

61ST ANNUAL GET-TOGETHER OF ISCMA

## 'Innovation key to sustainable growth & organisational success'

The Indian Specialty Chemicals Manufacturers' Association (ISCMA) organised its 61st Annual get-together on 10th October 2015 at Mumbai, attended by the industry captains, invitees, members and media.

Speaking at the event, Mr. Deepak Bhimani, President, ISCMA, said reforms like cut in the base rate of interest has now started and the roll-out of GST would hopefully be effective by April 2016. He stressed the need for the chemical industry to innovate continuously to avoid obsolescence, and leverage the low average monthly wages, which at about \$407 are far below \$10,210 in a typical pharma industry in the USA. He stressed the relevance of solar energy, enzymes, catalysts and fermentation technology, etc.

### Infrastructure development

Mr. Bhimani called for infrastructure improvement, especially in ports for handling chemical cargo, and pointed to the development of a number of ports



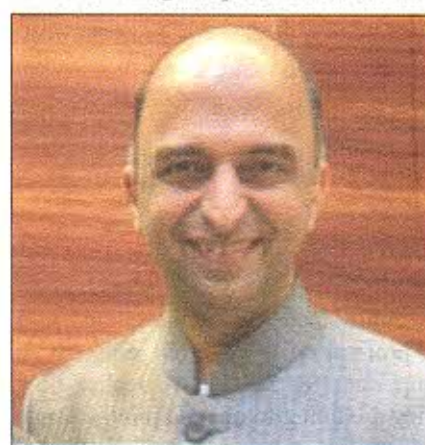
Mr. Amit Uplenchwar



Mr. Deepak Bhimani

in western India like Mundra, Dahej, Pipavav, Hazira and Mangalore some of which have Special Economic Zones (SEZs) in place or are under implementation.

Mr. Amit Uplenchwar, CEO/President, Industrial Estates and SEZ Business, Adani Ports Ltd. (APL) showed a video covering the potential of chemi-



Mr. Samir Somaiya



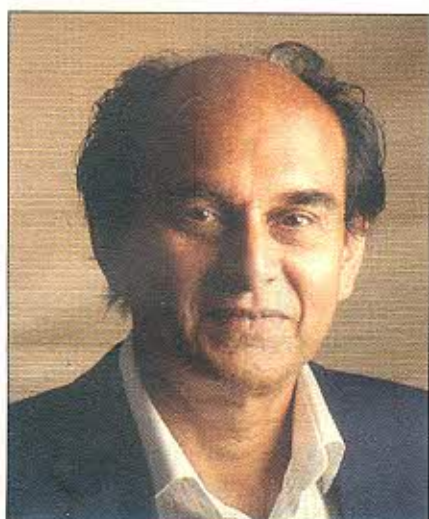
cal clusters and the infrastructure developed by APL at Mundra, Gujarat. The aim of the project is to provide quality physical, social & commercial infrastructure, through an investment of Rs. 38,000-crore at Mundra, with environmental clearances already in place.

### Sustainable business & innovation

Mr. Samir Somaiya, Guest of Honour and Chairman & Managing Director, Godavari Biorefineries Ltd. (GBL), spoke on innovation and sustainability to maximise profits. GBL, which derives its feedstock from sugarcane farmers, ensures that all stakeholders, work in sustainable, collaborative partnerships.

The company is involved in making commodity chemicals like sugar, ethanol & ethanol-based chemicals, including ethyl acetate, and renewable power. "Knowledge should be a key differentiator," he observed, in the transformation of biomass – physically, chemically and biologically. Instead of burning bagasse to generate power, the company is currently involved in a process to physically transform the bio-resource into cellulose, upgrade it, and convert into cellulose derivatives and microcrystalline cellulose. Recently, the company has put up two aldehyde plants, and the products find markets





Mr. Harsh C. Mariwala

globally in the fragrance & flavour and cosmetic industries.

GBL is also investigating the possibility of making solvents and biodegradable biopolymers from renewable sources. "These are opportunities because the world is struggling with waste," Mr. Somaiya noted, adding that it is possible to innovate only if one is tenacious and goes after an idea relentlessly.

He also addressed the importance of the social bottom line – the "earn and give" philosophy of the group's Founder through the creation of educational and healthcare institutions.

### Transformation of businesses ....

Mr. Harsh C. Mariwala, Chief Guest & Chairman, Marico Ltd., spoke on the transformation of a traditional commodity-driven company into a consumer product and service industry. Marico, best known for its *Saffola* cooking oil and *Parachute* hair oil, is now providing consumer products and services in areas of health, beauty and wellness. The group has a turnover of \$995-mn (including Kaya) in 2015, and was recognised as one of the top

4 companies in 2014 by the *Economic Times* and received the 'Best Governed Company Award' by the Asian Centre of Corporate Governance.

Mr. Mariwala joined his family-owned company, Bombay Oil Industries Ltd., involved in the businesses of edible oils, oleochemicals (fatty acids & derivatives) and spice extracts. His passion was to convert the business from unbranded to branded product in small packs, so that it was not only profitable, but also sustainable. With a market share of just 15-20%, to become a market leader, they had to do something different. If coconut oil could be sold in plastic packaging, it would be cheaper than tin, convenient and attractive to consumers. It took 10-15 years to overcome stiff resistance and enable the transition shift from tin to plastic packaging. The company also innovated a 'mini bottle' for rural markets.

According to Mr. Mariwala, execution is just as critical as innovation. "For innovation to thrive you need to have right culture, proper management for improvement, promote experimentation and not punish failure," he observed. In Marico, the efforts at innovation have resulted in several new products being launched, such as scented medical shampoos, to cite one example. While consumer insight is necessary in business, it is just as critical to develop and convert that insight into a value proposition and send to consumers.

### .... And of management

Mr. Mariwala also described the steps taken to transform Marico from a family-managed organisation, into a professionally-managed one. "It is important for families to realise how they are going to operate jointly. Basic things like time, responsibility, pro-

gress, remuneration and even lifestyle are important and should be discussed openly."

Talent played an important role in the transformation of Marico. The company has consistently hired brilliant candidates and continuously upgraded their capabilities through management training programmes. "Talent, trust and empowering employees are crucial elements. The culture encourages risk-taking and experimentation, and does not punish failures."

Mr. Mariwala also stressed the importance of growth – both organic and inorganic – for any organisation, describing it as "oxygen." "It is the top management's role to ensure growth starts at the top and filters down all the way to the bottom. Governance is important at every level in the organisation; and for running the business in the right manner with clean practices."

"Profits are important; but business has to impact all stakeholders, including customers," he concluded.

### Export awards presented

The maiden 'ISCA Export Awards' were presented at the get-together in three categories:

- Small scale (turnover less than Rs. 50-crore): Sauradip Chemical Industries Pvt. Ltd.;
- Medium scale (Rs. 50-100 crore): Navdeep Chemicals Pvt. Ltd.; and
- Large scale (more than Rs. 100-crore): India Glycols Ltd. and Dai-Ichi Karkaria Ltd.

[Based on inputs provided by Dr. K. S. Murthy, Pidilite Industries Ltd.]