

Interview with Amit Mehta, Managing Director, S. Amit & Co

31.05.2011

Tags: [S. Amit & Co](#)

India has experienced tremendous growth in its chemical and pharmaceutical industries. Being active for many years in the industry now, how have you seen the market evolving?

S. Amit has been particularly active in supplying chemicals to the pharmaceutical industry, so my experience mainly stems from this field. In terms of API manufacturing, Indian players have invested significantly in capacity, and have experienced tremendous volume growth. Apart from that, they have increasingly gained recognition having raised their standards and quality, as well as general compliance which has become very much in tune with the international needs.

Western countries recognize the growth story in India. The growth in the healthcare sector abroad and opportunities in the export generics market has also been growing rapidly. This is in addition to the domestic consumption growth story, which alone has already put some 200 to 300 million people into a higher income category over recent years significantly increasing the market potential in India. This, in combination with India's increasing presence on a global scale, has had a significant impact on the growth of the Indian API manufacturing sector.

This growth story has obviously also created opportunities for S. Amit. Can you elaborate on the company's performance in recent years, and highlight what your main growth drivers have been?

When S. Amit started 4 decades ago, the Indian API manufacturing was still at a very nascent stage, and we were lucky to have started so early. At that stage, we were there to provide

emerging companies such as Ranbaxy Laboratories and Dr. Reddy's Laboratories with intermediates sourced from our network of international supply partners. Synthetic and organic chemistry was not as developed as it is today. Initially, we were selling only 1 or 2 steps of chemistry on behalf of overseas manufacturers.

However, S. Amit's focus has always been to add value throughout the value chain. As local Indian producers started to emerge, backward integration started taking place in the production process, either within these companies or by supporting companies. When that happened, S. Amit went further up the value chain by providing 3 or 4 steps of chemistry including advanced intermediates and performance chemicals such as resolving agents, reducing agents, etc.

Over the past 15-20 years ago, many of the processes started shifting to China. One could argue that S. Amit has been one of the pioneers to source such products out of China. Initially, China was not yet as open as it is today and the mindset was only to supply cheap raw materials and often times the quality was inconsistent, making it challenging to do business. However, over the years, we have identified and established partnerships with manufacturers that offer a differentiating product or chemistry and recognize the importance of being sustainable and reliable supply sources.

Over the past decades having partnered with various global suppliers, we have gained expertise and a knowledge base of various chemistries such as borane chemistry, sulfur chemistry, phosphorus chemistry, etc. This has enhanced our knowledge base and deepened the relationships with our customers.

The majority of the Indian API manufacturers now have a tremendous opportunity to bring efficiency in their processes, something Indians are extremely good at. Since the volumes have become so significant now, the next type of differentiation should be based on innovation and the use of differentiating technologies. Additionally, we are focusing on ways to make the supply chain more seamless and cost effective with a greater thrust on local distribution.

To enhance your strong knowledge base, you also have your in-house engineers. How important is it to have these people within the company?

S. Amit is a pure marketing organization. Nevertheless, we have always chosen to differentiate ourselves by recruiting people with a manufacturing and technical background. This gives us a better perspective and understanding of the needs of our clients, the Indian manufacturers.

Before you start working with new principals, how do you assess them?

The basic thing we look to identify is what is the differentiating proposition offered by them. This can be in terms of a particular technology, synergy of raw materials, a unique asset base or experience. We also assess if there is a similar mindset for developing their product line keeping in

mind both short term objectives and long term goals.

Your customer base consists of both small as well as very large companies. How do you manage such a diverse set of customers?

While it can be challenging at first, to some extent it can also be turned into an advantage. Large companies need to rely on smaller players, and vice versa. They all require complementary manufacturing capacity, because it is impossible to have all expertise integrated within the same organization. Smaller niche players have their niche expertise. Working with such highly specialized players, helps us to integrate our knowledge base even better.

How challenging was it to build up your reputation to be able to work with some of the major players?

It is over many years that we have been able to demonstrate to the industry our consistent approach and our ability to innovate and differentiate compared to our peers. Building a reputation takes time, and there are no easy shortcuts.

Having been in the industry for roughly 4 decades, selling basic to fine chemicals, to intermediates and performance chemicals, we have gathered a knowledge base of chemistries, rather than only a product list. Our philosophy has always been to provide solutions to customers be it offering a superior quality product, working with sustainable suppliers, or improving yield, and reducing wastage by networking technologies thereby making our customer's process more cost effective.

Because we have been supplying raw materials and have this understanding of the performance part of the chemistry, we can also validate what our partners are doing. We thus help companies to validate, implement, monitor and sustain, depending on what their needs are.

Over time, S. Amit has grown into an umbrella Group of companies. To what extent have you been able to build synergies between these units?

The way the Group is structured today, is mainly because of historical reasons, and we are in fact in the process of consolidating some of our subsidiaries. We have 3 primary activities, which cover a full spectrum of services: representation of overseas manufacturers, distribution, and virtual manufacturing services. This allows our customers and suppliers to effectively extract value from the supply chain based on their needs and the market situation.

One of the latest activities undertaken is an investment in a UK-based company active in catalysis for synthetic organic chemistry. This company provides safer catalysts which are easy to handle in terms of processing, recycling and minimizing leaching of metals compared to conventional catalysts available in the market. While development will take place in the UK, the actual production will take place in India. Again, this is purely a performance part of chemistry, which

helps us to better provide value to our customers.

Does this mean that M&A is a path that you aim to pursue?

In the space we are active in, we will always look for opportunities that offer a synergistic value to any of our business verticals. We do not intend to enter the space of API manufacturing, but may manage production, and will certainly align with innovation to do what is required in that space to continually improve our value proposition to both our customers and our supply partners.

S. Amit already has a strong international reputation. How do you aim to grow this footprint over the coming years, and what are the key steps you will take to do so?

We will continue on our path of international expansion. If we find any good opportunities to create alliances, we will not hesitate to do so. Once we then have a better understanding of the market, we may additionally look for acquisitions opportunities to expand our international presence.

Do you have a final message you would like to share with our readers?

Companies looking for an integrated, innovative and sustainable supply chain partner in the chemical world, should think of S. Amit.

[See more interviews](#)