

# Rajoo eyes South American growth, global JVs

By Steve Toloken

PLASTICS NEWS STAFF

Rajoo Engineers Ltd. (Booth S31102) is one of India's more diverse plastics machinery companies, manufacturing equipment for blown film, pipes, thermoforming, sheet extrusion and drip irrigation. It also has a global outlook — in the last five years, it has set up joint ventures or technical collaborations with several European machinery makers.

*Plastics News* caught up with Rajoo Executive Director and President Sunil Jain for a wide-ranging email interview ahead of NPE. He discussed Rajoo's hopes to use NPE to grow in South America and opportunities for foreign firms in India's plastics market, where per capita use of plastic remains well below other Asian economies but growing quickly.

In addition, he touched on Indian Prime Minister Narendra Modi's new "Make in India" campaign to boost local manufacturing, and we asked Jain why, after bringing machines to the last two K Fairs, Rajoo is not showing equipment at this year's NPE. What follows is a lightly-edited interview.

**Q: What are Rajoo's goals for NPE and what opportunities do you see for the company's machinery at the show or in the North and South American markets?**

**Jain:** South America, in many ways, is very similar to India. It offers a huge opportunity for Rajoo where on the one hand, demand for contemporary technology exists but cost of capital is high and has always been a deterrent. Rajoo offers the right mix — world-class technology at affordable price levels. We are present in the market and have a good number of installations in this region and our presence here is to reinforce the trust and confidence in our customers and future prospects. As far as the North American market is concerned, Rajoo is now ready and would like to test the waters and will explore partnerships through able representatives.

**Q: Rajoo has set up joint ventures or technical collaborations with three European machinery firms since 2010, with Germany's Hosokawa Alpine, Italy's Bausano and Meaf from Holland. How have those helped the company and how do they fit into your global strategy?**

**Jain:** We realized a long time back, that if we want to be a global player, the market will not wait for us to develop technologies and for us to reinvent the wheel. This strategy propelled us to look outwards for technology partners. Further, having partners who are well known in the industry and with a good brand value has its own advantages. The market penetration is faster.

Joining hands with such partners has helped us to reduce the gestation time in introducing affordable solutions but



Sunil Jain

with an Indian flavor. On the other hand, it would not have been easy for these partners to penetrate in a price conscious and difficult market like India and other developing economies on their own. With

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Sunil Jain  
Rajoo Engineers Ltd.

these successful partnerships, the trust and confidence in Indian companies has also increased. [Intellectual property rights] would be protected and

technology partnerships can be successful.

**Q: Will you expand those foreign collaborations and/or seek other foreign partners?**

**Jain:** Of course, we will continue to strive. Technology acquisition and absorption is a

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continuous process. Our motto is to "bring world class technology to the door-step of the Indian industry." There are still many technologies in the plastics industry which the country needs and we will continue to forge such relationships.

**Q: The company's sales were up 11.8 percent in its last fiscal year, to 10,167 lac rupees (816.97 million), with both your domestic and export sales each up 11-12 percent. Sales have gone up 10+ percent for the last 3 years. What's driving your growth, both within India and in your global markets?**

**Jain:** Offering the most appropriate solutions at appropriate price levels drives our growth. We act as advisers to the processors and not just as suppliers of machinery. In capital goods, after-sales support is extremely important ... [as well as] honesty, commitment to our customers and transparency. A win-win situation is what all the stakeholders want — the customers, the shareholders, the employees and the eco-system around us.

**Q: India's polymer consumption is growing 8-12 percent a year, but from a small base. As your annual report notes, India's annual plastic use is only 10 kilograms per person, much lower than South Korea (106), Taiwan (67), Malaysia (58) and**

**China (45). Will India close that gap and how quickly?**

**Jain:** It will take a while but the pace at which the polymer consumption is increasing is mind boggling. Each sphere of life is witnessing an exponential increase in polymer consumption. I don't think we will ever reach those levels in our lifetime, but I can only say that by the year 2020 India will be a dominating player in polymer consumption and production. We should not forget that India is a huge country full of diversities



Jain

in all areas of life.

**Q: What opportunities are there in India for foreign plastics firms?**

**Jain:** India offers a market which is unparalleled in the world. A bullock cart and a Mercedes tread on the same road. Foreign firms, whether in plastics machinery or in plastics processing or in packaging, cannot ignore this market with ever-increasing disposable incomes. But, on the other hand, it is not easy to do business in a diverse country like India. To quote someone — it is easy to enter China but difficult to sustain and make money, but on the other hand, it is not easy to enter India but easy to sustain and make money.

**Q: Indian Prime Minister**

**Narendra Modi has launched a "Make in India" campaign to boost Indian manufacturing. What will that mean for the plastics industry?**

**Jain:** Packaging is a focus subject even in the PMO [Prime Minister's Office]. A huge quantity of food grains, fruits and vegetables rot in the country due to lack of packaging. There is tremendous loss from farm to fork. And what better material to pack than plastics — whether rigid or flexible or semi-flexible.

**Q: You brought large machines to the last two K Fairs, and operated them. You were the only company making barrier films on the stand at K 2013. Yet you're not bringing any equipment to the stand at NPE. Why?**

**Jain:** All said and done, NPE is still not a global platform, unlike K. Participation in such shows — and now there are so many of them — is increasingly becoming expensive. Each company needs to choose and decide. Maybe in the next edition, we will bring in a machine to NPE.

## VDMA predicts 4 percent growth for German machinery

PLASTICS NEWS REPORT

FRANKFURT, GERMANY — Members of VDMA industry association think Germany's plastics and rubber machinery should grow 4 percent in 2015, after a relatively flat 2014.

VDMA said the machinery business bumped up 1 percent in 2014 from 2013 levels, but turnover in core machinery manufacturing remained unchanged at 6.8 billion euros (\$7.75 billion).

That year-end performance is largely in line with VDMA's forecast last autumn, according to Ulrich Reifenhäuser, chairman of VDMA.

Thursten Kühmann, managing director of the Frankfurt-based VDMA, said incoming orders were up 3 percent in 2014 from 2013. The home market of Germany, and exports to the eurozone countries, have grown about 15 percent. But orders for machines exported outside of the eurozone were down 1 percent.

"The export figures also clearly reflect the recovery in our EU partner countries, with German exports to both the south and the east recording strong growth," Reifenhäuser said.

China and the United States ranked first and second, respectively, for German exports. They "paused for break, albeit at a very high level," Reifenhäuser said. Poland has moved into third place.

VDMA expects growth of German equipment exports to return in Latin America and China in the first half of this year.

Four percent growth would take the sales volume of German plastics and rubber machinery over the 7 billion euro mark for the first time.