

Mphasis Limited

ACCUMULATE

Sector: Computers - Software & Consulting

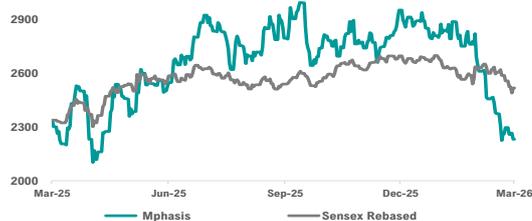
07th March, 2026

Key Changes	Target		Rating		Earnings		Target	Rs. 2,582
Stock Type	Bloomberg Code	Sensex	NSE Code	BSE Code	Time Frame	CMP	Rs. 2,216	
Mid cap	MPHASIS:IN	78,919	MPHASIS	526299	12 Months	Return	+17%	

Data as of: 06-Mar-2026, 18:00 hrs

Company Data			
Market Cap (Rs.cr)	42,249		
52 Week High — Low (Rs.)	3,035 - 2,025		
Enterprise Value (Rs. cr)	42,603		
Outstanding Shares (cr)	19.1		
Free Float (%)	69.1		
Dividend Yield (%)	2.6		
6m average volume (cr)	0.1		
Beta	1.5		
Face value (Rs.)	10.0		
Shareholding (%)	Q1FY26	Q2FY26	Q3FY26
Promoters	40.1	40.1	30.6
FII's	19.0	18.5	19.8
MFs/Institutions	36.5	37.1	45.3
Public	3.9	3.8	3.7
Others	0.5	0.5	0.7
Total	100.0	100.0	100.0
Promoter Pledge	Nil	Nil	Nil
Price Performance	3 Month	6 Month	1 Year
Absolute Return	-23.3%	-20.2%	-4.6%
Absolute Sensex	-6.2%	-0.9%	7.6%
Relative Return	-17.2%	-19.3%	-12.2%

*over or under performance to benchmark index



Y.E March (Rs cr)	FY26E	FY27E	FY28E
Sales	15,724	17,532	19,479
Growth (%)	10.5	11.5	11.1
EBITDA	2,956	3,419	3,833
EBITDA Margin (%)	18.8	19.5	19.7
PAT Adjusted	1,934	2,197	2,460
Growth (%)	13.6	13.6	12.0
Adjusted EPS	101.5	115.3	129.1
Growth (%)	12.9	13.6	12.0
P/E	22.3	19.6	17.5
P/B	4.1	3.7	3.3
EV/EBITDA	14.5	12.5	11.1
ROE (%)	18.0	18.7	18.7
D/E	0.2	0.1	0.1

Robust pipeline, large deals fuel strong revenue

Mphasis Ltd is a global IT solutions provider specialising in cloud and cognitive services. It focuses on customer-centricity and next-generation technology to help enterprises transform businesses.

- Consolidated revenue rose 12.4% YoY to Rs. 4,003cr in Q3FY26, primarily driven by robust deals wins and strong growth in its banking and financial services (BFS) and insurance verticals, offsetting seasonal headwinds.
- The BFS segment grew 20.8% YoY and insurance grew 45.4% YoY, remaining the primary growth drivers contributing 67.3% to total revenue, underpinned by large deal ramp-ups and wallet share gains in key accounts.
- At the operational level, EBITDA climbed 10.9% YoY to Rs 752cr, backed by strong revenue growth. However, EBITDA margin slipped 20bps YoY to 18.8%.
- Reported PAT rose a meagre 3.4% YoY to Rs. 442cr, despite strong revenue growth, impacted by an exceptional item relating to changes in labour laws code.

Outlook & Valuation

Mphasis' earnings remained resilient in Q3FY26, marked by continued momentum in strategic deal wins and robust execution across its core verticals. The quarter was supported by strong pipeline conversion, successful ramp-up of large deals and rapid client adoption of the NeolP AI platform. The company's focus on AI-led transformation and modernisation continues to unlock new opportunities and strengthen its competitive positioning. Positive movement in the client pyramid and healthy diversification across geographies underline the effectiveness of its account mining strategy. Investments in proprietary platforms and third-party integrations are expected to enhance operational efficiency. The reprioritisation of client budgets towards AI and modernisation initiatives further support sustained growth prospects. Hence, **we reiterate our ACCUMULATE rating on the stock, with a rolled forward target price of Rs. 2,582 based on 20x FY28E adjusted EPS.**

Quarterly Financials Consolidated

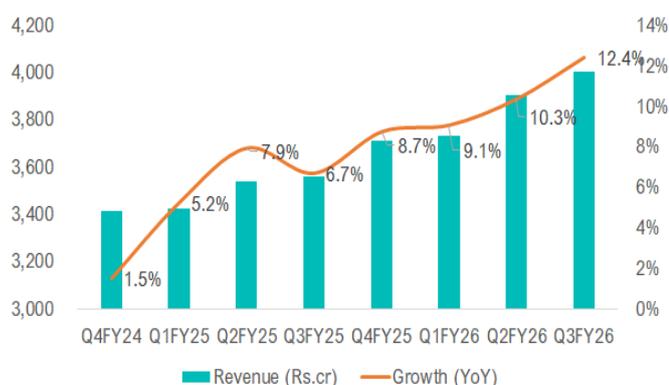
Rs.cr	Q3FY26	Q3FY25	YoY (%)	Q2FY26	QoQ (%)	9MFY26	9MFY25	YoY (%)
Sales	4,003	3,561	12.4	3,902	2.6	11,637	10,520	10.6
EBITDA	752	678	10.9	724	3.9	2,178	1,944	12.0
Margin (%)	18.8	19.0	-20bps	18.5	30bps	18.7	18.5	20bps
EBIT	609	546	11.6	596	2.2	1,776	1,603	10.7
PBT	593	569	4.2	625	-5.1	1,828	1,669	9.5
Rep. PAT	442	428	3.4	469	-5.7	1,353	1,256	7.8
Adj PAT	478	428	11.7	469	1.8	1,388	1,256	10.6
Adj. EPS (Rs)	25.1	22.6	11.1	24.7	1.7	72.9	66.3	10.0



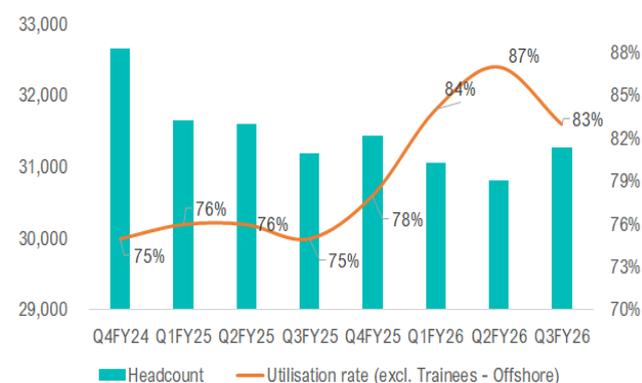
Key concall highlights

- The US remained the anchor geography for Mphasis, accounting for the largest share of direct revenue and posting 10.8% YoY growth, driven by ramp-ups in recent large deals while the EMEA registered 3.9% sequential growth in constant currency in Q3FY26.
- The deal pipeline grew 66% YoY, with 69% now AI-led. The NeoIP platform continued to attract high interest from clients during the quarter.
- Net new TCV for the quarter stood at \$428 million, including multiple large deal wins. Over the last 12 months, the value doubled to \$2.1 billion, reflecting a sharp increase in order inflow, with four large deals secured—two of which were valued at over \$50 million each.
- The company reported positive movement in its client pyramid during the quarter, adding 1 client each in the \$100 million-plus bucket and \$75 million-plus bucket and 3 clients each in \$50 million-plus and \$20 million-plus buckets. This growth was attributed to wallet share gains and successful mining of existing accounts.
- Management reiterated its expectation to outpace industry growth by more than 2x, supported by strong TCV-to-revenue conversion and continued ramp-up of large deals. EBIT margin is expected to stay within the 14.75-15.75% band.

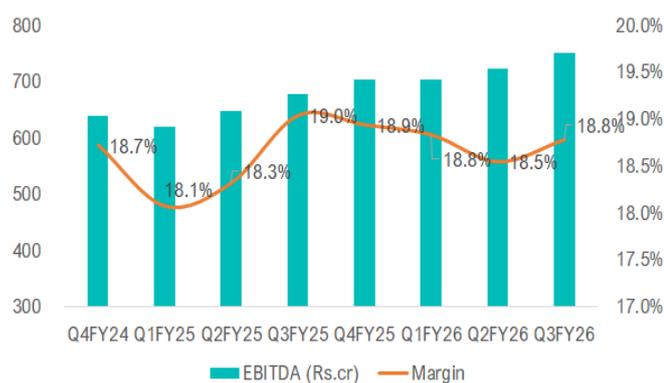
Revenue



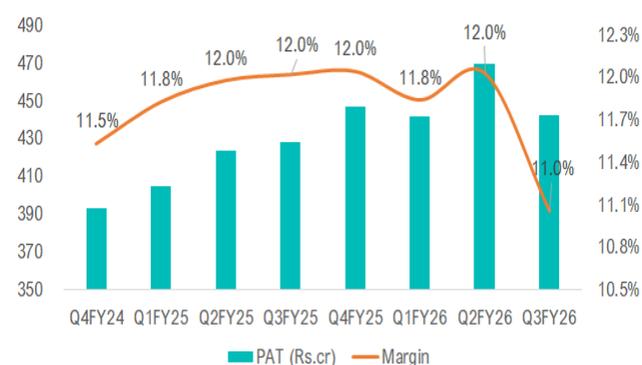
Headcount & Utilisation Rate



EBITDA



PAT



Change in Estimates

Year / Rs cr	Old estimates		New estimates			Change (%)	
	FY26E	FY27E	FY26E	FY27E	FY28E	FY26E	FY27E
Revenue	15,511	17,062	15,724	17,532	19,479	1.4	2.8
EBITDA	2,916	3,242	2,956	3,419	3,833	1.4	5.5
Margins (%)	18.8	19.0	18.8	19.5	19.7	0bps	50bps
Adj. PAT	1,879	2,100	1,934	2,197	2,460	2.9	4.6
EPS	98.8	110.4	101.5	115.3	129.1	2.7	4.4



Consolidated Financials

Profit & Loss

Y.E March (Rs. Cr)	FY24A	FY25A	FY26E	FY27E	FY28E
Sales	13,279	14,230	15,724	17,532	19,479
% change	-3.8	7.2	10.5	11.5	11.1
EBITDA	2,422	2,647	2,956	3,419	3,833
% change	-0.5	9.3	11.7	15.7	12.1
Depreciation	410	476	522	661	735
EBIT	2,011	2,171	2,434	2,758	3,098
Interest	161	166	174	181	188
Exceptional items	-	-	35	-	-
Other Income	218	255	306	352	369
PBT	2,068	2,260	2,531	2,929	3,280
% change	-4.8	9.3	12.0	15.7	12.0
Tax	514	558	633	732	820
Tax Rate (%)	24.8	24.7	25.0	25.0	25.0
Reported PAT	1,555	1,702	1,898	2,197	2,460
PAT att. to common shareholder-	1,555	1,702	1,898	2,197	2,460
Adj.*	-	-	35	-	-
Adj. PAT	1,555	1,702	1,934	2,197	2,460
% change	-5.1	9.5	13.6	13.6	12.0
No. of shares (cr)	18.9	19.0	19.1	19.1	19.1
Adj EPS (Rs.)	82.4	89.9	101.5	115.3	129.1
% change	-5.3	9.0	12.9	13.6	12.0
DPS (Rs.)	55.0	57.0	59.9	62.8	66.0

Cash Flow

Y.E March (Rs. Cr)	FY24A	FY25A	FY26E	FY27E	FY28E
Net inc. + Depn.	1,965	2,178	2,420	2,858	3,195
Non-cash adj.	276	84	-1,445	-726	-928
Other adjustments	-	-	-	-	-
Changes in W.C	-62	-357	-427	-234	-247
C.F. Operation	2,180	1,905	548	1,898	2,020
Capital exp.	-92	-60	-283	-351	-409
Change in inv.	-1,190	338	404	-194	-215
Other invest.CF	-1,200	-234	-	-	-
C.F - Investment	-2,482	44	121	-544	-624
Issue of equity	30	58	-	-	-
Issue/repay debt	1,296	-445	558	50	52
Dividends paid	-943	-1,040	-1,140	-1,198	-1,257
Other finance.CF	-307	-328	73	135	86
C.F - Finance	77	-1,756	-509	-1,012	-1,120
Chg. in cash	-225	194	160	341	277
Closing Cash	814	1,613	1,772	2,114	2,391

Balance Sheet

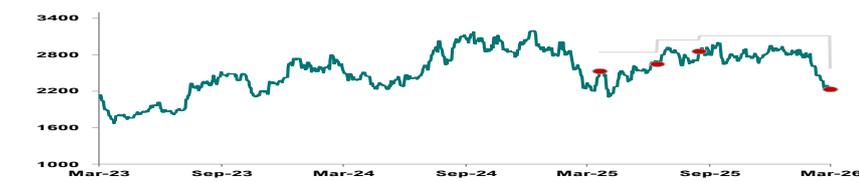
Y.E March (Rs. Cr)	FY24A	FY25A	FY26E	FY27E	FY28E
Cash	814	1,613	1,772	2,114	2,391
Accts. Receivable	2,426	2,841	3,695	4,103	4,538
Inventories	-	-	-	-	-
Other Cur. Assets	3,392	2,533	2,902	3,166	3,598
Investments	497	424	466	513	564
Gross Fixed Assets	1,939	1,984	2,267	2,618	3,027
Net Fixed Assets	922	822	948	1,100	1,289
CWIP	14	-	-	-	-
Intangible Assets	4,659	4,960	5,461	5,780	6,118
Def. Tax -Net	286	325	519	597	657
Other Assets	1,121	1,390	2,309	2,547	2,813
Total Assets	14,130	14,907	18,074	19,920	21,968
Current Liabilities	2,661	3,333	4,822	5,283	5,780
Provisions	279	311	435	474	512
Debt Funds	1,544	1,116	1,674	1,724	1,776
Other Liabilities	852	519	582	698	768
Equity Capital	189	190	191	191	191
Res. & Surplus	8,606	9,438	10,370	11,550	12,940
Shareholder Funds	8,795	9,628	10,560	11,741	13,131
Minority Interest	-	-	-	-	-
Total Liabilities	14,130	14,907	18,074	19,920	21,968
BVPS	465	507	554	616	689

Ratios

Y.E March	FY24A	FY25A	FY26E	FY27E	FY28E
Profitab. & Return					
EBITDA margin (%)	18.2	18.6	18.8	19.5	19.7
EBIT margin (%)	15.1	15.3	15.5	15.7	15.9
Net profit mgn.(%)	11.7	12.0	12.1	12.5	12.6
ROE (%)	17.7	17.7	18.0	18.7	18.7
ROCE (%)	19.5	20.2	19.9	20.5	20.8
W.C & Liquidity					
Receivables (days)	66.9	72.9	85.8	85.4	85.0
Inventory (days)	-	-	-	-	-
Payables (days)	30.5	35.2	45.7	46.1	46.5
Current ratio (x)	1.6	1.6	1.3	1.3	1.4
Quick ratio (x)	1.4	1.4	1.0	1.1	1.1
Turnover & Leverage					
Gross asset T.O (x)	7.2	7.3	7.4	7.2	6.9
Total asset T.O (x)	1.0	1.0	1.0	0.9	0.9
Int. covge. ratio (x)	12.5	13.1	14.0	15.3	16.5
Adj. debt/equity (x)	0.2	0.1	0.2	0.1	0.1
Valuation					
EV/Sales (x)	3.4	3.3	2.7	2.4	2.2
EV/EBITDA (x)	18.5	17.8	14.5	12.5	11.1
P/E (x)	28.4	27.8	22.3	19.6	17.5
P/BV (x)	5.0	4.9	4.1	3.7	3.3



Recommendation Summary - (Last 3 years)



Dates	Rating	Target
25-Mar-25	ACCUMULATE	2,842
19-Jun-25	ACCUMULATE	3,043
21-Aug-25	ACCUMULATE	3,113
07-Mar-26	ACCUMULATE	2,582

Investment Rating Criteria

Ratings	Large caps	Midcaps	Small Caps
Buy	Upside is above 10%	Upside is above 15%	Upside is above 20%
Accumulate	-	Upside is between 10%-15%	Upside is between 10%-20%
Hold	Upside is between 0% - 10%	Upside is between 0%-10%	Upside is between 0%-10%
Reduce/sell	Downside is more than 0%	Downside is more than 0%	Downside is more than 0%

Not rated/Neutral

Definition:

Buy: Acquire at Current Market Price (CMP), with the target mentioned in the research note; **Accumulate:** Partial buying or to accumulate as CMP dips in the future; **Hold:** Hold the stock with the expected target mentioned in the note.; **Reduce:** Reduce your exposure to the stock due to limited upside.; **Sell:** Exit from the stock; **Not rated/Neutral:** The analyst has no investment opinion on the stock.

Symbols definition:

 Upgrade

 No Change

 Downgrade

To satisfy regulatory requirements, we attribute 'Accumulate' as Buy and 'Reduce' as Sell.

The recommendations are based on 12 month horizon, unless otherwise specified. The investment ratings are on absolute positive/negative return basis. It is possible that due to volatile price fluctuation in the near to medium term, there could be a temporary mismatch to rating. For reasons of valuations/ return/lack of clarity/event we may revisit rating at appropriate time. Please note that the stock always carries the risk of being upgraded to BUY or downgraded to a HOLD, REDUCE or SELL.

Not rated/Neutral- The analyst has no investment opinion on the stock under review.

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