



Pick of the week

Mphasis (MPHL)

Recommendation: **ADD**

Date: **28th February 2022**

Current Price: ₹**3,050**

Time Period: **12 Months**

Potential Upside: **19.67%**

Target Price: ₹**3,650**

Why invest?

- 🌱 Mphasis is reasonably good at addressing core spending of clients and has strong capabilities in the banking vertical.
- 🌱 The company will benefit as clients embark on their core modernization journey and is well poised to tap both discretionary and efficiency spending of clients.
- 🌱 Scalability of the model is visible in progress of clients in US\$10 crore, US\$7.5 crore and US\$5 crore buckets.
- 🌱 The company added another client to US\$7.5 crore bucket taking the total to 6. More importantly 5 clients have a run-rate of US\$10 crore and growing.
- 🌱 Mphasis has strong capabilities in Horizon 1 & 2 services for banking vertical. Expansion to other geos and verticals is in progress and can significantly expand addressable market if executed well and aid growth longevity.
- 🌱 Strength in Direct business, strong scalability attributes and good execution chops keep us constructive on the stock.