

Right from scratch

Backward integration to meet demands of construction industry



IF all the raw materials for construction could come from one source, then the tenets of construction would be redefined. Better known as 'backward integration,' the system that excludes contracts and sub contracts has come into place to take care of the growing need for unification in the construction industry. "All the raw materials come from our own factory," says Raj Pillai, the executive director of the concrete division of Sobha developers. From cement, to glass, metal and wood, everything is sourced from a factory in Bommasandra that they call their own.

"At the end of the day, the customers should benefit on cost and quality. In such an environment as backward integration, we have the control over quality and design because there is no second party interference," says PV Varghese, the chief executive officer of the glazing and metal works division. "When it comes to construction, there are two kinds of jobs — residential works and corporate constructions. Subcontracts were going on for both the works, until the chairman had a dream to go completely independent," notes PV Varghese. And thus was born a system that manufactures everything from scratch.

Says Srikanth Srinivas, CEO of the interiors division, "Setting up the whole process was expensive. But it eliminates the concept of contractors. So we do everything from making the indoor frames, to furniture if needed. But we start at the very beginning by processing timbre — both imported and domestic."

Pointing out the advantages that backward integration has in the concrete division, Raj Pillai says that they can keenly focus on the durability of the basic elements — the blocks. "A lot of people just do plastering and get away with it. Apart from blocks, we



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also make pavers — landscaping products like footpath blocks," he notes. He adds that they are also stepping into using sustainable, eco-friendly products. "People do look for green houses these days," he says.

PV Varghese points out that there are 700 people including 70 creative personnel working in the glazing and metal works division in the factory. "The good thing about backward integration is that we can work according to the requirements of the customers and eliminate the overheads if the sub-contractors. So in the end, there is a better product, at a better price, on a better delivery schedule," he says.

Ponnu Elizabeth Mathew
elizabeth@expressbuzz.com