

Plastic Products - Consumer

Industry Code (as per CMIE Prowess): 0101012045400000'

June 2022

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

Sample Size: 21 Companies

Median Rating Value of sample size: BBB+

Individual Parameters Contributing to the Score

Demand & Supply Balance  **12/20**

DS Equilibrium

Long term demand for plastic products is healthy as it replaces costlier raw materials such as wood and metals. However, there has been a slowdown in demand since FY20 which got further aggravated by the pandemic, that had a severe impact on the hospitality sector. As per CMIE data, the industry witnessed a y-o-y 12.4% growth in sales from Rs.55.9 billion for March 2021 quarter to Rs.62.9 billion for March 2022 quarter. The export volumes increased in FY22 by 50.1% to 4317 tonnes (Previous Year 2876 tonnes). The demand is expected to recover gradually from FY23.

Extent of Competition  **12/20**

Neutral

The industry is highly fragmented but the larger players enjoy better margins due to economies of scale.

Regulatory Risk



12/20

Predictable Regulatory environment

Environmental concerns restrain the growth of the plastics industry. But the cost economics of plastic in items such as furniture and flooring, will continue to spur its usage.

Input Related Risk



12/20

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

Since the value chain in plastic i.e. polymers is linked to crude oil, the input costs will remain volatile.