

# By 2017, 70% of the vehicles sold will have airbags: Rane Group

New safety norms spell a mega business opportunity, says Harish Lakshman

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Chennai-headquartered Rane Group, a leading auto parts manufacturer with 11 companies under its fold, plans to expand its footprint in areas such as aerospace and also make new automotive products. As part of its strategy to increase revenues to ₹5,500 crore by 2018-19 from ₹3,610 crore in 2015-16, the group also seeks to increase export share. Harish Lakshman, Managing Director, Rane TRW Steering Systems and director in a number of group companies, discussed the opportunities with *BusinessLine*.

**After the merger of global auto parts firms ZF and TRW, has there been any change in your equal joint venture with TRW?**

There is no significant change for us. Immediately after ac-

quiring TRW, ZF made a public statement that it didn't want to make any change in TRW.

Therefore, us being a joint venture with TRW, there is no change.

However, the merger has opened up a huge market for us and we are constantly in dialogue with them to leverage the Rane-TRW partnership.

**How do you see growth potential in the occupant safety parts business in view of the new legislations?**

We should aspire to move quickly to the same standards as in Europe. So, with the new legislation, all new car models should have airbags from October 2017. Of course, some existing models can continue till 2020. But, by 2020, every car that will be sold in India should have airbag in it. Our view is that more than 60-70 per cent of vehicles sold will

have airbags by 2017 itself — it will reach 100 per cent before 2020. In 2014-15, only 30 per cent of the vehicles sold in India had airbags. Technically the market from 2014-15 is going to grow more than three times. There is a huge opportunity. We have been making seat belts for the last 12-14 years and we have just added airbags. Of course, the competition is intense.

There are three-four other players in the market. We see tremendous growth opportunity and we can double sales in three years in this safety parts business.

**Localisation is said to be key in growing the airbags business. What are your efforts?**

We have been producing airbags for over a year now. We have started steadily localising many of the components. We have started doing bags stitching. However, the

main heart of the airbag (inflater), which is where Takata has a problem, will continue to be imported for the foreseeable future. Rane-TRW has been importing inflators, which is very high-tech and safety critical part, from TRW.

**Can you explain the restructuring in Rane Engine Valves?**

This company was going through some challenges due to market related issues. A sluggish domestic two-wheeler

market and loss of export order two years ago had its impact. Also, the closure of our old plant and redistribution of production to other plants had an impact. So the financials were under stress.

Hopefully this year should be better for Rane Engine Valves. While the two-wheeler market has started doing well, an order from BMW is offsetting the export losses.

**How strong is your R&D spend?**

We are continuously increasing our

R&D spend. Of course, we are nowhere near European standards where companies invest 4-6 per cent of their revenues in R&D.

About three years ago, we were at 0.8 per cent. Today our spend is about 1.7 per cent of the revenues. Our spend is not customer specific or vehicle programme related. These are more based on technology.

Rane Madras and Rane Brake Linings have made significant investments in the past two years.

For joint ventures like Rane TRW and Rane NSK, a lot of technologies come from partners and we invest on validation and testing, among others.

**How is your aerospace business progressing? Any further acquisition planned?**

About four years ago we decided that we will expand into aerospace. We are not looking at significant contributions from this vertical like other players. We wanted to have a small percentage of aerospace portfolio, maybe 10 per cent. We decided to do it through multiple, but small acquisitions to grow to about 10 per cent over time. We made one investment (SasMos) and that is growing. We will do more and keep looking for the right companies. We are clear that we will not do anything on our own like greenfield manufacturing.

**Which will be fast-growing entities in your group over three-five years?**

For the next couple of years, obviously the seat belt and airbags business will grow as also the electric steering business of Rane NSK.

Rane Madras and Rane Engine Valves will also see good growth.



Byjor Chotsh

*"We will keep looking for the right (aerospace) companies (to acquire). We are clear that we will not do anything on our own like greenfield manufacturing."*

**HARISH LAKSHMAN**  
Managing Director, Rane TRW Steering Systems