

India

India Strategy

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		

Closure of pair trades

- We closed all pair trades after six weeks of their launch, where 7 out of 12 pair ideas generated better return (+8% to -1%) in a consolidating Nifty index.
- Best pair trades for the period have been Pidilite long vs. Asian Paints short, Adani Ports long vs. JSW Infra short, & Bajaj Finance long vs. Chola short.
- As per our estimate, YTFY25F Nifty-50 returns are in low single digit due to macro challenges. All hopes lie on Feb budget to boost consumption & GDP

Best and worst long/short trades:

We close all our pair trades that started on 22 Nov 2024 as we enter a highly volatile results season soon. The results of pair trades have been summarized below. Our pair trades had a 58 per cent hit rate to provide superior returns over Nifty-50 and Nifty-100 indices.

- Best pair trades: Pidilite Industries long vs. Asian Paints short, aided by a sharp correction in Asian Paints; Adani Ports & SEZ long vs. JSW Infrastructure short, aided by strong gains in Adani Ports & SEZ; Bajaj Finance long vs. Cholamandalam Investment and Finance Company (Chola) short, aided by contribution from both these stocks.
- Worst pair trades: Tech Mahindra long vs. Wipro short, impacted by Wipro's stock price gain; Balkrishna Tyres long vs. Apollo Tyres short, impacted by Apollo Tyres' stock price gain; Lupin long vs. Dr. Reddy's Laboratories short, impacted by Dr. Reddy's Laboratories' stock price gain.
- Best long stock calls: Cyient DLM, Adani Ports & SEZ and Lupin.
- Best short stock calls: Asian Paints, Tata Steel and Chola.
- Worst long stock calls: Aditya Birla AMC, NMDC and Tech Mahindra.
- Worst short stock calls: Dr Reddy's Laboratories, Avalon Technologies and Apollo Tyres.

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Figure 1: High earnings growth needed to justify rich valuations

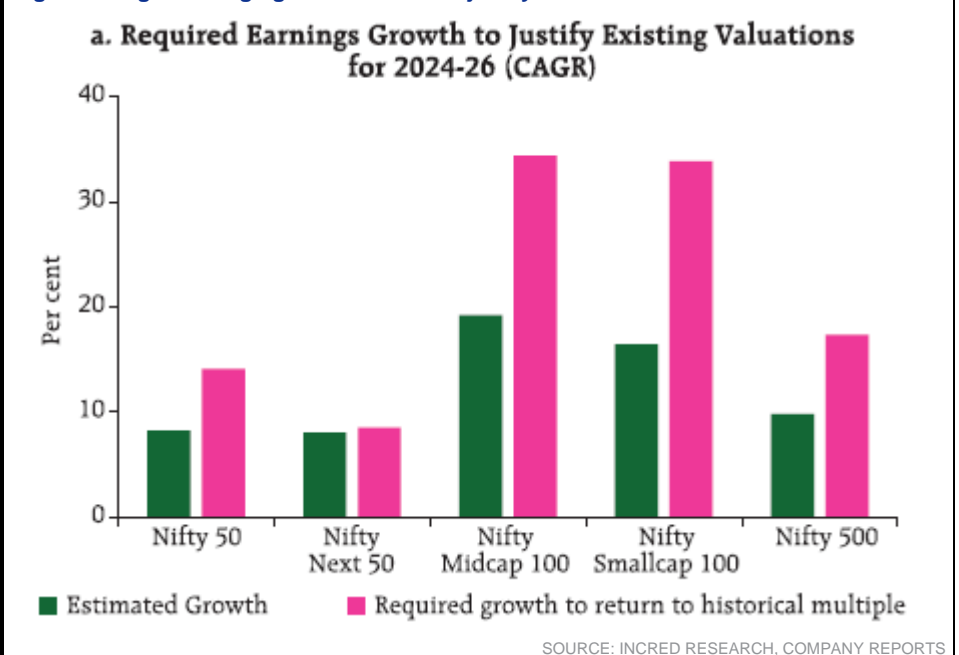


Figure 2: Performance of our pair trades for the period 22nd Nov to 30th Dec 2024

Company Name	Bloomberg	Sector	Analyst	Rating	Reco. price	CMP (Rs)	Returns	Pair returns
Pidilite Industries	PIDI IN	Chemicals	Rohan KALLE	Long	2,957	2,940	-0.5%	
Asian Paints	APNT IN	Chemicals	Rohan KALLE	Short	2,472	2,264	8.4%	7.9%
Adani Ports	ADSEZ IN	Logistics	Rajarshi MAITRA	Long	1,137	1,204	5.9%	
JSW Infrastructure	JSWINFRA IN	Logistics	Rajarshi MAITRA	Short	304	309	-1.4%	4.5%
Bajaj Finance	BAF IN	Finance	Jignesh SHIAL	Long	6,684	6,850	2.5%	
Cholamandalam Inv. & Finance	CIFC IN	Finance	Jignesh SHIAL	Short	1,208	1,185	1.9%	4.4%
HDFC Bank	HDFCB IN	Bank	Jignesh SHIAL	Long	1,746	1,792	2.7%	
ICICI Bank	ICICIBC IN	Bank	Jignesh SHIAL	Short	1,278	1,293	-1.2%	1.5%
Container Corporation of India	CCRI IN	Logistics	Rajarshi MAITRA	Long	788	773	-2.0%	
Blue Dart Express	BDE IN	Logistics	Rajarshi MAITRA	Short	7,501	7,386	1.5%	-0.5%
Cyient DLM	CYIENTDL IN	Capital Goods	Arafat SAIYED	Long	629	685	8.9%	
Avalon Technologies	AVALON IN	Electricals	Arafat SAIYED	Short	857	941	-9.8%	-0.9%
NMDC	NMDC IN	Steel	Satish KUMAR	Long	221	214	-3.2%	
Tata Steel	TATA IN	Steel	Satish KUMAR	Short	143	140	1.9%	-1.2%
Cipla	CIPLA IN	Healthcare	Praful BOHRA	Long	1,487	1,479	-0.5%	
Aurobindo Pharma	ARBP IN	Healthcare	Praful BOHRA	Short	1,224	1,251	-2.2%	-2.8%
Aditya Birla Sun Life AMC	ABSLAMC IN	Finance	Jignesh SHIAL	Long	844	804	-4.7%	
HDFC AMC	HDFCAMC IN	Finance	Jignesh SHIAL	Short	4,223	4,239	-0.4%	-5.1%
Lupin	LPC IN	Healthcare	Praful BOHRA	Long	2,071	2,174	4.9%	
Dr. Reddy's Laboratories	DRRD IN	Healthcare	Praful BOHRA	Short	1,214	1,345	-10.7%	-5.8%
Balkrishna Industries	BIL IN	Automobile & Ancillaries	Pramod AMTHE	Long	2,767	2,820	1.9%	
Apollo Tyres	APTY IN	Automobile & Ancillaries	Pramod AMTHE	Short	495	541	-9.2%	-7.3%
Tech Mahindra	TECHM IN	IT	Abhishek SHINDADKAR	Long	1,747	1,702	-2.6%	
Wipro	WPRO IN	IT	Abhishek SHINDADKAR	Short	286	305	-6.6%	-9.2%
NIFTY					23,907	23,504	-1.69%	
NSE100 Index					24,655	24,348	-1.25%	

SOURCE: INCRED RESEARCH, COMPANY REPORTS

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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.