



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

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Mphasis Limited
Condensed standalone interim financial statements

CONDENSED STANDALONE INTERIM BALANCE SHEET	(₹ million)	
	As at 30 June 2022	As at 31 March 2022
ASSETS		
Non-current assets		
Property, plant and equipment	1,725.28	1,789.65
Capital work-in-progress	1.80	-
Right-of-use assets	3,900.55	3,993.44
Other intangible assets	49.75	46.35
Financial assets		
Investments	15,291.96	15,355.97
Loans	2,053.29	1,970.61
Other financial assets	655.44	916.32
Deferred tax assets (net)	1,386.02	933.71
Income tax assets (net)	4,621.45	4,532.22
Other assets	554.52	553.75
Total non-current assets	30,240.06	30,092.02
Current assets		
Financial assets		
Investments	9,459.35	7,593.91
Trade receivables	18,411.38	17,122.34
Cash and cash equivalents	5,620.41	4,856.65
Bank balances other than cash and cash equivalents	92.05	468.50
Loans	105.18	208.64
Other financial assets	2,370.96	2,717.11
Other assets	6,175.33	6,126.15
Total current assets	42,234.66	39,093.30
TOTAL ASSETS	72,474.72	69,185.32
EQUITY AND LIABILITIES		
EQUITY		
Share capital	1,880.84	1,878.25
Other equity	45,429.43	42,598.26
Total equity	47,310.27	44,476.51
LIABILITIES		
Non-current liabilities		
Financial liabilities		
Lease liabilities	3,937.35	4,011.20
Other financial liabilities	337.60	76.01
Employee benefit obligations	1,199.97	1,150.76
Total non-current liabilities	5,474.92	5,237.97
Current liabilities		
Financial liabilities		
Borrowings	3,150.00	3,520.00
Lease liabilities	782.81	826.93
Trade payables		
- outstanding dues to micro and small enterprises	53.70	17.60
- outstanding dues to creditors other than micro and small enterprises	8,072.80	8,376.18
Other financial liabilities	2,750.35	2,643.54
Other liabilities	965.55	825.30
Employee benefit obligations	408.78	359.02
Provisions	734.32	732.82
Income tax liabilities (net)	2,771.22	2,169.45
Total current liabilities	19,689.53	19,470.84
TOTAL EQUITY AND LIABILITIES	72,474.72	69,185.32

Explanatory notes annexed.

The explanatory notes form an integral part of these condensed standalone 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

Mphasis Limited
Condensed standalone interim financial statements

CONDENSED STANDALONE INTERIM STATEMENT OF PROFIT AND LOSS	(₹ million)	
	Quarter ended 30 June 2022	Quarter ended 30 June 2021
Income		
Revenue from operations	22,234.02	16,029.54
Other income	312.07	328.09
Total income (I)	22,546.09	16,357.63
Expenses		
Employee benefits expense	7,023.41	5,095.49
Finance costs	160.44	128.88
Depreciation and amortization expense	414.35	358.68
Other expenses	10,391.35	6,709.53
Total expenses (II)	17,989.55	12,292.58
Profit before tax (III) [(I)-(II)]	4,556.54	4,065.05
Tax expenses		
Current tax	1,145.86	1,012.97
Deferred tax	81.01	(24.34)
Total tax expenses	1,226.87	988.63
Profit for the period (A)	3,329.67	3,076.42
Other comprehensive income ('OCI')		
Items to be reclassified to profit or loss in subsequent periods		
Net change in fair value of derivatives designated as cash flow hedges	(1,536.73)	(174.81)
Income tax effect on cash flow hedges	536.99	61.09
Net change in fair values of investments in debt instruments carried at fair value through OCI	(5.65)	-
Income tax effect on fair values of investments in debt instruments	1.98	-
Items not to be reclassified to profit or loss in subsequent periods		
Re-measurement gains / (losses) on defined employee benefit plans	16.07	(56.02)
Income tax effect on the above	(5.62)	19.57
Total OCI / (losses) for the period, net of tax (B)	(992.96)	(150.17)
Total comprehensive income for the period (A+B)	2,336.71	2,926.25
Earnings per equity share (par value ₹ 10 per share)		
Basic (₹)	17.72	16.44
Diluted (₹)	17.54	16.22
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.

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Mphasis Limited
Condensed standalone interim financial statements

CONDENSED STANDALONE INTERIM STATEMENT OF CHANGES IN EQUITY

a. Equity share capital

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

b. Other equity

(₹ million)

	Attributable to the equity owners of the Company									
	Reserves and surplus							Items of OCI		Total
	a	b	c	d	e	f	g	h	i	
Securities Premium	General reserve	Retained earnings	Capital reserve	Capital redemption reserve	Special Economic Zone re-investment reserve	Share based payments	Hedging reserve	Investments in debt instruments		
As at 1 April 2021	596.40	2,011.89	35,081.09	265.16	246.91	1,839.95	588.65	599.92	-	41,229.97
Changes in accounting policy or prior period errors	-	-	-	-	-	-	-	-	-	-
Restated balance as at 1 April 2021	596.40	2,011.89	35,081.09	265.16	246.91	1,839.95	588.65	599.92	-	41,229.97
Profit for the period	-	-	3,076.42	-	-	-	-	-	-	3,076.42
Other comprehensive income / (losses), net of tax	-	-	(36.45)	-	-	-	-	(113.72)	-	(150.17)
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	-	-	19.93
Issue of shares on exercise of stock options	91.15	-	-	-	-	-	(20.78)	-	-	70.37
As at 30 June 2021	687.55	2,011.89	37,811.04	265.16	246.91	2,149.97	587.80	486.20	-	44,246.52
As at 1 April 2022	1,155.61	2,012.19	35,386.71	265.16	246.91	1,556.74	1,114.81	860.13	-	42,598.26
Changes in accounting policy or prior period errors	-	-	-	-	-	-	-	-	-	-
Restated balance as at 1 April 2022	1,155.61	2,012.19	35,386.71	265.16	246.91	1,556.74	1,114.81	860.13	-	42,598.26
Profit for the period	-	-	3,329.67	-	-	-	-	-	-	3,329.67
Other comprehensive income / (losses), net of tax	-	-	10.45	-	-	-	-	(999.74)	(3.67)	(992.96)
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	-	-	358.75
Issue of shares on exercise of stock options	175.74	-	-	-	-	-	(40.03)	-	-	135.71
As at 30 June 2022	1,331.35	2,012.19	38,578.98	265.16	246.91	1,704.59	1,433.53	(139.61)	(3.67)	45,429.43

Gain/(loss) of ₹ 10.45 and (₹ 36.45) 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.

Mphasis Limited
Condensed standalone interim financial statements

- d. Capital reserve** - 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 Trust. The same will be utilised for the purposes as permitted by the Companies Act, 2013.
- 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 is 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.

Explanatory notes annexed.

The explanatory notes form an integral part of these condensed standalone 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

Bengaluru

21 July 2022

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*Chief Executive Officer &
Managing Director*

New York

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Narayanan Kumar

Director

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Subramanian Narayan

*Senior Vice President &
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Bengaluru

CONDENSED STANDALONE INTERIM STATEMENT OF CASH FLOWS	(₹ million)	
	Quarter ended 30 June 2022	Quarter ended 30 June 2021
Operating activities		
Profit before tax	4,556.54	4,065.05
Adjustments to reconcile profit before tax to net cash provided by operating activities:		
Depreciation and amortization expense	414.35	358.68
Profit on sale of property, plant and equipment and intangible assets	(0.81)	(3.92)
Net gain on investments carried at fair value through profit and loss	(65.51)	(122.04)
Share based payment expenses	77.99	8.89
Provision for expected credit loss	58.57	(7.29)
Finance costs	160.44	128.88
Interest income	(65.93)	(57.25)
Gain on lease modifications	(17.35)	-
Unrealized exchange gain, net	(107.17)	(98.13)
Operating profit before changes in operating assets and liabilities	5,011.12	4,272.87
Changes in operating assets and liabilities		
Trade receivables	(1,095.46)	(1,007.51)
Loans	(120.05)	29.26
Other financial assets	8.88	75.33
Other assets	(40.17)	(53.35)
Trade payables	(267.28)	482.06
Other financial liabilities	(248.69)	(77.40)
Other liabilities	140.25	58.18
Provisions and employee benefit obligations	116.54	208.32
Total changes in operating assets and liabilities	(1,505.98)	(285.11)
Income tax paid (net of refunds)	(633.29)	(539.72)
Net cash flows generated from operating activities (A)	2,871.85	3,448.04
Investing activities		
Purchase of property, plant and equipment and intangible assets	(164.37)	(125.71)
Proceeds from sale of property, plant and equipment and intangible assets	1.66	4.20
Purchase of investments	(11,923.02)	(10,270.07)
Sale of investments	10,181.46	5,078.66
Interest received	45.94	35.11
Investments in bank deposits	(10.98)	(402.32)
Redemption / maturity of bank deposits	376.45	1.10
Net cash flows used in investing activities (B)	(1,492.86)	(5,679.03)
Financing activities		
Proceeds from issue of shares	138.30	71.69
Repayment of borrowings	(2,870.00)	(733.95)
Availment of borrowings	2,500.00	1,730.00
Interest paid	(66.55)	(126.45)
Repayment of lease liabilities	(227.05)	(91.68)
Repayment of interest on lease liabilities	(89.48)	(97.82)
Dividends paid	(0.45)	(1.09)
Net cash flows (used in)/generated from financing activities (C)	(615.23)	750.70
Net increase/(decrease) in cash and cash equivalents (A+B+C)	763.76	(1,480.29)
Cash and cash equivalents at the beginning of the period	4,856.65	4,891.44
Cash and cash equivalents at the end of the period	5,620.41	3,411.15
Components of cash and cash equivalents		
In current accounts	5,072.41	3,181.87
Deposits with original maturity of less than 3 months	548.00	229.28
Total cash and cash equivalents	5,620.41	3,411.15

Explanatory notes annexed.

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

As per our report of even date attached.

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

Chartered Accountants

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for and on behalf of the Board of Directors

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21 July 2022

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Senior Vice President &
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Bengaluru

Bengaluru

21 July 2022

EXPLANATORY NOTES TO THE CONDENSED STANDALONE INTERIM FINANCIAL STATEMENTS**1. CORPORATE INFORMATION**

The condensed standalone interim financial statements comprise financial statements of Mphasis Limited ('the Company'), its branch and controlled share-based payments awards trusts 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 Limited, 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 condensed standalone 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.

Mphasis Limited is the sponsoring entity of share based payments awards trusts. Management of the Company can appoint and remove the trustees and provide funding to the trust for buying the Company's shares. Basis assessment by the management, it believes that these trusts are designed to be controlled by the Company as an extension arm of the Company and are hence included in these condensed interim standalone financial statements.

List of Trusts that are consolidated.

- Mphasis Employees Benefit Trust.
- Mphasis Employees Equity Reward Trust.

Statement of compliance

The condensed standalone interim financial statements of the Company 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 standalone 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.

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 Companies' 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 Company does not have an unconditional right to defer settlement for at least a period of 12 months after the reporting date.

The condensed standalone interim financial statements are presented in Indian Rupee ('₹'), which is also the Company's functional currency. All the values are rounded off to the nearest million (INR 000,000) except when otherwise indicated.

The statement of cash flows has been prepared under the indirect method.

The Company has followed the same accounting policies in preparation of the condensed standalone interim financial statements as those followed in preparation of the annual standalone financial statements as at and for the year ended 31 March 2022. These condensed standalone interim financial statements should be read in conjunction with the audited standalone financial statements and the related notes as at and for the year ended 31 March 2022.

3. FINANCIAL INSTRUMENTS

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

(₹ million)

Particulars (as at 30 June 2022)	FVTPL	FVTOCI	Derivative	Derivative	Amortized cost	Total
			instruments in hedging relationship	instruments not in hedging relationship		
Financial assets						
Cash and cash equivalents	-	-	-	-	5,620.41	5,620.41
Bank balances other than cash and cash	-	-	-	-	92.05	92.05
Investments (other than investment in subsidiaries)	8,770.21	215.48	-	-	1,599.50	10,585.19
Trade receivables	-	-	-	-	18,411.38	18,411.38
Loans	-	-	-	-	2,158.47	2,158.47
Derivative assets	-	-	450.55	20.59	-	471.14
Other financial assets	-	-	-	-	2,555.26	2,555.26
Total	8,770.21	215.48	450.55	20.59	30,437.07	39,893.90
Financial liabilities						
Borrowings	-	-	-	-	3,150.00	3,150.00
Lease liabilities	-	-	-	-	4,720.16	4,720.16
Trade payables	-	-	-	-	8,126.50	8,126.50
Derivative liabilities	-	-	665.16	81.44	-	746.60
Other financial liabilities	-	-	-	-	2,341.35	2,341.35
Total	-	-	665.16	81.44	18,338.01	19,084.61

Particulars (as at 31 March 2022)	FVTPL	FVTOCI	Derivative	Derivative	Amortized cost	Total
			instruments in hedging relationship	instruments not in hedging relationship		
Financial assets						
Cash and cash equivalents	-	-	-	-	4,856.65	4,856.65
Bank balances other than cash and cash	-	-	-	-	468.50	468.50
Investments (other than investment in subsidiaries)	7,184.26	-	-	-	1,599.50	8,783.76
Trade receivables	-	-	-	-	17,122.34	17,122.34
Loans	-	-	-	-	2,179.25	2,179.25
Derivative assets	-	-	1,357.57	29.29	-	1,386.86
Other financial assets	-	-	-	-	2,246.57	2,246.57
Total	7,184.26	-	1,357.57	29.29	28,472.81	37,043.93
Financial liabilities						
Borrowings	-	-	-	-	3,520.00	3,520.00
Lease liabilities	-	-	-	-	4,838.13	4,838.13
Trade payables	-	-	-	-	8,393.78	8,393.78
Derivative liabilities	-	-	35.44	26.07	-	61.51
Other financial liabilities	-	-	-	-	2,658.04	2,658.04
Total	-	-	35.44	26.07	19,409.95	19,471.46

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
Assets								
Investments	8,985.69	7,417.93	1,567.76	-	7,184.26	5,614.97	1,569.29	-
Derivative assets	471.14	-	471.14	-	1,386.86	-	1,386.86	-
Liabilities								
Derivative liabilities	746.60	-	746.60	-	61.51	-	61.51	-

4. CONTINGENT LIABILITIES AND COMMITMENTS

- a. The Company has disputes with income tax authorities in India and other jurisdictions where they operate. The ongoing disputes pertain to various assessment years from 2005-06 to 2018-19. 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. Claims against the Company in relation to direct taxes, transfer pricing matters not acknowledged as debts amount to ₹ 12,876.55 million (31 March 2022: ₹ 12,916.45 million). Claims against the Company in relation to indirect tax matters not acknowledged as debts amount to ₹ 167.94 million (31 March 2022: ₹ 167.94 million).

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

The Company has received notices and inquiries from income tax authorities related to the Company's operations in the jurisdictions it operates in. The Company 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: ₹ 146.65 million (31 March 2022: ₹ 146.59 million) pertains to guarantees issued on behalf of the Company to regulatory authorities.
- c. The Company has given a financial guarantee amounting to ₹ 1,262.24 million (31 March 2022: ₹ 2,742.42 million) in relation to a working capital loan availed by a wholly owned subsidiary.

d. In addition to the above matters, the Company 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 Company is unable to reasonably estimate the expected impact of the Supreme Court decision. The Company will continue to assess any further developments in this matter for the implications on financial statements, if any.

e. Estimated amounts of contracts remaining to be executed on capital account (net of advances) and not provided for as at 30 June 2022: ₹ 121.42 million (31 March 2022: ₹ 242.32 million).

5. 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. 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 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.

6. SEGMENT REPORTING

The Company publishes the standalone financial statements along with the consolidated financial statements. In accordance with Ind AS 108, Operating segments, the Company has disclosed the segment information in the consolidated financial statements and is not required to disclose segment information in the standalone financial statements.

7. DISAGGREGATION OF REVENUE

	(₹ million)	
	Quarter ended 30 June 2022	Quarter ended 30 June 2021
Business verticals		
Banking and Financial Services	11,687.90	8,133.84
Logistics and Transportation	3,826.20	3,069.48
Technology Media and Telecom	1,799.29	1,114.05
Insurance	2,305.45	1,718.74
Others	2,420.97	1,832.62
Unallocated - hedge	194.21	160.81
Total	22,234.02	16,029.54
Geographic revenues		
Americas	18,085.78	12,361.23
India	1,693.24	1,249.37
EMEA	1,720.71	1,715.10
ROW	540.08	543.03
Unallocated - hedge	194.21	160.81
Total	22,234.02	16,029.54
Services rendered		
Application Services	16,980.84	11,712.40
Business Process Services	2,301.72	1,964.81
Infrastructure Services	2,757.25	2,191.52
Unallocated - hedge	194.21	160.81
Total	22,234.02	16,029.54
Delivery location		
Onsite	8,024.91	5,170.95
Offshore	14,014.90	10,697.78
Unallocated - hedge	194.21	160.81
Total	22,234.02	16,029.54
Project type		
Time and material	13,080.91	9,640.42
Fixed price	7,648.41	5,143.08
Transaction based	1,310.49	1,085.23
Unallocated - hedge	194.21	160.81
Total	22,234.02	16,029.54
Market		
Direct	20,710.65	14,441.55
DXC	756.73	947.71
Others	572.43	479.47
Unallocated - hedge	194.21	160.81
Total	22,234.02	16,029.54

8. HEDGING ACTIVITIES AND DERIVATIVES

The Company'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 Company to currency fluctuations. The Company uses foreign exchange forward contracts to manage exposure on some of its transactions. The counterparty, for all derivative financial instruments is a bank.

The Company 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	528	815.50	(572.70)	515	801.00	1,072.53
GBP	62	15.12	122.58	65	14.37	81.89
EUR	67	25.64	199.16	71	26.75	163.84
CAD	32	4.74	3.57	39	5.77	3.04
AUD	43	9.98	32.78	52	12.06	0.83
Total			(214.61)			1,322.13

The Company has entered into derivative instruments not in hedging relationships by way of foreign exchange forwards. As at 30 June 2022 and 31 March 2022, the notional amount of outstanding contracts aggregated to ₹ 15,099.91 million and ₹ 12,989.60 million, respectively, and the respective fair value of these contracts have a net loss of ₹ 60.85 million and net gain of ₹ 3.22 million.

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

	(₹ million)	
	Quarter ended 30 June 2022	Quarter ended 30 June 2021
Balance as per previous financial statements	860.13	599.92
Change in fair value of effective portion of cash flow hedges	(1,342.52)	(14.00)
Gain transferred to statement of profit and loss on occurrence of forecasted hedges	(194.21)	(160.81)
Income tax effect on the above	536.99	61.09
Total	(139.61)	486.20

Sensitivity analysis

For every 1% appreciation/depreciation of the respective underlying foreign currencies, the Company's OCI will decrease or increase by approximately ₹ 666.59 million (31 March 2022: ₹ 639.92 million).

9. RELATED PARTY TRANSACTIONS

During the previous year, the Company had availed loans amounting to ₹ 2,000.00 million from Msource India Private Limited (a wholly owned subsidiary). The loans carry a rate of interest to be charged on the loan @ 6 months State Bank of India MCLR (Marginal cost of funds Lending Rate) + 1.75% per annum. The loan was fully repaid as on 30 June 2022.

During the previous year, the Company had given loans amounting to USD 38 million (₹ 2,820.74 million) to Mphasis Corporation (Wholly Owned Subsidiary). The loans are repayable on 14 September 2023 and carry a rate of interest to be charged on the loan @ 180 days average SOFR (Secured Overnight Financing Rate) + 440 bps per annum and shall be reset every 6 months in tandem with SOFR/Benchmark Rate. Loans outstanding as on 30 June 2022 are USD 26 million.

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 Company's material related party transactions during the period and outstanding balances as on date are with its subsidiaries with whom the Company routinely enters into transactions in the ordinary course of business.

10. 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