

Other non-ferrous metals & metal products

Industry Code (as per CMIE Prowess): 0101013505900000'

June 2022

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

Sample Size: 9 Companies

Median Rating Value of sample size: BBB+

Individual Parameters Contributing to the Score

Demand & Supply Balance  **12/20**

DS Equilibrium

The demand for lead and zinc was impacted during Q1FY21 due to lockdowns and subsequently there was a gradual increase in demand. As per CMIE data, the exports value of Zinc increased by 36.14% to Rs.71.8 billion for FY22 (Previous Year Rs.52.7 billion) and that of Lead increased by 58.8% to Rs.39.9 billion for FY22 (Previous Year Rs.25.1 billion). The prices of both lead and zinc increased in FY22 albeit at a lower pace vis a vis others like aluminium and steel. The demand is expected to rise moderately in tandem with economic growth, however some supply pressures could have a bearing further price increases.

Extent of Competition  **12/20**

Neutral

In the domestic market, Hindustan Zinc Ltd. is the leading player with presence in mining and smelting. Galvanizing of steel is the single largest contributor to demand for zinc. The primary metal producers are typically large and established companies, the processors are typically smaller companies; the downstream industry remains highly fragmented with low entry barriers. There is also the threat from imports.

Regulatory Risk



12/20

Predictable Regulatory environment

There is a moderate level of duty protection available for the metal processors. Regulatory environment governing the mining and smelting operations are stringent.

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 there is a significant dependence on imports of metal ores or the primary metal, the global metal prices and the currency volatility are input risk factors and can impact the profitability of the manufacturers. There was a supply chain challenge in early FY21 due to the pandemic but it has been largely addressed.