

Harnessing Opportunities in the Indian Chemical Industry

The Indian economy is showcasing a robust recovery across diverse sectors, positioning itself for a return to the pre-pandemic growth levels in FY23. According to a report by Deutsche Bank, India is expected to emerge as a USD 7 trillion economy by 2030. This ambitious projection signifies India's potential to double its economy in seven years from its current GDP of USD 3.5 trillion, driven by factors such as demographic dividend and improvement in domestic consumption. Notably, India's remarkable average growth rate of 7.5% per annum over the past two decades, second only to China's 9.6% growth, further reinforces its promising growth trajectory.

In the last decade, India's chemical industry has grown significantly owing to burgeoning demand growth and generating wealth for shareholders on a global scale. The industry is positioned to further expand its presence in both consumption and manufacturing worldwide. As many countries shift their attention to domestic self-sufficiency and localised supply chains, India's manufacturing competitiveness is proving to be strong compared to other major global chemical players. This positions India as a potential hub for chemical manufacturing in the near future.



Growth Drivers



Structural Shift from China

China's chemical industry has experienced significant structural changes due to industry consolidation, environmental reforms and stricter financing regulations. This has resulted in uncertainty for global companies relying on China for their raw material supply chain. The COVID-19 pandemic has further prompted these companies to seek alternative locations, such as India. With its strong value proposition coupled with comparable scale, technology, raw materials and supportive government policies, India is emerging as a preferred destination for global chemical companies. India is emerging as a preferred destination for global chemical companies.



Favourable Government Policies

The Company foresees huge potential in import substitution, as a substantial portion of India's chemical requirements are currently met through imports. The government's focus on building a self-reliant India aligns with this opportunity and provides favourable conditions for the growth of the industry. Furthermore, policy reforms such as Make in India, production-linked incentive (PLI) schemes, 100% FDI in the chemical sector through automatic route and improvements in business environment augur well for the industry growth.



Large Potential for Import Substitution

Over the years, we have historically concentrated on products where the domestic market relied heavily on imports, starting from its first product, Sodium Nitrite to Phenol. This is continuing in the form of several other products that the Company has already announced or is in the process of announcing.



Shift in Customer Preferences

Customer preferences have undergone a significant shift, with a clear inclination towards environmentally sustainable and socially responsible products and services. Moreover, customers are now placing greater emphasis on health, hygiene and demanding greener and safer alternatives. Sustainability has become pivotal for the chemical industry and many companies are shifting to green chemistry as part of their commitments to decarbonisation.



Increasing Digitalisation

The chemical industry is increasingly leveraging digitalisation and advanced technologies such as artificial intelligence, machine learning and Internet of Things (IoT) to gain a competitive edge by enhancing plant efficiencies, integrating processes and reducing costs.

Our Strategy

We have strategically positioned ourselves to identify the abundant opportunities and leverage them to drive sustained, high growth. We are making continuous investments in various intermediates, upstream and downstream products reaffirming the Group's philosophy of import substitution thereby supporting and fulfilling the country's mission of Make in India. The proposed capacities are expected to fulfil the growing demand for these products in India as well as cater to increasing export demand. Further, these products cater to varied end-user industries which form a significant part of core industries to grow in sync with the growth in India's GDP.