

MPHASIS JOINS BILLION DOLLAR CLUB

Company posted ₹5,037 cr in revenue, initiates restructuring process targeting next phase of growth

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Indian IT and BPO services company Mphasis, which is majority-owned by HP, has achieved the milestone of \$1 billion in revenues during the accounting year-ended October 31, 2010. The company posted revenues of ₹5,037 crore (\$1.09 billion) during the period with a growth of 18.1 per cent over the previous accounting year.

The Bangalore-based company took about 12 years to achieve this. With its sights on the next phase of growth and bring in better alignment in its business, Mphasis has also initiated a restructuring process in partnership with the global consulting firm, Boston Consulting Group.

"After a careful evaluation, we found that our direct business was not growing as fast

as we would like to do when compared with our business from HP partnership. Besides, not enough ideas were being incubated within the company failing which we were trying to pursue the same old things better. The transformation exercise will make sure that we prepare ourselves better by exploring various growth engines which will take us to the next phase of growth," Ganesh Ayyar, CEO of Mphasis said.

He said the company was preparing for its next phase of growth, with opportunities of a large company and yet retaining the soul and smile for a small company.

The company has decided to create the verticalisation of the business. To start with, banking, capital goods and insurance which used to be a single largest vertical of the company has been split into two

verticals. The company also intends to add new verticals going forward. Internally, the company is setting up an initiative to incubate business ideas under the umbrella of 'New Ventures'. To start with, the company has identified four areas including payment solutions, hospital administration system, healthcare payment and product engineering service for this purpose. The ideas will be funded internally.

In geographic segment, Mphasis has decided to structure the geographies as matured and emerging geographies, based on the buying behavior of the customers. This will help the company fine-tune its offerings as the buying pattern of customers of matured geographies like the US and Europe are different from those in emerging geographies.

Ayyar also said a thrust of the company would be on

exploring inorganic growth opportunities as the company now has healthy cash reserves of \$368.9 million (₹1,638 crore). The company is looking for companies to enhance its strategic focus and value creation by acquiring companies who offer similar kind of services like it and easy to integrate.

In the accounting year-ended October 31, 2010, Mphasis' net profit went up by 20 per cent to ₹1,091 crore when compared with the previous year. In the fourth quarter-ended October 31, 2010, the company's consolidated revenues grew 18.8 per cent to ₹1,345 crore whereas the net profit went up by 15.9 per cent to ₹245 crore. The company added 22 clients during the quarter. On the company crossing the \$1 billion in revenue, Mphasis has announced to offer 10 restricted stock units to every employee.



Ganesh Ayyar, Chief Executive Officer and Director, Mphasis, and Ganesh Murthy, Chief Financial Officer, at a press conference to announce its results in Bangalore on Tuesday. SAGGERE RADHAKRISHNA