

Mphasis' Revenues up 11.8% at ₹ 1,405 Crore in Q2 FY 2013 Direct business crosses the US\$ 500M per annum run rate

Bangalore, 29 May 2013: Mphasis, a leading IT Services Company, today announced its financial results for the second quarter ended April 30, 2013.

Consolidated revenues for the second quarter were at ₹ 1,405 crore, up by 11.8% sequentially and 5.8% YoY. The acquisition of Digital Risk LLC was completed on February 11, 2013 and continues to show strong growth momentum. In addition, in the current quarter (Q3), Digital Risk has secured its first major win post acquisition closure, signing a US\$ 60 million plus TCV contract with a BFSI customer. This contract represents the largest contract ever secured in Digital Risk's history.

Direct channel revenues (including Digital Risk) grew by 24.8% QoQ and 37.7% YoY to ₹ 775 crore. The Direct channel contribution has now crossed 50% of total revenues. Direct versus HP business mix is at 54:46 in Q2 as compared to 48:52 in Q1. Direct channel revenues now represent an annual run rate of \$ 572 million. The Direct business saw a healthy addition of 10 new logos out of which 6 were in the Company's focus verticals of Banking and Capital Market (4 additions), and Insurance (2 additions). The total client additions for the quarter stood at 21.

Operating margins for the quarter stood at 14.7%, down from 15.5% in Q1 on account of the integration of lower margin Digital Risk. Net profit for the quarter declined 4.3% QoQ and 6.8% YoY to ₹ 177 crore on account of lower other income as we deployed funds towards the acquisition of Digital Risk as well as towards the payment of dividend. Further, effective tax rates increased to 25.1% due to higher tax rates applicable on Digital Risk profits, increase in tax surcharge in India and expiry of the initial five-year tax holiday in some of the Company's delivery centers located in Special Economic Zones. EPS for the quarter stood at ₹ 8.4 as against ₹ 8.8 in Q2 and ₹ 9.0 during the same period last year.

Cash generated from operations during the quarter was ₹ 264 crore. Cash and cash equivalents reduced by ₹ 770 crore during the quarter to reach ₹ 2,340 crore or ₹ 111 per share as on April 30, 2013 as funds were deployed towards the acquisition of Digital Risk and payment of dividend.

"We are witnessing good traction in the Direct business in the US with a growing pipeline testimony to our hyper-specialization approach. The acquisition of Digital Risk has gone well; we have won a large \$60 million TCV contract from a BFSI client with potential upside of US\$ 40 million based on further volume. We are enthused by growth prospects going forward." **said Ganesh Ayyar, Chief Executive Officer, Mphasis.**

Press Release



About Mphasis

Mphasis is a \$1 billion global service provider, delivering technology based solutions to clients across the world. Mphasis services clients in Banking & Capital Markets, Insurance, Manufacturing, Communications, Media & Entertainment, Healthcare & Life Sciences, Transportation & Logistics, Retail & Consumer Packaged Goods, Energy & Utilities, and Governments around the world. Our competency lies in our ability to offer integrated service offerings in Applications, Infrastructure Services, and Business Process Outsourcing. To know more about Mphasis, log on to www.mphasis.com.

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