

Taking the right turns

With a new vision, a robust diversification plan and the ability to think big, TRF is cruising along the highway

It took a bold vision statement to breathe life into TRF. It also took guts, dedication and a change in mindset. For the 47-year-old Tata company that is a pioneer in material handling systems and equipment for the infrastructure sector, the last couple of years have been a brand new journey.

Traditionally, the Jamshedpur-based company's main business has been designing and manufacturing of material handling equipment such as wagon tipplers, stacker reclaimers, ship loaders and unloaders, travelling wagon loaders, special purpose cranes, etc, and undertaking turnkey projects for infrastructure development industries such as power and steel plants, cement, ports, fertilizers and mining.

When Sudhir Deoras took over as managing director in 2007, TRF's turnover had just crossed Rs3,470 million, a low figure that did not reflect the fact that it has been in business for nearly five decades. TRF was seen as a small player in this industry.

Mr Deoras, with a stint in Tata Steel and the experience of being the managing director of Tata International, soon realised that the company needed extensive changes: "If we didn't grow bigger and faster, we would become irrelevant (within the Tata family and outside). We needed to think differently. We needed to change."

The journey began with Mr Deoras redefining the company's vision statement. It was co-created with key executives and resulted in employees taking ownership for the goals set. Encouraged by the employees'

enthusiasm, Mr Deoras announced in April 2008, an ambitious new vision: TRF to achieve a turnover of Rs25,000 million by 2013, a five-fold growth in five years through organic and inorganic growth.

New directions

The decision to diversify into a new business line was a critical one. Although its strength lay in bulk material handling equipment for the steel and thermal power industry, business prospects were limited — there were no greenfield steel projects and few new power plants coming up in the country. "TRF needed to find another business area with a different business cycle to de-risk its bottomline and to achieve sustainable growth," explains Mr Deoras.

Looking at the improvements being made in India's road infrastructure, Mr Deoras saw an opportunity in automotive applications as "with better road infrastructure, there would be more transportation and logistics movement, which would require better quality trailers produced in larger numbers".

In October 2007, TRF acquired York Transport Equipment (Asia), a leading trailer axle manufacturing company based in Singapore. This year, York India started manufacturing operations in India and TRF is in the process of establishing a distribution, sales and service network. York's products are already being used in Tata Motors' prestigious world truck and the company is confident of introducing more new products.



TRF acquired a trailer manufacturing company, Dutch Lanka Trailers of Sri Lanka, in 2009, as part of forward integration into trailers. It has also set up a joint venture Adithya Automotive Applications, along with Tata Capital and Jasper Industries, in which it holds a 51 per cent stake, for fixed body applications for trucks.

Mr Deoras anticipates business from automotive applications, which is largely unstructured but poised for growth. "The automobile industry is a business with an entirely different business cycle from material handling. By capturing a part of this business, we will not only become more sustainable but also achieve the desired growth," he says.

Gearing up

The second pillar of the growth journey dealt with organic growth. TRF decided to bid for larger projects to drive revenues and profits. In February 2008, it bagged its largest-ever order, worth Rs3,050 million, from the Aravalli Power Company for setting up the coal handling plant of its 3x500 MW Indira Gandhi Super Thermal Power Project at Jhajjar, Haryana. This was followed by many more large orders including the Rs 4,138.5 million project from Damodar Valley Corporation for the design, engineering, manufacture, supply, erection, testing and commissioning of the 2x600 MW coal handling plant on a turnkey basis for the Raghunathpur Power Project (Phase-1) in West Bengal.

Innovation is also encouraged at TRF. Watching the unveiling of the Tata Nano in New Delhi in January 2008, Mr Deoras felt: 'why can't we also do something extraordinary?' He challenged the employees to come up with the lowest-cost wagon tippler (one of TRF's major products) without compromising quality. The team responded admirably to the challenge and developed an improved wagon tippler technology that has been very well received by customers. This success has enthused the employees to look at weight reduction exercise for other products and processes.

From a green perspective, TRF is working on reducing the energy consumption of the heavy machines manufactured by them, reducing the weight of its products, adopting energy-efficient processes, undertaking initiatives to conserve natural resources, and harnessing solar energy.

Internal support

To support the new growth initiatives, the company focused on the third pillar of its mission – upgradation of internal competencies. New machines and equipment, and shop floor space were added to the plant at Jamshedpur; new design software and a more advanced version of SAP have been put in place; tools and resources to improve efficiencies have been adopted; and



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training and development initiatives taken to enable the teams to handle large projects.

Team building has become a critical factor at TRF. Says Mr Deoras, "One needs to carry the people as a team. One needs to take people into confidence, encourage them, communicate and win their respect." So efforts were focused on motivating and encouraging employees, both on the shop floor and in managerial positions, to perform better. Quality Circle teams were formed. There was proactive internal communication – large projects won were celebrated and successful teams were rewarded. The company today is a Day 1 employer as it hires graduate engineers from IITs and NITs by offering salaries that are prevalent in the market. This year TRF also hired managers from XLRI, Jamshedpur.

TRF is actively promoting the Tata Business Excellence Model (TBEM) within the company and encourages employees to be a part of this process by becoming assessors. "TBEM is a great tool and everyone in the company now takes it seriously," says Mr Deoras. Today, TRF has 48 assessors and their number is growing.

The path to success

The new vision and direction have made their impact in the business results of the company. In 2008-09, TRF achieved its highest ever consolidated turnover of Rs7,230 million (as against Rs4,460 million the previous year). It rewarded its share holders with a 1:1 bonus share and announced a record dividend of 120 per cent.

And although TRF's margins were affected by the economic downturn (net profits remained stagnant at Rs400 million) as many projects were put on the back burner, there are signs of strong recovery. The company has bagged orders worth Rs8,000 million and has bid for several more projects. Mr Deoras is optimistic about the future and envisions 70 per cent of the business coming in from the bulk handling material and equipment business, and 30 per cent from the automotive applications business.

As TRF confidently marches ahead on an exponential growth path, it has established that it is no longer a marginal player; the company has created a new identity for itself, one that is not small at all. ●

Jai Wadia