

Rane to re-align TRW joint venture's business

To identify new areas for long term growth

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CHENNAI: The \$494 million Rane group has decided to re-align business areas of Rane TRW Steering Systems Ltd, an equal joint venture with U.S.-based TRW Automotive, for long-term growth and profitability. The decision is in response to the change in the demand pattern in the vehicle market.

"The performance of Rane TRW has been hit due to two reasons. Firstly, hydraulic power steering business is heavily dependent on the commercial vehicles segment, which was impacted severely by economic slow down. Secondly, in passenger cars, use of hydraulic steering is coming down as electric power steering is gaining momentum," said Rane group Chairman L. Ganesh.

Rane TRW's topline was impacted in the past 2-3



L. Ganesh

years. Its revenues fell to Rs.590 crore in 2013-14 from Rs.631 crore in 2012-13 and Rs.620 crore in 2011-12.

To fill the void in its business, Rane TRW is in the process of identifying a few new areas. The Rane group is in discussion with its U.S. partner TRW to look into the possibility of bringing some of the latter's new products to India.

Meanwhile, the company is also working on a new power steering system for tractors and mini-trucks to sustain domestic business.

While the company is now aggressively focused on exports, it is also betting big on airbags, a new area it entered two years ago. For airbags, it has a production capacity of 3.2 lakh units annually, scalable to 8.1 lakh units a year.

"Airbag is a futuristic product and offers good potential. It is now a significant part of this JV's business. If airbags get mandated early, there will be huge business opportunity," he added. Over the short-to-medium term, Rane TRW will look at increasing exports of hydraulic steering systems for some commercial vehicle models in Europe. But, this demand is also expected to come down over the long-term as market would move to electric systems.