

INDIAN PETROCHEMICALS INDUSTRY

**Steady performance aided by stable
demand and persistent spreads**

DECEMBER 2021



Demand for petrochemicals is expected to remain stable in FY2022, supporting the industry growth, albeit with some moderation in margins as spreads settle down from the levels achieved in FY2021.



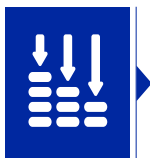
- Notwithstanding some minor impact in Q1 FY2022 owing to the second wave, demand for petrochemicals is expected to remain stable in the current fiscal. Demand for several petrochemicals have recovered to above pre-Covid levels



- There was sizeable margin expansion in FY2021, partly due to temporary demand-supply gaps created due to the disruptions created by the pandemic. While ICRA expects the industry growth momentum to sustain, some moderation in margins is likely going forward; albeit they will continue to remain healthy.



- Despite some capex towards capacity expansion being undertaken by some industry participants, overall the industry debt levels are not expected to increase materially going forward. Moreover the net debt levels of most companies in the sector remain moderate owing to healthy margins and cash accruals in the past few years.



- The debt metrics of petrochemical players are also expected to remain healthy, with total debt/OPBDITA for ICRA sample set at 1.4-1.5x and interest cover at 10.0-11.0x during FY2022-24 period.



- ICRA expects the credit profile of the Indian petrochemical industry to remain steady in the near term. Players with a diversified business profile and conservatively-funded balance sheets were able to withstand the downturn with less impact on their credit profile.

1 Industry Outlook



2 Industry Performance/Peer Comparison/Key ICRA Rating Actions



3 ICRA Industry Estimates



4 Commodity Polymers



5 Olefins/Aromatics



6 Synthetic Fibres



7 Fibre Intermediates



8 Flexible Packaging Films



9 Synthetic Detergent Intermediates



10 Oxo Alcohols



11 Industry Performance/Peer Comparison



12 ICRA Ratings in the Sector/Company Section





ICRA

Analytical Contact Details



Sabyasachi Majumdar

Senior Vice-President

Group Head

Prashant Vasisht

Vice-President

Co-Group Head

Ankit Jain

Assistant Vice-President

Sector Head



sabyasachi@icraindia.com

prashant@icraindia.com

ankit.jain@icraindia.com



0124- 4545 304

0124 – 4545 322

0124 – 4545 865





ICRA

Analytical Contact Details



Sai Krishna

Assistant Vice-President

Varun Gogia

Assistant Vice-President

Ravish Mehta

Senior Analyst



sai.krishna@icraindia.com

varun.gogia@icraindia.com

ravish.mehta@icraindia.com



044- 4596 4304

0124 – 4545 373

079-40271522





ICRA

Business Development/Media Contact Details



L. Shivakumar

Executive Vice-President

Jayanta Chatterjee

Executive Vice-President

Naznin Prodhani

Head Media & Communications



shivakumar@icraindia.com

jayantac@icraindia.com

communications@icraindia.com



022- 6114 3406

080 – 4332 6401

0124 – 4545 860





© Copyright, 2021 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!