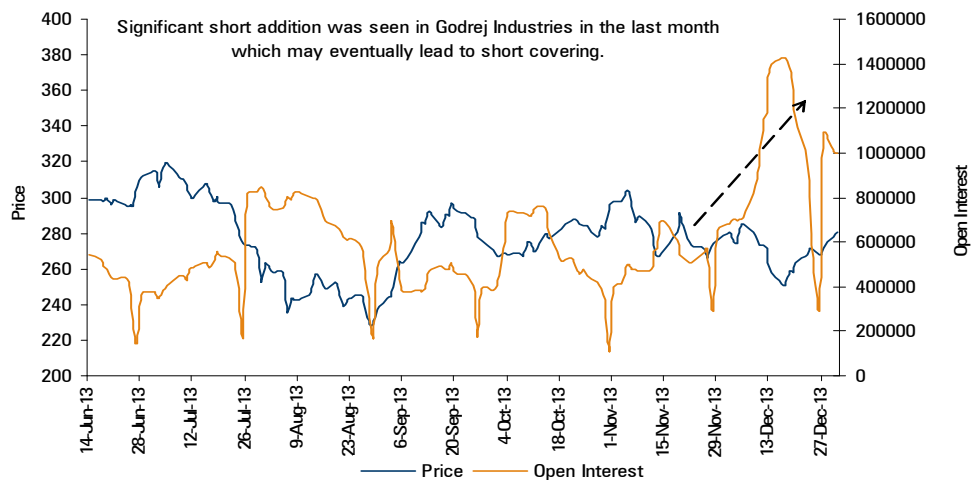


Godrej Industries (GODIND)

Rationale:

- The last couple of months saw a consolidation in the broader index at higher levels where the midcap segment started witnessing increased buying momentum. The CNX Midcap Index has risen almost 10% in the last two months compared to just a 5% rise in the Nifty indicating money flow getting diverted into the midcap segment. Midcap stocks from the FMCG, technology and pharma space witnessed significant upsides in the same time frame. We expect stocks like Godrej Industries to continue to attract money flows, which should prompt fresh upsides in the stock
- Godrej Industries has witnessed a sharp increase in the open interest in December as open interest in the stock rose almost 100% from the highest open interest seen in the month of November. In the same time frame, the stock declined from ₹ 285 to ₹ 250 levels clearly indicating accumulation of short positions
- The January series witnessed high rollover of 78% in the stock suggesting short positions have been rolled into the stock. In the very first session of the series, Godrej Industries witnessed upsides of almost 2.8%. This has prompted closure of positions to the tune of 7%. We expect the trend of short covering to continue in the stock as it is approaching the previously shorted levels of ₹ 285. In such a scenario, the stock may find positive momentum towards ₹ 330 levels in the days to come
- On December 30, Godrej Industries saw highest equity volumes in the last year. Sustainability above this volume should also be considered positive for the stock, which has remained subdued in most of the year
- The recent decline from ₹ 285 to ₹ 250 levels, observed in December has been retraced by more than 80% in the current up move. Moreover, Godrej Industries has also surpassed its important 50 DMA levels indicating short-term momentum coming in the stock. We expect the positive bias to continue towards ₹ 330 levels in the stock

Exhibit 1: Godrej Industries price vs. open interest relative chart



Source: ICICIdirect.com Research

Recommendation:

Buy Godrej Industries in cash in the range of ₹ 273-278

Target: ₹ 330

Stop loss: ₹ 248 on a closing basis

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Trading Portfolio allocation

- It is recommended to spread out the trading corpus in a proportionate manner between the various derivatives research products
- Please avoid allocating the entire trading corpus to a single stock or a single product segment
- Within each product segment, it is advisable to allocate equal amount to each recommendation.
- For example: The 'Daily Derivatives' product carries two intraday recommendations. It is advisable to allocate equal amount to each recommendation

Products	Allocation			Return Objective		
	Product wise	Max allocation	Number of Calls	Frontline	Mid-cap	Duration
	allocation	per stock		Stocks	stocks	
Daily Derivatives	5%	2-3%	2 Stocks	1%	2-3%	Intraday
Weekly Derivatives	10%	3-5%	2 Stocks	3-5%	5-7%	1 Week
High OI stock	5%	2-3%	2-3 Stocks	5-7%	7-10%	1-2 Weeks
Monthly Derivatives	15%	3-5%	4-7 Stocks	7-10%	10-15%	1 Month
Global Derivatives	5%	2-3%	1-2 index strategy	-	-	1 Month
Stock Trader/ Stock in Focus	15%	2-3%	5-6 Stocks	7-10%	10-15%	3 Months
Alpha Trader	5%	2-3%	2-3 Alpha strategy	5%	-	3 Months
Volatility Insights	5%	2-3%	1-2 Strategy	8-10%	10-15%	1-2 Month
Arbitrage Opportunity	5%	2-3%	2-3 Stocks	> 2.5%	>2.5%	Event Based
Positional / Daily Futures	10%	2-3%	8-12 Stocks	1-3%	2-5%	1-14 days
Index option & Strategy	10%	3-4%	2-5 Nifty	2-3%	-	1-14 days
Stock option & Strategy	5%	3-4%	2-8 Stocks	-	3-5%	1-14 days
Currency Futures	5%	3-4%	3-5 Calls	-	-	Intraday



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