

March 4, 2021

## Quant Pick – Sun Pharmaceuticals

### Quant Pick

Stock	Action	Initiation Range	Target	Stop loss	Time Frame
Sun Pharmaceuticals	Buy	625-635	738	570	3 Months

### Derivatives Strategy

Underlying	Action
Infosys	Buy

Duration : 1-2 months

Click here to see [open calls](#)

### Quant (Derivatives) Pick

Underlying	Action
Sun Pharma	Buy
Tata Consumer	Buy
United Breweries	Buy

Duration : 1-3 months

Click here to see [open calls](#)

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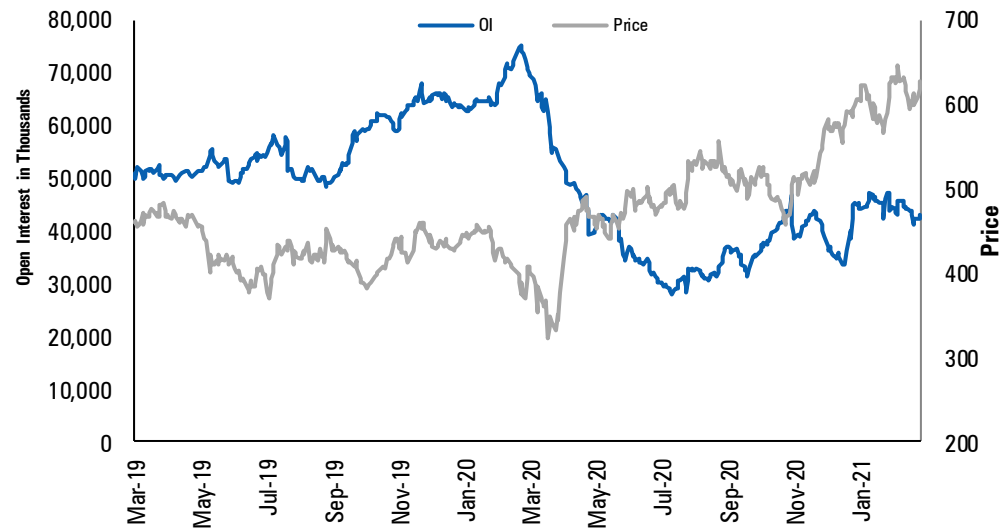
# Buy Sun Pharmaceuticals in range of ₹ 625-635; Target: ₹ 738; Stop Loss: ₹ 570; Time frame: Three months

## Snapshot

Spot Price	632.00
Beta	0.71
12M Avg Price (₹)	538.0
3M Avg Roll (%)	95.0%
HV 30 Day (% Annualised)	50.00

## Price vs. open interest pattern

### Long positions remain intact despite intermediate consolidation



Source: NSE, Seediff, ICICI Direct Research

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- The pharma space has seen healthy consolidation in the last couple of months amid a broader market recovery. We believe the sector is set to resume its next round of upside move after a round of consolidation. As long positions are still intact in Sun Pharma, we believe the stock will resume its upward momentum in the near term
- The open interest in the stock had moved to a five-month high in early January 2021. Since then, it has seen a decline in OI at the end of February while OI levels have come down more than 8% along with a gradual fall in stock prices. Closure of leverage positions was seen in the stock in February indicating closure of long positions. We believe long positions in the stock are intact. Also, in the last couple of days the stock has witnessed long additions along with price rise. The upward bias may continue in it in coming weeks
- On the options front, the stock has the highest Call option base at the 620 strike. As Sun Pharma has started trading above ₹ 620 levels, closure of positions is evident at this strike with positions are moving at higher OTM strike. We expect continued upsides in the stock in the coming sessions. At the same time, the Put open interest base is strengthening at the 620 and 600 strikes, which can act as strong support on downsides
- The stock witnessed noteworthy delivery based activity in early December 2020 at the level of ₹ 580-590, which is a crucial support level for the stock. Since accumulation was seen in this stock last month, we believe downsides are limited in it while positive momentum is likely to remain intact in the stock above the mentioned levels
- From January to mid-February, the stock witnessed an impulsive up move from ₹ 554 to ₹ 650 levels. Since then, it has remained largely range bound with time and price based correction. This recent decline towards ₹ 600 has given another opportunity to go long in the stock for fresh upsides
- **Note:** Call has been initiated on iClick2Gain on March 4, 2021

Date	Scrp	Action	Recommendation
3-Mar-21	Infosys	Buy	<b>Long/Short Strategy</b> : Buy Infosys March Future at 1322-1332 & sell 1380 Call at 17-20, Target: 1400, Stop loss: 1270, Time frame: Till March ex
3-Mar-21	DLF Ltd	Buy	<b>Long/Short Strategy</b> : Buy DLF March Future at 325-328 & sell 350 Call at 11-13, Target: 362, Stop loss: 305.5, Time frame: Till March expiry

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*Source: Bloomberg, ICICI Direct Research*

Date	Scrip	Action	Buy Price	Target	SL	CMP	%Ret	Time Frame
6-Jan-21	Glenmark Pharma	Buy	505-520	605	464.0	479	-6.5%	3 months
5-Feb-21	Ambuja Cement	Buy	268-275	325	247.0	284	4.0%	3 months
11-Feb-21	Apollo Tyres	Buy	240-245	295	218.0	251	3.7%	3 months
11-Feb-21	Tata Consumer Products	Buy	600-615	720	552.0	637	4.8%	3 months
16-Feb-21	United Breweries	Buy	1250-1280	1510	1145.0	1230	-2.8%	3 months
26-Feb-21	NTPC	Buy	105.5-107.5	122	99	113	5.6%	1 months
4-Mar-21	Sun Pharma	Buy	625-635	738	570	630	-0.3%	3 months

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Source: Bloomberg, ICICI Direct Research

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