

SectorVector

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Reading the topical trends

Phenol phenom

Construction, automobile sectors to spur demand, help India buck global trend

India's phenol market is expected to clock a healthy 8-9% compound annual growth rate from this fiscal through 2030, outpacing the global market.

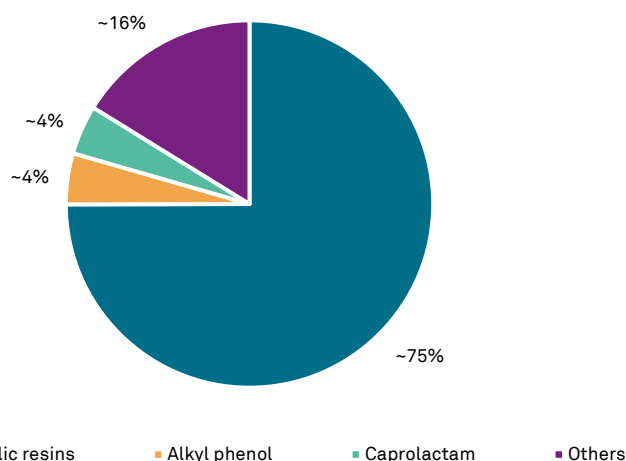
Annual phenol demand worldwide is ~12.2 million metric tonne and forecast to grow slow at 2-3% per annum from calendar year 2024 to 2030.

Domestic consumption this fiscal is envisaged at ~650 kilo tonne. The growth is likely to be driven by increasing demand from end-user industries, such as automotive and construction, which use phenolic resins.

Demand growth should also be supported by phenol usage in the production of caprolactam, a key ingredient in nylon manufacturing, and slimicide, a disinfectant.

Furthermore, a significant catalyst for demand growth will be the upcoming commencement of polycarbonate resin and bisphenol A production by a leading chemical intermediates company, since phenol serves as a critical compound in the manufacture of these compounds.

Segment-wise demand for phenol (fiscal 2024)



Note: Others include pesticides and pharma intermediates
Source: Crisil Intelligence

India's phenol demand is met through domestic production and imports. Over the past five years, domestic production has increased consistently, accounting for ~60% of annual domestic consumption.

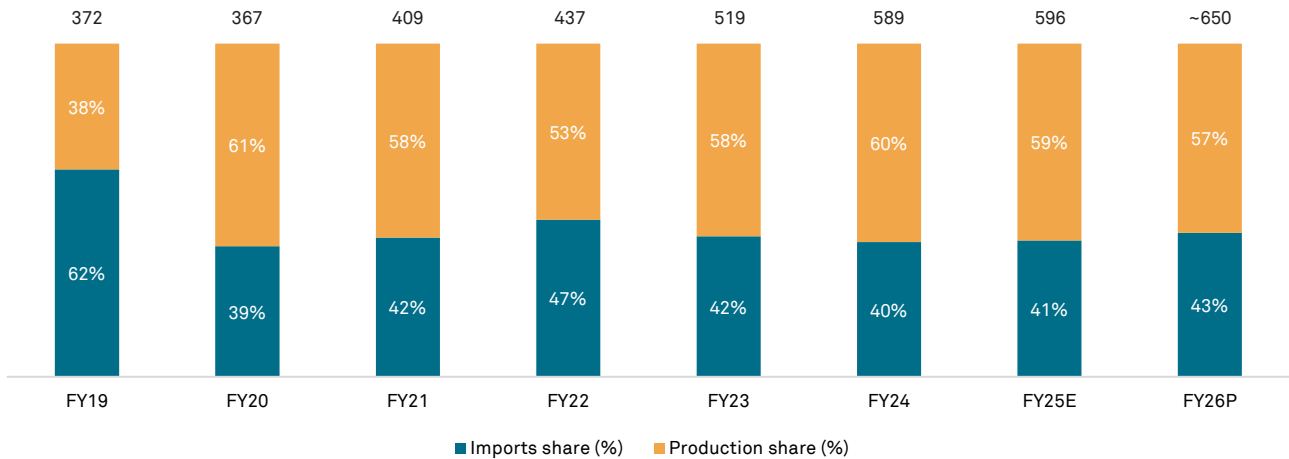
This growth can be attributed to the addition of new production capacity, which has enabled domestic manufacturers to meet a larger share of the demand.

As a result, imports have decreased substantially, from meeting ~60% of domestic demand in fiscal 2019 to ~40% in fiscal 2024.

Looking ahead, the entry of new players is expected to further reduce reliance on imports to 28-30% of domestic demand by fiscal 2030.

Domestic production vs imports

KTPA



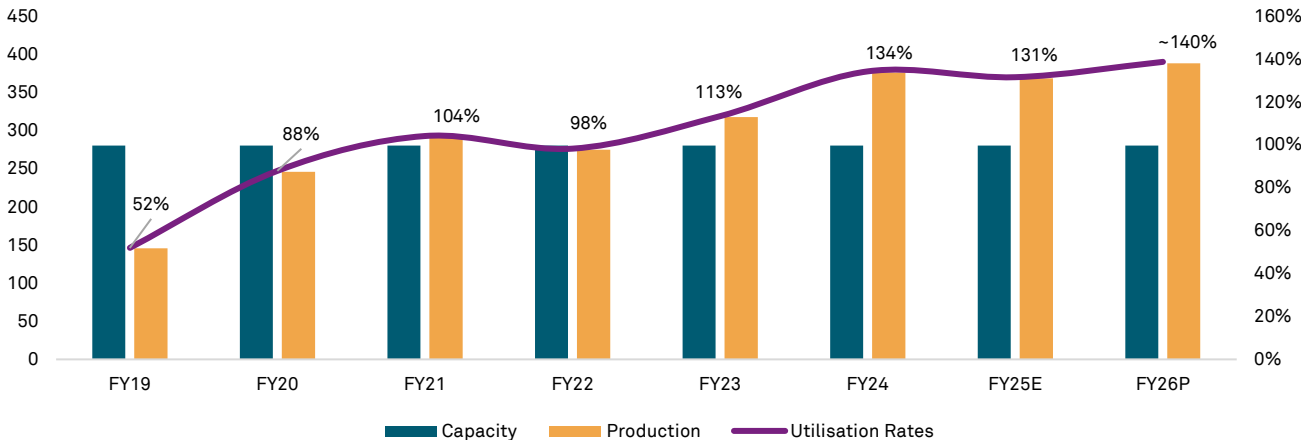
Source: Crisil Intelligence

Phenol production capacity utilisation has increased significantly to more than 130% in fiscal 2024 from ~50% in fiscal 2019. With the entry of new players

in the upcoming fiscal years, utilisation rates are anticipated to decline to ~ 85-90% in fiscal 2027.

Capacity and utilisation trends

KTPA



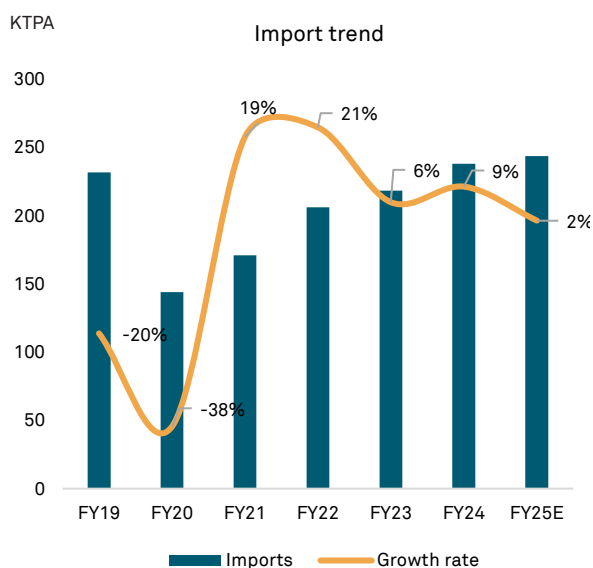
Source: Crisil Intelligence

As Indian domestic capacity expands, reliance on imports declines

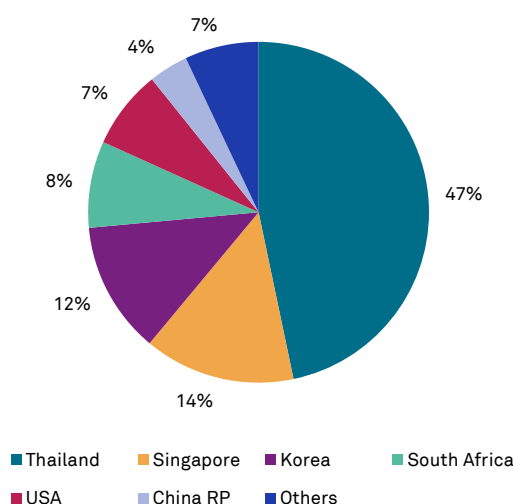
India imports phenol mainly from Thailand, followed by Singapore and Korea. In fiscal 2022, China accounted for 48% of India's total phenol imports due to limited domestic supply and dumping by Chinese exporters.

However, China's share of Indian phenol imports declined to 4% in fiscal 2025 as domestic production increased. Moreover, India is diversifying its phenol imports, exploring alternative sources such as Belgium and Brazil to reduce dependence on a single market.

Country-wise import of phenol



Country-wise import of phenol (fiscal 2025)



Note: Others include Saudi Arabia, Belgium, Brazil & Taiwan.
Source: Crisil Intelligence

As of fiscal 2025, India's phenol exports stand at 17,230 tonne per annum, which represents a mere 5% of the country's total domestic production. India exports phenol mostly to Asian markets. The United Arab Emirates is a major export destination.

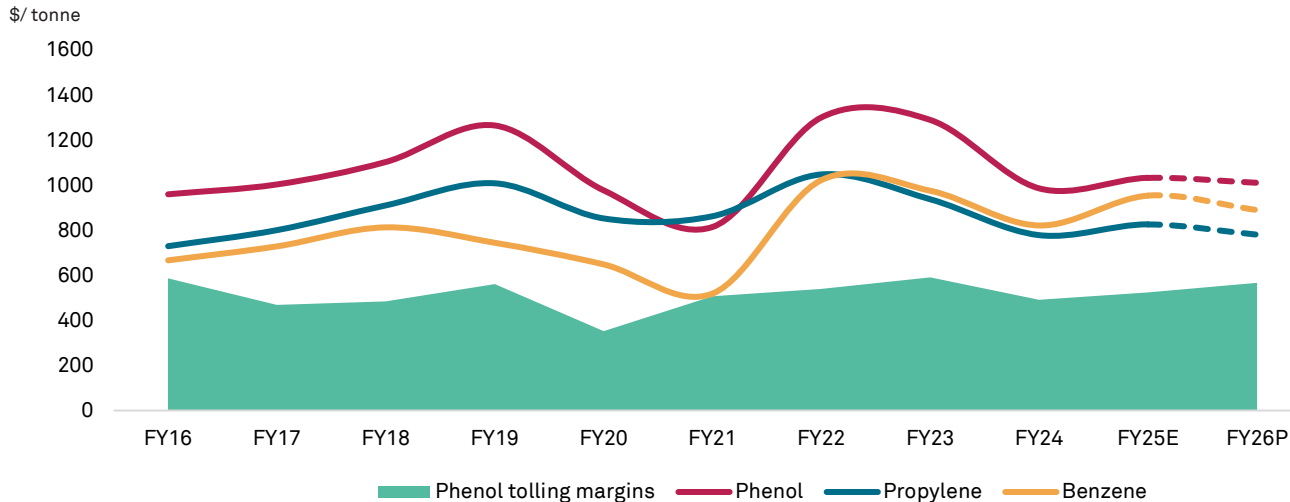
Phenol prices expected to stabilise as India reduces import dependence

Phenol prices surged in fiscal 2023, primarily driven by an increase in the cost of key feedstocks benzene and propylene, further exacerbated by the Russia-Ukraine conflict and the subsequent global supply-chain disruptions.

The impact of these factors was partially offset in fiscal 2024, which continued until fiscal 2025 due to the prevailing destocking phase, characterised by high inventory levels and limited export opportunities, leading to a reduction in demand.

However, a price recovery is anticipated as the economic conditions stabilise. Furthermore, it is expected that phenol prices will remain stable in India around 1,000-1,020\$/tonne in fiscal 2026, driven by decreased reliance on imported raw materials and improvements in production operational efficiency.

Phenol price trends



Source: Crisil Intelligence

Analytical contacts

Sehul Bhatt

Director - Industry Research
Crisil Intelligence
sehul.bhatt@crisil.com

Pooja Manek

Manager - Industry Research
Crisil Intelligence
pooja.manek@crisil.com

Sonam Pratik Khuntia

Senior Research Analyst - Industry Research
Crisil Intelligence
SONAM.KHUNTIA@crisil.com

Media contacts

Ramkumar Uppara

Media Relations
Crisil Limited
M: +91 98201 77907
ramkumar.uppara@crisil.com

Roma Gurnani

Media Relations
Crisil Limited
M: +91 70662 92142
roma.gurnani1@ext-crisil.com

Sanjay Lawrence

Media Relations
Crisil Limited
M: +91 89833 21061
sanjay.lawrence@crisil.com

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