

New recommendations					Time Frame: 6 Months	
Date	Scrip	I-Direct Code	Buying Range	Target	Stoploss	Upside (%)
3-Sep-20	Tata Consultancy Services	TCS	2270-2305	2,650.00	2,110.00	16

Open recommendations					Time Frame: 6 Months	
Date	Scrip	Avg Rec Price	Target	Stoploss	CMP	Return till date (%)
24-Aug-20	Pfizer	4,685.00	5,450.00	4,340.00	4,720.00	1%
21-Aug-20	Cummins India	458.00	540.00	410.00	469.00	2%
18-Aug-20	Britannia Industries	3,812.00	4,510.00	3,560.00	3,790.00	-1%
11-Aug-20	Berger Paints	547.00	635.00	497.00	560.00	2%
11-Aug-20	ITC	202.00	233.00	183.00	191.00	-5%
28-Jul-20	Escorts	1,154.00	1,380.00	1,045.00	1,206.00	5%
1-Jun-20	Pidilite Industries	1,470.00	1,670.00	1,320.00	1,430.00	-3%

All the recommendations are in Cash segment

September 3, 2020

Open Recommendations

Momentum Picks

Scrip	Action
Mindtree	Buy
ZEE Entertainment	Buy
EIH	Buy
Duration: 14 Days	

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Our Products

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Tata Consultancy Services (TCS): Bullish Flag breakout, higher base above major breakout area augur well for next up move...

Rec. Price

2270.00-2305.00

Target

2650.00

Stop loss

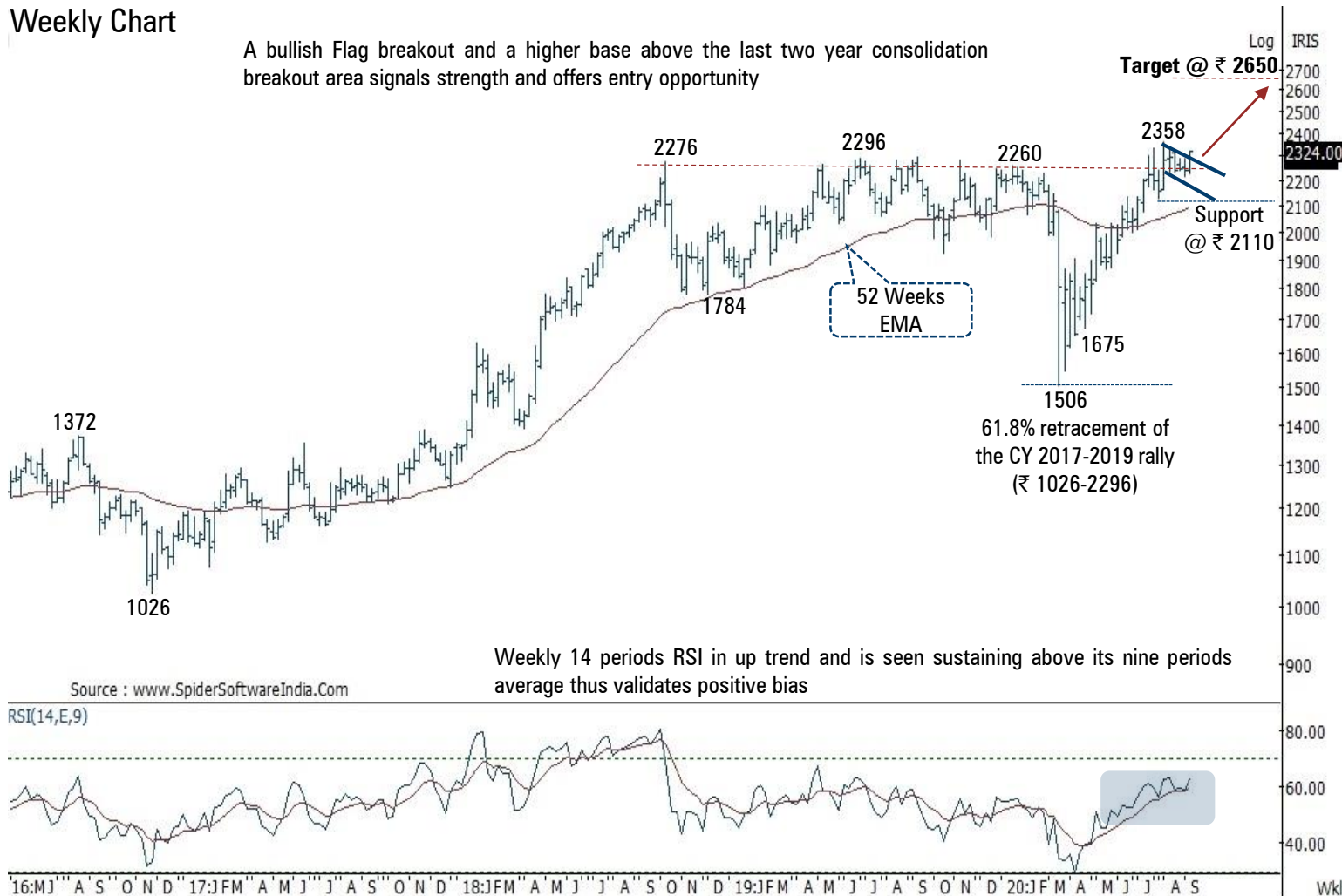
2110.00

Upside

16%

Weekly Chart

A bullish Flag breakout and a higher base above the last two year consolidation breakout area signals strength and offers entry opportunity



- The IT sector has been one of the major outperformers in the last five month's pullback since the market bottomed out in March 2020. In the last month's breather, IT stocks have shown resilience and formed a higher base for the next leg of up move
- IT major TCS has led the way and recently generated a breakout above the last two year's almost identical highs (₹ 2275, ₹ 2296, respectively) highlighting strength and positive price structure
- The entire breather of the last one month has taken the shape of a bullish Flag formation. During the current week's trade it has registered a breakout above the same, thus offering a fresh entry opportunity
- The stock is seen sustaining above its 52 week's EMA (currently at 2110). In case of any corrective decline, buying demand is expected to emerge around 52 week's EMA
- The weekly 14 period's RSI is in a strong up trend and is seen taking support at its nine period's average, thus validating the positive bias
- We expect the stock to continue its up move and head towards ₹ 2650 in coming months as it is the 138.2% external retracement of the entire decline (₹ 2296-1506) around ₹ 2650

Source: Spider Software, ICICI Direct Research

September 3, 2020

Recommended on I-click to gain on 03rd September 2020 at 09:56

ICICI Securities Ltd. | Retail Equity Research

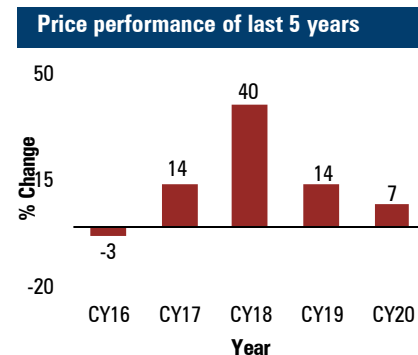
Fundamental View: Tata Consultancy Services (TCS)

- Tata Consultancy Services (TCS) is an IT service company catering to various segments like banking & insurance (~30% of revenues), communication (~7%), manufacturing (~10%), life science & healthcare (~8%), technology & services (~9%), regional markets (~20%) and CPG & retail (~15%). Geographically, the company generates ~52% revenues from Americas, 31% from Europe and 17% from rest of the world
- We expect TCS to report improving growth in coming quarters mainly led by receding challenges on the supply side, ramp up of deals, vendor consolidation opportunities and traction in BFSI. The company also expects cloud, customer experience, automation and cyber security related digital technologies to gain traction in the long term. We believe TCS could see a decline in FY21E revenues mainly due to a weak first quarter. However, we expect the company to register healthy growth in FY22E mainly led by ramp up of deal pipeline and acceleration in digital technologies
- Considering the company's ability to win large deals, platform differentiation and client mining capability, we expect TCS to bounce back faster than peers as seen in the historical performance. In addition, TCS' Secure Borderless Workspace (SBW) delivery model and Machine First Delivery Model (MFD) framework will provide unique differentiation for its services. We believe there are long term drivers for the company in terms of market share gains, acceleration in digital technologies and vendor consolidation based on company's execution. Hence, we expect TCS to continue registering industry leading revenue growth in coming years. Further, in terms of margins, we expect the company to see a meaningful recovery in FY22E mainly led by cost rationalisation
- With the company's knack of winning large deals across segments & geographies, strong execution, cost rationalisation and client mining capability, it has been able to register a consistent performance in revenues and margins. TCS has best in class margins (~27% EBITDA margins) and RoCE (~44%). We expect the company to continue delivering industry leading growth and higher return ratios in coming years. Further, the company has maintained healthy cash flow generation and has a consistent dividend payout policy. Hence, we remain positive on the stock from a long-term perspective

Particulars	
Particular	Amount
Market Capitalization(Crore)	837000
Total Debt(Crore)	8174
Cash and equivalents(Crore)	35939
EV(Crore)	809235
52 week H/L	2388/1954
Equity Capital(Crore)	375
Face Value	1

Financials			
	FY20	FY21	FY22
Net Sales	156949	156265	170141
EBITDA	42110	42192	46789
EBITDA Margins(%)	26.8	27	27.5
Net Profit	32340	31377	35429
EPS	86.2	83.6	94.4

Valuation			
	FY20	FY21E	FY22E
P/E	27	28	24
RoNW(%)	38	37	43
RoCE(%)	44	42	49



Summary Performance - Recommendations till date

Total Recommendations	561	Open	7
Closed Recommendations	554	Yield on Positive recommendations	17.0%
Positive Recommendations	409	Yield on Negative recommendations	-8.0%
Closed at cost	16		
Strike Rate	76%		

Momentum Picks open recommendations

Date	Scrip Name	Strategy	Recommendations Price	Target	Stoploss	Time Frame
26-Aug-20	Birla corp	Buy	625-635	685.00	585.00	14 Days
27-Aug-20	ElH	Buy	91-93	101.00	85.50	14 Days
2-Sep-20	ZEE	Buy	210-215	234.00	199.00	14 Days
3-Sep-20	Mindtree	Buy	1195-1207	1320.00	1130.00	14 Days

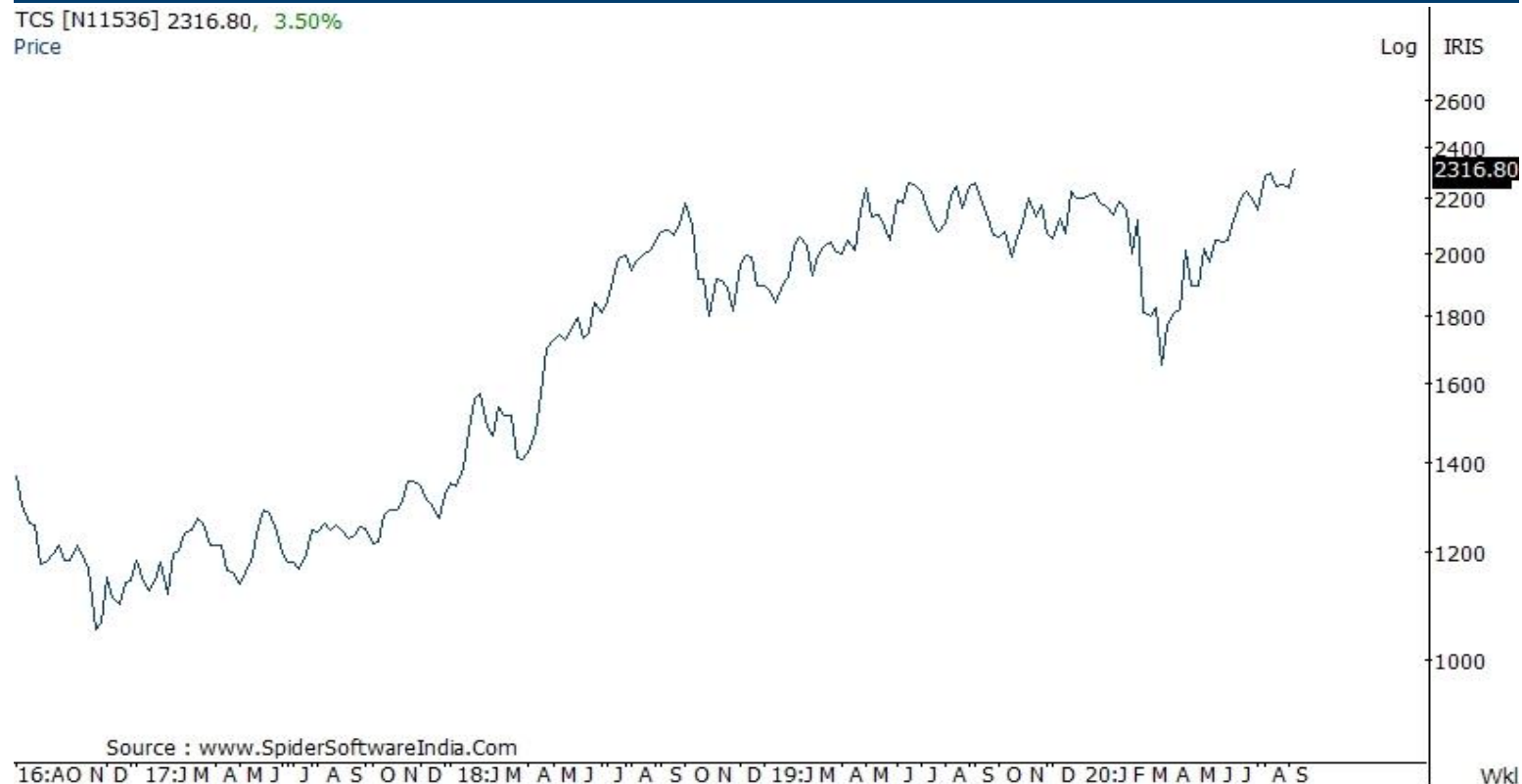
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Price history of past three years

Tata Consultancy Services (TCS)

TCS [N11536] 2316.80, 3.50%
Price



- It is recommended to enter in a staggered manner within the prescribed range provided in the report
- Once the recommendation is executed, it is advisable to keep strict stop loss as provided in the report on closing basis
- The recommendations are valid for six months and in case we intend to carry forward the position, it will be communicated through separate mail

Trading portfolio allocation

- It is recommended to spread out the trading corpus in a proportionate manner between the various technical research products
- Please avoid allocating the entire trading corpus to a single stock or a single product segment
- Within each product segment it is advisable to allocate equal amount to each recommendation
- For example: The 'Momentum Picks' product carries 2 intraday recommendations. It is advisable to allocate equal amount to each recommendation

Recommended product wise trading portfolio allocation

Product	Allocations		Number of Calls	Return Objective	Duration
	Product wise allocation	Max allocation In 1 Stock			
Momentum Picks-Intraday	10%	30-50%	2 Stocks	1-2%	Intraday
Momentum Picks-Positional	25%	8-10%	8-10 Per Month	5-8%	14 Days
Gladiator Stocks	35%	10-13%	Opportunity Based	15-20%	6 Months
Yearly Technical	25%	12-15%	7-9 Per Year	20-30%	1 Year
Cash	5%				
<hr/>					
	100%				



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