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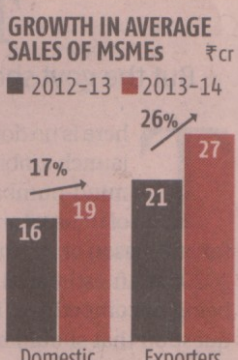
CRISIL SME TRACKER

Export-oriented MSMEs perform better than domestic players

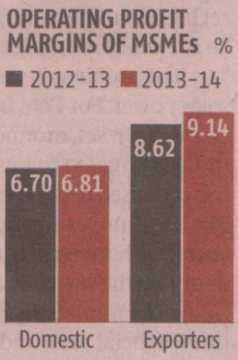
CRISIL has analysed the performance of about 6,900 micro, small, and medium enterprises (MSMEs) which were rated on the basis of their 2013-14 (April 1 to March 31) financials. The study reveals that the average sales of MSMEs that have export presence grew by 26 per cent in 2013-14, as against 17 per cent for domestic players during the year. Currently, MSMEs contribute about 40 per cent of the country's total exports.

Exporters in the CRISIL sample also performed better than the domestic players in terms of operating profit margins. The export-based units registered an average operating profit margin of 9.14 per cent in 2013-14, up from 8.62 per cent during the previous year. On the other hand, operating profit margins of domestic players remained stagnant at 6.70 per cent in 2012-13 and 6.81 per cent in 2013-14.

More than 60 per cent of MSME exporters have been in business for more than a decade and have been operating in different sectors and catering to diverse clients from abroad. CRISIL believes that these MSMEs are able to market their products in the international market on account of their business experience and by adhering to international standards, which enables them to source bulk orders on a regular basis. This also allows them to command high margins despite intense competition and fluctuations in the prices of raw material and foreign exchange rates.



Category	2012-13	2013-14
Domestic	16	19 (17% increase)
Exporters	21	27 (26% increase)



Category	2012-13	2013-14
Domestic	6.70	6.81
Exporters	8.62	9.14

Note: CRISIL has rated over 75,000 MSMEs in India. This fortnightly tracker presents to our readers insights on MSMEs, a key element of the Indian economy.