

Man-made filaments & fibres

Industry Code (as per CMIE Prowess): 0101011510000000'

June 2022

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

Sample Size: 20 Companies

Median Rating Value of sample size: BBB+

Individual Parameters Contributing to the Score

Demand & Supply Balance  **12/20**

DS Equilibrium

The demand for synthetic fibres (Polyester spun yarn, Viscose/ Rayon yarn, Polyester Texturized Yarn etc) was impacted during FY21. The demand saw revival in FY22 on gradual unlocking of the economy. As per CMIE data, the industry reported y-o-y 33% growth in sales from Rs.102.2 billion in March 2021 quarter to Rs.135.9 billion in March 2022 quarter. As per Ministry of Commerce data, the exports value of the Man-made filaments grew by 57.5% from Rs.11.5 billion in FY21 to Rs.18.1 billion in FY22 and Man-made Fibres grew by 61.1% from Rs.9.6 billion in FY21 to Rs.15.4 billion in FY22.

Extent of Competition  **8/20**

Fragmented Industry

The level of competition is high as this industry is highly fragmented. Operating margins had been impacted even in the pre-pandemic period. Imports of MMF from countries like China & Vietnam has impacted the local industry.

Regulatory Risk



16/20

Stable Regulatory environment

The government policy has been supportive to the textile sector especially in view of the high employment generation potential. In order to improve competitiveness of the domestic players in the export market, production-linked incentives have already been announced for the textile sector including man-made yarn segment. However, the GST regimes for MMF still impacts competitiveness and there has been representations for streamlining the GST rates on lines similar to cotton segment.

Input Related Risk



16/20

No supply disruptions / very narrow price band or fluctuations

Input costs are potentially volatile. Government policies regarding imposition of anti dumping duty on inputs like VSF does have an impact on cost structure. Power costs also have an impact on margins.