

Consumer electronics

Industry Code (as per CMIE Prowess): 0101012525050000'

June 2022

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

Sample Size: 2 Companies

Median Rating Value of sample size: BBB

Individual Parameters Contributing to the Score

Demand & Supply Balance



12/20

DS Equilibrium

The first half performance was impacted due to lockdowns, however the sales picked up in the second half of FY21. As per CMIE data, the sales of consumer electronics and appliances increased by 12.3% during the quarter ended December 2021. The sales of certain segments like laptops /PCs, smart and LED TVs showed high growth driven by work from home, closure of schools/colleges and demand for entertainment. The availability of finance for the purchase of consumer durables has also supported demand. As per IBEF data, Indian appliance and consumer electronics (ACE) market increased at 9% CAGR to reach US\$ 48.37 billion in FY22. The industry attracted FDI inflows of US\$ 3.19 billion between April 2000- December 2021.

Extent of Competition



12/20

Neutral

The industry is characterised by the presence of several established foreign brands along with a few domestic brands. The key success factors in the industry are brand strength and distribution network. There has been an increasing presence of Chinese electronic products in the Indian market given their price competitiveness but such competitive threats may reduce going forward with increasing incentives for indigenous manufacturing.

Regulatory Risk



12/20

Predictable Regulatory environment

The domestic industry is expected to receive significant support from the Government as this is a strategic sector where there is a need to reduce dependence on imports. Such support is already reflected through the announcement of Production Linked Incentive (PLI).

Input Related Risk



12/20

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

Covid-19 had significantly impacted global supply chains, while it has partly got addressed with easing of lockdown, the dependence on Chinese imports for certain critical components is a sector monitorable.