

Camlin Scion Writes His Own Success Story



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Mumbai: In this age of ecommerce, you would rarely find next-generation scions in prominent business families plunging into risky manufacturing business and transforming it into a profitable one in the face of odds. But Ashish Dandekar, third generation scion of the Camlin Group, which made school stationery products such as geometry box a household name, will be reckoned in the business world precisely for this bold initiative.

This 52-year old management graduate from Temple University carved out an independent identity for himself by distancing himself from the flagship family business, founded by his grandfather DP Dandekar along with his brother GP Dandekar in 1931.

Food anti-oxidant and ingredient producer Camlin Fine Sciences, promoted by Ashish, doubled its consolidated net profit to ₹55 crore on a turnover of ₹568 crore during the year-ended March 31, 2015. The company's net profit jumped to ₹55 crore from ₹7.1 crore during the four-year period between FY11 and FY15 with a compounded annual growth rate of 66.8%. Its market capitalisation rose 2.2 times in the past 12 months to ₹995 crore.

What makes his journey unique among third generation business peers is the brazen path he chose, littered as it was, with hurdles.

Ashish used a conventional strategy of creating forward and backward integration strategies to cut cost and emerge as the world's largest producer of tertiary butyl hydroquinone (TBHQ) and butylated hydroxyanisole (BHA)—antioxidants used to preserve food.

"My strategy focuses on cost leadership. Global leadership creates a comfort zone which leads to the dilution of focus on cost leadership," said Ashish who is also the managing director of Camlin Fine Sciences.

Ashish, son of Subhash Dandekar, had his share of failures before he smelt success. Ironically, those failures created situations that eventually created his opportunities. Not a good student at school, Ashish dropped out of science degree course from Mumbai's KC College, and then studied economics at Jai Hind College.

While his cousins stuck their neck out in Camlin, Ashish chose to pursue a management degree in Philadelphia. He returned to

India with a strong conviction to manage his own business. When he turned 27 in 1991, he took charge of the family-owned pharma company managed by his father and uncles. Ashish struggled for the first four years till he got to know the prospects of TBHQ. Global TBHQ industry, then, was dominated by Eastman Chemicals.

Camlin set up a plant at Tarapore in 1995-96. "I travelled across the world and replaced Eastman in many markets. Today, we control around half the global market," said Ashish. His company expanded into another anti-oxidant product BHA. As the turnover grew, Ashish acquired the stake of his cousins from the company via a demerger process in 2006. This was the time when his friend Nirmal Momaya and old Camlin executive Dattatraya R Puranaik came on board. "Ownership and management are different. Ashish does not wear the hat of an owner," said Momaya.

These additions to the senior management level helped him to broad-base the business, cut costs and become a global leader. Backward integration was the solution to scale up business. Camlin was looking for a facility to manufacture the intermediate hydroquinone. It came to know about Norwegian major Borregard putting its Italian facility on the block.

Camlin bought the company for \$2 million but inherited a loss-making catechol business. After two years, Camlin discovered a formula to manufacture Vanillin from catechol. Sales from Italian operations were ₹300 crore during the last financial year. Camlin will invest another ₹200 crore to set up a hydroquinone plant in India which will make it the world's second largest producer. Camlin Fine Science's headquarters in Mumbai's Andheri still radiates old-world charm. But executives from its Italian and Brazilian plants frequent the place, giving it the character of a multinational. This character without the size to compete with chemical giants such as Eastman can pose a serious threat. But Camlin Fine Science's underlying business philosophy could offer a way out: size does not matter as long as you are in control of your costs.

(With inputs from Ramkrishna Kashelkar)



ON HURDLES

Dandekar's journey is unique because the path he chose was littered with hurdles