

Taking the technology-driven path

Set up more than 25 years ago, Indian extrusion machinery maker *Rajoo Engineers* has upped its ante by having tied up with Western machinery makers to produce higher technology machines in the country. On a recent visit to the company's headquarters in Rajkot, India, PRA Editor Tej Fernandez was given an update of its activities.

Trailing closely behind the world's most populous country in the world, India is set to emerge as a power house in the global economy and companies like extrusion machinery maker *Rajoo Engineers* are making a difference with their contributions.

On an earlier visit, nearly ten years ago, PRA noted that the company's premises were adequate. But it is a different story now. Having undergone a US\$3.5 million makeover, the premises look spanking new and PRA can go so far as to say that the upgrading will allow *Rajoo* to compete on a level playing field with European counterparts.



"We want to provide a wholesome working environment for our staff," said Khushboo of the facility's extensive landscaping undertaken last year

Rajoo President, Sunil Jain, affirms, "The objective of the investment was not just to enhance capacity but to also improve quality, increase consistency and reduce lead times." Capacity, meanwhile, has been increased by 30%, plus the plant now has the capability to run wet runs of blown film lines with a height of 20 m.

The facility is able to undertake all the fabrication work, including critical parts, except for gear boxes and panels that are still outsourced, said Khushboo Doshi, Head of Marketing and Communications, who is the daughter of the founder of *Rajoo*, CN Doshi.



The company undertakes all fabrication work in-house, with the exception of gears

Staying close to its technology focus

Being in an arena where competition is a major part of the game plan, the blown film, sheet and thermoforming machinery maker relies on technology to give it the edge over competitors.

Last year, it acquired Nasik-based thermoforming machinery supplier *Wonderpack Industries* and is now able to penetrate markets it was not present in.

Earlier in 2007, *Rajoo* obtained a license from US-based *Commodore Technology* to produce its EPS thermoforming machinery, for EPS foam packaging, and sell it to the Indian, Asian and African markets.

More recently, to expand its portfolio for the domestic market, *Rajoo* set up a 49:51 joint venture with Italy-based pipe/profile extruder supplier *Bausano* to manufacture pipe and profile machinery in India. The Indian firm will be buying parts from *Bausano* and assembling the lines at a new facility to be set up close to its Rajkot plant. The company is investing US\$3 million in this joint venture, according to Sunil.

The partners will manufacture PVC/HDPE pipe extrusion and wood composite profile extrusion lines, with the first machine to roll out in six months. It expects to revolutionise pipe manufacturing technology in India. "Local processors who currently use short extruders (18-20 L/D) will now be offered *Rajoo-Bausano* 30 L/D extruders to enhance melt homogenisation at much higher output levels using similar size extruder and motor ratings," adds Sunil.

Moreover, the new partnership will be utilising *Bausano's* patented high-torque multi-drive system, which uses four synchronised motors has less power consumption and lower maintenance than the older, albeit, widely used technology. Sunil also explains that Italian experts from *Bausano* will be on hand to provide advice and oversee concerns of users.

Not content to rest on its laurels, *Rajoo* has also tied



The newly refurbished dust-free tooling room is able to undertake a variety of die work. "We christened it Shree Yantralaya (a Sanskrit phrase that means abode for tools dedicated to the Lord)," said Khushboo, adding that the CNC machines are not only from India but also Germany, France, Spain and Taiwan

up with *Hosokawa Alpine* of Germany to produce hybrid machines. *Rajoo* will not only sell and service *Hosokawa Alpine* machinery in the country, it will also build up to nine-layer lines at its facility, utilising hot parts (screws/ barrels and dies) from *Hosokawa Alpine*. The machines will be marketed as *Rajoo-Alpine*.

When asked how the collaboration came about, Sunil said, "*Rajoo* is one of two or three companies that are at the top of the extrusion machine market in India and so it has the advantage to compete with European suppliers. That is why we have joined hands with the best machinery supplier. It also gives *Alpine* the opportunity to enter the Indian market in a bigger way."

When asked when this will take off, Sunil replied, "We have already finalised the specifications of the hybrid lines and are already in discussion with various processors who will be the most appropriate candidates for such lines. We expect to have the first customer in the next couple of months and the first hybrid line to be up and running early next year."

According to the arrangement with *Hosokawa Alpine*, *Rajoo* will cover markets where it has an established presence and performance, including India and parts of Africa (Kenya, Tanzania, Nigeria and Ghana).

Market penetration a core factor

The merger with *Wonderpack* gives *Rajoo* a market share of 80% in thinwall thermoforming, 55%, in terms of installed capacity, in the blown film segment and 70% in sheet extrusion.

Nevertheless, the Indian market is still a small player in the global plastics industry (India's per capita plastic consumption is 7 kg compared to a world average of 23 kg). But the export potential is enormous and Indian companies like *Rajoo* are able to spur these exports and, along the way, boost the economy.

Thus, more than half its output is exported to Asia, Africa, Europe, Latin America, the UK and the Middle East. However, Sunil says the market is shrinking and

he expects future growth to come mainly from Asia and Africa.

But it will cover new markets. "In the forthcoming financial year, India will continue to be in focus with emphasis on new applications for the existing product lines and also increasing presence in newly industrialised regions (West Bengal and other Eastern States). On the export front, we will be targeting penetration in virgin territories like Russia, erstwhile CIS countries, and Australia. We also plan to increase our presence in South Africa and will continue to strengthen our base in Africa, Latin America and the Middle East," explains Sunil.

Future stability on the horizon

Listed on the *Mumbai Stock Exchange*, *Rajoo* has a financial obligation to its stakeholders and it says it has managed to deliver an above average multi-faceted growth for its sales and bottom lines. "The top line of *Rajoo* has far exceeded the industry performance all these years. In the last five years, the sales CAGR has been nearly 28% and in the previous financial year it was a whopping 52%," says Sunil. Nevertheless, the company expects consolidation with a 10% growth in the financial year ending March 2011, according to Sunil.

As for the year ahead, he predicts, "It has been a stabilising year and we are looking forward to a growth of 20-25%." And with the machinery tie-ups it has, it expects to reach its objective. "We are on target to achieving this given the company's encouraging performance over the past six months," concluded Sunil. ♦



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