

Derivatives Strategy – Covered Call

Buy Trent for target of ₹ 5700

August 12, 2025

Few open Calls...

Derivatives Strategy

Underlying	Action
M&M	Buy

Duration : 1-2 months

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Quant (Derivatives) Pick

Underlying	Action
JSW Steel	Buy

Duration : 1-3 months

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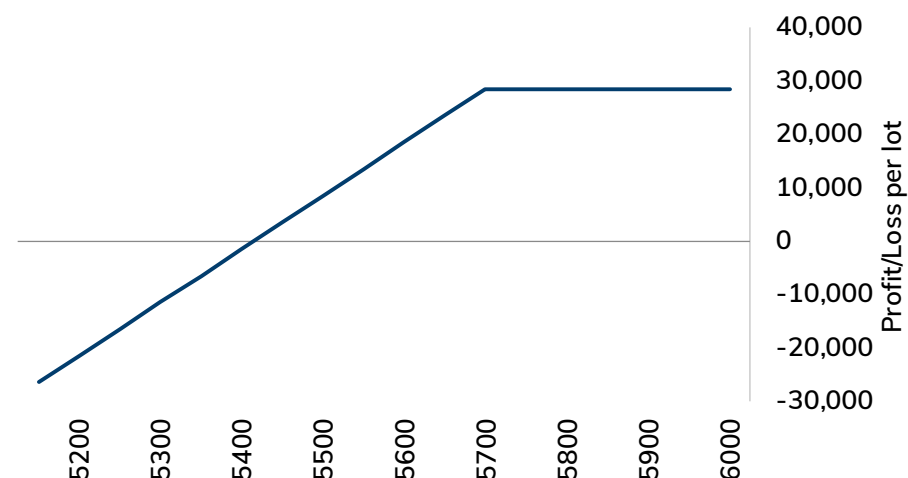
Instrument	Time Frame	Instrument	Strike	Action	Range	Target	Stoploss
Trent	Till July	Futures Call	- 5700	Buy Sell	5465.0-5485.0 58.0-61.0	5700	5249.9

- Trent had been facing selling pressure since June. However, post quarterly results it has managed to rebounded strongly from lower levels. The current recovery is on the back of delivery-based buying. On the futures front, short unwinding is underway as future OI is down by ~30% from its recent highs (from 88 lakhs shares to 60 lakhs shares). We believe the current leg of short covering is likely to continue in the short term.
- On the options front, call unwinding across ATM and OTM strikes along with fresh put writing at the 5400 strike indicates downsides should be limited. Hence, we expect Trent to move towards ₹ 5700 levels in the coming sessions.

Strategy Details

Stock Information	
View	Bullish
Highest Call Base	5500
Highest Put Base	5000
Margin Requirement	₹ 1,55,000
Max Profit	₹ 28,450
Max Loss	₹ 16,560
Time Frame	Till August Expiry

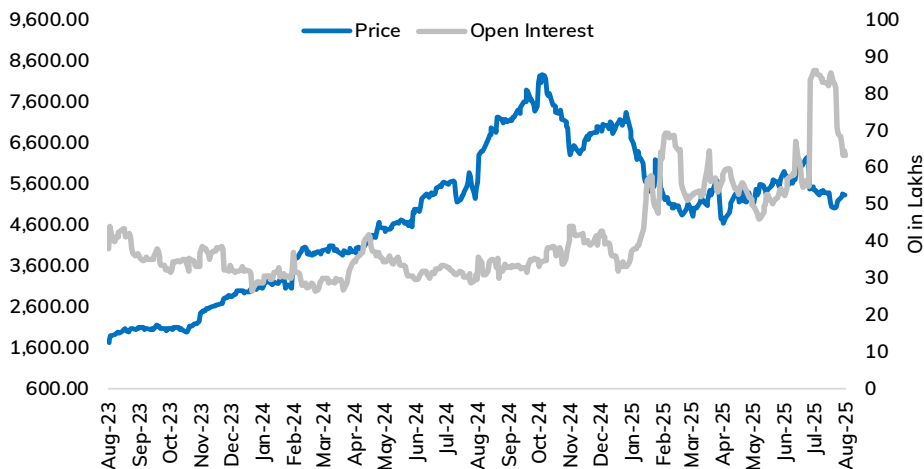
Strategy Payoff



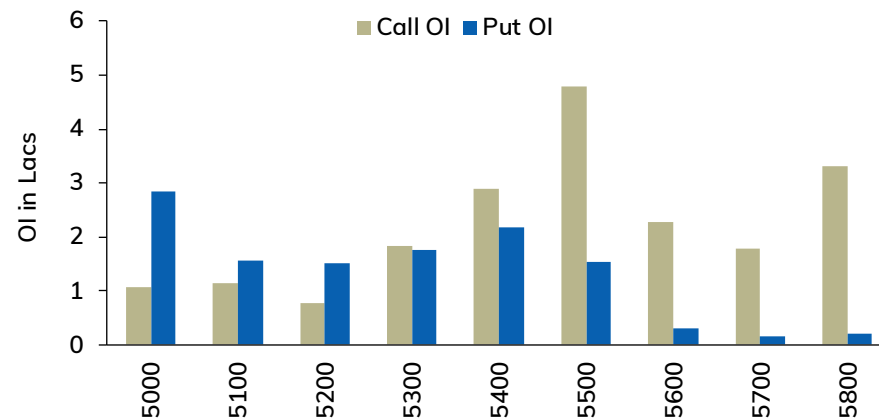
Covered Call strategy

Covered Call strategy is formed by creating a long position in future along with selling an ATM/OTM Call of the same expiry. Option traders can also sell Call options of the underlying shares if they hold the underlying shares in demat (same quantity) to bring down the cost. It is a limited reward strategy generally formed when moderate upsides are expected. Stop loss has to be placed to limit the losses in case of sharp reversal on downsides.

Price Chart



Option Chain



Derivatives Strategies: Open recommendations...

Date	Scrip	Action	Recommendation
2-Jul-25	National Aluminum	Buy	Long/Short Strategy: Buy National Aluminum July futures 195-195.5, Buy 200 Put 9.5-10, Target 215, Stoploss 194.9, Till July expiry.
18-Jul-25	Torrent Pharmaceuticals	Buy	Future: Buy TORPHA (Torrent Pharma) JUL in the range of 3525-3532 Target 3680 and StopLoss 3428.
18-Jul-25	MCX	Sell	Future: Sell MCX (Multi Commodity Exchange of India Limited) JUL in the range of 8255-8265 Target 7825 and StopLoss 8515
21-Jul-25	Hero Motocorp	Buy	Long/Short Strategy: Buy HeroMoto July futures 4345- 4355, Sell 4500 Call 25-28, Target 4520, Stoploss 4219.9. Till July series

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Source: Bloomberg, ICICI Direct Research

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Quant Picks: Open recommendations...

Date	Scrip	Action	Price	Target	Stop Loss	Last close	Return (%)	Time
16 May 25	Tata Motors	Buy	720-732	830	662	687	-6.1%	3 months
16 May 25	Adani Enterprises	Buy	2520-2560	2900	2318	2616	2.2%	3 months
24 Jun 25	JSW Steel	Buy	1000-1020	1150	930	1036	2.1%	3 months

Yearly Quant Picks								
20 Dec 24	Zyuds Life	Buy	960-990	1320	809	969	-0.1%	12 months

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