

## Other Food Products

Industry Code (as per CMIE Prowess): 0101011101701000'

June 2022

Overall Industry Risk Score: **14/20 | Favourable**

Sample Size: 22 Companies

Median Rating Value of sample size: BBB

### Individual Parameters Contributing to the Score

**Demand & Supply Balance**  **16/20**

Moderate Demand

The demand for processed foods has increased during the pandemic. Changing lifestyle and food habits due to increased disposable income in recent years has led to strong domestic demand. As per CMIE data, the industry reported y-o-y 23.8% growth in sales from Rs.75 billion for March 2021 quarter to Rs.93 billion for March 2022 quarter. The outlook for this sector is expected to be healthy.

**Extent of Competition**  **8/20**

Fragmented Industry

It is a fairly fragmented industry with local and national level brands; investments in new processes and production lines is witnessed as the demand grows for innovative products and packaging. Improvement in profitability has been attracting private players.

## Regulatory Risk



16/20

Stable Regulatory environment

The Ministry of Food processing Industries has been coming out with various initiatives to catalyse the development of the sector. PMKSY (Pradhan Mantri Kisan Sampada Yojana) one such scheme aims to create modern infrastructure covering the supply chain from farm gate to retail outlet. Allowing of FDI upto 100% will encourage foreign investment; government support to build cold storage facilities, specialised packaging units, warehousing facilities to minimise wastage and price of food grains.

## Input Related Risk



16/20

No supply disruptions / very narrow price band or fluctuations

Given the successive favourable crop output in the last few seasons, food stocks are at comfortable levels and hence input risks in terms of availability and price are limited at this stage. Ban on single-use plastic can affect the margins of the players in the near term.