

INDIACHEM – GUJARAT 2011

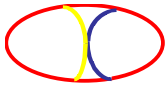
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Chairman: DyStar

Pigments, Dyes & Dyes Intermediates GUJARAT



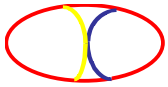


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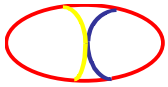
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Industry

- The dyestuff industry in India which is about 40 years old consists of the following three sub-divisions:

- Dyes

Soluble coloring substance having affinity to a substrate to which it is applied .

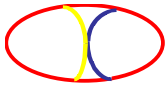
- Pigments

Insoluble coloring substance having affinity to a substrate to which it is applied.

- Intermediates

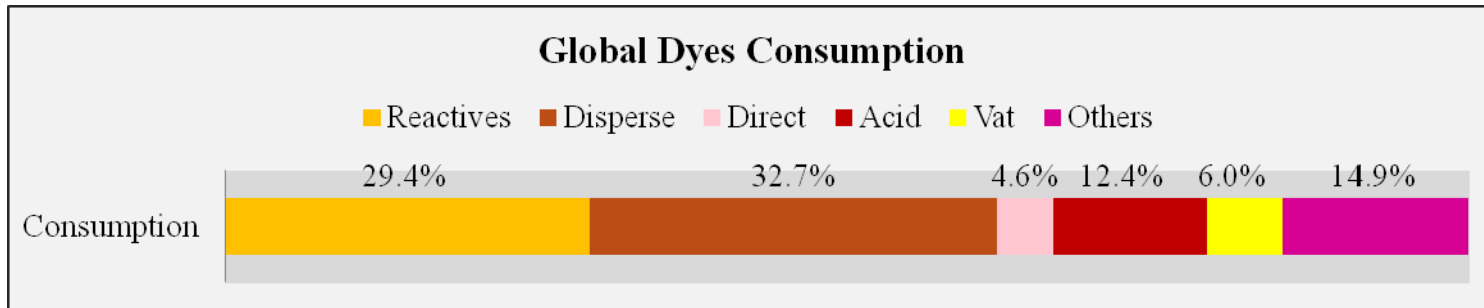
Derived from crude.

- Basic raw material derived from coal tar and petrochemical industry – Benzene, Toluene, Xylene & Naphthalene (BTXN).

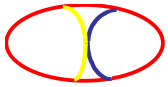


Global Market

- The world market for pigments, dyes, dyes intermediates and other coloring materials is estimated at US\$ 23 billion.
- Dyes and Pigments constitutes the largest segment with a market value of US\$ **16** billion.
- Reactive and Disperse dyes comprises of more than half the consumption among all types of dyes.

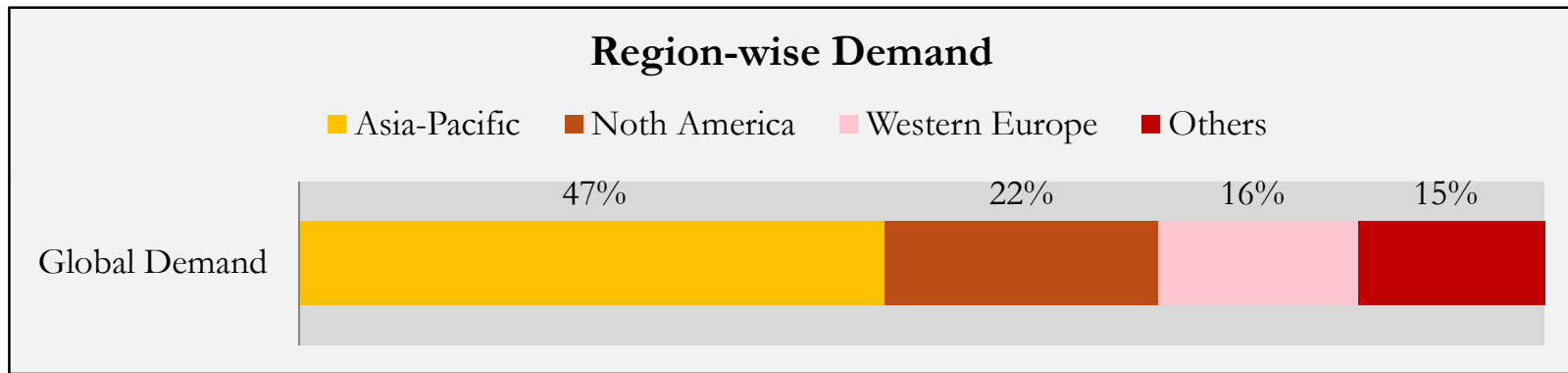


(Source: Report by Cygnus India)

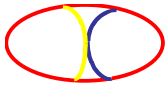


Global Markets

- World production of pigments, dyes and dyes intermediates is divided among regions as:



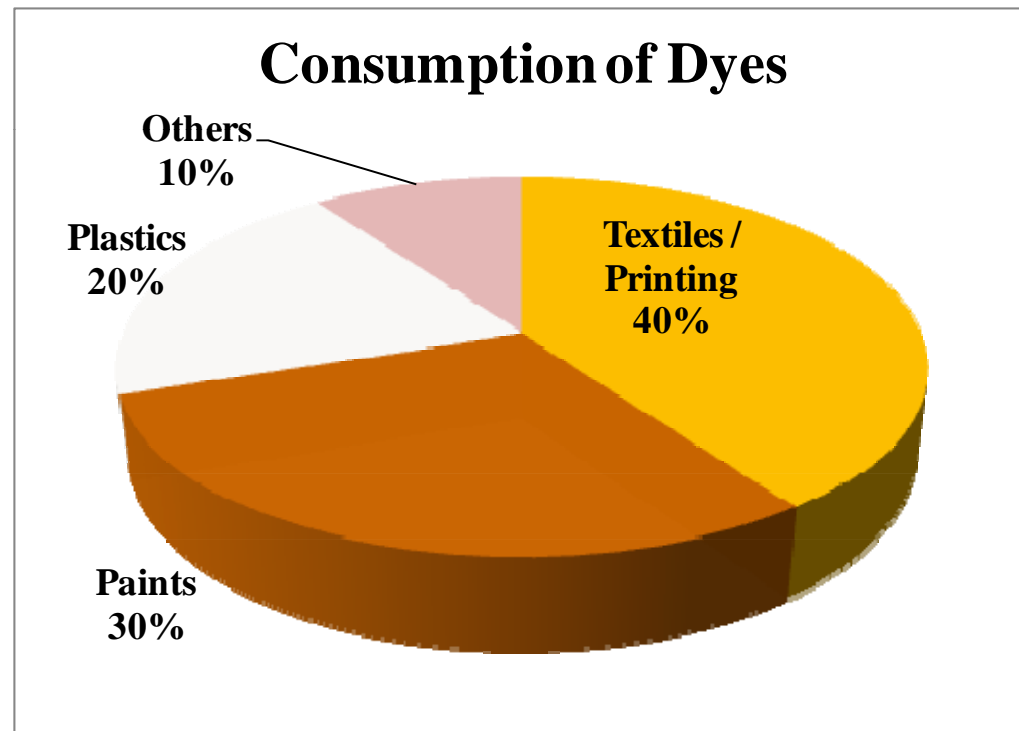
(Source: World Dyes & Organic Pigments – 2013 to 2018)

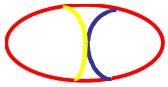


Linkage with consuming sectors

- Colouring industry has forward and backward linkages with a range of sectors like:

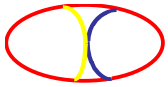
- Printing
- Paints,
- Plastics,
- Textiles,
- Packaging,
- Leather,
- Others.





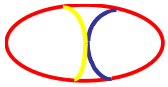
Global Market

- Asia-Pacific represents the largest regional market for pigments and dyes, followed by Europe. US is third largest market.
- Growth in market is led by Asia-Pacific, in volume as well as value terms.
- China would continue to be single largest and fastest growing market.
- India would be the second largest market in terms of demand for pigments and dyes.
- Other emerging economies like Africa, Eastern Europe and Middle East are also expected to grow while the growth in advanced economies like US and Europe is expected to be sluggish.



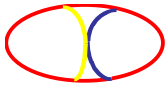
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Structure

- India contributes about 6% in the global pigments, dyes and dyes intermediates market.
- The Indian pigment, dyes & dyes intermediates industry is largely fragmented.
- It has more than 1000 small scale units and 50 large / organised players.
- It has a total production capacity of close to 1,60,000/- MTPA with pigment production capacity of nearly 40,000/- MTPA.
- The top 5 players control close to third of the total domestic production. In all the organised players constitute about 65% of the market while the un-organised players controls the remaining 35%.

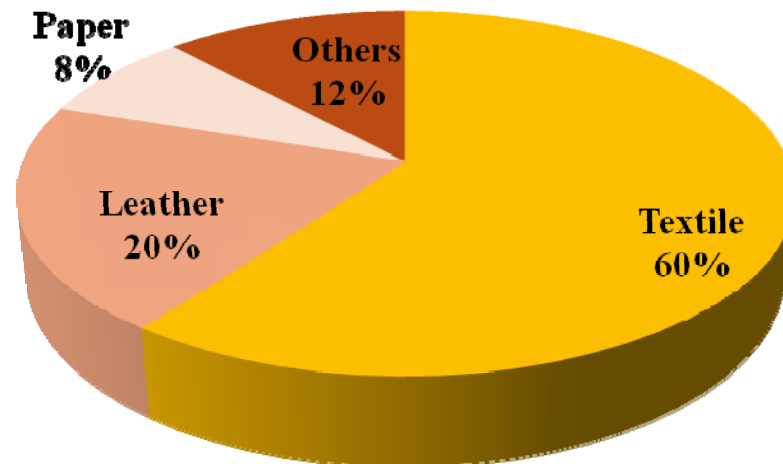


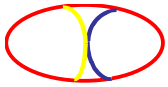
Linkage with consuming sectors

- The dyes and intermediates sector is an important constituent of the Indian Chemical Industry.
- It has forward and backward linkages with a range of sectors like:

- Textile,
- Leather,
- Plastics,
- Paper,
- Packaging,
- Printing,
- Paints etc.

Consumption of Dyes

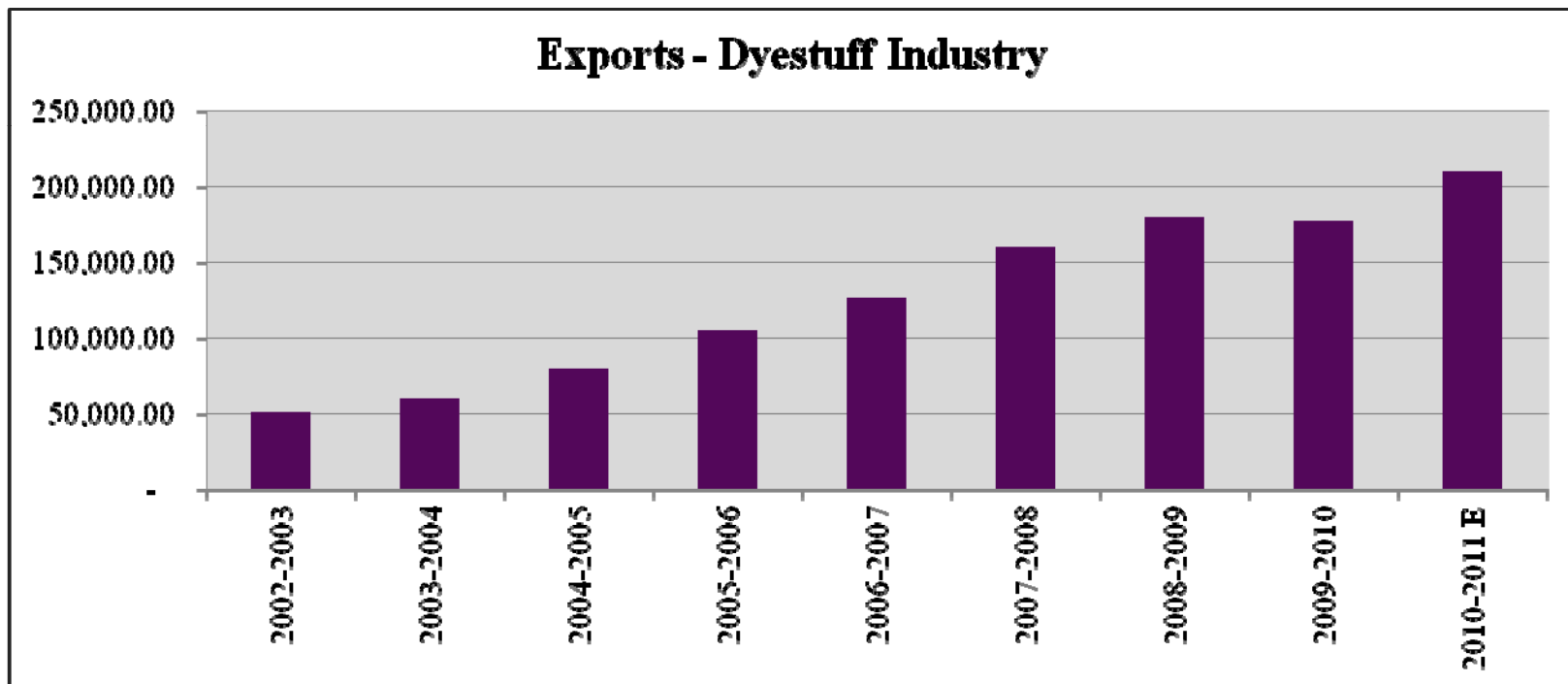


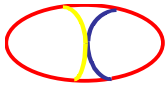


Historic Trends

- Over the last 15 years Indian dyestuff industry has established itself in the export arena.

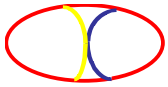
(Amount in US\$ millions)





Historic Trends

- Export of reactive dyes has been India's strength.
- The industry is largely self-sufficient with most of the inputs available locally.
- Domestic manufacturers have gained experience and capability of producing synthetic dyestuffs and intermediates of all kinds.



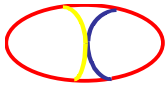
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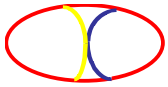
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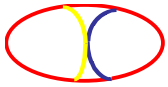
Industry: GUJARAT

- Gujarat accounts for approx. 80% of the production capacity of pigments, dyes and dye intermediates in the country. There are more than 1000 units in the state engaged in production of pigments, dyes and dyes intermediates.
- It also has a substantial share in domestic consumption of dyes.
- Proximity to domestic consuming industry is a factor in concentration of the pigments, dye & dye intermediates industry in the state.



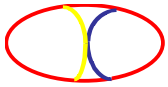
Industrial Infrastructure: Gujarat

- The state of Gujarat offers many unique advantages to the industries and pigments and dyes industry in particular.
- Gujarat has approx.1600 kms. of coastline with 40 major and minor ports. Its ports are strategically positioned for producers to serve the European, Middle East and American markets.
- Rapid strides taken by the state to build road and rail infrastructure network facilitates efficient transportation to the ports and consumers.



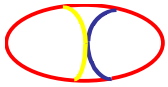
Industrial Infrastructure: Gujarat

- Land use planning and zoning (industrial cluster formation) has ensured optimum utilisation of land and also helped maintained the right balance between industry and agriculture. As a result not only domestic but also overseas industrial houses prefer Gujarat as a destination for setting their bases in the country.
- Primarily Pharma, Petrochemicals, Chemicals and Specialty chemicals have shown interest in establishing bases in the state.
- Availability of Power is a another crucial factor that has helped the industry. The policies promoted by the state government has largely outpaced 8% - 10% annual growth in the demand for power. The industry has experienced un-interrupted supply of power.



Industrial Infrastructure: Gujarat

- On the environmental front, the state has contemplated a number of measures like setting up common effluent treatment plants in industrial clusters, collection and disposal of effluent and hazardous waste.
- Several other measures like simplification of rules & procedures, single window clearance systems, availability of industrial data bank and smooth administration have contributed to the rapid growth of the industry in the state.



SWOT (Pigments, Dyes and Dyes Intermediates: Gujarat)

Strengths

- Established industrial clusters.
- Infrastructural support.
- Supportive policy framework.
- Easy port and road connectivity.
- Availability of skilled manpower.

Weakness

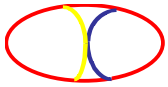
- Slowdown in the consuming industry.
- Adverse movement in the exchange rate hitting consuming industries.

Opportunities

- Increased environmental awareness among end-users. Scope for R&D and new product development.
- Opportunities for consolidation thrown open by the sluggish market conditions.

Threats

- Higher prices of crude oil and its derivatives.
- Slowdown / Recessionary situation in the developed economies.



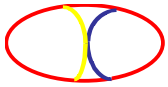
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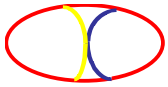
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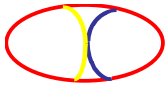
Future Trends – Focus on Innovation / R&D

- The Global market is expected to for pigments, dyes and dyes intermediates is expected to reach US\$ 24.2 billion by the end of year 2015.
- Almost 80% of all dye types are commodities, leaving little scope for product differentiation.



Future Trends – Focus on Innovation / R&D

- Focus on research and development activities, developing new product applications, streamlining manufacturing operations are some of the key strategies adopted by players globally to sustain profitability.
- All major players in the world have their dedicated R&D facilities and historically have spent 3% of their revenue on R&D.
- Building strong customer base by re-working marketing and distribution across the globe is throwing up new opportunities & challenges to producers.

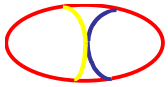


Future Trends – Industry Consolidation

- To gain competitive edge market players are using the inorganic growth route to:
 - Strengthen market position,
 - Strengthen marketing and distribution,
 - Expand product offering,
 - Gain entrance into niche applications and product categories.

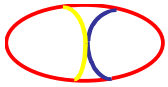
- Manufacturers are using Mergers & Acquisition as an effective tool to consolidate and maintain healthy margins.

- Major global players like ALTANA AG, BASF SE, Clariant International Limited, DIC International, Huntsman International LLC, Lanxess and others are making efforts to restructure and consolidate their businesses in order to capture market share, revitalize assets, expand sales network and enhance technology.



Future Industry Trends - Sustainability

- Environmental Awareness & Sustainability:
 - With legislation like REACH coming in to force and end-users becoming more conscious of the environmental and health factors associated with colours and colouring agents it is only natural that the pigments and dyes industry kept pace with its customers and implement enhanced environmental safety standards in their products and processes.
 - Higher environmental sustainability factor also acts as a entry barrier to low end, low-technology producers and assists manufacturers with environmentally safe products to get enhanced margins on their products.



Future Industry Trends – Global shift

- Producers are shifting their production bases to Asian countries.
- All global majors are relocating their production bases to Asian countries.

