

In September 2023, India's exports declined 2.59% to USD 34.47 bn vs USD 35.4 bn in September 2022. Additionally, negotiations for the UK-FTA are progressing and the outlook for the same is promising. China remained to be the top importer however, there has been a significant reduction in the number of merchandise imports from China to India. Electronic goods, iron ore, drugs and pharmaceuticals, ceramics, and oil meals emerged as the best-performing export commodities in H1FY24. On the other hand, gems and jewelry, organic and inorganic chemicals, engineering goods, and readymade garments failed to meet targets. Indian exports have been falling sequentially every month as global headwinds and recessionary trends in India's biggest export destinations hit India's shipments. However, the exports of non-gems and jewelry as well as non-petroleum products are starting to recover which shows the presence of green shoots and a reversal of the declining export trend.

Indo Count Industries: Export value for September 2023 was INR 291 Cr (+82.4% YoY, -15.1% MoM), and volume was 2,831,161 units (+70.7% YoY, -30.8% MoM). The Q2FY24 export value was INR 815 Cr (+21.8% YoY, +24.5% QoQ), and the volume was 9,120,937 units (+57.9% YoY, +19.1% QoQ). The top exporting countries are the US, UK, UAE, Canada, and Saudi Arabia. There is a revival in demand from international markets and large retailers clear out their inventories. Additionally, the upcoming FTA is expected to open up new opportunities for the company. Indo Count had built major capacities during the pandemic that will be utilized as growth hereon leading to double-digit growth.

Gujarat Ambuja Exports: Export value for September 2023 was INR 125 Cr (+45.6% YoY, -22.6% MoM), and volume was 38,912 units (+79.4% YoY, -48.4% MoM). The Q2FY24 export value was INR 423 Cr (+53.7% YoY, +9.2% QoQ), and the volume was 161,315 units (+71.3% YoY, -18.3% QoQ). The top exporting countries are Malaysia, Vietnam, Indonesia, China, and UAE. On 12th August 2023, the NCLT sanctioned the Scheme of Amalgamation between Mohit Agro Commodities Processing Pvt. Ltd. and the company. They have also implemented a capex plan till FY25 for INR 1,700 Cr out of which INR 1,000 Cr will be spent on a new starch fermentation plant, and the remaining on maize and corn processing.

Raymond: Export value for September 2023 was INR 17 Cr (-8% YoY, -9.3% MoM), and volume was 491,086 units (-8.8% YoY, -7% MoM). The Q2FY24 export value was INR 58 Cr (+20.9% YoY, +23.4% QoQ), and the volume was 1,554,793 units (+9% YoY, +22.3% QoQ). The top exporting countries are UAE, Bangladesh, Saudi Arabia, Oman and Qatar. The company is planning to allocate INR 200 Cr toward expanding the garment lines that cater to global customers (new customer acquisition is in full swing with the theme of vendor consolidation), and the engineering business is also seeing steady traction in key markets.

Wockhardt: Export value for September 2023 was INR 49 Cr (+44% YoY, +27.6% MoM), and volume was 75,025,810 units (+45.7% YoY, +134.7% MoM). The Q2FY24 export value was INR 114 Cr (+27.9% YoY, +24.3% QoQ), and the volume was 161,065,167 units (+5.4% YoY, +6.7% QoQ). The top exporting countries are the UK, Thailand, Nepal, Vietnam, and Russia. The company is looking to complete a capex of USD 30 mn to complete new clinical trials. New products underway include WCK 5222, a beta-lactam enhancer, and a new class of antibiotics. New launches of the diabetes portfolio, insulin, and glargine in emerging markets like MENA, Mexico, Brazil, and the Middle East will drive growth going forward.

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Rane Brake: Export value for September 2023 was INR 3 Cr (+423.3% YoY, -17.4% MoM), and volume was 38,236 units (+28.4% YoY, -44.5% MoM). The Q2FY24 export value was INR 10 Cr (+144.1% YoY, +24.6% QoQ), and the volume was 287,315 units (+38.7% YoY, +70.6% QoQ). The top exporting countries are Sri Lanka, the UK, UAE, Nepal, and Bangladesh. Demand from international customers remains strong, especially in steering & linkages, valve train components, and occupant safety products. The company also won an INR 45 Cr order for Hydraulic Pumps. Programs to increase the export SOP in Light Metal Castings are also underway.

Sansera: Export value for September 2023 was INR 59 Cr (+25.9% YoY, +6.1% MoM), and volume was 1,121,134 units (+8.6% YoY, +16.5% MoM). The Q2FY24 export value was INR 815 Cr (+21.8% YoY, +24.5% QoQ), and the volume was 9,120,937 units (+57.9% YoY, +19.1% QoQ). The top exporting countries are the US, Italy, Germany, Thailand, and the UK. The company expects international business to contribute ~32% to sales in FY24, with enhancements in both the auto and non-auto space.

Granules India: Export value for September 2023 was INR 417 Cr (+2.3% YoY, +51.5% MoM), and volume was 1,857,496,900 units (+30% YoY, -2.9% MoM). The Q2FY24 export value was INR 970 Cr (+35.4% YoY, +29.1% QoQ), and the volume was 5,338,625,123 units (+84.2% YoY, +47.4% QoQ). The top exporting countries are the US, Ireland, Germany, France, and Spain. The company has a capex outlay for the next 5 years of INR 2,000 Cr to build capacities. They have also submitted 5 ANDAs with the USFDA, 2 dossiers in the European region, two ANDS in Canada, and 1 MA in South Africa.

Marksans Pharma: Export value for September 2023 was INR 62 Cr (+16.2% YoY, +17.4% MoM), and volume was 154,168,096 units (+176.4% YoY, +34.2% MoM). The Q2FY24 export value was INR 175 Cr (+15.6% YoY, +4.8% QoQ), and the volume was 421,295,215 units (+157.8% YoY, +23.4% QoQ). The top exporting countries are the US, UK, Iraq, Australia, and Afghanistan. The company aims to 2x its revenues over the next few years (target growth of INR 2,000 Cr by FY24) for which the US market will be a major contributor. They are also exploring potential bolt-on acquisitions in Europe. It has received US FDA approval for one of its key OTC molecules, equivalent to Advil dual-action tablets.

Caplin Point Laboratories: Export value for September 2023 was INR 70 Cr (+21.2% YoY, -15.7% MoM), and volume was 143,513,904 units (-18.3% YoY, -11.1% MoM). The Q2FY24 export value was INR 199 Cr (+21.2% YoY, +13.8% QoQ), and the volume was 429,542,141 units (-12.4% YoY, -10.4% QoQ). The top exporting countries are Guatemala, El Salvador, Nicaragua, the Dominican Republic, and Ecuador. Caplin Steriles' Phase 2 will become operational in October, increasing production capacity and boosting profitability. The company is expanding its presence in Latin America and has received a USD 4 mn order for oncology products in the RoW market. Its main focus is the US market where it plans to establish a front-end presence to improve profitability.

NATCO Pharma: Export value for September 2023 was INR 65 Cr (-9.5% YoY, +95.1% MoM), and volume was 18,255,914 units (-54.3% YoY, -23.5% MoM). The Q2FY24 export value was INR 139 Cr (+21.1% YoY, -17.3% QoQ), and the volume was 57,678,510 units (+23.2% YoY, +15.3% QoQ). The top exporting countries are the US, Brazil, Canada, Germany, and China. The company looking at acquisitions in and outside India to expand its business in therapeutic areas, but there is no specific focus on the US market due to competitive pricing.

Navin Fluorine International: Export value for September 2023 was INR 291 Cr (+82.4% YoY, -15.1% MoM), and volume was 2,831,161 units (+70.7% YoY, -30.8% MoM). The Q2FY24 export value was INR 815 Cr (+21.8% YoY, +24.5% QoQ), and the volume was 9,120,937 units (+57.9% YoY, +19.1% QoQ). The top exporting countries are the US, UK, UAE, Canada, and Saudi Arabia. It aims to maintain a diversified customer base and avoid direct competition with Chinese players. They have also approved a capex of INR 30 Cr to develop new facilities.

Export update – Q2FY24

S.No	Company	Exports Value (INR cr)					Exports Volume ('1000)				
		Sep-22	Aug-23	Sep-23	YoY (%)	MoM (%)	Sep-22	Aug-23	Sep-23	YoY (%)	MoM (%)
1	Alok Industries	81	84	59	-26.8%	-29.7%	2,735,225	3,473,561	2,175,194	-20.5%	-37.4%
2	Vishnu Chemicals	51	38	45	-10.6%	19.3%	3,890	3,460	4,254	9.4%	22.9%
3	Indo Count Industries	159	342	291	82.4%	-15.1%	1,658,764	4,094,206	2,831,161	70.7%	-30.8%
4	Balkrishna Industries	535	534	516	-3.5%	-3.3%	18,799,756	17,799,933	16,684,528	-11.3%	-6.3%
5	Gokaldas Exports	128	183	122	-4.5%	-33.2%	1,800,322	5,423,425	2,124,686	18.0%	-60.8%
6	Liberty Shoes	7	2	3	-57.0%	49.8%	41,126	18,779	24,954	-39.3%	32.9%
7	Mirza International	48	53	57	16.9%	6.9%	607,992	536,057	628,013	3.3%	17.2%
8	Gujarat Ambuja Exports	86	161	125	45.6%	-22.6%	21,688	75,392	38,912	79.4%	-48.4%
9	KRBL	628	106	93	-85.1%	-11.4%	350,698	201,860	290,757	-17.1%	44.0%
10	Kitex Garments	30	30	47	54.8%	57.9%	176,662	206,878	331,832	87.8%	60.4%
11	Reliance Chemotex	16	10	15	-8.9%	43.7%	4,260,220	356,784	514,930	-87.9%	44.3%
12	ITC	782	672	430	-45.0%	-36.0%	315,586,919	200,727,338	326,377,814	3.4%	62.6%
13	Wockhardt	34	38	49	44.0%	27.6%	51,479,140	31,960,928	75,025,810	45.7%	134.7%
14	NATCO Pharma	72	33	65	-9.5%	95.1%	39,936,102	23,871,551	18,255,914	-54.3%	-23.5%
15	Aurobindo Pharma	741	656	646	-12.8%	-1.4%	1,570,920,026	1,849,543,280	1,684,022,254	7.2%	-8.9%
16	Cadila Healthcare	876	431	421	-52.0%	-2.4%	942,602,685	818,596,660	1,079,923,751	14.6%	31.9%
17	Glenmark Pharmaceuticals	301	333	308	2.4%	-7.5%	15,565,530	16,848,042	15,936,287	2.4%	-5.4%
18	Ajanta Pharma	136	90	73	-46.5%	-18.7%	11,742,827	16,930,107	9,038,214	-23.0%	-46.6%
19	Biocon	157	48	79	-49.8%	64.1%	23,800	13,651	16,638	-30.1%	21.9%
20	Lupin	342	309	304	-11.0%	-1.6%	46,400,639	114,636,006	100,851,598	117.3%	-12.0%
21	IOL Chemicals	40	33	47	18.7%	43.0%	405,309	390,320	521,872	28.8%	33.7%
22	Torrent Pharmaceuticals	162	160	175	7.6%	9.3%	67,662,026	62,676,330	59,341,227	-12.3%	-5.3%
23	Neuland Laboratories	118	59	109	-7.8%	84.0%	38,912	18,362	31,031	-20.3%	69.0%
24	IPCA Laboratories	209	229	232	11.2%	1.2%	578,178,451	787,762,023	995,073,542	72.1%	26.3%
25	Rane Brake	1	4	3	423.3%	-17.4%	29,778	68,889	38,236	28.4%	-44.5%
26	Varroc Engineering	14	19	19	37.6%	0.6%	800,093	6,018,705	1,251,483	56.4%	-79.2%
27	Motherson Sumi	116	135	135	15.7%	-0.5%	21,652,558	14,589,951	13,798,991	-36.3%	-5.4%
28	Talbro Engineering	3	5	4	5.8%	-25.7%	12,706	16,549	11,969	-5.8%	-27.7%
29	Lumax Auto Tech	1	0	1	57.4%	223.2%	17,462	9,200	68,954	294.9%	649.5%
30	Granules India	407	275	417	2.3%	51.5%	1,428,836,411	1,913,739,875	1,857,496,900	30.0%	-2.9%
31	Dr Reddy's Laboratories	890	788	739	-16.9%	-6.2%	397,496,658	736,318,991	786,803,204	97.9%	6.9%
32	Sun Pharmaceuticals Industries	740	787	796	7.6%	1.2%	202,430,024	155,315,533	193,002,247	-4.7%	24.3%
33	Marksans Pharma	53	53	62	16.2%	17.4%	55,786,237	114,846,192	154,168,096	176.4%	34.2%
34	Caplin Point Laboratories	58	83	70	21.2%	-15.7%	175,643,328	161,436,682	143,513,904	-18.3%	-11.1%
35	Divis Laboratories	443	379	57	-87.0%	-84.8%	621,234	36,809	42,150	-93.2%	14.5%
36	Aarti Drugs	79	64	45	-43.0%	-29.8%	953,590	834,811	658,466	-30.9%	-21.1%
37	Alkem Laboratories	131	167	134	2.3%	-19.9%	167,781,776	109,764,338	162,460,643	-3.2%	48.0%
38	Sansera	47	56	59	25.9%	6.1%	1,032,719	962,532	1,121,134	8.6%	16.5%
39	LT Foods	78	169	194	148.0%	14.3%	57,422	61,368	31,295	-45.5%	-49.0%
40	Raymond	18	18	17	-8.0%	-9.3%	538,316	527,982	491,086	-8.8%	-7.0%
41	Gufic Biosciences	10	6	6	-38.9%	1.0%	89,928	220,621	429,970	378.1%	94.9%
42	Tega Industries	36	30	25	-28.9%	-15.6%	138,293	70,300	41,680	-69.9%	-40.7%
43	India Glycols	23	45	34	49.8%	-23.1%	1,434,940	2,170,826	1,944,177	35.5%	-10.4%
44	S P Apparel	73	85	72	-1.2%	-15.2%	2,477,826	2,942,562	2,350,953	-5.1%	-20.1%
45	GRM Overseas	77	42	33	-56.9%	-21.1%	11,434	4,981	3,510	-69.3%	-29.5%
46	Pokarna Engineering Stone	77	32	43	-43.9%	34.5%	615,132	426,732	560,366	-8.9%	31.3%
47	Gland Pharma	287	184	238	-17.0%	29.3%	19,186,133	14,707,704	18,979,032	-1.1%	29.0%
48	Himatsingka Seide	138	160	150	9.1%	-6.2%	1,610,149	2,015,980	1,884,854	17.1%	-6.5%
49	Navin Fluorine International	98	21	64	-34.6%	209.1%	223,532	336,643	299,176	33.8%	-11.1%
50	SRF	472	308	312	-33.9%	1.1%	3,874,625	1,523,088	1,350,533	-65.1%	-11.3%

Source: EXIM, Arihant Capital Research

Export update – Q2FY24

S.No	Company	Exports Value (INR cr)					Exports Volume ('1000)				
		Q2FY23	Q1FY24	Q2FY24	YoY (%)	QoQ (%)	Q2FY23	Q1FY24	Q2FY24	YoY (%)	QoQ (%)
1	Alok Industries	264	195	208	-21.2%	6.9%	9,893,701	7,732,572	8,459,350	-14.5%	9.4%
2	Vishnu Chemicals	158	120	126	-20.6%	4.4%	12,025	9,017	11,106	-7.6%	23.2%
3	Indo Count Industries	670	655	815	21.8%	24.5%	5,774,580	7,660,182	9,120,937	57.9%	19.1%
4	Balkrishna Industries	1,674	1,439	1,589	-5.1%	10.4%	58,035,748	47,444,050	51,834,467	-10.7%	9.3%
5	Gokaldas Exports	488	412	389	-20.3%	-5.4%	8,118,514	6,702,829	8,908,691	9.7%	32.9%
6	Liberty Shoes	18	10	7	-60.3%	-31.2%	132,932	89,239	58,984	-55.6%	-33.9%
7	Mirza International	158	97	167	5.6%	71.3%	1,884,306	1,286,922	1,739,203	-7.7%	35.1%
8	Gujarat Ambuja Exports	275	388	423	53.7%	9.2%	94,162	197,479	161,315	71.3%	-18.3%
9	KRBL	1,745	135	267	-84.7%	96.8%	876,947	253,278	649,182	-26.0%	156.3%
10	Kitex Garments	116	104	106	-9.1%	1.5%	748,125	2,051,828	722,825	-3.4%	-64.8%
11	Reliance Chemotex	50	51	43	-14.9%	-15.9%	5,341,941	1,867,795	1,509,488	-71.7%	-19.2%
12	ITC	2,144	1,499	1,704	-20.5%	13.7%	731,599,096	567,032,354	744,617,809	1.8%	31.3%
13	Wockhardt	89	92	114	27.9%	24.3%	152,803,757	150,901,183	161,065,167	5.4%	6.7%
14	NATCO Pharma	115	168	139	21.1%	-17.3%	46,826,956	50,009,760	57,678,510	23.2%	15.3%
15	Aurobindo Pharma	1,839	2,384	1,929	4.9%	-19.1%	3,505,620,841	5,049,930,566	5,099,616,782	45.5%	1.0%
16	Cadila Healthcare	1,558	1,104	1,274	-18.2%	15.4%	2,506,420,298	2,614,818,953	2,815,955,080	12.3%	7.7%
17	Glenmark Pharmaceuticals	941	1,231	959	1.8%	-22.1%	54,670,003	52,076,218	47,576,635	-13.0%	-8.6%
18	Ajanta Pharma	407	638	275	-32.5%	-57.0%	42,119,164	63,076,375	54,458,446	29.3%	-13.7%
19	Biocon	276	209	129	-53.1%	-38.3%	52,759	59,444	31,654	-40.0%	-46.7%
20	Lupin	879	1,374	849	-3.5%	-38.2%	160,593,198	265,598,514	273,154,930	70.1%	2.8%
21	IOL Chemicals	127	124	114	-10.3%	-7.8%	1,186,030	968,523	1,294,933	9.2%	33.7%
22	Torrent Pharmaceuticals	483	569	501	3.7%	-11.9%	165,918,498	167,361,545	195,983,515	18.1%	17.1%
23	Neuland Laboratories	237	212	222	-6.1%	4.6%	68,894	66,761	63,436	-7.9%	-5.0%
24	IPCA Laboratories	595	568	669	12.4%	17.6%	1,811,640,423	2,032,714,582	2,539,804,592	40.2%	24.9%
25	Rane Brake	4	8	10	144.1%	24.6%	207,127	168,388	287,315	38.7%	70.6%
26	Varroc Engineering	47	58	54	13.6%	-7.7%	2,633,614	3,361,118	8,296,811	215.0%	146.8%
27	Motherson Sumi	382	389	393	2.9%	1.0%	57,280,336	53,101,884	43,151,674	-24.7%	-18.7%
28	Talbro Engineering	12	12	12	-6.4%	-6.6%	41,013	42,597	39,055	-4.8%	-8.3%
29	Lumax Auto Tech	3	4	3	0.9%	-25.7%	73,926	129,153	100,019	35.3%	-22.6%
30	Granules India	717	752	970	35.4%	29.1%	2,897,867,581	3,622,342,625	5,338,625,123	84.2%	47.4%
31	Dr Reddy's Laboratories	1,996	4,032	2,083	4.4%	-48.3%	1,360,339,650	2,060,426,976	2,291,386,939	68.4%	11.2%
32	Sun Pharmaceuticals Industries	2,303	1,958	2,214	-3.9%	13.1%	548,009,008	593,271,558	507,033,772	-7.5%	-14.5%
33	Marksans Pharma	152	167	175	15.6%	4.8%	163,424,561	341,397,932	421,295,215	157.8%	23.4%
34	Caplin Point Laboratories	164	175	199	21.2%	13.8%	490,511,996	479,636,392	429,542,141	-12.4%	-10.4%
35	Divis Laboratories	1,718	1,507	498	-71.0%	-66.9%	2,212,330	2,004,646	127,608	-94.2%	-93.6%
36	Aarti Drugs	200	164	158	-20.7%	-3.1%	2,443,329	2,048,655	2,225,669	-8.9%	8.6%
37	Alkem Laboratories	394	432	427	8.4%	-1.1%	333,278,928	434,436,960	394,408,690	18.3%	-9.2%
38	Sansera	122	141	172	40.4%	21.5%	2,624,409	2,532,679	3,103,501	18.3%	22.5%
39	LT Foods	525	459	502	-4.4%	9.4%	451,709	84,192	182,927	-59.5%	117.3%
40	Raymond	48	47	58	20.9%	23.4%	1,426,312	1,270,785	1,554,793	9.0%	22.3%
41	Gufic Biosciences	29	20	20	-32.0%	1.7%	456,440	1,138,459	965,144	111.5%	-15.2%
42	Tega Industries	122	83	64	-47.7%	-23.8%	904,286	440,994	135,830	-85.0%	-69.2%
43	India Glycols	124	95	123	-0.7%	29.1%	5,726,723	3,757,696	5,411,629	-5.5%	44.0%
44	S P Apparel	233	166	235	1.0%	41.9%	8,428,632	7,212,694	7,901,882	-6.2%	9.6%
45	GRM Overseas	359	320	171	-52.5%	-46.6%	752,999	40,528	20,911	-97.2%	-48.4%
46	Pokarna Engineering Stone	220	320	113	-48.9%	-64.8%	1,887,178	40,528	1,521,543	-19.4%	3654.3%
47	Gland Pharma	716	528	636	-11.1%	20.6%	52,574,538	41,002,522	50,173,371	-4.6%	22.4%
48	Himatsingka Seide	430	420	479	11.4%	14.1%	5,034,365	5,144,463	6,065,241	20.5%	17.9%
49	Navin Fluorine International	188	196	132	-29.6%	-32.7%	759,427	813,379	1,039,340	36.9%	27.8%
50	SRF	1,461	1,302	1,028	-29.6%	-21.0%	11,473,261	25,817,518	4,664,930	-59.3%	-81.9%

Source: EXIM, Aриhant Capital Research

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Stock Rating Scale	Absolute Return
BUY	>20%
ACCUMULATE	12% to 20%
HOLD	5% to 12%
NEUTRAL	-5% to 5%
REDUCE	-5% to -12%
SELL	<-12%

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