

We create Customer Value through Product Excellence, Performance and Pricing

Mr. R Ravindranath, Managing Director of Milltec Machinery Pvt Ltd shares his perspective on rice milling machineries, the new technologies, pulses and maize processing, silos and so on with **Maria Krupa C, CommodityIndia.com**. Excerpts....



Share with us briefly about the journey so far from 1998 till date

We started Milltec Machinery Pvt Ltd in 1988. When we conducted a market research before starting the company, we found out that the technology available at that time were of two kinds. One was the imported technology- sophisticated and high priced. The other was the local technology. The gap was very wide. Imported machineries were

giving good results but were beyond reach while indigenous machineries were inconsistent. This is where we saw an opportunity. So that's the trigger to start this business and started this company in a small way.

First we started with a whitening machine, and tried to install this machine in Tumkur, which was not a good run, later we learned the art of machines, re-installed the same in Shimoga, Karnataka, and we tried with boiled rice, and the result was really outstanding. The major difference what we saw was the reduction in the 'brokens', and a huge value for the customers that installed our machines. On raw rice and steam rice, our machines are able to reduce 'brokens' by 2 % compared to the technology available locally and also on par with the imported technology. We had the right product, and we filled the gap from the past 15 years. This is the success story of Milltec.

How do you differentiate yourself with the other locally manufacturing machineries?

The core value of our company is the product excellence, which is of higher standards, on par with the International Standards. For example, the machinery that we use for making components is very sophisticated. About 15 years ago, we were using laser technology, for building a machine, which was not known to India. The main difference comes in building the machinery in a precise way. The difference is value for money. We offered the right product at right place.

What are the new technologies in rice milling? What is driving new investments into paddy processing? Which regions within India look promising for new projects? What is the typical capex allocated for paddy processing in India (for plant and machinery)?

When we started, rice milling industry was unorganized and

FACE 2 FACE

fragmented. Mills were small, people used to have permits to sell the rice and 30% of business was still with the Government for procurement. For example, Food Corporation of India (FCI) was buying around 20 million tonnes of rice every year. So majority of the rice millers were dependent on the government policies, procurement, for the trade.

The major change came from the rice trade itself. Now, the business is market-driven. Earlier everybody used to produce the same type of rice, and target the same market. The business for the millers was purely based on the quantity of paddy being milled. But in the last decade, this scenario has changed. I attribute this change to the increase in the per capita income. Of the net increase in per capita income, about 40% goes to the food industry. So this is driving the market. Now people want a better quality of food grain, and this is driving the market. Mills are getting consolidated. Small mills are not able to compete with big capacity mills. Everybody is looking to consolidate their position by increasing their capacity. Quality is assured when they choose people like us. Mills have to do only two things- first, consolidate capacity and secondly, expand market presence.

The capex requirement for a new plant would be Rs. one crore for

every one tonne per hour (TPH) paddy processing capacity including land (rural) excluding working capital.

You have very impressive product line for pulses processing. How has been the response for your solutions from the market? We understand that there is a large segment in pulse market with small capacity requirement such as 10 tonnes processing per day. Do you cater to them? Is it possible to deliver an economic turnkey solution to these segments? Any success stories to share with?

I see similarity between pulses and paddy processing. Pulses processing is moving the paddy milling way. Pulses, a protein supplement for vegetarian, have a huge consumption in India. Unfortunately, pulses processing in India are primitive. The process is time consuming. For example, the process of extraction of dal from tur (red gram) takes five to six days. During the process, because of the process requirement of either adding oil or water to the commodity, there is always an issue of hygiene standards. So these are things which are not helping the industry. We wanted to reduce the process time from five days to two days and maintain highest hygiene standards. Currently, there is no hygiene standard specified for pulses processing in India. Due

to globalization, people do not compromise on hygiene and quality foods. So we are focusing mainly on providing hygienic processing. This is achieved through reduction in the process time and technology intervention, which also leads to reduction in the process loss.

We have taken the core technology from CFTRI Mysore and have adopted it to the latest requirements of the millers. We have cleaning and grading machinery for pulses available with us. We have just launched pulse milling equipment. The response is really good. The capacity range that we currently offer is 20 to 40 tonnes per day. As per our test, we are able to reduce half a percent to one percent in the reduction of broken. This to be proven in the market. We hope this will benefit the millers.

Maize processing is in very nascent stage in India. What is your target segment in maize processing?

Maize is not a good story in India. About 20 million tonnes of maize is produced and not much of value addition is done. Presently the usage of maize is to extract the starch and to the cattle feed industry. In developed countries, a lot of value addition takes place from the corn as a kernel to the end product. There is lot of things to offer to the market. One is the maize grits which can be used in the breweries. Then there

is maize flour which can be used in the snack food industry, and maize flakes, which are used in breakfast cereals. These are the main things apart from starch extraction. The snack food sector is booming and we see a lot of opportunities and we are trying to offer packaging solution to a mid size miller which would cost around Rs 50-60 lakhs, through which they can make maize grits and supply to the breweries and extend the investment up to one crore and make the maize flour and supply to snack food industry. Further extension of Rs 50 lakhs, would make them produce maize flakes. These are the three offerings to the Indian maize industry from us.

Silos preferred bulk storage choice for food grains is a recent trend in India. How do you see the market opportunities for silo storage for food grains in India?

In India, population is growing and food grain production is also growing. If this continues, we might have a problem in the future. The population growth might surpass the food grain production. On the other end, the food grains produced is not being protected. So there is a lot of unscientific method of storage, due to which there is 7 to 8% of food grain wasted. We are looking at the opportunity in grain storage in silos.

At present we offer packing machine only for free flow food



grains, which cannot be used for powdered or a sticky material. We want to offer end-to-end solution in packaging.

What is accelerating food processing in India? What is your expectations from the Government?

The increase in per capita income is driving the food processing industry. Going forward, I can see there are much more tractions seen in the processed food industry. This is what happening outside India, and this will happen in India too. Subsidies from the government and supply of power would help this industry, if it is provided. This would trigger technology adoption and lower costs.

About your international operations. Could you elaborate your presence geography-wise

and what services that you offer to customers in each of the regions please?

About 7 to 8% of our revenue comes from export sales. We are exporting to Europe. We are also present in most of the rice producing countries, adjacent to India. Going forward we want to be aggressive in export marketing. We are hoping that our export revenue to be 12 to 15 % in the next three years on total revenues. For colour sorting machines, we have a tie-up with Cimbria, 45% of investment from Cimbria and 55% from Milltec.

