



A CASE STUDY ON BUSINESS INSIGHTS OF CHEMICAL SECTOR WITH SPECIAL REFERENCE TO GRACIA CHEMICAL PRIVATE LIMITED, VAPI

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Abstract

India is the sixth largest producer of chemicals in the world and third in Asia, contributing 7% to India's GDP (<https://www.ibef.org>, 2026). India's chemicals companies are expanding their capacities to cater to rising demand from domestic and overseas market. The Global companies, who are dependent on business from China, are experiencing opportunities in the chemical sector in India. The Government is also boosting the sector. As part of the Union Budget 2025-26 the government allocated Rs. 1,61,965 Crores (US\$ 18.7 billion) to the Ministry of Chemicals and Fertilizers (<https://www.ibef.org>, 2026). The Indian Chemical and Petrochemical industry has entered a new phase of growth, where the world is acknowledging the tremendous potential of the sector. The Chemical Sector shall continue to be a leading contributor to the GDP of India (<https://www.in.kpmg.com>, 2026).

The Chemical sector in India is heavily supported by regional hubs, such as the chemical clusters in nearby Vapi, Ankleshwar, and Dahej in Gujarat. One among the Chemical companies is the Gracia Chemicals at Vapi. Gracia Chemicals Pvt. Limited is a company based in Vapi, Gujarat, India that manufactures, suppliers and exports industrial chemicals. Established in 2018, it serves industries such as agricultural, textiles, pharmaceuticals and packaging. This case study highlights the details of Gracia Chemical, its origin and the dilemma associated with the company & its future prospects. The case is silent on the financials of the company however a broad view is provided regarding the same. Overall the case supports the academics intent of the Readers.

Key words: Chemical, Chemical Industry in India, Indian Chemical and Petrochemical industry, Dilemma surrounding Chemical Industry

INTRODUCTION TO CHEMICAL INDUSTRY

The Chemical industry converts raw materials like oil, minerals and air into a vast array of products through chemical processes. It is a foundation global sector that produces everything from bulk chemicals for industrial use to specialty products for pharmaceuticals, agricultural and consumer goods. The industry is crucial for modern economics, driving innovation and enabling many other sectors like construction, manufacturing and healthcare. Basically, chemical industry converts raw materials; produces a wide range of products, Suppliers other industries, impacts daily life.

Chemical industry had created impact on economic driver as it is a major global industry that contributes significantly to national economics through job creation, innovation and GDP growth. The Industry is referred as Innovation driver as the industry is a source of innovation, constantly developing new materials and processes to improve efficiency and Sustainability. The Industry is considered as Enabler of technology as it provides the essential building blocks for advancements in other fields such as medicine, electronics and energy. The largest chemical producers today are global companies with international operations and plants in numerous countries. Few top chemical companies are BASF in Germany, Dow in US, PetroChina in China and LG Chem in South Korea. In India the leading Chemical & Petro Chemical Companies includes the likes of Reliance Industries Ltd., TATA Chemicals Ltd., Aarti Industries Ltd., Pidilite Industries Limited etc. The industry faces several challenges, including managing the hazardous nature of some chemicals, adhering to strict environmental regulations, and navigating supply chain disruptions. Current trends include- increasing demand for sustainable and eco-friendly products. Growth in emerging markets particularly Asia, which has become the largest chemical production region. Integration of digital technologies like AI to enhance productivity and sustainability, more focus on developing alternative, safer catalysts and processes to mitigate risks associated with hazardous materials.

Growth is driven by demand from industries like automotive, construction and electronics and is supported by trends like sustainability, digital technologies adoption and the development of new materials. Regional market leadership includes Asia Pacific and India. As Asia Pacific continues to be the market leader with the highest revenue share, driven by factors such as strong demand in China. India is the sixth largest producer of chemicals in the world and third in Asia, contributing 7% to India's GDP. India is a key part of the economy

and is projected to grow significantly with a current market size of about \$260 billion and projected growth to \$383 billion by 2030. FDI inflows in the chemicals sector (other than fertilizers) reached US\$ 23.4 billion between April 2000 - June 2025 showcasing a robust status of the Industry (<https://www.ibef.org>, 2026).

GRACIA CHEMICALS PRIVATE LIMITED

Gracia Chemicals private limited is a company based in Vapi, Gujarat, India that manufactures, suppliers and exports industrial chemicals. Established in 2018, it serves industries such as agricultural, textiles, pharmaceuticals and packaging. The company registered office is located at Sai Plaza Chanod colony, Vapi and its directors are Gyanendra Ramadhar Singh and Babita Gyanendra Singh.

COMPANY DETAILS:

Incorporated: September 20, 2018

Status: Active

Products and Services:

- Business as Exporter, distributor, supplier and trading company of chemicals
- Products as industrial chemicals, chemical suppliers and specialty chemicals like sodium Mono Fluoro Phosphate Sodium-cryolite, powder, vitamin D2, copper Sulphate, Glycerin and Zinc-oxide power.
- Industries served-Agricultural, textiles, pharmaceuticals, packaging and rubber, glass and electronic among others.

Gracia Chemicals Private limited has achieved success by establishing itself as a reliable supplier of organic and inorganic chemicals serving industries like agriculture, textiles and pharmaceuticals.

LIVE DISCUSSION WITH THE OWNER:

Gracia Chemicals Pvt. Ltd, Vapi is engaged in the Import, distribution and supply of specialty organic chemicals catering to major industrial sectors across India.

Nature of business- Import and domestic distribution (No in house manufacturing) Import source is China

Business Type - Trading and distribution of imported organic chemicals. Also serving institutional and Industrial buyers.

End User Sector Served

1. Food industry

2. Textile/Leather Processing
3. Pharmaceutical and nutraceutical sector

Key product- Vitamin D2 and related nutraceutical intermedia's and pan India distribution with a strong focus on Industrial Clients.

Key Clients/association

1. WIPRO Consumer Care
2. Muthoot
3. Dabur
4. Patanjali ayurved Ltd.

The owner states that Customer on boarding based on quality assurance, strong industry relationships is key to the initial success. The business started with zero personal capital and utilized a Rs. 5 Lakh customer advance; the business achieved early working capital efficiency and generated a Rs. 1.5 Lakh surplus in the initial cycle. Through disciplined cash - flow management, Strategic client acquisition and consistent reinvestment of profits, the company has grown steadily. Today the total net worth stands at approximately Rs. 3.5 Crores.

Gracia Chemicals prioritizes a safe and supportive work environment. All employees are provided with health and safety guidance, welfare support and secure working environment, clear operational guidelines and ethical and transparent workplace practices. All Statutory registrations and compliance requirements are fulfilled. Operations follow ethical trade practices and zero legal or regulatory disputes to date.

Gracia chemicals follow a differentiated pricing and product positioning strategy as multiple supplier sources globally, competitive pricing advantage, focus on marginal costing and efficient inventory rotation, step-wise growth without leverage and financial strain. The company enjoys Competitive edge as they source the real-time data from industry sources.

EXPANSION OPPORTUNITY AND DIVERSIFICATION

Considering the Strong Opportunities in the chemical sector, the company has expanded from trading into food grade chemical-based products as growing demand in food chemicals and nutraceuticals. The company is into Asset planning and currently sourcing land and machinery for future manufacturing set-up. The goal is to move from distributor to value-added manufacturer in a phased manner. Initially the company focused on B2B Selling to small local industries. Later the company on boarded the manufacturing clients. The

Company is looking forward to technology adoption as they want to implement the SAP software for tracking the production information.

The Business requires a proper material safety data sheet, invoicing accuracy (GST, HSN codes), Vehicle numbers must match invoice, E-way bill compulsory for inter-state shipment and hazardous material transport rules. In early Stage distributor in Hyderabad required credit supply but no trusted agent person was available to collect payment. Company did not risk sending material without assurance as there was no recovery mechanism if payment defaulted. It lost potential business initially but protected working capital. The owner states that the better to reject risky credit orders than face default and cash-flow crisis.

KEY CHALLENGES FACED BY THE COMPANY:

- **Investment issue** - The business was started with zero, no personal investment. Starting the operations by taking advance orders from customer and using those funds for procurement. Better investments would have been a boost.
- **Working capital and credit pressure** - As B2B chemical trade requires credit supply to customer. But Suppliers often demand faster payments that build pressure on the owners.
- **Import dependency** – key raw material were imported from China initially. When China restricted exports due to market conditions, raw materials became Unavailable.
- **Technology investment decision**- Adopting system like SAP involve cost as high investment burden but needed to support compliance.

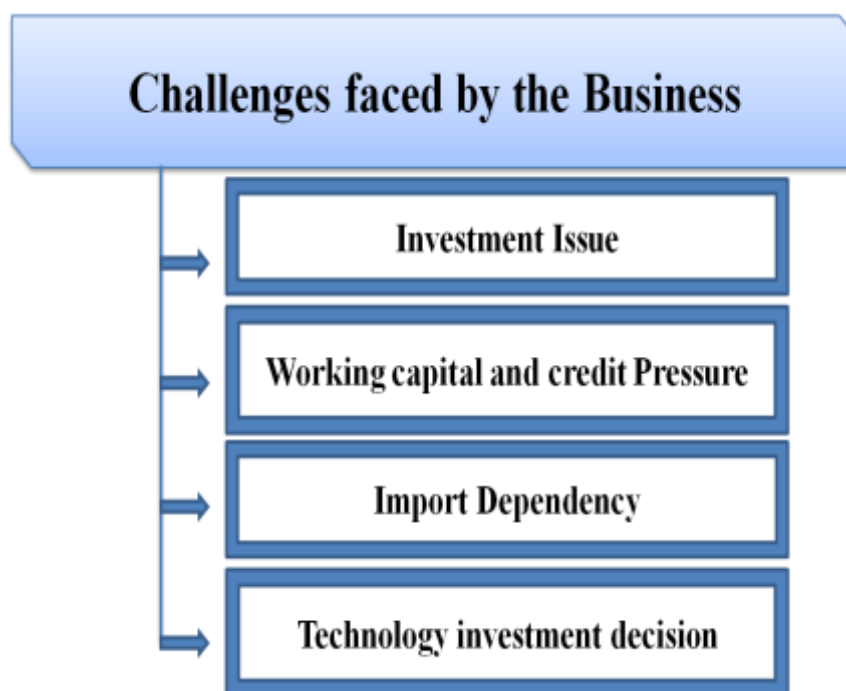


Chart No. 1: Challenges faced by the Business

Source: Interview with the Business Owner

DILEMMA ASSOCIATED WITH THE BUSINESS

1. Growth vs Compliance

Rapid Business Expansion required fast execution but chemical industry growth is heavily compliance based. Company chooses compliance first scaling to avoid losing customer trust.

2. Safety vs Cost

Ensuring the full safety compliance increases operational cost, especially for a growing Company. Initial financial pressure resulted in prioritizing essential safety first. At Gracia chemical it focused more on raw materials safety and safe handling first and invested gradually in safety audit, fire extinguishers, PPE Kits etc. Risk incidents avoided and company achieved compliance readiness while managing cost.

3. Short-term vs Long Term decisions

Short-term Decision included Working capital shortage experienced initially also had the order-based procurement to avoid inventory cost. Credit decision taken to avoid default cases like Hyderabad. The **Long-term Decision** focuses on building manufacturing base, Gradual capacity expansions and target sustainable business. The Company currently has adopted 3 month planning cycle instead of long-term locked-capital planning.

4. Industry Information vs Networking

The company has relatively good Industry information in terms of knowing market trends, price changes, chemical rules and import-export rulers. The company has build good networking with suppliers, customer, dealers, transports and industry people. Gracia Chemicals Ltd. balanced both on understanding chemical rules, import pricing, product demand also built strong relations with suppliers and buyers.

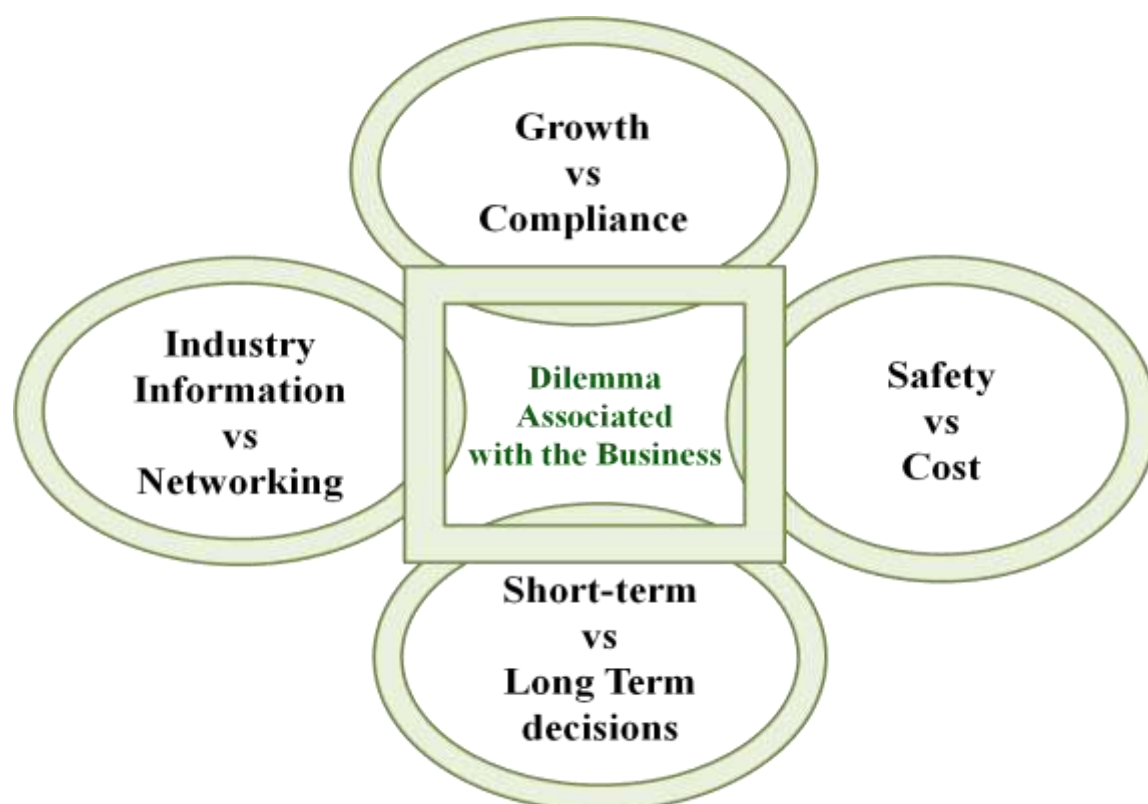


Chart No.2: Dilemma Associated with the Business

Source: Interview with the Business Owner

CONCLUSION:

Gracia Chemicals is an aspiring company in the chemical sector. It enjoys its presence in the region of Gujarat where India has a huge presence of Chemical Industry and so is the potential for the company. The company as of now is moving towards the Manufacturing base, tie ups with the existing chemical manufacturing companies can be a good boost to the energy of the Organisation. The Case creators expend further recommendations in the form of product diversification which will help in catering larger segments. The Vertical integration towards manufacturing chemicals used by the extreme end products or end products in itself will be a good growth sign. The company is good at Compliance, further focus on ESG

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compliance shall help in better client acquisition. Encashing the existing Government schemes for chemical sector will be further handy like Production Linked Incentive (PLI) Scheme, Chemical Parks Initiative, Chemical Promotion Development Scheme (CPDS) etc. Building the employee base as skill force in order to cater future business challenges shall always be look out for the company. Overall as a company relatively newly constituted is heading towards a better future however to compete the big fish shall require deep diving.

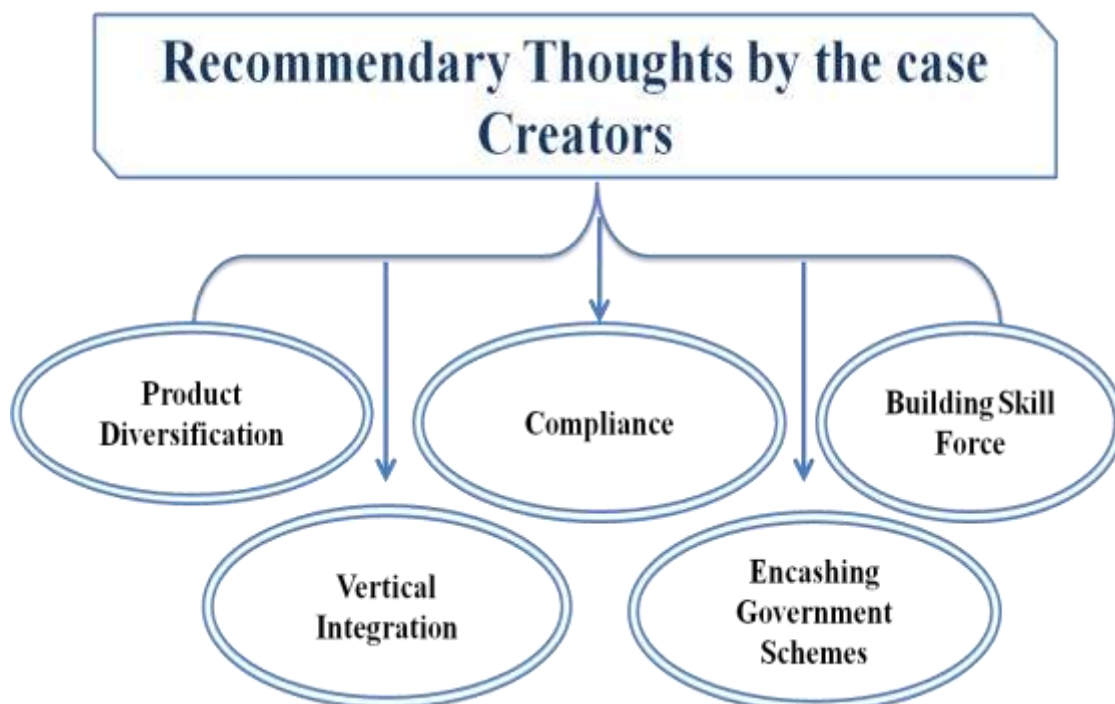


Chart No.3: Recommendations by the Case Creators

Source: Case Creators Understanding based on the Interview with the Owner

TEACHING NOTES:

OBJECTIVES FOR THE CASE INSTRUCTOR:

- To equip readers / participants with the domain understanding of Chemical Industry in India & the strategic skills associated with such Businesses.
- To gain knowledge with respect to the dynamics of Chemical Industry while highlighting the challenges & opportunities in the Industry with special reference to the Gracia Chemicals Pvt. Limited, Vapi.
- To decode the dilemmas associated with the business of Gracia Chemical Pvt. Ltd., Vapi..

LEVEL OF ANALYSIS:

The current case is a Teaching case with Appraisal Method. The case attracts the level of BBA, MBA Students, the Science students, In general all associated with the field of Chemical Industry & related business domain.

BROAD QUESTIONS ON THE CASE:

Q.1: Discuss the dynamics of Chemical Industry in India. Cite Examples of key players in Industry.

Q.2: Explain the challenges & struggle of Chemical Industry with special reference to Gracia Chemical. Cite Competitive landscape.

Q.3: Decode the dilemmas associated with the business of Gracia Chemical Pvt. Ltd., Vapi. Highlight key attributes of the business.

CASE BENEFICIARIES:

- The representatives of the respective Industry shall benefit from the case study.
- The UG & PG Students with special reference to Commerce & Management and Science have strong potential of learning from the case.
- The start ups in the relevant industry with respect to ancillary business profile will have good reference of the case.

NOC from the Company:



Date: 23.04.2026

TO WHOMSOEVER IT MAY CONCERN

"NO OBJECTION CERTIFICATE (NOC)"

We at **Gracia Chemicals Pvt Ltd., Vapi** here in certify that a Case study has been conducted with respect to our Organisation by Dr. Rajesh Kumar Pandey, Associate Professor and Student Miss. Krishna Dasani representing **SSR Institute of Management & Research, Silvassa**. We extend our consent for utilisation of the case study for the academic purpose & presentation and for the benefit of Academia at large. We further extend our consent to the Case creators / Authors to present this case in Academic conferences / Competitions & related academic publications.

We wish the Researchers a very successful literary career ahead.

(Company Seal & Sign)



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The case study being live in nature, the case creators have largely presented their observations and gathered Primary data through Interview of the Owner of the Organization. The following secondary data sources were referred:

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