
Indian Chemical Industry – An unprecedented Opportunity to Grab



Contents

- World Scenario
- India's Chemical Background
- India's Macro Economic facts
- India's Strength
- India's Weaknesses
- Recommendations



WORLD CHEMICAL MARKET

US \$ 1700 BILLION

Dynamic Orbits
redefining boundaries

Regional Block	Market Size US.\$/ Billion	Growth Expected, %
W. Europe	731	1 to 3
N. America	374	1 to 2
Asia	442	10
Rest of the world	85	2
S. America	68	2

India's Chemical Market is 1.6% of world market



World Scenario – Changing Dynamics

Dynamic Orbits
redefining boundaries

- Increased geographical reach and entry into new markets
- Companies seeking economies of scale in manufacturing, logistics and R&D
- Need to Aggressively identify operational improvement options
- Undergo financial restructuring to cut costs and create growth platform



World Scenario – Changing Dynamics



- Location of manufacturing bases close to market
- Gravitating towards cheaper energy sources and lower taxes regimes
- Exploiting asymmetries in manpower costs across geographies
- Relocating at total cost of Ownership



ASIA CHEMICAL MARKET (US \$ Billion)

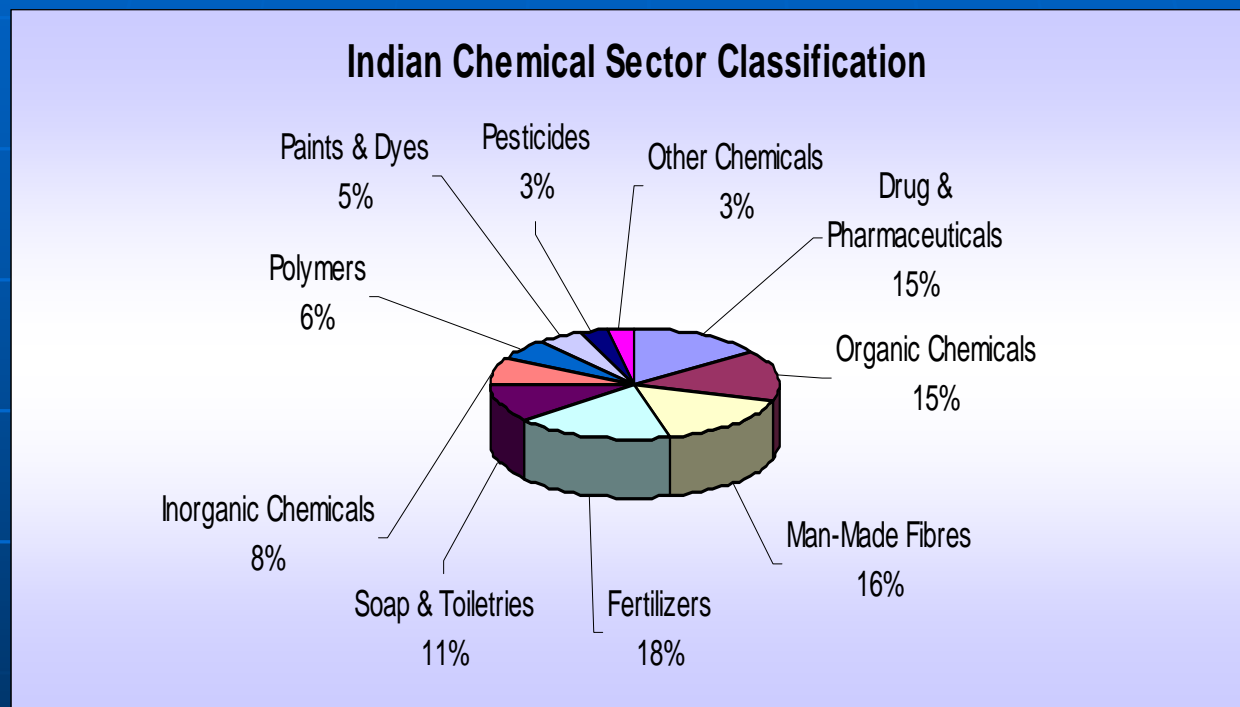
Dynamic Orbits
redefining boundaries

- With average 10% growth in Asia, the market will be say US \$ 940 Billion by 2010
- KPMG study-indicates that by 2010 Indian Market will be of US \$ 100 Billion (CAGR 14%)
- By 2010, to touch 12.1% of Indian GDP and 3.9% of the World market and create Jobs for 1.3 million people.



INDIAN CHEMICAL SECTOR : TAKING RAPID STRIDE

Dynamic Orbits
redefining boundaries



Background



India - changing landscape

- Post 1990 India has made significant progress
- GDP growth at all time high over 8%
- Forex Reserves at all time high over 160 Bi USD
- External Trade growing @ over 20%
- Quality mindset fast integrating with rest of the world
- Reliance, Biocon and Ranbaxyies of India have shown path of leadership to Indian entrepreneurs
- Indian Businesses –ready to go global



INDIAN CHEMICAL SECTOR

Dynamic Orbits
redefining boundaries

- About 7% of the Indian GDP
- 14% of total exports
- Ranks 12th by volume in the world production of chemicals
- Total turnover is about USD 54 billion
- 18% of the Total Indian manufacturing output
- 18% of Organized Labour Employment
- 22% Excise & Import Duty Collection



Indian Market – Scope to grow

Dynamic Orbits
redefining boundaries

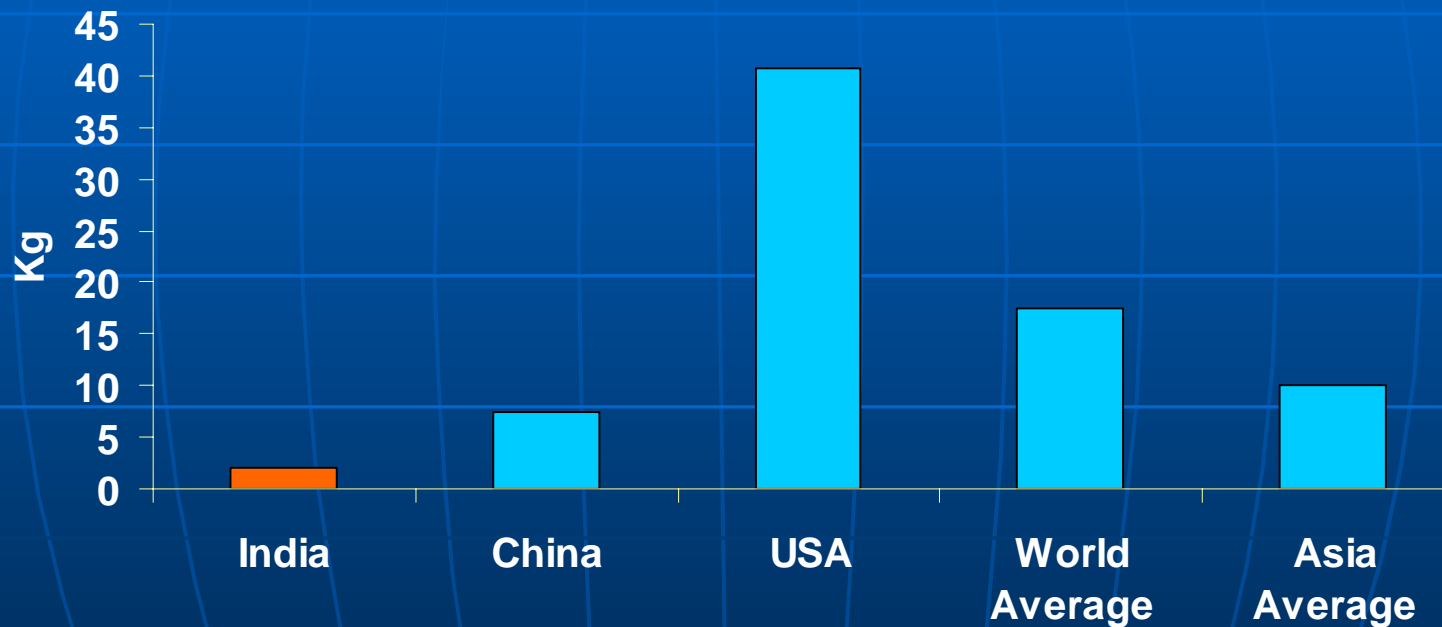
Annual per capita polyester consumptions (Kgs)



Indian Market – Scope to grow

Dynamic Orbits
redefining boundaries

Per Capita Polymer Consumption



Source: CRIS INFAC



GREAT MACRO-ECONOMIC SHOW:



- India among world's fastest growing economies.
- Exports registered growth of over 20-25% in last couple of years.
- India's economic growth is sustained.
- Prevalence of foreign technology licensing - Rank 1 in the world.
- Availability of scientist and engineers - Rank 2.



GREAT MACRO-ECONOMIC SHOW:

Dynamic Orbits
redefining boundaries

- Quality of management schools - Rank 9.
- Firm level innovation - Rank 12.
- Firm level technology absorption- Rank 16
- Company spending on R&D - Rank 32.
(Source: Global Competitiveness Report, 2003)
- India amongst the leading entrepreneurial hotbeds globally. (*Red Herring* clubs India with Israel)



GREAT MACRO-ECONOMIC SHOW:



- India rated best destination for outsourcing and 6th most attractive destination for FDI, according to AT Kearney.
- Global competitive report ranks India at first place in terms of prevalence of foreign technology licensing.
- Among top 10 tourist destinations. Major destination for foreign venture capital funds.



India's Strength



- Large pool of technically skilled manpower
- Business practices integrated with and close to the Asian countries.
- English is commonly spoken language
- Ability to make low volume, high tech, custom products at low cost.
- R & D: In-house/ CSIR/ Academic Institutions



India's Strength



- Intellectual Property Rights: Enhancing the confidence of Investors
- Greater understanding of WTO provisions
- Multi-purpose manufacturing facilities
- Aggressive Cost Management and use of Knowledge Engineering



India's Weaknesses



- Poor Infrastructure
- Cost Disadvantages in terms of Power, Interest rates etc
- Fragmented Industry
- Low investment in R&D



Opportunities :



- Joint Ventures
- Contract Manufacturing
- Alliances to establish local presence
- Consolidation & Integration possibilities
- Outsourcing of services
- Product Application Development
- Contract research



Indian Chemical Industry

Dynamic Orbits
redefining boundaries

- Ambition no more limited to India
- Moving up in Value chain
- Establishing global leadership in Agrochemicals, Pharma, Pigments and some commodities like soda ash
- Reliance is a leading global player in polymer Industry
- Normal acquisition band width is 20-50 million for chemical /Pharma



Success stories – Overseas Acquisitions

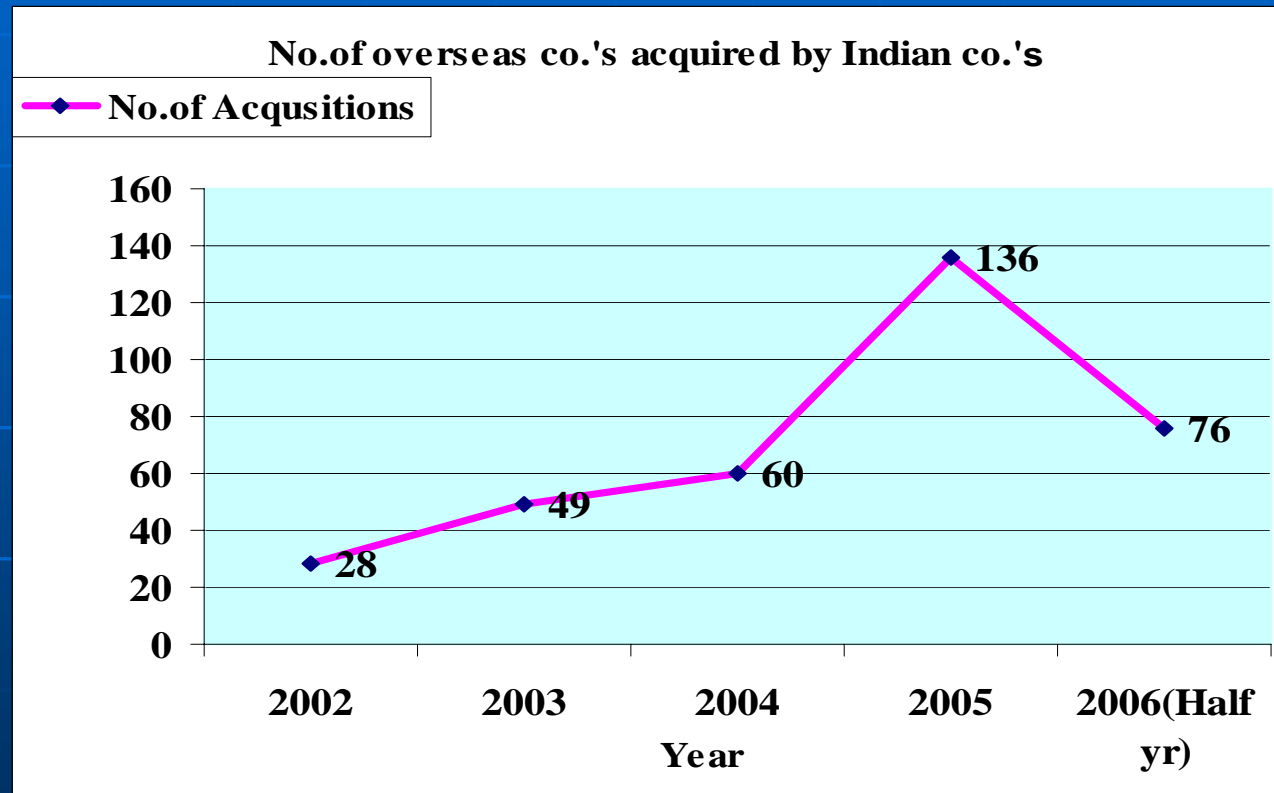
Dynamic Orbits
redefining boundaries

- Tata Chemicals
- Gujarat Heavy Chemicals Ltd.
- United Phosphorus
- Asian Paints
- Glenmark Pharma
- Dr Reddy's Lab
- Ranbaxy



Success stories – Overseas Acquisitions

Dynamic Orbits
redefining boundaries



Dynamic Orbits



- Dynamic Orbits Advisory Pvt. Ltd. is comprising of two main divisions :
- Advisory Division (www.doasd.com)
- Int'l Business Division (www.doibd.com)



Dynamic Orbits



- Advisory Division : Engaged in the areas of Cross Border Acquisitions, Joint Ventures and Strategic Alliances.
- Represent number of International organizations & Indian Companies helping them in having strategic partnerships and suggesting them inorganic growth routes.



Dynamic Orbits



- Int'l Business Division : Successfully involved in Representing Overseas companies in India for their sourcing/ marketing assignments.
- Offering Indian products/services to Overseas clients with full responsibility.



Thank you,



CONTACT US

Dynamic Orbits Advisory Pvt. Ltd.

1G, 1st Floor, Vandana Building

Tolstoy Marg

New Delhi -110001

India

Phone – 0091 11 43558000

Fax – 0091 11 4152 0524

E-Mail – pankaj.katiyar@dynamicorbits.com

