

Mphasis hosted its “Analyst Meet 2026”, where the management outlined the company's business strategies. Key takeaways: i) Launched Mphasis Tria – a three-layer platform (Insight, Foresight and Execute) that ingests client data, reasons on it and delivers workflows and automations. ii) Pricing structure will include platform fee, implementation charges and outcome-based managed services constructs. iii) Mphasis highlighted a conscious strategy to acquire tail vendors to become a strategic partner to large blue-chip clients at attractive commercial constructs to gain wallet share. iv) The company will report ARR, platform attach rate and net retention rate from FY28. v) Since the focus will be on platform + outcome, gross margin will likely improve. EBIT margin trajectory will likely depend on the investments. vi) There is no change to revenue guidance of high-single-digit to low-double-digit revenue growth in FY27E and margin guidance of 14.75–15.75% in FY27E. OCF/net income target of 80% for FY27E remains. Valuations are at 17.5x FY28E consensus EPS. MPHL is our preferred pick among the mid-tiers. Maintain BUY.

- **Mphasis Tria:** Mphasis launched Tria platform, a three-layer architecture platform — i) Layer 1 (Insight) is an auto-generated ontology-powered knowledge graph creating living enterprise memory from structured and unstructured data without requiring prior data cleaning, making brownfield deployments viable. ii) Layer 2 (Foresight) is the ‘Continuum’ decisioning engine, which reasons causally rather than correlationally and produces executable decisions. iii) Layer 3 (Execute) is NeoIP, which orchestrates decisions into tasks, approvals, and system actions via purpose-built engineering and business agents, with feedback agents continuously enriching the Ontosphere. Tria will reach the market through Mphasis Modernize (process, business operations, and technology stack modernisation targeting agency-capable architecture rather than functional equivalence) and Mphasis Optimize (revenue optimisation, pricing, promotions, demand planning, and supply chain).
- **Deal structure and vendor consolidation:** i) Net New TCV breakdown shows uplift in both farming and large deal wins – less-than-USD 20mn TCV grew 38% YoY (client farming) and large deals grew ~90% YoY across existing and new clients. ii) Mphasis highlighted conscious strategy on consolidation deals in blue-chip clients. Mphasis acquires tail vendors to become a strategic partner to large blue-chip clients at attractive commercial constructs to gain wallet share and mindshare to gain seat on the table for large transformational programmes. The client benefits from streamlined accountability and the niche tail vendors get a payout.
- **Large deal update:** i) Mphasis already had enterprise solution architects and bid managers. Large deal team was further complemented with pursuit leads, competitive solution teams and contracting team to drive large deals. Large deal origination has improved. ii) The large deal team has grown the pipeline by 4x in 18 months – higher number of fixed price contracts, modernisation and transformation projects convert to multi-year deals and seat at the table for larger, strategic transformation programmes. iii) TOFU (top of the funnel deals) grew +196% YoY in Q4FY26. iv) Average large deal size has increased from USD 54mn in FY25 to USD 75mn in FY26. v) Competitive advantage: long standing C-level relationships, domain expertise across regulated industries, experienced go-to-market team, years of proprietary platform investment.
- **Margin trajectory:** i) The company has invested ~1.5% of revenue in AI platform Mphasis Tria. It also invested ~0.3% of revenue in the strategic engagement team. EBIT margin would have been higher excluding these investments. ii) Since the focus will be on platform + outcome, gross margin will likely improve. EBIT margin trajectory will likely depend on the investments.
- **Other key takeaways:** i) Focus will be to shift from a services-led cost model to a platform + outcomes one – FY27 is likely to be a foundational year ii) Management noted that it will report ARR, platform attach rate, and net retention rate from FY28. iii) Attach rate was noted as a leading indicator and ARR as the lagging indicator of platform transition progress. iv) Pricing structure will include platform fee, implementation charges and outcome based managed services constructs. v) Mphasis evaluates acquisitions continuously but will be opportunistic if a deal fits into the strategy. vi) Forward-deployed engineers will be sourced from internal talent and will serve as the connective tissue between Tria product development and client deal teams.

Rajiv Berlia

rajiv.berlia@jmfl.com | Tel: (91 22) 66303363

Nandan Arekal

nandan.arekal@jmfl.com | Tel: (91 22) 62243683

Anushree Rustagi

anushree.rustagi@jmfl.com | Tel: (91 22) 69703668

Recommendation and Price Target

Current Reco.	BUY
Previous Reco.	BUY
Current Price Target (12M)	2,740
Upside/(Downside)	23%
Previous Price Target	2,740
Change	0%

Key Data – MPHL IN

Current Market Price	INR2,233
Market cap (bn)	INR426.2/US\$4.5
Free Float (%)	61.9
Shares in issue (mn)	190.8
Diluted share (mn)	190.8
52-week range	INR3,037/2,013
Sensex/Nifty	75,868/23,907
INR/US\$	95.7

Price Performance

%	1M	6M	12M
Absolute	-1.4	-20.0	-12.0
Relative*	0.7	-9.6	-5.3

*To the NSE Nifty 50

JM Financial Research is also available on: Bloomberg - JMFR <GO>, FactSet, LSEG and S&P Capital IQ.

Please see Appendix I at the end of this report for Important Disclosures and Disclaimers and Research Analyst Certification.

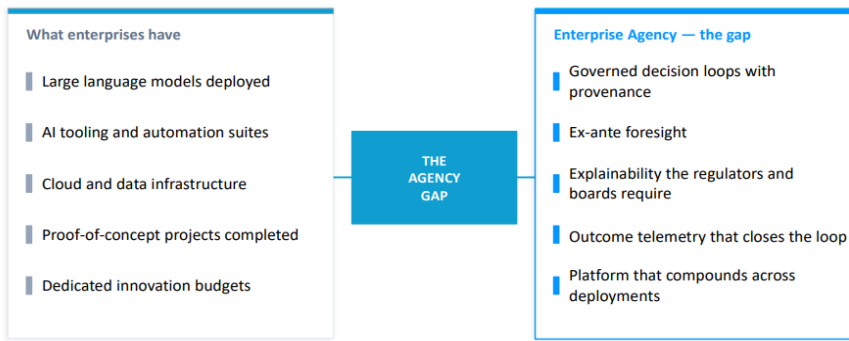
Key highlights of Analyst Day

AI concerns: Management identified three investor fears – AI automating delivery, new-breed competitors compressing traditional channels, and commoditisation eroding pricing power – and noted that each is simultaneously a growth catalyst for Mphasis. The central thesis is that enterprises have accumulated AI capability but cannot convert it into governed, accountable economic outcomes – what management termed the "Agency Gap." Management drew a distinction between agentic AI (what can the system do autonomously) and Enterprise Agency (what can the enterprise now do better), positioning Mphasis as a credible bridge: model labs have no outcome accountability, traditional SIs lack a proprietary foresight layer, and AI-native startups have no brownfield integration depth. Mphasis launched Tria as its Enterprise Agency Platform and declared FY27 a foundational year for the transition from a services-led cost model to a platform-plus-outcomes business with recurring ARR business.

Exhibit 1: Enterprise Agency gap

The problem no platform has solved

Enterprises have AI capability. They cannot convert it into governed economic outcomes.



Source: Company, JM Financial

Mphasis Tria platform: Tria is a three-layer architecture platform: Layer 1 (Insight) is the Ontosphere, an auto-generated ontology-powered knowledge graph serving as living enterprise memory; Layer 2 (Foresight) is the Continuum decisioning engine, which reasons causally rather than correlationally and produces executable decision graphs; and Layer 3 (Execute) is NeoIP, which orchestrates decisions into tasks, approvals, and system actions with bounded autonomy. Feedback agents close the loop by continuously enriching the Ontosphere. Tria reaches the market through two product lines: Mphasis Modernize (process, business operations, and technology stack modernisation – going beyond functional equivalence toward agency-capable architecture) and Mphasis Optimize (revenue optimisation, pricing, promotions, demand planning, supply chain, and operational efficiency). The pricing construct comprises a platform fee, setup/implementation, and managed services/managed outcomes, a departure from T&M and ticket-based billing. Management noted that approximately 1.5% of revenue has been invested in building Tria, and that absent these investments EBIT margin would have been higher.

Exhibit 2: Mphasis Tria platform

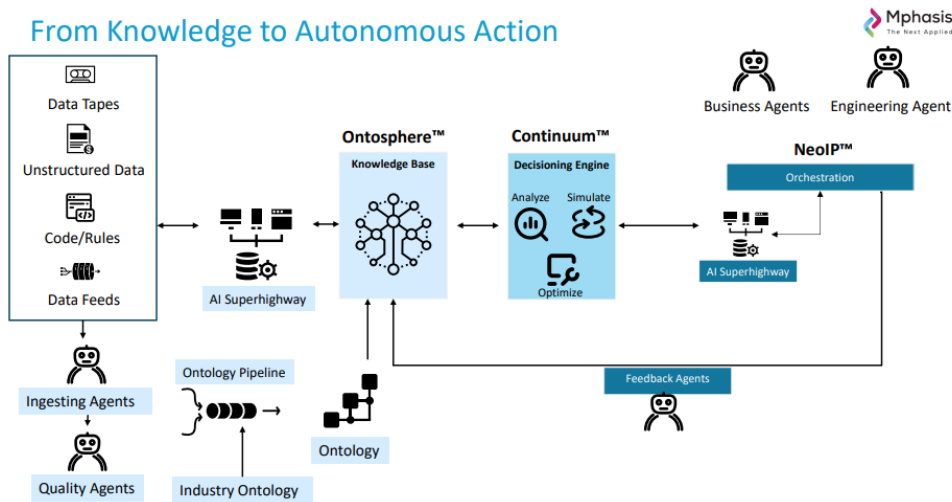
Unpacking Mphasis Tria™



Source: Company, JM Financial

Exhibit 3: Mphasis Tria implementation at enterprise

From Knowledge to Autonomous Action



Source: Company, JM Financial

Large deal strategy: Management highlighted the strategic engagements team (SET) built over 18 months—combining pursuit leads, enterprise solution architects, a competitive solutions team—as the structural enabler of the TCV step-up. Pipeline has grown 4x in 18 months, TOFU (top of the funnel deals) grew 196% YoY in Q4FY26, and average large deal TCV increased from USD 54mn in FY25 to USD 75mn in FY26. FY26 Net New TCV reached USD 2.1bn (+68% YoY), with 63% comprising large deals and USD 100mn+ deals at an all-time high. The pricing model for Tria-enabled deals is shifting toward value-based constructs—capturing a share of client savings, revenue growth, and cost avoidance—alongside a platform fee plus managed services structure.

BFS right to win and account strategy: BFS revenue reached USD 940mn in FY26, a three-year CAGR of 11%, with the pipeline compounding at 79% CAGR over the same period. The client pyramid has deepened, with USD 100mn+ clients growing from two to four in FY26 and USD 50mn+ from three to four. Right-to-win rests on domain context, a three-in-a-box account model (client partner, delivery leader, account CTO), and proactive deal origination—92% of the BFS pipeline is self-sourced and 49% of wins are proactive. Nine high-potential accounts are being scaled across use cases including client onboarding transformation (50% improvement in onboarding timeframes for a global investment management firm), data modernisation, AI Ops, and SDLC transformation. The new logo-hunting engine has produced new MSAs at a global asset manager, a Canadian bank, a global payments firm, a European bank, and a top US bank.

Tail vendor consolidation and new metrics: Management outlined the economics of Mphasis's tail vendor consolidation strategy. The company highlighted an example where it acquires niche vendor contracts at 1.25x revenue (approximately 3.1x EBITDA at 40% margin), paying 60%/40% across year 1/year 2, and amortises (straight line) over five years. Post-amortisation EBIT is maintained at ~15%, while RoIC compounds from 12% in Year 1 to 60% by Year 5 as invested capital declines. Payback on a representative USD 25mn acquisition of a USD 20mn revenue book is 3.1 years. The strategic logic – consolidating tail vendors within blue-chip client rosters and gaining importance in the account, gaining wallet share, and qualifying for large transformation programmes. Fixed-price revenue grew 48% in FY26, with the quarterly run-rate rising from USD 123mn in Q1FY25 to USD 214mn in Q4FY26. Management noted that it will report metrics such as ARR, platform attach rate, and net retention rate from FY28.

Exhibit 4: Tail vendor consolidation deal details

Conscious Strategy on Consolidation Deals in Blue chip clients



Sample Deal Assumptions

- Target Revenue \$20 Mn p.a.
- Acquisition Price \$25 Mn (1.25x Rev)
- EBITDA Margin 40% (\$8 Mn)
- Payment Terms 60% Yr1 / 40% Yr2
- Amortization \$5 Mn/yr (5-yr SL)
- Valuation Rev multiple of 1.25X and EBITDA multiple of 3.1X
- Payback period 3.1 years

Business Rationale

- Buy-out tail vendors to become a strategic partner to large blue-chip clients at attractive commercial constructs
- Gain wallet share and mindshare to gain seat on the table for large transformational programs
- Created a relationship which was sub \$10 Mn to \$75 Mn+ in 2 years

Financial Rationale – An Illustration

Metric (\$ Mn)	Year 1	Year 2	Year 3	Year 4	Year 5
Revenue	20	20	20	20	20
EBITDA	8.0	8.0	8.0	8.0	8.0
Amortization (5-yr SL)	(5.0)	(5.0)	(5.0)	(5.0)	(5.0)
EBIT% (post amortization)	15%	15%	15%	15%	15%
ROIC (EBIT / Opening IC)	12.0%	15.0%	20.0%	30.0%	60.0%

Source: Company, JM Financial

Other details: Management noted "productivity passback" as the fastest route to deflationary outcomes; instead, Mphasis is focused on transitioning productivity savings into new digital transformation deals, and delivering truly outcome-based constructs where it assumes some level of delivery risk and has skin in the game. Management clarified that token costs will be borne by clients even for the Tria platform. On M&A, Mphasis evaluates transactions continuously but will only pull the trigger if a deal fits into the strategy and where the additional risk is worth it. On the FDES model, it said forward-deployed engineers will be sourced from internal talent and will serve as the connective tissue between Tria product development and client deal teams.

Exhibit 5: Transformation of delivery under the new strategic pivot

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, JM Financial

APPENDIX I

Investment in securities market are subject to market risks. Read all the related documents carefully before investing.

Research Analyst(s) Certification

The Research Analyst(s), with respect to each issuer and its securities covered by them in this research report, certify that:

All of the views expressed in this research report accurately reflect his or her or their personal views about all of the issuers and their securities; and No part of his or her or their compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed in this research report.

Rating System: Definition of ratings	
Rating	Meaning
BUY	Expected return \geq 15% over the next twelve months.
ADD	Expected return \geq 5% and $<$ 15% over the next twelve months.
REDUCE	Expected return \geq -10% and $<$ 5% over the next twelve months.
SELL	Expected return $<$ -10% over the next twelve months.

Note: For REITs (Real Estate Investment Trust) and InvIT (Infrastructure Investment Trust) total expected returns include dividends or DPU (distribution per unit)

Important Disclosures

This research report has been prepared by JM Financial Institutional Securities Limited (JM Financial Institutional Securities) to provide information about the company(ies) and sector(s), if any, covered in the report and may be distributed by it and/or its associates solely for the purpose of information of the select recipient of this report. This report and/or any part thereof, may not be duplicated in any form and/or reproduced or redistributed without the prior written consent of JM Financial Institutional Securities. This report has been prepared independent of the companies covered herein.

JM Financial Institutional Securities is registered with the Securities and Exchange Board of India (SEBI) as a Research Analyst and a Stock Broker having trading memberships of the BSE Ltd. (BSE) and National Stock Exchange of India Ltd. (NSE). No material disciplinary action has been taken by SEBI against JM Financial Institutional Securities in the past two financial years which may impact the investment decision making of the investor. Registration granted by SEBI and certification from the National Institute of Securities Market (NISM) in no way guarantee performance of JM Financial Institutional Securities or provide any assurance of returns to investors.

JM Financial Institutional Securities renders stock broking services primarily to institutional investors and provides the research services to its institutional clients/investors. JM Financial Institutional Securities and its associates are part of a multi-service, integrated investment banking, investment management, brokerage and financing group. JM Financial Institutional Securities and/or its associates might have provided or may provide services in respect of managing offerings of securities, corporate finance, investment banking, mergers & acquisitions, broking, financing or any other advisory services to the company(ies) covered herein. JM Financial Institutional Securities and/or its associates might have received during the past twelve months or may receive compensation from the company(ies) mentioned in this report for rendering any of the above services.

JM Financial Institutional Securities and/or its associates, their directors and employees may; (a) from time to time, have a long or short position in, and buy or sell the securities of the company(ies) mentioned herein or (b) be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the company(ies) covered under this report or (c) act as an advisor or lender/borrower to, or may have any financial interest in, such company(ies) or (d) considering the nature of business/activities that JM Financial Institutional Securities is engaged in, it may have potential conflict of interest at the time of publication of this report on the subject company(ies).

Neither JM Financial Institutional Securities nor its associates or the Research Analyst(s) named in this report or his/her relatives individually own one per cent or more securities of the company(ies) covered under this report, at the relevant date as specified in the SEBI (Research Analysts) Regulations, 2014.

The Research Analyst(s) principally responsible for the preparation of this research report and their immediate relatives are prohibited from buying or selling debt or equity securities, including but not limited to any option, right, warrant, future, long or short position issued by company(ies) covered under this report. The Research Analyst(s) principally responsible for the preparation of this research report or their immediate relatives (as defined under SEBI (Research Analysts) Regulations, 2014); (a) do not have any financial interest in the company(ies) covered under this report or (b) did not receive any compensation from the company(ies) covered under this report, or from any third party, in connection with this report or (c) do not have any other material conflict of interest at the time of publication of this report. Research Analyst(s) are not serving as an officer, director or employee of the company(ies) covered under this report.

While reasonable care has been taken in the preparation of this report, it does not purport to be a complete description of the securities, markets or developments referred to herein, and JM Financial Institutional Securities does not warrant its accuracy or completeness. JM Financial Institutional Securities may not be in any way responsible for any loss or damage that may arise to any person from any inadvertent error in the information contained in this report. This report is provided for information only and is not an investment advice and must not alone be taken as the basis for an investment decision.

This research report is based on the fundamental research/analysis conducted by the Research Analyst(s) named herein. Accordingly, this report has been prepared by studying/focusing on the fundamentals of the company(ies) covered in this report and other macro-economic factors. JM Financial Institutional Securities may have also issued or may issue, research reports and/or recommendations based on the technical/quantitative analysis of the company(ies) covered in this report by studying and using charts of the stock's price movement, trading volume and/or other volatility parameters. As a result, the views/recommendations expressed in such technical research reports could be inconsistent or even contrary to the views contained in this report.

The investment discussed or views expressed or recommendations/opinions given herein may not be suitable for all investors. The user assumes the entire risk of any use made of this information. The information contained herein may be changed without notice and JM Financial Institutional Securities reserves the right to make modifications and alterations to this statement as they may deem fit from time to time.

This report is neither an offer nor solicitation of an offer to buy and/or sell any securities mentioned herein and/or not an official confirmation of any transaction.

This report is not directed or intended for distribution to, or use by any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject JM Financial Institutional Securities and/or its affiliated company(ies) to any registration or licensing requirement within such jurisdiction. The securities described herein may or may not be eligible for sale in all jurisdictions or to a certain category of investors. Persons in whose possession this report may come, are required to inform themselves of and to observe such restrictions. Please click [here](#) to access our detailed Terms and Conditions, including the Most Important Terms and Conditions.

Additional disclosure only for U.S. persons: JM Financial Institutional Securities has entered into an agreement with JM Financial Securities, Inc. ("JM Financial Securities"), a U.S. registered broker-dealer and member of the Financial Industry Regulatory Authority ("FINRA") in order to conduct certain business in the United States in reliance on the exemption from U.S. broker-dealer registration provided by Rule 15a-6, promulgated under the U.S. Securities Exchange Act of 1934 (the "Exchange Act"), as amended, and as interpreted by the staff of the U.S. Securities and Exchange Commission ("SEC") (together "Rule 15a-6").

This research report is distributed in the United States by JM Financial Securities in compliance with Rule 15a-6, and as a "third party research report" for purposes of FINRA Rule 2241. In compliance with Rule 15a-6(a)(3) this research report is distributed only to "major U.S. institutional investors" as defined in Rule 15a-6 and is not intended for use by any person or entity that is not a major U.S. institutional investor. If you have received a copy of this research report and are not a major U.S. institutional investor, you are instructed not to read, rely on, or reproduce the contents hereof, and to destroy this research or return it to JM Financial Institutional Securities or to JM Financial Securities.

This research report is a product of JM Financial Institutional Securities, which is the employer of the research analyst(s) solely responsible for its content. The research analyst(s) preparing this research report is/are resident outside the United States and are not associated persons or employees of any U.S. registered broker-dealer. Therefore, the analyst(s) are not subject to supervision by a U.S. broker-dealer, or otherwise required to satisfy the regulatory licensing requirements of FINRA and may not be subject to the Rule 2241 restrictions on communications with a subject company, public appearances and trading securities held by a research analyst account.

Any U.S. person who is recipient of this report that wishes further information regarding, or to effect any transaction in, any of the securities discussed in this report, must contact, and deal directly through a U.S. registered representative affiliated with a broker-dealer registered with the SEC and a member of FINRA. In the U.S., JM Financial Institutional Securities has an affiliate, JM Financial Securities, Inc. located at 1177 Avenue of the Americas, 5th Floor, Offices 5045 and 5046, New York, New York 10036. Telephone +1 (332) 900 4956 which is registered with the SEC and is a member of FINRA and SIPC.

Additional disclosure only for U.K. persons: Neither JM Financial Institutional Securities nor any of its affiliates is authorised in the United Kingdom (U.K.) by the Financial Conduct Authority. As a result, this report is for distribution only to persons who (i) have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended, the "Financial Promotion Order"), (ii) are persons falling within Article 49(2)(a) to (d) ("high net worth companies, unincorporated associations etc.") of the Financial Promotion Order, (iii) are outside the United Kingdom, or (iv) are persons to whom an invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000) in connection with the matters to which this report relates may otherwise lawfully be communicated or caused to be communicated (all such persons together being referred to as "relevant persons"). This report is directed only at relevant persons and must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this report relates is available only to relevant persons and will be engaged in only with relevant persons.

Additional disclosure only for Canadian persons: This report is not, and under no circumstances is to be construed as, an advertisement or a public offering of the securities described herein in Canada or any province or territory thereof. Under no circumstances is this report to be construed as an offer to sell securities or as a solicitation of an offer to buy securities in any jurisdiction of Canada. Any offer or sale of the securities described herein in Canada will be made only under an exemption from the requirements to file a prospectus with the relevant Canadian securities regulators and only by a dealer properly registered under applicable securities laws or, alternatively, pursuant to an exemption from the registration requirement in the relevant province or territory of Canada in which such offer or sale is made. This report is not, and under no circumstances is it to be construed as, a prospectus or an offering memorandum. No securities commission or similar regulatory authority in Canada has reviewed or in any way passed upon these materials, the information contained herein or the merits of the securities described herein and any representation to the contrary is an offence. If you are located in Canada, this report has been made available to you based on your representation that you are an "accredited investor" as such term is defined in National Instrument 45-106 Prospectus Exemptions and a "permitted client" as such term is defined in National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations. Under no circumstances is the information contained herein to be construed as investment advice in any province or territory of Canada nor should it be construed as being tailored to the needs of the recipient. Canadian recipients are advised that JM Financial Securities, Inc., JM Financial Institutional Securities Limited, their affiliates and authorized agents are not responsible for, nor do they accept, any liability whatsoever for any direct or consequential loss arising from any use of this research report or the information contained herein.

JM Financial Institutional Securities Limited

Corporate Identity Number: U67100MH2017PLC296081

Member of BSE Ltd. and National Stock Exchange of India Ltd.

SEBI Registration Nos.: Stock Broker - INZ000163434, Research Analyst - INH000000610

Registered Office: 7th Floor, Cnergy, Appasaheb Marathe Marg, Prabhadevi, Mumbai 400 025, India.

Board: +91 22 6630 3030 | Fax: +91 22 6630 3488 | Email: jmfinancial.research@jmfl.com | www.jmfl.com

Compliance Officer: Ms. Ashley Johnson | Tel: +91 22 6224 1862 | Email: ashley.johnson@jmfl.com

Grievance Officer: Ms. Ashley Johnson | Tel: +91 22 6224 1862 | Email: instcompliance@jmfl.com
