

March 31, 2021

Quant Pick – UPL

Quant Pick					
Stock	Action	Initiation Range	Target	Stop loss	Time Frame
UPL	Buy	625-635	735	570	3 Months

Derivatives Strategy	
Underlying	Action
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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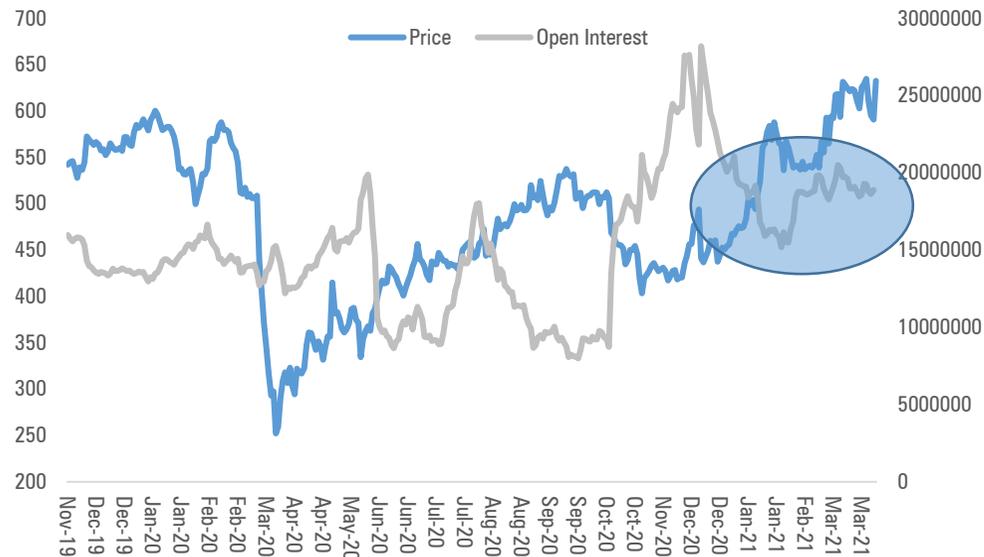
Buy UPL in range of ₹ 625-635; Target: ₹ 735;
 Stop Loss: ₹ 570; Time frame: Three months

Snapshot

Spot Price	640
Beta	1.11
12M Avg Price (₹)	470
3M Avg Roll (%)	96%
HV 30 Day (% Annualised)	53.1

Price vs. open interest pattern

Low leverage likely to help in further momentum



Source: NSE, Seediff, ICICI Direct Research

- Broader markets seem to be moving into a consolidation phase after a sharp up move was seen in the last one year. However, stock specific moves are likely to continue while the focus should be on stocks with low leverage positions. UPL is one such stock, which seems to be moving out of the current consolidation and is likely to make fresh lifetime highs in coming weeks
- Chemical stocks have been one of the best performers in the last one year but UPL has been an underperformer. UPL has seen a gradual build-up of open interest in the last couple of months with recent price performance. However, there is ample room for further increase in open interest. We expect long additions in the stock once it sustains above ₹ 640 levels
- From the options space, the major Call option base was in place at 620 and 650 strikes for the April series. With the recent move, further additions of positions are visible at these strikes. We believe sharp closure may be seen among these positions once the stock move above ₹ 640 as the new series is just starting. On downsides, Put base is visible at 600 strike, which should act as immediate and major support for the stock in the coming weeks
- UPL has been consolidating around its 2020 highs of ₹ 620 for the last couple of weeks. Despite recent market weakness, it was able to hold these levels and finally moved above the hurdle with an increase in delivery volume indicating ongoing accumulation in the stock
- UPL has been struggling to sustain above its long term mean+1*sigma levels since September 2019. As the stock was able to move above these levels in the recent up move, further momentum towards its 2*sigma, placed above ₹ 700, cannot be ruled out
- **Note:** Call has been initiated on iClick2Gain on March 31, 2021

Date	Scrip	Action	Buy Price	Target	SL	CMP	%Ret	Time Frame
11-Feb-21	Tata Consumer Products	Buy	600-615	720	552	640	5.3%	3 months
16-Feb-21	United Breweries	Buy	1250-1280	1510	1145	1249	-1.3%	3 months
26-Feb-21	NTPC	Buy	105.5-107.5	122	98.5	109	1.4%	1 month
4-Mar-21	Sun Pharma	Buy	625-635	738	570	606	-4.1%	3 months
9-Mar-21	Hcl Technologies	Buy	950-970	1135	874	999	3.5%	3 months
22-Mar-21	ACC	Buy	1840-1870	2190	1680	1910	2.1%	3 months
25-Mar-21	Larsen & Toubro	Buy	1360-1380	1545	1280	1432	3.8%	1 month
31-Mar-21	UPL	Buy	625-635	735	570	640	0.8%	3 months

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Source: Bloomberg, ICICI Direct Research

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