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“Specialty Chemicals – From Opportunity to Reality”

February 15, 2017 Bombay Exhibition Grounds, Goregaon East, Mumbai

The specialty chemicals industry is one of the most exciting areas in Indian manufacturing and demonstrates high potential for future growth. Driven by strong macro factors, the industry is expected to grow at 11 % and reach USD 36-40 billion by 2020. The growth of specialty chemicals industry is driven by both increasing domestic consumption and exports. A strong shift of manufacturing to destinations like India and china is likely to increase driven by strong domestic market and export competitiveness.

It was on this premise that the specialty chemicals conference was envisaged. The theme of the conference “From Opportunity to Reality” rightfully conveyed the essence of the current situation of the specialty chemicals industry in India, through four focused sessions on: End User Behaviour, Environmental sustainability, Emerging Investment Potential and Technology Innovation & R&D during the day long conference.



(L-R) Dr S Swaminathan, Mr Maulik Jasubhai, Mr. N B Godrej, Dr Raman Ramachandran, Dr Deepak Parikh

- The session on end users discussed how changing consumer preferences are influencing FMCG companies to innovate their product lines, which, in turn, is challenging manufacturers of specialty chemicals to think differently
- In the session on environmental sustainability, the panellists discussed the necessity to innovate, to meet increasing environmental standards
- Similarly, in the session on emerging investor potential, innovation capability as a criterion for acquisitions and investments was touched upon
- The last and the final session on technology innovation and R&D deliberated ng about these being critical factors for global competence and sustainable growth for specialty chemicals manufacturers

Each of the technical sessions had eminent leaders from specialty chemicals, various end users like FMCG, paints, agrochemicals and water treatment, representatives from academia, research institutes and logistics services.

CHEMTECH also released a special report: **“From Opportunity to Reality”**, during the conference.

Inaugural



“It is always easy to innovate for a society which has high purchasing power relatively it is very difficult to do so for a community society that belongs to the lower runs of the economic ladder”

- Dr S Swaminathan



(L-R) Mr. N B Godrej, Dr Raman Ramachandran, Dr Deepak Parikh, Dr S Swaminathan

Dr Raman Ramachandran, Head South Asia and CMD, BASF India Ltd and Chairman Specialty Chemicals World Expo 2017 reflected upon the theme “From Opportunity to Reality”. The keynote session was focused on provoking thoughts around the fundamental question - how to convert the apparent opportunities that exist into sustainable scalable and profitable business. The role of innovation in specialty chemicals was also emphasised through the day’s proceedings.

Noted scientist and eminent speaker, Dr S Swaminathan, Honorary Professor INSA and Senior Scientist, Indian Institute of Science Education and Research, in his key note address emphasised on the importance of innovating. He challenged the industry to focus on innovating for the lesser privileged population of the society and country. He also regretted the lack of a “shared model” in innovation, that is, the collaboration between companies and private and public institutions.

Mr. N B Godrej, Managing Director, Godrej Industries Ltd in his poetic way stressed on the need for strong research based foundation, for India to have a robust manufacturing industry. He also pointed out the need for collaboration between suppliers and end users, to understand and comply with good practices.

Dr Deepak Parikh, Vice Chairman & MD, Clariant Chemicals India Ltd & Vice Chairman Specialty Chemicals World Expo 2017 presented the concluding remarks.

End User Perspective



If you look at food and consumer goods, in the last 10 years, the CAGR has been close to 12%. Growth in that space is expected to be even higher in the next 15 years. The consumer goods industry is going to reach 110 billion dollars in next 2-3 years.

- Dr Krishna Kumar Rangachari



(L-R) Dr. Pradeep Verma, Mohammad Imdad Basha, Dr Sudhakar Mhaskar, Dr Krishna Kumar Rangachari, Mr. Umesh Singh, Mr. S.Danashekar, Mr. L Suresh

Dr Krishna Kumar Rangachari, Head Specialty Chemicals Business, Sanmar Specialties Ltd moderated the panel discussion. Dr Sudhakar Mhaskar, CTO, Marico Industries, Mr. Umesh Singh, Group Vice President, South Asia - Hempel Paints India Pvt. Ltd., Dr. Pradeep Verma, Sr. Vice President (R&D) – Specialty Ingredients & Jubilant Life Science Chemicals, Mr. Mohammad Imdad Basha, Manager – Materials & Process, LM Wind Power Technologies (India) Pvt. Ltd. and Mr. L Suresh, Assistant Manager – Quality Assurance and Process Development, ITC Ltd and Mr. S.Danashekar, Manager Technical Sales Support - Jotun India Pvt. Ltd. participated in the discussion where each of the panelists shared individual experience on changing trends and expectations from the suppliers from the specialty chemicals industry.

The panelists discussed the key trends amongst respective consumer segments and shared how they were responding to the constantly changing consumer behavior, stricter compliance norms, environmental regulations and preparing for the challenges in near and long term future.

Environmental Sustainability



“During the 90’s we paid scant respect to manage the environment, but 2000 onwards the world started realizing the importance of sustainability and there came concepts where a consumer would decide on product based upon the manufacture value change whether it is sustainable or not.”

- Mr Ajay Popat



(L-R) Dr Shalini Tandon, Ms. Rajani Chavan, Mr. Ajay Popat, Dr Rajesh Ramamurthy, Mr Pavithran Kallada, Mr. Prodyut Maji

Mr. Ajay Popat, President, Ion Exchange India Ltd chaired and moderated the discussion. The panelists included Mr Pavithran Kallada, Managing Director - BDP UGL Global Logistics (India) Pvt. Ltd. Ms. Rajani Chavan, Country Manager - E&I, MWH Global, Dr Rajesh Ramamurthy, Head – Product Stewardship Asia. Archroma India Ltd, Dr Shalini Tandon, Senior Scientist, NEERI and Mr. Prodyut Maji , DGM – Coal To Liquid Project, Adani Synenergy Limited, who unanimously agreed that though Indian specialty chemical manufacturers have the credentials to deliver the international quality products, the industry needs to pay attention to the sustainability quotient.

Some of the key points that emanated during the discussion were:

- Initiatives like ‘Responsible Care’ should be embraced fully by the chemical industry. MSMEs should be incentivized and encouraged to do the same as well
- Sustainability considerations are increasingly influencing customer choice
- While there is need to comply with highest standards in production, there is a similar need to adopt best practices in safety right through the value chain.
- Safety is of pivotal importance particularly for transportation and logistics and regulations can be a key enabler for the same.
- Industry must find alternative ways to produce feedstock in order to reduce dependency on imports of mother chemicals and invest into new technologies like coal gasification from coal that is available in abundance in the country.
- Industry should collaborate with public research institutes like CSIR which have very strong expertise in R&D to leverage innovation and patenting.

Emerging Investment Potential

Some of the challenges faced by investors including institutional financial investors and chemical companies are with regards to environmental compliance, strategic product fit and accounting or legal diligence.

- Dr Deepak Parikh



(L-R) Mr. Ajay Garg, Mr. Preet Singh, Dr Deepak Parikh, Dr Raman Ramachandran, Mr. Biswanath Bhattacharya, Mr. Toshiyuki Abe, Mr. Deepak Chander

Dr Deepak Parikh, Vice Chairman & Managing Director, Clariant Chemicals India Ltd chaired this panel. Mr. Preet Singh, Executive Director, Head – Industrial Group, Avendus Capital Pvt Ltd presented the views on the current M&A environment and emerging investment potential which was followed by the discussion with Mr. Toshiyuki Abe, Director, Vithal Castor Polyols Ltd , (Jayant Agro Chemicals), Mr. Deepak Chander, Business Director, Vertellus Speciality Materials (I) Pvt. Ltd., Mr. Ajay Garg, Managing Director, Equirus Capital Pvt. Ltd., Mr. Biswanath Bhattacharya, Partner, KPMG Advisory Services.

Key points discussed included:

- India is an attractive market and many global companies are trying to enter. But the questions organizations face is should we 'build' (assets/businesses) or 'buy'
- PE funds have also been attracted to this sector, owing to the industry tailwinds, and lucrative exit opportunities through M&A or capital markets
- The bankers spoke about the typical stumbling blocks for transactions in this space, including genericized nature of products, lack of environmental compliance (per global standards) and legal and accounting diligence issues



“We have moved the needle from where it was 15-20 years ago where there was complete isolation between industries and research. If you see the places like IIT, they are supporting and creating entrepreneurial hubs in the campus, which I believe is a great starting point.”
- Dr Raman Ramachandran



Dr Raman Ramachandran chaired the session and moderated the discussion with the experts from the domain of research and development from end users as well as specialty chemical manufacturing industry. Dr Jayant Umarye, Lead R&D (Agri Inputs), Godrej Agrovet, Dr Sudhir Nambiar – President R&T, Hikal Limited, Dr Frank Schieweck – Innovation Campus Director, BASF, Mr Suresh Kalra – Senior Director, Southeast Asia, India and ANZ, SI Group.

The session attempted to address the comments by Dr Swaminathan on innovating for the lesser privileged cost effectively, industry –academia collaboration and having ‘*Shared Innovation Model*’ to engage the institutes in basic research.

The main points of discussion included:

- It is critical for specialty chemical manufacturers to innovate not only to survive the competition but even to have partnerships with bigger players who look out for synergistic technology partners in emerging countries.
- The younger generation is more likely to be innovative because of their exposure to an environment that encourages excellence
- There is a need to consider customer perspectives to innovate commercially viable products
 - Innovation today is an intensive and extensive initiative. Many MNCs are setting up research and developmental units in India to tap into the country’s talent pool
 - Indian companies should improve on their current levels of investment in R&D
 - Indian schools and universities should adapt their curriculum to foster a culture of innovation. Innovators must be recognised and rewarded for their efforts.