

ESALE OF IDLE & OBSOLETE MULTI-UTILITY VEHICLES, CAPITAL ASSETS, LARGE & SMALL SPARES (Q4 FY14)



INDUSTRY

Construction Equipment



GEOGRAPHY

Jamshedpur, India



CHALLENGE

Sell the client's assets at right price in shortest possible time



SOLUTIONS

A two-stage auction



RESULTS

Assets worth INR 25 Mn sold through 6 Online auctions held over 3 months

THE CLIENT

Tata Hitachi Construction Machinery, the Leader in Construction Equipment in India, provides the right kind of equipment for all Mining, Infrastructure, Construction and Agricultural needs. Tata Hitachi is one of the largest manufacturers of construction equipment in the country and has three manufacturing plants - at Jamshedpur in Jharkhand, at Dharwad in Karnataka and at Kharagpur in West Bengal. It also has a full – fledged Design and Development set-up for developing indigenous and collaborated equipments.

Tata Hitachi is a subsidiary company of Hitachi Construction Machinery Co. Ltd., which holds 60% share, and Tata Motors Ltd holding the balance 40%. The company commenced manufacturing of construction equipment in 1961, as a division of TELCO. In 1984, it entered into a technical collaboration with HCM, Japan for manufacturing state of the art hydraulic excavators.

THE IDLE ASSET UNDER SALE

valuejunction received a mandate on 'Work Order Basis' from Tata Hitachi Construction Machinery Co. Ltd, to sell their idle & obsolete multi-utility vehicles, capital assets, large & small spares.

THE BUSINESS CHALLENGE

Tata Hitachi Construction Machinery Company Ltd had difficulty developing a streamlined process to dispose off these assets. valuejunction was not only required to sell the asset to the right buyer to ensure good price realization, but was also expected to sell the same at the shortest possible time ensuring transparency and efficiency.

THE SOLUTION & STRATEGY

valuejunction decided to sell the same as re-usable working assets instead of scrap to release the best use and value from them. It then sorted the assets into various categories. Different buyers would have to be contacted for each category. A two-stage auction strategy – Online Seal Bid followed by Online Forward Auction was carried out to encourage competitive bidding to insure a good price realization.

RESULTS & ACHIEVEMENTS

Through online competitive bidding, valuejunction was able to get a good realization for the assets and for many of the items, the price superseded the client's expectation. Within a span of just 3 months, from Jan'14 to March'14, 6 online sale events with an average participation of 7 bidders was conducted by valuejunction through which assets worth approximately INR 25 Mn were successfully sold. This was only possible because of valuejunction's expertise, customised approach and strategy which ensured a good buyer participation in the online auction, leading to competitive bidding to get the best price. valuejunction had a happy and satisfied client in Tata Hitachi Construction Machinery Co. Ltd. and they went on to sign a long term contract with valuejunction.