

Ram Charan has all India covered

Closeness to customers and technical service are key factors in the growth of Indian chemical distributor Ram Charan. The company expects to expand rapidly over the next five years as it invests in new facilities and products

JOHN BAKER LONDON

For distributors, achieving closeness to the customer in a market as huge as India is a real challenge, and one not made any easier by the state of the country's transport infrastructure. But it is achievable, as the Chennai-based industrial chemicals distributor Ram Charan is proving.

With a strong focus on carbon black, rubber and rubber chemicals, the now-50-year-old family-owned company has established a network of over a dozen office and warehouse locations across India, so that, in the words of company director Kaushik Palicha, "we are only one day away from every one of our customers."

The company's goal is to have a warehouse in every 1,000 square kilometres of the country, to be able to implement just-in-time delivery. This is an important aim, given that many of Ram Charan's customers are plastic and rubber component manufacturing companies.

This year will see it establish two further bases in the north and west of the sub-continent, says Palicha.

CUSTOMER SERVICE

The strategy is one that appears to be paying off, he says. "Over the last two years, it has made a big difference and played a large role in influencing our customers to buy from us. They prefer to be close to the source of their supplies." The ware-



houses also allow Ram Charan to break bulk and repackage materials for pallet delivery, which is a key part to service, given that some customers take just 3kg/month, and some as much as 150 tonne/month.

Ram Charan now claims to be one of the leading and, for the past three years, the fastest growing chemical distributors

in India. It has also recently been expanding activities outside the country, opening offices in London and Singapore and looking to establish business outlets in Turkey and the Middle East for its rubber offerings.

The business is already selling two products in Turkey, says Palicha, and "when we have critical size we will in-

vest." He sees it as a good growth market but one where it needs to understand better what the market wants and what customers are doing.

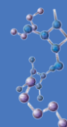
As well as geographic expansion, Ram Charan has focused on the development of its portfolio of product offerings and end user markets. Although still largely focused on the rubber market, it is now active distributing chemicals for polymers and polymer compounding, inks and coatings, and adhesives. It also distributes some polymers in India, such as PE, PP, EVA and polycarbonate.

ORGANIC GROWTH

The company now operates with two business units – rubber-related raw materials, which accounted for around 64% of its \$36m revenue last year – and specialty chemicals, including products such as polymers, specialty carbon blacks, fumed silicas, metal oxides and performance additives.

"Most of our growth has been organic", says Palicha, "as a result of our building market share in a market that is growing steadily but not substantially and because of the extension of our product basket."

Palicha is optimistic for further growth opportunities as chemical producers in India begin to bring on new capacities for synthetic butadiene rubber (SBR) and polymers. "We are also ready for new polymer capacity in the Middle East," he adds, "which will give us new applications to target."



TECHNICAL SERVICE CENTRE

But closeness to the customer is not the only competitive edge required in this market. Ram Charan also recognises the need to provide customers with technical support and help with product development. In April 2014, it opened a new technical centre in Chennai in association with one of its leading principals, LANXESS.

The German company, owner of rubber chemical specialist Rhein Chemie, contributed equipment from its former tech centre in Thane, but the centre is operated by Ram Charan staff and serves LANXESS and Ram Charan customers across India. It can undertake testing, formulation development and application development to address specific customer requirements.

The location is appropriate, given the fact that the state of

Tamil Nadu is a growing hub for India's domestic automotive and tyre industries, and allows the partners also to target the fast-growing rubber markets in southern India and Sri Lanka.

Says Palicha, "We can test many compounds for customers in the rubber and inks & coatings area, and undertake new product development for our smaller customers. We offer the labs at a highly competitive rate and even free of charge to buyers of product."

Palicha is confident the scale Ram Charan has built up in recent decades is unique in India. "It has taken a lot of effort to build the market, but we have made business easier to do on the industrial level and can get product to customers with a short lead time."

The goal now for the business, he adds, is to add value

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KAUSHIK PALICHA
Director, Ram Charan

and drive up margins, with an emphasis on quality. "We are training people in our organisation so they understand our values and transfer them to our customers."

GROWTH TARGETED

Further investment is also on the cards. Ram Charan is developing a polymer compounding centre in a joint venture with a Japanese partner, and is also considering developing its own compounds so it can penetrate further into the



market. A masterbatch plant in Vadodara is expected to come on-stream in June this year.

With all these plans in train, Ram Charan expects turnover to hit \$110m by 2020, and EBIT-DA margin to increase from the current 4%, says Palicha. ■

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