

## Organic chemicals

Industry Code (as per CMIE Prowess): 0101012035000000'

June 2022

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

Sample Size: 31 Companies


Median Rating Value of sample size: A+

### Individual Parameters Contributing to the Score

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

Moderate Demand

The organic chemical segment includes products like methanol, aniline, acetic acid, etc. Export growth has been healthy due to the lower dependence on China by developed markets and support from domestic demand. As per Ministry of Commerce data, the industry witnessed y-o-y 23.44% increase in exports value from USD 17.95 billion in FY21 to USD 22.05 billion in FY22. The outlook is expected to be healthy on the back of gradual recovery in global markets.

**Extent of Competition**  **12/20**

Neutral

The industry is fragmented but some of the larger players are gaining scale due to volumes from export orders. Import substitution provides a significant opportunity for the sector to scale up further.

## Regulatory Risk



16/20

Stable Regulatory environment

Slow progress in environmental clearance has been a major concern for this industry. But the government is working on a draft chemical policy that will focus on meeting the rising demand for chemicals and reduce imports.

## 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.