

## Chemicals industry to see major improvements in coming period

The chemical industry is a knowledge as well as capital intensive industry. It is an integral constituent of the growing Indian Industry with 70,000 commercial products. It includes basic chemicals and its products are used for petrochemicals, fertilizers, paints, varnishes, gases, soaps, perfumes and toiletry and pharmaceuticals. The diversification within the chemical industry is large and covers more than eighty thousand commercial products. This Industry occupies a pivotal position in meeting basic needs and improving quality of life. The industry is the main stay of industrial and agricultural development of the country and provides building blocks for several downstream industries, such as textiles, papers, paints, soaps, detergents, pharmaceuticals, varnish etc.

The chemicals industry is a key constituent of the Indian economy, accounting for about 2.11% of the nation's GDP. India is the sixth largest producer of chemicals in the world and the third largest producer in Asia. India accounts for approximately 7 per cent of the world production of dyestuff and dye intermediates and is currently the world's third largest consumer of polymers and fourth largest producer of agrochemicals

### Industry performance

Indian chemical industry though has grown over 20 times in the last 17 years, it has only unearthed a fraction of its prospect. The per capita consumption of chemicals in India is much lower than the western countries - for a country of 1.25 billion the industry was valued only at \$ 144 billion in FY14.

The market size of the chemical industry is expected to grow to \$350 billion by 2021. With 71 per cent of the total production share, alkali chemicals form the largest segment in the Indian chemical industry. During FY14, the production of alkali chemicals stood at 6,265 million tonnes (MT).

### Export

The share of Chemical products in the overall exports in FY15 stood at 10.25%. The country's exports of chemicals and petrochemicals amounted to \$31,732.12 million (Provisional) for the period April-March 2015, up by 3.05%, as compared to \$30,793.62 million export in FY14. During March 2015, India's export increased 21.93% to \$2,926.63 million as compared to \$2,400.19 million in February 2015.

## Import

Compared to exports, imports into the country are of high volume, low value chemicals. In addition, there are numerous chemicals that are not manufactured in the country, for which the country has to solely depend on imports. For example, methylene diphenyl diisocyanate is not manufactured in the country; hence MDI has to be imported for any domestic use. At present, India is the net importer of chemicals as the availability to feedstock is a major challenge. Add to this woe is the inverted duty structure where raw materials (inputs) are taxed at higher rate than the end product.

This discourages local manufacturing. India is highly import dependant for most of its chemical needs. However, it is placed at a point of inflection for rapid growth. India can explore many alternative feedstock options such as coal gasification, syngas, pet coke, etc. If right technologies are used, the challenge of feedstock can be solved, provided the government encourages investment in new technologies. During March 2015, the country's import grew 6.85% to \$2,681.41 million as compared to \$2,509.51 million in February 2015.

## Investment in Chemical Industry (Other than fertilizer)

The Chemical Industry is faced with an uncertain oil prices, a slowing down of economic growth in China, Europe and Japan and also a geopolitically uncertain future in parts of the world. The world has entered an era of great volatility, uncertainty and rapid changes increasing the risk that companies are exposed to and bringing about new challenges. Traditional paradigms are being broken down and clarity on newer paradigms is still to emerge. Disruptive innovations are shaking the foundations of established industries. Nothing can be taken for granted. It is in this scenario of immense challenges for the chemical industry that immense opportunities lie. It is important to now acknowledge that new approaches to doing business are the need of the hour. Where traditional collaboration no longer provides answers, reaching out to new business partners and new ways of tackling issues will lead to a better understanding of the current marketplaces and new solutions. These developments are affecting Indian Chemical Industry.

We are happy to announce the 9th edition of the Annual India Chemical Industry Outlook, which will provide a forum for business leaders to exchange views and share insights to deal with the rapid pace of change and come out winners. The event, which will be attended by more than 250 senior delegates from India and overseas, bring growth and investment opportunities to the forefront. It will also establish a platform for leaders of private sector companies, public sector units, government bodies, experts and investors to interact on these opportunities.

## Develop India's chemical inventory

A chemical inventory is a listing of industrial chemicals manufactured in, or imported by, a country created from information submitted to government authorities by manufacturers, processors, users, and/or importers. Such an inventory can allow authorities to maintain an updated overview of chemicals marketed in their country, reveal whether substance manufactured is used within a country or exported therefore the applicability of new research knowledge to the country and identify risk zones to facilitate the setting of risk reduction priorities. A dedicated cell of 5 to 10 competent scientists and chemical engineers may be set up to lead the development of India's chemical inventory along with establishing the relevant funding mechanism. It is proposed that the government may allocate a budget of Rs 50 Crore for the establishment of the Indian chemical inventory .

### ACTIONS TO BE TAKEN BY GOVERNMENT

Detailed key initiatives that the government must undertake in order to ensure the growth of the chemical industry on the outlined path areas follows:

There is an urgent need to build better infrastructure and provide adequate power/water to support industrial growth of chemicals. Infrastructure is inadequate with respect to safe transportation of products as well as proper goods storage and exports. Significant investments are needed in roads, railways, waterways, ports, warehouses etc. to support the overall industrial growth in India. Various levers could be explored to provide adequate infrastructure to the chemical industry.

- PPP model for building necessary infrastructure, especially for ports and roads
- Availability of finance to improve infrastructural facilities for SMEs.
- Large scale infrastructure projects, especially those involving multiple states

Making the Petroleum, Chemicals and Petrochemicals Investment Regions (PCPIRs) more effective and encouraging additional investments in already planned PCPIRs such as development of roads and ports near the SEZs/ PCPIRs. Anchor companies could undertake responsibility to make raw material available for downstream units in the cluster, thereby facilitating integration of the entire value.

- Pooling of common infrastructure at existing clusters
  - Industry can benefit from common production and distribution infrastructure for industries with similar characteristics and complementary requirements
  - Government could encourage development of clusters around the large existing plants by extending benefits similar to those provided to PCPIRs.

## India stock market outlook still bullish for 2017

Basic chart reading of the Indian stock market reveals a long term pattern with very strong support at 7500 points. Worst case, the index will fall to that level, which still validates a bull market scenario. The other important price level is 8100 because that is the 90 week moving average (the only technical indicator which we monitor). As seen on the chart, that moving average has mostly acted as support or resistance in the last 5 years.

Although we do not focus too much on retracement levels, we see that the 50% retracement of the 2016 bull run coincides with 8000 points. We consider this more of secondary importance though, but it clearly shows how important the current 8000 to 8100 level is.

Our outlook for the stock market in India in 2017 is that it will start the year in a bearish way. We expect a quick turnaround into a bull market. The line in the sand is 7500 points, and we expect this level to hold. If not, for whatever reason, then market conditions would become concerning.

## Update on our Indian stock market outlook

The Indian stock market currently trades at 8200 points. The first weeks of 2017 will be very important for India and its stock market, as its chart setup looks great at this point. After a correction in the fall of last year, the decline came to a halt lately. **If the index goes higher from here, it would be extremely bullish as we would have a higher low**, more than 5 pct above secular support (purple rising line on the chart). In other words, the rising trend would be validated, and it would, without any doubt, lead to a new attempt to break through all-time highs.

If the rising trend line will not break (read: the 7700 level is broken to the downside), we expect 2017 to be a very profitable year for global investors that are long the Indian stock market. This is a much more constructive setup than the one above, which we took at at the end of sharp retracement.

## Top Ten Best Chemical Companies In India

The chemical sector in India is among the most seasoned in the nation. Its commitment to the improvement of the farming and mechanical segment is tremendous. It incorporates small scale and vast scale units. The arrangement of this division should be possible in two classes. The primary class comprises of the natural chemicals which thus incorporates beauty products, petrochemicals, agrochemicals and drugs. The second class comprises of inorganic chemicals and incorporates dyestuffs, colors and alkalis

### 1. Pidilite

Pidilite Industries Limited (Pidilite) was established on 28th July 1969. Pidilite Industries Limited is the outstanding compound organization which pioneers in the advancement of buyer chemicals in India. Being the pioneer in the generation of adhesives and sealants, the organization delivers an extensive variety of items including car chemicals, modern glues, paint chemicals, natural colors, and numerous others. Its creation units are arranged in various areas which incorporate Baddi, Mahad and vapi. The famous product of this organization is FeviKwik. Website: [www.pidilite.com](http://www.pidilite.com)



### 2. UPL Limited

UPL Limited is a notable chemical organization of the year, that was begun in 1969 and has head office in Mumbai. UPL Limited gives crop security solutions. The Company is occupied with the matter of agrochemicals, modern chemicals, synthetic intermediates and strength chemicals. It offers fungicides, herbicides, bug sprays, plant development and controllers, rodenticides, modern and forte chemicals, and nutri feeds. The Company offers its items in roughly 120 nations. It has manufactured its name in the national market with its inventive item extend. Website: [www.uplonline.com](http://www.uplonline.com)



United Phosphorus Ltd

[www.stockcommodityforex.com](http://www.stockcommodityforex.com)

### 3. TATA Chemicals Limited

TATA Chemicals is considered as a part of the first rate chemicals organizations of India that was begun in 1939 and is the piece of famous TATA Group that is known for magnificent items. The organization began off their business with a little plant to expand the marine chemicals from the sea which has now developed into a worldwide brand. TATA Chemicals is the world's second biggest maker of soda ash with assembling facilities in Asia, Europe, Africa and North America. It is the world's third biggest maker of sodium bicarbonate, which has applications that range from nourishment to pharmaceuticals to air contamination control.

Website: [www.tatachemicals.com](http://www.tatachemicals.com)



**TATA CHEMICALS LIMITED**

### 4. Gujarat Fluorochemicals Limited

Gujarat fluorochemical Limited is the leading chemical organization, began in 1987 and has head office in Noida. It is a piece of driving INOX group that has various fruitful business wanders in fields of chemical, amusement, renewable vitality. This organization is in charge of creating hydrous hydrofluoric corrosive and refrigerant gases like chlorofluorocarbons. The organization takes a shot at the new ventures and chances to upgrade their creation quality. The principal regions of business of this organization are refrigerants and chemicals.

Website: [www.gfl.co.in](http://www.gfl.co.in)



Gujarat Fluorochemicals Limited

### 5. Solar Industries India Limited

Solar Industries India Limited was set up in the year 1995 and the head office is situated in Nagpur. It is currently the greatest maker of hazardous starting frameworks and in addition mechanical explosives in India. Various impacting solutions gave by this organization have helped in meeting the desires of partners and customers. The fundamental items comprise of exploding string, regular citizen explosives, pentolite boosters and detonators. It is enhancing consistently as far as security and quality .Website: [www.solargroup.com/](http://www.solargroup.com/)



[www.stockcommodityforex.com](http://www.stockcommodityforex.com)

## 6. BASF India

BASF is a chemical manufacturing company based in Mumbai. The organization was begun in 1965 and has been in the business from most recent 50 years. BASF is the main chemical organization which attempts to consolidate the environmental security and social concern to build up the best items. The organization has numerous imperative generation locales alongside two R&D focuses inside the nation. The organization conveys the best items in the market supported by the group of experts and use of most recent technology. Website: <https://www.basf.com/in>



## 7. Aarti Industries Limited

Aarti Industries Limited has begun its operations in the year 1975 with a solitary item named Dimethyl sulfate. Aarti is one of the main provider to worldwide producers of Dyes, Pigments, Pharmaceuticals and elastic chemicals. Aarti is among the biggest makers of Benzene based essential and moderate chemicals in India. It has corporate office in Mumbai and delegates in U.S.A and Europe. Presently, the organization has 16 fabricating plants in Gujarat and Maharashtra.

Website: [www.aartigroup.com](http://www.aartigroup.com)



**AARTI INDUSTRIES LIMITED**

## 8. Linde India Limited

Linde India Limited was formerly known as BOCI or BOC India. It manages industrial gasses. It additionally attempts various ventures identified with designing. It is in charge of creating xenon, nitrogen, neon, krypton under the fragment of air gasses. The organization additionally has the ability of delivering medicinal gases. Also it is the greatest provider of the fragment in India. Website:

[www.linde.in/en/index.html](http://www.linde.in/en/index.html)



[www.stockcommodityforex.com](http://www.stockcommodityforex.com)

## 9. Vinati Organics Limited

Vinati Organics Limited was built up in 1989, as a claim to fame chemical organization, focusing on mechanical monomers and polymers. In the blink of an eye it is the greatest maker of isobutyl benzene and ATBS on the planet. Aside from its clients in India, its client base additionally comprises the ones from Asia, USA and Europe.

Website: [www.vinatiorganics.com](http://www.vinatiorganics.com)



## 10. Gujarat Heavy Chemicals Limited

Gujarat Heavy Chemicals limited is considered as the biggest maker of soda ash in India. It was begun in 1988 and has been known for delivering fantastic quality items. The Organization has head office in Ahmedabad and has solid workforce of representatives that has gigantic experience of chemical industry.

Website: [ghcl.co.in](http://ghcl.co.in)



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