



Group Financial Overview and Trends for the Quarter ending 31 Dec 2019

	Page
Overview of Quarter Results	1 & 2
Consolidated Profit and Loss Account	3
Key Performance Indicators – Profit and Loss Account	4
Consolidated Balance Sheet	5
Key Performance Indicators – Balance Sheet	6
Primary Segment Information	7
Analysis of Revenues	8 to 10
Tower Information	11 to 12
Client wins & hedge	13
Trends	14 to 16

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.

Mphasis adopted Ind-AS 116 standard for leases effective Q1 FY20.

1. Key Highlights

- Gross Revenue grew 5.7% QoQ and 13.3% YoY in Q3 FY20 on reported basis and 4.0% QoQ and 12.6% YoY in Constant Currency. FYTD revenue grew 12.2% YoY on reported basis and 11.9% YoY in Constant Currency
- Direct Core revenue grew 6.3% QoQ and 15.6% YoY in Q3 FY20 on a reported basis and 4.5% QoQ and 14.7% YoY in Constant Currency. FYTD revenue grew 16.6% YoY on reported basis and 16.2% YoY in Constant Currency.
- DXC/HP revenue grew 1.9% QoQ and 3.6% YoY in Q3 FY20 on a reported basis and 0.1% QoQ and 3.2% YoY in Constant Currency. FYTD revenue grew 9.1% YoY on reported basis and 9.4% YoY in Constant Currency.
- New TCV win of USD 189 million in Q3 FY20 in Direct International.
- Net profit grew 7.4% QoQ to ₹ 2,936 million in Q3 FY20
- EPS grew 7.4% QoQ and 9.4% YoY to ₹ 15.8. FYTD EPS grew 6.8% YoY to ₹ 44.6

2. Revenue

a. Overall

- Gross Revenue grew 4.0% QoQ and 12.6% YoY in Constant Currency. Excluding non-strategic ATM and India Government businesses, revenue grew 13.0% YoY in Constant Currency.

b. Direct International

- Direct International revenue grew 6.9% QoQ and 17.8% YoY on a reported basis in Q3 FY20 and 5.1% QoQ and 16.9% YoY in Constant Currency.
- Direct Core revenue which is 82% of Direct International revenue in Q3 FY20 grew 6.3% QoQ and 15.6% YoY on a reported basis. Revenue grew 4.5% QoQ and 14.7% YoY in Constant Currency.
- Won new deals with TCV of USD 189 million in Q3 FY20 with 87% of the deal wins in New-Gen Services.

- New-Gen Services revenue grew 35.0% on a reported basis to 54.2% of Direct Core revenue in Q3 FY20.

c. DXC/HP Business

- In Q3 FY20, revenue grew 1.9% QoQ and 3.6% YoY on a reported basis and 0.1% QoQ and 3.2% YoY in Constant Currency
- DXC/HP business contributed 26.6% of the overall gross revenue in Q3 FY20 of which DXC business contributed 23.4% of the overall gross revenue in Q3 FY20.

3. Financial indicators

a. Revenues

Net Revenue grew 5.5% QoQ and 15.5% YoY in Q3 FY20 to ₹ 22,767 million in reported terms. Net Revenue grew 3.8% QoQ and 14.8% YoY in Constant Currency.

b. Gross Profit

Gross profit increased 5.8% QoQ and 12.7% YoY in Q3 FY20 to ₹6,006 million. Gross Margin improved 10 bps QoQ and declined 60 bps YoY to 26.4%.

c. Operating Profit (EBIT)

Operating profit increased 6.5% QoQ and 18.8% YoY to ₹ 3,694 million in Q3 FY20. Operating margin improved 10 bps QoQ and 40 bps YoY to 16.2% in Q3 FY20.

d. Net Profit

Net profit increased 7.4% QoQ and 5.6% YoY to ₹ 2,936 million in Q3 FY20. Net margin increased 20 bps QoQ to 12.9%.

4. Cash Management

Cash and cash equivalents increased by ₹ 3,498 million during the quarter to ₹ 21,520 million (USD 301M). Adjusting for ₹ 889 million net loan drawdown, Net operating cash generated during the quarter was ₹ 2,609 million (USD 36.5M).

Consolidated Profit and Loss Account

₹ Millions

	Quarter ended 31 Dec 2019	Quarter ended 30 Sep 2019	QoQ Growth %	Quarter ended 31 Dec 2018	YoY Growth %
Gross Revenues	22,694	21,462	5.7%	20,028	13.3%
Adjustment from Hedging Reserve	73	119	-38.7%	(318)	
Net Revenues	22,767	21,581	5.5%	19,710	15.5%
<i>Cost of revenues</i>	16,761	15,905	5.4%	14,380	16.6%
Manpower and Other Cost	16,228	15,361	5.6%	14,204	14.2%
Depreciation and Amortization	533	544	-2.0%	176	202.8%
Gross profit	6,006	5,676	5.8%	5,330	12.7%
<i>Selling expenses</i>	1,232	1,203	2.4%	1,257	-2.0%
Manpower and Other Cost	1,226	1,197	2.4%	1,254	-2.2%
Depreciation and Amortization	6	6	0.0%	3	100.0%
<i>General and administrative expenses</i>	1,080	1,003	7.7%	963	12.1%
Manpower and Other Cost	1,044	971	7.5%	946	10.4%
Depreciation and Amortization	36	32	12.5%	17	111.8%
Operating profit	3,694	3,470	6.5%	3,110	18.8%
Foreign exchange gain, net	14	49	-72.3%	76	-82.1%
Other income, net	348	302	15.2%	423	-17.7%
Interest expenses	(190)	(217)	-12.4%	(28)	578.6%
Profit before taxation	3,865	3,604	7.3%	3,581	7.9%
Income taxes	929	871	6.7%	801	16.0%
-Current	1,013	862	17.5%	770	31.6%
-Deferred	(84)	9		31	-371.0%
Net profit	2,936	2,733	7.4%	2,780	5.6%
Earning per share (par value ₹10)	15.8	14.7	7.4%	14.4	9.4%

Note: The figures of the previous periods have been regrouped / reclassified wherever necessary to conform to the current period's classification.

Key Performance Indicators

		Quarter ended 31 Dec 2019	Quarter ended 30 Sep 2019	Quarter ended 31 Dec 2018
PROFIT AND LOSS ACCOUNT				
Gross Revenue (\$ Mn)		318.1	304.7	282.7
Gross margin	%	26.4%	26.3%	27.0%
Selling expenses	%	5.4%	5.6%	6.4%
General and administrative expenses	%	4.7%	4.6%	4.9%
Operating margin	%	16.2%	16.1%	15.8%
EBITDA margin	%	18.8%	18.8%	16.8%
Net margin*	%	12.9%	12.7%	14.1%
Effective tax rate*	%	24.0%	24.2%	22.4%
EPS (Basic)*	₹	15.8	14.7	14.4

*Before Exceptional Item

Exchange Rates

		Quarter ended 31 Dec 2019	Quarter ended 30 Sep 2019	Quarter ended 31 Dec 2018
₹ / \$				
Period Closing Rate		71.4	70.9	69.8
Average Exchange Rate		71.4	70.4	70.8

Consolidated Balance sheet

₹ Millions

	31 Dec 2019	30 Sep 2019	31 Dec 2018
SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS			
Share capital	1,864	1,864	1,861
Reserves and surplus	52,191	48,902	46,937
Employee stock options outstanding	561	547	473
	54,616	51,313	49,271
LOAN FUNDS			
Secured loans	3,213	2,340	3,142
Unsecured loans	2,213	2,197	1,396
Lease Liability	6,845	6,947	-
Deferred Tax Liability	117	48	15
	67,004	62,845	53,824
APPLICATION OF FUNDS			
FIXED ASSETS			
Cost	6,405	5,901	5,121
Accumulated depreciation	(3,901)	(3,673)	(3,112)
Net book value	2,504	2,228	2,009
Right-of-use assets	5,825	5,904	-
Capital work-in-progress including capital advances	486	456	528
	8,815	8,588	2,537
GOODWILL	20,221	20,046	19,751
INVESTMENTS	16,638	14,082	10,229
DEFERRED TAX ASSETS	1,329	1,090	1,133
CURRENT ASSETS, LOANS AND ADVANCES			
Debtors	8,648	8,331	6,585
Unbilled revenues	8,756	8,855	9,109
Cash and bank balances	4,882	3,940	8,042
Interest receivable	82	50	91
Loans and advances	12,383	11,820	10,888
	34,751	32,996	34,714
CURRENT LIABILITIES AND PROVISIONS			
Current liabilities	10,886	10,600	11,912
Provisions	3,864	3,357	2,627
	14,750	13,957	14,539
NET CURRENT ASSETS	20,001	19,039	20,175
	67,004	62,845	53,824

Note: The figures of the previous periods have been regrouped / reclassified wherever necessary to conform to the current period's classification.

Key Performance Indicators

		Quarter ended 31 Dec 2019	Quarter ended 30 Sep 2019	Quarter ended 31 Dec 2018
BALANCE SHEET				
Cash & cash equivalents	₹ Millions	21,520	18,022	18,270
Receivables	Days	67	70	74

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 ₹ 124 million (Q2 FY20 - ₹ 124 million, Q3 FY19 - ₹ 176 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 at the applicable accounting standards.

Primary Segment Information

₹ Millions

	Quarter ended 31 Dec 2019	Quarter ended 30 Sep 2019	QoQ Growth %	Quarter ended 31 Dec 2018	YoY Growth %
Segment Revenue					
Banking and Capital Market	10,326	9,834	5.0%	8,825	17.0%
Insurance	2,553	2,414	5.7%	2,369	7.8%
Information Technology, Communication & Entertainment	3,567	3,459	3.1%	3,370	5.8%
Emerging Industries	6,248	5,754	8.6%	5,464	14.4%
Total Revenues	22,694	21,462	5.7%	20,028	13.3%
Segment Profit					
Banking and Capital Market	2,546	2,466	3.2%	2,271	12.1%
Insurance	619	670	-7.6%	692	-10.6%
Information Technology, Communication & Entertainment	703	670	4.9%	872	-19.4%
Emerging Industries	2,065	1,750	18.0%	1,813	13.9%
Total Segment Profit	5,933	5,556	6.8%	5,648	5.0%
Gross Margin %					
Banking and Capital Market	24.7%	25.1%	-0.4%	25.7%	-1.0%
Insurance	24.2%	27.7%	-3.5%	29.2%	-5.0%
Information Technology, Communication & Entertainment	19.7%	19.4%	0.3%	25.9%	-6.2%
Emerging Industries	33.0%	30.4%	2.6%	33.2%	-0.2%
Total	26.1%	25.9%	0.2%	28.2%	-2.1%

Note: Segment revenue is gross of adjustment from hedging reserve. Segment profit represents profit before exceptional item.

Emerging Industries segment include Healthcare, Transportation and logistics, Manufacturing 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 are gross of adjustments from hedging reserve

(a) By Delivery Location

	₹ Millions		
	Quarter ended 31 Dec 2019	Quarter ended 30 Sep 2019	Quarter ended 31 Dec 2018
Onsite	13,187 58%	12,500 58%	11,444 57%
Offshore	9,507 42%	8,962 42%	8,584 43%
Total	22,694	21,462	20,028

(b) By Project Type

	₹ Millions		
	Quarter ended 31 Dec 2019	Quarter ended 30 Sep 2019	Quarter ended 31 Dec 2018
Time and Material	16,625 73%	15,881 74%	15,195 76%
Fixed Price	6,069 27%	5,581 26%	4,833 24%
Total	22,694	21,462	20,028

(c) By Secondary Market Segment

	₹ Millions		
	Quarter ended 31 Dec 2019	Quarter ended 30 Sep 2019	Quarter ended 31 Dec 2018
Direct International	15,890 70%	14,864 69%	13,495 67%
DXC / HP Business	6,029 27%	5,917 28%	5,817 29%
Others	775 3%	681 3%	716 4%
Total	22,694	21,462	20,028

(d) By Geography

	₹ Millions		
	Quarter ended 31 Dec 2019	Quarter ended 30 Sep 2019	Quarter ended 31 Dec 2018
AMERICAS	17,592 78%	17,005 80%	15,685 78%
EMEA	2,616 12%	2,176 10%	2,251 11%
INDIA	1,149 5%	1,131 5%	1,117 6%
ROW	1,337 5%	1,150 5%	975 5%
Total	22,694	21,462	20,028

(e) By Service Type

	₹ Millions		
	Quarter ended 31 Dec 2019	Quarter ended 30 Sep 2019	Quarter ended 31 Dec 2018
Application Maintenance	6,485 29%	6,502 30%	7,177 36%
Application Development	7,302 32%	7,161 33%	5,971 30%
Customer Service	269 1%	228 1%	222 1%
Knowledge Processes	2,068 9%	1,835 9%	1,482 7%
Transaction Processing Service	1,768 8%	1,423 7%	1,244 6%
Service / Technical Help Desk	1,802 8%	1,547 7%	1,351 7%
Infrastructure Management Services	2,946 13%	2,694 13%	2,534 13%
License Income	54 0%	72 0%	47 0%
Total	22,694	21,462	20,028

(f) Client Concentration

	Quarter ended 31 Dec 2019	Quarter ended 30 Sep 2019	Quarter ended 31 Dec 2018
Revenues from Top Client	14%	15%	14%
Revenues from Top 5 Clients	48%	49%	46%
Revenues from Top 10 Clients	60%	60%	59%
Clients Contributing more than:			
\$ 20 million Revenues	8	8	8
- <i>Direct Channel</i>	6	6	6
- <i>DXC / HP Channel</i>	2	2	2
\$ 10 million Revenues	17	17	19
- <i>Direct Channel</i>	13	13	15
- <i>DXC / HP Channel</i>	4	4	4
\$ 5 million Revenues	36	35	33
- <i>Direct Channel</i>	27	26	23
- <i>DXC / HP Channel</i>	9	9	10
\$ 1 million Revenues	106	104	96
- <i>Direct Channel</i>	73	72	63
- <i>DXC / HP Channel</i>	33	32	33

Note: Client Concentration is based on Trailing Twelve Months (TTM).

Tower Information

(a) Headcount*

	Quarter ended 31 Dec 2019	Quarter ended 30 Sep 2019	Quarter ended 31 Dec 2018
Onsite			
- Application Services	3,298	3,309	3,539
- ITO Services / IS	1,399	1,547	1,210
- BPO Services	1,398	1,080	884
Offshore			
- Application Services	10,980	10,995	9,286
- ITO Services / IS	2,927	2,867	2,843
- BPO Services	6,078	5,958	5,236
Sales and Marketing	280	280	292
General and Administration	929	927	925
Total	27,289	26,964	24,215

* Note: Including billable contractors

(b) Utilization Rates

	Quarter ended 31 Dec 2019	Quarter ended 30 Sep 2019	Quarter ended 31 Dec 2018
Excluding Trainees			
Onsite			
- Application Services	92%	92%	93%
- ITO Services / IS	99%	98%	99%
Offshore			
- Application Services	80%	82%	82%
- ITO Services / IS	91%	93%	86%
- BPO Services	91%	89%	93%
Blended			
- Application Services	83%	84%	85%
- ITO Services / IS	94%	95%	91%
- BPO Services	91%	89%	93%
Including Trainees			
Onsite			
- Application Services	92%	92%	93%
- ITO Services / IS	99%	98%	99%
Offshore			
- Application Services	79%	79%	80%
- ITO Services / IS	90%	93%	85%
- BPO Services	81%	78%	85%
Blended			
- Application Services	82%	82%	84%
- ITO Services / IS	93%	95%	90%
- BPO Services	81%	78%	85%

(c) Billing Rates

	Quarter ended 31 Dec 2019	Quarter ended 30 Sep 2019	Quarter ended 31 Dec 2018
			\$/Hr
Onsite			
Application Services	93	92	85
ITO Services / IS	75	77	81
Offshore			
Application Services	23	23	23
ITO Services / IS	25	26	24
BPO Services	12	12	10

Other details

New Client wins

	Quarter ended 31 Dec 2019	Quarter ended 30 Sep 2019	Quarter ended 31 Dec 2018
Banking and Capital Market	4	4	11
Insurance	3	2	1
Information Technology, Communication & Entertainment	3	2	3
Emerging Industries	5	7	5
Total client additions	15	15	20
Direct Channel	13	7	18
DXC / HP Channel	2	8	2
Total client additions	15	15	20

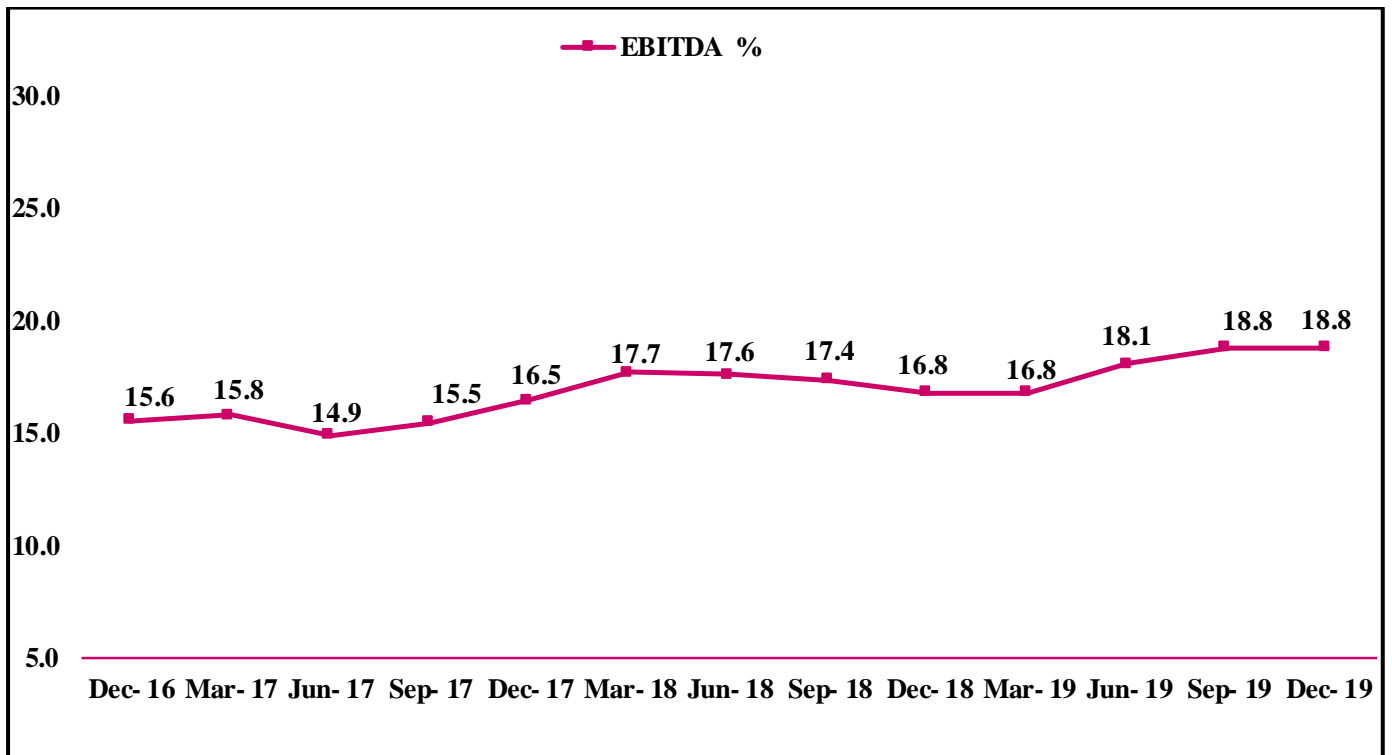
Hedge

	As at 31 Dec 2019	As at 30 Sep 2019	As at 31 Dec 2018
Hedge amount - Millions			
USD	587	575	529
AUD	13	13	13
GBP	18	18	21
EUR	27	27	28
SGD	0	1	-
CAD	11	10	9
SEK	6	-	-
Average hedge rate including premia	₹	₹	₹
USD	74.44	73.69	71.05
AUD	52.24	52.42	53.28
GBP	98.81	98.16	96.62
EUR	85.61	85.63	86.81
SGD	53.29	51.94	-
CAD	55.14	54.86	54.00
SEK	7.64	-	-

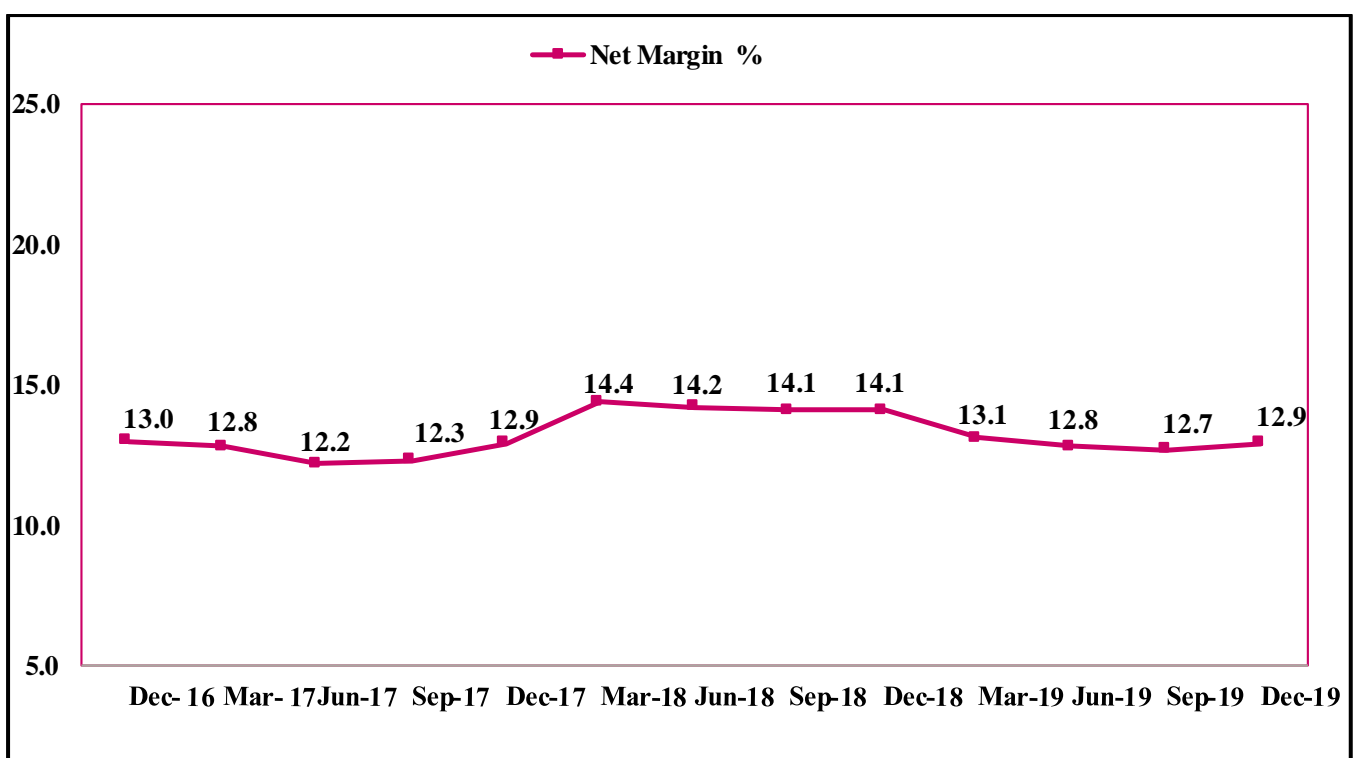
Our exposure to foreign exchange risk arises principally on account of non-functional monetary assets/liabilities at the balance sheet date and highly probable forecast transactions denominated in USD, GBP, EUR, AUD, CAD, SGD & SEK. We have sought to reduce the effect of foreign exchange risk arising from the exposures on our results by purchasing forward foreign exchange contracts. These contracts are entered into in a systematic manner over the lifecycle of the exposure in accordance with the FX Risk Management Policy as laid down by the Treasury Committee of the Board of Directors. In Q3-18, the hedge policy was amended to extend the maturity of the hedges from 1 year to 2 years. The outstanding hedges have maturities of upto 24 months. We use these instruments as hedges and not for speculative purposes and all of them qualify for hedge accounting under Ind AS 109 published by the Institute of Chartered Accountants of India.

TRENDS

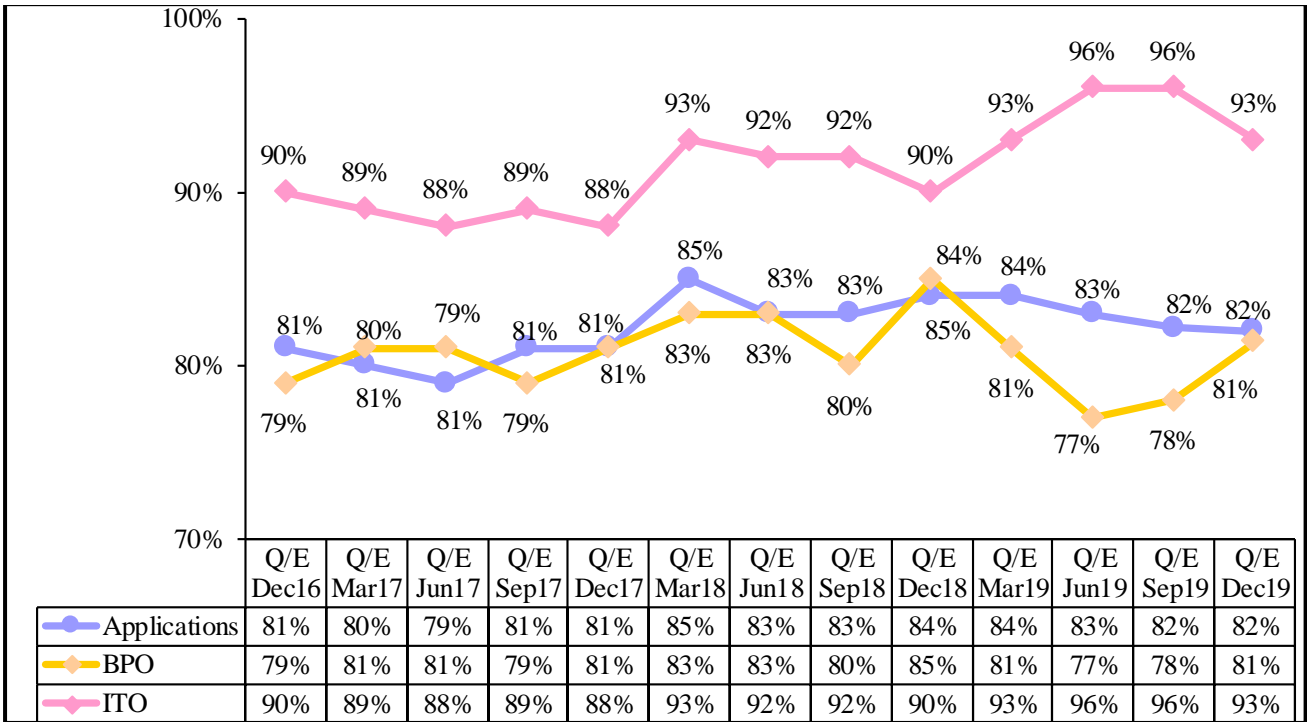
EBITDA



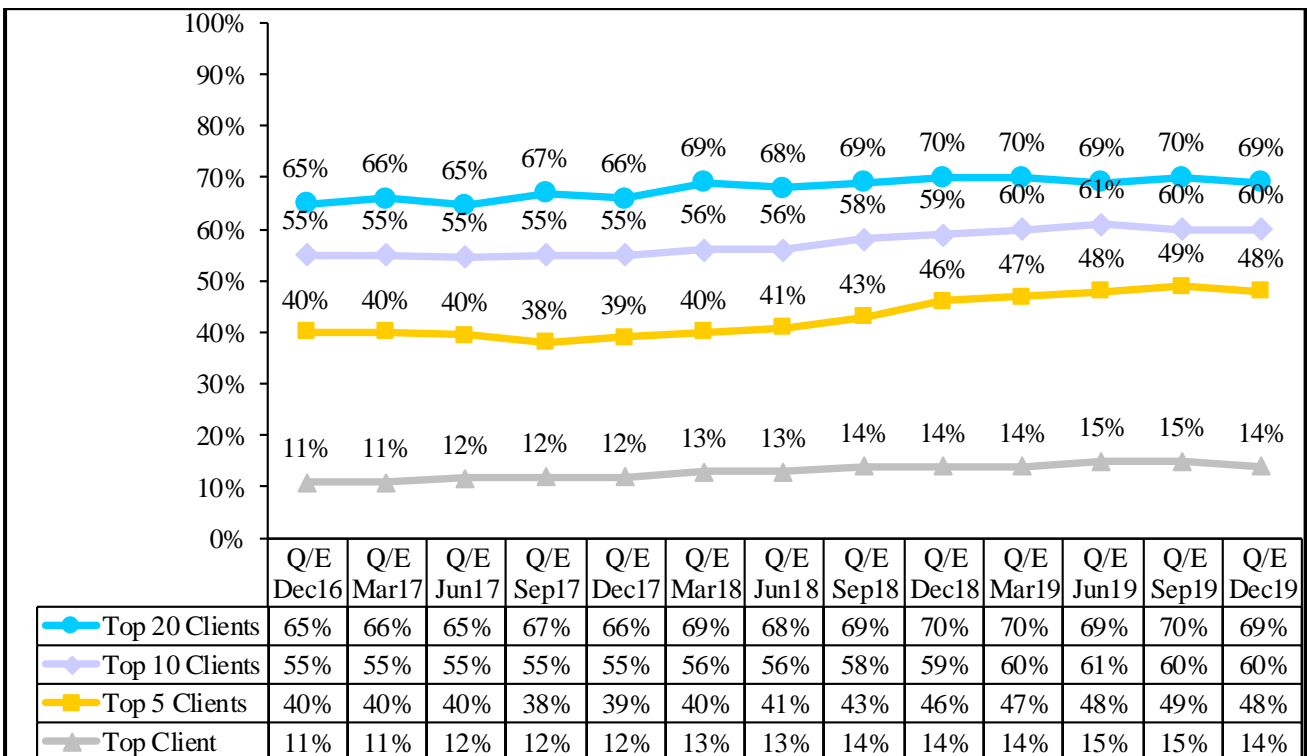
Net Margins



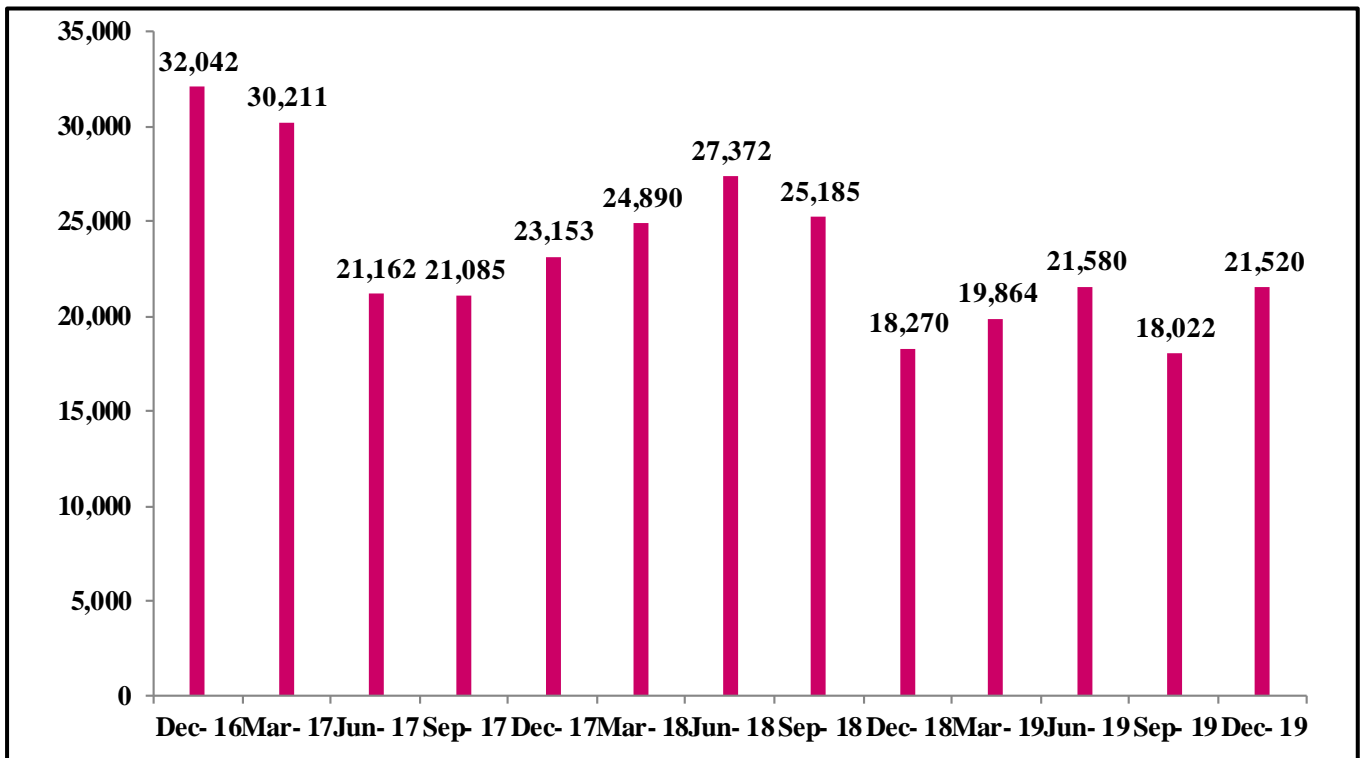
Utilization (including trainees)



Group Client Concentration



Cash and Cash equivalents - ₹ Millions



Debtor Days

