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Ashok Leyland eyes strong export growth this fiscal

G Balachandar
Chennai

Ashok Leyland, a leading truck and bus maker in the country, expects its vehicle exports to stage a strong rebound and the company sees the opportunity to record a strong double-digit growth in exports in this fiscal.

While overall commercial vehicle exports from India fell 16 per cent at 65,816 units, Ashok Leyland reported a 5 per cent increase in CV exports at 11,853 units despite subdued market conditions in SAARC and in some parts of Africa. The company attributes this growth to its strategy of local market presence, focused product development for international markets, and strong distribution relationships in key markets.

With some key export markets showing signs of recovery, Ashok Leyland expects significant volume expansion this year.

"This year, we're seeing some revival in Sri Lanka, Nepal and Bangladesh. So, the traditional markets should be stronger. Our products are gaining more acceptance in the GCC region, which will drive volume growth. Additionally, over the past 2-3 years, we've expanded our network in Africa and entered new markets. So, I believe exports should see a growth of 20-25 per cent this year," Dheeraj Hinduja, Chairman of Ashok Leyland, in an interview with *businessline*.

IN FAST LANE. Ashok Leyland reported a 5% increase in CV exports at 11,853 units despite subdued market conditions in SAARC and in some parts of Africa

DOMESTIC MARKET

While boosting exports, the company remains focused on increasing its domestic market share in the medium and heavy commercial vehicle sector to 35 per cent (up from the current 31 per cent) and its light commercial vehicle market share to 25 per cent (up from 20 per cent) in the medium term.

Currently, Ashok Leyland addresses only half of the LCV market in India but plans to expand its coverage to 70-80 per cent in the next few years through a series of new product launches. "The LCV segment presents a huge potential for us to grow our CV volumes in the future," added Hinduja.

However, domestic LCV wholesale volumes are expected to decline by 5-8 per cent in FY2025 due to factors such as a high-base effect, a sustained slowdown in e-commerce, and competition from electric three-wheelers, according to rating agency ICRA.

The LCV (Goods) segment reported wholesale dispatches of 142,946 units in Q4 FY2024, marking a marginal 3 per cent year-on-year decline due to the high base effect.

The segment saw a 3 per cent year-on-year volume decline in FY2024 compared to the previous fiscal year, it added.

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Maize exports plunged to 4-year low in FY24 on higher domestic prices

Vishwanath Kulkarni
Bengaluru

India's maize exports fell to a four-year low in the 2023-24 period, experiencing a 58 per cent decline in volume. This drop was due to higher domestic prices and a reduced crop, coupled with increasing demand from ethanol, poultry and starch manufacturers.

The country's maize exports declined to 14.42 lakh tonnes(lt) during 2023-24 from the previous year's 34.53 lt as per official data with large buyers such as Bangladesh and Vietnam reducing their offtake and shifting to other cheaper origins. In dollar value terms, India maize or corn exports slipped by 60 per cent to $443 million during the period from the previous year's $1,116 million. In rupee value terms, the exports declined 59.2 per cent to ₹3,660 crore from the previous year's ₹8,987 crore.

FARING POORLY. In dollar value terms, India maize exports slipped by 60% to $443 million during 2023-24

Vietnam was the largest buyer of Indian maize during 2023-24 with purchases at over 6.88 lt. However, the exports to Vietnam were down by about 23 per cent from the previous year's 8.91 lt. Nepal was the second largest buyer of Indian maize during 2023-24 with purchases of some 3.78 lt. Exports to Nepal during the year were down by 3.3 per cent from previous year's 3.91 lt.

Bangladesh, the largest buyer of Indian corn in the recent year reduced its purchases sharply with the Indian prices not being competitive compared to global prices. Exports to Bangladesh fell sharply by about 88 per cent during 2023-24 to 2.08 lt from the previous year's 17.09 lt.

NOT COMPETITIVE

Trade sources said Indian maize has not been competitive in the world market due to higher domestic prices and as a result the exports have come to a halt. Also, the increase in domestic demand from sectors such as poultry, starch and ethanol blending fuelled the demand for maize in the local market.

As per the second advance estimates, maize crop for 2023-24 is seen lower at 324.70 lt, down from previous year's 380.85 lt, which includes a summer crop output of 27.21 lt.

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Gherkin exports up at record $256 m in FY24 on robust Europe demand

Vishwanath Kulkarni
Bengaluru

India's exports of gherkins (pickled cucumbers) for financial year 2023-24 rose 17 per cent to touch a record $256.58 million on strong demand from European buyers such as Germany and Spain. In 2022-23, India's gherkin exports stood at $218.74 million.

In volume terms, gherkin exports were up 7.4 per cent at 2.44 lakh tonnes (lt) during 2023-24 against previous year's 2.27 lt.

Exports to traditional large buyers of Indian gherkins, such as the United States and Russia, decreased during the year as Indian exporters struggled to compete with other sources due to higher freight costs. However, strong demand from European buyers helped offset this impact. Exports to the US, the largest buyer, declined 12 per cent to 54,015 tonnes. India competes with Mexico in the US market for gherkins. "We were not competitive in the US market due to higher freight rates," said Pradeep Pooviah, Vice-President of the Indian Gherkin Exporters Association.

E. EUROPE CROP HIT

However, shipments to Germany, which emerged as the second largest buyer of Indian gherkins during 2023-24, almost doubled during the year. "The crop was impacted in Eastern Europe resulting in higher demand for Indian gherkins," said Pooviah, CEO of Blossom Showers Agro, a Bengaluru-based exporter. Exports to Germany were up at 20,925 tonnes (11,222 tonnes). Similarly, the shipments to Spain were higher at 19,585 tonnes (15,513 tonnes) and France were at 19,433 tonnes (19,395 tonnes).

Scaling new highs

Year	Quantity (lakh tonnes)	Value ($ million)
2023-24	2.442	256.58
2022-23	2.276	218.74
2021-22	2.175	199.46
2020-21	2.235	223.04
2019-20	1.893	173.49
2018-19	2.128	205.99
2017-18	2.209	199.5

Source: DGCIS

India competes with origins such as Eastern Europe, Turkey and Sri Lanka in the European markets. Pooviah said the realisations were good this year on account of higher demand from countries like Germany, which largely buys in consumer packs and jars, unlike other markets where the gherkins are shipped in bulk in large drums.

IMPORT DUTY

Besides the higher freight costs, the Indian gherkins also face a duty ranging from 10-14 per cent in the importing countries. "Our exports could have been much higher, but for the duty and higher freight cost," he said adding that a free trade agreement with EU and the US could be of help to the exporters.

Gherkins, a type of small cucumbers, are grown in parts of Karnataka, Tamil Nadu and Andhra Pradesh, are shipped in brine solution to overseas markets where they are consumed as pickle. Over half of the 50 gherkin processing and exporting units are located in Karnataka, the major producer.

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Guatemalan drought to brighten export prospects of India's cardamom

V Sajeev Kumar
Kochi

Indian cardamom exports are expected to gain significantly in the near term, thanks to drought conditions in Guatemala, one of the largest producers globally.

It is reported that a fall in cardamom production in Guatemala this season will force many Gulf countries to source Indian cardamom, which is superior in quality. The cardamom harvest season in India will start by July end or early August.

PC Punnoose, Managing Director, KCPMC Ltd, said many cardamom-producing areas in Idukki are currently receiving moderate rains, which is expected to boost yields. With rains beginning from May 10, the first capsule can be harvested 90 days later.

The auction market is relatively free of volatility, with the average price hovering at ₹2,245 per kg.

GAINING FLAVOUR. A fall in cardamom production in Guatemala this season will force many Gulf countries to source Indian cardamom, which is superior in quality

NO VOLATILITY

However, traders are cautious over the price rise beyond ₹2,000 per kg, given the lower production due to drought in Idukki over the past four months. Small and marginal farmers are the mainstay of cardamom cultivation with less than five-acre holdings.

Prince Thomas George, Chairman of the Association of Planters of Kerala, said cardamom prices are expected to rise as the sector witnessed about 30 per cent plant loss from an extended drought and high temperature immediately after the high-density rainfall. Hence, crop loss is expected at 40-50 per cent. If demand remains unchanged from last year, the sector expects prices to increase.

EL NINO IMPACT

SB Prabhakar, a farmer in Idukki, said Guatemalan cardamom production is expected to fall to around 25,000 tonnes in the current season due to high temperatures and El Nino-induced drought. Also, the crop is expected to be delayed.

The Indian production is also projected to fall 50 per cent to around 16,000 tonnes in the coming season. However, to fill the gap, Indian cardamom exports are likely to increase from August. "This opportunity needs to be tapped, and if we can export 3,000-5,000 tonnes, prices could increase further," he said.