

India sneak peek

Published research

Constrn & Material - Overall (Underweight - Maintained) - Weak order book, sales & EBITDA margin

Consumer Staples - Overall (Neutral - Maintained) - 2Q results review: Urban woes drag growth

EMS (Overweight - Maintained) - Burgeoning glocalization is here to stay

Gulshan Polyols Ltd (ADD - Maintained, TP: Rs359) - Moving ahead with fully expanded capacity

Healthcare - Overall (Overweight - Upgrade) - 2QFY25 results review

Industrial Goods and Services (Overweight - Maintained) - One more quarter of sustained growth

Metals and Mining (Neutral - Maintained) - Indian iron ore - structural upswing

Top Investment Idea

Aurobindo Pharma (HOLD - Downgrade, TP: Rs1,368) - Positives priced in; downgrade to HOLD






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- Weak 2Q results. Margin impacted by higher R&D spending & weak US biz.
- Pen-G and Vizag plant should start contributing from FY26F.
- FY25F/26F EPS estimates revised downwards by 7%/9%. We downgrade the stock's rating to HOLD (ADD earlier) with a lower target price of Rs1,368.

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

- Gautam Adani indicted in US over role in alleged bribery, fraud
- Delhi Pollution: Coal plants' target miss to add to the deadly smog
- USFDA issues seven observations to Dr Reddy's Hyderabad manufacturing plant
- Banks seek more collateral for Vi LCs, putting its upgrade plans in jeopardy
- Adani to buy PSP projects stake to boost construction arm

Expert speak

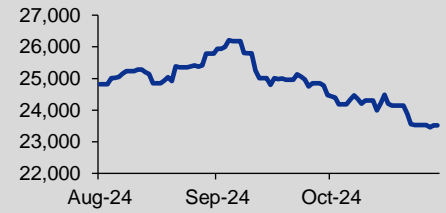
- Tarun Garg, COO & WTD – Hyundai Motor 
- VD Mhaiskar, CMD – IRB Infrastructure Developers 
- Parakramsinh Jadeja, CMD – Jyoti CNC Automation 
- Patanjali Keswani, CMD – Lemon Tree Hotels 
- G Madhukar Reddy, MD CEO – Medplus Health Services 

Alternative research desk

Trading desk

Key Metrics

Nifty Index



Day Low	CMP	Day High
23,465	23,519	23,781

DXY	106.7	USDvsINR	84.4
US10YR (%)	4.4	IND10YR (%)	6.8
Brent Crude (\$/bbl)	73.0	WTI (\$/bbl)	68.9
Gold (\$/oz)	2,650	Aluminum (\$/MT)	2,645

Flows (Rs m)

DII	FII
27,839	(34,117)

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Constrn & Material - Overall (Underweight - Maintained) - Weak order book, sales & EBITDA margin

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- Weak OB-to-sales (26% below Mar 2023) may lead to weak FY25F sales.
- The compression trend in EBITDA margin to add to the woes. Over 1HFY20-25, while industry sales CAGR was at 8.1%, EBITDA CAGR was lower (3.9%).
- Despite an average 20% dip in stock prices in the last three months, we maintain our Underweight rating on the sector.

Consumer Staples - Overall (Neutral - Maintained) - 2Q results review: Urban woes drag growth

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- While rural demand improved gradually, the slowdown in urban markets (driven by metro markets) led to a 2.1% yoy growth for our FMCG pack in 2QFY25.
- Our paint pack posted a 1.8% yoy sales decline in 2Q, largely led by weak demand for decorative paints. The industrial segment fared slightly better.
- Ethos outperformed the retail pack in 1H & should post strong growth in 2H led by festive/wedding-related demand. TCPL's export momentum picked up.

EMS (Overweight - Maintained) - Burgeoning glocalization is here to stay

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- In 2Q, our EMS coverage universe reported a 98% YoY growth in revenue while EBITDA & PAT were also up significantly by 81% and 89%, respectively.
- FY25F RAC industry volume is expected at 13m units. Kaynes expects a revenue of Rs30bn, (+66%). PGEL's sales/PAT growth guidance at 50%/83%.
- We believe that 'burgeoning glocalization' will continue in India. We upgrade our rating on Kaynes to ADD (from HOLD) and downgrade Amber to HOLD.

Gulshan Polyols Ltd (ADD - Maintained, TP: Rs359) - Moving ahead with fully expanded capacity

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- Gulshan Polyols has operationalized its additional 750klpd of distillation capacity, turning itself into a giant in the domestic industry.
- However, its grain processing division for starch-based derivatives is expected to continue witnessing a severe downturn throughout FY25F.
- Retain ADD rating on the stock with a marginally higher target price of Rs359.

Healthcare - Overall (Overweight - Upgrade) - 2QFY25 results review

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- 2Q results of our pharma universe were mixed. Downgrade Aurobindo (to HOLD) & upgrade Cipla, Alkem, Ipca (to ADD) and Gland & Laurus (to HOLD).
- We prefer structural plays viz. CDMO and branded generics. US generics priced to perfection with little margin of error.
- Diagnostics companies upgraded to ADD. Reduced competitive intensity and network expansion to aid volume growth.

Industrial Goods and Services (Overweight - Maintained) - One more quarter of sustained growth

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- Voltas and BEL saw the highest margin expansion at 313bp & 514bp, respectively. Skipper continues to post strong results, with 66% PAT growth.
- Despite lower order prospects at Rs8.08tr (down 10% YoY), L&T maintained 10% order inflow growth and 15% revenue growth guidance for FY25F.
- In view of long-term order visibility, strong execution & margin expansion, we retain Overweight rating for the sector. We upgrade Cummins India to HOLD.

Metals and Mining (Neutral - Maintained) - Indian iron ore - structural upswing

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- Newly auctioned iron ore mines are unviable to operate, and steel scrap availability not rising in sync with steel output. Iron ore prices are likely to rise.
- Any shortfall in production (25mt, 62%Fe) by Lloyds could lead to an iron ore shortage in FY26F. In our base case, shortage is expected to begin in FY27F.
- NMDC remains our top pick. We value the stock at 6.5x FY26F EV/EBITDA to arrive at our target price of Rs319. Retain our ADD rating on it.

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	14,615	4,040	4,915	22%	Abhishek SHINDADKAR
HDFC Bank	HDFCB IN	13,316	1,742	2,150	23%	Jignesh SHIAL
State Bank of India	SBIN IN	7,166	803	1,100	37%	Jignesh SHIAL
Bajaj Finance Ltd	BAF IN	4,082	6,595	9,000	36%	Jignesh SHIAL
Maruti Suzuki	MSIL IN	3,446	10,959	14,593	33%	Pramod AMTHE
Pidilite Industries Limited	PIDI IN	1,527	3,002	3,470	16%	Rohan KALLE
Cipla Ltd	CIPLA IN	1,188	1,472	1,640	11%	Praful BOHRA
Mid-cap						
Lupin Ltd	LPC IN	930	2,038	2,329	14%	Praful BOHRA
Hero MotoCorp	HMCL IN	955	4,776	5,810	22%	Pramod AMTHE
Bharat Forge	BHFC IN	616	1,323	1,622	23%	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	236	820	1,000	22%	Jignesh SHIAL
Small-cap						
Skipper Limited	SKIPPER IN	60	529	615	16%	Arafat SAIYED
Cyient DLM Ltd	CYIENTDL IN	50	637	1,000	57%	Arafat SAIYED
Globus Spirits Ltd	GBSL IN	24	833	1,584	90%	Nitin AWASTHI
TCPL Packaging Ltd	TCPL IN	28	3,100	4,250	37%	Nishant BAGRECHA
BCL Industries Ltd	BCLIL IN	16	53	98	84%	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	1,741	139	82	-41%	Satish KUMAR
InterGlobe Aviation Ltd	INDIGO IN	1,646	4,046	2,400	-41%	Rajarshi MAITRA
Mid-cap						
SBI Cards	SBICARD IN	651	685	500	-27%	Jignesh SHIAL
Exide Industries Ltd	EXID IN	358	422	395	-6%	Pramod AMTHE
Clean Science and Technology	CLEAN IN	137	1,291	665	-48%	Satish KUMAR

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Figure 3: Report links

Date	Analyst	Report Title
21 Nov 2024	Satish Kumar	Metals and Mining - Indian iron ore - structural upswing (Neutral-Maintained)
20 Nov 2024	Arafat Saiyed	EMS - Burgeoning glocalization is here to stay (Overweight-Maintained)
20 Nov 2024	Rajarshi Maitra	Constrn & Material - Overall - Weak order book, sales & EBITDA margin (Underweight-Maintained)
20 Nov 2024	Praful Bohra	Healthcare - Overall - 2QFY25 results review (Overweight-Upgrade)
19 Nov 2024	Pramod Amthe	Auto & Parts - Overall - 2QFY25 results review (Neutral-Maintained)
19 Nov 2024	Arafat Saiyed	Industrial Goods and Services - One more quarter of sustained growth (Overweight-Maintained)
19 Nov 2024	Nitin Awasthi	Gulshan Polyols Ltd - Moving ahead with fully expanded capacity (ADD-Maintained)
19 Nov 2024	Rohan Kalle	Consumer Staples - Overall - 2Q results review: Urban woes drag growth (Neutral-Maintained)
18 Nov 2024	Nitin Awasthi	Balrampur Chini Mills Ltd - Maintain our anti-consensus view: REDUCE (REDUCE-Maintained)
18 Nov 2024	Nitin Awasthi	Globus Spirits Ltd - On the right track (ADD-Maintained)
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)

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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.
<i>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.</i>	
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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.
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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.