

Rane Group looking at production base abroad

Plans to strengthen its business development office in Europe

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CHENNAI: For the first time, the conservative Chennai-based Rane Group is looking beyond Indian shores, and is considering setting up a manufacturing base overseas.

The group is also aggressively betting on exports, which at present account for 15 per cent of its Rs.2,500 crore sales.

“We think the time has come to look beyond India, to see if there is more space to grow, and, if it makes sense to manufacture there as well. While our Tier-1 products will still continue to be made with our joint venture part-

ners, we are studying global markets to see if it's feasible to manufacture our Tier-2 products such as engine valves there,” said L. Ganesh, Chairman, Rane Group, in an interaction with *The Hindu*.

“While right now we don't have a production base outside, we have created business development offices in the U.S. and Europe and are planning on strengthening the latter,” he added.

Ruling out the possibility of an acquisition, Mr. Ganesh said the company's preference would be a greenfield venture. “Today margins are so tight. Whether one can earn returns after paying a

premium for acquisition is a doubtful question. It would be either a greenfield or joint venture,” he said.

Debt-equity ratio

Talking about the company's debt-equity ratio, Mr. Ganesh pointed out that one-third of capital employed as debt which was initially the norm was no longer so.

“That used to be a policy guideline for us, a few years ago. However, today, we say that 40 per cent is comfortable, and if a company is growing very rapidly it could be up to 50 per cent. Anything beyond that would be uncomfortable for us,” he said.



L. Ganesh