

## Mphasis declares dividend of 70%

Good traction in direct business; Gross Margins expand 140 bps;

San Francisco, USA. 14 May, 2014

Mphasis, India's sixth largest IT services firm, today announced its financial results for the second quarter and year ended 31<sup>st</sup> March 2014.

The Company has changed its financial year from 31<sup>st</sup> October to 31<sup>st</sup> March, and consequently, the results for the quarter ending 31<sup>st</sup> March 2014 represents results of 2 months of operations and the results for the year ending 31<sup>st</sup> March 2014 represents results of 5 months of operations.

For computing growth percentages mentioned herein, results for the quarter have been normalized from 2 to 3 months and results for the year have been normalized from 5 to 12 months. While care has been taken in this normalization, it needs to be noted that the comparison is between two unequal periods. Hence, to that extent the percentages are approximate in nature.

### Financial Highlights: FY14 (5 months ended 31<sup>st</sup> March 2014)

- Revenues (net of hedge) for FY14 were ₹ 2,594 crore representing a normalized growth of 7.4% over FY13
- Gross margins improved by 140 bps over FY13 to 26.5% in FY14
- Significant investment in sales with selling expenses increasing by 27.1%
- Board has recommended a dividend of ₹ 7/share amounting to a payout of 49% for FY14 (including dividend distribution tax).

### Financial Highlights: Q2 FY14 (2 months ended 31<sup>st</sup> March 2014)

- Revenues (net of hedge) for Q2 FY14 were ₹ 1,030 crore representing a decline of 1.2% on a normalized basis over Q1 FY14. Net of rupee appreciation revenues grew by 0.6%
- Direct business revenues grew by 0.3% sequentially on a normalized basis despite lower number of working days and 29% YoY; Net of rupee appreciation, direct business revenues grew by 2.6% sequentially and 16.4% YoY
- Direct vs. HP business mix shifted to 64:36 in Q2 FY14 from 54:46 in Q2 FY13
- Gross margins improved by 10 bps over Q1 FY14 to 26.6% in Q2 FY14
- EBIT margins improved 10 bps in Q2 FY14 to 15.1% despite 40 bps increase in selling expenses
- DSO improved to 71 days in Q2 FY14 against 74 days in Q1 FY14.

"We are seeing excellent traction within our customer base. Our intense focus on customer delight and specialization is yielding results." **said Ganesh Ayyar, Chief Executive Officer - Mphasis.**

## About Mphasis

Mphasis (an HP Company) enables chosen customers to meet the demands of an evolving market place. Mphasis fuels this by combining superior human capital with cutting edge solutions in hyper-specialized areas. Contact us at [www.mphasis.com](http://www.mphasis.com)



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