

Paints



Annual review

April 2007

Summary

CRISIL Research expects the paints industry to grow at a CAGR of 14 per cent in value terms (11 per cent at constant prices) from around Rs 98 billion in 2005-06 to Rs 112 billion in 2011-12. The growth in the decorative segment would be driven by emulsions, both interior and exterior. Although, the prices of crude-based raw materials have declined, other raw materials, like Titanium dioxide, vegetable oils etc, are expected to get dearer, and hence, we do not foresee any significant upsurge in player margins in 2007-08. As the large, organised players have been recording steady increase in topline and stable margins, we expect their credit profile to remain favourable in the medium term.

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