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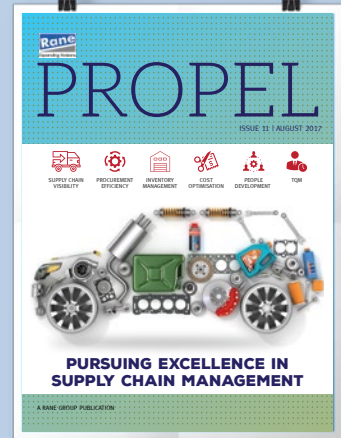
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CONTENTS

RANE PROPEL

4 FROM THE CHAIRMAN'S DESK

Pursuing Excellence in Supply Chain Management

6 SUPPLY CHAIN OPTIMISATION

In conversation with Hari Babu N, Advisor at Rane Holdings Limited, on the six key steps to optimise the supply chain

8 INTERVIEW

Ashok Leyland's approach to supplier development

10 GLOBALIZATION OF AUTO SUPPLY CHAIN

S. Parthasarathy, Chief Executive Officer - RML, shares insights on expanding into international markets

11 SUPPLIER DEVELOPMENT

A. Makesh, Senior Vice President - Materials & Plant-4 at RML, explains the finer nuances of supplier development

14 COST OPTIMISATION

In this article, we gather Rane Group's approach to cost optimisation and perspectives from R. Subramanian, Senior Vice President – Materials, Rane TRW Steering Systems

16 BUSINESS ROUNDUP

Safety, Quality and Compliance: The 3 Core Pillars of Rane NSK

18 NEWS @ RANE

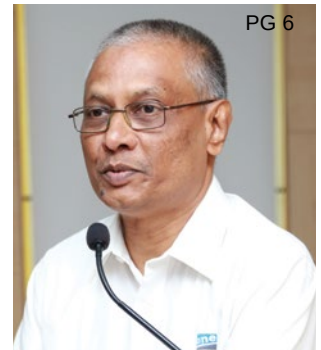
A round up of key activities and achievements from Group companies



PG 4



PG 10



PG 6



PG 14



PG 8



PG 18

Pursuing Excellence in Supply Chain Management



Last fiscal (FY 2016-17) was an eventful year for Rane Group. Our group delivered robust performance with overall sales growth of 24% to Rs. 4,032 crores. This was enabled by positive growth across major vehicle segments in India. In addition to organic growth, our US acquisition, Rane Precision Die Casting contributed to overall revenue growth. Profitability margin at an aggregate level also went up by one per cent.

The divestment of stake in SasMos HET Technologies, an investment made a few years back, gave us a good return on investment. The group plans to seek other opportunities in aerospace in the future.

In the past few months, planning and budgeting phase for all group companies were completed. A reasonable growth of 8-10 per cent is expected in the current fiscal. The company has decided to take this conservative outlook due to the sluggishness in the last quarter and around transition to uncertainties like GST, which could have some short-term impact.

Outlook for FY18

Our current area of focus is enhancing manufacturing capabilities, across the group,

even further. With this objective, Rane Manufacturing Systems Professional (RMSP), a comprehensive long-term Initiative was rolled out in June this year. This consists of modules on manufacturing processes and systems to train junior engineers and mid-level managers in theory and practice through classroom and shop floor training. Each batch will include 30-35 employees and will cover all relevant young managers in three to four years.

With the growth outlook remaining favourable, a total capex outlay of Rs. 220 crore for 2017-18 has been planned.

At RTSS, we are making investments of Rs 60 crores. The seatbelts and airbags business is witnessing tremendous growth and Rane TRW is gearing up to capture a good share of this opportunity.

In RNSS, we are investing Rs. 65 crore to support new program volume ramp-up. Similarly for RBL, RML and REVL, the investments will be for specific customer programs.

As the auto components sector is expected to register a growth of 8-10 per cent, Rane will strive to maintain or improve its market share with our customers.

To expand presence in Europe, an office in Germany is also being set up and should be operational shortly.

Also, I must add that a continuously evolving culture of innovation is going to be critical as many disruptive technologies are rapidly changing the market. Rane will accordingly step up focus in this area – be it products, application or even markets – with senior management periodically reviewing it and providing timely guidance.

Gearing Up for GST

GST is expected to be beneficial to the overall economy. However, there will be near-term uncertainty as the players in the value chain adjust to the new framework. This was already seen with sluggish demand in the month of June, which will hopefully be temporary.

On the passenger vehicles front, GST is expected to be a positive, especially for mid-sized and luxury vehicles.

For Commercial vehicles, we believe GST will help boost the logistics sector, and therefore

should be a positive factor in the long-run. Meanwhile, at Rane Group, the IT, finance, marketing and Supply Chain Management teams made the necessary preparations and ensured smooth transition.

Supply Chain at Rane

A recent study by a global consulting company shows that Indian manufacturers lag behind their global peers in supply chain management. Being dependent on suppliers for materials, improving their capabilities, especially those in Tier 2 and Tier 3, will be important to upgrade Rane's quality performance. Technology solutions will play a key role in areas such as sourcing materials and logistics to optimise cost. Overall, there is a renewed rigour across the organization to pursue excellence in our supply chain management efforts.

Having already established quality practices at the Rane shop floor, transferring the knowledge, handholding suppliers and working closely with them will continue to be part of the agenda for the coming years. The aim is to make the suppliers partners in growth as that will be critical to meeting the increasing customer requirements.

On a concluding note, I would like to add that profitable growth with good return on capital employed will continue to be the focus. The key message I want to leave our employees with is that we must capitalize on this growth momentum in the market and not miss any opportunities. Also, we must focus on building a culture of innovation and further strengthening our supply chain to continue delivering superior value to our customers.

Looking forward to a good year ahead.

Six Steps to Optimizing the Supply Chain

To meet our business objectives for profitable growth with customer satisfaction, Rane Group has been constantly improving processes to enhance, improve and make the entire supply chain more efficient.

As narrated by Hari Babu N, Advisor at Rane Holdings Limited

A study by IBM, the global technology and business services firm, identifies five major challenges in supply chain management in the auto components sector as the following:

1. Visibility of the entire chain
2. Mitigating risk
3. Cost containment at different stages
4. Inventory management
5. Globalisation and how the different stakeholders would strategize, as they work with others across geographies

At Rane Group too, these five challenges apply while trying to optimize the SCM (Supply Chain Management) costs without losing focus on customer satisfaction. To achieve this, some of the strategies the group has adopted include sourcing from across the globe (based on cost efficiencies), localization where an acceptable alternative is available, and identifying and developing local suppliers who have the potential to work closely with the Group.

Another strategy adopted is, what

we call, 'Buy-to-Make' – that is, using Rane's existing infrastructure to manufacture some of the components internally, keeping capacity and capabilities in mind.

Collaborative Approach

While collaboration with suppliers is given much stress, it is easier said than done. It needs to be done at the right time, through early involvement, being transparent, and working together to meet customer requirements. Responsiveness, agility and technical capabilities will be important for SCM value addition as well as to meet key business objectives.

This needs a change in the mindset of suppliers, who need to be willing to adapt to changes. Creative use of technology for better monitoring and analysis will also contribute much, in addressing any bottlenecks in the chain, early on.

IBM recommends a '3I' approach here – Instrumented, Integrated, Intelligent approach. The use of smart devices for better visibility, integrated network capabilities, and predictive analytics for data driven forecasts would be the right approach. Rane, being TQM-driven which stresses on measurable goals, is well suited to leverage the '3Is' and is working towards achieving



HARI BABU N, ADVISOR, RANE HOLDINGS LIMITED

all three goals in its supply chain. The group is adopting technologies for improving its sourcing, predictive analytics to introduce efficiencies, and tools to enhance visibility to address bottlenecks across the chain.

TQM Principles for SCM

Rane has been implementing TQM across its companies since the year 2000. The three fundamental principles of TQM are customer focus, continuous improvement and total employee involvement.

Now, these principles are being extended to the supply chain as well through greater focus on the supplier's business, their continuous improvement, and early supplier involvement. As a result, identifying weak links becomes easier, and improvements either by working closely with a supplier or moving on to the next, are effected more efficiently.

JIT (Just in Time) and Kanban systems too that address inventory management issues have further improved material optimization, thus keeping costs under control through optimum stocking and less waste, without affecting customer schedules. Vendor Managed Inventory (VMI) is a system that has been introduced for

better management of inventory along the chain.

But for these to succeed, a strict adherence to SOP – standard operation procedures – is mandatory and PDCA – Plan, Do, Check, Act – cycle ensures continuous improvements.

Lean Production System – Cross Company Study Support and Learning (LPS-CCSS&L) is another initiative that draws teams from across the Group for visits to our various factories, to address pain points from customers' view point. It also trains the employees to develop lean specialists and implement lean tools to improve SCM efficiencies as well.

Honing SCM Skills

While technology and systems are crucial for supply chain optimization, a team with the right skills is of paramount importance. Therefore, Rane has introduced the RMSP Initiative – Rane Manufacturing System Professionals – to train its junior and mid-level staff. A high impact, long term initiative to improve its manufacturing capabilities, it provides training in manufacturing processes and systems. It is a Gemba-oriented learning program developed by experienced professionals from across the group in manufacturing processes, systems, process capabilities as well as Kanban, TQM methodologies, etc. A structured approach to learning, it is an ongoing process where apart from the intense practical and theoretical training inputs (program), the participants are part of a whatsapp group, where discussions continue and doubts get clarified by experienced senior professionals/ leaders as well as through sharing of learning resources.

This has helped in internal benchmarking and is expected to have a trickle effect on the supply chain as well.

SCM leaders need several skills over and above specific technical capabilities. They need to have strong people orientation, understand cultural differences and be process integrators who can have an end-to-end view of the entire supply chain.

Leadership Development Architecture is an initiative that is aimed to hone the required leadership skills right from the time freshers with potential enter the organization. High potential employees also are identified and they undergo intense leadership programs co-developed by Rane and Great Lakes Institute for Management, specifically keeping Rane Group's unique requirements in mind. The group also has Executive Leadership Development intervention with psychometric tests and coaching.

The group also recognizes its suppliers during the Supplier Kaizen meet, where those who meet Rane's stringent performance audits are awarded. These audits also help observe the gaps, share details on potential areas of improvements with the suppliers and work with them where needed.

Encouraging Innovation

Rane Business Excellence Model encourages 'dare to try' experiments and all group companies are evaluated against this. This approach creates a conducive atmosphere to encourage innovation. An innovation council which has the Chairman as one of its members, reviews any product, process or project innovation proposal.

Once it is evaluated and pursued, the suppliers too need to be involved to get their buy in and educate them.

Technology tools or platforms such as RIVIGO (for better goods transportation) and Product Lifecycle Management are also being rolled out.

Efforts are also being made to introduce rule-based systems to

manage ambiguity and manual intervention.

SCM Improvements – Case Studies

One of the recent initiatives in cost optimization has been the Milk Run Concept. The truck that delivers to the customers then visits the suppliers to pick up supplies. This has helped bring and to: down inventory, cut down cost on logistics and maximize the usage of vehicles.

VMI – vendor managed inventory is another successful concept which has improved flexibility, visibility and lowered total cost of logistics while optimizing inventory.

Kanban is yet another example of inventory management where a visual system helps track movement of inventory and stock, only as needed.

Some of the other initiatives have been to consolidate procurement of commonly needed materials to take advantage of volumes in negotiating prices. Material Procurement Group with heads of procurement teams as its members meets periodically to exchange ideas and rationalize procurement.

Another has been the adoption of e-procurement, that has helped identify newer and lower cost suppliers.

Continuous Improvement

In brief, much is happening in continuously improving SCM at Rane and it needs a judicious mix of progress happening in the following six areas:

- Predictive Analytics
- Statistical Thinking
- Quantitative Operations Research Models
- Lean Tools
- A dose of common sense
- And, strong people orientation

ASHOK LEYLAND'S APPROACH TO SUPPLIER DEVELOPMENT

R. Sivanesan, Senior Vice President – Quality, Sourcing and Supply Chain, shares Ashok Leyland's vision and strategies for cost optimization and supplier development.

Ashok Leyland, a part of the Hinduja Group, is the 2nd largest manufacturer of commercial vehicles in India, the 4th largest manufacturer of buses in the world and the 12th largest manufacturer of trucks globally. It's branding 'Aap ki jeet. Hamari jeet' is a philosophy that the company follows not only in terms of customer satisfaction but also with its network of suppliers.

The company, as is the trend in the industry, sources 70 per cent of its parts from different suppliers to assemble them in its factories. To ensure customer satisfaction and meeting their requirements, reliability and durability becomes critical. Customer centricity drives relationship with its suppliers, many of whom have enjoyed a long-term relationship thanks to Ashok Leyland's policies and strategies based on mutual trust and foresight, enabling both parties to ride through tough times together.

Some of the key drivers for forging this bond with its various suppliers, Rane Group being one of the important ones, are: establishing strategic partnerships, aiming for a win-win relationship, risk assessment on behalf of the suppliers – especially the smaller ones, transparency and, last but not the least, customer centricity with performance and cost efficiency at the core.

In this context, value engineering with focus on evolving technologies becomes important. This needs



continuous effort and to be able to sustain it, the efforts on R&D and innovation can be on a different aspect every time.

Supplier Development

Ashok Leyland is nearly 70 years old, and some of the suppliers have been with the company for almost as long. Such suppliers, including TVS Group and Rane Group, have the wherewithal to grow independently, adapt to new technologies and market trends.

But there are some whose dependence on Ashok Leyland

is deeper. The company uses a 2x2 matrix to measure supplier dependence on them and vice versa on a scale of high and low and extends support to analyse their financials, cash flow, their technology capabilities and help them manage their financials. This is to ensure that if the market runs contrary to predictions, these suppliers do not end up being in trouble. In certain situations, the company has also extended financial help to tide over a particular crisis. During Cyclone Vardah, for instance, some suppliers not only received financial help but also maintenance support such that

the suppliers could resume their work in the shortest possible time.

Cost Optimisation Initiatives

At the turn of this decade, Ashok Leyland hired experts to analyse and take up cost optimization in right earnest. In 2012-15, it launched an 'Achieve 500' initiative with the aim of cutting costs up to Rs. 500 crore. Subsequently, based on the learnings and success, the company is now working towards an 'Achieve More' goal, and has established a Centre for Cost Excellence to infuse cost focus in the DNA of Ashok Leyland employees right from the design stage. This will reduce iterations and make the process effective as well.

Cost cutting in logistics through local sourcing from suppliers within a radius of 300 kilometers has not only brought down logistics costs but also reduced uncertainties, improved inventory and helped develop the local community as part of its social responsibility.

Constant communication

Ashok Leyland is in constant communication with its strategic partners through different platforms, thereby fine-tuning its plans and strategies to suit mutual needs. It also conducts regular summits for its partners, and A-panel meet where it meets certain partners on a one-to-one basis to share its plans and specific technology development ideas.

Focus on Key Cost Optimisation

Traditionally, components and hardware was where cost optimization initiatives were focused. But today, intelligence and software aspects require far more thought. While the software costs could be high, their impact on improvements will be known only with time. Sometimes, on the face of it, the software component could be lower, but maintenance cost maybe draining. It requires the company to have in-house experts,

if not to develop the tool, at least to be able to provide inputs on the kind of tools one needs based on their requirements. Constant engagement is also important for cost optimization.

Role of Technology

While most tasks are getting automated thanks to technological innovations in the production processes, it is good to split the process into routine ones and differentiators.

Software tools are available to improve efficiencies right from planning to analyzing global and local trends, predict demand and engage with suppliers. The needs of different departments are aggregated to negotiate better deals with suppliers. New product development through concurrent engineering is also encouraged to enable suppliers to generate new ideas based on their expertise and enable them to move up to the next level as well.

Managing market uncertainties

In today's world, often, the prediction of market trends is becoming impossible. The term often used to describe the market landscape is VUCA - volatility, uncertainty, complexity and ambiguity. From a supplier management perspective, this means high agility across the chain to meet sudden changes in demand is crucial.

Such an ability needs to be systematized so that employees are willing to take a calculated risk and think logically and systematically such that the customer is benefited and the organization can grow.

Effecting small improvements on a continuous basis can help transform the organization as much a breakthrough idea can help in transformation. Daily work management plays an important part in this, and with support from smart sourcing, lean sourcing and supplier risk assessment, it can improve

"Overall, our relationship with Rane is very valuable for us at Ashok Leyland. Both have a strong customer focus to do what it takes to meet their needs. As a global player, we feel proud that an Indian supplier is able to provide us with cutting edge products. Deep focus on TQM is also a common area between us which strengthens our bond."

the commercial benefits for the organization.

Inventory Management

Three key factors in improving inventory management at Ashok Leyland include:

- Proximity to the suppliers – this way, the entire supply chain is monitored and managed better
- Modular approach to product development
- Sequential supply – transparency is critical here for suppliers to know when their product will be needed and supply it just in time for production

Quality and SCM – Two Sides

Typically, quality and SCM are considered to be at odds with each other as the former is all about performance and the latter, about cost optimization. For some reason, these two goals are considered to be irreconcilable. But, the ultimate aim of both is to enable total cost optimization, rather than mere cost reduction. From that perspective, quality and SCM work towards the same goal.

Globalization of Auto Supply Chain

- challenges, opportunities & way forward

S. Parthasarathy, Chief Executive Officer – Rane (Madras) Limited, delivered a talk on globalization of the supply chain at the International Automotive Supply Chain Conclave 2017 (IASCC 2017) organized by CII and held at New Delhi on May 25th, 2017. Here we share excerpts from his talk...



Rane Group has been making its presence felt globally in a very focused and planned manner. But global expansion also presents certain challenges, and some of the factors include:

- Creating a global product
 - Being cost competitive
 - Having the right knowledge/skills/capabilities to serve global customers
 - Facing regulatory challenges
 - Managing logistics/warehouse management
- Some of the factors that can help mitigate these challenges include:
- Bringing in a culture of global mindset across the organization
 - Scenario /contingency planning, and more planning
 - Evaluation of risk vs reward on a continual basis
 - New markets – start small then build on it rather than burn your fingers without gaining an understanding first
 - Strategic mindset and a long term orientation, as it is going to be expensive and learning curve very high
 - Inculcate a strategic business perspective among all employees
 - Cultural fit /alignment to the parent culture
 - Communication among various groups

FOCUSED APPROACH TO SUPPLIER DEVELOPMENT

As narrated by A. Makesh, Senior Vice President - Materials & Plant-4 at Rane (Madras) Ltd (RML)

Since 2007, RML has had a very special focus on supplier development and formed a Supplier Technical Assistance (STA) team to help take suppliers to the next level. The team addresses chronic issues, works on reducing rejections and helps facilitate new component development.

Being a Deming company, supplier development is key to RML's growth aspirations.

Finding the Right Supplier

The suppliers are predominantly SMEs and MSMEs, of which 70 per cent of the spending is on the latter.

With quality, cost and delivery as the hygiene factors, the other criteria that determine their suitability include:

- Their ability to grow with the company
- Attitude of the supplier

- Alignment of vision with the company
- Longevity of the company, their roadmap for their growth
- The other clients they service and the perception in the market about their capabilities and performance

For any new product, the ideal situation is to have three supplier options of equal capability to cover risks. That is the biggest challenge too!

Earlier, determining only the delivery capability of a supplier was enough. But today, they have to be assessed on quality, rejection rates and price as well. As the industry evolves, supplier selection criteria have also undergone changes. Even the profile of the purchase officer has changed. Now they need to not only be engineering experts, but also deeply understand finance as well. Each customer has a different set of standards to conform, and the market is highly volatile. The

short cycles of growth and de-growth put a lot of pressure, and the supply chain has become critical to deal with this. Training has become crucial for this.

Bringing Suppliers up to Speed

A key metric in identifying and understanding the supplier risk for which Rane maps them based on the spend value and reliability (based on supplier composite rating done by all plants) and action are taken to mitigate the risk. Training is an important element to upgrade suppliers, the suppliers are categorized as A, B or C with A being highest, and C the lowest. Training is an important element to upgrade suppliers in C category to B, and B to A. We must add here that only those who have a severe financial constraint or a wrong attitude have been let go.

Over the years, the A-B mix has increased from 20-80 to 80-20 due to

SUPPLIER EDUCATION



TRAINING TO SUPPLIERS ON COATING



TRAINING IN GEMBA BY VOLKSWAGEN



PARTICIPANTS IN KAIZEN COMPETITION FOR SUPPLIERS 2016-17



SUPPLIERS AND RML IN SUPPLIER MEET JUNE 2017

the ongoing efforts.

This has also resulted in:

- Rejections coming down from 4-5 per cent to less than 0.3 per cent.
- All suppliers being ISO certified
- Inculcated the concept of Kaizen or continuous improvement on the supplier shop floor

The risk percentage too has gone down from 15-20 per cent to 5 per cent.

7-Step Development Process

As part of its structured supplier development process, a training program with seven key elements is run periodically. These include:

- Quality system and process audit
- Support to resolve repeat quality

issue

- Process improvements
- Supplier training
- Promote Kaizen culture
- Enhance supplier to 'Best in Class' level
- Create TPM awareness
- Implement Safety Management System

First the competencies of the suppliers are mapped and the training given based on the level and requirement. The content is revisited periodically and upgraded according to latest developments. Where needed, external faculty is also invited.

Earlier, the training was provided at the supplier premises and at various locations across the country. But now,

training modules are streamed online to enable the suppliers to access it from their premises. An in-built tracking tool as well as assessment module ensures that the suppliers benefit from it genuinely.

Aiding in Financial Health

RML has been nurturing long term relationships with genuine suppliers whose vision is aligned with theirs, and who are willing to upgrade their skills and infrastructure as and when needed. At times, a particular expansion need may create a shortage of funds. Though RML does not, in principle, lend, it makes exceptions where the need is genuine and retrieves the loan from bill payments.

This help is extended mainly to SMEs



RML SENIOR MANAGEMENT WITH CHIEF GUEST AT SUPPLIER MEET JUNE 2017

whose need is critical to Rane's business needs. Also, at times, finding and training an alternative supplier may not be time effective. Each instance is dealt with based purely on merit, after risk assessment, based on the market conditions, and after evaluating the credit worthiness of the suppliers.

New Component Development

New component development used to be an iterative process that cost time and resources. But now, an Advance Product Quality Process (APQP) and Product Part Approval Process (PPAP) have been introduced. The STA assesses the viability of the new component and plans the development process right from day one to make sure that the chances of the product meeting requirements and performing as expected are high.

With time, these have become very important to bring down the cost of development by 60 per cent as well as improve efficiencies across the entire supply chain. The new component development pass percent has gone up to 80 per cent.

New Supplier Evaluation

The supplier development process begins right at the time of identifying a supplier and assessing his capability

to match RML requirements. After a preliminary evaluation by the purchase officer, the potential suppliers are administered a questionnaire with nine categories that require detailed answers within each category. Each question carries weightage to enable the company understand the suppliers' capabilities across different parameters and decide on taking the next step of empaneling the supplier.

Other Initiatives

Every year, RML organizes a supplier meet where a customer is invited to talk about their expectations and projections. An open house with the senior management is also conducted where the suppliers can clarify their doubts and share their reservations, and the RML management responds.

RML is also unique in having initiated a supplier satisfaction survey, where the suppliers rate Rane on different parameters. It is heartening to note that the company has been rated high on trustworthiness.

Every year, Rane shares its growth plans and key suppliers make a presentation on how they plan to meet these requirements. Specialists are also called on this occasion to help the suppliers effect cost reduction as

well as analyse the areas where it is possible.

Value Analysis Value Engineering (VAVE) is another initiative to motivate the suppliers to evaluate areas where they are encouraged to check their projections and achieve savings.

Where needed, Rane can connect suppliers with raw material suppliers to get better deals. Cost optimization being the goal, negotiating, benchmarking and finding alternative suppliers are some of the means through which this is achieved.

Going forward, given the ever-evolving standards and the strict requirements of OEMs, the vulnerability of suppliers will become a cause for concern as any recall – which is becoming common – will impact them severely. Most of RML's initiatives not only aim to improve their own supply chain but also improve the suppliers' operations to reduce rejections and improve their operational efficiencies. Training and development apart from constant supplier assessment will remain critical to RML's supplier development initiatives.

THE FINER NUANCES OF COST OPTIMISATION

Cost optimization forms one of the two pillars that helps Rane Group achieve accelerated, profitable growth. In this article, we gather Rane Group's approach to cost optimisation and perspectives from **R Subramanian, Senior Vice President – Materials, Rane TRW Steering Systems.**



At Rane Group, accelerated profitable growth is critical across businesses. And, to maintain healthy margins, one of the critical aspects that requires a lot of attention is cost optimization.

Given the nature of the Rane Group companies, material cost often forms the highest component, and is of two kinds – direct and indirect. While direct refers to the bill of material (BOM) parts, indirect includes other elements such as cutting oil, packaging material and so on.

Direct Material - Cost Optimisation

Every year, the cost of direct materials is revisited thoroughly with members drawn from various functions (like Materials, Product Engineering, Quality, Operations) and cost reduction ideas are generated. The cost reduction plan is finalized based on feasibility and ensuring quality and performance, and this becomes a part of the Operating Plan.

The broad areas that have been instrumental in bringing down costs are localization, value engineering and alternate sourcing.

The fact that several Indian suppliers have over the years upgraded their technical capabilities has enabled localization of many critical parts. Even

in cases where imports are to be continued the sourcing is attempted from the Asian countries where the costs are lower in comparison to the western countries. Leveraging the Free Trade Agreements between India and other countries like Korea and Japan have helped further in reducing the import material costs. The cost of imports that used to be around 13 per cent of the revenues till a few years ago has been brought down to around 9 per cent now.

Value engineering is a continuous process and over the years significant improvements have been effected by way of weight reduction in the product, use of cost effective materials and simplified designs resulting in reduction in number of parts. The suppliers are actively involved right from the initial stage so that there is a proper understanding of the application.

The growth projections in the coming years while creating the need for capacity enhancement in the supply chain also throws up opportunities for reducing costs through process changes and induction of new cost effective suppliers in the high spend categories.

While the planning process for cost reduction is an annual exercise, the spend is also reviewed during the course of the year and further reductions effected based on business need.

Indirect Materials – e sourcing

In 2016-17 we initiated e sourcing on the Ariba platform with the objective of reducing the cost of indirect material across the group. This was implemented initially in three companies. The major spend items like packing material and cutting oils were taken up in the first phase. Online reverse auctions were conducted on the Ariba platform.

Close to 40 per cent of the indirect spend has been put through this process over the last one year. The reverse auctions have resulted in an average saving of around 15per cent of the spend put up for bid resulting in an overall savings of 6per cent till date on the indirect spend. The reductions have come from incumbent suppliers as well as from new suppliers who have been inducted through this process.

The Ariba initiative is being successfully continued and is being implemented in other companies in the group.

Spend Analytics

Analytics is key to understanding the spending patterns and identifying areas where optimization is possible. The spend data is extracted from SAP and data specific to each company segregated to do different analytics based on the products.

Cost benchmarking is done at a macro level with competition. At commodity level, benchmarking is done within the group as well as with the JV Partners.

Inventory Management

Effective inventory management is a key factor in reducing the working capital. Supplier upgradation to reduce uncertainties in the supply chain, enhanced supplier collaboration through Supplier Portal, and system (SAP) based material planning and controls are followed for managing inventory.

Aligned Vision

In selecting suppliers, quality is a given – there is no compromise on that. The next factor is not only the current technical capability but also the potential to scale up and meet the ever changing demands of the customers. So alignment of vision becomes critical in case of suppliers

with whom a strategic relationship is required given the spend value and criticality of the associated part category.

This deep relationship and a close watch on the supply chain helps in planning ahead and supporting the business to meet not only the present but also the future requirements of our customers.

Key Success Factors

For cost optimization endeavor to succeed following are vital:

- Involving all the stakeholders.
- Working closely with the suppliers.
- Periodic review and upgradation of the Supply Chain

“The broad areas that have been instrumental in bringing down costs are localization, value engineering and alternate sourcing”

Safety, Quality and Compliance: The 3 Core Pillars of Rane NSK

In conversation with Rajesh Raghavan, President, Rane NSK Steering Systems (RNSS)



RAJESH RAGHAVAN, PRESIDENT,
RNSS

RNSS, a 49:51 joint venture started in 1997 between the Rane Group and Japan-based NSK, is currently a Rs. 1000 crore company, with 90 per cent of its revenues generated by its EPS line of products, the other one being manual steering columns.

From Rs. 300 crore in 2011-12, it touched Rs 630 crore in 2014-15 and Rs 1000 in 2016-17. The company has experienced steep growth, thanks to its focus on safety, quality and compliance. Until 2012, the company's vision was to be a market leader in its area of business, but since then, the focus has shifted to ensure profitable growth with the enablers being technology and people development. The company works on three-year roadmaps for the two lines of business, dovetailing technology and people development plans to

it, which has enabled it to grow exponentially since 2012.

For the period 2017-20, the company aims to achieve sales growth; upgrade its skills to deliver globally relevant designs for CV columns; improve Advanced Production Systems (APS) rating – a rating for all NSK companies globally – to 80; and achieve Return on Capital Expenditure (ROCE) exceeding 25 per cent.

The Three Keys

While NSK Japan supports Rane NSK with product development, the Indian JV has been working on enhancing process development as well as customer support. The company applies global practices to local markets through process innovation and providing people with the right training to scale up their



vehicles, as that segment also offers tremendous opportunity for growth.

Currently its export sales volume is small, at 1 per cent of its total sales, having forayed tentatively into Indonesia, Vietnam and Mexico. The vision is to increase it to around 3 per cent in the next four years and then, significantly higher in the next 10 years.

In India, the EPS market is expected to grow significantly, and RNSS is expecting to see 10 per cent growth year on year. To meet these new growth needs, the company's technology roadmap is based on a five-frames approach – safety, comfort, serviceability, light weighting and cost. However, even as these innovations are going to be integrated, pricing will continue to be a challenge.

RNSS' Test Lab to test for noise is yet another area that has helped the company not only address the noise issue unique to Indian road conditions but also service new clients. This is expected to also help in customer acquisition.

Some of NSK's global features for passenger vehicles are also being implemented in commercial vehicles, thus finding new revenue opportunities for the company.

Moving Forward

The company tripled its revenues in five to six years to touch Rs. 1000 crores, and from 900,000 vehicles last year, it serviced 100 million vehicles this year. It has had a good run in the last 20 years and now is at crossroads – it needs to increase its capacity, and expand its market to justify that increase. The coming year will see the management firming up its strategy to achieve its goals. Value addition, process innovation and people development will be the key to growth strategy, which includes slowly stepping up global presence.

capabilities. Employees are also sent to NSK Japan for training and five expatriates work in the Chennai office to collaborate further.

Being a joint venture, it gets the best of both worlds and benchmarks itself against NSK's 13 global factories under the APS rating system. The cornerstones of the rating system are Safety, Quality and Compliance. Periodic audits, monthly reviews, risk assessment, proactive management and implementation of preventive measures across all three parameters in every key function of the organization is made possible through

a framework. The use of information technology solutions further helps eradicate mistakes, minimize risks and distill processes.

From Strength to Strength

The manual steering column, which contributed about Rs. 90 crore to the total revenue of the company, has great potential in the international large cars segment due to changing market trends there. To step up its revenue from this product stream, RNSS wishes to tap the global market and has entered in a small way. It is also working on becoming a Global Design Centre for commercial

Lake Restoration, enabled by Rane TRW



Rane TRW, Guduvanchery and Singaperumal Koil, jointly with local authorities and an NGO "We Care Social Service Society (WCSS)", identified and restored a water body at Thirutheri Village, Singaperumal Koil, and handed it over to the people in the village and the local Panchayat in June this year.

The lake had been encroached on by the people and was being used as

a dumping ground. With permission from the government, Rane helped the NGO clean the lake and create boundaries. As part of its CSR initiative, the company also allocated Rs. 3.75 lakhs for the purpose.

The lake now not only looks beautiful but the water is also used for irrigation purposes. Some of it is purified and is potable.

RBL and Rane Group win accolades



Rane Brake Lining was certified as a Great Place to Work for the period May 2017 to April 2018.



Rane Group received the 'Component Maker of the Year' award from Auto Components India Magazine at ACI Awards 2017.



Rane Polytechnic Accreditation

Rane Polytechnic Technical Campus accredited by National Board of Accreditation (NBA) for Diploma in Mechanical Engineering

Satish Babu of Rane Group, Completes Comrades Marathon 2017



Satish Babu, who joined Rane Brake Lining, Trichy, as Diploma Engineer Trainee (DET) in June 2012 completed the 86.73 km Comrades Marathon 2017 in 11:31:30. Rane Group, which promotes wellness, fully supported Satish's endeavor and is proud of his achievement.

Satish, who is 24 years old now, has completed more than 30 Ultra, Full and Half Marathons.

As part of its efforts to promote the spirit of wellness amongst its employees, Rane Group has been sponsoring various marathon events in Chennai. The Group recently ran a Fat Loss Challenge campaign for six weeks where participants used an app on their smartphone to monitor their wellness routine covering diet, workouts and other health exercises leading to significant shifts in eating and exercising habits.

CSO100 Award for Senthil Kumar

Rane Group is proud to share that M Senthil Kumar (MSK), Chief Information Security Officer (CISO) has been honoured with CSO100 Award. This recognizes MSK as one of the Top-100 Cyber Security Officers in India by IDG, the #1 tech media company in the world and the publishers of CSO Magazine. CSO is the premier content and community resource for security decision-makers across the globe.

CSO100 Award was chosen through a rigorous editorial process and a Jury

picked the final winners from a sizable number of nominations. This award turns the spotlight on Rane Group for placing the right emphasis on security and their dedicated experts who ensure best IT security practices are in place.

MSK, CISO of Rane Group, received this award in an exclusive felicitation ceremony as a part of IDG's global program in the Annual IDG Security Day and CSO Awards Ceremony held at the Leela Palace, Mumbai on Wednesday, 21 June, 2017.



A contest to design Smart Head Gears



Since the prevailing design of two-wheeler safety helmets is a great deterrent to the wearers, Rane organized a competition for engineering students to design an innovative and comfortable helmet. This competition was christened "Project Smart Head Gear" (PSHG).

32 teams from SASTRA University and NIT Trichy participated in this competition. The team from SASTRA University won first prize of Rs. 25000/-. The prize distribution event took place on 30th June 2017 at SASTRA University.

R. Venkatanarayanan, President - Corporate Services, gave the special address and distributed the prize and certificates to the winning team

Ranvocation: Recognizing our Graduate Trainees

Ranvocation was organised on 21st July 2017 to celebrate the successful completion of one year intensive engagement of Graduate Engineers recruited from various engineering campuses in 2016. We also welcomed the new batch of Graduate Engineer Trainee (GET) for 2017. GETs of 2016 batch had 34 graduate engineers and 2 post graduate engineers. They underwent a year long programme with mix of bootcamp training, on-the-job training and specific interventions including Campus to Corporate to groom them for challenging work assignments.



Tech Day at Mahindra & Mahindra

Rane organized a tech day at M&M - Mahindra Research Valley, Chennai on July 27, 2017. It provided us with a wonderful opportunity to showcase innovative products by engineering, sourcing and other teams.

Rane demonstrated its ability to align its services with Mahindra's technological advancements and also present the emerging technologies that Rane is focusing on. This initiative is just a beginning and the collaborative effort will continue for our mutual benefit.

The event was graced by many senior dignitaries from M&M, and activities such as discussions, and knowledge sharing kept the participants engaged fruitfully. We were able to exchange ideas, connect and bring in newer technologies that will further the longstanding, fruitful partnership.





Vice Chairman meets PM Modi

Harish Lakshman, Vice Chairman was invited for a special interaction with Honourable Prime Minister Shri Narendra Modi on Transforming India.

He participated in the "Champions of Change" program held on Aug 16 & 17, 2017 at New Delhi. This was organised by NITI Aayog and attended by several young entrepreneurs. During the programme, they were divided into six groups on themes such as - Soft Power: Incredible India 2.0; Education and Skill Development; Health and Nutrition; Energizing a sustainable tomorrow; and Digital India; New India by 2022.

Harish was part of the 'Energising a Sustainable Tomorrow' session and deliberated on various issues including Shared mobility, electric vehicles, etc. Each group made presentations to the PM addressing various aspects such as ease of doing business and job creation. The Honourable PM addressed the young entrepreneurs and said the recommendation would be taken forward and institutionalised in the best possible way. Several Union Ministers, Vice Chairman of NITI Aayog, Shri Arvind Panagariya, and senior Union Government officials were present on the occasion.

**“YOU WILL NOT FIND IT
DIFFICULT TO PROVE THAT
BATTLES, CAMPAIGNS, AND
EVEN WARS HAVE BEEN
WON OR LOST PRIMARILY
BECAUSE OF LOGISTICS.”**

- DWIGHT D. EISENHOWER



Rane Corporate Centre

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