

Date: 11/05/2021

Recommended Price: 237-241 • Target: 290 • Stoploss: 218

Time Frame: 6 months

RITES Ltd.- MONTHLY CHART



Technical Outlook

- The stock on a monthly is placed close to trend line support as highlighted in the above chart.
- The monthly trend line support is placed close to 220 levels, which will act as strong support.
- RSI on a monthly scale is positively placed. Moreover, the Stochastics oscillator is on the verge of forming bullish crossover from an oversold zone.
- Based on the above technical set up, we recommend to accumulate RITES in the range of 237-241 with a stop loss of 218 for the target price of 280-290.

Fundamental Rationale

- RITES is a leading player in providing a comprehensive range of consultancy services across various segments that include Railways, Roads, Ports and Airports.
- RITES standalone orderbook stand at Rs.6153Cr which is at 3 times its FY20 revenue, which provides strong revenue visibility for the next 2-3 years. The Order book is well diversified with high margin consultancy contributing 40 percent.
- RITES has a competitive edge in winning orders owing to its over four decades of experience in transport infrastructure consultancy and its association with the Ministry of Railways. Over the years, Rites has a successful track record of delivering consistent growth in sales and profits.
- In the last five years FY15-FY20, RITES operating revenues and profitability have grown by a CAGR of 22% and 21% respectively. Further, during the same period, the company's operating profit grew by a CAGR of 15%. Further company has managed to maintain its operating margin in the range of 24-26% during the same period. The company is virtually debt-free. At Current market price Stock is providing a good dividend yield of 6.7%. Hence **we recommend to "ACCUMULATE" the stock.**

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