

General purpose machinery

Industry Code (as per CMIE Prowess): 0101014001010000'

June 2022

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

Sample Size: 22 Companies

Median Rating Value of sample size: A

Individual Parameters Contributing to the Score

Demand & Supply Balance



12/20

DS Equilibrium

The pandemic and resultant weakening of economy has impacted the capex plans of the corporates during FY21. The economy was already showing signs of weakening prior to the onset of pandemic, and the situation has been exacerbated by the lockdowns and lower economic activity during FY21. The IIP(Index of Indian Production) for Capital Goods showed signs of weakness during FY21. The industry reported 19.8% y-o-y growth in sales revenue from Rs.64.5 billion in March 2021 quarter to Rs.83 billion during the quarter ended March 2022. The revival of demand for General Machinery will be linked to economic resurgence of the country.

Extent of Competition



12/20

Neutral

Traditionally, large and vintage players exist in this sector as they enjoy pricing power domestically. Cheaper imports from China and Taiwan that offer better quality and serviceability are the biggest threat to domestic players.

Regulatory Risk



16/20

Stable Regulatory environment

There is no significant regulatory risk that impacts the industry. The rationalization of imports of certain machinery that is part of 'import restriction list' may be beneficial for the industry. The initiative of the government for "Atma Nirbhar Bharat" will impact the industry positively.

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 supply chain challenges that arose due to the pandemic have been largely mitigated but the sector will remain vulnerable to rising commodity prices.