

In September 2022, India's merchandise export was down 3.52% YoY to USD 32.62 Bn. This decline was due to slowdowns in some developed economies leading to lowered demand. Certain measures to contain domestic inflation and some domestic food security concerns with regard to commodities like rice have also negatively impacted exports this month. This is the first contraction in exports since February 2021. Non petroleum exports had a de growth of 7.25% YoY. The major contributing commodities to this de growth were: Engineering goods (-16.98%), Chemicals (-1.70%), Drugs & Pharmaceuticals (-0.13%), Textiles (-21.55%), Cotton Yarn/ Fabric/ Madeups, Handloom products etc. (-41.43%), and Rice (-5.96%). Categories that gained traction through exports this month on a YoY basis were: Petroleum products (+17.03%), Gems and Jewelry (+12.59%), and Electronic goods (+64.03%).

**Liberty Shoes:** Liberty shoes export revenues for the month of September were up 152% YoY (+56% MoM) to INR 6,79,83,720 and up 117% YoY for Q2FY23 (+57% QoQ) to INR 16,89,41,407. Volumes were up 82% YoY (5% MoM) to 41,126 units in September, and up 62% YoY for Q2FY23 (-1% QoQ) to 1,32,932 units. Most of the exports are to the US and UAE, and comprise of footwear. The company has been investing in product development, youthful designs, manufacturing, and marketing strategies. Indian footwear is also priced lower compared to global standards. India is expected to become a footwear export hub soon.

**KRBL:** KRBL export revenues for September were up 57% YoY (-78% MoM) to INR 1,40,13,82,169 and up 170% YoY for Q2FY23 (+69% QoQ) to INR 11,88,47,70,643. Volumes were up 35% YoY (-18% MoM) in September to 2,27,748 units, and up 50% YoY for Q2FY23 to 7,53,997 units (-23% QoQ). Most of the exports are to Saudi Arabia, UAE, Australia, China, and Canada. The commodity is basmati rice. As one of the largest basmati rice exporters from India, it owns brands such as 'India Gate', 'Unity' and 'Nur Jahan'. The company has been doing well on exports since the government imposed duties on exports of different types of rice except basmati rice, in an effort to keep domestic supplies high and prices low. Demand from countries like Iran, Saudi Arabia, Iraq, UAE, Kuwait, Iraq, the UK, Yemen Republic, USA, Canada, and Oman remain high. The rice output this year is expected to be lower due to a poor Kharif season leading to lower sowing. This lowered supply has pushed up prices of rice in the international and domestic market, leading to rice millers performing exceptionally well this quarter.

**LT Foods:** LT Foods export revenues for September were up 73% YoY (0% MoM) to INR 1,79,21,07,164 and up 73% YoY for Q2FY23 (-23% QoQ) to INR 5,99,60,11,026. Volumes were down 96% YoY (-169% MoM) in September to 57,422 units, and down 80% YoY for Q2FY23 to 4,51,709 units (-84% QoQ). Most of the exports are to US, UAE, Australia, China, and Canada. The commodity is Indian basmati rice. The company has benefitted from much of the same factors that worked for KRBL in that the likely supply constraints have pushed up global rice prices.

**Sakuma Exports:** Sakuma Exports export revenues for September were up 37% YoY (+183% MoM) to INR 96,54,96,408 and down 41% YoY for Q2FY23 (-75% QoQ) to INR 1,39,23,31,089. Volumes were up 9% YoY (+152% MoM) in September to 23,749 units, and down 97% YoY for Q2FY23 to 36,011 units (-52% QoQ). Most of the exports are to UAE, Djibouti, Indonesia, and Tanzania. The major commodity exported is cane sugar followed by beet sugar. As of September, India's sugar exports have jumped 57% YoY making it the world's 2<sup>nd</sup> largest sugar exporter. This jump was led by supportive international prices and Indian government policies. The government has been pushing sugar production so that it can be converted into ethanol (under the ethanol blending program), and the surplus to be exported. The current season has led to record sugar production and exports from India.

**S P Apparel:** S P Apparel export revenues for September were down 4% YoY (-9% MoM) to INR 69,01,95,757 and up 30% YoY for Q2FY23 (+8% QoQ) to INR 2,19,64,59,606. Volumes were down 16% YoY (-10% MoM) in September to 24,77,826 units, and up 30% YoY for Q2FY23 to 84,28,632 units (+0% QoQ). Most of the exports are to the UK, Ireland, Slovakia, Czech Republic, Germany, and the Netherlands. The most exported commodity is cotton babies garments followed by men's & boys formal wear, and night dresses (pajamas). Recently, the company has

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hived off its retail division into a separate company 'SP Retail Ventures' and has added 2 more brands - a children's brand 'Angel & Rocket' and a premium brand under SP Retail Ventures under the retail business. They have also added an international brand well known for skiing. It has given license to SP Retail Ventures to manufacture and sell apparel and footwear in India under the brand "Head'. There has been some slowdown in demand from European Nations due to the Russia- Ukraine war for the past few months.

**Vishnu Chemicals:** Vishnu Chemicals export revenues for September were down 8% YoY (+15% MoM) to INR 48,68,33,323 and up 41% YoY for Q2FY23 (+7% QoQ) to INR 1,50,40,84,465. Volumes were down 20% YoY (-9% MoM) in September to 3,890 units, and down 3% YoY for Q2FY23 to 12,474 units (+4% QoQ). The major countries exported to are Brazil, South Korea, Mexico, Argentina, Bangladesh, and Indonesia. The major export commodity is sulphates, alums, peroxosulphates (persulphates); Chromium trioxide; and chromium oxides & hydroxides. The company is currently playing on volume growth as demand is present. They are also have major capacity addition underway. As the global logistics issue eases up it will continue to grow their export share.

**Zydus Lifesciences:** Zydus Lifesciences export revenues for September were up 7% YoY (+88% MoM) to INR 4,76,64,53,246 and down 31% YoY for Q2FY23 (-13% QoQ) to INR 11,17,23,37,378. Volumes were up 36% YoY (+34% MoM) in September to 94,25,79,067 units, and up 10% YoY for Q2FY23 to 2,50,40,14,181 units (-10% QoQ). The major exporting countries are US, Sri Lanka, France, Brazil, and Nepal. The major commodities are zyrof 25 tablets 10x10t (rofecoxib 25mg), famotidine ep, acid capsules 10x10c (omeprazole 20mg). Last month, the company launched a cancer drug- Lenalidomide capsules in the US. This is in line with their goal to provide affordable medication worldwide.

**Aarti Drugs:** Aarti Drugs export revenues for September were up 17% YoY (+44% MoM) to INR 74,51,48,931 and up 4% YoY for Q2FY23 (+14% QoQ) to INR 1,87,92,70,656. Volumes were up 12% YoY (+25% MoM) in September to 9,53,590 units, and up 39% YoY for Q2FY23 to 24,43,329 units (-95% QoQ). The major countries it exports to are Pakistan, Brazil, Nepal, Egypt, and Bangladesh. The major export commodity under APIs and specialty chemicals are: Rifampicin and its salts, Ciprofloxacin and its salts, Cefadroxil and its salts, Ibuprofen, Nifedipine, Ranitidine, and Danes salt.

**Gufic Biosciences:** Gufic Biosciences export revenues for September were up 106% YoY (+98% MoM) to INR 9,61,75,393 and up 110% YoY for Q2FY23 (+80% QoQ) to INR 27,52,13,623. Volumes were down 55% YoY (+27% MoM) in September to 1,99,367 units, and up 39% YoY for Q2FY23 to 4,56,440 units (-95% QoQ). The major countries it exports to are China, Pakistan, Kenya, Nepal, and Sri Lanka. The major exported commodities are carboxamide- function compounds; amide-function compounds of carbonic acid, and antibiotics.

**Non- Pharma & Chemical**

Sno	Company	Value				Q2FY23 Export revenue as a % of Q2FY22 Sales	Volume			
		Sep (MoM)	Sep (YoY)	Q2FY23 (YoY)	Q2FY23 (QoQ)		Sep (MoM)	Sep (YoY)	Q2FY23 (YoY)	Q2FY23 (QoQ)
1	Alok Industries	-24%	-50%	-45%	-32%	13%	-33%	-34%	-15%	-31%
2	Welspun India	-100%	-100%	-59%	391%	28%	-100%	-61%	-57%	-100%
3	Indo Count Industries	-41%	-36%	-10%	-45%	83%	-18%	-29%	-15%	-4%
4	Balkrishna Industries	14%	-7%	-6%	-20%	76%	17%	-5%	-7%	-19%
5	Gokaldas Exports	-28%	-47%	-3%	-12%	103%	-53%	-46%	-18%	-20%
6	Liberty Shoes	56%	152%	117%	57%	15%	5%	82%	62%	-1%
7	Mirza International	-2%	-6%	-6%	8%	38%	-8%	-46%	-51%	-7%
8	Gujarat Ambuja Exports	2%	10%	-14%	-28%	22%	-51%	-38%	-53%	-58%
9	KRBL	-78%	57%	170%	69%	113%	-18%	35%	50%	-23%
10	Sakuma Exports	183%	37%	-41%	-75%	36%	152%	9%	-52%	-97%
11	Kitex Garments	17%	-53%	-30%	-46%	61%	2%	-55%	-29%	-55%
12	Reliance Chemotex	-12%	-6%	-19%	-8%	53%	-23%	-42%	-37%	-15%
13	ITC	-20%	5%	34%	-67%	12%	20%	-9%	4%	21%
14	Hero Motorcorp	0%	-48%	-38%	-33%	4%	-24%	-65%	-21%	-43%
15	Bajaj Auto	-9%	-21%	-19%	-15%	39%	2%	-47%	-45%	-17%
16	Maruti Suzuki	-15%	2%	4%	-18%	15%	-12%	6%	9%	-3%
17	Escorts	10%	-14%	5%	2%	10%	-29%	-44%	-6%	-18%
18	Eicher Motors	-27%	-2%	7%	-39%	17%	-70%	-59%	173%	34%
19	Rane Brake	-73%	-67%	-10%	-37%	3%	-78%	36%	196%	-12%
20	Varroc Engineering	-18%	-56%	-38%	-31%	1%	-12%	-52%	-40%	-37%
21	Motherson Sumi	-17%	-4%	7%	20%	3%	21%	32%	8%	19%
22	Talbro Engineering	-2%	-59%	-49%	-49%	13%	18%	-65%	-59%	-60%
23	Lumax Auto Tech	58%	-34%	-4%	7%	1%	38%	-61%	-37%	-69%
24	Sansera	25%	-17%	-24%	-4%	24%	23%	-4%	-11%	28%
25	LT Foods	0%	73%	73%	-23%	45%	-69%	-96%	-80%	-84%
26	Raymond	45%	-4%	-12%	-26%	3%	47%	-2%	-10%	-26%
27	Tega Industries	-34%	-38%	-13%	-20%	45%	-89%	-77%	3%	29%
28	India Glycols	-68%	-67%	-36%	-18%	15%	-55%	-72%	-58%	-21%
29	S P Apparel	-9%	-4%	30%	8%	99%	-10%	-16%	30%	0%

Source: EXIM, Arianth Capital Research

**Pharma & Chemicals**

Sno	Company	Value				Q2FY23 Export revenue as a % of Q2FY22 Sales	Volume			
		Sep (MoM)	Sep (YoY)	Q2FY23 (YoY)	Q2FY23 (QoQ)		Sep (MoM)	Sep (YoY)	Q2FY23 (YoY)	Q2FY23 (QoQ)
1	Vishnu Chemicals	-8%	15%	41%	7%	76%	-9%	-20%	-3%	4%
2	Wockhardt	19%	-21%	-27%	-87%	10%	30%	-4%	14%	20%
3	NATCO Pharma	165%	-34%	-21%	-19%	27%	768%	151%	74%	66%
4	Aurobindo Pharma	15%	26%	-9%	-12%	26%	53%	37%	-13%	21%
5	Cadila Healthcare (Zyventus Lifesciences)	88%	7%	-31%	-13%	30%	34%	36%	10%	-10%
6	Glenmark Pharmaceuticals	-22%	-48%	-39%	-9%	26%	-10%	-23%	-11%	13%
7	Ajanta Pharma	-26%	-57%	-44%	-29%	38%	-48%	-26%	-33%	-26%
8	Cipla	13%	-10%	-7%	-11%	28%	3%	-33%	-34%	-30%
9	Biocon	-11%	-48%	-20%	-40%	9%	-43%	-99%	-95%	-91%
10	Lupin	-18%	-61%	-50%	-37%	16%	-43%	-59%	-45%	-60%
11	IOL Chemicals	-20%	-1%	5%	-5%	22%	-14%	2%	26%	19%
12	Torrent Pharmaceuticals	0%	-30%	-19%	-12%	20%	26%	30%	11%	-6%
13	Neuland Laboratories	-87%	-88%	-23%	-15%	47%	91%	-13%	-15%	13%
14	IPCA Laboratories	5%	-24%	-17%	-15%	35%	7%	-12%	-1%	3%
15	Granules India	32%	62%	36%	24%	27%	-3%	0%	-2%	-11%
16	Dr Reddy's Laboratories	27%	-37%	-35%	-16%	29%	-17%	-31%	-15%	-16%
17	Sun Pharmaceuticals Industries	-14%	1%	1%	1%	22%	14%	8%	-33%	2%
18	Abbott India	-34%	-44%	-11%	69%	2%	430%	-34%	-34%	123%
19	Marksans Pharma	18%	-12%	-15%	-5%	39%	36%	21%	23%	-29%
20	Caplin Point Laboratories	42%	3%	-26%	44%	51%	36%	-3%	-13%	22%
21	Divis Laboratories	-94%	-94%	-3%	38%	62%	-96%	-95%	-4%	0%
22	Aarti Drugs	44%	17%	4%	14%	37%	25%	12%	12%	26%
23	Alkem Laboratories	19%	-38%	-39%	-30%	13%	247%	-5%	-45%	-33%
24	Gulf Biosciences	98%	106%	110%	80%	14%	27%	-55%	39%	-95%

Source: EXIM, Arianth 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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