

Chapter 1 : Tata Consultancy Services Limited, Fundamental analysis

fundamental analysis of tcs. presented by: kaustav banerjee rollv master of finance and control p.g department of commerce utkal university.

Demat Account Chapter 7. Difference between Fundamental and Technical Analysis of Stocks In the last two sections, we looked at the two basic financial statements that concern investors—the income statement and the balance sheet. We will begin this section by exploring the concept of intrinsic value and understanding its centrality to fundamental analysis. Then, we will contrast fundamental analysis with the other branch of equity analysis—technical analysis. Finally, we will close this section with a description the limitations of fundamental analysis. What do you mean by intrinsic value? You can only expect the appreciation, if their current price is below what you think it should be, i. Thus, what equity analysis truly seeks to do is to ascertain the inherent value of a share and compare it with its current market price to determine whether you should buy it or not. There are different approaches to determining this value—fundamental analysis and technical analysis. Fundamental analysis and technical analysis If you are a technical analyst, you will study the historic price chart of a stock. You will look for patterns in it that will help you ascertain its real value. Some of the important patterns used for technical analysis are double top, double bottom, head and shoulder and candle. On the basis of these, technical analysts establish a trading-range. The upper limit of the range is called resistance. Once the price reaches close to this, you may choose to sell the stock because then on, its price should fall. The lower end of the range is called support. This is because once the price falls to this level, it is expected to rebound. You should therefore, buy the stock at this level. If the resistance is breached, the stock is expected to appreciate wildly. Similarly, if the support is breached, the stock is expected to go into freefall. Such breaches are called trading-range breaks. Then, based on these, you will project its future earnings. We will discuss it in detail in subsequent sections. You may first calculate the ratio of the market price of the competitors with a fundamental such as sales, book value or net income. Then, you may apply this ratio to the fundamental of the concerned company and comment on its value. Like the present value approach, here too you may begin your analysis with an assessment of qualitative factors. This approach too will be discussed in detail in subsequent sections. It helps ascertain if the shares are undervalued or overvalued. It is bought if it is overvalued and left alone otherwise. An illustration of this value calculation process is given below. Following are the key distinguishing factors: Technical analysis does not bother at all with the accounts of a company. It looks at patterns in the price chart of the company for bullish optimistic and bearish pessimistic trends. It combines this with a statistical analysis of historical price data, such as week average, moving average and price momentum, to determine the future price of a stock. These tools are together referred to as relative strength indicators. Technical analysis is based on the assumption that historical patterns repeat themselves over time. Thus, if these patterns can be studied closely, comments can be made regarding future prices. This analysis is supported by a study of market volumes data and relative strength indicators. When performing fundamental analysis, you may choose to project performance as far in the future you like—months or even years. Thus, fundamental analysis is predominantly used for long term investments. However, sometimes, an event, such as a favorable court ruling or getting a large sales order takes place. You may invest in a stock for a short period of days or weeks, in anticipation of such an event. This is called trading. Fundamental analysis allows you to both trade and invest. Technical analysis, on the other hand is predominantly used for trading. In the long term, fundamental factors change drastically. For this reason, historical data become completely irrelevant. For example, if a company sets up new production facilities, its future earnings potential may increase drastically over time. In such a case, the price range for its stock would change completely as well. Investment decisions based on past data will therefore, not bear fruits. Fundamental analysis is an extensive approach to equity analysis. It involves the study of a lot of material. The starting point of fundamental analysis is always the annual report and quarterly reports of the company. A description of its future objectives is also included. Quarterly reports are produced more frequently. They only contain the financial statements of the company. Also, annual reports are audited externally to ensure that the information in them is accurate.

This is not true of quarterly reports. Once done with these reports, you must also consider other sources, such as reports published by brokerages and industry bodies, news pieces about the company and its industry etc. Naturally, no such content is required for technical analysis. Sometimes, they also use complex computer software for statistical analysis of prices. What are the limitations of fundamental analysis? Historical evidence proves that investors make more money by investing in good companies for the long run compared to making opportunistic, short-term punts. Thus, fundamental analysis promises greater rewards than technical analysis. Even so, it is not free of shortcomings. Fundamental analysis is more an art than a science. When conducting fundamental analysis, analysts try to picture the future. This naturally involves the use of many assumptions. They range from the growth rate of sales, to the future capital structure proportion of debt and equity of the company. This places the analysis on a weak footing. Miscalculation or omission of a single factor can drastically affect the intrinsic value calculated. In addition to errors and omissions, the pure uncertainty regarding future events also plagues fundamental analysis. One can never provide for events like strikes, thefts and acts of god in the analysis. However, their occurrence can lay to waste the entire analysis. The number of steps involved and the scrutiny required at each stage makes fundamental analysis a very long and tiresome job. It requires a lot of patience and time. No clear time frame: Fundamental analysis-based investing banks on the faith that a stock is undervalued and will appreciate to its true value in due course of time. However, it provides no way of determining how long this course will be. This leads to a blockage of funds for an uncertain length of time. So far, we have understood the whats and the whys of fundamental analysis. Let us move on to the actual analysis – how to perform fundamental analysis.

Chapter 2 : Technical Analysis [ChartSchool]

TCS is an IT services, business solutions and outsourcing organization. The Company operates through 58 subsidiaries and its service portfolio includes application development and maintenance, business intelligence, enterprise solutions, IT infrastructure services, business process outsourcing, connected marketing, social computing, and consulting services.

Conclusion Technical analysis and fundamental analysis are the two main schools of thought when it comes to analyzing the financial markets. Fundamental analysis instead looks at economic and financial factors that influence a business. Instead, the analyst focuses on analyzing the stock chart itself for hints into where the price may be headed. Time Horizon Fundamental analysis takes a long-term approach to investing compared to the short-term approach taken by technical analysis. While stock charts can be delimited in weeks, days, or even minutes, fundamental analysis often looks at data over multiple quarters or years. For example, value investors assume that the market is mispricing a security over the short-term, but that the price of the stock will correct itself over the long run. For more insight, read Warren Buffett: Part of the reason that fundamental analysts use a long-term timeframe, therefore, is because the data they use to analyze a stock is generated much more slowly than the price and volume data used by technical analysts. Investing Technical analysis and fundamental analysis have different goals in mind. The Critics Many critics view technical analysis as unproven at best or wishful thinking at worst. While most Wall Street analysts focus on the fundamentals, just about any major brokerage employs technical analysts. There are also professional certifications for technical analysts and some techniques are included in the CFA exam, among others. Much of the criticism of technical analysis is focused on the Efficient Market Hypothesis, which states that any past trading information is already reflected in the price of the stock. This thinking is explained in detail in books like a Random Walk Down Wall Street, which states that an investor is better off guessing than stock picking. For more insight, read What Is Market Efficiency? The reality is that the EMH is still just that a hypothesis. Technical analysis and fundamental analysis are often seen as opposing approaches to analyzing securities, but many investors have experienced success by combining the two techniques. For example, an investor may use fundamental analysis to identify an undervalued stock and use technical analysis to find a specific entry and exit point for the position. Often times, this combination works best when a security is severely oversold and entering the position too early could prove costly. Alternatively, some primarily technical traders will look at fundamentals to support their trade. For example, a trader may be eyeing a breakout near an earnings report and look at the fundamentals to get an idea of whether the stock is likely to beat earnings.

Chapter 3 : Technical Analysis, Share Price, Support, Resistance, Charts of TCS

Technical analysis of TCS using technical indicators - RSI, MACD, Moving Averages, Bollinger Bands, Fibonacci Retracement, ATR, ADX. Fundamental Analysis. Beta.

Technical Analysis What is Technical Analysis? Technical Analysis is the forecasting of future financial price movements based on an examination of past price movements. Like weather forecasting, technical analysis does not result in absolute predictions about the future. Technical analysis uses a wide variety of charts that show price over time. Technical analysis is applicable to stocks, indices, commodities, futures or any tradable instrument where the price is influenced by the forces of supply and demand. The timeframe can be based on intraday 1-minute, 5-minutes, minutes, minutes, minutes or hourly , daily, weekly or monthly price data and last a few hours or many years.

Key Assumptions of Technical Analysis Technical analysis is applicable to securities where the price is only influenced by the forces of supply and demand. Technical analysis does not work well when other forces can influence the price of the security. In order to be successful, technical analysis makes three key assumptions about the securities that are being analyzed: High Liquidity - Liquidity is essentially volume. Heavily-traded stocks allow investors to trade quickly and easily, without dramatically changing the price of the stock. In addition, low liquidity stocks are often very low priced sometimes less than a penny per share , which means that their prices can be more easily manipulated by individual investors. These outside forces acting on thinly-traded stocks make them unsuitable for technical analysis. Though there is no difference in the value of the investment, artificial price changes can dramatically affect the price chart and make technical analysis difficult to apply. This kind of price influence from outside sources can be easily addressed by adjusting the historical data prior to the price change. It is important to determine whether or not a security meets these three requirements before applying technical analysis.

The Basis of Technical Analysis At the turn of the century, the Dow Theory laid the foundations for what was later to become modern technical analysis. Dow Theory was not presented as one complete amalgamation, but rather pieced together from the writings of Charles Dow over several years. Of the many theorems put forth by Dow, three stand out: Technical analysts believe that the current price fully reflects all information. Because all information is already reflected in the price, it represents the fair value, and should form the basis for analysis. After all, the market price reflects the sum knowledge of all participants, including traders, investors, portfolio managers, buy-side analysts, sell-side analysts, market strategist, technical analysts, fundamental analysts and many others. It would be folly to disagree with the price set by such an impressive array of people with impeccable credentials. Technical analysis utilizes the information captured by the price to interpret what the market is saying with the purpose of forming a view on the future. However, most technicians also acknowledge that there are periods when prices do not trend. If prices were always random, it would be extremely difficult to make money using technical analysis. In his book, *Schwager on Futures: Technical Analysis* , Jack Schwager states: The goal of the chartist is to identify those periods i. Because technical analysis can be applied to many different timeframes, it is possible to spot both short-term and long-term trends. The broad trend is up, but it is also interspersed with trading ranges. In between the trading ranges are smaller uptrends within the larger uptrend. The uptrend is renewed when the stock breaks above the trading range. A downtrend begins when the stock breaks below the low of the previous trading range. Technicians, as technical analysts are called, are only concerned with two things: What is the current price? What is the history of the price movement? The objective of analysis is to forecast the direction of the future price. By focusing on price and only price, technical analysis represents a direct approach. Fundamentalists are concerned with why the price is what it is. For technicians, the why portion of the equation is too broad and many times the fundamental reasons given are highly suspect. Technicians believe it is best to concentrate on what and never mind why. Why did the price go up? There were simply more buyers demand than sellers supply. After all, the value of any asset is only what someone is willing to pay for it. Who needs to know why? **General Steps to Technical Evaluation** Many technicians employ a top-down approach that begins with broad-based macro analysis. Such an analysis might involve three steps: Sector analysis to identify the strongest and weakest groups within the broader

market. Individual stock analysis to identify the strongest and weakest stocks within select groups. The beauty of technical analysis lies in its versatility. Because the principles of technical analysis are universally applicable, each of the analysis steps above can be performed using the same theoretical background. It does not matter if the timeframe is 2 days or 2 years. It does not matter whether you are looking at a stock, market index or commodity. The technical principles of support, resistance, trend, trading range and other aspects can be applied to any chart. As simple as this may sound, technical analysis is far from easy. Success requires serious study, dedication, and an open mind. Chart Analysis Technical analysis can be as complex or as simple as you want it. The example below represents a simplified version. Since we are interested in buying stocks, the focus will be on spotting bullish situations. The first step is to identify the overall trend. For example, the trend is up as long as price remains above its upward sloping trend line or a certain moving average. Similarly, the trend is up as long as higher troughs form on each pullback and higher highs form on each advance. Areas of congestion and previous lows below the current price mark the support levels. A break below support would be considered bearish and detrimental to the overall trend. Areas of congestion and previous highs above the current price mark the resistance levels. A break above resistance would be considered bullish and positive for the overall trend. Momentum is usually measured with an oscillator such as MACD. If MACD is above its 9-day EMA exponential moving average or positive, then momentum will be considered bullish, or at least improving. For stocks and indices with volume figures available, an indicator that uses volume is used to measure buying or selling pressure. When Chaikin Money Flow is above zero, buying pressure is dominant. Selling pressure is dominant when it is below zero. The price relative is a line formed by dividing the security by a benchmark. The plot of this line over a period of time will tell us if the stock is outperforming rising or underperforming falling the major index. The final step is to synthesize the above analysis to ascertain the following: Strength of the current trend. Maturity or stage of the current trend. Reward-to-risk ratio of a new position. Potential entry levels for a new long position. Top-Down Technical Analysis For each segment market, sector, and stock, an investor would analyze long-term and short-term charts to find those that meet specific criteria. If the broader market were considered to be in bullish mode, analysis would proceed to a selection of sector charts. Those sectors that show the most promise would be singled out for individual stock analysis. Once the sector list is narrowed to industry groups, individual stock selection can begin. With a selection of stock charts from each industry, a selection of the most promising stocks in each group can be made. How many stocks or industry groups make the final cut will depend on the strictness of the criteria set forth. Under this scenario, we would be left with stocks from which to choose. These stocks could even be broken down further to find the of the strongest of the strong. Strengths of Technical Analysis Focus on Price If the objective is to predict the future price, then it makes sense to focus on price movements. Price movements usually precede fundamental developments. By focusing on price action, technicians are automatically focusing on the future. The market is thought of as a leading indicator and generally leads the economy by 6 to 9 months. To keep pace with the market, it makes sense to look directly at the price movements. More often than not, change is a subtle beast. Even though the market is prone to sudden knee-jerk reactions, hints usually develop before significant moves. A technician will refer to periods of accumulation as evidence of an impending advance and periods of distribution as evidence of an impending decline. Supply, Demand, and Price Action Many technicians use the open, high, low and close when analyzing the price action of a security. There is information to be gleaned from each bit of information. Separately, these will not be able to tell much. However, taken together, the open, high, low and close reflect forces of supply and demand.

Chapter 4 : What is the difference between fundamental and technical analysis?

Fundamental and Technical Analysis of Bharti Airtel Words | 23 Pages ASSIGNMENT ON FUNDAMENTAL ANALYSIS OF BHARTI AIRTEL SUBJECT: SECURITY ANALYSIS AND PORTFOLIO MANAGEMENT SUBMITTED TO Dr. Hussain Yaganti SUBMITTED BY 1.

The financial statements published by a company periodically helps us to assess the profitability and financial health of the company. The two basic financial statement provided by the company are the balance sheet and profit and loss account. The first gives us the picture of the companies asset and liabilities while the second gives us a picture of its earnings. The balance sheet gives the list of assets and liabilities of a company on a specific date. The major categories of assets are fixed assets and current assets. Fixed assets are those assets, which are intended to be used up over a period of years. Current assets are those assets that are intended to be converted into cash in the near future within 1 year. The major categories of liabilities are outside liabilities and liabilities towards shareholders. The outside liabilities are categorized as short term liabilities and long term liabilities. The short term liabilities which are expected to be paid off within the next 1 year are known as the current liabilities. The balance sheet indicates the financial position of a company on a particular date namely, the last date of the accounting year. The profit and loss account also called income statement, reveals the revenue earned, the Cost incurred and the resulting profit or loss of the company for one accounting year. The profit after tax divided by the number of shares gives the Earnings per Share, which is a figure in which most investors are interested. The profit and loss account summarizes the activities of the company during an accounting year. Technical Analyst believes that the share price movement are systematic and exhibit certain consistent patterns. He studies past movements in the share price to identify trend and pattern, and then try to predict the future price movements. The current market price is compared with the future predicted price to determine the extend of miss-pricing. Technical analysis is an approach which concentrates on the price movements and ignores the fundamentals in the share. Technical analysis really just studies the supply and demand in a market in an attempt to determine what direction, or trend, will continue in the future. In other words, technical analysis attempts to understand the emotions in the market by studying the market itself, as opposed to its components. It is based on three assumptions. The market discounts everything 2. Price moves in trends 3. There are three types of trends: Downward Trend 4 3. Share price are determined by the demand and supply forces operating in the market. These demand and supply factors are in turn influenced by a number of fundamental factors as well as psychological or emotional factors. Many of these factors cannot be quantified. The combined impact of all these factors is reflected in the share price movement. The technical analyst therefore concentrates on the movement of share price and analyses the price and volume of individual securities as well as market index. Study the past movement in share price and identify the trends and establish patterns. Look at the current movement in the share price and identify the trends and establish patterns. With this the future price movement is predicted. The rationale behind the Technical Analysis is that share price moves in trend or waves which may be upward or downward. It is believed that the present trends are influenced by the past trends. The technical analyst, therefore analyses the price and volume movement of individual securities as well as the market index. Thus technical analysis is really a study of past or historical price volume so as to predict the future stock. The market value of a share is related to the demand and supply factors operating in the market. There are both rational factors which surrounds the supply and demand factors of security. Security prices behaves in a manner that their movements are continuous in particular direction for some length of time 4. Trends in stock prices have been seen to change when there is shift in demand and supply. The shift in demand and supply factors can be detected through charts prepared specially to show market action. Moving Average Crossover 2. Momentum is the absolute difference: Rate of change scales by the old close, so as to represent the increase as a fraction, "Momentum" in general refers to prices continuing to trend. The momentum and ROC indicators show trend by remaining positive while an uptrend is sustained, or negative while a downtrend is sustained. A crossing up through zero may be used as a signal to buy, or a crossing down through zero as a signal to sell. How high or how low when negative the indicators get shows

how strong the trend is? This indicator has been build based on the following concept: Ct the stock price at the date t. Bn the lowest price during the last n days. Hn the highest price during the last n days. The stochastic indicator is interpreted like the RSI. A crossover occurs when a faster Moving Average i. Note how the long-term day Simple Moving Average is in an uptrend; this is a signal that the market is quite strong. Keep in mind, that the day, day Simple Moving Average crossover is a very long-term strategy. It was first introduced by Wells Wilder. It is a powerful indicator used to identify the inherent strength and weakness of a particular scrip or market. This is a powerful indicator that signals buying and selling opportunities ahead of the market. For the calculation a 14 day RSI, the gain per day or loss per day is arrived at by comparing the closing price of a day with that of the previous day for a period of 14 days. The gains are added up and divided by 14 to get the average gain per day. The average gain per day and average loss per day are used in the above formula for calculating the RSI for a day. In this way RSI values can be calculated for a number of days. After calculating such data for a number of days, graph can be plotted. MACD uses moving averages, which are lagging indicators, to include some trend-following characteristics. These lagging indicators are turned into a momentum oscillator by subtracting the longer moving average from the shorter moving average. The resulting plot forms a line that oscillates above and below zero, without any upper or lower limits. MACD is a centered oscillator and the guidelines for using centered oscillators apply. This is the formula that is used in many popular technical analysis programs, including SharpCharts, and quoted in most technical analysis books on the subject. Appel and others have since tinkered with these original settings to come up with a MACD that is better suited for faster or slower securities. Using shorter moving averages will produce a quicker, more responsive indicator, while using longer moving averages will produce a slower indicator, less prone to whipsaws. Later in the indicator series, we will address the use of different moving averages in calculating MACD. Closing prices are used to form the moving averages. This indicates that the rate-of-change of the faster moving average is higher than the rate-of-change for the slower moving average. Positive momentum is increasing, indicating a bullish period for the price plot. If MACD is negative and declining further, then the negative gap between the faster moving average blue and the slower moving average red is expanding. Downward momentum is accelerating, indicating a bearish period of trading. MACD centerline crossovers occur when the faster moving average crosses the slower moving average. Research is an art of scientific investigation. Research considered as an effort to gain new knowledge. Research finds out the solution for the problem. Research is essentially an investigation, a recording and analysis of evidence for purpose of gaining knowledge. It demands accurate observation and experimental evidences. The collected data is used for the new purpose. A good research should be systematic, logical, empirical and replicable. Research methodology is a scientific and systematic way to solve research problems. Researcher has to design his methodology. Research methodology deals with and takes into consideration the logic behind the method. An extensive literature survey is undertaken to understand the concept of financial performance. It also deals with objective of research study, the method of defining the problem, type of data collected, method used for collecting and analyzing data. The main aim of it is to find out the truth which is hidden and which is to be discovered. There are various types of researches. The type of research used in the study is Historical research. It attempt to find out what happened in the past and to reveal reasons for why and how things happened. The nature of data collected for the data is secondary. Secondary data are those, which have already collected tabulated and presented in some forms by some one else for some other purpose. Secondary data are already available data. Researchers have to modify such data for their individual requirement. In this case researcher is certainly not confronted with the problem that usually associated with the collection of original data.

Chapter 5 : Fundamental Analysis Definition & Example | InvestingAnswers

Executive summary. The report "Fundamental and Technical Analysis of Five Major Companies in the Information Technology Sector" is a study to analyze the strength and weakness of the scrip's of.

Chapter 6 : Tata Consultancy Technical Analysis | calendrierdelascience.com - Macroaxis

genesis of fundamental and technical analysis in evaluating the sectoral stocks. To ascertain this effectively, fundamental and technical analysis have been carried out among stocks of selected sectors.

Chapter 7 : FUNDAMENTAL ANALYSIS OF TCS - [PPTX Powerpoint]

Technical analysis and fundamental analysis are the two main schools of thought when it comes to analyzing the financial markets.

Chapter 8 : Technical Analysis of TATA CONSULTANCY S (NSE:TCS) â€™ TradingView

Fundamental analysis and technical analysis, the major schools of thought when it comes to approaching the markets, are at opposite ends of the spectrum. Both methods are used for researching and.

Chapter 9 : Tata Consultancy Share Technical Analysis (TCS) - calendrierdelascience.com India

two weeks, technical analysis outperforms the fundamental analysis. De Zwart et al () observed that technical analysis works well for short term trading while fundamental analysis outperforms technical for long term trading. Zhu & Zhou () found that the rules of technical trading are robust for modeling specifications and they outperform the strategies of fundamental analysis.