

Is Your Supplier a 100% Export House or a Domestic Factory New to Export?



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It matters. A factory that has exported for years already packs, documents and tests to export standard. A domestic-first factory may make good goods but learns export on your order. Neither is wrong, but they need different handling. Ask what share of output is exported and to whom, then check the export records that back the answer.

The Short Version

- "100% export house" is a sales phrase. The official terms are a 100% EOU and a DGFT Star Export House, and each can be checked.
- Most horror stories in our forum logs involve first-time or domestic-first exporters, not established export units.
- Ask one question first: what share of your output is exported, and to which countries?
- Back the answer with records: the IEC issue date, an RCMC from the right council, a current LUT and redacted shipping bills.
- A domestic-first factory can be a good partner on a small order if you write packing, documents and inspection into the PO.

Yes, it matters, and more than most buyers expect. A factory that has exported for years already packs, documents and tests to export standard, because its customers made it. A factory that mostly sells in India may make perfectly good goods, but it will be learning export packing, paperwork and your market's rules on your order. Neither is a bad supplier. They are different suppliers, and you handle them differently.

Two voices from our forum logs frame it. An online seller who had sourced from India for years said in 2019 that the suppliers who worked were "Strictly 100% export companies. They had everything figured out." And an Indian

exporter, answering a fellow Indian maker's question about an overseas order in 2024, put the other side bluntly: "it is very likely they don't know about exports" ([r/LegalAdviceIndia, 2024](#)). This post explains what separates the two, how to tell which one is in your inbox, and how to work with each. The caveat – the split is a pattern from buyer and maker accounts, not a measured rate.

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01 Most horror stories involve first-time or domestic-first exporters. Factories that export all their output to large brands are reported as a different class of supplier. *(Our forum logs, four independent voices, 2019 to 2026)*

02 "Export house" has an official meaning in India. DGFT recognises One to Five Star Export Houses by export performance over the current and preceding three financial years, starting at USD 3 million for One Star and USD 15 million for Two Star. *(Foreign Trade Policy 2023, paras 1.25 and 1.26, read 18 Oct 2026 · Verified rule, thresholds Indicative and subject to change)*

03 The records show how long a business has exported. The public IEC lookup gives both the date of incorporation and the IEC issue date, so you can see when a firm started trading abroad. *(Our supplier-signals playbook, DGFT IEC help file v4.1 · Verified field, reading Indicative)*

What we don't know yet

- ☐ What share of Indian exporters sell mostly abroad versus mostly at home, by sector. Nobody publishes it.

1. What Does "100% Export House" Actually Mean?

On a business card, usually nothing official. It's a phrase suppliers use to say "we don't sell in India". Two official statuses sit behind it, though, and both

can be checked.

A **100% Export Oriented Unit (EOU)** is a manufacturer under a customs regime that imports inputs duty free and must export its production. Trading units aren't covered by the scheme. We explain it fully in [is an EOU or SEZ supplier always a manufacturer?](#), so we won't repeat it here.

A **Star Export House** is a different thing. DGFT certifies exporters as "Status Holders" by export performance, in five steps from One Star to Five Star, counted over the current and preceding three financial years ([FTP 2023, paras 1.25 and 1.26](#)). The thresholds start at USD 3 million for One Star and rise to USD 800 million for Five Star (read 18 October 2026, Indicative, check the current policy). Small enterprises and ISO or BIS certified manufacturing units get double weightage, but only towards One Star. So a "Two Star Export House" is claiming real, sustained export volume, and the certificate from DGFT proves it.

A supplier that is neither can still export almost everything it makes. Most good Indian exporters hold no special status at all. The phrase only matters when it's backed by a record, so ask which one they mean.

2. Why Does It Change What You Get?

Because an established exporter has been trained by its customers, and a new one hasn't yet. In our reading of buyer accounts, the gap shows up in four places.

Compliance. A unit that ships to European or US brands has already been asked for test reports, restricted-substance limits, labels and social audits. A domestic-first unit may never have heard the questions. The goods can be fine and still fail at your border.

Packing. Export cartons, pallets that meet ISPM-15, carton marks and moisture control are routine for an exporter. A factory used to trucks to Indian wholesalers packs for a two-day road trip, not a five-week voyage.

Paperwork. Shipping bill, invoice, packing list, certificate of origin. An exporter files these every week. A new one is learning, and errors delay clearance or cost you a duty preference.

Expectations. The domestic market runs on its own habits, including cash up front and loose specifications. One Indian maker posted in 2025 that his firm made "for domestic market. Now i want to get into export" (our forum logs, 2025). That's honest and fairly common.

The counter-voice is worth hearing too. A medtech buyer found that "In more than one case this was the Indian site of a multinational" that still failed audit (r/manufacturing, 2025, from our forum logs). Export experience lowers the risk. It doesn't remove it.

3. How Do You Tell Which One You Have?

Start with one question, and ask it kindly - **"What share of your output do you export, and to which countries?"** A long-standing exporter answers without thinking and names markets. A domestic-first maker often says "we are starting exports" or answers a different question.

Then check the answer against the records. Each is free or cheap to see.

1. **IEC issue date against the date of incorporation.** The public DGFT IEC lookup shows both. A firm founded decades ago that took its export code last year is domestic-first, whatever the website says. What an Indian GST number tells you shows how to get the IEC from the GST number.

2. **An RCMC from the council that covers your product.** Membership of the right export promotion council, as a manufacturer exporter, is a checked claim. Our [supplier signals](#) page explains how to read it.
3. **A current-year Letter of Undertaking (LUT).** Most Indian exporters file one each financial year to ship without GST. No LUT, and a GST line on the quote, suggests the firm hasn't exported much. More in [MOQ, pricing and payment in India](#).
4. **Two redacted shipping bills or e-BRCs.** They show the firm actually exports under its own name. Ask for recent ones with the buyer's name blacked out.
5. **A Star Export House certificate**, if the supplier claims that status.

Watch for the quieter signs too. A quote that asks for ex-works, a price with GST added, or confusion over [FOB](#) usually means you are the supplier's first or second export customer.

4. What About the Trader Who Says They Can Export Anything?

That's a third type, and it's worth separating from both. Our logs hold a run of small merchant exporters approaching foreign buyers – a student with a dormant export code, a four-person start-up sourcing from a wholesale market, a firm that will "export Lifts and Lollipops" ([r/IndiaBusiness, 2026](#)). One Mumbai spice start-up said it would "only procure bulk inventory after securing a 30% to 50% advance from the buyer" ([r/exportersindia, 2026](#)).

Merchant exporting is a normal model, and for mixed or small orders it can be the right one. But it means the export knowledge and the making sit in different hands, and your advance may be what buys the stock. Know that you're in that deal. [Manufacturer vs trading company](#) covers the trade-offs.

5. Can a Domestic-First Factory Still Be the Right Choice?

Often, yes. A maker new to export is usually hungrier, more flexible on minimums and more willing to sample for a small buyer. The established export houses may not answer a 500–piece enquiry at all. Small firms are opportunities not yet grown, and some of the best long relationships start this way.

You just have to supply what its export customers would have taught it. Put these into the purchase order –

- **The Incoterm and port**, FOB or FCA at a named place, with the supplier as exporter of record.
- **A packing spec**, carton strength, pallets to ISPM-15, carton marks and moisture control.
- **The document list**, with the exact certificate of origin your trade agreement needs.
- **Your market's tests and labels**, written out, not assumed.
- **An inspection before the container is sealed**, at the unit doing the work.

A first-time exporter also gets the export formalities wrong more often, so leave time for it. If you'd like someone on the ground to walk a new exporter through the documents and check the goods before they leave, [SourcingSync](#) does that work in India.

Questions Buyers Ask

Is a 100% export unit always better than a domestic factory? 

No. It has more export practice, which lowers the risk on packing, paperwork and compliance. Quality still needs a sample and an inspection.

How can I check a "Star Export House" claim?



My supplier sells mostly in India. Should I walk away?



What single question tells me most?



6. Back to "They Had Everything Figured Out"

That seller's suppliers had everything figured out because a decade of export customers had made them figure it out. A domestic-first factory hasn't had those customers yet. You can wait for it to learn, or you can be the customer who teaches it, with a clear PO and an inspection at the end. Either way, find out which supplier you have before the deposit, not after the container.