

# INDIAN PETROCHEMICALS INDUSTRY

Supply overhang and muted global demand continue to impact profitability of petrochem companies

**March 2024** 



## **Agenda**

















## Agenda (contd....)













### **Highlights**



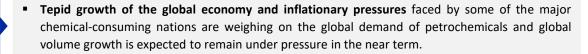


#### Click to see full report

Tepid global demand in major economies, coupled with oversupply have been exerting pressure on the operating rates and profitability of petrochemical players.

Despite steady domestic demand growth for a host of petrochemicals, dumping of some of these into India by major overseas producers amid lacklustre demand in other markets is likely to keep margins under pressure in the near term.







Sizeable capacity expansions globally, especially in Asia, are expected to weigh on the operating rates of petrochemical companies. The supply overhang is likely to keep the operating rates, spreads and margins under pressure in the near to medium term.



• While domestic demand for petrochemicals is expected to remain steady with average annual growth rate of around 6-8%, large overseas producers continue dumping products into India, given the weak demand in other markets, leading to pressure on the profitability and operating rates of domestic players.



Naphtha prices, after witnessing some moderation from its peak, started inching up steadily.
However, the spreads have been under pressure as the end-product prices remained depressed, thus impacting the profitability of the manufacturers.



• ICRA expects the profit generation of its sample set of petrochemical companies to moderate in the near to medium term, resulting in weakening of profitability and return metrics and thus, the outlook on the Indian petrochemicals industry continues to be Negative.



Name	Designation	Email	Contact Number
Girishkumar Kadam	Senior Vice-President	girishkumar@icraindia.com	022 - 6114 3441
Prashant Vasisht	Senior Vice-President	prashant.vasisht@icraindia.com	0124 – 4545 322
Ankit Jain	Vice-President	ankit.jain@icraindia.com	0124 – 4545 865

















## **ICRA Business Development/Media Contact Details**

Name	Designation	Email	Contact Number
L Shivakumar	Chief Business Officer	shivakumar@icraindia.com	022-61693304
Neha Agarwal	Head – Research Sales	neha.agarwal@icraindia.com	022-61693338
Rohit Gupta	Head Business Development – Infrastructure Sector	rohitg@icraindia.com	0124-4545340
Vivek Bhalla	Head Business Development — Financial Sector	vivek.bhalla@icraindia.com	022-61693372
Vipin Saboo	Head Business Development – Corporate Sector – West & East	vipin.saboo@icraindia.com	022-61693348
Shivam Bhatia	Head Business Development – Corporate Sector – North & South	shivam.bhatia@icraindia.com	0124-4545803
Naznin Prodhani	Head – Media & Communications	communications@icraindia.com	0124-4545860



















#### © Copyright, 2024 ICRA Limited. All Rights Reserved.

All information contained herein has been obtained by ICRA from sources believed by it to be accurate and reliable. Although reasonable care has been taken to ensure that the information herein is true, such information is provided 'as is' without any warranty of any kind, and ICRA in particular, makes no representation or warranty, express or implied, as to the accuracy, timeliness or completeness of any such information. Also, ICRA or any of its group companies, while publishing or otherwise disseminating other reports may have presented data, analyses and/or opinions that may be inconsistent with the data, analyses and/or opinions in this publication. All information contained herein must be construed solely as statements of opinion, and ICRA shall not be liable for any losses incurred by users from any use of this publication or its contents.



## **Thank You!**

