



SONAR MEHTA

4G growth

This auto component group has great things to look back on and ahead

The platinum jubilee celebrations of the Rane group in Chennai last month epitomised the companies' culture of no-fuss quality: there was no pizzazz, and the programme was completed a good five minutes ahead of schedule. As chief guest B. Muthuraman, vice-chairman, Tata Steel Ltd, points out, everything except the quality of a company's people can be copied by a rival. "All long-living companies have this fantastic ability to keep the people together, keep them motivated and energised all the time," he says.

"There is one common combination I have noticed in Rane's previous generation which still continues to hold the organisation – truthfulness, good conduct and humility amalgamated in a seamless fashion," adds Suresh Krishna, chairman and managing director, Sundram Fasteners Ltd, who was guest of honour at the 11 December 2011 function.

"The culture and behaviour of Rane as an organisation has been the subject of admiration in industry and trade," says L. Lakshman (*left*), chairman of Rane Holdings Ltd (RHL), in the foreword to the book *The Rane Story – a journey of excellence* published to celebrate the occasion. He writes: "(For) 75 years of successful existence, customer and employee-centric management, fair-mindedness, openness and transparency must have

been ingredients." L. Lakshman is the eldest son of L. Lakshminarayan ('LLN'), the son-in-law of the founder T.K. Ganapathy Iyer.

Much water has flowed under various bridges since the group was set up in 1929 when Ganapathy Iyer moved from Bombay to Madras to carry on the auto parts trading business of his late employer Vamanrao Rane. It was incorporated in 1936 as a listed company with a share capital of ₹1 lakh. The biggest thing that happened in the past 75 years was in the late 1950s, when Rane moved into manufacturing. Engine valves, which it began making in 1959 after it bought over a dormant company, were followed within a year by steering linkages and tie rod ends, then brake linings, steering gears and columns, and seat belts. The group, which had a combined turnover of ₹2,250 crore last year, now has nine companies: RHL, Rane Brake Lining Ltd (RBL), Rane Diecast Ltd, Rane Engine Valve Ltd (REVL), RML, Rane NSK Steering Systems Ltd, Rane TRW Steering Systems Ltd (RTSSL), Kar Mobiles Ltd and JMA Rane Marketing Ltd.

Three milestones stand out, Lakshman says: getting into manufacturing, which was 'very daring'; winding down the 'bread-and-butter' trading line; and becoming one of the first Indian auto component units to get into exports. This spirit

of daring and enterprise continued through the decades, with Rane launching power steering systems in 1987 though there was no market. Earlier, in 1976, RBL – headed by Lakshman, who got into the business in 1970 after earning his mechanical engineering degree – showed the same daring when it launched its product in competition with former ally Ferodo.

Younger brother L. Ganesh (*right*), who stepped into his shoes after having headed REVL which he joined in 1978 as a fresh chartered accountant and returned to after a break during which he did his MBA in the US, spearheaded the employee training initiative. The Rane Institute for Employee Development (RIED), established in 1999, provides half of the mandated training that every employee has to undergo for 2 per cent of his time, he explains.

Aggressive growth

Going forward, the brothers see Rane as an auto company 10 years hence too – but they are looking at much more aggressive, profitable growth. "We are looking at non-auto business, like defence and aerospace – these won't be more than 25 per cent of our portfolio," Ganesh says. "We also want to have at least one product in which we must be a significant player globally."

This future thrust will be spearheaded by the fourth generation. Harish Lakshman (*centre*), who joined the group as a management associate in 1998 and became vice-president of RTSSL three years later, echoes his father's and uncle's views on growing 'very strongly'. He however has some concerns, "In most product lines, business is becoming more global, so we have to design for multiple countries," he says. "Sustaining an India-only strategy will be difficult." This, he explains, is a 'significant challenge' – identifying three or four products that can be taken global, as it's not possible to do it for all of them. "We are creating a group of people who are constantly looking for the next big idea," he adds. "Anything under the sky!"

♦ SEKHAR SESHAN