

Mining & construction equipment

Industry Code (as per CMIE Prowess): 0101014001200000'

June 2022

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

Sample Size: 10 Companies

Median Rating Value of sample size: BBB+

Individual Parameters Contributing to the Score

Demand & Supply Balance  **8/20**

Moderate Over Supply

The demand for mining and construction equipment during FY21 was impacted due to slowdown in level of activity arising from factors like lockdowns, availability of labour & demand moderation. The subdued demand significantly impacted the volumes especially in the first half of FY21 though a pickup was observed in the second half on the back of government spending on infrastructure. The Government thrust on infrastructure especially in the roads segment has resulted in demand revival in FY22. As per CMIE data, the industry sales reported y-o-y 10.5% growth from Rs.7.4 billion in March 2021 quarter to Rs.8.2 billion during the quarter ended March 2022. In FY22, the exports value of Construction Machinery & Parts and Mining Machinery grew significantly by 78.4% and 84.8% respectively. The Government initiatives will translate into higher demand for construction equipment.

Extent of Competition  **16/20**

Low competition/ Entry Barriers

There are limited number of players in each product category with existing foreign collaboration. The leading players include Caterpillar, JCB , Komatsu & Hitachi.

Regulatory Risk



16/20

Stable Regulatory environment

Overall regulatory thrust has been on accelerating infrastructure development through government investment, private sector participation and foreign investment. Government's policy to permit commercial coal mining by the private sector should encourage fresh investments in the mining sector and spur demand for mining equipment.

Input Related Risk



12/20

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

No significant input related risks; however, the depreciation of the rupee increases the cost of component imports.