

Surging demand for EPS powers Rane NSK

As Maruti Suzuki and Honda Cars India cater to the growing demand for passenger cars in the country, electric power assisted steering columns supplier Rane NSK Steering Systems is seeing demand accelerate for its products, says Kiran Bajad. It is also targeting the CV sector now.

It usually pays dividends when you are a supplier to a top-performing OEM or two. When the supplier in question turns out to be Rane NSK Steering Systems (RNSS), which is a manufacturer of critical equipment like steering columns, the going can only be good.

RNSS, whose key customers are the NCR-based Maruti Suzuki India and Honda Cars India, is reaping the benefits of the two OEMs recording handsome growth in the domestic market. What's more, the company's component goes into best-selling Marutis like the Swift hatchback, Dzire sedan and the Ertiga MPV and high-selling Hondas like the City sedan and the new Jazz hatchback. This July, the Swift, Dzire, City and the Jazz have been among the Top 10 best-selling cars in India.

All this means RNSS, which also caters to commercial vehicle manufacturers, is headed for aggressive growth driven by orders from its top two clients – Maruti Suzuki and Honda Cars. The company has three manufacturing locations at Chennai, Bawal (near Delhi) and in Pantnagar to be logistically closer to customers. While manual steering columns (MSC) are produced in the Chennai plant, Electric Power Assisted Steering Columns (EPS) at



manufactured at the Bawal facility.

EPS: THE GROWTH DRIVER FOR RNSS

In 2014, the company posted revenues of Rs 626 crore on the back of growing demand for EPS. Recognising the burgeoning demand for EPS, RNSS aims to double revenues to Rs 1,200 crore with organic

growth of Rs 900 crore and new orders worth Rs 300 crore over the next three years. The MSC business, which is nearly Rs 80 crore at present, is expected to hit the Rs 120 crore mark by 2018. It is understood the company is working with both Maruti and Honda on new model programmes after 2018. To enable seamless manufacturing in

the future, the company has envisaged a new investment of Rs 200 crore, mainly in capacity expansion, at its existing plants. RNSS, a joint venture formed in 1997 between the Chennai-based Rane Group and NSK of Japan, began manufacturing passenger car manual steering columns with Japanese OEMs like Honda and

Toyota and subsequently localised the product with design inputs from NSK. However, between 2003-2013, the passenger car market in India grew rapidly and also saw a dramatic change in customer preference for the far more convenient EPS which made maneuvering a car in tight places an easy affair and motoring a lot more enjoyable.

Speaking to *Autocar Professional*, A Rajasekaran, president, RNSS, says: "One of the key business impact conditions for us was the rapid change in technology during that period. More regulations and more discerning customers, and the migration from manual steering column to electric steering column was very fast. It was much more rapid than what was seen in the rest of the world."

Responding to this change, the company commissioned a greenfield plant for EPS at Bawal in Haryana, specifically to be in close proximity to its key customers including Maruti Suzuki and Honda Cars India. This plant soon became a hub of EPS production as volumes rose rapidly with orders breezing in from passenger vehicle makers.

At present, all the design work for steering columns is done in Japan. Now, in a bid to increase local inputs, is developing local talent to interact with the NSK Group. The Bawal plant currently has seven Japanese staffers working in conjunction with the local team for exchange of inputs on the products.

The company's product portfolio range includes solid column assembly, I-shaft solid, energy absorbing column assembly, energy absorbing column assembly-tilt type, tilt and telescopic column assembly for HCVs and MUVs, I-shafts collapsible and electric assisted power steering column assembly.



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HOW THE TWO RANE NSK STEERING SYSTEMS PLANTS STACK UP

Plants	Chennai	Bawal
Plant site	32,000 square metres	20,000 square metres
Built-up area	7,500 square metres	8,859 square metres
Workforce	334	586
Products manufactured	Solid columns, energy absorbing, tilt and telescopic column	Electric power assisted steering systems (EPS)
Plant capacity	108,000 units a month	90,000 units a month

HIGHER LOCALISATION

With EPS being a very high investment business, high levels of localisation are imperative if cost competitiveness is to be achieved. For RNSS, EPS localisation has grown from an initial 40 percent in to reach 90 percent today.

The focus has been on strengthening the local supplier base to keep costs in check and also enhance value by adding local parts. This also helps shorten product development time and work is underway on a programme of material cost reduction, improving material productivity and standardisation.

"As a next strategy, we are now developing our capabilities of validating EPS in India. Currently, this is done in Japan; so we will upgrade ourselves in such a way that we are able to respond to customers' engineering requirements locally more faster," says Rajasekaran.

A steering column for an MUV.



THE BAWAL PLANT, WHICH HAD AN ANNUAL CAPACITY OF 42,000 UNITS IN 2008, HAS SEEN ITS CAPACITY EXPAND TO 90,000 UNITS A MONTH.

The Bawal plant started commercial production in 2008, supplying electric assisted power steering for the Maruti A-Star. The plant, which had an annual capacity of 42,000 units in 2008, now has a capacity of 90,000 units per month. In FY2015-16, it has targeted production of 697,000 units with 600 employees.

The EPS business development, application engineering and projects are handled by Japanese staffers with the help of local team which responds to local customer needs. Usually the product development of a steering

MILESTONES

- 1997**
Founded as Rane Nastech Ltd
- 1998**
Started commercial production in Chennai
- 2002**
First supply to Toyota Corolla EA /tilt type
- 2003**
Name changed to Rane NSK Steering System
- 2004**
ISO 14001-1996 certification TQM Practice Kick Start
- 2005**
ISO 14001-2004 certification
- 2006**
TS 16949 certification
- 2007**
Pantnagar plant started
- 2008**
Bawal plant opened
- 2010**
JV equity share change from 50:50 to 51:49
- 2014**
Bawal plant expansion

column is anywhere between two to two-and-a-half years.

Talking about people being the major element in the business, Rakesh Dhawan, vice-president (operations) at the Bawal plant, says: "People are key elements in our business and we focus on people development. Usually, there's talk of the localisation ratio of material but there are two or three aspects of localisation which are very important – process localisation and people localisation. This is vital for our success – having the right people. Technology and people are essential and that will drive our business."

In-plant safety is also a priority area and RNSS says it enhances total employee involvement capabilities through kaizen, suggestion schemes and QC circles. The company also trains its local talent in Japan with the help of NSK practices.



L-R: B Ravichandiran, GM (HR), Rakesh Dhawan, vice-president (finance), A Rajasekaran, president, and H Radhakrishnan, general manager (operations), at the Chennai plant.



Quality control is accorded high priority. Seen above is in-bound material being tested at the lab at the Bawal plant.

GUNNING FOR CV BIZ

In 2009, RNSS set up a new assembly plant at Pantnagar to cater to Tata Motors (for some Tata Ace models) and Ashok Leyland which have plants there. It also supplies to Mahindra & Mahindra's Haridwar plant.

Rajesh Raghavan, VP (finance), says: "The EPS business is globally secure. In India along with sales for CVs, we also work proactively on the marketing strategy. Our aim is to build a pipeline of orders for MSCs."

Meanwhile, the sharp technological shift from MSC to EPS has compelled RNSS to look at utilising its Chennai capacity for producing MSC for the price-sensitive CV domestic market which is still predominantly MSC-driven. At present, the company has confirmed MSC orders worth Rs 30-40 crore, thanks to the M&HCV segment's improving

fortunes in recent months.

Technology migration in the Indian CV market is relatively slow as truck platforms do not see rapid change as compared to cars where the business is global and highly integrated in terms of design, development and customers.

The future game-plan for the Chennai plant, which is dedicated to MSC manufacture, is to ensure it becomes self-sufficient in design and development and emerge as a global design centre for MSC.

"We have 15 R&D engineers, including those in testing, working specifically for MSC. They work closely to understand customer requirements and try to adopt technologies from NSK and make it affordable to Indian customers," says Rajasekaran.

Earlier NSK used to make MSC for CVs but

30 SECONDS ON... RANE NSK STEERING SYSTEMS' CLIENTELE

SEGMENT	DOMESTIC CUSTOMERS
Passenger cars	Maruti Suzuki India, Honda Cars India, Tata Motors, Renault Nissan Automotive India
Medium & Heavy Commercial vehicles	Tata Motors, Ashok Leyland, Volvo Eicher Commercial Vehicles, Daimler India Commercial Vehicles, MAN India, Mahindra & Mahindra, AMW Motors
Multi Utility Vehicles	Mahindra & Mahindra, Toyota Kirloskar, Maruti Suzuki India
Light Commercial Vehicles	Tata Motors, Ashok Leyland Nissan, Volvo Eicher Commercial Vehicles
Small Commercial Vehicles	Tata Motors, Mahindra & Mahindra
Multi Purpose Vehicles	Maruti Suzuki India, Tata Motors
Farm Tractors	Escorts, Mahindra & Mahindra



The testing facility in the Chennai plant. RNSS says validation capabilities have improved from 28 to 91 percent over the past five years. Fifteen engineers work in conjunction with NSK, Japan.



A commercial vehicle steering column assembly. RNSS looking to drive new growth in this segment.

THE COMPANY IS KEEN TO HAVE A FIRST-MOVER ADVANTAGE IN THE CV SECTOR AND IS ALSO TAKING THE LEARNINGS TO OTHER APPLICATIONS LIKE FARM TRACTORS.

moved away from it due to other priorities. This has opened up opportunities to RNSS, which has now begun working on the CV business and focusing mainly on aspects like comfort, reliability, safety and lightweighting.

"We can become a design support system even for NSK to compete in global markets. We can create our own capabilities and have set ourselves a strategy to be a global design centre for MSC," says Rajasekaran.

In the domestic CV market, the company is working with leading players like Tata Motors, Ashok Leyland, Volvo Eicher, Ashok Leyland Nissan, Mahindra & Mahindra and Daimler India Commercial Vehicles.

RNSS is keen to have a first-mover advantage in the CV sector and is also taking the learnings to other applications like farm tractors. It

has adopted a modular product strategy where it will enable customers to move across technology chains seamlessly. It is now working with Tata Motors on such a modular design, both on M&HCVs and LCVs.

EYEING MSC EXPORT

To drive future growth, RNSS is engaged with NSK's global technology centre and is talking to some potential customers in the Asia-Pacific region for export of MSC to CVs. The first such business is expected to materialise by end-2016.

"Our ultimate objective is to supply European column manufacturers. We will start from Asia Pacific for customers like Daimler, Isuzu and Nissan Diesel who have a presence in the region," adds Rajasekaran. The longer term goal is to work with customers like MAN Truck and Mercedes Trucks globally. ■