

# Shalimar Paints mulls Rs.100 cr capital infusion

## Expansion plan has a strong south focus

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**CHENNAI:** Shalimar Paints is looking at a capital infusion of Rs.100 crore as the country's oldest paint maker has embarked on a major come back business plan. It is evaluating capital infusion through PE (private equity) and other routes, and has mandated Axis Capital for this exercise.

Gurgaon-headquartered company has embarked on a major growth plan under which it seeks to focus more on decorative business, which presently contributes about two thirds of its total revenue. The capital infusion plan is primarily intended to support expansion plans and also to beef up the valuation of the company.

"Our target is to raise about Rs.100 crore of equity. We are looking at PE as a preferred option. We are a significantly under-valued company. The existing shareholders don't want to dilute, and are asking for a premium. As we are expecting slightly higher valuation, this exercise may take some time. However, we are fixed on a target of completing this exercise in six



*Sameer Nagpal*

months," Sameer Nagpal, Managing Director & CEO, Shalimar Paints, told *The Hindu*.

The perception about the industry was healthy as it was recording a steady growth, he said. And, the margin profile was also improving, he pointed out. "Also, water-based paints are also gaining momentum when compared with solvent-based paints. There are a host of positive indicators for investors," he said.

The Rs.546-crore company, in the meanwhile, has embarked on a slew of initiatives to improve its visibility and revenue. A stronger engage-

ment with distributors and painters, initiation of branding programmes, and launch of new products at regular intervals were among these initiatives, he said. All these would be aimed at boosting its decorative business, he added. The company, he said, was expecting the decorative business to grow at 25 per cent in the coming years.

The business expansion strategy of Shalimar has a strong south flavour in it, as the company bets big on southern region for future growth and revenue. "There are several indicators for a strong growth in southern market," Mr. Nagpal said. Its south focus would strongly be supported by the upcoming new manufacturing unit for decorative at Gummidipoondi near here. This new facility - coupled with a new distribution centre in Coimbatore - would help the company to significantly reduce its costs, he said.

Shalimar has made an initial investment of Rs.44 crore in the new plant. It plans to increase it to Rs.75 crore over phases.

The plant is expected to be ready by January 2015.