

## Mphasis (Mphasis) - REDUCE

### Company Update

Current Market Price (CMP)

**Rs.2,233**

Fair Value (FV)

**Rs.2275**

### Rationale:

- Key takeaways of Mphasis investor day.
- Management believes current AI trends will benefit Mphasis.
- Newly introduced Tria platform is capable of driving end-to-end modernization leveraging AI.
- The business model will shift to platform + people model focusing on outcomes.
- We value the stock at 18x multiple on FY28E EPS leading to an unchanged Fair Value of Rs2,275.
- Cautious stance continues. Retain REDUCE.

### 👍 Positives:

- Mphasis is well-positioned to benefit from large business transformation opportunities.
- The large deals team has helped Mphasis take better advantage of AI-led disruptions.
- BFS (Banking, Financial Services): Mphasis is a specialist at scale.

### 👎 Negatives:

- While management commentary is positive on pipeline and deal wins, we note that execution has been far from adequate in the past.
- Pivot to platform-driven delivery and outcome-based model is interesting but unproven.
- Downside risks exist in select top accounts, in our view.
- Mphasis is also vulnerable to GenAI revenue deflation due to high exposure to application development.

(AI: Artificial Intelligence, EPS: Earnings Per Share)



The content of this document has been derived from KIE research report. Kotak's PCG Research has summarized the report (Research Team: shrikant.chouhan@kotak.com). Readers who wish to access the complete report are kindly requested to contact their respective Relationship Manager. Further, the recipient of this material should take their own professional advice before investing.

Holding Period: 12 months

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- BUY** – We expect the stock to deliver more than 15% returns over the next 12 months
- ADD** – We expect the stock to deliver 5% - 15% returns over the next 12 months
- REDUCE** – We expect the stock to deliver -5% - +5% returns over the next 12 months
- SELL** – We expect the stock to deliver < -5% returns over the next 12 months
- NR** – **Not Rated.** Kotak Securities is not assigning any rating or price target to the stock. The report has been prepared for information purposes only.
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- NA** – **Not Available or Not Applicable.** The information is not available for display or is not applicable
- NM** – **Not Meaningful.** The information is not meaningful and is therefore excluded.
- NOTE** – Our target prices are with a 12-month perspective. Returns stated in the rating scale are our internal benchmark.

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