

2013 FAFAI Seminar: India's Industry is ready for the "Next Level"

The domestic F&F industry explores the need for R&D, quality control and its place in the global supply chain.

Mayu Saini

The Fragrances & Flavours Association of India's (FAFAI) 2013 seminar in Pune, India, looked outward at the world. After taking a close hard look at the Indian market, there was a strong sense of how the business of industry at home has added up to complete global concepts.

The Indian flavor market was estimated to be worth \$284.2 million in 2011; with an estimated growth rate of 10.2%, the market is expected to be valued at about \$380.6 million by 2014. The Indian fragrance market is estimated to be worth \$225 million, and has grown at a 10% CAGR in the last five years.

According to estimates from Takasago, soaps and fabric wash are the two largest categories, which constitute 56% of the fragrance market. One of the fastest growing categories is that of deodorants, which are growing at a 40% CAGR. The market and the domestic industry is poised for significant growth both locally and as part of the global F&F industry.

"This year the title of the seminar is very apt—'Emergence of Indian F&F Industry as a Global Player'—because this is reflective of what we have achieved in the recent past and at the same time acknowledges the potential the industry holds," said Anand Jhunjhunwala, president FAFAI. He added that although the last few years have been somewhat of an economic challenge, India has been able to compete with relative ease in the global scenario and that the industry has "matured and is now eager to move on the next level."

This next level was the point of concern and discussion as more than 1,000 delegates got together at the Marriott hotel and convention center. Pune was a successful choice of locations, being only a few hours drive from Mumbai where a strong representation of manufacturers and traders are based.

"A big change in the industry has been the move toward R&D," said Rohit Seth, vice president, FAFAI organizing committee. "Even mid-sized Indian companies have been investing in R&D; there has been a consolidated move toward working with new molecules. Although India is a very scattered market, the importance of quality control has been seen as a need, and we can see the change in the way it is being generated."

Looking at future demand, he said that aroma chemicals were a fast-growing area as the beauty market has been growing in double digits. He pointed out that a key way to grow the industry



A view of the inauguration, from left: Rohit Seth, Nivedita Assar, Laurent Mercier and Anand Jhunjhunwala.

further would be to "change the way the duties are imposed on raw materials as well as on raw fragrances which provide a more level playing field for India."

Initiating Change

"The key to future development of India in the F&F world lies in the ability of its industry to get to the next level and evolve from a 'generics' manufacturer to a 'genuine' innovation driven sector," said Laurent Mercier. He added that India was a "fantastic engine for development as well as a potential pilot test for future market innovations," emphasizing that the key focus needed to be in the "future creator's palette." He added, "The key question is what share of IP protected ingredients the Indian F&F manufacturer wants to own of this palette and what does it take for India to get there."

Focusing on the strong trend toward naturals in the Indian industry, the first session of the seminar was on fragrance and chaired by Kanwal Deep of Ajmal Fragrances. Speaking about the Indian market after the session, he said that although India was one of the important sourcing hubs for the East as well as the Western countries, there had been some important changes over the last few years: "Essential oils have become very costly and the challenge is that we want to use more natural products, but the amount of land under cultivation for naturals is decreasing and productivity is declining. We have to stay ahead of the curve."

Prakash Narayanan from Givaudan India spoke about the creation of fragrances inspired by nature and the use of technology and science to identify important odorants and innovating new molecules from nature. He spoke about the quality of essential oil that is derived from steam distillation and supercritical

extraction and how they differ significantly in terms of gas chromatographic analysis as well as in olfactory terms. He cautioned against the different aspects of loss and value to essential oils depending on the way they are brought to fine perfumery while “trying to bring nature into the lab.”

Tim Whiteley of CPL Aromas pointed out the challenges in the hair color industry and spoke about the changing trends of fragrances in this segment. He said that although fruity notes have always been popular in hair color, the trend at the moment is toward floral accords.

The flavors market is also on a fast growth track, noted Vivek Kulkarni of SH Kelkar. He explained that the Indian food processing industry is going through extreme transformational changes because of a growing middle class, changing lifestyles, and rising aspirations and readiness to experiment and try innovative new ideas. But in the process of the new ideas, Kulkarni noted, there was a need for introspection as well. “We have to ask ourselves, where are we headed? Harmonization is important, not only for ourselves, but globally,” he said.

Daniela Cavagnino of Dani Instruments said that powerful tools that maximize the amount of analytical information per unit of time are essential. She added that the common approach for the analysis of complex mixtures is to focus on enhanced resolution of long capillary columns in spite of long analysis time. However, over the last decade, high-sample-throughput laboratories have gained more attention in reducing costs of analysis by increasing the productivity. In this view, shorter analysis times and higher analytical information per unit of time along with automated data processing are within the targets of modern laboratories for saving money.

Finally, Ramesh Shah of FONA International noted the importance of family owned businesses to prepare their structures and organizations for changing times. “It’s a learning curve now. It’s going to take some time, but we’re moving in the right direction,” he said.

Focus on Innovation

“The world is changing fast—don’t blink or you’ll miss it,” said R.N. Murthy of N.R. Group. “We have to work on institutionalizing creativity and innovating across the entire value chain. It is about establishing yourself as a valued supplier, capturing and predicting market trends, identifying new roles and raw materials. Speed is of the essence.”

“Innovation is the way forward,” Kedar Vaze of SH Kelkar told this author. “The approach to the industry has changed in the last few years; in 10 years it will be completely different. The money is no longer in old, traditional markets such as the United Kingdom, United States and Europe. Now it’s about Asia, China and Russia. The trend is toward naturals on one hand and better synthetic molecules on the other. Naturals are defined by the climate and synthetics are defined by the cost. In India, we have the technology and the low-cost overheads to make this innovation happen.”

“There has been a lot of progress with synthetic raw materials,



Benoit Lemont (Biolandes), left, and Geemon Korah (Kancor).



Jordi Sort (Ventos), addresses delegates.

and India is exporting quality products all over the world,” Achille Riviello of PFW said in conversation. “FAFAI overall is very well organized and is on the right track for the industry. There is a lot of optimism and potential and a lot of knowledge and know how—everything is there and is coming together. In the coming years, India is going to be a significant force.”

As delegates to the event used the days to network, attend seminars and talk business at the stalls, it was agreed that FFAI had served its purpose well in the session.

“FAFAI is the second biggest event in our industry after IFEAT, and this is all the more important because of the importance of India in our business,” Gabriel De Gea Diaz of Takasago said in conversation. “It is still a key market.” He added that while business was down in Europe and the United States, Indian companies were exporting as well as catering to internal consumption in India, and were thus able to manage a “double impact.” He continued, “This seminar can give us an idea of the health of the industry. If India is running, the world is running.”

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