

“The first engine valve available in the Indian market was launched by Rane”

AUTOMOTIVE PRODUCTS FINDER (APRIL-2009)

- L Ganesh, Chairman, Rane Group

Regarded as one of the best tier suppliers in the auto industry, how did the Rane Group's transformation, from a trading house to a precision component maker, come about?

In the late 1950s, Indian Industrial Policy was to encourage manufacture of automobiles and parts in India through issue of Licenses. Rane, which had been in the business of importing, selling and servicing vehicles till then, started with engine valves in 1959. Later, we added other products.

What was the initial product range of the Rane Group as a manufacturer of automotive components? Were these aimed at the OE market or the aftermarket?

The first product was engine valves and, later, tie rod ends and suspension linkages. In 1964, Rane ventured into brake linings. In the 1990s, we saw opportunities for new technologies in India. Rane entered into two joint ventures with TRW, USA, for hydraulic power steering and NSK, Japan, for energy absorbing steering columns. OE and Replacement markets were both targeted. “Tranco” the first engine valve available in the Indian market was launched by Rane. Later, all products carried the trademark “Rane”.

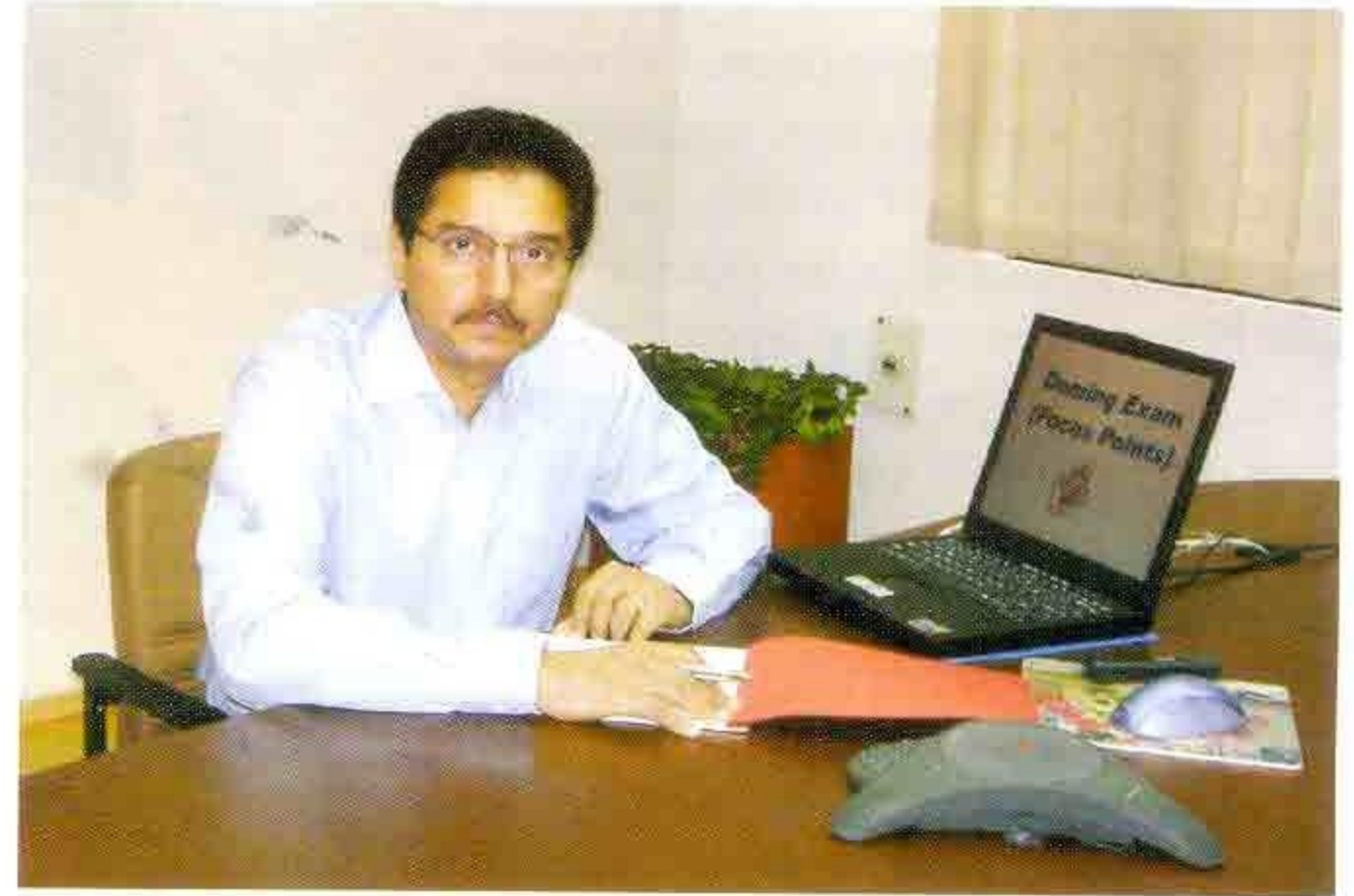
The current product range of the Rane Group includes critical components and systems like seat belts, engine valves, brake linings, disc pads, etc, which find application in a variety of automobiles – from two wheelers to commercial vehicles. Could you tell us about the diversity of the Group's product range and how they have evolved over the years?

All components manufactured by Rane are either safety and or critical components. The focus has been to get into products where technology content is a differentiator and manufacturing technology synergistic with the competence developed over years. The latest addition to Rane's Product range is electric power steering from its manufacturing unit at Bawal, Haryana.

What is the core competence of the Rane Group?

Core competence is a difficult concept to define. In manufacturing, one can say metal cutting in making precision parts is a competence. In the recent past of say 10 years, we have built good design and testing capabilities.

The Rane Group has successful and on-going



L Ganesh, Chairman, Rane Group

collaborations with some of the most regarded suppliers around the world. Does it indicate a drastic transformation in the culture of the Group to meet common goals?

Joint ventures always need a different mindset considering that decisions are being made on behalf of two partners. Sensitivity, transparency and high ethical standards have kept our collaborations successful over reasonably long periods.

Four of the Rane Group companies are Deming Prize Winners. Very few companies have bagged this award including those in India. How does it feel and what went into the winning of this prestigious award?

The 1990s was the real beginning of liberalisation of our economy and automobile industry in India. We did an introspection in 1999 and decided that the key to survival and growth in a very competitive industry would be excellence in manufacturing process. It also called for a change of mindset to people management. We therefore chose Japanese TQM as our model. We believe this was a watershed decision in the history of Rane. It has been an extremely satisfactory journey. Key success factors in implementing TQM were top management commitment and total employee involvement.

Rane Group companies are certified to TS16949/ISO 9002/QS 9000/ISO 14001 standards. Global automakers have been demanding stringent standards including the ones like ELV. As an eminent exporter of components to advanced markets like Europe and

US, how important a role do these standards play in the audit?

These are considered hygiene factors today. No global OEM will deal with a supplier without these basic standards.

Which export markets do the Rane Group cater to? Could you name some of the well-known global automakers that you supply to?

The main export markets are currently the USA and Europe. Some of our large customers are Volkswagen and Deutz in Germany, TRW, EMD, and GE in the USA. In Asia, we supply to Yamaha, Daihatsu and Kubota. Rane Engine Valve Limited has won the prestigious Best Vendor Award from both Volkswagen and Deutz.

Does the Group cater to the aftermarket? Does the aftermarket range include all the products the company manufactures or a more selective range?

Aftermarket in India is a very important segment for Rane. It accounts for 30 to 50% of sales of some of our companies. In exports, we started with aftermarket but today OE is far more significant in volumes.

Among the markets the Group caters to, how much percentage of business comes from the auto sector? Which are the Rane Group's customers in India?

Automobile industry contributes more than 90% of our sales. In India, we supply to all the major customers catering to all segments.

Of the 24 manufacturing locations mentioned in the group backgrounder, are any of these situated outside of India? In case they are, which are the countries they are located in?

All our manufacturing locations are in India.

How do you look at the current slow down the auto industry is going through? Has it affected the Rane Group in any way?

Current slowdown is partly cyclical and also due to the economic meltdown in the developed countries. It has affected Rane like all players in the industry. Q3 of 2008 – 09 was probably the worst in our history.

What kind of growth does the group anticipate in the near future?

We think the domestic industry has bottomed out. The figures of Q1 in 2009 – 10 will validate this. USA and Europe seem to have some structural problems, which may take longer to fix before revival starts. It is very difficult to predict when the economy and industry will revive. We are gearing ourselves for a difficult year in 2009 – 10. ■