



Group Financial Overview and Trends for the Quarter ending 30 Jun 2022

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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 4.5% QoQ and 26.8% YoY in Q1 FY23 on reported basis and grew 2.0% QoQ and 22.1% YoY in Constant Currency.
- Direct revenue grew 5.0% QoQ and 33.3% YoY on a reported basis in Q1 FY23 and grew 2.4% QoQ and 28.3% YoY in Constant Currency.
- DXC revenue declined 4.4% QoQ and 34.6% YoY in Q1 FY23 on a reported basis and declined 6.7% QoQ and 36.7% YoY in Constant Currency.
- New TCV wins of USD 302 million in Q1 FY23 in Direct.
- Net profit grew 2.5% QoQ and 18.3% YoY to ₹ 4,019 million in Q1 FY23. Adjusted for the M&A charges, Net profit grew 24.0% YoY to ₹ 4,213 million.
- EPS grew 2.4% QoQ and 17.8% YoY to ₹ 21.4 in Q1 FY23. Adjusted for the M&A charges, EPS grew 23.4% YoY to ₹ 22.4.

2. Revenue

a. Overall

- Gross Revenue grew 4.5% QoQ and 26.8% YoY in Q1 FY23 on reported basis and grew 2.0% QoQ and 22.1% YoY in Constant Currency.

b. Direct

- Direct revenue grew 5.0% QoQ and 33.3% YoY on a reported basis in Q1 FY23 and grew 2.4% QoQ and 28.3% YoY in Constant Currency.
- Won new deals with TCV of USD 302 million in Q1 FY23 with 84% of the deal wins in New-Gen Services.

c. DXC

- In Q1 FY 23, revenue declined 4.4% QoQ and 34.6% YoY on a reported basis and declined 6.7% QoQ and 36.7% YoY in Constant Currency.
- DXC contributed 4.8% of the overall gross revenue in Q1 FY23.

3. Financial indicators

a. Revenues

- Net Revenue grew 4.1% QoQ and 26.8% YoY in Q1 FY23 to ₹ 34,112 million in reported terms. Net Revenue grew 1.6% QoQ and 22.1% YoY in Constant Currency.

b. Gross Profit

- Gross profit grew 4.6% QoQ and 34.0% YoY to ₹ 9,605 million in Q1 FY23. Gross margin grew 20 bps QoQ and 160 bps YoY to 28.2% in Q1 FY23.

c. Operating Profit (EBIT)

- Operating profit grew 4.7% QoQ and 21.9% YoY to ₹ 5,204 million in Q1 FY23. Adjusted for M&A related charges, Operating profit grew 26.6% YoY to ₹ 5,406 million in Q1 FY23.
- Operating Margin grew 10 bps QoQ and declined 60 bps YoY to 15.3% in Q1 FY23. Adjusted Operating Margin declined 10 bps YoY to 15.8% in Q1 FY23.

d. Net Profit

- Net profit grew 2.5% QoQ and 18.3% YoY to ₹ 4,019 million in Q1 FY23. Adjusted for the M&A charges, Net profit grew 24.0% YoY to ₹ 4,213 million.
- Net Margin declined 20 bps QoQ and 80 bps YoY to 11.8% in Q1 FY23. Adjusted Net Margin declined 30 bps YoY to 12.3% in Q1 FY23.

e. Earnings per Share

- EPS grew 2.4% QoQ and 17.8% YoY to ₹ 21.4 in Q1 FY23. Adjusted for the M&A charges, EPS grew 23.4% YoY to ₹ 22.4.

4. Cash Management

- Cash and cash equivalents increased by ₹ 3,294 million during the quarter to ₹31,106 million (USD 394M). Adjusting for loan repayment of ₹ 860 million, Net operating cash generated during the quarter was ₹ 4,154 million (USD 53M).

5. Deal Wins

- A leading technology services provider has engaged Mphasis for transforming their Contact centers across US, China, India, UK & Romania thereby optimizing cost of operations over time.
- Mphasis has partnered with a leading financial services firm to transform their indexing and analytics offerings into an integrated go-to market technology platform that is fit for purpose and built for scale.
- A leading IT solutions provider has engaged Mphasis to create a competency center for the next gen capabilities to improve velocity of app development. As part of this, Mphasis will help setup a client University to ensure cultural, domain and technical alignment with the customer.

Consolidated Profit and Loss Account

₹ Million

	Quarter ended 30 Jun 2022	Quarter ended 31 Mar 2022	QoQ Growth %	Quarter ended 30 Jun 2021	YoY Growth %
Gross Revenues	33,909	32,448	4.5%	26,749	26.8%
Profit / (loss) on cash flow hedges reclassified to revenue	204	329		160	
Net Revenues	34,112	32,777	4.1%	26,908	26.8%
<i>Cost of revenues</i>	24,507	23,592	3.9%	19,742	24.1%
Manpower and Other Cost	23,941	23,014	4.0%	19,261	24.3%
Depreciation and Amortization	566	578	-2.1%	481	17.7%
Gross profit	9,605	9,185	4.6%	7,166	34.0%
GM%	28.2%	28.0%	0.2%	26.6%	1.6%
<i>Selling expenses</i>	2,353	1,981	18.8%	1,635	43.9%
Manpower and Other Cost	2,332	1,961	18.9%	1,618	44.1%
Depreciation and Amortization	21	20	5.0%	17	23.5%
SE %	6.9%	6.0%	0.9%	6.1%	0.8%
<i>General and administrative expenses</i>	2,048	2,231	-8.2%	1,261	62.4%
Manpower and Other Cost	1,839	2,030	-9.4%	1,135	62.0%
Depreciation and Amortization	209	201	4.0%	126	65.9%
G&A %	6.0%	6.8%	-0.8%	4.7%	1.3%
Operating profit	5,204	4,973	4.7%	4,270	21.9%
Operating Margin	15.3%	15.2%	0.1%	15.9%	-0.6%
Foreign exchange gain, net	116	157	-26.1%	109	6.1%
Other income, net	241	235	2.6%	358	-32.7%
Interest expenses	(232)	(208)		(157)	
Profit before taxation	5,329	5,156	3.4%	4,581	16.3%
Income taxes	1,310	1,236	6.0%	1,184	10.7%
-Current	1,250	1,189		1,157	
-Deferred	60	47		26	
Net profit	4,019	3,921	2.5%	3,397	18.3%
Earning per share (par value ₹10)	21.4	20.9	2.4%	18.2	17.8%

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

Key Performance Indicators

	Quarter ended 30 Jun 2022	Quarter ended 31 Mar 2022	Quarter ended 30 Jun 2021	Quarter ended 30 Jun 2022*
PROFIT AND LOSS ACCOUNT				
Gross Revenue (\$ Mn)	435.9 ^	430.7	362.9	435.9 ^
Gross margin	% 28.2%	28.0%	26.6%	28.4%
Selling expenses	% 6.9%	6.0%	6.1%	6.8%
General and administrative expenses	% 6.0%	6.8%	4.7%	5.8%
Operating margin	% 15.3%	15.2%	15.9%	15.8%
EBITDA margin	% 17.6%	17.6%	18.2%	18.0%
PBT margin	% 15.6%	15.7%	17.0%	16.4%
PAT margin	% 11.8%	12.0%	12.6%	12.3%
Effective tax rate	% 24.6%	24.0%	25.8%	24.6%
EPS (Basic)	₹ 21.4	20.9	18.2	22.4

^ Includes adverse cross-currency impact of \$3.5 Mn QoQ and \$7.2 Mn YoY

*Adjusted for M&A related charges.

Exchange Rates

	₹ / \$		
	Quarter ended 30 Jun 2022	Quarter ended 31 Mar 2022	Quarter ended 30 Jun 2021
Period Closing Rate	78.97	75.79	74.33
Average Exchange Rate	77.79	75.33	73.71

Consolidated Balance sheet

₹ Million

	30 Jun 2022	31 Mar 2022	30 Jun 2021
SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS			
Share capital	1,881	1,878	1,872
Reserves and surplus	70,587	66,439	66,577
Employee stock options outstanding	1,434	1,115	588
	73,902	69,432	69,037
LOAN FUNDS			
Secured loans	1,262	2,742	3,308
Unsecured loans	3,150	2,530	2,880
Lease Liability	7,187	7,247	7,143
Deferred Tax Liability	800	718	428
	86,301	82,669	82,796
APPLICATION OF FUNDS			
FIXED ASSETS			
Cost	11,138	10,645	8,483
Accumulated depreciation	(7,020)	(6,493)	(5,327)
Net book value	4,118	4,152	3,156
Right-of-use assets	6,194	6,236	6,135
Capital work-in-progress including capital advances	42	109	45
	10,354	10,497	9,336
GOODWILL	28,413	27,348	21,688
INVESTMENTS	20,993	18,130	23,784
DEFERRED TAX ASSETS	2,155	1,616	1,401
CURRENT ASSETS, LOANS AND ADVANCES			
Trade receivables	24,498	22,831	18,710
Cash and bank balances	10,113	9,682	10,612
Interest receivable	106	69	122
Loans and advances	15,384	16,228	13,412
	50,101	48,810	42,856
CURRENT LIABILITIES AND PROVISIONS			
Current liabilities	19,927	18,572	12,098
Provisions	5,788	5,160	4,171
	25,715	23,732	16,269
NET CURRENT ASSETS	24,386	25,078	26,587
	86,301	82,669	82,796

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

Key Performance Indicators

		Quarter ended 30 Jun 2022	Quarter ended 31 Mar 2022	Quarter ended 30 Jun 2021
BALANCE SHEET				
Cash & cash equivalents	₹ Million	31,106	27,812	34,396
Receivables	Days	63	61	61

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 ₹ 39 million (Q4 FY22 - ₹ 94 million, Q1 FY22 - ₹ 94 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, State government securities, highly rated listed non-convertible debentures, zero coupon bonds and fixed maturity plans (FMP). Stringent guidelines have been set for de-risking counter party exposures. The Group maintains balances both in Indian Rupee and foreign currency accounts in India and overseas. The investment philosophy of the Group in general is to ensure capital preservation and liquidity in preference to returns. All the investments are recorded and valued as per the relevant Indian Accounting Standards (Ind AS).

Primary Segment Information

₹ Million

	Quarter ended 30 Jun 2022	Quarter ended 31 Mar 2022	QoQ Growth %	Quarter ended 30 Jun 2021	YoY Growth %
Segment Revenue					
Banking and Financial Services	18,097	17,403	4.0%	13,706	32.0%
Insurance	3,003	3,098	-3.1%	2,446	22.8%
Technology Media and Telecom	4,539	4,300	5.6%	3,801	19.4%
Logistics & Transportation	4,411	4,162	6.0%	3,744	17.8%
Others	3,859	3,486	10.7%	3,053	26.4%
Total Revenues	33,909	32,448	4.5%	26,749	26.8%
Segment Profit					
Banking and Financial Services	4,852	4,545	6.8%	3,098	56.6%
Insurance	703	839	-16.2%	732	-4.0%
Technology Media and Telecom	1,247	1,045	19.3%	507	146.0%
Logistics & Transportation	1,291	1,117	15.6%	1,561	-17.3%
Others	1,310	1,310	0.0%	1,107	18.3%
Total Segment Profit	9,403	8,856	6.2%	7,005	34.2%
Gross Margin %					
Banking and Financial Services	26.8%	26.1%	0.7%	22.6%	4.2%
Insurance	23.4%	27.1%	-3.7%	29.9%	-6.5%
Technology Media and Telecom	27.5%	24.3%	3.2%	13.3%	14.2%
Logistics & Transportation	29.3%	26.8%	2.5%	41.7%	-12.4%
Others	33.9%	37.6%	-3.7%	36.3%	-2.4%
Total	27.7%	27.3%	0.4%	26.2%	1.5%

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 Jun 2022	Quarter ended 31 Mar 2022	Quarter ended 30 Jun 2021
Onsite	19,773 58.3%	18,947 58.4%	15,720 58.8%
Offshore	14,135 41.7%	13,500 41.6%	11,029 41.2%
Total	33,909	32,448	26,749

(b) By Project Type

	₹ Million		
	Quarter ended 30 Jun 2022	Quarter ended 31 Mar 2022	Quarter ended 30 Jun 2021
Time and Material	18,483 54.5%	17,742 54.7%	15,489 57.9%
Transaction Based*	5,285 15.6%	5,072 15.6%	4,306 16.1%
Fixed Price	10,140 29.9%	9,633 29.7%	6,954 26.0%
Total	33,909	32,448	26,749

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

(c) By Secondary Market Segment

	₹ Million		
	Quarter ended 30 Jun 2022	Quarter ended 31 Mar 2022	Quarter ended 30 Jun 2021
Direct	31,721 93.5%	30,221 93.1%	23,802 89.0%
DXC	1,615 4.8%	1,690 5.2%	2,467 9.2%
Others	572 1.7%	537 1.7%	479 1.8%
Total	33,909	32,448	26,749

(d) By Geography

	₹ Million		
	Quarter ended 30 Jun 2022	Quarter ended 31 Mar 2022	Quarter ended 30 Jun 2021
AMERICAS	27,920 82.3%	26,429 81.5%	20,410 76.3%
EMEA	3,299 9.7%	3,465 10.7%	3,243 12.1%
INDIA	1,698 5.0%	1,582 4.9%	1,256 4.7%
ROW	992 2.9%	972 3.0%	1,840 6.9%
Total	33,909	32,448	26,749

(e) By Service Type

	₹ Million		
	Quarter ended 30 Jun 2022	Quarter ended 31 Mar 2022	Quarter ended 30 Jun 2021
Application Services	22,388 66.0%	21,232 65.4%	16,562 61.9%
Business Process Services	7,532 22.2%	7,555 23.3%	7,172 26.8%
Infrastructure Services	3,989 11.8%	3,661 11.3%	3,015 11.3%
Total	33,909	32,448	26,749

(f) Client Metrics

	Quarter ended 30 Jun 2022	Quarter ended 31 Mar 2022	Quarter ended 30 Jun 2021
Revenues from Top Client	11%	11%	11%
Revenues from Top 5 Clients	45%	44%	42%
Revenues from Top 10 Clients	60%	59%	55%
Clients Contributing :			
\$ 100 million Revenues	4	4	4
\$ 75 million Revenues	6	6	5
\$ 50 million Revenues	7	7	7
\$ 20 million Revenues	11	10	9
\$ 10 million Revenues	24	22	18
\$ 5 million Revenues	44	42	39
\$ 1 million Revenues	105	104	84
New client wins	0 ^	6	6

Notes:

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

^ While Mphasis signed up 11 new clients for the quarter ended 30 Jun 2022, they are not being reported as new Client Added as they have not yet met the threshold in the current quarter.

Tower Information

(a) Headcount

	Quarter ended 30 Jun 2022	Quarter ended 31 Mar 2022	Quarter ended 30 Jun 2021
Onsite - billable			
- Technology Services*	4,652	4,704	4,439
- BPO Services	2,134	2,451	3,153
Offshore - billable			
- Technology Services	18,788	17,406	14,275
- BPO Services	5,212	5,282	5,176
Total billable headcount	30,784	29,843	27,043
Total headcount**	36,899	36,534	31,454

*Technology Services include Application & Infrastructure Services

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

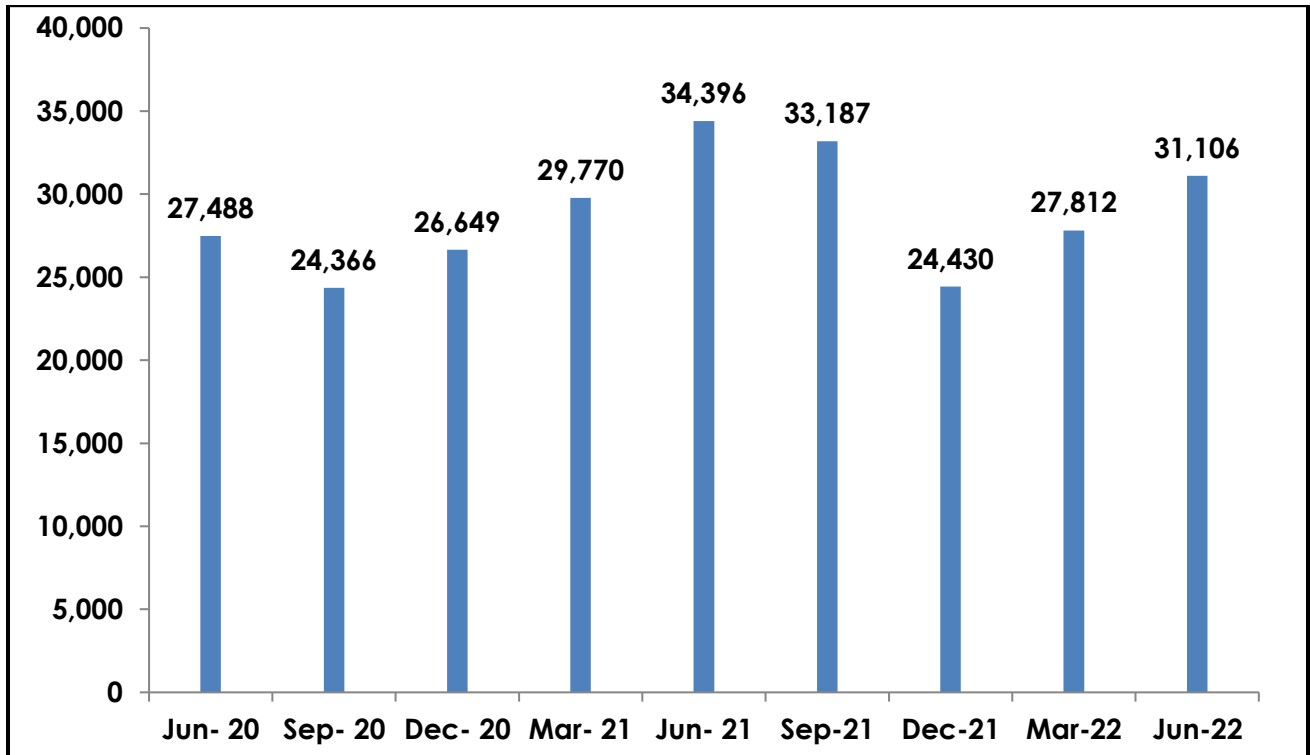
(b) Utilization Rates *

	Quarter ended 30 Jun 2022	Quarter ended 31 Mar 2022	Quarter ended 30 Jun 2021
Including Trainees			
Onsite	90%	89%	93%
Offshore	70%	68%	81%
Excluding Trainees			
Offshore	74%	77%	83%

* Utilization data for Technology services business

Trends

Cash and cash equivalents - ₹ million



Receivables Days

