

July 28, 2020

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## Quant Pick – Larsen & Toubro

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Quant Pick					
Stock	Action	Initiation Range	Target	Stop loss	Time Frame
Larsen & Toubro	Buy	890-910	1070	810	3 Months



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### Research Analysts

**Amit Gupta**

amit.gup@icicisecurities.com

**Nandish Patel**

nandish.patel@icicisecurities.com

**Raj Deepak Singh**

rajdeepak.singh@icicisecurities.com

**Dipesh Dedhia**

dinesh.dedhia@icicisecurities.com

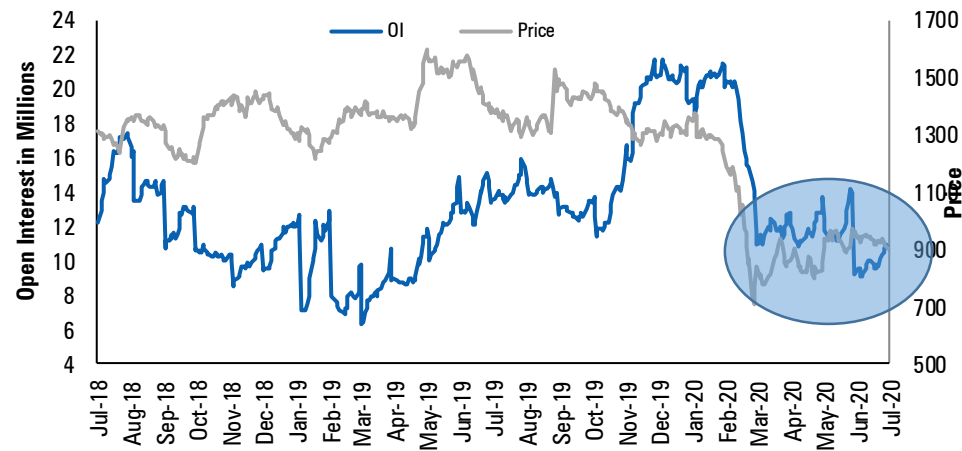
Buy Larsen & Toubro in the range of ₹ 890-910,  
 Target: ₹ 1070; Stop Loss: ₹ 810; Time frame: Three months

**Snapshot**

Spot Price	915.00
Beta	1.13
12M Avg Price (₹)	1170.0
3M Avg Roll (%)	78.00%
HV 30 Day (% Annualised)	46.50

**Price vs. open interest pattern**

**Fresh accumulation likely to take stock higher**



Source: NSE, Seediff, ICICI Direct Research

- The Nifty continued its momentum and witnessed a pullback at every decline amid fresh FII inflows. Despite the lacklustre performance from banking, leadership can be seen from technology and energy heavyweights. With the recent up move seen in the cement space, we expect Infra names to also see a round of up move in coming sessions. Sectoral heavyweight L&T is likely to see fresh uptrend after remaining in a consolidation period for last few months
- On the F&O front, the open interest in the stock remained lower. It did not witness any major accumulation after the decline seen in February and March. The OI in the stock was close to 20 million shares in early March and is currently just over 10 million shares, indicating lack of interest in the stock. However, post results, we have seen fresh accumulation at lower levels. We expect the stock to find strength in the coming sessions
- On the options front, the highest Put base of the stock was placed at the 900 strike for the July series. It has remained above these levels. Considering the August series, fresh addition among Call strikes is visible at ATM 920 strike. A move above 920 is likely to trigger a fresh move in the stock in the coming sessions
- The stock has seen one of the highest delivery based actions of the last six months in June near ₹ 900 levels. Since then, it has remained in a narrow range and also remained immune to market volatility. Once again, the stock is finding support around these levels and seems to be starting the uptrend
- The 30 day HV for the stock has been on a downtrend and is currently around 46% levels. With relative stability and ongoing accumulation, we expect volatility to decline, which should take the stock gradually higher
- L&T has breached its mean-1\*sigma levels in February and witnessed a sharp decline along with the market. It tested its mean-3\*sigma levels. With ongoing gradual recovery, we expect it to retest its mean-1\*sigma levels near ₹ 1160 in the coming weeks. Hence, current levels provide a good risk reward opportunity to accumulate the stock

**Note:** Call has been initiated on iClick2Gain on July 28, 2020

Source: NSE, Seediff, ICICI Direct Research

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Pankaj Pandey

Head – Research

pankaj.pandey@icicisecurities.com

ICICI Direct Research Desk,  
ICICI Securities Limited,  
1<sup>st</sup> Floor, Akruti Trade Centre,  
Road no.7, MIDC  
Andheri (East)  
Mumbai – 400 093  
research@icicidirect.com



Source: Bloomberg, ICICI Direct Research

We /I, Amit Gupta B.E, MBA (Finance), Raj Deepak Singh BE, MBA (Finance), Nandish Patel BCOM, Dipesh Dedhia BCOM, MBA (Finance), Research Analysts, authors and the names subscribed to this report, hereby certify that all of the views expressed in this research report accurately reflect our views about the subject issuer(s) or securities. We also certify that no part of our compensation was, is, or will be directly or indirectly related to the specific recommendation(s) or view(s) in this report. Analysts are not registered as research analysts by FINRA and are not associated persons of the ICICI Securities Inc. It is also confirmed that above mentioned Analysts of this report have not received any compensation from the companies mentioned in the report in the preceding twelve months and do not serve as an officer, director or employee of the companies mentioned in the report.

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