

Week Gone

- ⇒ In the week ended on Friday, 16 July 2021, the Sensex rose 753.87 points or 1.44% to settle at 53,140.06. The Nifty 50 index gained 233.60 points or 1.49% to settle at 15,923.40.
- ⇒ The BSE Mid-Cap index added 316.74 or 1.39% to settle at 23,130.41. The BSE Small-Cap index advanced 587.91 points or 2.27% to settle at 26,462.31.
- ⇒ India reported 38,949 cases, 542 deaths in last 24 hours. The recovery rate has increased to 97.28% while active cases now constitute 1.39% of total cases.

Week Ahead

- ⇒ Japan will announce inflation rate for June on 20 July 2021.
- ⇒ The US Markit Manufacturing PMI flash for July will be declared on 23 July 2021.

Technical Overview

Index closed with a gain of 1.49% at 15923. Index opened the week with a gap up and remained strong most of the week, closing this week near the life highs with decent gains. From past few weeks index has been trading in range from 15500-15950 and currently has closed near the higher end of the range. Going forward index to continue to upmove need to sustain and break above the range which would be bullish signal for short term trend. Going ahead above the range, index has an immediate resistance placed around 16050-16150-16230. While on the downside support comes near 15830-15720-15600.



Source: Falcon, BP Equities Research



Weekly Wealth

DOMESTIC INDICES

Index	16-Jul-21	09-Jul-21	Weekly % Chg
Nifty 50	15,923.4	15,689.8	1.5
Nifty Next 50	39,188.2	38,920.0	0.7
Nifty 100	16,172.1	15,952.4	1.4
Nifty 500	13,742.4	13,528.0	1.6
NIFTY MIDCAP 100	27,851.2	27,382.8	1.7
S&P BSE SENSEX	53,140.1	52,386.2	1.4
S&P BSE 100	16,231.2	16,015.7	1.3
S&P BSE 200	6,925.3	6,829.2	1.4
S&P BSE 500	21,864.4	21,538.6	1.5
S&P BSE MidCap	23,130.4	22,813.7	1.4
S&P BSE SmallCap	26,462.3	25,874.4	2.3

NIFTY TOP GAINERS (WEEKLY)

Scrip	16-Jul-21	09-Jul-21	Weekly % Chg
Wipro Ltd	577.8	525.8	9.9
L&T	1,618.8	1,499.6	8.0
UltraTech Cement	7,334.6	6,899.6	6.3
Tech Mahindra	1,103.2	1,051.8	4.9
Grasim Inds.	1,572.3	1,500.2	4.8

NIFTY TOP LOSERS (WEEKLY)

Scrip	16-Jul-21	09-Jul-21	Weekly % Chg
Adani Ports & SEZ	687.6	728.5	-5.6
Eicher Motors	2,617.3	2,712.2	-3.5
Bharat Petroleum	448.0	456.9	-2.0
Maruti Suzuki India	7,303.6	7,425.7	-1.6
Bajaj Auto Ltd.	3,932.0	3,995.9	-1.6

WORLD INDICES

Index	16-Jul-21	09-Jul-21	Weekly % Chg
Nikkei Index	28,003.1	27,940.4	0.2
Hang Seng Index	28,082.0	27,274.1	3.0
Kospi Index	3,276.9	3,218.0	1.8
Shanghai SE Composite	3,539.3	3,524.0	0.4
Strait Times Index	3,152.3	3,131.4	0.7
Dow Jones	34,687.9	34,870.1	-0.5
NASDAQ	14,427.2	14,701.9	-1.9
FTSE	7,008.1	7,121.8	-1.6

FOREX

Currency	16-Jul-21	09-Jul-21	Weekly % Chg
US\$ (Rs.)	74.5	74.6	0.0
GBP (Rs.)	103.2	101.2	2.0
Euro (Rs.)	88.0	88.4	-0.4
Yen (Rs.) 100 Units	67.7	67.7	0.1

FII - ACTIVITY

(Rs. Cr.)

Date	Purchases	Sales	Net
16-Jul-21	4,988.3	5,454.6	-466.3
15-Jul-21	5,547.1	5,811.9	-264.8
14-Jul-21	5,234.2	6,538.2	-1,304.0
13-Jul-21	5,215.7	5,101.9	113.8
12-Jul-21	8,575.1	9,321.0	-746.0
<u>MTD</u>	61,421.5	68,345.1	-6,923.6

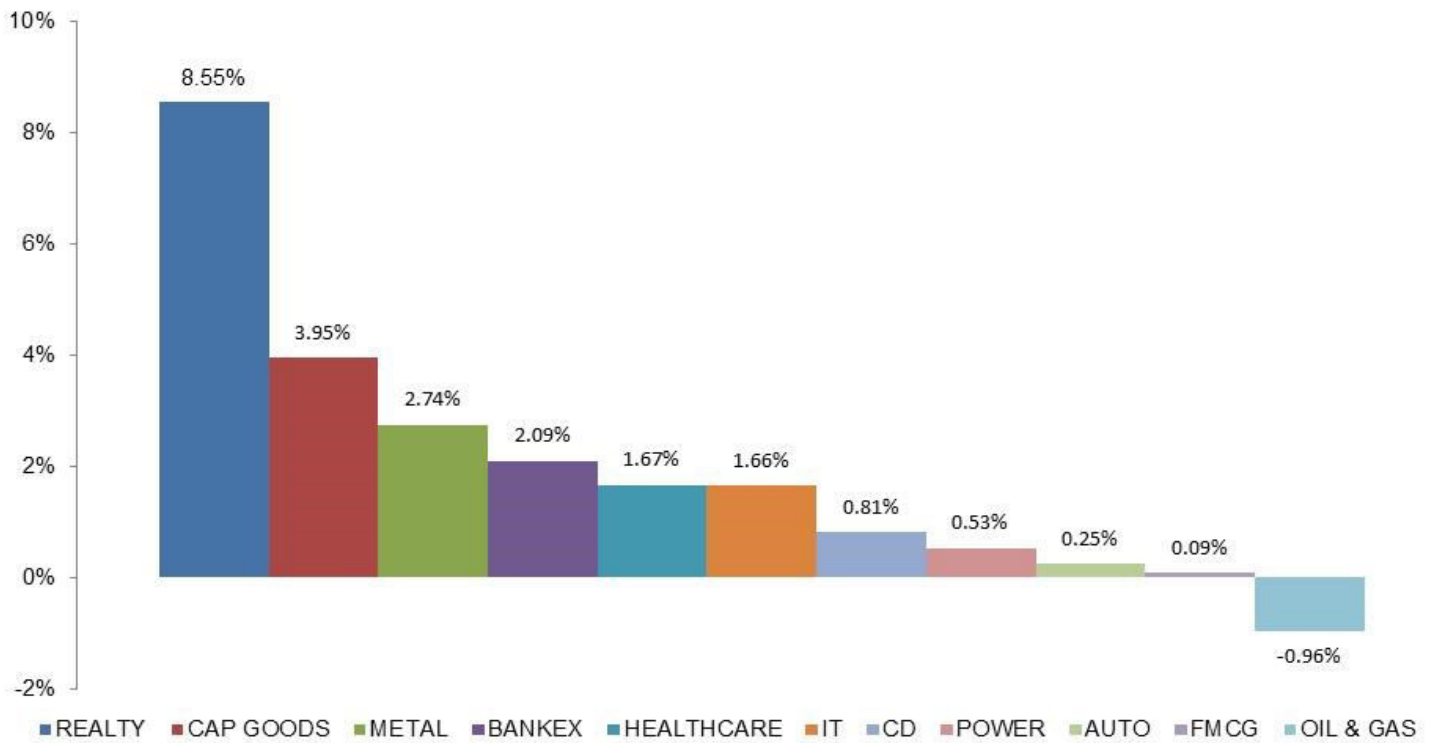
DII - ACTIVITY

(Rs. Cr.)

Date	Purchases	Sales	Net
16-Jul-21	5,619.3	4,953.2	666.1
15-Jul-21	5,266.5	4,827.1	439.4
14-Jul-21	5,085.1	3,749.2	1,335.9
13-Jul-21	5,589.7	5,245.5	344.2
12-Jul-21	4,188.5	3,741.1	447.4
<u>MTD</u>	58,408.3	53,271.9	5,136.5

Weekly Wealth

BSE WEEKLY SECTORAL PERFORMANCE



Source: BSE, BP Equities Research

TOP OPEN INTEREST GAINERS (WEEKLY)

SCRIP NAME	09-July-21	16-July-21	Weekly % Chg	09-July-21	16-July-21	Weekly % Chg
	Share Price (Rs.)			Open Interest		
COROMANDEL	893.8	866.8	-3.0	688125	1172500	70.4
MINDTREE	2539.8	2748	8.2	1757200	2671600	52.0
HDFCAMC	2929.8	3096.3	5.7	635000	932000	46.8
LTTS	2959.5	3409.1	15.2	481400	684800	42.3
NAM-INDIA	378.7	420.05	10.9	2236800	2996800	34.0

TOP OPEN INTEREST LOSERS (WEEKLY)

SCRIP NAME	09-July-21	16-July-21	Weekly % Chg	09-July-21	16-July-21	Weekly % Chg
	Share Price (Rs.)			Open Interest		
GRANULES	368.1	382.8	4.0	15307800	11519600	-24.7
ASHOKLEY	125.4	128.3	2.4	38272500	30847500	-19.4
NMDC	170.6	179.4	5.2	88775000	72762000	-18.0
TVSMOTOR	602.3	613.45	1.9	6615000	5432000	-17.9
PFIZER	5744.4	5673.6	-1.2	354500	294250	-17.0

Company Background

Mphasis is a mid-sized IT company primarily providing IT/TeS/BPO services to clients in the banking and capital markets, emerging industries, information technology, communication and entertainment and insurance segments. It applies next-generation technology to help enterprises transform businesses globally. The company derives its revenues primarily from software services & projects, licensing arrangements & application services, and infrastructure outsourcing services. Headquartered in Bengaluru, Mphasis has a presence in the US, Europe, Australia, the Asia-Pacific region, Japan and India.

Investment Rationale

Recognized strongly across industry experts

Incorporated in 2000, Mphasis has been catering to the IT/IT enabled services/business process outsourcing (BPO) enterprise in various domains such as banking and financial services, communication, insurance, etc. The company has robust domain expertise and offers a wide range of services. Further, the company's strategy to mine top10/20 clients and adding high potential new logos bodes well for growth in direct channel. Mphasis is backed by strong secular tailwinds as global enterprises increasingly migrate to the cloud. Further, it continues to add new clients which aided in the healthy growth of its top line in recent years.

Access to Blackstone's clientele

Given the Blackstone Group's parentage, Mphasis has access to its investment portfolio and the company has leveraged the same since its acquisition. With Blackstone expanding its assets under management across verticals and geographies, new opportunities for client wins shall continue for Mphasis. Blackstone's sustained strategic partnership will help the company accelerate its growth and scale new heights. The company will benefit from traction in the Blackstone portfolio (overall opportunity of S\$1.5 billion). Further, Mphasis can benefit from cross-selling to companies of new investors.

Valuation and Outlook

The company over the past few quarters has seen healthy deals win traction. Further, it is exceptionally well-positioned given a terrific management team, strong order backlog, long-term strategic customer base, deep domain expertise in financial services, and a world-class suite of cloud and digital offerings. On the valuation front, We have valued the stock by assigning 30x PE multiple to FY23E EPS. We recommend BUY rating on the stock with a price target of INR2940 (upside of 23% from CMP) for a 12 months investment horizon.

Stock Rating

BUY	HOLD	SELL
BUY		

Sector Outlook

Positive

Stock

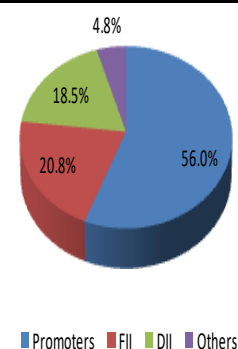
CMP (INR)	2,399
Target Price (INR)	2,940
NSE Symbol	MPHASIS
BSE Code	526299
Bloomberg	MPHL IN
Reuters	MBFL.BO
Nifty	15,923
52WeekH/L(INR)	2422/975
O/s Shares (Mn)	187.21
Market Cap (INR bn)	448.51
Face Value (INR)	10

Key Data

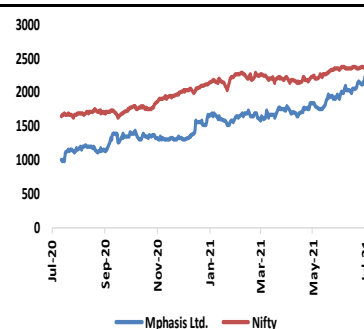
Average volume

3 months	6,37,770
6 months	5,57,910
1 year	5,33,460

Share Holding Pattern (%)



Relative Price Chart



Weekly Wealth

Key Financials

YE March (INR Mn)	FY19	FY20	FY21	FY22E	FY23E
Revenue	78,194	88,435	97,223	106,751	123,191
<i>Revenue Growth (Y-o-Y)</i>	<i>19.5%</i>	<i>13.1%</i>	<i>9.9%</i>	<i>9.8%</i>	<i>15.4%</i>
EBIDTA	13,238	16,504	18,028	20,496	25,131
<i>EBIDTA Growth (Y-o-Y)</i>	<i>25.0%</i>	<i>24.7%</i>	<i>9.2%</i>	<i>13.7%</i>	<i>22.6%</i>
Net Profit	10,734	11,848	12,168	14,518	18,355
<i>Net Profit Growth (Y-o-Y)</i>	<i>28.2%</i>	<i>10.4%</i>	<i>2.7%</i>	<i>19.3%</i>	<i>26.4%</i>
Diluted EPS	57.3	63.3	65.0	77.5	98.0
<i>Diluted EPS Growth (Y-o-Y)</i>	<i>28.2%</i>	<i>10.4%</i>	<i>2.7%</i>	<i>19.3%</i>	<i>26.4%</i>

Key Ratios

EBIDTA margin (%)	16.9%	18.7%	18.5%	19.2%	20.4%
NPM (%)	13.7%	13.4%	12.5%	13.6%	14.9%
RoE (%)	20.4%	20.3%	18.6%	19.8%	21.6%
RoCE (%)	22.9%	25.8%	25.6%	26.2%	27.9%

Valuation Ratios

P/E (x)	41.7x	37.8x	36.8x	30.8x	24.4x
EV/EBITDA	33.7x	26.8x	24.5x	21.5x	17.4x
P/BV (x)	8.5x	7.7x	6.9x	6.1x	5.3x
Market Cap. / Sales (x)	5.7x	5.1x	4.6x	4.2x	3.6x

Source: Company, BP Equities Research



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