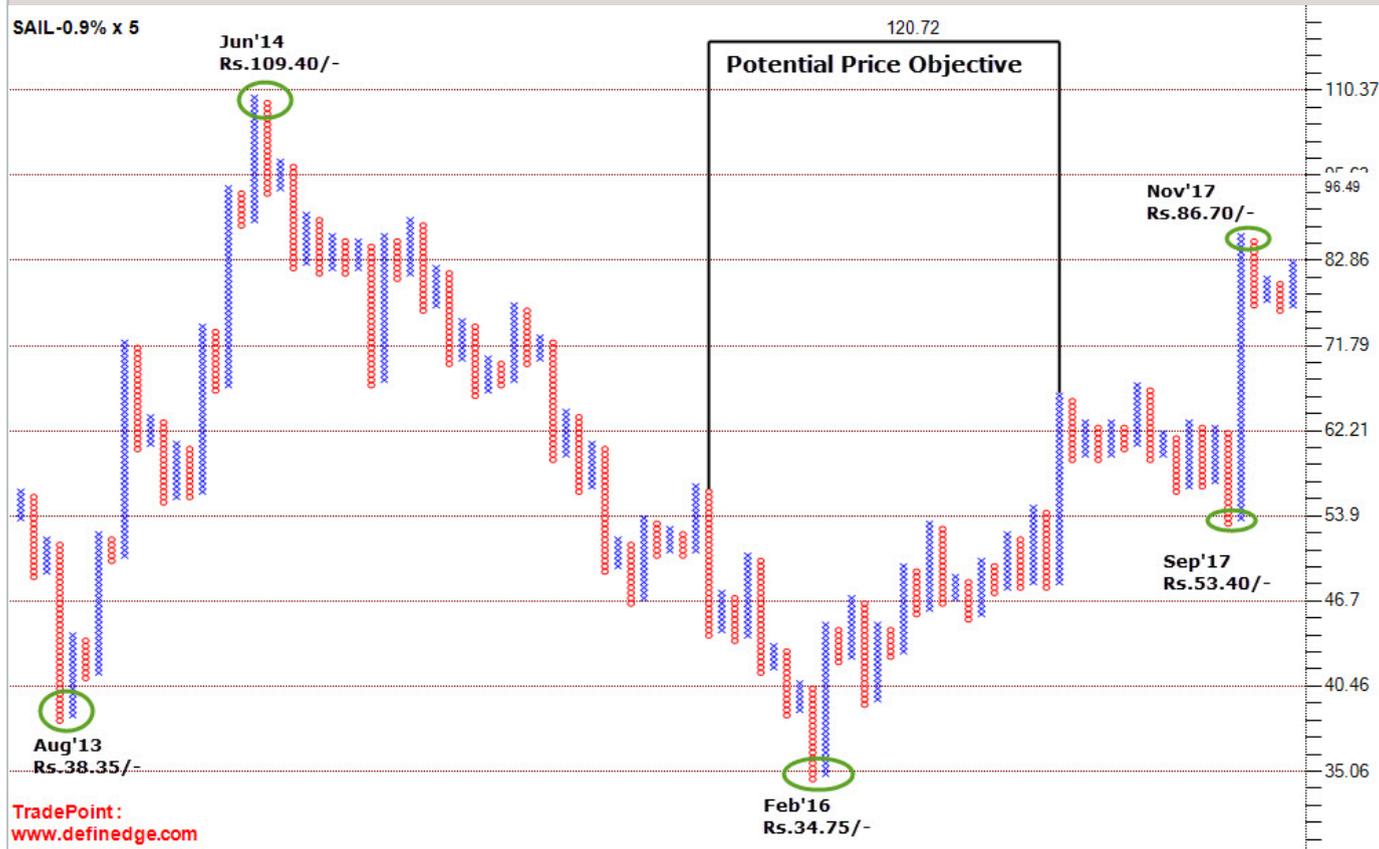


The Story so far....

Steel Authority of India Ltd. (SAIL), one of the largest state-owned steel making company in India a big under performer in the last 23 years. The stock has delivered 1.48% since listing in Nov'94 but we now see potential upside in the next 3-4 quarters.

Commodity stocks are cyclical and SAIL is no exception. After peaking out in Dec'07 at Rs.285/- , the stock prices went into a downward spiral till Feb'16 where finally a bottom was made at Rs.34.75/-.

Presently, we believe that the stock has broken out of a seven year bear trend from Mar'10-Nov'17 by moving above the resistance levels of Rs.66-70/- and we believe that this is a beginning of an uptrend. We expect the stock price to appreciate significantly from current levels of Rs.78/-.



What is changing?

Prices of SAIL went into a downward spiral when commodities crashed globally and finally bottom was made at Rs.34.75/- in Feb'16. The initial recovery was fast and by Feb-Apr'17, SAIL was trading between Rs.66-70/-

However, a small correction ensued prices came back to Rs.53/- by Oct'17 before the final breakout. We observed, that the present breakout from Rs.53/- in Oct'17 to Rs.86.70/- in Nov'17 is just the beginning as prices broke past its 7 year resistance trend line.

The **0.9% x 5 Box PF**, indicating strong signals of a beginning of an uptrend after a gap of a decade of stock price correction. The breakout on the 45° resistance trend line only reaffirms our faith in the upward trend in the stock.

The recent up move has only strengthened the long term breakout in **SAIL** 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.121/- or above in the next 9 months or more.

The stock has delivered approximately 1.48% CAGR since 1994 on NSE and a return of -0.29% CAGR in the past 5 years. We expect the stock to continue its recent uptrend and it appears to be a good time to initiate longs in **SAIL** at current levels of Rs.78/-

A good way of accumulating the stock would be to spread the purchases evenly between Rs.71-83 and keep a stop loss around Rs.66/- on a closing basis.

Price	Value	Date	CAGR	Percentage	Years
All time High	293.00	06-Dec-2007	Since Inception -NSE	1.48	23.07
All time Low	3.95	17-Sep-2001	Nov-12	-0.29	5.00
52 Week High	87.80	03-May-2006	Details		
52 Week Low	47.10	27-Dec-2016	Recommendation		
Latest Close	77.90	29-Nov-2017	Recommendation	Buy	
Average Closing CY 2017	62.39	29-Nov-2017	Closing Price	77.90	
			Range	71-83	
			Expected Target Price	121.00	
			Expected Return	55.33%	
			Stop Loss	66.00	
			Expected Risk	-15.28%	
			Minimum Holding Period	9 months	
EMA	Value	Date			
Short Term	75.40	29-Nov-2017			
Medium Term	68.40	29-Nov-2017			
Long Term	62.33	29-Nov-2017			

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Disclosures Appendix

Analyst certification

The following analyst(s), who is (are) primarily responsible for this report, certify (ies) that the views expressed herein accurately reflect his (their) personal view(s) about the subject security (ies) and issuer(s) and that no part of his (their) compensation was, is or will be directly or indirectly related to the specific recommendation(s) or views contained in this research report.

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