

Swelect Energy Systems Ltd (NSE code – SWELECTES)

“BUY”

Technical View –

Ever since this stock was listed in the year 2006, the stock has shown vertical rallies followed by vertical falls. Since February 2014, the stock has been in solid demand and has rallied from Rs165 in February 2014 to register a high of Rs.526 in July 2014. After this kind of vertical rally the stock took a breather for 26 long weeks and was trading in a broad range of an “Ascending Triangle” price pattern. This is technically called as a time correction which has bullish implications on a breakout. For a continuation pattern this breather is a must. This makes this stock even stronger. Last week this stock has broken out of this 26 week range with heavy volumes with suggests demand has overpowered supply.

Date	19 Jan 2015
Close	490.75
1 st Target	758
Stop Loss	420



(Swelect Energy – Weekly charts)

The price pattern suggests that the first price target would be Rs 758. This first target is expected to be achieved within the next 4 months where a review should be taken. The stock also enjoys the no resistance zone and is trading in an open blue sky territory. Here I suggest a deep down stop loss at Rs 420 on a weekly



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closing basis because the breakout has been picked up on a weekly chart. **Just a word of caution that this is an illiquid counter hence investors are advised to buy this counter not very far away from the current market price.**

The **Risk : Rewards** ratio is also in favour of investment which has always been the most important criteria to initiate a trade.

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