

September 23, 2019

### Other Product offerings

Quant (Derivatives) Pick	
Underlying	Action
Lupin	Buy
MGL	Buy
Torrent Power	Buy

## Quant Pick – Bharat Forge

Quant Pick					
Stock	Action	Initiation Range	Target	Stop loss	Time Frame
Bharat Forge	Buy	405-415	490	368	3 Months



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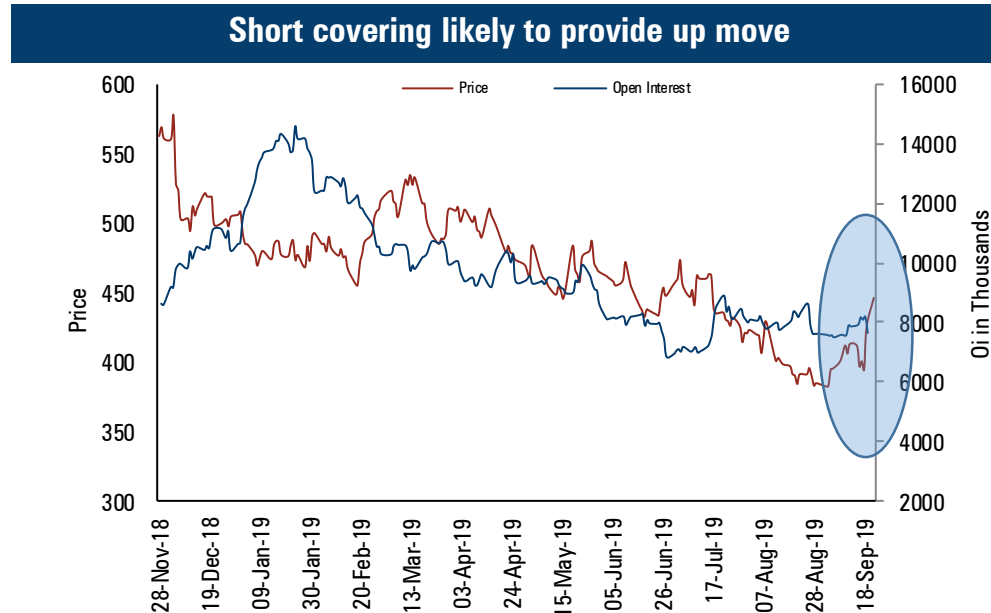
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Buy Bharat Forge in the range of ₹ 405-415, Target: ₹ 490;  
Stop Loss: ₹ 368; Time frame: Three months

**Snapshot**

Spot Price	440.00
Beta	1.09
12M Avg Price (₹)	485
12M Avg Volume (Shares)	1419252
3M Avg Roll (%)	94.15%
HV 60 Day (% Annualised)	37.30

**Price vs. open interest pattern**



Source: NSE, Seediff, ICICI Direct Research

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- The auto ancillary pack has remained quite subdued so far. However, we expect a good recovery in these stocks after the recent corporate tax cut by the government. Bharat Forge, from this pack, had seen significant addition of short positions, so far, which should start getting closed now
- Bharat Forge has continuously remained under pressure. It seems it should start recovering from these levels on the back of short covering
- It has come to the 2016 base of ₹ 370-400. Thus, we believe positional short traders may start closing positions eventually in the stock
- Short formation in the stock was seen till ₹ 460. Thereafter, we did not notice any significant short addition. However, the stock slipped till ₹ 400. In the recent pullback, fresh longs started coming in the stock at lower levels of ₹ 400-420. This may induce a good up move, which can also be supported by short covering in the later period
- Three-month high volumes were seen in the stock at ₹ 430 levels in August. Thereafter, it remained subdued. Short covering may be seen above this level, which can lead to a good recovery
- From the OI of 14 million shares, the open interest was reduced to 7 million shares. The OI has again started moving up to 9 million shares, indicating long formation after being beaten down heavily
- On the options front, the highest Put base is placed at the 400 strike suggesting support on the downsides. On the other hand, the highest Call base is at 420 strike followed by 440 strike. Currently, It is trading above its major call base. Closure among strikes may provide further upsides in coming trading sessions
- The stock remained largely range bound below ₹ 400 levels but witnessed buying support near ₹ 400 on every decline. We believe the stock has seen an accumulation around these levels and is set to move higher

**Note:** Call has been initiated on iclick-2-gain on September 20, 2019

Date	Scrip	Action	Buy Price	Target	SL	CMP	%Ret	Time Frame
14-Aug-19	Torrent power	Buy	285-292	340	260	282	-2.9%	3 months
05-Sep-19	Lupin	Buy	750-765	870	690	743	-2.9%	3 months
06-Sep-19	Bharti Airtel	Buy	340-348	410	315	355	2.7%	3 months
11-Sep-19	CESC	Buy	790-810	940	725	820	1.8%	3 months
20-Sep-19	Axis Bank	Buy	650-665	770	590	706	7.0%	3 months
20-Sep-19	Bharat Forge	Buy	405-415	490	368	447	7.7%	3 months
20-Sep-19	JSW Steel	Buy	230-236	280	208	244	3.8%	3 months

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*Source: Bloomberg, ICICI Direct Research*

## ANALYST CERTIFICATION

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