

Consulting Services

Industry Code (as per CMIE Prowess): 0101041510000000'

June 2022

Overall Industry Risk Score: 14/20 Favourable

Sample Size: 106 Companies

Median Rating Value of sample size: A-

Individual Parameters Contributing to the Score

Demand & Supply Balance  **12/20**

DS Equilibrium

Increased demand for consulting services by domestic and foreign firms (across sectors) in India has been consistently growing. Growing opportunities in a developing economy has generated demand for niche consultancy services in the domain of digitization, automation, legal, audit etc. The increasing foreign investment across various sectors and need for adopting a professional approach to management has spurred the demand for consultancy and advisory services. The industry reported a increase in y-o-y growth in its sales revenue by 11.9% in the quarter ended December 2021. Supply is also catching up with the emergence of a lot of service providers in these fields.

Extent of Competition  **8/20**

Fragmented Industry

Low entry barriers due to lower requirements of capital but success depends on quality of manpower. The players generally tend to operate in niche segments such as legal, audit, infrastructure advisory and others. At the higher end of the advisory and consultancy spectrum, the preference is towards the larger established players.

Regulatory Risk 16/20

Stable Regulatory environment

No major regulatory challenges for the services sector.

Input Related Risk 20/20

Very easy availability / Favourable pricing of inputs/ raw materials/Natural Hedge

India has good availability of skilled manpower at a competitive cost vis-à-vis most other nations in the services sector given the demographics and the educational system. However, the manpower costs may continue to rise, impacting the margins in the medium term.