Market snapshot

Equities - India	Close	Chg .%	CYTD.%
Sensex	81,749	-0.5	13.2
Nifty-50	24,668	-0.4	13.5
Nifty-M 100	59,443	0.8	28.7
Equities-Global	**Close**	**Chg .%**	**CYTD.%**
S&P 500	6,074	0.4	27.3
Nasdaq	20,174	1.2	34.4
FTSE 100	8,262	-0.5	6.8
DAX	20,314	-0.5	21.3
Hang Seng	7,133	-0.8	23.6
Nikkei 225	39,457	0.0	17.9
Commodities	**Close**	**Chg .%**	**CYTD.%**
Brent (US$/Bbl)	75	-0.5	-3.9
Gold ($/OZ)	2,653	0.2	28.6
Cu (US$/MT)	8,942	0.0	5.7
Almn (US$/MT)	2,527	-1.5	7.7
Currency	**Close**	**Chg .%**	**CYTD.%**
USD/INR	84.9	0.1	2.0
USD/EUR	1.1	0.1	-4.8
USD/JPY	154.2	0.3	9.3
YIELD (%)	**Close**	**1MChg**	**CYTD chg**
10 Yrs G-Sec	6.7	0.02	-0.4
10 Yrs AAA Corp	7.3	0.03	-0.5
Flows (USD b)	**16-Dec**	**MTD**	**CYTD**
FIIs	0.0	3.12	1.1
DIIs	-0.03	0.52	59.4
Volumes (INRb)	**16-Dec**	**MTD***	**YTD***
Cash	953	1148	1262
F&O	1,17,651	1,86,392	3,69,595

Note: Flows, MTD includes provisional numbers. *Average

Today's top research idea

Kirloskar Oil Engines: Attractive valuations versus near-term weakness

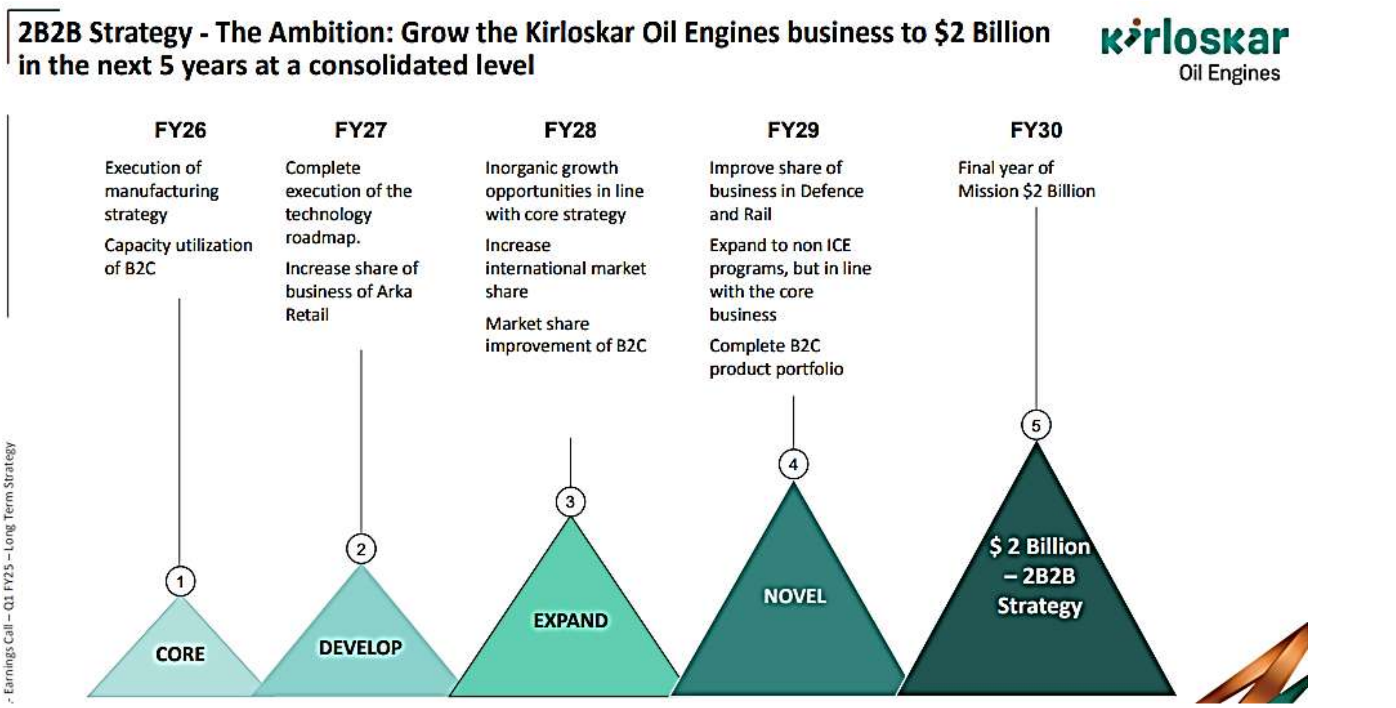
- We hosted KOEL management for an interactive session on current trends in the genset industry and other areas such as emission norm change in industrial engine, export markets and future plans of KOEL for B2C and Arka fin cap.
- Genset industry is going through a transition phase with near term weakness seen in volumes which will normalise in few quarters. Company is ready for CEV5 norm shift in industrial segment from Jan,25 and is gradually increasing presence in export markets.
- Despite near term weakness seen in its key powergen segment, we remain positive on KOEL on its 1) strategy to grow share of high kVA rating products over medium to long term, 2) ability to benefit from strong distribution network versus other smaller players in the industry and 3) sharp valuation discount versus market leader.

Research covered

Cos/Sector	Key Highlights
Kirloskar Oil Engines	Attractive valuations versus near-term weakness
Hotels	Poised for healthy growth in seasonally strong 3Q
EcoScope	WPI-based inflation came down to 1.9% in Nov'24
	Trade deficit widens in Nov'24 as gold imports surge

Chart of the Day: Kirloskar Oil Engines (Attractive valuations versus near-term weakness)

KOEL has maintained its strategic roadmap to achieve USD2b size in the next five years



Source: Company, MOFSL

Research Team (Gautam.Duggad@MotilalOswal.com)

In the news today

Kindly click on textbox for the detailed news link

1

HPCL lines up Rs 4,679 crore modernization at Mumbai refinery, lasting four years, to ramp up lube production

The project is expected to ramp up the production of Lube Oil Base Stocks (LOBS) from current 475 KTPA to 764 KTPA, with production of superior grade Group 11+ and Group III LOBS, said HPCL.

2

Indus Towers reduces contingent liability by ₹3,500 crore after ITAT ruling

Indus Towers Limited has secured a favorable ruling from the Income Tax Appellate Tribunal (ITAT) regarding the denial of depreciation on assets received during its merger with Bharti Infratel.

3

HDFC Bank gets another warning letter from Sebi, second in a week

HDFC Bank received its second warning from Sebi within a week, this time for a three-day delay in disclosing the resignation of senior employee Arvind Kapil and failing to explain the delay.

4

Wipro to acquire IT consulting firm Applied Value Technologies for $40 million

Wipro is set to acquire Massachusetts-headquartered IT services consulting firm Applied Value Technologies (AVT) for $40 million to augment its existing application services capabilities, coming at a time when the IT services major is in the midst of its business turnaround.

5

RVNL bags ₹270-crore metro station project in Maharashtra

The company has received a letter of acceptance from Maharashtra Metro Rail Corporation Ltd for the construction of 10 elevated metro stations as part of the second phase of the Nagpur Metro Rail Project (NMRP).

6

Adidas, Nike supplier Hong Fu enters India to foot manufacturing push

Taiwanese footwear major Hong Fu Industrial Group — a supplier to Nike, Converse, Vans, UGG, Puma, Adidas, Reebok, HOKA, Under Armour, and ON (a Swiss sportswear brand) —marked its India entry on Monday

7

Texmaco Rail wins ₹187.41 crore transmission line order from Chhattisgarh State Power Transmission

the company has secured an order worth approximately ₹187.41 crore for the construction of nine 132KV transmission lines spanning a total route length of about 291 kilometers.

16 December 2024

Company Update | Sector: Capital Goods

Kirloskar Oil Engines

BSE SENSEX	S&P CNX
81,749	24,668

Bloomberg	KOEL IN
Equity Shares (m)	145
M.Cap.(INRb)/(USDb)	161.4 / 1.9
52-Week Range (INR)	1450 / 618
1,6,12 Rel. Per (%)	-7/-22/62
12M Avg Val (INR M)	336

Financials & Valuations (INR b)

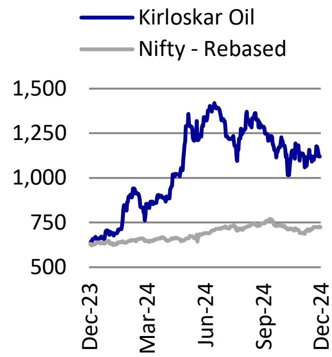
Y/E MARCH	FY25E	FY26E	FY27E
Net Sales	54.7	65.2	77.8
EBITDA	7.1	9.1	11.7
PAT	4.7	6.2	8.1
EPS (INR)	32.7	42.9	55.9
GR. (%)	30.7	31.4	30.3
BV/Sh (INR)	205.1	236.5	277.5
Ratios			
ROE (%)	16.9	19.4	21.8
RoCE (%)	16.3	19.0	21.4
Valuations			
P/E (X)	34.1	25.9	19.9
P/BV (X)	5.4	4.7	4.0
EV/EBITDA (X)	22.7	17.3	13.1
Div Yield (%)	0.8	1.0	1.3

Shareholding Pattern (%)

As On	Sep-24	Jun-24	Sep-23
Promoter	41.2	41.2	41.2
DII	24.9	25.4	24.3
FII	10.8	10.0	7.8
Others	23.1	23.4	26.7

FII includes depository receipts

Stock Performance (1-year)



CMP: INR1,113 TP: INR1,540 (+38%) Buy

Attractive valuations versus near-term weakness

We hosted the Kirloskar Oil Engines Ltd (KOEL) management for an interactive session on current trends in the genset industry and other areas, such as the emission norm change in industrial engines, export markets, and KOEL's plans for B2C and Arka Fincap. The genset industry is undergoing a transition phase with near-term weakness seen in volumes, which will normalize in a few quarters. The company is ready for the CEV5 norm shift in the industrial segment from Jan'25 onwards and is gradually increasing its presence in export markets. Despite decline in volumes seen in its key powergen segment on YoY basis, we remain positive on KOEL on its 1) strategy to grow the share of high kVA rating products over medium to long term; 2) ability to benefit from the strong distribution network versus other smaller players in the industry; and 3) sharp valuation discount versus the market leader. We cut our estimates for FY25/26/27 by 7%/4%/1% to factor in lower revenues in the powergen segment. We reiterate BUY on KOEL with a revised SOTP-based TP of INR1,540 based on 29x P/E on two-year forward estimates.

Powergen volumes to ramp up in a few quarters

For the powergen segment, overall industry volumes, which used to hover at ~35k gensets per quarter last year, witnessed a transient dip to ~28k-29k in 2QFY25, post the implementation of CPCB 4+ norms. KOEL is confident of a sequential improvement to ~30k in 3QFY25 and a broad-based normalization in ensuing quarters. Historically, the company has been a dominant player in the LHP and MHP nodes (~30% market share). However, following the emission norm change, it is seeing the entry of MNC players in LHP nodes as well owing to the technologically advanced nature of products. The CPCB 4+ transition has resulted in price hikes of 30-40% and the company saw a small price correction in certain nodes during 3QFY25. On the other hand, players such as Cummins, Caterpillar, MTU, et al have been predominant in the HHP space, while KOEL has only recently forayed into the same. It currently has a high single-digit market share (>750kva) and aspires to reach a high double-digit, ultimately targeting a 25-30% market share on the back of its new launches and strong service network. Notably, it has already started getting inquiries from data centers and high tension segment.

Industrial segment benefiting from robust demand trend

The industrial segment is witnessing a growth upswing as the company is reaping the benefits of its targeted efforts in this segment. KOEL has outlined its intent to grow its defense and railways sectors, where the company sees robust opportunity potential over the coming years. However, it will take some time to scale up. The upcoming BSV norms will not see a similar pre-buying trend as the CPCB 4+ norms, as industrial customers have their own production schedules. The norm shift is both a risk and an opportunity as customers tend to switch vendors during norm transitions only.

Export growth to fructify gradually

Alongside HHP and distribution segments, KOEL has identified exports as a key growth driver in its overall strategy. While we have seen near-term weakness in exports for the company, KOEL is confident of scaling up the business sustainably, with a strong foundation already in place. The company will approach each geography on its own merits; it will take a calculated call in terms of tying up with GOEMs and distributors, entering into JVs, or directly operating in the market based on the regulatory requirement, competitive landscape, etc. KOEL has earmarked the Middle East and US as its key focus markets. Pertinently, it has already received certifications for certain products in the US and has set up a company to operate as a GOEM.

B2C production to stabilize following the planned plant relocation

The B2C segment saw a transient dip in 2QFY25 on account of a planned relocation to the new facility, where it has consolidated five of its manufacturing locations into a single unit. This resulted in lower production and dispatches, which is slated to stabilize in the coming 1-2 quarters. This new facility will see improved cost efficiencies, streamlining of operations, and reduced delivery time. Its current product range is largely commoditized in nature (small pumps) and the company aims to move up the value chain so as to reduce the twin risks of price sensitivity and seasonality, which it is currently exposed to.

Targeting retailization of the Arka Fincap loan book

Arka's current loan book of ~INR62.8b is largely comprised of wholesale corporate loans, real estate loans, and SME loans (average ticket size of ~INR20m). The company plans to increase the granularity of the loan book and expand into retail lending. This expansion will be led by additions to its existing network of physical branches coupled with the scaling up of its digital presence. Management believes there is sufficient headroom to take additional debt to fund this growth, while equity funding from KOEL will be the last option.

Financial outlook

We revise our estimates downwards by 7%/4%/1% for FY25/26/27 to factor in slight weakness in the powergen segment. We expect a revenue CAGR of 17% over FY24-27, driven by 15%/21%/18%/20%/16% CAGR in powergen/industrial/distribution/exports/B2C. Over FY24-27E, we bake in 340bp expansion in margins to build in better product mix and operating leverage benefits. We expect a PAT CAGR of 30% over the same period.

Valuation and view

The stock is currently trading at 34x/26x/20x FY25E/26E/27E earnings. Adjusted with subsidiary valuation, KOEL is trading at 31x/23x/18x FY25E/26E/27E EPS, which is still at a 45-50% discount to the market leader. We continue to reiterate BUY on KOEL as we expect it to benefit from improved sales from higher HP segments, exports, and improving trajectory of the B2C segment.

Key risks and concerns

Demand slowdown, competitive intensity, higher costs for B2C division, the risk of further fund infusion in Arka Fincap, and technology risks are the key risks for KOEL.

Hotels

Comparative valuation

Peers	EV/EBITDA		
	FY25E	FY26E	FY27E
Indian Hotel	42.2	33.2	28.0
Lemon Tree	22.1	16.7	14.7
EIH*	26.7	26.1	NA
Chalet*	31.1	25.1	NA
Samhi*	15.8	13.4	NA

*BBG estimates

Poised for healthy growth in seasonally strong 3Q

The Indian hotel industry is poised for a strong 3QFY25 after a relatively softer 1H, which was affected by temporary headwinds. The sector is likely to witness an uptick in 3Q, led by healthy traction in MICE (meetings, incentives, conferences, and exhibitions) activities, which will be supported by a strong wedding season (33% higher muhurats YoY in 3Q). As per our recent channel checks, key hospitality players are likely to witness RevPAR growth of ~10-12% YoY in 3Q, primarily driven by growth in ARR (up 8-10% YoY).

- **As per HVS Anarock, Oct'24 was relatively muted (RevPAR up 3% YoY) due to the onset of the festive season. However, this has set the stage for an uninterrupted Nov'24, where key hospitality players (within the upper upscale and luxury category) expect ~15-17% RevPAR growth, led by a strong wedding season and a surge in MICE activities. Dec'24 is also expected to witness healthy performance on YoY basis.**
- **Mumbai and Delhi NCR are likely to witness RevPAR growth in low double digits in 3Q, supported by strong traction from convention centers. Key metro cities in the southern region (Bangalore and Hyderabad) are likely to witness RevPAR growth in high-teens, aided by a pick-up in business activities in the IT sector.**
- **We expect the overall demand to pick up in 3Q, supported by industry tailwinds and favorable demand-supply dynamics leading to higher ARR and improved occupancy. This, coupled with incremental contributions from inventory addition and the absence of significant renovations (most players halt/postpone renovations in the seasonally strong period), will lead to healthy earnings growth for most of the hospitality companies in 3QFY25.**

Strong 3Q ahead; outlook remains optimistic

- As per HVS Anarock, the hospitality industry entered 3Q on an offbeat note, as Oct'24 witnessed RevPAR growth of ~3% YoY. The industry witnessed a decline in occupancy (down ~200bp YoY) along with moderate ARR growth (up 6% YoY) on account of a shift in festivals (early Diwali as compared to last year).
- But again, it set the stage for an uninterrupted Nov'24, which is likely to see a blockbuster performance thanks to higher wedding Muhurats (~16 in 3QFY25 vs. ~12 in 3QFY24; Refer exhibit 5) and healthy traction in MICE activities (sports events, concerts, business expos, cultural events, etc.; Refer exhibit 6).
- A widespread frenzy for high-scale concerts (such as Diljit India tour in Nov/Dec'24 and Coldplay's India tour in Jan'25) are significantly shooting up room rates and occupancies in those regions. This, coupled with increasing propensity to spend on weddings (average wedding budget of ~INR3.7m; Source: WedMeGood), is leading to a blue-sky scenario for hospitality players.
- As per our channel checks, most of the hospitality companies expect RevPAR growth of ~15-17% in Nov'24 for luxury and upper upscale hotels.
- The traction is likely to continue in Dec'24. However, demand tends to taper in the last few days of the year end and will be a key monitorable. Nevertheless, most of the companies expect better demand in Dec'24 on YoY basis.
- Accordingly, we expect the key hospitality players (especially in the luxury and upper upscale category) to report ~10-12% RevPAR growth in 3Q, driven by ~8-10% ARR growth and 100bp to 200bp improvement in occupancy.

- The healthy growth momentum is likely to continue throughout 2H, supported by continued traction in MICE activities and expected improvement in foreign tourist arrivals (FTA).

Key metro cities to continue outperformance led by pick-up in MICE

- Mumbai and Delhi NCR are likely to witness healthy performance, driven by strong traction for convention centers (Jio convention center in Mumbai and Yashobhoomi/Bharat Mandapam in Delhi NCR), with majority of the hotels witnessing higher RevPAR, aided by multiple events held at such centers.
- Mumbai is likely to witness higher MICE traction from multiple concerts and leisure events, while some of the large-scale business expos should support Delhi MICE tourism (Refer exhibit 6).
- Overall, these two cities are expected to record RevPAR growth in low double digits in 3Q, despite the higher base of previous year (Cricket ODI World Cup in Oct/Nov'23).
- Further, as per our channel checks, key metro cities in southern India (Bengaluru and Hyderabad) are also witnessing a recovery, with better occupancy and an increase in rates, led by higher MICE and pickup in business activities in the IT industry. We expect these cities to witness RevPAR growth in high-teens in 3QFY25.

Decent performance by hospitality basket despite soft 1H

- As per HVS Anarock, in 1HFY25, industry RevPAR grew 3% YoY to INR4,379, as the moderate ARR growth (up ~4% YoY to INR7,100) was dragged by a marginal dip in occupancy (down 30bp YoY to 61.7%).
- 1Q was weighed down by heatwaves and elections. However, 2Q saw a recovery, led by improved MICE activities.
- Air traffic growth remained stable (number of domestic air passengers grew 6% YoY to 79.6m in 1HFY25), highlighting the strong demand for domestic travel. FTAs continue to show signs of recovery, with an estimated ~10m visitors expected in CY24, up from ~9.2m in CY23.
- In 1HFY25, aggregate revenue/EBITDA for the hospitality basket (includes IH, LEMONTRE, EIH, CHALET, SAMHI, JUNIPER, PARK OBER, BRGD, PHNX and ITC) grew 16%/18% YoY to INR89.9b/INR28.5b. Higher growth for a few hotel companies was led by the addition of rooms, acquisitions and consolidations (TajSATS consolidating into IH).
- Adj. PAT (excluding OBER, BRGD, PHNX and ITC – as segmental PAT not available) grew 34% YoY to INR7.9b (Refer exhibit 7 and 8).
- Samhi continued to outperform its peers, with the highest revenue/EBITDA growth in 1HFY25 (up by 26%/81% YoY to ~INR5.1b/INR1.7b), driven by the acquisition of ACIC's portfolio, coupled with healthy RevPAR growth and occupancy growth.

Valuation and view: Improvement in ARRs and Occupancy; Incremental inventory to drive growth ahead.

- OR and ARR are expected to continue trending higher in 3QFY25, backed by favorable demand-supply dynamics and healthy traction in MICE activities, which will be supported by a strong wedding season.
- Long-term structural demand drivers, such as buoyant economic activities, new convention centers, improved connectivity and infrastructure, recovery in FTA and rising trends of spiritual tourism/wildlife tourism, should continue to drive growth for the industry.
- We anticipate hotel companies to post healthy growth in 2HFY25/FY26, aided by: 1) an increase in ARR across hotels, due to a favorable demand-supply scenario, corporate rate hikes, and room upgrades through renovations; and 2) heathy operating leverage.
- We reiterate our **BUY** rating on **IH** (TP: INR950) and **LEMONTRE** (TP: INR190).

IH – SoTP

Particulars	Methodology	Metrics	FY27E	Multiple (x)	Value (INR m)	Value/ share (INR)
IHCL- ex JV/ Associate						
EV	EV/EBITDA (x)	EBITDA	36,509	32	11,83,999	834
Less: Net Debt					78,861	56
Less: Minority Interest					-7,445	(5)
Sub Total					**12,55,414**	**884**
JV/Associate						
Taj GVK (IHCL's share - 25.5%) - JV	20% discount to MCAP	Attributable Mcap	5,141	80%	4,113	3
Oriental Hotel (IHCL's share - 35.7%) - Associate	20% discount to MCAP	Attributable Mcap	11,301	80%	9,041	6
Taj Sats	P/E	PAT (51% holding)	1,607	50	80,369	57
Sub Total					**93,523**	**66**
Target Price					**13,48,937**	**950**

Source: MOFSL

LEMONTRE – SoTP

Particulars		FY27
Standalone EBITDA	**INRm**	**2,039**
EV/EBIDTA Mutliple	x	20
EV	INRm	40,368
Less: Standalone Net Debt	INRm	4,754
Target Value	**INRm**	**35,613**
Carnations EBITDA (Management Contract)	**INRm**	**1,130**
EV/EBIDTA Mutliple	x	45
EV	INRm	50,846
Fluer's EBITDA	**INRm**	**5,528**
LemonTree's Share of Fluer EBITDA (58.91%)	INRm	3,257
EV/EBIDTA Mutliple	x	20
EV	INRm	64,485
Less: LemonTree's Share of Fluer Net Debt	INRm	193
Target Value	**INRm**	**64,292**
Total Target Value	INRm	1,50,752
No. of shares	Mn	792
Target Price	**INR**	**190**

Source: MOFSL

WPI-based inflation came down to 1.9% in Nov'24

Led by lower food inflation

- **The Wholesale Price Index (WPI)-based inflation came down to 1.9% in Nov'24 (vs. 2.4% in Oct'24 and 0.4% in Nov'23), mainly led by the three-month slowest increase in food prices (especially vegetables), which was partly offset by the 22-month highest increase in the prices of manufacturing products. WPI-based inflation remained in the positive territory for the 12th consecutive month after having been in the deflationary zone for the majority of the previous financial year. *(Exhibit 1).* Sequentially, WPI fell 0.1% in Nov'24 vs. a growth of 0.9% in Oct'24. The figure was lower than the Bloomberg consensus of 2.1% and our expectation of 2.5%.**
- **The deceleration in WPI was primarily driven by lower food inflation, which was the lowest in the last three months (8.9% YoY in Nov'24 vs. 11.6% in Oct'24). WPI, excluding food, contracted 1.0% in Nov'24 (the highest in three months) vs. a contraction of 1.4% in Oct'24. *(Exhibit 2)*. Within the food category, the prices of primary food articles increased 8.6% in Nov'24 vs. 13.5% in Oct'24 (the lowest in three months), while the prices of manufactured food products increased to a 31-month high of 9.4% in Nov'24 vs. 7.8% in Oct'24. Within the primary food articles category, a slower increase in the prices of vegetables, fruits, milk, and pulses was the major driver of lower food inflation.**
- **The deceleration in WPI was partly offset by the 22-month highest increase in prices of manufacturing products. WPI for manufacturing products increased 2.0% in Nov'24, following an increase of 1.5% in Oct'24, led by a rise in the prices of food products, leather products, textiles, and electrical equipment. Notably, WPI for non-food manufacturing products increased 0.5% in Nov'24 (vs. 0.3% in Oct'24).**
- **Agro inflation decreased to a three-month low of 6.9% in Nov'24 vs. 10.6% in Oct'24. At the same time, agro input inflation contracted 4.1% YoY in Nov'24 (higher contraction than the last month and lowest in 12 months) vs. a contraction of 2.9% YoY in Oct'24. Consequently, agricultural terms of trade growth decelerated to 11.5% in Nov'24 vs. 13.9% in Oct'24. (*Exhibit 4).* Inflation in imported items increased to 0.3% in Nov'24 (vs. -1.5% in Oct'24). On the other hand, non-agro domestic inflation decreased to a seven-month low of 0.3% YoY in Nov'24 (vs. 1.2% in Oct'24) *(Exhibit 3).***
- **We expect WPI inflation to rise in the coming months as the favorable base effect wanes. We expect WPI to rise to ~2.5%-3% in Dec'24.**

Exhibit 1: WPI eased to 1.9% YoY in Nov'24 vs. 2.4% in Oct'24…

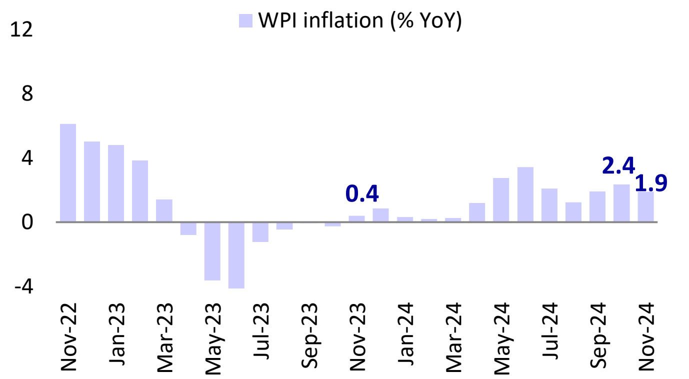


Exhibit 2: …led by three-month lowest food inflation

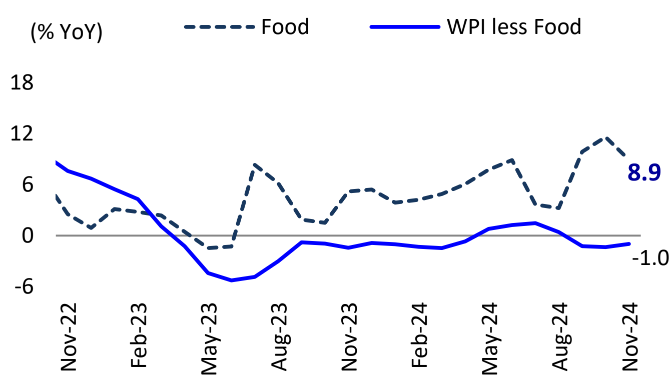
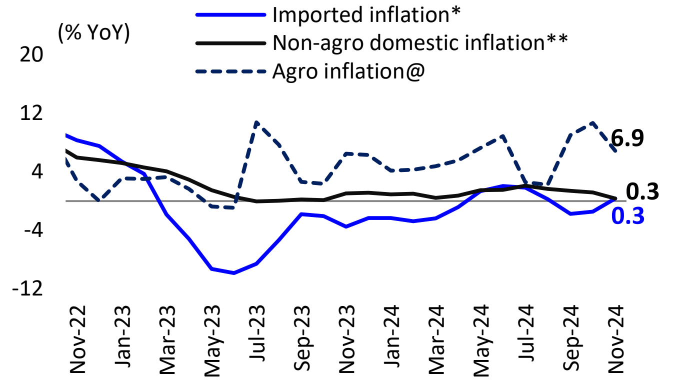
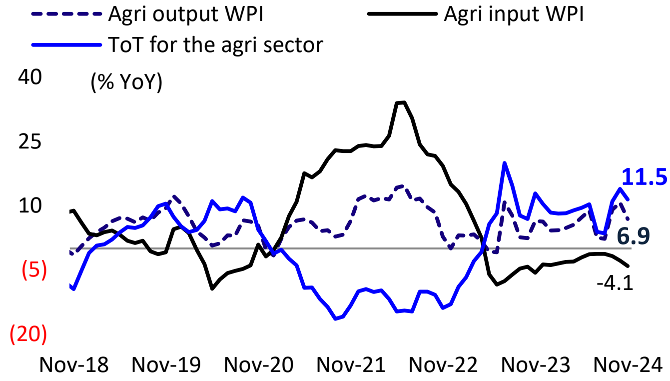


Exhibit 3: Agro inflation fell to a three-month low of 6.9% in Nov'24 vs. 10.6% in Oct'24



*Constituting ~41.8% weightage in the WPI basket
**Constituting ~38.8% weightage in the WPI basket
@Constituting ~19.4% weightage in the WPI basket

Exhibit 4: Terms of trade for the agri sector grew 11.5% in Nov'24 vs. 13.9% in Oct'24



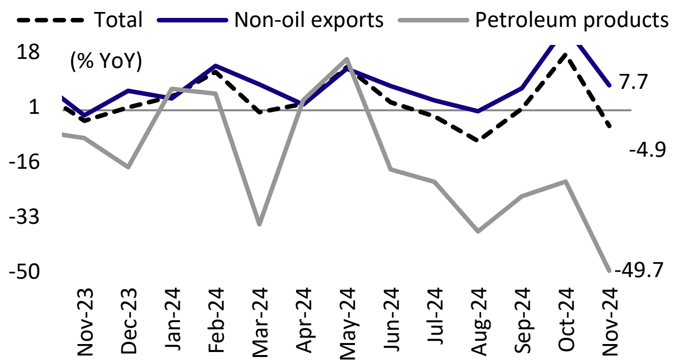
Source: Office of Economic Adviser, MOFSL

Trade deficit widens in Nov’24 as gold imports surge

Highest on record in any month

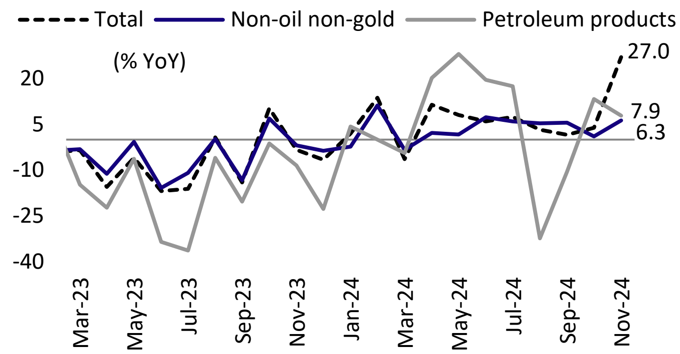
- **Merchandise exports fell 4.9% YoY to USD32.1b in Nov’24 (vs. USD39.2b in Oct’24 and USD33.8b in Nov’23), led by a decline of 49.7% and 26.3% in petroleum and gems & jewelry exports, respectively. On the other hand, non-oil non-gold exports were up 11.8% YoY last month, an indication that demand is intact. (Exhibit 1).**
- **Major drivers of merchandise exports growth in Nov’24 include electronic goods, engineering goods, rice, marine products, and RMG of all textiles. In Apr-Nov’24, exports stood at USD278.3b compared to USD284.4b in Apr-Nov’23 (up 2.2%).**
- **Merchandise imports, however, surged to an all-time high of USD70b in Nov’24 (+27% YoY, highest ever on record in any month) vs. USD63.3b (+3.9% YoY) in Oct’24 and USD55.1b in Nov’23 (-3.3% YoY). The jump in imports was mainly driven by a sharp increase in gold imports to USD14.9b in Nov’24 (331.4% YoY, the highest on record in any month, previous high was USD10.1b in Aug’24) vs. USD7.1b in Oct’24. Such high levels of gold imports are attributed to festive and marriage-related demand and are unlikely to sustain in the coming months.**
- **At the same time, petroleum imports growth decelerated to 7.9% YoY in Nov’24 to USD16.1b vs. USD18.3b (13.3% YoY) in Oct’24. *(Exhibit 2).* Notably, non-oil non-gold imports stood at USD39.0b in Nov’24 (up 6.3% YoY) vs. USD40.9b in Oct’24 (+1.1% YoY) and USD36.7b in Nov’23 (-1.9% YoY). Other items that saw a sharp increase in imports include electronic products (17.4%), petroleum products (7.9%), electrical machinery (12.8%), organic and inorganic chemicals (6.5%), and vegetable oil (87.8%).**
- **Consequently, the merchandise trade deficit widened to an all-time high of USD37.8b in Nov’24 (vs. USD21.3b in Nov’23 and USD27.1b in Oct’24). This was the highest monthly merchandise deficit on record; the previous high was USD30.4b in Oct’23. The merchandise trade deficit for Nov’24 was much higher than the market consensus of USD23b. (Exhibit 3).**
- **In Apr-Nov’24, exports grew 2.2% vs. a contraction of 6.7% in the same period last year. On the other hand, imports grew faster at 8.4% in Apr-Nov’24 vs. a contraction of 7.8% in Apr-Nov’23. Consequently, the merchandise trade deficit widened to USD202.5b in Apr-Nov’24 vs. USD171.0b in Apr-Nov’23. *(Exhibit 4)***

Exhibit 1: Exports contracted 4.9% YoY in Nov’24



Source: Ministry of Commerce and Industry, MOFSL

Exhibit 2: Imports rose 27% YoY in Nov’24, the highest on record



Source: Ministry of Commerce and Industry, MOFSL

Exhibit 3: Trade deficit widened to USD37.8b in Nov’24

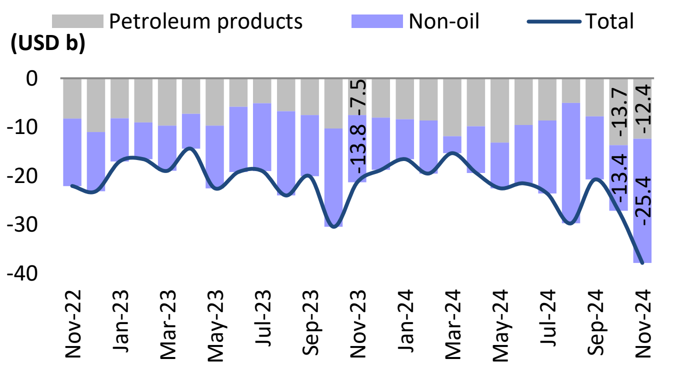
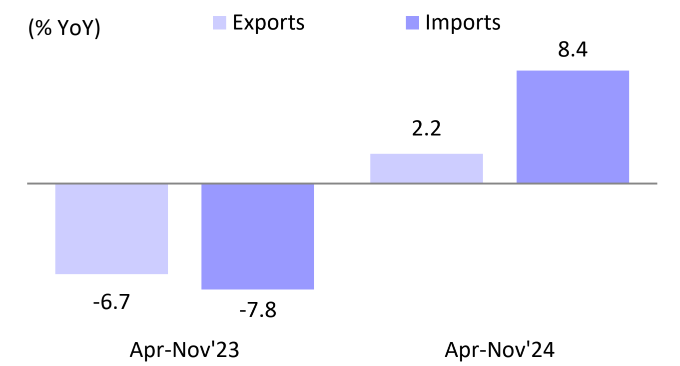


Exhibit 4: Imports grew faster than exports in Apr-Nov’24



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- Wedding wear market expected to grow at 12-13% CAGR.
- Raymond aims for ₹300-350 crores in revenue from ethnic business in 2-3 years.
- Strong demand for ethnic wear noted during the wedding season.
- Expansion of ethnic stores planned, targeting 300-325 locations.
- New product launches include ceremonial and formal collections.
- Consistent growth demonstrated post-COVID with record revenues.
- Targeting 12-13% revenue growth and 17-18% EBITDA growth in the coming years.

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- Future expansion includes wealth management and retail broking services.
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- Emphasizes organic growth without cash burn strategies.

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- Strategic partnership with ADI DLT Foundation for global projects.
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- Expect EBITDA margins of 15-20% on contracts.
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- 33% EBITDA margins achieved, up from 29%.
- Ongoing bidding for new contracts to sustain growth.

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- Vehicle finance shows mixed recovery, with growth in used vehicles and passenger cars.
- Affordable housing and LAP sectors are experiencing good growth.
- Commercial vehicle segment recovery is slower than expected.
- Diversification in products is helping manage growth amidst slowdowns.
- Net interest margins expected to improve slightly despite no immediate rate cuts.
- Asset quality is projected to stabilize with expected drops in provisions.

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