

Mphasis (MPHL IN)

Analyst Meet
Update

May 28, 2026

■ Estimate Change | ■ Target | ■ Reco.

Change in Estimates

	Current		Previous	
	FY27E	FY28E	FY27E	FY28E
Rating	BUY		BUY	
Target Price	3,000		3,000	
Sales (INR bn)	179	202	179	202
% Chng.	-	-	-	-
EBITDA (INR bn)	34	38	34	38
% Chng.	-	-	-	-
EPS (INR)	115.0	130.5	115.0	130.5
% Chng.	-	-	-	-

Key Data

MBFL.BO | MPHL IN

BSE Code	526299
NSE Code	MPHASIS
52-W High / Low	INR 3,037 / INR 2,013
Face Value	10
Sensex / Nifty	75,868 / 23,907
Market Cap	INR 426 bn / \$ 4,453 mn
Shares Outstanding	190.86 mn
3M Avg. Daily Value	INR 1,360.69 mn

Shareholding Pattern (%)

Promoters	30.55
FII	19.50
MF	30.95
DII	14.70
Public	4.30
Promoter's Pledge	-

Stock Performance (%)

	1M	3M	6M	12M
Absolute	(1.4)	(2.8)	(20.0)	(12.0)
Relative	0.5	4.2	(9.6)	(5.4)

Key Financials - Consolidated

Y/e Mar	FY25	FY26	FY27E	FY28E
Sales (INR bn)	142	159	179	202
EBITDA (INR bn)	26	30	34	38
Margin (%)	18.6	18.8	18.8	18.9
PAT (INR bn)	17	19	22	25
EV (INR bn)	403	415	405	391
Total Debt (INR bn)	11	18	18	18
C&C Eq. (INR bn)	10	11	16	22
EPS (INR)	89.3	99.1	115.0	130.6
Gr. (%)	9.2	11.1	16.0	13.5
DPS (INR)	47.8	61.7	59.4	59.4
Yield (%)	2.1	2.8	2.7	2.7
RoE (%)	18.5	18.6	19.6	20.1
RoCE (%)	15.5	15.6	16.1	16.7
EV/Sales (x)	2.8	2.6	2.3	1.9
EV/EBITDA (x)	15.2	13.9	12.0	10.2
PE (x)	25.0	22.5	19.4	17.1
P/BV (x)	4.4	4.0	3.6	3.3

Transitioning from Services to Platform

Quick Pointers

- Launched Mphasis Tria platform with aim to scale subscription/ARR rev. mix to 20-30%
- Maintain operating margins while improving gross margins

We attended MPHL investor day, the company is shifting its operating model from traditional services to a combination of subscription/ARR + implementation + managed service model. The new operating model revenue mix is in low-single-digit that it aims to scale to 20-30% in the medium term. With those efforts, the company launched Mphasis Tria, its new enterprise AI platform to capture institutional memories and derive ontologies on top, progressively shifting from bespoke service efforts to recurring service model. The platform-led service approach would help drive business accountability, owning decisions and enterprise AI governance, in a way de-risking the business outcomes and scale AI transition. On business momentum, the company highlighted strong deal traction with pipeline growing 4x over 18 months, the large deal (USD100m+) concentration mix has improved notably to 29% in FY26 vs 18% in FY25. With this change in mix, the average deal size has also improved to USD75m in FY26 from USD54m in FY25. MPHL is doubling down on consolidation deals and gaining wallet share on blue-chip accounts. Although the constructs of these deals are growth and margin supportive, but it is backed by upfront capital allocations, and measured risk that is tied to scaling presumptions. We might have a down-side risk to our cash conversion (FY27E/FY28E), if a similar deal construct were to escalate going forward. We maintain our revenue and margin estimates for FY27E & FY28E. Reiterate our BUY rating with an unchanged TP of INR 3,000.

Mphasis Tria: Mphasis launched Tria, an Enterprise Agency Platform that integrates enterprise knowledge, causal decision-making, and agentic execution into a single governed system to help clients convert AI capability into measurable business outcomes, priced as platform fee + implementation + managed services. The platform is delivered through two product lines - Mphasis Modernize (tech, operations and process transformation) and Mphasis Optimize (commercial and operational performance improvement).

Sustained investments: Management highlighted that sustained investments in AI platforms (~1.5% of revenues), strategic engagement teams (~0.3% of revenues), and continued capability building and client engagement have driven meaningful improvement in deal metrics, with pipeline growing 4x over 18 months and average deal sizes increasing from \$54 Mn to \$75 Mn. Management noted that had these investments not been made, margins would have been ~200 bps higher; however, given the returns on these investments, the company will continue to invest, keeping operating margins within the guided band of 14.75–15.75%.

Shift in Business model: MPHL is transitioning its business model from traditional time-and-material services to a platform-led, outcome-based model with a growing subscription and ARR revenue stream, currently at low single-digit revenue mix but targeted to scale to 20-30% in the medium term. As ARR mix improves, management expects better gross margins; however, with sustained investments to drive this transition, operating margins are expected to remain within the guided band.

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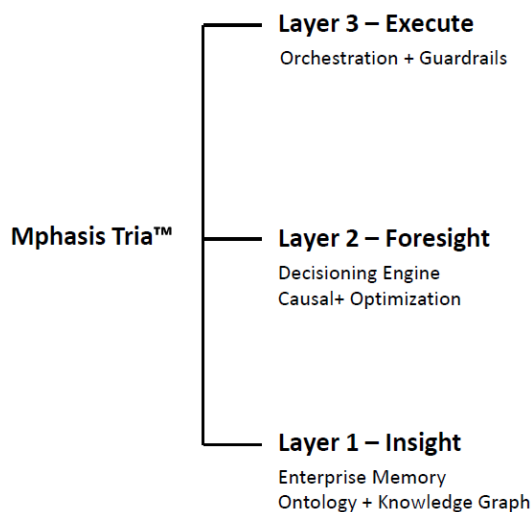
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Other KTA's

- The acquisition of TAP and its Continuum AI platform completed the Tria stack by adding the causal reasoning and optimization layer, which management called a key strategic milestone rather than a routine tuck-in.
- Mphasis is restructuring its delivery model from functional silos to cross-functional pods (domain lead + orchestrator + agents), shifting talent shape from a wide junior base to a diamond model where AI absorbs volume work.
- Mphasis is actively acquiring tail vendors at blue-chip clients at ~1.25x revenue multiples to consolidate wallet share and gain a seat at the table for larger transformation programs — cited as a key driver of deal size expansion.
- 92% of BFS pipeline is proactively originated by Mphasis rather than responding to client RFPs, giving it early shaping rights on deal structure and scope. This results in higher win rates and larger deal sizes, with 49% of wins coming from proactive engagements.
- Mphasis is building out its Forward Deployed Engineering & Solutions (FDES) group currently several hundred strong to design and deliver proof-of-value engagements using Tria, closing the gap between solutioning and delivery.
- Management highlighted that brownfield integration is a significantly larger and more defensible opportunity than greenfield, validated by 95% of AI pilots failing to scale beyond test environments due to inability to integrate into complex legacy environments. Tria is specifically architected for brownfield integration without rip-and-replace, giving Mphasis a structural advantage over hyperscalers and AI-native startups.

Exhibit 1 : Mphasis Tria Platform architecture

Unpacking Mphasis Tria™



Mphasis

Source: Company, PL

Exhibit 2 : Differentiated Client engagement model which aided in strong deal wins

Unpacking why we win



Source: Company, PL

Exhibit 3 : Delivery model transitioning from services to outcomes

Dimensions of Delivery



Dimension	Past	The Shift
Delivery unit	T&M, FP and Managed Services	~ Outcomes + agent-hours
Knowledge	Tribal - lives in engineers' heads	Machine-readable via Mphasis Ontosphere™
Talent shape	Wide junior base for margin	Diamond - AI absorbs volume work
Deployment profile	Traditional Supply Chain, Interns, AI infused Engineers	Orchestrators, prompt engineers, domain SMEs
Pod structure	Functional silos with handoffs	Cross-functional: domain lead + orchestrator + agents
Client expectation	Vendor executing outputs	Co-creation partner, risk accountable, owning outcomes
Pricing	T&M / fixed-price per feature	Platform + People driving outcomes
Governance	Human review cycles - reactive	AI-in-the-loop - proactive, predictive, self-healing

Source: Company, PL

Financials

Income Statement (INR bn)

Y/e Mar	FY25	FY26	FY27E	FY28E
Net Revenues	142	159	179	202
YoY gr. (%)	7.2	11.6	12.9	12.7
Cost of Goods Sold	98	109	123	139
Gross Profit	45	50	56	63
Margin (%)	31.4	31.4	31.3	31.2
Employee Cost	-	-	-	-
Other Expenses	-	-	-	-
EBITDA	26	30	34	38
YoY gr. (%)	9.3	12.7	13.1	13.4
Margin (%)	18.6	18.8	18.8	18.9
Depreciation and Amortization	5	6	6	7
EBIT	22	24	28	31
Margin (%)	15.3	15.3	15.4	15.5
Net Interest	-	-	-	-
Other Income	1	1	2	2
Profit Before Tax	23	25	29	33
Margin (%)	15.9	16.0	16.3	16.4
Total Tax	6	6	7	8
Effective Tax Rate (%)	24.7	25.4	24.0	24.0
Profit After Tax	17	19	22	25
Minority Interest	-	-	-	-
Share Profit from Associate	-	-	-	-
Adjusted PAT	17	19	22	25
YoY gr. (%)	9.5	11.5	16.8	13.5
Margin (%)	12.0	12.0	12.4	12.5
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	17	19	22	25
YoY gr. (%)	9.5	9.4	19.0	13.5
Margin (%)	12.0	11.7	12.4	12.5
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	17	19	22	25
Equity Shares O/s (bn)	-	-	-	-
EPS (INR)	89.3	99.1	115.0	130.6

Source: Company, PL

Balance Sheet (INR bn)

Y/e Mar	FY25	FY26	FY27E	FY28E
Non-Current Assets				
Gross Block	23	29	32	34
Tangibles	23	29	32	34
Intangibles	-	-	-	-
Acc: Dep / Amortization	15	20	25	30
Tangibles	15	20	25	30
Intangibles	-	-	-	-
Net Fixed Assets	8	9	7	4
Tangibles	8	9	7	4
Intangibles	-	-	-	-
Capital Work In Progress	-	-	-	-
Goodwill	43	48	48	48
Non-Current Investments	6	6	6	6
Net Deferred Tax Assets	2	3	3	3
Other Non-Current Assets	19	28	28	28
Current Assets				
Investments	18	13	21	29
Inventories	-	-	-	-
Trade Receivables	28	42	47	53
Cash & Bank Balance	16	18	22	28
Other Current Assets	5	8	9	10
Total Assets	149	178	194	214
Equity				
Equity Share Capital	2	2	2	2
Other Equity	94	106	116	130
Total Network	96	107	118	132
Non-Current Liabilities				
Long Term Borrowings	-	-	-	-
Provisions	-	-	-	-
Other Non Current Liabilities	6	7	7	7
Current Liabilities				
ST Debt / Current of LT Debt	11	18	18	18
Trade Payables	10	14	15	17
Other Current Liabilities	24	29	32	36
Total Equity & Liabilities	149	178	194	214

Source: Company, PL

Cash Flow (INR bn)

Y/e Mar	FY25	FY26	FY27E	FY28E
PBT	23	25	29	33
Add. Depreciation	5	6	6	7
Add. Interest	1	-	(2)	(2)
Less Financial Other Income	1	1	2	2
Add. Other	-	(2)	-	-
Op. Profit before WC Changes	29	29	34	38
Net Changes-WC	(2)	(9)	(2)	(4)
Direct Tax	(7)	(7)	(7)	(8)
Net Cash from Op. Activities	19	13	24	26
Capital Expenditures	(3)	(7)	(2)	(2)
Interest / Dividend Income	-	1	2	2
Others	3	4	(8)	(8)
Net Cash from Inv. Activities	-	(2)	(9)	(9)
Issue of Share Cap. / Premium	1	-	-	-
Debt Changes	(4)	5	-	-
Dividend Paid	(10)	(11)	(11)	(11)
Interest Paid	(2)	(2)	-	-
Others	(2)	(2)	-	-
Net Cash from Fin. Activities	(18)	(9)	(11)	(11)
Net Change in Cash	2	1	4	6
Free Cash Flow	18	9	22	24

Source: Company, PL

Quarterly Financials (INR bn)

Y/e Mar	Q1FY26	Q2FY26	Q3FY26	Q4FY26
Net Revenues	37	39	40	42
YoY gr. (%)	0.6	4.5	2.6	6.0
Raw Material Expenses	25	27	28	29
Gross Profit	12	12	13	13
Margin (%)	31.9	30.9	31.3	31.5
EBITDA	7	7	8	8
YoY gr. (%)	-	-	-	-
Margin (%)	18.8	18.5	18.8	19.0
Depreciation / Depletion	1	1	1	2
EBIT	6	6	6	7
Margin (%)	15.3	15.3	15.2	15.4
Net Interest	-	-	-	-
Other Income	-	-	-	-
Profit before Tax	6	6	6	7
Margin (%)	16.3	16.0	15.7	16.1
Total Tax	2	2	2	2
Effective Tax Rate (%)	27.6	24.9	24.0	25.2
Profit After Tax	4	5	5	5
Minority Interest	-	-	-	-
Share Profit from Associate	-	-	-	-
Adjusted PAT	4	5	4	5
YoY gr. (%)	(1.1)	6.2	(5.7)	15.2
Margin (%)	11.8	12.0	11.1	12.0
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	4	5	5	5
YoY gr. (%)	(1.1)	6.2	1.9	6.7
Margin (%)	11.8	12.0	11.9	12.0
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	4	5	5	5
Avg. Shares O/s (bn)	-	-	-	-
EPS (INR)	23.1	24.5	23.1	26.5

Source: Company, PL

Key Financial Metrics

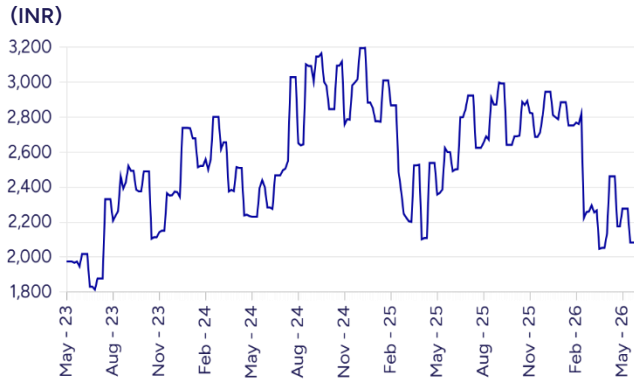
Y/e Mar	FY25	FY26	FY27E	FY28E
Per Share (INR)				
EPS	89.3	99.1	115.0	130.6
CEPS	114.2	128.1	146.6	166.2
BVPS	504.8	561.1	613.1	684.3
FCF	96.6	48.8	115.4	123.5
DPS	47.8	61.7	59.4	59.4
Return Ratio (%)				
RoCE	15.5	15.6	16.1	16.7
ROIC	13.5	13.0	13.5	13.7
RoE	18.5	18.6	19.6	20.1
Balance Sheet				
Net Debt : Equity (x)	-	-	-	-
Net Working Capital (Days)	48	65	65	65
Valuation (x)				
PER	25.0	22.5	19.4	17.1
P/B	4.4	3.9	3.6	3.2
P/CEPS	19.5	17.4	15.2	13.4
EV/EBITDA	15.2	13.9	12.0	10.2
EV/Sales	2.8	2.6	2.2	1.9
Dividend Yield (%)	2.1	2.7	2.6	2.6
FCFF Yield (%)	4.3	2.1	5.1	5.5
PEG Ratio	2.7	2.0	1.2	1.2

Source: Company, PL

Key Operating Metrics

Y/e Mar	FY25	FY26	FY27E	FY28E
Revenue (in US\$ mn)	1,681	1,796	1,955	2,163

Source: Company, PL

Price Chart

Recommendation History

No.	Date	Rating	TP (INR)	Share Price (INR)
1	30-Apr-26	BUY	3000	2277
2	01-Apr-26	BUY	3050	2137
3	23-Jan-26	BUY	3480	2800
4	02-Jan-26	BUY	3450	2820
5	04-Dec-25	BUY	3310	2861
6	31-Oct-25	Accumulate	2950	2764
7	04-Oct-25	Accumulate	2920	2737
8	25-Jul-25	Accumulate	2920	2625
9	01-Jul-25	Hold	2900	2845
10	25-Apr-25	BUY	2860	2468

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (INR)	Share Price (INR)
1	Coforge	BUY	2020	1169
2	Cyient	BUY	950	780
3	Fractal Analytics	Hold	1040	1034
4	HCL Technologies	Reduce	1300	1441
5	Infosys	BUY	1570	1241
6	KPIT Technologies	BUY	880	723
7	L&T Technology Services	Hold	3610	3550
8	Latent View Analytics	Buy	450	309
9	LTM	HOLD	4560	4008
10	Mphasis	BUY	3000	2277
11	Persistent Systems	Buy	6400	5330
12	Tata Consultancy Services	BUY	3450	2589
13	Tata Elxsi	HOLD	4800	4651
14	Tata Technologies	HOLD	560	591
15	Tech Mahindra	Buy	1660	1463
16	Wipro	HOLD	200	210

PL's Recommendation Nomenclature (Absolute Performance)

BUY	: > 15%
Accumulate	: 5% to 15%
Hold	: +5% to -5%
Reduce	: -5% to -15%
Sell	: < -15%
Not Rated (NR)	: No specific call on the stock
Under Review (UR)	: Rating likely to change shortly

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