

India sneak peek

Published research

- Apollo Tyres Ltd (REDUCE - Maintained, TP: Rs408)** - Margin pressure continues
- Bharat Forge (ADD - Maintained, TP: Rs1,622)** - Sales momentum slowdown prolongs
- Cement (Overweight - Maintained)** - Trailing in 1H, infra spending to revive 2H
- Chemicals - Others (Underweight - Maintained)** - Export Chemicals-III
- Crompton Greaves Consumer Electricals (ADD - Upgrade, TP: Rs480)** - Double-digit margin and premiumization
- Finolex Cables (REDUCE - Maintained, TP: Rs1,090)** - High-cost inventory impacts earnings
- Fusion Finance Limited (NOT RATED - , TP: Rs270)** - Projections volatile; discontinue coverage
- Hero MotoCorp (ADD - Maintained, TP: Rs5,810)** - Volume momentum to sustain
- Ipca Laboratories Ltd (ADD - Upgrade, TP: Rs1,720)** - Faster turnaround in Unichem portfolio
- NTPC Green Energy** - Scaling capacity for sustained growth
- PNC Infratech Ltd (HOLD - Upgrade, TP: Rs309)** - Dismal results – awaiting resolution with MORTH
- Thermax Ltd (HOLD - Maintained, TP: Rs5,175)** - Order inflow on track; concerns over valuation

Top Investment Idea

Alkem Laboratories Ltd (ADD - Upgrade, TP: Rs6,150) - Moving in the right direction

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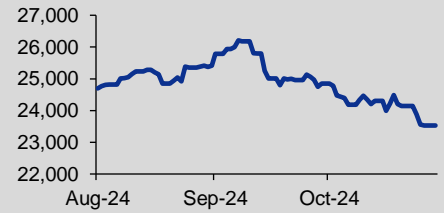
- 2Q performance was a mixed bag. Revenue miss was on account of weak US market & India biz (weak anti-infectives). EBITDA margin was in line at 22%.
- Gross margin improvement is likely to continue. EBITDA margin is expected to see a gradual recovery.
- Upgrade the stock's rating to ADD (from HOLD earlier) with a higher target price of Rs6,150 (Rs5,935 earlier) on a favourable risk-reward ratio.

What's in the news *(Click on news for more information)*

- CNG retailers want price hike, government wants to see cost breakup
- Piramal Capital seeking counterbids to sell Rs 702 cr of bad loans
- India's smartphone exports surpasses \$2 bn mark in Oct, sets new record
- Cooling solutions as a service hots up as Tata, Adani make the switch
- Coal India's NCL plans to relocate Morwa township in MP for mining project

Key Metrics

Nifty Index



Day Low	CMP	Day High
23,484	23,533	23,676

DXY	106.7	USDvsINR	84.4
US10YR (%)	4.4	IND10YR (%)	6.9
Brent Crude (\$/bbl)	71.0	WTI (\$/bbl)	67.0
Gold (\$/oz)	2,563	Aluminum (\$/MT)	2,650

Flows (Rs m)

DII	FII
24,818	(18,499)

Actionable Ideas

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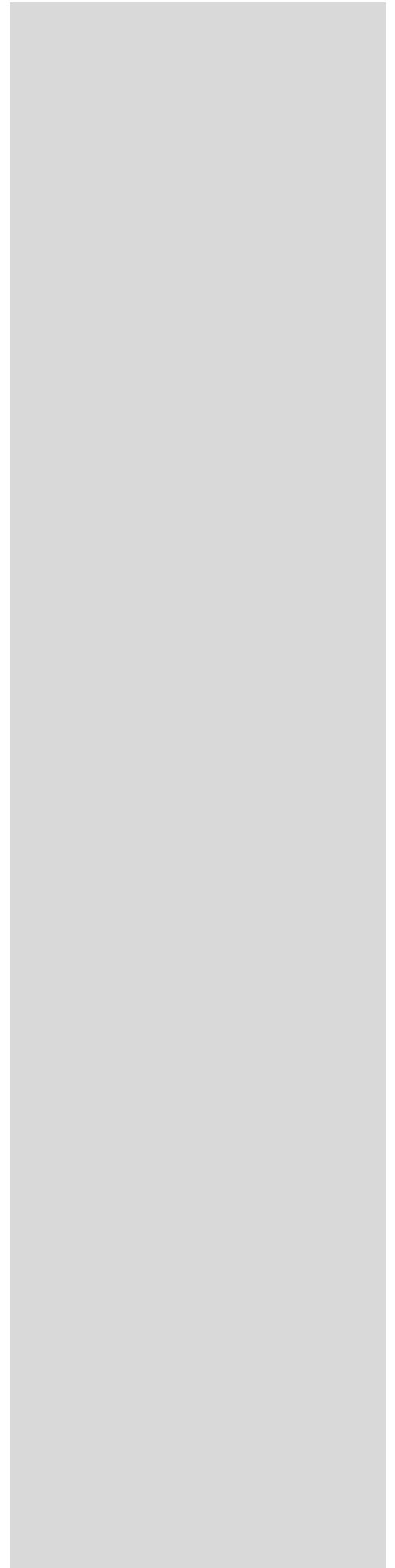
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Expert speak

- Sriharsha Majety, Co-founder & CEO – Swiggy 
- Keshav Bhajanka, ED – Century Plyboards (India) 
- Sivaramkrishnan Ganapathi, MD – Gokaldas Exports 
- Venkatraman Narayanan, MD & CFO – Happiest Minds Technologies 
- Ramesh Kalyanaraman, ED – Kalyan Jewellers India 

Alternative research desk

Trading desk



Published research ➤ [Top](#)**Apollo Tyres Ltd (REDUCE - Maintained, TP: Rs408)** - Margin pressure continues*pramod.amthe@incredresearch.com*

- 2Q consolidated EPS dip of 38% yoy and 12% qoq to Rs4.8 was sharply below our/Bloomberg consensus estimates due to margin pressure.
- Rubber prices easing from recent peak is a relief, but may take some months to reflect in costs. Cut FY25F EPS by 15%, but limit it to 4-8% for FY26F-27F.
- Concerns over slow demand recovery, rise in net debt. Retain REDUCE rating as MRF, the leader, expands its lead over APL in market share and profitability.

Bharat Forge (ADD - Maintained, TP: Rs1,622) - Sales momentum slowdown prolongs*pramod.amthe@incredresearch.com*

- 2Q sales slowdown (flat yoy, -4% qoq) was overcome by soft steel costs and strong product mix benefit on the EBITDA margin. Normalized EPS flat yoy.
- Weakness in India CV and European operations lead to our consolidated EPS cut of 1-3% for FY25F-27F. New order wins provide visibility for FY26F-27F.
- Retain ADD rating on the stock with a lower TP of Rs1,622 for cyclical sales slowdown. Resilient profit margin business model & easing valuation comfort.

Cement (Overweight - Maintained) - Trailing in 1H, infra spending to revive 2H*nishant.bagrecha@incredresearch.com*

- In 2Q, cement volume grew by ~2% yoy (while down ~11% qoq). However, the ABD (Adani, Birla, Dalmia) group outperformed the industry with higher growth.
- Avg. unit EBITDA fell by ~Rs233 qoq in 2Q, driven by bottomed-out prices. Fuel cost dip, decline in fixed costs & price hikes to improve the outlook in 2H.
- We maintain our Overweight stance on the cement sector and retain Ultratech Cement and Ambuja Cements as our top stock picks in the cement sector.

Chemicals - Others (Underweight - Maintained) - Export Chemicals-III*satish.kumar@incredresearch.com*

- In this edition, we will cover 2,4 D, DASDA, ATBS, BHA and TBHQ.
- The US has imposed ADD on Indian 2,4D. DASDA exports are stagnant. Standalone BHA and TBHQ exports are declining as customers prefer blends.
- We retain REDUCE ratings on Atul, Deepak Nitrite, and Clean Science. Vinati remains our ADD-rated stock as ATBS is likely to do well in coming quarters.

Crompton Greaves Consumer Electricals (ADD - Upgrade, TP: Rs480) -

Double-digit margin and premiumization

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- 2Q EBITDA stood at Rs2bn, up 17% YoY (-13% QoQ), 1% below our estimate & 3% above the BB consensus. EBITDA margin was up 94bp YoY at 10.7%.
- CGCEL - focused on maintaining sustainable pricing for fans & premiumization - aims to lead the market by brand strength & expanding its product offerings.
- We largely retain our FY25F-FY27F estimates. The stock price has corrected ~22% from its recent peak. Upgrade to ADD rating with a TP of Rs480.

Finolex Cables (REDUCE - Maintained, TP: Rs1,090) - High-cost inventory impacts earnings*arafat.saiyed@incredresearch.com*

- 2Q EBITDA was down 28% YoY at Rs1.05bn, 35% below our estimate & 28% below BB consensus estimate. The EBITDA margin fell 423bp YoY to 8.1%.
- Lower copper prices in 2QFY25, high-cost inventory of the previous quarter and destocking at the trade level impacted business sentiment.
- For FY25F-27F, we cut revenue estimates by 1%-4% and PAT by 3%-12%. We retain REDUCE rating with a lower target price of Rs1,090 (Rs1,252 earlier).

Fusion Finance Limited (NOT RATED - , TP: Rs270) - Projections volatile; discontinue coverage*jignesh.shial@incredresearch.com*

- We discontinue Fusion Finance's coverage as near-term projections are highly uncertain amid mounting NPAs, slowing growth & a change in management.
- Audit report doubts Fusion Finance on remaining as a going concern. However, strong promoter (Warburg) & Rs5.5bn rights issue provide comfort.
- We reiterate our cautious view on the MFI segment in the near term amid rising defaults and elevated credit costs due to overleveraging & weak underwriting.

Hero MotoCorp (ADD - Maintained, TP: Rs5,810) - Volume momentum to sustain*pramod.amthe@incredresearch.com*

- 2Q EPS growth of 14% yoy & 7% qoq to Rs60.2 in line with our estimate but a 4% beat to BB consensus. The best of festivals-led revival started in Oct 2024.
- We upgrade sales volume by 3% for rural market recovery and new vehicle launches, but EPS upgrade limited to 1-2% for FY25F-27F.
- With the recent sell-off correcting the forward valuation to the 10-year mean level, we retain our ADD rating with an unchanged SOTP-based Rs5,810 TP.

Ipca Laboratories Ltd (ADD - Upgrade, TP: Rs1,720) - Faster turnaround in Unichem portfolio*praful.bohra@incredresearch.com*

- 2Q revenue was in line, although EBITDA marginally below expectation.
- Revenue growth guidance at 9-10% (10-11% earlier); ex-Unichem margin guidance at 22% (21% earlier). FY25F/26F EPS raised by 6%/1%, respectively.
- Upgrade our rating to ADD (from REDUCE) with a higher TP of Rs1,720.

NTPC Green Energy - Scaling capacity for sustained growth*ishan.verma@incredresearch.com*

- NTPC Green plans to increase its operational capacity by a whopping 20x to 60GW by FY32F, from 3.3GW currently. Its total portfolio stands at 26.1GW.
- Long-term PPAs drive predictable cash flows, with FY24 revenue at Rs19.6bn, growing at a 46.82% CAGR & consistent EBITDA margin above 85%.
- India's renewable capacity has quintupled to 201GW in the last decade, with solar leading at 44%, driven by robust policies targeting 450GW by 2030F.

PNC Infratech Ltd (HOLD - Upgrade, TP: Rs309) - Dismal results – awaiting resolution with MORTH*rajарshi.maitra@incredresearch.com*

- 2Q EBITDA fell 41% yoy. PNC gave guidance of 15-20% yoy FY25F sales dip.
- Reasonable 3.2x order book (OB)/ sales likely to deplete in the next year.
- After a 34% decline in the stock price, we upgrade our rating on PNC Infratech to HOLD (REDUCE earlier) with a lower target price of Rs309 (Rs400 earlier).

Thermax Ltd (HOLD - Maintained, TP: Rs5,175) - Order inflow on track; concerns over valuation
arafat.saiyed@incredresearch.com

- 2Q EBITDA at Rs2.8bn, up 36% YoY, 17% above our estimate & 18% above the BB consensus estimate. The EBITDA margin rose by 176bp YoY to 10.6%.
- Order inflow surged 70% YoY to Rs33.5bn; order book grew by 13% YoY to Rs116bn. Management is positive on refining, petrochem and power sectors.
- We largely maintain our FY24-27F estimates. The stock trades at ~2+SD currently. We retain our HOLD rating on it with a higher target price of Rs5,175.

Actionable Ideas [▶ Top](#)

Figure 1: Top Buys (All ADD Ratings)

Company	Bloomberg Ticker	Market Capital (Rs bn)	Price	Target Price	Up/down (%)	Analyst Name
Large Cap						
Tata Consultancy Services	TCS IN	15,000	4,146	4,915	19%	Abhishek SHINDADKAR
HDFC Bank	HDFCB IN	12,938	1,693	2,150	27%	Jignesh SHIAL
State Bank of India	SBIN IN	7,178	804	1,100	37%	Jignesh SHIAL
Bajaj Finance Ltd	BAF IN	4,054	6,549	9,000	37%	Jignesh SHIAL
Maruti Suzuki	MSIL IN	3,460	11,006	14,593	33%	Pramod AMTHE
Pidilite Industries Limited	PIDI IN	1,537	3,022	3,470	15%	Rohan KALLE
Cipla Ltd	CIPLA IN	1,211	1,500	1,640	9%	Praful BOHRA
Mid-cap						
Lupin Ltd	LPC IN	920	2,016	2,329	16%	Praful BOHRA
Hero MotoCorp	HMCL IN	921	4,604	5,810	26%	Pramod AMTHE
Bharat Forge	BHFC IN	619	1,329	1,622	22%	Pramod AMTHE
Container Corp of India Ltd	CCRI IN	479	786	1,083	38%	Rajarshi MAITRA
Petronet LNG	PLNG IN	471	314	519	65%	Satish KUMAR
Aditya Birla Sunlife AMC	ABSLAMC IN	231	801	1,000	25%	Jignesh SHIAL
Small-cap						
Skipper Limited	SKIPPER IN	60	531	615	16%	Arafat SAIYED
Cyient DLM Ltd	CYIENTDL IN	50	630	1,000	59%	Arafat SAIYED
Globus Spirits Ltd	GBSL IN	24	838	1,588	90%	Nitin AWASTHI
TCPL Packaging Ltd	TCPL IN	29	3,179	4,250	34%	Nishant BAGRECHA
BCL Industries Ltd	BCLIL IN	16	53	98	86%	Nitin AWASTHI

SOURCES: INCRED RESEARCH, BLOOMBERG

Figure 2: Top Sells (All REDUCE Ratings)

Company	Bloomberg Ticker	Market Capital (Rs bn)	Price	Target Price	Up/down (%)	Analyst Name
Large Cap						
Tata Steel	TATA IN	1,723	138	82	-41%	Satish KUMAR
InterGlobe Aviation Ltd	INDIGO IN	1,646	3,891	2,400	-38%	Rajarshi MAITRA
Mid-cap						
SBI Cards	SBICARD IN	650	683	500	-27%	Jignesh SHIAL
Exide Industries Ltd	EXID IN	355	418	395	-6%	Pramod AMTHE
Clean Science and Technology	CLEAN IN	138	1,299	665	-49%	Satish KUMAR

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Figure 3: Report links

Date	Analyst	Report Title
16 Nov 2024	Nishant Bagrecha	Cement - Trailing in 1H, infra spending to revive 2H (Overweight-Maintained)
16 Nov 2024	Rajarshi Maitra	PNC Infratech Ltd - Dismal results – awaiting resolution with MORTH (HOLD-Upgrade)
16 Nov 2024	Satish Kumar	Chemicals - Others - Export Chemicals-III (Underweight-Maintained)
16 Nov 2024	Jignesh Shial	Fusion Finance Limited - Projections volatile; discontinue coverage (NOT RATED-)
15 Nov 2024	Pramod Amthe	Apollo Tyres Ltd - Margin pressure continues (REDUCE-Maintained)
15 Nov 2024	Arafat Saiyed	Finolex Cables - High-cost inventory impacts earnings (REDUCE-Maintained)
15 Nov 2024	Arafat Saiyed	Crompton Greaves Consumer Electricals - Double-digit margin and premiumization (ADD-Upgrade)
15 Nov 2024	Pramod Amthe	Hero MotoCorp - Volume momentum to sustain (ADD-Maintained)
14 Nov 2024	Praful Bohra	Alkem Laboratories Ltd - Moving in the right direction (ADD-Upgrade)
14 Nov 2024	Pramod Amthe	Eicher Motors Ltd - Better sales execution drives upgrade (HOLD-Upgrade)
14 Nov 2024	Arafat Saiyed	Thermax Ltd - Order inflow on track; concerns over valuation (HOLD-Maintained)
14 Nov 2024	Praful Bohra	Ipca Laboratories Ltd - Faster turnaround in Unichem portfolio (ADD-Upgrade)
14 Nov 2024	Pramod Amthe	Bharat Forge - Sales momentum slowdown prolongs (ADD-Maintained)
13 Nov 2024	Pramod Amthe	Bosch Ltd - Prolonged slow sales momentum to haunt (REDUCE-Maintained)
13 Nov 2024	Ishan Verma	Elin Electronics - Resilient growth & diversification drive 2Q results (ADD-Maintained)
13 Nov 2024	Pramod Amthe	Samvardhana Motherson International Ltd - Profits weaken; balance sheet strengthens (HOLD-Maintained)
12 Nov 2024	Nishant Bagrecha	TCPL Packaging Ltd - Strong delivery in 1H; momentum to sustain (ADD-Maintained)
12 Nov 2024	Yogesh Soni	Metropolis Healthcare Ltd. - Steady performance likely to continue (ADD-Upgrade)
12 Nov 2024	Arafat Saiyed	Data Patterns (India) Ltd - Weak performance; outlook on track (ADD-Maintained)
12 Nov 2024	Rohan Kalle	Asian Paints Limited - Persistent weakness drives earnings cut (REDUCE-Maintained)

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Figure 1: Report links

Date	Analyst	Report Title
17 Nov 2024	Satish Kumar	Steel - China trade appears to be over before it began, SELL
16 Nov 2024	Nishant Bagrecha	Cement - channel check (Mid-Nov 2024) on East and South market - Shows no sign of recovery
15 Nov 2024	Rajarshi Maitra	Dilip Buildcon 2QFY25 - Construction EBITDA declined 24% yoy, weak order-flow
14 Nov 2024	Rohan Kalle	Agro Tech Foods Ltd (Not Rated) - Acquisition of Del Monte Foods
14 Nov 2024	Satish Kumar	Anupam Rasayan India Ltd - Q2FY25 First cut
14 Nov 2024	Rajarshi Maitra	Delhivery 2QFY25 - Glacial growth & margin dip in Express, weak PTL margin; only silver lining is PTL volume rise
14 Nov 2024	Rajarshi Maitra	VRL Logistics 2QFY25 - Increased focus on margin is a positive
14 Nov 2024	Rajarshi Maitra	Bluedart Express 2QFY25 - Margin languishes despite rise in air cargo; expensive valuations
13 Nov 2024	Satish Kumar	Deepak Nitrite - EPS is unlikely to exceed 55-56 in FY25. Consensus earnings estimates need to be cut by 20% for FY25F and 30% for FY26F
13 Nov 2024	Nitin Awasthi	Gulshan Polyols Ltd - 2QFY25 Results First Cut
13 Nov 2024	Rajarshi Maitra	KNR Constructions 2QFY25 - Weak result, guidance and order book; expensive valuation
13 Nov 2024	Satish Kumar	PI Industries Ltd - Q2FY25 First cut - FY25F earnings in line with consensus expectations
13 Nov 2024	Pramod Amthe	SKF India - 2QFY25 Results First Cut
13 Nov 2024	Satish Kumar	Clean science - Heading towards triple digits, with further declines likely to follow
12 Nov 2024	Arafat Saiyed	Finolex Cables - 2QFY25 First Cut: Weaker than expected performance
12 Nov 2024	Pramod Amthe	SAMIL - 2QFY25 Result disappoint
12 Nov 2024	Arafat Saiyed	Siemens - 5th Transform - Innovation Day 2024: Key takeaways
12 Nov 2024	Satish Kumar	Solid Oxide Fuel Cell (SOFC) - Trump's Return Poses Challenges for Solid Oxide Fuel Cells, Subsidy Reliance at Risk
12 Nov 2024	Satish Kumar	Vinati Organics - Q2FY25 First cut
11 Nov 2024	Nitin Awasthi	Balrampur Chini Mills Ltd - Challenging quarter with profitability concerns

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Recommendation Framework

Stock Ratings

Definition:

- Add** The stock's total return is expected to exceed 10% over the next 12 months.
- Hold** The stock's total return is expected to be between 0% and positive 10% over the next 12 months.
- Reduce** The stock's total return is expected to fall below 0% or more over the next 12 months.

The total expected return of a stock is defined as the sum of the: (i) percentage difference between the target price and the current price and (ii) the forward net dividend yields of the stock. Stock price targets have an investment horizon of 12 months.

Sector Ratings

Definition:

- Overweight** An Overweight rating means stocks in the sector have, on a market cap-weighted basis, a positive absolute recommendation.
- Neutral** A Neutral rating means stocks in the sector have, on a market cap-weighted basis, a neutral absolute recommendation.
- Underweight** An Underweight rating means stocks in the sector have, on a market cap-weighted basis, a negative absolute recommendation.

Country Ratings

Definition:

- Overweight** An Overweight rating means investors should be positioned with an above-market weight in this country relative to benchmark.
- Neutral** A Neutral rating means investors should be positioned with a neutral weight in this country relative to benchmark.
- Underweight** An Underweight rating means investors should be positioned with a below-market weight in this country relative to benchmark.