INDIAN FRAGRANCE & FLAVOUR INDUSTRY – A PERSPECTIVE

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FFDC WORK-SHOP - MUMBAI
PROFILE - DR G S RANADE

- Education: M Sc in Natural Products
- Doctor in Medical Herbalism.
- Worked over 40 years in F&F at Unilever, RHL/P&G, BBA/IFF.
- Retired as Director Perfumery, International Region – BBA/IFF.
- Now Consultant to selected F&F Industries including FFDC/BIS.
1) Historically India is the home of perfumery.
2) We lost this heritage due to secrecy.
3) The progress became stagnant.
4) Govt considered this as Luxury industry.
5) Loaded with prohibitive taxes and duties.
6) After 1992 liberalisation industry grew.
7) In the last 20 years it progressed well.
The effect of this progress on Indian Aroma Industry is felt after western experiments and experiences. In Indian Aroma Industry however, this change is definite and will spread at a much larger markets than the west because of sheer market size and growth.

One of the effect of western influence is the enhanced use in Soaps, Cosmetics & Personal perfumes.
NATURE AND SCOPE OF F & F INDUSTRY

- It is estimated that the total global market size of F & F and allied industry is of the order of USD 20 billions (Rs. 100,000 Crores). Indian share is about 10 % of the globe, which is USD 2000 Millions (Rs. 10000 Crores).
- Indian population is however is 17.8% of the globe which indicates potential growth. This can be represented in the next slides.
INDIA – MARKET SHARE

Market Share
- India: 90%
- Rest of the World: 10%

Population
- India: 17.80%
- Rest of the World: 82.20%
BREAK UP OF INDIAN F & F INDUSTRY

- Fragrances: Rs. 3000 Crores
- Flavours: Rs. 2250 Crores
- Aroma chemicals: Rs. 2800 Crores
- Essential oils: Rs. 1950 Crores
The fragrance turnover is arrived at based on the data available from various sources.

- Soaps and detergents: Rs 950 Crores
- Cosmetics and toiletries: Rs 400 Crores
- Household products: Rs 200 Crores
- Traditional products: Rs 1450 Crores (This will drastically reduce due to Govt ban)
• It is estimated that 35 % of the global population uses 65 % of Fragranced Products.

This is almost Saturated Market.

• Remaining 65 % of the global population uses 35 % of the Fragranced Products.

Here lies the Future of Fragrance Business in Developing and Underdeveloped countries
With this Background let us discuss the future of Aroma Technology in India

With reference to:

- Fragrance Creation
- Essential oils & Isolates
- Technical application
- Regulatory/Environmental
- Economics
FRAGRANCE CREATION

- Expanded availability of highly scented body-care, bath-care and shower-gels have reduced the sales of fine fragrances. Women can experience fragrance while using these products. Now men's toiletries market is growing much faster to compete with women's cosmetics. 
- This trend is new in Indian Markets.
- Natural Essential oils & Natural Extracts have become a USP via Aromatherapeutic additive.
FRAGRANCE CREATION

- Classical Fragrances will continue to stay. New creations will be the modification in the same odour category but using RCO Essential oils.

New launches in Women Fragrances, every couple of years will become necessary to maintain the growth. Existing fragrances would become slow-moving/obsolete forcing the need for new launches in line with fashion with the story of Naturals.
FRAGRANCE CREATION

- New launches are becoming very expensive hence the trend would be to twist the top notes of established Fragrances and re-engineer them.
- In functional fragrances the growth would be moderated by continued interest in fragrance-free or unscented products.

(chemical-allergy phobia)
FRAGRANCE CREATION

- India will not face similar situation in the near future as no original fine fragrance market exists.

- It may happen to a few elite consumers who will fulfil their needs by imports.

In mass-market however traditional attars will continue but with western top-notes.
## COSTS OF FRAGRANCE INGREDIENTS (RS./KG)

<table>
<thead>
<tr>
<th>Ingredient</th>
<th>1970</th>
<th>1990</th>
<th>2014</th>
</tr>
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<tbody>
<tr>
<td>Geraniol</td>
<td>500</td>
<td>600</td>
<td>800</td>
</tr>
<tr>
<td>PEA</td>
<td>120</td>
<td>200</td>
<td>450</td>
</tr>
<tr>
<td>Sandal oil</td>
<td>650</td>
<td>6000</td>
<td>80000</td>
</tr>
<tr>
<td>Lemon grass</td>
<td>45</td>
<td>200</td>
<td>600</td>
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</tbody>
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USE OF ESSENTIAL OILS

- The use of natural essential oils in perfumes will reduce substantially due to cost of the oil.
- However genuine natural oils will be needed for Aromatherapy products.
- This is because of efficacy of Natural oil.
- One of the ways to make essential oils available at affordable cost is to go for coop agriculture or invent high yielding variety.
- Egyptian Jasmin has half the cost of Ind.Jas.
## COST OF ESSENTIAL OILS IN RS/KG

<table>
<thead>
<tr>
<th></th>
<th>1970</th>
<th>1990</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lavender</td>
<td>600</td>
<td>1500</td>
<td>4500</td>
</tr>
<tr>
<td>Geranium</td>
<td>800</td>
<td>2000</td>
<td>6000</td>
</tr>
<tr>
<td>Rose otto</td>
<td>20,000</td>
<td>60000</td>
<td>5 lac</td>
</tr>
</tbody>
</table>
COSTS OF FRAGRANCE - LEVIES

- Import duties have dropped considerably in the last 30 years.
  - In 1970 duties were 150 to 200%
  - In 1990 these were 60 to 100%
  - In 2006 these are 25 to 30%
  - In 2014 duties are < 10%
- Imported oils are finding more use in India.
COSTS OF FRAGRANCE

• In the near future import duties may be nominal which will create level field and will give rise to competition with global players. Pressure on Costs.

• Need Technology of Reformulations.

• Compliance with global regulatory norms & quality, Indian F&F industry would definitely compete successfully.
RESOURCES IN INDIA

• Potential for Traditional market in India like Agarbathi, Chewing Tobacco, Pan Masala and other masticatories was huge, even bigger than Soap & Detergents. Because of Govt bans Fragrance/Flavours used in Tobacco will come down substantially and become very expensive. There are over 500 SMEs struggling for survive.

• All that we need to do is to standardise Essential oils & fragrances and make regulatory compliant products.

Export for these products are also decreasing..
There are many exotic plants with new odours which have not been studied systematically. Some of them are:

- Sona Champa: flower of Paradise
- Parijat: Wish of grand Tree
- Mitti: The fragrance of the earth.
- Bakul: Indian garland flower.
- Keora: Indian Flower King
- Mogra: moon light of the ground
- Hina: India's Mystery perfume
- Lotus: essence of Perfection
- Gulhina: Fragrance of Paradise
- Ruh Khus: oil of Tranquility.
RESOURCES

- These are very popular odours in addition to Sandalwood, Patchouli, Chameli, Nagarmotha, Valerian, Marigold etc.
- These odours are novel and unique and perhaps new to the world.
- We should analyse these oils, identify active odour molecule and synthesise.
- It would be unique Indian speciality.
- It is high time we should spend a lot on R&D of this type in our F&F industry.
R&D IN INDIAN INDUSTRY

• We must spend time, money and our scientific manpower to isolate and synthesize molecules present in our unique natural oils mentioned in the previous slides. This will enable us to offer new unique oriental odours to global F&F industry. This should be our priority for Future cutting edge-technology.
FUTURE OF FRAGRANCES – SURVEY

- We should study likes and dislikes of odours and their preferences in India, region wise and develop products suitable for that region. The success of our Regional SMEs is that they know their regional preferences well.
- To push global brands, MNCs need to heavily advertise on national medias which SMEs cannot afford. SMEs definitely can try niche markets. “Fragrance Map of India” shows odour preferences/familiarity of the regions.
FRAGRANCE MAP OF INDIA

- Mint
- Piny-woody
- Tagetes
- Flowery Rose
- Lavender
- Geranium
- Khus
- Floral, woody
- Parijat
- Champaka
- Frangipani
- Rosemary
- Lemongrass
- Sandal
- Jasmine
- Tuberose
- Herbal Spice
- Marigold
- Dry Rose
- Patchouli
- Woody
- Spicy
- Oud
- Patchouli Floral
- Floral
- Lemon
- Orange
- Heena
- Bela, Rose
- Mint
- Keora
- Herbal
- Lemon
- Spicy
- Floral
- Mint
CONCLUSION

- India's future is highly fragrant and vibrant.
- We should use our strengths in R&D.
- We need to follow International norms to offer safe and standardised F&F to our traditional products.
- We will be then able to expand and export our “Heritage” fragrances.
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