

# India sneak peek

## Published research

**Sonata Software (ADD - Maintained, TP: Rs399)** - Takeaways from non-deal roadshow

## Top Investment Idea






**Zydus Lifesciences (HOLD - Downgrade, TP: Rs950)** - Navigating post-gRevlimid margin pressure  
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- Zydus Lifesciences posted in-line 4Q performance with a beat on the margin front. US biz posted robust growth of 27% QoQ while India biz was strong.
- We express caution regarding the sustainability of elevated margins and project a 330bp/500bp decline in gross/EBITDA margins over FY26F-27F.
- We have cut FY26F EPS by 7%. We also downgrade our rating on the stock to HOLD (from ADD) with a lower target price of Rs950 (Rs1,150 earlier).

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

- Tariff suspense a key risk to Indian economy, says finance ministry
- HAL, private firms to compete for Amca prototype contract: Defence ministry
- Coal India, Hindustan Zinc and Oil India win auction of mineral blocks
- Slow capacity addition likely to weigh on NTPC's growth prospects
- ₹8,000 crore India capex on cards for FY26: Hindalco's Satish Pai

## Expert speak

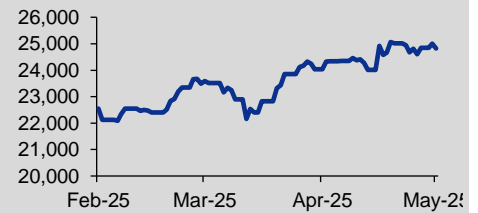
- Nrupesh Shah, ED – Symphony 
- Indrajit Mookerjee, ED & VC – Texmaco Rail 
- Shenu Agarwal, MD & CEO – Ashok Leyland 
- Jayant Acharya, Director & MD – JSW Steel 
- Hitesh Doshi, Director – Waaree Renewable Technologies 

## Alternative research desk

## Trading desk

### Key Metrics

#### Nifty Index



DXY	99.6	USDvsINR	85.3
US10YR (%)	4.45	IND10YR (%)	6.25
Brent Crude (\$/bbl)	64.3	WTI (\$/bbl)	61.1
Gold (\$/oz)	3,304	Aluminum (\$/MT)	2,464

### Flows (Rs m)

DII	FII
1,01,047	3,485

### Actionable Ideas

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**Sonata Software (ADD - Maintained, TP: Rs399)** - Takeaways from non-deal roadshow

*abhishek.shindadkr@incredresearch.com*

- TMT & BFSI to drive FY26F revenue recovery while retail vertical could be soft.
- SPA extension-associated cost/wage hikes to impact FY26F margin.
- Debt repayment remains a near-term priority while M&A takes a backseat.

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Figure 1: Top Buys (All ADD Ratings)

Company	Bloomberg Ticker	Market Capital (Rs bn)	Price	Target Price	Up/down (%)	Analyst Name
<b>Large Cap</b>						
HDFC Bank	HDFCB IN	14,752	1,926	2,200	14%	Meghna LUTHRA
Tata Consultancy Services	TCS IN	12,659	3,499	3,589	3%	Abhishek SHINDADKAR
Bajaj Finance Ltd	BAF IN	5,699	9,171	10,800	18%	Meghna LUTHRA
Maruti Suzuki	MSIL IN	3,903	12,414	13,621	10%	Pramod AMTHE
UltraTech Cement Ltd	UTCEM IN	3,366	11,421	13,550	19%	Nishant BAGRECHA
Axis Bank	AXSB IN	3,704	1,196	1,430	20%	Bhavik Shah
Adani Ports & Special Economic Zone Ltd	ADSEZ IN	3,033	1,404	1,457	4%	Rajarshi MAITRA
Bajaj Auto	BJAUT IN	2,503	8,963	10,590	18%	Pramod AMTHE
Shriram Finance Limited	SHFL IN	1,245	662	830	25%	Jignesh SHIAL
Cipla Ltd	CIPLA IN	1,196	1,481	1,680	13%	Yogesh SONI
<b>Mid-cap</b>						
Lupin Ltd	LPC IN	900	1,970	2,400	22%	Yogesh SONI
Marico Ltd	MRCO IN	927	716	750	5%	Rohan KALLE
UPL Limited	UPLL IN	512	630	1,289	104%	Satish KUMAR
Petronet LNG	PLNG IN	475	317	519	64%	Pratyush KAMAL
Container Corp of India Ltd	CCRI IN	468	769	970	26%	Rajarshi MAITRA
<b>Small-cap</b>						
Ajanta Pharma Ltd	AJP IN	324	2,591	3,100	20%	Yogesh SONI
Deepak Fertilisers & Petrochemicals Corp. Ltd.	DFPC IN	171	1,355	2,051	51%	Pratyush KAMAL
Birla Corporation Ltd	BCORP IN	108	1,406	1,530	9%	Nishant BAGRECHA
Ethos Limited	ETHOSLTD IN	68	2,765	3,400	23%	Rohan KALLE
Skipper Limited	SKIPPER IN	57	497	612	23%	Ishan VERMA
Thyrocare Technologies Ltd.	THYROCAR IN	54	1,013	1,010	0%	Yogesh SONI
TCPL Packaging Ltd	TCPL IN	39	4,328	4,380	1%	Nishant BAGRECHA
Globus Spirits Ltd	GBSL IN	28	983	1,584	61%	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
<b>Large Cap</b>						
InterGlobe Aviation Ltd	INDIGO IN	2,053	5,314	3,030	-43%	Rajarshi MAITRA
Tata Steel	TATA IN	2,018	162	82	-49%	Satish KUMAR
<b>Mid-cap</b>						
Clean Science and Technology	CLEAN IN	151	1,425	683	-52%	Satish KUMAR

SOURCES: INCRED RESEARCH, BLOOMBERG

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Figure 3: Report links

Date	Analyst	Report Title
27 May 2025	Nishant Bagrecha	<a href="#">J K Cement Ltd - Strong execution-backed performance (HOLD-Maintained)</a>
27 May 2025	Abhishek Shindadkar	<a href="#">Sonata Software - Takeaways from non-deal roadshow (ADD-Maintained)</a>
25 May 2025	Rajarshi Maitra	<a href="#">Astral Ltd. - Steady margin; expensive valuation (REDUCE-Maintained)</a>
24 May 2025	Rajarshi Maitra	<a href="#">Container Corp of India Ltd - Keep the faith (ADD-Maintained)</a>
24 May 2025	Nishant Bagrecha	<a href="#">Ramco Cements Ltd - Miss on all fronts; 1Q offers a sigh of relief (REDUCE-Downgrade)</a>
24 May 2025	Pramod Amthe	<a href="#">Balkrishna Industries Ltd - Car tyre expansion is long-gestation project (REDUCE-Downgrade)</a>
23 May 2025	Meghna Luthra	<a href="#">Financial Services - Overall - Softer credit card spending post festivities (Overweight-Maintained)</a>
23 May 2025	Pramod Amthe	<a href="#">Ashok Leyland - EBITDA margin scales historic peak (ADD-Maintained)</a>
22 May 2025	Yogesh Soni	<a href="#">Zydus Lifesciences - Navigating post-qRevlimid margin pressure (HOLD-Downgrade)</a>
22 May 2025	Bhavik Shah	<a href="#">IndusInd Bank - New accounting lapses surprise negatively (HOLD-Maintained)</a>
22 May 2025	Rohan Kalle	<a href="#">Colgate Palmolive India - Challenging environment expected to persist (HOLD-Maintained)</a>
21 May 2025	Yogesh Soni	<a href="#">Torrent Pharmaceuticals Ltd - Long-term growth story intact (HOLD-Maintained)</a>
19 May 2025	Satish Kumar	<a href="#">Strategy Note - Crude oil - The queen's gambit by Saudi</a>
19 May 2025	Yogesh Soni	<a href="#">Lupin Ltd - Robust US launch pipeline to drive growth (ADD-Maintained)</a>
19 May 2025	Pramod Amthe	<a href="#">SKF India Ltd - Demerger to unleash sales growth (ADD-Maintained)</a>
18 May 2025	Yogesh Soni	<a href="#">Divi's Laboratories - Resilient growth; margin expansion (ADD-Maintained)</a>
17 May 2025	Rohan Kalle	<a href="#">Emami Ltd - Emerges stronger with a refreshed portfolio (ADD-Maintained)</a>
17 May 2025	Pramod Amthe	<a href="#">Hyundai Motor India - Seasonal one-offs aid 4Q performance (REDUCE-Maintained)</a>
17 May 2025	Bhavik Shah	<a href="#">IndusInd Bank - Revisiting estimates post accounting lapses (HOLD-Maintained)</a>
16 May 2025	Pramod Amthe	<a href="#">Endurance Technologies Ltd - Margin recovery provides comfort (ADD-Maintained)</a>

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Figure 4: Report links

Date	Analyst	Report Title
27 May 2025	Niharika Agarwal	<a href="#">OneSource (UNRATED): Powers Global GLP-1 Demand with India's Most Advanced Assembly Network</a>
26 May 2025	Rajarshi Maitra	<a href="#">Finolex Industries 4QFY25: Tepid result, but qoq improvement is encouraging</a>
25 May 2025	Satish Kumar	<a href="#">Camlin fine sciences - Vanillin – Expect Indian export prices to rise to US\$20/kg by H2 FY26F</a>
25 May 2025	Ishan Verma	<a href="#">NTPC Ltd - 4QFY25: Steady growth with strong pipeline</a>
24 May 2025	Satish Kumar	<a href="#">Camlin Fine Sciences - The company is firmly on track to achieve EBITDA in excess of ₹400 crore in FY26F</a>
24 May 2025	Nishant Bagrecha	<a href="#">JK Cement / Cement - Profitability shines with strong vol and cost savings</a>
24 May 2025	Satish Kumar	<a href="#">JSW Steel - Consensus estimates are like Pakistan DGISPR's claims of Indian war damage—exaggerated and detached from reality</a>
23 May 2025	Pramod Amthe	<a href="#">Timken India - 4QFY25 Results First Cut</a>
21 May 2025	Satish Kumar	<a href="#">Laxmi Organic Industries Ltd - Q4FY25 &amp; FY25 First cut</a>
20 May 2025	Pratyush Kamal	<a href="#">GUJARAT GAS - Q4FY25 Results   First Cut</a>
20 May 2025	Satish Kumar	<a href="#">Hindalco Industries Ltd - Q4FY25 &amp; FY25 First cut</a>
20 May 2025	Rajarshi Maitra	<a href="#">IRB Infra 4QFY25 - Slim OB, tepid toll collection</a>
20 May 2025	Pratyush Kamal	<a href="#">PETRONET LNG - Q4FY25 Results   First Cut</a>
20 May 2025	Satish Kumar	<a href="#">PI Industries Ltd - Q4FY25 &amp; FY25 First cut</a>
19 May 2025	Nitin Awasthi	<a href="#">Ethanol Sector - India Weighs Ethanol Imports Amid US Pressure, but Blending Shield Remains</a>
19 May 2025	Nitin Awasthi	<a href="#">Globus Spirits Ltd - Turnaround Delivered Amid Revamp-Linked Constraints; Margins Expand Sharply</a>
17 May 2025	Rajarshi Maitra	<a href="#">Delhivery 4QFY25 - Stuttering growth &amp; EBT loss (adj. for change in depreciation policy); weak core express segment</a>
16 May 2025	Ishan Verma	<a href="#">Kalpataru Projects - 4QFY25 First Cut: Strong execution amid margin challenges</a>
16 May 2025	Nitin Awasthi	<a href="#">Balrampur Chini Mills Ltd   4QFY25 Result: First Cut</a>
16 May 2025	Rajarshi Maitra	<a href="#">NCC 4QFY25 - Tepid result and guidance (all in-line with our estimates)</a>

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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.