

Inorganic chemicals

Industry Code (as per CMIE Prowess): 0101012001000000'

June 2022

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

Sample Size: 21 Companies

Median Rating Value of sample size: A

Individual Parameters Contributing to the Score

Demand & Supply Balance  **16/20**

Moderate Demand

The demand was affected in FY21 due to overall disruption in economic activity especially in the first half of the year. The key inorganic chemicals include products like soda ash, caustic soda, titanium dioxide, carbon black, calcium carbide etc. As per CMIE data, the industry witnessed y-o-y 50.5% growth in sales from Rs.32.9 billion for March 2021 quarter to Rs.49.5 billion during quarter ended March 2022. India imports as well as exports inorganic chemical products. The demand from user sectors is expected to pickup on resumption of economic activity.

Extent of Competition  **12/20**

Neutral

The industry is fragmented with the presence of both modest sized and large players across various product categories. Import substitution provides a significant opportunity for the sector to scale up further.

Regulatory Risk



12/20

Predictable Regulatory environment

Slow progress in environment clearance is major concern for this industry. Anti-dumping duties on imports of products like carbon black from China, Australia, Malaysia are supportive of the industry.

Input Related Risk



12/20

Largely predictable supply of inputs from diversified sources or Raw Materials with rare, occasional disruptions / fairly predictable price band

While the supply challenges during the pandemic period have been addressed, raw material price risks remain particularly for those products where there is a significant dependence on China. Currency risks also exist for imported raw materials.