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'India needs simpler, clear rules for approvals'

*Europe's largest speciality chemical company, Lanxess AG, sees India as one of its largest markets outside Europe. JOERG STRASSBURGER, country representative and managing director of Lanxess India, talks of its growth plans in an interview with **P B Jayakumar**. Edited excerpts:*

Q&A

JOERG STRASSBURGER
MD, Lanxess India

Lanxess has been present in India for the past six years. How do you view the growth story so far?

Lanxess was incorporated in India on February 2004 under the name Bayer Chemicals India. Being part of the Bayer group for over 100 years, we have a long relationship with India, dating back to 1888. Bayer was also having agency relationships with India for pigments and other products and started a production facility at Thane in 1967.

In the past three years, Lanxess AG has invested over €50 million (₹310 crore) here, realising India's potential for our products. It is the second largest investment by Lanxess in any developing economy, after Brazil. In 2007, Lanxess decided to build a new ion exchange resin plant in Jhagadia, Gujarat, and also closed a rubber chemicals plant in Thane and moved it to Jhagadia. A major breakthrough was acquisition of the chemical businesses and assets of Gwalior Chemicals.

Last year was an important one for our Indian operations, since we started the rubber chemical plant and ion exchange resin plant and commissioned co-generation steam and power plants at the Jhagadia and Nagda (Madhya Pradesh) sites.

How do you view the potential for Lanxess' growth in India?

All the 13 business units of Lanxess AG have operations in India and we are a leading supplier of performance polymers, advanced intermediaries and performance chemical products.

'We now employ about 750 people in India. This will increase significantly in the coming years'

Among these, seven business units have production facilities in India. I see maximum growth for the company from the automobile and paint sectors, which are growing above the GDP rate. Our rubber chemicals technologies are used worldwide and we are working with several Indian automobile OEMs (original equipment makers) to develop more fuel-efficient, lighter metal and plastic combined designs for automobiles.

Water treatment is another area which will be a bigger one for us in India in future. We had revenues of close to €128 million (₹790 crore) in 2009 and the soon-to-be announced figures for 2010 will be much higher, since some revenues of the acquired Gwalior Chemicals will be reflected in this year's revenues.

What are your growth strategies for the coming years? Are you looking at further acquisitions?

We will start a semi-crystalline products manufacturing facility at Jhagadia and this will start production by 2012. The recently started ion exchange unit at Jhagadia will be oriented mainly as an export unit.

We are also constantly looking at expanding in India. Our leather and material protection unit in Madurai, spread across 25 hectares with a production capacity of 12,000 tonnes per annum, will be relocated to the integrated Jhagadia site. Basic chemicals are produced at Nagda, from the acquired facility.

We now employ about 750 people in India and this will increase significantly in the coming years. We are always on the lookout for suitable targets for acquisitions, at suitable prices. But money will not be a constraint in acquiring the right target.

How do you view the business envir onment in India? Many multinational corporations are complaining about procedural delays due to environment issues, land acquisitions and other various clearances.

So far, we have not encountered such major issues. It is necessary for the growth of this country to have the rules implemented properly. The rules applicable for one particular company should be the same for another company 100 metres away. I have seen this (problem) in India. Lots of clearances and bureaucratic objections at project development and execution stage will cause fear among corporations willing to invest in India.