

## Jewels of India: Rajjubhai Shroff



### Rajjubhai Shroff: The Story of a Visionary Par Excellence

About 4-5 decades back, when Indian entrepreneurship was taking baby steps, Rajjubhai Shroff, a visionary and farsighted businessman forayed into chemical field with a meager capital. Set up on a capital of Rs 4 lacs, his company United Phosphorous Limited today boasts of a turnover that touches 9000 crores. With factories in as many as 30 countries and corporate presence in 60 countries, UPL is one of the leading pesticide companies in the world.

This rare success saga introduces us to the man behind this phenomenal success, whose abiding mantra is to keep doing something new and different.

**- By Devanshu Desai**

Back in 1970-77, when the Indian industrial sector was yet taking baby steps, the only cars seen running on decrepit roads were fiats and ambassadors. That was the time when TV-fridge were regarded as symbols of affluence and people used match box to light a biri or stove. Those days Swedish company Vimco's match box was quite popular, selling like hot cakes. The tip of the match stick bore red inflammable substance called red phosphorous that ignited the stick.

Around more or less the same time, a company that was set up near Vapi GIDC with a capital of 4 lacs and a team of 20-26 employees had started making red phosphorous. When they came to know about it, the Vimco management wrote to the government that for making red phosphorous you need minimum 4 crores, besides an adequate know how of chemical industry. There must be something fishy if anyone claimed about making the substance without these conditions being met.

Not only did the foreign company deride the Vapi-based desi company's genuine efforts, it also put a scare among the Delhi mandarins. It all happened four decades ago. As a consequence, soon a team from Director General of Technical Development (DGTD) and National Research and Development Corporation (NRDC) descended on a small town like Vapi. After carrying a minute investigation of the plant, they sent a report back to Delhi: This plant is safe and its project perfect.

Exactly a year after this incident, on 26 January to be precise, Indian government awarded the company the President shield for Research & Development. In the history of the Small scale industry of India, such an award was the first of its kind.

The company we are talking about is Vapi-based world renowned United Phosphorous Limited (UPL) and the man who owns it is the visionary Gujarati industrialist Rajjubhai Shroff.

Doing something new and treading the least travelled path to be different has become Rajjubhai's mantra of life. The company that was born out of the idea of giving something new to the society has today grown into a banyan tree with its branches having spread across the five continents of the world.

Despite having traversed a successful journey from bottom to the top, Rajjubhai's enthusiasm has not waned a bit. On the contrary, in the past 15 years his company has been making giant leaps outside India. It has become a kind of his craze to take over new companies, one every 6-12 months.

Having companies in as many as 30 countries in the world and corporate presence in over 70 countries, the UPL's chairman-cum-managing director

Rajjubhai's enterprising temperament has led the 4-lac company to the 9000 crore company. Though there are many who slog to gain money and success, Rajjubhai belongs to a rare breed of entrepreneurs who create their empires on strength of their innovative thoughts and pro-research vision. His success saga is worth knowing for the young aspirants.

Talking to Chitrlekha in his bungalow overlooking the Juhu sea beach on a leisurely Sunday, Rajjubhai shares that his Shroff family has been in the textile business since pre-Independence days. Following the great recession in the thirties, his father Devidasbhai and uncle Chanprajbhai started manufacturing pain balm, hair oil and marketing them door to door. When the Second World War started, market faced acute shortage of chemicals.

'My father-uncle started a small chemical factory from a Jogeshwari-based buffalo-shed. I would visit the place while going to or coming from school. It was as though the seeds of chemistry, so to say, were sown in me. Having done my B Sc from Khalsa College, I joined the R & D department of our Jogeshwari factory. Meantime, we made mercuric chloride, used in battery dry cells, in our own way. It was used heavily in Europe but in India chemical industry was still in its nascent stage. Therefore in 1956 the Shroff family took a decision to set up a factory in England. They founded Excel company in London. When Rajjubhai ran the company successfully for two years, their British rival made an offer to give them for ten years the profit they made in the two years.

Having successfully beaten the foreign company, Rajjubhai journeyed to France, Germany, Italy, Australia, Bulgaria, Turkey, Afghanistan and Pakistan for three months before returning.

Next to his company in London, there was an English company D H Ewans that made Coppersmith products. Having befriended the daughter of the British owner of this company, Rajjubhai continued correspondence with Sandra Ewans for one and a half year even after returning to India. Eventually, in 1960, Sandra who had come to Mumbai ended up becoming Sandra Shroff from Sandra Ewans. Having command over Gujarati, Hindi, Marathi, Kutchi besides English, Sandra works hand in hand with her husband.

After coming back from England, Rajjubhai joined the Mumbai factory and worked for 7-8 years. Essentially, he looked after the R & D department of the company. Those days it was slyly insinuated that some chemicals could not be made in India, Indians just could not make these chemicals. Rajjubhai was determined to burst this myth.

This strong will led to his experimenting away in his Mumbai plant. 'I was using various chemicals to make cheap red phosphorous. One day there was even an explosion and this led my uncle to ask me to stop making this item. But somehow I was not prepared to give in'

A few months after this incident, Rajjubhai resolved to make affordable red phosphorous come what may. He told his elders in the family: The GIDC is coming up in Vapi and I want to start a new factory there. Give me your approval.' They said, 'ok you may start it but come back when your money gets blown.' The family seniors did not have faith in Rajjubhai's adventure, but Rajjubhia adhered to his own conviction.

Rajjubhai admits that initially the Vapi days were full of struggle. There were no rickshaws or taxi and though Vapi GIDC was constructed, there were some basic issues like lack of amenities like electricity, telephone, water etc. Today, by road you can reach Vapi from Mumbai in two hours flat, but those days, thanks to the pathetic condition of the highways, it would take 6-7 hours. But despite all these hurdles, Rajjubhai trained nearly 25 employees and set up the plant to manufacture phosphorous. And this is how United Phosphorous came into being.

Rajjubhai confesses that this success is not his alone. His wife too has made a substantial contribution. 'After starting the factory, I went to Japan the very next year. My wife would visit Vapi from Mumbai every week. Those days even if you needed a good screwdriver, you had to fetch it from Mumbai. Sandra who has looked various responsibilities ranging from the company's garden to its purchase department, has become an inseparable part of the organization.

Though the company makes 95 percent pesticides, it also makes specialty chemicals.

Was he confident that the company would reach the turnover of 9000 crores?

In response, Rajjubhai says that when he went to Howard to do a course on small company management, the company's turnover was 9 crores. After completion of the course, when they made a projection for the next 25 years, their estimate was that the turnover would be around 25-30 crores. In 1984 the company became public limited and by 1992, its growth multiplied, thanks to liberalization.

Any mantra for this growth?

In response, Rajjubhai elucidates the policy that he treats as his mantra.

First, while planning for future, anticipate what will be in demand and secondly, whatever product you make, keep making other products from this product only. This is what is called forward and backward integration. In other words, your finished product becomes your raw material for making new products. When yellow and red phosphorous had to be imported at high cost, they made these two products at affordable rates and ruled the market. One or two items were made at such low costs that the foreign units that made these products had to down their shutters. The right balance of knowledge and effort played a significant role in the success of UPL.

Talking about acquisition of foreign companies, Rajjubhai shares that in 1994, a British chemical company was closing down for want of funds. They decided to turn around this company on strength of their experience and technology. They had to make frequent visits to Reserve Bank for necessary permission, but it did not deter them. Finally, theirs turned out to be only company in chemical field to have acquired a foreign company and completely turned it around.

This proved to be a test case for them, as later his two sons aided by his experienced team went on an acquisition spree. They bought sick units in Holland, France, Italy, Spain, Argentina, Brazil, Vietnam, America and turned them around successfully.

Of course, before foraying into overseas markets, the UPL set up their factories in Ankaleswar, Zagadia, Hallol, Jammu and Haldia.

The UPL's pesticides had their share of controversies as well. But Rajjubhai defends it by saying that with rise in population you need food every morning and evening and this necessitates abundant growing, which cannot be made possible without use of pesticides. In foreign countries, these pesticides are used for years and if there were as harmful as made out to be, they would have been down with diseases. Rather they all lead a healthy life. He states that a myth that pesticides cause disease is systematically spread for decades.

The UPL company has bought a thousand acre seed farm company in Argentina, Australia, where research cum process is carried on hybrid seed. Recently they have made a seed farm at Hyderabad. Explaining the rationale, Rajjubahi says that you may make pesticides but your yield depends on good seeds. This led us to acquire huge seed making companies in Argentina, Thailand and also bought the largest seed making (five thousand acre) seed company in Australia, where research on maize, sunflowers is done to get better seed. Recently the company has grown a new kind of grass called neutrifeed which has enhanced the quantity of milk of cows and buffaloes. 'Our farmers call it makkhan grass. Sowing the

seeds of this grass, you get the grass in fewer days and when our cattle graze this grass, the quantity of their milk gets enhanced as a result.

Close to highway is a Jai Research Center in Vapi. Rajjubhai says that when they started the factory, the farmers in the area had little knowledge about farming. So they imparted them the knowledge of farming and what care needed to be taken to minimize the harm of pesticides. Today, this is considered the best institute in Asia where foreign scientists come for study. It has a branch each in America and England. UPL's one more enterprise is Unifos Envirotronic that makes equipment to detect the extent of pollution in air. The breath analyzers used by police were first made by Unifos Envirotronic.

Be it pesticide or chemical or hybrid seed or equipment to check air pollution, this is the story of a Gujarati industrialist who insists on doing something new and different. Always

### **Rajjubhai Shroff Unplugged**

Rajjubhai's family comprises his wife Sandra and his two married sons Jai and Vikram. While elder son Jai looks after the company's international affairs, Vikram takes care of company's system and internal management

The always-positive Rajjubhai's life mantra is: keep doing work and crib less

Rajjubhai believes that the company took giant strides only after his two sons joined the factory. In short, trust your children and let them take risks. They will surely get success.

Avoid ranting in case of problems in day to day life. Crises will gradually go away on their own. Do not grumble over non-issues

For employees, Sandra Shroff started the scheme of unlimited food at /75 paise way back in 1971. Today it is .85 paise. Officers and workers get same food. Members of Shroff family take their meals at canteen when they go to Vapi.