

# India sneak peek

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**Diesel Spread to Surge Ahead: Why Gasoline Growth Won't Outshine Diesel's Resilience**

**Indian Auto** - June 2025 auto sales volume performance

**Tamil Nadu: MFI Ordinance Update** - One month into the ordinance – not alarming so far

## [Top Investment Idea](#)

**Aerospace & Defence (Overweight - Maintained)** - Accelerating along a robust growth trajectory






[shubham.dalia@incredresearch.com](mailto:shubham.dalia@incredresearch.com)

- In FY26, the defence ministry has been allocated Rs6.81tr, the highest among all ministries, accounting for 13% of the central government's total expenditure.
- Defence exports rose by 13x since FY16, private sector exports rose by 67x & domestic procurement share surged to 75%, with large headroom for growth.
- Geopolitical tensions with China/Pak to increase govt. spending in the coming years. HAL and BEL (~50% of DPSU production) to be the major beneficiaries.

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

- Adani group acquires 85% stake in MRO firm Air Works for ₹400 crore
- CCI directs probe into Asian Paints for abuse of dominance
- Luxmi Group acquires majority stake in UK-based Brew Tea Co
- SECI executes 60 GW of power sale pacts for renewable energy projects in 14 years
- CCI approves Coromandel's acquisition of stake in NACL Industries

## [Expert speak](#)

- Harsh Baweja, Director Finance – REC 
- Rajesh Ganesh, MD & CEO – Bajel Projects 
- Varun Agarwal, Joint MD – Ellenbarrie Industrial Gases 
- Jitendra Kumar Agrwal, MD – Genus Power Infrastructures 
- Ajay Kanwal, MD – Jana Small Finance Bank 

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### Key Metrics

#### Nifty Index



Support	CMP	Resistance
25,473	25,517	25,669

DXY	96.9	USDvsINR	85.8
US10YR (%)	4.23	IND10YR (%)	6.32
Brent Crude (\$/bbl)	66.7	WTI (\$/bbl)	65.0
Gold (\$/oz)	3,312	Aluminum (\$/MT)	2,595

### Flows (Rs m)

DII	FII
34,974	(8,315)

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### InCred Institutional Equities Research

T (91) 22 4161 1500

E [inst.research@incredcapital.com](mailto:inst.research@incredcapital.com)

**Quick analysis** ➤ [Top](#)**Diesel Spread to Surge Ahead: Why Gasoline Growth Won't Outshine Diesel's Resilience**

- **Robust Non-OECD Demand:** Diesel demand in non-OECD countries, led by China's 3%+ growth, drives ~22% of global oil demand growth, supporting strong diesel spreads.
- **EV Impact on Gasoline:** Rapid EV adoption is set to erode gasoline demand more steeply than diesel, as heavy-duty transport lags in electrification.
- **Refinery Shifts Favor Diesel:** Refineries are likely to prioritize diesel production, tightening supply and boosting crack spreads amid geopolitical and capacity constraints.

**Indian Auto** - June 2025 auto sales volume performance

- June month growth yoy is driven by 2W and tractor segment OEMs, while car and CV makers performance was weak. Double digit exports momentum continues for OEMs.
- Beat extended by Maruti and Mahindra supports our ADD and Hold rating. While miss vs expectation in Tata Motors and Hyundai reasserts our Reduce rating on the stocks.
- We maintain Neutral sector rating, as favourable macro factors yet to revive vehicle demand.

**Tamil Nadu: MFI Ordinance Update** - One month into the ordinance – not alarming so far

- The Money Lending Entities (Prevention of Coercive Actions) Act, 2025 of Tamil Nadu came into effect from 9 June, 2025. It protects economically weaker and vulnerable groups, like farmers, women and self-help groups from coercive loan recovery practices by money lending entities.
- Our channel checks indicate no major impact in last one month since the ordinance was released. Collection efficiency (CE) was in the range of 98-99% for most large players before the act came into effect. The drop in CE is estimated to be in the range of 50-100bp and disbursements remain largely in-line with Jan-Feb 2025. This comes as a positive surprise as compared to Karnataka which saw a sharp drop in delinquencies (<90%) and severely impacted disbursements after the ordinance came into effect in Feb 2025, though we are keeping a close eye as the ordinance gets deeper.
- In our recent visit to select locations in TN - [Ears to the ground: TN MFI channel check](#) we observed that the disbursements were moving largely on the back of higher ticket sizes and non-MFI loans to the same borrower, more specifically for the large players. Lenders were cautious in select regions around the Vellore belt, which witnessed rising instances of migrant borrowers. The ringleader and overleveraging issues were statewide. TN has a very long vintage of MFI borrowing in the state led by an early government push and a strong base of informal trade, thus we expect a milder impact as compared to Karnataka, though remain watchful.

Actionable Ideas ➤ [Top](#)

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	15,347	2,002	2,200	10%	Meghna LUTHRA
Tata Consultancy Services	TCS IN	12,526	3,462	3,589	4%	Abhishek SHINDADKAR
Bajaj Finance Ltd	BAF IN	5,820	937	10,800	1053%	Meghna LUTHRA
Maruti Suzuki	MSIL IN	3,899	12,400	13,621	10%	Pramod AMTHE
Axis Bank	AXSB IN	3,719	1,199	1,430	19%	Bhavik Shah
UltraTech Cement Ltd	UTCEM IN	3,564	12,093	13,550	12%	Nishant BAGRECHA
Bajaj Auto	BJAUT IN	2,339	8,376	10,400	24%	Pramod AMTHE
Shriram Finance Limited	SHFL IN	1,329	707	830	17%	Meghna LUTHRA
<b>Mid-cap</b>						
Lupin Ltd	LPC IN	885	1,938	2,400	24%	Yogesh SONI
UPL Limited	UPLL IN	537	661	1,289	95%	Satish KUMAR
Container Corp of India Ltd	CCRI IN	463	760	970	28%	Rajarshi MAITRA
Petronet LNG	PLNG IN	453	302	519	72%	Pratyush KAMAL
<b>Small-cap</b>						
Ajanta Pharma Ltd	AJP IN	322	2,574	3,100	20%	Yogesh SONI
Deepak Fertilisers & Petrochemicals Corp. Ltd.	DFPC IN	216	1,707	2,051	20%	Pratyush KAMAL
Birla Corporation Ltd	BCORP IN	103	1,342	1,530	14%	Nishant BAGRECHA
Ethos Limited	ETHOSLTD IN	65	2,642	3,400	29%	Rohan KALLE
Skipper Limited	SKIPPER IN	59	508	612	20%	Ishan VERMA
Thyrocare Technologies Ltd.	THYROCAR IN	52	991	1,010	2%	Yogesh SONI
Camlin Fine Sciences	CFIN IN	59	314	428	36%	Satish KUMAR
TCPL Packaging Ltd	TCPL IN	34	3,716	4,530	22%	Nishant BAGRECHA
Globus Spirits Ltd	GBSL IN	28	953	1,646	73%	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	2,310	5,977	3,030	-49%	Rajarshi MAITRA
Tata Steel	TATA IN	1,994	160	82	-49%	Satish KUMAR
<b>Mid-cap</b>						
Clean Science and Technology	CLEAN IN	156	1,466	683	-53%	Satish KUMAR

SOURCES: INCRED RESEARCH, BLOOMBERG

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Figure 3: Report links

Date	Analyst	Report Title
30 Jun 2025	Nishant Bagrecha	<a href="#">Cement - Industry enters a seasonally weak phase (Overweight-Maintained)</a>
30 Jun 2025	Meghna Luthra	<a href="#">Home First Finance company - Management meet update (ADD-Maintained)</a>
30 Jun 2025	Rohan Kalle	<a href="#">Building Materials - Mixed outlook; industry weakness persists (Underweight-Maintained)</a>
27 Jun 2025	Satish Kumar	<a href="#">Strategy Note - Iran regime survives - good for India</a>
24 Jun 2025	Meghna Luthra	<a href="#">Financial Services - Overall - Barely a bounce; some shift in market share (Overweight-Maintained)</a>
23 Jun 2025	Shubham Dalia	<a href="#">Aerospace &amp; Defence - Accelerating along a robust growth trajectory (Overweight-Maintained)</a>
18 Jun 2025	Pratyush Kamal	<a href="#">Oil &amp; Gas Refinery - Capacity pressure as non-OECD demand up (Overweight-Upgrade)</a>
15 Jun 2025	Satish Kumar	<a href="#">Jubilant Ingrevia Ltd - Guidance hinges on multiple moving parts (REDUCE-Maintained)</a>
15 Jun 2025	Rajarshi Maitra	<a href="#">SpiceJet Ltd - Decent results, but a sharp scale-up awaited (HOLD-Maintained)</a>
14 Jun 2025	Pramod Amthe	<a href="#">Strategy Note - Macro hopes yet to reflect in earnings</a>
13 Jun 2025	Meghna Luthra	<a href="#">BFSI - Ears to the ground: TN MFI channel check (Overweight-Maintained)</a>
11 Jun 2025	Meghna Luthra	<a href="#">Financial Services - AMCs - Better sentiment to touch lumpsum flows (Overweight-Maintained)</a>
09 Jun 2025	Satish Kumar	<a href="#">Strategy Note - Massive upgrades likely in Indian Air Force</a>
07 Jun 2025	Ishan Verma	<a href="#">Power - Monthly Update – May 2025 (Overweight-Maintained)</a>
06 Jun 2025	Bhavik Shah	<a href="#">Banks - Time to evaluate a risk-on situation (Overweight-Maintained)</a>
05 Jun 2025	Nitin Awasthi	<a href="#">Balrampur Chini Mills Ltd - Anti-consensus: Volatility warrants caution (REDUCE-Maintained)</a>
05 Jun 2025	Meghna Luthra	<a href="#">SBI Cards - Moving ahead of time; positives priced in (REDUCE-Maintained)</a>
04 Jun 2025	Nitin Awasthi	<a href="#">Globus Spirits Ltd - Foray into UP signals a new growth phase (ADD-Maintained)</a>
04 Jun 2025	Pramod Amthe	<a href="#">Auto &amp; Parts - Overall - 4Q results review (Neutral-Maintained)</a>
04 Jun 2025	Abhishek Shindadkar	<a href="#">IT Services - Ears to the ground: Lack of urgency to spend (Neutral-Maintained)</a>

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Figure 1: Report links

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24 Jun 2025	Rohan Kalle	<a href="#">India monsoon update - Deficit improves to 5% as monsoon regains pace; kharif sowing up 2%</a>
23 Jun 2025	Rajarshi Maitra	<a href="#">Ports, logistics, aviation, infra &amp; building materials - Impact analysis in case of prolonged closure of Strait of Hormuz</a>
23 Jun 2025	Abhishek Shindadkar	<a href="#">Technology Services - Put and takes for Indian IT from Accenture 3QFY25 Earnings – Keep following the bookings</a>
20 Jun 2025	Ishan Verma	<a href="#">Inorganic Thermal Growth</a>
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11 Jun 2025	Satish Kumar	<a href="#">Jubilant Ingrevia - Agrochemical channel filling is coming to an end — and with it, the claim of pyridine being a specialty product</a>
10 Jun 2025	Niharika Agarwal	<a href="#">Eli Lilly (UNRATED) / Pharma - LY4170156 Advances in a High-Growth ADC Landscape, Combining Strong Phase 1 Results with Significant Market Potential</a>
10 Jun 2025	Satish Kumar	<a href="#">Indian Steel - Prices are softening even during the construction season</a>
10 Jun 2025	Pramod Amthe	<a href="#">Tata Motors - India Investor Day Highlights</a>

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**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](mailto: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](mailto:rajarshi.maitra@incredresearch.com)

CIN: U74999MH2016PTC287535

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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.*

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- 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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- 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.