

## Ceramics

Industry Code (as per CMIE Prowess): 0101014001250000'

June 2022

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

Sample Size: 11 Companies

Median Rating Value of sample size: A-

### Individual Parameters Contributing to the Score

Demand & Supply Balance  **12/20**

DS Equilibrium

The performance of the ceramic industry is significantly linked to the real estate sector which has been severely impacted by the downturn even before the pandemic. The user sector i.e real estate has been impacted on several counts such as subdued demand, challenges in raising funding etc in the first half of FY20/21. The industry reported a 24.7% y-o-y growth in its sales revenue during the quarter ended December 2021. As per Commerce Ministry data, exports of ceramics and glassware products touched a record US\$ 3.5 billion in 2021-22 as compared to US\$ 2.3 billion in 2020-21. Certain incentives such as reduction in stamp duty are provided to incentivise sales. The long term revival in real estate activity is expected to support the Ceramic sector.

Extent of Competition  **8/20**

Fragmented Industry

The industry is characterised by the presence of many smaller players which increases the intensity of competition. The Morbi cluster of Gujarat is the major cluster accounting for 65% of the total output. The organised segment includes leading players like Kajaria Ceramics, Prism Johnson, Orient Bell & Nitco Tiles. Export opportunities are opening-up for Indian companies in geographies like USA though imposition of antidumping duties by GCC (Gulf Cooperation Council) since June 2020 could affect exports in that region.

## Regulatory Risk 16/20

Stable Regulatory environment

The demand in this industry is likely to be strengthened from several government initiatives such as Swachh Bharat Mission, Housing for All, and Smart Cities Mission. However, environmental pollution is a major constraint as air pollution, waste water and solid waste are major issues (by-products) in this industry. The government, however, is likely to support the indigenous industry by discouraging cheaper imports from countries such as China.

## Input Related Risk 12/20

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

Lack of availability of high quality of raw material such as silicates and clay at reasonable price is a challenge for this industry. Volatility in energy price and also constant rise in prices of fuel such as natural gas makes input costs unpredictable.