

Trading - Minerals

Industry Code (as per CMIE Prowess): 0101020300000000'

June 2022

Overall Industry Risk Score: **13/20 | Marginally Favourable**

Sample Size: 20 Companies

Median Rating Value of sample size: A-

Individual Parameters Contributing to the Score

Demand & Supply Balance  **16/20**

Moderate Demand

Due to the pandemic, the total value of mineral production (excluding atomic and fuel minerals) has declined by 11.35% to Rs.1.29 trillion. The metallic minerals comprised 37.93% and non metallic minerals comprised 62.07%. As per CMIE data, the industry reported y-o-y 4.38% growth in sales revenue from Rs.92.8 billion for March 2021 quarter to Rs.96.9 billion during quarter ended March 2022. The gradual recovery in the industrial sector and demand for various minerals including various metallic minerals is expected to have a positive impact for the miners's revenue profiles. Exports of minerals like iron ore have been low in the current year. India also has a large proportion of imports of minerals.

Extent of Competition  **12/20**

Neutral

The mining sector is characterised by fragmentation i.e large number of small operational mines. The extent of competition in the mineral sector is moderate as fresh leases of mines are provided only after a transparent auction mechanism. While private sector participation in the industry may increase, this will bring in higher investments and efficiencies.

Regulatory Risk



12/20

Predictable Regulatory environment

National Mining Policy 2019 will be critical for this sector, taking it towards sustainable mining practices. Any restrictions on existing mining operations due to environmental concerns will continue to be a material regulatory risk.

Input Related Risk



12/20

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

The industry is exposed to global volatility in the prices of minerals. The freight costs also have bearing on the final user industry.