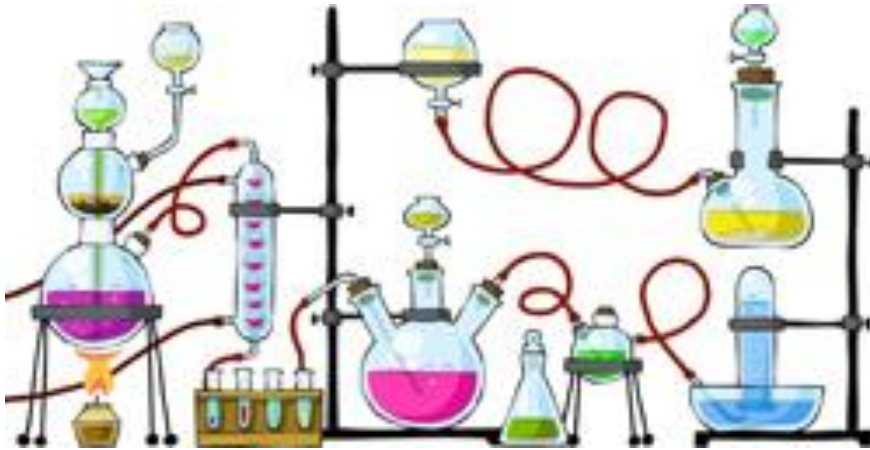


# MONTHLY SECTOR UPDATE

Issue | Nov 2020

## Chemicals



### 1

#### Our Take

- Collaborating while Competing
- Role of Distributors & Digitization
- EU Green Deal

### 2

#### Dashboard

- PMI
- IIP
- India crude basket
- Primus Partners Chemical Indexes

### 3

#### News and Announcements

- PM lays down India's energy map
- Hike in ethanol prices to attract more investment
- India is worlds largest Sulphur Dioxide emitter
- Grasim & Lubrizol to set up worlds largest CPVC resin plant in Gujarat

 Primus Partners India

 @partners\_primus

# 1 Our Take



Archroma, CHT group, Huntsman, Kyung – In Synthetic Corporation, Pulcra Chemicals, Rudolf Group, Tantex Chemicals and others have got together to support clothing brands, retailers and manufacturers to achieve 'highest levels of sustainability' when it comes to textile & leather chemistry.

This requires sharing knowledge, providing training and tools. The whole textile & leather chemical industry will benefit.

## Collaborating while Competing in Chemical Industry

The key trends in Chemical Industry are regulatory changes, move towards sustainability & digitization. All of these trends require the industry to work together or collaborate. This raises a unique conundrum as the Chemical Industry is also characterized by extreme competition – how do we collaborate and compete at the same time.

We see an example in SCTI, where the industry is coming together to solve the sustainable chemistry problem. This will advance chemistry knowledge and its safe and sustainable application, raising the industry standard.

Here we see fierce competitors coming together and aligning themselves to the industry trends of regulatory change and sustainability. It requires a great deal of maturity and operational discipline for collaboration among competitors to succeed.

### Collaborating

- Work together to solve industry problems and move with trends.

### Competing

- Create your niche, value proposition and competitive advantage to win in market.



## EU Green Deal

The European Commission adopted 'EU Chemicals Strategy for Sustainability', described as the first step towards the zero-pollution ambition for a toxic-free environment. It is referred to as the "Green Deal."

The EU will offer financial support and technical assistance to help the most affected segment by the move towards the green economy and will help mobilize at least Euro 100 billion over 2021-27 for it.

The Indian chemical companies that are exporting to the EU will have to align themselves with the goals, giving the Indian industry an opportunity to adopt global best practices.

Sustainability is a key trend in the Chemical Industry. The industry players, as well as the Government, must make an effort to benefit from the trend.



## Distributors & Digitization

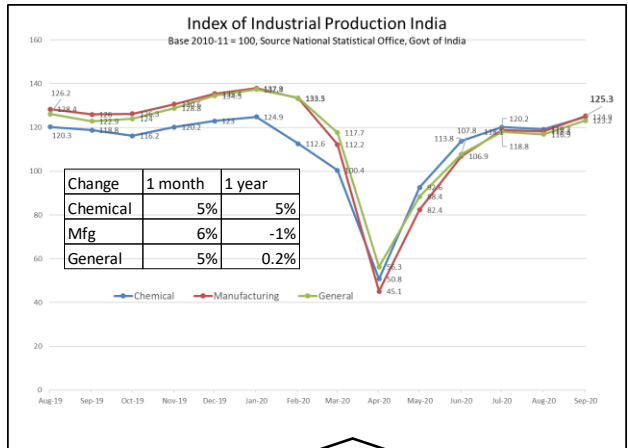
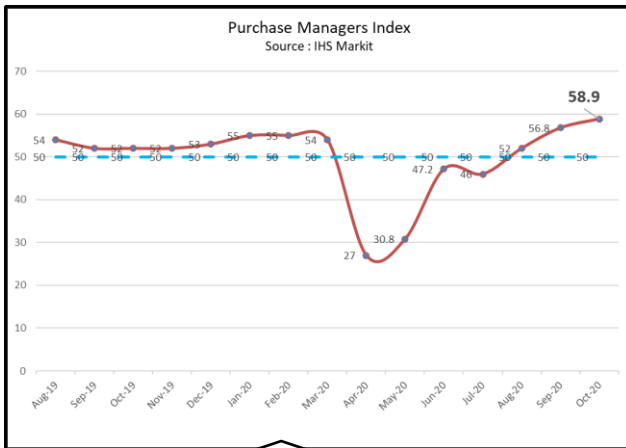
Most Chemical value chains are global, and customers are distributed over different geographies. This made it difficult to deal directly with a large number of customers. With digitization, there is an increased capability to interact directly with customers. Platforms like Omnexus, Globalchem, Echemi, Okchem Trade BtoB, Chempoint etc.; are helping this journey.

However, the distributors still play an important role: giving credit, taking a risk on a customer, breaking bulk into smaller quantities, complying to local regulations, proper transportation & storage, customer education etc.

Digitization of distributors and having a seamless digital link between manufacturer distributor and the customer can bring tremendous benefits. It can help reduce transaction cost, reduce inventory in the value chain, reduce transportation cost, improve on-time delivery, improve analytics and data-based decision making.

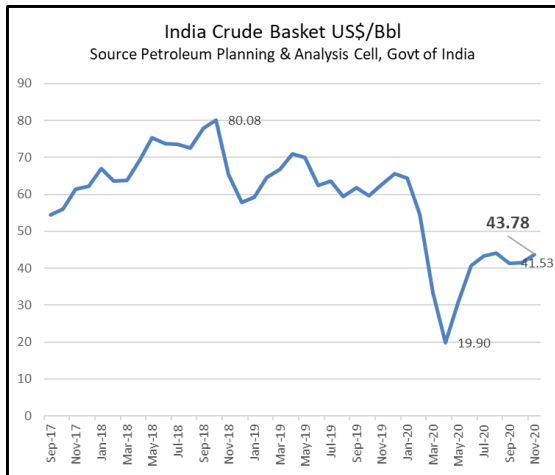


# 2 Dashboard November 2020



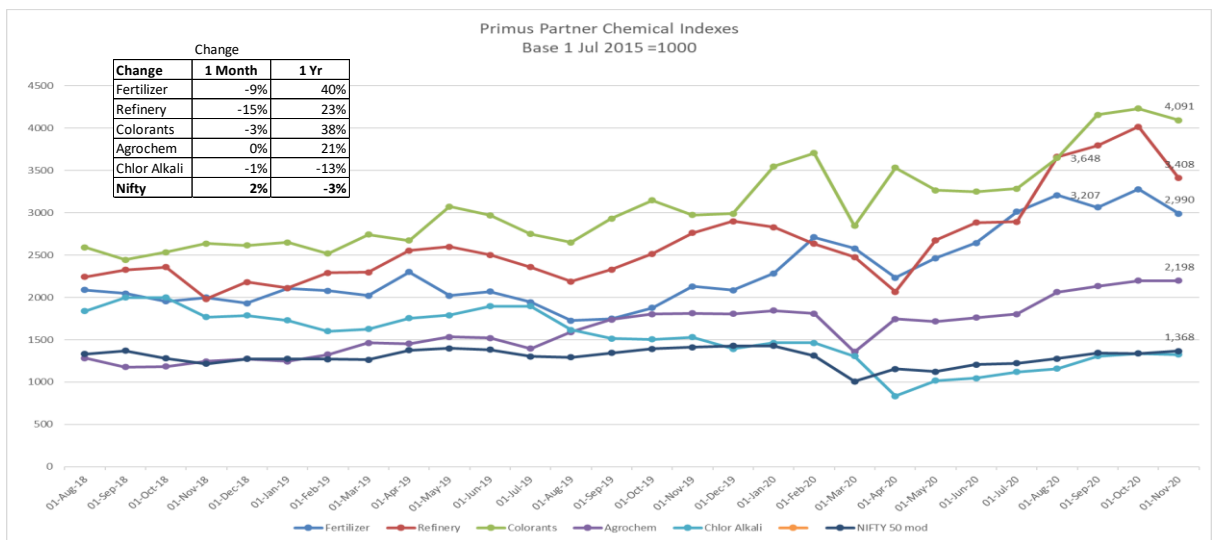
India Manufacturing Purchase Managers posted the strongest number in this decade at 58.9. India outperformed China, US & EU, which reported 53.6, 53.4 and 54.8 respectively. PMI above 50 indicates growth, below 50 indicates contraction of business activity.

IIP figures released on 12th November 2020 showed a handsome gain of 5% on Aug vs Sep 2020. While the manufacturing IIP fell by 1 % Sep 2020 vs Sep 2021, the Chemical IIP is up 5%. This is showing that the business is coming back on track.



The Indian basket of Crude Oil kept its upward trend and increased by 5% on 1 Nov vs 1 Oct 2020. The US Energy Information Administration expects oil inventories to decrease and price to be range bound near \$40. It expects the price to move up in 2021 to \$47 levels.

**Chemical Stock Indexes :**  
After many months of outperforming the nifty, the chemical stock indexes showed a negative movement. The refinery and fertilizer indexes fell sharply. On a longer term basis, the chemical indexes have given better results than broad based indexes like Nifty and Sensex



# 3. News and Announcements

## Policy News

### **To check diversion, Government plans to limit purchase of fertilizers by farmers** Oct 16, 2020

The centre is working to cap number of subsidized fertilizer bags that farmers can buy in any cropping season. Currently, the government is following "no denial" policy that allows anybody to buy any quantity of fertilizer through POS machines. Urea is highly subsidized and his is to check diversion to unintended non-agricultural uses.

[Read More](#)

### **Inviting global Chemical players to invest in India** Oct 15, 2020

Addressing international session on LEADS 2020, organized by FICCI, Union Minister for Chemicals and Fertilizers Shri DV Sadanand Gowda described the success in the Indian Chemical Industry and invited proposals for investment in Chemical, Fertilizer and Pharma sector.

[Read More](#)

### **Hike in ethanol prices to attract more investment in sugar sector** Nov 10, 2020

The government's latest decision to increase ethanol prices between 4.4% and 6.1% on different varieties for supply from Dec 2020 is welcomed by the sugar industry. This is an excellent decision from the government to encourage ethanol production and supply.

[Read More](#)

### **PM lays down India's energy map, lists 7 key drivers of change** Oct 26, 2020

PM Narendra Modi said India's energy future is bright and secure. He laid down India's energy map comprising of 7 key drivers :

- Accelerating efforts to move towards a gas-based economy
- Cleaner use of fossil fuels like petroleum and coal
- Greater reliance on domestic source to drive biofuels
- Achieving the renewable targets of 450 BW by 2030
- Increasing contribution of electricity to decarbonize mobility
- Moving into emerging fuels including hydrogen
- Digital innovation across all energy streams

[Read More](#)

### **Government to soon launch self certification scheme for chemical industry** Nov 06, 2020

Minister of State for Shipping, Chemicals & Fertilizers Shri Mansukh Mandavia declared that the government is in process to launch a self certification scheme for the Indian chemical industry, which will not only benefit the industry but also make India globally competitive in ease of doing business.

[Read More](#)

## Industry News

### **Fire in underground gas pipeline of ONGC near Dahej** Oct 16, 2020

A massive fire broke out in ONGC gas pipeline passing agriculture farmland at Kadodara village near Dahej. No casualty were reported, and fire was brought under control with help of ONGC authorities and fire department.

[Read More](#)

### **India world's largest emitter of Sulphur Dioxide,** Oct 8, 2020

India continues to occupy the top emitter's position for fifth consecutive year, based on report by Greenpeace India & CREA. Large part of the emissions is due to thermal power stations.

The Sulphur Dioxide emissions in India recorded a decline of 6% in 2019 compared to 2018, which is good, but not enough.

[Read More](#)

### **Lubrizol and Grasim Industries partner for India's largest CPVC Resin plant** Oct 20, 2020

Lubrizol & Grasim have entered into definitive agreement to manufacture and supply CPVC resin in India. 100,000 metric ton per year plant is to be located in Vilayat, Gujarat. It will be the largest single site capacity for CPVC resin production globally and is expected to be operational by late 2022

[Read More](#)

## About Primus Partners

Primus Partners has been set up to partner with clients in 'navigating' India, by experts with decades of experience in doing so for large global firms. Set up on the principle of 'Idea Realization', it brings to bear 'experience in action'.

'Idea Realization'— a unique approach to examine futuristic ideas required for the growth of an organization or a sector or geography, from the perspective of assured on ground implementability.

India is and will continue to be a complex opportunity. Private and Public sector need trusted advisory partners in order to tap into this opportunity. Primus Partners is your go-to trusted Advisory for both public and private sector organizations involved intricately with nation building, and the creation and growth of robust corporations as engines of progress.

Our core strength comes from our founding partners, who are goal-oriented, with extensive hands-on experience and subject-matter expertise, which is well recognized in the industry. Our core founders form a diverse cohort of leaders from both genders with experience across industries (Public Sector, Healthcare, Transport, Education, etc), and with varied specialization (engineers, lawyers, tax professionals, management, etc).

Primus Partners brings experience of working in more than 30 countries with private and public sector, including working with Government of India, building and leading large consulting teams at the leadership level, and creating one of the largest public sector consulting practice in India. They also represent 200 person years of experience in leading global and Indian consulting firms and the public sector.

The founding team is supported by a distinguished advisory board that includes experts with leadership experience across government, large corporate and notable civil society organizations.

### Primus Partners Contacts



**Nilaya Varma**  
Co-Founder & CEO



**Anurag Singh**  
Managing Director -  
Chemicals & Automotive



**Pooja Ahluwalia**  
Vice President, Head of  
Research



**Devanshu Goswami**  
Consultant – Chemical &  
Automotive

### Disclaimer

The report is prepared using information of a general nature and is not intended to address the circumstances of any particular individual or entity. The report has been prepared from various public sources and the information received from these sources is believed to be reliable. The information available in the report is selective and subject to updation, revision and amendment. While the information provided herein is believed to be accurate and reliable, Primus Partners Pvt. Ltd. does not make any representations or warranties, expressed or implied, as to the accuracy or completeness of such information and data available in the public domain. While due care has been taken while preparing the report Primus Partners Pvt. Ltd. does not accept any liability whatsoever, for any direct or consequential loss arising from this document or its contents.

For further details please write to [research@primuspartners.in](mailto:research@primuspartners.in)