



# INDIAN PETROCHEMICALS INDUSTRY

---

**Petrochemical industry grapples  
with supply overhang amid muted  
demand**

**AUGUST 2024**



## 1 Industry Outlook



## 2 ICRA Industry Estimates



## 3 Commodity Polymers



## 4 Olefin Building Blocks



## 5 Aromatics



## 6 Fibre Intermediates



## 7 Flexible Packaging Films



## 8 Synthetic Detergent Intermediates



## 9 Oxo Alcohols/Iso Propyl Alcohol



## 10 ESG Risks in Petrochemicals



## 11 Industry Peer Comparison/ICRA Ratings



## 10 ICRA Ratings on Petrochemical Companies





[Click to see full report](#)

*Sluggish global demand in key economies, combined with an oversupply, has been putting significant strain on the operating rates and profitability of petrochemical companies worldwide.*

*Although domestic demand has remained robust, the addition of new capacities in local markets and the influx of cheaper imports have further squeezed the profitability of petrochemical manufacturers. This challenging environment is expected to persist in the near to medium term.*



- **Tepid growth of the global economy and inflationary pressures** faced by some of the major chemical-consuming nations are weighing on the global demand for petrochemicals while global volume growth is expected to remain under pressure in the near term.



- **Sizeable capacity expansions globally, especially in Asia**, have exerted pressure on the operating rates of petrochemical companies. The supply overhang is likely to keep the operating rates, spreads and margins subdued in the near to medium term.



- **While domestic demand for petrochemicals is estimated to grow at a steady pace** with an 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 have moderated from their peak levels.** However, the spreads have been under pressure as the end-product prices have remained depressed, thus impacting the profitability of the manufacturers.



- **ICRA expects the profit generation of its sample set of petrochemical companies** to improve in the near to medium term; however, the same will remain lower than historical levels, which will translate to weak credit metrics. Thus, the outlook on the Indian petrochemicals industry continues to be Negative.



ICRA

# Analytical Contact Details

Name	Designation	Email	Contact Number
Girishkumar Kadam	Senior Vice-President	<a href="mailto:girishkumar@icraindia.com">girishkumar@icraindia.com</a>	022 - 6114 3441
Prashant Vasisht	Senior Vice-President	<a href="mailto:prashant.vasisht@icraindia.com">prashant.vasisht@icraindia.com</a>	0124 – 4545 322
Ankit Jain	Vice-President	<a href="mailto:ankit.jain@icraindia.com">ankit.jain@icraindia.com</a>	0124 – 4545 865





ICRA

# Business Development/Media Contact Details

Name	Designation	Email	Contact Number
L Shivakumar	Chief Business Officer	<a href="mailto:shivakumar@icraindia.com">shivakumar@icraindia.com</a>	022-61693304
Neha Agarwal	Head – Research Sales	<a href="mailto:neha.agarwal@icraindia.com">neha.agarwal@icraindia.com</a>	022-61693338
Rohit Gupta	Head Business Development – Infrastructure Sector	<a href="mailto:rohitg@icraindia.com">rohitg@icraindia.com</a>	0124-4545340
Vivek Bhalla	Head Business Development – Financial Sector	<a href="mailto:vivek.bhalla@icraindia.com">vivek.bhalla@icraindia.com</a>	022-61693372
Vinita Baid	Head Business Development – Corporate Sector - West & East	<a href="mailto:vinita.baid@icraindia.com">vinita.baid@icraindia.com</a>	033-71501131
Shivam Bhatia	Head Business Development – Corporate Sector - North & South	<a href="mailto:shivam.bhatia@icraindia.com">shivam.bhatia@icraindia.com</a>	0124-4545803
Naznin Prodhani	Head – Group Corporate Communications & Media Relations	<a href="mailto:communications@icraindia.com">communications@icraindia.com</a>	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.



ICRA

**Thank You!**