

Adding Good!



ALOK'S BESTSELLING PRODUCTS AT ANY GIVEN POINT ARE THE NEW FORMULATIONS AND CHEMISTRIES THAT IT CO-CREATES WITH ITS CUSTOMERS AND SUPPLIERS, SAYS VIKRAM BHADAURIA, DIRECTOR, ALOK MASTERBATCHES.

By Niranjan Mudholkar

Alok started its journey in 1993. How has the company evolved in the last 22 years? What have been the highlights of this journey?

Alok traces its humble beginnings at the dawn of the liberalisation era. Our founders identified a big technology deficit in the plastics industry and set up the company with the philosophy of identifying the pain areas of the customers and then working with them to address them.

Backed by products of impeccable quality and an excellent service network, we were able to gain a loyal clientele throughout India. Till 2003 we were known as a Delhi based company and supplied to our customers all over the country from Delhi. The explosive growth began in 2004 after we started newer and larger plants in West, North and recently in South India. We started our JV plant in South America to serve the MERCOSUR trade bloc in 2013.

From being a Delhi based company in 1993 we now have Pan Indian presence near all major polymer consumption centres. Alok has strived to ensure that we add good to all our products and efforts.

According to the 'India Masterbatch Market Forecast & Opportunities, 2018' report, the Masterbatch volume sales in India are expected to grow at 23 percent CAGR till 2018. Do you see this happening? If yes, then what will be growth drivers? What opportunities do you see for Alok?

I foresee an imminent shift in the Indian manufacturing sector in the coming years. The industry will move from making "cheaper" products to making "better" products. With the proliferation of internet and information, people, rural & urban, aspire for a respectable quality of life. They can no longer be blinkered into accepting the status quo.

The three sectors that I am confident of are:

1. The Smart Cities initiative which requires new applications of plastics and polymers
2. A renewed push towards applying science and technology in

the Indian Agriculture sectors which continues to languish despite being the main source of income for a majority of our rural populace.

3. Infrastructure: From upgradation of ports to public transport systems and Swachh Bharat, all these initiatives will see use of newer plastic technologies to ensure rapid implementation and high quality.

The CAGR for the industry has been consistently around the 20 percent range for the recent past.

If the above initiatives are implemented in earnest, I will not be surprised if the growth exceeds the 23 percent mark. The benefits will be reaped by companies that can make "better" products, not just "cheaper".

Companies with world class R&D functions will be able to respond fastest to the rapid transition in technology that comes with such transformations.

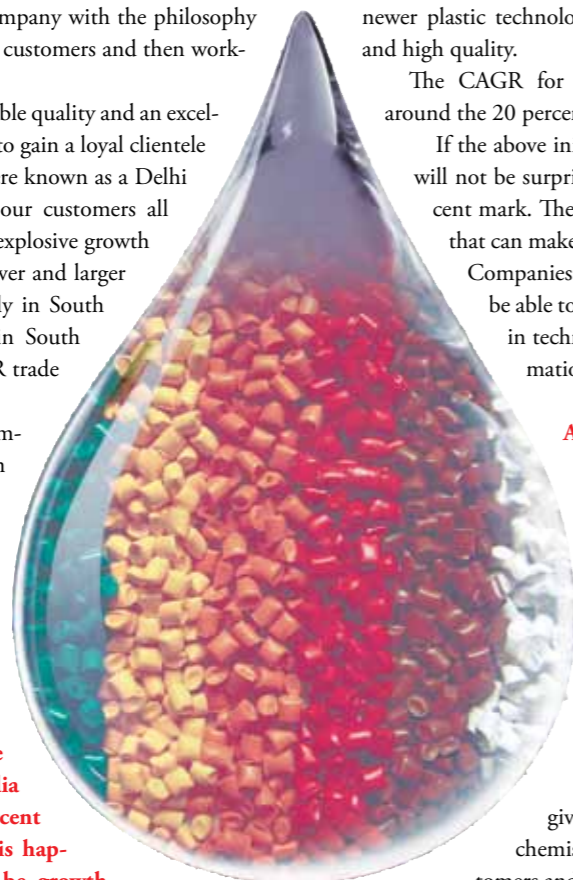
Amongst the wide range of products that you have, which ones are the best sellers and why?

The master batch industry is technologically a very dynamic Industry. Yesterday's best sellers quickly become today's laggards. It is imperative that one has their eye on the ball at all the time to track and adapt to the fast paced technology scenario.

Our bestselling products at any given point are the new formulations and chemistries that we co-create with our customers and suppliers. These allow us competitive blue oceans where we can focus on product upgradation and innovation.

We understand that currently Alok has five manufacturing facilities – four in India and one in Paraguay. So what is your overall manufacturing capacity?

I have often been questioned on the logic of having multiple manufacturing locations instead of a single large plant. Our business model is based on the pillars of partnering with our customers to develop new products and being on the forefront of materials and process technology. It is imperative that we be close to our



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customers. No amount of telephones, video conferences or emails can replicate our engineers standing at the customers' shopfloor trying to fine tune their processes and products.

We have built our manufacturing infrastructure in a way that we can cater to a 5kg client as well as a 500 ton client, quickly.

You were also planning to have one more production base either in the Middle East or Vietnam. What happened on that front?

Our venture in South America has given us valuable insights into operating in foreign economies and cultures. It has been an exciting journey so far. When you picture the shopfloor where the Indian workers do not speak Spanish and the local workers who don't speak English, you can visualise the complex work environment we were faced with.

We are scouting for opportunities to replicate the South

American success stories in developing economies like Vietnam and Indonesia.

What does innovation mean to you? Tell us about your R&D activities.

Innovation, as of now, for us is to identify gaps in the current market in terms of expertise and customised solutions for the Indian market. Which is to say, we don't think the way forward for Indian manufacturing lies in high volume low cost 'jugaad' tech so to speak, nor does it lie in the high margin game of exotic or high end technology and adaptation.

What we need is to move towards sustainable, safe and affordable technologies and solutions that cater to our burgeoning market. With that in mind, Alok has made significant investments to create an in-house Technology Incubation Centre so we can focus on pure play chemistry to create innovative uses of plastics that



❑ One of Alok Masterbatches' manufacturing facility in India

can improve the lives of Indians, and global citizens. Our chemists and technologists don't have metrics, goals or directives telling them how to perform. At Alok R&D isn't viewed as a cost, but perhaps the most essential activity we undertake. After all, our competitive advantage and abilities stem from innovation.

What is your take on the 'Make in India' initiative? Which aspects do Indian manufacturing companies need to focus on to make this program a big success?

As government initiatives go the 'Make in India' campaign provides much needed impetus to the manufacturing sector in India, which hasn't been given the consideration due to it over the past few years.

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The services input to the economic output in India has been steadily increasing and its time manufacturing becomes the engine of growth in our nation.

The most critical factors here are the skilled workforce we have in the nation. What is needed is to recalibrate the manufacturing sector as a prime employer and prestigious career so that engineers don't become coders for software firms or chemists don't become transaction managers in financial institutions. Only then can we truly 'Make in India' for India by adding good to our people, processes and products.

What is your domestic:exports ratio? Which customer sectors are giving you more business?

As things stand today our domestic markets account for approximately 80 percent of our orders and clients. The international markets are about 20 percent but we intend to make incremental strides in increasing this ratio to reach a more balanced share

which will also provide us with a buffer against economic highs and lows, locally and globally. One of the unique aspects of our business is that the client base is spread across various sectors. Consumer & Industrial packaging, Plastics and infrastructure related sectors are our high volume sectors.

What was your turnover in the last FY and what is the projection for the current FY?

“Topline is Vanity, Bottomline is Sanity, Technology is Reality”. I read this line somewhere and smiled at how well it resonated with our business. This motto has helped us deliver robust financials over the past years.

We have earmarked Rs100 crore+ for modernisation and capacity enhancement of our manufacturing infrastructure in the next three years. Of this, around Rs five crore has been set aside for our Technology Incubation Centre in New Delhi that will serve as the fountainhead of new innovative products for our customers.

What is your vision for the organisation? The Company will complete its silver jubilee in the next three to four years; what special plans do you have in mind to mark this milestone?

I am a firm believer in the adage that “You don't build a company, You build people who build the company”. As the organisation turns 25 in a couple of years, there will be many employees who will also celebrate their 25 years with us.

Our human asset is the core asset that has relentlessly built the company from a 15 people factory to a 450+ people organisation. The 25 year milestone will give us all an opportunity to sit together and relive our humble beginnings. As a business we will continue to focus on co-creating safer, affordable and sustainable products with our customers and suppliers.

There is immense opportunity in India where we have a young and aspirational population that yearns for a respectable quality of life. Be it in the form of access to safer travel, medical facilities and sanitation or affordable agricultural technologies for our farmers so they can increase their incomes. If we as an organisation can contribute in fulfilling a part of their aspirations, we will consider ourselves successful in our mission of Adding Good! 📍