



# PROPEL

ISSUE 28 | JANUARY 2022

## MAITHIRI

A fun-filled evening  
recognizing performance  
in Rane Group





# *The World of Rane*

*Rane Holdings Limited (RHL)*

*Rane Brake Lining Limited (RBL)*

*Rane Engine Valve Limited (REVL)*

*Rane (Madras) Limited (RML)*

*- Steering & Linkages Division (SLD)*

*- Light Metal Casting India (LMCI)*

*- Rane Auto Parts (RAP)*

*- Rane Light Metal Castings Inc (LMCA)*

*Rane NSK Steering Systems Private Limited (RNSS)*

*Rane TRW Steering Systems Private Limited (RTSS)*

*-Occupant Safety Division (OSD)*

*- Steering Gear Division (SGD)*

*Rane Holdings America Inc. (RHA)*

*Rane Holdings Europe GmbH (RHEG)*

*Rane t4u Private Limited*



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magazine

## INSIDE THIS EDITION

Wishing our readers a very Happy New Year.

We look forward to normalcy returning in 2022. Though the Coronavirus continues to play hide and seek, emerging in new forms, the announcement of booster shots for those who have been vaccinated and vaccines for children is a hopeful sign that we may yet overcome its ill effects. The economy definitely needs this shot in the arm for just as things started looking up, Omicron threatens to be a dampener.

In the **Chairman's Message**, Mr L Ganesh shares his views on and insights into the performance and prospects of the economy in general and Rane in particular. He is particularly appreciative of the Rane employees who have been instrumental in ensuring operations even in these trying times.

Every year, Rane celebrates Maithri with much fanfare. In 2020, it was conducted online, but this year, it was again conducted live, with all protocols in place. Relive the occasion in our **Cover Story**.

Mr Rajeev Gupta, a board member, is also an expert on mergers and acquisitions. In **Board Member Speak**, he throws light on how to make M&As work.

S Parthasarathy has been with the Rane Group since 1985, holding several senior positions. In **Bidding Adieu**, he shares his journey and a few highlights from his career at Rane.

In **Employee Spotlight**, we have employees from the production and operations teams across the Rane group share what makes working at Rane memorable, their growth, contributions and learnings.

In the current issue, in the **Know the Product** section, we tell you how an airbag works to keep you safe in case of a crash.

Rane Vidyalaya has resumed regular school and **Rane for Good** highlights the excitement of children and the staff in being face-to-face.

This year also saw Rane winning awards, which is covered in **Rane News**. Also read about Rane's acquisition of Hical and expanding its business.

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## Daimler Award for Zero Defects



RANE TRW STEERING SYSTEMS – Steering Gear Division has received a Quality Appreciation Award for achieving “Zero Defect during Quality Month 2021” from Daimler India Commercial Vehicles.



## Best Supplier 2nd Runner Up

Rane (Madras) Limited has received the 2nd Runner-up Award for “Best Supplier” in Quality Month Celebration from Tata Motors - Commercial Vehicle Business Unit, Jamshedpur.



## Resilience Carries Rane Group Forward in Difficult Times

### Key Highlights from 2021

The year 2021 was another roller-coaster year. It began with positive sentiments and saw a recovery in demand across vehicle segments, indicating strong growth for FY22. However, the second wave of Coronavirus, though short, was intense. It significantly affected Rane Group's operations and compelled working at very low levels due to issues of employee availability, transport problems and supply chain problems. Despite that, the factories remained operational and, with the relaxations post the second wave, there was a gradual pick-up in demand.

The country's economy was on a path of recovery and India's GDP is expected to clock a healthy 9.5% growth in FY22. Monsoon, though a little off-season, was close to normal and rural sentiments remain favourable. There is an increase in government spending in infrastructure activities, which augurs well for the economy.

### Global Challenges

Semiconductor shortage remains a cause for concern and was a result of several factors such as the fire in Japan factory (Renesas), increase in Covid in Malaysia, etc. This affected OEMs and in Q2FY22, Maruti dropped volumes by almost 50%.

However, the worst seems to be behind us and the situation is expected to improve month-on-month. Full recovery may take time, maybe even up to 2023, and will depend on the lead time needed to add capacity, the geopolitical situation of various countries with China, and the high demand for consumer electronics, etc.

A second challenge is the severely weakened supply chain due to issues of availability of raw materials, logistics, etc. This has driven up prices of various commodities and other costs as well. There

are a lot of structural changes taking place in the commodities market like Steel, Aluminium etc. China has significantly scaled back production in order to reduce its carbon emissions. This is leading to an unprecedented increase in prices.

This has led to the third challenge of inflation. With multiple price increases by OEMs to mitigate commodity price inflation, there is some reluctance with end-customers, which is evident in the lack-lustre demand during the early part of the festive season (Navaratri). Not only vehicle price increase, but fuel price inflation is also impacting the consumer's purchase decision, particularly two-wheelers and entry-level passenger cars. An easier financing scenario may help the demand to sustain.

#### **Rane's Performance and Highlights**

Despite the challenging times, Rane Group posted decent financial results in the first half of the financial year 2021-22. More importantly, the group handled this crisis very well, showed great resilience, reinforced customer relationships and improved operational performance. However, companies need to focus on cost management even more and improve our profitability.

Rane (Madras) acquired Hical Group, which manufactures steering and suspension components such as Inner Ball Joints (IBJ) and Outer Ball Joints (OBJ). The major customers include Mando India, who in turn serve OEMs such as Hyundai, Kia, Mahindra, etc. It has one manufacturing facility at Maraimalai Nagar, Chennai. This acquisition will add Hyundai/Kia as customers to RML-SLD.

RAB (Rane After Market Business), which was created with the objective to grow the group's aftermarket businesses and enable synergies across the aftermarket businesses of the different business units, is progressing well. Initiatives on

*Despite the challenging times, Rane Group posted decent financial results in the first half of the financial year 2021-22. More importantly, the group handled this crisis very well, showed great resilience, reinforced customer relationships and improved operational performance.*

digitalization are also progressing in areas of automating distributor order management, coupon management, automating dashboard reports giving key performance parameters, etc. A wealth of information on the entire group companies' dealers and mechanics database is in place and can be accessed by any group company for enhancing their own reach through network expansion. Other initiatives being targeted include warehouse consolidation opportunities, manpower productivity improvement, packaging improvement, etc.

Another development is that the Occupant Safety division of RTSS will soon be localizing the inflator in a new factory within the Trichy campus.

#### **Performance of Auto Segments**

The commercial vehicle segment is gradually recovering. There is softening in the Farm Tractor segment, which had a very good up-cycle for the past 12 to 18 months. Two-wheeler demand is a cause for concern. Passenger vehicle will grow depending on supply chain availability. We will have to watch Q4 closely,

which would also give us an indication for 2022-23.

Since the pandemic did not affect all countries simultaneously, it helped in a balanced exports growth. This was supplemented by focussed business development and customer service, factors that supported the strong growth in international revenues. We could have done even better but for supply shortage affecting our customers.

#### **Future Trends**

There is an increased push towards localisation with government support through the PLI scheme. There is also an increased electric vehicle penetration in two-wheelers driven by the availability of more two-wheeler models to customers, FAME II support, price parity of electric two-wheelers, which is just 10-20% higher than ICE vehicles. Rane Companies has won several new orders for current and future EV models globally.

#### **Remain Resilient**

Covid put our resilience to the test as a country and a group and I'm proud to say that despite all our challenges, we have indeed come through these two waves of the pandemic quite well. Employees' efforts during these testing times are commendable. Though the number of cases reported has gone down, we need to continue to remain vigilant and ensure safe practices with the emergence of the new variant.

The short-term issues of semiconductor shortage, commodity price inflation and logistics bottlenecks need close monitoring. The underlying economic factors remain favourable and set a strong case for the automotive sector's growth. As the supply issues and commodity inflation mellows down, we expect the growth to sustain. Our resilience will help us to navigate it and better prepare ourselves to handle the growth in the automotive sector.

# MAITHRI 2021

*Maithri is an evening get-together for senior management colleagues at Rane. After celebrating Maithri 2020 virtually, Rane team gathered for in-person Maithri 2021 on October 22. The team rejoiced the opportunity to meet with fellow colleagues across the country. There were thrilling performances and fun-filled entertainment to top it up as a memorable event for all the participants. The event was also celebrated as a forum to present the ACE (Achieving and Celebrating Excellence) Awards for 2020-21.*





*All social distancing norms were maintained during the event and masks were temporarily removed for the photos.*

## Excellence in Plant Operations



**Winner:** Rane Brake Lining – Trichy



**Runner-up:** Rane Brake Lining – Ambattur

## Excellence in HR Practices



Rane (Madras) – Steering and Linkages Division

## Excellence in High Impact Initiatives



Rane TRW Steering Systems – **Occupant Safety Division**  
Enhancing Engineering Capability – Backbone



Rane TRW Steering Systems – Steering Gear Division **Achieving Higher Share in LCV Segment**



Rane (Madras) – Light Metal Castings India  
**Top-line Growth Leveraging Engineering Capabilities**

## Excellence in Business Performance



Rane Institute for Employee Development  
**Enabling High Performance Leadership Through Coaching Culture**



Light Metal Castings America  
**Establishing TQM Practices**



Rane Brake Lining

# 35 Years with Rane

## S Parthasarathy Shares His Journey with the Group



*S Parthasarathy's journey at Rane started in 1985 at Rane Brake Lining. He retired in 2019 as CEO of Rane (Madras) and served a two-year extended term as the Advisor to the Group till 2021. On December 31, 2021, he will hang up his boots. During a chat with him recently, Rane Propel caught up on his journey in the company and future plans."*

take care of OE and exports, and was ably guided by a gentleman called Guruprasad, who was reporting to me.

Not just then, Rane has a very healthy culture of allowing people to choose what they would like to do within reasonable limits and if the opportunity is available.

In 1988, I was moving to Rane TRW but still working for Brake Lining. Around that time, some potential joint venture partners with whom Rane was planning to work were visiting. I was asked to coordinate with them too. So a typical day in the November of that year would see me working in Brake Lining in the morning, in Rane TRW in the evenings while going with the potential collaborators to meet customers in the afternoon. For a person of 30 years of age, it was a heady mix. And this is just first of many such opportunities that Rane gave me.

Sometime in 1999-2000, Rane Group facilitated my getting an MBA. By then I had completed 20 years in the industry and many felt I could be teaching. Thankfully, I didn't fall for that. That course helped me to be a business head, teaching me essential skills for the role such as financial assessment like IRR, and other management practices. It was not a typical full-time MBA, and I had to attend classes only on Saturdays. My classmates were all senior people with a similar experience as mine. This helped in cross-learning. For every assignment I had to write, I also had to challenge it, which gave me a more rounded view.

Another thing about Rane is the way they focus on doing the right thing by the customer. Once, because of a stand I took, we were about to lose a Renault Nissan business.

### EXCERPTS

**In today's world, 35 years is a long time to be in one company! What are some of the reasons that made you remain with Rane?**

Rane was my second job after the first five years in a company called Rallywolf from Bombay where I was a product development engineer, designing subfractional horsepower models and some motors. I joined Rallywolf after graduating in electrical engineering from Guindy Engineering College and completing a one-year course in Jamanlal Bajaj Institute for operations management.

I joined Rane Brake Lining in 1985 as a product development engineer in the R&D department. But after two or three months, I realised I would be more comfortable working in marketing though I had zero experience in that area. I asked Mr. Krishnaswamy, who was the chief executive, who referred me to Mr. Lakshman, who was willing to take a chance. I was assigned to

# Rane Management on S Parthasarathy



**L LAKSHMAN,**  
**Chairman Emeritus, Rane Group**

I interviewed SP in 1985 for a job at Rane Brake Linings; 20 minutes into the interview, I was not sure if I was interviewing him or if he was selling me HF7 Leyland Brake Linings. The enthusiasm, energy and people skills that he brings to the task on hand remained consistent right from Day 1. He bubbles with ideas, is helpful to his team and is an excellent executor. He moved to RTSS in 1988. His role in creating a non-existent market for Power Steering for CVs was significant. He moved to RML in 2000 as Head of Marketing, and to appoint him as the head of RML in 2004 was the easiest decision I ever had to make.

Over the years, Parthasarathy has added many feathers to his cap. But, in my opinion, the best was the manner of shutting down the Velachery facility. He kept a cool head, negotiated skillfully and achieved the transition seamlessly.

**L GANESH,**  
**Chairman, Rane Group**

SP is known for customer centricity and sales and marketing skills. It is no exaggeration if I say that in the last decade he has been an Ambassador of the brand "Rane" among customers. Saying SP is people's person is putting it mildly. He has nurtured many leaders for the group.

For someone who believes strongly in systems and processes, TQM was a natural fit for his passion. He led RML to win Deming and Deming Grand Prize.

SP moved to Rane Corporate Centre in January 2020 as an Advisor. His enthusiasm for the multiple responsibilities at RCC made one wonder if he is an 'Advisor' or a fully immersed senior manager. From guiding TQM, LPS to RAB and everything he took up – SP brought in an unmatched passion.

Will miss SP for many things but his Energy and Enthusiasm most of all.



**HARISH LAKSHMAN,**  
**Vice Chairman, Rane Group**

I want to share three things that all of us can learn from SP. One, a successful leader and performer is not only someone who inspires their team but also someone who can work with any boss. As we all know, each and every leader has their own style, quirks etc. A lot of skill is needed to adapt, manage, and excel under different styles. SP is a shining example of that - handling at least 6 different bosses in the last 25 years and he has performed and impressed each and every one of them.

Second, his relentless pursuit for growth. The continuous growth of companies is the only thing that will ensure sustenance and excellence is SP's core philosophy. In 2000, when he moved to RML, the sales was Rs. 148 Cr. By 2019, RML had grown 9 times. This was despite the fact that from 2000 to 2010, the most significant portion of RML's business of manual steering was declining steadily due to power steering.

Third - to take complete ownership. No matter what the task was - a major strategy initiative for the company or organizing a customer visit to the plant - he would completely own and drive the team with passion. And if anything goes wrong, due to external reasons or by team members, he will be the first one to take responsibility for the faux pas. If everything went well, he would give full credit to the team and not claim ownership for the success.





Though it was right for us, the organization had the maturity to realize that it was not right by the client. So we went back to the client and won the order, and it has now grown into a larger relationship.

#### **From product engineering to marketing—what was the learning curve like?**

Those days the marketing was more like engaging with customers and prioritizing the requirements of the market and not so much about grabbing a market share. You needed to defend your organization since, for some products like clutch facings, demand was more than supply. We had to keep all customers reasonably happy.

Of course, for clutches, the situation was a bit of a challenge because there the supply base was larger and we were the sixth or seventh supplier. That required some level of marketing.

In Rane TRW, I moved as the head of marketing for power steering. In those days, the truck price was about Rs 2 lakhs and the power steering price alone was around Rs

25,000. While all fleet operators and truck drivers loved it, nobody was willing to buy it. Often, they would even replace the power steering with the manual steering since maintenance and service were a problem.

Rane TRW was like a startup company and we all gave our all to make our product a success. We created awareness amongst the operators, breaking several myths about power steering. We also retrofitted trucks with power steering across India, to get the operators and STUs to see the benefits. In the mid-nineties, passenger cars started having traction in power steering. Rane played a significant role in fitting power steering for passenger vehicles.

#### **From power steering back to manual steering in Rane Madras—how did you handle that?**

It was quite an interesting experience. The business model in Rane Madras was very different. It was a very traditional company with strong hierarchies and a lot of old equipment, a lot of old methods. They were successful



in the past, but those were hurting the company in the late nineties and early 2000s. The process of changing the culture had already been started, and I was given the task to rebuild the business. We were only a Rs 100 crore company at that time and remained thereabouts for the next two to three years. But we realized very quickly that not only the domestic market but the export market and aftermarket were also very, very critical. They were neglected areas in Rane Madras at that time. We responded to multiple RFQs during that period and finally got a breakthrough in Iran and for all-terrain vehicles in North America. Exports not only helped the business but also changed the culture of the company. Their stringent specifications and performance requirements have helped us to compete domestically much better also.

In 2013 or so, the light metal casting, which was called Rane Die Casting was merged with Rane Madras and later acquired Light Metal Casting America. It has been a great experience working through these mergers and acquisitions.

### Can you share some memorable moments at Rane?

One memorable moment was when Mahindra recently recognized Rane Group as the Supplier of the Year. While it is easy to be recognized as an individual company, it was very satisfying to get the award as a Group because it shows our collective maturity and consistency

### What, in your opinion, is good leadership?

I think a good leader ignites leadership in others.

Leadership is not about you, how great a leader you are, but rather, being able to create a team of smart people, sometimes smarter than you, with complementary skills. I am very happy to see several leaders emerge from Rane Madras. You must nurture in them a holistic view at the organizational level who can not only work with their bosses or reportees but peers as well. There should be no silos.

### What next after you retire?

I have not made concrete plans, but I would really like to support medium, small industries in any way I can in business development and operations. Teaching those subjects would also be of interest. I would like to mentor the average performers, who are the 'solid citizens' in the organism, and help improve their performance by 10, 20%, I think that'd be a very interesting challenge.

### Was it all work at Rane?

At Rane Madras, I think we can safely say, 'we also manufacture components'. Every day was a celebration of some sort or the other, including birthdays and other special occasions. Aftermarket meets and distributor meets were all times when we did business, and then we had a lot of entertainment after that. We encourage sports and we have indoor courts for badminton. Though there is always the pressure to perform well, I think Rane is the most open and stress-free place to work in.

# “Tight Integration Necessary to Create Value from High Premium Acquisitions”

**Rajeev Gupta, Independent Director of Rane Holdings Limited  
and Founding Partner of Arpwood Capital**

*Rajeev Gupta (MBA, IIM Ahmedabad & B.Tech, IIT-BHU), Independent Director of Rane Holdings Limited, is the founding partner of Arpwood Capital. He has 35 years of industry experience including 10 years of senior management roles in industrial businesses. He has been specializing in M&A for the last 19 years and Private Equity for 6 years. Some of his recent roles have been as Ex-Partner, MD & Head of Carlyle India; and Ex-Head of Investment Banking and M&A at DSP Merrill Lynch. He is also part of the Board of Directors of EIH Hotels, VIP Industries, TVF Capital, United Spirits, and Vardhman Special Steels. He shares insights on the key factors needed for making mergers and acquisitions successful, the role of independent board members, and the impact of Covid on businesses with Rane Propel.*

**Given your experience in mergers and acquisitions, please share some key trends and lessons in integrating operations and cultures of two different companies?**

India is preponderantly an acquisitions market; stock mergers are rare as business families are focused on ‘control-led capital allocation’. Secondly, banks can’t finance stock acquisitions. Thus Indian acquirers must necessarily have large Enterprise Value relative to the targets and low leverage. Finally, control premia tend to be high in India because families ascribe high value to control. These contexts are relevant to the question.

Tight integration is necessary to create value from high

premium acquisitions. EBIT margin of the combined entity must be raised to enable acquirer company shareholders to enjoy future returns.

For this reason, detailed integration plans are a feature of every successful acquisition in India. The plans tend to be ambitious on cost savings, but are under-stated in public communications. The plans are usually split into two cost-saving categories viz., ‘scale benefits’ (viz. purchase economies, overlapping overheads, common programs cost etc), and ‘non-scale benefits’ (viz. adopting superior operating processes).

Experienced acquirers approach integration with humility and decisiveness. Acquired companies are never treated



## BOARD MEMBER SPEAK

as vanquished enterprises with nothing to learn from. While making plans for operating systems' improvements, they carefully compare the practices in their own plants with those of the target to identify the better model. When it comes to cutting program overlaps, say integrating the two R&D set-ups into a single R&D organization, the choice of personnel to be retained is made strictly on merit from the combined pool... the head of R&D of the acquired company may well get to become the R&D head of the combined set-up. This distinctive meritocratic theme makes them successful serial value creators from acquisitions.

On culture, there is a large amount of management literature on incompatibility risks. Culture is undoubtedly an important kernel of organizations, but it is important to define it to know when not to blame it. Culture is not operating processes, nor control metrics, nor incentive plans etc. The pillars of culture are seen in three elements of an organization (a) strongly held values and ethics, (b) workplace style, conduct, beliefs, and (c) extent of decentralization/empowerment/task commitment at all levels.

Average performance organizations do not have a pervasive culture. They may have all the practices and tools from management textbooks but these don't add to a distinctive, defining culture. Cultural barriers do not spring up when such companies are acquired. The converse is seen when a company with long-held leadership in a niche is acquired. Highly decentralised companies that work with high empowerment at all levels, a shared mission, and take pride in their values are not easy to assimilate for an average acquirer.

### Can you share your perspectives on valuations in an M&A and what approaches that a company should take when looking at M&A?

Valuation must always be built on discounted future cash flows (not earnings). Two scenarios are built by acquirers: the first is the as-is view of the future cash flow stream expected under the current owner. This is used to understand the current market view of business value. The

*"The expertise of successful acquirers, whether industrial companies or PE Funds, lies in assessing the future cash flows correctly. This requires, firstly, thoughtful anticipation of the likely structural changes ahead in the sector."*

second scenario is the cash flow stream expected under the new owner. The increase in any year represents the improvement brought about by the acquirer in that year. The difference between the discounted values of the two streams is the value of synergies contributed by the acquirer.

Lest it is believed that synergies can arise only from operations overhaul, think of PE Buyout Funds. They account for nearly 20% share of all acquisitions in OECD nations. These players raise the value of targets primarily by reducing the cost of capital from debt recapitalization (adding a large proportion of debt to the target). The focus thus is less on operating performance and more on reducing the financing cost. Their consistent high returns make one wonder why the path is not followed by non-PE acquirers.

The expertise of successful acquirers, whether industrial companies or PE Funds, lies in assessing the future cash flows correctly. This requires, firstly, thoughtful anticipation of the likely structural changes ahead in the sector. Most of the glaring mistakes arise in a flawed assessment of the sector's evolution. Acquiring a business in a consolidated sector that is on the verge of fragmenting can never deliver returns. Secondly, successful acquirers spend far more time assessing the likely future changes in relative competitive positions of the target vs its rivals. The risk to the current competitive edge is an important analysis.

### In order to become a truly global company, how do you see M&A playing a role? What challenges do they face?

Business success needs a sustainable competitive advantage for the corporation. Global acquisitions of most Indian



corporations have been 'wet the toe' mid-scale businesses in fragmented sectors where the Indian acquirer did not contribute a competitive edge. Juxtapose this with Chinese low-cost durables manufacturers or auto players who acquired EU/NA brands (MG, Volvo) by combining their cost leadership with the brand franchise.

However, the relative positions are changing. Indian companies are getting larger and will be able to make scale acquisitions in the future. These would offer significance to the global ambitions of Indian corporations.

**With the amount of money available with PE and VCs, how do you see a traditional business thriving in this ecosystem?**

PE Funds are a source of valuable equity for Indian corporations at a stage prior to the scale threshold for accessing public equity markets. PE capital thus accelerates the growth of such corporations. It aids the Indian corporations, does not hinder them.

Buyout Funds also operate in India. This capital also serves a useful purpose of giving an exit to owners desiring to divest their businesses. In several sectors, strategic capital is unwilling to acquire businesses. Buyout funds fill this gap. The examples lie in some of the largest sectors of India like IT outsourcing (Mphasis), BPM (Intellenet) and Pharma (JB Chemicals).

Indian markets trade at the highest multiples globally across sectors. Large capital can be raised in India with relatively small dilution. On this account alone, India offers a high incentive to entrepreneurs. Japan used to have this in the eighties, which enabled its corporations to author large global expansion. As the readers of Propel would know, Chinese multiples are half that of India. Think of the enormous competitive advantage that Indian corporations have from high market multiples. No entrepreneur can blame the capital market in India for not being able to create shareholder value.

**We see that the hospitality and travel industries, among others, have been affected heavily because of the lockdowns and travel restrictions. How can such organizations be prepared against future disruptions and effectively manage a transition into newer areas?**

What had to happen has happened. Travel will return but segments will be different. So firstly, the hospitality and travel players have to reorient their focus/products/operations to the new growth segments. Second, asset ownership arbitrage must be understood and pursued. There are cheaper sources of capital for properties than publicly held hotel operators and they must be brought into

structures that connect operators to such potential owners. There is never a dearth of options to build value.

**Please take us through the role of a high-quality board. What are some of the key responsibilities of an independent board director?**

Boards govern, they don't manage corporations; CEO's manage them. Governance by Boards must include four key oversights:

- a. **Strategy Review:** The Board must assure itself that the corporation has a market position and competitive strategy that will consistently build shareholder value (Equity IRR > cost of equity) in the foreseeable future.
- b. **Operations Overview:** The Board must assure itself that operations reflect a level of efficiency consistent with the assets deployed and in line with comparable companies.
- c. **Executive Leadership:** The Board must be assured that the executive leadership in place reflects the capabilities, values, work style and orientation that build LT success for any organization
- d. **Compliance and Sustainability:** The Board must ensure that legal compliances and long-term sustainability are secured.

**What role can the board play in ensuring sustainability practices while protecting business interests?**

Sustainability is undoubtedly a long-term trend, not a fad. Corporations must adopt compliance practices now.

Sustainability pressures may seem burdensome in the short term but they do not conflict with current business interests. The support for Sustainability does not come from pony-tailed leftists. It comes from Governments, major financial institutions, large portfolio investors and mainline activists. Large business papers like FT frequently see full-page declarations from banks and insurance companies against financing coal-based power plants. India is no different...it is well nigh impossible to get a large bank to buy bonds of a coal-based power plant in the secondary market at even the highest rating!!!!

Sustainability concerns are throwing up a tremendous opportunity. The USD 1 Trillion market cap of Tesla is not a quirk. Closer home, the valuations of 2W EV challengers show that large providers of equity capital are assuming that incumbent 2W leaders will not win the battle for dominance of 2W EVs. Sustainability concern is an opportunity to be seized, not a trend to be dismissed.

# Experiences in Production and Operations

*Employees from the production and operations teams from across Rane Group companies share their experiences, learnings and memorable moments.*



**Venkata Raghavan G,**  
AGM - Operations, RTSS-OSD

## Memorable Experiences

I have had many challenging moments since I joined Rane 1998. Once one of our suppliers suddenly stopped supplying due to a union issue. We were able to regularise the supply of about five critical parts for one of our prestigious customers by evaluating other suppliers and developing them.

We had a very short lead time when we started supplying for the SAB business. We recruited and trained new people within one and a half months to start the supplies. Achieving the Deming Prize for TQM in 2005 and challenging the Deming Grand Prize in 2011 was a very proud moment.

## Greatest Learning

I have been greatly influenced by our company's work culture, especially the TQM approach. I have been greatly inspired by our President Mr. Ayyappan. I have learned to

build a team as per the needs of a project, delegate work appropriately and optimize resources.

Rane sponsored my master's in supply chain management and executive business administration in esteemed institutions such as MIT for my UG & IIMM, LIBA.

## Key Contributions

With the help of a young team, I was able to step the production volume of the Chennai airbag plant from 5 crore/month to 25 crore/month. I could improve the adherence to schedule for one of our European customers whose PAB cushion has a complex design and manufacturing process. We promoted team sports such as cricket, chess, carrom and Kho Kho for our staff in our Trichy plant to create a healthy environment.

## Keeping Pace

We use 3D printers to support rapid prototyping. I implemented end-to-end traceability. Complete integration of SDP-3 process traceability and SAP, AI implementation for SOP adherence and Digital Quality Patrol check implemented through Tablet reduced paper consumption.

## Rane In One Word

The best part of my life

**Kathiravan J,**  
GM - Production, RML-SLD



## Memorable Experiences

One of my most cherished and memorable experiences is challenging and winning the Deming application prize in 2007. I was part of the TQM function then and took an active part in creating various processes like generating avenues to use statistical tools, TQM promotions at all locations, process chart standards, etc., My interaction with the senior management team during that time really helped me to gain immense knowledge and business understanding.

## Greatest Learning

Pursuing excellence in every action, and identifying and satisfying the implicit needs of customers are my key

learnings at Rane. Development programs such as HPLD helped me to understand our stakeholder needs and their expectations through different learning methods.

## Key Contributions

My key contribution would be customizing and integrating the RML-SLD NPD process into the digital platform. I was among the core team that was instrumental in re-designing and launching of PLM at Rane Madras during 2018, which includes restructuring NPD system requirements converting the NPD process into workflows, integrating RFQ process tracking, etc.,

## Keeping Pace

I joined Rane Madras in Jan 2006 in a Corporate-TQM role. I was given the opportunity to have exposure to several functions, from strategy planning, to program management, PLM implementation and Plant Operations. Rane played a key part in my development from systems skilled person to operations lead.

## Rane In One Word

Awe-inspiring

## Rajendar P,

DGM - Manufacturing, RBL



### Memorable Experiences

One of the most memorable experiences is preparing for Schedule A and Schedule B for an onsite audit by the JUSE team during the Deming Grand Prize audit in 2013. Another was achieving green category in tier 2 assessment audit by Mace team and supplies of passenger car brake linings to MSIL Customer. Preparing for RBEM Audit was another memorable moment.

### Greatest Learning

Following the TQM principles, RBL TQM Apex audits and RBEAT audits gave me a lot of insights into the TQM way of working, focusing more on data analysis than opinions, DRM management, and standardization of process SOPs.

Also in RBL, for process robustness and enhancing the quality levels in the brake lining process, I received lots of inputs from the checklist given by NISB while doing the Annual Process Audit in the passenger car lining module.

### Key Contributions

I started my career in executive production in 1996 and

progressively grew as the module leader, taking up additional roles and responsibilities along the way, and becoming a plant head.

Established the passenger car brake lining module production process for OE supplies up to 8.00 lakh linings/month. Products got approval from OEM customers like TKML, Honda, MSIL Customers.

I have driven IPR CFT for top defects, done improvements in the process and machines and reduced plant IPR from 5500 ppm to 4400ppm.

Implemented Toyota production system in the PCL finishing lines including layout modification, elimination of additional operations, simplification of jigs/fixtures that helped in the reduction of manpower in the finishing lines.

### Keeping Pace

Empowered the team to focus on processes, reducing the risk to the customers. Proactive visits to customers, understanding their unstated needs and timely response are the key to success. Focusing on key cost elements to work towards making the plant cost-competitive. Rane gave me the opportunity to learn through RAMP, HPLD programs, both of which aided in developing leadership skills, communication skills etc.

### Rane In One Word:

Takes care of employee development

## Seenivasan C,

DGM - Operations, REVL



### Memorable Experiences

There are many in the past 15 years—working in the RBL Trichy plant greenfield project, working along with the Nisshinbo Japan team

In REVL Trichy plant, resolved customer delivery issues and improve quality by enhancing TQM practices

### Greatest Learning

Being part of RAMP and HPLD teams gave me the opportunity to attend leadership development programs. Reflection through training helped me to shape my leadership style. I also learnt the TQM way of working and preparing for the Deming Grand Prize examination.

### Key Contributions

In RBL Trichy plant, I established the manufacturing system to meet global standards in friction material industry and played a key role in TEI. In the REVL Trichy plant, I contributed significantly towards team building to turn around plant operations.

### Keeping Pace

Electric Vehicles (EV) is disrupting the automobile industry globally. It gives a lot of opportunities and challenges as well. We as a team aligned together to enhance efficiency in all our processes.

Rane helped me to identify my individual development plan through the HPLD program which enhanced my ability to improve team-building capabilities and interpersonal skills. Rane has given me a lot of challenging opportunities and empowered me to shape my leadership capabilities.

### Rane in One Word

Memorable

# How Airbags Work



When a vehicle is traveling at a high speed, the human body continues to travel even after a crash and causes fatal or serious injuries. Even when the passenger or the driver is wearing a seatbelt, the head and neck continue to travel, thereby crashing against the dashboard or the steering wheel and experiencing injuries. The use of an airbag enables cushioning the body within 100 milliseconds of the crash and minimizing or preventing injury.

An airbag is a vehicle occupant-restraint system using a bag designed to inflate quickly at 320 km/hr, then deflates during a collision. It consists of the airbag cushion (a flexible fabric bag) with inflator (which inflates the cushion). From impact sensor at different positions of vehicle calibrated by ECU, a signal is sent to an inflator

within the airbag module. An igniter in the inflator starts a chemical reaction that produces a harmless gas, which inflates the airbag cushion and protects the occupant during collision.

The airbag provides an energy-absorbing surface (cushion – flexible fabric) between the vehicle's occupants and a steering wheel, instrument panel, body pillar, headliner, and windshield. Modern vehicles may contain up to 10 airbag modules in various configurations, including:

## SIDE AIRBAG (SAB)

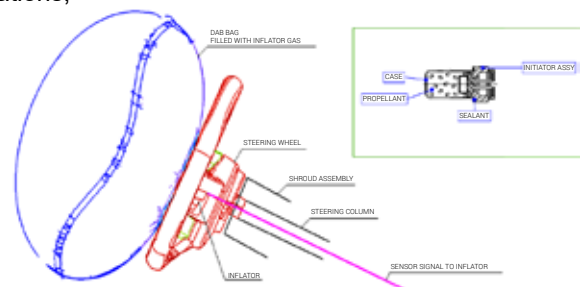
- Front Side Airbag
- Centre Side Airbag
- Rear Side Airbag (RSAB)

## TYPES OF AIRBAGS

Types of airbags can be sub-divided into two categories – Frontal and Lateral Collision

## FRONTAL AIRBAG

- Driver Airbags (DAB)
- Passenger Airbags (PAB)
- Knee Airbag (KAB)



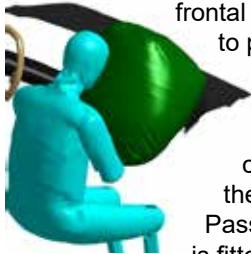


## FRONTAL COLLISION:

Protect occupants during frontal collision

### PASSENGER AIRBAG

Passenger airbag is also one of the frontal airbags used to protect the passenger's head, neck and chest during the crash.



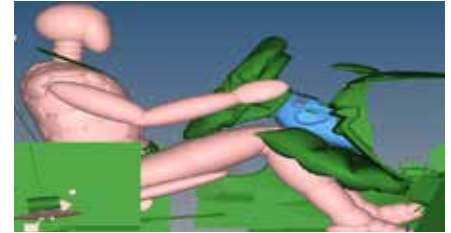
Passenger airbag is fitted in IP.

During deployment, the cover gets opened and the bag gets inflated.



### DRIVER AIRBAG

Driver Airbag is one of the frontal airbags fitted in the steering wheel to protect the driver's head, neck and chest during the event of a crash. The airbag cover opens and the bag gets inflated. The size of the cushion varies based on the customer performance and target requirements.



### KNEE AIRBAG

Knee Airbag is also one of the frontal airbags used to protect the occupant's knee during the crash. Knee airbag is mounted at the bottom of IP in driver's and passenger's cabin. During deployment the cover gets opened and the bag gets inflated.

## LATERAL COLLISION:

Protect occupants during lateral collision

### SIDE AIRBAG

Side airbag, which comes under side impact restraints, is to protect the occupant's thorax and pelvis during a crash. Side airbags are mounted on the seat frame and is deployed during a side crash, when the seat gets opened and the bag gets inflated.



### CURTAIN AIRBAG

Curtain airbag, which comes also under side impact restraints, protects the occupant's head during a crash. Curtain airbags are mounted on BIW and deployed during a side crash. During deployment, upper headliner opens and the bag gets inflated.



### AIRBAGS AND CHILDREN

Front airbags are meant for adult proportions and so children, being smaller in size, may get injured from an inflating airbag. But smarter generation dual-stage airbags are developed in order to reduce injury to children based on the position of the child seated in the passenger seat along with the adult.

# Rane Vidyalaya

## Reopening with Protocols for Children's Safety



Schools do much more than teach children how to read, write and count. They also provide nutrition, health and hygiene services; mental health and psychosocial support. The pandemic threw all this out of gear and schools were shut down for a full 20 months. The learning loss suffered is yet to be measured in tangible numbers. Online learning brought the digital divide further into the open.

Rane Vidyalaya managed to keep in touch with the students, motivated the teachers and kept the academic curriculum going. There was no letup in the new enrollments. With intense vaccination drives, the world was opening up putting behind the lockdowns firmly. The Government announced the reopening of schools from 1 to 8 standards. This was welcomed with joy and trepidation. Though the go-ahead was given to reopen on Nov 1st, Rane Vidyalaya started operating from the 15th of Nov, taking small but sure steps. The students were divided into batches, which operated on alternate days. The vans were put into service optimizing multiple constraints like routes, pickups, siblings etc. The reopening also put into practice new protocols of temperature monitoring and recording, sanitizers and staggered intervals to avoid crowding. Uniforms and rigor would still come up as days go by. Even with the constraints of less PT period and alternate days with much workload, it was fun to have the children back in school. Sunny days are here again.

## Rane SAP Upgraded to S4 Hana

Rane's SAP journey started with the implementation of SAP ERP version 4.7 in 2004. This was a major step in adopting common business processes across Rane entities. With technological advancement, SAP continuously released new features which were adopted at Rane with regular SAP system upgrades. S4 Hana is one of the major upgrades from SAP, which is based on in-memory computing technology.

We started with the migration of the SAP business warehouse solution manager to Hana/Sybase database in April 2020. After the conversion of these connected systems, we started focusing on the business-critical SAP ECC system.

A detailed study on the migration approach was done to decide between greenfield implementation and brownfield. As a result of the study, it was decided to adopt the brownfield approach, which is the conversion of the existing ECC system with mandatory features and subsequently adopt S4 Hana new functionalities. As the migration to S4 Hana needs new hardware, it was decided to host S4 Hana on the cloud instead of the existing on-premise hardware.

The SAP ECC conversion to the S4 Hana project started in May 2021 with the formation of a core team from IT



and business champions from all the functions from across the companies. The project envisaged conversion of the sandbox, which is a replica of the production system followed by development and quality conversions. Thorough testing was done in quality conversion by IT and business champions, involving around 272 business processes and 143 interfaces. After quality testing, we did one mock conversion with the latest production data for finalizing the downtime required.

We started production system conversion on December 10, 2021, and released the system to business users on the 12th evening.

Conversion of the SAP ECC to S4 Hana on Cloud will be another major milestone at Rane. We expect the S4 Hana system to provide more insights for better decision-making through the use of analytics and support automation by leveraging RPA, ML and AI technologies.

## Rane Acquires Hical



Rane acquired the Steering Components Business (SCB) of Yagachi Technologies Private Limited (YTPL), a part of Hical Group. SCB manufactures steering and suspension components such as Inner Ball Joints (IBJ) and Outer Ball Joints (OBJ). The division's major customers include Mando India, who in turn serve OEMs such as Hyundai, Kia, Mahindra, etc. SCB has a technical collaboration with a leading South Korean ball joint company. SCB's revenue was Rs. 35.5 Crores for FY21.

"The acquisition of Steering Components Business of Yagachi will enhance RML's leadership position and share in the domestic passenger vehicle market and provide us with an opportunity to enter export vehicle platforms to new geographies," said Harish Lakshman, Vice Chairman, Rane Group.



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