

## Trading & Distributors

Industry Code (as per CMIE Prowess): 0101040401000000'

June 2022

Overall Industry Risk Score: **12/20 | Marginally Favourable**

Sample Size: 162 Companies


Median Rating Value of sample size: BBB+

### Individual Parameters Contributing to the Score

**Demand & Supply Balance**  **12/20**

DS Equilibrium

Typically, wholesale traders are conversant about the market conditions and align their business strategy according to demand/supply. However, Covid-19 pandemic had severely disrupted the demand-supply dynamics. In FY22, especially in the second half, on unlocking of the economy and relaxation in lockdown restrictions the industry reported y-o-y 74.9% increase to Rs.109.4 billion for March 2022 quarter as compared to Rs.62.5 billion for March 2021 quarter. The outlook for this sector is expected to be healthy.

**Extent of Competition**  **12/20**

Neutral

This is a slightly fragmented industry but segregated mostly on a geographical basis with clearly defined areas particularly if it relates to distribution of consumer products.

## Regulatory Risk



12/20

Predictable Regulatory environment

The policies governing wholesale trading remain largely predictable. FDI is allowed in wholesale trading under cash and carry in India.

## Input Related Risk



12/20

Largely predictable supply of inputs from diversified sources or Raw Materials with rare, occasional disruptions / fairly predictable price band

Usually, the wholesalers are able to pass on any increases in input costs to the customers. However, in case of a sudden and unexpected change in market scenario, there are risks of inventory losses and/or higher carrying costs, impacting margins.