

India

InCred Sector rating

Overweight	Neutral	Underweight
Aluminium	Automobile	Agribusiness
Cement	Auto Ancillary	Aviation
Capital Goods	Building Materials	Chemicals
Consumer Electricals	Consumer staples	Metals & Mining
Electronic Manf services	Infrastructure	Ports & Logistics
Financial Services		
Information Technology		
Oil and Gas		
Pharma		

India Strategy

High-conviction stock ideas for Dec 2024

- The downward revision in FY25F estimates continues as the RBI cut the country's GDP growth outlook by 60bp and raised inflation estimate by 30bp.
- However, high frequency data points of Oct-Nov 2024 like GST collection growth and core sector growth provide hope in 2H.
- We feel the Nifty-50 index's consolidation will continue in the short term. We maintain our high-conviction stock list with a preference for large-caps.

Challenging macro trend raises repo rate cut hopes in early CY25F

- The country's weak real gross domestic product or GDP growth data point for the Sep 2024 quarter at 5.4% was disappointing, as growth struggled on account of slower gross fixed capital formation (GFCF) and a large trade deficit. However, the improved m-o-m growth in the Index of Eight Core Industries (ICI) in Oct 2024 and the festive season-led momentum provide hope, thereby limiting the RBI's FY25F GDP growth forecast cut to 60bp at 6.6%.
- The central bank's action to improve liquidity via a 50bp cash reserve ratio or CRR cut to 4% and augmenting dollar deposit mobilization by banks for US dollar (USD) vs. Indian rupee (INR) management provide comfort.
- However, rising inflation in Oct-Nov 2024 led to an upgrade in the RBI's inflation estimate by 30bp to 4.8% for FY25F. But RBI's expectation of inflation easing to 4% by Feb 2025F and the urgency to revive slowing GDP growth raise hopes of a repo rate cut in 1QCY25F.
- We maintain our cautious stance on the Nifty-50 Index with just a 3% upside in the target to 25,327 by Mar 2025F, as the forward P/E eased below the 10-year mean level but the downgrade in macroeconomic factors and earnings continues in the short term. We prefer large-caps over mid- and small-caps.

Synopsis of high-conviction stock ideas: [Detail stock-wise PPT link](#)

Recent performance (since the start of the series in Sep 2022):

- **Big outperformers to Nifty:** Skipper (ADD), Aditya Birla Sunlife AMC (ADD) and TCPL Packaging (ADD).
- **Underperformers to Nifty:** Hero MotoCorp (ADD), Exide Industries (REDUCE) and Cipla (ADD).
- **Addition to the list:** None.
- **Deletion from the list:** None.
- **Technical trend favourable ideas:** Bajaj Finance (ADD) and HDFC Bank (ADD).

Research Analyst(s)



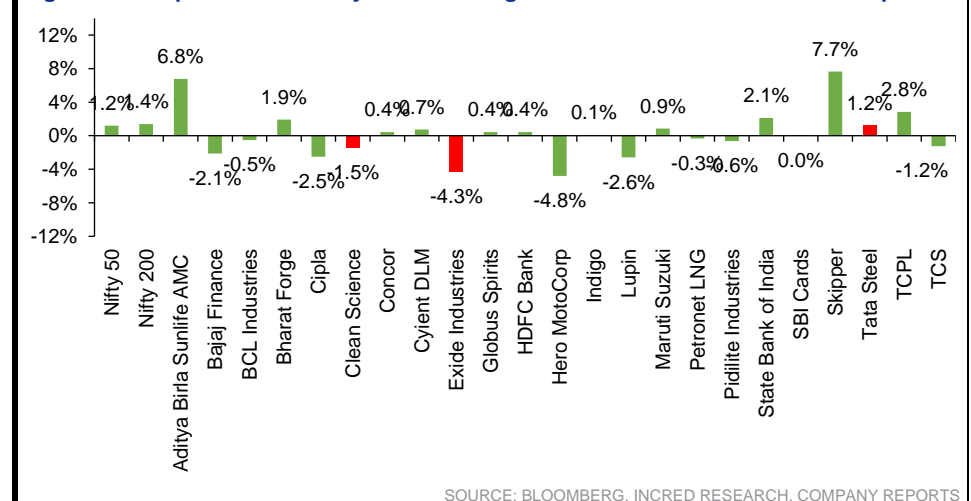
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Figure 1: Compounded monthly returns of high-conviction stock ideas since Sep 2022



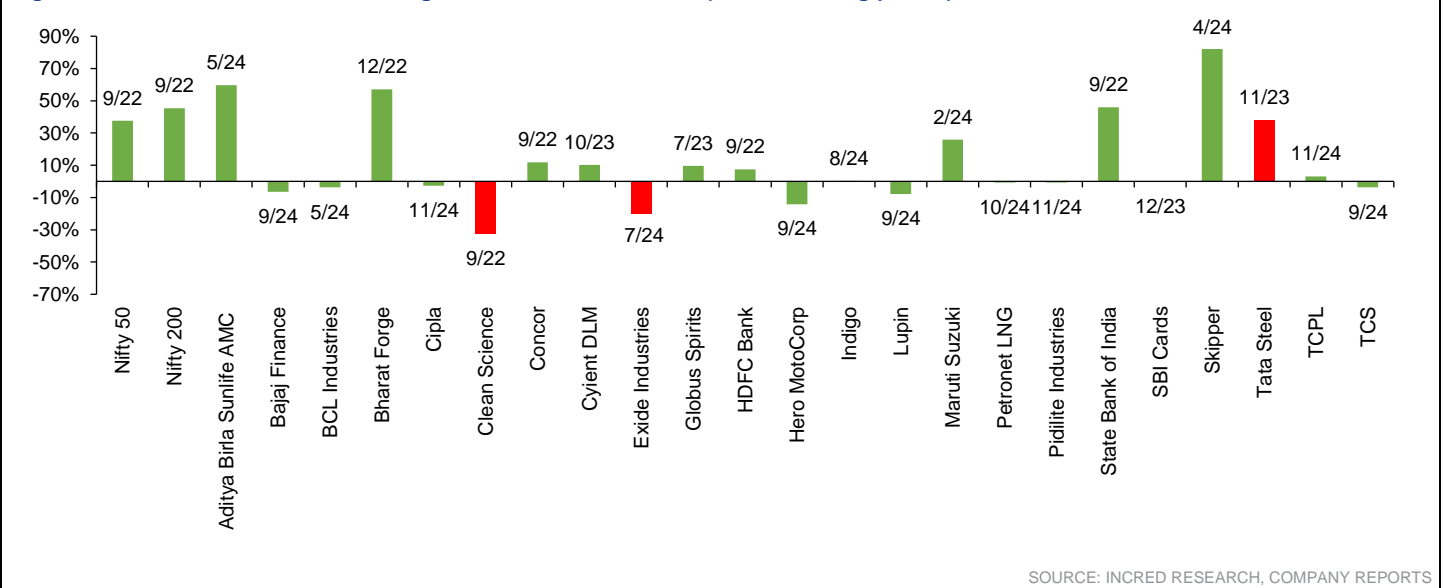
SOURCE: BLOOMBERG, INCRED RESEARCH, COMPANY REPORTS

Figure 2: High-conviction stock ideas based on market-capitalization category and analyst coverage details

Large-cap Ideas					
Name	Stock Rating	Market Cap. (Rs m)	Target Price (Rs)	Upside/Downside	Analyst Name
HDFC Bank	ADD	1,40,71,495	2,150	15.6%	Jignesh SHIAL
Tata Consultancy Services	ADD	1,55,93,772	4,915	12.9%	Abhishek SHINDADKAR
State Bank of India	ADD	75,94,173	1,100	28.0%	Jignesh SHIAL
Bajaj Finance	ADD	41,29,446	9,000	33.5%	Jignesh SHIAL
Maruti Suzuki	ADD	34,63,532	14,593	31.1%	Pramod AMTHE
Tata Steel	REDUCE	18,02,217	82	-43.8%	Satish KUMAR
Pidilite Industries	ADD	16,13,340	3,470	8.3%	Rohan KALLE
InterGlobe Aviation	REDUCE	16,71,592	2,400	-45.1%	Rajarshi MAITRA
Cipla	ADD	11,99,732	1,640	9.3%	Praful BOHRA
Lupin	ADD	9,48,980	2,329	10.8%	Praful BOHRA
Hero MotoCorp	ADD	9,17,703	5,810	25.3%	Pramod AMTHE
Mid-cap Ideas					
Name	Stock Rating	Market Cap (Rs m)	Target Price (Rs)	Upside/Downside	Analyst Name
Bharat Forge	ADD	6,34,986	1,622	17.7%	Pramod AMTHE
SBI Cards	REDUCE	6,72,957	500	-30.0%	Jignesh SHIAL
Container Corporation of India	ADD	5,09,146	1,083	28.3%	Rajarshi MAITRA
Petronet LNG	ADD	4,99,375	519	54.3%	Satish KUMAR
Exide Industries	REDUCE	3,82,550	395	-13.1%	Pramod AMTHE
Small-cap Ideas					
Name	Stock Rating	Market Cap (Rs m)	Target Price (Rs)	Upside/Downside	Analyst Name
Aditya Birla Sunlife AMC	ADD	2,42,310	1,000	17.8%	Jignesh SHIAL
Clean Science and Technology	REDUCE	1,35,382	665	-48.3%	Satish KUMAR
Cyient DLM	ADD	54,406	1,000	44.3%	Arafat SAIYED
Skipper	ADD	60,612	615	5.7%	Arafat SAIYED
Globus Spirits	ADD	25,717	1,584	76.0%	Nitin AWASTHI
TCPL Packaging	ADD	29,482	4,250	29.8%	Nishant BAGRECHA
BCL Industries	ADD	16,363	98	75.3%	Nitin AWASTHI

SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 3: Absolute returns from our high-conviction stock ideas (for the holding period)



SOURCE: INCRED RESEARCH, COMPANY REPORTS

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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>	
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.