

# Polymers

Industry Code (as per CMIE Prowess): 0101012040000000'

June 2022

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

Sample Size: 13 Companies

Median Rating Value of sample size: A

## Individual Parameters Contributing to the Score

**Demand & Supply Balance**  **16/20**

Moderate Demand

The increasing use of polymers in place of metals across wide range of sectors like packaging, automotive, construction etc. is expected to support the demand. As per CMIE data, the industry reported y-o-y 36.4% growth in sales from Rs.25.1 billion for March 2021 quarter to Rs.34.3 billion for March 2022 quarter. The exports value increased by 26.7% from Rs.248.8 billion for FY21 to Rs.315 billion for FY22. The revenues are likely to witness a steady growth based on the economic growth trajectory during FY23.

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

Neutral

The polymer industry is partly fragmented and the intensity of competition is high, as reflected in volatile operating margins. The domestic market for polymers is marked by presence of large players like Reliance Industries Ltd, GAIL, IOC & Haldia Petrochemical Ltd. Imports also meet a portion of the domestic requirements (Consumption of 14.4 million tonnes in FY22 against a production of 9.6 million tonnes). The prices of various polymer products such as PP, PVC, LDPE, HDPE and ABS are linked to crude prices.

## Regulatory Risk



12/20

Predictable Regulatory environment

Polymer production involves potential risks to the environment and therefore the industry is subject to a slew of safety and pollution control norms.

## Input Related Risk



12/20

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

Any sustained increase in crude oil prices in a weak economic environment may put pressure on operating margins.