

Rajratan Global Wires: Expansion and International Location Choice

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Abstract. The case highlights Rajratan Global Wires Ltd. (RGWL), a major player in the tire bead wire manufacturing and global supply industry. Based in India, Sunil Chordia, Chairman and Managing Director of RGWL, was carefully considering the most effective strategy for advancing the company's growth. The critical decision was whether to expand the capacity of the existing Thailand plant to 60,000 tons annually and/or to seek out new expansion opportunities domestically in India or further afield, to further cement RGWL's standing as a top-tier manufacturer of tire bead wire at the global level. The case is pertinent for analyzing the strategic implications of expanding production capacity domestically or in a foreign country. Students learn how to use capacity planning and numerical calculations along with cost-benefit analysis to arrive at a suitable decision.

Keywords: global supply, location decision making, tire bead wire, production expansion.

1. Introduction

In January 2022, Sunil Chordia, the Chairman and Managing Director of Rajratan Global Wires Limited (RGWL), a prominent manufacturer and supplier of bead wire used in tire production for global tire companies, embarked on a crucial journey to Thailand's operational facility. His son, Yashovardhan Chordia, a non-executive director of the company, was accompanying him. Their purpose was to discuss and assess the company's strategic direction.

During their trip, the father and son engaged in extensive conversations, delving into the company's historical evolution, rapid expansion, and the challenges it had successfully overcome. Their primary focus was on the recent hurdles faced by the bead wire business. Sunil, renowned for his innovative leadership, contemplated the most advantageous action to drive the company's growth. The central point of their deliberation revolved around a pivotal decision: whether to enhance the production capacity of the existing Thailand plant to an

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annual output of 60,000 tons and/or explore new geographical avenues for the plant's expansion to meet global demand.

2. Company Background

Rajratan Wires Private Limited was founded in 1989 as an iron and steel trading company. In 2004, it underwent a significant transformation and rebranded itself as Rajratan Global Wire Ltd. (RGWL). The company diversified its operations beyond mere iron and steel trading and ventured into bead wire production for the tire industry. RGWL took pride in delivering top-quality products to discerning customers across various regions. Notably, RGWL was Asia's largest bead wire manufacturing company, excluding China. Its operations encompassed two key locations: India and Thailand. Regarding market share, RGWL had a firm grip on approximately 42% in India and 28% in Thailand¹, steadily expanding its export presence to other corners of the world. Sunil Chordia aimed to position the company as a global leader in the manufacture and supply of bead wires and cables for the tire industry.

The RGWL Journey

Sunil Chordia, a native of Indore, Madhya Pradesh, India, spent his formative years in the same region with initial career aspirations in engineering. Embarking on his educational journey, he pursued undergraduate studies in science and subsequently earned an MBA in finance from Indore University (now Devi Ahilya Vishwavidyalaya) between 1987 and 1989.

In the late 1980s, Sunil Chordia joined his family's steel trading business, aligning with his father's vision for the family enterprise's continuity. This collaboration laid the foundation for a strategic partnership, establishing a new corporate entity in 1988 named "Rajratan". The name was derived from an acronym based on his grandfather's first name (Rajmalji) and his younger brother (Ratan Lalji).

In 1989, with an initial capital of INR 3 million² borrowed from his family, Sunil Chordia and his family initiated Rajratan Wires. By 1991, the company had commenced commercial production of prestressed concrete wires and strands, expanding to bead wire production in 1995. This expansion prompted a name change to Rajratan Wires Pvt. Ltd. following a successful Initial Public Offering (IPO).

During the early 1990s, recognizing the need for technological advancements in bead wire production, Sunil Chordia actively sought global manufacturing

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1. pawealthauthor4. (November 5, 2022). *Rajratan Global Wire Ltd – Emerging as a Global Player*. PA Wealth Investment Services-PA Wealth Blog.
 2. January 2022 was approximately 74.25 INR per USD. Therefore, 3 million INR in January 2022 would be equivalent to USD 40,404.04