



## Group Financial Overview and Trends for the Quarter ending 30 Sep 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 6.4% QoQ and 17.4% YoY in Q2 FY22 on reported basis and grew 6.6% QoQ and 17.2% YoY in Constant Currency. FYTD revenue grew 16.8% YoY on reported basis and 16.7% in Constant Currency.
- Direct revenue grew 9.8% QoQ and 31.8% YoY on a reported basis in Q2 FY22 and grew 9.9% QoQ and 31.5% YoY in Constant Currency. FYTD revenue grew 31.7% YoY on reported basis and 32.0% in Constant Currency.
- DXC revenue declined 25.5% QoQ and 53.3% YoY in Q2 FY22 on a reported basis and declined 24.5% QoQ and 53.4% YoY in Constant Currency. FYTD revenue declined 49.7% YoY on reported basis and 50.7% in Constant Currency.
- New TCV wins of USD 241 million in Q2 FY22 in Direct. FYTD TCV wins of USD 747 million.
- Net profit grew 0.5% QoQ and 14.1% YoY to ₹ 3,415 million in Q2 FY22. Adjusted for the M&A charges Net profit grew 5.2% QoQ and 19.5% YoY to ₹ 3,574 million
- EPS grew 0.4% QoQ and 13.7% YoY to ₹ 18.23 in Q2 FY22. Adjusted for the M&A charges EPS grew 5.1% QoQ and 19.0% YoY to ₹ 19.09

### **2. Revenue**

#### **a. Overall**

- Gross Revenue grew 6.4% QoQ and 17.4% YoY in Q2 FY22 on reported basis and grew 6.6% QoQ and 17.2% YoY in Constant Currency. Excluding non-strategic ATM Business, revenue grew 6.7% QoQ and 17.4% YoY in Constant Currency.

#### **b. Direct**

- Direct revenue grew 9.8% QoQ and 31.8% YoY on a reported basis in Q2 FY22 and grew 9.9% QoQ and 31.5% YoY in Constant Currency.
- Won new deals with TCV of USD 241 million in Q2 FY22 with 68% of the deal wins in New-Gen Services.

#### **c. DXC**

- In Q2 FY 22, revenue declined 25.5% QoQ and 53.3% YoY on a reported basis and declined 24.5% QoQ and 53.4% YoY in Constant Currency.
- DXC contributed 6% of the overall gross revenue in Q2 FY22.

### 3. **Financial indicators**

#### a. **Revenues**

- Net Revenue grew 6.6% QoQ and 17.8% YoY in Q2 FY22 to ₹ 28,692 million in reported terms. Net Revenue grew 6.8% QoQ and 17.6% YoY in Constant Currency.

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

- Gross profit grew 8.4% QoQ and grew 12.4% YoY to ₹ 7,766 million in Q2 FY22. Gross margin grew 50 bps QoQ and declined 130 bps YoY to 27.1% in Q2 FY22.

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

- Operating profit grew 1.2% QoQ and 10.1% YoY to ₹ 4,320 million in Q2 FY22. Operating Margin declined 80 bps QoQ and 100 bps YoY to 15.1% in Q2 FY22.
- Adjusted for M&A related charges operating profit grew 6.0% QoQ and 15.4% YoY to ₹ 4,528 million in Q2 FY22. Adjusted Operating Margin declined 10 bps QoQ and 30 bps YoY to 15.8% in Q2 FY22.

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

- Net profit grew 0.5% QoQ and 14.1% YoY to ₹ 3,415 million in Q2 FY22. Net Margin declined 70 bps QoQ and 40 bps YoY to 11.9% in Q2 FY22.
- Adjusted for the M&A charges Net profit grew 5.2% QoQ and 19.5% YoY to ₹ 3,574 million. Adjusted Net Margin improved 20 bps YoY to 12.5% in Q2 FY22.

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

- EPS grew 0.4% QoQ and 13.7% YoY to ₹ 18.23 in Q2 FY22. Adjusted for the M&A charges EPS grew 5.1% QoQ and 19.0% YoY to ₹ 19.09

### 4. **Cash Management**

- Cash and cash equivalents decreased by ₹ 1,209 million during the quarter to ₹ 33,187 million (USD 447M). Adjusting for loan repayments and acquisition payments, Net operating cash generated during the quarter was ₹ 3,958 million (USD 54M).

### 5. **Deal Wins**

- One of the leading US Life Insurance firms has selected Mphasis to lead all the digital transformation programs like Salesforce implementation for amplifying advisor journey, application migration to AWS, and other modernization opportunities.
- Mphasis has partnered with one of the leading financial services firm to modernize its options clearing process and technology to enable scaling. Mphasis proactively provided a modernization point of view which was accepted by the client.
- Mphasis was chosen as a strategic partner by a leading US bank to migrate several of its applications to the new data center, modernizing the applications as per the reference architecture.
- Mphasis has partnered with a leading loyalty platform provider (new logo) on their digital transformation to create memorable experiences for their customers, merchants and corporate partners.

## Consolidated Profit and Loss Account

₹ Million

	Quarter ended 30 Sep 2021	Quarter ended 30 Jun 2021	QoQ Growth %	Quarter ended 30 Sep 2020	YoY Growth %
<b>Gross Revenues</b>	<b>28,460</b>	<b>26,749</b>	<b>6.4%</b>	<b>24,238</b>	<b>17.4%</b>
Profit / (loss) on cash flow hedges reclassified to revenue	233	160		116	
<b>Net Revenues</b>	<b>28,692</b>	<b>26,908</b>	<b>6.6%</b>	<b>24,354</b>	<b>17.8%</b>
<i>Cost of revenues</i>	20,926	19,742	6.0%	17,444	20.0%
Manpower and Other Cost	20,428	19,261	6.1%	16,974	20.3%
Depreciation and Amortization	498	481	3.5%	470	6.0%
<b>Gross profit</b>	<b>7,766</b>	<b>7,166</b>	<b>8.4%</b>	<b>6,910</b>	<b>12.4%</b>
<b>GM%</b>	<b>27.1%</b>	<b>26.6%</b>	<b>0.5%</b>	<b>28.4%</b>	<b>-1.3%</b>
<i>Selling expenses</i>	1,696	1,635	3.7%	1,631	4.0%
Manpower and Other Cost	1,678	1,618	3.7%	1,617	3.8%
Depreciation and Amortization	18	17	5.9%	14	28.6%
SE %	5.9%	6.1%	-0.2%	6.7%	-0.8%
<i>General and administrative expenses</i>	1,750	1,261	38.8%	1,355	29.2%
Manpower and Other Cost	1,609	1,135	41.8%	1,239	29.9%
Depreciation and Amortization	141	126	11.9%	116	21.6%
G&A %	6.1%	4.7%	1.4%	5.6%	0.5%
<b>Operating profit</b>	<b>4,320</b>	<b>4,270</b>	<b>1.2%</b>	<b>3,924</b>	<b>10.1%</b>
<b>Operating Margin</b>	<b>15.1%</b>	<b>15.9%</b>	<b>-0.8%</b>	<b>16.1%</b>	<b>-1.0%</b>
Foreign exchange gain, net	104	109		(51)	
Other income, net	336	358		312	
Interest expenses	(163)	(157)		(147)	
<b>Profit before taxation</b>	<b>4,597</b>	<b>4,581</b>	<b>0.4%</b>	<b>4,038</b>	<b>13.8%</b>
<b>Income taxes</b>	<b>1,182</b>	<b>1,184</b>	<b>-0.1%</b>	<b>1,046</b>	<b>13.0%</b>
-Current	1,295	1,157		1,028	
-Deferred	(113)	26		18	
<b>Net profit</b>	<b>3,415</b>	<b>3,397</b>	<b>0.5%</b>	<b>2,992</b>	<b>14.1%</b>
<b>Earning per share (par value ₹10)</b>	<b>18.23</b>	<b>18.16</b>	<b>0.4%</b>	<b>16.04</b>	<b>13.7%</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 30 Sep 2021	Quarter ended 30 Jun 2021	Quarter ended 30 Sep 2020	Quarter ended 30 Sep 2021*
<b>PROFIT AND LOSS ACCOUNT</b>					
Gross Revenue (\$ Mn)		385.2	362.9	327.4	385.2
Gross margin	%	27.1%	26.6%	28.4%	27.1%
Selling expenses	%	5.9%	6.1%	6.7%	5.9%
General and administrative expenses	%	6.1%	4.7%	5.6%	5.5%
Operating margin	%	15.1%	15.9%	16.1%	15.8%
EBITDA margin	%	17.3%	18.2%	18.6%	18.1%
PBT margin	%	16.0%	17.0%	16.6%	16.8%
PAT margin	%	11.9%	12.6%	12.3%	12.5%
Effective tax rate	%	25.7%	25.8%	25.9%	25.7%
EPS (Basic)	₹	18.23	18.16	16.04	19.09

\*Adjusted for M&A related charges.

## Exchange Rates

		Quarter ended 30 Sep 2021	Quarter ended 30 Jun 2021	Quarter ended 30 Sep 2020
	₹ / \$			
Period Closing Rate		74.23	74.33	73.77
Average Exchange Rate		73.89	73.71	74.03

## Consolidated Balance sheet

₹ Million

	30 Sep 2021	30 Jun 2021	30 Sep 2020
<b>SOURCES OF FUNDS</b>			
<b>SHAREHOLDERS' FUNDS</b>			
Share capital	1,873	1,872	1,866
Reserves and surplus	58,116	66,577	55,736
Employee stock options outstanding	583	588	639
	<b>60,572</b>	<b>69,037</b>	<b>58,241</b>
<b>LOAN FUNDS</b>			
Secured loans	3,266	3,308	3,283
Unsecured loans	2,880	2,880	2,260
Lease Liability	8,132	7,143	6,735
Deferred Tax Liability	455	428	295
	<b>75,305</b>	<b>82,796</b>	<b>70,813</b>
<b>APPLICATION OF FUNDS</b>			
<b>FIXED ASSETS</b>			
Cost	9,807	8,483	7,276
Accumulated depreciation	(5,609)	(5,327)	(4,628)
<b>Net book value</b>	<b>4,198</b>	<b>3,156</b>	<b>2,648</b>
Right-of-use assets	7,115	6,135	5,721
Capital work-in-progress including capital advances	14	45	207
	<b>11,327</b>	<b>9,336</b>	<b>8,576</b>
<b>GOODWILL</b>	26,784	21,688	20,885
<b>INVESTMENTS</b>	20,108	23,784	16,801
<b>DEFERRED TAX ASSETS</b>	1,382	1,401	1,349
<b>CURRENT ASSETS, LOANS AND ADVANCES</b>			
Debtors	8,518	7,452	6,580
Unbilled revenues	11,623	11,258	10,250
Cash and bank balances	13,079	10,612	7,565
Interest receivable	98	122	102
Loans and advances	13,783	13,412	11,791
	<b>47,101</b>	<b>42,856</b>	<b>36,288</b>
<b>CURRENT LIABILITIES AND PROVISIONS</b>			
Current liabilities	26,934	12,098	10,436
Provisions	4,463	4,171	2,650
	<b>31,397</b>	<b>16,269</b>	<b>13,086</b>
<b>NET CURRENT ASSETS</b>	<b>15,704</b>	<b>26,587</b>	<b>23,202</b>
	<b>75,305</b>	<b>82,796</b>	<b>70,813</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 30 Sep 2021	Quarter ended 30 Jun 2021	Quarter ended 30 Sep 2020
<b>BALANCE SHEET</b>				
Cash & cash equivalents	₹ Million	33,187	34,396	24,366
Receivables	Days	62	61	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 (Q1 FY22 - ₹ 94 million, Q2 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 Sep 2021	Quarter ended 30 Jun 2021	QoQ Growth %	Quarter ended 30 Sep 2020	YoY Growth %
<b>Segment Revenue</b>					
Banking and Financial Services	15,532	13,706	13.3%	12,950	19.9%
Insurance	2,503	2,446	2.3%	2,308	8.4%
Technology, Media & Telecom	3,563	3,801	-6.3%	2,860	24.6%
Logistics & Transportation	3,725	3,744	-0.5%	2,979	25.0%
Others	3,137	3,053	2.8%	3,141	-0.1%
<b>Total Revenues</b>	<b>28,460</b>	<b>26,749</b>	<b>6.4%</b>	<b>24,238</b>	<b>17.4%</b>
<b>Segment Profit</b>					
Banking and Financial Services	3,591	3,098	15.9%	3,256	10.3%
Insurance	674	732	-7.9%	748	-9.9%
Technology, Media & Telecom	690	507	36.1%	563	22.6%
Logistics & Transportation	1,460	1,561	-6.5%	1,127	29.5%
Others	1,118	1,107	1.0%	1,100	1.6%
<b>Total Segment Profit</b>	<b>7,533</b>	<b>7,005</b>	<b>7.5%</b>	<b>6,794</b>	<b>10.9%</b>
<b>Gross Margin %</b>					
Banking and Financial Services	23.1%	22.6%	0.5%	25.1%	-2.0%
Insurance	26.9%	29.9%	-3.0%	32.4%	-5.5%
Technology, Media & Telecom	19.4%	13.3%	6.1%	19.7%	-0.3%
Logistics & Transportation	39.2%	41.7%	-2.5%	37.8%	1.4%
Others	35.6%	36.3%	-0.7%	35.0%	0.6%
<b>Total</b>	<b>26.5%</b>	<b>26.2%</b>	<b>0.3%</b>	<b>28.0%</b>	<b>-1.5%</b>

### 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 30 Sep 2021	Quarter ended 30 Jun 2021	Quarter ended 30 Sep 2020
Onsite	16,571 58%	15,720 59%	14,224 59%
Offshore	11,889 42%	11,029 41%	10,014 41%
<b>Total</b>	<b>28,460</b>	<b>26,749</b>	<b>24,238</b>

### (b) By Project Type

	₹ Million		
	Quarter ended 30 Sep 2021	Quarter ended 30 Jun 2021	Quarter ended 30 Sep 2020
Time and Material	16,547 58%	15,489 58%	14,327 59%
Transaction Based*	4,549 16%	4,306 16%	3,832 16%
Fixed Price	7,364 26%	6,954 26%	6,079 25%
<b>Total</b>	<b>28,460</b>	<b>26,749</b>	<b>24,238</b>

\*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 2021	Quarter ended 30 Jun 2021	Quarter ended 30 Sep 2020
Direct	26,127 92%	23,802 89%	19,823 82%
DXC	1,838 6%	2,467 9%	3,934 16%
Others	495 2%	479 2%	481 2%
<b>Total</b>	<b>28,460</b>	<b>26,749</b>	<b>24,238</b>

**(d) By Geography**

	₹ Million		
	Quarter ended 30 Sep 2021	Quarter ended 30 Jun 2021	Quarter ended 30 Sep 2020
AMERICAS	22,210 78%	20,410 76%	18,929 78%
EMEA	3,434 12%	3,243 12%	2,624 11%
INDIA	1,528 5%	1,256 5%	1,101 5%
ROW	1,288 5%	1,840 7%	1,584 6%
<b>Total</b>	<b>28,460</b>	<b>26,749</b>	<b>24,238</b>

**(e) By Service Type**

	₹ Million		
	Quarter ended 30 Sep 2021	Quarter ended 30 Jun 2021	Quarter ended 30 Sep 2020
Application Services	17,392 61%	16,562 62%	14,300 59%
Business Process Services	7,433 26%	7,172 27%	6,434 27%
Infrastructure Services	3,635 13%	3,015 11%	3,504 14%
<b>Total</b>	<b>28,460</b>	<b>26,749</b>	<b>24,238</b>

**(f) Client Metrics**

	Quarter ended 30 Sep 2021	Quarter ended 30 Jun 2021	Quarter ended 30 Sep 2020
Revenues from Top Client	11%	11%	12%
Revenues from Top 5 Clients	42%	42%	39%
Revenues from Top 10 Clients	57%	55%	50%
<b>Clients Contributing more than:</b>			
\$ 100 million Revenues	4	4	2
\$ 75 million Revenues	5	5	4
\$ 50 million Revenues	7	7	4
\$ 20 million Revenues	9	9	8
\$ 10 million Revenues	19	18	17
\$ 5 million Revenues	41	39	31
\$ 1 million Revenues	88	84	80
<b>New client wins</b>	5*	6	5

\* Does not include 14 clients added through the acquisition of Blink UX

**Notes:**

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

## Tower Information

### (a) Headcount

	Quarter ended 30 Sep 2021	Quarter ended 30 Jun 2021	Quarter ended 30 Sep 2020
<b>Onsite - billable</b>			
- Technology Services*	4,132	4,439	3,357
- BPO Services	2,863	3,153	2,715
<b>Offshore - billable</b>			
- Technology Services	15,673	14,275	12,358
- BPO Services	5,476	5,176	4,519
<b>Total billable headcount</b>	<b>28,143</b>	<b>27,043</b>	<b>22,950</b>
<b>Total headcount**</b>	<b>32,295</b>	<b>31,454</b>	<b>27,148</b>

\*Technology Services include Application & Infrastructure Services

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

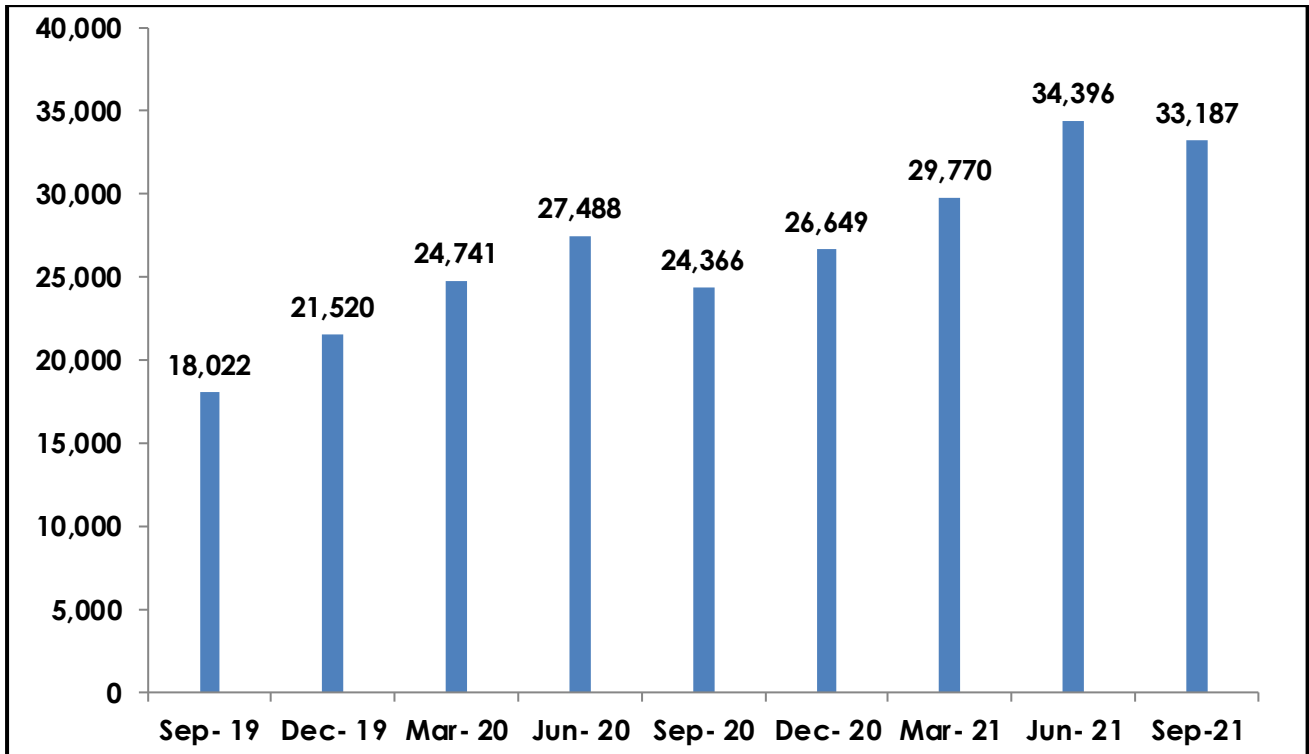
### (b) Utilization Rates \*

	Quarter ended 30 Sep 2021	Quarter ended 30 Jun 2021	Quarter ended 30 Sep 2020
<b>Including Trainees</b>			
Onsite	91%	93%	94%
Offshore	80%	81%	80%
<b>Excluding Trainees</b>			
Offshore	82%	83%	80%

\* Utilization data for Technology services business

## Trends

### Cash and cash equivalents - ₹ million



### Receivables Days

