

September 30, 2020

Quant Pick – Bata India

Quant Pick

Stock	Action	Initiation Range	Target	Stop loss	Time Frame
Bata India	Buy	1365-1395	1620	1255	3 Months

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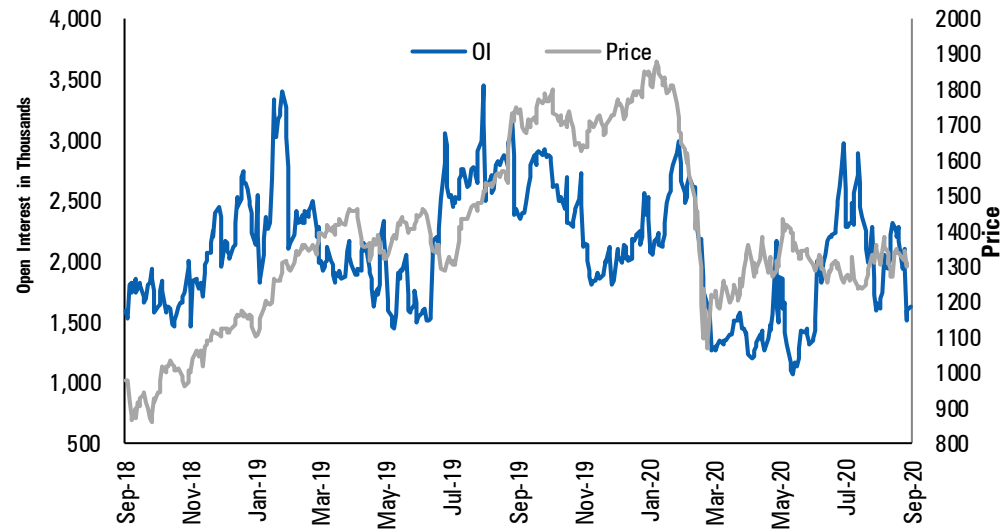
Buy Bata India in range of ₹ 1365-1395, Target: ₹ 1620;
Stop Loss: ₹ 1255; Time frame: Three months

Snapshot

Spot Price	1350.00
Beta	1.08
12M Avg Price (₹)	1376.0
3M Avg Roll (%)	92.0%
HV 30 Day (% Annualised)	46.00

Price vs. open interest pattern

Fresh longs likely to take stock higher



Source: NSE, Seediff, ICICI Direct Research

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- Post the March sell off, Bata India seems to have formed a good base at ₹ 1200. Since then, it has been trading in the range of ₹ 1200-1400. Now, it is coming out of the long consolidation range, which was on account of the lockdown due to Covid-19
- The open interest in the stock has declined almost 25% since the August series suggesting continuing short covering. Recently, in a highly volatile market, the stock has been balanced in the said range. However, we expect further upsides to be seen in the stock ahead of its quarterly results
- On the options front, the stock has the highest Call option base placed at the 1400 strike followed by 1500 strike. A closing above ₹ 1400 should trigger a short covering move. At the same time, the Put open interest base is firming up at 1300 Put strikes from where the stock has seen a sharp reversal recently. It is likely to act as a strong support in the near term
- Since May, Bata India has taken support near ₹ 1200 levels on multiple instances. Looking at the significant volume activity in June 2020 and then in mid-August 2020, these levels seem very crucial. In such a scenario, positive bias may continue in the stock till these levels are held
- In the delivery segment, it witnessed one of the highest delivery volumes in the last couple of months near ₹ 1250 level. Since then the stock has been constantly moving above these levels. Hence, from an immediate view, sustainability above ₹ 1400 for the stock holds the key. However, the Delivery Z score reading in the cash segment indicates there is still room for further delivery pick-up in coming days. In due course, the up move should pan out in the stock
- **Note:** Call has been initiated on iClick2Gain on September 29, 2020

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Source: Bloomberg, ICICI Direct Research

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