

Harish Lakshman

Rane TRW Steering Systems' managing director speaks to Shobha Mathur on bagging the supply order for Ford's new B-segment car to roll out from Sanand and potential growth areas.

How does the Rane Group foresee growth plans and opportunities?

For the Group, the past 18 months have been quite dull. In the immediate term, the outlook is not very positive. Having said this, our exports are doing well in North America, especially in our die casting business and steering joints that is growing significantly. Exports to Europe of engine valves are also starting to look up especially for Volkswagen's two-litre engine that goes into multiple car applications in the Polo and Jetta.

For steering housings in America, the end customer is Volkswagen, Ford Fusion and the Chrysler Jeep range which we supply through Rane TRW Steering Systems.

The aftermarket has also started showing some small growth in both domestic and overseas markets. So both are offsetting de-growth in the OEM segment.

Among the new businesses, we have bagged the order for the new Honda City – Rane NSK Steering is supplying the electric steering from its Bawal plant and production is in full swing. Rane Madras has also won a lot of business for manual steering and Rane Engine Valves has won business for the A-level Renault small car set to debut in end-2015.

Can you tell us about new products and technologies in the pipeline?

A significant new addition is the airbag. We have begun supplies of seatbelts and airbags to the Ford EcoSport and will also be a supplier to the new B-

segment car (codename 562) to roll out from the Gujarat plant in 2015. We plan to completely localise the airbag in addition to the seatbelt that is already localised.

We have made an initial investment of Rs 20 crore in it and plan to invest Rs 10-15 crore annually over the next 2-3 years to grow the product line. But certain parts will always be imported unless we get the volumes, and the laws mandate that every car have an airbag. That will speed up complete localisation.

Which are the new trends coming in engines and engine valves?

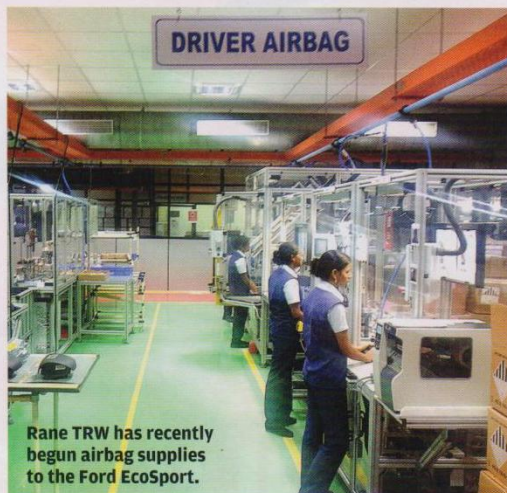
There are some incremental technologies in engine valves and there are also a lot of future technologies like hollow valves that will come. This is a new feature in high-end cars in Europe, so Rane Engine Valves has started working on prototypes.

So where is the focus now – on exports or the domestic market?

Currently, our exports account for 18 percent of the total. We want to go up to 25 percent over the next 12-18 months and as far as the domestic market is concerned we want to maintain our market share.

In which other areas do you see the potential for future growth?

We keep looking at hydraulics, hydrostatic steering and die-casting. Airbags is another area for growth. Rane NSK Steering has just launched electric power assisted steering columns for the Honda City. There is also a new



Rane TRW has recently begun airbag supplies to the Ford EcoSport.

generation of steering columns designed for CVs and we are a supplier to the latest CVs from Eicher as well as Ashok Leyland. We are also in discussions with Daimler for supply of steering columns. Rane Madras has also developed hydrostatic steering for tractors as well as steering cylinders, so that business is really growing.

Rane Brake Linings has strengthened its partnership with Nisshinbo Brakes of Japan and we have bagged a lot of new business on the passenger car side from Maruti and Toyota for its new models.

Overall, this year will be tough but we are still optimistic that the Rane Group will grow significantly over the next five-year perspective.

I am also bullish long-term about the automotive domestic market. It could take a year to pick up and after that we could have a good 3-4 years of outstanding growth. If the rupee remains stable at Rs 58 to a dollar, it will make our industry very competitive.

What results do you expect to post this fiscal?

We are currently at Rs 2,700-Rs 2,800 crore topline and are targeting a CAGR of 15 percent. This year we do not expect to achieve that and will end up with a flat to slight growth but from next year onwards we hope to get there.

We had planned to invest Rs 500 crore over a three-year timeframe. That may still happen but over the next five years going towards all our businesses like die-casting, seatbelts and airbags. ■

'RANE MADRAS HAS WON A LOT OF BUSINESS FOR MANUAL STEERING AND RANE ENGINE VALVES FOR THE A-LEVEL RENAULT SMALL CAR WHICH IS SET TO DEBUT IN END-2015.'