

## India

## InCred Sector rating

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

## India Strategy

## High-conviction ideas for Apr 2025

- 'Liberation Day' tariffs by the US have increased volatility and uncertainty to the hilt for high-export sectors and companies with international operations.
- From our high-conviction stocks list, we have removed Bharat Forge, ABB India and Cyient DLM, and introduced Axis Bank and UPL with ADD rating.
- We continue to be cautious on Nifty-50; prefer large-cap stocks for diversified revenue base, balance sheet quality and relative valuation comfort.

## Prolonged tariff war is a cause of concern

- 'Liberation Day' tariffs, amounting to a 20+% ad valorem levy on goods imported by the US, disappoint as they suddenly take them to the past century peaks. The economic impact will hinge on trade partner retaliation and/or concessions and US political tolerance for higher inflation. Economists predict this will lead to global demand shock that can lower CY25F global economic output growth by 75-125bp, as investment spending slows. The supply-side impact of higher input costs looks less durable as exchange rate movements, and a succession of deals may bring the average US levy steadily lower.
- Domestic economic parameters showed a mixed trend prevailed in Mar 2025, as the improvement witnessed in Goods and Services Tax or GST collection, consumer sentiment and a lower unemployment rate provide comfort. However, easing volume growth in automobile, cement and real estate sectors are areas of concern.

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: Birla Corporation (ADD), UltraTech Cement (ADD), and Cummins India (ADD).
- Underperformers to Nifty: Bajaj Auto (ADD), Deepak Fertilisers and Petrochemicals (ADD), and Tata Consultancy Services (ADD).

## Addition to the list – the longest list in recent months

- **Axis Bank (ADD)** – Will be a key beneficiary of the Reserve Bank of India's efforts to improve system liquidity and credit growth.
- **UPL (ADD)** – Beneficiary of the global agrochemical sector showing signs of a recovery, with the industry moving past the destocking phase and entering the restocking period.

## Deletion from the list:

- **ABB India (ADD)** – Slow execution and order book challenges are areas of concern.
- **Bharat Forge (ADD)** – Tariff wars impacting US economic activity, as the company derives 25% of its consolidated revenue from the US & 75% from other global markets.
- **Cyient DLM (ADD)** - Lower order inflow & EBITDA margin may prevail in the global gross domestic product growth outlook weakening from tariff wars.

**Technical trend favourable ideas** - Bajaj Finance (ADD), Marico (ADD) and Shriram Finance (ADD).

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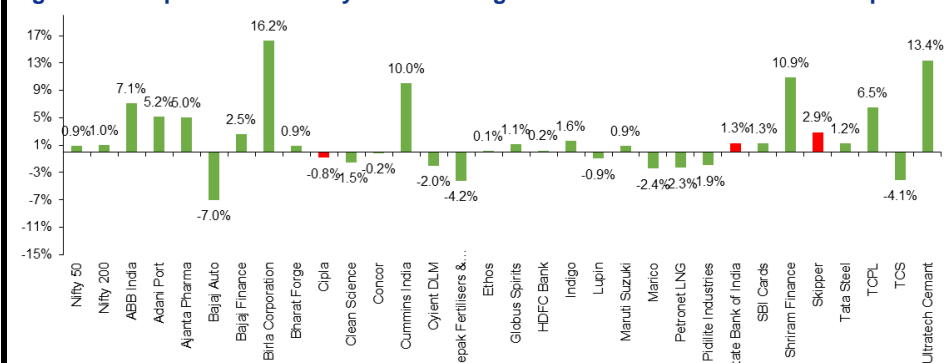
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**Figure 1: Compounded monthly returns of high-conviction stock ideas since Sep 2022**



SOURCE: INCRED RESEARCH, COMPANY REPORTS

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

Large-Cap Ideas	Stock Rating	Market Cap (Rs m)	Target Price (Rs)	Upside/Downside	Analyst Name
HDFC Bank	ADD	1,40,43,019	2,150	19.8%	Meghna LUTHRA
Tata Consultancy Services	ADD	1,25,89,398	3,925	15.3%	Abhishek SHINDADKAR
Bajaj Finance	ADD	54,47,259	9,750	13.4%	Bhavik SHAH
Maruti Suzuki	ADD	37,57,290	14,261	22.0%	Pramod AMTHE
UltraTech Cement	ADD	34,97,008	12,900	11.1%	Nishant BAGRECHA
Axis Bank	ADD	34,51,196	1,285	17.9%	Bhavik SHAH
Adani Ports & Special Economic Zone	ADD	26,50,157	1,457	21.4%	Rajarshi MAITRA
Bajaj Auto	ADD	22,59,160	10,590	33.8%	Pramod AMTHE
Tata Steel	REDUCE	19,60,873	82	-46.6%	Satish KUMAR
Pidilite Industries	ADD	14,88,184	3,470	21.3%	Rohan KALLE
InterGlobe Aviation	REDUCE	19,76,927	3,030	-39.4%	Rajarshi MAITRA
Shriram Finance	ADD	12,57,676	800	22.3%	Meghna LUTHRA
Cipla	ADD	12,35,079	1,640	9.6%	Yogesh SONI
Lupin	ADD	9,78,310	2,329	11.1%	Yogesh SONI
Cummins India	ADD	8,59,557	3,909	28.9%	
Marico	ADD	8,75,488	750	13.5%	Rohan KALLE
Mid-Cap Ideas	Stock Rating	Market Cap (Rs m)	Target Price	Upside/Downside	Analyst Name
SBI Cards	REDUCE	8,27,105	550	-35.3%	Meghna LUTHRA
UPL	ADD	4,99,811	1,289	97.9%	Satish KUMAR
Petronet LNG	ADD	4,58,342	519	73.6%	Pratyush KAMAL
Container Corporation of India	ADD	4,45,117	1,133	58.6%	Rajarshi MAITRA
Ajanta Pharma	ADD	3,34,766	3,220	22.8%	Yogesh SONI
Small-Cap Ideas	Stock Rating	Market Cap (Rs m)	Target Price	Upside/Downside	Analyst Name
Clean Science and Technology	REDUCE	1,31,188	683	-43.4%	Satish KUMAR
Deepak Fertilisers & Petrochemicals Corp.	ADD	1,49,221	2,051	77.4%	Pratyush KAMAL
Birla Corporation	ADD	90,139	1,455	27.1%	Nishant BAGRECHA
Ethos	ADD	62,931	3,400	35.2%	Rohan KALLE
Skipper	ADD	52,899	695	55.0%	Ishan VERMA
TCPL Packaging	ADD	40,320	4,380	1.1%	Nishant BAGRECHA
Globus Spirits	ADD	32,526	1,584	43.8%	Nitin AWASTHI

NOTE: PRICES AS ON 3<sup>RD</sup> APR 2025 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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## 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.