

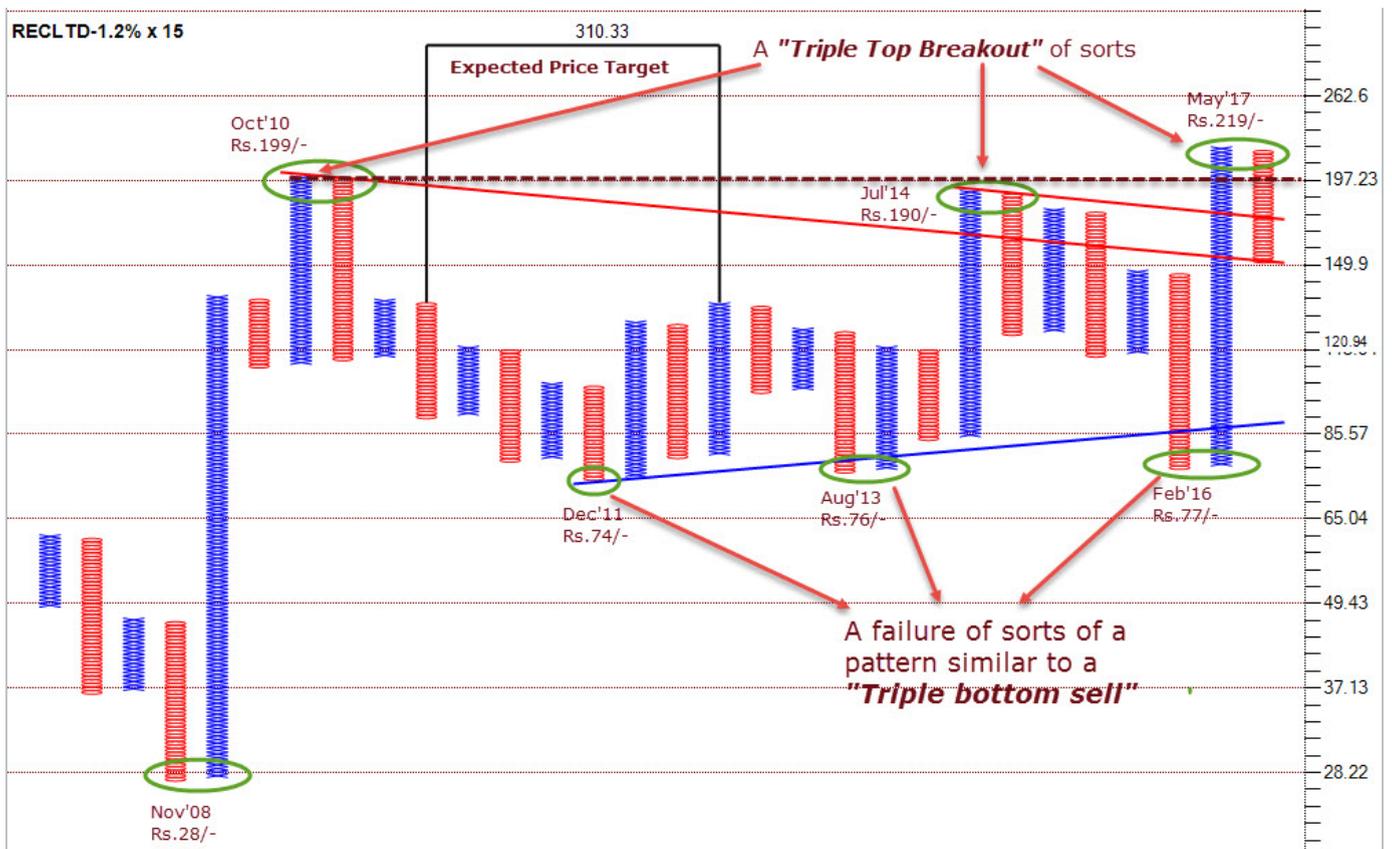
## The Story so far....

Rural Electrification Corporation Ltd. (REC LTD.), a Navaratna Enterprise from the Govt. of India has been one of the most steady performers in the last 6-7 quarters. Although the stock delivered average returns in the past 5 years to the investors, we see potential upside in the next 3-4 quarters.

The initial rally in REC LTD. started in Nov'08 when prices bottomed out around closing lows of Rs.27/- on the PF charts.

The rally in REC LTD. saw the prices surging to as high as Rs.199/- in Oct'10 and thereafter entered into a 79 month sideways congestion between Rs.74-199/-.

*Presently, we believe that the stock is completing its throw over after having broken out in May'17 above the resistance levels of Rs.200/- and we believe that this retracement is about to get over shortly. We expect the stock price to appreciate significantly from current levels of Rs.173/-.*



## What is changing?

The stock was under consolidation from Oct'10 to May'17 i.e. 79 months and then made a new closing high at Rs.220/- in May'17. What followed was a 50% retracement of the Mar'16-May'17 rally from Rs.74-220/-, which finally ended around Rs.150/- at the fag end of September 2017.

The **1.2% x 15 Box PF**, indicating strong signals of a resumption of uptrend after 5 months of price correction as prices found support at Rs.150/- in end of Sep'17. The support around the breakout point of May'17 on the 45° resistance trend line only reaffirms our faith in the resumption of the upward trend in the stock.

The recent retracement after an up move has only strengthened the long term breakout in **REC LTD.** and we expect the stock to do well in the next 9 months or so.

## What is in store?

We applied "*horizontal count method*", to ascertain the probable target for the

uptrend in the stock and based on that, we expect the stock to trade around Rs.310/- or above in the next 9 months or more.

The stock has delivered approximately 11.6% CAGR since 2008 on NSE and a return of 10.2% CAGR in the past 5 years. We expect the stock to continue its uptrend after having traded sideways between Nov'10-May'17 as it consolidates post a retracement to lows of Rs.150/- and it appears to be a good time initiate longs in **REC Ltd.** at current levels of Rs.173/-

A good way of accumulating the stock would be spread the purchases evenly between Rs.162-180 and keep a stop loss around Rs.142/- on a closing basis.

Price	Value	Date	CAGR	Percentage	Years
All time High	223.90	09-May-2017	Since Inception -NSE	11.53	9.63
All time Low	26.50	28-Nov-2008	Oct-12	10.17	4.99
52 Week High	223.90	09-May-2017	<b>Details</b>		
52 Week Low	112.90	09-Nov-2016	<b>Recommendation</b>		
Latest Close	173.40	27-Oct-2017	Recommendation	Buy	
Average Closing CY 2017	171.35	27-Oct-2017	Closing Price	173.40	
<b>EMA</b>			Range	162-180	
	<b>Value</b>	<b>Date</b>	Expected Target Price	310.00	
Short Term	160.61	27-Oct-2017	Expected Return	78.78%	
Medium Term	166.81	27-Oct-2017	Stop Loss	142.00	
Long Term	161.92	27-Oct-2017	Expected Risk	-18.11%	
			Minimum Holding Period	9 months	

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## Disclosures Appendix

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