

## VEDL Bull Call Spread

### Strategy Rationale:

VEDL has been trading in narrow band of 220-250 for last 3 months. However, in today's session stock gave a breakout for the above mentioned channel and is trading above that. With this we have also seen fresh long positions getting build-up in the counter in last few trading sessions and the same were rolled over in July series. From current levels, we expect that positive momentum will continue in VEDL and stock can test 270-275 levels in this series itself. Keep this in mind we recommend initiating Bull Call Spread strategy in the stock.

### Strategy Details:

The strategy consists of buying 1 lot of VEDL July 255 Call option at Rs.9.10 and selling 2 lots of July 275 Call at Rs.3. The premium outflow in this strategy would be Rs. 3.10.

### Profit and Loss Matrix:

Maximum Loss will be Rs.10500 if stock closes below 255 and maximum profit Rs. 59,150 if stock closes around 275 at the time of expiry. However, one need to hedge their position by buying 1 lot in futures if stock goes above 292 levels.

### Leveraging Cost:

The SPAN margin of complete strategy is 1,21,000 at the time of initiation and may vary depending upon the volatility in the market.

### Strategy:

Buy 1 lot of VEDL July 255 Call at 9.10.

Sell 2 lot of VEDL July 275 Call at 3.00.



## Team

ANALYST	DESIGNATION	EMAIL	TELEPHONE
Aditya Agarwal	Head - Technical Research	<a href="mailto:aditya@way2wealth.com">aditya@way2wealth.com</a>	+9122-61462955
Harish Jujarey	Sr. Technical Analyst - Commodity	<a href="mailto:harishjujarey@way2wealth.com">harishjujarey@way2wealth.com</a>	+9122-61462952
Mohit Agarwal	Technical Analyst - Forex & Commodity	<a href="mailto:mohitk@way2wealth.com">mohitk@way2wealth.com</a>	+9122-61462954
Monil Shah, CMT	Technical Analyst - Equity & Forex	<a href="mailto:monilshah@way2wealth.com">monilshah@way2wealth.com</a>	+9122-61462980

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