

INDIAN COMMUNITY



Aditya Birla Group: Growing together with Indonesia, its people and its environment

Aditya Birla Group, a Fortune 500 company, is a US \$41 billion corporation, anchored by over 120,000 employees belonging to 42 nationalities. Over 50 percent of its revenues flow from its overseas operations spanning 36 countries. The India-based multinational conglomerate, Aditya Birla Group has a strong presence in Indonesia spanning more than four decades.

Aditya Birla Group entered the Indonesian market in 1972 in the yarn business with a modest investment of US\$15 million and this has now risen to US\$1.3 billion. The Group has established five factories throughout the country. It has diversified its product portfolio, which includes Viscose Staple Fibre (VSF), yarn, anhydrous sodium sulphate, sulphuric acid, carbon disulfide, etc. Through these five factories, the Group provides employment to more than 10,000 people in Indonesia. The company's products are exported to countries across the globe.

The commercial production of VSF at IBR's 60-hectare plant in Purwakarta, West Java, began in 1982. Over the years, the production of VSF has gone up from 48 tonnes to 578 tonnes a day. The end products are developed for international retailers such as H&M as well as for local retailers like Gajah Duduk. The Aditya Birla Group produces VSF in four countries of which its Purwakarta plant is the



Courtesy of IBR

Mr. Kapil Agrawal
President Director, Indonesia Spinning

Group's flagship VSF-producing plant. It is also the largest

Speaking about its engagement with Indonesia, IBR President Director, Mr. Mukul Agrawal says, "Indonesia and India are culturally very similar. So it was a natural choice for us to choose Indonesia as one of the first overseas destinations for the Group". He adds, "We are the preferred supplier of VSF in Indonesia and in the markets we operate in. We are known for our quality product and services."

The Group's other companies in Indonesia have also achieved great success, both nationally and internationally. PT Indo Raya Kimia, another Group company, is a leading producer of carbon disulphide. It enjoys the distinction of receiving the Zero Accident Award every year since 2002. Among the largest producers and exporters of yarn in Indonesia are the three yarn-

spinning businesses of the Group.

"We have almost 18 percent of the market share in viscose yarn being traded globally," says Mr. Kapil Agrawal, President Director of the Group's Spinning business in Indonesia. "The users of these yarns are largely fabric manufacturers in apparels, home and technical textiles, carpets, and upholstery in automobiles. We connect with the customer in different forms during his daily routine," he adds. According to him, Aditya Birla Group's success in Indonesia as well as other

geographies can be attributed to the inspiration and adherence to the Group's core values of Integrity, Commitment, Passion, Seamlessness and Speed as enunciated by our Chairman, Mr. Kumar Mangalam Birla. "We have a strong process of identifying local talent and nurturing them through mentoring and development," he says.

Focusing on people and building a strong team has been a priority at the Aditya Birla Group. The Group recently won the AON HEWITT Best Employer Award in Indonesia. This is a testament to the Group and reaffirms that it is one of the most preferred companies to work in Indonesia. IBR has a retention rate of over 98%, which indicates its long term association with its employees.

Commenting on the strong focus on Corporate Governance, Mr. Thomas Varghese, Business Head – Textiles, Acrylic Fibre & Overseas Spinning, says "Our core value of



JP/Arief Suhardiman

Mr. Mukul Agrawal
President Director, PT. Indo Bharat Rayon (IBR)

Integrity requires that we follow the highest standards in Corporate Governance and apply ethical business policies in conducting our business in Indonesia and any other country world-wide."

Aditya Birla Group attributes much of this success to its commitment to excellence. Its Group Chairman, Mr. Kumar Mangalam Birla, believes in being globally competitive on all counts. "Our products should be in the top slot. We should be number one or number two in our business wherever we are present, and whichever market we are present, in whichever geography of that country we are present."

Mr. Mukul Agrawal remarked, alluding to Mr. Birla's vision.

Furthermore, he credits the Group's success in Indonesia with its close attention to its employees and surrounding communities besides product excellence and superior customer service.

One of the cornerstones of all the Group's businesses is their focus on CSR activities and working together with people in the nearby communities to better their quality of life. IBR's partnership with the

local government has been very rewarding. The company has helped provide better access to education, drinking water, building mosques, developing roads, making drains in villages, imparting vocational training, and improving the hygiene and health of the people here. In August 2016, IBR laid the foundation of yet another new pre-primary school, half a kilometer from its Kampung Cikuray factory in Cilangkap village. IBR has already built an elementary and a secondary school here.

The Group is very mindful of environmental conservation. Comments Mr. Dilip Gaur, the Group's Business Director of the Pulp & Fibre Business - "We believe that placing Sustainability at the core of our business will help us maintain a competitive edge and in doing so create a better world."

Elaborating on this Dr. Bir Kapoor, IBR's COO for the Asia-Pacific region, avers "IBR continuously monitors its performance on various sustainability tools like the Higgs Index parameters and recycles and reprocesses waste," PT. Indo Bharat Rayon's and PT. Indo Raya Kimia's plants have been designed with a

control and monitoring system that ensures reliable, safe and eco-friendly operations. These units are working hard to continually reduce its carbon footprint on the environment.

"By combining sustainability forestry, sustainable logistics, responsible sourcing in the creation of Birla Spunshades dyed fibre, and by using learning and development tools, we are moving forward on Sustainability across the value chain," says Mr. H. K. Agarwal, COO, Fibre Business.

The Group's spinning business is a GRI 4 compliant company, working towards reducing carbon footprint, conserving water and lowering waste. It engages with various stakeholders like suppliers, customers and the community.

With its long standing presence in Indonesia, Aditya Birla Group is committed to the country's growth story. The Group's business model is based on long-term sustainability. "We look forward to continued investment and growth in Indonesia. We are proud to be partners in progress with the country in its exciting journey ahead", concludes, Mr. Dilip Gaur.

Asian start-up revolution

With the booming start-up environment in Indonesia, India and other Asian countries, the region has opened up to an entrepreneurial revolution. While traditional Indonesia faced the not-so-positive impacts of foreign investments, the new Indonesia has woken up to the huge financial and social improvement possibilities that entrepreneurship can offer its people, their progress, employment and growth.

It is evident that social entrepreneurs have the capacity to invent business models that involve low-cost products and services to resolve social issues. Technology is critical in helping them create economies of scale by saving time, money and energy.

The digital economy has made space for a competitive transformation in Asia with the many social pain points that need solutions, the need for employment, growth and massive market shares. India with a population of 1.3 billion and Indonesia with a population of 262 million are economies that have potential on a global scale to create solutions that can be replicated across nations.

Industries, retail brands and product partnerships are tapping into the rapidly growing e-commerce market by penetrating the digitized consumer base,

with Indonesia's e-market reportedly valued at US\$130 billion by 2020.

Indonesia's local start-ups have initiated a change in consumer habits and consumer expectations, especially tech-based start-ups that have gained momentum due to the current 100 million internet users in the country, a number that is expected to double by 2020.

Meanwhile, India is witness to a complete shift in its business ecosystem with a fresh entrepreneurship environment, especially tech and online start-ups showing phenomenal scale and success in the last decade.

In supporting the environment, the government of India launched an initiative called Start Up India 2016 in order to empower start-ups to grow through innovation and design.



Abha Maryada Banerjee

With the aim of helping sustainable economic growth and generating large-scale employment opportunities, the initiative will help create an ecosystem conducive to the growth and nurturing of start-ups, fostering entrepreneurship and promoting innovation.

The initiative is a single point

Indonesia is also watching a magical transformation with prominent tech start-ups like Go-Jek, which is only six years old and has grown from 20 to 200,000 drivers across Indonesia. E-commerce site Tokopedia is slated to be Indonesia's leading start-up with Sequoia Capital and SoftBank having invested \$100 million.

Online shopping start-ups like Zalora, an online shopping destination founded in 2012 for fashion items, accessories and clothes, now has branches in Hong Kong, Vietnam, the Philippines, Malaysia and Singapore due to its efficient shipping and payment services.

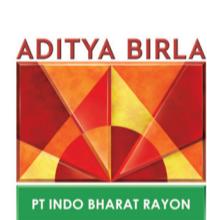
Then there is Bukalapak, which means "opening a stall" Indonesian, that connects buyers and sellers to dispose of secondhand items. Another prominent start-up from 2015 is Job Planet, which is helping thousands of job seekers, especially youth.

Anis Uzzaman, chief executive officer of Fenox Venture Capital, which has invested multimillion dollar funds in start-ups across the US, Asia, the Middle East and Europe, has observed that Indonesia could become Asia's Silicon Valley in five years. However, there is insufficient government support in terms of internet infrastructure, educating consumers and raising awareness about digitization.

Creative Economy Agency (Bekraf) deputy for investment access Fadjar Hutomo feels that low awareness has slowed the growth of start-ups, especially those in rural areas due to a lack of English skills that limits their confidence in pitching to investors.

There is a growing interest from foreign venture capital firms in Indonesian start-ups. Last year alone, Indonesian start-ups got more than \$590 million in venture capital Series A financing, five times more than the \$102.5 million in 2014. Major foreign venture capitalists such as Sequoia Capital and Northstar have invested in several notable Indonesian start-ups.

The writer is a wealth strategist and start-up mentor as well as a leadership author, motivational speaker and business lawyer. More information at AbhaMB.com, BreakOutWithAbha.TV and NucleusWoman.com.



BIG ON GROWTH IN INDONESIA

As India celebrates its 70th Republic day, we record our deep appreciation of the government and people of Indonesia for their all time support. It is only because of

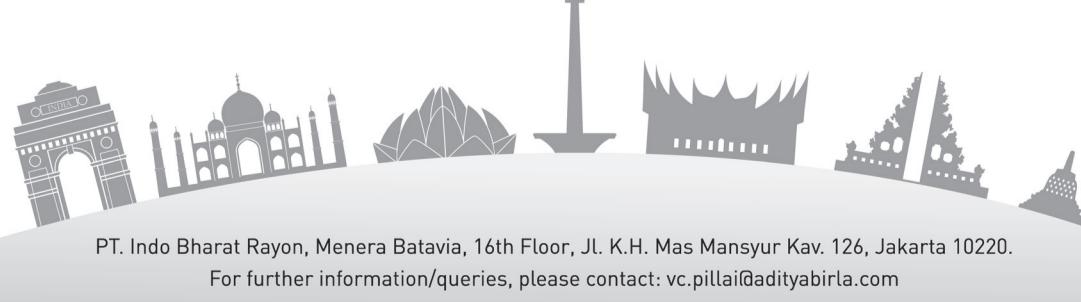
their continued cooperation and encouragement that we have grown into the preferred quality Viscose Staple Fibre and Yarn producers in Indonesia. We remain committed to the growth and development of Indonesia in the times to come.

As a Group, we were the first Indian investor in Indonesia and till date remain the largest Indian investor in Indonesia.

Indo Bharat Rayon and ABY are a great reflection of the Indonesia – India partnership, leading to our preeminent position in the Viscose Staple Fibre and Yarn businesses.

This has helped us contribute to Indonesia's growth story. We provide direct and indirect employment to more than 10,000 people.

We are engaged in CSR activities like the setting up of schools, spiritual places, adopting nearby villages, providing medical support and scholarships to cite a few.



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