%	2,386	14.2%
Technology Media and Telecom	4,079	3,563	14.5%	3,165	28.9%
Logistics & Transportation	3,922	3,725	5.3%	3,109	26.1%
Others	3,114	3,137	-0.7%	2,824	10.3%
Total Revenues	30,955	28,460	8.8%	24,601	25.8%
Segment Profit					
Banking and Financial Services	4,317	3,591	20.2%	3,227	33.8%
Insurance	669	674	-0.7%	819	-18.3%
Technology Media and Telecom	906	690	31.3%	761	19.1%
Logistics & Transportation	1,354	1,460	-7.3%	1,291	4.9%
Others	1,139	1,118	1.9%	961	18.5%
Total Segment Profit	8,385	7,533	11.3%	7,059	18.8%
Gross Margin %					
Banking and Financial Services	25.2%	23.1%	2.1%	24.6%	0.6%
Insurance	24.6%	26.9%	-2.3%	34.3%	-9.7%
Technology Media and Telecom	22.2%	19.4%	2.8%	24.0%	-1.8%
Logistics & Transportation	34.5%	39.2%	-4.7%	41.5%	-7.0%
Others	36.6%	35.6%	1.0%	34.0%	2.6%
Total	27.1%	26.5%	0.6%	28.7%	-1.6%

Notes:

Segment results exclude Profit / (loss) on cash flow hedges reclassified to revenue.

Effective Q2 FY22 'Banking and Capital Markets' segment has been renamed to 'Banking and Financial Services', and 'Information Technology, Communication & Entertainment' segment has been renamed to 'Technology, Media & Telecom'. There is no reclassification of numbers.

'Others' segment 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 2021	Quarter ended 30 Sep 2021	Quarter ended 31 Dec 2020
Onsite	18,168 59%	16,571 58%	14,263 58%
Offshore	12,787 41%	11,889 42%	10,338 42%
Total	30,955	28,460	24,601

(b) By Project Type*

	₹ Million		
	Quarter ended 31 Dec 2021	Quarter ended 30 Sep 2021	Quarter ended 31 Dec 2020
Time and Material	16,985 55%	16,547 58%	14,517 59%
Transaction Based*	4,997 16%	4,549 16%	4,136 17%
Fixed Price	8,973 29%	7,364 26%	5,949 24%
Total	30,955	28,460	24,601

*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 2021	Quarter ended 30 Sep 2021	Quarter ended 31 Dec 2020
Direct	28,732 93%	26,127 92%	20,832 85%
DXC	1,664 5%	1,838 6%	3,231 13%
Others	559 2%	495 2%	539 2%
Total	30,955	28,460	24,601

(d) By Geography*

	₹ Million		
	Quarter ended 31 Dec 2021	Quarter ended 30 Sep 2021	Quarter ended 31 Dec 2020
AMERICAS	24,868 81%	22,210 78%	19,156 78%
EMEA	3,501 11%	3,434 12%	2,940 12%
INDIA	1,566 5%	1,528 5%	1,146 5%
ROW	1,020 3%	1,288 5%	1,360 5%
Total	30,955	28,460	24,601

(e) By Service Type*

	₹ Million		
	Quarter ended 31 Dec 2021	Quarter ended 30 Sep 2021	Quarter ended 31 Dec 2020
Application Services	19,394 63%	17,392 61%	13,760 56%
Business Process Services	7,667 25%	7,433 26%	7,235 29%
Infrastructure Services	3,895 12%	3,635 13%	3,607 15%
Total	30,955	28,460	24,601

* Revenues for the Quarter ended 31 Dec 2021 include full quarter revenues of Blink UX acquisition

(f) Client Metrics

	Quarter ended 31 Dec 2021	Quarter ended 30 Sep 2021	Quarter ended 31 Dec 2020
Revenues from Top Client	11%	11%	11%
Revenues from Top 5 Clients	43%	42%	40%
Revenues from Top 10 Clients	58%	57%	52%
Clients Contributing:			
\$ 100 million Revenues	4	4	2
\$ 75 million Revenues	6	5	4
\$ 50 million Revenues	7	7	5
\$ 20 million Revenues	9	9	9
\$ 10 million Revenues	21	19	16
\$ 5 million Revenues	42	41	35
\$ 1 million Revenues	97	88	81
New client wins	7	5	6

Notes:

1. Client Concentration is based on Trailing Twelve Months (TTM).
2. Client metrics exclude DXC
3. Client contribution for Quarter ended 31 Dec 2021 includes clients from Blink UX acquisition as well

Tower Information

(a) Headcount

	Quarter ended 31 Dec 2021	Quarter ended 30 Sep 2021	Quarter ended 31 Dec 2020
Onsite - billable			
- Technology Services*	4,392	4,132	3,474
- BPO Services	2,535	2,863	3,081
Offshore - billable			
- Technology Services	16,543	15,673	12,558
- BPO Services	5,242	5,476	4,854
Total billable headcount	28,711	28,143	23,967
Total headcount**	34,915	32,295	28,116

*Technology Services include Application & Infrastructure Services

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

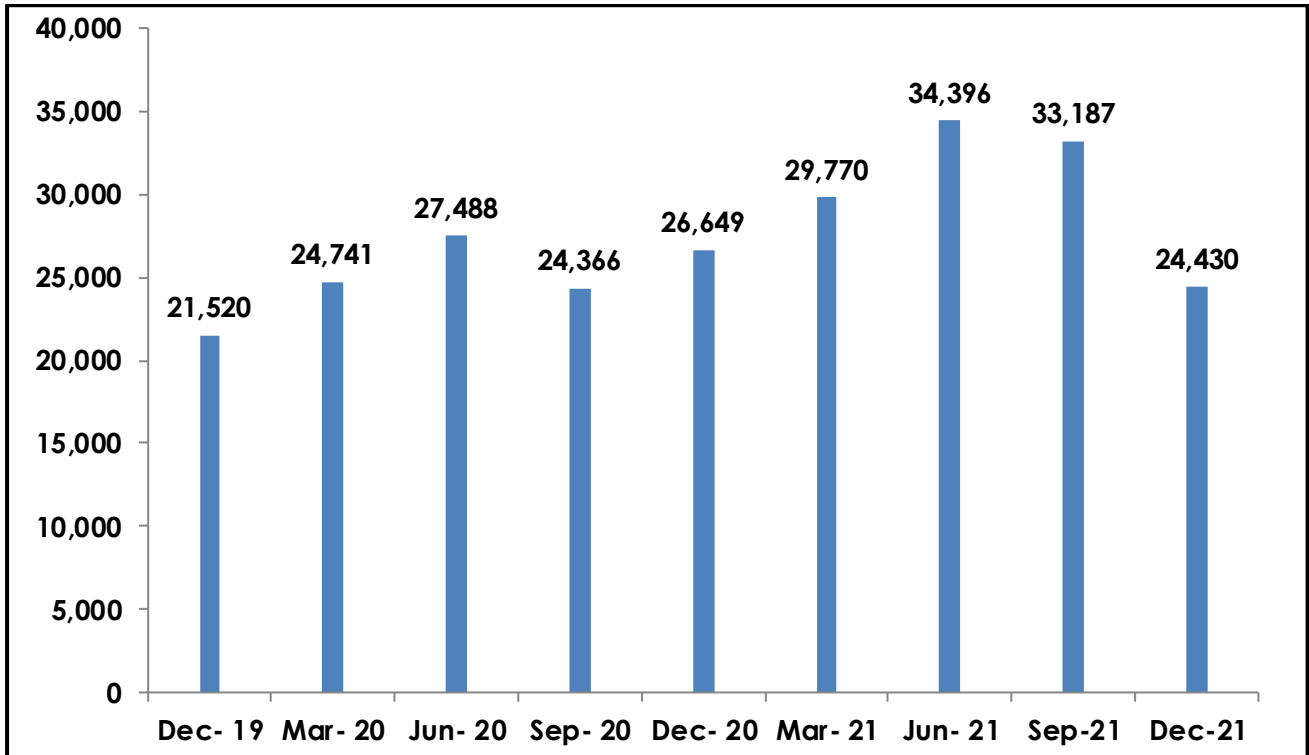
(b) Utilization Rates *

	Quarter ended 31 Dec 2021	Quarter ended 30 Sep 2021	Quarter ended 31 Dec 2020
Including Trainees			
Onsite	89%	91%	90%
Offshore	73%	80%	80%
Excluding Trainees			
Offshore	79%	82%	80%

* Utilization data for Technology services business

Trends

Cash and cash equivalents - ₹ million



Receivables Days

