- There is an ancient Chinese proverb *"May you live in interesting times"*. China has definitely made life more interesting for pigment producers in India.

HISTORICAL BACKGROUND

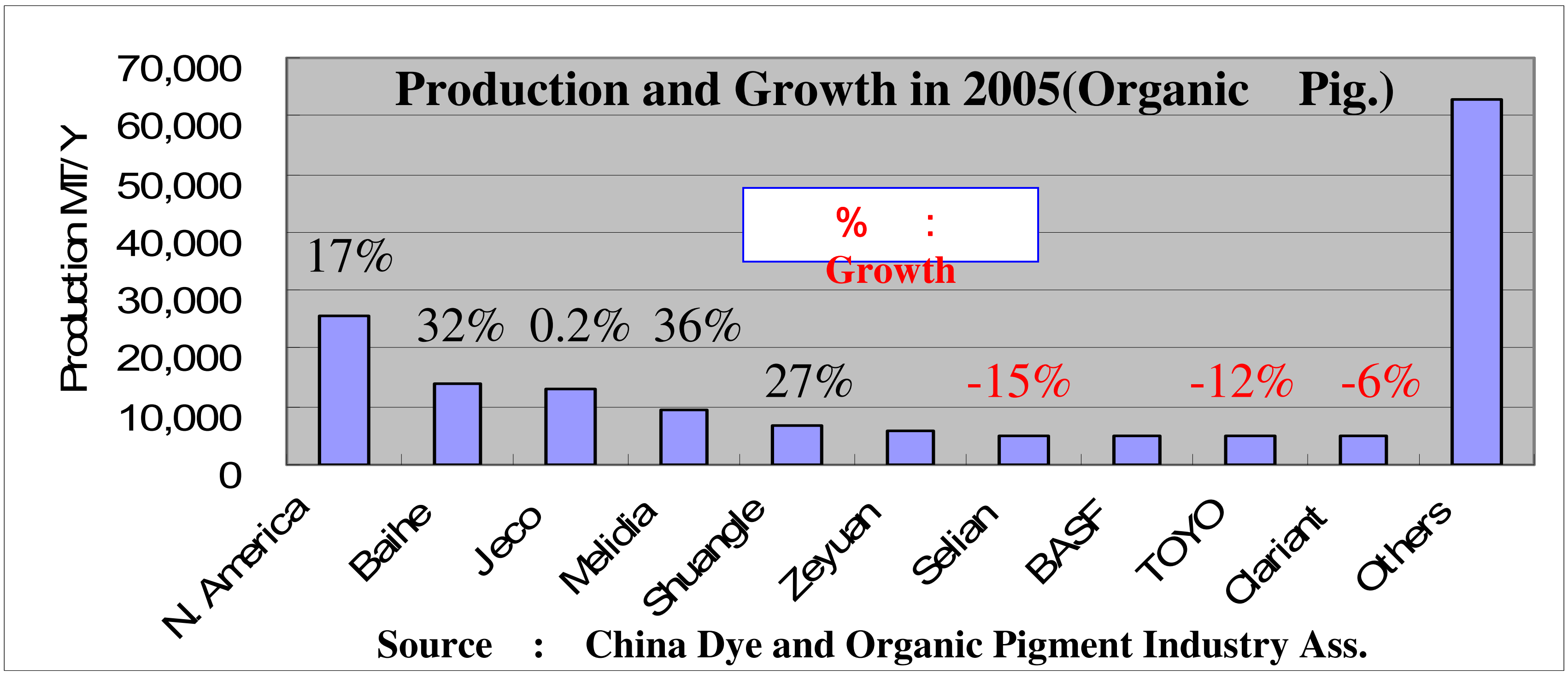
- License Regime – Fragmented capacity
- Liberalization – Global competition
- Phthalocyanine Green – Huge capacities
- Chinese competition

PRODUCTION OF ORGANIC PIGMENTS

Only Some Strong Locals Growing

⇒Much Stronger

Others Are Declining



LOCAL PIGMENT MANUFACTURERS

- Production volume approx. 100 KMT

  40% in the World

- Range produced

  Even Quindo, Perylene, DPP are produced !

IMPACT OF CHINESE MANUFACTURERS

Main Reasons

- Huge capacities of Intermediates.
- Huge capacities of finished products resulting in Economies of Scale.
- Stayed away from products where they do not have huge capacities e.g. Green.

INDIAN MANUFACTURERS

Most of the Pigments :

- No Economies of Scale
- No Intermediates

We still try to compete on price.

PROF.MICHAEL PORTER

Why do good Managers set bad strategies ?

- Managers get into trouble as they attempt to compete head on with other companies.
- The business model has to be different.

USP FOR INDIA

- European quality pigment at Chinese prices.

VISION

"Made in India label" – a prestigious one.

INITIATIVES

- Image
- World Class Manufacturing
- Focus - space

IMAGE

Indian Pigment Suppliers have to change their image from being perceived as a commodity pigment supplier to speciality pigment supplier.

APPLICATIONS TECHNOLOGY

One of the main differences between commodity and speciality is application technology.

- Same pigment going in different applications like paint, ink and plastics.
- Understanding customers specific requirements.
- Different test methods and specs.

WORLD CLASS MANUFACTURING

- S H E
- Regulatory Requirements
- Supply Chain & Logistics
- Continuous Improvement
- Cost Reduction

S H E

- ISO 9000
- ISO 14000
- OHSAS 18000
- Responsible Care

REACH

- Very challenging and costly
- Indian Government to set up laboratories

SUPPLY CHAIN & LOGISTICS

- Global customers
- Vendor Management Inventory (VMI)
- E R P

CONTINUOUS IMPROVEMENT

- Quality
- Applications testing

COST REDUCTION

- Six Sigma

FOCUS - SPACE

Criteria for entering into pigment manufacturing

- Technology
- Supply demand
- Pricing
- Investment, Return on Capital
- Other factors

PHTHALOCYANINES

- Phthalocyanine Green
- Phthalocyanine Blue

Huge capacities of Crude Blue

Economies of Scale

AZO PIGMENTS

- No scale
- No Intermediates
- Learning Curve is important
- Focus on Specialities
- Build Intermediate capacities

INTERMEDIATES

- Nitro Chloro Benzenes
- Nitro Toluenes
- Toluidines
- 3:3 DCB

HIGH PERFORMANCE PIGMENTS

- No scale
- No Intermediates
- No learning curve
- Very risky

SUMMARY

- Strength – Technology & consistent quality
- Weaknesses – Cost structure due to non-availability of Intermediates & Economies of Scale.
- Opportunity - Space somewhere in between the European and Chinese spectrum.
- Threat – China is also looking at a similar strategy.

So speed and execution are important.