

Textile processing

Industry Code (as per CMIE Prowess): 0101011515000000'

June 2022

Overall Industry Risk Score: 11/20 | Marginally Favourable

Sample Size: 12 Companies

Median Rating Value of sample size: BBB-

Individual Parameters Contributing to the Score

Demand & Supply Balance



8/20

Moderate Over Supply

The volumes of overall textile sector were impacted especially in the first half due to subdued domestic and export volumes, on account of supply side and demand side challenges. While a revival has been noticed subsequently, the sustainability depends on the growth in domestic and more importantly export volumes.

Extent of Competition



8/20

Fragmented Industry

The industry is characterised by the presence of smaller players. The competitive pressures are reflected in the operating margins.

Regulatory Risk



16/20

Stable Regulatory environment

Given that the overall sector is labour intensive, support from the government in terms of incentives and subsidies may continue. Central government has unveiled National Textile Policy. The focus will be on technology upgradation in order to improve competitiveness of the domestic players. Flexible labour law can be a critical factor for this industry.

Input Related Risk



12/20

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

The industry is vulnerable to the volatility in prices of dyes and pigments some of which will be linked to crude prices. The relatively higher cost of power is one of the challenges that constrain the competitiveness of Indian players.