

# Mangalam Organics Limited: making camphor grow innovatively

Sapna Malya and Renuka Kamath

It was December 2021, and the chief strategy officer (CSO) of Mangalam Organics Limited (MOL) [5], Akshay Dujodwala, along with the chairman, Kamal Dujodwala, and the managing director, Pankaj Dujodwala were in a contemplative mood at their office in Mumbai, India. After a debilitating fire in their synthetic resin manufacturing unit at Khopoli (in the state of Maharashtra) in 2015, the company had gone through a lot. They had managed to resurrect MOL by increasing sales and reducing costs. Akshay played a key role in steering MOL through its rough patch when their main product, camphor powder, was not doing well due to pricing issues and a competitive market. Camphor, a white, waxy terpenoid with a strong aroma, was an organic product made from the extract of pine trees. It was mainly a commodity business with no pricing power when MOL supplied it in bulk to tableters [6]. With Akshay's initiative in launching their consumer brands, Mangalam, CamPure and Cam+, MOL entered consumer markets for mosquito repellants, air fresheners and the pain relief category with pain balms and nasal inhalers.

After COVID-19 suddenly hit the world, camphor unexpectedly found an interesting niche in the immunity category, and business had grown. However, Akshay was apprehensive as camphor still had limited and specific use for the end consumer. It was vital for MOL to strategize the next path for long-term growth and sustainability. He was faced with three options that had different implications. First, he could continue focusing on retailing their brand CamPure. The second option was to start Pooja Sangam stores exclusively for Puja [7] items, and the third option was to concentrate on building their existing business-to-business (B2B) [8] business of camphor powder. Akshay was aware MOL was at a juncture in its growth where he would need to quickly decide the best option.

## Mangalam Organics Limited

The company (then known as Allied Colloids Private Limited) doing business in rosin and turpentine, was incorporated in 1981. Later, when it was converted to a public limited company, the name changed to Allied Colloids Limited. In February 1993, the name was changed again to Dujodwala Product Limited. The company went for an IPO [9] and was listed on the Bombay Stock Exchange in 1994. Finally, in 2014, the Company's name yet again changed to Mangalam [10] Organics Limited with an aim to move away from the family name and build a perception of a professional company (Exhibit 1). Akshay, back after completing his Master of Business Administration from University of Warwick (UK) became the CSO of the company.

## *Entering the consumer market and managing an unexpected turn*

Increasing competition in the camphor powder market lowered the prices of camphor, thus drastically reducing the margins of the manufacturers. Chinese companies were also

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dumping their products in the global markets, including India. leveraging their advantage of abundant and cheap availability of raw materials. In contrast, Indian manufacturers had to import the principal raw material. To capture market share, tableters began reducing the price of camphor tablets by adulterating camphor. They would add substances like talcum powder, starch, dyes, chemical additives and bulking agents, increasing the weight. Akshay observed the markets flood with low-quality camphor tablets, which the consumers were unaware of. Due to the adulteration in camphor, lethal gases were emitted while burning this chemical camphor, leading to breathing problems and associated diseases. Consequently, many temples in Southern India banned the burning of camphor in the temple premises [11], thereby reducing demand and putting further pressure on the revenues from camphor. Thus, due to these pressures, Akshay watched the business get hit on the supply as well as the demand side.

That is when Akshay, in a major move in 2013, led the company toward consumer brands and entered retail stores with their first business-to-customer (B2C) [12] brand, “Mangalam” camphor tablets, positioned as “Pure camphor” for religious uses in homes. To enable wide placement of Mangalam camphor tablets in retail stores, they strengthened their distributor [13] network in the General Trade [14]. The year 2014 saw them beginning to pursue contract manufacturing and private labeling for multiple Modern Trade [15] partners, such as Dmart and Reliance. With a turnover of US\$44m in 2014–2015, 90% of MOL’s total turnover was from camphor and its by-products. The remaining 10% was from synthetic resins, largely used in the adhesives, rubber and tire industries. These products were manufactured in their production units located at Kumbhivali Village, Raigad, Maharashtra. By October 2015, Mangalam was producing four categories of products – rosin-based resins, terpene phenolic resins, alkyl phenolic resins and paraformaldehyde resins with varying gross margins and effluent waste (Exhibit 2).

However, in an unexpected and unfortunate fire in October 2015, five reactors used for production were burnt to ashes, thus reducing the production capacity from seven reactors to two. MOL, which used to produce approximately 400 tons of resins per month, brought it down to about 100 tons. To sustain business, it was important for MOL to produce products with the highest margin and focus on reducing costs. They decided to discontinue paraformaldehyde resin, as it yielded the least margin. After thoroughly examining their operating expenses, Akshay and his family realized that they could proactively reduce certain costs and plug wastages. They started using better quality coal, which was expensive but helped reduce coal consumption by one-third, saving INR 5m monthly [16]. Energy-efficient motors were installed to reduce energy costs. With persistent effort, the power supply problem was resolved with the electricity board, leading to a reduction in diesel expenses and an improvement in the performance of the equipment. Equipment was installed to trap steam generated from the production units and use it efficiently. Mangalam now showed signs of a comeback.

### *Things lookup*

Due to the measures taken by the Dujodwalas, MOL could achieve a sales turnover of US \$25m during the FY 2015–2016 in spite of the fire in their production unit. By then, the Chinese Government also came down hard on issues related to pollution in their country, and therefore, many companies in China had to stop production of camphor. This eased the pressure on the Indian manufacturers, who could freely price their products. Moreover, Mangalam camphor tablets began to be widely preferred for religious use. Since it was made from natural oleo pine resin obtained from the pine tree, it left no residue when burnt, giving a sense of complete purity to the religious devotee. It presented an exciting retail opportunity to forward-integrate and diversify in the B2C market. Since his business had recovered, Dujodwala began toying with the idea of entering the consumer market with further innovations. He conceptualized categories such as mosquito repellants and air

fresheners using camphor. This market had big players such as Godrej Consumer Products Limited, Dabur and Proctor & Gamble, with many popular brands such as Good Knight, Hit, Odomos and Ambipur. The air freshener market was expected to grow at a cumulative annual growth rate of 7.22% [17]. At the same time, mosquito repellent showed growth of 7% [18]. Thus, in 2017, MOL registered two brands – “CamPure” (innovative home care product forms based on camphor, such as camphor cone, camphor sticks and camphor air purifier) and “Cam+” (health-care products based on camphor, such as pain relief spray, pain balm and nasal inhaler). The CamPure brand was positioned as an organic and chemical-free freshener to create a pull. MOL gave higher margins to retailers, as they priced their products higher than traditional air fresheners and retained lesser margins for themselves. This increased the visibility of MOL brands. Dujodwala registered and secured Intellectual Property for the unique cone design (an air freshener that was in the form of a cone and could be conveniently hung in rooms, cupboards or wherever fragrance was required) of CamPure.

MOL, which had been producing camphor powder sold to tableters on a per kg basis (a B2B business), now with “CamPure” and “Cam+,” generated revenue at a rate per unit piece (a B2C category). Dujodwala recognized that from bulk product sales to a niche retail brand sale was a big leap for MOL. He wanted MOL to increase market share in the branded business of Mangalam and CamPure, while building the traditional B2B business of manufacturing camphor powder.

### Camphor and MOL’s competitors

Camphor was an organic product in powder form made from an extract of a pine tree. Its property of aromatic fragrance and sublimation at room temperature found many uses. Camphor was produced in two ways – natural and synthetic (Exhibit 3 for further details on camphor). Commonly, camphor tablets were used to ignite lights during Pujas. However, another intriguing new application of camphor was aromatherapy. Instead of being burned, it was simply heated. This produced a calming, relaxing and reviving fragrance that evoked favorable feelings in the brain. It could be combined with castor and almond oil or added to coconut oil. The combination of being an organic product, having a natural pleasing aroma and having therapeutic characteristics made camphor-themed skin care products popular. One of the active chemicals in analgesic heat rubs was camphor, as it helped lessen pain and swelling. Camphor-based hand sanitizers and hand washes hit the market during the pandemic, but consumer knowledge of these products and their unique advantages was rather low. Globally, the camphor market size was forecasted to grow to around \$500m by 2025 (a cumulative annual growth rate of 5.5% during 2020–2025) due to the growing uses of camphor across various applications owing to its antibacterial, antifungal and anti-inflammatory properties [19]. In addition, it was anticipated that the rising disposable income and growing use of camphor tablets in religious rituals in the Asia-Pacific region would further drive market growth.

In 2021, there were four well-known and established camphor manufacturers, including MOL. Together, they manufactured approximately 15,000 tons of camphor powder in the country and sold it to approximately 2000 tableters nationwide. In addition, approximately 3,000 tons were imported from China to fulfill the demand in the country. MOL’s competitors were:

*Kanchi Karpooram Limited* [20]: The Company was South India’s first & largest producer of a variety of Terpene & Paper chemicals. Incorporated in the year 1992, Kanchi Karpooram Limited manufactured camphor and its derivatives, gum rosin, value-added resins and fortified rosin. Over the years, they had expanded their product range to serve a variety of industries such as tires, paint, paper, food, pharma, rubber and a number of international traders who dealt with a variety of industries

*Oriental Aromatics (erstwhile Camphor & Allied Products)* [21]: Established in 1955, they were the first manufacturers of camphor in India using DuPont Technology. With their customers located all over the world, they had gained a strong foothold in North America, Europe and the Middle East. They were one of the few fully integrated flavor, fragrance and aroma chemical manufacturing companies worldwide.

*Saptagir Camphor Private Limited* [22]: Saptagir Camphor Private Limited was established in Hyderabad, India. It started its commercial production of camphor in 1990 and, by 2014, was recognized as a preferred partner for global flavor and fragrance companies.

### COVID-19 boosts sales

As they were slowly getting out of the lull trying to grow and expand their B2C business, the COVID-19 pandemic hit in March 2020. Dujodwala had to pull the reins as all businesses came to a standstill with the country going into lockdown. MOL was also affected by this for about a month. However, they were fortunate to get an exemption from the lockdown due to the usage of camphor in various industries and being declared as an “Essential Service.” They could start the business by May 2020. Due to lockdown in almost all parts of the world, Chinese raw materials were not allowed to enter the Indian borders. As a result, the tableters began demanding more camphor powder from MOL. Furthermore, the lockdown saw work from home, schooling at home, a severe short supply of materials and a general rise in distress among people. There was a shift toward organic products that could cleanse the environment. Uncertainty and being home-bound for a long period of time resulted in an increase in the time spent on worshipping. This led to an increase in the consumption of camphor tablets. The benefits of pure camphor also added to the demand for Mangalam. They used television commercials (see case [Exhibit 4](#)) to educate consumers on how burning pure camphor leaves no residue and helps create an environment of peace and sublimity. Dujodwala and his team invested in an advertising media plan to ensure consumers were educated on the benefits of camphor and its purity.

Despite the lockdown in the country, MOL continued its expansion into new modern trade accounts such as Metro and Wellness Forever, and entered new states like Gujarat and Madhya Pradesh [23] through General Trade. MOL strengthened its quality and range of products like soap and hand wash to cater to a wider category of consumers with different applications (see case [Exhibit 5](#)). MOL’s revenues increased due to rising sales volume and higher selling prices. Gross margins increased significantly. While the company improved its financial position, Dujodwala was worried. Retailing was a tough business requiring constant brand-building with consumers and retailers. Already the company had spent around INR 20m (included as other expenses in the profit and loss statement) for brand building of CamPure and advertising of their products with the main focus only in Maharashtra, the state of their operation. On the other hand, the B2B business of camphor was a low-margin business. How could they maintain the momentum even after the COVID-19 pandemic?

### Next course of action – choosing alternatives to growth

By December 2021, MOL expanded its distribution of Mangalam and CamPure brands by also tapping into the e-commerce market with platforms such as Amazon and Flipkart. While these brands were increasing their retail presence, Dujodwala took the tough decision to withdraw its Cam+ brand. All of Cam+ products were healthcare products, and they found consumers were slow in switching to a new brand in this category. Extensive marketing efforts and further investments would be required to promote Cam+ aggressively, which Dujodwala felt MOL could not afford. Dujodwala was happy with the way MOL was growing ([Exhibit 6](#)). He studied MOL’s product portfolio and their percentage contribution ([Exhibit 7](#)). A question lingered on his mind – with the limited use of camphor,

what could be the options for growing and sustaining MOL's business? It was still camphor, after all.

Dujodwala was excited about promoting and growing the CamPure brand he had launched. The offline distribution had grown over the years ([Exhibit 8](#)) and formed approximately 3% of the total revenue in 2021. He was satisfied with the estimated year-on-year growth of 7.5% of revenue for the company for the next three years. His dream was to see CamPure as a preferred brand in many Indian households. However, this was a highly competitive space and would require considerable branding and advertising spend, almost to the extent of INR 50m over three years (he estimated 20 million for the first 2 years and the balance in the third year). It would also involve high selling expenses, including sales salaries, traveling, and incentives, which would easily be around INR 112.5m per year. Moreover, the barriers to entry to this market were low, leaving CamPure vulnerable to more competition, even from local players. But even with all these concerns, Dujodwala could not abandon his dream to build a trusted and loved consumer brand.

The second option, on the other hand, was MOL's traditional business of camphor powder and aroma chemicals which had a good standing. He knew his family would want to fully concentrate on their traditional line of business, which had a network of tableters to cater to and currently was 90% of their B2B business. In his assessment, this business had a growth potential of approximately 6%, which could be achieved without additional resources and investment. However, the gross profit in this business would be slightly lesser, i.e. about 25% (compared to the other options where it would be 35%). Dujodwala was not enthusiastic about this highly commoditized business, where the power to vary customer prices was limited.

While contemplating these two options, he suddenly recollected his Dad sharing his dream of a unique idea of an exclusive Puja store. He clearly recalled his Dad's statement, "Why can't we have a one-stop shop for Puja items called Pooja Sangam [\[24\]](#)? Consumers struggle to get various items of worship from different stores, especially in pursuit of quality. A one-stop shop would be very convenient for many homes in India." Dujodwala had been simply amazed at the potential of this idea. He immediately started listing all products related to worship that could be stocked in this store – Dhoop, Hawan [\[25\]](#) essentials, Puja vessels, frames, idols, garlands and decorations. Because camphor and Puja items were associated with religious and cultural practices in India, it seemed like a huge opportunity to tap into this market. These items formed an integral role in religious ceremonies and rituals. Consumers preferred products considered authentic and of high quality, as these were perceived as essential during various ceremonies and festivals. The key benefit would be the convenience of obtaining all Puja items under one roof.

Even though Dujodwala was aware it was a reasonable investment, he certainly wanted to explore this idea. This would be a first-of-its-kind store. No such stores catered to the "Puja needs" of consumers, which appealed to him. So, he quickly got down to making a list of expenses that would be exclusively incurred for the Puja store. Renting a space for the store would be a major cost to start with, which could be approximately INR 1.5m for the first year. In addition, there would be an incremental increase in rent each year by 10%. They would also need to do the store interiors, a one-time expense costing approximately INR 1.5m per store. Pooja Sangam had the potential to generate a gross margin as high as 50%. Nevertheless, he was concerned that there would have to be resources deployed from their head office to manage this store, which would also incur a cost of around INR 1m per month. He realized three people would be required at the store to manage the day-to-day activities [\[26\]](#).

He appointed a leading retail consulting firm to get an approximate idea of the sales figures. They estimated an average sale of INR 30,000 per day (25 days a month) to start within the first year, which would probably increase by 10% in the second and 12% from the third year

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onwards. To cater to this increasing demand, they could increase one store every year. MOL would have to build awareness of each Pooja Sangam as a unique one-stop shop. The marketing campaign would be far less than promoting the CamPure brand in the retail chains. It would still cost them around INR 0.5m per annum per store. “Oh, in all this, how can we forget the inventory carrying cost (at each Pooja Sangam) for 2 months @ 12% p.a. and in the case of CamPure receivable carrying cost for 15 days at the same rate?” thought Dujodwala. He was both pleased with the way it was turning out and apprehensive about the risks.

All these options were playing on Dujodwala’s mind. He was conscious MOL had gone through a lot in the past few years. There was an urgent need for him to choose between the options that would be financially feasible and yet give him an edge over others. Which path of growth should he choose?

## Notes

1. *Tableters – people who are involved in the business of converting powder or granular materials into solid tablets or pills, often for pharmaceutical or nutritional purposes.*
2. *Puja – the Hindi word for the act of worship.*
3. *B2C – the process of businesses selling products and services directly to consumers.*
4. *B2B – Business-to-business is when a business or transaction is conducted between one business entity and another, like a distributor or a retailer or a tableter (in the case of MOL).*
5. *CamPure Products, Buy Camphor Products Online in India. (n.d.). House of Mangalam. <https://houseofmangalam.com>*
6. *Tableters – people involved in converting powder or granular materials into solid tablets or pills, often for pharmaceutical or nutritional purposes.*
7. *Puja – the Hindi (National language of India) word for the act of worship. An alternate spelling was also Pooja.*
8. *B2B – Business-to-business is when a business or transaction is conducted between one business entity and another, like a distributor or a retailer or a tableter (in the case of MOL).*
9. *IPO – An initial public offer (IPO) is the first sale of shares to the public by a privately owned company.*
10. *Means “All auspicious”.*
11. *Ramakrishnan, T. (2016, April 6). Ban on camphor use in temples to be strictly enforced. The Hindu. <https://www.thehindu.com/news/national/tamil-nadu/ban-on-camphor-use-in-temples-to-be-strictly-enforced/article6664603.ece>*
12. *B2C and FMCG – the process of businesses selling products and services directly to consumers and fast moving consumer goods.*
13. *Distributor – an agent who supplies goods to retailers.*
14. *General trade – refers to the traditional trade of goods between businesses and consumers in the open market, e.g. mom-and-pop stores.*
15. *Modern trade – refers to a specific segment of the retail industry that is formal and organized, e.g. supermarkets, hypermarkets, department stores, convenience stores and retail chains.*
16. *INR – Indian Rupees (INR 73.20 as on year end 2021).*
17. *Yahoo is part of the Yahoo family of brands. (n.d.). <https://finance.yahoo.com/news/air-freshener-market-size-india-233000695.html>*
18. *Yahoo is part of the Yahoo family of brands. (n.d.). <https://finance.yahoo.com/news/latest-global-mosquito-repellent-market-191600799.html>*
19. *Camphor Market - Forecast(2024 - 2030). (n.d.). IndustryARC. <https://www.industryarc.com/Report/15672/camphor-market.html>*
20. *About Us|Kanchi Karpooram Limited. (n.d.). <https://www.kanchikarpooram.com/about-us.php>*
21. *About Oriental Aromatics - Origin, History and milestones of Oriental Aromatics. (n.d.). Oriental Aromatics. <http://www.orientalaromatics.com/origin.php>*

22. *Saptagir Camphor Private Limited. (n.d.). <https://www.sclgroup.in/>*
23. *Madhya Pradesh is a large state in central India.*
24. *Pooja Sangam – Pooja Sangam meant a place for all things related to Puja (worship).*
25. *Hawan – a fire ritual performed on special occasions by a Hindu priest.*
26. *Approximate minimum salary for each person would be INR 20,000 per month.*
27. *Pongal – New year festival celebrated by cooking of rice, the Southern parts of India.*
28. *Pickles – a relish consisting of vegetables or fruit preserved in vinegar or brine.*
29. *Prasadam – religious offering in Hinduism.*
30. *Camphor Market - Forecast(2024 - 2030). (n.d.). IndustryARC. <https://www.industryarc.com/Report/15672/camphor-market.html>*
31. *Baghai, Mehrdad, Stephen C. Coley, David White, Charles Conn, and Robert J. McLean. “Staircases to growth.” *The McKinsey Quarterly* 4 (1996): 39-41.*
32. *Distributor – an agent who supplies goods to retailers.*
33. *General trade – refers to the traditional trade of goods between businesses and consumers in the open market, e.g. mom-and-pop stores.*
34. *INR – Indian Rupees (roughly \$1 equivalent to INR 73.20 as on year end 2021).*

Exhibit 1. MOL'S growth

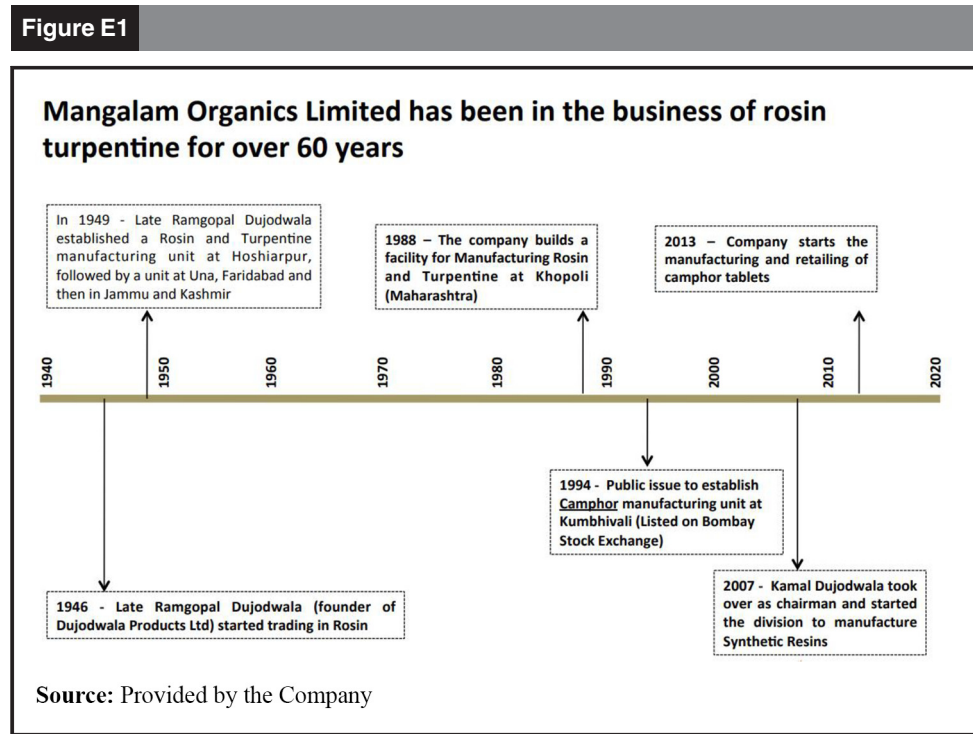


Exhibit 2. Product categories of MOL

**Table E1**

Type of product	Rosin-based resins	Terpene phenolic resins	Alkyl phenolic resins	Para formaldehyde resins
Gross margin	20%	30%	20%	<5%
Effluent waste	Low	Medium	Medium	High

Source: Created by the authors based on information provided by the company



### Exhibit 3. Making of camphor

Figure E2

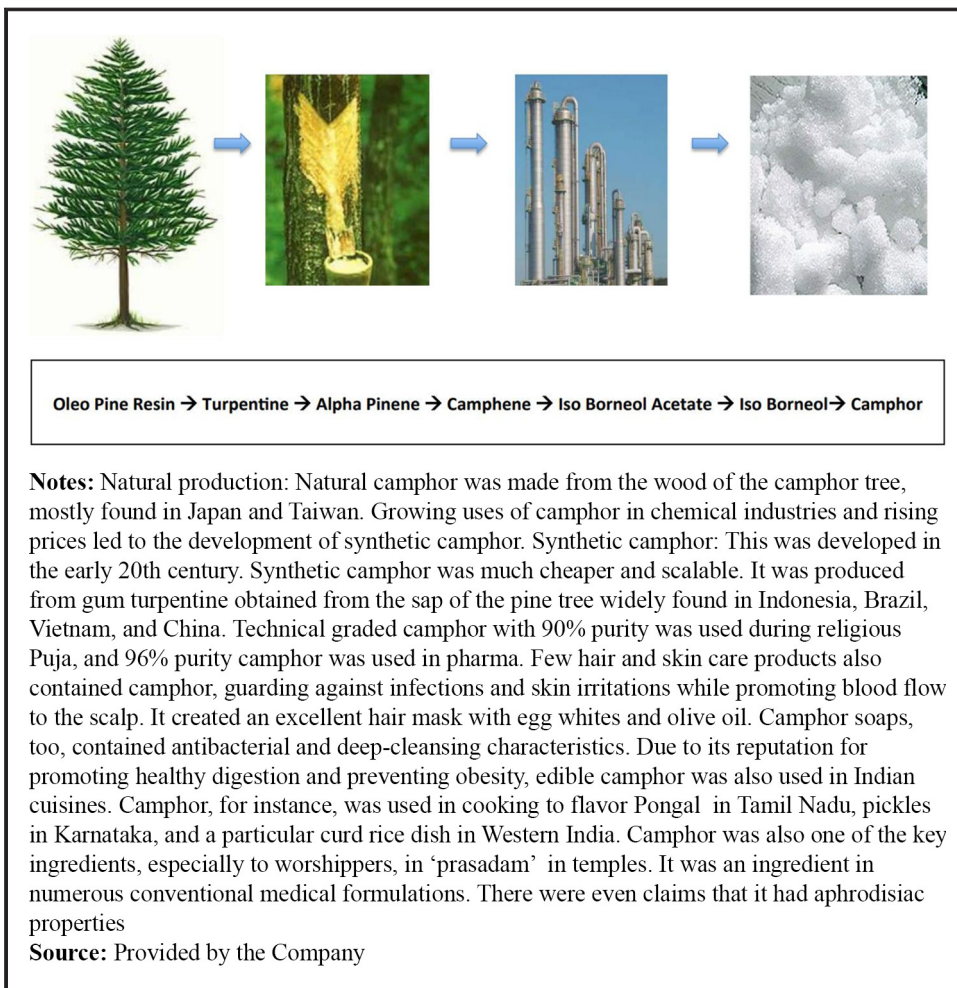


Exhibit 4. Promotion of Mangalam and Campure – examples

**Figure E3**

**TV commercial**



**Notes:** TV commercial for Mangalam Camphor tablets - (accessed on 30th March 2024) <https://www.youtube.com/watch?v=5rwrvt07znq>. TV commercial for Campure Air purifier cone - (accessed on 30th March 2024). [https://www.youtube.com/watch?v=ARZntmX0\\_lo](https://www.youtube.com/watch?v=ARZntmX0_lo)

**Source:** Based on information provided by the Company

Exhibit 5. Campure home products

**Figure E4**



	Product Name	Description
1	CamPure Cone	Air Freshener in the shape of a cone
2	CamPure Sticks	Air Freshener for Drawers and Shoe Racks
3	CamPure Air freshener	Spray Room Freshener
4	CamPure Liquid Vaporiser	Mosquito Repellants
5	CamPure Soap	Bathing Soap
6	CamPure Sanitiser	Hand Sanitisers
7	CamPure Floor Cleaner	Surface And Floor Cleaner

**Source:** Provided by the Company

## Exhibit 6. Financials of MOL (INR million)

<b>Table E2</b>						
<i>Income/expense heads</i>	<i>2016</i>	<i>2017</i>	<i>2018</i>	<i>2019</i>	<i>2020</i>	<i>2021</i>
Income from operations	1,696	1,765	2,442	4,246	3,745	3,383
Other income	312	7	12	18	10	10
Total revenue	2,009	1,772	2,455	4,264	3,756	3,393
<i>Expenses</i>						
Materials consumed	1,533	1,237	1,748	2,451	2,090	1,234
Employee benefit/ salaries	100	89	125	222	255	269
Depreciation and amortization	53	53	55	62	90	135
Selling expenses	1	2.5	5	10	30	50
Other expenses	331	317	312	476	507	551
Finance cost	64	45	26	36	52	10
<i>Net profit</i>	-73	29	184	1,006	732	1,144

Source: Created by the authors based on information provided by the company

## Exhibit 7. Product categories and percentage contribution

<b>Table E3</b>					
<i>Product categories</i>	<i>2016 (%)</i>	<i>2017 (%)</i>	<i>2018 (%)</i>	<i>2019 (%)</i>	<i>2020 (%)</i>
<i>B2B:</i>	95	90	85	85	80
Camphor powder	90	90	90	90	90
Synthetic Resin	10	10	10	10	10
<i>B2C:</i>	5	10	15	15	20
Campure			5	10	15
Mangalam camphor tablets	75	75	75	75	70
Private labeling	25	25	20	15	15

Source: Created by the authors based on information provided by the company

## Exhibit 8. Distribution network

<b>Table E4</b>					
	<i>2016</i>	<i>2017</i>	<i>2018</i>	<i>2019</i>	<i>2020</i>
Super stockists	0	2	5	8	20
Distributors	80	120	160	200	455
Salesman	30	40	50	60	91

Source: Created by the authors based on information provided by the company

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