

## India

# Money, Military & Markets-XIII

## India is nearing partial air dominance

- India has gained partial air superiority over Pakistan, thanks to its advanced, integrated air defence systems.
- Despite the volatility, the likelihood of a full-scale war is low due to Pakistan's limited capacity, and psychological warfare will intensify.
- Amid all this, Indian defence sector stocks are expected to perform well, with Indian companies proving competitive on the global defence stage.

### Psyops will be the name of the game now, buy the dips

Money, Military, and Markets had noted on [14th Mar](#) & [26th Apr](#) 2025 regarding the possibility of impending India-Pakistan skirmishes and the likely course of action. We also emphasized on 26th Apr 2025 that *there is no shame in being shamed in private*. Hence India is not in a mood to give off-ramp to Pakistan Army Chief General Asif Munir. Historically, Pakistan has successfully leveraged the nuclear bogey to deter Indian escalation. However, this time it's different. India's air defence system has surprised almost everyone globally — and we are no exception. The country's seven-layered defence shield has successfully intercepted nearly every missile attack attempt on Indian soil. Pakistan now appears eager to conclude this skirmish on a note of triumph, so that the Pakistani army can sell a narrative of "undefeatability" to its domestic population. However, the Indian side is fully aware of this tactic and is not conceding any ground. While the escalation ladder may spiral outward — and we cannot fully rule out that possibility — we still do not envisage a scenario involving a full-scale, debilitating war. Pakistan simply lacks the economic and logistical capacity to sustain such a conflict for even a few days. In the weeks ahead, expect an intensified wave of propaganda warfare and psychological operations (psyops). Markets may remain volatile during this period — but within this volatility lies once-in-a-lifetime opportunities. Stay light on leverage, and buy Indian defence sector stocks.

### Unlike India, Pakistan's system doesn't appear to be integrated...

In contrast, Pakistan's air defence is limited, relying on older and less advanced systems like the Chinese-made HQ-9 and HQ-16, which India has successfully jammed and destroyed, leaving Pakistan vulnerable in the air. Additionally, it appears that Pakistan's air defence systems, including the Oaki systems, are not well-integrated. The various components of the system do not share data effectively with each other, which significantly hampers the system's ability to respond quickly to threats. In practice, this lack of integration means that Pakistan's defence network is slow to react to aerial incursions, and in many cases, manual intervention is required to decide which system should be activated in response to an incoming attack.

### ...and as a result, India has gained partial air superiority

As a result of the significant damage to Pakistan's air defence infrastructure, including the loss of radar installations and the collapse of its ability to intercept Indian aerial operations, India has gained partial air dominance. The Indian Air Force (IAF) now operates freely within the Pakistani airspace, while Pakistan's air force struggles to respond. Although Pakistan could mount a desperate counterattack by deploying all available assets in one last stand, India is well-prepared to counter this. The situation remains volatile, and while a full-scale war seems unlikely due to Pakistan's lack of economic and logistical capacity, psychological operations & propaganda warfare are likely to intensify in the coming weeks.

### During volatility, discard the noise; India's defence stocks big +ve

The psychological operations (psyops) will undoubtedly continue to dominate the narrative in the coming weeks, with a lot of noise and propaganda, but it's essential to stay focused on the fundamentals—earnings.. In fact, even Israel's Iron Dome, THAAD, and Patriot systems do not communicate with one another; they operate as separate, independent systems. This highlights the potential for India's defence sector companies which are continuing to innovate and strengthen their capabilities. As a result, Indian defence sector companies could tap into lucrative export markets in the coming years, further solidifying India's position in the global defence equipment industry.

#### Research Analyst(s)

**Satish KUMAR**

T (91) 22 4161 1562

E [satish.kumar@incredresearch.com](mailto:satish.kumar@incredresearch.com)**Abbas PUNJANI**

T (91) 22 4161 1598

E [abbas.punjani@incredresearch.com](mailto:abbas.punjani@incredresearch.com)

---

## India is nearing air dominance

Money, Military, and Markets had noted on 14th Mar and 26th Apr 2025 the possibility of impending India-Pakistan skirmishes and the likely course of action. We also emphasized on 26 Apr 2025 that *there is no shame in being shamed in private*. Hence, India is not in a mood to give off-ramp to Pakistan General Asif Munir. Historically, Pakistan has successfully leveraged the nuclear bogey to deter Indian escalation. However, this time is different. India's air defence system has surprised almost everyone globally — and we are no exception. The country's seven-layered defence shield has successfully intercepted nearly every missile attack attempt on Indian soil. Pakistan now appears eager to conclude this skirmish on a note of triumph, so that the Pakistani army can sell a narrative of "indefeatability" to its domestic population. However, the Indian side is fully aware of this tactic and is not conceding any ground. While the escalation ladder may spiral outward — and we cannot fully rule out that possibility — we still do not envisage a scenario involving a full-scale, debilitating war. Pakistan simply lacks the economic and logistical capacity to sustain such a conflict for even a few days. In the weeks ahead, expect an intensified wave of propaganda warfare and psychological operations (psyops). Markets may remain volatile during this period — but within this volatility lies once-in-a-lifetime opportunities. Stay light on leverage, and buy Indian defence sector stocks.

### What has happened so far?

#### India attacked Pak terror networks on 7<sup>th</sup> May 2025 ►

On 7th May 2025, India launched a significant military operation named Operation Sindoor, targeting the terrorist infrastructure in Pakistan and Pakistan-occupied Kashmir (PoK). This action was in retaliation for the Pahalgam attack on 22nd Apr 2025, where 26 Indian tourists were killed by militants. India attributed the attack to The Resistance Front (TRF), believed to be an offshoot of Lashkar-e-Taiba (LeT) with alleged ties to Pakistan's Inter-Services Intelligence or ISI.

1. Nine locations associated with Jaish-e-Mohammed (JeM) and LeT were struck, including sites in Bahawalpur, Muridke, Sialkot, and Muzaffarabad .
2. India reported eliminating over 100 militants, including close aides and family members of JeM chief Masood Azhar .
3. The Indian Air Force deployed Rafale jets equipped with SCALP cruise missiles and AASM Hammer bombs during the 23-minute operation. .

#### In the post-attack press conference, India declared that Pakistani military infrastructure was not their target ►

In the post-attack press conference, India declared that it had targeted only terror infrastructure and had no intention of escalating the situation. India specifically indicated that it does not intend to impair Pakistan's war-waging capability.

#### Pakistan responded with drones and loitering ammunition ►

Pakistan has responded to recent escalations with India by deploying drones and loitering munitions as part of a broader military operation. They also targeted the Indian border with heavy artillery and small arms fire. The borders in Poonch and Uri were severely shelled, resulting in the death of 16–20 civilians and 3 soldiers.

#### India's seven-layer defence system intercepted and neutralized every projectile that entered Indian airspace, including drones, ballistic missiles, and cruise missiles ►

India's air defence architecture is a sophisticated, multi-layered shield designed to protect against a spectrum of aerial threats, including ballistic missiles, cruise missiles, aircraft, and drones. This system integrates indigenous and imported

technologies, creating overlapping zones of protection that maximize interception chances at various altitudes and ranges.

### Key features and structure

India employs a network of ground-based and airborne radars, satellites, and reconnaissance drones to detect and track incoming threats at the earliest possible stage. These sensors feed real-time data to command and control centres, enabling rapid threat assessment and response coordination.

### Command and control integration

The backbone of the system is platforms like the Akashteer Air Defence Command and Control System, which fuse data from multiple sources (radars, sensors, and intelligence) to create a unified, real-time air picture. This allows seamless coordination between the Indian Air Force and army air defence units.

1. **Outer Layer: Long-Range Interception.** S-400 Triumf (Sudarshan Chakra): Forms the outermost ring, capable of intercepting threats up to 400 km away, including aircraft, cruise missiles, and ballistic missiles.
2. **Ballistic Missile Defence (BMD) Programme:** Includes the Prithvi Air Defence (PAD) for exo-atmospheric (high-altitude) interception and Advanced Air Defence (AAD) for endo-atmospheric (lower-altitude) interception, providing a double-tiered shield against ballistic missiles.
3. **Medium-Range Layer Barak-8 MRSAM:** Guards key installations with a range of up to 70km, effective against aircraft, missiles, and drones.
4. **Akash Missile System:** The indigenous backbone, with a range of 25–50km, capable of engaging multiple aerial targets including UAVs and low-flying projectiles.
5. **Short-Range and Point Defence Spyder System:** An Israeli quick-reaction missile system with a 15km range, effective against low-flying threats.
6. **SAMAR System:** Uses Russian Vypel missiles, effective within 12km, for low-flying targets like drones.
7. **Pechora (S-125) and OSA-AK:** Soviet-origin systems for close-in protection.
8. **Very Short Range Air Defence (VSHORAD) and Anti-Aircraft Guns.** VSHORAD: Man-portable or tripod-mounted systems for last-ditch defence against targets at very close range.
9. **Anti-Aircraft Guns:** Zu-23, L-70, and Shilka self-propelled guns provide rapid-fire capability against drones and low-flying aircraft in the terminal phase.
10. **Non-Kinetic and Electronic Warfare:** The system integrates electronic warfare tools for jamming and spoofing, as well as directed energy weapons (lasers) for neutralizing drones and incoming munitions, adding a non-kinetic layer to the defence grid.

### How the layers work together?

1. **Detection:** Early warning radars and satellites spot threats far from Indian airspace.
2. **Long-range interception:** S-400 and BMD interceptors attempt to neutralize threats before they approach critical targets.
3. **Mid-range and short-range:** Barak-8, Akash, Spyder, and SAMAR systems engage threats that penetrate the outer ring.
4. **Terminal defence:** VSHORAD and anti-aircraft guns act as the last line of defence, especially against drones and low-flying munitions.
5. **Electronic warfare:** Jamming and spoofing disrupt enemy guidance systems, while lasers may be used to destroy drones in flight.

**Figure 1: Details of the seven-layered air defence system are given below**

Layer	System/Technology	Range/Role
Early Warning & Surveillance	Radars, Satellites	Detection at long distances
Command & Control	Akashteer, ADCRS	Integration & coordination
Long-Range Interception	S-400, PAD (BMD)	Up to 400km, exo-atmospheric
Medium-Range Defence	Barak-8, Akash	25–70km
Short-Range Defence	Spyder, SAMAR, Pechora	12–25km
Very Short Range	VSHORAD, OSA-AK	<10km, man-portable
Terminal & Non-Kinetic	Zu-23, L-70, Shilka, EW	Close-in, jamming, lasers

SOURCE: INCRED RESEARCH, COMPANY REPORTS

**Pakistan does not possess any capability comparable to this ➤****Figure 2: Details of the Pak air defence system are given below**

Layer/Role	System(s)
Long-Range (Upper-Tier)	HQ-9P, HQ-9BE, FD-2000
Medium-Range	LY-80 (HQ-16), LY-80N, HQ-16FE
Short-Range	FM-90 (HQ-7 export), HQ-7
Very Short Range (VSHORAD)	FN-6, FN-16 (Chinese MANPADS), ANZA Mk-II/III (indigenous), Saab RBS-70 NG (Swedish)
Anti-Aircraft Artillery	Various legacy guns
Radar & C3I	HT-233 (HQ-9), IBS-150 (LY-80), other Chinese and indigenous radars

SOURCE: INCRED RESEARCH, COMPANY REPORTS

The backbone of this system is the Chinese system HQ-9 HQ-16, etc. which has been jammed/ destroyed by the Indian Air Force.

**Indian drones and missiles have destroyed multiple Pakistani radar installations ➤**

Indian forces have destroyed multiple radar installations, leading to a collapse in Pakistan's ability to intercept Indian drones and missiles. The situation is so desperate that, in many cases, Pakistani fighter jets have been seen chasing drones to shoot them down.

**As a result, Pakistan is effectively blind in the air across several regions ➤**

Because of the loss of air defence capability, Pakistani air force is practically blind and is only reacting to information relayed by its AWACS who need to be airborne to send information. Remember, because India has S-400 which has the capacity to look 600km and engage targets up to the range of 400km, even Pakistani AWACS are not safe. India is not using S-400 to kill low-value targets like Pakistani jets or drones its AWACS which remain the backbone of Pakistani air force now and will be attacked in the coming days.

**This resulted in partial air dominance by the Indian Air Force ➤**

The Indian Air Force is easily entering Pakistani airspace, while Indian drones and missiles are not being countered in any way by the Pakistani Air Force.

**However, Pakistan could inflict heavy damage by throwing everything it has into one last standoff ➤**

This will mean multiple squadron of airplanes striking at once along with a swarm of drones and ballistic missiles. Deranged Pakistani generals are capable enough to do that and that's what India has to look out for. .

---

## DISCLAIMER

---

This report (including the views and opinions expressed therein, and the information comprised therein) has been prepared by Incred Research Services Private Ltd. (formerly known as Earnest Innovation Partners Private Limited) (hereinafter referred to as "IRSPL"). IRSPL is registered with SEBI as a Research Analyst vide Registration No. INH000011024. Pursuant to a trademark agreement, IRSPL has adopted "Incred Equities" as its trademark for use in this report.

The term "IRSPL" shall, unless the context otherwise requires, mean IRSPL and its affiliates, subsidiaries and related companies. This report is not directed or intended for distribution to or use by any person or entity resident in a state, country or any jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject IRSPL and its affiliates/group companies to registration or licensing requirements within such jurisdictions.

This report is being supplied to you strictly on the basis that it will remain confidential. No part of this report may be (i) copied, photocopied, duplicated, stored or reproduced in any form by any means; or (ii) redistributed or passed on, directly or indirectly, to any other person in whole or in part, for any purpose without the prior written consent of IRSPL.

The information contained in this report is prepared from data believed to be correct and reliable at the time of issue of this report.

IRSPL is not required to issue regular reports on the subject matter of this report at any frequency and it may cease to do so or change the periodicity of reports at any time. IRSPL is not under any obligation to update this report in the event of a material change to the information contained in this report. IRSPL has not any and will not accept any, obligation to (i) check or ensure that the contents of this report remain current, reliable or relevant; (ii) ensure that the content of this report constitutes all the information a prospective investor may require; (iii) ensure the adequacy, accuracy, completeness, reliability or fairness of any views, opinions and information, and accordingly, IRSPL and its affiliates/group companies (and their respective directors, associates, connected persons and/or employees) shall not be liable in any manner whatsoever for any consequences (including but not limited to any direct, indirect or consequential losses, loss of profits and damages) of any reliance thereon or usage thereof.

Unless otherwise specified, this report is based upon reasonable sources. Such sources will, unless otherwise specified, for market data, be market data and prices available from the main stock exchange or market where the relevant security is listed, or, where appropriate, any other market. Information on the accounts and business of company(ies) will generally be based on published statements of the company(ies), information disseminated by regulatory information services, other publicly available information and information resulting from our research. While every effort is made to ensure that statements of facts made in this report are accurate, all estimates, projections, forecasts, expressions of opinion and other subjective judgments contained in this report are based on assumptions considered to be reasonable as of the date of the document in which they are contained and must not be construed as a representation that the matters referred to therein will occur. Past performance is not a reliable indicator of future performance. The value of investments may go down as well as up and those investing may, depending on the investments in question, lose more than the initial investment. No report shall constitute an offer or an invitation by or on behalf of IRSPL and its affiliates/group companies to any person to buy or sell any investments.

The opinions expressed are based on information which is believed to be accurate and complete and obtained through reliable public or other non-confidential sources at the time made (information barriers and other arrangements may be established, where necessary, to prevent conflicts of interests arising. However, the analyst(s) may receive compensation that is based on his/their coverage of company(ies) in the performance of his/their duties or the performance of his/their recommendations. In reviewing this report, an investor should be aware that any or all of the foregoing, among other things, may give rise to real or potential conflicts of interest. Additional information is, subject to the duties of confidentiality, available on request. The report is not a "prospectus" as defined under Indian Law, including the Companies Act, 2013, and is not, and shall not be, approved by, or filed or registered with, any Indian regulator, including any Registrar of Companies in India, SEBI, any Indian stock exchange, or the Reserve Bank of India. No offer, or invitation to offer, or solicitation of subscription with respect to any such securities listed or proposed to be listed in India is being made, or intended to be made, to the public, or to any member or section of the public in India, through or pursuant to this report.

The research analysts, strategists or economists principally responsible for the preparation of this research report are segregated from the other activities of IRSPL. Information barriers and other arrangements have been established, as required, to prevent any conflicts of interests.

The research analysts, strategists or economists principally responsible for the preparation of this research report are segregated from the other activities of IRSPL. Information barriers and other arrangements have been established, as required, to prevent any conflicts of interests.

IRSPL may have issued other reports (based on technical analysis, event specific, short-term views, etc.) that are inconsistent with and reach a different conclusion from the information presented in this report.

Holding of Analysts/Relatives of Analysts, IRSPL and Associates of IRSPL in the covered securities, as on the date of publishing of this report

Research Analyst or his/her relative(s) or InCred Research Services Private Limited or our associate may have any financial interest in the subject company.

Research Analyst or his/her relatives or InCred Research Services Limited or our associates may have actual or beneficial ownership of 1% or more securities of the subject company(ies) at the end of the month immediately preceding the date of publication of the Research Report.

Research Analyst or his/her relative or InCred Research Services Private Limited or our associate entities may have any other material conflict of interest at the time of publication of the Research Report.



In the past 12 months, IRSPL or any of its associates may have:

- a) Received any compensation/other benefits from the subject company,
- b) Managed or co-managed public offering of securities for the subject company,
- c) Received compensation for investment banking or merchant banking or brokerage services from the subject company,
- d) Received compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company

We or our associates may have received compensation or other benefits from the subject company(ies) or third party in connection with the research report.

Research Analyst may have served as director, officer, or employee in the subject company.

We or our research analyst may engage in market-making activity of the subject company.

#### **Analyst declaration**

- The analyst responsible for the production of this report hereby certifies that the views expressed herein accurately and exclusively reflect his or her personal views and opinions about any and all of the issuers or securities analysed in this report and were prepared independently and autonomously in an unbiased manner.
- No part of the compensation of the analyst(s) was, is, or will be directly or indirectly related to the inclusion of specific recommendations(s) or view(s) in this report or based on any specific investment banking transaction.
- The analyst(s) has(have) not had any serious disciplinary action taken against him/her(them).
- The analyst, strategist, or economist does not have any material conflict of interest at the time of publication of this report.
- The analyst(s) has(have) received compensation based upon various factors, including quality, accuracy and value of research, overall firm performance, client feedback and competitive factors.

IRSPL and/or its affiliates and/or its Directors/employees may own or have positions in securities of the company(ies) covered in this report or any securities related thereto and may from time to time add to or dispose of, or may be materially interested in, any such securities.

IRSPL and/or its affiliates and/or its Directors/employees may do and seek to do business with the company(ies) covered in this research report and may from time to time (a) buy/sell the securities covered in this report, from time to time and/or (b) act as market maker or have assumed an underwriting commitment in securities of such company(ies), and/or (c) may sell them to or buy them from customers on a principal basis and/or (d) may also perform or seek to perform significant investment banking, advisory, underwriting or placement services for or relating to such company(ies) and/or (e) solicit such investment, advisory or other services from any entity mentioned in this report and/or (f) act as a lender/borrower to such company and may earn brokerage or other compensation. However, Analysts are forbidden to acquire, on their own account or hold securities (physical or uncertificated, including derivatives) of companies in respect of which they are compiling and producing financial recommendations or in the result of which they play a key part.

Registration granted by SEBI, membership of a SEBI recognized supervisory body (if any) and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors.

---

#### **InCred Research Services Private Limited**

##### **Research Analyst SEBI Registration Number: INH000011024**

Registered Office: Unit No 1203, 12th Floor, B Wing, The Capital, C-70, G Block, BKC, Bandra (E), Mumbai – 400051

Phone: +91-22-6844-6100

Corporate Office: 05<sup>th</sup> floor, Laxmi Towers, Plot No. C-25, G Block, Bandra – Kurla Complex, Bandra (East), Mumbai – 400051

Phone: +91-22-4161-1500

Name of the Compliance Officer: Mr. Yogesh Kadam

Email ID: compliance@incredresearch.com, Phone No: +91-22-41611539

For any queries or grievances, you may contact the Grievance Officer.

Name of the Grievance Officer: Mr. Rajarshi Maitra

Phone no. +91-022-41611546

Email ID: rajarshi.maitra@incredresearch.com

CIN: U74999MH2016PTC287535

## 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.