



**Audited condensed consolidated interim financial statements as at and  
for the quarter ended 30 June 2022**

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**Mphasis Limited**  
**Condensed consolidated interim financial statements**

**CONDENSED CONSOLIDATED INTERIM BALANCE SHEET**

(₹ million)

	As at 30 June 2022	As at 31 March 2022
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	2,517.31	2,456.54
Capital work-in-progress	4.04	109.84
Right-of-use assets	6,194.19	6,236.31
Goodwill	28,412.96	27,348.06
Other intangible assets	1,600.54	1,695.39
Intangible assets under development	37.55	-
<b>Financial assets</b>		
Investments	4,416.59	3,778.01
Other financial assets	737.81	998.46
Deferred tax assets (net)	2,155.13	1,616.11
Income tax assets (net)	5,234.96	5,309.34
Other assets	1,025.64	849.66
<b>Total non-current assets</b>	<b>52,336.72</b>	<b>50,397.72</b>
<b>Current assets</b>		
<b>Financial assets</b>		
Investments	16,576.57	14,352.11
Trade receivables	23,806.17	22,269.36
Cash and cash equivalents	9,127.58	8,268.47
Bank balances other than cash and cash equivalents	787.45	1,225.90
Loans	241.24	318.21
Other financial assets	2,066.94	2,644.56
Other assets	8,096.39	8,085.11
<b>Total current assets</b>	<b>60,702.34</b>	<b>57,163.72</b>
<b>TOTAL ASSETS</b>	<b>113,039.06</b>	<b>107,561.44</b>
<b>EQUITY AND LIABILITIES</b>		
<b>EQUITY</b>		
Share capital	1,880.84	1,878.25
Other equity	72,021.61	67,553.06
<b>Total equity</b>	<b>73,902.45</b>	<b>69,431.31</b>
<b>LIABILITIES</b>		
<b>Non-current liabilities</b>		
<b>Financial liabilities</b>		
Lease liabilities	5,845.42	5,840.48
Other financial liabilities	1,407.12	1,059.52
Employee benefit obligations	1,234.48	1,183.82
Deferred tax liabilities (net)	799.76	718.22
Income tax liabilities (net)	239.78	227.89
<b>Total non-current liabilities</b>	<b>9,526.56</b>	<b>9,029.93</b>
<b>Current liabilities</b>		
<b>Financial liabilities</b>		
Borrowings	4,412.24	5,272.42
Lease liabilities	1,341.28	1,406.42
Trade payables		
- outstanding dues to micro and small enterprises	55.62	18.41
- outstanding dues to creditors other than micro and small enterprises	9,278.68	8,477.51
Other financial liabilities	6,159.92	6,131.36
Other liabilities	2,962.41	2,961.69
Employee benefit obligations	1,241.99	1,188.23
Provisions	1,085.73	1,083.77
Income tax liabilities (net)	3,072.18	2,560.39
<b>Total current liabilities</b>	<b>29,610.05</b>	<b>29,100.20</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>113,039.06</b>	<b>107,561.44</b>

Explanatory notes annexed.

The explanatory notes form an integral part of these condensed consolidated 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 & Managing Director  
New York

**Narayanan Kumar**  
Director  
Chennai

**Manish Dugar**  
Chief Financial Officer  
New York  
21 July 2022

**Subramanian Narayan**  
Senior Vice President & Company  
Secretary  
Bengaluru

Bengaluru  
21 July 2022

CONDENSED CONSOLIDATED INTERIM STATEMENT OF PROFIT AND LOSS	(₹ million)	
	Quarter ended 30 June 2022	Quarter ended 30 June 2021
<b>Income</b>		
Revenue from operations	34,112.42	26,908.34
Other income	356.15	467.12
<b>Total income (I)</b>	<b>34,468.57</b>	<b>27,375.46</b>
<b>Expenses</b>		
Employee benefits expense	20,064.53	15,638.64
Finance costs	231.82	156.71
Depreciation and amortization expense	795.70	623.19
Other expenses	8,047.87	6,376.41
<b>Total expenses (II)</b>	<b>29,139.92</b>	<b>22,794.95</b>
<b>Profit before tax (III) [(I)-(II)]</b>	<b>5,328.65</b>	<b>4,580.51</b>
<b>Tax expense</b>		
Current tax	1,250.10	1,157.35
Deferred tax	59.76	26.30
<b>Total tax expense</b>	<b>1,309.86</b>	<b>1,183.65</b>
<b>Profit for the period (A)</b>	<b>4,018.79</b>	<b>3,396.86</b>
<b>Other comprehensive income ('OCI')</b>		
<b>Items to be reclassified to profit or loss in subsequent periods</b>		
Exchange differences on translation of financial statements of foreign operations	961.67	438.89
Net change in fair value of derivatives designated as cash flow hedges	(1,544.91)	(180.64)
Income tax effect on cash flow hedges	536.37	62.55
Net change in fair values of investments in debt instruments carried at fair value through OCI	(12.63)	-
Income tax effect on fair values of investments in debt instruments	4.42	-
<b>Items not to be reclassified to profit or loss in subsequent periods</b>		
Re-measurement gains / (losses) on defined employee benefit plans	16.03	(60.71)
Income tax effect on the above	(5.65)	21.12
<b>Total OCI / (losses) for the period, net of tax (B)</b>	<b>(44.70)</b>	<b>281.21</b>
<b>Total comprehensive income for the period (A+B)</b>	<b>3,974.09</b>	<b>3,678.07</b>
<b>Profit for the period attributable to:</b>		
Equity owners of the Company	4,018.79	3,396.86
Non-controlling interests	-	-
	<b>4,018.79</b>	<b>3,396.86</b>
<b>OCI for the period attributable to:</b>		
Equity owners of the Company	(44.70)	281.21
Non-controlling interests	-	-
	<b>(44.70)</b>	<b>281.21</b>
<b>Total comprehensive income for the period attributable to:</b>		
Equity owners of the Company	3,974.09	3,678.07
Non-controlling interests	-	-
	<b>3,974.09</b>	<b>3,678.07</b>
<b>Earnings per equity share (par value ₹ 10 per share)</b>		
Basic (₹)	21.38	18.16
Diluted (₹)	21.17	17.91
Weighted average number of shares – Basic	187,928,280	187,095,123
Weighted average number of shares – Diluted	189,878,255	189,643,814

Explanatory notes annexed.

The explanatory notes form an integral part of these condensed consolidated 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 &  
Managing Director

New York

**Narayanan Kumar**

Director

Chennai

**Manish Dugar**

Chief Financial Officer

New York

21 July 2022

**Subramanian Narayan**

Senior Vice President &  
Company Secretary

Bengaluru

Bengaluru

21 July 2022

**CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY**

**a. Equity share capital**

Equity shares of ₹ 10 each issued, subscribed and fully paid	No. in million	₹ million
<b>As at 1 April 2021</b>	187.04	1,870.49
Changes in equity share capital due to prior period errors	-	-
<b>Restated balance as at 1 April 2021</b>	<b>187.04</b>	<b>1,870.49</b>
Issue of shares	0.13	1.32
<b>As at 30 June 2021</b>	<b>187.17</b>	<b>1,871.81</b>
<b>As at 1 April 2022</b>	187.82	1,878.25
Changes in equity share capital due to prior period errors	-	-
<b>Restated balance as at 1 April 2022</b>	<b>187.82</b>	<b>1,878.25</b>
Issue of shares	0.26	2.59
<b>As at 30 June 2022</b>	<b>188.08</b>	<b>1,880.84</b>

**b. Other equity**

(₹ million)

	Attributable to the equity owners of the Company										Total
	Reserves and surplus							Items of OCI			
	a	b	c	d	e	f	g	h	i	j	
	Securities premium	General reserve	Retained earnings	Capital reserve	Capital redemption reserve	Special Economic Zone re-investment reserve	Share based payments reserve	Hedging reserve	Investments in debt instruments	Foreign currency translation reserve	
<b>As at 1 April 2021</b>	<b>596.40</b>	<b>2,031.08</b>	<b>50,262.91</b>	<b>361.39</b>	<b>251.66</b>	<b>1,839.95</b>	<b>588.65</b>	<b>606.55</b>	-	<b>6,858.02</b>	<b>63,396.61</b>
Changes in accounting policy or prior period errors	-	-	-	-	-	-	-	-	-	-	-
<b>Restated balance as at 1 April 2021</b>	<b>596.40</b>	<b>2,031.08</b>	<b>50,262.91</b>	<b>361.39</b>	<b>251.66</b>	<b>1,839.95</b>	<b>588.65</b>	<b>606.55</b>	-	<b>6,858.02</b>	<b>63,396.61</b>
Profit for the period	-	-	3,396.86	-	-	-	-	-	-	-	<b>3,396.86</b>
Other comprehensive income / (losses), net of tax	-	-	(39.59)	-	-	-	-	(118.09)	-	438.89	<b>281.21</b>
Transferred to Special Economic Zone re-investment reserve	-	-	(517.28)	-	-	517.28	-	-	-	-	-
Transferred from Special Economic Zone re-investment reserve	-	-	207.26	-	-	(207.26)	-	-	-	-	-
Share based expenses	-	-	-	-	-	-	19.93	-	-	-	<b>19.93</b>
Issue of shares on exercise of stock options	91.15	-	-	-	-	-	(20.78)	-	-	-	<b>70.37</b>
<b>As at 30 June 2021</b>	<b>687.55</b>	<b>2,031.08</b>	<b>53,310.16</b>	<b>361.39</b>	<b>251.66</b>	<b>2,149.97</b>	<b>587.80</b>	<b>488.46</b>	-	<b>7,296.91</b>	<b>67,164.98</b>
<b>As at 1 April 2022</b>	<b>1,155.61</b>	<b>2,031.38</b>	<b>52,519.33</b>	<b>361.39</b>	<b>251.66</b>	<b>1,556.74</b>	<b>1,114.81</b>	<b>870.83</b>	-	<b>7,691.31</b>	<b>67,553.06</b>
Changes in accounting policy or prior period errors	-	-	-	-	-	-	-	-	-	-	-
<b>Restated balance as at 1 April 2022</b>	<b>1,155.61</b>	<b>2,031.38</b>	<b>52,519.33</b>	<b>361.39</b>	<b>251.66</b>	<b>1,556.74</b>	<b>1,114.81</b>	<b>870.83</b>	-	<b>7,691.31</b>	<b>67,553.06</b>
Profit for the period	-	-	4,018.79	-	-	-	-	-	-	-	<b>4,018.79</b>
Other comprehensive income / (losses), net of tax	-	-	10.38	-	-	-	-	(1,008.54)	(8.21)	961.67	<b>(44.70)</b>
Transferred to Special Economic Zone re-investment reserve	-	-	(284.56)	-	-	284.56	-	-	-	-	-
Transferred from Special Economic Zone re-investment reserve	-	-	136.71	-	-	(136.71)	-	-	-	-	-
Share based expenses	-	-	-	-	-	-	358.75	-	-	-	<b>358.75</b>
Issue of shares on exercise of stock options	175.74	-	-	-	-	-	(40.03)	-	-	-	<b>135.71</b>
<b>As at 30 June 2022</b>	<b>1,331.35</b>	<b>2,031.38</b>	<b>56,400.65</b>	<b>361.39</b>	<b>251.66</b>	<b>1,704.59</b>	<b>1,433.53</b>	<b>(137.71)</b>	<b>(8.21)</b>	<b>8,652.98</b>	<b>72,021.61</b>

Gain / (loss) of ₹ 10.38 and ₹ (39.59) on re-measurement of defined employee benefit plans (net of tax) is recognised as part of retained earnings for the quarters ended 30 June 2022 and 30 June 2021, respectively.

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** - ₹ 265.16 million 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

**Mphasis Limited**  
**Condensed consolidated interim financial statements**

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Trust. The same will be utilized for the purposes as permitted by the Companies Act, 2013. ₹ 94.00 million represents Capital reserve created on redemption of redeemable preference share during the year ended 31 March 2007.

- e. **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 will be utilized in accordance with the provisions of section 69 of the Companies Act, 2013.
- f. **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.
- g. **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.
- 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.
- i. **Investments in debt instruments** - This reserve represents the cumulative gains and losses arising on the revaluation of debt instruments on the balance sheet date measured at fair value through OCI (net of taxes). The reserves accumulated will be reclassified to profit and loss, when such instruments are disposed.
- j. **Foreign currency translation reserve ('FCTR')** - Exchange differences relating to the translation of the results and net assets of the Company's foreign operations from their respective functional currencies to the Company's functional and presentation currency are recognized directly in OCI and accumulated in the FCTR. When a foreign operation is disposed off, the relevant amount recognized in FCTR is transferred to the statement of profit or loss as part of the profit or loss on disposal.

Explanatory notes annexed.

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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 &  
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Chief Financial Officer

New York

21 July 2022

**Subramanian Narayan**

Senior Vice President & Company Secretary

Bengaluru

Bengaluru

21 July 2022

**Mphasis Limited**  
**Condensed consolidated interim financial statements**

**CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS**

(₹ million)

	Quarter ended 30 June 2022	Quarter ended 30 June 2021
<b>Operating activities</b>		
<b>Profit before tax</b>	<b>5,328.65</b>	<b>4,580.51</b>
<b>Adjustments to reconcile profit before tax to net cash provided by operating activities:</b>		
Depreciation and amortization expense	795.70	623.19
Profit on sale of property, plant and equipment and intangible assets	(1.00)	(3.94)
Net gain on investments carried at fair value through profit and loss	(158.69)	(244.56)
Share based payment expenses	358.75	19.93
Provision for expected credit loss	78.43	1.97
Finance costs	231.82	156.71
Interest income	(46.33)	(106.15)
Gain on lease modifications	(17.35)	-
Unrealized exchange gain, net	(251.42)	(99.38)
<b>Operating profit before changes in operating assets and liabilities</b>	<b>6,318.56</b>	<b>4,928.28</b>
<b>Changes in operating assets and liabilities</b>		
Trade receivables	(1,163.77)	(175.75)
Loans	80.68	12.09
Other financial assets	(7.58)	39.75
Other assets	(228.42)	(342.90)
Trade payables	682.65	143.73
Other financial liabilities	(379.04)	(423.78)
Other liabilities	(29.52)	131.85
Provisions and employee benefit obligations	103.66	233.20
<b>Total changes in operating assets and liabilities</b>	<b>(941.34)</b>	<b>(381.81)</b>
Income tax paid (net of refunds)	(681.22)	(658.45)
<b>Net cash flows generated from operating activities (A)</b>	<b>4,696.00</b>	<b>3,888.02</b>
<b>Investing activities</b>		
Purchase of property, plant and equipment and intangible assets	(282.75)	(178.50)
Proceeds from sale of property, plant and equipment and intangible assets	3.28	4.90
Purchase of investments	(18,698.25)	(12,699.94)
Sale of investments	15,981.27	7,620.64
Interest received	12.87	50.61
Investments in bank deposits	(10.98)	(464.32)
Redemption / maturity of bank deposits	438.46	12.99
<b>Net cash flows used in investing activities (B)</b>	<b>(2,556.10)</b>	<b>(5,653.62)</b>
<b>Financing activities</b>		
Proceeds from issue of shares	138.30	71.69
Repayment of borrowings	(4,487.41)	(3,264.93)
Availment of borrowings	3,479.58	4,262.01
Interest paid	(119.30)	(153.84)
Repayment of lease liabilities	(387.11)	(217.60)
Interest on repayment of lease liabilities	(109.92)	(118.31)
Dividends paid	(0.45)	(1.09)
<b>Net cash flows (used in) / generated from financing activities (C)</b>	<b>(1,486.31)</b>	<b>577.93</b>
<b>Net increase / (decrease) in cash and cash equivalents (A+B+C)</b>	<b>653.59</b>	<b>(1,187.67)</b>
Effect of exchange rate changes	205.52	39.07
Cash and cash equivalents at the beginning of the period	8,268.47	7,711.44
<b>Cash and cash equivalents at the end of the period</b>	<b>9,127.58</b>	<b>6,562.84</b>
<b>Components of cash and cash equivalents</b>		
In current accounts	8,563.40	6,195.69
Deposits with original maturity of less than 3 months	564.00	366.96
Cash on hand	0.18	0.19
<b>Total cash and cash equivalents</b>	<b>9,127.58</b>	<b>6,562.84</b>

Non-cash changes relating to foreign exchange (gain) / loss pertaining to borrowings: ₹ 147.65 (30 June 2021: ₹ 56.11).

Explanatory notes annexed.

The explanatory notes form an integral part of these condensed consolidated interim financial statements.

As per our report of even date attached.

**for B S R & Co. LLP**

*for and on behalf of the Board of Directors*

*Chartered Accountants*

ICAI Firm registration number: 101248W/W-100022

**Amit Somani**

*Partner*

Membership No. 060154

Bengaluru

21 July 2022

**Nitin Rakesh**

*Chief Executive Officer &  
Managing Director*

New York

**Manish Dugar**

*Chief Financial Officer*

New York

21 July 2022

**Narayanan Kumar**

*Director*

Chennai

**Subramanian Narayan**

*Senior Vice President & Company Secretary*

Bengaluru

**EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

**1. CORPORATE INFORMATION**

The condensed consolidated interim financial statements comprise financial statements of Mphasis Limited ('the Company') and its subsidiaries (collectively referred to as 'the Mphasis Group' or 'the Group') as at and for the quarter ended 30 June 2022. 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 Group, 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 principal activities of the below subsidiaries include providing Information Technology and Information Technology enabled services, except for Digital Risk group which renders risk, compliance, and technology related services to customers in the mortgage industry.

The condensed consolidated interim financial statements as at and for the quarter ended 30 June 2022 have been approved by the Board of Directors on 21 July 2022.

Subsidiaries	Country of incorporation	Parent	% of holding	
			30 June 2022	31 March 2022
Mphasis Corporation	USA	Mphasis Limited	100	100
Mphasis Deutschland GmbH	Germany	Mphasis Limited	91	91
Mphasis Australia Pty Limited	Australia	Mphasis Limited	100	100
Mphasis (Shanghai) Software & Services Company Limited	China	Mphasis Limited	100	100
Mphasis Consulting Limited	United Kingdom	Mphasis Limited	100	100
Mphasis Ireland Limited	Ireland	Mphasis Limited	100	100
Mphasis Belgium BV (formerly Mphasis Belgium BVBA)	Belgium	Mphasis Limited	100	100
Mphasis Lanka (Private) Limited [refer note 1 (a)]	Sri Lanka	Mphasis Limited	100	100
Mphasis Poland s.p.z.o.o.	Poland	Mphasis Limited	100	100
PT. Mphasis Indonesia [refer note 1 (c)]	Indonesia	Mphasis Limited	100	100
Mphasis Europe BV	The Netherlands	Mphasis Corporation	59.62	59.62
		Mphasis Limited	40.38	40.38
Mphasis Infrastructure Services Inc. [refer note 1 (g)]	USA	Mphasis Corporation	100	100
Mphasis Pte Limited	Singapore	Mphasis Europe BV	100	100
Mphasis UK Limited	United Kingdom	Mphasis Europe BV	100	100
Mphasis Software and Services (India) Private Limited	India	Mphasis Europe BV	100	100
Msource Mauritius Inc.	Mauritius	Mphasis Europe BV	100	100
Mphasis Wyde Inc.	USA	Mphasis UK Limited	100	100
Mphasis Philippines Inc.	Philippines	Mphasis Pte Limited	100	100
Msource (India) Private Limited	India	Msource Mauritius Inc.	100	100
Wyde Corporation	USA	Mphasis Wyde Inc.	100	100
Mphasis Wyde SASU	France	Wyde Corporation Inc.	100	100
Wyde Solutions Canada Inc.	Canada	Wyde Corporation Inc.	100	100
Digital Risk, LLC. *	USA	Mphasis Wyde Inc.	100	100
Digital Risk Mortgage Services, LLC. *	USA	Digital Risk, LLC.	100	100
Investor Services, LLC. *	USA	Digital Risk, LLC.	100	100
Digital Risk Valuation Services, LLC. *	USA	Digital Risk, LLC.	100	100
Digital Risk Europe, OOD. [refer note 1 (b)] *	Bulgaria	Digital Risk, LLC.	100	100
Stelligent Systems LLC	USA	Mphasis Corporation	100	100
Datalytx Limited	United Kingdom	Mphasis Consulting Limited	100	100
Datalytx MSS Limited	United Kingdom	Datalytx Limited	100	100
Dynamyx Limited	United Kingdom	Datalytx Limited	100	100
Mphasis Digi Information Technology Services (Shanghai) Limited [refer note 1 (d)]	China	Mphasis (Shanghai) Software & Services Company Limited	100	100
Blink Interactive, Inc **	USA	Mphasis Corporation	100	100
Redshift Digital Inc **	USA	Blink Interactive, Inc	100	100
Mrald Limited (refer note 1e)	United Kingdom	Mphasis Consulting Limited	51	51
Mrald Services Limited (refer note 1e)	United Kingdom	Mrald Limited	100	100
Mphasis Solutions Services Corporation (refer note 1f)	USA	Mphasis Corporation	100	100

\* Forms part of Digital Risk group.

\*\* Acquired with effect from 21 September 2021 (refer note 3).

**List of Trusts that are consolidated.**

- Mphasis Employees Benefit Trust.
  - Mphasis Employees Equity Reward Trust.
- a) On 22 July 2013, the Board of Directors of Mphasis Lanka (Private) Limited, a wholly owned subsidiary of Mphasis Limited, resolved to close its operations.
  - b) On 31 March 2017, the management of Digital Risk LLC resolved to close the operations of Digital Risk Europe, OOD.
  - c) On 16 April 2018, the shareholders of PT. Mphasis Indonesia resolved to dissolve and liquidate the entity.
  - d) On 26 May 2021, Mphasis Digi Information Technology Services (Shanghai) Limited was incorporated as a wholly owned subsidiary under Mphasis (Shanghai) Software & Services Company Limited.

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- e) On 23 December 2021, the Company through its wholly owned subsidiary, Mphasis Consulting Limited, entered into a business venture agreement with Ardonagh Services Limited (“Ardonagh”). Pursuant to this agreement, the Group owns 51% voting interest in Mrald Limited and the remaining voting interest is owned by Ardonagh. However, the Group is entitled to 100% economic benefits in Mrald Limited.
- f) On 28 December 2021, Mphasis Solutions Services Corporation was incorporated as a wholly owned subsidiary under Mphasis Corporation.
- g) On 23 March 2022, the Board of Directors of Mphasis Corporation resolved to consider a proposal for merger of its wholly owned subsidiary, Mphasis Infrastructure Services Inc. with itself.

**Statement of compliance**

The condensed consolidated interim financial statements of the Group 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 consolidated 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 Through Other Comprehensive Income (‘FVTOCI’).
- Fair value of plan assets less present value of defined benefit obligations.
- Contingent consideration pertaining to business combination

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

All assets and liabilities have been classified as current and non-current as per the Group’s normal operating cycle of 12 months. Current assets do not include elements which are not expected to be realised within 12 months and current liabilities include items where the Group does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

The Group’s condensed consolidated interim financial statements are presented in Indian Rupee (‘₹’). The functional currency of the Company and its Indian subsidiaries is Indian Rupee (‘₹’). The functional currency of foreign subsidiaries is the currency of the primary economic environment in which the entity operates. 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 Group has followed the same accounting policies in preparation of the condensed consolidated interim financial statements as those followed in preparation of the annual consolidated financial statements as at and for the year ended 31 March 2022. These condensed consolidated interim financial statements should be read in conjunction with the audited consolidated financial statements and the related notes as at and for the year ended 31 March 2022.

**3. BUSINESS COMBINATION**

**Blink Interactive, Inc**

On 21 September 2021, the Company through its wholly owned subsidiary, Mphasis Corporation, obtained control of Blink Interactive, Inc and its subsidiaries (‘Blink’) by acquiring 100% of its shares in cash. Blink is a user experience research, strategy, and design firm that works with some of the leading enterprises to create transformative digital products, brands, and experiences for clients. The acquisition seeks to boost Mphasis’ Experience competencies with end-to-end capabilities in User Experience Research, Strategy, Design, and Implementation.

The acquisition was executed through a merger agreement for a consideration of USD 93.37 million (₹ 6,930.99 million) including the fair value of earnout consideration payable amounting to USD 18.58 million (₹ 1,378.99 million). The excess of the purchase consideration paid over the fair value of assets acquired has been attributed to goodwill.

The following table shows the final allocation of purchase price:

				(₹ million)
Description	Useful life	Pre-acquisition carrying amount	Fair value adjustments	Purchase price allocated
Net assets		627.83	-	627.83
Customer contracts and relationships	0.5-5 years	-	397.95	397.95
Non-compete	1-5 years	-	384.42	384.42
Brand	5 years	-	337.43	337.43
<b>Total</b>		<b>627.83</b>	<b>1,119.80</b>	<b>1,747.63</b>
Goodwill				5,183.36
<b>Total purchase price</b>				<b>6,930.99</b>

Net assets acquired include ₹ 200.39 million of cash and cash equivalents and trade and other receivables valued at ₹ 589.86 million. Trade and other receivables are expected to be collected in full.

Goodwill of ₹ 5,183.36 million comprises value of acquired workforce and expected synergies arising from the acquisition. The goodwill is tax-deductible and has been allocated to the Blink Cash Generating Unit (‘CGU’).

The fair value of contingent consideration linked to continuing employment is being accounted for as a post combination expense in the condensed consolidated interim statement of profit and loss.



**4. FINANCIAL INSTRUMENTS**

The carrying value of financial instruments by categories is as follows:

(₹ million)

Particulars (as at 30 June 2022)	Derivative instruments		Derivative instruments not		Amortized cost	Total
	FVTPL	FVTOCI	in hedging relationship	in hedging relationship		
<b>Financial assets</b>						
Cash and cash equivalents	-	-	-	-	9,127.58	<b>9,127.58</b>
Bank balances other than cash and cash equivalents	-	-	-	-	787.45	<b>787.45</b>
Investments	18,504.41	889.25	-	-	1,599.50	<b>20,993.16</b>
Trade receivables	-	-	-	-	23,806.17	<b>23,806.17</b>
Loans	-	-	-	-	241.24	<b>241.24</b>
Derivative assets	-	-	464.24	37.76	-	<b>502.00</b>
Other financial assets	-	-	-	-	2,302.75	<b>2,302.75</b>
<b>Total</b>	<b>18,504.41</b>	<b>889.25</b>	<b>464.24</b>	<b>37.76</b>	<b>37,864.69</b>	<b>57,760.35</b>
<b>Financial liabilities</b>						
Borrowings	-	-	-	-	4,412.24	<b>4,412.24</b>
Lease liabilities	-	-	-	-	7,186.70	<b>7,186.70</b>
Trade payables	-	-	-	-	9,334.30	<b>9,334.30</b>
Derivative liabilities	-	-	672.79	111.76	-	<b>784.55</b>
Other financial liabilities	2,322.82	-	-	-	4,459.67	<b>6,782.49</b>
<b>Total</b>	<b>2,322.82</b>	<b>-</b>	<b>672.79</b>	<b>111.76</b>	<b>25,392.91</b>	<b>28,500.28</b>
<b>Particulars (as at 31 March 2022)</b>						
<b>Financial assets</b>						
Cash and cash equivalents	-	-	-	-	8,268.47	<b>8,268.47</b>
Bank balances other than cash and cash equivalents	-	-	-	-	1,225.90	<b>1,225.90</b>
Investments	16,530.62	-	-	-	1,599.50	<b>18,130.12</b>
Trade receivables	-	-	-	-	22,269.36	<b>22,269.36</b>
Loans	-	-	-	-	318.21	<b>318.21</b>
Derivative assets	-	-	1,372.43	64.41	-	<b>1,436.84</b>
Other financial assets	-	-	-	-	2,206.18	<b>2,206.18</b>
<b>Total</b>	<b>16,530.62</b>	<b>-</b>	<b>1,372.43</b>	<b>64.41</b>	<b>35,887.62</b>	<b>53,855.08</b>
<b>Financial liabilities</b>						
Borrowings	-	-	-	-	5,272.42	<b>5,272.42</b>
Lease liabilities	-	-	-	-	7,246.90	<b>7,246.90</b>
Trade payables	-	-	-	-	8,495.92	<b>8,495.92</b>
Derivative liabilities	-	-	36.07	46.01	-	<b>82.08</b>
Other financial liabilities	1,999.81	-	-	-	5,108.99	<b>7,108.80</b>
<b>Total</b>	<b>1,999.81</b>	<b>-</b>	<b>36.07</b>	<b>46.01</b>	<b>26,124.23</b>	<b>28,206.12</b>

**Fair value hierarchy**

Particulars	As at 30 June 2022				As at 31 March 2022			
	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
<b>Assets</b>								
Investments	<b>19,393.66</b>	16,714.75	2,678.91	-	<b>16,530.62</b>	13,852.98	2,677.64	-
Derivative assets	<b>502.00</b>	-	502.00	-	<b>1,436.84</b>	-	1,436.84	-
<b>Liabilities</b>								
Derivative liabilities	<b>784.55</b>	-	784.55	-	<b>82.08</b>	-	82.08	-
Other financial liabilities	<b>2,322.82</b>	-	-	2,322.82	<b>1,999.81</b>	-	-	1,999.81

**5. CONTINGENT LIABILITIES AND COMMITMENTS**

a. The Group has disputes with income tax authorities in India and other jurisdictions where they operate. The ongoing disputes pertain to various assessment years from 2002-03 to 2020-21. 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 etc. Claims against the Group in relation to direct taxes and transfer pricing matters not acknowledged as debts amount to ₹ 13,429.26 million (31 March 2022: ₹ 13,466.15 million). Claims against the Group in relation to indirect tax matters not acknowledged as debts amount to ₹ 191.35 million (31 March 2022: ₹ 191.89 million).

In relation to other tax demands not included above, the Group has furnished bank guarantees amounting to ₹ 5,097.42 million (31 March 2022: ₹ 6,661.95 million). These demands are being contested by the Group based on management evaluation, advice of tax consultants and legal advice obtained. No provision has been made in the books of accounts. The Group has filed appeals against such orders with the appropriate authorities.

The Group has received notices and inquiries from income tax authorities related to the Group's operations in the jurisdictions it operates in. The Group has evaluated these notices, responded appropriately, and believes there are no financial statement implications as on date.

b. Other outstanding bank guarantees as at 30 June 2022: ₹ 185.44 million (31 March 2022: ₹ 185.38 million) pertains to guarantees on behalf of the Group to regulatory authorities.

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- c. In addition to the above matters, the Group has other claims not acknowledged as debts amounting to ₹ 489.82 million (31 March 2022: ₹ 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 Group is unable to reasonably estimate the expected impact of the Supreme Court decision. The Group will continue to assess any further developments in this matter for the implications on financial statements, if any.
- d. Estimated amounts of contracts remaining to be executed on capital account (net of advances) and not provided for as at 30 June 2022: ₹ 200.05 million (31 March 2022: ₹ 324.43 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 Code will have an impact on the contributions towards gratuity and provident fund made by the Company and its Indian subsidiaries. The Ministry of Labour and Employment ('Ministry') has released draft rules for the Code on 13 November 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 and its Indian subsidiaries 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**

Operating segments are defined as components of the Group for which discrete financial information is available that is evaluated regularly by the chief operating decision maker, in deciding how to allocate resources and assessing performance. The Group's Chief Operating Decision Maker ('CODM') is the Chief Executive Officer.

The Group has identified business segments as reportable segments. The business segments identified are Banking and Financial Services, Logistics and transportation, Technology Media and Telecom, Insurance, and Others.

The accounting policies consistently used in the preparation of financial statements are also applied to record revenue and expenditure in individual segments. Revenues and direct expenses in relation to segments are categorised based on items that are individually identifiable to that segment, while other items, wherever allocable, are apportioned to the segments on an appropriate basis. Certain items are not specifically allocable to individual segments as the underlying services are used interchangeably. The Group, therefore, believes that it is not practical to provide segment disclosures relating to such items, and accordingly such items are separately disclosed as 'unallocated'.

CODM does not review assets and liabilities at reportable segments level, hence segment disclosures relating to total assets and liabilities have not been provided.

Client relationships are driven based on client domicile. The geographical segments include United States of America ('Americas'), India, Europe, Middle East & Africa, ('EMEA') and Rest of the world ('ROW').

	(₹ million)	
	Quarter ended 30 June 2022	Quarter ended 30 June 2021
<b>Business segments</b>		
<b>Segment revenue</b>		
Banking and Financial Services	18,097.41	13,705.51
Logistics and Transportation	4,410.54	3,743.60
Technology Media and Telecom	4,538.56	3,800.96
Insurance	3,002.58	2,445.83
Others	3,859.44	3,052.74
Unallocated - hedge	203.89	159.70
<b>Total segment revenue</b>	<b>34,112.42</b>	<b>26,908.34</b>
<b>Segment result</b>		
Banking and Financial Services	4,851.74	3,097.53
Logistics and Transportation	1,290.72	1,561.42
Technology Media and Telecom	1,246.87	506.82
Insurance	702.93	732.23
Others	1,309.75	1,107.32
Unallocated - hedge	203.89	159.70
<b>Total segment result</b>	<b>9,605.90</b>	<b>7,165.02</b>
Finance costs	(231.82)	(156.71)
Other income	356.15	467.12
Other unallocable expenditure	(4,401.58)	(2,894.92)
<b>Profit before taxation</b>	<b>5,328.65</b>	<b>4,580.51</b>
Income taxes	1,309.86	1,183.65
<b>Profit after taxation</b>	<b>4,018.79</b>	<b>3,396.86</b>
<b>Geographic revenues</b>		
Americas	27,920.40	20,410.02
India	1,697.97	1,256.46
EMEA	3,298.56	3,242.65
ROW	991.60	1,839.51
Unallocated - hedge	203.89	159.70
<b>Total</b>	<b>34,112.42</b>	<b>26,908.34</b>

**8. DISAGGREGATION OF REVENUE**

	(₹ million)	
	Quarter ended 30 June 2022	Quarter ended 30 June 2021
<b>Services rendered</b>		
Application Services	22,387.54	16,561.62
Business Process Services	7,532.08	7,171.96
Infrastructure Services	3,988.91	3,015.06
Unallocated - hedge	203.89	159.70
<b>Total</b>	<b>34,112.42</b>	<b>26,908.34</b>
<b>Delivery location</b>		
Onsite	19,773.34	15,719.91
Offshore	14,135.19	11,028.73
Unallocated - hedge	203.89	159.70
<b>Total</b>	<b>34,112.42</b>	<b>26,908.34</b>
<b>Project type</b>		
Time and material	18,483.43	15,488.70
Fixed price	10,139.99	6,953.57
Transaction based	5,285.11	4,306.37
Unallocated - hedge	203.89	159.70
<b>Total</b>	<b>34,112.42</b>	<b>26,908.34</b>
<b>Market</b>		
Direct	31,721.22	23,801.83
DXC	1,614.88	2,467.34
Others	572.43	479.47
Unallocated - hedge	203.89	159.70
<b>Total</b>	<b>34,112.42</b>	<b>26,908.34</b>

**9. HEDGING ACTIVITIES AND DERIVATIVES**

The Group's revenue is denominated in various foreign currencies. Given the nature of business, a large part of the costs are denominated in INR. This exposes the Group to currency fluctuations. The Group uses foreign exchange forward contracts to manage exposure on some of its transactions. The counterparty, for all derivative financial instruments is a bank.

The Group 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 30 June 2022			As at 31 March 2022		
	Number of contracts	Notional amount (million in respective currencies)	Fair value gain / (loss) (₹ million)	Number of contracts	Notional amount (million in respective currencies)	Fair value gain / (loss) (₹ million)
USD	533	819.50	(579.92)	519	804.20	1,072.74
GBP	62	15.12	122.58	65	14.37	81.89
EUR	79	28.58	212.79	82	29.64	177.74
CAD	38	5.34	3.22	48	6.67	3.16
AUD	43	9.98	32.78	52	12.06	0.83
<b>Total</b>			<b>(208.55)</b>			<b>1,336.36</b>

The Group has entered into derivative instruments not in hedging relationship by way of foreign exchange forwards. As at 30 June 2022 and 31 March 2022, the notional amount of outstanding contracts aggregated to ₹ 16,547.00 million and ₹ 14,151.77 million, respectively. The fair value of these contracts has a net (loss) / gain of ₹ (74.01) million and ₹ 18.40 million as at 30 June 2022 and 31 March 2022 respectively.

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

	(₹ million)	
	Quarter ended 30 June 2022	Quarter ended 30 June 2021
Balance at the beginning of the period	870.83	606.55
Change in fair value of effective portion of cash flow hedges	(1,341.02)	(20.94)
(Gain) / loss transferred to statement of profit and loss on occurrence of forecasted hedges	(203.89)	(159.70)
Income tax effect on the above	536.37	62.55
<b>Total</b>	<b>(137.71)</b>	<b>488.46</b>

**Sensitivity analysis**

For every 1% appreciation / depreciation of the respective underlying foreign currencies, the Group's OCI will decrease / increase by approximately ₹ 672.47 million (31 March 2022: ₹ 645.27 million).

**10. RELATED PARTY TRANSACTIONS**

During the previous year, the Company paid an amount of ₹ 6,130.78 million (net of withholding taxes amounting to ₹ 681.20 million) to BCP Topco IX Pte. Ltd., the holding company towards final dividend for the year ended 31 March 2021 as approved by the shareholders.

Other than the above, the Group did not have any other material related party transactions and outstanding balances as at and for the quarter ended 30 June 2022.

**11. FINAL DIVIDEND**

The Board of Directors at their meeting held on 28 April 2022 had proposed a final dividend of ₹ 46 per equity share for the year ended 31 March 2022 which was approved by the shareholders at the Annual General Meeting held on 21 July 2022.

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

Bengaluru

21 July 2022

**Nitin Rakesh**

*Chief Executive Officer &  
Managing Director*

New York

**Manish Dugar**

*Chief Financial Officer*

New York

21 July 2022

**Narayanan Kumar**

*Director*

Chennai

**Subramanian Narayan**

*Senior Vice President & Company Secretary*

Bengaluru