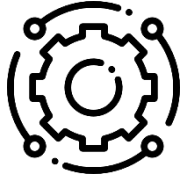


# Market dynamics of the chemicals industry

**Sonam Pratik Khuntia**  
Senior Research Analyst

June 2025

Presentation is for NextGen Chemicals and Petrochemicals  
Summit 18<sup>th</sup> June 2025

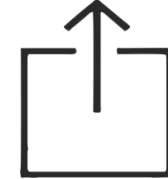


## Industry outlook

Domestic market trend  
amid global headwinds

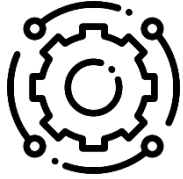


## Challenges and government initiatives



## Way forward

CDMO/CMO and focus on  
key high-growth specialty-  
chemical segments in India

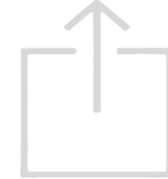


## Industry outlook

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## Challenges and government initiatives



## Way forward

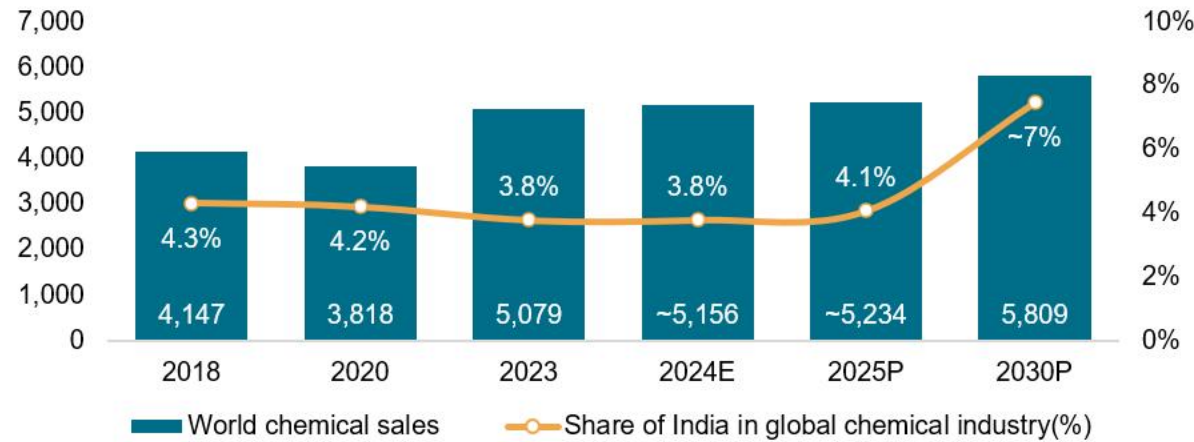
CDMO/CMO and focus on  
key high-growth specialty-  
chemical segments in India

# India's share of global chemical sector to rise over the mid-term

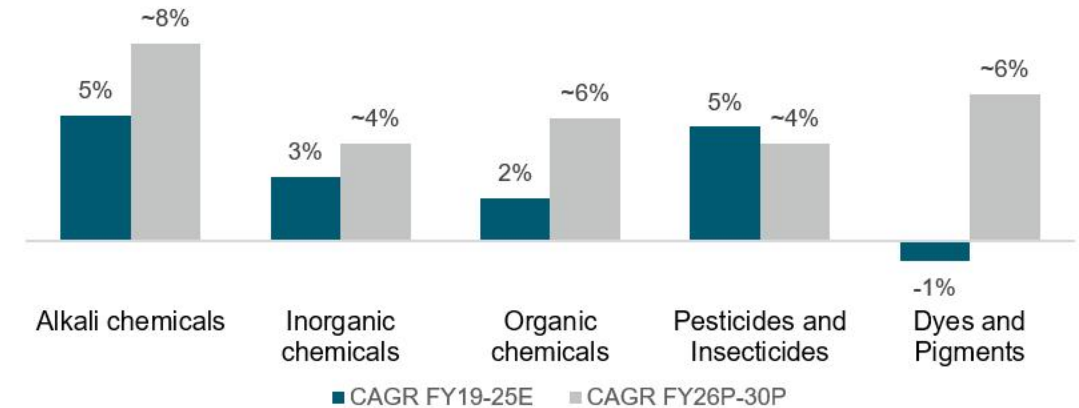
Rising overseas demand and regulations in developed countries to be the primary drivers

(\$ bn)

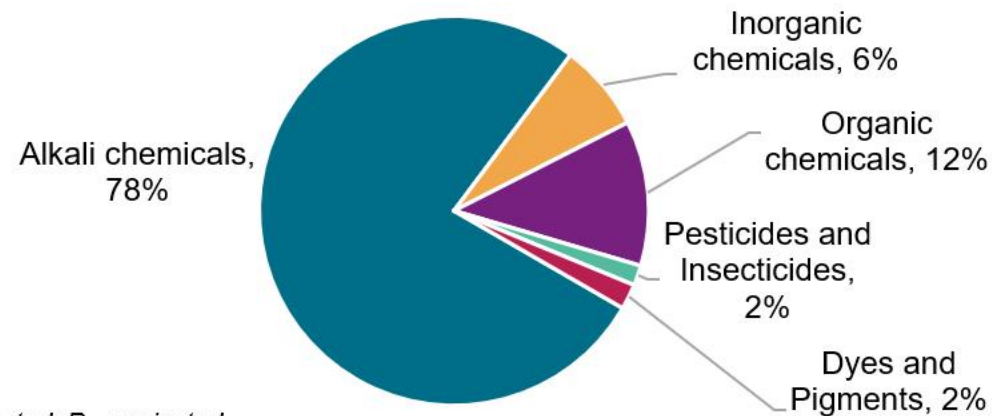
World chemical sales



Trend in production of major chemicals-Domestic

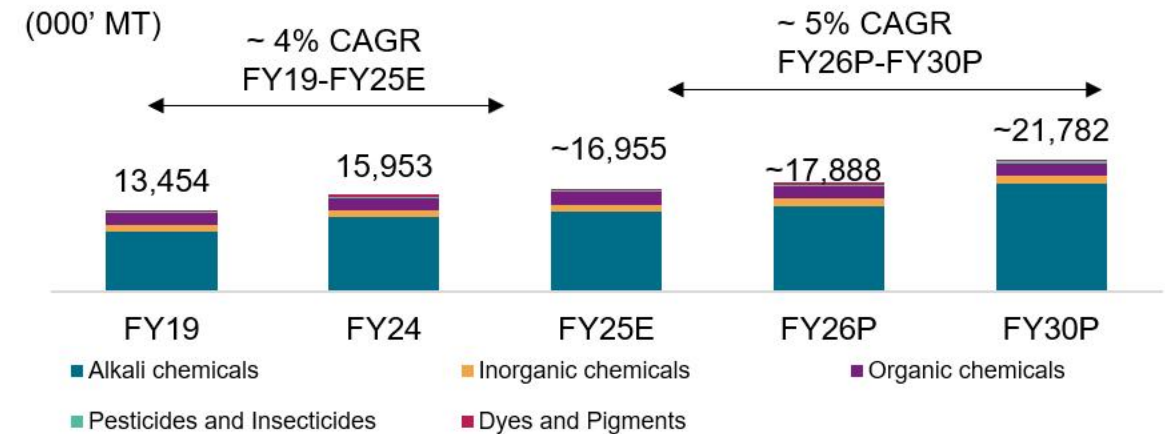


Domestic segmental share of chemicals in fiscal 2025 (by volume)



E – estimated; P – projected  
Source: Industry data, Crisil Intelligence

Annual increase in production of chemicals-Domestic

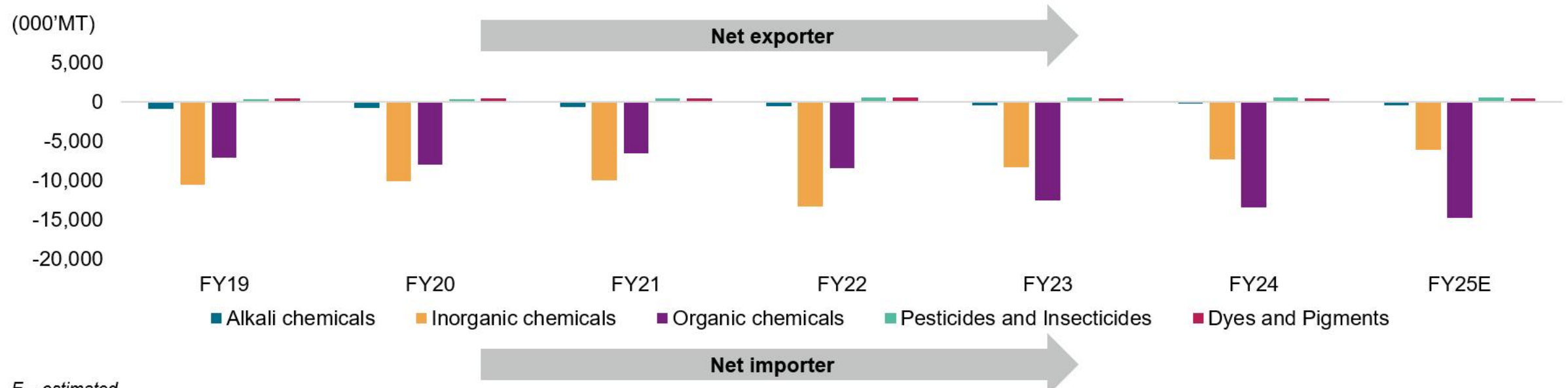


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# Strong in pesticides & colorants, India has potential in inorganics

Country is a preferred alternative for global players looking to diversify their supply chains



E – estimated

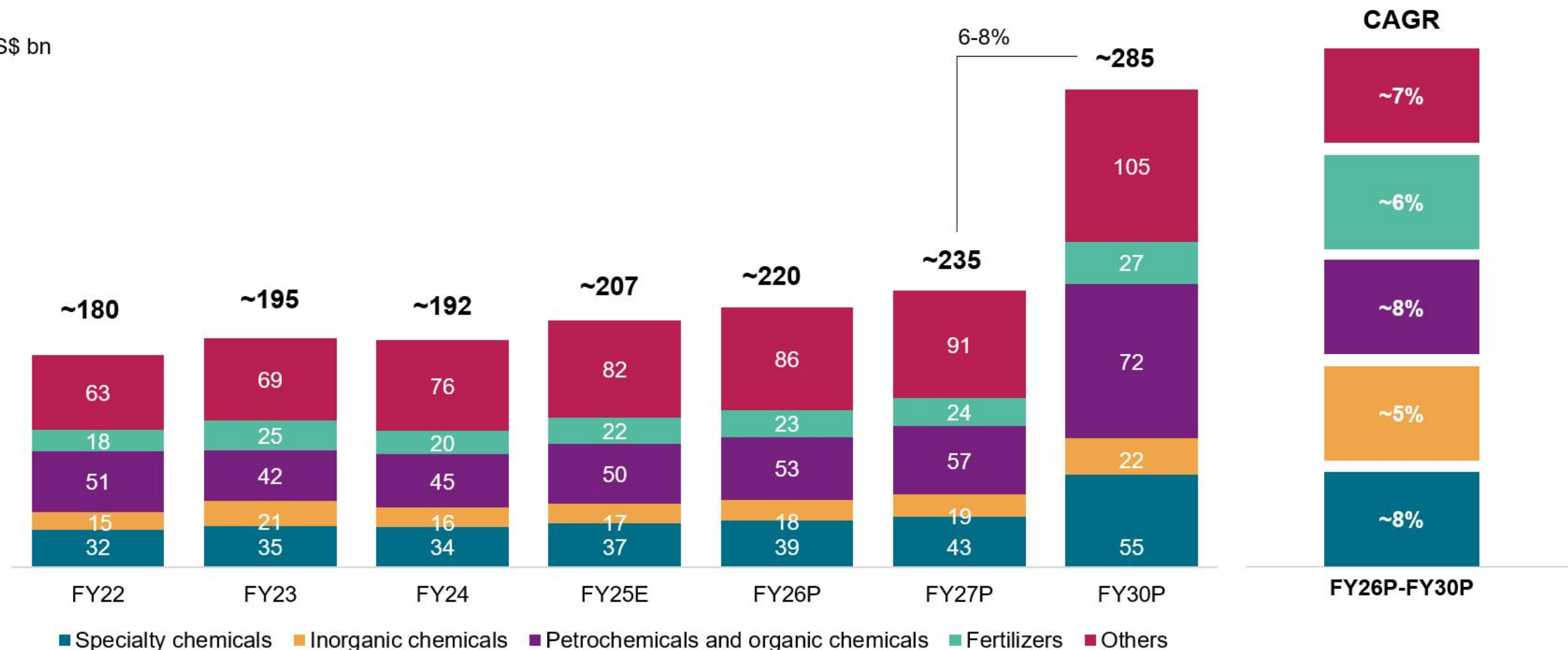
Source: Department of Chemicals and Petro-Chemicals (DCPC), Crisil Intelligence

- Inorganic chemicals: Decline in net import owing to rising export of carbon black
  - Carbon black accounts for ~45% of inorganic chemical exports because of global capacity limits and export ban imposed on Russia
  - Alkali chemicals, which includes soda ash and caustic soda, will see exports grow and imports reduce owing to capacity expansionsNet exports of alkali and inorganic chemicals are rising because of strategic expansions and global market dynamics
- Organic chemicals: While there is currently high import dependency on account of limited feedstock availability, a likely increase in capex in the segment could increase domestic availability, thereby lowering imports

# Domestic chemical industry to grow at CAGR of 6-8% in mid-term

Rising domestic demand, increasing consumer spending, import substitution and exports driving growth

US\$ bn



E – estimated, P – projected







Note: Others include pharma APIs, biotech, etc.

Source: DCPC, Crisil Intelligence

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# Colourants and surfactant have higher premium-pricing ability

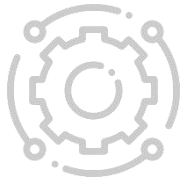
Generic nature of products and price sensitivity limit the ability of other sub-segments

		Total players	Share by no. of large players	Product differentiation	Premium pricing ability	Impact of current geopolitics	Comments
	Agrochemicals	800-1,000	60%	Low	Low	High	Generic nature of end-use products limits product differentiation and premium pricing ability of players
	Colourants	800-900	25%	High	High	High	Niche requirements, especially from the auto segment, allow high product differentiation and premium pricing
	Surfactants	150-165	30%	Medium	Medium	High	High import dependence for raw materials exposes product pricing to global price volatility
	Construction chemicals	300	50%	Low	Low	Low	Although 35-40% of raw material is imported, geopolitics has limited impact owing to diverse trade partners
	Polymer additives	30+	50-55%	Medium	Medium	Medium	Domestic manufacturers face high competition from imports by global players, limiting product differentiation
	Textile chemicals	500	25%	Medium	Medium	Low	Price sensitivity in end-use sector limits premium pricing ability of players in the sector

High
  Moderate
  Low

Source: Industry data, Crisil Intelligence

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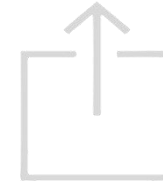


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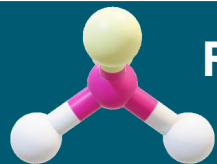


## Way forward

CDMO/CMO and focus on  
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chemical segments in India



# Domestic challenges and government initiatives



## Raw material availability

- Huge dependence of key raw materials such as agrochemicals and pharma intermediates
- The government has initiated a financial incentive plan for coal gasification projects in India



## Tariff barriers and taxes

- The imposition of anti-dumping duties and tariffs by countries such as the US creates a volatile trade environment
- India started negotiations for Bilateral agreements around the globe



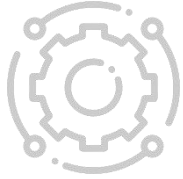
## Disposal of waste products

- Different industries such as pesticides, dyes, paints, fertilizers, pharmaceuticals, chemicals, cosmetics and textiles produce waste with a widely varying chemical composition
- The heterogeneity makes it difficult to design a single treatment process



## Guidelines and modification on EC approvals

- The EC process is often criticized for its ambiguity, with unclear guidelines and inconsistent application of rules
- The multiple layers of clearance and regulatory requirements can lead to bureaucratic hurdles, deterring investment and hindering the growth of the chemical industry

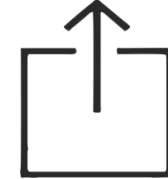


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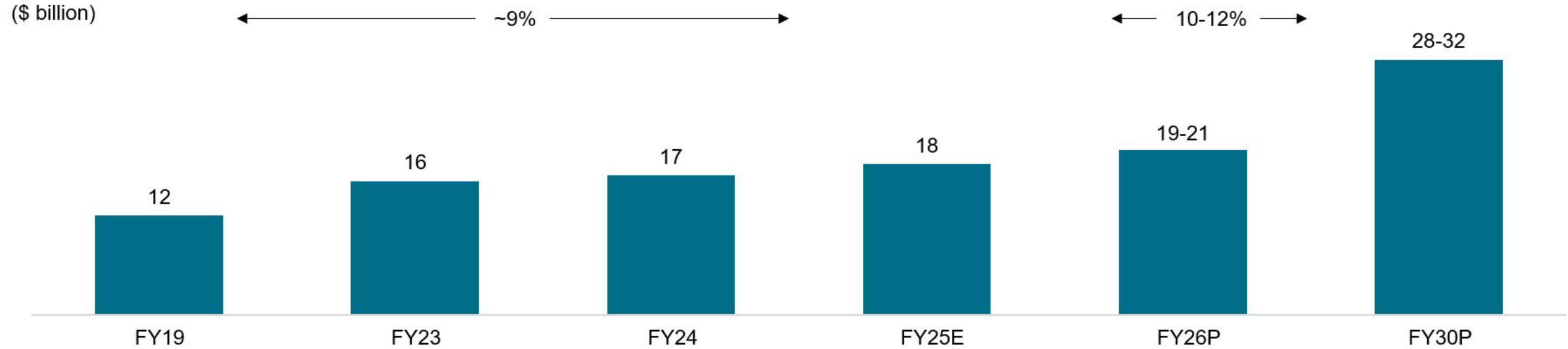


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# India's specialty chemical industry to gain prominence...

... on supply-chain derisking in contract manufacturing

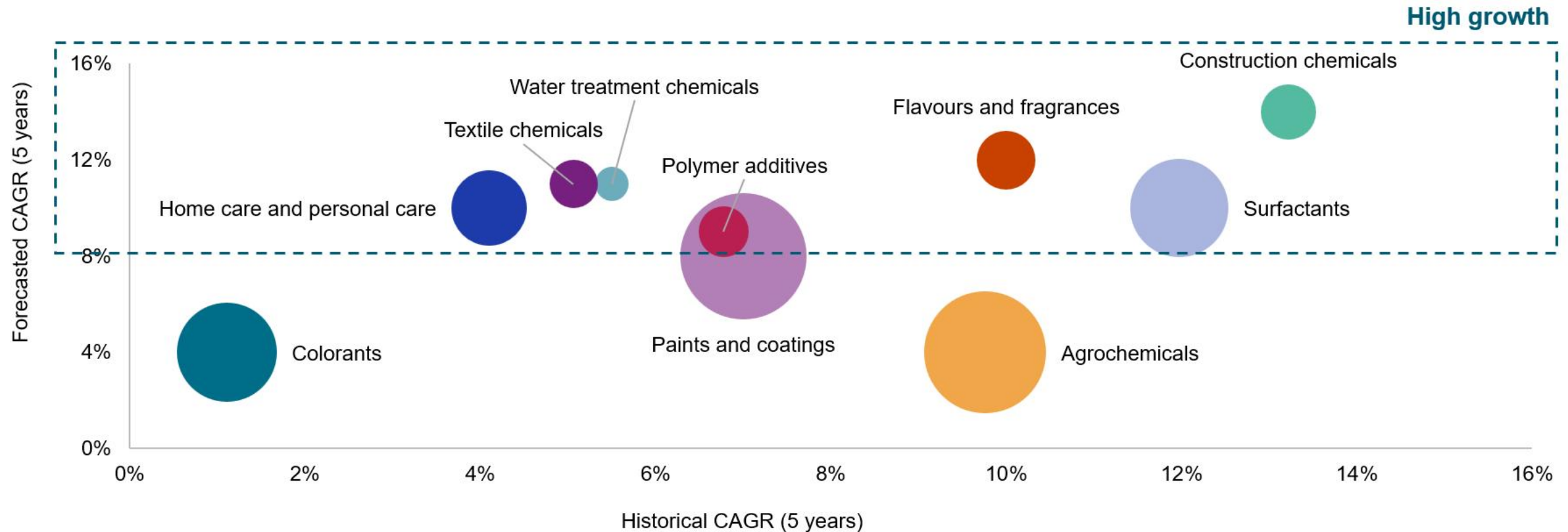


E – estimated; P – projected

Source: Crisil Intelligence

- **Supply-chain derisking:** Companies are increasingly turning to India as a preferred destination for contract manufacturing, owing to cost-competitive skilled workforce
- **Pharmaceuticals:** The pharmaceutical industry is the dominant sector in the contract manufacturing space
- **Growing demand for agrochemicals:** The agrochemical industry is also expected to see high demand for contract manufacturing, driven by a surge in demand for foodgrains
- **Low capital expenditure:** India's appeal for contract manufacturing is bolstered by its low-cost manufacturing expertise, robust process chemistry capabilities and strong intellectual property rights

# Growth opportunity in Indian specialty chemicals market



**MSMEs account for 28-30% of the overall sector and mainly cater to dyes and pigments, agrochemicals and some niche chemicals. MSMEs are estimated to have logged revenue growth of 5-6% in fiscal 2025**

Source: Crisil Intelligence

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# Thank you

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2025

### **About Crisil Intelligence (formerly Market Intelligence & Analytics)**

Crisil Intelligence is a leading provider of research, consulting, risk solutions and advanced data analytics, serving clients across government, private and public enterprises. We leverage our expertise in data-driven insights and strong benchmarking capabilities to help clients navigate complex external ecosystems, identify opportunities and mitigate risks. By combining cutting-edge analytics, machine learning and AI capabilities with deep industry knowledge, we empower our clients to make informed decisions, drive business growth and build resilient capacities.

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