

Tata Hitachi Construction Machinery Co. Ltd - eSale of idle & obsolete multi-utility vehicles, capital assets, large & small spares (Q4 FY14)

valuejunction successfully auctions Tata Hitachi's idle & obsolete multi-utility vehicles, capital assets, large & small spares

Industry	Construction Equipment
Geography	Jamshedpur, India
Client	Tata Hitachi Construction Machinery Co. Ltd
Asset	Idle & obsolete Multi-Utility Vehicles, Capital Assets, large & small Spares
Solution	A two-stage auction
Results	Assets worth Rs 2.5 crore sold through 6 online auctions held over 3 months

The Client

Tata Hitachi Construction Machinery Co. Ltd, 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

On 16 December 2013, 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 was having difficulty to develop a streamlined process to dispose these assets. valuejunction was not only required to sell the asset to the right buyer to ensure a good price realization, but was also expected to sell the same at the shortest possible time at the same time ensuring transparency and efficiency.

The Approach

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.

The Strategy

A two-stage auction strategy – Online Seal Bid followed by Online Forward Auction was carried out to encourage competitive bidding ensuring a good price realization.

Results & Achievements:

Through the 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 **Rs. 2.5 crore** were successfully sold. This was only possible because of valuejunction's expertise and 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. Because of the initial success valuejunction achieved, they went on to sign a long term contract with valuejunction.
