

# Rane to invest Rs 270 cr for expansion

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## NO BREAK ON CAPEX

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L Ganesh | CHAIRMAN, RANE GROUP

Chennai: Rane Group, the Chennai-based maker of high-quality auto components and tier-I parts supplier, is targeting revenues of Rs 2,000 crore in the current fiscal. For the fiscal ended March 2010, the group achieved cumulative revenues of Rs 1,500 crore, said L Ganesh, chairman of the group.

"We never chased numbers for the sake of topline. Profitability and bottomline performance is very important," Ganesh told The Times of India, adding that the profits for the year would be "significantly higher" (the numbers were not available as the accounts is still under preparation).

According to Ganesh, Rane Group, a clutch of eight companies, is entering a "high growth decade" and in order to fully exploit the opportunities, the companies need capacity expansions. "We have to grow at a higher rate than com-

petition in parts only to maintain our market share," he said.

The companies like Rane Brake Linings, Rane Engine Valves, Rane Madras and Kar Mobiles are all in the process of ramping up capacities. "In 2008-09, we cut back on planned investments due to the global recession. In the fiscal which just ended, our capex was Rs 50 crore while the budget for the current year (FY11) is Rs 270 crore," Ganesh said.

Rane, known to be a conservative

group, has ruled out overseas acquisitions. "We are looking at only organic growth with companies in the stable extending product lines," Ganesh said. "We did look at some overseas companies, but were not convinced whether it would be a winning move."

Founded in 1929, Rane Group counts Audi, John Deere, Volkswagen and Yamaha among others as clients in the overseas markets while almost every automotive major in India is its client.

"Defence and railways are key areas where we want to focus. We are also looking at new opportunities in the auto components space and also open to partnerships," he said.

Outlining a three-year roadmap, Ganesh said that they "will definitely grow by 15% CAGR of which exports will be 20% of the group's revenues" against 15% now. "Maybe we will have one or two factories of the group outside India," he said.