



Group Financial Overview and Trends for the Quarter ending 30 Jun 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 6.8% QoQ and 16.1% YoY in Q1 FY22 on reported basis and grew 5.9% QoQ and 16.3% YoY in Constant Currency.
- Direct revenue grew 10.8% QoQ and 31.7% YoY on a reported basis in Q1 FY22 and grew 9.8% QoQ and 32.5% YoY in Constant Currency.
- DXC revenue declined 17.7% QoQ and 46.6% YoY in Q1 FY22 on a reported basis and declined 18.1% QoQ and 48.7% YoY in Constant Currency.
- New TCV wins of USD 505 million in Q1 FY22 in Direct.
- Net profit grew 7.2% QoQ and 23.5% YoY to ₹ 3,397 million in Q1 FY22.
- EPS grew 7.1% QoQ and 23.1% YoY to ₹ 18.16 in Q1 FY22.

2. Revenue

a. Overall

- Gross Revenue grew 6.8% QoQ and 16.1% YoY in Q1 FY22 on reported basis and grew 5.9% QoQ and 16.3% YoY in Constant Currency. Excluding non-strategic ATM Business, revenue grew 6.4% QoQ and 15.9% YoY in Constant Currency.

b. Direct

- Direct revenue grew 10.8% QoQ and 31.7% YoY on a reported basis in Q1 FY22 and grew 9.8% QoQ and 32.5% YoY in Constant Currency.
- Won new deals with TCV of USD 505 million in Q1 FY22 with 85% of the deal wins in New-Gen Services.

c. DXC

- In Q1 FY 22, revenue declined 17.7% QoQ and 46.6% YoY on a reported basis and declined 18.1% QoQ and 48.7% YoY in Constant Currency.
- DXC contributed 9% of the overall gross revenue in Q1 FY22.

3. Financial indicators

a. Revenues

- Net Revenue grew 6.6% QoQ and 17.6% YoY in Q1 FY22 to ₹ 26,908 million in reported terms. Net Revenue grew 5.7% QoQ and 17.8% YoY in Constant Currency.

b. Gross Profit

- Gross profit declined 2.6% QoQ and grew 16.6% YoY to ₹ 7,166 million in Q1 FY22. Gross margin declined 30 bps YoY to 26.6% in Q1 FY22.

c. Operating Profit (EBIT)

- Operating profit grew 5.3% QoQ and 19.2% YoY to ₹ 4,270 million in Q1 FY22. Operating Margin declined 20 bps QoQ and grew 20 bps YoY to 15.9% in Q1 FY22

d. Net Profit

- Net profit grew 7.2% QoQ and 23.5% YoY to ₹ 3,397 million in Q1 FY22. Net Margin grew 10 bps QoQ and 60 bps YoY to 12.6% in Q1 FY22.

e. Earnings per Share

- EPS grew 7.1% QoQ and 23.1% YoY to ₹ 18.16 in Q1 FY22.

4. Cash Management

- Cash and cash equivalents increased by ₹ 4,626 million during the quarter to ₹ 34,396 million (USD 463M). Adjusting for loan repayments, Net operating cash generated during the quarter was ₹ 3,573 million (USD 48M).

5. Deal Wins

- Mphasis has entered into an agreement with a BFSI client based in the UK to set up a shared services entity for transforming its middle and back-office functions. Our Front2Back™ digital intervention through automation, AI & ML will reduce its cost of operations along with helping the client release capacity for greater customer engagement.
- One of America's largest banks chose Mphasis as a strategic partner to complete several of their tech transformation initiatives including cloud transformation, modernization, and data center migration.
- One client in the Hi-Tech vertical engaged Mphasis in an initiative to unify and align cloud architecture and assets under a single platform to drive efficiency and reusability. This solution will enable consistent and faster end-user initiatives and forms the foundation for the client's growth engine.
- One of America's premier financial services company engaged Mphasis to help scale its suite of web platforms by implementing low-latency cloud and performance engineering practices.

Consolidated Profit and Loss Account

₹ Million

	Quarter ended 30 Jun 2021	Quarter ended 31 Mar 2021	QoQ Growth %	Quarter ended 30 Jun 2020	YoY Growth %
Gross Revenues	26,749	25,044	6.8%	23,037	16.1%
Profit / (loss) on cash flow hedges reclassified to revenue	160	199		(155)	
Net Revenues	26,908	25,243	6.6%	22,882	17.6%
<i>Cost of revenues</i>	19,742	17,887	10.4%	16,737	18.0%
Manpower and Other Cost	19,261	17,415	10.6%	16,261	18.4%
Depreciation and Amortization	481	472	1.9%	476	1.1%
Gross profit	7,166	7,356	-2.6%	6,145	16.6%
GM%	26.6%	29.1%	-2.5%	26.9%	-0.3%
<i>Selling expenses</i>	1,635	1,912	-14.5%	1,522	7.4%
Manpower and Other Cost	1,618	1,895	-14.6%	1,503	7.7%
Depreciation and Amortization	17	17	0.0%	19	-10.5%
SE %	6.1%	7.6%	-1.5%	6.7%	-0.6%
<i>General and administrative expenses</i>	1,261	1,390	-9.3%	1,040	21.3%
Manpower and Other Cost	1,135	1,262	-10.1%	940	20.7%
Depreciation and Amortization	126	128	-1.6%	100	26.0%
G&A %	4.7%	5.5%	-0.8%	4.5%	0.2%
Operating profit	4,270	4,054	5.3%	3,583	19.2%
Operating Margin	15.9%	16.1%	-0.2%	15.7%	0.2%
Foreign exchange gain, net	109	65		66	
Other income, net	358	261		311	
Interest expenses	(157)	(144)		(195)	
Profit before taxation	4,581	4,236	8.1%	3,766	21.6%
Income taxes	1,184	1,067	11.0%	1,015	16.6%
-Current	1,157	1,282		889	
-Deferred	26	(215)		125	
Net profit	3,397	3,169	7.2%	2,751	23.5%
Earning per share (par value ₹10)	18.16	16.96	7.1%	14.75	23.1%

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 Jun 2021	Quarter ended 31 Mar 2021	Quarter ended 30 Jun 2020
PROFIT AND LOSS ACCOUNT				
Gross Revenue (\$ Mn)		362.9	342.2	305.4
Gross margin	%	26.6%	29.1%	26.9%
Selling expenses	%	6.1%	7.6%	6.7%
General and administrative expenses	%	4.7%	5.5%	4.5%
Operating margin	%	15.9%	16.1%	15.7%
EBITDA margin	%	18.2%	18.5%	18.3%
PBT margin	%	17.0%	16.8%	16.5%
PAT margin	%	12.6%	12.6%	12.0%
Effective tax rate	%	25.8%	25.2%	26.9%
EPS (Basic)	₹	18.16	16.96	14.75

Exchange Rates

		Quarter ended 30 Jun 2021	Quarter ended 31 Mar 2021	Quarter ended 30 Jun 2020
₹ / \$				
Period Closing Rate		74.33	73.11	75.51
Average Exchange Rate		73.71	73.18	75.42

Consolidated Balance sheet

₹ Million

	30 Jun 2021	31 Mar 2021	30 Jun 2020
SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS			
Share capital	1,872	1,870	1,866
Reserves and surplus	66,577	62,809	58,999
Employee stock options outstanding	588	589	613
	69,037	65,267	61,478
LOAN FUNDS			
Secured loans	3,308	3,253	2,946
Unsecured loans	2,880	1,881	2,313
Lease Liability	7,143	6,677	6,894
Deferred Tax Liability	428	343	201
	82,796	77,421	73,832
APPLICATION OF FUNDS			
FIXED ASSETS			
Cost	8,483	8,206	6,975
Accumulated depreciation	(5,327)	(5,013)	(4,449)
Net book value	3,156	3,193	2,526
Right-of-use assets	6,135	5,677	5,887
Capital work-in-progress including capital advances	45	31	237
	9,336	8,901	8,650
GOODWILL	21,688	21,326	21,357
INVESTMENTS	23,784	18,460	20,731
DEFERRED TAX ASSETS	1,401	1,261	1,754
CURRENT ASSETS, LOANS AND ADVANCES			
Debtors	7,452	8,147	7,219
Unbilled revenues	11,258	9,874	9,038
Cash and bank balances	10,612	11,310	6,757
Interest receivable	122	86	67
Loans and advances	13,412	13,477	11,783
	42,856	42,894	34,864
CURRENT LIABILITIES AND PROVISIONS			
Current liabilities	12,098	11,927	11,035
Provisions	4,171	3,494	2,489
	16,269	15,421	13,524
NET CURRENT ASSETS	26,587	27,473	21,340
	82,796	77,421	73,832

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 Jun 2021	Quarter ended 31 Mar 2021	Quarter ended 30 Jun 2020
BALANCE SHEET				
Cash & cash equivalents	₹ Million	34,396	29,770	27,488
Receivables	Days	61	63	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 (Q4 FY21 - ₹ 94 million, Q1 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 30 Jun 2021	Quarter ended 31 Mar 2021	QoQ Growth %	Quarter ended 30 Jun 2020	YoY Growth %
Segment Revenue					
Banking and Capital Market	13,706	12,554	9.2%	11,240	21.9%
Insurance	2,446	2,522	-3.0%	2,293	6.7%
Information Technology, Communication & Entertainment	3,801	3,642	4.4%	3,258	16.7%
Logistics & Transportation	3,744	3,358	11.5%	3,234	15.8%
Others	3,053	2,968	2.9%	3,012	1.4%
Total Revenues	26,749	25,044	6.8%	23,037	16.1%
Segment Profit					
Banking and Capital Market	3,098	2,974	4.2%	2,747	12.8%
Insurance	732	907	-19.3%	654	11.9%
Information Technology, Communication & Entertainment	507	701	-27.7%	604	-16.1%
Logistics & Transportation	1,561	1,470	6.2%	1,234	26.5%
Others	1,107	1,105	0.2%	1,060	4.4%
Total Segment Profit	7,005	7,157	-2.1%	6,299	11.2%
Gross Margin %					
Banking and Capital Market	22.6%	23.7%	-1.1%	24.4%	-1.8%
Insurance	29.9%	36.0%	-6.1%	28.5%	1.4%
Information Technology, Communication & Entertainment	13.3%	19.2%	-5.9%	18.5%	-5.2%
Logistics & Transportation	41.7%	43.8%	-2.1%	38.2%	3.5%
Others	36.3%	37.2%	-0.9%	35.2%	1.1%
Total	26.2%	28.6%	-2.4%	27.3%	-1.1%

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 Jun 2021	Quarter ended 31 Mar 2021	Quarter ended 30 Jun 2020
Onsite	15,720 59%	14,252 57%	13,804 60%
Offshore	11,029 41%	10,792 43%	9,233 40%
Total	26,749	25,044	23,037

(b) By Project Type

	₹ Million		
	Quarter ended 30 Jun 2021	Quarter ended 31 Mar 2021	Quarter ended 30 Jun 2020
Time and Material	15,489 58%	14,397 57%	13,529 59%
Transaction Based*	4,306 16%	3,883 16%	3,505 15%
Fixed Price	6,954 26%	6,764 27%	6,003 26%
Total	26,749	25,044	23,037

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

(c) By Secondary Market Segment

	₹ Million		
	Quarter ended 30 Jun 2021	Quarter ended 31 Mar 2021	Quarter ended 30 Jun 2020
Direct	23,802 89%	21,480 86%	18,075 79%
DXC	2,467 9%	2,997 12%	4,622 20%
Others	479 2%	567 2%	340 1%
Total	26,749	25,044	23,037

(d) By Geography

	₹ Million		
	Quarter ended 30 Jun 2021	Quarter ended 31 Mar 2021	Quarter ended 30 Jun 2020
AMERICAS	20,410 76%	18,845 76%	17,696 77%
EMEA	3,243 12%	3,354 13%	2,749 12%
INDIA	1,256 5%	1,246 5%	948 4%
ROW	1,840 7%	1,599 6%	1,644 7%
Total	26,749	25,044	23,037

(e) By Service Type

	₹ Million		
	Quarter ended 30 Jun 2021	Quarter ended 31 Mar 2021	Quarter ended 30 Jun 2020
Application Services	16,562 62%	14,943 60%	14,695 64%
Business Process Services	7,172 27%	6,588 26%	4,852 21%
Infrastructure Services	3,015 11%	3,514 14%	3,490 15%
Total	26,749	25,044	23,037

(f) Client Metrics

	Quarter ended 30 Jun 2021	Quarter ended 31 Mar 2021	Quarter ended 30 Jun 2020
Revenues from Top Client	11%	10%	12%
Revenues from Top 5 Clients	42%	41%	39%
Revenues from Top 10 Clients	55%	53%	48%
Clients Contributing more than:			
\$ 100 million Revenues	4	2	2
\$ 75 million Revenues	5	5	4
\$ 50 million Revenues	7	5	4
\$ 20 million Revenues	9	9	7
\$ 10 million Revenues	18	18	16
\$ 5 million Revenues	39	37	32
\$ 1 million Revenues	84	84	79
New client wins	6	8	6

Notes:

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

Tower Information

(a) Headcount

	Quarter ended 30 Jun 2021	Quarter ended 31 Mar 2021	Quarter ended 30 Jun 2020
Onsite - billable			
- Technology Services*	4,439	4,172	3,783
- BPO Services	3,153	3,083	1,382
Offshore - billable			
- Technology Services	14,275	13,101	12,473
- BPO Services	5,176	4,971	4,592
Total billable headcount	27,043	25,327	22,229
Total headcount**	31,454	29,473	26,143

*Technology Services include Application & Infrastructure Services

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

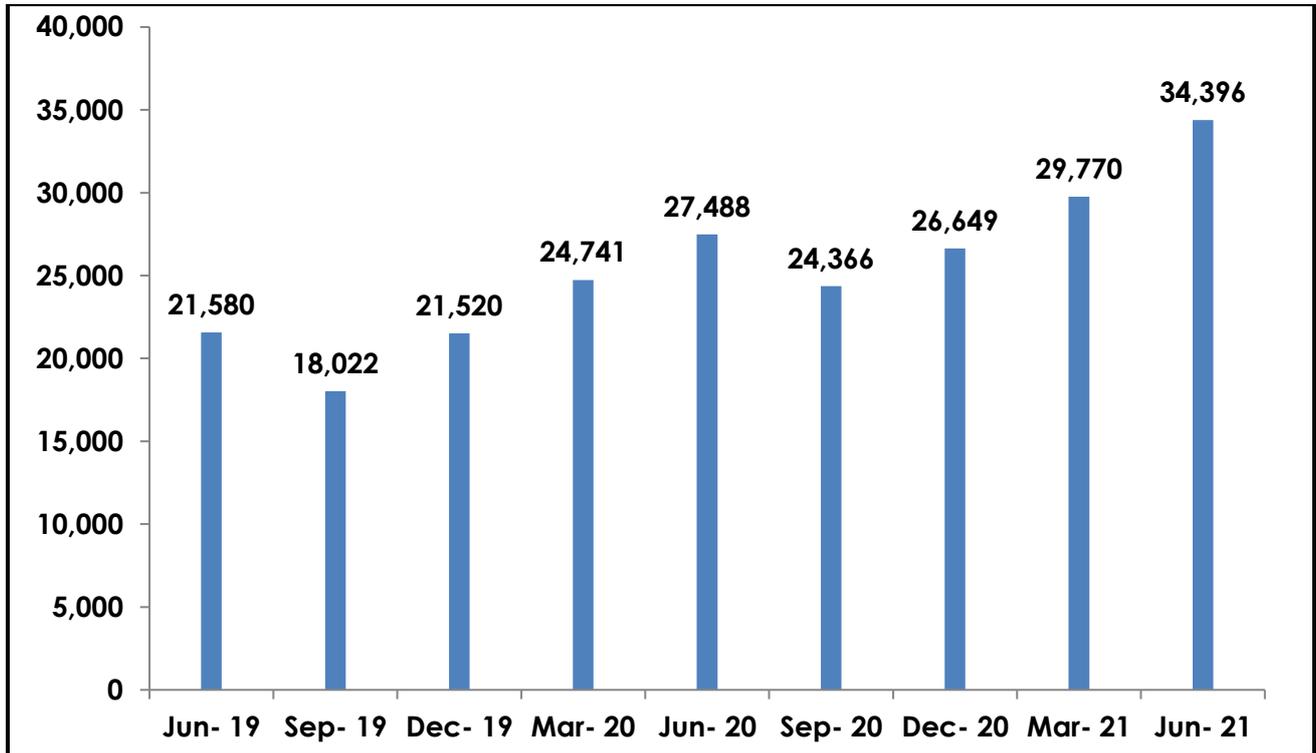
(b) Utilization Rates *

	Quarter ended 30 Jun 2021	Quarter ended 31 Mar 2021	Quarter ended 30 Jun 2020
Including Trainees			
Onsite	93%	93%	93%
Offshore	81%	84%	81%
Excluding Trainees			
Offshore	83%	85%	82%

* Utilization data for Technology services business

Trends

Cash and cash equivalents - ₹ million



Receivables Days

