

Analysis of asian paints integration of supply chain management



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- Global Foraying

In this paper, we have analyzed the Asiatic Paints strategic determination of being a superior engineering driven company to accomplish a competency border. The focal point on engineering is seeable in assorted determinations taken by Asiatic pigments viz. in tackling the powers of state-of-the-art supply concatenation system utilizing cutting border engineering to incorporate all its workss, regional distribution Centres, outside processing Centres and subdivisions in India. Asiatic Paints is the lone company in India to hold integrated Supply Chain Management (SCM) Solution from i2 Technologies, and Enterprise Resource Planning (ERP) solution from SAP.

Introduction – Paints Industry & A ; Asiatic Paints

India ' s pigment industry can be classified into cosmetic pigments, which account for 75 % of the market, and industrial pigments, which make up the staying 25 % . Asiatic Paints is India ' s largest pigment company. The leaders in the organized pigment industry in India are Asiatic Paints with over 40 % market portion, Kansai Nerolac (20 %) , Berger Paints (19 %) and AkzoNobel (12 %) . Asiatic Paints is a market leader in the cosmetic section while Kansai Nerolac dominates the industrial and automotive section. Asiatic Paints is a market leader in the cosmetic section while Kansai Nerolac dominates the industrial and automotive section[1].

Asiatic pigment is ranked at No 10 among the top Decorative Coatings Companies in the World. Asiatic Paints and its subordinates has operations in 22 states across the universe and 27 pigment fabrication installations,

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serving consumers in 65 countries. Asian pigments was started by Champaklal Choksey, Chimanlal Choksey, Suryakant Dani and Arvind Vakil as “ Asiatic oil and Paints company ” . Within three old ages, their turnover reached 3. 5 lacs. In April 2009, it reported its turnover for twelvemonth 2008-09 as Rs 5463 Crores[2]. Asiatic Paint is listed in Bombay Stock Exchange[3]and in National Stock Exchange[4].

The three chief boosters of the company are the Dani, Choksi and Vakil Families. Out of the 14 member board of managers, 7 belongs to the laminitiss household[5]. Mr Aswin Choksi is the president of the board of managers and Mr P. M. Murthy is the MD and CEO. In an interesting determination, Mr. Murthy was asked to come out of retirement and run the company as CEO in April 2009[6].

Asiatic Paints aims to go one of the top five Cosmetic coatings companies world-wide. They intend to accomplish this through confederations with established planetary spouses[7].

One of the chief issues with company could be that it has to vie with the same established planetary participants in the international market with whom it has confederation in domestic market.

Equally far as the societal issue are concerned All the pigment workss have achieved ‘ zero industrial discharge ‘ capableness.

Asiatic Paints merchandise lines

Ancillaries: Primers, Filler strainers and wall putty

Automotive: for automotive application

Cosmetic pigments: Walls, metal and wood surface

Industrial: Protective coating, floor and route coatings

Ancillaries

Wall Primer

Primer

Wall Putty

Redoxide Oil Primer (Rust Protector)

Thinner Melamyne Brushing

Wood Stains

Knifing Paste Filler

Exterior Sealer

Wood Filler

Floor Colour

Asiatic pigments PPG

Deltron

Delfleet

2K Nexa Autocolor

Cosmetic Paints

Royale

Emulsion

Wood coating

Utsav

Industrial Merchandises

Protective Coatings

Floor coatings

Powder Coating

Road Marking

Phthalic

Resource Based View of Asiatic Paints

Resources in Management

Planing and Controling

Strategic Planning

Vision: Asiatic Paints aims to go one of the top five Cosmetic coatings

companies world-wide by leveraging its expertness in the higher growing

emerging markets. Simultaneously, the company intends to construct long term value in the Industrial coatings concern through confederations with established planetary spouses.

The variegation in footings of merchandises has already been covered.

Internationalization:

The international market scheme of Asiatic Paints is to chiefly come in the high growing emerging markets. For this they have developed an emerging market concern theoretical account. As per this the undermentioned stairss are followed

Introduce new merchandises suited to local demands

Introduce and continuously strive better the engineering facet

Focus to better operations particularly supply concatenation for maximal efficiency

Corporate Policy:

As per the Asiatic pigments corporate doctrine, the undermentioned values are prescribed

Satisfaction of the spirit of the jurisprudence through moralss in concern

Full transparence in all the workings

Truthful communicating sing how the company is run

Simple and crystalline corporate construction driven by the concern demands

Establish an efficient construction to pull off the company`s personal businesss

SWOT Analysis

Organization

Strategic Planning

AP has acquired short-run competitory advantages by utilizing its distribution strength and logistical efficiency in order to raise the Cost of making concern for all its rivals to achieve this advantage.

The advantage is ephemeral and finally imitable.

Furthermore, AP has established such an extended web that acquiring incremental advantage would be really hard.

Futuristic attack should be deriving competitory advantage through channel control or busying mind infinite.

Organizational Structure

Terminal

Regional Office

RDC

Plants

Head Office

DM Office

Fig. 1 Organizational Structure of Asiatic Paints

Continuous line: flow of instruction/authority

Dashed line: flow of information

Group Subordinates

Apco Coatings is a subordinate of Asiatic Paints in the South Pacific islands. Asiatic Paints operates in Australia, Fiji, Tonga, Solomon Islands and Vanuatu under the trade name name of Apco Coatings.

Asiatic Paints Industrial Coatings Limited has been set up to provide to the pulverization coatings market which is one of the fastest turning sections in the industrial coatings market.

Over the old ages Berger expanded its operations across oceans, to cover legion geographicss. In 1994, Berger units were brought under the individual umbrella of the keeping company ' Berger International Limited (BIL) ' with central offices in Singapore, which was besides listed on the Singapore stock exchange. In November 2002, BIL became a portion of the Asiatic Paints Group. Today, the name of Berger is synonymous with quality and invention. BIL has presence across three parts viz. Middle East, Caribbean and South East Asia.

Founded in 1979, SCIB Paints today is a reputed name and ranks amongst the top five pigment companies in Egypt. SCIB Paints became a portion of the Asiatic Paints group in August 2002.

Asiatic PPG Industries Limited, a joint venture between Asiatic Paints (India) Limited and PPG Industries, Inc. USA with 50: 50 equity sharing was established in March 1997 with the aim of supplying solutions to the pigment demands of Indian Automobile makers. The joint venture brought together two taking companies with strengths in engineering, fabrication and client penetration.

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Taubmans Paints Fiji, the 4th largest pigment company in Fiji, became a portion of the Asiatic Paints household in September 2003. Taubmans Paints is the dominant participant in the undertaking gross revenues section in the state and is a leader in the neighbouring Samoa Islands. It has two fabrication installations, one in Suva (Fiji) and the other in Samoa.

Manufacturing/Operations factors

Size advantage in relation to rivals.

Finesse in production planning, programming, fitting with selling demands

In-house production -outsourcing -high dependability providers - superior quality confidence.

Four production location -spread benefits

Information Technology

Asiatic Paints, at a really early phase of its growing, recognized the importance of IT and how it could utilize the engineering to its advantage. In 1983, it was the first company in India to utilize computing machine engineering on its store floor. The usage of computing machines provided an machine-controlled manner of bring forth information inside informations of despatches to the terminals. AP besides invested in subdivision cybernation which helped zonal distribution centres to acquire day-to-day stock place degrees. This information was tracked and analyzed to find the public presentation of the traders, therefore assisting prognosis gross revenues, take disciplinary actions in instance of low gross revenues and incentivize the high acting traders. Besides, around 1994, Asiatic Paints installed terminuss which connected mills to terminals and helped in accounting and planning processes.

Asiatic Paints was besides one of the first pigment companies to utilize Supply Chain Management (SCM) and Enterprise Resource Planning (ERP) package for streamlining and automatizing its procedures. It selected the SCM solution offered by i2 Technologies and subsequently besides started utilizing SAP ' s ERP solution, much before other companies adopted similar solutions. This helped the company to link to all their sellers and providers.

One of the biggest advantages of implementing these solutions was the accurate demand forecasts – this helped them convey down stock list stock costs and working capital costs. For e. g. , white colour was ever in high demand, so these was ever kept in stock. The Retails mercantile establishments could intermix the Whites with other shades to run into the demands of clients. Warehouses that were situated nearby used to provide the requested pigments within a twenty-four hours. This helped minimise supply concatenation inefficiencies. It is estimated that these enterprises gave AP an estimated nest eggs of INR 100 million, 25 % of which came due to decrease in finished goods stock list.

Research & A ; Development

At Asiatic Paints, Research & A ; Development has played a important function in the growing of the organisation. The company has continuously invested in R & A ; D. The full cosmetic coatings portfolio for the Indian market and for abroad ventures has been developed in-house. Our engineers non merely develop new merchandises and better upon bing preparations ; but besides act as a pillar of support to other maps, viz

Supports Manufacturing in procedure rhythm clip decrease & A ; improves productiveness by surrogate / interruption through procedures

Provides solutions to environmental issues by minimising waste at the clip of coevals and besides in recycling

Aidss Selling in supplying proficient tools/USPs to show and force new merchandises

Support Materials by supplying new Natural Materials as surrogate to current one to give them negotiating power and besides alternate sellers for supply concatenation flexibility

It consists of 140 strong R & A ; D squad consisting of 7 doctor's degrees and around 115 qualified scientists, has ever backed the company ' s concern program and demands of the market topographic point. Asiatic Paints ' R & A ; D squad has successfully managed to develop High-end exterior finished and wood coatings in-house.

Supply Chain

Asiatic Paints has harnessed the powers of state-of-the-art supply concatenation system utilizing cutting border engineering to incorporate all its workss, regional distribution Centres, outside processing Centres and subdivisions in India. All the company ' s pigments workss in India, two chemical workss, 18 processing Centres, 350 natural stuff and intermediate goods providers, 140 packing stuff sellers, 6 regional distribution Centres, 72 terminals are integrated.

The supply concatenation runs through a broad spectrum of maps right from stuffs be aftering to procurement to primary distribution. It has played a polar function in bettering operational efficiencies and making nimble procurance, production and bringing systems. It has besides enhanced the flexibility of operations, lowered end product clip and decreased bringing costs, while bettering customer-servicing degrees and profitability.

The Supply Chain Management is backed by IT attempts that help the

company in demand prediction, deducing optimum works, terminal and SKU
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combinations, streamlining seller relationships, cut down procurement costs and scheduling production procedures for single mills.

Licensing of Merchandise

Asiatic Paints Ltd has put in topographic point a new concern scheme to bring forth extra gross by licencing out its trade names and engineering. As portion of a monolithic reappraisal of its planetary concern, the company has taken a re-look at its operations across all its workss. As per the new concern scheme, Asiatic Paints out-licensed the trade name name and the pigment fabrication engineering. The company licensed out its trade name and engineering to PT Abadi, a taking pigment company in Indonesia besides. Asiatic Paints besides licensed its engineering to Berger Paints, Pakistan.

Merger & A ; Acquisitions

Asiatic Paints (India) Ltd acquired 50. 1 per cent interest in Berger International Ltd (BIL) , a keeping company incorporated in Singapore. BIL has no operations in India in 2002.

As portion of its scheme to transform itself to a planetary participant, Asiatic Paints acquired Taubmans, promoted by Axo Nobel, for \$ 1. 42 million in 2003. The acquisition increased the market portion of Asiatic Paints to over 50 per cent from the current 40 per cent.

Asiatic PPG bought ICI India unit for 520 million rupees in 2007 spread outing its presence in India. The company became go the largest participant in the car refinish (pigments) market in India.

Organization & A ; Environment

Customer Focus

Over the last 10 old ages, the mean Indian client has become more involved in the picture activity. AP realized this earlier than its rivals and devised selling schemes to develop its trade name image in the client ' s head and hoped to change over this increased ' mind portion ' into ' market portion ' . This was done in two ways ; one was to explicate the advantages of their merchandises straight to the client and offer them more services. The second was to better AP ' s trade name value and image among clients.

Increasing merchandise consciousness

This scheme was aimed at assisting the client in doing the right pick and in the procedure of making that choice AP merchandises. A few cardinal enterprises taken by the company are explained below.

Color World Stores: These were forte AP shops which had an in store ' Shade Display Unit ' which displayed over a 1000 alone sunglasses along with ready-to-use combinations. Customers had the advantage of seeing how their suites would look in those colourss before they bought the pigment. Asiatic Paints worked with academic establishments in India and kept the Indian client in head while planing these sunglasses. An synergistic computing machine system allowed the client to alter the colourss and choose the one they liked. Besides, these shops gave the clients shade strips, on which the colourss selected by the client were printed by an machine-controlled pigment sociable machine. Customers could take away these strips back to their places and see if the colour suited the room. There

are about 15000 such shops and machines across India and the company believes that a significant sum of gross revenues will be coming from these shops.

Color Shop: AP late opened its flagship shop in Mumbai. The shop, the first of its sort in India does not sell any pigment but sells a construct of a life style to the clients. The shop was inspired by ' Holi ' , the Indian colour festival and provides a complete solution to clients including aid in choosing the colours based on client ' s inputs, volume and monetary value estimations and besides includes a place picture service. This has a direct impact on the client ' s heads who will so purchase pigment from traders. By custom-making the colours for the client, in a manner AP is locking the client as the client may not acquire the same color/shade from a rival. This shop was late awarded the ' Store of the twelvemonth ' by the Retail Design Institute in India.

Asiatic Paints Home Solutions (APHS) : This is an end-to-end pigment service provided by Asiatic Paints. Started as a pilot undertaking in 2000 in Hyderabad, this service has gained impulse over the old ages and is now available in 13 Indian metropoliss. To the client, this provides a hassle free picture service. In the Indian context, this was alone as the existent pigment occupation is normally done by little pigment service companies, which were not that dependable and sometimes hard to cover with. The sure trade name name of Asiatic Paints was helpful in pulling clients every bit good. Besides, the company gave a 1 twelvemonth guarantee with this service, something which is not common in the pigment industry.

Building Brand Name

The company sharply invested in consumer research attempts in order to construct its trade name name. In 2002, the company started marketing its pigment under the Asiatic Paints trade name name alternatively of the name of the pigment and besides changed its logo which strongly portrayed the name of the company. The company besides played with the mind of the Indian consumer to popularise its trade name name by working the emotional connect a consumer has with his / her place. It realized that Indian consumers preferred painting their places before festivals and other of import household maps such as matrimonies. Painting the place signified a new beginning, and, appropriately, Asiatic Paints trade name unveiled its new tagline “ Celebrate with Asiatic Paints ” to tap into this consumer demographic of the Indian market. This was the first measure the trade name took in set uping an emotional connexion with the consumer in a low-involvement class.

The company besides invested a batch of money in advertisement and roped in celebrated Bollywood stars to pull the terminal clients with the hope that they will purchase Asiatic Paints to paint their places.

Joint Ventures

Asiatic Paints along with PPG Inc, USA, one of the largest automotive coatings makers in the universe has begun a 50: 50 joint venture, Asian PPG Industries to serve the increasing demands of the Indian automotive coatings market. Another entirely owned subordinate, Asiatic Paints Industrial Coatings Limited has been set up to provide to the pulverization coatings market which is one of the fastest turning sections in the industrial coatings <https://assignbuster.com/analysis-of-asian-paints-integration-of-supply-chain-management/>

market. This entirely owned subordinate of Asiatic Paints has entered into a tie-up with Canada-based Protech Chemicals which is one of the top 10 pulverization coatings companies in the universe for technological know-how in the country of pulverization coatings.

Rivals

Company Name

Net Gross saless

Net Net incomes

Net Net income Ratio (%)

Asiatic Paints

5, 367. 72

774. 5

14. 4

Kansai Nerolac

1, 814. 71

165. 5

9. 119914

Berger Paints

1, 510. 96

88. 76

5. 874411

Akzo Nobel

937. 7

159. 3

16. 98838

Shalimar Paints

333. 25

3. 56

1. 068267

Jenson Nicholson

37. 47

-7. 61

-20. 3096

Hardcastle

13. 63

0. 58

4. 255319

Killick Nixon

4. 32

-1. 57

-36. 3426

Repute:

Environment and Safety:

Asiatic Paints approaches the environment issue from the position of waste minimisation and preservation of resources.

Its attempt is to recycle, reduce and extinguish waste, which consequences in less and less waste being generated. Consequently, the stuff losings in fabrication have been reduced well over the last few old ages.

It has ISO 14001 enfranchisement for environment direction criterions.

It has achieved ' zero industrial discharge ' capableness. These have been achieved by the installing of upgraded wastewater intervention installations and installing of rearward osmosis workss in concurrence with appropriate recycling and reuse strategies. Our emulsion fabrication installation has

Quality Policy:

We shall supply merchandises and services that meet declared criterions on clip, every clip.

We accept Zero Defect as a quality absolute, and shall plan and run our quality system consequently.

We will form our work patterns to make a occupation right the first clip, every clip.

We are committed to uninterrupted betterment in quality in all concern procedures and shall track such betterment through mensurable indexes.

Leadership

Name

Appellation

Ashwin Choksi

Chairman / Chair Person

P M Murty

Managing Director & A ; CEO

Amar Vakil

Director

Dipankar Basu

Director

Deepak Satwalekar

Director

S Sivaram

Director

Abhay Vakil

Director

Ashwin Dani

Vice Chairman

Mahendra Choksi

Director

Tarjani Vakil

Director

Mahendra Shah

Director

R A Shah

Director

S Ramadorai

Director

Ina Dani

Non Executive Director

Human Resources with Sub class

Asiatic pigments has a talent pool of over 4700 employees employed across 23 states bring in a alone blend of mentalities and accomplishments. They recruit merely from the top schools and believe in acquiring the people from the highest quality in the company. To enable better interface, enterprises like HR aid desk, Employee self service, and e-learning applications were done during the old twelvemonth. People development is a cardinal country of focal point for Asiatic pigments. Though every employee plays a portion in his ain development, focussed activities are besides carried out for guaranting synergism and growing. E-Learning was introduced as new construct, to run into the of all time turning diverse developmental demands of the organisation. With the multiple locations throughout the Earth, the present of e-learning will assist the employees. The twelvemonth 2009-10 besides saw the stabilisation of the PMS that was put in topographic point during the old twelvemonth. They do follow a 360 degree method of assessment.

An unfastened and synergistic work civilization brings out the best in the people. A sense of ownership and freedom to experiment at their workplace brings out creativeness and invention in every person. Excellent preparation is provided to develop leaders and re-strengthen competences from within the organisation. They believe in promoting winners from within the organisation to mount up the hierarchy and take up bigger functions and assignments. Therefore, the undertaking is cut out for every person within the model of result-orientation market penetration, client position, trust, <https://assignbuster.com/analysis-of-asian-paints-integration-of-supply-chain-management/>

regard and job resolution. AP looks forward to the committedness of the people and their sense of subject and ownership continue to drive growing for the company

Resources – A bird ‘ s oculus position

Specific Level Concrete Level

Tangible Assetss

Fixed assets

Equipment (Eg – Machinery, hard- and package) , installations, works, land

Current Assetss

Inventory

(Eg- natural stuffs, semi finished goods)

Fundss

Assetss

Investings, hard currency modesty, trade receivables, factoring

Capital

Equity Capital, liabilities (loans, leasing, wages and rewards) , fiscal inducements (eg- societal parts, private usage of company ‘ s auto)

General Characteristics

Location, countries, type of merchandise and services, size (eg- turnover, market size, good will, physical value, competition place)

Non-Financial indexes of the company

1) Raw Material: Paint is a natural stuff intensive industry. It takes over 300 different natural stuffs to bring forth pigment, most of which are petroleum-based. Titanium dioxide is the largest consumed natural stuff. It constitutes about 30 % of the entire fabrication cost. Besides this, there are petroleum-based natural stuffs, which constitute 40-50 % of the entire natural stuff consumed. Hence any motion in rough oil monetary values impact monetary values and profitableness in the pigment industry.

2) Research and development[8]: At Asiatic Paints, Research & A ; Development has played a important function in the growing of the organisation. It has set up a new Research & A ; Technology centre at Turbhe on the outskirts of Mumbai (India) .

3) Supply concatenation[9]: Asiatic Paints has harnessed the powers of state-of-the-art supply concatenation system utilizing cutting border engineering to incorporate all its workss, regional distribution Centres, outside processing Centres and subdivisions in India. All the company ' s pigments workss in India, two chemical workss, 18 processing Centres, 350 natural stuff and intermediate goods providers, 140 packing stuff sellers, 6 regional distribution Centres, 72 terminals are integrated.

Fundss

Assetss

Investings, hard currency modesty, trade receivables, factoring

Application Of Fundss

Mar '06

Mar '07

Mar '08

Mar '09

Mar '10

Investings

274. 55

334. 39

422. 88

234. 77

703. 69

Inventories

348. 79

434. 07

538. 97

546. 71

763. 14

Cash and Bank Balance

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28. 17

42. 47

41. 33

128. 05

28. 58

Entire Current Assets

562. 07

712. 5

832. 2

985. 78

1, 123. 15

Net Current Assetss

89. 75

166. 06

17. 94

137. 44

-168. 36

Market capital of the company = Rs 17, 357 Cr

Volume of the portions traded = 24, 372

Trading turnover = Rs 43. 57 Cr

Trading turnover/ market capital = 0. 0025

This is a really low figure which indicates that the portion of the company are traded really less as compared to market norm

Capital

Equity Capital, liabilities (loans, leasing, wages and rewards) , fiscal inducements (eg- societal parts, private usage of company ' s auto)

in Rs Crore

Mar '06

Mar '07

Mar '08

Mar '09

Mar '10

Entire Share Capital

95. 92

95. 92

95. 92

95. 92

95. 92

Equity Share Capital

95. 92

95. 92

95. 92

95. 92

95. 92

Militias

526. 36

648. 16

832. 58

998. 55

1, 461. 30

Networth

622. 28

744. 08

928. 5

1, 094. 47

1, 557. 22

Secured Loans

31. 88

66. 9

36. 7

24. 59

25. 59

Unbarred Loans

40. 7

40. 7

40. 7

40. 7

40. 7

Entire Debt

72. 58

107. 6

77. 4

65. 29

66. 29

Entire Liabilities

694. 86

851. 68

1, 005. 90

1, 159. 76

1, 623. 51

The cost of capital for Asiatic pigments is lesser than KansaiNerolac by about 6 % , which shows that market has more TRUST in Asiatic pigments.

As the loaning rates decrease, Asiatic pigments can foster lower its cost of capital by increasing debt use

As Asiatic pigments diversifies its merchandises and expands its presence in other states, the difference between the cost of capital for the two companies can increase farther

Above Numberss indicates that Asiatic pigments is consolidating its place as market leader and has no immediate menace with its nearest rival.

Outstanding features/Trends

In instance of Asiatic pigments the mean revenue enhancement are more or less equal to the corporate income revenue enhancement of 33.99%. This signifies the fact that it is non-acquiring any subsidies from the authorities.

There is an important trend in CFO in last two old ages. This can be attributed to two events

1) Global economic meltdown which had an impact on both building and car concern which are the chief beginning of income for the company.

two) Addition in the value of oil monetary values and hence in the monetary value of natural stuffs for the company which are preponderantly petroleum-based merchandises.

Considerable addition in Capex in last two old ages which means that the company is looking for enlargement (largely outside India) which is a good mark for investors.

Excess hard currency has systematically been used to purchase Investments except for last twelvemonth.

Cash balance has decreased in last two old ages, which can be due to inauspicious market conditions and investments purchases.

Indian pigment industry is turning

Asiatic pigments is retaining most of its net incomes which is supposed to pay high dividends in the hereafter

Asiatic pigments is progressively putting in entire assets which should ensure in higher dividends returns in future.

Asiatic pigments is being to put in a works at Rohtak (India) . The works is located on 130 estates of land and will fabricate both H2O and dissolver based pigments ; including emulsions and rosins. The undertaking cost for the initial 1. 5 Lakh KL capacity will be Rs. 400 Crores and the works is expected to get down production by early 2010 (last one-fourth of twelvemonth 2009-10) .

Capacity addition at Asiatic pigments in last 4 old ages:

Year

2006

2007

2008

2009

Capacity

241903 KL

282602 KL

316871 KL

354370 KL

Gross saless

2678 Cr

3244 Cr

3915 Cr

4819 Cr

Outgo

1967 Cr

2399 Cr

2868 Cr

3708 Cr

Net profit* (PAT)

187 Cr

272 Cr

375 Cr

362 Cr

The alteration in the value suggests that Asiatic pigments has decreased its operating leverage/financial/business hazard. This is true as company has

slowed down its investing in new workss and in new markets for last twelvemonth or so.

The company portion has become small less hazardous than what it was in last 5 old ages

One of the grounds for Asianpaints to prolong such low degree of debt could be that it wants to increase its flexibleness for future Merger & A ;

Acquisition chance

Asiatic pigments is a hard currency rich company which has a general modesty of Rs 998 Cr (as per latest twelvemonth balance sheet) . This sum is sufficient to fund its operations and enlargement programs

Asiatic pigments systematically pays a dividend which is higher than its equals. As the company is a market leader in its section by a immense border, it has hard currency militias which are sufficient to finacess its enlargement and pay dividends at a changeless rate over the old ages.

To spread out: Asiatic pigments is spread outing its operations[10]and has no programs of closing any of its programs in close hereafter. In the freshly constructed Rohtak works[11], the company will develop 43 Estates of green belt which can be used in the hereafter for enlargement or existent estate intent.

To Abandon: Asianpaints exited its Mauritius Operations[12]in 2005 to concentrate on emerging markets like Middle East.

To Clock: The company showed a lessening in growing in south Pacific part[13]but has no connotation of go outing. This indicates the fact that it might be waiting for the market to pick up demand and so increase the capacity.

To Flexibility: Company is conveying in new Lead-free pigments[14]which will assist it spread out in planetary market and run into the stringent safety norms in western states. This will besides assist the company in instance the Indian authorities increases the safety criterions in pigments constituents in future.

Resources missing

In the cosmetic scope of pigments Asiatic Paints is the market leader and has its presence in about all the sections. One of the major countries in which it does non hold a presence is the exterior cements paint country.

Strategic Decision of Leveraging I2

In the challenging Indian market place Asiatic Paints established a leaner, more nimble and cost-effective supply concatenation and found it to be a clear advantage in acquiring a competitory border.

Asiatic Paints is India ' s largest pigment company and is ranked among the top 10 cosmetic coatings companies in the universe. The company provides advanced solutions for cosmetic place betterment, industrial and automotive picture demands. Asiatic Paints has more than 25000 local retail merchants to resell its merchandises to place users, contractors and painters. The company besides sells pigments and colourss to original equipment makers (

OEM) and to big contractors functioning the OEM market place. To function those demanding market sections, Asiatic Paints produces more than 1, 200 standard pigment merchandise SKUs and many custom-built preparations, and operates about 80 gross revenues offices.

AP manufactures merchandises at five production locations owned by the company, and at several contract makers who make forte or low-end coatings. To pull off the hard currency rhythm every bit good as present the merchandises to the clients without keeping a big sum of stock list, it is highly of import to incorporate all the fabrication sites into a cohesive entity.

For the intent of accomplishing a dynamic selling and production environment, a sophisticated and robust supply concatenation is compulsory. To carry through this undertaking AP agreed on two cardinal thoughts: foremost, bringing of the merchandises to the client expeditiously without accruing a big stock list ; and 2nd, fund an bullish growth-by-acquisition scheme by pull offing the cash-cycle to liberate up the support.

Constructing a strategic supply concatenation

Asiatic Paints has leveraged advanced i2 solutions for supply concatenation maestro planning, stuffs and distribution planning, production programming, and alteration direction since more than a decennary. The procedures from gross revenues calculating, maestro production planning, natural stuff planning, distribution planning and store floor scheduling were covered through the execution of cardinal solutions from i2 ' s advanced planning solutions.

These advanced maestro planning engineerings are applied to make up one's mind which merchandises should be produced at which fabrication workss. This scheme is integrated with variables such as cost and demand volume, capacity, current stock list degrees, environmental demands and other factors, and are optimized across multiple nonsubjective degrees like capacity, demand satisfaction, safety stock demands, stock list optimisation and transit costs.

The natural stuff is procured from domestic sellers and international providers. These supplies are managed through the usage of a sophisticated stuffs be aftering system. Due to the fact that natural stuffs comprise 60 per centum of its value concatenation, measure of stuffs, routings and surrogate parts are continuously improvised. This leads to a complex surrogate stuffs scenario during the procurance planning procedure. Asiatic Paints uses i2 ' s mill planning package to pull off a broad scope of variables, such as the influx and usage of natural stuffs among multiple possible surrogates across multiple surrogate sellers and possible production paths to guarantee optimal natural stuffs choice. Weekly timing demands on a works, unit and machine-by-machine footing is set by utilizing i2 ' s advanced programming package.

AP frequently experiences a " hockey stick " fluctuation in monthly demand for its merchandises. During the gay seasons in different parts of India, frequently the demand rush is besides seen. A sophisticated distribution be aftering system from i2 is an reply for Asiatic Paints to manage these rushes. This besides helps in smooth motion of the merchandises in the complicated and dynamic market place.

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To guarantee a smooth development to this re-engineered solution, Asiatic Paints enlisted i2 to back up deployment, alteration direction and uninterrupted betterment. The company besides relied on i2 for aid in streamlining procedure work flows, cut down the planning rhythm and in explicating overall solution architectures. AP has used the advantages in stock list direction and the supply concatenation to construct an organisation that is much stronger. It has truly allowed AP to leverage accomplishments and strengths in the market place.

Savings, service and growing

A decennary after the i2 supply concatenation chance appraisal demonstrated that i2 solutions would pay for themselves after one twelvemonth of usage ; AP has drastically improved its debt-to-asset ratio. It has about become a debt-free company. Supply concatenation efficiencies have been used to follow an aggressive growing scheme.

With the usage of i2 SCM solutions, the company has reduced its years of finished goods stock list from 56 years in 1999 to less than 30 years presently. During the initial execution stage itself, the years of finished goods stock list went down from 56 years to 40 years. This has been a major ground behind the company ' s improved hard currency flow. This has helped AP to put in growing oriented acquisitions.

Whereas earlier the company used an end-service-level metric, with the use of i2 solutions, the company has moved towards a more proactive and precise order-fill method of analysis. A humongous 87-90 % service degrees for SKU gross revenues have been achieved at the location degree after

complete acceptance on i2 solutions. This has enabled the company to accomplish greater success than the rivals.

The volatility in the fluctuating pigment market is dealt with efficaciously and the size of stock list is optimized with the company ' s enhanced maestro planning system. The company creates more complex and effectual pigment expression with the aid of better stuff planning system. It further helps the company to take the most appropriate seller and fabrication methods for different fortunes.

Modern distribution planning has facilitated Asiatic Paints to cut down the deployment of the stock list. They do it on a weekly-basis. This besides enables them to set the distribution programs as per their demands. This assists them to accommodate more easy to the fluctuations of the market demand and the altering regulative force per unit areas or concern demands. They besides adapt better to the new fabrication procedures.

The betterments of supply concatenation direction and executing systems have enabled the company to develop fast. Within ten old ages of the acceptance of the engineerings, the company has grown over four times of its size. In add-on to that, the company has besides reduced the on-hand stock list required to help its consumers

To further optimise the executing of the supply concatenation procedures in concurrence with the planning solution, and to supply a seamless plan-do-check-act model to the supply concatenation executives, Asiatic Paints deployed the i2 platform. Highly customized planning and executing work

flows have been developed to heighten the efficiencies of the supply concatenation.

The company ' s ability to present the right merchandise at the right clip and to the right topographic point has become a differentiating factor for Asiatic Paints. The supply concatenation has become one of the most important maps in taking the company in front of the rivals.

Where Asiatic Paints are traveling and how they can leverage

The exterior pigments market is expected to be the high growing country for atleast five old ages into the hereafter from now. This is the country that Asiatic Paints has entered now with its exterior emulsions. Snowcem is the market leader in this country with a market portion of 26 % in the cement pigments and 50 %[15]portion of the textured finish country.

If Asiatic Paints decides to coup d'etat Snowcem, it would supply Asiatic Paints with entire leading in the entire cosmetic sections market including the exterior pigments market in its portfolio. It could besides look at upgrading the clients from Snowcem ' s cement pigments to the more advanced exterior emulsions that it has begun offering.

The acquisition of Snowcem would besides suit nicely into AP` s scheme of supplying value added services, as they would be able to supply a complete solution for any client, who approaches them

FUTURE PLANS

Asiatic pigments chiefly plans to consolidate its dominant place in India by establishing new merchandises in line with the market developments in both cosmetic pigment every bit good as industrial coating sections. Equally far as merchandise invention is concerned, it is looking at H2O based pigments. The company nurtures an purpose of going a top five cosmetic pigments company in the universe, in position of this, the company plans to constantly expression for both organic and inorganic growing chances in bing and new markets. The rural sector besides needs to be looked in exhaustively. They may necessitate to shift certain trade names in the rural market to accomplish maximal impact. The company will besides farther research chances of edifice long term value in the Industrial coatings concern through confederations.

The company is concentrating on farther bettering the operations of all of its subordinates in India and abroad and has already launched E-Strides, an ERP enterprise through which all the abroad ventures are being covered for sharing of planetary cognition, best patterns and better control on operations. The company ' s aim is to be among the top three participants in each market where it is presently runing or programs to run in the hereafter.

Global Foraying

To be amongst the top three, it needs to look into their planetary raid really carefully.

Many factors, which have made Asiatic Paints a family name in India, have besides contributed vastly in its planetary enlargement. The company is

known to be a pioneer and has introduced 1000s of coloring material sunglasses for its clients to take from.

Besides, it has been a market Godhead like in the instance of exterior pigments at a clip when exterior pigments used to be largely cement pigments. It has been following an aggressive selling

scheme in India and this has helped it in coming and vying with transnational companies in

planetary markets.

The company has continuously followed its vision - " Think Global, Synergise Regional and Act Local " to drive its public presentation. In 1999, the company embarked on an ambitious program to emerge as one

of the top 10 cosmetic pigment companies in the universe. Once this end was achieved, the company

set for itself a much steeper mark which was to go one of the top five cosmetic pigment companies in the universe. The company explored chances of edifice long term value in the Industrial coatings concern through confederations with established planetary spouses. All the schemes and policies of the company have been designed to accomplish these ends.

To capture the planetary markets, it has been following the scheme of coming fast turning

markets with robust demand and low per capita ingestion of pigments.

Asiatic Paints has particularly targeted companies in emerging markets of Africa, Southeast Asia and South Asia, Middle East and Pacific part. In order to increase the gait of globalisation, the company has besides focused on getting international companies which have a widespread presence in the planetary markets like the acquisition