



# ROAD to GLOORY!

With the importance given to the infrastructure development in the country, construction equipment industry is going through an exciting time, says **Sandeep Singh**, Managing Director, Tata Hitachi Construction Machinery Company Private Limited

By Niranjan Mudholkar



"You will see that in the next two to three years time Tata Hitachi will be playing a very important role in wheeled equipment. We are continuously working and improving our products to make it happen."

**T**oday, Sandeep Singh, Managing Director, Tata Hitachi Construction Machinery Company Private Limited, has set his eyes on the wheeled equipment segment. Of course, before doing that, he has been working hard to strengthen the Company's position in the tracked excavator segment where it has a substantial market share. And while Tata Hitachi has maintained its leadership position in that segment for a fairly long time, when Sandeep Singh joined the Company in August 2015 as the MD, it was going through a very challenging time. In fact, the overall market itself had been down for many years. But Singh and his team turned around the Company successfully and are now looking at newer frontiers. In an exclusive interview with *The Machinist*, Singh – a veteran of more than three decades – shares his journey with us touching upon its different aspects.

#### **Maintaining leadership**

He starts by explaining how the Company is maintaining its market leadership position. According to Singh, Tata Hitachi has somewhere around 37 percent market share in the hy-



draulic excavators segment. “In fact, we have been hovering between 36 percent to 38 percent market share for the last two to three years. We have a range of equipment from two tonnes to two hundred tonnes.” From two tonnes to twenty tonnes – mini and mid range – of excavators are managed by Tata Hitachi’s dealership. “Beyond that, the Company manages it on its own. Of course, its 80 percent of business comes from up to 20 tonnes machines.

“Our regional team, our branch office team and our dealers play a very important role. There is a very strong connect between Tata Hitachi and dealers as well as between our dealers and our customers. That is helping us build a very strong relationship. It is clearly visible in the fact that 50 percent of our sales is repeat sales. If 50 percent of your customers are coming back to you then that is a very good equation. That is on our sales part,” he shares.

The second part is the quality of the machines – the actual products! “I think we have done very well on that front. Both Tata and Hitachi complement each other in terms of quality. We have very strong manufacturing processes and very strong vendor network. We have a very strong engagement with our

vendors. It is a continuous process of improvement but I think we are doing a very good job,” he says.

The third aspect is making machines available as per the requirement of the market. “Again on that front, we have done

### **Bouncing back**

According to Singh, the last two years have been the years of consolidation for the construction and mining equipment industry in India. “Between the year 2012 to the year 2015, the market was in a declining mode. During that time, our vendors, dealers and we all lost a lot of money. It was a very demotivating period for many. But the new government’s thrust on infrastructure gave a lot of motivation to the industry. It assured us that there is going to be a good opportunity for all of us. Actually, the market started growing somewhere around the first half of the calendar year 2016. We saw a little growth in 2015-16 but last year 2016-17 has given us good growth. In terms of percentage, we have grown by 46 percent in 2016-17 which is better than the industry growth average of around 43 percent.”



Kharagpur plant

## Plants

Tata Hitachi products are manufactured at the plants at Jamshedpur – Jharkhand, Dharwad- Karnataka, and Kharagpur - West Bengal. The 250 acre state-of-the-art factory at Kharagpur is rated amongst the biggest construction machinery manufacturing facilities in South East Asia and is geared to meet both domestic and international demands. The Dharwad plant caters to the needs of customers in the southern and western region.

Jamshedpur: Batch type production consists of 2T, 65T and 120T excavators apart from Reach stacker and Cranes. Key manufacturing facilities are Cutting shop, fabrication and machining of large class excavators, Transmission aggregate manufacturing (including KGP models) and Batch type assembly.

Kharagpur: Conveyor line assembly for 20T to 45T excavators. Apart from this, Dumper and Wheeled machines are also assembled in separate batch type assembly shop. Key manufacturing process includes fabrication and machining of attachment & frames, Painting of Sheet metal (ED), attachment & frames.

Dharwad: It is also having conveyor line assembly for 7T to 20T excavators. Apart from this, Backhoe loaders are also assembled in separate conveyor line. Key manufacturing process includes fabrication and machining of attachment, Painting of Sheet metal, attachment & frames.

quite well as the market grew suddenly in the last two years. It took many people by surprise but we were very well equipped. So I think all these factors have helped us maintain our market position,” he says with a smile of satisfaction.

### Addressing India's Growth story

Singh is happy to note that Tata Hitachi products have direct relevance to India's growth story. “The market is divided into different segments. It includes road construction, which is the biggest segment for us, and then we have mining, irrigation as well as housing. These are the key industry drivers. Besides these segments, we also have ports and railways that present good opportunities for us. Our approach is to understand these segments and provide the right solutions to the customers. We understand that each segment and each customer has a specific machine requirement and that's what we provide. We understand the customer's job and facilitate the customer to complete the job in a faster and more efficient manner. And that is working very well for us,” Singh adds.

### The legacy and range

Singh also underlines the legacy of Hitachi when it comes to the product. He notes that today, Hitachi products are sold globally. “Most of our products in India have the same technology that we have in other parts of the world.” In India, to cater to different jobs and different segments, Tata Hitachi has

two categories of machines - EX Range and GI Range. While EX caters to the economy range of the market, GI caters to the premium side. “The GI Range is more advanced and it has more of IT features – we call it ConSite. With ConSite, the customer, seating at his home or office remains connected with his machine and is updated about predictive maintenance, predictive health check, machine performance, operator efficiency, tool efficiency and so on. However, the Tata Hitachi quality remains the same irrespective of whether it is an EX machine or a GI Machine. The differentiation is in terms of the features,” Singh notes.

### Quality, not price!

It is often said that India is a price sensitive market. But Singh believes that playing on the pricing strategy is not good for the long term. It hurts the industry as well as the company. Quality is what counts, he believes. “I personally believe that quality counts. At the end of the day, our customer appreciates quality. So we have been focused on quality. What we have been doing is that we have been working on our vendors to enhance the quality. We are asking our dealers to invest to improve their infrastructure. We have also changed many manufacturing process at our plants,” he states. Obviously, doing all this costs money and there was a time when the company was making losses. “So we corrected ourselves and decided to educate the customer that if we are going to provide a very good product and good service then it will cost some money,” he adds.

There is a need for equipment in the market. When there is need of equipment, the customer wants to finish his job faster and he wants to have peace of mind. “For that, we are giving him better quality machines as well as prompt and excellent service. As a result, his machine is up and running most of the time. So the customer has realised that this is the company he has to rely on. And it is paying us good results. Today's customers understand the long term benefits of buying a good machine rather than looking at the initial cost of buying. As far as we are concerned, we are not in the business of gaining market share by reducing our pricing or by giving discounts,” he emphasises.

### Skill development

Tata Hitachi has been a pioneer when it comes to skill development centres and operator training schools in its segment in India. “Today, getting skilled operators is the biggest challenge



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in our industry. We have our premium range of machines but we do not have enough trained operators who can operate these equipment. We don’t have operators who can use the advanced features of these machines. So it is very important for us to train the operators. And many times we sell a machine, we also have to provide operator to the customer,” he informs. In line with this strategy, Tata Hitachi has revamped all its operator training centres. “We provide on-the-machine training at these operator training centres. We also have technical centres at Dharwad and Kharagpur. At these technical centres, we provide training to our own field technicians, dealership technicians and customer technicians,” he adds.

Tata Hitachi also does a lot of CSR activities through our operator training centres. Singh explains: “What we have seen is that there are many young people who have passed out their 8th standard or 10th standard but do not have any jobs. On the other hand, we also have many customers who have machines but do not have enough operators. So we are providing training to the unemployed youth and also providing them an opportunity to get a job with our customers. For this, we have also tied up with government agencies and charitable organisations who are dealing with unemployed youth.” The idea is to bridge the gap. On an average, Tata Hitachi is training about 300 operators every year.

### **Manufacturing strength**

At present, Tata Hitachi operates three manufacturing plants

one each at Jamshedpur - Jharkhand, Dharwad – Karnataka, and Kharagpur - West Bengal. “While we have three plants, mainly our production is happening at Dharwad and Kharagpur. Our Jamshedpur plant is supplying components to us. We are also producing some machines in Jamshedpur but in terms of volume it is not much. In terms of overall production, Dharwad is about 60 percent, Kharagpur is about 35 percent and Jamshedpur is five percent. The Kharagpur Plant is Tata Hitachi’s latest facility started in 2010 and it is spread over 250 acres. “This state of the art facility is one of the biggest excavator plants in South East Asia. It is also a very energy efficient plant and incorporates many Green features,” Singh informs.

He says that the machines manufactured in these plants are equally Green and they meet all the required government regulations in India. “In fact the quality of our machines produced in India is the same as the machines produced in Japan. We are also exporting our machines from Kharagpur to the Middle East and some African Countries. We are also exporting to neighbouring countries Nepal and Bangladesh. Soon we will also be looking at the Sri Lanka market. We export only about 250 machines; our main focus is on the domestic market. But in the coming years it will be a big thrust because we are building capacity and quality in terms of exporting the machines,” he says.

### **Looking back**

The journey from August 2015 till now has been an excellent one, says Singh. “Well, I have worked in the construction equipment industry before and have also spent substantial time in the automobile industry but this is the company where I have got the platform to use my learning and experience. This Company was not doing too well and we turned it around. It was looking to change according to the needs of the market and also to grow. And we have achieved that. Thanks to a wonderful team that I have been working with. So the journey has been very exciting and the overall experience has been fruitful and satisfactory,” he shares.

### **Looking ahead**

Singh believes that with the importance given to the infrastructure development in the country, this industry is going through an exciting time. “Our focus is to provide the right solution to the customer by which he can improve his productivity.” In terms of expanding its offering, Tata Hitachi will also be looking to make an impact in the wheeled equipment segment going ahead. “Our strength has been in tracked excavators. We are not doing too well in wheeled equipment, where we used to have good presence in the past and we lost it. But we are getting back in that segment now. You will see that in the next two to three years time Tata Hitachi will be playing a very important role in wheeled equipment. We are continuously working and improving our products to make it happen,” he shares. 