

News monitored for: AkzoNobel

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'India is one of the world's most underpainted countries'

Q&A

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MD, Akzo Nobel India

Akzo Nobel India, the Indian arm of Amsterdam-based international paint and coatings manufacturer Akzo Nobel (they also make speciality chemicals), has planned to become a dominant player in the premium segment and occupy a large stake in the mid-tier one. In an interview with Swati Garg, the managing director of Akzo Nobel India, AMIT JAIN, outlined the company's plans for growth.
Edited excerpts:

What is the size and growth outlook of the paint industry?
Putting the decorative, automotive and coatings segments

together, roughly ₹15,000 crore. It will double over the next six years. The decorative paint segment, more specifically, will double from the current ₹10,000 crore to ₹20,000 within six years.

You have earlier you'd quadruple business from the current ₹1,200 crore to ₹5,000 crore by 2015. Is this too ambitious, with the slowdown in real estate and auto segments?

The ₹5,000-crore target will be an amalgamation of the four companies where we're currently present in India. That said, 88 per cent of Akzo Nobel India's business comes from the decorative segment, but of this, only 25 per cent comes from new projects and buildings. The rest is all repainting jobs. This would directly translate to a scenario where we will not be affected even if there is a slowing in the real estate market. Also, in the auto segment, we do not operate in the OEM (original equipment manufacture) seg-



ment, which means our market is not car producing factories but, again, repainting jobs. Here too, therefore, a slowdown will have minimal impact.

Will the next push in the Indian market come from the rural segment?

The paint industry is at a point where it is set for a boom. India is one of the most underpainted countries in the world. Push

will come from everywhere, from the high-end because people will like to increasingly invest in the high-end stuff, the middle class who will become house-proud and will have a disposable surplus income. Also, a push from the rural segment, who will become first-time users of paint. The three will collude to ensure the sector's growth, creating 10 golden years for the industry.

Growth needs capacity addition. What are your plans?

We have ₹950 crore funds on our books. Of this, ₹200 crore will go toward an attainment of at least 200 million tonnes capacity by 2015. Our current capacity is at 80 mt from our plant at Hyderabad. We are in the process of adding another 20 mt to this. Also, we are in the process of finalising 55 acres in either Karnataka or Madhya Pradesh. Here we will add another 100 mt. The project will be implemented in two phases requiring ₹100 crore investment in each phase.

You introduced a brand, Promise, in February. What are the plans for the new product?

Paints sell on the umbrella brand. As long as there is awareness about Dulux, the sub-brands like Promise and Trendz sell themselves on raw quality. Even so, we will go through a process of re-branding our en-

tire range by the middle of August. Also we will look at substantially increasing the number of retail outlets.

What are your market share aspirations?

In the premium segment, we have a number two position, unlike Akzo Nobel globally, typically a market leader in this segment. India is an exception. We will try and attain a dominant position in the premium market and a 40 per cent market share in the mid-tier segment.

Any plans on new products?

We are planning a revolutionary new product in the mid-range segment, to be launched by end-August. Promise, launched in February was an exterior paint; we will launch an interior paint in August. This will be in the mid-tier segment, where we want to increase our presence significantly. We should be able to attain a significant place in this segment over the next five years.