

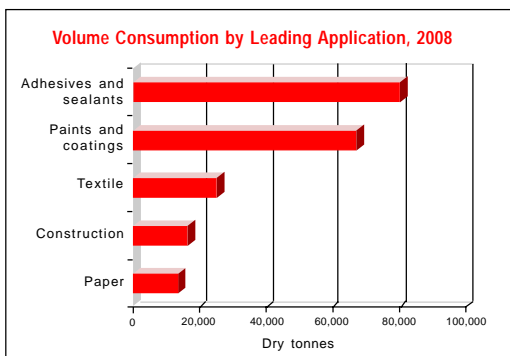
MARKET OUTLOOK

New Kline report predicts double-digit growth rate for synthetic latex polymers industry till 2013

A new report from leading consulting and research firm, Kline & Company, has estimated the growth rate of the Indian synthetic latex polymers market at about 14% (by volume) since 2005. The report anticipates the industry to clock a compound annual growth rate of 10.4% until 2013.

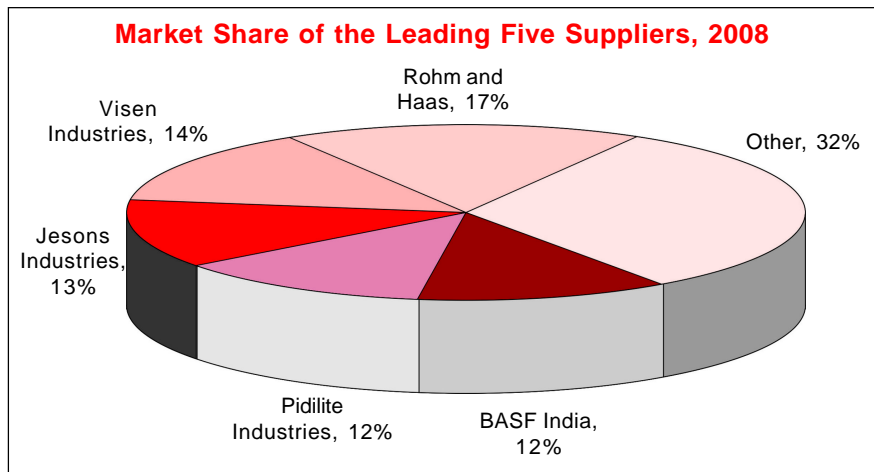
“The major driver for development of the synthetic latex polymers industry in India is the high growth rate of end-use industries like paints and coatings, adhesives, construction, automotive etc,” explained Mr. Parvesh Magoo, Consultant,

Chemicals & Materials Practice at Kline. Another impetus comes from the fact that there are no major substitutes to replace synthetic latex polymers in their functional



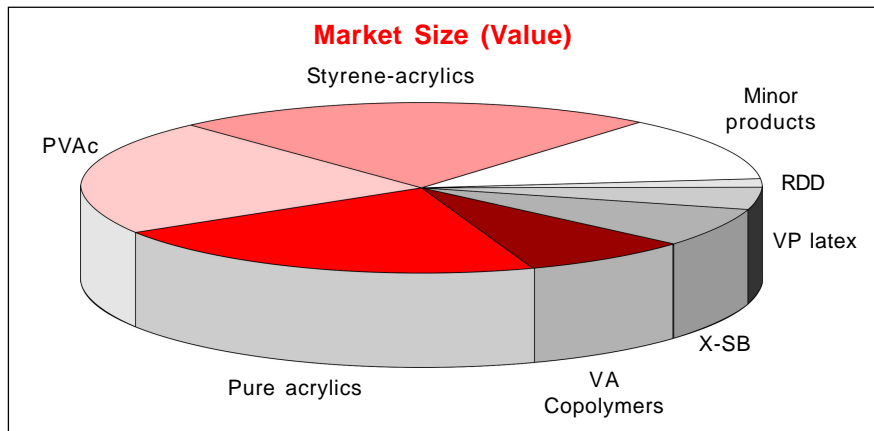
aspects across the various application segments, the report reveals. Multinational companies like BASF and Rohm and Haas, as well as local players like Jesons Industries, Visen Industries, and Speciality Industrial Polymers & Coatings P. Ltd., have expanded their capacity in the last couple of years due to the growing demand in the Indian market.

The key applications which consume synthetic latex polymers in the Indian market are adhesive & sealants, paints & coatings, and textiles, constituting together around 75% of the total market by volume. Among the product categories of synthetic latex polymers, acrylics form the dominant product type, constituting about 45% of the overall Indian market.



Acrylics – the main battleground

In 2008, the Indian synthetic latex polymers market was estimated at 219,000 dry tonnes. Most suppliers of synthetic latex polymers in the Indian market, both multinational companies and local players, are mainly competing in the acrylics product category. Although there are no stringent regulations in place currently, the suppliers have been continuously creating awareness amongst end-users with regards to the usage of environmentally friendly and “greener” products.



According to Kline, the price, quality, and assurance of supply are the critical factors affecting the choice of suppliers by the end-users. “Although export-oriented industries like leather, textiles and carpet have been affected by the global economic turndown, they are expected to rebound in the next three to five years, subsequently increasing the synthetic latex polymer usage within these applications,” informed Mridul Joy, Consultant, Chemicals & Materials Practice.