

# Autoparts maker Rane charts ₹678-cr capex for three years

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Chennai, July 7

Rane Group, Chennai-based leading auto parts maker, has charted out growth involving a total investment of about ₹678 crore over the next three years.

The Group informed investors that the total capex will be through internal accruals and some borrowing.

It is looking at ROCE (return on capital employed) of 20 per cent plus and a growth rate of 15-20 per cent and 25 per cent contribution from international business by 2018-19.

Rane Madras and Rane NSK Steering Systems Ltd will invest ₹275 crore and ₹150 crore, respectively.

Rane Madras targets a CAGR of 27 per cent in sales and ROCE of 20 per cent by 2018-19. The ₹847-crore company, which makes steering and compressor parts and other products, eyes growth through new businesses in passenger car segment and hydraulic products, while it also expects more opportunities in the international busi-



L Ganesh, Chairman, Rane Group

ness, which contributes about one-fourth of the topline.

The ₹766-crore Rane NSK Steering Systems plans to achieve a CAGR of 20 per cent in sales and ROCE of 30 per cent. Rane Brake Lining and Rane TRW Steering Systems (RTSS) will spend ₹100 crore and ₹130 crore, respectively.

The ₹707-crore RTSS will be expanding its business in tractor small commercial vehicle segment. Also, it is expected to seek some business opportunity as a consequence of ZF-TRW merger. The company launched its airbag production unit last year and expects this business to grow on the

back of new order wins for airbags and seatbelts.

“Today airbag business revenues are about ₹70 crore. It was zero the year before. Both the seat belts and airbags together today is a ₹220-crore business and it will more than double to ₹500 crore by 2018-19,” according to Harish Lakshman, Managing Director, RTSS.

Rane Engine Valve plans only ₹23 crore capex for the current fiscal as its undertaking some restructuring to improve productivity and capacity utilisation.

The Group ended 2015-16 with a double-digit growth in total sales at ₹3,261 crore (₹2,921 crore in 2014-15) after a period of low growth and stagnation. Exports accounted for 16 per cent of the topline.

“The year 2015-16 has been quite good for the economy and for the auto industry. But for the effect of a difficult rural economy on farm tractors and motorcycles, the rest of the segments had healthy growth during the year,” L Ganesh, Chairman of the Group had said.