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INDIAN CHEMICALS SECTOR: SPECIALITY CHEMICALS

Industry remains supported by steady domestic demand; global uncertainties create overhang

DECEMBER 2025

Agenda

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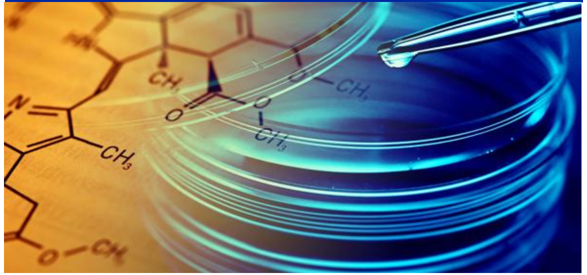
1 Executive Summary

2 Key Industry Trends and Outlook

3 Segment-wise Detailed Trend Analysis – Chemical-wise



4 ICRA Ratings on Indian Speciality Chemicals Industry

5 Comparison of Key Speciality Chemical Companies

Executive Summary

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Sustained uptick in volumes in the domestic market, coupled with stabilising prices, ensure continued recovery for the sector. The uncertainty related to US tariffs and geopolitical risks remains a key concern in the near term.

- **The speciality chemicals market remains stable** with signs of demand recovery across segments, primarily driven by volume growth and a marginal uptick in pricing in the domestic market. In export markets, the pickup in manufacturing activity in the US is a positive; however, uncertainty around tariffs remains. Contraction in China may lead to increase in global supplies due to subdued domestic demand.

- **Agrochemical production remains stable in 7M FY2026** supported by domestic offtake as exports moderate by about 9% YoY. While performance has remained healthy in H1 FY2026, with excess rainfall causing flooding and crop losses, sales returns are likely to be higher thereby impacting profitability in H2 FY2026.

- **Dyes and pigment exports saw a de-growth of 2% YoY in H1 FY2026 following a growth of about 11% YoY in FY2025**. Demand for dyes and intermediates is expected to grow modesty, supported by the robust expansion of India's textile industry as it emerges as a strong alternative to China and Bangladesh.

- **Revenue for ICRA's peer-set (including nine major speciality companies)** in FY2026 is estimated to rise 8% YoY, supported by volume growth and a modest increase in realisations. Profitability is likely to moderate amid weaker export demand due to tariff uncertainty. The continued capacity expansion should aid volume growth for the sector.

- **The credit profile of sector incumbents is likely to remain healthy**, given the comfortable debt levels and improving cash generation. With modest incremental debt uptake, credit metrics are likely to remain stable, with TD/OPBDITA projected at 1.9x in FY2026 over 1.8x in FY2025.

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Thank You!