

# Setting a benchmark for Indian wagon industry

**A brief history of Burn Standard (Pls. include how the name Burn Standard was coined).**

The history of Burn Standard Co. Ltd. dates back to 1781 when Burn & Co. Ltd. was established on the West side of the river Hooghly in West Bengal with the objective to develop Indian Engineering Industry.

Burn & Co.Ltd. and The Indian Standard Wagon Co.Ltd. were nationalized in 1976 by amalgamation of these two renowned Engineering Industries and the new Company was formed, namely, Burn Standard Co. Ltd. The

Engineering Units located at Howrah and Burnpur have been manufacturing Rolling Stocks, Steel Castings, Forgings, Structural, Wagon Components. The 7 Refractory Units located at different locations in West Bengal, Madhya Pradesh and Tamil Nadu used to produce Refractory Fire Bricks etc. Burn Standard Co.Ltd. was referred to BIFR under the provisions of SICA in November 1994. A Scheme for revival of the Company was sanctioned by BIFR on 16/4/1999 which was subsequently declared as "failed" by BIFR in its Order dated 14/11/2001. All the Refractory Units excluding

**the current competitive scenario and how you prepare yourself to overcome them ?**

This has to be appreciated with the background that the company is sick and under BIFR since 1994, suffered a massive exodus of manpower in 2001-02 due to VRS scheme and



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a prevailing atmosphere of uncertainty of future when the administrative control of the company was transferred to the Ministry of Railways in September, 2010 from the Ministry of Heavy Industry. The wagon industry dominated by the private players was already highly cost competitive. That was the scenario when we were exposed to challenges. The challenges are both internal and external not only from the survival point of view but also for the growth of the Company.

Internally we have five major challenges. First we felt there was highly demoralized workforce, secondly a bankruptcy of technical expertise in the organization, thirdly the productivity of labour was abnormally low, fourthly we have very old, obsolete and inadequate Machinery & Plant unattended for several years and the last but most alarming was the poor financial health. Coupled with this externally we have highly established players of wagon industry with whom we are expected to compete. When I joined on deputation from the Ministry of Railways in last week of November 2010, I had practically no idea on the ground reality and was caught completely unaware. I must appreciate the support and guidance I got from the Ministry of Railways at that juncture.

First to improve the morale of the employees and gain confidence on the administration, we undertook the revision of pay to the level of 1997 and implemented. Central Govt. minimum wages was implemented for the Contract labor. This exercise increased their salary by about 30 to 40 percent. We went on locating and hiring



the best of experts as advisors/consultants to revive and run the steel foundry and accelerate the wagon production. Brought about a series of changes in the working systems to improve the labor productivity and operational efficiency. Capital expenditure was made carefully to take care of the physical infrastructure. We systematically worked on reducing the cash conversion cycle both by quick realization of bills and availing extended credit from the major suppliers to improve the financial position.

Right now the only worry we face to meet the external challenge is to be cost competitive. We have already focused on revival of the steel foundry to generate our own Bogies and Couplers for the wagons we manufacture. Working on improving the operational efficiency and started drive in cost cutting measures to control cost of production. We have also taken a number of renovation & innovative measures in

M&P to improve their efficiency. I am happy to say that results have now started coming.

Recently we have bagged orders from various Zonal Railways orders for supplying 26000 knuckles for wagons against competitive bidding beating the established players. One of the reasons for such success is the efficiency we have achieved in steel casting to the tune of 82% yield against normal industrial standard of 72-74%.

We are primarily into Railway wagon manufacturing. We would like to set a bench mark in both quality and cost for the Indian wagon Industry. We would also like to develop our self into a repository of knowledge and technology in best foundry practices for the Indian Railways.

**What is the most positive change that you have noticed in your organization in recent times which you think is going to work as " magic wand" for your organizational growth in future?**

Our most valuable assets are our employees. With consistent nurturing of the relationship between the employees and the management the environment of despair and uncertainty has changed into an atmosphere of hope. For the last one year we have not witnessed any hartal, protest rallies, gheraos or any kind of hostile activity. There is an atmosphere of trust and ownership. During my last meeting with all the unions in early September; the issue of increasing production was the theme of discussion. All came with a long list of suggestions. I must put it on record that same staff without adding any new, who were turning out about 50 wagons in a month have now increased the production to 160 wagons a month and expected to stabilize at about 250 wagons a month in next three to four months. This change in the attitude of the employees and the atmosphere within the organization is going to push the growth of the company dramatically. I am confident we will not be looking back.

**Where do you see Burn Standard Company Ltd. Down the line 5 years from now?**

In the rehabilitation scheme approved by the Govt. of India for Burn Standard Company, the magnesite mining and refractory unit at Salem, TN was to be handed over to SAIL and the rest to come under the administrative control of the Ministry of Railways. In fact Salem unit was the only profitable and surplus generating unit. The company without Salem unit that came to us was the most difficult one to handle as both the works at Howrah and Burnpur are loss making units. We had a turn over of Rs. 97.09 Cr. in 2010-11. Our efforts gave us a increased turnover of Rs.144.96Cr. in 2011-12. We expect to achieve around Rs.230 Cr. with profit during current financial year. Next five years by 2016-17 we are set to achieve a turn over of more than Rs.600 cr.

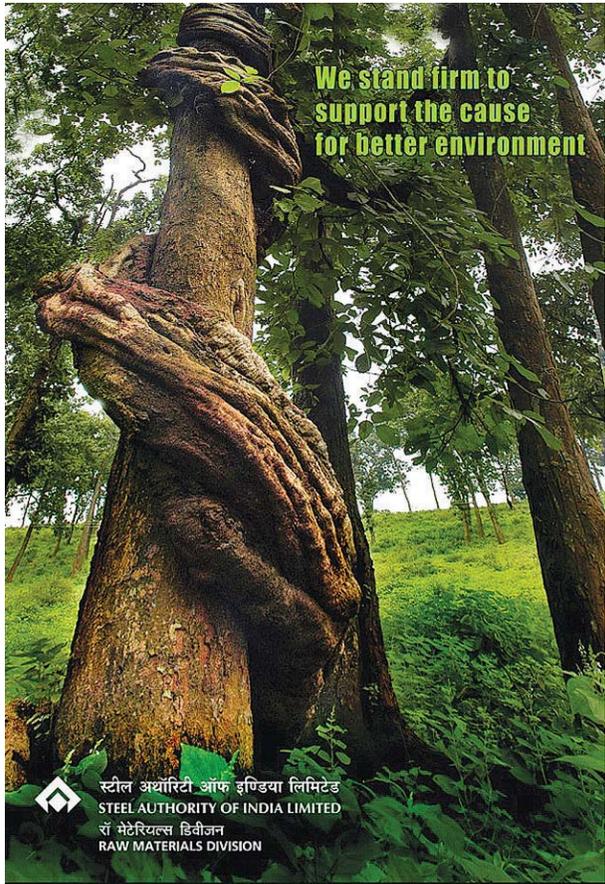
We have already plans to diversify into the manufacturing of Railway Crossings, venture into Ash Handling Projects, fabrication of Steel Bridge Girders and Stainless Steel Castings. We have already formed a 50: 50 equity JV company with SAIL and setting up a Steel foundry at Jhellingham, Nandigram with an investment of Rs.200 Cr. This factory will manufacture future generation track friendly high axle load(32.5T) freight bogies and high capacity couplers for the Indian Railways. The work is going to start in a couple of months.

We would like to establish ourselves as a leader in the Wagon industry.

**As one of the key contributors of the infrastructure sector of India, what are your expectations from the Govt. ?**

Already lot of changes are taking place in the system of procurement of rolling stock and introduction of new rolling stock for the Indian Railways. We expect a greater role in developing new wagons catering to the varied need of the transportation sector of India.

**We stand firm to support the cause for better environment**



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