Gladiator Stocks

ICICI direct Research

New recommendations							
Date	Scrip	I-Direct Code	Buying Range	Target	Stoploss	Upside (%)	Duration
8-Dec-21	Tech Mahindra	TECMAH	1585-1613	1,850.00	1,475.00	15.00	3 Months

Open recommendations							
Date	Scrip	Avg Rec Price	Target	Stoploss	CMP	Return till date (%)	Duration
8-Dec-21	Shoppers Stop	350.00	425.00	320.00	361.00	3%	3 Months
1-Dec-21	Asian Paints	3,180.00	3,570.00	2,989.00	3,050.00	-4%	3 Months
1-Dec-21	DLF	381.00	440.00	352.00	396.00	4%	3 Months
30-Nov-21	Kotak Mahindra Bank	2,025.00	2,275.00	1,895.00	1,934.00	-4%	3 Months
21-Sep-21	Bajaj Finance	7,660.00	8,630.00	6,440.00	7,278.00	-5%	3 Months

All the recommendations are in Cash segment

December 8, 2021

Our Products

Open Recommendations

Momentum Picks

Scrip	Time Frame
Kolte patil	14 Days
Chambal Fertiliser	07 Days
Birla Soft	14 Days

Click here to know more…

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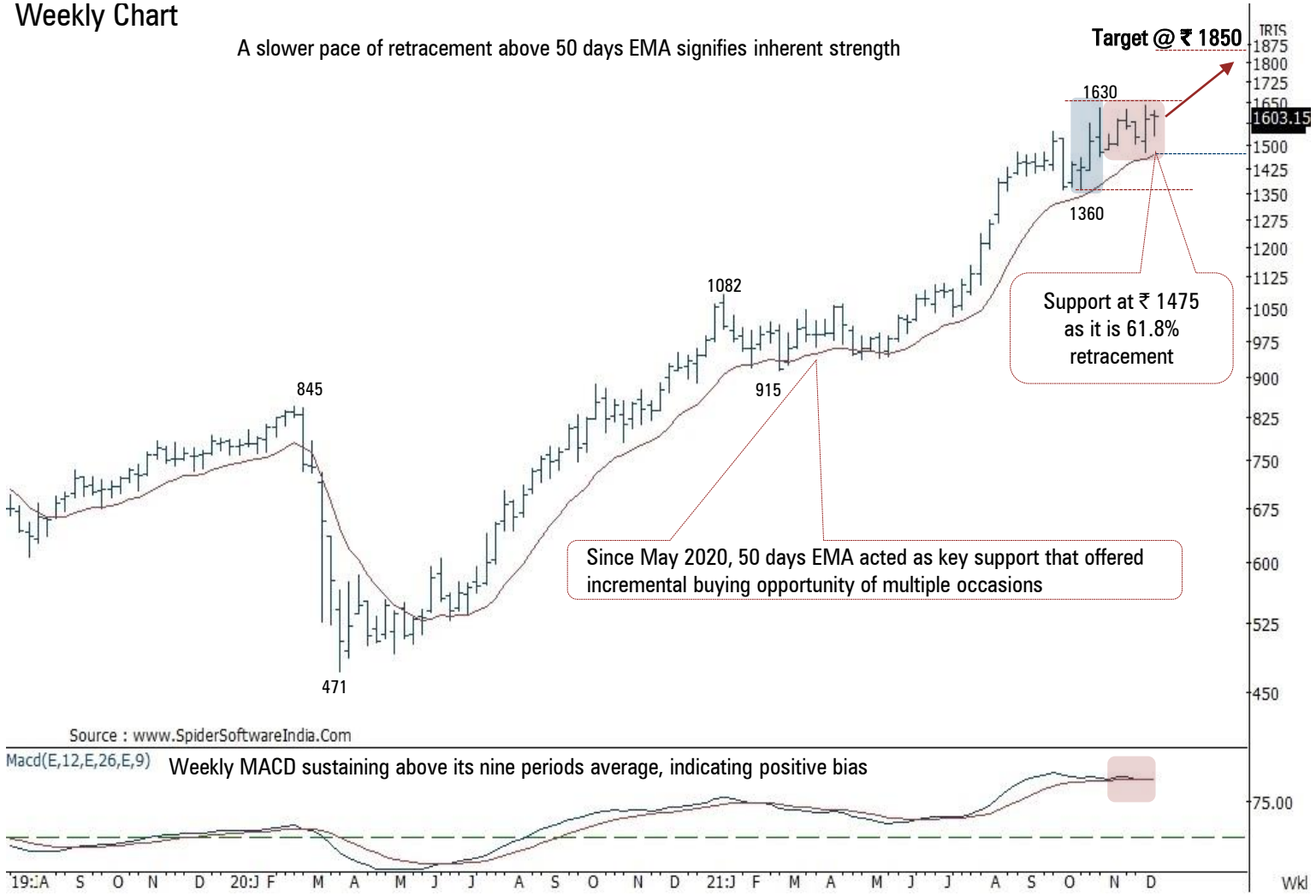
Tech Mahindra (TECMAH): Base above 50 days EMA has set the stage to resolve in new orbit....

Rec. Price	1585-1613	Target	1850.00	Stop loss	1475.00	Upside	15%

Weekly Chart



- The IT Index has undergone healthy consolidation over past two months after witnessing relative outperformance during CY-21. within IT space we remain constructive on Tech Mahindra as it has been relatively outperforming its peers while sustaining well above its 50 days EMA which has been held since May 2020 and is currently consolidating at all time high (₹ 1638). We expect it to log a resolute breakout from 2 months consolidation and accelerate relative outperformance
- We expect stock to resolve higher and gradually head towards ₹1850 as it is 138.2% extension of mid October rally (₹ 1360-1630)
- Key point to highlight during recent consolidation above 50 days EMA is that, over past six weeks stock has retraced 61.8% of preceding three weeks rally (₹ 1360-1630). The slower pace of retracement signifies robust price structure that augurs well for next leg of up move

Source: Spider Software,, ICICI Direct Research

Recommended on I-click to gain on 08th December 2021 at 09:36

Fundamental View: Tech Mahindra (TECMAH)

- Tech Mahindra (TechM) has over 1.2 lakh employees across 90 countries serving 1000+ clients with higher exposure to Telecom (40% of revenues). Apart from telecom the company caters to BFSI, Manufacturing & Retail. • TechM has grown organically & inorganically (dollar revenue CAGR of 5.6% over past 5 years)

- 5G constitutes 20% of the CME (Communications, Media & Entertainment) business while 50% of all network services business is now 5G. Management indicated that 5G for communication has current run rate of ~US$500mn. The company's CME vertical would focus on i) digital transformation ii) Network & 5G services iii) BPS iv) Telecom engineering services (TES)

- In HLS segment, the company would focus on a) provider's market which has an addressable opportunity of US$ 40bn where the company's investment is focused on Virtual patient care, EMR (Electronic medical records & EHR (Electronic health records) and Infra & cloud play. b) Pharma & Life sciences, a US$30bn opportunity where the investment is focused on Research & clinical services, patient engagement, supply chain management.

- BFSI has top 3 out of 10 clients of overall Tech M portfolio. The company indicated that replacing core banking solutions and upgrading them is the key growth opportunity. The vertical is currently around US$800mn and management indicated that it is trending to reach US$1bn revenue in FY22 and US$1.5bn in 2-3 years' time. The company indicated that it has empanelled as a differentiator supplier in 10+ fortune 100 banks in last 2 years. The company has identified 5 sub verticals as some key focus areas for its investments, which are Core banking, Lending, Payments, Wealth management and Insurance.

- TechM share price has grown by ~4.2x over the past five years (from ~₹ 373 in Nov 2016 to ~₹ 1,585 levels in Nov 2021. We remain positive on the stock and maintain BUY rating. We value Tech M at ₹ 1860 i.e. 25x P/E on FY23E EPS

Particulars

Particular	Amount
Market Cap (₹ Crore)	154,995
Total Debt (₹ Crore)	1,662
Cash and Invest (₹ Crore)	12,497
EV (₹ Crore)	144,159
52 week H/L	1629 / 819
Equity capital	437
Face value	₹ 5

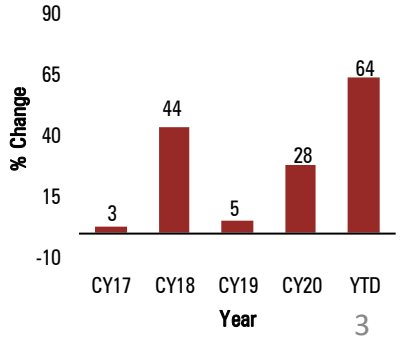
Financials

₹ Crore	FY20	FY21	FY22E	FY23E
Net Sales	36,868	37,855	43,263	48,227
EBITDA	5,726	6,847	8,177	9,356
Net Profit	3,816	4,428	5,711	6,583
EPS (₹)	45.9	50.2	64.7	74.6

Valuation

	FY20	FY21	FY22E	FY23E
P/E	27.0	32.0	24.8	21.5
EV / EBITDA	26.0	21.1	17.4	14.9
P/BV	4.7	5.7	5.1	4.5
RoNW (%)	17.5	17.8	20.4	20.8
RoCE (%)	18.3	19.8	22.8	23.7

Price performance of last 5 years



Source: Bloomberg, ICICI Direct Research

Follow up summary of Gladiator Stocks

Summary Performance - Recommendations till date			
Total Recommendations	707	Open	5
Closed Recommendations	702	Yield on Positive recommendations	16.0%
Positive Recommendations	528	Yield on Negative recommendations	-8.0%
Closed at cost	21		
Strike Rate	77%		

Source: ICICI Direct Research

Momentum Picks open recommendations

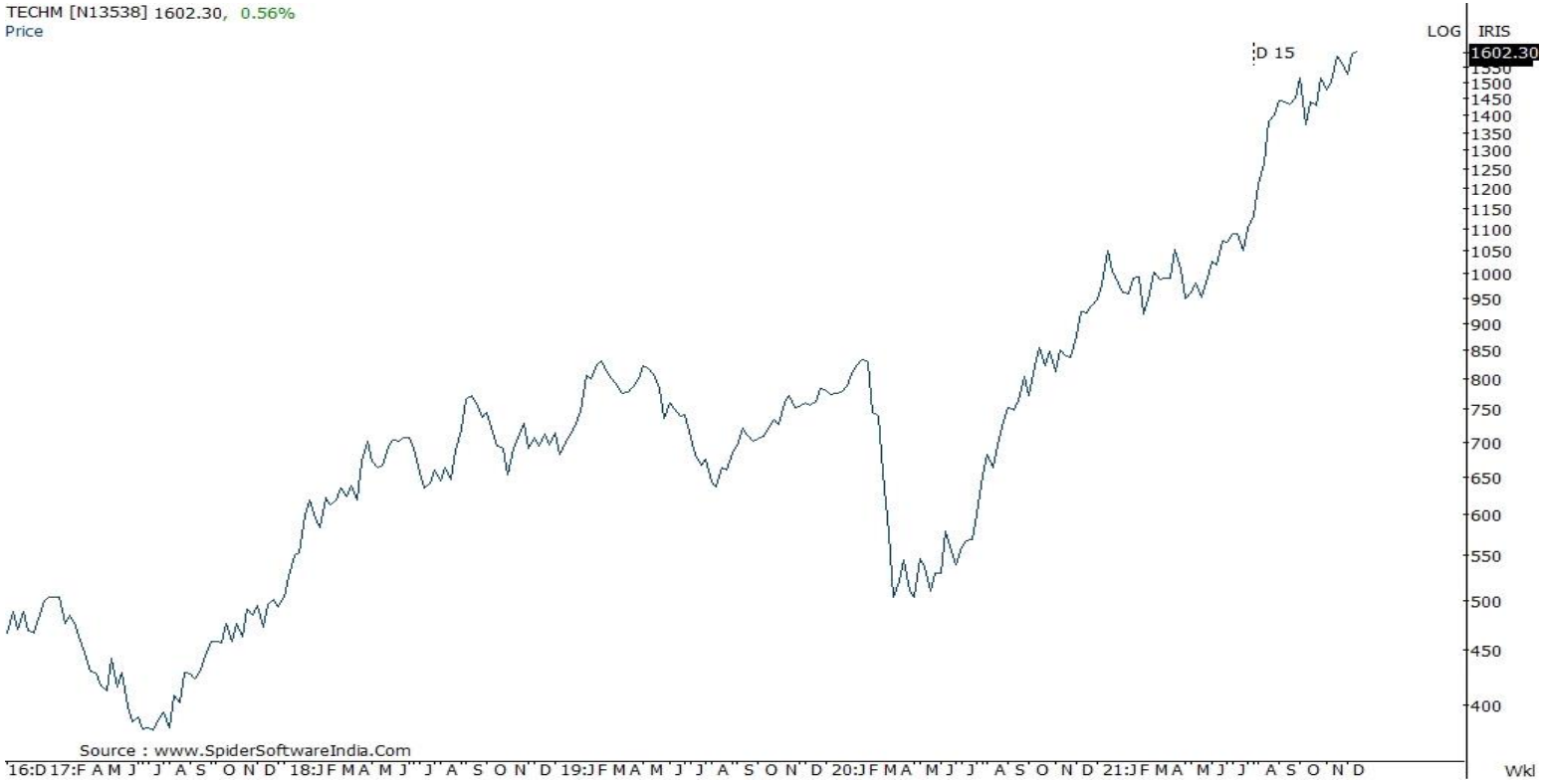
Date	Scrip Name	Strategy	Recommendations Price	Target	Stoploss	Time Frame
30-Nov-21	Birla soft	Buy	480-488	522.00	463.00	14 Days
2-Dec-21	CDSL	Buy	1520-1545	1670.00	1465.00	14 Days
3-Dec-21	Chambal Fertiliser	Buy	395-403	436.00	379.00	14 Days
8-Dec-21	Kolte patil	Buy	313-319	345.00	301.00	14 Days

All recommendations are in cash market

Back to Top

Price history of past three years

Tech Mahindra (TECMAH)



Source: Spider Software, ICICI Direct Research

Product Guidelines……

- 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 three to six months as specified on first page of report 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

Source: ICICI Direct Research

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%				
	100%				

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Source: ICICI Direct Research

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