“Mphasis Limited

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Moderator: Good morning, ladies and gentlemen. Thanks for joining the Mphasis Q2FY2027 Earnings Conference Call. I'm Neerav, your moderator for the day. We have with us today, Mr. Nitin Rakesh, CEO of Mphasis; Mr. Aravind Viswanathan, CFO; and Mr. Vinay Kalingara, Head of Investor Relations.

As a reminder, there is a webcast link in the call invite email that the Mphasis management team will be referring to today. The same presentation is also available on the Mphasis website, www.mphasis.com, in the Investors section under Financial and Filings as well as both on BSE and NSE websites. I request you to have the presentation handy.

As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during this conference call, please signal an operator by pressing star then zero on your touch-tone phone. Please note that this conference is being recorded.

Before we begin, I would like to state that some of the statements made in today's discussion may be forward-looking in nature and may involve certain risks and uncertainties. A detailed statement in this regard is available in the Q2 results release that was sent out to all of you earlier.

I now hand over the floor to Mr. Nitin to begin the proceedings of this call. Thank you, and over to you, Nitin.

Nitin Rakesh: Thank you, Neerav, and thank you all for joining us today.

Q2 delivered what we said it would: our strongest sequential growth in three years, broad-based across verticals and segments. Our pipeline is at a record, and today we are raising our growth guidance for the year. I will take you through the numbers, but first, the thesis behind them.

At our Analyst Meet in May, we said the value in enterprise AI is moving from adoption to economic outcomes. AI is not only changing how services are delivered; it is changing what enterprises buy. Agentic AI asks what systems can do. Enterprise Agency asks what the enterprise can now do better. We built Mphasis Tria™ to close what we call the Agency Gap: the distance between having AI and having AI make governed decisions that move revenue, margin and risk. Five months on, we see three things.

First, the buyer has changed. Business and operations leaders now fund AI alongside the CIO, and their questions are about revenue leakage, planning latency and slow execution, not just technology cost. That is where Mphasis Modernize™ and Mphasis Optimize™ meet them, and where outcome-linked commercial constructs follow.

Second, Tria works as a closed loop: understand, decide, act, measure and improve, with humans governing the exceptions rather than signing off routine work. Every governed decision feeds back into the models, so enterprise context compounds.

Third, the moat is not the models. Frontier Models will continue to improve and commoditize. Our enduring differentiation lies in understanding enterprise context, causal decision intelligence, orchestration and governance, and the organizational capability to continuously learn, deploy & scale these capabilities across our client enterprises.

Independent research points the same way. ISG's September report, 'The AI Value Gap', found that AI is widely used but outcomes lag, that nearly half of AI budgets now sit outside IT, and that model cost is only about a third of total investment. We welcome the corroboration, but we did not need it to set our course; it is the course we have been on since May, and it is visible in our results.

What I want to spend time on today is not only what we believe, but how we have organized to deliver it.

Last quarter we said Mphasis Tria was off to a stronger start than we anticipated. In Q2, that early traction began to scale. Tria is now a proof point in large-deal evaluations because it demonstrates governed, measurable outcomes, not just capability. And it is taking us into the operating core of the enterprise: the run of the business, not just the technology estate. In BFS, it is opening business-process budgets in lending origination, payment exception processing and client onboarding as examples. Beyond BFS, it is driving conversations on AI-led operations transformation at large insurers, on-demand intelligence for technology clients and so on. These budgets sit with business and operations leaders, and this has significantly increased our TAM.

You will want to know how big our pipeline with Tria is. We are not breaking that out today, so let me describe its shape. Tria-led opportunities are a growing part of our pipeline, and they are different in kind: larger and multi-year deals, combining optimization and transformation with ongoing operations, sponsored by business leaders, and increasingly starting with a proof of value on the client's own processes. As each first deployment lands, it leaves reusable assets and foundations for expansion within that client.

That brings me to what matters most for execution. We have organized our talent to turn this pipeline into scaled delivery.

- Value streams: We have packaged the recurring business problems in Banking, Insurance and Healthcare, for example into defined offers, each with a clear buyer, outcome measures and reusable assets. Opportunities start from a vertically packaged offering.
- Forward deployed and engineering solutions teams sit in one team, alongside delivery, embedded within the client, working through four steps: frame the problem, compose the capabilities, prove it with evidence, and scale.
- A dedicated product and platform team institutionalizes learnings through a continuous feedback loop, turning every deployment into reusable capabilities that accelerate the next.

We are investing in people to run this: certifying our client-facing technology leaders on the value-stream playbooks and expanding deployment capacity through our FDE team. Together, these give us a repeatable path from first conversation to scaled outcome, and that is why we are confident in the trajectory.

Since the launch of Mphasis.ai, three years ago, our pipeline has grown to 3x its original size, and AI-led deals have grown from 12% of the pipeline to 71%.

Net new TCV for Q2 was $466 million. With net new TCV above $400 million for six consecutive quarters, we have established a higher baseline for deal closures. That baseline supported the growth we delivered in Q2 and underpins our confidence in the trajectory for the rest of FY27.

The pipeline composition is broad-based across verticals and deal sizes. Total pipeline reached a new high, growing 4.4% sequentially and 23% YoY. We continue to see a high share of proactively originated opportunities, shaped by our point of view on clients' businesses and our ability to identify and define opportunities before they become formal asks.

Growth was broad-based, with the BFS pipeline up 4.1% and the non-BFS pipeline up 4.8% sequentially. Opportunities below $20 million grew 35% year-on-year and 9% sequentially, reflecting the increase in shorter-cycle deal activity we called out last quarter, which continues to play out.

On a year-on-year basis, Modernization and XaaP, now aligned to our Tria product lines, recorded the strongest growth in the pipeline. Agile IT Ops and Next Ops are also significant contributors to the overall pipeline, reflecting the deals in process modernization and business-outcome budgets we described earlier.

As I mentioned earlier, net new TCV for the quarter was $466 million, with trailing-twelve-months TCV at $1.8 billion. 66% of our TCV wins in Q2 were AI-led, up from 63% last quarter. We closed five large deals in Q2. One of them nicely illustrates the shift in how the outcome deals are being structured: a large broker-dealer selected Mphasis to scale its advisor administration business across front and middle-office services. It is a large deal with a recurring revenue-share model and significant expansion potential across the client's advisor network.

Deal wins continue to convert to revenue at a consistent pace. As we said last quarter, the trend of shorter-cycle deals is holding, with TCV for deals below $20 million up 26% on a TTM basis. Meanwhile, the backlog we built over prior quarters and the steady TCV wins provides ongoing support to in-quarter and near-term revenue conversion as well.

Moving to our segment performance. In the Direct business, we grew 3.5% sequentially and 11.3% year-over-year in constant currency terms.

From a geographic perspective, Americas continued to be our primary growth engine. It grew 3.1% sequentially and 12.4% YoY in Direct, driven by ramp-ups in large deal wins

and contributions from new logos. The Rest of the World delivered strong growth of 16.4% sequentially and 23.5% YoY in constant currency terms. This was led by our growing participation in the GCC ecosystem with our global clients. EMEA declined 3.3% sequentially and 9.0% YoY. As we have explained before, we classify geographies by the origin of contract. This quarter's EMEA numbers reflect revenue from a globally structured engagement that was allocated across regions. The underlying health of the business there remains intact.

From a service line perspective, Enterprise Applications remains our core growth engine and contributed to 75.6% of our revenue. Direct revenue grew 3.7% sequentially and 14.4% YoY in constant currency, driven predominantly by AI-led modernization deals. BPO sustained its momentum, growing 6.6% sequentially and 18.7% YoY in Direct on new deal wins and AI-led propositions. Tria-led process modernization has become a defining theme in business reimagination since launch, driving pipeline and wins across APPS and BPO.

ITO declined 4.9% sequentially and 21.3% YoY. This mainly reflects transformation projects moving into a steady phase. These were integrated build-plus-run programs, and, as the build components finish, the work moves into the run phase. This impact is also reflected in the Others vertical.

Moving to performance by vertical, BFS Direct grew 4.5% sequentially and 15.0% YoY in constant currency, with an eight-quarter CQGR of 3.8%. Growth continues to come from wallet share gains in existing accounts and new deal wins, reflecting our domain depth and right to win in Financial Services.

Insurance returned to sequential growth of 1.8% and grew 14.7% YoY in Direct, supported by Tria-led optimization programs across underwriting, claims and risk operations. Based on last quarter's recovery and new deal ramp ups, TMT grew 10.9% sequentially and 14.5% YoY in Direct.

On a TTM basis, BFS, Insurance and TMT, the verticals we identified as growth drivers, have all delivered, showing that our strategic focus is translating into results. In Direct - BFS, Insurance and TMT delivered 15%, 28% and 12% growth respectively on a TTM basis.

Logistics and Transportation declined 12.0% sequentially, on a smaller base. It continues to feel some impact from ongoing geopolitical uncertainty. It is now a smaller unit for us, so small changes in revenue produce larger percentage swings. While the Others segment declined 6.4% sequentially and grew 1.8% YoY, Healthcare within that segment delivered healthy growth. On the back of recent deal wins, including a large deal win this quarter, we expect Healthcare to emerge as a growth driver.

Moving on to client metrics, they show growth across the portfolio. On a TTM basis, our Top 5 clients grew 15.1% YoY, and our Top 10 grew 13.0% YoY. Our Top 11–20 clients grew faster, at 22.7% YoY. That reflects the investment we made to widen our account

coverage from the top 10 to the next 20. Sequentially, the Top 5 grew 4.1% and clients ranked 6–10 grew 4.9%. This growth has been driven largely by strong in-account execution - winning new deals and ramping them up.

Our client buckets are aligned the same way. We added two clients in the $50 million-plus bracket sequentially, three in the $20 million-plus bracket year-on-year, and five in the $5 million-plus bracket year-on-year, three of them on a sequential basis as well. As new accounts scale, they keep feeding the upper tiers of the pyramid.

Moving to our financial metrics performance. Q2 EBIT margin remained flat. EPS increased 14.6% sequentially to INR 29.4. Operating Cash flow generation was USD 34Mn after normalizing USD 39.5Mn of remittances initiated on 30th September and received in October.

DSO for the quarter was 105 days after normalizing for the delayed remittances I just mentioned on the previous slide. This is more of a quarterly aberration and is expected to get to double digit levels in Q3.

In summary: in July we said Q2 would deliver our best sequential constant-currency growth in three years, and that it would be broad-based and it did.

Direct revenue grew 3.5% sequentially and 11.3% year-on-year. BFS grew 4.5% sequentially and 15.0% year-on-year, and TMT grew 10.9% sequentially. The Americas and the Rest of the World delivered strong sequential growth. Applications and BPO were driven by AI-led modernization and new deal wins. Our Top 5 clients grew 15.1% year-on-year, and our Top 11 to 20 grew 22.7%, with additions across client bands, both sequentially and year-on-year.

The pipeline is at a record, up 23% year-on-year, with 71% of the pipeline being AI-led, and it spans verticals, deal sizes and archetypes. TCV wins were $466 million for the quarter, 66% AI-led, including five large deals, taking trailing-twelve-month TCV to $1.8 billion. And we delivered stable margins within our stated range.

That performance, and the visibility behind it, is why we are raising our outlook. Let me turn to how we see the rest of the year.

The first half has set a strong foundation for FY27, and we expect the second half to carry this momentum forward. Four things give us that confidence: a record and broad-based pipeline; six consecutive quarters of net new TCV above $400 million, with the backlog converting to revenue; steady execution from signing to revenue; and an organization built to scale the work we are winning.

On that basis, we are raising our FY27 guidance. We now expect revenue growth in the low double digits for the full year. Last quarter, our guidance was high single digits to low double digits. We are doing so despite an uncertain macro environment, because it rests on results already delivered and on visibility we can see in the pipeline and the backlog.

On profitability, we continue to expect stable margins within the target band of 14.75% to 15.75%, while we invest in the capabilities that drive the next phase of growth. We continue to target 80% conversion of net income to operating cash flow in FY27, further normalizing in FY28.

With that, I will open the call for questions. Operator, over to you.

Moderator: First question is from the line of Gaurav Rateria from Morgan Stanley. Please go ahead. Gaurav, may I request to unmute your line and proceed with your question, please?

Gaurav Rateria: Hi. Congrats on good revenue performance. I have three questions. My first question is on your confidence for upgrading the guidance in the current macro. And the reason I'm asking is because your deal wins have been in that particular range, so within the same deal win range, why upgrade of guidance or giving more confidence on the second half? So, is that conversion ratio improving versus the past? Is that giving you more confidence?

My second question is on pipeline. Historically, we have seen, Nitin, that pipeline has been a lead indicator for your deal win numbers to inch up. You started building on pipeline and deal win numbers eventually started to inch up with a lag. Now, given that the pipeline is building up now, is it fair to say that some of that will start reflecting in step up in the deal win numbers over a period of next two or three quarters?

And the last question is that where are we in the investment cycle on building these IPs and deal archetype that we had talked about on Tria and other things? At some point in time, will that investment phase plateau out and will that lead to margin accretion for the company as a whole? Thank you.

Nitin Rakesh: Thanks, Gaurav. I think the upgrade question linked to TCV, let me take it in two different ways. As I mentioned in my script, the confidence is really coming from what we have in the backlog combined with the pipeline and the deal propensity. And of course, we've added some healthy revenue in-quarter in Q2 that gives us a starting base from a run rate perspective. That is also reflected in the client addition, especially when you see the client metrics of top five, top 10 and next 10. I think all of those metrics are green. So, there's a fair amount of that run rate confidence that's coming in.

On the question around linking it to TCV, while the TCV has stayed in the $400 million range, this is still a little bit higher than what we've had in the last three or four quarters, as I mentioned in the commentary itself, it's not just the TCV that matters. The shape and nature of the TCV matters as well when it comes to short-term growth and revenue performance.

As I mentioned, if you look at just the trailing 12 months, there's a 26% increase in small deal TCV. Even if you look at the pipeline, we've seen a disproportionate increase in the less than $20 million TCV in the pipeline at 35%, when the overall pipeline is up about

23%. So, what's happening is a fair amount of work and priority from clients is focused on three areas right now.

First is all AI engineering work. Almost every large enterprise is very rapidly focused on building the AI foundations, the AI harness, the AI infrastructure layer that will effectively enable them to adopt AI at scale, and that's leading to a fair amount of work in aligning and helping them design, build, deploy, and scale these harnesses and foundations. Tria plays a role there as well because in many cases there's an opportunity for us to help them expand their thinking on what the foundation should look like. So that's the first bucket of work. Again, corroborated by headcount addition and growth in applications and growth in top accounts. Not a phenomenon that's happening across client segments, but definitely the more mature, the larger clients are spending a fair amount of time, effort, and money. And these are typically the short-cycle deals. So, I'll give you an example. A $10 million, six-month deal has the same propensity as a $100 million, five-year deal when it comes to revenue growth.

Second thing that is in focus is kind of linked to the first one, is the whole investment that is going into hardening the cyber estate. Also, fairly AI engineering led because it isn't just about adopting a new AI tool or AI platform. It's also about hardening the way that they deal with everything from detection to remediation and everything in between from identity and access management, non-human identity, the Mythos, post-Mythos world. So, there's a fair amount of engineering work that's going in there as well, and we have a very strong positioning with that, including the work we've done in the post-quantum cryptography side over the last few years that's starting to get monetized here as well.

And the third thing that is driving the pipeline and the deal wins is what we used to call Savings-led Transformation™. And Tria has really strengthened that thesis where the client's not just looking to save money, they're also looking to see how they can transform the way they run the business. Both operations and IT. So, there are very many themes of that. Vendor consolidation is the theme of that, right? But the outcome that the client is looking for is savings and transformation combined together. So that's kind of what's going on in the client side, and that's what's driving the pipeline and the TCV wins, but the shape of those TCV wins is what's driving the confidence in revenue, and you've seen that performance play out in the last two quarters.

Pipeline is definitely a lead indicator, as you mentioned, going to your second question. Of course, at some point we see large deal conversion ramp up. So, are we expecting TCV ramp up in the next two to four quarters? The short answer is yes, because we have to obviously keep the conversion rate as high as it is or higher, and hence that will reflect into some of those deals converting, but large deals by definition are lumpy. You can't really put a finger on, say, this deal we close on this date, but as we continue to execute the pipeline, I think we expect that the TCV numbers will stay healthy or inch up as well.

On the investment cycle for Tria and the IP buildout, I think it's too early to say that at what point will we mature because the pace of change and the propensity of change is

very, very fast. While we are not really focusing on trying to compete on the tool stack, but we also have to make sure that everything we're doing from a Tria perspective across the layers doesn't really get commoditized. So, we'll continue to invest at least for the near future. As we see ramp-ups happening on adoption of Tria, we called out some - in the shape of what's going on. You can definitely expect them. I think the impact of enabling Tria-led delivery will definitely have a tailwind to margins more than just the investment we're making in Tria. So, we are more focused on driving gross margin higher through adoption of Tria versus driving margin higher by choking investment in Tria.

Gaurav Rateria: All right. Thank you. All the best. I'll fall back in queue.

Moderator: Thank you very much. Next question is from the line of Sandeep Shah from Equirus Securities. Please go ahead.

Sandeep Shah: Congrats on a good set of numbers despite difficult macro times. The first question, you partly answered about Tria. So just wanted to understand, can you give some color in terms of the revenue coming through Tria or outcome-based business model?

Nitin Rakesh: I think a little bit premature, Sandeep, to give you that metric as we mentioned back in May, that we will use FY27 as a foundational year to drive the right set of metrics. That's the reason I expanded on where we are seeing the uptick and where we are seeing the impact. So definitely the Tria-led opportunities are not just in the pipeline, they're also in the deal wins. We have our first set of deployments going live as we speak. Remember we launched the platform in May. We've already got first set of deployments going live. So, we will definitely have really good, not just learnings but more importantly a set of validated deployments that we can then scale. So little bit premature to give you percentage of revenue or pipeline or TCV but we'll evolve those metrics over the next two quarters and definitely create a list that we can share with you.

Sandeep Shah: Okay. And just some bookkeeping question on the cash generation in this quarter. So, Aravind, if I look at to achieve the guidance of 80% OCF to PAT, the second half ask rate is very high, upwards of 100%/ 110% even if I adjust the $39.5 million collection which got delayed from September to October. So, what will drive this?

Aravind Viswanathan: So, you know Sandeep, if you look at it there has been a little bit of, our DSOs even on a normalized basis have gone up by about 10 days. If you look at it between Q1 and Q2. So, in many ways that is disappointing and we are trying to get that back. So, as we move and get some of that back on trajectory; that is the basis for the improvement in cash flow for the coming quarters.

Sandeep Shah: Okay. And Aravind, if I look at last year payment for purchase consideration of acquired contracts has been INR432 Cr while in this year first half it has been at INR143 Cr. And your statement to normalize OCF to PAT in FY28, this could be a bigger contributor where this kind of a payment for contract acquisition consideration may come down materially next year versus this year?

Aravind Viswanathan: So, if you look at that actually goes below OCF if you are looking at it.

Sandeep Shah: Sorry FCF.

Aravind Viswanathan: So, you are right, but having said that - you know that we have announced one on Red Oak which the closing conditions are expected to be concluded in November. So that's a $28 million kind of commitment. So, to some extent, all of the deals in the table are visible to you. So, I don't think it'll go up for sure. But it'll be lower, but how much lower will be dependent on, how many deals we do. But right now, at least I think it's fair to assume that it will be lower in FY28 than in FY27.

Sandeep Shah: And the last question, in terms of margin, the first half margin is at the lower end of the comfort range. How do we see the second half of the margin in terms of full year guidance?

Aravind Viswanathan: No, I think our guidance range - beginning of the year last year also has been 14.75% to 15.75%. I'm not really going to break down further within the range as to where we will be for H1 and H2. You're right that we are around 14.8% and we've talked about some of the investments that have really set down. So, if you look at it, we made an acquisition for Tria with TAP and that has certain amortization cost that has come in this year. We've seen a stronger growth momentum, especially in short cycle deals where there is a significant shift towards onsite. Particularly with these AI programs where the initial portion of the business starts onsite. We've seen a big shift in onsite mix. So, some of those have put stretch on margins and frankly, we will have to make those investments for growth. So that is where we are. We remain committed to the guidance range. And I will leave it at that.

Nitin Rakesh: Sandeep, just to put it in perspective, when Gaurav asked me that question around what gives us the confidence to drive growth and upgrade the guidance? I think we are sitting at the intersection of some of these really interesting, large enterprise programs. And if we have to capture that wallet share, I think we are making sure that we have the ability to optimize and, monetize every opportunity that we see on the table. And if that means that we are not at the ideal midpoint of the margin range, we have more control on normalizing that than leaving revenue on the table. So that's kind of the mindset, while we continue to invest in building IP and investing in both coverage, sales and platforms. So, I think all-in-all we'll continue to prioritize growth. Margins are something we can absolutely fix because that's more of an optimization exercise that can happen internally, but growth is really what is client dependent and that's where our focus is.

Sandeep Shah: Thanks. Got it. Fair enough. All the best.

Moderator: Next question is from the line of Vibhor Singhal from Nuvama. Please go ahead.

Vibhor Singhal: Thanks for taking my question and congrats on the solid performance yet again, Nitin and team. So, there's a couple of questions from my side, mainly on the AI cycle and then one on the portfolio. If you look at the commentary by various players, I think there are

two very different kind of commentary that we are hearing. One is of course a lot of vendors are focusing on consolidation deals. But there have also been pockets in which vendors have mentioned that the new AI deals are smaller in size and in value and they basically are kind of get a foot in the door kind of deals with the client. And then once the deal gets over, the client renews that deal and gives you more work. But that basically impacts the overall TCV number in terms of the deal sizes. So, are we also seeing that our deals wins and if that's the case, which kind of deals are we focusing on? Which do you think is going to drive the market going forward?

And the second question again on the AI part is we've seen the token cost come down almost 50% in the past six months. So, in your conversation with the clients, is that kind of helping vendors like us, as in it frees up the money that the client was kind of spending, as you mentioned, outside the IT budget. So, it frees up that budget and does that help us in any way? If not today, then tomorrow? Just your view on these two things?

Nitin Rakesh: Sure, Vibhor, both are great questions. I think the way to think about AI-led deals is in two buckets. One I addressed when I answered to Gaurav as well earlier that we are seeing an uptick in short cycle, short burst deals because there's a lot of AI engineering activity that's going on, whether it's around data mod, whether it's around building the harness or cyber. That's one category of AI-led deals where you have the propensity to capture in-year budget, immediate spend patterns because those are highly prioritized, time sensitive programs.

The other way to capture AI-led deals is essentially through a combination of what I call Savings-led Transformation, which is AI infused with operations. And those deals are not necessarily small deals. Vendor consolidation is one instantiation of those kind of deals. Not every deal that we have that is AI-led is an RFP or a vendor consolidation deal because there is new TAM, we are opening up there as well. But there are deals here in our pipeline that are vendor consolidation deals where the theme of AI-led transformation, driving savings is very much alive as well. So those are not necessarily small deals. The propensity and the ability to win those deals depends on three or four things. The ability to drive that kind of transformation with AI, number one. Number two, meeting the financial objectives of the client has set out. And number three, of course, there is an element of deal structuring and, making sure that it works for both parties. And of course, those kind of deals are highly competitive because everyone, especially the large players are very happy to use their balance sheet to drive some of those deal structuring cycles. We have to obviously be very, very cautious in how far we go. But when it comes to capability, when it comes to AI-led transformation with operations and IT, I think we are very much in the mix, and we'll continue to drive pipeline and closures.

On the second question around token cost, I think we predicted the token costs will continue to go down. I think they will go down even more. That absolutely releases some pressure from the enterprises on where their AI investment is going. But that's a different category than tapping into a new segment that our industry wasn't playing in earlier. The

traditional BPO business had a very defined boundary around it. With this kind of an approach where we are doing, reimagining the business, we are able to penetrate things that were not traditionally seen as BPO able. So, those are the two different buckets that we are seeing. But absolutely your answer is right. Releasing a pressure on token costs, adopting these programs at scale, building some real smart intelligence and scientific way of managing what workload goes to which language model to optimize token costs, all of those things will, will become part of the harnesses I talked about. And that's the phase we are in right now.

Vibhor Singhal: Got it. Thank you so much for that. Just one last question on the Logistics vertical. How to look at this vertical hereafter? I mean the vertical continues to decline even after the top client issue that we had seen last year. It's now less than 4% of our revenue. Historically, what we have seen earlier with DXC and later with the mortgage business, that once those business started declining, they never recovered and then they became too small to become relevant in the larger scheme of things. Is that the way to look at Logistics vertical also? Today it is less than 4% of revenue, maybe a few quarters down the line it becomes 2% to 3% and then we stop looking at it altogether in terms of any revival in this segment.

Nitin Rakesh: I would not compare the Logistics trajectory to what happened with the other two units that you mentioned. I mean mortgage business is still very much part of our overall value proposition in BFS. It is cyclical in nature. I don't think it's about structurally us disinvesting from that business or moving away from saying that we will take this offering. I think the way to think about the Logistics business is that we've seen some headwinds over the last five or six quarters. We've done a fair amount of effort, and we continue to do a fair amount of effort in rebuilding the foundations for that vertical. The nature of customers is still very much enterprise and top tier. We have some best brands in the business in that vertical already that we are working with across Airlines, Transportation and Logistics. I think we have to do whatever it takes for us to continue to find pathway around expansion of wallet share. There are already clients where we are top two, top three providers. They're not quite at the scale where we think the potential is. So, we may have a $20 million a year customer in that vertical that we think can go to $50 million, $60 million, $80 million or $100 million as well. So, I think we are very much committed to that vertical. It's an execution and maturity phase that we are trying to drive out of that business. So, I would not compare them to us getting disinterested and it falling by the wayside. If anything, we are actually making even bigger investments in some of these accounts because our account motion that has worked very well across other verticals is working here as well.

Vibhor Singhal: Got it. Great. Thank you so much for taking my questions and I wish you all the best.

Moderator: Next question is from the line of the Dipesh Mehta from Emkay Global. Please go ahead.

Dipesh Mehta: Thanks for the opportunity. A couple of questions. First about how many clients let's say might have adopted Tria. You said revenue difficult, but can you give some sense about let's say how the client traction is playing out and among our top 20, top 40 how many

clients where we have already some inroad in adoption? Second question is about the furlough. How you expect furlough to play out in this year? Maybe if you can give relative comparison or absolute, whichever you can give some sense on it. Third question is about the cybersecurity practice. Can you give some sense about size and scale of our cybersecurity practice and how it is growing in terms of revenue trajectory perspective? And last is about the short-term tenure deal. We are seeing significant improvement compared to earlier trajectory. How to interpret that from revenue conversion perspective? Earlier we used to give some correlation between revenue and TCV, considering we are seeing some shift in terms of the nature of deal, how one should expect revenue trajectory compared to TCV reported. If you can give some growth sense around that metric. Thanks.

Nitin Rakesh: On the first question Dipesh around how many clients have adopted Tria? I think it's too early for us to give you an exact number because as I said we are in phase where we have live deployments that are undergoing as we speak. But all I will tell you is that it is not just one client, it's a multiple number of customers and they are across verticals. As we scale those from initial deployments to multiple different lines of businesses or replicate what we built as foundation to additional businesses within the client, we'll have a better idea of what the size, potential and revenue shape will look like for Tria platform. So, be a little bit more patient. I don't think we can we are ready yet to share any metrics or numbers. One it's too premature and two, there is work to be done in making sure that we are well established to drive that on a sustainable basis. I'll let Aravind answer the question on furlough and short-term deals and the correlation that you asked me.

But on the cyber practice - we are not a very big cyber operations shop but we definitely have a fair amount of work that we do in areas like our identity and access management as well as we have a cyber fusion center that we launched in our ODC two or three years ago that has become the foundation for us to do a lot of work there. But the real interesting work that we are doing in cyber really happens to be around the AI enablement of the entire cyber ops and vulnerability operation side. And of course, I mentioned the post-quantum cryptography capability that we built that is now sitting right in the middle of that as well. So, it sits in our apps business more than anything because in the end all the work we are really doing is around application remediation, and IAM. It's a fast-growing business. I don't think we will break it out. We are not breaking out anything by service line outside of APPS, BPO and ITO. As we reset some metrics for FY28, we may think about giving some additional color on it. But at this point absolutely a fast-growing business driven primarily in the apps bucket. Aravind, you want to answer on furlough?

Aravind Viswanathan: Dipesh, on furlough, right now nothing to call. Historically we've seen about 2% kind of impact at an organization level of furlough. That's really been what we've seen. Right now, as we stand, we have no reason to believe it's going to be different this year. So, there is nothing to comment. Obviously, a lot of work happens on furlough mitigation and finalization in December, and fingers crossed we will have to see how that plays out.

As far as correlation of deal cycle is concerned. When there is a shift in terms of intensity on a TCV basis between long tenure and short tenure, you can do more growth with lesser absolute TCV. So, in a way it kind of takes correlation out of whack because you would find that maybe last year we had much larger TCV in Q1, Q2 compared to this year, but our growth trajectory is actually better this year than last year. And that's because the TCV to ACV conversion changes. And that's really not factored in the correlation between TCV and revenue growth. Which is why, that metric kind of becomes a little off key when there is such a sharp shift in the nature of TCV won. So, you've seen an acceleration on revenue growth, Nitin talked about confidence for H2 which resulted in us upping the guidance and that has happened without necessarily a big uplift in TCV but consistent TCV growth of, $400 million plus. So that's really what has happened, Dipesh.

Dipesh Mehta: Thank you.

Moderator: Next question is from line of Prateek Maheshwari from HSBC Securities. Please go ahead.

Prateek Maheshwari: Hi. Thank you for the opportunity. I have a follow up question on the operating margins. So, I just wanted to understand particularly for the deals that were Savings-led Transformation. Basically, I think that you guys have been ahead on these and my understanding was that these deals would have lower margins initially than your average and improve as you apply in delivery and later turn the work more IP or platform led. So, I just wanted to understand, do you see that we are at a point in many of such ongoing deals which can soon provide a tailwind to margin expansion.

Nitin Rakesh: Prateek, the thesis you're mentioning is the right thesis. That's the right way to think about it. The only caveat I will make to that is, there is likely to be a steady stream of deals of that nature. So, while we normalize and apply transformation and automation to a deal that we would have signed in Q1 or Q4, there is a pipeline of such deals that will continue to run through and which will mean that, we need the ability to continue to apply that to the next set of deals. But as we accumulate a bunch of these deals and the platform gets deployed and matures in steady state, that's absolutely when the target, the margin tailwind will start showing up.

Just to give you another data point that substantiates it, if there is a Tria-led or a platform-led Savings-led Transformation deal, the sold margin shape is actually likely to be different than the traditional sold margin that we've seen in the previous year. So that's kind of the way to think about it. But will it show up immediately in Q3 or Q4? It's hard to tell because we are still building pipeline and deals and deploying the platform.

Prateek Maheshwari: Thanks, Nitin. Just one more question around the TCV. So, just comparing your TCV explanation and also the guidance increase on the revenue. While the new deal wins are very similar to what was the average for the last four quarters, is it the short cycle deal which will probably improve the revenue conversion and so like overall the deal wins are still better than even the average?

Nitin Rakesh: I think it's a combination. It's not just the short cycle deals that are converting better. It's even the TCV sold even in larger deals. There was a period of time where conversion took time, especially middle of FY 2026 or late 2026. But at this point the conversion seems to be pretty robust and nothing else to call out for in saying that there is a delay. Of course, decision cycles are not easy especially for long term deals given the fair amount of complexity our clients are dealing with when it comes to making those decisions in the uncertainty - there's a fair amount of AI noise and the speed of change also scares the customer from committing. But that aside, I don't think there's anything else to call out from a conversion slowness. If anything, that steady conversion rate has really helped us deliver the numbers that we delivered.

Prateek Maheshwari: Right. And Aravind, just as these short cycle deals become more in the overall deal wins, I understand that in the larger deals probably it, it had some of the larger investments on the cash side. So as that mix changes, do you think that drives more confidence on the cash conversion later on?

Aravind Viswanathan: You're right. That's a fair point. You will not have any kind of concern. Having said that, I don't think in this year we've had any deals which has necessitated a big cash investment from our side. We've done $900 million plus of net new TCV in H1. I don't think any of those deals really had a material kind of cash flow investment. I think we did that in a meaningful way in FY26 and some of that impact is playing out in FY27. Which is why even from a commentary standpoint we expect FY28 to go back to historic levels. A combination of both pickup in these short cycle deals as well as the other large deals like what Nitin mentioned where we didn't really have to make this kind of investment.

Prateek Maheshwari: Okay, thank you so much. Those are my questions I'll pull back in the queue.

Moderator: Thank you. Next question is from Aditi Patil from ICICI Securities. Please go ahead.

Aditi Patil: Thank you for the opportunity. The first question is - you mentioned about the large deal with the large broker which also has a recurring revenue sharing model. So how big or how large could be that revenue sharing component in the mature phase? And what could be the margin profile of this revenue sharing component? Will it be similar to the IP margin profile? And do you see more such outcome-based revenue sharing deals in your pipeline today? Second question is on the top client. We have seen a strong sequential and YoY growth in our top client. What has driven this growth, and do you expect the run rate with top client to sustain? And my last question is on the TMT vertical for the last few quarters we are seeing a good growth in this vertical. Can you share the client subsegments we are serving within this vertical? Like which kind of clients and what type of work we are doing is driving growth for us because several industry peers have flagged slower spends from Tech clients as they prioritize AI capex and how durable is this growth outlook for the TMT vertical?

Nitin Rakesh: Thanks Aditi. I think on the deal where the outcome-based deal where we talked about a revenue share, I don't think it is appropriate for me to share the details given competitive intensity. I think there is a certain effort that has gone into constructing a deal of that

nature. A lot of our peers have talked about outcome-based deals but, they are really recasting output-based deals as outcome-based deals. So let the model mature. As we have more, examples to share at some point we will talk a little bit more about it. But it's a percentage of revenue share. In a way this is an alignment to the growth initiative of the broker dealer. This is not on the cost side and the reason for that is that they felt that capacity constraint in servicing the broker dealer network, especially middle and back office, without having a strong tech platform capability was what was constraining their growth. And hence they have aligned incentives on both sides, and we worked hard at making sure that we have the ability to give them the scale, the speed and the efficiency that they need in onboarding and servicing these new advisors on their network. So it's as interesting deal. It's definitely one of the five large deals that we've announced in the quarter. It is, on the larger side. We've made some estimates on where we think we can end up with that, over the next five years or so. It definitely has the potential to be bigger than what we've estimated it to be. But right now, it's too early for us to call. We've already operationalized it. We need to kind of stabilize it and get to a rhythm and see we can follow the growth pattern - as they grow, we grow.

On top client, I think it's not fair to answer a client specific outlook. We are very happy that we've grown top five, top 10 and next 10 clients very well, next 20 in fact. As I mentioned earlier, wherever we see opportunity, we have the ability and the trust with those clients to be able to monetize those opportunities short term and long term. Given that many of our top clients are sophisticated large buyers, I think I'm very proud of the fact that the teams continue to become very large provider and partner to those clients and hence we've seen that kind of execution show up consistently in the last few quarters in that segment.

TMT is an interesting one. We have three or four sub-segments in that, there's device makers, given our heritage of ownership, we have a very strong footprint in R&D as well as driving product engineering work there. We do a fair amount of work on the embedded software side. Second sub-segment is Hi-tech. Think of all the big tech names. That's a client segment. It was small, it's starting to grow. A lot of potential to grow. Our positioning there isn't that of a scaled provider with rate cards. We are trying to make sure that wherever we go in we have the ability to differentiate and find our own capability and specialization. The third sub-segment there is Telecom. We've seen rapid expansion in that segment with some clients breaking into our top 10 client category. Driven again by the fact that they see us as a refreshing transformation-led software engineering partner versus many of the incumbents that they've been dealing with and the usual names that used to service that sector. And the fourth segment there is still small, but we'll continue to find ways to expand our book of business with the ISVs. So, I would say in that order, device makers, Telecom, High tech companies and ISVs are the four sub-segments in TMT. Given the track record, not just of the last two quarters, but of the last three years in that segment, I think there is a significant opportunity for us to continue to make that bigger. It's already the second biggest vertical after Banking, close to Insurance size, but very happy with the performance of that unit.

Aditi Patil: Okay, got it. Thank you for answering my question.

Moderator: Next question is from Kumar Rakesh from BNP Paribas Mutual Fund. Please go ahead.

Kumar Rakesh: Hi. Thank you for taking my question. My question was around the free cash flow during the quarter. So usually, the visibility on free cash flow in a contractual business is much higher than that would be on revenue, especially when we are talking about it in terms of as percentage of PAT. So, the last two quarters, this increased level of uncertainty and the volatility around free cash flow is a little difficult to understand. We started the year with talking about 80% OCF to PAT conversion. Last quarter we spoke about that for the rest of the year it would be improving and within a quarter it turned into negative. So, what exactly is driving this increased level of uncertainty? Is there any fundamental change in the way we are doing business by going into outcome-based model pricing and the commitments? I'm just trying to figure out that cash flow for a contractual business in a service industry should not be this volatile. It could be understandable for an industrial company, but not for a services.

Nitin Rakesh: No, I understand. Rakesh. I don't think there is any structural shift, and I don't think it is linked to any outcome-based deals. We talked about normalized cash flow that spilled from 30th to 1st, cash in transit is no longer allowed as OCF in terms of the way we do this. So, if you normalize for that, the cash flow is actually in the range we expected it to be. The only reason I stepped in is I don't think you should link that to any structural change or any contractual decision. Yes, there is an execution rigor that we need to continue to drive. And as Aravind said, it was disappointing to us as well that we spilled over. On the rest of the year, Aravind you can just reiterate what you mentioned earlier?

Aravind Viswanathan: I'll just make a point. In a contractual business, forecasting revenues are always easier than forecasting cash flows. If you look at across the industry, quarterly fluctuations in cash flows by a margin are much more frequent than on revenue. So, hypothesis wise, because of days changes cash flow significantly. Revenue for example, doesn't have the same volatility that cash flow has. But cash flow normalizes over a period of time. And that really is what is happening here. So, what we've said is that we've made certain investments from a deal standpoint in last year which is kind of playing out in FY27 also. And that is why we've seen a little bit of reduction in our cash flow conversions from historic levels. And our commentary is such that, for FY28 we will go back to our historic levels of cash flow generation. So, I don't think volatility is uncommon in cash flow, even in IT services. But I think from a year basis you will not see that kind of volatility. And frankly this quarter was very, very extreme situation. Not seen very often of almost $39 million initiated on 30th, some challenge which is coming with value date of 30th but hitting our bank account on 1st. That's actually a pretty anomaly, event. So, it won't happen very often or happen at all.

Kumar Rakesh: Even for the full year, it looks like there would be a sharp decoupling between what your top-line growth would be and what your OCF or FCF growth would be. So, I'm just trying to understand that going forward as well. While we are accelerating our growth and which has been quite remarkable in the last four quarters, we are starting to see on the margin,

in the last couple of quarters that has come down to the lower end of our guidance range and that is understandable. All the companies are making investment, and we should be doing that at this point. But the impact on cash flow and not having full visibility on where it ends for the full year, it just makes me a little worried. Is that how we are looking at converting all the growth that we are generating into cash?

Nitin Rakesh: Again, Aravind gave you a good roadmap and path out. Let's just continue to follow that path over the next two quarters and FY28. So, I think as we normalize it to normal levels in '28, none of this will be a concern because we are not worried about it.

Kumar Rakesh: That's good.

Moderator: Thank you very much ladies and gentlemen. We'll take that as a last question. I'll now hand the conference over to Mr. Nitin Rakesh for closing comments.

Nitin Rakesh: Thank you. Neerav. Let me close with what I said last quarter. We are not in the business of chasing AI trend cycles. We are building the capability that makes AI adoption at scale real for large enterprises. AI-led business modernization and business reimagination are now clearly emerging as themes that drive pipeline and wins, unlocking budgets beyond the technology function and widening the set of problems we can solve for clients. We organized our people and our offerings to deliver that at scale and today's guidance reflects our confidence in it. Thank you all for joining the call today, just ahead of Dhanteras and Diwali. Wishing you, your teams and your families a joyful Diwali and steady growth in the year ahead. We are grateful for your trust and continued association and look forward to growing together in the years ahead.

Moderator: Thank you very much. On behalf of Mphasis Limited, that concludes this conference. If you have any further questions, please reach out to the Mphasis Investor Relations at investor.relations@mphasis.com. Thank you for joining us, and you may now disconnect your lines. Thank you.