

Rubber

Industry Code (as per CMIE Prowess): 0101012055000000'

June 2022

Overall Industry Risk Score: **11/20 | Marginally Favourable**

Sample Size: 13 Companies


Median Rating Value of sample size: BBB+

Individual Parameters Contributing to the Score

Demand & Supply Balance  **12/20**

DS Equilibrium

The key user sectors of rubber include auto sector, electronics, appliances, construction etc. The rubber sector is a labour intensive sector and hence supply chain disruptions due to factors like lockdowns leads user to alternative sources of supply. However in FY22, the exports value of Rubber & Articles increased by 43.7% to Rs.34.5 billion as compared to Rs.24.1 billion in FY21. Significant output gap is compensated via imports from countries like China although there may be increased restrictions on such imports through higher tariffs.

Extent of Competition  **12/20**

Neutral

The industry is fragmented which makes pricing power difficult to achieve & high competition from imports, makes it a a sector monitorable.

Regulatory Risk



12/20

Predictable Regulatory environment

The Government has imposed anti-dumping duties on carbon black from China and Russia. The protectionist policies are expected to support the domestic industry.

Input Related Risk



8/20

Erratic / unpredictable supply / wide fluctuations in price/

The commodity experiences highly volatile price fluctuations in exchange rate which harms the industry as it is a net importer & supply disruptions impacting availability of some raw materials also hampers production.