

## Industrial construction

Industry Code (as per CMIE Prowess): 0101060201000000'

June 2022

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

Sample Size: 40 Companies


Median Rating Value of sample size: BBB+

### Individual Parameters Contributing to the Score

**Demand & Supply Balance**  **8/20**

Moderate Over Supply

Weak economic outlook aggravated by the ongoing pandemic has undermined demand for this sector; unfinished projects may encounter delays due to capital constraint/below normal demand forecasts. The sector may face some headwinds in terms of its orderbook and revenue pickup till the capex cycle sustainably picks up in the domestic economy.

**Extent of Competition**  **12/20**

Neutral

The slowdown in capex over the past 2 years has increased the competitive intensity. The landscape has been generally dominated by established players.

## Regulatory Risk



12/20

Predictable Regulatory environment

Multiple approvals required in construction projects. Notwithstanding the stringent regulatory environment, the state governments have been competing to attract fresh investments and hence have been adopting a supportive approach to such projects through various fiscal incentives like capital subsidies and tax concessions.

## Input Related Risk



12/20

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

Adequate availability of raw materials such as cement, steel etc; finance also fairly well accessible for construction equipment and working capital; while labour availability had been a challenge in Q1FY21, it is being gradually addressed with the unlocking of the economy.