

Other Construction & Allied Activities

Industry Code (as per CMIE Prowess): 0101060209000000'

June 2022

Overall Industry Risk Score: 12/20 | Marginally Favourable

Sample Size: 60 Companies

Median Rating Value of sample size: BBB

Individual Parameters Contributing to the Score

Demand & Supply Balance



12/20

DS Equilibrium

The pandemic had led to labour disruptions and slowdown in execution as well as new orders in FY21. As per CMIE data, the industry reported a y-o-y decrease in sales by 4.2% from Rs.97.7 billion for March 2021 quarter to Rs.95.1 billion during the quarter ended March 2022. Gradual unlocking of the economy is expected to revive the industry.

Extent of Competition



8/20

Fragmented Industry

It is a fairly fragmented industry. Size, track record, continued access to credit facilities determine the scalability and growth. Subcontracting arrangements and project based joint ventures are fairly common in infrastructure projects. Working capital management is critical.

Regulatory Risk



12/20

Predictable Regulatory environment

Multiple approvals required in construction projects and lack of a single window clearance has been a major reason for project delays. In road projects, land acquisition is a major problem.

Input Related Risk



16/20

No supply disruptions / very narrow price band or fluctuations

There is adequate availability of raw materials such as cement, bitumen, steel etc. Access to fund based and non fund based facilities is critical to scalability.