

# Building blocks



Track and main frames put together at the Dharwad plant; (inset) S.K. and R.K. Behera

## A transmissions manufacturer diversifies into construction equipment aggregates

**R**SB had established its core business of manufacturing all types of axles for trucks and buses. What next? The answer didn't take long in coming: its oldest and biggest customer, the Tata group, set up the joint-venture Tata Hitachi Construction Machinery Co at Dharwad in Karnataka. The Pune-headquartered group decided quickly to continue its long-term association with the Tatas: it set up a plant nearby to make aggregates for construction equipment.

That was, as R.K. Behera, group chairman, RSB, points out in retrospect, a wise business move to balance risks. The economy hit a bad patch in 2011-12, and the biggest manufacturer of trucks in the country, Tata Motors Ltd (TML), hit a bad pothole. The others – Ashok Leyland, Daimler Benz and Volvo – were all badly affected too. “However, construction equipment began doing really well last year – so much so that we were not able to meet the requirement,” Behera says.

Sandeep Singh, managing director, Tata Hitachi, explains why his company has RSB as a regular supplier for about 32 years: “They meet our quality, delivery and cost parameters; the proximity to our plant is also an important factor.” RSB, he says, has

also been participating actively in its customer's new product development right from the concept level. All this makes them a strategic supplier. “Our association has grown from strength to strength over the years and today they are supplying some of the most critical fabrication aggregates to us,” he adds.

At Caterpillar India, purchase manager Prakash P.S. says the Dharwad facility has been giving structures for Caterpillar's small wheel loader since 2011. “RSB is a supplier who understands the customer requirements well,” he explains. A JCB India spokesperson, however, says its business interests with RSB are ‘quite limited’.

RSB's Dharwad plant also specialises in profile cutting, welding, machining, turning and assembly of track and main frames for machinery manufactured by not only Tata Hitachi, but also the other biggies in the field: Caterpillar and JCB. “About 70 per cent of our production goes to Tata Hitachi, 22 per cent to Caterpillar and the rest to JCB,” says general manager Gautam Raut, a 28-year veteran, who has been with the parent company since it was set up and established this facility which he now heads. “Back then in 2002, we started with a monthly sale of just over ₹1

crore, assembling components brought from Jamshedpur. Now, we do ₹13 crore a month independently.”

The plant uses more than 1,600 of steel plates, rounds, bars and special-steel plates every month to make excavation parts, which its customers assemble and paint. These include the main frame, arm and track frame for Tata Hitachi excavators, wheel loaders for Caterpillar and smaller excavator parts for JCB. “Slowly, we are going to stop manual welding and shift totally to robotic operations,” he says.

### Going places

Of the two brothers at the top of the company, Raut says, “R.K. Behera, the group chairman, has guided us with systems, but has never tried to rein in people's creativity. And S.K. Behera, vice-chairman & managing director, helps with products and productivity. We are encouraged to think out of the box: for example, what small change can we make to a particular machine

that makes four or five parts a day, to increase its output by at least one part?” Even in R.K. Behera's first company, International Auto Ltd (IAL), which he set up in 1975, he made construction equipment aggregates in Jamshedpur, in addition to the trailers and trailer kits with which he began. In June 2006, IAL broke ground for another unit in Chennai, specifically to cater to Caterpillar India's requirements of components and aggregates. “Caterpillar will be one of our key customers,” says S.K. Behera. “This unit will also serve as a platform to cater to the needs of other customers in earthmoving equipment besides having an immense export potential as Chennai is a favoured hub for international trade. Bringing our products close to the customers in south India will give us a cutting edge in cost economics and pricing strategy.”

Along the way, RSB also acquired Belgian construction equipment aggregates manufacturer MSI in July 2010 to establish a European presence. With a truly global presence today, having plants all over India and in select locations abroad, RSB is set to continue to go places both on and off the highway.

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