

The quest for a billion

Tata Metaliks has plotted a map of aggressive growth and innovative expansion in its bid to cross the Rs5,000-crore mark by the year 2015

Having crossed the Rs1,000-crore milestone, 2007 JRD QV Award winner Tata Metaliks now has a loftier goal in sight. Race Towards a Billion (RTaB) is a goal that exhorts the company to strive towards the achievement of a topline of Rs5,000 crore by 2015. The goal seems unattainable, but managing director Harsh Jha is confident that it will infuse employees with passion and charge them to achieve the impossible.

New avenues

The company is already preparing to achieve the goal. One way to do it, says Mr Jha, "is to grow our new business of ductile iron pipes. At this moment, with the kind of capacity we have created, by 2010-11, we should be able to have a turnover of Rs550 crore. We want to scale it up and double the capacity next year. This will take the capacity to Rs1,000 crore or Rs1,100 crore approximately."

The next step would be to set up a new ductile iron pipe plant either in the west or south

of India. Goa and Karnataka are being looked at as possible options. This business too has the potential of generating Rs1,500 crore by 2015. The Government of Karnataka is actively supporting Tata Metaliks in this venture and permissions for accessing land, water and power have already been given.

"The land we have taken can accommodate three million tonnes," says Mr Jha. "There is a lot of scaling built in, but we will develop it in phases. We may start with a small plant of 0.5 million tonnes, then scale it to 0.7 million tonnes. We have even been thinking of starting with 1.5 million tonnes in the first phase." All these plans should help the company onward in its race towards RTaB.

Tata Metaliks is keen to develop the project in Karnataka as an integrated facility, one that will have a pig iron and a ductile iron pipe plant, besides a steel-making facility. The company is yet to decide on the profile and configuration of the plant.



In its quest to reach the finishing line of RTaB, Tata Metaliks is thinking out-of-the-box. Mr Jha says, “Our DNA is metallics, not steel. So we thought it would be a good idea to look at areas adjacent to steel and consider how we could make a difference.”

One area that the company identified has applications in the ductile iron pipe plant. Tata Metaliks is seriously planning to take this business idea to Bhutan. The Government of Bhutan is very keen on the project and has offered to participate in a feasibility study. The success of this venture will add another Rs500 crore to the RTaB tab.

Model plan

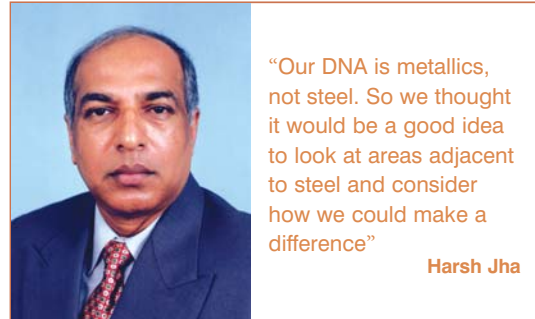
Additionally, Tata Metaliks has been employing the outsourced model of manufacturing castings for the past two-and-a-half years. Mr Jha says, “The castings business is very difficult. The gestation period is very long. It takes anywhere between 18 and 24 months to get a customer to agree that he will buy castings from you.” Since Tata Metaliks was completely new to the business, it made sound sense to get to know as much as possible about castings before making a foray in that direction.

“The castings business,” says Mr Jha, “gives you a finished product, whereas our experience has so far been limited to operating intermediate products. We needed to know how the product market behaves and what the success levers in this business are.”

Choosing to bank on its expertise in marketing, the company decided to lease capacities in other foundries and use those leased capacities to generate and supply castings. Given its limited knowledge, the company decided that the outsourced model of doing business was the ideal answer. Customers, however, didn't see it as ideal. They wondered how the company could make castings without having its own foundry in place. It took some time to convince them about the advantages of the outsourced model.

Since the range of castings is wide, it is not possible for any one company to produce all types of castings. Running one's own foundries also exposes them to the risk of lying idle sometimes. “In the long term,” says Mr Jha, “we aim to have a mother foundry of our own and lease the capacities of satellite foundries. They will supply castings made as per the customer's demand, but engineered by Tata Metaliks.” This combination of contract manufacturing with some core competence work in its own foundry is the model that seems most capable of achieving success.

The next item on the company's agenda is to brand its products, something not attempted anywhere in the world. That the product is a



commodity makes the task difficult, but Tata Metaliks is intent on doing something distinctive. The company is currently engaged in attempting to alter the size, shape and geometry of the pig so as to make it more energy efficient during the melting process. Once this is done, it will market the pig iron under a brand name. This too will be the first such attempt in the world.

People power

With so many plans on the anvil, Tata Metaliks is certainly raring to go. The only challenge the company faces is with reference to getting the right people on board to support these plans and bring them to fruition. Mr Jha says, “When we conceive of an idea, we try to recruit one or two domain experts, who will help us with the technology. Then as the project takes shape, we keep populating the project with the right people.

“We want to create a pipeline of people because there are so many projects coming up. We employ a continuous inflow of people against the future requirement of the business, not against the possibility of a vacancy,” he adds.

The company hires engineers from campuses and moves them to relevant projects. Management graduates are hired from the one-year, full-time programme for those with experience, run in business schools like the Xavier Labour Relations Institute, Jamshedpur; IIT, Kharagpur, etc.

The company also sources labour from the community. The Sadbhavana scheme taps the local community residing within a radius of 15km from the plant. Selected candidates are those who are technically qualified but do not have employable skills. Tata Metaliks trains them in the technology for one year and gives them a certificate at the end of the course. If there is a requirement, the company hires them. Meanwhile, the spate of industrial development in the area means that they can easily find a job.

The race to a billion has begun. The going will not be easy. Recession has set the company back. However, the company is determined to work hard to cross this significant milestone. ●

Cynthia Rodrigues