

Sriram V has emerged in the last ten years as an engaging chronicler in two areas – Carnatic music and the history of Madras that is Chennai. An entrepreneur by profession, he is a historian by passion and is well known for his writings, heritage tours and talks. Sriram is one among the team of catalysts that helps put together Madras Week each year in August to celebrate the founding of the city.

A regular contributor to *The Hindu* and the associate editor of *Madras Musings*, the fortnightly dedicated to the city's heritage, he is also the author of five books – *Carnatic Summer*, the lives of twenty-two exponents (2004), *The Devadasi and The Saint*, the life and times of Bangalore Nagarathnamma (2007), *Semmangudi Srinivasa Iyer - Life & Music* (co-authored with V Subrahmaniam) (2008), *Historic Residences of Chennai* (2008) and *Four Score and More*, the history of the Music Academy, Madras (co-authored with Dr Malathi Rangaswami) (2009). *The Rane Story* is his first corporate biography.

❖

“This is the story of how a relatively small firm dealing in distributing imported automobiles and parts has gone on to establish itself as one of the best-recognised names and preferred business partners in the automotive industry.”

❖

The
Rane
Story
Sriram V.

The **Rane** Story

A Journey of Excellence

Sriram V.

The Rane Group is one of the best-recognised industrial houses of India today. Beginning as a dealer for automobile, trucks and auto-parts in Madras in the 1920s, the Group has grown from strength to strength, reaching the premier status that it now enjoys.

How the Group managed the transition in the various scenarios that the Indian economy presented, forms the thread of this story. In the pre-Independence era, when trading was more the norm, Rane was a name, albeit a small one, in the business of automobile and truck dealership. There too, the company had to survive challenges such as the Great Depression and the Second World War.

Post 1947, India adopted a socialistic pattern of society where the private sector was considered to be of secondary importance as compared to the Government-sponsored behemoths. But at the same time, there was a thrust given to the setting up of enterprises that were into production as opposed to trading. It was in this environment that Rane, became truly a Group, taking up the manufacturing of various automobile components. The constituent companies created a market for themselves in India and abroad, even while they battled issues such as labour problems, the licence-quota system and overwhelming Governmental control.

The post-liberalisation scenario brought its own hopes and challenges. Rane, realising that quality would hold the key in the new markets that were opening up, embraced a whole host of initiatives leading up to the adaption of TQM as its credo. The success of the TQM effort, which culminated in the Deming award for several constituent units, saw Rane becoming a global name in the field of automotive components. It is on the platform of TQM that the Group continues to build.

This is a chronicle of success, that holds many a lesson for several upcoming organisations and entrepreneurs of today.

Rane's All-India Presence



- Plant
- Office
- Plant & Offices

The **Rane** Story

A Journey of Excellence

Sriram V.

Copyright © Rane Holdings Pvt. Ltd.

Printed by Sudarsan Graphics Pvt. Ltd., Chennai

Designed by Malvika Mehra

All rights reserved. No part of this publication may be reproduced, stored in a retrieval system, or transmitted in any form, electronic, mechanical or otherwise without the prior permission of the company.

FOUNDER



TR Ganapathy Iyer
1892 - 1946

THE RANE GROUP OF COMPANIES

RHL	Rane Holdings Limited
RBL	Rane Brake Lining Limited
RDL	Rane Diecast Limited
REVL	Rane Engine Valve Limited
RML	Rane (Madras) Limited
RNSSL	Rane NSK Steering Systems Limited
RTSSL	Rane TRW Steering Systems Limited
KML	Kar Mobiles Limited
JMA Rane	JMA Rane Marketing Limited

Foreword

It is a rare privilege to live through history that is still in the making. Writing the foreword was a humbling experience as you try to visualise the “distant past” and speculate on the “unknown future”.

Created in 1936, I assume Rane was one of the few “swadeshi” initiatives during colonial times. I would venture to guess the aims and aspirations at birth must have been quite humble and modest – for the creator and his family to make a living. Rane today has not only surpassed those but has survived as a successful business for seventy-five years. No business forecaster would have placed his bet on such an outcome.

Currently, one of the foremost suppliers of automotive components and systems, Rane has won acclaims from several vehicle manufacturers within and outside India and its stakeholders. Such a reputation has been built through hard work and integrity of purpose. Opportunities and luck have no doubt played their part in large measure. Rane earned in early years its spurs as a reliable business entity. The trend was possibly set when in 1948 a new but defective Renault car was recalled and the customer given a free replacement.

Way back in 1920, TR Ganapathy Iyer, a high school graduate qualified in shorthand and typewriting, “went North” to Bombay from his dwelling in Trichur, Kerala and served as an employee in an auto parts distribution firm. His spirit of adventure not adequately quenched, he moved down to Madras and created a trading entity and called it Rane (Madras) Limited in 1936. The company was registered in the Madras Presidency with a share capital of Rs.1 lakh. An enterprise was born.

Ganapathy Iyer died at the young age of 54 and was succeeded by his son-in-law LL Narayan (LLN), a student of Botany from the Madras Christian College; on the face of it an ill-suited successor. Legend has it that “Mappillai” could sell a refrigerator to an Eskimo. TGK Raman, the very young son of Ganapathy Iyer, had a more sombre and self-effacing personality.

Directed undoubtedly by the helmsman, the culture and behaviour of Rane as an organisation has been subject of talk and admiration in industry and trade. Several employees have made significant contributions towards this and have also reinforced the value system.

Seventy-five years of successful existence cannot be rationalised just through markets and technologies. Customer and employee-centric management, fair-mindedness, openness and transparency must have been the other ingredients.

The most discernible watershed in the history of Rane was when it moved into manufacturing in the late 1950s. The national quest for self-sufficiency made this possible. The beginning was with engine valves and products were added on in subsequent years. The one initiative to move away from the automobile component business, the launch of a five star hotel, did not take off. Rane owes its success today to its core competence in the automotive markets.

Seventy-five years of history have not been without trials and tribulations. There were times when industrial relations hit lows, businesses incurred losses; in retrospect these were for the betterment of the business and its stakeholders.

The post-liberalisation era brought along with it challenges. Cultural and behavioural adaptations were required. New paradigms of customer expectations and technologies emerged. Built on foundations of “customer first”, Rane adapted with ease.

No doubt new challenges will arise. The journey of continuous improvements must show the way. The underlying robust and dynamic processes will have to be renewed. The organisation will have to reinvent itself. Simplicity and integrity of purpose will have to remain the watch words. The principle of frugality to do more with less must be reinforced. There will be more dreams, frustrations and realisations. These are the ways of institutions that endure.

On reaching this major watershed of seventy-fifth year, it was felt appropriate to archive the history hitherto. Sriram V., the well-known historian from Chennai was assigned the task. As the book evolved, there were new discoveries, which characterise Rane even to this day. An example is the free replacement of a faulty Landmaster car in the 1940s. Sriram's diligence and untiring efforts are commendable. Although by no means, the last word on Rane, I still believe future generation of managers will gain through this archive.

I place on record our appreciation of Sriram's efforts, and friends and stakeholders alike who have made this possible.

L Lakshman

Chairman

Rane Holdings Limited, Chennai

11 December, 2011

Author's Note

It was sometime in 2009 that Mr L Lakshman called me over to his office and asked if I would be interested in documenting the history of the Rane Group. I was a little hesitant as this would have been my first corporate biography, all my previous books having been in the area of arts and history. But given my entrepreneurial background, I was interested and decided that I would have a go at it.

Over much of 2009 and 2010, my Research Assistant Susan Philip and I, scoured the Minutes books of the various companies in the Group and interviewed several of those who were involved in the development of the conglomerate over the years. And slowly, bit by bit, the Rane story emerged. Documenting the Group's early history would have been a challenge had it not been for two excellent sources. The first was *Fast Forward, Sixty Years of Rane Madras*, an account of the Group put together by veteran writer Geeta Doctor in 1995. The second was a veritable mountain of correspondence between Chairman Emeritus LL Narayan and his 'poet, guide, philosopher and friend' in the UK, Sidney Lewis. I am also grateful to Mr S Narayanan of Madras Auto Services, Mr G S Iyengar of Mumbai, Pat Parkes, formerly of Small & Parkes, Virat Sondhi of JMA Rane Marketing Services and family members TS Subramaniam and PC Kumar for sharing their reminiscences.

As the story emerged, my confidence was boosted as Mr Lakshman read the chapters thoroughly, almost as they came off the computer and gave me his feedback. These sessions with him were greatly enjoyable for not only did they clarify the several doubts I had, they also became extended sessions on the business history of Madras, a city whose past I have a passion for documenting.

Some of the well-known names in Indian industry have served/continue to serve on the Board of the Rane Group companies. These people spent time with me giving their insights on the working of the Group. I would like to express my gratitude to Mr Subodh Bhargava, Mr Vijay Mohan, Mr MS Kumar and Mr V Narayan. The Rane Story would however, not have taken shape without the patient and detailed answers that several of the Rane executives and associates, both past and present, gave in response to my questionnaires. Meeting each person was a learning and a rewarding experience. It is these people who have made the Rane story come alive. Thanks in full measure are therefore due to the following (in alphabetical order of names):

S Badrinarayanan

General Manager, Marketing, Rane Brake Lining Limited

L Ganesh

Chairman, The Rane Group

T Giriprasad

Vice-President, Marketing, Rane (Madras) Limited

Akbar Hydari

Former President, Rane (Madras) Limited

Gowri Kailasam

Senior Vice-President, Operations & TQM, Rane (Madras) Limited

S Krishnakumar

Former President, Rane TRW Steering Systems Limited - Steering Gear Division & Former Advisor, The Rane Group

N Krishnamoorthy

Financial Advisor, The Rane Group

Harish Lakshman

Managing Director, Rane TRW Steering Systems Limited & Vice-Chairman, Rane Engine Valve Limited

L Lakshman
Executive Chairman, Rane Holdings Limited

S Lakshmanan
Technical Advisor, Rane (Madras) Limited

PD Leelaram
Advisor, Business Development & TQM, The Rane Group

S Mohan
President, Rane TRW Steering Systems Limited - Seat Belt Division

R Narayanan
Former President, Rane NSK Steering Systems Limited & Former Technical Advisor, The Rane Group

S Parthasarathy
President, Rane (Madras) Limited

G Parthipan
President, Rane TRW Steering Systems Limited- Steering Gear Division

A Rajasekaran
Senior Vice-President, Commercial, Rane Brake Lining Limited

S Rajendra Kumar
Senior Manager, TQM, Rane Brake Lining Limited

L Ramani
Deputy Manager, Secretarial Services, Rane Holdings Limited

G Ramkumar
President, Rane Engine Valve Limited

PS Rao
President, Rane Brake Lining Limited

C Siva
Vice-President, Secretarial & Legal Services, The Rane Group

R Srinivasan

Former Vice-President - Financial Services, Rane Holdings Limited

D Sundar

Vice-President, Operations & Company Head, Rane Diecast Limited

S Swaminathan

Former Vice-President, HR, The Rane Group

R Venkatanarayanan

Executive Vice-President, HR, The Rane Group

This work would not have been possible without a lot of help in fixing interviews and coordinating logistics. Thanks are due to S Radha and V Usha, former Secretaries to Mr L Lakshman and Mahalakshmi Venkatesh who is presently the Secretary.

In putting this book together, Susan Philip and her researches/ interviews were of utmost importance. Rukmini Amirapu pored over the words and edited them to get them into the final print version. Malvika Mehra worked on the design and the layout of this book. A big thanks goes to all three of them.

Ultimately, it is the reader who will sit in judgment over this book. Thanks are expressed in advance for feedback regarding corrections and improvement. For it is only through such a process that the book can be a product of excellence, reflective of the philosophy of the Rane Group.

Sriram V

Chennai

11 December, 2011

Contents

Foreword	iii
Author's Note	v
1 The Automobile Comes to Madras	1
2 Getting Started with Ganapathy Iyer	11
3 The Trading Years	24
4 Moving into Manufacture	37
5 Tie-ups and Tie-rod Linkages	49
6 Consolidation-Within and Without	62
7 Brake Linings and Leaf Springs	75
8 Grappling with Growth	87
9 Expanding in a Contracting Economy	100
10 Course Corrections	113
11 Labour Pains	125
12 Selling in Distant Lands	137
13 Steering Forward	149
14 Divestments and Diversifications	159
15 The People's Car	171
16 Adding Power to Steering	185
17 Preparing for Growth	199
18 Power to the People	213
19 Changing with the Times	226
20 Turning Round the Flagship	239
21 The Deming Way	253
22 Growing with TQM	268
23 Steering Ahead	282
Index	293
Bibliography	300

1

The Automobile Comes to Madras

THE RANE GROUP OF companies is headquartered in Madras, a city that in 1996 changed its name to Chennai. The city has for long been recognised as an automobile and auto-component hub, a reputation that has only been strengthened in the post-1990s liberalised India. The year 2011 saw Rane (Madras) Ltd completing 75 years. It also marked the 111th year of motor-transport in Madras. The two stories are closely intertwined and before we look at the history of the Rane Group, let us look at how the city developed as a home to the auto-industry.

It was in 1901 that a motor car was first sighted in Madras. The vehicle belonged to AJ Yorke, a director of Parry & Co who drove it each day from his home, *Ben's Gardens* in Adyar to Parry's in Black Town. Cars were registered soon after and the first registration, MC-1 was that of Francis Spring who was at that

time Secretary of the Madras Railway Board. Later he would become the Chairman of the Madras Port Trust and give the city a new harbour which in turn would give the industrialisation of the region a much-needed fillip. MC-3 belonged to T Namberumal Chetty, the leading building contractor of the times and to whom are credited several of the heritage buildings of the city.

At around this time the Maharajahs and the aristocrats of India woke up to the joys of travel by motor cars and several Madras firms became agents for British, Continental and American car manufacturers. An old Madras name, Addison, was the pioneer in this, beginning to import cars from 1901 or thereabouts. The company had pioneered the import of bicycles to Madras in the 1890s and from that mode of transport to the motor car was but a natural transition. The first motor cars to be handled by Addison & Co were Alldays, the product of Alldays and Onions, a rather oddly named company that was into car manufacture in England between 1898 and 1918. Later the Humber models, made by the eponymous company, also in England, were added. Addison also added Swift cars manufactured by the Swift Club of Coventry and Triumph motorcycles. Triumphs were evidently great triumphs, for by 1910 the company had sold more than six hundred of them. Addison was soon building its own magnificent showroom on Mount Road and this was completed in 1909. A second showroom was added next to the first one in 1916. More car agencies came up, with P&Ms and Sunbeams becoming popular. Both showrooms, now a part of the Amalgamations Limited building, fronted over 60,000 sq.ft. of space and employed over 600 people. Cars and accessories were available here on sale.

A rival in the trade was Madras Automobiles Limited founded by F Robinson Ward an engineer specialising in automobiles and TR Frost, a car salesman who had been selling automobiles in Madras from the time they first arrived in India. This company,

also on Mount Road, was situated in a two-acre property comprising workshops and a three-storey office building that boasted of 12,000 sq. ft. of office space. The company was the sole agent for Austin and Vauxhall cars from England and also American cars such as the Overland and the Premier cycle-cars and motorcycles.

Madras also pioneered the indigenous manufacture of cars. In 1902, Samuel John Green, a man experienced in motor car assembly in the United Kingdom joined Simpson & Co, an old and established firm in Madras which had been till then in the business of coach-building. Simpson was aware of the changes that the motor car was bringing about in modes of travel, but the firm at the same time was unconvinced about the universal suitability of a vehicle that depended on petrol, a commodity in limited supply in most parts of India. Under Samuel Green's guidance, Simpson embarked on building a steam-powered car. Significantly, according to a report in *The Madras Mail*, "the whole of the car, including the engines, the boiler, the pumps, gearing etc" were built as per Green's designs at Simpson itself, making it the first indigenous car to be built in the whole of India. The car was taken on a test drive from Simpson on Mount Road to St Thomas Mount and proved successful. The only imported component was the burner which used kerosene to heat water in a boiler to produce steam.

The experiment never led to mass production and the whole project was abandoned. Simpson too followed the time-tested route of representing foreign names, but with a difference. True to its earlier doubts about petrol, it began importing steam-driven Turner Miesse vehicles in 1903. But this was soon given up and Simpson moved over to petrol-driven vehicles, first selling two-seater Minervettes and Minerva motorcycles. These were followed by French Darracqs which were single-cylinder vehicles. In 1906,

the trend changed to two-cylinder engines and then in 1907, four-cylinder engines were introduced. Simpson, unlike others in the field took to importing chasses and building custom-made bodies on them to suit the requirements of Maharajahs and chieftains. Soon the company was importing Napier, Rolls-Royce and other chasses. A burgeoning business led to the opening of a Simpson branch in Ootacamund, the summer seat of the Madras Government.

The presence of so many players in the field of automobile sales necessitated service facilities as well. Addison was the pioneer in this too, with its showrooms usually stocking accessories for cars and cycles. A brochure of the company mentions that “a special feature is made of cutting gear-wheels, and of ordinary engineering work in fixing up or repairing motors.” By 1909, the firm had installed a vulcanising plant for repairing tyres. This may have marked the beginning of the automobile ancillary industry in Madras, a field in which the city would acquire fame across the world.

By 1907, the usage of motor vehicles for public transport and cargo had begun. The first public-service vehicle was built by Simpson that year for a customer in Salem. In 1911, a 22-seater body on a two-ton Halley chassis was supplied to Salem. A year earlier, a Darracq chassis was used for the first double-purpose body built in India, the rear seat being removable for conversion to a luggage platform when needed. In 1913, Simpson imported the American-made chassis of the Federal Truck and this laid the foundation for the road cargo transport business in India. Soon the Madras Automobiles Limited was boasting of a hydraulic press imported for “fitting solid band tyres to the wheels of motor lorries and omnibuses of any size.” The company also spawned a sister-unit called Transports Limited, which devoted its attention to marketing heavy vehicles in the districts.

The rest of India at this time was waking up to the benefits of public transport and here too, companies based in Madras were pioneers. At this time however, demand in cities for public transport was still low and most people preferred walking and if not, then the ubiquitous horse carriages and rickshaws were available in plenty. Trams were a convenient mode of transport too and operated in the three Presidency cities of Bombay, Calcutta and Madras. Demand for transport of cargo and people in the mofussil however was greater and here is where most of the public transport companies made their money. Road quality was however a deterrent and losses due to delays and breakdowns were high. Of the five steam-powered vehicles imported by Simpson in 1903, two were sold and one of them was fitted with a double purpose body to carry mail and passengers, operating in Gwalior for many years. This may have been the first public transport service in India. In 1905, a second service, again on a steam-operated vehicle, was run between Bezwada (Vijayawada) and Masulipatnam. In 1912, TV Sundaram Iyengar and Sons Limited (TVS) commenced business, providing a bus service in Madurai. This later expanded into the vast Southern Roadways Limited which also operated cargo services. In 1916, TVS ventured into the automobile business, selling tyres and motor parts imported from the US.

Business in cars was evidently booming by 1915, for a contemporary account has it that “the advent of the motor resulted in the immediate removal of a very large number of horses from the roads; the one-time popular hansom-cabs, landaus, and victorias were replaced by Ford, Daimler, Wolsley, Napier, Humber, de-Dion and other cars; many carriage-houses were turned into garages, and the very mangers from which high-class steeds were wont to feed have become receptacles for screw-keys, carbide, damaged tyres, and the remains of lamps and other accessories of

the petrol-driven machines.” The revolution caused The Madras Stable Company, which till then had dealt with import of high-class horses, and a large hacking and livery business, to get into cars. This was an enterprise located at the corner of Mount Road and General Patters Road, situated in a vast property in the possession of Rajah Venugopal Bahadur of the aristocratic Bobbili family. It acquired agencies for Clement-Talbot, Alldays, Sizaire, American Maxwell, Commer and Peugeot cars. In addition, it also went into the business of hiring out of cars and a large garage was built to house its own vehicles and those of some of its clients at 17, Mount Road. Branches were opened in Bangalore, Trichinopoly, Pudukottah and Kodaikanal. It also soon began running a passenger-car service between Kodaikanal and the railway station at Kodai Road and another between Trichy and Pudukottah, each vehicle on these routes being capable of ferrying 36 passengers at a time. Another old Madras name that went into dealing in cars at around this time was Oakes and Co. Apart from selling cars, the company boasted of “adjoining workshops in which repairs are promptly effected by a large staff of efficient mechanics. Motor tyres, tubes and accessories of every description are always kept on hand.”

The First World War, which broke out in 1914 proved a damper for the heavy-vehicle business in India as the Government imposed restrictions on import and sale of motors and chassis. That year the Government also brought in the Indian Motor Vehicles Act. During the course of the war most of the companies in the business switched to servicing the existing vehicles or to light engineering works for which there was demand. An interesting outcome was Simpson trying its hand at servicing war planes. An important decision taken by the Government of India during the war was the replacement of all the horse-drawn vehicles for mail service with motor transport and this provided

some demand. But with the war ending 1919, it was boom time once again.

The number of imported vehicles grew to 13,500 by 1920 and two majors in the field, Ford and General Motors set up companies in India to sell and service their motor cars and trucks. TVS got into the selling of GM's vehicles in South India from 1922 onwards and began to rapidly build up the business in the southern districts of the Madras Presidency. Ford, which had been selling its Model A from 1907 in India, opened its offices in Bombay in 1926. In Madras, Ford sold its vehicles through Oakes & Co. By 1925, the third of the Big Three of Detroit, Chrysler too had made its appearance with Spencer & Co of Madras selling the Chrysler Four in the city.

The opportunity for trying out bus transport in cities came in 1921 when the employees of the Calcutta and later the Madras Tramway Corporations struck work. Trucks were pressed into service in both cities with Madras having them ply on the Mylapore-George Town route. The first motor car exhibition in India was held the same year in Calcutta. That city also saw the introduction of "extraordinarily handsome" buses with accommodation for 36 passengers in 1922. Buses came to Bombay in 1926 with the first service running between Afghan Church and Crawford Market. The people of Bombay received the bus with enthusiasm, but it took quite some time before this means of conveyance really established itself. For several years, it was looked upon as transport for the upper middle class. Those were the days when the tram was the poor man's transport; it carried one all the way from Sassoon Dock to Dadar for a mere anna and a half - that was nine paise. The bus fare for the same journey was four annas-25 paise. While the concept of public transport caught on, it must be said that the system was very much at a nascent stage

with most services not following a fixed route and tariffs being invariably decided upon by market dynamics. Many private buses operated and these were invariably owner-driven.

The Dodge Brothers and its allied brand Graham Brothers' buses of the USA were popular vehicles for public transport and were distributed in South India by Addison. The Dodge Brothers also introduced the Touring Car, which was marketed as a vehicle for taking a maximum of four people on long distance journeys and cost Rs 4750 in 1925. It was acclaimed as being “eminently suitable for the exacting conditions of South India.” In 1928, Dodge Brothers introduced another winner – the Victory Six.

An interesting aside in the development of the automobile and public-transport vehicle industry in India was the development of petrol-vending units. The Burmah Oil Company (BOC) was founded in Glasgow in 1886 with the express intention of prospecting for oil in South Asia. By 1889, kerosene from the BOC was being imported into Madras and sold by their agents Best & Co. An Indian had however already taken the lead. This was Haji Sir Ismail Sait who, a year earlier, imported American kerosene packed in cases and began retailing it through Spencers. In 1893, the Anglo-Dutch oil major, Shell Transport & Trading Company Limited set up its first installation, a kerosene storage facility in Royapuram, an old suburb of Madras. The residents of the city watched in awe as the first kerosene tanker visited Madras the same year and discharged its cargo into this tank. The Standard Oil Company of the USA too came into South Asia in 1901.

Next came the Royal Dutch Oil Company with another famous Madras name, Arbuthnot & Company as its agent. It built its oil storage facility in Royapuram in 1903. In 1906, the company was taken over by the Asiatic Petroleum Company Limited which moved its agency to Best & Co. The BOC was however the leader

and by 1903 it brought oil to India from Burma. A tank was put up at Royapuram and the company's local affairs were managed by Binny & Company till 1906 when Shaw Wallace took over the agency. With so many oil installations in Royapuram, it was not surprising that the German cruiser *Emden* chose to bombard this location when it sailed along the Madras coast in September 1914, shortly after the outbreak of the First World War. Five tanks were set ablaze and over 350,000 gallons of oil were lost. The shelling also claimed a few lives. The *Emden* passed on but lived to become a Madras legend, being adopted in Tamil language as a synonym for an evil-doer. The BOC moved its tanks to Tondiarpet, a neighbouring suburb in 1916, not so much because of the fear of another bombardment but because the Port was expanding and needed the land. The new location of BOC provided for a petrol tank and from that time onwards the fuel, which was till then being imported in tins, became available locally. The first petrol tanker sailed into Madras Port in 1918.

In 1928, The Burmah-Shell Oil Storage and Distributing Company of India Limited was formed to act as the Indian agent for all the oil companies mentioned above. Shell Motor Oil soon became the preferred brand for cars, with its associated Shell Motor Spirit, the two being sold in pairs in red and yellow cans. This was followed by service stations which were built in the 1930s. Among the first stations in Madras was one on Mount Road, belonging to the departmental store, Wrenn, Bennett & Co.

The continuing boom in vehicle sales in the inter-war years saw several companies being set up to handle accessories. L Madar Saib & Co of Madras, established in 1860 specialised by 1925 in motor-hood cloths, carriage rubber tyres, motor car upholstery, boot and shoe mercery and also rather incongruously in shoe polish! In the same year, Kalmadi Motor Works of Mylapore claimed to handle all kinds of motor repairs, paintings, over-

hauling and being stockists of tyres, lubricating oils and spare parts. Dunlop was a familiar name by this time in the tyre business and the company had operated in India from 1902 with Bombay being its first office. Dunlop's patented cords were considered to be the best for tyres. In 1922, Goodyear opened its offices in India and in 1924, Firestone had introduced its tyres to the country.

In Madras, by 1928, the first motor spare shops had come up on General Patters Road, selling car batteries. A new invention at this time was the AFMAH motor electric direction signal indicator that showed in which direction the vehicle was proposing to turn. Self-illuminated, it was sold by the South Indian Commercial Establishment of Goomes Street and "could be fitted on in no time."

It was evident the world over by then, that India was a heavy importer of motor cars, trucks, lorries and motor vehicles of all description. The yearly average stood at around 12,500 cars and 9,500 trucks and it was considered to be a good business to be in. That year, General Motors India rolled out the first commercial car to be assembled entirely in India at its factory in Bombay. And within a few months, a man was making his way to his native Madras, to set up a branch for Rane & Company, the firm for which he had been working till then at their headquarters at Bombay.



2

Getting Started with Ganapathy Iyer

TR GANAPATHY IYER, or Aiyar as he spelt his surname in early years, came from an orthodox Brahmin family of Kerala. Born in 1892, he had moved to Bombay in the 1910s in search of a living and had found employment with Iyland & Co, a firm dealing in auto parts. Later he shifted as a sales executive to Rane Automobiles, a company founded by Vamanrao Rane and dealing in commercial and passenger vehicles. The company became Rane Limited in 1920. Ganapathy Iyer it appears, did well enough to become a part of the Board of Rane Limited. Shortly thereafter Vamanrao Rane died, leaving the firm in dire straits. His family was keen to close the business, what with the founder's sons being too young to manage the show. It was left to Ganapathy Iyer and his close friend and colleague C Govinda Iyengar to convince them that there was a good future in the business. The Board was reconstituted with Ganapathy Iyer, Govinda Iyengar (both full-

time directors), Jamnadas Mehta (a businessman and Congress activist who was designated Chairman), Dr TM Kajiji (a well-known figure and a close associate of Jamnadas Mehta) and RM Rane (a nephew of the founder). Ganapathy Iyer and Govinda Iyengar worked hard and this bore fruit. Soon Rane Limited had branches in Calcutta, Delhi and Lahore. In 1928, the firm decided to expand its operations to Madras city. Ganapathy Iyer was the man chosen for the job. No doubt his South Indian origins must have also weighed in his favour. Iyer moved to Madras in 1929 and set up office for Rane's in the city.

It was hardly a propitious time to begin business. The world was reeling under the impact of the Great Depression. The Government of India had a largely unhelpful policy when it came to business. But Ganapathy Iyer went ahead. The Madras outfit was to be an independent company with substantial shareholding in the names of the promoters from Bombay. From the records it would appear that this was decided upon at a meeting of the shareholders of Rane, Bombay held on 24th August 1929 in that city. The first meeting of Rane, Madras (Ltd) took place on 21st March 1930 and among those present were Ganapathy Iyer and his wife Meenakshi. He and his wife had the first and second allotment of shares in their name, followed by the third lot in the name of their daughter, TG Saraswathy. Rane Bombay were allotted shares No 501 to 998. Among the promoters names we also see those of C Govinda Iyengar and Jamnadas Mehta both connected with the parent company. TR Ganapathy Iyer was appointed Managing Director of Rane, Madras and it was also resolved that the company would bank with the Imperial Bank of India, Mount Road. The first Annual General Meeting (AGM) took place on 10th August 1930. Nobody noticed it at that time perhaps, but it was among the first Indian outfits of Madras to get into the automobile distribution business.

The firm began with a Ford dealership. The registered office was at 9A, Blackers Road, off Mount Road, perhaps close to where the Gaiety and Casino theatres stand today. A subsequent meeting saw a resolution being passed to the effect that funds worth Rs 50,000 be raised and that branches be opened up-country. A subsidiary firm at Madras, called the Central Motor Parts Company, located at 2/182, Mount Road was opened within a year. This was presumably a service station and also a spare parts outlet for the Ford vehicles that Rane sold. At the end of the first year of operations, a 12.5% dividend was declared and the staff given a bonus of Rs 1500.

A year later, a showroom for vehicles had been opened in Wallajah Road, just off the Government Estate. This made sound commercial sense, for Government Estate contained within it the residence of the Governor of Madras, the man who for all practical purposes was the most powerful individual in the vast presidency that stretched from Ganjam in present-day Orissa to Cape Comorin. Wallajah Road was an important thoroughfare through which dignitaries who came to call on the Governor must have passed. The presence of a Rane showroom would not have escaped their attention and business must have been good. A short while later branches were opened, at Bangalore, Coimbatore and Calicut.

The list of brands being dealt with by Rane expanded steadily in those early years. Among the first was REO, the range of cars and trucks from the company of the same name, the three letters being the initials of the founder Ransom E Olds, who was also the founder of the famous Oldsmobile range of vehicles. REO was a formidable competitor in the automotive market. Innovations were numerous, including hydraulic brakes, and the “self-shifter” automatic transmission, available on both six- and eight-cylinder models, introduced in 1933 and billed as “an amazing new

invention”. In 1931, although reeling under the Depression, REO offered two series of automobiles. The standard Flying Cloud sedans were available with either six-cylinder or eight-cylinder engines. Cars and trucks were built side by side, till the car line was given up in 1936. The REO truck was billed as the toughest vehicle built, and set the standard for power, durability and quality workmanship. Their bullet-proof Gold Crown engine, contributed greatly to that end. Rane also represented the motorcars line of Adler, a German company involved in the manufacture of cars, motorcycles, bicycles and typewriters. The vehicles were six- and eight-cylindered and like the REO across the Atlantic, were the first European vehicles to feature hydraulic braking, using an ATE-Lockheed system. In 1931, Adler developed what would be the prototype of the Volkswagen Beetle but the plan was shelved.

Business thrived for Rane in Madras, but for reasons unknown, the umbilical cord with the parent company in Bombay was cut off. In April 1934, Rane Bombay sent a letter cancelling the agreement between the two companies. Jamnadas Mehta and C Govinda Iyengar, resigned from the Board of Rane Madras and the shares that Rane Bombay held were returned. Ganapathy Iyer moved quickly. He paid Rane Bombay a sum of Rs 2000, being their share of profit from Rane Madras for the year ending 31st March 1933. He also signed an agreement with them whereby they promised not to trade in the Madras Presidency for a period of two years.

There was good reason for such a precaution. Competition was intense in Madras city. Rane had to contend with the latest kid on the block – Union Company (Motors) Limited which was founded almost certainly in the same year as Rane. The man behind this company was K Gopalakrishna, a native of Kumbakonam who, having sold his ancestral lands arrived in Madras to begin life

as a businessman. Having been a successful *dubash* (agent) to Gillanders Arbuthnot & Company, he founded Union Motors which became the agent in Madras for AJ Stevens & Co of England that made motorcycles. Gopalakrishna then signed up as the representative of Bosch in India when he saw that more and more vehicle-owners were keen to have magneto ignition replaced by coil ignition which was patented by Bosch. This was a money-spinner and then Union Motors took up the distribution of Nash, Hudson and Terraplane cars of Standard Motor Company of Coventry, England. Shortly thereafter on coming to know that Dunlop, which had begun commercial production in India at Sahagunj in Bengal, was looking for hand pumps to be sold across the country for inflating bicycle tyres, Gopalakrishna ventured into the manufacture of these pumps. This was under a new company – Union Company Accessories Limited or UCAL.

The older giants were proving to be no less active. Simpson's repair workshop begun in 1931 proved to be a success and drove many customers into its fold. In 1936, Addison began importing CKDs of cars and assembling them in Madras.

It is not clear as to how Ganapathy Iyer and his fledgling Rane Madras managed between 1934 and 1936, but they evidently did well enough, for in 1936, the company was restructured and went public. On 17th April 1936, notice was given of the first Board meeting of Rane (Madras) Ltd., to take place at *Champakavilas*, Luz, Mylapore. This was the residence of K Bhashyam, a well-known lawyer of the city. He was one of the directors and the others were VR Subramania Iyer, a diamond merchant from Linghi Chetty Street and TR Ganapathy Iyer. During the course of the meeting the prospectus of the company was finalised and approved and shares were allotted to a few prominent personalities of the city. These included KV Al Rm Alagappa Chettiar, the

businessman, philanthropist and educationist, Mammen Mapillai of the Travancore National Bank, Khan Bahadur Adam Haji Mohammad Sait, a businessman of the city, CR Srinivasan, Editor of the *Swadesamitran*, a leading Tamil daily and the industrialist M Ct M Chidambaram Chettyar. Alagappa Chettiar was made the Chairman of the new company and HD Raja, a well known figure in the world of company law became the company secretary. Iyer's earlier business entity Rane Madras, was taken over by the new company with Iyer being allotted shares No 1 to 181 in the new company by way of payment for the sale. In the new venture, Ganapathy Iyer followed the then prevalent practice in Indian business circles of controlling the business through the Managing Agency system.

Under this system, a firm of Managing Agents, usually a single person or an association of a few individuals, either in partnership or with limited liability, controlled, directed and financed a group of several companies whose constituents were all financially interdependent. They looked to the controlling company for credit and finance. Each member of the Managing Agency was obliged to underwrite a certain proportion of the main company's shares, and take a fixed percentage of the net profits as commission. The commission was understood to be compensation for the risk of underwriting the capital for the main company. The Managing Agency also held the position equivalent to that of the Managing Director in a public company. Iyer & Co became the Managing Agency for Rane (Madras) Limited.

Almost the first task was to arrange an overdraft facility with a suitable bank and Iyer & Co was entrusted with the task and to also arrange for facilities with the same bank for discounting *hundis* and bills. An overdraft facility for Rs 50,000 was arranged with the Travancore National Bank. In keeping with the structure

of shareholding in public companies of the time, the Rane shares were divided into preference and ordinary shares, with the former being entitled to a fixed dividend marked on the certificates. Allocation of preferential shares in Rane began on 13th July 1936. The company's activities evidently required financing once again for within two weeks a loan for Rs 50,000 was negotiated with the General and Credit Corporation (India) Limited and a temporary accommodation for Rs 30,000 was arranged from S Rm Ct Pl Palaniappa Chettiar, a kinsman of the business-baron, Raja Sir S Rm Annamalai Chettiar of Chettinad. This was for three months against a floating first charge on properties and assets. Palaniappa Chettiar joined the Board of Rane Madras shortly thereafter. M Subbaraya Iyer, the famous lawyer, also came on Board as legal counsel for the company.

In August, the capital of the company was increased to Rs 7.00 lakhs. The public issue of shares was entrusted to Trojan & Co of Armenian Street, Madras with 20,000 cumulative preference shares at 7% fixed dividend, 200,000 cumulative preference shares at 6% fixed dividend and 300,000 ordinary equity shares to be issued. Advertising expenses of Rs 2500 were incurred in the process and the issue took place on 28th February 1937. The shares were subscribed to from places such as Karachi, Sind, Bombay and Kottayam. That year, Rane's showroom and workshop shifted from Wallajah Road to 29 & 29A General Patters Road near Wellington Cinema. The new location was at the heart of the city's automotive spares market. Branches were opened in Ernakulam and Pondicherry.

In the meanwhile, Ganapathy Iyer and his Managing Agency fell foul of the Board of Directors of Rane (Madras) Limited when they disapproved of his purchase of a property at Gopalapuram in the company's name for use as his own residence. This was

disallowed and Iyer took over the property as his own. *Trichur House*, as it came to be called, was his residence till his demise. Iyer was given time for three years to clear up the amount and the company charged him 9% interest. At the end of the year, however, harmony prevailed for the company had made sufficient profits for the declaration of a 9% dividend. In early 1938, Alagappa Chettiar stepped down as Chairman and was succeeded by S Rm Ct Pl Palaniappa Chettiar. Among the first decisions taken by the new Chairman and his team was the decision to reduce the exposure to the Travancore National & Quilon Bank which was then facing a run, and move to the Nedungadi Bank with the same credit limits on the same terms.

In 1938, Well Worthy piston rings, manufactured by a company of the same name in Wessex, England, were added to the range of products. The Hillman Minx, a middle-sized family car manufactured by Rootes of Coventry, England was taken on in 1939/40 and one of the first customers was S Anantharamakrishnan of Simpson & Co. The Rootes Group had by then taken over the Humber range of cars as well and this was added to the Rane stable. Bedford trucks, manufactured in England by General Motors at the recently acquired Vauxhall facility were taken on for representation by Rane in 1940. All these distributorships meant the necessity for bigger premises and the company shifted to its own offices and showrooms at 5, Patullos Road, Madras in 1940. The offices, which still stand, were built in classic art deco style and occupied a vantage position, at the corner of Patullos and Mount Roads. The new location was almost cheek by jowl with the Madras Club then on Club House Road. It was the home away from home to most sahibs of the city and having a showroom in the vicinity made sense. Ganapathy Iyer appears to have been a man with an insatiable thirst for new business. The company then became agents for Giberling vapour cured tyres.

In 1939, Iyer suggested that Rane enter into the life insurance business, a sector that was then booming in India despite the threat of war. The auditors to the company objected to this and in any case the Insurance Act of 1938 frowned on the practice of Managing Agents getting the companies under their control into insurance businesses. Undaunted, Iyer went ahead on his own and collaborated with HD Raja in the founding of Vanguard, a Madras-based insurance company. He became a director on the Board of the firm and its allied companies Vanguard Fire & General Insurance Co. Ltd and Vanguard Provident Assurance Co. Ltd. In addition, he was also one of the promoters of the Madras Finance Corporation Ltd which was into leasing and financing of the purchase of vehicles. He was also the founder of Chandra Ltd., a company whose activities are not known now and Nalin Publicity Bureau which probably handled the advertisements released by Rane. The last-named was definitely yet another creation of HD Raja's for it bore the name of his second son, Nalin.

In addition to all this, Iyer was also a director on firms such as the Hindustan Transport Corporation, the Automobile Warehouse Limited and Madras Motor Traders Limited (the Madras branch of Rane) and it is these companies that once again brought him into confrontation with the Board of Rane. In December 1940, the auditors, PNS Aiyar & Co reported that sums to the tune of Rs 60,000 qualified as bad debts and the majority pertained to companies controlled by Ganapathy Iyer, namely the above three. A request was made that he clear off the amounts due. This led to a temporary stand-off at the end of which Iyer probably squared up the accounts, for on 11th May 1941 the Board approved that 12% of net profit would be the managing agents' share and 1% of the turnover would also be theirs with effect from April 1940. It was also requested that the Board gets "the active cooperation" of

the managing agents. A month later a qualifier was added that the 1% commission on turnover would be given only if a net profit of Rs 12,000 was achieved each year to be distributed to shareholders. Rane had till then been consistently accruing Rs 10,000 or so. In what is an interesting sidelight on business practices of the day, we find that the Board also requested S Rm Ct Pl Palaniappa Chettiar to negotiate an overdraft facility of Rs 25,000 with Indian Overseas Bank and approved an overriding interest payment of 1% to him on the actual amounts availed of by the company from IOB!

Business became difficult in 1941 with the war closing in on India. Import of goods became difficult and several companies floundered. Among them were Iyer's Madras Motor Traders Ltd. and Automobile Warehouse Limited. Rane regretfully wrote off dues worth Rs 24,664-5-8 as bad debts "out of which Rs 11,213-10-10 was due from Automobile Warehouse, in liquidation and of which TR Ganapathy Iyer is Managing Director." The commission to the Managing Agents was henceforth to be applicable not on profit but on collection of amounts due and on 29th November 1941 it was resolved that the commission would be 7/8th % of the total money collected from sales.

If 1941 was tough, 1942 was even worse. Burma fell and the Japanese made their presence felt in the Bay of Bengal by bombarding Cocanada (Kakinada) and Vizagapatam (Vishakhapatnam). On 12th April, the Government of Madras panicked and ordered "non-essential population to leave Madras within the next few days as there is reason to believe that the danger threatening the city is now more serious." There was a mass exodus and the Rane minutes book notes that "on account of the international situation and the crisis facing the business world, the Board discussed the question of dispersing the business activities of the company in

mofussil centres in order to preserve the stock and carry on the trade.” The exact location where the business was to be taken was however not recorded. Business was still falling when the Board met again in December 1942. By then it appeared that companies distributing vehicles did not have much scope. Thus while Addison, George Oakes and Rane went through difficulties, companies such as Simpson and TVS, both with extensive service facilities, flourished. In addition, both companies began retrofitting of producer gas units onto vehicles. These became more or less mandatory, thanks to the strict rationing of petrol. This led to Simpson and TVS launching producer gas-operated vehicles. These produced gas from charcoal. Rane sold the Simpson variant.

In its December meeting, the Rane Board decided to restructure the shareholding pattern of the company. It was resolved that “in view of the excess cash lying idle in the company resulting from the impossibility to do business with the paid up capital already realised, the capital be reduced by 50% and the sums paid by the shareholders in excess of Rs 5 each for the 7% A class preference shares, Rs 50 each for the 6% preference share and Rs 50 each for the ordinary shares be returned to them in cash and the paid up capital be reduced to the extent of the amounts so returned and the consequential alteration be made in the authorised, issued and subscribed capital of the company.” The subscribed capital at the end of the exercise stood at Rs 99,750.

In 1943, circumstances changed dramatically for the better. This was due to Rane getting into vehicle servicing. A 9% dividend was declared for the equity shareholders and the managing agents were “thanked heartily for the splendid way in which the affairs of the company were managed in the year under review.” Business continued to remain satisfactory through 1943, giving the directors confidence to increase the sitting fee for each meeting

from Rs 25 to Rs 100. In addition, the Managing Agents were sanctioned a monthly fee of Rs 1500 and were also allowed expenses and extra remuneration for travel in connection with business. A sum of Rs 20,000 was invested in Vanguard Life & General Insurance.

From 1942 onwards, Ganapathy Iyer began accumulating preference shares in Rane by way of consolidating his control over the company. He kept up this exercise till 1946 and during this period business boomed thanks to the Indian economy which from 1943 onwards began reaping the benefits of wartime production. Rane steadily declared a 15% dividend each year. On 9th January 1946, the company decided to enhance its capital by Rs 50,000, by issuing 500 ordinary shares of Rs 100 each at a premium of Rs 25 per share. A loan was authorised to be raised for one lakh rupees, by issue of debentures at 5 ½ % interest per annum in denominations of Rs 100 each, redeemable in 10 years. It was decided that constructions worth Rs 75,000 be embarked upon on newly-leased land on Patullos Road. The office on General Patters Road was given up and the business shifted to the new location.

In April 1946, Iyer began transferring some of his own shares to his family members – his son TG Kothandaraman, daughter Saraswathy and son-in-law L Lakshminarayan. He continued buying the preference shares in the company and probably had several exciting plans on the anvil. But on 6th August 1946, The Hindu reported with regret that “Mr T. R. GANAPATHI IYER, Managing Agent. Rane Madras Ltd., Governing Director, Vanguard Insurance Co., Ltd., Managing Director. Madras Funds Ltd., and other companies, died on Monday evening at 7-30 p.m. at “Trichur House” Gopalapuram due to heart failure. He leaves behind his wife, only son, five daughters, and son-in-law besides

a host of friends and relatives.” The companies under Ganapathy Iyer’s control remained closed for three days and when they reopened on the 10th with the Board of Directors passing a condolence resolution, their well-being and continued growth became the responsibility of his son-in-law, L Lakshminarayan or LL Narayan as he came to known in the world of industry.



3

The Trading Years

LL NARAYAN, THE MAN whose shoulders were to bear the burden of managing the companies and the family of TR Ganapathy Iyer had joined the Group in 1940 or so and had managed the front end of the business for some time prior to the passing of the founder. A Botany graduate, he was the son of a Medical Officer in Cochin State. Having joined the company, LLN sufficiently impressed Ganapathy Iyer for the latter to consider him son-in-law material. LLN married TG Saraswathy, Ganapathy Iyer's eldest daughter and by 1942, Iyer had begun including him among those in whose names the preferential shares of the company were being acquired whenever some of the existing shareholders were keen to offload their holdings.

S Venkataraman, Managing Director of Chandri & Company and who was to be on Rané's board from 1945 to 1992, remembered

in an interview his first meeting with LLN. "I met him in the early 1940s. Whenever I needed a spare part for my car - we were very keen on cars those days- I would go to his (Ganapathy Iyer's) shop and as I remember it, there was this very smart young man, who served behind the counter, who would always try and get me whatever it was that I wanted. Shock absorbers, whatever it was that was in very short supply, he would find it. The first time I went there, he asked me "You've got a Standard 60? I know that car." He got out of the counter and came running to the road and asked me how I got it. It was out of this accidental meeting that we became great friends. We were like twins, two bodies in one soul. It was that close, our friendship." In an era when such acts were possible, the two would race down Mount Road in their respective cars. They would think nothing of driving from Madras to Hyderabad or Ooty.

Behind all that happy racing, LLN was a man deeply concerned about the business and conscious of the fact that he had become responsible for the well-being of the firms and the family of Ganapathy Iyer. He set about addressing the challenges in characteristic fashion. He and Ganapathy Iyer's son TGK Raman were nominated to the Board of Rane in October 1946. Competition was intense. A new entrant into the field of motor car-selling in the 1940s was The Reliance Motor Company Private Limited, promoted by St Rm Chidambaram Chettiar aka 'Warehouse' Chettiar who ran a successful transport service between Trichy and Srirangam. Later, M Ct Chidambaram Chettyar, the insurance and rayon magnate who had also founded the Indian Overseas Bank got involved in the business. Reliance set up shop on Mount Road, close to Rane and from 1941 onwards began dealing in Citroen, DKW and Studebaker cars. By 1945, the company had expanded to bigger premises on Mount Road.

But LLN held his ground successfully and within a year the results were available for all to see. The Board noted with pleasure that “remarkable profits” were made in December 1947 and voted to pay a sum of Rs 10,000 to LLN by way of appreciation of his services. A dividend of 20% was declared and TGK Raman’s visit to the USA for training at the General Motors Company was also approved.

The country had in the meanwhile become independent though it did not as yet mean anything for business what with the Government still battling with the larger problems of partition, refugee rehabilitation and the drafting of the constitution. Business continued as usual in the South with as LLN himself putting it, Rane being “very small people in the business dominated by the giants like Simpson, TVS, Dadabhoy Dhackjee (a big name in the trucks business in Bombay) and others.”

The LLN style of management was more flamboyant than that of Ganapathy Iyer’s, though it was also marked by a careful monitoring of funds at all times. One colourful exercise that he embarked on in 1948 was the taking over of a consignment of 300 Renault cars from Udaya & Co, a firm that belonged to fellow Rane Director, HD Raja. The lot had arrived in Madras and the Board approved the paying of Rs 200 for each car, though not without some apprehension. Perhaps to allay its fears LLN decided to approach the Indian Bank for a loan to fund the purchase. The bank took its time and in the meanwhile the cars had been offloaded. LLN arranged for a grand parade of the cars, hiring young men to drive the vehicles off the harbour and take them down Mount Road enroute to Patullos Road. The biggest problem was the space to store these vehicles. But the pageant on the principal business thoroughfare of Madras had its effect. News spread and the vehicles were sold from Cape Comorin to

Hyderabad. By the time the bank loan materialised, all the cars had been sold.

1948 was a year when there was more money to be made by repairing vehicles than by selling new ones. And that was to be the way ahead for companies like Rane as the Government in its Industry Policy Resolution released that year declared that automobiles and tractors were classified among industries which would be subject to regulation and control. A complete ban on import of assembled vehicles was imposed and only CKD kits were allowed to be brought into the country. This would naturally have an impact on Rane's business. LLN and the Board decided that Rane would focus more on servicing vehicles. The Board decided that the workshop ought to be extended to occupy all the space that was available within the property. The showroom space on the left-hand side of Patullos Road would therefore not be needed. Strangely, one of the first parties to be interested was Reliance Motor Company!

Eventually, the art deco office buildings and the vast showroom space to the rear at No 5, Patullos Road were leased out in 1952 to Lucas India Services Ltd, a company that in its previous avatar as Bombay Battery & Electrical Company had been importing auto-electric components for the after market and servicing them since 1930. Within a year it had been taken over by Joseph Lucas Ltd., of Birmingham and had been renamed as Lucas Indian Service Ltd. The space was needed by this company to set up manufacturing operations for ignition coils for four- and two-wheelers. Space on the opposite side of Patullos Road, to the extent of 22½ acres was owned by LLN and TGK Raman and this was leased to Rane for a period of 25 years at a rent of Rs 1,250 per month. This was developed by Rane into a garage and automobile repair workshop with office premises. The landmark structure,

which still stands, was built by Ganon Dunkerley, a famed civil engineering firm.

It was here that cars began to come in by the dozens to get serviced. Peugeots, Vauxhalls, Chryslers, Pontiacs, Dodges and Hillman Minxes, they all came. So too did the Studebakers which soon were dubbed 'Stupid bakers' thanks to the endless problems they gave. Watching over this activity were the contrasting personalities of LLN and TGK Raman. The former was strict and businesslike while the latter knew how to make friends and keep everyone happy. Joining the workforce at this time was Gurunathan, who was recruited for the post of office boy with instructions to bring coffee and cigarettes whenever LLN rang for them. He was to receive a salary of Rs 22 a month and an additional washing allowance of 75 paise. Coffee and biscuits were also to be provided for all guests. If the boss was not in office Gurunathan was to go and help out in the stores. And there was plenty to do there. By then Rane was dealing in a range of automobile spares including Champion spark plugs. The company however was still small even by the then existing standards.

Others had got into the servicing route too and there was more money to be made in truck and bus servicing. By then the only heavy vehicles on the roads were of pre-war vintage and breakdowns were common. TVS had gone into servicing in 1939 when it built a huge service station in Madurai on a five-acre plot with more than one lakh square feet of covered space. This was equipped with more than 300 units of modern machinery. The company had also gone into retreading and had a lucrative business in Madras. Simpson, not to be left behind, had begun manufacturing garage tools and equipments in 1941. Bus transport had come to stay in the metropolitan cities of India and in Madras city alone, three private operators, Sri Rama Vilas

Services (later to become part of the Amalgamations Group), City Motor Service run by N Sundaram Iyer, a Mathematics professor at Loyola (and later Vivekananda) College and Presidency Transport, plied their buses on specific routes. But here again, these vehicles suffered from want of spares during the war years. *The Hindu*, writing about it lamented that among the ordeals of the Madras citizen was “the ordeal of bus travel or to put it more expressively, the ordeal of sighting a bus. When we said sometime ago that the Madras bus service was among the worst in the world, we gave our considered opinion and we see no reason to alter it. It gets worse every day.” *The Hindu* attributed the poor performance of vehicles to the shortage of tyres, but this was a reason that was true of any automotive spare part. It was soon realised that to take control of the situation, locally manufactured vehicles, with locally available spares were important.

By 1948, the diesel revolution had come to buses in India. Simpson became the pioneer in this when they began persuading owners of heavy vehicles to switch over from petrol to diesel, a move that would mean changing from a fuel that was being sold at Rs 1-4-0 to one that would cost 6 annas per litre. The changeover was slow, the first modification being done for an operator on Wall Tax Road, Madras. But gradually the move gained momentum and by 1951, the Government was pressing Simpson to take up manufacture of the Perkins engines that the company was importing till then. All this did not mean Rane could step in as well, for the barriers to entry were quite high for a small company.

The newly-independent country’s Government had decided on a socialistic route as far as development was concerned and had announced that it would do its utmost to protect Indian industries and encourage them to begin manufacturing in a phased manner and with foreign collaboration on the basis of felt

need. In 1947, the Premier Automobile factory was established in Kurla, Bombay. In 1948, Hindustan Motors commenced operations from Uttarpara near Calcutta making the Landmaster series of cars. Rane and the Reliance Motor Company became the dealers for South India. Closer home, Standard Motor Products of India was incorporated in 1948 by Standard Motor Company of Coventry UK. The new entity was for the manufacture of Standard cars in collaboration with Union Company Limited.

It was also in the same year that Ashok Motors was incorporated for the assembly and sale of Austin cars. The facility was to come up near Ennore, close to Madras. This was in collaboration with the South India Motor Company, the agents for Austin cars in the region. The latter was a venture promoted by Mustafa Hussain, a well-to-do businessman and patron of Tamil whose love for a good life had led to the company being taken over by M Ct Chidambaram Chettyar. Austins soon began rolling out, thanks to the supervision of an Austin works manager.

The Government was meanwhile finalising its industrial policy, an exercise begun with the Industries Development and Regulations Act of 1951. Under this, while it felt that protection of the indigenous auto industry was important, there was also concern that there was no well-defined policy to make it self-sufficient. A Tariff Commission was therefore set up and this recommended that production of vehicles ought to be concentrated in the hands of five firms who had the capability to manufacture as opposed to assemble. It also stipulated that all the firms ought to embark on a scheme of progressive manufacture of components indigenously. The five firms so shortlisted were Hindustan Motors, Calcutta, Premier Automobiles, Bombay, Standard Motor Products, Madras, Ashok Motors, Madras and Automobile Products of India, Bombay. On the flip side this meant that several

of those assembling vehicles had to shut shop. This included General Motors and Ford who wound up their operations in India. In Madras, Austin was also a casualty, as the company in England was not comfortable with the idea of progressive localisation. Ashok Motors ground to a halt. But within a couple of years, the company was to acquire the rights to manufacture Leyland Motor Limited's Comet range of heavy vehicles. This was the beginning of Ashok Leyland. Together, the two companies, Standard Motors and Ashok Leyland, were to greatly encourage the setting up of several auto ancillary and component units in and around Madras.

All five firms were asked to submit their manufacturing programmes by 1953 to the Government. The race for indigenisation was on. And that naturally meant the development of ancillaries. A fledgling auto component and ancillary industry was thus begun. The India Pistons factory of the Amalgamations Group was set up in 1950. Another early mover was MICO which set up office in Madras in 1951 for the import of fuel injection equipment of Bosch, Germany. Soon work began on a factory for the same products in Bangalore.

If Ashok Leyland (the new company formed after Ashok Motors signed on with Leyland and went into voluntary liquidation in 1955), provided the spurt for ancillaries in South India, another giant in the business of heavy vehicles was making waves in the North. This was TELCO, which as Tata Engineering and Locomotive Company had begun operations in 1945 in Jamshedpur, mainly in the manufacturing of steam boilers for locomotives and later for the complete manufacture of locomotives themselves for the Railways. Hailed as the 'brightest jewel in India's industrial crown', TELCO had begun a quest for diversification in the early 1950s, as it felt that dependence on just one customer – the Indian Railways, was not sound business

practice. The opportunity came when information was received that the German company Daimler Benz AG was interested in setting up manufacturing facilities in Asia. An agreement was concluded between the two companies in March 1954 and Government sanction was obtained by July. By October that year, the first Tata-Mercedes-Benz vehicles had begun rolling off the assembly line.

As part of its indigenisation programme, TELCO had to set up large forge and foundry shops. It was decided to encourage and develop good firms for the manufacture of ancillary components and, even at that stage, a fledgling design section was entrusted with the task of modifying the Daimler-Benz designs to suit Indian roads and operating conditions. By 1957, a family of ancillary suppliers of all kinds of components had come into being. A total of 549 parts were made including sheet metal components, braking systems, face parts, frame members, front axles and propeller shafts. In the previous year, TELCO had completed indigenisation of 25% of the total ex-factory value of its vehicles excluding the cost of tyres and batteries. In 1957, the annual output doubled from 3000 to 6000 vehicles and the company announced that by 1960 it would complete its indigenised manufacturing programme in full. It was the fastest indigenisation among the companies in vehicle manufacture and this spurred the others on.

In Rane, it was becoming increasingly difficult to procure original automobile parts from the manufacturers and it was also clear that the Government would soon be putting pressure on Indian manufacturers of cars to indigenise the component parts and depend less on imports. But already there were discussions on the possibility of Rane taking up manufacturing too. On 24th December 1949, the Board noted that “regarding the manufacture

of motor parts, the managing agents are requested to place concrete proposals before the Board". It was also during the same meeting that the appointment of TGK Raman as General Assistant, at a salary of Rs 1000 per month was approved. In 1951, LLN was allowed to "proceed on a business tour to the UK and such other places as may be necessary for a period of about three months for the purpose of developing the company's business". Most Indian industrialists and entrepreneurs looked to England in those days, the bond with the erstwhile colonial masters still being strong. An American collaboration was considered a novelty. Rane and LLN toed the line in this regard.

It was a time when such visits, in the absence of e-mails and cell phones, necessitated letters of introduction and LLN went to England armed with these from S Anantharamakrishnan, Chairman of Amalgamations Limited. LLN knew him well and had in the 1940s, following a difference of opinion with Ganapathy Iyer, even joined Simpson (a constituent of the Amalgamations Group) for a brief period before returning to Rane. As for Anantharamakrishnan or J as he was referred to, he saw in LLN a spark that was worth nurturing. J had long felt that "to make a success of an industry it is necessary to establish dozens and dozens of ancillary industries – to manufacture economically all component parts that are required. It is uneconomical and wasteful to plan to manufacture under one roof everything that is required by a large scale industry." J was a familiar figure in the industrial circles in UK and his letters carried weight.

LLN was to later say that to him the UK was a land of saints and dragons. But it marked the beginning of a friendship with Sidney Lewis who was then with Farnborough Engineering, a manufacturing company in the village of the same name, located in picturesque Kent and famed for its churches of St Giles

and St Nicholas. Farnborough Engineering specialised in the manufacture of engine valves and sold them under the brand name of Tranco. The range was advertised as being “best for all engines”. An instantaneous friendship sprang up between Lewis and LLN. It was to be a lifelong one and Lewis was to play an important role in the growth of Rane. But not much progress was made by way of any long-term business arrangement.

Returning to India, LLN continued with the business of distributing vehicles, all the while thinking about the manufacturing collaboration with Farnborough Engineering. In the meanwhile, an interesting opportunity surfaced by way of marketing Bedford trucks.

As part of its ongoing negotiations with India, the United States sanctioned a loan of \$ 25 million in 1957 for financing American imports, mainly automobile components to be assembled by plants in the country into trucks, buses and jeeps. Chevrolet and Bedford trucks began coming into India as CKDs and were assembled in Calcutta at the rate of 150 units each month. Rane signed on as distributors for the Bedford trucks and had the distinction of selling the largest number in the whole country.

Not so happy was the experience with Hindustan’s Landmaster, of which series cars soon began arriving at Rane’s for servicing and were promptly named Hindustan Land Disasters by LLN, such being the problems in them. On one occasion a customer from Salem purchased a car from Rane and drove it home overnight only to have it breakdown halfway. LLN immediately despatched a replacement to him. While the customer may have been delighted with such service, it was not the way to keep the company profitable and as a colleague of LLN’s was to later remark, Rane had to feel “grateful to Hindustan Motors for their record was so dismal that it forced LLN to think of diversification.” On

24th August 1956, the Board discussed the difficulties in handling Hindustan Motor's products based on a note prepared by LLN. It was decided to give up the franchise and place on record "the services rendered by both Mr LL Narayanan and Mr TGK Raman in handling various problems arising out of the defects in the Hindustan Landmaster cars."

The year 1957/8 was a decisive time in the automotive history of India. Manufacturing of Standard Motors' Standard 10, which was launched in 1955, became completely streamlined. Close on its heels came Hindustan Motors' Ambassador. Premier Automobiles rolled out its 55,000th vehicle and its range now included Dodge, Plymouth and Fiat cars and Dodge and Fargo trucks. The company claimed that 1/6th of all vehicles in India were from its stable and that it had indigenised 60% of its total component requirement. On 6th October 1957, the Board of Rane authorised the decision of LLN to take on Dodge cars and trucks in place of the Studebaker range which was not doing well. The new franchise was signed on from 1st November 1957.

The ancillary industry was moving at a fast pace with Payen-Talbros becoming the first Indian company to make gaskets for automotive requirements. Goetze India's piston ring plant was set up in Bahadurgarh, located in that part of Punjab which later became Haryana. Carborundum Universal began manufacture of waterproof abrasive papers in Madras. Exide manufactured its millionth automotive battery in India and Dunlop officially opened its new factory in Ambattur, Madras on February 12th, 1958. The new plant was to produce tyres for trucks, buses and bicycles and also for retreading.

Watching these developments taking place all around him must have spurred LLN into action. He was to revert repeatedly in meeting after meeting to the theme of Rane getting into some

kind of manufacturing activity. Soon the Board decided to take the plunge and the first product that Rane took up was the engine valve. Thanks to LLN's contacts, news soon came round of a company that had obtained the licence for manufacturing such a product but was unable to proceed with it owing to various reasons.



4

Moving into Manufacture

THE STORY OF ENGINE Valves Limited (EVL) began on 24th January 1955 when its promoters MR Rajagopal, MR Rajakrishnan and MR Jayaraj met at 1/55 Mount Road and resolved to approve the company's draft prospectus and also "take necessary steps with the Central Government for obtaining approval of the appointment of Mr MR Rajagopal as Director-in-charge and the remuneration payable to him." The company was formed to "manufacture valves and other automobile parts." The promoters were all part of the family that owned the Rayala Corporation, a firm that had made its name in servicing fire-engines and later in the automobile trade. It was resolved that the prospectus, after due formalities would be issued to the public on 15th February 1955.

The shares of the company were subscribed to by several of the family members and a large block of 5000 out of the 25,500 shares

issued were taken up by Rayala Corporation itself. In August 1955, following a letter received from the Government, it was decided that MR Rajagopal would be designated part-time Consultant and Advisor and that he would be in control and management of “the production of the Valves or other Articles produced or manufactured by the Company.” Arrangements were made for procuring a high accuracy geared lathe and a universal turret lathe thereby signifying the start of the activities. A couple of months later, a centreless grinder was ordered.

The applicants to the shares were however tardy in their payments and most being family members, the Directors extended the period of time for payment of allotment money up to 1956. In order to meet its funds requirements, the company decided in January 1956 to approach the Government of Madras for a loan of Rs 50,000 under its Madras State Aid to Industries Act 1922, against the security of the machinery ordered and to be imported.

At this crucial stage, MR Rajagopal the founder, died suddenly. MR Rajakrishna took over as Managing Director and began looking for someone who would be interested in acquiring the company as a going concern. It was then that LLN came into the picture. On 9th August 1956, LLN and TGK Raman were appointed Directors of EVL. LLN also brought in two of his close friends and business associates – S Venkataraman and TM Rangachary as additional directors. On 11th August 1956, the Board of Directors of Rayala Corporation met under the chairmanship of the Rajah of Bobbili and resolved to transfer the EVL shares held by the company to LLN. With these formalities completed, MR Rajakrishna and MR Jayaraj resigned from the company on 14th August 1956. Within the same month, the newly constituted board of EVL met and resolved to shift its registered office to the Patullas Road address. The shares in the names of the promoters were all transferred to the new Directors.

On 20th January 1957, at S Venkataraman's proposing, it was unanimously decided "to accord sanction for going abroad to Director Sri LL Narayan in connection with the company's manufacturing arrangement and authorise him to negotiate and sign, on behalf of the Board of Directors of the Company, the contract for technical collaboration with the Foreign Company and also do such other things incidental thereto." On the same day, the Board of Rane Madras also met and approved an investment of Rs 2 lakhs in EVL.

LLN travelled to the UK to once again discuss possibilities of signing a know-how agreement with Farnborough Engineering Limited. During the discussions Sidney Lewis sought to clinch the deal by asking LLN to pay 20,000 pounds. Without batting an eyelid LLN replied that he did not have the sum on his person but had left it behind in his hotel room. Lewis was amused at the young man's confidence and they parted with the decision to go ahead in the near future.

In keeping with the requirements of the times, the approval of the Government of India was sought and this came through by July 1957 when a jubilant Board met and recorded its appreciation of the progress made. The Government also issued all the necessary import licences for machinery. Land was acquired in Alandur for the factory. It was a vast estate named *Glendale* that had at one time been the property of Lt Col. John Noble, Founder and Commander of the Corps of Horse Artillery, who had died in 1827 and was buried in St George's Cathedral, rather surprisingly close to where Rane's Corporate Office would come up years later.

In the meanwhile, applications for shares in EVL, along with the application deposit money were being received from various people. The draft of the articles of association of EVL was also approved at the same meeting. More directors were co-opted to

the Board. These included CR Rao and CV Krishnaiah of Gudur, both being involved in the transport industry and U Ramesh Rao of Madras. Two others who joined the Board a month later were Hassan Marikar of Trivandrum and V Emberumanar Chetty of the famed V Perumal Chetty & Sons family. Ordinary shares worth Rs 2.50 lakhs were subscribed to in EVL of which Rane held the major chunk of Rs 95,200.

A couple of hitches occurred at this stage. Farnborough Engineering, caught like many other UK based companies in the throes of post-war taxation wanted certain clauses to be altered. There was also the question of what was to be done with M/S Chimanlal Desai, till then the sole representatives of Farnborough in Bombay, Calcutta and Delhi. LLN busied himself in ironing these issues out and the deliberations lasted the better part of 1958. The problem of Chimanlal Desai & Co was finally resolved with that company becoming the agents of EVL for the whole of North India. The South presented another problem, for Simpson & Co were the indenting agents. LLN, given his rapport with J of Amalgamations was able to amicably settle the matter with Simpsons giving up the agency in favour of EVL.

In March, a major decision was taken, namely the import of machinery worth Rs 2 lakhs, these comprising two electric upsetting machines, a centreless grinder with accessories, a universal cutter and tool grinder, an abrasive cutting off machine and a friction screw press. Approval was given for appointment of an architect to oversee the construction of factory premises.

There was a pressing need for funds and the Board decided at the March meeting to avail of a loan of Rs 5 lakhs from the Madras Industrial Investment Corporation Limited. An EGM was called to approve of borrowings in excess of paid up capital. The loan finally came through in August. The Directors resolved not to

draw any sitting fees till the company commenced production. In the interim, several of the company's directors and Rane Madras came forward with loans to tide over the shortfall. On 29th August 1958, the company also decided to issue 3000 7% tax-free cumulative redeemable preference shares of Rs 100 each and 2000 equity shares of Rs 100 each, all to be issued for cash at par. M/S Chitra & Co, the well-known stockbrokers were asked to handle the shares not taken up by existing stakeholders.

The agreement was finally sorted out with Farnborough in May 1958 and LLN immediately left for the UK, to conclude the matter and also arrange for the despatch of the machinery. Rane Madras was to stand guarantee for the faithful adherence of EVL to the agreement. The deliberations that went on in the UK were all set down in detail by LLN in a letter to EVL on 14th June. Detailed discussions were held regarding the setting up of the plant in Madras. Good British middle-class thrift was in evidence which combined with LLN's business sense, ensured a win-win agreement. The Technical Director of Farnborough spent a full day with LLN and advised him on the requirements for the setting up of a plant that could produce valves for Perkins, Mercedes, Standard and Willys engines. Farnborough worked out a combination of second-hand machinery and new ones to ensure that the final cost to EVL would be less than what was initially estimated. The second-hand equipment would be completely overhauled and tested by M/S Clifford Machine Tools Limited of Birmingham before shipment to India.

Sidney Lewis had suggested that EVL ought to send at least two people to the UK for training. LLN wrote from the UK that the first would be "trained in all departments and would be in-charge of the factory. This person will be tried for the first fortnight and on their finding him suitable they want us to enter into a service

contract. They want us to send an additional hand to study the forging, tool room and maintenance of machines separately.” Lewis also recommended that a trained foreman from the UK be employed by EVL for a period of one year and that he be used to train all the workers at the plant.

EVL had made its first recruitment – BR Baliga, who joined as Production Engineer at a salary of Rs 600 per month. Baliga was a mechanical engineer working in the ordnance factory in Jabalpur when he learnt of this new venture called EVL. An analysis of those early years by an old timer has it that Baliga was a “perfectionist. He abhorred paper work, maybe because of his time in Jubalpur. All orders were conveyed orally. There was no such thing as a decentralised system. You took orders from him. He was absolutely meticulous in what he did.” The Board decided to send Baliga and C Prabhakar, the son of CR Rao, one of the Directors, who had joined as Probationary Assistant Engineer without remuneration, for training to the UK. Another recruit who joined at the same time was PB Venkataraman. He came to Rane after a short stint with Easun Engineering, one of the Easun Group of Companies, the brainchild of KR Sundaram Iyer and Easwara Iyer, who beginning from Royal Cycles had moved on like Rane, into manufacturing. Their best-remembered venture today is their collaboration with Enfield in the manufacture of motorcycles. Venkataraman was put in charge of administration at EVL.

In November 1958, work began on the erection of machinery with A Vaidyanathan being appointed as Technical Advisor for the task. It was estimated that the work would be completed in all respects including the commissioning of the Forge Shop by June 1959.

On 27th March 1959, LLN circulated a note among the board members, detailing the progress in the commissioning of the plant.

He wrote with satisfaction that “much progress had been made in the working of the company. All the machinery supplied by Clifford Machine Tools Ltd, UK, and other machines, purchased by us for our Tool Room have been installed and tested. Forge shop construction is nearing completion and machinery thereof, namely upsetters, screw press, furnaces, etc are being installed, and it is reasonably anticipated that the Forging shop can be commissioned early in May 1959.”

Recruitment of manpower was proceeding apace and by March the first batch of apprentices were pronounced to be quite up to the mark by Cresswell, the foreman brought in from the UK. A second batch was taken up for training in April. A few experienced hands had been recruited as well.

EVL had already acquired its first customers. It was typical of LLN that he was not going to bide his time till the plant was fully commissioned before scouting for customers. In January 1959, even while the first shipment of forgings was yet to come in, the company took in for machining, forgings from Standard Motors. By March, a total of 5400 forgings had been received from Standard Motors and EVL completed the machining of the full batch by early April. In the meanwhile, the first batch of 14,000 forgings was received from Farnborough and were taken up for machining.

In his note of 27th March, LLN wrote of another customer – “As the Directors are aware, Tata-Mercedes-Benz are one of our important and potential clients. In accordance with their desire we have submitted to them earlier this week two sets of valves finished by us at Madras. We are quite confident of receiving the client’s full approval.” Rane Madras, which had invested Rs 2 lakhs in EVL, was also to be a customer for the latter and its Board

approved the purchase of engine valves from EVL at “trade prices” with retrospective effect from 1959.

Earlier in the year LLN had taken to the UK some samples of the valves that had been made for the Vanguard cars of Standard Motors, Madras. “Our technical collaborators were quite satisfied, and more than pleased with the job. They were also impressed by the fact that production has started so soon after the receipt of machines at our shop.”

In order to help with the marketing within the country, LLN recruited AP Ramakrishnan in 1959. An MA in Economics from the University of Madras, he had worked in the Audits and Accounts department of the Government of India for three years before joining EVL. For six months he was put through all the different activities of EVL. He remembers that “it was an orthodox style of management. Be careful about spending, be careful about monitoring your resources. In those days we had to import the raw material, so we had to plan a long time in advance to see that these items arrived on time. There was production planning and quality control. PB Venkataraman set up all these systems. Between Baliga and Venkataraman, they put us through our paces.”

The setting of a plant in record time had not only given the collaborators happiness, it had also generated interest in Government circles. This was the Nehruvian era when factories and industries were the temples of modern India and soon enough, the company had “the pleasure of the visits by Union Government officials and they have all been quite satisfied with our progress.”

The Board minutes for 27th of March 1959 recorded that the company had purchased assets worth Rs 8.58 lakhs and a further purchase of Rs 50,000 was on the anvil. The company had to resort

to borrowings once again and by April 1959 its had availed of Rs 6 lakhs from the Madras Industrial Investment Corporation Limited, Rs 1.54 lakhs from the various directors in their personal capacity and also availed of cash credit limits of Rs 1 lakh from the Bank of Baroda against hypothecation of stocks and machinery. But the rapid progress made ensured that lenders were willing to give more when needed. By April, EVL was once more in touch with the Madras Industrial Investment Corporation for a further loan. LLN's mind was evidently already on to the next stage. He reported to the Board that "during his recent visit to London, he discussed the feasibility of manufacturing valve guides in our factory." The Board resolved to authorise him to negotiate with the collaborators and keep the Directors informed of progress.

Continuous work at the site evidently meant that Baliga, by then very much the man at ground zero had to be available at short notice. In an era when the telephone was considered a luxury, LLN suggested that he be provided with a company phone at his residence. The Board was thrifty enough to note that it was sanctioning it without authorising the expense of the security deposit for the phone. That would be made by Baliga himself. Another instance of the Board's thrift made itself manifest when one of the Directors, CR Rao, complained that the sitting fees for each session was too low at Rs 50. The Board once again reiterated its commitment to not drawing any sitting fees till the company had made satisfactory progress. But the Board could be quite generous when it came to expenditure concerning the company's image. When LLN pointed out to the Board that the printing of the equity share certificates were not at all satisfactory, it was resolved to get new certificates made for all the shareholders and the old ones be called back and destroyed.

In all this growing excitement, the date of the formal inauguration of the factory was almost lost sight of. It was finally left to S Venkataraman to finalise a date around June 1959 and organise the event.

LLN moved Ramakrishnan into sales. In his dynamic way he “shot me off to Bombay. Meet Mahindras. Go to Pune, go to Kirloskar. Go to Satara, Cooper Engineering. Go to Delhi, Jullunder, wherever we have dealers and start selling”. It was a time when travel, largely by train, was time consuming and strenuous but Ramakrishnan found it all thrilling. “We had a good product. We could be proud of our quality. Wherever we went, we were well received.”

Another person who joined EVL at this time and who would later play a greater role in Rane Madras was KR Kamath. He was working for a company making car valves in Bombay when he heard of a job opportunity at EVL. The salary offered was less than what he was getting but LLN sold him the idea that the future lay with the Rane Group. Just married then, Kamath moved to Madras with his wife and was made at home by Mr and Mrs Baliga. It was Kamath’s view that “the setting up of the Engine Valves factory at Alandur was the beginning of LLN’s great adventure. It was a very bold decision to make at that time. It was LLN’s vision to see that the future lay in manufacturing, but it was only due to his intimate knowledge of the automobile industry that he was able to decide upon a very specialised area of manufacture of those items that have a critical role to play in the OEM market.”

Handling the OEM market was tough in the times when manufacturing was still trying to find its feet in the country. Kamath remembered that he and Ramakrishnan worked as a team. They would go directly to their customers and redesign the product, based on what people like Hindustan Motors or Mahindras wanted of them. The latter was a new potential customer. Begun in 1945

as Mahindra & Mohammed Limited, the company had been importing Jeeps from Willys Overland Export Corporation since 1947. In 1948, with Mohammed leaving India for Pakistan, the company became Mahindra & Mahindra and embarked on the assembly of Willy's overhead jeeps at Mazgaon, Bombay. In 1954, the Government sanctioned the manufacture of jeeps in India and the company set up manufacturing facilities first in Bombay and later in Bhandup. As a precondition to this sanction, the company had committed in its plan to the Government that it would indigenise all functional components by 1961. EVL was one of the sources.

“Reverse engineering, that was how we learnt how to make our products. Each item was made to suit the individual customer. Even then it was tough because the original parts were sometimes cheaper than what we were able to produce.” This was due to India's tariff structure which had high duties for imports in order to protect the local industry. In a situation when critical raw materials were still being imported this did not help as the local manufacturers who needed these imports started off at a disadvantage with the input costs themselves being high. Most vehicle manufacturers discovered that they could indigenise to the extent of about 60% of their total components without an appreciable increase in costs. But as the more intricate components were taken up for indigenisation, and this included engine valves, the costs began to increase in greater proportion. The Government refused to sanction any increase in prices fearing inflationary trends in the end market. It was therefore no surprise when Kamath and Ramakrishnan discovered that though they may have been making TRANCO valves, the customers began asking for the imported variety because it was cheaper. This was where LLN came in. Kamath reminisced that “He was the greatest salesman you could meet. He could smell a situation at once. He could put

on an act that would persuade a customer to start placing orders with us.”

It was a lean team and decisions could be taken on the spot. Pricing, production, distribution – all these could be altered at will and this enabled EVL to survive its first few years. In the meanwhile LLN was already working on his next venture.



5

Tie-ups and Tie-rod Linkages

WHILE MUCH ACTION WAS seen in EVL through 1958 and 1959, Rane Madras was continuing to sell vehicles and spares. But matters were moving ahead to get that company into manufacturing too. In 1958, LLN brought forward a proposal for the manufacture of motor vehicle wheels. Nothing appears to have come of it. In its meeting on 7th December 1958, the Board noted that it had “heard Mr L Lakshminarayan as to the steps taken by him for the establishment of a factory for manufacture of tie-rod ends. Mr Lakshminarayan stated that while he was in the UK he had contacted M/S Quinton Hazell Limited who are one of the leading manufacturers of tie-rod ends and front suspension parts and the managing director of that company, Mr Quinton Hazell informed Mr Lakshminarayan that his company will be prepared to give the necessary technical know-how for the manufacture of tie-rod ends in India. Thereafter Sri Lakshminarayan had been

corresponding with both Mr Quinton and also with the Govt. of India regarding the establishment of such a factory in India.”

The man or rather, the personality with whom LLN was now dealing with was a colourful figure in post-war Britain. Born in 1920 at Burnage near Manchester, he was known in his schooldays for his prowess in rugby and swimming. Opting not to go on to University, Hazell had apprenticed in a chain of automobile garages owned by a friend in Colwyn Bay, North Wales. He saw active service in the Second World War and while in the thick of it, for he was evacuated from Dunkirk, he could not help contrasting the way American automotive spares were supplied – all well-coded, neatly packed and ready to use as opposed to the British spares which came in greasy bits of paper and often with the vital part missing. Also unlike in America where a replacement trade flourished with several replacement equivalents being available, British car spares had to be purchased only from the car manufacturer. After World War II, Hazell changed all that. He floated a company in his own name (QHL) in 1946 and assisted by his wife, Morwenna and a staff of four friends, began manufacturing automotive spares. Hazell also developed a chain of wholesalers, and whereas previously such outfits had been anonymous - windows painted over with green paint without and oily counters within - he insisted on window displays, well-stocked stores and tidy assistants. These changes, and many others, became accepted trade practice, and it was not long before motor journals dubbed Hazell “the father of the automobile after market”. Hazell’s products came in neat boxes with all the parts neatly labelled and the packing bore the company’s logo of a dragon. Soon he was being hailed as the man who had broken the cartel of the motor parts industry in Britain. By the mid-1950s, the company was employing 800 people. Hazell had by then become the largest independent supplier of motor spares to Europe and began

eyeing the Far East. His products became the rage there and soon his company was being referred to as the dragon company in those parts.

LLN and Quinton Hazell hit it off from the start and soon the terms of agreement were being discussed. The Government of India granted the licence for the manufacture of tie-rod ends by late 1958 and the Board ratified a trip by LLN to the UK for finalising the agreement with Quinton Hazell. LLN's frequent tours abroad and his tendency to come back each time with the seed of some new venture or the other was not going unnoticed. As early as 1959, the Press was reporting on his successes. *Motorindia*, the trade journal that began in 1956 partly due to the encouragement of LLN along with other entrepreneurs, wrote of his success with Quinton Hazell. It reported that "work had already begun on the specialised tooling and machinery which is to be supplied by Quinton Hazell. Partial production is expected to commence in the Indian factory by January 1960. The Managing Director, Mr Quinton Hazell, and the Works Director, Mr Geoffrey Schofield will visit Madras to inaugurate the new production unit early next year". The magazine, and LLN would not know then that the formal inauguration and the visit by the collaborators would take place a good three years later. But as far as getting the production off the ground was concerned, everything went well.

Land to the extent of 1½ acres was purchased with a shed for Rs 10,000 from EVL for the putting up of the factory to manufacture tie-rod ends. The agreement with Quinton Hazell necessitated a final trip in 1959 by LLN and S Venkataraman.

By 20th June 1960, LLN was reporting to the Board regarding the progress made on the tie-rod end project. The main building had been completed and so was electrification. Manufacturing was

expected to begin by July 1960. A godown, garage and cycle-stand were added to the existing structure, the first being necessitated for the stocking of raw materials to ensure manufacture for two months. By August, it was clear that the projected area for the tie-rod project was not sufficient and a further 1.2 acres was purchased from EVL for Rs 10,000. A forge shop was thought necessary at this stage and work began on planning one on the site. After much discussion however, the Board resolved not to proceed on the matter. In an era when a licence for manufacturing anything was the first step to progress, LLN had already obtained one for a forge shop from the Government of India. The Board asked the Managing Agents to review and report “as to how best the licence can be dealt with to the advantage of the company.” It was finally decided in 1962 to give up this licence and it was sold to Ellore Electric Supply Corporation on the condition that the purchaser also takes over the orders placed for import of machinery.

The manufacture of tie-rods was in the meanwhile going on as per schedule and by early 1961, the company had its distribution network in place with Jullunder Motor Agency, Delhi for Delhi, Punjab and Uttar Pradesh, Conwest Private Limited of Ahmedabad for Gujarat, Central Automobiles Private Limited, Bombay for Maharashtra, TV Sundaram Iyengar & Sons Madurai for Madras, Kerala, Mysore and old Andhra state, Hyderabad Auto Services for Secunderabad and the territories of the erstwhile princely state of Hyderabad and Howrah Motor Co. Private Limited for West Bengal, Bihar, Orissa and Assam.

In the meanwhile, the company was still continuing its business of selling vehicles. Its success with the Dodge range soon came to the notice of Hindustan Motors who began to feel that this was at the cost of their own Bedford Trucks which were also being sold by Rane. Consequently, HM wrote in 1961 asking Rane to

terminate its Dodge dealership failing which an additional dealer for Bedford would be appointed in Madras. As a carrot, HM also offered Rane the dealership for Ambassador cars, making them the third such dealer in Madras, with each dealer getting a fixed quota of 20 cars each month. LLN was all for closing down the Bedford dealership. He explained at length that “the economics of operating a truck franchise and in his opinion the profit expected from that business is very little compared to the enormous finance and organisation involved in marketing trucks. In view of the industrial development of the company it is high time we concentrate on it as it requires comparatively less investment.” It was also LLN’s view that in case the Bedford dealership was terminated, the space freed at the Patullos Road property could be used for putting up a shed for the manufacture of clutches. The rest of Board however disagreed.

LLN was not one to give up. He argued repeatedly and forcefully in favour of giving up the Bedford franchise again on 20th May 1961 and proposed that the decision to continue with the franchise be reconsidered. The Board agreed this time and the line of business was given up. The realignment in business also meant that the Bangalore branch would have to close. All this in effect meant that LLN had burnt his bridges and there was no going back to the world of trading. Later generations would praise him for his vision but at that time it meant that he was taking a great risk.

The closure of the trading activity automatically ensured that new factories could be housed at Patullos Road. The land in question was still being leased from LLN and TGK Raman and now it was decided that the company would buy up the property after a suitable valuation. This was finalised by February 1962 at a value of Rs 275,000 and the purchase was made.

Given the blistering pace at which it was progressing, the tie-rod ends project was soon ready for expansion. Production had until then been restricted to 108,000 pairs a year by the Government licence. LLN was keen that this capacity be increased to 250,000 pairs. An equity participation route was suggested to Quinton Hazell for the know-how fee and technology transfer that the enhancement would necessitate. The collaborators were agreeable to this and the Government was asked to give the necessary approvals. New imports of tool & cutter grinder and a hydraware compressor were made for the expansion.

An element of uncertainty was introduced when A Vaidyanathan, who had been appointed works manager for the tie-rod project suddenly put in his papers and left. This necessitated the search for a suitable replacement and LLN's eyes fell on the young Kamath who had settled down very well at EVL. LLN called him out one day and announced that he, Kamath, would be in charge of the new venture. Apparently, LLN gave him an appointment letter, a car and its keys and told him to take care of Rane Madras and produce results. Kamath did not even know how to drive and so returned the vehicle to LLN stating that he should not regret his decision in case he, Kamath, proved a failure. Not one to give up so easily himself, Kamath rushed off to break the news to Baliga and PB Venkataraman who promised him all help. He would later recollect "that there was no infrastructure in the factory then. But because of the help that I got from the two of them, I was able to fulfill my promise." A few months later, with the production on an even keel, Kamath felt confident enough to take possession of the car. Sure enough, LLN had kept it ready and handed over the keys with pleasure.

The tie-rod ends were marketed to OEs the same way that the engine valves had been. Reverse engineering was the key once

again and each product was modified to suit the end customer. Kamath and Ramakrishnan worked together as a team on this. Here too, there were disappointments at times. According to Ramakrishnan, “Hindustan Motors took one look at our product and said “These people are pirates. We don’t recognise them.” ” Perhaps the decision of Rane’s to close the Bedford franchise still rankled!

Business deals, negotiations and collaborations were the order of the day all over the country. The country’s first semi-trailer, with the tractor made by Ashok Leyland and the trailer by Mahindra Owen Pvt. Ltd., was demonstrated on 9th May 1959 in Bombay. At around the same time, NK Firodia, who had developed the autorickshaw and scooter business through his Bachraj Trading Corporation, founded Bajaj Tempo Limited which in Goregaon in Bombay began manufacturing bodies for three-wheelers on Tempo Hanseat chassis imported from Germany. In 1961, the company shifted to Pune and in collaboration with Tempo, began the manufacture of light commercial vehicles. The Group’s other venture, Bajaj Auto Limited began manufacture of Vespa scooters in 1960 from its unit at Chinchwad, Pune. The brand had already become familiar in the country, as Bajaj had been selling the scooters as agents of Piaggio & Co, Italy since 1950.

Closer home, Massey Ferguson of the UK, whose tractors had been sold all over India by Escorts Limited, entered into a manufacturing agreement with Tractors and Farm Equipments Limited (TAFE), the latest addition to the Amalgamations Group. The new plant was declared open on 17th September 1960 by K Kamaraj, the Chief Minister of Madras. A few months later came the Triumph Herald from Standard Motors, the car that as the Standard Herald would become a well-known name in the country. The first vehicle in India to break away from the

conventional rounded designs and boast of a slim front, clean bodylines and a finned rear, it came with an independent front-wheel suspension, nylon-bushed suspension points, detachable body panels and small turning-circles.

The heavy vehicle manufacturers were notching up their achievements. In 1961, Telco's 50,000th vehicle rolled out as did Premier Automobile's 100,000th Dodge truck. The previous year the Government had sanctioned permission for Ashok Leyland to manufacture 6000 Comet chassis a year with 85% indigenous content. Truck and bus business was brisk all over India in the early 1960s with the Government's emphasis being on road building, plenty of construction for industries and above all the nationalisation of public road transport. Madras and UP were the first State Governments to take over the businesses of all private passenger transport operators in 1947, without paying any compensation. The Bombay State followed suit in 1948 beginning with a fleet of 35 buses in Ahmednagar. In 1950, the Government of India enacted the Transport Corporations Act enabling the formation of Road Transport Corporations in the various States. The Industrial Policy Resolution Act of 1956 by listing road transport as one of the activities to be nationalised gave greater fillip to this.

The boost in off-take of vehicles naturally saw the automotive ancillary units swinging into overtime. Goodyear, which had been in India since 1923, opened its first tyre and rubber manufacturing plant at Ballabgarh near Delhi in 1959 while MRF went into production on 17th November 1961 at Madras in collaboration with the Mansfield Tyre & Rubber Company of the United States. In November, the first factory in India to manufacture wheels for commercial vehicles was inaugurated in Padi, near Madras. This was Wheels India, the first of the TVS units in automotive

component manufacturing. That a critical phase in automotive ancillary manufacturing was being reached was evident in the way the entrepreneurs in this industry asserted themselves over the vehicle manufacturers in 1958. That was the year when an association of all units involved in the automotive industry was first thought of. The Tariff Commission of the Government of India, set up in 1957 had also suggested this. The ancillary producers however were of the view that their interests ought to be represented independently and the All India Automobile and Ancillary Industries Association was set up in 1959 which pledged to work with the Association of Motor Vehicle Manufacturers.

Most of the companies involved in auto ancillaries realised that with the Government's thrust on indigenisation, it was only a question of time before the import trade in ancillaries ground to a halt. Manufacturing as opposed to trading was the route to survival and growth. LLN had perhaps seen this earlier than most and that was to be his mantra as he went about setting up more manufacturing units. He proved an indefatigable traveller, criss-crossing Europe and when necessary going over to the United States as often as it demanded. This, at a time when there were hardly any direct flights, to Europe and such journeys involved stopovers. Foreign exchange was strictly controlled by the Government and this meant that Indians on overseas business tours had to severely restrict their expenses while travelling. LLN was meticulous on this front and his travel expenditure, submitted religiously to the Board each time on his return, rarely exceeded Rs 7500 for a two week stay! Strangely, such rigours only appear to have made him a more frequent traveller. He enjoyed meeting people and visiting new countries, always with an eye on business possibilities. Travel became a passion that he retained till the end of his life.

Assisting him at every turn was TKG Raman, by then married to LLN's sister. Despite being a Director on the Board of the companies and also an Associate of Iyer & Co, the Managing Agents, he went through the grind and rose through the ranks when it came to work. If LLN soared to great heights bringing in collaboration after collaboration, it was Raman who handled the ground reality, ensuring that each new venture became an operating business. In an India where everything was slow, this was of utmost importance.

In 1963, it was decided to shift the tie-rod manufacturing to Velachery from Alandur and the land that had earlier been purchased from EVL for it, was sold back to that company. Six acres of land were purchased for the purpose at Velachery. Work began on a war footing for the construction of sheds, obtaining of electricity and the shifting of machinery to the new location. Under the watchful eyes of KN Srinivasan, Consulting Architect, the firm of Natarajan and Company began the civil work. Everyone worked night and day and by mid-1963 all was in place for a grand inauguration.

September 28th 1963 was a red letter day not only for Rane but for Madras and perhaps for the country as well. The large advertisements taken out in *The Hindu* for the inauguration declared as much for they proclaimed that the Group were "pioneers in the manufacture of auto-parts." The advertorial that accompanied the release stated with pride that "Quite a few in Madras will recall a little Auto-parts shop in Blackers Road. That is the nucleus of Rane (Madras) Limited and its modern factory buildings which are now being inaugurated." It went on to state what could well be a continuing statement on Rane and its practices -

“Equipped with the most modern Machinery and manned by a team of talented young technicians and always with the accent on quality, the factories of Rane and their Associates, Engine Valves, have been meeting the ever-growing challenge of the times in catering to the needs of the rapidly growing Automobile Industry. The Management of Rane have nourished and encouraged the Technical Personnel into engaging themselves in continuous study and research for improved methods of manufacture and in turning out products which are the acme of perfection and dependability. Rane take great pride in their relations with Labour which has inspired in them a sense of absolute loyalty and devotion to work. The dreams of its founder, the late T. R. Ganapathy Iyer are being realised and his vision and spirit of service which has been transmitted to the Company’s present management will activate the Company in its further progress towards greater achievement. The Management under the able guidance of Sri L. L. Narayan, who received his early training under the late T. R. Ganapathy Iyer, founder of this Company, is carrying on the tradition ably, and with his sharp business acumen and capacity for hard work is guiding the Companies to further heights. In this task his associate and Co-Director, Sri T. G. K. Raman, son of the late T. R. Ganapathy Iyer, plays a no less important role.”

The release was accompanied by a series of advertisements wishing the company well in its new venue. This was from a whole host of associates beginning with collaborators such as QHL, the bankers to Rane – Canara Bank Ltd., the insurers of the property –

Hercules Insurance Pvt. Ltd., structural engineers – Crompton who had provided the tubular pre-fabricated structures for the heat treatment shop, the cycle stand and the recreation areas, suppliers of machinery – East Asiatic Co (suppliers of lathes and grinders), distributors for the products – Motor House of Hyderabad, distributors for Donflex in Andhra, Conwest and Associated Auto Parts of Bombay (distributors for the QH tie-rods and TRANCO valves) and several others from the rest of India and a whole host of those who had been involved one way or the other, including the Agri-Horticultural Society which had laid out the gardens in the new factory! Messages of goodwill had been received from QHL, Small & Parkes and Ehrenreich of Germany, the latter two being collaborators of Rane as will be explained in a later chapter. The new facility was formally inaugurated by C Subramaniam, Union Minister with AMM Murugappa Chettiar, Managing Director of the TI Group of Industries, presiding.

The Board was jubilant and in its meeting on 30th September 1963, the first to be held in Velachery, recorded its appreciation of the Managing Agents in “the stupendous efforts as is reflected by the results of the working of the year. The Managing Agents are to be congratulated on their setting up the new factory.” By then the business of trading in vehicles had been completely wound up and all stocks disposed off. The staff was to be retrained and employed in other capacities. On 10th January 1964, the company made changes to its Memorandum of Association by bringing in the clause that it could “carry on all or any of the businesses of designers and manufacturers of all kinds of component parts, accessories and fittings for Motor Vehicles, Internal Combustion Engines, Railways, Aeroplanes, Ships and Conveyances of all types and descriptions.”

The company was also waking up to the realities of handling labour, for the same Board Minute that recorded the above change also recorded that the company would “aid financially or otherwise any association, body or movement having for an object the solution of settlement, or surmounting of industrial or labour problems or troubles.”



6

Consolidation- Within and Without

EVL WAS MAKING STEADY progress while all these exciting new developments were taking place in Rane Madras. For the first time the Group was to see an outside director on the board of one of its constituents. This was necessitated by the loan of Rs 1,37,000 taken from the Madras Industrial Investment Corporation Limited. The lender stipulated that one of the directors of EVL be its nominee and this was acceded to. This was also the era when the Managing Agency system was gradually phased out by most companies. The Government, beginning from 1936 had begun to place more and more restrictions in the operation of large companies by Managing Agents. By the late 1950s, most companies could see that a complete abolishing of the system was nigh and one of the earliest to read the writing on the wall was the Rane Group. As early as 1959, it was resolved that EVL having started production, work had “increased

considerably and that it was necessary and advisable to appoint a Managing Director.” The Board discussed the matter thoroughly and came to the conclusion that as “it was only due to the untiring efforts and zeal of Sri LL Narayan that the company has been able to get the required know-how, machinery and capital to get the new factory started and that none could be better qualified or competent to run the business of the company than Sri LLN.” With that LLN became the Managing Director of EVL at a salary of Rs 2000 per month. The Government which was requested for approval of this appointment dictated a reduction in salary to Rs 1500! Rane Madras was to wait for another five years before it did away with the Management Agency system. It was in 1965 that LLN and TKG Raman became Directors on board at salaries of Rs 2750 per month plus car and other perquisites. Raman was also appointed Works Manager and Technical Consultant of Rane Madras with effect from 1st January 1965, on a salary of Rs 2,250 per month.

By end 1959, LLN was in negotiation with Alfred Teves of Frankfurt, West Germany for manufacturing their valve guides and ATE range of valves at EVL. This came through in 1960. It was an important development for these valves were used in the Mercedes Benz range of trucks and hence meant that EVL could approach TELCO for supplying them.

EVL, as had Rane Madras, been formed with leading members of the Madras industrial circles on board such as V Emberumanar Chetty and Hassan Marikar. On 30th March 1960, TS Narayana-swami of India Cements joined the Board at EVL. LLN in welcoming him expressed the view that TSN being “one of the leading industrialists of the South, will be of considerable assistance and valuable guidance to the Board particularly with the various proposals on hand.” By then, the most important proposals were the agreement to be entered into with Alfred Teves

and the phased expansion of the manufacture of engine valves from 3.6 lakhs to 14 lakhs per annum. The Government was applied to for approval for expansion and work began on identification of suitable machinery. LLN and Baliga were authorised to travel to the UK to place orders for the same. The duo travelled to the UK, Switzerland, East and West Germany and finalised equipment worth Rs 8.00 lakhs for which the quotes began coming in by September 1961. These were finalised by November 1961 and orders were placed.

Leyland was to play a key role in EVL's next stage of development when it began asking for stellited valves. This necessitated the construction of a stellite plant on the premises and therefore additional investment. Further funds were needed to the order of Rs 16 lakhs and it was decided to part finance this by the issue of shares to the value of Rs 5 lakhs, of which equity shares would be for Rs 1.5 lakhs and redeemable preference shares of Rs 3.5 lakhs. In the meanwhile, a licence to manufacture "special screws" was obtained in the name of EVL. This was surrendered to the Government as it was felt that the company was biting off more than it could chew. By 17th December 1960, LLN could report that satisfactory progress had been made in the manufacture of the valves, in particular the production of stellite valves for Leyland. He expected that the production would be regularised and streamlined by July 1961. On the same day, LLN was also able to report on a more interesting development. Both Farnborough and Alfred Teves were interested in equity participation in EVL and he was of the view that this would be in the best interests of the company especially as the estimate for the expansion plan had now burgeoned to Rs 20 lakhs. It was decided that a further issue of equity shares of Rs 10 lakhs be done at once, out of which Rs 2.5 lakhs would be offered to the existing equity shareholders and the balance be offered to the two

collaborators. With this the equity share capital would be Rs 15 lakhs out of which Rs 7.5 lakhs would be with the collaborators. While this was in progress, the Madras Industrial Investment Corporation was applied to for a loan of Rs 4 lakhs to fund the immediate requirements of the expansion.

Production of valves continued to be streamlined and LLN was to describe the results of 31st March 1961 as “gratifying.” 364,840 valves had been produced against 134,140 valves the previous year. An aggressive advertising campaign was planned for TRANCO valves all over the country. The advertising agency FD Stewart Pvt. Ltd was appointed for this purpose. An ad budget of Rs 16,000 was sanctioned for the same.

Manufacture of ATE valves, with technical know-how from Alfred Teves began from September 1961 and the distribution network began stocking and selling them. In November 1961, the company also participated in The All India Automobile and Ancillary Industries Pavillion in the Industries Fair held at New Delhi. The stall must have been an impressive one for the expense came to Rs 15,000!

Leyland was to step up demand for the stellite valves once again in 1962. It also forecasted a further increase in offtake from October 1963. Machinery for the expansion began coming in from February 1962. The records show the arrival of lathes (locally purchased from Easun Engineering), upsetting machines, crack detecting machines, roll marking machines and a shot-blasting machine. A stellite deposit machine came in by March 1962 as did a furnace. A supplementary agreement was signed with Alfred Teves for taking up the manufacture of their MAN range of valves which were in use in the Shaktiman engines. A whopping 22.5% dividend was declared for the year ending 31st March 1962. Despite this, the Board recorded on 16th August 1962 that it was

only meeting a part of the demand for stellite valves from Leyland. LLN during his subsequent visit to the UK saw an automatic machine for the process at Farnborough and requested the collaborators to make an identical one for EVL. An import licence for the machine was applied for and obtained and while it was under manufacture, C Prabhakar was sent to the UK to train in the erection, maintenance and operation of the machine. LLN, ever the travel enthusiast decided to go along and for good measure he also opted to travel to West Germany to meet with M/S Hasenclever, who had supplied plant and machinery to EVL. He felt that this was necessary, to get to know the latest trends in valve manufacturing.

An indicator of the pressure under which the senior executives of EVL worked, comes from the record which states that none had availed of any privilege leave for over three years and this included LLN and TGK Raman. It was decided to encash all of the leave carried forward immediately.

Gradually EVL began encouraging subcontractors and suppliers. The first instance was when the question of electroplating and chromium plating the valves came up. LLN's brother-in-law CV Seshadri set up Metal and Chromium Platers Pvt, Ltd, and indicated his willingness to take on the chromium plating of the valves if the equipment purchased for the purpose by EVL was loaned to his company. LLN advised the Board that it may be better to retain the chromium plating facility within the company but the electroplating could be subcontracted provided the supplier was willing to purchase the equipment. This was agreed to and so EVL began farming out work as and when needed. In 1966, a second supplier was appointed for chromium plating. This was Chari & Chari Pvt. Ltd., whose Managing Director, TM Rangachary was on the Board of EVL.

Another early subcontractor was the General Engineering Industries in the Industrial Estate, Ambattur which came forward with an offer to manufacture valve guides under approval from EVL. This company had been set up by CR Rao and CV Krishnaiah, both Directors of EVL. C Prabhakar, the Assistant Production Engineer at EVL and son of CR Rao was also a partner. The Board authorised LLN to discuss terms and the contract was soon signed. The production of valve guides under this arrangement was firmed up once Farnborough tested and approved the sample valves produced in June 1963. The encouragement of such jobbing facilities was to pay dividends within the year when Tatas began increasing their offtake of the valves. This demanded an increased production from 18,000 to 24,000 a month. The sub-contractor was capable of handling the earlier capacity but with Tatas also demanding a thicker chromium coat, it was feared that the higher offtake could be met only with further investment in plant and machinery. The requirement came at a time when EVL was hard-pressed for cash. Added to this was a letter from Leyland that they too would be shifting over to these valves and that their requirement would be 6000 numbers a month. It was fortunate for EVL that the sub-contractor agreed to invest for a higher capacity of production on the condition that EVL confirmed orders for three years. This was accepted with alacrity and the peak in demand was met.

On 23rd November 1963, the company decided to go in for a further expansion – this time from 14 lakh valves to 30 lakh valves per annum. This would involve a capital outlay of Rs 36 lakhs and Farnborough was willing to participate to the extent of 50% of the cost. The rest of the funds requirement was partly met through a further issue of 4000 shares to the existing shareholders. The new valves required induction hardening and this was sub contracted to Rane Madras at a rate of 15 paise per valve. Synergy

between the companies was evident when EVL became a sub-contractor to Rane in turn when the tie-rod ends required shot-blasting. This facility being available at EVL, the work was done at a rate of 6 paise for each tie-rod end.

In 1963, LLN, in an interview to *Motorindia* said that “a member of a foreign delegation that visited the city recently remarked that Madras was bound to become the Detroit of India”. This he added, was no small tribute to the industrial entrepreneurs of the State, particularly those engaged in the manufacture of automobiles and ancillaries. In many ways he was himself writing a part of the industrial history of the State.

While the group was working on making the tie-rod ends project a reality, it was realised that catering to the Tatas would be an important requirement. As has been related earlier, the Tatas were in collaboration with Mercedes Benz and therefore any hope of becoming a supplier to the Tatas meant a tie up with an original equipment supplier to Mercedes Benz. LLN zeroed in on A Ehrenreich & Cie, a company based in Düsseldorf, West Germany for this. Ehrenreich was manufacturing complete steering linkage assemblies for Mercedes Benz and an agreement was soon entered into. By the time the Velachery plant of Rane Madras was inaugurated, this was also a product line. The speed with which this was achieved had everyone gasping. Kamath was to later remark, “I don’t know how he (LLN) did it, but overnight he had managed to get the collaboration from the Germans. The Chairman, Viktor Langen was a very keen Indophile and that must have helped.” As always, Government approval was needed and this came through in 1962, with a new Government agency to be negotiated with – the Department of Heavy Engineering.

There were further additions to the family. In 1960, the Rane Board had resolved that the manufacture of clutch discs would

be taken up by the company, subject to the approval of the Central Government. These were being manufactured by Small & Parkes Limited located at Middleton, Lancashire, UK. The company had been in business since 1892 when it began manufacturing industrial textile belts used for horse-drawn vehicles. With the coming of automobiles, the idea of using friction materials for brake linings came and the company diversified into it and also into clutch plates which were being marketed under the brand name of Donflex. GHF Parkes or Bobby, one of the grandsons of the founder, was a familiar face in car-racing and rally circuits. At Rane however, the name that was familiar was that of Herbert Parkes, one of the two sons of the founder and the one who ran the business. LLN had had discussions with Parkes during his visit to the UK in connection with the QHL negotiations. A close friendship was to spring up between Parkes and LLN and this continued into the next generation too. Francis Partrick (Pat) Parkes, the son of Herbert Parkes and who in the 1960s became the Managing Director, was to reminisce and say “it was a close business relationship and a close friendship. LLN was a very energetic traveller. He was a frequent visitor to the UK, maybe two or three times a year. He had a quick grasp for people and situations. If he got on well with somebody, a deal could be struck very quickly. He believed in building a strong personal relationship. He showed considerable foresight in what new sector he could get into.”

What did Small & Parkes see in Rane? Here too Pat provided the answer. “Of all the manufacturing groups where you came across different technological standards of expertise, the Rane Group came out as people who were in advance of the current state of the art. My impression was of a well-respected manufacturing company, well connected with the government, well respected by their users. They maintained a very good reputation.”

In what was clearly an instance of supreme confidence on the part of Rane's that an agreement could be swung, a licence for the manufacture of the clutch discs had been applied for and granted in the name of TGK Raman by the Government even before Parkes and LLN had shaken hands! This licence was transferred to the company at no cost. The agreement with Small & Parkes was finalised for the manufacture of clutch facings for a know-how fee of 25,000 pounds sterling. By early November, work had begun for putting up buildings for the clutch project. These were planned at the Patullus Road property which with the strategic decision of exiting the business of vehicle distribution was becoming increasingly empty.

By August 1961, the machinery was all in place. The Madras Electricity Systems, which controlled the electric power generation and distribution in the city, had sanctioned 100 KVA power and work on erecting the substation close to the factory for the same had also begun. In October that year, King, the collaborator's technical representative arrived and began taking trial runs of the machines installed. C Venkataraman, who was previously with Ashok Leyland, was appointed as an Engineer at an all-inclusive salary of Rs 650 per month. He was trained by Tom King and LLN, much impressed with the former, placed on record that "Mr King has been very helpful to us in having the machinery erected and taking out trial runs". Tom King had been sent out to India by Small & Parkes under the condition that Rane would meet the airfare for Mr and Mrs King and also provide for their local accommodation and board. The Board approved the airfare which came to Rs 11,014 and the monthly hotel bill of Rs 1500 plus the local remuneration of Rs 1500. It was estimated that King's services would be required from October 1961 for a period of nine months. According to Pat Parkes, Mrs King just could not fit into Madras and that caused a lot of stress at home for her husband. But at the

plant all went well and Rane began manufacturing the clutch discs in Madras from November 1961 onwards and to sell them to the aftermarket in India it appointed the Calcutta based firm of Scott & Pickstock with effect from that year. This was for a period of five years. An added boost came when the clutch discs became approved as original fitments for the Comet range of trucks from Leyland.

In 1963 however, the Board, largely at LLN's insistence, decided to move the clutch discs project to Velachery. With that, Rane's activities at Patullos Road ceased and a part of the land was leased to Dunlop. Another part was taken on lease by the Rao Bahadur Calavala Cunnan Chetty charities. LLN would later regret that he had not thought of an office in the city, but that is a story for another chapter.

In a statement to *Motorindia* after the inauguration of the new facilities, LLN said with considerable pride that the Group was "supplying its product as original equipment to Mahindra & Mahindra for the Willys Jeeps manufactured by it, to Premier Automobiles for the Fiat and Dodge Kew, to Hindustan Motors for the Hindustan Ambassador and to TAFE for the Massey Ferguson tractors. The products are well accepted in the replacement market." On 28th September 1964, the Board met to consider and pass the accounts for the year ended 31st March 1964. It had been an outstanding year with a 17.5% dividend being declared for all equity shareholders, after making provisions for the two categories of preferential shareholders. A total of Rs 2.45 lakhs was given out as dividend and a sum of Rs 1.5 lakhs was transferred to reserves. Summing up the performance, the Chairman for the meeting S Rm Ct Pl Palaniappa Chettiar said that Managing Agents ought to be congratulated for the splendid work done by them. "He then related to the shareholders how at

the initiative of the Managing Agents the company gradually gave up the trading business and switched over to the manufacturing of automobile ancillaries and as to how they have guided the company's affairs successfully. The Managing Agents have been able to suggest expansions of the company's manufacturing activities and have been able to source the necessary industrial licences."

The last sentence held the key to another secret behind Rane's success - the company's ability to deal with Government departments successfully. By this time, what was later to be derisively dismissed as the licence-quota raj was in full swing. For every single aspect of business, officials in distant Delhi had to be contacted, papers had to be prepared, discussions initiated and finally the authorities concerned needed to be convinced to sign on the dotted line. As would be evident from the previous pages, the Government held full control over the high, medium and low of business. Foreign collaborations, foreign visits, appointments and salaries of directors, allotment of licence to manufacture and specification of volume to be manufactured, end prices to the market and production capacities – all these were controlled by the Government. The multiplicity of departments, the number of people to be negotiated with, the plethora of paperwork and the sheer slowness with which matters moved could drive anyone crazy but not LLN and his team.

Most companies had an "our man in Delhi" who was a liaison officer who kept in contact with Government officials, remained alert for new business opportunities, knew what papers needed to be prepared for each proposal and most importantly was capable of pushing these through. For Rane it was CS Menon who joined the Group in 1960. "Chief" was the title he gave LLN and this is what he said about how business was done by Rane - "It was my job to get the licences sanctioned. I was dealing with the Ministry

of Commerce and Finance, the office of the Chief Controller of Imports and the Ministry of Industry at Delhi. Chief used to ring me up every morning at 7.00 am and if I needed him, he would be there by the night plane. We were always very well received. Such was the reputation of Rane. In two years time, after starting Engine Valves, we were able to compete with imported parts. That gave us confidence. It also gave the confidence to our counterparts in the Government that we were a company whose word could be trusted.

We would do our homework very thoroughly before we approached anyone for a licence. That was a plus point with Rane. If Rane gave in an application everything was in order. Because of that we never had any problems in obtaining a licence. On the contrary, the Government was very keen on encouraging people like us. It was a protected environment no doubt, and we enjoyed the benefits of it.”

Madras as a State (the name Tamil Nadu was to come later) was also extraordinarily lucky at this time. Presiding over its fate as Chief Minister was K Kamaraj who was very keen on industrialisation. The minister in charge of the Industries portfolio in the State was R Venkataraman and between them the two saw to it that entrepreneurs such as LLN were encouraged. In Delhi, T.T Krishnamachari was in charge of key industries between 1952 and 1965. He played a significant role in ensuring that important industries were set up in the State and during his tenure numerous industrial establishments blossomed in Madras.

Rane’s third company began when a fresh know-how agreement with Small & Parkes was necessitated, which would cover the manufacture of brake linings as well. The collaborator had stipulated a know-how fee of 20,000 pounds which they were willing to accept in the form of equity shares. In addition a royalty

of 5% on sales was also to be paid. LLN explained to the Board that this would necessitate the formation of a subsidiary company which would have only two shareholders – Rane Madras Ltd and Small & Parkes. He was against the issue of shares from Rane Madras Ltd to the collaborator as this would mean that the latter would benefit from the dividends accruing out of the tie-rod venture. Thus it was that work began on the setting up of yet another company – Rane Brake Linings Limited. The capital outlay for the project it was announced, would be Rs 25 lakhs.



7

Brake Linings and Leaf Springs

THE BRAKE LININGS VENTURE took its time to fructify. Small & Parkes changed hands in 1962, with business having grown so large that according to Pat Parkes it was felt within the family that it would be best to invite a larger investor. The CAPE Asbestos Company Limited became the new owners with Pat remaining as Managing Director. The new owners began debating on whether they wanted to go ahead with Rane. LLN had in the meanwhile moved on to investigating a new venture – manufacturing of leaf and parabolic springs. And in that area the best-known name was that of Jonas Woodhead & Sons of Leeds, UK.

The company was founded in 1847 in Bradford, but later moved to Leeds in the 1920s. Originally the firm manufactured all kinds of ironwork, axles and springs for the road vehicles of the period. The advent of the motor car gave Jonas Woodhead & Sons an

opportunity, of which the firm was not slow to take advantage. It soon became the leading maker of automobile springs, supplying to the manufacturers of Rolls-Royce, Daimler, Sunbeam and other well-known brands. In 1920, the company was acquired by A Darracq (1905) Ltd, manufacturers of the eponymous range of vehicles. That company in turn was amalgamated within a year with the Sunbeam motor company and all of them including Woodhead were owned by the STD Motor Group which was a holding company. At the time of the takeover the firm concentrated on laminated springs. The whole plant was rebuilt by the new owners who retained the management of the old Woodhead family and got new machinery installed to improve and facilitate the manufacture. The business continued to grow, and the development later extended to include railway and tramway springs, of all designs and weights from 3 lb. to 500 lb. In 1935, the company went public. In the 1940s, it pioneered trunnion end springs for heavy transport vehicles. By the early 1960s, the company was acknowledged as a vehicle suspension specialist, producing laminated and coil springs, hydraulic shock absorbers for road and rail vehicles, pressed steel products, fabricated steel work, structural steel work, conveyor idlers and agricultural implements. It employed around 2000 people and in what was considered a unique feature could identify several men on its rolls whose fathers and grandfathers also had worked for it. In one instance, grandfather, father and son were simultaneously operating adjacent steam hammers! Two allied companies were Woodhead-Munroe and William E Carey which manufactured torsion bars and coil springs.

LLN probably met up with the company representatives during the 48th International Motor Show in London in which Woodhead was a major exhibitor. Soon discussions were underway and the Indian company was formed for the manufacture of leaf springs

for automobiles. The authorised capital of the company was Rs 15.00 lakhs and the issued capital Rs 13.98 lakhs. The newly-formed unit was licensed to manufacture 1200 tons of laminated springs for automotive applications and 1200 tons of other types of suspension springs per year. The UK firm invested in the equity share capital of the company and all the special-purpose plant and machinery were arranged by it. Routine equipment was arranged locally. LLN entrusted the erection and commissioning of the plant, which came up at Tiruneermalai Road near Chromepet, to C Bhaskaran, who joined the company in 1963. Handpicked employees were sent to the UK for training at Leeds and one of them was PC Kumar, LLN's son-in-law. He remembers that the training was for a period of six months and on his return he became the Works Manager. The Director and Works Manager of Jonas Woodhead UK helped in setting up the plant in Madras. The manufacturing process, which Kumar terms as being of a fairly simple level of technology involved the procurement of steel flats of random lengths which were cut, formed, hardened, heat treated and tempered. The company employed around 250 people. Jonas Woodhead was inaugurated on 27th January 1967 by Peter Higgins, Chairman of the parent company in the UK. Kumar remembers that later while the company focused on leaf springs and special heat treated products, ancillary products were made at India Filters, a company managed by Bhaskaran. This was a venture which Bhaskaran had promoted with a few friends a couple of years earlier. "We later approached LLN for help and he practically took it over in terms of marketing and management" recalls Bhaskaran. A major customer for India Filters was TELCO which provided designs for manufacturing air filters.

The initial setting up at Jonas Woodhead demanded that actual design of springs be done in-house for the specific requirements of Ashok Leyland, the army, Hindustan Motors, Standard Motors

and the aftermarket for various other kinds of vehicles. Tooling developments for so many different springs were done locally, at Micro Precision which Kumar remembers to be a firm located in Alandur and run by bright young engineers. One of the major challenges that Jonas Woodhead faced even initially was developing a special set of springs for earth moving vehicles manufactured by Leyland. Leyland Motors was particularly keen that the product be up to standards, for Jonas Woodhead in England was by then a part of the Leyland Group. The Managing Director of Leyland in India was in fact the alternative director to Jonas Woodhead UK's Managing Director on the Board of Jonas Woodhead India. In Madras, LLN and team took the requirements as a challenge. The company developed prototypes which were tested on vehicles in Andhra and the approval was obtained. The aftermarket was taken care of by the by then well-established distributor and dealer networks of Rane with the Amalgamations' Speed-A-Way being the biggest stockist of Woodhead springs. By the first year, Jonas Woodhead had clocked sales of Rs 20 lakhs.

Two other companies shared the Jonas Woodhead property. One was Ellore Engineering Works. This had earlier been the Ellore Electric Supply Corporation Limited (EESC) and had as the name suggests been in the business of distributing electricity in the West Godavari district of what was Madras Presidency. It was one of a clutch of six companies, all of them into electricity distribution, run by S Venkataraman, LLN's friend, through his Managing Agency – Chandri & Company. With the reorganisation of States and the gradual nationalisation of all the privately owned electricity distribution companies, all of the six were taken over by the Government and compensation was given. With this money Venkataraman got into engineering. EESC changed its name to Ellore Engineering Works to reflect its new activities. As had been related earlier, the company acquired the machinery and the

licence to manufacture forgings from EVL in 1962 and became a supplier of tie-rod end forgings to Rane. B&S Massey of England supplied the hammer and the first sample forgings. The company getting off the ground had much to do with LLN. The job of erection and commissioning of the unit was put in the hands of an academically bright man who was unfortunately found lacking in practical sense. LLN took matters in his own hands and aided by two of his own chosen men – Ramamurthy, a fresh graduate from IIT and Chellappa, got things moving. He practically lived on the site for five months, bringing his own lunch and camping there throughout the day, summer, rain or winter. “Can you imagine that he really knew nothing about forging? It was sheer personality. Not only the men, even the machines obeyed him and he got everything going” says LLN’s son Lakshman. By 1964, production had started.

The second company that shared space with Jonas Woodhead was Spheroidal Castings. This was funded by money received from the takeover of Venkataraman’s West Coast Electric Supply Corporation which was into electricity distribution in Telissery in Kerala. Spheroidal Castings was set up to supply SG iron castings to Rane and in its time it was considered a pioneering foundry. One of the key people involved in the running of this unit was Ramamurthy. In later years Premchand who was at India Filters, was moved over to take charge of both Ellore Engineering and Spheroidal Castings. EVL, much bigger in terms of business turnover, benefited too. It did job work by way of upset forgings on behalf of Jonas Woodhead.

The setting up of so many companies soon had a ripple effect with other small scale industries coming up as suppliers to the Group. One example was Accurate Products, today a major exporter of automotive components. “My father, who used to be

running Pioneer (Madras) Limited, an automobile spares shop on General Patters Road knew LLN well,” says Vijay P Kumar the Managing Director of Accurate Products. “He was convinced by the 1960s that the future lay in manufacturing and not trading. He met LLN and asked him if there was any opportunity. LLN was a shrewd man. He took one puff of his cigarette and asked if we could supply greased nipples for his tie-rod ends. My father said we could try. The first machines were sold to us by Rane and that is how we got into business. It was also because of their being in Velachery that we also set up our plant there.”

Another beneficiary was Autolec Industries Limited. TGK Raman took great interest in this company which was set up by K Vasudevan, a veteran of the Second World War, he having served as technician in the Middle East and on the Italian front. In 1946, he was one of 15 men chosen from the armed forces to undergo training in British factories. Having qualified with a diploma in engineering he returned to India in 1947 and joined Air India. Within a year he quit and became the Sales Manager in India for the Overseas Manufacturers’ Sales Company which represented auto ancillary manufacturers of the UK, USA and West Germany in India. In the 1960s, Vasudevan decided to embark on manufacturing and found support from TGK Raman. Two lathes were sold at special rates by Rane to Autolec which began operations in Chennai. Autolec began with rocker shafts and later moved into water pumps and oil pumps.

With these start-ups well on their way, attention shifted to Rane Brake Linings (RBL) which would manufacture and sell the Don brand of brake linings. The agreement with Small & Parkes for the formation of RBL was finally concluded in 1965. This became a four-party contract with RBL, Small & Parkes, Rane Madras and CAPE, the holding company of Small & Parkes, all

being signatories. This became necessary following a degree of uncertainty that crept into the negotiations following the CAPE takeover of Small & Parkes. RBL was planned with an authorised capital of Rs 25 lakhs divided into equity and preferential shares. Out of the paid up Equity Capital of Rs 15 lakhs, 25% was subscribed by Small & Parkes. It was to be the beginning of a long relationship, ending only in the 1990s, when BBA Overseas Holdings PLC, the company that acquired the friction materials division of the CAPE Group, decided to divest its equity in RBL.

The idea was initially to have the new company in close proximity to Rane Madras but with the Government of Madras developing Ambattur as an industrial hub in the 1960s, it was decided to locate the new unit there. Land to the extent of 5.10 acres, bearing the registered plot No 30 of the Industrial Estate, Ambattur, was acquired for the purpose at a cost of Rs 80,000. The 50% down payment was paid by Rane Madras and the balance was to be cleared by RBL in annual installments.

Financing RBL was to be a major headache thanks to the tortuous procedures involving Government approval. The Government took its time and in the meanwhile LLN waited, having already mortgaged the property at 9-10, Patullos Road for the purpose. Short-term loans were also raised with LLN and TGK Raman providing personal guarantees. A further loan of Rs 17.5 lakhs was taken from the Madras Industrial Investment Corporation Ltd by mortgaging the land and machinery of the company with repayment to begin from 1968. The approval from the Government finally came through in 1964. LLN and S Venkataraman left for the UK immediately and the details of the technical-aid agreement were finalised with Small & Parkes during their trip. The certificate of commencement of business was received in March 1965 and work began on the issuing of shares. The Board of RBL, initially comprising LLN, S Venkataraman and

N Narasimha Reddy was expanded to include another Rane Director – CR Rao. Harry Middlehurst was the nominee from Small & Parkes to the Board. TGK Raman was made the alternative director to Harry Middlehurst.

Handling the operations of the new company was KS Krishnaswami. A graduate from Loyola College, he had been nursing the vague idea of sitting for the IAS exams in 1959 when a meeting with LLN led to his taking up the job of an accounts clerk at EVL. Trained under the PB Venkataraman-Baliga duo he was now ripe for responsibilities of his own and was given RBL. “Not being an engineer by training was not a drawback,” he was to reminisce later. “The experience I got was so comprehensive that I could adapt myself to whatever situation I had to face. It was also an environment that made such a flexible attitude possible.”

By mid 1965, orders had been placed for indigenous equipment. The nature of the business being moulded brake and clutch linings produced by wet or dry mixtures and curing by heat and pressure with asbestos being a key ingredient, a dust extraction plant was ordered on SF Products, an air-conditioning plant on Voltas Limited for the setting up of a cold room and other equipment on Kilburn Limited. Much of the credit for getting the plant going as per schedule also went to Fred Hawksworth, an employee of Small & Parkes who spent considerable time in India in 1966/67, leaving for home by September 1967 with LLN commending his work as being of “very good service to us and exceedingly nice.” According to Pat Parkes, unlike the problems created by Mrs King when the clutch-disc project was being implemented, Mrs Hawkesworth settled in so well that everything went smoothly. A letter of appreciation was sent to Small & Parkes by the RBL Board.

The prospectus of the company was finalised by late 1965 for a public issue of shares. The underwriters were one of the well-

known broking firms of Madras – Patterson & Co. The Madras Industrial and Investment Corporation Limited also agreed to act as underwriters on the same terms as Patterson & Co. Brokers to the issue were Patterson & Co, Dalal & Co, Somayajulu & Co and Chitra & Co, all big names on the stock exchange. Their willingness was an indication of the rise of Rane and LLN in the world of business. Further proof of confidence in Rane was received when the public issue of shares opened early in 1966 and met with an enthusiastic response. It was with great satisfaction that the Board recorded on 26th September 1966 that “the present bank balance together with the amount due from the Madras Industrial Investment Corporation Limited may be sufficient to meet the requirements of the capital expenditure to be incurred before starting the production.” By October 1966, working capital limits to the extent of Rs 20 lakhs was extended by the United Bank of India.

Production was expected to commence by December 1966 and LLN was already working on the marketing of the products. At this time, the market leaders as far as brake linings were concerned were Ferodo. Considered to be the first name in brakes, the company was begun in 1897 by Herbert Froad in Chapel en le Frith, Derbyshire. Ferodo had been a world leading company dedicated to the design and manufacture of friction products, especially braking materials. Many of the Rane distributors were already selling Ferodo and so approaching them with RBL's products was not possible. Some other companies such as Conwest Pvt. Ltd of Bombay and ACC Auto Marketing of Calcutta were interested. The most interesting offer came from Goodyear. The company offered to purchase Rs 15 lakh worth of materials from RBL provided they were branded and marketed under the name of Goodyear. LLN informed the Board that he had discussed the matter with Small & Parkes and a decision was expected to be

taken soon. The agreement with Goodyear India Limited was finally signed on 5th January 1968 with the understanding that RBL would supply brake linings to the former, branded under the name of Goodyear Super.

By early 1967, with the plant going into production, the company also appointed its first sales staff. But the automobile industry had entered one of its cyclical recessionary phases. In what would be an oft-repeated cycle in the story of India's industrialisation, the infrastructure was nowhere in keeping with what was being produced. There were insurmountable obstacles in terms of critical shortages of essential raw materials and power cuts, the latter being necessitated by a great deficit in actual power generation against plan. The actual production of vehicles in India for 1965 was 5,58,365 cars, jeeps and commercial vehicles. Figures for the USA in the same year were 11,961,000. The fourth Five Year Plan of the country estimated that the capital outlay for the planned expansion of the automotive industry would be Rs 200 crores out of which 50% would be in foreign exchange. Against this, what had been allocated in the previous years had not exceeded Rs 30 crores. In such a scenario, most automotive manufacturers had gone slow on indigenisation efforts. There was a cut back on production and companies such as Rane suffered. The silver lining was the performance of the heavy vehicle sector. TELCO shipped out its 100,000th vehicle in 1965 and Ashok Leyland clocked 21,000 of its Comet vehicles on the road.

It was a sombre RBL Board that met on 11th April 1968 to discuss the impact of the slowing down, with the never-say-die spirit of LLN winning through as usual. Conceding that the capital cost of the project was now Rs 40.73 lakhs as opposed to the original estimate of Rs 37.80 lakhs and that the deficit had been met by "deposits from sister companies and friends", LLN went on to analyse the reasons for the less-than-expected performance. There

was a delay of four months in commencing production, thanks to the newly nationalised State Electricity Board dragging its feet in providing the necessary high tension supply. On the positive side was the completion of appointment of distributors and also the finalising of the agreement with Goodyear. The latter had already placed an order worth Rs 6.00 lakhs on RBL. In order to bring down the cost of production LLN felt that it would be best to indigenise the raw material, especially friction dust and some of the resins. At this time, these were being imported from Small & Parkes but an important clause in the agreement allowed for RBL to develop its own formulation. LLN recommended that RBL invests in a laboratory for developing this. The lab that came into existence following Board approval was to justify LLN's foresight, for in 1970 it successfully developed friction dust which was found acceptable as per Small & Parkes standards.

The second expenditure that LLN considered essential in 1968 was testing equipment as recommended by Girling Ltd of UK. This company had already entered into collaboration with the TVS Group and set up Brakes India Limited in 1964 for the manufacture of brakes. LLN therefore recommended a further investment of Rs 1.4 lakhs in procuring the test equipment. The Board agreed. These moves apparently worked well, for the Board recorded with evident relief on 10th October 1968 that the sales for the period January to August 1968 were Rs 14.54 lakhs and a net profit of Rs 43,000 had been made after providing for depreciation. The next year the performance was even better. For the period of seven months ending July 1969, the magic sales figure of Rs 25 lakhs was reached with the bottom line improving correspondingly.

Interestingly, RBL was the first instance in Rane of an agreement with a collaborator wherein a clause for exports was included. In

what is surely a sign of greater confidence, now that several other agreements with collaborators were running smoothly, LLN inserted into the agreement with Small & Parkes the condition that RBL would have the right to export Don linings to Burma, Pakistan, Nepal and Egypt. This was to have its effect at EVL when that company's agreement with Farnborough ran its course and was due for renewal. It was desired that this be extended for a period of five years. The Ministry of Industrial Development and Company Affairs, Government of India agreed to this on the condition that during the extended period EVL sets up its own "design and research facilities so that continued dependence upon the foreign firm is avoided". The Government also stipulated that during the extended period, Farnborough would be paid a royalty fee of 2% on each valve manufactured by EVL as opposed to the 2½ % that was in force earlier. A new clause that was added in the extension agreement signed on 20th December 1968 allowed EVL to export its products to all parts of the world and that Farnborough should assure EVL of a 10% offtake of all export by EVL.



8

Grappling with Growth

DURING THE 1960S, ONE OF the biggest problems in the Madras State was electrical power. The State was then by and large dependent on hydro-electric power even though the Neyveli Lignite Corporation had been commissioned. With the State industrialising rapidly, almost 60% of the power generated went to factories and commercial establishments. In 1964, the monsoon failed, leading to a stoppage of hydro-electric power generation. For a short while, an 80% cut in power was imposed on industries. In 1965 too, the monsoon was erratic and a discussion on this subject at EVL during a Board meeting in 1965 indicates the gravity of the issue. LLN reported that effective November that year, a 20% cut in power supply had been imposed on the company. It was feared that this would become 50% with effect from 1st January 1966. With water levels in the reservoirs dipping with the advent of summer, the power cuts worsened and

the Government advised companies to purchase and install their own diesel-operated generation sets, necessitating the import by EVL of a Skoda Diesel Generating Set which together with its installation cost burnt a hole of Rs 5 lakhs in the company's pocket. The shortage of foreign exchange meant that there was also a strict rationing of what raw materials could be imported. For instance, EVL was allowed to import only one-third of its annual requirements of raw materials in 1965. In 1966, the Government came up with a new scheme – the purchase of its National Defence Remittance Certificates allowed companies to import up to 60% of the face value of the certificates. EVL invested Rs 1.62 lakhs but it was only adding to the strain of running the operations.

For the first time LLN, who had all along been upbeat and positive, expressed reservations on the future of the industrial scenario, when in the Board meeting at Rane Madras on 23rd February 1968 he said that the “future appears to be bleak because of certain difficulties affecting the industries as well as the economy”. In what was a sharp about turn from the man who originally recommended the winding up on distribution activities, he actually went on to suggest a discussion “on whether we can take upon ourselves the trading and distribution line so that we can effectively plan the future.” But this appears to have been a brief attack of uncharacteristic pessimism and he was back to planning for the future. But doing business in India was a continuous catch-22 situation with the Government controlling everything from pricing, power supply, collaborations and licences and yet pressurising companies to fulfil their production commitments. LLN was not alone in feeling that the whole thing was a futile exercise. Several commentators on the Indian business environment of the time had practically written off the country as an industrial power.

In the meanwhile, foreign participation in EVL was becoming a likelihood, a full four years after it was first thought of. On 21st July 1966, Sidney Lewis wrote a letter in which he mentioned a renewed interest in Farnborough for this and the matter was considered by the Board on 28th July. S Venkataraman was deputed to the UK to discuss the matter further. But on his return it was decided that while EVL was badly in need of support for expansion, it would be best to grow without capital participation from Farnborough.

The aftermarket remained buoyant though this period and the Group focused on building its distribution network. In 1966, aftermarket sales contributed greatly in shoring up Rane's bottomline and the Group decided to reward its network with an additional commission of 3% for that year. Effective April 1967, a whole chain of distributors came into effect for the sale of Donflex clutch discs and other products. These were Motor Spares for Bihar, Frank & Warren for the North-east, Associated Parts Pvt Ltd for Maharashtra and Gujarat, JV Mehta & Co for Madhya Pradesh and Goa, Speed-A-Way Ltd for Madras, Kerala and Mysore, Jullunder Motor Agency (Delhi) Pvt Ltd for the North and Royal Agencies for Hyderabad. Eastern Auto Parts Company, Calcutta was added in 1968. The distribution network for RBL was finalised in September 1967 with Speed-A-Way taking on the product in the four Southern states, Associated Auto Parts in the West, ACC Auto Marketing in the East and Conwest Pvt Limited for the North. With this, Don brake linings and clutch facings began appearing in the market

A new customer for Rane at this time was the Indian Army. The first contact took place during the height of the Indo-Pak war of 1966. Rane Madras had been asked to supply a pilot batch of tie-rod ends and steering linkages and were working towards it when

suddenly calls began to come asking the company to expedite supply. There was a frantic message asking for the immediate delivery of 200 tie-rod ends that were required for the army trucks in Jabalpur. The company was at first hesitant what with raw material shortages being rampant but when a telegram came stating “Country at War, Replacements Vital”, everyone swung into action. AP Ramakrishnan was to later recall that everyone worked non-stop for three days; managers, officers and workers of whom there were 120 in number. The fervour and excitement was infectious and the deadline was met. From then on supplies to the Shaktiman trucks of the army became a routine matter. An interesting aside of this period is the friendship that was built up by LLN with Lal Bahadur Sastri, the then Prime Minister of India. Hari Sastri, the PM’s son was then working for Ashok Leyland and was posted in Madras. His house was just opposite that of LLN’s and the PM came to visit his son on a few occasions. A friendship blossomed between the two households and when Sastri passed away suddenly in Tashkent in January 1966 it was a stricken LLN who led the Rane Board in passing a condolence resolution.

By now the Group was held up as a shining example of industrial development and when the Engineering Export Promotion Council and the All India Automobile and Ancillary Industries Association decided in 1966 to send a study team to West Asia to look at industrial practices there, LLN was an important member. Given the growing image of Rane as a Group of consequence, LLN had begun to feel the necessity for a city office. It was a time in Madras when anything beyond the Mylapore-Mount Road-Nungambakkam-T Nagar circuit was considered out-of-the-way and Directors complained about the distance to be travelled to have Board Meetings at the registered office in Velachery. Over a period the Board Meetings came to be increasingly held at the

residences of the Directors or at the Woodlands Hotel on Edward Elliots Road. On the business side, it was also becoming necessary to have a presence in the city for coordinating on various matters from machine supplies to meeting suppliers to liaising with key government departments. Interestingly, a single corporate office for all the companies was not thought of. EVL was first off the mark, acquiring office space at 11, Pycrofts Garden Road, Nungambakkam in 1964 for a price of Rs 101,101. This was however disposed off within a year when an offer of Rs 1.25 lakhs was received for the same property from F Bennet Pithavadian, the well-known architect and then partner in the firm of Prynne, Abbot & Davis. From then on, many EVL Board meetings were to take place at the office of TS Narayanaswami at the India Cements premises in the newly-constructed Dhun Buildings on Mount Road. LLN continued pressing his case for a city office. He enjoyed being in the centre of things and that meant being accessible to all in the city. A casual reading of a document that lists all the positions he was holding at that time shows that he was not only the Managing Director of Rane Madras and Director of RBL, Jonas Woodhead and EVL but also Director on the board of Iyer & Co (the old Managing Agency which was evidently still not wound up as an entity), the Madras Swadeshi Emporium Limited, The Ellore Engineering Company Limited, India Filters Manufacturers Pvt. Limited, Trichy Srirangam Transports Co. Pvt. Limited, Spheroidal Castings Limited and Vanguard Investments Limited. Besides, he was also on the Executive Committees of the All India Automobile & Ancillary Association, Bombay and the historic Southern India Chamber of Commerce, Madras. TKG Raman, albeit his reclusive nature was also on the board of several companies besides the Groups. In 1968, LLN brought forward a proposal to have a city office and suggested renting space in a new building promoted by AVM Charities on Mount Road. Space

was taken to the extent of 1600 sq.ft in this building located at 147 Mount Road and this became the city office of the Group.

As the Rane Group and other industrial houses looked forward to a new decade of growth and challenges, the political situation underwent several changes and these were to have their effects on the business scenario. In 1966, following the demise of Lal Bahadur Sastri, Indira Gandhi became the Prime Minister. The economic situation was tense with several countries that were friendly to Pakistan cutting off aid to India and also access to foreign exchange, following the war. The country was reeling under one of the worst droughts in living memory and food grains had to be sought from the US. The purchase of arms and grains from abroad, along with the import of machinery and materials for industrial development, caused a huge dip in India's foreign exchange reserves which came down to USD 626 million by March 1966. The World Bank and the International Monetary Fund both recommended devaluation of the rupee and the Government had to agree. The rupee, earlier pegged at Rs 4.76 a dollar was devalued to Rs 7.50. The volume of devaluation took even the World Bank and the IMF by surprise. It caused a storm of protests from the Left parties and even sections of the Congress party in India with Madras' own Kamaraj being a staunch opponent. However, the devaluation was interpreted by industrial houses such as Rane as a boost for exports. Discussions in the Board centred on speculations as to whether the regime of controls would gradually cease and inflow of foreign capital would be encouraged. But that was not to be. The devaluation was not accompanied by the expected relaxation of trade controls. Controls remained on the inflow of capital and there was no push for exports.

All of a sudden there was a great increase in the number of trips required to be made to Delhi. Everything had to happen there.

LLN took it in his stride. “The early morning flight to Delhi became a kind of club of Madras entrepreneurs,” says S Muthukrishnan of the UCAL Group. “LLN would be the life and soul of the party. Given the general pessimism of the times, these flights were places where everyone could relax, have a drink and swap stories on the difficulties of handling Government Babus. A favourite story amongst us, which LLN particularly relished, was one concerning an industrialist approaching a Government officer to complain of shortages in availability of copper. This was for use in making automotive batteries. “I can’t help you with copper,” said the officer. “But why don’t you use aluminium of which we have plenty?” That was how much they knew.”

The general pessimism regarding the Indian industrial scenario notwithstanding, the Group continued investing with an eye on the future. On 29th November 1967, LLN informed the Rane Board that while “we are having five acres of land where our factory buildings are located, considering the future it would be better to purchase the land measuring 1 acre and 45 cents next to our factory so that it can be utilised when we consider further expansion of our activities”. The land belonged to TGK Raman and Rane acquired the same. The property changed hands for Rs 95,000 after a valuation by Murray & Co.

By the end of 1968, business prospects began improving once again. The Government’s latest announcement had included tie-rod ends in the list of products in which it was looking at a cut in imports. This automatically meant an increase in demand for Rane’s QHL tie-rod ends. LLN promptly applied for an increase in manufacturing capacity from 250,000 pairs to 500,000 pairs per month. At around this time, TELCO also approved the steering linkage assemblies made under the Ehrenreich system. The Company also participated in the India International Trade Fair

that was held in Madras in 1968. The Group also began discussing ways and means to tap the export market. The Board of Rane Madras resolved to send LLN to West Germany and the UK to discuss with the collaborators the possibilities of exports. The first export order in the Group was received from Farnborough Ltd by EVL in 1968 and this was for the supply of 115,000 numbers of valves to be fitted in Rover cars as original equipment. In 1969, Rane Madras made its maiden export supply when it received an order for clutch discs from Cairo. That year, TGK Raman informed the Board that “there is good demand for our products and that it is estimated that our sales for the current year is likely to be in the region of Rs 1.5 crores.” In what can now be seen as a sign of confidence by the company in doing business on its own strengths, Rane Madras decided in 1969 not to renew its collaboration agreement with QHL. The tie-rod ends were now marketed under the brand name of Rane itself. Several advertisements were released in the press to create an awareness of the new name in the minds of the public.

The environment was however not conducive to business. Disensions within the Congress party brought about a split in 1969, resulting in Mrs Gandhi having to retain power with support from Communist and Socialist parties. The necessity for a stable Government at the Centre saw the Congress seeking the support of the Left and the latter brought their beliefs into the industrial and fiscal policies. The first sign of this was the nationalisation of banks in 1969. Another sign was the rise of militant trade unionism. A third was the introduction of the Monopolies and Restrictive Trade Practices Act in 1969. This was to curb the concentration of economic power in the hands of a few and aimed at checking cartels and business houses that enjoyed a monopoly in their areas of activity. This was to apply even in cases where the monopoly had been built up through several years of hard

work and good business practices. The tyre industry was almost the first to feel the brunt of the Act when a commission of enquiry was set up to investigate price cartels. While the Act may have been set up to prevent monopolistic practices, in the hands of the Government it became a tool to govern large business houses. This not only affected economic growth, it also dampened the enthusiasm of Indian businesses to grow and achieve economies of scale.

When the top rung in the industry, namely the vehicle manufacturers themselves began stagnating, companies such as Rane had to cut their investments in upgradation. The problem was that Rane belonged to that class of manufacturer that supplied items of critical functional importance to automobiles and heavy vehicles. Items such as engine valves, fuel injection equipment and brakes had to function 100% of the time and there had to be continuous investment in technology. Rane had by then become a market leader in its field but this had been possible only by a continuous upgrade of the manufacturing process not only in its own plants but also in those of its suppliers who gave it forgings and castings. These upgrades were possible only through massive investments in foreign collaborations through which know-how for design, materials management, testing and production methods could be acquired. There was also need for investment in continuous training of the staff so that they could handle the changes. As long as there was growth, these investments could be handled easily. But now, matters were different.

The Government, with its socialistic outlook, also began looking at foreign agreements through a microscope. The general view of those in power was that Indian companies were spending valuable foreign exchange in acquiring second-hand technology which was anyway only going to help concentrate economic power in the

hands of a few. At Rane, a rather irritated TGK Raman informed the Board that the Government had asked the Group to submit all its trade agreements with collaborators and distributors for scrutiny. This was done but it was felt by everyone to be tantamount to interference.

LLN and TGK Raman had worked together as a team all along. Each had complemented the other. S Narayanan of Madras Auto Services remembers them as being complete contrasts and at the same time growing on each other's strengths. TS Subramaniam, brother-in-law to both LLN and TGK Raman, affirms this.

“The fundamental differences in their nature were because of the differences in their origins,” he says. “LLN’s father was a medical officer in Travancore and had numerous children. After the father’s death, it was left to LLN to ensure that they were all well-settled. LLN, who had qualified in Botany had to perforce work his way up and be successful. Bala (as TGK Raman was known in close circles) was the youngest child and only son of Ganapathy Iyer, a successful businessman. You could therefore say he was born with a silver spoon in his mouth. And after Ganapathy Iyer passed away, LLN took matters in hand with Bala trusting him implicitly. LLN therefore became a father figure to his wife’s family as well.

These were reflected in the way the two men worked. LLN had numerous contacts and the list kept growing but had hardly anyone whom he could call as a close friend to whom he could open his heart. Bala had an intimate friends’ circle that included R Ratnam of the TVS Group and TT Vasu, the son of TTK. Bala loved the arts and was fond of music in particular. LLN did not have time for these things. When it came to business, LLN was the visionary and had all the figures at his fingertips. Bala was the details man who put together all the pieces.”

Pat Parkes agrees and puts out several photographs to supplement his views. “You will see TKG very much in action in the plant,” he says. “LLN was the great traveller. He would come at least four times each year to the UK. He kept all his contacts alive.” TKG according to him, “would probably come once a year and when he was there, he took time off to enjoy himself as well. He would visit museums, take in shows and go shopping. With LLN it was business all the time.”

“If someone made a mistake,” says TS Subramaniam, “Bala was prone to taking a broad view and letting go. He was a people’s man. LLN would warn the person and wait and watch to see if the same mistake was made again. Then there would be no mercy or quarter shown.”

PC Kumar, who in 1970 was moved to Rane Madras as Commercial Manager after stints at Jonas Woodhead and RBL however differs on the last point. Raman according to him could be firm on occasion. He cites an industrial relations issue in 1968 at RBL which Raman handled very effectively by not giving into the unions. “He was prepared to face a strike, come what may” remembers Kumar.

Such a contrasting duo would naturally have had occasional differences of opinion and it was perhaps with a view to giving TKG Raman more elbow room that LLN offered to step down from the post of Managing Director of Rane Madras in 1969. He would, he announced, focus on the other companies in the Group henceforth. But the Board (and with TKG Raman leading everyone else) would have none of it. It was decided that with effect from 1st January 1970, LLN would be designated Chairman of Rane Madras and TKG Raman would be the Managing Director.

By 1970, both Rane Madras and EVL were planning on expansions mainly because LLN and TKG Raman agreed that this was the

only way for survival. EVL's new expansion plans required fresh buildings and the foundation stone for the same was laid by Fakhruddin Ali Ahmed, Union Minister for Industrial Development and Company Affairs, early in October 1968, in the presence of VR Nedunchezhiyan, Minister for Education, Government of Madras. The funding for the expansion came by way of a public issue of shares. In 1969, it was therefore decided to list EVL shares on the Madras Stock Exchange. The shares with a face value of Rs 100 began quoting at Rs 140 from the first day.

The actual process of expansion was a little easier than the setting up of the companies had been a decade earlier. Machines for instance did not have to be imported unless strictly necessary. The Government had in 1953 formed Hindustan Machine Tools Limited for the manufacture of a wide range of machine tools, metal forming presses and other machines. The machine tool division, which was the oldest, had been set up in Bangalore with West German technical know-how and machines began to be available. Rane Madras and EVL were able to purchase their machinery from HMT under easy financial terms. Payments, guaranteed through banks and insurance companies could be made over five years at 7½% interest.

Local funds and foreign exchange when needed, were easier to get with the Industrial Credit and Investment Corporation of India Limited (ICICI Ltd), incorporated in 1955 at the initiative of the World Bank, the Government of India and representatives of Indian industry, with the objective of creating a development financial institution for providing medium-term and long-term project financing to Indian businesses. Within a decade ICICI emerged as the major source of foreign currency loans to Indian industry. Besides funding from the World Bank and other multi-lateral agencies, ICICI was also among the first Indian companies

to raise funds from international markets. In 1969, it opened its Madras office and Rane was among the early industrial groups to approach it. It went to the credit of LLN's trusted aide PV Devanarayanan that he was able to negotiate Rs 10 lakhs of foreign exchange loan with the financial institution for EVL. LLN noted enthusiastically that he had convinced ICICI to lend money on the same terms as the Madras Industrial Investment Corporation Limited.



9

Expanding in a Contracting Economy

THE EXPANSION PLANS CAUGHT the media's attention. A report in *Motorindia* is worth quoting from:

“The Rane Group has received the Government approval for the expansion of its three major units namely, Engine Valves, Rane Madras Ltd., (steering-gear project) and Rane Brake Linings Ltd.

Engine Valves has received an industrial licence for increasing its capacity to five million pieces annually from three million pieces at a cost of Rs 105 lakhs. The company will be importing plant and machinery for this expansion through a loan of Rs 30 lakhs provided by the Industrial Credit and Investment Corporation. The turnover of the company in the first seven months of this year (1972) was Rs 110.17

lakhs against Rs 171.31 lakhs for the whole of 1971-72. The newly created facilities are expected to be in operation in 1974.

The steering-gear project of Rane Madras Ltd, for which sanction has been obtained, will be implemented at a cost of Rs 60 lakhs. The annual licensed capacity of this project will be 60,000 units. The foreign exchange content of expenditure is estimated at Rs 6 lakhs and the import of plant and machinery will be met by the licences issued by the Government. The new unit is expected to go on stream in 1973-74.

During the seven months of the year ending October 1972, sales of Rane Madras were proportionately higher at Rs 132.02 lakhs against Rs 207.47 lakhs for the whole of last year.

The steering-gear will be manufactured in technical collaboration with Burman & Sons Ltd. of the UK for which an agreement has been signed.

Rane Brake Linings Ltd, will be quadrupling its capacity for manufacturing brake linings and clutch facings within a few years from its inception when it completes its new scheme for doubling again its annual output to 960 tonnes. Only recently the project for increasing production to 480 tonnes from 240 tonnes was executed.

The new expansion, which will cost Rs 21 lakhs, has received due sanction from the Government. Since the company will have its own funds, there will be no need to seek outside resources. The turnover of Rane Brake Linings during the first nine months of

this year was higher than that for the whole of last year, at Rs 75.90 lakhs.”

While these expansions were in progress, two developments took place regarding the city office. The first was an offer from Dunlop to purchase the property at 5, Patullos Road which had till then been leased by them from Rane. This was concluded in 1971 at a price of Rs 16 lakhs. The sale was pushed through in some hurry as there were rumours that the Madras Fixation of Ceiling on Land Act of 1961 was going to be amended to bring under its ambit properties belonging to corporate houses as well. In the end, this did not happen but the sale went ahead. The property on the other side, namely 9, Patullos Road, then in occupation by Lucas was however retained and the lease renewed for a period of a further ten years. It was eventually sold to Lucas in 1979. While the discussions for sale were on with Dunlop in 1971, LLN and his friend S Venkataraman happened to attend the auction of a property on Cathedral Road owned by Gannon Dunkerley Limited, a venerable firm that had been in the business of infrastructure building in India since 1918.

According to S Venkataraman, he and LLN attended the auction for “the fun of it”. He went on to add that “when the bidding was in full swing, I put up my hand and flashed a five figure sign. The auctioneer looked at me and the next thing we knew the property was ours. LLN was furious. “I don’t have the money for this,” he said. “We will have to find some way of raising it,” I replied.” At the next Board meeting a rather disinterested LLN explained the transaction to the Board. The final figure was Rs 5.30 lakhs but LLN hastened to explain that the entire transaction was still in a very preliminary stage. The Board enthusiastically endorsed the purchase. By 15th November, the matter was concluded with Rane Madras paying Rs 2.05 lakhs and EVL and RBL paying up the rest. The property was to henceforth be in the joint possession

of the three companies. *Maithri*, as the property came to be called, was a colonial style building standing in one corner of a large plot of land situated next to the verdant Agri-Horticultural Society Gardens. Opposite this was more land belonging to the Government, leased to the Horticultural Society which had in 1962 sublet it to the hotel chain, Woodlands. In this garden came up the Woodlands Drive-In Restaurant, a popular eatery till its closure in 2008. Both LLN and TGK Raman loved their food and the location pleased them no end. Having initially objected to the purchase, LLN appears to have had a complete change of heart. In November 1972, he brought forward a proposal for the complete renovation and modernisation of the building including “furniture, panelling, false ceiling, carpeting, electrifications” etc at a cost of Rs 4.00 lakhs. The three companies shared the expenses and the corporate office was got ready. It must have been impressive, for within a short while of its inauguration, the Indo-German Chamber of Commerce approached Rane for renting out a part of it. This was approved at a rental of Rs 1.25 per sq. ft. per month! Much later, in 1976, the Steel Authority of India Limited also became a tenant.

Another matter that would have pleased LLN was his elder son Lakshman, known to friends as Babu, joining the Group in 1970. He was taken in as a trainee in RBL. Having just completed his engineering at Coimbatore, Lakshman was keen to go abroad to do an MBA but circumstances willed otherwise and he joined the Group. He was immediately sent abroad for a year to train with Small & Parkes in the UK. He was to recollect later that “it was a very enriching experience. I remember I left with two hundred pounds foreign exchange in my pocket. I had to change the plane from London to Manchester. It was all rather strange but very exciting for me. I felt very much at home in England because of the kind of affection that I received from Pat Parkes

and his entire family. I enjoyed cricket and English beer. Life was good but I always knew that I had to get back. There was a challenge waiting for me.”

Among the first of these was getting the Rane Don brake linings accepted by the market. True, the bundling of the brake linings with Goodyear tyres had ensured that they were widely available but as Ebenezer Whitely, who was in charge of marketing the brake linings put it, “these would just be thrown on the rack, somewhere at the back. We had to somehow get to the small dealer and then to the mechanic.

In those days Ferrodo was the name everyone associated with brake linings. Just as a housewife would go and ask for Dalda if she wanted vanaspati (a cooking medium), people blindly asked for Ferrodo. They were being made by Hindustan Ferrodo and marketed by the TVS network which was very strong all over the South. When Rane started manufacturing brake linings, nobody had heard of Don. We were known in the market by the Rane Tranco valves but Don nobody had heard about and no one was prepared to try out an unknown product because a brake lining can be a matter of life and death. If something happened, the mechanic would be blamed.

It suddenly struck me that we would have to sell the brake linings the way that medical representatives sold their products to the doctors, door-to-door. Lakshman who had just joined at that time took a very active part in this exercise. We went from town to town, day in and day out, we went and met the small dealers, the mechanics who would be actually handling our product.

We organised what we called Garage Meets where we would invite all the dealers. The mechanics would have a credit arrangement with a dealer nearby, so as to make our products available. If a

mechanic managed to sell say a brake lining to a Tata Mercedes truck, he would get a Rane brake lining free. We just wanted them to try our products. Slowly, very slowly, the Rane brake linings picked up. The small dealers began to prefer our brake linings over Ferrodo as they found ours were much better in terms of quality.”

The exercise which began in the South was taken to the North where Lakshman remembers that on one occasion he and Whitely were travelling back from Jamshedpur. “The temperature was something like 117 degrees Fahrenheit, when the car broke down near Kharagpur on the main highway. We waited for about 45 minutes but there was no way the driver could get the taxi started, so we hired a cycle rickshaw and he took us to the Kharagpur railway station. There was a train leaving for Calcutta and we had to get into a Third Class compartment. We were quite hungry by then. We had had no lunch and there was no food to be bought anywhere, this was Bihar. So we found a man selling cucumbers, long slices of cucumbers, sprinkled with salt and chillies and that is what we ate. Whenever I meet Whitely, we always talk about those cucumbers, they were the best thing we can remember eating for lunch.”

On 6th November 1972, LLN informed the Rane Madras Board of a new proposal for manufacturing steering-gears in collaboration with Burman & Sons of the UK. It was estimated that the cost of the new project would be Rs 91 lakhs (60 lakhs on capital investment inclusive of technical know-how fee of Rs 3 lakhs and Rs 31 lakhs of working capital). LLN reiterated that “he had to take a pessimistic view of the project, considering the power cut, the rising cost of raw materials...” But the Board would not share his misgivings and unanimously decided to go ahead with it, little realising perhaps that this would be the product line most closely associated with Rane in the years to come.

A brochure from Burman & Sons, published in the 1960s spelt out the *raison d'être* for steering-gear. “During the past few years there has been a marked tendency towards emphasising the importance of the Steering Gear in the design of a Car. The great increase in touring speeds, the use of low pressure tyres, and the influence of the lady driver, have called for a degree of sensitivity and driving comfort which cannot be attained by the type of Steering Gear which has hitherto been considered satisfactory. This had led to the marketing of several proprietary Steering Gears of varying merit” it said. The Burman-Douglas steering-gear, as it was called, was unique in the manner in which it handled sliding friction which took place between the flanks of the screw and the nut, the two fundamental parts in any steering equipment. The area of contact in the Burman-Douglas model was large unlike those of competitors and this ensured that there was no breaking down of the lubricating oil film, causing quick wear and tear. This also prevented the frequent impression of temporary seizure that took place during sudden and sharp swerves.

On 31st May 1973, at the first Board meeting to be held at *Maithri*, Kamath, by then Chief Engineer at Rane, was invited to make a detailed report on the steering-gear project. He gave the detailed break-up of expenditure on buildings, plant and machinery. While fine-boring machines and centre-lathes could be ordered on HMT, testing machines and internal thread grinders had to be imported and these were expected to be in place by January 1974. In the meanwhile, design work and prototype samples were ready for Leyland steering-gears and these had been submitted to the customer for approval. A major opportunity that was coming up was the supply of steering-gears for Massey Ferguson tractors. The Union Government had in 1972 proposed a hike in capacity of annual tractor production by 63,000 units to a total installed capacity of 270,800 units. One of the beneficiaries of this was

Tractors and Farm Equipments Limited (TAFE), a part of the Amalgamations Group. Rane began work on developing steering-gears for TAFE as well. Other target customers identified were International Harvester Tractors, Willys Jeeps, Willys Station Wagons and Fiat cars. Samples and technical information had been collected and forwarded to Burman & Sons who worked out suitable designs and counter-proposals which the Rane team took to the vehicle manufacturers in order to convince them. It was decided that in the first year, all equipment except the worm and nut would be developed indigenously. Work had begun in full swing on identifying local suppliers. The allied companies expanded accordingly.

As this venture progressed, there was rapid modernisation at the tie-rod end section of Rane Madras. A new item, the three-point linkage was developed for which it was felt demand would be great. A modernisation programme worth Rs 10 lakhs was approved by the Board. This added to Kamath's responsibilities and he was co-opted as whole-time Director on the Board of Rane Madras with effect from 6th August 1973. His responsibilities, as listed by TGK Raman, appear immense considering today's emphasis on specialisation. He was in charge of production, material control, ancillary development, tool room, maintenance, inspection, assembly, service, stores, appointment of workers and filing of returns under various heads such as Factories Act, Workmen's Compensation Act, Payment of Wages Act.

By September 1974, the buildings to house the new production facilities were complete and the machinery was being installed. It was estimated that 1000 steering-gear units would be produced in 1974-75. At this critical moment the workers at Ellore Engineering Works went on strike and with Rane being dependent for 70% of its forgings from the company it looked as though the steering-

gear project would be delayed. Fortunately help was at hand from Binny Limited, Madras Forgings Limited and the Amalgamations company Shardlow Limited. By mid 1975, the production of steering-gear units had stabilised. That year, Mr Beacham, Director, Special Projects, Burman Automotive Components International Limited, the collaborator, paid a visit to Madras and spent almost the entire week at the Rane factory. He solved several of the teething problems in the manufacturing division and also promised further technical help by March 1976.

At EVL, the licence for expansion of production capacity to five million valves per annum was received in June 1972. The Government had by this time established a series of bilateral trade agreements with the Eastern Bloc comprising countries such as the USSR, Yugoslavia, Hungary and Poland. These were known as Rupee Trade agreements as they allowed for payment of imports in Indian rupees. The Government encouraged purchases from these countries as these did not mean an outflow of foreign exchange. EVL availed of this to buy some limited amount of machinery from Hungary. The bulk of the plant and machinery still came from West Germany at a cost of Rs 35 lakhs. A loan was availed of from ICICI for this. The expansion was overseen by BR Baliga who had by then become a Director on the Board of EVL.

This was a time when the labour situation led to many companies wondering if they needed to have parallel manufacturing facilities in other parts of the country. The experience of industrial groups such as Amalgamations Limited where all the companies were located in one industrial estate thereby leading to the rapid spreading of unrest from one company to the other was causing concern. In 1973, EVL began pondering over the setting up of a factory in Bangalore. The Government was however not forthcoming with the necessary licence as it feared that Rane was

already a monopoly. “Those were days when you were penalised for achieving full production or exceeding your capacity,” observed the *Business India* and that was true for EVL. The Government was not forthcoming in giving it a licence for expanding its manufacturing capacity. S Venkataraman offered to take up the manufacture through his company the Cochin State Power and Light Corporation Limited (CSPLCL) which like the other companies that he had run had been in the business of electricity distribution and whose activities had been taken over by the Government. By January 1973, CSPLCL had obtained the necessary licence.

The power situation worsened in Tamil Nadu at this stage, giving a fillip to the proposed move. By 15th February 1973, the Tamil Nadu Government had announced 75% power cuts to industrial establishments. This resulted in further purchases of diesel generating sets in all the Group companies. The cost of power had now jumped from 19 paise per unit to 92 paise. It was becoming a rapidly unviable operation. Of course, the power situation in Mysore was not at all that great but the mysterious ways in which the licence-quota raj worked ensured that a plant in that State became a reality.

Agreements were finalised with CSPLCL on 28th September 1973. As per this, EVL was to be allotted shares worth Rs 7.75 lakhs at par towards cost of special machinery, tools and jigs. CSPLCL was to pay a sum of Rs 5 lakhs to EVL towards engineering fees. In addition, the new company would pay technical fees at the rate of 4% on the net sales value of every valve manufactured for a period of ten years. EVL would nominate two directors on the Board of the new company and would also train a sufficient number of people for running the new unit. BR Baliga was nominated by EVL as one of its two Directors on the board of the

new company. The other would be LLN. While work on the new unit progressed, the labour situation at EVL took a turn for the worse and a strike was called effective 24th April 1974. It only served to accelerate work at Bangalore. By end 1974, the new facilities were in place, thanks largely to BR Baliga who took charge of the project. The company was given a new name – Kar Valves Limited and production began in early 1975 with the supply of 60,000 forgings from EVL. The new company would manufacture valves and all the packaging would bear an inscription to the effect that these were made under arrangement with Engine Valves Limited. This was EVL's first step towards protecting its continuity in business from any disruption. The new company would take a long while to stabilise but a beginning had nevertheless been made. One of the reasons for its shaky start was that the compensation of Rs 10 lakhs promised by the Kerala State Electricity Board for the take over of CSPLCL's original business took ages in coming. However, the very idea that one Indian company had the vision to start another to circumvent the draconian licence raj was considered a pioneering one. By 1978, Kar Valves had consolidated themselves and plans were made for expanding production capacity.

At RBL too, it was decided to look for a new place to set up a factory for its diversification. The company had begun exploring the possibility of manufacturing clutches. In 1976, a decision was taken that the new facilities would be at Hosur, an area designated as industrially backward by the Government. Though within Tamil Nadu, it was close to Bangalore and hence gained considerable advantages from this proximity. The new facility was estimated to cost Rs 29 lakhs and would be funded partly by loans from banks, subsidies from SIPCOT and an interest-free sales tax loan which was a carrot from the Government for investing in a backward area. The clutch division in Hosur took shape under

the watchful eye of KS Krishnaswami who was appointed Works Manager. By 1978, RBL was going in for expansion once again. This was for enhancement in production capacity of the friction materials division from 1000 to 1500 tonnes and some marginal additions to the clutch division, at a cost of Rs 10 lakhs to be financed through a mix of long-term bank loans and increase in share capital. In all this it was to benefit from continued assistance and advice from Don International and in December 1979 when the agreement between the two companies ran its course of ten years, it was renewed once again. As Lakshman was to put it, the company felt that “the continued support of M/S Don International would be needed in the area of research and development, particularly in the context of rapidly changing technology.”

RBL also began negotiating with the Indian Railways to encourage them to shift to composition brake blocks. These were rigid moulded friction materials integrated with a back plate and were considered an ideal replacement for railway EMUs which till then used conventional cast iron blocks which being much heavier required larger braking forces. This was largely virgin territory for very few had thought that business could be done with the Railways. Also, the Railways were themselves not sure of how the new technology would work. The know-how for rail brake blocks was available in Bristol, a city that had in over eighty years made a name for itself as being the centre of research and development in friction materials. RBL concluded a collaboration agreement in 1977 with Trist, Draper Limited of Bristol for the manufacture of railway brake blocks. This was an old name in UK business circles and had been acquired by the CAPE Group which also owned Small & Parkes and the connection with RBL was made thanks to Pat Parkes. Trist, Draper’s subsidiary, Transport Brakes Limited specialised in railway brake blocks. By end 1979, the Indian Railways’ research and design offices in Lucknow, after

detailed discussions and extensive tests, cleared RBL's products for extended field trials. It was estimated that the new business would be of the order of 21,000 rail blocks from 1980 onwards.



10

Course Corrections

FROM THE LATE 1960S, the Madras State began witnessing several upheavals. The Dravidian Movement had steadily been gaining ground over the years that the Rane Group grew and established itself. It had seen its own vicissitudes with the Justice Party that originally championed its cause giving way to the Self-Respect Movement which became the Dravida Kazhagam. This was led by 'Periyar' EV Ramaswami Naicker whose stated ambition was to rid the State of the Marwari and the Brahmin, both of whom he felt had exploited the native population for their ends. Periyar's able lieutenant was CN Annadurai who was more tactful in speech but toed the party line when it came to policies. A split in the DK saw Anna forming the Dravida Munnetra Kazhagam. The new outfit opposed the imposition of Hindi as the national language and also campaigned for seceding from India and forming a Dravida Desam, both being ideas that Periyar

also championed. At one stage the virulence was such that Jawaharlal Nehru, the then Prime Minister even feared a partition-like holocaust in Madras with Brahmins and Hindi-speaking peoples being driven out of the State. Matters did not reach such a conclusion thanks largely to the DMK giving up its separatist demand when the Chinese aggression of 1962 occurred. The Party, despite its confrontationist stance decided to follow constitutional means to achieve its ends and contested elections from 1957. In 1967, it unseated the Congress and formed the Government in Madras. By then, thanks to the reorganisation of States, the Madras State had acquired the contours of present-day Tamil Nadu. Among the early acts of the new Government was the renaming of the State as Tamil Nadu. Anna however did not live long enough. He died of cancer in 1968 and was succeeded by M Karunanidhi.

The change in regime had its impact on the industrial relations situation in the State. A struggle for the control of the workers began. The State which had till then largely seen Communist and Congress unions, now had to contend with DMK unions and there were bitter clashes as each political party tried to wrest control from the other. As the union leaders indulged in their rhetoric, the company owners, most of whom had a very paternal view on handling workers, were taken by surprise at the virulence of the protests. Go-slows, gate meetings, show-of-hands and gheraos became the norm. The party at the Centre, realising the State was not in its control slowly began diverting its industrialisation efforts to other areas. This was a season of discontent and for LLN, TKG Raman and others of their kind, it was to be a decade of turbulence.

There were other problems within Tamil Nadu as well. The State was going through an enormous power shortage and supply to industries was cut by 40%. In 1973, this was increased to 75%. Rane Madras and the other Group companies had to invest in

diesel generating sets of higher capacities. As in everything else, the installation of diesel-operated generation sets also required Government permission. The State Electricity Board had to sit in judgment on the veracity of the power capacity required by each company and then approve the applications. This caused enormous delays. There was no relief right through 1974 and 75 when the power cuts continued ranging between 40% to 60%. In 1975, the worst was reached, when a 100% power cut was imposed for a fortnight.

The cost of raw materials was rising and while indigenisation was having its effect, there were some items such as cold-drawn seamless steel tubes and high-carbon spring steel in which local expertise was lacking. These needed to be imported and given the vagaries and delays in processing the paperwork, quantities had to be bought in excess and kept in store. The rupee's devaluation had added to the chaos. In August 1971, the rupee, which had been pegged to the pound, switched to the dollar and devalued with that currency's depreciation. But in December, it was again linked to the pound at Rs 18.97. When the pound depreciated after floating in June 1972, the rupee effectively devalued with it. The economy continued to suffer shocks like the rise in petroleum prices, refugees from the Pakistan civil war, and domestic strikes and political instability. It was only a question of time before the inward-looking policies of the Government would have their effect. With all this, the demand for automobiles began to drop.

Rane's expansion plans were continuing as per schedule but these were at enormous costs. In Rane Madras for instance, by mid 1974, profits were nosediving. It was noted by a worried LLN that manufacturing profit for April and May 1974 stood at 7.7% as against 14.5% the previous year for the same period. TGK Raman

was to counter this by stating that the lower figures were due to taking into calculation depreciation of Rs 2 lakhs on the steering-gear project and if this was excluded, the profit margin in manufacturing was 11.4%. This was nevertheless low and he attributed it to low production and also higher financial charges. LLN and the Board reiterated that the Managing Director and KR Kamath had to “maximise production and also at the same time try their best to minimise the avoidable expenditure, as, in view of the rise in cost of raw materials, labour and other overheads, the return may not be satisfactory unless effective control is maintained in reducing the expenditure to the utmost necessity.” LLN decided that it was high time the company had an internal auditor and cost accountant to monitor expenses. He was of the view that the metal pressing division in particular was a drain on the company. He felt that it would be best if this was located outside the factory so that its independent viability could be assessed. All the cost control measures had their effect and at the end of the calendar year, the company still remained in the black, though the margins were under strain. The turnover had risen from Rs 1.87 crores to Rs 2.54 crores but the profitability was much lower than that of the previous year.

TGK Raman was of the view that the rise in turnover was itself an achievement “despite the industry being beset with several problems such as power and energy shortages, continuously escalating costs of all industrial inputs etc.” He also referred to a “crushing credit squeeze which came into effect in August 1974 which had hit the industry very hard. Recessionary trends are already seen with the fall in demand for passenger cars and spares.” The country was reeling under the impact of the famed oil shock of 1973 when the Arab-led Organisation of Petroleum Exporting Nations (OPEC) announced an embargo on oil exports to countries that were supporting Israel in the Yom Kippur war.

Though India was not directly involved, the international price of crude oil quadrupled overnight and this had a catastrophic impact. The trade deficit widened and inflation was in double digits. By mid- 1975, the Government imposed a price freeze on all goods. The Board noted with distress that “the business warrants a price increase but this cannot be made without Government approval.” The company slipped into the red for the first time in its history.

A huge course correction process was immediately implemented. AP Ramakrishnan was to recollect later that “it shook us. Every day we would go to the factory. Every day we sat down and worked out what the selling price was. It was to put it in a nutshell... cock-eyed!” He went on to add what he felt was the positive side to the whole exercise. “The entire Rane team realised what was expected of us, what was expected of us as a team. It was no more a question of one man manufacturing, one man going and selling. Each one of us had to be accountable. It was tough. In the process WE GREW UP!”

Lakshman had recently been brought on to the Rane Board and he was helping the exercise, though today he wryly remembers that he was more of a punching bag between his uncle and father, who apparently differed over how to manage the costs. Ramakrishnan remembers that when the freeze on prices was lifted, it was Lakshman who took the initiative “and we went around the whole of India telling our customers that something had gone wrong. We had not really reckoned with our costs, we needed to restructure our price list. Every customer realised our predicament. The whole of 1975-76 was spent in this kind of exercise.” A part of the problem was LLN’s own diffidence in asking for a price increase from customers with whom he had built a personal relationship. The oil shock had affected the

exchange rate to an extent that Rane Madras was bleeding on every steel tube it imported for its tie-rod linkages and yet he could not think of approaching TELCO for any corrections in prices, simply because JE Talaulikar, the General Manager at that time and who later went on to become head of TELCO, was a close friend. To Lakshman, chafing in the wings, such sentiments were unthinkable.

It was a slow and often maddening time. LLN reported to the Board by end 1975 that only two customers had agreed to a price increase. Finally, Lakshman decided to approach TELCO himself. AP Ramakrishnan reminisced about what happened next. He and Lakshman flew in from Nagpur to Jabalpur for the negotiations.

“When we got there we had to wait for the Deputy Manager. When he arrived he said he couldn’t give us the increase. In those days Lakshman was a fiery young man. He decided that we should leave but I counselled patience. I felt we ought to try and see the General Manager (Talaular) himself. We waited for him and when he met us we explained the position. He was all kindness and agreed to give us an increase to the extent that it would cover our costs.” Lakshman remembers that Talaular went on to remark that he could now see that the father did business with his heart while the son did it with his head.

Though the purpose had been served, what followed would make the visit truly unforgettable. Lakshman takes up the thread from here. “We did not want to stay that night in Jabalpur and so we decided to go to Khajuraho and catch a flight from there. It was already late in the evening when we hired a taxi. We did not realise until we were well on the road that we were driving through dacoit country. Every time we approached a village we could see small groups peering anxiously at us and we would stare back not knowing what to expect. The driver himself was such a wreck

that finally I had to take the wheel, with APR sitting next to me. It was way past midnight when we reached Khajuraho.”

If that was the story with the external world, back home the battle continued on controlling costs. LLN’s search for a cost & works accountant was leading nowhere and in characteristic fashion he created a business opportunity out of the challenge. He got Kamath to form Techons Limited, a firm with two trainees who would be guided by Kamath. They produced a detailed costing of the company’s operations. At the end of this exercise they were asked to concentrate on the inventory management, procurement planning and coordination activities of the company. They were assigned the specific responsibility of controlling the raw material stock of the company in such a manner that the periodic stock balances were kept within the norms laid down and constant review was carried out to minimise the incidence of obsolescence and supply holdings.

Within a year the results were showing. On 25th June 1976, LLN was informing the Board that operations for the year 1976-77 would be more profitable. The estimated sales turnover for that year was Rs 550 lakhs. He stated that the company would achieve Rs 115 lakhs in the first quarter and Rs 135 lakhs in the second quarter. He further stated that the company did not anticipate any difficulty in achieving the targeted production during the rest of the period based on the present market trend. LLN concluded the review with a speech of thanks to Techons Limited for their close involvement in the exercise. By November that year, Lakshman, who had also been actively involved in the turnaround, was asked to join the Board. Earlier, Lakshman, who had been General Manager at Rane Brake Linings since 1st July 1973 was invited to join the Board of that company with effect from 27th December 1975. He was immediately appointed Managing

Director of RBL. The earthmoving industry was slowly picking up at this time and the marketing of Don Brake and Clutch Linings for this segment was handed over to Crawler Tractors & Parts Distributors of Calcutta who were appointed as distributors in 1976. That year, a sales depot was opened in North India to supplement the stocking of distributors.

Lakshman was to recollect his early days in the Group thus: “I came here with a great deal of confidence in myself. It was a peculiar situation. To know what you felt had to be done and yet not being able to completely take charge. There was a lot of scepticism in trusting an unproven youth, a rebellious person like me. They were looking for someone who would play a moderator’s role. I was not prepared to listen. I felt that the time was ripe for a change. I felt that the management style had to change very drastically. It had to become more professional. More transparent, more systematic, more fact-based. One had to learn to delegate, to make each person more accountable, to be open to criticism. We had to think in terms of long-range planning, what we were going to do in the next five years, and not just the next year. We had to make each operation more cost effective, by keeping track of the expenses at each stage. We had to decide on how to restructure the accounts department. All these things might seem very obvious now but at that time it was difficult to bring about these changes. We were used to looking ahead maybe for a month at a time. This kind of long-range planning was viewed with suspicion. In the context of what Rane had been doing until then, it was seen as very radical behaviour.”

PC Kumar agrees with this assessment. He recollects with a characteristic chuckle the first time he mentioned computers and their benefit to LLN. “He just would not buy the idea. He was an intuitive and instinctive manager. He was not given to management theories and probably scoffed at them. He had a tremendous head

for facts and figures and could quote from balance sheets of five years vintage. He just could not imagine what computers could do by way of storing and categorising information.” During Kumar’s time however, a beginning was made by way of data management thanks to Lakshman who saw its benefits. By October 1977, computerisation of some sort came to RBL, when it was decided to appoint Management and Computer Services Corporation of Kilpauk, Madras for data processing of records. Initially this would cover payroll and inventory accounting and was to be extended to other areas if found satisfactory.

More important was the change that came about on the shop floor and this would have an impact on productivity norms and labour relations as well. MS Kumar, who was to play a long and vital role in Rane Madras remembers the time when he was taken on as Manager, Production at Rane Madras in 1977. He had come with prior experience at Ashok Leyland and Hackbridge, Hewetic and Easun, the switchgear manufacturing company of the Easun Group run by the pioneering industrialists KR Sundaram Iyer and Easwara Iyer. Within ten days of joining he was given additional charge of maintenance and within one year became Manufacturing Manager.

Kumar remembers that like most plants of that time, Rane Madras too had the tradition of a sudden spurt in activity from the 20th of each month. Till then, matters would be quite relaxed on the shop-floor despite the best efforts of the supervisors. The last four days of the month would see 75% of the shipment taking place and the machine shop personnel would work night and day during the last one week, resulting in enormous overtime claims. So a time and motion study was launched. A couple of M-Techs from IIT Madras were brought in for this and at the end of the exercise a revised plant layout was designed. Kumar remembers that a giant IBM computer at IIT was used for this study, complete with punch

cards. Key pinch-points were identified. “Take for instance ball-pins,” says Kumar. “We insisted that supervisors carry cards that would give information at any time on how many ball-pins had been centred, heat-treated, sent to stores and assembled. This culture took time to permeate. The supervisors would be reluctant and the standard answer would be that they would check and revert. I stopped this by asking one question – when someone asks them as to how many children they have, do they go and check with their wives before answering?”

The new layout meant some technology upgrades as well. It was decided that if a cycle time was less than one minute, it ought to be automated. There was a requirement for 14 milling machines. Kumar and team discovered that they could order one gear hobber which would do the same job as the 14. The spherical grinding norm was 450 pieces per shift but the actual production never exceeded 350. “The machine that the company had was an old one, a second-hand purchase that LLN had organised many years earlier. It had to be replaced but the cost of an equivalent was not less than Rs 20 lakhs or so. I then remembered that similar machines are used in ball-bearing industries and so went on a tour of Baroda which was by then a hub for these companies. I found that there were equivalents available for Rs 5.25 lakhs! And what was more, they could solve one more problem. You see, the main labour involved was loading and unloading. These machines had automatic loading facilities and a spark-in and spark-out system which automated the beginning of grinding and the end. As the cycle completed, the job was simply rolled down a chute. We discovered to our delight that as compared to the norm of 450 in the earlier machine, we could turn out 1950!”

The entire process was a learning exercise for the company. And it was not error-free either. Kumar relates an instance when he

had to purchase centreless grinders from East Germany. “They came at a cost of Rs 3 lakhs and we were offered for an additional Rs 1.25 lakhs, an automatic loading and unloading facility. I thought that with the availability of labour back home I would be saving the company money by not ordering these appendages. I was going to order two grinders and now with the saving from not ordering the extras I could order three. The machines came and were duly installed. It was then that I found out that I could get only 600 pieces per shift when with the automatic loading I could have got 900. It was a lesson that I never forgot.”

Despite these errors, the net effect was positive and soon the production which had been at around Rs 28 lakhs a month moved up to Rs 50 lakhs. Emboldened by all these developments, the company embarked on its next expansion in 1978 – manufacture of greaserless type tie-rod ends. A collaboration was entered into with M/S Automotive Products Limited of the UK with the agreement allowing for Rane to export the new products to Sri Lanka, Burma, Poland, Nepal, Bangladesh and Hungary. Government approval was received shortly thereafter. By mid 1980, technical drawings had been received from the collaborators and it was estimated that commercial production would commence from end 1980.

In the meanwhile, a new collaboration was worked out, for the manufacture of steering-gears of Cam and Roller type designs. This was with know-how from Adwest Engineering Limited of the UK. The collaborator’s chairman Mr Waller visited Rane Madras on 22nd November 1979 and an agreement for ten years, at a fee of GBP 30,000 and 5% royalty on sale for first five years followed by 2% for the subsequent five years was concluded. The capital cost estimated was Rs 50 lakhs. The Government however did not approve the know-how fee and asked for a reduction to GBP 20,000 and this was agreed to.

While the modalities of this were still being worked out, the steering-gear production capacity needed to be enhanced thanks to approvals received at Ford Escorts, a collaboration between Escorts Limited of Delhi and Ford Motor Company. It was estimated that by 1981/82 the total requirement of steering-gears would be 44,000 nos. and that of ball-joints 1.2 million numbers. An investment of Rs 80 lakhs was estimated. On the anvil was also a scheme for considerable expansion costing Rs 156 lakhs by way of investment in machinery and general facilities such as heat treatment. By end 1978, a total of Rs 37 lakhs had been spent when it was decided to put everything on hold till the negotiations with the union had reached a satisfactory solution. As Lakshman informed the Board, “since the basic theme was a productivity linked settlement, it was felt that further orders for equipment against the balance value be deferred till such time the negotiations are complete and our datum production was established.” The Board was apprehensive that after such heavy investments the company may not see sufficient returns if the productivity was low. Discussions with the union leaders began and soon reached a deadlock.



11

Labour Pains

IF QUICK DECISIONS WERE the hallmark of the Group so far, the one aspect over which they could not exercise much control was the labour force. Time and again labour issues cropped up in the day-to-day running of the companies. Discussions over wage agreements were fraught with tension and could prolong for many months. Each time an agreement ran its course and came up for renewal, both management and union would brace themselves for protracted wrangling with the threat of strikes and lockouts looming large. In 1975, the Central Government, led by the Congress party declared that the country was in a state of Emergency which led to the suspension of many fundamental rights. While this was opposed both nationally and internationally, it strangely provided Indian industry a much-needed breather, for it also banned all trade union activities which of course at that time meant strikes. As the historian Ramachandra Guha puts

it, “the business community was especially pleased with the Emergency. As a Delhi hotel-owner said, “life was simply wonderful. We used to have terrible problems with the unions. Now when they give us any troubles, the government just puts them in jail.” Even the greatly-respected JRD Tata went on record as saying that “things had gone too far. You can’t imagine what we’ve been through here - strikes, boycotts, demonstrations. Why there were days when I couldn’t walk out of my office into the street.” ” Whatever be the benefits, none could ultimately justify the Emergency and it’s lifting in 1977 was welcomed universally. In the elections that year, the Congress party was trounced and the Janata Party, an amalgamation of most of the parties that opposed the Emergency, was swept into power. Though the new Government, comprised as it was of diverse parties, had a mish-mash of ideologies, its pro-agricultural focus was more than evident. The Industries minister was that firebrand and trade union activist George Fernandes. Among his first acts was to ensure that the multinationals IBM and Coca Cola left the country. Yet another indicator of the new Government’s socialistic views was the capping of managerial salary at Rs 15,000 per month. This was also a time of resurgence for labour union activities. But by then, management thinking too had changed.

As the 1970s wound to a close, many companies decided to take the matter of labour head-on rather than indulging in conciliatory measures. If a strike was the result, it was felt that this was better than living with the problem and tackling it through mere palliatives. Such a change in attitude was evident in both RBL and EVL, both of which were to face prolonged labour disputes in the late 1970s. The years 1978,1979 and 1980 were in many ways terrible years for Indian industry with respect to labour issues. The magazine *Business India*, reported in October 1981 that over Rs 100 crore was lost in production cuts owing to strikes

and lockouts in each of the three years. There was also a steady increase in violence during the strikes. In 1977, 11% of the disputes witnessed violence and by 1980 this had gone up to 20%. Tamil Nadu, which by 1979 saw its workforce strength increase to 5 lakhs lost one million mandays to strikes in each of the years from 1978 to 1980. It would be no exaggeration to state that the Rane Group too contributed its mite to the above statistics. *Business India*, analysing the cause for the labour unrest felt that the blame ought to rest with the Government as its overall management of the economy and more specifically, its ability to maintain price level were critical factors. With price levels rising by 15-20% annually, the publication felt that labour could hardly be blamed for taking energetic measures to protect real wages. Despite these problems, industrial output in Tamil Nadu, which had till 1977 been growing at 4%, peaked in 1978, growing by 14.7%, only to fall drastically in 1979 which was the worst year in the labour history of the state.

For the Rane Group too, 1979 was *annus horribilis*. LLN later claimed that it was the worst year of his life. He had to deal with the illness and passing away of loved ones and also contend with prolonged disruptions in all the three principal companies in his group – Rane Madras, RBL and EVL. During this period he kept up a regular correspondence with his friend Sidney Lewis and through these and from other accounts, it is possible to reconstruct what transpired.

The first of the confrontations was at Rane Madras. The improvements effected at the shop floor were having their effect and productivity was rising but as MS Kumar put it, “it was too good to last.” It was a major turning point and as it happened more and more points of weakness stood exposed. The most important among these was labour. Kumar remembers that the leader of the

Rane Madras union at that time was the respected SCC Antony Pillai. He had made a name for himself among the dock workers in Colombo and Madras but was by this time heading several unions in Madras. Kumar remembers that with Pillai it was a question of looking at standard hours of work and a certain productivity within that which Pillai would decide on. There was no convincing him that with improvements in technology and plant layout, the production could be increased. “Pillai would do a straight shift-based calculation and arrive at a figure. If we tried to ask him for an increase it was tantamount to exploitation of labour. There was no emphasis on efficiency. But to be fair to him, he was always professional in his dealings. No politicking behind our backs. He also stuck to the agreement once it had been arrived at.”

But if the leader was fair, not everyone on the shop floor was. Kumar remembers that there would be any number of doctored breakdowns with the full connivance of the supervisor and this could lead to bottlenecks and considerable wastage of time and effort in investigating the supposed cause of failure. And these would mysteriously vanish during the last week of the month when everyone knew that the target had to be met, with overtime to boot.

Reviewing the performance of Rane Madras on 30th June 1980, TGK Raman wrote that the company’s sales amounted to Rs 1060.62 lakhs as against Rs 814.60 lakhs the previous year. However, he also noted that while the installed capacity was increased to 40,000 steering-gears per annum that year, the production was only 28,000 pieces due to delays in technical development, in obtaining certain applications and power restrictions. He also noted that during the first quarter of 1980, the production was far from satisfactory due to a “go slow” by the employees and considering

the investments made in 1979-80, he felt that the performance was disappointing. He also reported that discussions were going on with the union representatives and also with individual employees wherever necessary to improve the productivity and hoped that before the end of July there would be an improvement in the position. The discussions resulted in a productivity-linked agreement with effect from 1979.

This may have been the conventional style of working but to the young and impatient, it was frustrating. A change had to be made in the way the companies were run. The young Turks' time would come soon when they decided to take the labour head-on at RBL. Lakshman would then argue his decisions based on fact and convince a reluctant Board that confrontation was necessary.

At RBL, the wage agreement expired on 31st December 1979. The union had presented a fresh charter of demands and this was under negotiation. It was at this time that Lakshman decided that the company needed to link "wage revisions to overall improvements to production norms since there appeared to be scope for such improvements." Taking the Board into confidence, Lakshman said that "the stand may even result in serious confrontation with the union resulting in work stoppage etc," and recommended that notwithstanding any short-term difficulties, such a stand should be taken in the interest of long-term benefits. The Board agreed wholeheartedly. Negotiations dragged on for more than four months, with the union resolutely opposing any productivity-linked agreements.

The power situation took its usual turn for the worse in April 1980 and the lack of workload led to the retrenchment of 40 company apprentices. This was viewed as a loss of face by the union. On 27th June, Lakshman was informing the Board that while offers for wage revisions subject to an overall improvement

in production norms had been made to the union, the prospects of a production-linked agreement appeared remote. He also pointed out that the “loss to the company on account of having to maintain an additional workforce of about 83 numbers coupled with the under-utilisation of capital equipment may approximately be Rs 19.5 lakhs per annum. Being a highly competitive industry, the company cannot bear such burdens and as such the productivity improvements have to be pursued vigorously notwithstanding the consequences which may take the form of work stoppage for a long period of time.”

A resolution had not been reached even in August when the union precipitated matters by staging a stay-in strike on the 29th of that month. The stated reason for the strike was the payment of bonus not being as per the amount demanded. The Board decided that it need not be in a hurry to make conciliatory efforts. An indefinite strike was called immediately and it went on till 22nd December, when it was concluded following the signing of an interim agreement which provided for further discussions on productivity improvements. This was a major breakthrough for the company and it was resolved by both management and union that the new wage agreement would be signed by 31st March 1981. By 1982, matters had improved further, with Lakshman reporting to the Board that “good relations prevailed in the company and there were no problems related to the existing levels of productivity or discipline.”

EVL was a company that was more prone to labour problems. A voluntary retirement scheme was introduced in the company by way of reducing surplus labour in 1977. The agreement with the union expired on 31st October 1977 and here too, a fresh charter of demands was placed before the management “seeking increases on various counts.” Negotiations went on through much of 1978 and 1979. A small diversion for LLN must have been the letter

received from the Registrar of Companies asking the company to show cause for its release of advertisements in the All India Congress Committee's souvenir during the Emergency. The party at the Centre had set up the Shah Commission to probe Emergency excesses and this letter was one of the offshoots of that enquiry. Within a few months, the Central Bureau of Investigation was writing to EVL asking for explanations on the same subject. LLN was prompt in giving all the details and he must have turned on his considerable charm as well. It was said of him that he was so well connected and so shrewd a thinker that when he called on any IAS officer, he also took care to spend more than enough time with everyone in the department from the peon upwards. It was his view that while the bureaucrat could take decisions, it was up to the minions below to execute it and so their blessings were needed in greater measure. All this must have worked well, for nothing was heard of the advertisements again.

On 23rd April 1979, workers began a stay-in strike at EVL. This turned unruly on 2nd May when staff and senior officers were intimidated. Cotton-waste and sand were thrown on senior staff leading the management to declare a lockout. On 5th June, a settlement was reached in the presence of the Deputy Commissioner of Labour, Government of Tamil Nadu and the workmen reported for duty from the next day. However, on 8th June, immediately after receiving their wages for May, the labour stayed away from work. On 11th June, all workmen including the night-shift personnel entered the factory and after shouting slogans attacked the supervisors and office staff. The company declared a lockout and filed a police complaint following which disciplinary action was begun against 30 workmen. Hearings of both sides began at the office of the Assistant Commissioner of Labour and went on for many months.

The lockout was lifted on 25th February 1980. The Tamil Nadu police threw a protective cordon around the factory as workers returned. 22 workmen were not taken back and their case was referred to an industrial tribunal. While the lockout was on, LLN, with rare candour was to write to Sidney Lewis that he was “ a very worried man. My health is shattered and I am just putting on the face of braveness at the moment.” It was also a period of great personal distress for LLN with his mother and a brother-in-law to whom he was very close, passing away within a short period. For Baliga too it was a testing time, what with his losing his wife and father. But not for nothing was he known as a tough taskmaster. By 10th March, Baliga, having completed the obsequies for his father, lost no time in returning to work and took matters in hand. Even as the cleaning up of the plant was completed and all was set for manufacturing, the State lurched into one more power crisis with load-shedding being imposed up to 60% on industrial establishments. To cap it all, there was a shortage of diesel oil and the generators could not be operated. It was a hard struggle to resume production.

Recollecting this period as the worst nightmare that the Group went through is L Ganesh, LLN’s younger son, now the Managing Director. After completing his CA he had joined EVL as a trainee in 1978 at a salary of Rs 450 per month. In August that year, he was made Commercial Manager. A year later he went to the US for his MBA, a decision with which LLN was apparently quite comfortable. He had evidently come a long way from the time when he had expressed his unhappiness with PC Kumar going abroad. He was even open to his son seeking a career outside of the Rane Group and somewhere overseas. This was after all the automotive industry’s nadir in India when the Prime Minister, Chowdhury Charan Singh, given his strong agrarian bias, had made a statement that what India needed was more bullock carts

and less cars. The car market had anyway been stagnant for more than a decade and it was only through the strong demand for trucks and tractors that the industry was kept going. It was no wonder that the completion of 50 years of the Group's presence in Madras went unnoticed.

How did the customers in India stay with the Group during the years of labour strife? Senior industrialist CV Karthik Narayan is of the view that while it definitely goes to the credit of the quality of products made by Rane, it also had much to do with LLN's public relations. "Do you know he organised and conducted the sacred thread ceremony of the son of one of TELCO's senior-most executives? This was in Tirupati. It was not done in any hand-in-glove fashion and LLN never used it as a bargaining counter in his dealings. But it was indicative of the kind of trust he inspired in people. In the early 1970s, I benefited in many ways from him too. If a Government Order was being held for an unduly long period of time and we at Standard Motors needed it badly I would meet him at his Mount Road office. He had great regard for me as I was Sir CP Ramaswami Iyer's grandson. And he enjoyed moving matters along. So he would make a call to a Government secretary or two and sure enough the order would soon materialise." That was LLN's way of doing things. As Ganesh was to put it, "In the old days, my father would take his bag and catch the next flight if there was a call from a customer" and that paid dividends in an era when whom you knew was more important as compared to what you knew.

But change was already in the air. Ganesh chose to return to the Group. There were issues in the business back home. TGK Raman was in indifferent health and required Lakshman's presence increasingly at Rane Madras. Lakshman, ever the angry young man, had his way of dealing with things and though uncle and

nephew got along very well, LLN was not very comfortable with Lakshman's direct and often aggressive approach. Matters came to a head in 1980 when LLN in a huff, resigned as Chairman of Rane Madras. He was to do this in characteristic dramatic fashion at the beginning of a Board Meeting and walk out. The Board was aghast but the routine business was continued with nevertheless. The deadlock persisted for over three months at the end of which Jal H Mehta, one of the oldest directors on the Board managed to convince LLN to return, which he did at a Board meeting which was significantly not attended by TGK Raman. But differences were papered over subsequently. All this however meant that one more family member would be most welcome and Ganesh came back to EVL as Commercial Manager and later became General Manager. Baliga took him under his wing and a grateful Ganesh recalls that he learnt a lot from the former.

The first task that he was to address himself was the identification of a new location where a second plant for EVL could be put up. In 1979, just before the strike and lockout, EVL had already achieved maximum production capacity at Alandur. LLN had begun planning a capacity expansion and an application was made to this effect to the Director-General, Technological Development, Government of India. But the labour trouble had put everything on hold. As early as 1978, it was decided that any enhancement in capacity would be at a new location. The Andhra government was then inviting investments in backward areas. And with Ganesh's return from the US the efforts at setting up a plant as far away as possible from Alandur received a boost. "The setting up of a second plant to manufacture Engine Valves at Medchal (in Andhra) was one of my first major decisions. We realised that depending on just one plant in Madras was too risky. I convinced both, my father and Mr Baliga." The Medchal plant was part financed by borrowings from ICICI and the Unit Trust of India.

As the next generation came on board and began taking on increasing responsibilities, TGK Raman began slowing down. In one of the last entries against his name in the Minutes book in Rane Madras, he requested that “the increasing complexities of the company’s day-to-day management necessitated his requesting the presence of Mr Lakshman for longer periods of time.” It was a gracious way of passing on the baton.

Both nephews would remember their uncle with affection. In an interview to *The Hindu* on the Madras of yore, Lakshman was to remember that TGK Raman would take his own children and nephews and nieces to the Chepauk stadium for cricket matches. He would ensure that they had the best of seats and also the tastiest of food, “even making dosai, bhajji and adai” appear as if by magic. He would also more importantly, argue and convince LLN that the children needed to cut classes to watch the matches. Ganesh agrees and also recollects that when he desired to ride a motorbike, it was TGK Raman who selected the model, got it with some difficulty from Madurai with the help of his friends at TVS and also overcame LLN’s objections. “I don’t think father had any time to worry about what we were doing in school or college” recollected Ganesh. “If we had to ask anyone for something we went to our uncle. He was a very kind, gentle sort of person.”

Pat Parkes remembers that TGK was a man of unbounded generosity. He cites an example of when during a visit in the 1970s, he and Mrs Parkes were taken shopping to Spencers by Raman. There, in passing Mrs Parkes happened to admire a rug. They then went on to buy other things. Two months later, back in England, an enormous parcel was door-delivered at the Parkes’ home. Inside it was the rug in question and it still is a treasured possession of the Parkes.

“Do you know Bala (TGK Raman) had a voice like KL Saigal’s?” asks Virat Sondhi of Jullunder Motor Agency, a company that has

for long been associated with Rane in the distribution of its products in North India. “He could sing very well and had a great fondness for Mohammed Rafi songs.” AP Ramakrishnan recollected that Raman was “very good with people, a team player rather than a General.” The latter undoubtedly LLN was. And together they made for a good combination. Parkes remembers with a chuckle that this combination at times worked only too well. “Everything went like clockwork. When you visited, TGK would be at the tarmac to welcome you off the aircraft. Those days there was no security and he would insist on placing an enormous floral garland on your shoulders and give you a huge bouquet to hold. Obligatory photographs over we would drive to the plant and then between LLN and TGK they would keep you fully occupied. There would invariably be a dinner meet at the Connemara or at one of the clubs when senior representatives of customers would attend.”

13th October 1982 was a sad day for the Rane Group and also several friends and well-wishers, for TGK Raman passed away at the relatively early age of 55. His mother, the strong-willed Meenakshi, wife of Ganapathy Iyer, had died in 1977. It was said of her that she had always been highly supportive of LLN and Raman in all their endeavours. Mother and son had together begun in the 1960s the Ganapathy Trust for social and charitable causes and this body had been helped by donations from the Rane Group. In the late 1960s, the duo came forward and donated their residence, *Trichur House* on Conran Smith Road to the Gopalapuram Girls School. The institution changed its name to the Ganapathy Iyer Girls High School and continues to function from the same building. In many ways, it is a standing memorial to TGK Raman’s generosity. Today, though his three daughters and son are not actively involved in the Rane Group, they remain major shareholders.

12

Selling in Distant Lands

WHATEVER THE ENCOURAGEMENT or discouragement offered by the Government, it was soon clear to the Group that exports would be the one of the major catalysts for growth. LLN had in 1972 travelled to the UK to convince Farnborough Engineering that EVL needed to export on its own to countries in Eastern Europe and the Middle-East. This was agreed to. As has been related earlier, a small beginning had been made with sales to Cairo in the case of Rane Madras and to the UK in the case of EVL. A faded and barely legible sheet in the EVL files records that exports totalled Rs 8.21 lakhs in 1972/73, with the bulk going to the UK and a small quantity to Ceylon (Sri Lanka). Within the next year, thanks largely to the bilateral rupee trade agreements between these countries and India, Hungary and Czechoslovakia had been added to the list.

In 1973, exports took centre-stage when AP Ramakrishnan was despatched on a tour of Zurich-Belgrade-London-Manchester-Athens. LLN joined him on the Manchester leg and the two had serious discussions with Farnborough Engineering on how to boost exports. The same year TGK Raman travelled to the UK and Yugoslavia on an export promotion tour. The latter was important as it was part of the Eastern Bloc to which India had begun exporting. In London, the well-known firm of Wallace Cartwright were signed on as agents for the UK and Yugoslavia and other East European countries.

A new export front opened up in Tehran from mid 1975 when M/S AS Gona of that country were appointed distributors and selling agents for valves and valve guides. Thailand also became a market with Viriya Trading becoming the distributor. Agents were appointed in Australia, Malaysia, Singapore and Indonesia. In 1976, RBL began exporting too, its first agents being Imporex Marketing Company of Lebanon with their territory being Lebanon, Syria, Jordan, Iraq, Kuwait, Bahrain, Qatar, Trucial States, Saudi Arabia, Dubai, Egypt, Yemen, UAE and Libya. Within the next year, it was also exporting to Australia and Sri Lanka. In 1978 the company entered Singapore. Much credit for RBL's export success went to Pat Parkes who was to prove a mentor.

The story of EVL's exports is perhaps the most interesting for it had much to do with the company having to fight for acceptance in Europe, arguably the most conservative of markets. The odds were heavily stacked against EVL, with doubts being expressed about its ability to deliver on time, its pricing strategies and also the continued labour problems that beset the company. By 1974/75, exports by EVL were Rs 16 lakhs of which the bulk, Rs 12 lakhs, was to the UK. In the next year, USA and Australia were also exported to. The UK still accounted for most of the value thanks to continued offtake by Farnborough. The Managing

Director of the company, Sidney Lewis, as related earlier had become an extremely close friend of LLN's and this warmth was reflected in the business relationship. But that was not to be shared by others, especially with Farnborough repeatedly changing hands through the 1960s and 70s. The first takeover occurred in the early 1960s when the Clifford Group acquired Farnborough Engineering. Clifford had several valve manufacturing facilities in England, spread over several counties. Sidney Lewis was made Chairman of all the valve producing facilities, all of which came under the common umbrella of Valves Limited. In 1966, Valves Limited was acquired by TRW of the USA. They also in 1968 acquired Ehrenreich, the German company with whom EVL had collaborated for development of valves for the Tata Mercedes trucks.

TRW would be a Group with which the Rane Group was to have many collaborations and it may be best to recap that conglomerate's history here. The Cleveland Cap Screw Company was established in the US in 1900 by the pioneering inventor Elihu Thompson, for the manufacture of cap screws for automotive engine valves. In 1915, it was acquired by entrepreneur Alexander Winton along with the Thompson Electric Welding Company, another of Thompson's companies. The two merged and the new entity was named Steel Products which in 1921 brought out the Thompson Silichrome valve which the company claimed offered 100 times the life of competitors' products. In 1923, Steel Products entered the replacement market by way of a new entity – Thompson Products. Interestingly, it would appear from a note by LLN in 1962 that Rane had in their earliest avatar as dealers and distributors of automobiles and their spares, done business with Thompson Products for over 25 years. In 1962, LLN would visit the company and on his return, brief the Rane Board with justifiable pride that “they are well aware of the progress made by

M/S Rane and the sister company, M/S Engine Valves Limited. They evince interest in the manufacture of Tie Rod ends, Water Pumps and Pistons in India and stated that they are interested in not only in technical collaboration but also in financial collaboration and hence if we are interested in equity participation they would be happy to come forward.” The matter was discussed with QHL during the return leg of LLN’s tour and finding them favourably disposed, he wrote to the Vice-Chairman of Thompson’s on 30th October that he was willing to negotiate a deal. Nothing much however, came out of it at that time.

By the time LLN called on the company, it had undergone another round of changes and had merged with Ramo-Wooldridge Corporation of California. This 1958 merger gave rise to the TRW name – Thompson-Ramo-Wooldridge, which became the formal name of the Group in 1965. In 1967, TRW pioneered the rack-and-pinion type of steering and remains the world leader today.

In 1966, as has been related, TRW acquired Farnborough Engineering through its takeover of Valves Limited. The acquired company changed its name to TRW Valves Ltd and almost at once it was evident that there would be a clash of interest between EVL and TRW, with Sidney Lewis caught in the middle. TRW operated in Europe from Geneva and distributed valves all over the UK and Europe and they purchased from their wholly-owned plants in the UK, Europe, Brazil and Argentina. It was clear from the beginning that the new management would prefer to buy from their units and not from EVL. Moreover, the valves sourced from Brazil and Argentina were at least 20% cheaper as compared to EVL’s mainly because the steel used in Latin America was wholly indigenous and the factories there had a high degree of automation. The Governments of those countries heavily subsidised exports with the net result that when TRW sold these

valves they had a clear margin of 35%. There was considerable debate at TRW Valves over continued assistance to the Indians.

By 1976, most price differentials between what was bought from India and Latin America had vanished. And now it was clear that EVL could be a direct threat in TRW's markets. Perhaps sensing that a time would come when sourcing from EVL would come to a complete halt, and he was particularly good at foreseeing such eventualities, LLN began making his moves. The first was to stop treating TRW Valves as their sole export customer and signing up with Standard Automotive Components Ltd (SAC), making the latter the sourcing agents of EVL valves for the whole of the UK and certain European countries. SAC was a firm floated by Mike Slade, a nephew of Sidney Lewis, Margaret, Sidney's wife and Geoffrey Clarke, a former Managing Director of Valves Limited. The main business was in representing the Romanian ball-bearing industry in the UK and the agency for EVL's valves was a new addition. To EVL, the new agent provided an opportunity to broad-base the export markets.

It soon became clear to TRW Valves that in case they stopped placing orders on EVL, the Indian company would begin selling its products on its own and as LT Tebodo, the Managing Director noted with some distress in an internal minute, "Engine Valves are looking for approximately 150,000 valves per month in orders to keep their plant occupied and for them to stay out of our markets." He instructed the Farnborough and Midlands units to see if there was any possibility of their placing orders on EVL. Clarke and Slade from SAC made the rounds of all the TRW plants in the UK throughout early 1978 but no orders were forthcoming.

By then, the headquarters of TRW was involved in the matter and in April 1978, Stan Pace, the President of TRW Inc was writing to Sidney that it "is apparent that unfortunately a serious potential

competitor has been established in India by supplying, through a licence, the Farnborough and TRW Valve technology. It is also apparent that Engine Valves Ltd, was encouraged to expand this capacity because of the purchase of valves by Farnborough Engineering and then TRW Valves Ltd.” Lewis disagreed. He pointed out that EVL had expanded on its own and not simply because of TRW help, into other automotive component fields and had become a powerful Group no longer solely owned by the founding Directors but a Public Company. “With a wider responsibility to the shareholders and with some concern as to a possible change of policy by their sole export customer, the Engine Valves Directors advised me that they had decided to make Agency arrangements for Europe and adjacent markets. They explained to me that this was solely so as to protect their own interests and to demonstrate that their business was being conducted prudently and with impartiality.”

By then Sidney Lewis began to get the feeling that “without being expressed in so many words, there was an implication that my loyalty to TRW and the confidentiality of its businesses might be strained because of my family connections.” He wrote to Stan Pace that “If anyone in Cleveland or elsewhere in the TRW organisation regard this as a possibility, then I am sure you will understand that my reaction is to seek to be released from my contract.”

By then Sidney Lewis had had disagreements on several other matters not the least of which was what he perceived to be a disastrous policy of TRW to centralise all valve manufacture at one location. This he felt, was sure to have terrible consequences considering the strike-prone labour situation in the UK at that time. He put in his papers on 27th May 1978 and almost immediately joined SAC. LLN welcomed this. “I am in one way happy that you may have a little peace of mind in coming out, but

the other way, an association of 40 years built by hard and honest work, you have to part, will definitely give anybody pains. Of course, it is inevitable in life.”

Sidney Lewis had set to work on behalf of EVL even in 1977 and his contacts and stature in the automotive replacement market in Europe were to pay rich dividends for the company. The first prospects Sidney brought in were Markische Werk of Germany who made components and cylinder head systems for large engines used in ships, railroad engines, power stations and gas plants. They also had a range of valves used in cars. He also began working with Associated Engineering Auto Parts (AEAP) and Advanced Motor Supplies Limited, who together represented most of the wholesale market for valves in the UK. LLN was initially reluctant to deal with the latter parties as the bulk of their requirement was of replacement for Ford cars. These required special steel not available in India and LLN did not want to make an investment that could result in a write-off. However Sidney convinced LLN on this. By early January 1978, LLN was in Europe, travelling with Sidney to meet up with all the prospects. TRW in the meanwhile, developed cold feet and offered to deal with EVL provided the latter agreed to manufacture only OE TRW valves. LLN firmly refused and later minuted in an internal note that he had to do so because the “tolerances are so strict that we may not be able to stick to this.” By August 1978, EVL and SAC had both arrived at a business plan whereby at least 1.2 to 1.5 million valves could be exported annually to the UK.

If Sidney Lewis was useful in his contacts, he was also a great support when it came to negotiations and guiding the less-experienced EVL in finding its way in the world market. Thus when a seemingly innocent letter from AEAP arrived one day at EVL asking for drawings of some valves, he was quick in warning

Baliga not to part with any. “Drawings, I need hardly mention, are one of the most valuable assets of a business and we should not willingly pass these over. Their request for drawings is, in my opinion an unusual one and in this context I am bound to bear in mind the fact that they now own a small valve factory in South Africa...” If EVL was to have any qualms on the impact that any flat refusal would have on a budding business relationship, Sidney was quick to reassure and suggest a way out: “Perhaps a short note of regret from you may resolve the matter. Do not, in the meantime, hold up processing this order, as I have no doubt this difficulty is one which I shall be able to overcome, particularly with your assistance.”

As 1978 wore on, orders from TRW fell as expected but volumes from AEAP and AMS did not build up to a level that could compensate this. Sidney Lewis was upset and wrote with regret about it to LLN only to get a reassuring reply immediately: “The purpose of this letter is to re-emphasis to you that even if EVL is not patronised by TRW to the same extent, it should not cause you undue concern and pain.”

The supply to UK had its share of hiccups. The first was what was termed “packing case infestation”, a problem of termites in the cases in which the valves were packed. This was a very serious concern and was eliminated only after considerable research into alternate types of wood. Next was the problem of rusting of the valves owing to moisture collecting within the polythene sheets used to pack each valve. This “sweating” was attributed to the delays at the docks in Madras which necessitated the consignment being exposed to heat and humidity, those being days when atmospheric control equipment such as dehumidifiers were hardly heard of. It was discovered that the waxed paper bag in which the valves were being packed was the culprit and this was replaced by a soft plastic bag.

There were disagreements at a policy level too. Sidney Lewis was keen that EVL ought to export to the UK alone and not to the Far East where he felt that EVL was “selling its valves at throwaway prices.” LLN disagreed and felt that there was every need as this was the only way to keep Japanese and Italian manufacturers at bay. He felt that TRW was losing customers in the Far East owing to high prices, inordinately long deliveries and inept handling of customers, all of which factors EVL could cash in on. It was a heady time for LLN. Here he was, an Indian entrepreneur giving an established American giant a run for its money. He was to exult in a note to Sidney Lewis that EVL “was presently soft-peddalling in our other export markets viz Australia, Singapore, Malaysia, Thailand and Sri Lanka and there are very big enquiries from the US, Pakistan and certain African countries.”

Over enthusiasm on the part of Indians was also to have its effect. Kar Valves, the licensee, had accepted to produce shrouded valves, an area in which it had no earlier experience. It was felt that the manufacture could be got through with the help of Baliga and others in Madras. But with EVL having its own issues, help and advice took time in coming and scheduled deliveries could not be adhered to by Kar. There was a sharp exchange of letters between Sidney Lewis and LLN’s son-in-law VP Aghoram, who was handling the Mysore facility. LLN had to smoothen tempers and also ensure that the valves were shipped out.

Uncertainty with labour had its impact on deliveries and in April 1979, Sidney was to write somewhat petulantly to Baliga that “as at this date, according to our records, 469,808 replacement valves remain outstanding in addition to those for OE and even at 60,000 valves per month, it will require almost the whole of 1979 to clear, without taking into account the extra 2/3 months shipping time.” There was good cause for worry. England at that time was being

flooded with valves and other automotive spares from every corner of the globe, in particular the Far East and this was providing stiff competition to SAC.

Notwithstanding the delays in supply, Sidney Lewis went ahead with aggressively marketing the Indian valves. He was to introduce EVL to the Swedish manufacturer Scania Vabis who produced the Saab cars and trucks. There was talk of exploring the possibility of supply to Cummins in the US and Perkins in England. At a fundamental level, Sidney Lewis believed in the capabilities of the Rane Group. And there was the bedrock of affection between him and LLN. It is very interesting to see that even in the sharpest of letters and amidst the most acrimonious disagreements, each took care to reassure the other that this would in no way affect their friendship. Each invited the other to come over and spend a few restful days in their respective countries. LLN was of course a frequent visitor to the UK. It therefore gave him great joy when in 1977, Sidney along with wife Margaret came to India. Over time, the affection that Sidney Lewis had for LLN was to extend to the latter's sons Lakshman and Ganesh. Thus we see him writing to LLN that it was a great pleasure to host Lakshman and his wife Pushpa. He was also to add that he looked forward to meeting Ganesh whom "he remembered only as a cheery kid during the first extension of the EVL facilities and who on that occasion made some humorous remarks over the microphone." The bond between LLN and Lewis became so close that on one Yom Kippur day, Sidney was to write that after his prayers for the Royal Family, he had prayed for the well-being of LLN and his family at EVL! As he worked with Baliga, Sidney also came to include him in his close contacts. When in 1979, Baliga's wife went through a serious health problem (from which she unfortunately did not recover), Sidney was the first to write and invite the couple over to the UK for a recuperative holiday.

In June 1979, the relationship between SAC and EVL was further strengthened when the former changed its name to Standard Engine Valves Limited (SEVL). Assisting Sidney in the business was his nephew DAW (Bill) Lewis who was also earlier with Valves Limited.

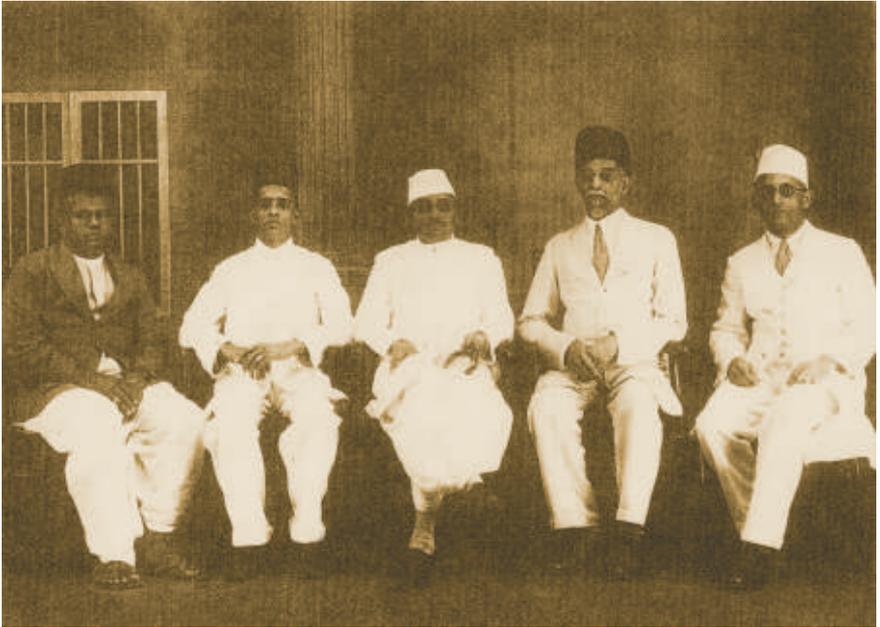
It was left to the unions to spoil this dream run. As has been related earlier, EVL went in for a prolonged lockout in 1979 and with that, supplies to the UK dried up. By September 1979, the trade network in the UK was losing patience and Sidney was writing, “we are so closely, indeed entirely, dependent, as also are certain of our distributors for supplies from EVL that they are continuously asking the reason for the strike, and why it remains unresolved for so long. We cannot give them an answer as we too are somewhat in the dark. Can you please help us?” There was cause for much worry for one of the distributors appointed by SEVL, RH Automotive & Industrial Components Ltd, had originally planned to set up its own valve factory and had given up the idea based on assurances of supply from EVL. They had already spent over 50,000 pounds on cataloguing and advertising and were considerably upset. Bill Lewis flew over to India and orders that were pending for supply to RH Automotive were hastily transferred to Kar Valves for execution. But the customer was far from happy. With a pending order of more than 70,000 valves per month, RH Automotive felt that they were entitled to a “much better service from India than we have had hitherto.” By December, Sidney had given up on letters and was taking recourse to daily telegrams to which LLN could only reply with vague assurances. In any case, with the matter being with the Labour Commissioner, it was anybody’s guess as to when the lockout could be lifted.

The breakthrough came in February 1980 and a jubilant Sidney Lewis, on coming to know of the reopening of EVL began making

“a guarded approach by telephone to our principal business friends to indicate that there are hopes that before too long we may be able to commence delivery against orders they placed with us, many as early as 1978.” He was firmly rebuffed in most places. He asked Baliga not to proceed with work on any pending orders from the UK unless specifically asked to do so by him. Matters improved somewhat by end March when Baliga managed a shipment of 35 cases to the UK. By then, Geoffrey Clarke of SEVL was in Madras to inspect the first lot and certify them worthy for despatch. On 4th April, Sidney Lewis was able to write with enthusiasm that of the three principal distributors he had, AE and AMS were encouraging in their response and are “prepared to go along with us if execution of their orders is not further unduly delayed”. But RH Automotive was not willing to give in so easily. The Sidney Lewis magic did work however, and orders for Rover inlet valves began coming in from RH Automotive from May 1980.

Slowly Sidney Lewis made inroads into the Original Equipment market as well. Cummins became customers to EVL in 1982 and Perkins, after a struggle that lasted four years began placing orders from 1983. That year, thanks to increasing offtake in the OE market, SEVL decided to move out of the replacement market completely. EVL, represented by Ganesh, signed on with AEAP for the replacement network, with an overriding commission to SEVL payable by AEAP. Sadly, SEVL’s glorious days were to end with Sidney Lewis’ passing in the late 1980s. Those that succeeded him were not so effective. But by then EVL’s export market had stabilised and it could strike out on its own.





Board of Directors of Rane Ltd. Bombay 1920

(l to r) TR Ganapathy Iyer, C Govinda Iyengar, Jamnadas Mehta, Dr TM Kajiji, RM Rane



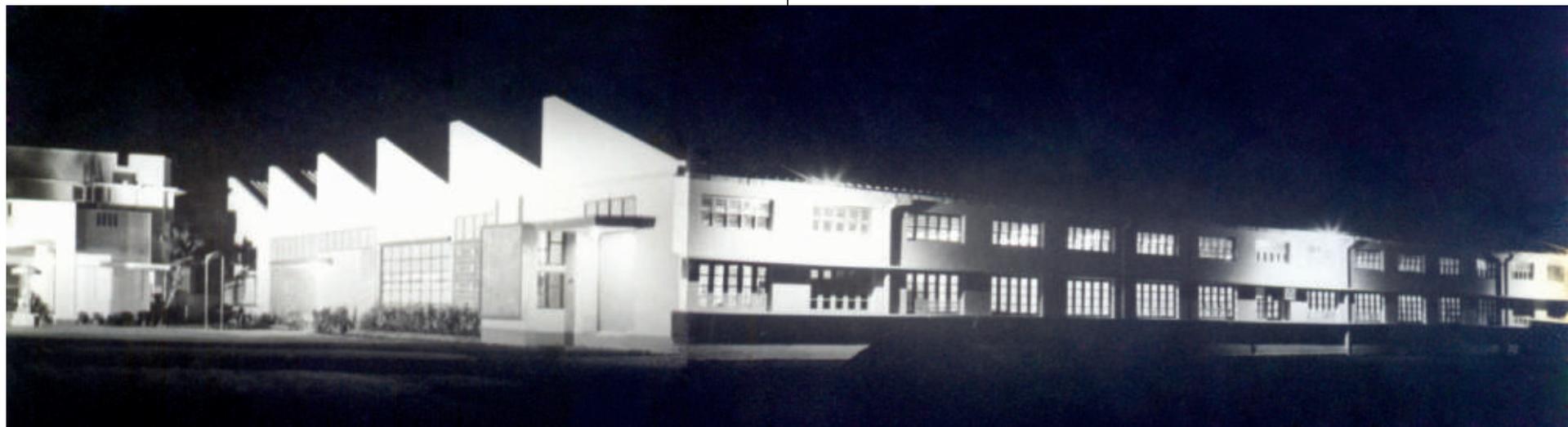
LL Narayan
1917 - 2001



TGK Raman
1927 - 1982



The Hindu's special supplement for Rane's Silver Jubilee



EVL's first plant at Alandur - all lit up at night



Pat Parkes with TGK Raman (l) and LLN (r), June 1964



*Margaret Sydney Lewis inaugurating a new building
at Rane Engine Valve Limited, Alandur.
Also seen (l to r) Sydney Lewis, R Venkataraman and LLN*



LLN greets Mrs Parkes, RBL, 1964



Manual recirculating ball type steering gear



LLN explains a product to R Venkataraman, MLC and VR Nedunchezian (extreme right), Minister for Industries and Education, Govt. of Tamil Nadu



Rane TRW, Viralimalai



Hydraulic power steering - pinion

Rane



Electronic power steering - outboard housing



V P Aghoram (1936 - 1993)
1st Managing Director, Kar Mobiles Limited



Kar Mobiles Limited, Tumkur

Product Range



Engine timing - case cover



Manual recirculating ball-type steering gear



Lower control arm



Steering pump with connector



Manual rack and pinion steering gear



Hydraulic power rack and pinion steering gear



Disc brake pads and railway brake blocks



Brake linings and brake shoes



Stabiliser link



Suspension ball joint



IC engine valves



EA and tilt steering column



Disc brake pads



Pinion and valve assembly



Shelf mount retractor



Electric power assisted steering



Power steering fluid

A slew of Deming Awards



Rane Brake Lining Limited - 2003



Rane TRW Steering Systems Limited - 2005



Rane Engine Valve Limited - 2005



Rane (Madras) Limited - 2006



Rane Institute of Employee Development, Chennai



Rane Polytechnic, Trichy



Rane Engine Valve Limited, Trichy



Rane NSK Steering Systems Limited, Bawal



Rane Brake Lining Limited, Trichy

New Hopes, New Challenges.
At Rane, we are geared to
engineer new solutions, every day.



The number of new products has been increasing by the day. Development lead times have been continuously reducing, thereby ensuring cost optimization and meeting customer expectations. At Rane, our design facilities use state-of-the-art and are constantly upgraded. The latest CAD/CAE tools like Pro-E, IDEAS and ADAMS, well-equipped simulation facilities like computational engine testing, etc. Approximate performance and durability test

rigs - constantly ensuring that our R & D facilities are best in class. Our highly competent Engineers act as consultants to our customers. This has resulted in introduction of new products like Electric Power Steering (EPS) with the latest Japanese technology. As a new day dawns it brings forth new hopes and new challenges. We turn these into opportunities to scale new heights. The sky remaining the limit at Rane.

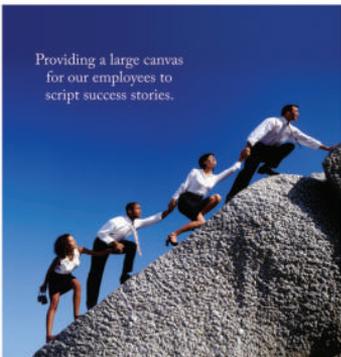


Customer delight through total quality

www.rane.co.in

Engine Valves - Tappets - Valve Guides - Manual Steering & Suspension Systems - Brake Linings - Clutch Fringes - Clutch Pads - Railway Brake Blocks - Power Steering Systems - Seat Belt Systems - Steering Columns - High Pressure Die Casting Products

Providing a large canvas
for our employees to
script success stories.



Heading the way, leading from the front and exceeding leadership qualities in one people are what Rane's Human Resources is all about. The HR philosophy extends further in widening the opportunities to enhance the talent and managerial breadth to scale new heights. Developing competency

and encouraging effective methods to defining organization goals. Taking a people perspective in identifying solutions to address the business challenge. Nevertheless, always providing an environment where people feel valued and experience dignity and pride.



Customer delight through total quality
www.rane.co.in

Engine Valves - Tappets - Valve Guides - Manual Steering & Suspension Systems - Brake Linings - Clutch Fringes - Clutch Pads - Railway Brake Blocks - Power Steering Systems - Seat Belt Systems - Steering Columns - High Pressure Die Casting Products

Quality and trust go
hand in hand at Rane.



The hallmark of a great company lies in its annual percent of quality. The Turning Point's testimony to this phenomenon, has been awarded to the fine companies, Rane Brake Lining Limited, Rane Engine Valve Limited, Rane TDR Steering System Limited (Steering Gear Division) and Rane (Mahindra) Limited. Other companies are also vying in this TQM effort. ISO9001 Quality certification has produced robust, Statistical Process Control (SPC) and Kaizen - these

are just few instances of the Rane Group setting high standards in quality. Rane Engine Valve Limited has won the prestigious "Technology Group Award 2007" for Overall environmental performance of a supplier. Rane NSC Steering System Limited has won the gold award from Honda Car Co. Limited for Outstanding performance in cost. At Rane, we are constantly trying to better ourselves by keeping the customers in mind, the most engaged in us to deliver quality every time.



Customer delight through total quality
www.rane.co.in

Engine Valves - Tappets - Valve Guides - Manual Steering & Suspension Systems - Brake Linings - Clutch Fringes - Clutch Pads - Railway Brake Blocks - Power Steering Systems - Seat Belt Systems - Steering Columns - High Pressure Die Casting Products

Recent advertisements of the Rane Group

13

Steering Forward

ON 16TH AUGUST 1979, TGK Raman announced to the Board of Rane Madras that “With the assistance of the collaborators (Burman & Sons Limited) steering-gears manufactured by us have been well accepted as original equipment on some of the vehicles/tractors in India.” It was a landmark in the history of the company. Starting from tie-rod linkages and ball-joints, Rane Madras had finally taken on the complete gear and had made a success of it. The story of how it was accepted by the markets is an interesting one.

S Lakshmanan, known to all in Rane as SL and who has been with the Group since 1978 recalls the time when he joined Rane Madras after stints at Sundaram Motors and Bajaj Tempo, Pune. He had heard of Rane from a friend of his who also added that AP Ramakrishnan was actively looking out for a technically

qualified person. SL remembers that the recruitment process was completed with lightning speed. He was interviewed by Ramakrishnan and TA Sundaresan who was Regional Sales Manager in Delhi and who happened to be in Madras on that day. Next was an interview by Ganapathisubramaniam who was in the engineering section followed by an interview with Kamath. The next day the appointment letter was made ready and he reported for duty after a couple of weeks, on 12th June.

SL was informed on joining that he was the first technical person to join the marketing department and that he would have to handle service calls. Rane had introduced re-circulating ball type steering-gear and there were all kinds of complaints coming in from users who were finding the new variety quite a change from the earlier worm and roller design steering-gears. SL was given the equivalent of a crash course in steering-gears and their behaviour in sickness and in health, with Ganapathisubramaniam training him for ten days. He recalls that within a week he could easily dismantle and assemble steering-gears. “Little did I know that from then on I would be spending three years lying down under vehicles practically all the time,” he adds humorously.

Burman & Sons were suppliers of steering-gear to Massey Ferguson and Leyland in the UK and thanks to the collaboration, Rane Madras could begin supplying to TAFE and Ashok Leyland, respectively, the equivalents of the two companies in India. “There were just two customers when I entered but the issues were manifold,” says SL. Typically, Leyland was fitting the steering-gear in chassis that were later having bus bodies built on them and sold to the various State Transport Corporations. By then, there were very few private bus operators in the country and most of the routes had been nationalised. The STCs were therefore big customers for automotive products and it was important that Rane earned a good name from them for the steering-gears.

“Most of the problems were not due to the product per se but due to lack of familiarity with it,” continues SL. “If the bus driver complained that it was difficult to steer, the maintenance department in the STC would simply open the steering-gear without even knowing how to go about it. This would render our product inoperable. They would not be able to put it back together and conveniently for them, the STCs would then simply say that our product was useless.”

There were two major issues with the supplies to Leyland. The first was the breakage of the inner-shaft which would send the steering wheel out of control. The second was the breakage of the centre shaft but this was identified as being consequent to and not the cause of any accident. The establishment of the sequence of events in the second instance was a major breakthrough for Rane and SL remembers that he was given full responsibility for this. The buses fitted with the steering-gear would be in any part of the country and calls of breakdowns would come in all the time. SL practically lived out of suitcases for several days at a stretch. “I was travelling three weeks in a month. I would have just returned to Madras when there would be a call from the UP State Transport Corporation and off I would go,” he says. But it worked to his and ultimately, Rane’s advantage. It helped him to gather data all over India and study the findings.

SL remembers that in “those were days when there was no digital camera. I would make sketches and collect evidence as to the sequence of events and over a period of time I could establish a pattern. And this was interesting. When the new steering-gear had been introduced, there was a simultaneous change in the chassis design at Leyland. From the droop-down chassis, the company had shifted to the straight chassis. At that time a lot of indigenisation had taken place and among the many components purchased locally were the leaf-spring and the shackle-bracket

that supported it. It was the main leaf that was breaking and when it did, it used to drag the main axle to the rear. The drop arm (of the steering-gear) would pull back and the rocker shaft would twist and snap off. I noticed this in most cases. But the driver's version would invariably be that he was cruising along when he suddenly lost control and crashed the vehicle. After all they did not know that something else had caused this."

It was almost like something out of a Sherlock Holmes book or a Jim Corbett account of tracking a man-eater. SL would rush to the site of an accident, study the track marks of the vehicle and see at what angle the vehicle had swerved. In most places he could establish that it was a sudden swerve and that meant an accident or at the very least, a near miss. "The accidents would invariably happen early in the morning and immediately after lunch. This indicated that the drivers were probably a little drowsy. They would be coasting along and due to inattention miss a particular turning. Realising this a moment too late they would make a sudden swerve which would cause the spring to break leading to the sequence of events culminating in the accident. I would also pick up the log book of the affected vehicle and study the records."

Armed with all this, a presentation, using flip boards ("for we had no LCD projectors or even a transparency projector") was made at Leyland. Initially, the customer refused to accept the findings. Subsequent presentations had to be buttressed with sketches and also broken equipment brought in as added evidence. At this stage Leyland countered Rane with the question as to why such breakages did not happen at TELCO, the other major manufacturer of heavy-vehicles. SL set off to Cheran Transport Corporation where he could see Leyland and Tata buses side by side. He then discovered that the shackles in Tata buses came with a stopper which took the load while in the case of Leyland vehicles, the shackles were twisting by 360 degrees.

While all this research was on, there were tense moments such as in May 1980 when the Maharashtra State Road Transport Corporation (MSRTC) asked Leyland to take back all the vehicles fitted with the Rane steering-gears. The consequences could have been disastrous but by then Leyland was also convinced of what actually was going wrong. A joint presentation by Leyland and Rane was organised for the benefit of the Chairman of the MSRTC which Lakshman in his capacity of Director, Rane Madras, attended along with SL. Leyland supported Rane fully and finally the problem was overcome by introducing a wrapper leaf in the leaf-spring thus preventing its breakage.

“The breakage of the inner-shaft was far more interesting from a technical point of view,” says SL with all the joy of a man who is wedded to technology. He does not mention that commercially it must have given the senior management of Rane Madras several sleepless nights. “Till then all shafts were press fitted into the steering-gear. In the new design, a butt-welded steering-column was introduced. It was a weld between two different materials – an alloy and mild steel. So the weld was the prime suspect. We were accused of saving costs by not changing both sides to alloy steels.”

SL got on to the road again. He recalled that he travelled for over eighty to ninety days collecting evidence. “The whole day would be spent on the road studying vehicles and then at night I would make my way to a hotel, get on to the telephone line and report my findings to AP Ramakrishnan or Ganapathisubramaniam. Those were interesting days but communication facilities were poor. I would wait endlessly for trunk-calls to materialise.” SL found a pattern in inner-shaft failures as well. In almost all cases, the breakage of the inner-shaft was preceded by an accident that had taken place a few days earlier. This was very difficult to prove and it was only the evidence of a fresh scratch or dent or the signs

of a repair job having just been completed that would stand testimony. The earlier accident would have invariably resulted in the bending of the steering-column without anyone noticing it. “In all cases the outer column was bent,” says SL. “The bush on the top would have a one side wear. The column moreover was always bent in the direction of the driver. This would not be possible to detect if the steering had been dismantled and so I had to rush to the place as soon as possible so that I could see everything intact. Finally we proved that a shaft running in two different axes with a weld in between was subject to a lot of stress. And when an accident occurred nobody was looking at what happened to the steering-column. They invariably woke up to it only when the shaft had broken. Thanks to Lakshman and Kamath we were able to convince the top bosses at Ashok Leyland and we then informed the STCs that they needed to check the steering-columns for wear. As a gesture of goodwill, we took back all steering-gears supplied to Pallavan and other STCs, had them stripped, checked, reassembled and returned. It created an enormous amount of goodwill.”

All the problems were behind Rane by 1981 and SL moved on to new product development. Two more engineers had joined the team by 1982. But all technical changes for new customers were routed through SL before implementation. He was designated Deputy Manager, Technical Sales and was in charge of new product development for customers from design to prototype fitment to approval. By then Rane was making rapid strides in supplies to tractor manufacturers and the number of customers increased to nine with names such as Escorts, Mahindra & Mahindra, Punjab Tractors and Eicher getting added to the portfolio. In each case the earlier imported component had to be studied and an equivalent had to be developed inclusive of steering-linkages. New technology was introduced with “greased

for life” joints which was developed with the help of Automotive Products of the UK. This was completely new in the Indian market where the mechanics invariably used a greased nipple for the ball-joints. This was first offered to Hindustan Motors, then the largest passenger car manufacturer in India. It was tested in ten taxis prior to approaching the manufacturer. The product was rejected outright. The technical department in HM would not believe that ball-joints would not need greasing again. The product was also tried with Ashok Leyland and Bajaj Tempo where greased-for-life suspension-joints were supplied. But in this instance it was the end market that rejected the product as mechanics reacted the same way as HM’s technical department. The product also had some problems with the polyurethane becoming brittle. Rane had no option but to shelve it temporarily. But in 1984, the product received a new life when Maruti came along, changing the Indian passenger car industry forever.

During all these ups and thankfully few downs, the labour situation was threatening to come unstuck. On 8th March 1982, the Board at Rane Madras noted that “the management was forced to take certain stern measures to correct the situation resulting in suspension and charge sheeting of some employees and that although presently the situation seems to be under control, more serious problems cannot be ruled out.” Wiser by experience in EVL and RBL, efforts had already begun for the setting up of a second plant elsewhere. Rane Madras initially mulled over purchasing land at Maraimalai Nagar, the new industrial development on the outskirts of Madras which was being actively promoted by the State Government. But the cost was considered inordinately high and the idea was given up. In April, land for the new plant was identified and purchased at Hootagalli, near Mysore.

By June, there was a sharp deterioration in industrial relations. Kamath reported to the Board that “even after grant of Golden Jubilee Awards and ex-gratia payments in 1980 and 1981, the desired progress was not made. There was indiscipline and low productivity. Management negotiated to improve things, but results were not encouraging, so it had to take disciplinary proceedings against erring workmen. Enquires were held, reports are under consideration.” The elections saw a new union leader taking over and soon there was resistance to increased production. The previous settlement had expired on 31st March and a fresh charter of demands had been submitted. In order to put pressure on the management, a one-day token strike was observed on 17th May. “All kinds of other agitations are in progress,” reported Kamath and requested the Board to take a realistic stand. The Board concurred and noted that it “supports Management’s view that strict disciplinary and productivity standards are to be insisted upon in the long-term interests of the company”.

The principal trouble-makers, 32 in number, were chargesheeted and dismissed on various counts. The union leader decided to intervene and having fixed a meeting with MS Kumar to discuss matters at 4.00 pm came in a couple of hours earlier to address the workers within the shop floor itself. In protest, Kumar decided to call off his meeting and sent a written note to that effect. Matters reached a flash point that night when, on the pretext of the tea not being up to the mark, a section of the workers raised a hue and cry. An attempt was made to mollify them with an extra serving of buns but the protest continued. Sometime during the night the union secretary switched off the power connection to the induction hardening machine. This was a critical machine in the sequence and affected the subsequent day’s production. He was immediately suspended.

The Labour Commissioner's office got into the act and an enquiry was set up under a retired judge. While this was going on, the workforce became increasingly undisciplined and forced the management to declare a lockout. Kumar remembers that LLN was ill and that Lakshman was in Singapore. Both however, were wholehearted in their support. The lockout continued for over ten months, from mid June 1983. During this time, as Kumar puts it, "not a single vehicle manufacturer in India could do without Rane's tie-rod ends or steering-gears. These had to be supported and so we imported components and got some work done elsewhere and kept our customers going." Fortunately, volumes were nowhere near what they would become in the 1990s. Efforts were on in the meanwhile to get the Mysore plant going and on September 29th 1983, Lakshman by then Vice-Chairman, Rane Madras, was reporting to the Board that consequent to the strike activities, Mysore had received a fillip and the plant would probably be fully operational by March 1984.

At the Labour Commissioner's office in the meanwhile, Kumar remembers, there was much table-thumping by the union leader and a threat that he would bring the whole of Madras to a halt if the dismissed workers were not reinstated. "I was much younger then," says Kumar with a smile. "So I said that was not my worry but that of the Chief Minister. My concern was Rane Madras and not the city." After this, in the interests of a peaceful discussion, each party was asked to depose in-camera with the other group not being present.

Ten months after the declaration of the lockout, the company began receiving feelers from various groups of workers who were keen to resume duty. A signature campaign was launched to get their commitment. On the day the factory reopened, workers were picked up in buses and brought to Velachery amidst tight police

protection. The union leader was frantic in his attempts at preventing this. He got a minister in the State Cabinet to call the Commissioner of Police, Madras city and protest about the providing of police protection. Kumar recollects that the Minister also wanted the police force to be withdrawn. “Fortunately, the police officer was a tough man. He simply replied that he took orders only from his own Minister and put the phone down.” On the first day, 75% of the workforce reported for duty. On the second day it went up to 90% and by the third day the full complement of workers had reported for duty. Finally, by June 1984, a productivity-linked agreement was inked and work resumed.

The next year, Rane Madras took a step forward in its journey on steering-gears. This was the introduction of semi-integral-power-assisted steering. Two steering-units were purchased and installed on Pallavan Transport Corporation buses but the older generation of drivers were most uncomfortable with it. This was an idea that was slightly ahead of its time. But it would soon catch up.



14

Divestments and Diversifications

INTERESTINGLY, THOUGH RANE has always believed in founding and growing its businesses, there have been a few diversifications, acquisitions and divestments. As they all stayed with the Group for short periods of time, this chapter gives a brief account of each one of them.

In the 1980s, the arrival of the next generation in the Group was marked by an attempt at diversification into a completely unrelated area. Conservative Madras gasped and sat up to watch what a Group that had always believed in sticking close to the knitting would do in the hospitality industry.

Glendale was the property that housed EVL and as the company expanded, neighbouring plots of land were acquired. One of these was *Mount Pleasant*, which spanning 4.5 acres, stood at the junction of the roads that led to Alandur and the Meenambakkam

airport. Originally in the possession of Metal Box Limited, a multinational no longer in existence, it had been purchased in 1969 by EVL for a price of Rs 1 lakh. For some reason, the company never had use for the property and the Board Minutes of EVL have several references to attempts at selling it off. None however came to fruition.

Ganesh was of the view that this was an ideal location for a hotel. “It was after all on the way to the airport and Madras did not have the equivalent of an Airport Hotel unlike Bombay or Calcutta,” he says. “I looked around and felt that there was a good potential for tourism. We had this piece of land and the location was excellent.” LLN was not very happy with the idea. According to Karthik Narayan, LLN, despite all his love for travel, was a conservative at heart and did not think it was a Brahmin’s cup of tea to run a hotel. He was also apparently of the then commonly held view that hotels were places where “all kinds of activities took place.” In any case, LLN did not like staying in five star hotels according to Virat Sondhi. “He put this off as far as possible and only did so when someone could convince him that his Group could afford it and he as Chairman needed to stay at a place befitting his status.” In retrospect, LLN’s doubts appear strange for he had all along taken considerable interest in another hotel project in Madras city – the Adyar Gate promoted by the eponymous company. LLN owned shares in the venture and some of the Rane Group companies also invested in it. Today Adyar Gate is better known as the Welcomgroup Park Sheraton Hotel & Towers, a prominent hotel in the city. Perhaps he looked upon it only as an investment opportunity and not something in which he would like to get involved operationally. But as many have averred, LLN had a soft corner for his youngest son and whatever his misgivings, decided to go ahead with the in-house hotel project.

Pleasant Hotels Limited was formed in 1983 with LLN, Ganesh, C Prabhakar and C Vidyashankar as the first directors. EVL gave a loan of Rs 30 lakhs to the new company which acquired the land. EVL also invested in the equity of Pleasant Hotels Limited. By then, with Baliga retiring at EVL, Ganesh had taken over as Joint Managing Director of that company also. Pleasant Hotels entered into a franchisee agreement with the Ramada Group of the UK in 1984. The new hotel was to be called Ramada Madras and would be a five star facility. Gherzi Eastern, Ltd., a Mumbai based company, was appointed to provide detailed architectural planning and designing of technical installations and utilities.

The project was to run into rough weather from early days. As Ganesh put it later, the interest of the Ramada Group was at best lukewarm. “After all this was one of 600 of their properties while for us it was the only one.” LLN and team had always run a tight ship when it came to project monitoring and they were completely unused to the kind of escalation in project costs that took place at the hotel. As the structure came up, the cost estimates were revised upwards by 50%. This was not unusual by hotel industry standards, but given the background of Rane, all this was unthinkable. LLN was to lament about it bitterly to Sidney Lewis, a slipped disc no doubt adding to his discomfort.

In 1987, it was decided that the construction would be funded by a public issue of around 25 lakh shares. Unfortunately this did not go well and the issue devolved on the underwriters. The hotel project was something of a dream for Ganesh into which he had put a lot of his youthful energy. There were views for and against the continuation of the project. There were those on the Board who believed that it was a venture that could not fail, given the need for more leisure and entertainment-oriented activities and that Madras was also waking up to its potential of being a tourist gateway to the South. But the conservatives, with LLN leading

the pack felt that the Group should have never got into a line in which it had no expertise. This faction felt that the Group had a hard-won reputation in the automotive industry and ought to concentrate there. The conservatives carried the day. PRS Oberoi of the Oberoi Group was invited to take a look at the property. He felt that there was an opportunity but as the hotel was not built according to Oberoi standards it would have to be branded differently. It was not an easy decision and his father Rai Bahadur MS Oberoi and other members of the East India Hotels Limited Board were none too keen but PRS Oberoi “fought and fought until the management relented.”

It was a relieved Board at EVL that noted that while “one of the reasons for entering this business was to diversify out of the auto components market, the present manufacturing activities of EVL are growing at rates far greater than originally projected. The originally planned project cost (of the hotel) was now being revised to Rs 15 crores. It is imperative that EVL sets up another Valve Plant immediately to take care of the increased demand. It is estimated this would cost the company about Rs 8 crores at today’s cost. Given the circumstances it would be in the best interests of EVL and its shareholders to dispose of its holdings in Pleasant Hotels Limited.”

The Oberois acquired the hotel in 1989, changing the company’s name to Oberoi Associated Hotels Limited. The hotel itself was called Trident after a missile that was very much in the news in those days. This was the seed for a world-wide chain of Trident hotels that were to come up in the later years. Today, Trident is ranked among the best-known business class hotel chains in the world. The Oberois completed their consolidation in the 1990s by changing the name of the company to EIH Associated Hotels Limited and Ganesh continues to serve on its Board.

Business India was to write derisively that the Rane Group had developed cold feet. That was one way of looking at it. But it also meant that the Group had decided to get back to core competencies and that meant getting out of activities that did not have synergy. Ganesh sums it up aptly when he says that it was a good deal “because nobody was hurt. The Oberois said we had handed them a hotel on a silver platter. They were happy. The shareholders were also happy because the Oberois gave us a good deal.”

“Now if you ask me if I have any regrets, it is a difficult question,” continues Ganesh. “One thing is certain—we did not have the management skills to run it at that time, but that apart, if we had stuck it out, we might have been into more and more hotels by now. It would have meant a real diversification. Anything could have happened, but in this case it did not.”

A call also had to be taken on Jonas Woodhead Limited which had never come up to expectations owing to various reasons. The first joint venture exercise by Rane with foreign participation for the manufacture of leaf-springs was to repeatedly be buffeted by the changing scenario of the industry. The springs were usually made of carbon alloy steel and used in four-wheelers as part of the suspension system. Parabolic leaf springs were more economical as they weighed less and consumed less fuel while coil-springs needed powerful shock absorbers and were used by the Railways. The demand was spread equally between the OE and replacement markets for the parabolic leaf springs. Jonas Woodhead was equipped with a most modern furnace and other heat treatment facilities. Steel was procured from the best sources.

“Even when the company was set up we were aware that TELCO, the largest consumer of springs, made their own,” says Ganesh. “However we had the support of Ashok Leyland and Mahindra &

Mahindra. Jonas Woodhead managed to establish a name for itself in the South but it could not make a dent in the North because of high freight costs. It could not offer the price at which smaller units were selling the products.”

With the government policy of helping small-scale industrial entrepreneurs, the manufacture of leaf springs, which did not require advanced technology almost became a cottage industry in Punjab. Many small units in the unorganised sector began to manufacture these products and since there were no specific quality controls they were able to get away with second-grade steel and very rudimentary methods of heat treatment. Since the leaf-springs were relatively large units needing to be assembled easily on the spot, the cost of transporting them from Madras became high and Jonas Woodhead began losing its share of the replacement market. The exports to Sri Lanka where the Ceylon Transport Board found the cost of procuring Woodhead springs from India to be cheaper than from the UK was encouraging for some time but eventually this too began to dry up. With Jonas Woodhead in the UK being acquired, interest in the Indian venture waned and it was decided that the company be sold. In 1984, the company ceased being part of the Rane Group and now thrives as an independent entity. Eventually, all the ancillaries that existed in Tirunirmalai wound up or moved elsewhere. Spheroidal Castings was closed thanks to repeated power cuts that dealt a crippling blow to its viability. Ellore Engineering is now El Forge and operates from elsewhere. India Filters, the company promoted at TELCO's behest was also sold to India Radiators Limited. Air filters had become products that could be manufactured by just about anyone and companies in that line were dime-a-dozen.

Immediately after the sale of its interest in the hotel, EVL began looking around for investment opportunities and came across Prewo Pvt. Limited, the flagship of a Group comprising three

small companies and involved in the manufacturing of tappets and cam shafts, products very closely allied with EVL. The other two Group constituents were Vispro Foundry Engineers Pvt. Limited which was producing the castings for the tappets and Cashma Engineers Pvt. Limited which did the machining of the cam shafts. The Group employed around 300 people. The founders of the company were MM Ramakrishnan and TA Kandaswami Pillai, two friends who had turned entrepreneurs. They had fallen out with each other and decided to sell the business. Rane acquired the three companies at a cost of Rs 2.5 crores and in 1990 changed the name of Prewo to Engine Components Limited. In the process, according to Ganesh, the Group made a fundamental mistake in not conducting a due-diligence audit on the culture of the companies being acquired. Therefore when Rane methods were applied to the running of the units, there was trouble. “We built a brand new factory on Old Mahabalipuram Road for both the machining units and shifted them there. We gave facilities that the workers had never seen in their lives. For instance, they had proper toilets while in their earlier unit it was a ramshackle enclosure. There was now a proper system for leave applications while earlier they would simply go and ask their proprietor and if he was in a good mood he would grant it. If not that was the end of the matter. It was a typical disorganised set-up and we did not know this.” To cap it all, each of the two units that were now being amalgamated had different union affiliations and the two went for each other’s throats at once. Ganesh recalls with amazement that in the process, “whatever improvements we were making were of no use to any of the workers. For a Rane employee these were basic expectations while for the newcomers these were of no consequence! It was a phenomenal learning experience.”

In 1993, the conflict between the factions came to a head. There was violence within the factory with some managers being

assaulted, some of them grievously. The machines were set on fire and so was a car belonging to one of the managers. As Ganesh puts it, “The violence was unprecedented. We had never seen such things even in the worst days of 1979 at EVL. It was a shocker.” The factory was closed immediately. Unfortunately, with labour laws being what they were (and continue to be), it was not possible to terminate any of the errant workers. It was decided that the facility would shift to Hyderabad where by then two facilities of Rane were already functioning well. A rented shed was hired in that city and the workers were told that the plant was shifting. This immediately saw many of them dropping out and opting for settlement. Some of the hardcore elements decided to shift however. “You will not believe what we did,” continues Ganesh. “We hired another premises in Hyderabad and made them report there every day for a year. We paid them but gave them no work. Thus while the shifted facility was being run by freshly hired hands in a different location, these people idled their time away and finally came for a settlement.”

The foundry however had other problems. It was saddled with technology that was rapidly becoming unviable. It was designed for the specific task of supplying to the two machining units and trying to get outside customers for it was not fruitful mainly due to cost considerations as no customer was willing to pay the price that was asked for. It was finally closed. But the workers here had been extremely co-operative and so a voluntary retirement scheme was offered to them and they left.

It was a bad experience and finally today only the tappet manufacturing continues with the machines now back in Chennai being housed at a facility near Ponneri where around 100,000 tappets are made each month for a few customers such as Leyland and John Deere. Ganesh has an explanation for the failure. “When we took over the business entities, we had looked at financials, we

had looked at machines, we had studied the customers. But we did not see the culture. Honestly, even today I am very wary about growth through acquisition. New opportunities came later but in all internal discussions I have been almost prejudiced. In my view, undoing the mistakes of the previous management drains all your energy. Culture is such an intangible, it is not written on a piece of paper. I follow therefore the Toyota policy of starting new businesses and not acquiring them unless I am certain about them.”

The Ponneri land where the tappet manufacturing moved was itself the site of a short-lived business venture by Rane. This was a foray into ceramics. “It shows you what kind of ideas we explored,” says Lakshman. The venture, titled Rane Engineering Ceramics Ltd, was begun to explore the possibility of ceramic engine valves. “We had figures to show that whenever oil prices went beyond USD 30 a barrel, it was economical to shift to ceramics. And with the oil shock of the late 1980s, this began to look viable.” But the idea never took off and was soon given up. “It was hugely exciting during the brief time it lasted. We enjoyed dabbling in an area that we knew little about and which, who knows, may one day occupy centre-stage.”

As the PREWO experience was one of cultural failure, it is perhaps appropriate that today the property on Old Mahabalipuram Road houses RIED, the Rane Institute of Employee Development. An initiative that aims at every employee developing as a responsible citizen of the country and contributing to its development, it is difficult to imagine that it stands on grounds that once witnessed violence due to cultural differences in the way businesses are run.

Yet another business unit that moved out of the Group was what is now known as Luk India. This was begun in 1977 when according to S Badrinarayanan, TELCO and in particular Sumant

Moolgaonkar asked LLN to start manufacture of clutches. The new facility of Rane Brake Linings Limited came up in Hosur. Badrinarayanan was recruited to test the clutches and he remembers that all the drawings and specifications came from the Tatas and so the start-up effort was fairly simple. Within a couple of years it was decided that the clutch division ought to look at customers other than TELCO. Badrinarayanan was asked to research the possibilities and for over two years drawings were collected and presentations made on market potential.

The Don Group with whom RBL's collaboration was continuing suggested that RBL have a tie-up for clutch manufacturing with the historic Laycock Engineering Ltd of the UK, a firm that went back over a 100 years with its origins in the manufacture of components for railway rolling stock. Its factory was located at a site near Sheffield and had seen manufacturing for over a century. In the 1980s, it was part of the Guest Keen and Nettlefold (GKN) Group, another historic name in British engineering and manufacturing. The papers were signed in 1984 and Badrinarayanan was sent to the UK for two months for training at Laycock. "We decided to also invest in R&D and heading it in India was V Ramakrishnan," he says. "We worked on tooling for various clutches ranging from diametres of 8" to 14". By late 1984, manufacturing of clutches of vehicles other than those of TELCO began." The facility was planned with manufacturing capacity of 150,000 diaphragm-clutch-cover assemblies and 250,000 clutch-cover plates. These were for Jeep, Matador, Leyland, Fiat and Bedford vehicles. It was also agreed that all exports would be routed through Laycock.

"Most vehicles used to have coil-spring clutches at that time," says Badrinarayanan. "This required heavy effort to operate the pedal. We had to educate the customers. In some places we succeeded

as in Bajaj when they began using it for their F307 and Trax vehicles. At Hindustan Motors, after extensive R&D we had the diaphragm clutches fitted only to find that this caused problems with the moulded clutch facing. We changed it to mill-board facing. But the cost was high and so HM abandoned the idea.”

Getting the heavy-vehicle users to accept the new clutches was a major challenge. Service mechanics rejected the new clutches outright and as and when a vehicle came to them for tinkering they would simply throw out the diaphragm-clutch and replace it with the coil-spring clutch. TELCO and Leyland, working in close collaboration with RBL, struggled for over ten years to get the new clutches accepted. “An innovation that went well was the supply of service kits,” recalls Badrinarayanan. “We had two types. The major kit had diaphragm-spring, pressure-plate, ring and rivets while the minor kit had a strap, rivets and a diaphragm rivet. This made servicing easy and enabled acceptance. But it was 1993/94 before we reached comfort levels.” It was also an exhaustive learning experience says Badrinarayanan. “Clutches are tier 1 products and so require extensive R&D. I became very close to the R&D personnel at companies like M&M, Bajaj, TELCO and Ashok Leyland in the process. I also learnt a lot about press-tool manufacturing, rivetting fixture development, tool trial development and supplier development.”

In 1987, Laycock was acquired by Luk GmbH with the company being renamed Luk (Uk) Ltd. Badrinarayanan was nominated a member of Luk’s international R&D team in the 1990s. The Indian collaboration, which by then was a separate entity, Rane Clutch Products Limited, became Rane Luk Limited in 1996. However, there were differences on what areas the company ought to be looking at for growth. Rane was all for working on the burgeoning Indian car market. Luk on the other hand wanted to

focus on tractors clutches which depended on forging and casting and were relatively low cost. They also wanted to focus on exports. In 2001, Rane and Luk decided to part ways with the latter acquiring the former's share in the company which was renamed Luk (India) Ltd.



15

The People's Car

A CAR FOR THE COMMON MAN had been India's pipe dream since the 1950s. In 1958, the Government of India appointed a committee headed by Lal Bahadur Sastri, then Minister for Commerce and Industry to study the possibilities of producing a "more economic car for the common man and to draw up a programme for the automobile industry as a whole." The car was targeted at those earning Rs 1000 or less a month. The Committee came to the conclusion that for a car to be really affordable to the common man, it had to be priced at Rs 6500 and that would mean an ex-works price of around Rs 5000. It also noted with regret that none of the cars then being manufactured in India were even remotely near this price. Rather presciently, the Committee observed that if a car was to be manufactured within the suggested cost, an important consideration would be the extent to which engineering facilities in the country, whether in the public or

private sector, could be utilised in its production. The Committee also recommended the setting up on an Experts Committee to study the technical feasibility of such a car. In the meanwhile, Mahindra & Mahindra in 1959 submitted to the Government an application for the manufacture of a low-cost car which would also earn foreign exchange through export. This was the Dauphinoise, a four-seater station wagon to be manufactured in collaboration with Renault of France. The company promised to get the first car on the road within 18 months of being granted a licence. It was estimated that the car would be available at Rs 6400 ex-works. Presumably, with the Government wanting a price of Rs 5000 ex-works this project did not progress. By 1961, Mahindras were focusing on jeeps.

Matters stagnated for almost a decade and the next we hear of a people's car is in 1970 when the Minister of State for Industrial Development announced in the Parliament that three proposals had been received for such a car. This was after the Government had toyed with the idea of manufacturing the car by itself and had held talks with companies such as Ford, Nissan and Renault. This was given up when the Government realised that it would have to fork out around Rs 57 crores in foreign exchange. It therefore invited private companies to take up car manufacture. Two proposals were received. One was from Renault with a car priced at Rs 11,190 ex-works and the second was from the Industrial Corporation of Mysore which in collaboration with the Japanese car-maker Mazda was promising a car at Rs 6,700 ex-works. Both proposals were referred to the Planning Commission and nothing was heard of them again. In a fresh round, eleven letters of intent were issued and out of the responses received, three were given industrial licences. The first was to Manubhai H Thakkar of Baroda and the second to Sunrise Auto Industries of Bangalore. The third was issued to Sanjay Gandhi, the Prime

Minister's son and by then rapidly becoming an extra-constitutional authority. It was announced in Parliament that the Government not surprisingly, viewed the third proposal as the most interesting.

While the Thakkar proposal was still-born, Sunrise began manufacturing in 1974, the Badal, a three-wheel car and continued with it till 1982. This company, promoted by the Sipanis, was in collaboration with the British manufacturer, Reliant. It was Sanjay Gandhi's proposal however, that would one day revolutionise the Indian automobile industry. But in 1970 none could have foreseen the success that it would one day become. Maruti Motors Limited was incorporated in 1971 with several noted industrialists as directors/shareholders and the Government issued a letter of intent to manufacture 50,000 cars a year and a few months later an industrial licence. At this time, the combined production capacity of the three existing car manufacturers, Hindustan Motors, Premier Automobiles and Standard Motors, did not exceed 40,000.

The Haryana State Government was quick off the mark in allotting a vast tract of land for Maruti and work began on the construction of a factory. A prototype of the people's car was displayed at the India International Trade Fair in 1972. The Defence Ministry gave it a road-worthiness certificate and it was taken for test drives across several States. Dealers were appointed for selling it across the country. The author Kushwant Singh remembered being taken for a test drive and noted that "it was somewhat noisy but had a good pick-up and held the road well." Manufacturing however, was another matter and never took off. During the Emergency years, Sanjay Gandhi got involved with other things and immediately after the 1977 elections there were court battles and political isolation to contend with. Maruti appeared to have died even before it started.

With the Congress returning to power in 1980, talks began on getting Maruti going. But within six months Sanjay Gandhi was killed in an air crash and that appeared to be the end of it. But the Prime Minister was keen that the project be revived, at least as a memorial to her son. The same year, the Government acquired Maruti and in a statement said that “looking at the present state of the car industry in the country, Government felt that it would be desirable to set up a public sector undertaking under the Central Government for the manufacturing of passenger cars, commercial vehicles. The purpose of nationalisation was modernising the automobile industry, effecting more economical utilisation of scarce fuel and ensuring a higher production of motor vehicles.” A new company, Maruti Udyog Limited, a 100% government-owned company was set up for this in 1981 with a capacity of 100,000 passenger cars and 40,000 light commercial vehicles. It was decided that technology would be obtained from a foreign collaborator. The country and the automobile industry in particular looked upon this as a huge joke. By then, public sector undertakings were bywords for inefficiency and it was confidently predicted that Maruti too would go the way of sick units such as Scooters India Limited. Lakshman remembers that at Rane certainly, “none believed it would succeed and given its political background, we did not want to be a part of it.” This was reflective of the general market sentiment.

But this was to be a project with a difference. The Government roped in V Krishnamurthy who had made a name for himself as the man who had turned around Bharat Heavy Electricals Limited and also the Steel Authority of India Limited, two public sector behemoths. He was given the task of getting the car on the road by December 1983. Krishnamurthy put together a team, of which perhaps the best known today is RC Bhargava from the Indian Administrative Services, who was to succeed him as Managing

Director and later as Chairman of the company. The team scouted around for collaborators. By this time, the world market had come to be dominated by Japanese cars. British and American manufacturers had cried foul, newspapers had written columns on how local industry needed patronage and Governments had tried levying taxes but consumers across the globe wanted Japanese cars. Made in Japan was the new mantra and in India there was considerable soul-searching as to how a country that was in a shambles after the World War and whose products were known for their shoddiness, had managed such a turnaround. In keeping with this sentiment, Maruti tied up with Suzuki Motor Corporation (SMC) of Japan and work began. Sure enough, the first car was on the road by December 1983. And what's more, the bookings for the car showed what a huge untapped passenger car market India was. When bookings opened in April 1983, 135,000 vehicles were registered for within two months. It was clear that Maruti was going to enjoy the benefits of a huge waiting list.

Everyone sat up and took notice when the company began rolling out 100 cars a day within a year while the earlier manufacturers had a combined output of 130 cars for a day. The Maruti success made other entrepreneurs and industrialists announce their own plans for the manufacture of light commercial vehicles, all of them with Japanese collaboration. In 1983, approval was given for the tie-ups of Delhi-based DCM with Toyota and Eicher Goodearth with Mitsubishi. The next year, Swaraj Vehicles of Chandigarh tied up with Mazda Motor Corporation as did Allwyn of Andhra Pradesh with Nissan Motors. The Sipanis struck out on their own with the two-door 800 cc Dolphin, a model based on Reliant's Kitten. The Dolphin later became a four-door car before being withdrawn. The Sipanis ultimately toed the line by launching Montana, a design based on the Japanese Daihatsu's Charade.

Vendor development was to be a key issue in the success of any of these projects. The Government was still following the phased manufacturing programme (PMP) scheme laid down in the 1950s wherein it was important that automobile manufacturers developed the local vendors and helped them in assimilating technology. This ensured that local skills were upgraded and foreign exchange was conserved by avoiding imports of components. A commitment of the localisation percentage for each year had to be made to the Directorate-General of Technological Development (DGTD). The DGTD had the overall responsibility of reviewing the success of localisation and making its recommendations to the Finance Ministry which could potentially reduce the value of import licences in case progress was not satisfactory. This in turn meant a reduction in production plans and therefore profitability of any venture. The indigenisation percentage for Maruti at this stage was 2% as the cars were being assembled from semi-knocked-down (SKD) kits and it appeared that it would not go beyond 10% in the first year of manufacture. Maruti had committed to achieving 95% indigenisation in five years but at the same time it was quite clear that it needed vendors with commitment towards quality, on-time deliveries and continuous investment in R&D.

Despite the general rush in becoming vendors for Maruti, Lakshman remembers that Rane took its time and it was only when V Krishnamurthy began interacting with them that the Group began looking at doing business with the new automobile manufacturer. Given that Rane Madras was already into the manufacture of steering-gears, it appeared natural that the company would soon begin supplying these products to Maruti. “We believed that this would be an exciting opportunity to broaden our manufacturing and get into manufacturing of steering-gears for passenger cars, which is an entirely new technology,” says Lakshman. “We spoke to Mr Krishnamurthy. But by then

Surinder Kapur of Bharat Gears signed up with Koyo Seiko of Japan and in a joint venture with that company and Maruti, set up Sona Steering (now Sona Koyo).” Maruti at that time was quite clear that it needed only one vendor for steering-gears. A new opportunity however came up for Rane through the supply of ball-joints to Sona Steering. Negotiations began for a collaboration with Ishikawa Tekko, the Japanese company that made all the ball-joints in Koyo Seiko steering units. Ishikawa Tekko had licensing agreements with Ehrenreich, Rane’s old collaborator from Germany and by then a constituent of the TRW Group. An agreement was signed between Rane Madras and TRW Ehrenreich of Germany in 1986 as per which Rane could undertake the manufacture of ball-joints, tie-rod ends, stabiliser bars and other products designed by Ehrenreich for use on passenger cars. These were exactly the same ones being supplied by Ishikawa to Koyo Seiko. Therefore when Sona Steering began looking at indigenisation, all the ball-joints could be supplied by Rane Madras. The greased-for-life ball joints that had been rejected by the mechanics when fitted in vehicles such as Bajaj Tempo, Ashok Leyland and TELCO, were just what was required in the Maruti 800 and the Omni, the van that Maruti introduced in 1984. Gradually the mechanics understood what greased-for-life joints meant and the product gained ground.

RBL where Lakshman was by then Chairman and Managing Director was also looking at opportunities to do business with Maruti. “We had all the advantages in a way. We were already doing business in Japan as we were exporting to that country. We have to thank FP Parkes of Small & Parkes for that first mover advantage.” The new collaboration also came, thanks in a way to Small & Parkes.

The Nisshin Spinning Company Limited of Japan was founded in 1907 and was into the textile business, focusing initially on

spinning and weaving and later diversifying into lace, rayon and paper, urea, resins, polyurethane foam and machine tools. In 1944, it got into production of brake linings and clutch facings and in 1964 entered into collaboration with Don International (the company that by then had taken over Small & Parkes) for the manufacture of friction brake materials. The Don NBK brake lining was the result of this collaboration and it was soon in demand for higher speed cars. In 1968, Nisshin tied up with Lucas Girling of the UK for the production of brake shoes and brake assemblies and the same collaboration was extended in 1972 for the manufacture of disc brakes for commercial vehicles. Later Nisshin was also to sign up with another Rane collaborator, Alfred Teves GmbH of Germany. By 1983, Nisshin was the supplier of choice for disc pads and brake linings for most of the big names in Japan. The list included Toyota, Nissan, Daihatsu, Toyo, Honda, Hino, Mitsubishi, Fuji (Subaru) and of course, Suzuki. The company claimed, and rightfully so, that “one in every three cars manufactured in Japan had Nisshinbo Brake Parts”. Its Tatebayashi plant where the disc pads were produced was said to be the finest in the world. It was also a fact that the progress made by the Japanese in developing friction materials was much greater than what was made even in the development of fuel-efficient engines. Nisshin had focused on material technology and was using Kevlar and carbon fibres in its manufacturing.

A word from Pat Parkes also helped at Nisshin. According to Parkes, it was very important for the Japanese to have a trusted third person certifying the reliability of a potential collaborator. Parkes was by then a well-known name in the Far-East, having worked as a consultant in Malaysia for over nine years. A collaboration agreement for the manufacture of disc pads and brake linings was signed between RBL and Nisshin Spinning Company in 1984. Significantly, the formal application to the

Government of India was accompanied by a letter from SMC, thereby ensuring that Maruti's collaborator had blessed the proposed project. In many ways, RBL was best suited for such an agreement. Its R&D centre, set up in the 1960s as a desperate measure for developing friction materials locally, had become a facility recognised by the Government of India. Capital investment worth Rs 5 million had been made and it was manned by trained engineers and research chemists. Advanced testing equipment was already present and the success in developing high friction brake blocks in collaboration with Trist, Draper Limited of the UK for the Indian Railways was a feather in the company's cap. A further advantage to RBL was that Nisshin laid emphasis on relatively low-cost automation, something that RBL felt was ideally suited to the Indian environment. Lastly, RBL did not have to go through a process of expansion in manufacturing capacity with the huge amount of paperwork that applications for fresh licences usually involved. The company already had a licensed capacity of 2500 tons per annum while its installed capacity was only 2000 tons. The agreement involved a lump-sum know-how fee of 12 million yen and royalty at 5% of the ex-factory price of brake linings and pads sold for Japanese vehicles. Rane and Nisshin were of the view that the collaboration ought to be for a period of at least ten years. RBL felt this was necessary as "the Indian manufacturers who have entered into collaboration arrangement with the Japanese companies will need a lead time of 2-3 years to commence local manufacture and perhaps another year or two to indigenise brake linings and assemblies."

The Government's approval came in early 1985. By then Nisshin had changed its name to Nisshinbo Industries Inc, Japan (NBK) and as per the Government of India's revised terms, the agreement was signed for a period of five years. Given RBL's export track record, the company was allowed by NBK to export to countries

that it did not cover, through other collaboration agreements. It was to mark the beginning of a harmonious and unbroken relationship between the two companies that finally saw NBK acquiring a minority stake of 10% in RBL in 1996 which it increased by another 8% in 2008. In 2010, NBK's stake in RBL became 20%. It was to also ensure that RBL became a major supplier to Maruti in the 1980s.

Next in line was EVL. Engine components were at the higher end of technology and under Maruti's PMP, they came towards the end of the five-year period. Anticipating this, Ganesh was in Japan in early 1986 and a memorandum of understanding was signed with Nittan Valve Company Limited of Japan. But there was a sharp escalation in the value of the yen shortly thereafter and the MOU was allowed to lapse by mutual consent. It goes to the credit of EVL that it supplied the first completely indigenous engine valve to Maruti and has retained a preferred supplier status with the company ever since.

Acquiring preferred vendor status was no ordinary achievement. Maruti had stringent standards for approvals. The process was slow and involved several rounds of negotiations on price, complete transparency in terms of manufacturing process and detailed and repeated tests on the prototypes and samples. A typical approval procedure also involved repeated factory visits. The teams at all Rane locations rose to the task and given the systems and procedures already in place, approvals were not very difficult. But there was considerable learning while working with the Japanese.

And a large part of the learning came from the RBL experience. Incredibly, the company that had been the first in the Group to begin direct supplies to Maruti was also to experience the pain of losing the account. Rajendran, now the Senior Manager, HR,

remembers that labour unrest that wrecked the business for a short but significant period of time. “In the long term settlement with the union, there was a clause that production ought to be 105% of what was achieved earlier. In reality this had increased to 120% and the workers were compensated by incentives too. But such harmony was not to the liking of the new general secretary of the union who decided that he ought to leave an impact. A go-slow began. The management was of the view that as incentives were anyway being given for the increased production there was really no reason for any discussion on the subject. It did not help that the RBL union was for the first time having a president who was not from within the company. The last straw as far as the union was concerned was when we decided to reduce the number of company apprentices at work in RBL.”

“They say that troubles never come singly. We were faced with a battery of problems”, says Lakshman. Sure enough, it was a bad patch for RBL with every one of its divisions losing market share at the same time. Branches had been opened in Bangalore and Jullunder in 1990 but with the political situation remaining fluid in the country and with appalling shortages of diesel, getting the stocks to the North, East and West became a mammoth task and sales began to fall. On 26th December 1990, the RBL Board recorded that sale of clutch products was also dropping mainly because of the go-slow techniques being adopted by the labour.

Leading from the front at this difficult time was KS Krishnaswami who in 1989 became Whole-time Director and Chief Executive of RBL. Finding negotiations rapidly reaching a dead end, the company declared a lockout on 8th July 1991. Only staff functions such as HR and Plant Engineering were allowed to function. All office-bearers of the union were suspended in October and this was challenged by them in the Labour Tribunal. The lockout dragged on till November when a small group of workers took

the lead, passed a no-confidence resolution against the existing office-bearers of the union and decided to return to work. A nine-man committee was elected among the workers as being their only representative and talks began with the management. On 26th November, the lockout was lifted and workers returned to work in small batches. Full production began only in March 1992. Playing a key role in the negotiations was G Lakshminarayan, an old hand at HR matters at Rane Madras and who was brought in specially to deal with the issue.

But the damage was done with Maruti. “A month into the lockout, Maruti felt that we had taken a very hard stance against the union and that such a confrontationist attitude was not as per their philosophy”, says Lakshman. “But you must remember that Japan too had been through all these phases in their industrialisation. It was just that those early days had been forgotten. We on the other hand felt that this was an once-in-a-lifetime opportunity for effecting a change and so we persisted. As a consequence, Maruti had to continue importing the pads. They became disillusioned with us. So did our collaborators. But we really had no choice in the matter.” After the lockout was lifted, discussions once again began with Maruti. Beginning with a small order in mid 1992, the car manufacturer slowly began increasing its purchases from RBL. But it was a full year before volumes became significant.

Similar to the learning experiences from earlier labour disputes both within the company and the group, RBL began to look for a new site for putting up a plant to ensure continuity in production. Shree Auto Parts (SAP) was a friction material company begun in 1986 by C Venkataraman, a former employee of Rane who had served as Production Manager. The Andhra Pradesh State Industries Development Corporation (APSIDC) had in the early 1980s discovered that the State had the right kind of asbestos and

encouraged the setting up of the company at Pregnapoor, around 60 km from Hyderabad, located in Gajwel Mandal of the backward district of Medak. The company had turned sick by the mid 1980s and Rane was approached in 1990 by the Board for Industrial and Financial Reconstruction (BIFR) to consider taking over the company. Licensing restrictions were such that capacity expansion was not possible either at RBL in Madras or at Hosur and so the Group felt that taking over SAP would be a good opportunity. "By the time the BIFR awarded the company to us, the lockout had happened in Madras," remembers Lakshman, with a smile. "We were completely at sixes and sevens."

"But it was the lockout that really spurred us into action," says S Rajendra Kumar of RBL. He was then in the Quality Assurance Department and was one of a small band of people who were selected and sent under the leadership of Radhakrishnan to turn around the SAP plant. They found an empty shell and did everything, from cleaning the plant, salvaging machinery with the help of the Plant Engineering department and began manufacturing. The existing workforce had to be retained as part of the agreement with BIFR and they required training. It took a full two years for everything to settle down by which time the company had been amalgamated into RBL. "Today, it is one of the best plants in the group and I am happy that things worked out this way," says Lakshman with evident satisfaction.

By end 1992, the Board was noting that "performance of the friction material division has been above the budgeted level as we have been able to get back the market share from OE, replacement and State Transport Corporations (STC) due to persuasion and vigorous follow up with the various customers." Further cheer came with the news that the railways would be increasing their offtake of brake blocks. The clutch products

division in Hosur was still limping as it depended largely on Mahindra & Mahindra and TELCO for its sales and both OEs were still affected by the recession. But early in 1993, revised schedules were received and sales began looking up there too. In 1993, it was noted with satisfaction that the market share lost due to lockout had been recovered in full and that exports to the Middle-East were proving to be an exciting new opening. The automobile market was on an upswing and things were looking up. But the scale of growth was unexpected and with it came a fresh set of challenges.



16

Adding Power to Steering

WITH THE MARUTI WAVE, there was much hope in the air. A review of the Indian automotive industry that appeared in *Motorindia* in 1985 stated that there were stirrings in the industry and it looked as though years of great growth lay ahead. “In the last two years alone (1984 and 1985) over 50 overseas technical collaborations have been signed with leading Japanese, European and US companies,” the magazine noted. “Since 1980, there has been accelerated growth all around. Today, four different makes of buses/trucks, eight of light commercial vehicles, five of passenger cars, two of jeeps, three of three-wheelers, seven each of motorcycles, scooters and mopeds, and nine of tractors are under production, to meet the various demands of the user. The existing manufacturers of heavy, medium and light commercial vehicles and two-wheelers, who had adapted and developed the original imported technology to

suit Indian conditions, are in the process of updating their vehicles through new technology tie-ups with overseas companies or their own indigenous research and development efforts.”

All these would take at least five years or more to materialise and in the interim there was considerable uncertainty over what direction Government policies would take. The year 1985, in fact saw a decline in the automotive industry and Lakshman reported to the Board of Rane Madras that this would have an adverse impact on the company’s performance. “Whereas the Company had originally budgeted a sale of Rs 22.20 crore, the current outlook suggests that the sales would be only about Rs 17.0 crore. This change has come about mainly because of the decline in the level of activity of the commercial vehicles, tractors and light commercial vehicles manufacturers, as opposed to the growth budgeted for by the company. There is also a perceptible drop in the replacement market conditions. The Board members are also apprised that the company is taking steps towards cost control measures and would try and avoid a layoff stir in the short term and wait and watch. Consequent to this, the profitability would also decline.”

There were changes in manufacturing processes and product mix. A project for the manufacture of cold forging products was considered and this was done with the object of producing forgings with lower input weight of materials that would reduce the number of machining operations. Another decision was the phasing out of the Don-Flex Clutch discs. On 26th March 1987, the Board noted that “due to dropping sales because of availability of improved versions of clutch discs at comparative prices and the inherent design defects in Don-Flex Clutches, it is resolved to phase out production of the product completely in a year’s time after existing stock has been consumed.” The Board at Rane

Madras too underwent an important change. In 1986, Jal Mehta, the veteran Director passed away and Ganesh was inducted in his place.

But the most exciting development was the renewed focus on power-steering. Undaunted by the poor reception to its introduction of semi-integral power-assisted-steering in the market in the late 1970s, Rane Madras persisted. Lakshman remarked presciently to the Board that the future lay in power-steering. Preliminary discussions began in 1985 with TRW, the pioneer in the field. On 26th June 1986, Lakshman informed the Board that the company planned a “joint venture to exploit market opportunities for specific types of steering-gears... The proposal is to manufacture integral power gears as also some manual gears in collaboration with TRW, one of the leading manufacturers of steering and suspension parts in the world. They are interested in financial participation to the extent of 40 percent of the paid up capital in the project.” The new venture was titled Rane Power Steering Limited (RPSL) and was registered on 3rd July 1987. Government approvals took longer and finally on 11th August 1989, the Board was informed that “arrangements had been made with the Commonwealth Development Corporation UK (CDC) and TRW USA to enter into a Joint Venture Agreement for promotion of the power-steering project under the name and style of Rane Power Steering Ltd.” CDC was an initiative of the UK; set up in 1948 with the objective of providing capital for private ventures in developing countries that were members of the Commonwealth. Out of the total paid-up capital envisaged at Rs 420 lakhs for the new venture, TRW was putting up 26% and CDC 12%. L Ganesh, KR Kamath V Narayanan (a senior figure in the corporate circles of Madras who had been Chairman of Goodyear Limited) and MS Kumar were nominated as Directors with Lakshman as Chairman.

Viralimalai, a village near Tiruchirapalli and famed for its historic hilltop temple to Lord Subrahmanya, was being promoted for industrial development by the Government of Tamil Nadu and it was decided that the plant for RPSL would be located there. 18 acres of land were purchased at around Rs 10 lakhs and work began. A Board Note in 1990 recorded the progress. “Majority of the equipments required for manufacture of gears have been received, installed and commissioned. Training of the first batch of operators has been completed and adequate managerial personnel have been recruited for the present level of operation. The company commenced machining of castings for housings in April 1990. It has received components from collaborators in August 1990 for assembly of gears. The first sale of steering-gears (fully integrated) was made on 21/9/1990. The company has received positive response from Ashok Leyland and TELCO and expects to reach a production level of 300 gears per month by March 1991.”

Within a few months however, the optimism had waned. By December 1990, MS Kumar was informing the Board that “due to general slowdown of the Indian Economy, the automotive sector has been affected and that in these circumstances, it was unlikely that the company would achieve sales in line with the draft sales plan tabled at the Board Meeting on 24/9/1990.” From 1990, the Indian economy was going through a terrible phase. Consequent to the Gulf War, India’s oil bill swelled. Exports, already modest to begin with, had been declining steadily over several years, thanks to the protected business environment that rendered most Indian products uncompetitive. The country’s large fiscal deficit, incurred over years, had an impact too and soon there were doubts as to whether India could meet external payment commitments. The gross deficit of the country stood at 12.5% of the GDP in 1991 and the internal debt of the Government at 53%. The RBI

imposed a complete ban on import of capital goods and this delayed the RPSL project by three months. At this stage it was felt that apart from the tie-up with TRW, a separate agreement would be needed with Gemmer SA of France. This was for the manufacture of Type 54 Steering Gears to be supplied to TELCO. But with the Government of India going through its worst balance of payment crisis, RBI placed restrictions on remittances of foreign exchange. RPSL was informed that approval could be given only if the company managed to arrange through external agencies the requisite foreign exchange for the technology transfer. A total of 128,000 pounds was still unutilised from the funds committed by CDC and this was used by the company.

With foreign exchange reserves barely enough to finance three weeks of imports, India had to pledge its gold with the International Monetary Fund and negotiate a loan. Following the IMF loan, the rupee depreciated rapidly from an artificially pegged rate of Rs 17.5 to a dollar to Rs 45. Customs duties were hiked to 80%. All this led to import costs going haywire at RPSL. This was also a period when interest rates began climbing upwards and consequently truck and bus sales, which accounted for the bulk of the automotive industry, were dipping. When RPSL therefore finally began production, the market conditions were not conducive for the product. The company faced yet another problem. Most of the truck and bus owners considered power-steering to be an unwanted luxury.

Taking us through the story of how Rane educated the market on power-steering is S Parthasarathy (Sarathy), now the head of Rane Madras. He joined RBL in 1985 as an application engineer but after three years decided that he wanted to be in marketing. RPSL was just in the making and he was asked to head the marketing there. "In my view they probably felt that this was a technology-oriented product and so did not require much marketing. So they

must have fielded a greenhorn like me as I could not do much damage anyway” says Sarathy with characteristic humour.

“At that time customers did not even know what power-steering was and so the question was not whose power-steering gear they wanted to buy but whether they needed it at all. And if you ask me, getting them to use it is really the story of my life. Today, I am happy in Rane Madras and enjoy it, but the satisfaction I got while at RPSL in getting the market to use power-steering was immeasurable.”

Meeting with the customer and giving a presentation on the benefits of new technology always met with enthusiastic response remembers Sarathy. “But after having made the right noises and also having been completely excited by using a vehicle with power-steering, the price would come as a dampener. It cost Rs 30,000 as against the manual steering which cost Rs 3000. Immediately they would say that this was definitely a product for the future but it was not required just then.”

It was not an easy task to convince the Indian vehicle owner that he needed to invest ten times what he was doing then, all for the comfort of the driver who in any case did not mind the manual steering and would have been happier if he got an extra Rs 200 if someone felt he needed to be compensated for using manual steering. “The challenge was manifold. One was the end-user’s ignorance and the other was the OEM’s apathy. In an era when buses and trucks were still dominating the automobile industry, the biggest customers for heavy vehicle chassis were the State Transport Corporations (STCs). These had annual purchase budgets and if they opted for power-steering at an increase in cost of almost 10% on the chassis, it meant they would buy fewer vehicles. So manufacturers like TELCO and Leyland were reluctant to commit to power-steering,” says Sarathy. “There was

no competitive advantage either. All vehicle manufacturers were offering the same products and so power-steering or not, they sold pretty much the same.” There were fears that fitting power-steering would necessitate changes to the maintenance facilities in the STCs as well. Sarathy remembers the Chairman of an STC telling him not to expect an air-conditioned maintenance area for handling power-steering! “If it can be fitted in the existing environment in terms of equipment and manpower that is fine,” he said. “Otherwise, forget it.”

While all this was going on, demand for conventional steering was rising and Rane Madras came to the rescue of RPSL. The latter’s Board noted with relief that its “spare capacity has been offered to Rane (Madras) Limited for machining of worms, nut and gear box of the manual steering gears manufactured by them. For the current financial year the company expects to receive machining charges of around Rs 5 lakhs from Rane Madras Limited.”

After extensive brainstorming, RPSL identified that the marketing teams at the OEMs actually held the key to introducing power-steering. If they managed to sell the idea to the STC, the hard work was done. The task therefore lay in getting these marketing teams to become ambassadors for power-steering. Sarathy says the strategy that RPSL worked out was a winner. “We knew that Ashok Leyland was relatively weak in the North and West and therefore we identified models that were being sold in those areas and pitched for their being converted to power-steering. This way we said, these vehicles would be better received. Similarly TELCO was weak in the East and South and we adopted a corresponding strategy there. I cannot say we arrived at this consciously. Marketing men are worriers and we discussed their concerns extensively. The idea came when a man from TELCO

said that the company had 70% market share but was still weak in the South.”

The main competitor for RPSL was ZF India, a company that had been into steering systems since 1981 and was hence well-established. Having begun production of mechanical steering-gears in 1983, it had launched power-steering by 1986. They were concentrating on around 1500 units for vehicles earmarked for export and another 1000 units for sale to the transport corporations per annum. This was small compared to 90,000 vehicles being sold with manual steering at that time. RPSL had decided that it would sell 7500 steering units over five years. It was a piquant situation as the Group company Rane Madras was the one that was really selling most of the manual steering units. In a way, RPSL was not competing with ZF as much as it was competing against Rane Madras. Over time, RPSL decided that it was better off targeting the non-metro State Transport Corporations such as those in operation in Gujarat, Andhra and Karnataka. “We would give them one or two steering units free of cost and then request them to specify to TELCO and Leyland to incorporate power-steering in at least fifty of the chasses for which they had placed orders.” This never got translated into reality. “When an OEM was turning out 1000 vehicles with manual steering each month, the 50 with power-steering were always put off and so the STCs would invariably get only vehicles without power-steering. With there being no strong demand at the STC for power-steering, nobody really bothered and we had to start all over again.” The next step was that as soon as the RPSL team had convinced the STC to buy a few vehicles with power-steering they would rush to the OEM and inform them that this order would materialise and so they ought to stock some power-steering units.

A Board Note on the market scenario in 1991 summed up the situation as far as State Transport Corporations were concerned: “Current political and economic conditions have adversely affected sale of power steering as detailed below:

- a. STC segment – with World Bank Aid: Major STCs like PTC, BEST, etc have sought aid from World Bank. World Bank is insisting on remedial action (like fare increase) to improve the operating results before providing the aid. Consequently purchase of new vehicles by these STCs is delayed.
- b. STC segment – without World Bank aid: Although STC operations are unprofitable, respective Governments have not approved fare increase for political reasons. Further, Government budgets are facing deficit. In this background, investment in power steering gets low priority even though STCs are keen in introducing Power Steering systems”.

“We soon got information on some problems that our competitor ZF was facing,” continues Sarathy. “Very often steering-units would develop problems due to external factors such as improper air filter cleaning or oil leakage. The STC’s maintenance department would ask ZF to service these. The company was firm that all defective or malfunctioning units needed to be sent back to its own plant for rectification. Servicing on site was out of question. Can you imagine an STC taking the trouble to send back defective parts? The maintenance departments would simply remove the power-steering gears and replace them with manual steering.”

RPSL decided to invest in service personnel and soon had trained four service engineers who were in place even before the first vehicle with power-steering had rolled out of the OEMs. These technicians also had access to spare steering units and were empowered to give free replacements in the event of any complaint

and then ship the malfunctioning unit back to the plant for further inspection and rectification. Over a period the team expanded to 12 service engineers. In a way it was an extension to what SL had begun in Rane Madras a decade earlier.

“We then adapted the Bosch model and developed authorised service centres at important locations,” says Sarathy. The first centre came up in Ambattur. The problem here again was that with volumes being low, getting a service centre started from scratch was not feasible. Vehicle dealers were therefore invited to include the service facility in their overall business. Sarathy recollects there was enormous resistance to this idea internally. “The general feeling was that such service centres would never be able to handle precision products such as power-steering. But we convinced everyone.” Each service facility was given a test-bench and a tool kit. This concept was later extended to the STC as well. Each one was given a test-bench and tool kit free, “provided they specified 100% Rane power-steering in their order,” chuckles Sarathy. It was a high value add-on in terms of image. “They would create a test-room which would be inaugurated by the Chairman of the STC with great fanfare. This helped in establishing us as a brand.” Gradually the figures began picking up.

Sarathy says much of this success was due to the inspirational leadership that MS Kumar provided. “He was willing to try anything and was most encouraging.” The same went for Lakshman. “There were years when we would estimate that we could sell 6500 steering units and end up with a sale of 600. He never made us feel that we were the failures that we were, but always looked at the years ahead.”

With the private sector, RPSL fared much better though volumes were low. The steering gears were fitted on TELCO’s new introductions, the Estate and the Sierra. The Board Note that had details

on STCs spoke positively of the response from the private sector. "Private bus/truck operators are responding to our market promotion. Another major segment is export of vehicles with power-steering to SE Asia/ Middle East countries. We have obtained product approval for all Export versions of TELCO." By 1992, the market had improved considerably. On 10th August 1992, the Rane Madras Board noted with satisfaction that "the year 1992-93, despite the recession, is expected to be a turn around year for RPSL. Its products have been well received in the HCV as well as LCV segments."

Among the heavy-vehicle users, Sarathy remembers the management of KPN Transport as being particularly progressive. RPSL was then giving steering-gears free of cost for fitment and trials but after the first two gears had been fitted, the KPN owners decided to go ahead with purchasing them. "We had stickers printed bearing the legend "Vehicle fitted with power-steering" and pasted them on the windscreens of these buses," says Sarathy. "It helped in making the end-customers aware and also created some kind of competition among the drivers, the man driving a vehicle with no power-steering began asking why he was being denied the comfort!" During the difficult years, the Type 54 gears, made with Gemmer know-how proved to be sales boosters. By December 1992, thanks to MS Kumar's overdrive, the project was completed, a full six months ahead of schedule. This pleased Gemmer and they agreed to a reduction in the know-how fee, from 1.8 million French francs to 1.5. The Type 54 sales were approved at TELCO and sales were higher than budget for this product line by 46% in 1992/3.

It was really however the passenger car boom that finally turned the tide for RPSL. Between 1991 and 1995, as the Government finally began liberalising, a slew of projects were announced. The

marketing effort in the case of passenger cars was directed towards the OEs and not the end consumer, unlike the heavy vehicles. But here too, in the initial days, the ultimate buyer of a car had to be made aware of the benefits of power-steering and so steering-gear were retrofitted onto the Contessa, a sedan model from Hindustan Motors. Soon however, the market caught on and demand for power-steering grew and as the cars began rolling out, the demand for power-steering picked up. As Sarathy puts it, “In cars it was considered a basic necessity and not an optional extra.” But even here it was not so easy. Sarathy remembers the CEO of a car company stating emphatically that a 1000 cc car from his range would sell without power-steering. “But it was an aspiration product, rather like an air-conditioner. In those days only the Chairman of a company had an AC. Today a starting-level engineer needs it.” Soon most cars were fitted with power-steering. Even here there were fluctuations with lesser than expected demand from manufacturers such as Ford, Cielo and HM. But the overall trend was positive.

The indigenisation of the steering pump was another feather in the company’s cap. This was achieved in 1994 and resulted in major savings. Almost since the inception of power-steering, RPSL had been toying with indigenising the pump. Initially it entered into an agreement with Jidosha Kiki Corporation (JKC) of Japan for importing the pump. As exchange rates began fluctuating wildly in 1990, the task of indigenisation became more urgent. It was decided that the gears of the pump alone would be imported and the casing, shaft and other components would be sourced locally. This took time and all the while the requirement became increasingly urgent particularly after sales volumes began picking up. It was S Radhakrishnan of the R&D centre at RPSL Viralimalai who first mooted the idea of Rane taking on the manufacture of the pump with a cast-iron body. A technological agreement was

signed with JKC and its parent company Allied Signal of the US for acquiring the know-how at a cost of USD 100,000 and a royalty of 3% on each pump sold. Begun initially in a shed in Rane Madras, the pump unit soon took on a life of its own and ultimately came to be housed at the Guduvanchery plant sometime in 2005. A full range of pumps from 7 to 12 litres per minute at 800 rpm is now produced. Later with the demand for passenger car steering going up, aluminium body pumps were developed for this segment. The successful implementation of the steering pump enabled RPSL to offer a complete steering system to passenger cars. And as S Krishnakumar who was heading the company between 2003 and 2005 puts it, out of six vehicle projects announced in India during that period, five were with Rane's steering-gear.

The enthusiasm and verve with which the team functioned at RPSL resulted in TRW increasing its stake to 33% in 1993. In December 1996, the company changed its name to Rane TRW Steering Systems Limited. The relationship was further strengthened when in June 1997, Rane and TRW both became equal partners in Rane TRW, each raising its equity to 50% of the total paid-up capital. The strengthened alliance was to see the birth of a new company, into the manufacture of seat-belts and occupant safety products.

Rane TRW's hard work in the heavy vehicle sector finally paid off in 2000, when the Government of India made the usage of power-steering compulsory on all trucks, buses and similar other vehicles. "We were possibly the only nation where legislation had to come into effect to make this mandatory," says Sarathy. "In most developed countries it was a hygiene factor and no vehicle could do without it, that being the level of concern for passenger-safety and driver comfort. The Motor Vehicle laws here needed

amendment and when it was done, demand for power-steering really grew.” By 1999, the passenger car segment was growing too, with TELCO’s Indica becoming a major success.



17

Preparing for Growth

BY END 1991, IT WAS clear that the Government and more importantly political parties, irrespective of who was in power, were supporting parties in power or were sitting in the Opposition, were all wedded to the cause of liberalisation. Even the Communists and the Socialists were willing to take a considered view on the matter. It was perceived as the only way to prosperity. This was evident in the speed with which the coalition government led by PV Narasimha Rao, with Manmohan Singh as the Finance Minister cleared seven projects involving foreign collaboration and worth Rs 1100 crores. The largest among these was the Rs 800 crore General Motors-Hindustan Motors joint venture. A much smaller but no less significant venture, also approved at the same time was a Rs 22 crore expansion of Maruti, with Suzuki raising its stake in the company by the same value. It was an indication that the Japanese partner was happy with the

way business was turning out in India. This helped bolster the confidence of other potential investors.

Among the first to come calling were several automotive giants. They were all keen to be a part of the action when the Indian automobile industry began to grow. Between 1992 and 1994, Fiat, Daewoo, Honda and Peugeot announced their intention of setting up plants in India in collaboration with established industrial houses in the country. In 1994, as its millionth passenger car rolled out, Maruti upped the stakes by announcing that it would, like most international manufacturers, keep introducing new models and continuously upgrade old ones. Gone were the days of the same models being churned out by one or two car manufacturers, thriving on a situation of demand far exceeding supply. That India was not just for economy-model cars became evident when the *crème-de-la-crème* of vehicles, the Mercedes Benz was launched in 1995, the result of a collaboration with TELCO. The car stakes were upped again that year with Madras city once again laying claim to being the automotive hub of the country. Two MOUs were signed, the first with Hyundai Motor Corporation of South Korea and the second with the Mahindra-Ford combine for setting up car manufacturing facilities close to the city. Many of these ventures would see changes in the partners and collaborators based on business conditions, but almost all of them stayed on in the country sending a strong signal that India was a place worth doing business in. More foreign investors began exploring ways and means of coming in and following the de-licensing of most manufacturing industries, this became a flood.

The world was never the same for Indian companies after 1990. Most of them were finding that liberalisation meant not only a relaxation of control but also being exposed to competition and market forces. The cry went up that Indian companies needed a

level playing field, a brief interregnum of protection before being able to compete. Some demanded it from the Government, but for those that succeeded in the long run and that included Rane, the task lay in creating such a field from within. This was achieved by a complete overhaul of everything – products, processes and above all, people.

By the late 1980s, Maruti had brought in many changes in the way the Indian industry functioned. The push for professionalism as opposed to entrepreneurial effort had begun. At Rane, this meant changes at the top. LLN had for long held sway and had only recently begun yielding to his sons. To be fair to him, he really had no life outside his businesses. Retirement was unthinkable for him. But the changed situation demanded newer methods of doing business. LLN was the typical first-generation entrepreneur who would be jumping into a train or catching the night Dakota flight that ferried copies of *The Hindu*, to meet a customer at some city, now pulling the rug from under the competitor's feet or sitting next to the heat-induction press at EVL just to ensure that the operator got on with it. The new style demanded customer orientation as opposed to product orientation, accountability as opposed to conformism and above all speed of response. The next generation in Rane had tackled labour in a decisive fashion, looked at new and imaginative ways of funding expansion and successfully planned and executed plants in remote locations. A new wave of customers was also coming which demanded new ways of dealing with the market, where one man's contacts alone would not be of much help. It was time for LLN to hang up his boots.

He stepped down from the post of Managing Director at Rane Madras and EVL in 1989. He had been at the helm of affairs at Rane for 50 years. On 28th December, he bade farewell to EVL,

the first of his creations in the manufacturing sector. Baliga paid a simple and heartfelt tribute. “A modest company retailing auto parts in the thirties has grown today into a large group manufacturing automotive components. This is a vision of a man come true. If the Rane Group prides itself today on being known as a key support system to the Indian automobile industry, it is truly a reflection of the man at the helm. A spirit of adventure and purposeful and indefatigable pursuit of goals helped him meet the challenges of a growing auto industry in building the Rane Group of companies to its present stature. Honest, simple, unassuming and kind, Narayan today is a much respected figure in the Indian automotive industry.”

LLN’s response was sentimental and emotional. He spoke of 1939 when he joined Rane Madras as an apprentice under the watchful eye of Ganapathy Iyer. He remembered all those who had played a key role in making his dream come true. He thanked them all – S Anantharamakrishnan of Amalgamations who first goaded him into manufacturing, the big names that were members of the Board through the years – Haji Adam Mohammed Sait, Hassan Marikar, Alagappa Chettiar, S Rm Ct Pl Palaniappa Chettiar, TS Narayanaswami... The list was long. He then dwelt on the contributions of his brother-in-law TGK Raman and his close friend S Venkataraman. When it came to Sidney Lewis he must have felt choked with emotion. He thanked FP Parkes and others who put the companies on the export market. Lastly he thanked the professionals in the companies, men such as Kamath, Baliga and Ramakrishnan, all of whom had played vital roles in the success story. LLN continued attending board meetings with regularity till 1992 when ill-health intervened. He became Chairman Emeritus of the Group thereafter.

Sadly within a year of his stepping down, it was LLN’s turn to pay a tribute to Baliga who passed away on 25th August 1990. In his

speech LLN placed on record “Baliga’s fierce sense of loyalty and his commitment to cost control and quality.” That in effect was the hallmark of several other old-timers in the Group. Shortly after LLN’s departure, many of his trusted lieutenants, C Bhaskaran, PV Devanarayanan, CS Menon, MVK Murthy, AP Ramakrishnan and K Subramaniam, retired one by one. It was a change of guard dictated as much by time as by changing market conditions. It also marked the end of a generation that believed serving one employer for an entire lifetime was a matter of pride. At a farewell dinner organised on 20th July 1991 at Fishermen’s Cove, a resort hotel outside Madras, Lakshman was to remark that “the combined man-years of service these gentlemen represent are 172. They have not only served the Group for such long years but have in reality helped considerably in shaping the Rane Group. I am not sure whether these gentlemen should be called employees or employers, inasmuch as they have charted the destiny of the Group. Unlike other Groups where there have been many family members working in the business and propagating their value system, Rane has for many years had to contend with just two persons, namely Mr LL Narayan and Mr TGK Raman. I am sure they did not miss the family members at all, since these gentlemen gathered here today were able substitutes and for this I salute them.”

The day of this farewell also marked a change in the way the Rane Group looked at business. For the first time, the CEOs of all the Rane Group companies were meeting to evolve a strategy for the Group as a whole. The realisation had begun to sink in that in the new environment, the strengths of the Group as a whole had to be harnessed. The era of individual satraps and their fiefdoms was over. A note from Lakshman listed out the agenda. The meeting was to “focus on current management practices and strategies, their strengths and weaknesses and their relevance in

the coming years in the areas of human resource development (HRD), manufacturing systems and strategies, management information systems, capital expenditure planning, organisation structures, systems & procedures and quality of manufactured products”. Each CEO was to discuss his company’s issues with his own team prior to putting together the presentation which was not to exceed “5 to 7 minutes”.

At the conclusion of the meeting, a summary note dated 22nd July made it clear that all companies faced similar challenges. In the area of human resources it was felt that the Group needed to focus on job descriptions, role clarity, identification of skill gaps, training programmes to fill these and finally and perhaps most importantly, job enrichment and career planning for all levels. It was decided that a central HRD function for the entire Group needed to be developed and the responsibility for the satisfactory functioning of this would be with all CEOs.

The next issue highlighted, concerned the lack of systems and procedures. Each unit and within it, each department had grown in its own way and “consequently, identical tasks were being accomplished with varying methodology affecting thereby the productivity. Further an undocumented approach also renders on-the-job training impossible. The functional areas discussed ranged from procedures for handling visitors through to traceability of parts sold.” This again was identified as a function that could be taken up at the corporate level and that the key requirement would be to work on various modules in the factory, document the procedures followed, standardise them across the board and continuously update them.

An allied opinion was that manufacturing could be made more systematic with its beneficial effects on quality, reliability and maintenance. It was felt that the organisations followed a “heavily

bureaucratic approach” that ensured that truly problematic areas never gained visibility. It was decided that all companies would begin following “simple manufacturing techniques such as Just In Time (JIT) and Kaizen”. It was also agreed that the concept of quality circles ought to be introduced in the companies, with “the manufacturing structures being reorganised into self-reliant grids”.

Rather surprisingly, marketing skills were highlighted as a cause for concern. The problem was defined as the Group having more “invoicers” than “marketers.” It was felt that there was lack of “market intelligence in the area of customer’s activity and competitors’ activity.” This had manifested itself, according to the CEOs in various instances in the domestic and export markets. Once again employee training held the key. It was also agreed upon that the companies needed to come up with special programmes “for enhancing customer bias. These would be in the form of periodic visits, presentations, brochures, catalogues etc - namely, all the traditional Public Relations functions.”

Given the commonality of the issues faced by all companies, it was agreed that inter-company communication between functional managers in the areas of marketing and finance/accounting in particular would be of synergetic value. It was therefore decided that managers in these functions from all the companies would meet at *Maithri*, the Corporate Office, once in eight weeks, present issues that they faced and thrash out solutions. The CEOs agreed to monitor progress within their companies and meet once a year to assess what had been done on a Group level.

A more important outcome was the emergence of a corporate identity. As the internal meets and the annual CEO meets took place, a feeling of oneness emerged. Seeds of this were sown even in 1990 when all the companies together took a major step to strengthen their presence in the Eastern and Western zones in

India. A note on the subject was prepared on behalf of all the companies and explained that “the Rane Group of Companies has been experiencing difficulties/shortcomings in the distribution of their spare parts in certain areas of the country, viz: Western Zone and Eastern Zone. The West Zone distributors have been passive in the growing market and our assessment is that they would continue to be so. In this context various alternatives for supporting our replacement market operations were considered.”

The best option it was felt was for the Group to have a tie-up with Jullundar Motor Agencies (JMA), founded by Raizada Brindaban Sondhi in 1927 with branches in Rawalpindi, Karachi, Lahore, Amritsar, Jullundar and New Delhi. The company had been run by the founder’s son DR Sondhi from the 1940s and since then, thanks to his energetic marketing a close friendship had sprung up between LLN and Sondhi. When DR Sondhi’s nephew Virat required guidance on business issues in the 1960s, LLN was at hand and this had cemented the relationship further resulting in JMA becoming the distributor for Rane in the North. Now, in 1990, it was felt in Rane that JMA, which had been steadily expanding in its region, would be of help. JMA too was keen on taking on new territory and having surveyed the West had identified opportunities for marketing Rane’s products. During the various discussions, it was suggested that a joint venture would be a more viable and fruitful proposition. As a result of this arrangement, JMA Rane Marketing Limited came into existence with Rane Madras, EVL and RBL taking a stake in the company along with JMA. “It was considered an unusual move in those days, a manufacturing house tying up with a distributor,” says Virat Sondhi. But it bore fruit. Depots were opened in various locations and by 1993, sales in these regions were encouraging.

The CEOs meet of 1991 served to strengthen this emerging Group identity. It was felt that the Group ought to have a mission statement and a value and belief statement to act as guiding principles in the growth of the Group companies. On 23rd December 1992, the following statement was issued on behalf of the entire Group:

Over the years, Rane has grown in size and stature. The environment we are operating in has also changed dramatically. In such a challenging situation, every organisation needs a guiding vision, to be stated by its leaders and shared by all its people.

Such a statement would articulate the overriding mission of the business, provide broad direction, reflect corporate values and enable the formulation of business strategy.

The following Mission and Value statement has been formulated for the Company:

Mission

Every Rane Company is focused on providing supplies, products and services to the transport, industry and farm sectors. Our mission is to maintain market leadership through quality, innovation, cost efficiency and modern manufacturing techniques. As a responsible corporate citizen, we believe augmentation of exports and responsibility for the environment are vital. Within this framework we will optimise the use of resources and fulfil the expectations of our stakeholders.

Vision

We will ensure the highest standards of business ethics and integrity in all our actions. We believe this

to be vital to the success of the Rane enterprise. We encourage every employee to share this value.

Earlier that year, the CEOs had met on 31st July and 1st August for their annual conference. This time, a professor from the Indian Institute of Management, Ahmedabad, had taken them through a detailed case study on the Maruti success and also on the strategies followed by car manufacturers across the world. This was followed by participative sessions in creativity, creative problem solving and the ability to take risks and tolerate failures. A thorough discussion on strategic planning was undertaken. At the end of it, a common decision across the board was to implement concepts such as Kaizen and 5S. It was also agreed that all the companies would prepare themselves for ISO certification. There was considerable trepidation as to how so many changes would impact the work in the companies. As Lakshman noted “solutions were going to be almost as difficult as the problem itself and would take time.” But nevertheless everyone pressed ahead. Among the toughest targets set was that each manufacturing unit would double its productivity every seven years. This meant continuous investments in new technology, improvements in processes and changing people’s attitudes.

A startling fact that emerged was the hidden cost involved in idle time, both by way of labour and machinery. In RBL for instance, a calculation revealed that a 1% reduction in idle time meant an improvement in recovery of Rs 8,780. It was an eye-opener. A related problem that surfaced concerned the entry of several low-cost competitors. Almost all the Rane companies were by then dealing with technology that had reached the flat end of the maturity curve. With the auto-component industry poised for growth, there were several entrepreneurs who were entering the field with lower cost structures and not necessarily inferior

products and this was a major threat. At the CEOs meet, a strategy was hammered out to tackle this. It was unanimously agreed that in the long run, “a counter-offensive from Rane could not come in the form of selling price-reductions. Technology could be the only effective strategy to maintain market shares.” This meant greater investment in product technology through collaborations and alliances, manufacturing strategies through new manufacturing systems and continuous training of people. A variety of concrete steps were suggested to achieve these goals and finally it was agreed that the companies would work towards the implementation of concepts such as JIT, Kaizen, 5S and Manufacturing Resource Planning (MRP).

Chaos reigned when these new ideas were unleashed on the shop floor and among the managers. Various people adopted various methodologies and soon the man who had embraced 5S was seen to be in conflict with the one who thought Kaizen was the way out. “MRP and JIT could make beautiful music together” ran a slide from one of MS Kumar’s training sessions for the employees at RPSL. Another was more direct – “JIT and MRP are not contradictory but complementary (common thread, continuous improvement).” Over a period of time, the new processes began sinking in, but the battle to get them all understood was to continue for long. According to MS Kumar, the turnaround in attitudes came in 1994 when the financial implications of these changes were explained to the people. At RPSL for instance, when the staff and workers realised the impact of reducing work-in-progress inventory from 6.3 days production to 1.4 days and yet achieve the same manufacturing targets, everyone was ready to embrace the lean manufacturing cell concept. And when they understood that the interest burden on each gear, thanks to reduction in borrowing to fund manufacture and inventory, could reduce from Rs 9000 to Rs 1500 there was not a single voice of dissent.

Even as these steps were underway, the European Economic Community decided that effective 1992, auto-exports to member countries would be considered only if the suppliers were ISO 9000 certified. EVL was particularly vulnerable to this as it was heavily import dependent for its alloy steels and in the liberalisation scenario had to export increasingly larger quantities to take advantage of rebates available under import licence schemes of the Government of India. The Group as a whole anyway felt that ISO 9000 certification was a must to bring in a degree of standardisation on processes.

By 1993, the companies were in various stages of readiness for ISO certification. The story of how EVL managed it, as gleaned from a presentation made by CN Prasad, the then CEO, perhaps reflects what happened in the other Group companies as well. The company had set itself the aggressive target of achieving certification by 1992 itself. But with manufacturing at three locations (including the valve guide plant at Ponneri) this was no easy task. Even getting a consultant to come and advise on how to go about the process was an impossible one. There were only three qualified ISO consultants in the country at that time, all of them under the Confederation of Indian Industry (CII) banner. They were so much in demand, such being the rush for certification that CII was actually screening their calls and filtering access. Frustrated at this, EVL tried approaching two manufacturing companies in Madras that were the only ones to have achieved certification in the city. But they would not even part with their Quality Policies leave alone any process information.

Somehow information was obtained that becoming a member of the Total Quality Management (TQM) Division of CII would ensure a session with one of the prized consultants and so EVL enrolled itself. The promised meeting with the consultant took

place a good four months after this, along with the frustrating discovery that what was supposed to be a one-on-one meeting had become a lecture session with four or five other companies also being present. No specific questions could be asked or doubts cleared. But it served as a beginning. Back home it was decided that August 1992 would be a reasonable date for certification.

Preparing the staff and labour was Herculean task. Among the major obstructionists was “a Personnel and Administration Manager who declared war with the world. Most functional heads had not even a working understanding with him and only one or two in the company could get any work out of him.” The managers had several doubts and some of the comments and questions that emerged spoke volumes about their attitudes. “EVL will never manage it” was the confident assertion of one, while another felt that “our working systems are so good we don’t need ISO.” A third was afraid that the process “would bring out all the weaknesses that are difficult to overcome” while yet another called ISO a bureaucratic mess that the company would do well not to get into. Surprisingly, the union was all for certification, thanks to a progressive-minded general secretary who linked it directly to the workers’ well-being.

With this kind of conflict in the background, Prasad and team began preparing quality manuals, technical instructions and work procedures. With great difficulty a quality policy was evolved which nobody associated with. This meant going back to the drawing board and first creating a model of EVL’s business with each level reflected in it. This worked and everyone felt a part of it. They could associate their daily roles with what was shown and began participating with enthusiasm. This made the task of training more than 1000 people on ISO procedures a little easier. It meant as Prasad put it “635 mandays of training to be imparted

to 889 persons in 17 sessions.” Much of this had to be done in Tamil and for this there were no resources until a chance meeting with an ex-employee of the TVS Group changed things. CS Nath, had been in charge of quality in his previous assignment and offered to help. Between May and August 1992, the training sessions were completed.

Internal quality audits brought out an enormous number of non-conformances. Each one was patiently eliminated. By December 1992, the company was ready for its pre-certification audit. This went off smoothly and the final audit was fixed for February 1993. On the appointed day, a disgruntled ex-employee decided to settle scores with EVL. He spoiled the freshly-painted compound wall with graffiti, erected a tent outside the premises and from there began decrying the company through a loudspeaker. As the external auditors came in, he met them and explained what he felt were sound reasons for EVL not being granted certification. What happened next was to work to EVL’s advantage. The workers inside took it upon themselves to impress upon the auditors that he need not be heeded.

The audit went on for three days. On the last day, workers of the first shift stayed on in the premises to see what the outcome would be. At 6.30 pm, it was announced that EVL had qualified for certification. There were only two minor non-conformances and an action plan for eliminating them was finalised. Prasad wrote thus: “When it was announced, everybody went into raptures. I never witnessed such an emotional scene bringing joy to all levels without exception - everybody considered it as a personal triumph for himself.”



18

*Power
to the People*

BY THE TIME THE CEOS gathered in 1993 for their annual retreat, the transformation process had expanded to include people at all levels. A note from Lakshman, issued as a precursor to the actual meet looked at the socio-economic forecast of the country. It predicted that the economy would grow at 7 or 8% from 1996/7. “The Indian economy would be increasingly a market economy driven by forces of pure competition with free cross-border movement of technology, capital and currencies. Technology and product innovations will be the drivers of successful companies. Trade unions will get more enlightened,” it said. In the light of this, it also suggested the direction for the Rane Group. While the key strategies for growth it felt would be “redesigning of manufacturing systems, identifying business process to re-engineer, continuously innovating in products, focus on customers and invest in information technology to enhance

business capability”, all these could be achieved only if “employees are empowered, their creativity enhanced and they remain continuously motivated.”

At the meet, a presentation by KS Krishnaswami, titled “The Owner and The Tenant” focused on managerial attitudes. The idea had germinated while he and Lakshman were travelling together to Hosur. The discussion had been on varying attitudes of people regardless of their level in the organisation. Junior managers identified themselves with the company totally and these were ‘owner managers’. The counterpoint also existed - senior managers who defined their relationship and role strictly in terms of the economic contract with the organisation. These were the tenants. Krishnaswami had worked on the idea and had produced a document, the core of which was a tale of four employees at varying levels in an organisation. It transpired that the company chauffeur had the highest level of motivation! The challenge he felt was in ensuring that the sense of ownership came to everyone in the organisation. The Group decided that attitude issues needed to be addressed across the companies for all levels of employees. From then on it became the practice for Ganesh to chair meetings with various groups of employees, with particular focus on those in marketing and sales.

Ganesh also chose to focus on the workforce. Given that he had been through the worst phases of unrest at EVL, it was but natural that he felt that one of the keys to growth lay with the labour. At the 1994 CEOs meet, within an overall framework where the people focus was dominant, Ganesh chose to present a paper on ‘Building a World-class Workforce’. The idea that Indian labour is cheap is a misconception he argued. Good, motivated employees were very difficult to find and even more difficult to retain. He felt that the people vision for the company ought to be “minimum

employees with multiple skills working as a team with shared goals and achieving business results.”

Among the recruitments that were done was the hiring of S Swaminathan, who had served the State Bank of India for 21 years, ten of them in the HR function. He was looking for a change and sent his resume to the Rane Group in 1991 only to receive a call from Lakshman. A series of meetings later, Swaminathan joined the corporate office as HR Head. It was a position where he had to draw up his own job description. The four principal companies of the Group, Rane Madras, EVL, RBL and RPSL had HR managers, each reporting to their respective CEOs. But at that point of time, the role was confined to either Industrial Relations or Personnel Management. Also, each of these managers followed their own practices. Swaminathan understood that he would have to standardise systems and methods in the HR function across the Group and also have job descriptions, career paths and growth prospects for each position in the company. This meant ensuring that while all HR personnel reported administratively to their CEOs, they also had to have a dotted-line relationship with Swaminathan.

Understandably there was resistance from the senior-most levels in most companies. Lakshman made it clear to Swaminathan that getting accepted by the Group companies was Swaminathan’s challenge and he could not expect Lakshman to sell the idea to one and all. Swaminathan managed by ‘going walkabout’. “I didn’t stay in the Rane Corporate Centre (RCC). I spent a lot of time in the companies. I got to meet people, I talked with them, I came to know and understand the culture of the organisation as they saw it. It was important for me to meet people and understand the organisation.

In our kind of set up where there are multi-products and multi-companies, there is a commonality but also several unique features in each company and this is influenced largely by the CEO. Each company had its own culture and identity. I had to get the discipline accepted by senior people. But once they realised that my interests were also with the company, there was no problem.”

Swaminathan did a climate survey to determine how people viewed HR and then started classic, copybook style HR practices - created job profiles and organised training programmes. By 1994, he put together a handbook of HR practices for all the Group companies. That year, at the CEO’s meet, Lakshman’s topic of presentation was “Who is a Manager”. After listing out all the managerial capabilities required, the presentation unveiled the importance of professional guidance and adequate compensation, both financial and emotional, for ensuring managerial growth. A precursor to this was the development of the Performance, Assessment and Development System which according to Swaminathan, the acronym-loving Lakshman shortened to PADS. The abbreviation helped for it was soon on everybody’s lips. PADS ensured that promotions and career growth were not chance or crisis governed decisions. Each employee was methodically assessed and then his growth was charted out.

Promotions for senior-level managers were also streamlined. “We centralised these from RCC,” says Swaminathan. “The companies identified people for promotions and recommended the names to the CEOs. These candidates were asked to make presentations and based on these, we took decisions.” Another step was the refining of the recruitment process. “Often, six months after recruiting someone following one or two rounds of interviews, we realised it was a mistake. Not because of the functional knowledge of the person as we had means of testing that. But because the people we hired turned out to be unable to manage

people, they lacked in interpersonal skills. So we wanted to reduce the risk of taking on people with gaps in managerial skills. So we developed case studies, and shortlisted candidates had to make presentations on these. They also undergo psychological profiling and based on all this, we take decisions. We found we had significantly improved the quality of people we recruited.”

This naturally meant that those with gaps in their capabilities needed to be trained. The focus therefore shifted to training. In any case, Swaminathan was of the view that training and not recruitment or retrenchment was the core HR function. Rane decided to have a dedicated training centre for the staff by early 1993. But that was the year when matters at Engine Components Limited (formerly PREWO) went awry resulting in a lot of time being spent in sorting out problems. So the idea was shelved temporarily. It was revived in 1995 when on 12th June, at a rented house in Besant Nagar, Rane’s training centre was formally opened. From the beginning it had full-time faculty. PSC Raja, a former Rane employee was brought in as Dean of the Training Centre. Nagasubramanian, a behavioural science trainer was brought in from the Murgappa Group. Swaminathan also handled training sessions and between them, they got the Centre going.

With time, several training programmes or products as Swaminathan refers to them were added. “The Management Effectiveness Initiative which we started involved a budget of about a lakh and a half on each of 12 identified participants from the Group. Mr Lakshman said it was worth the investment, he spoke to the CEOs, and pointed out that after all we quite often invest around Rs 20 lakhs for a piece of machinery, which after six months or so we find unsuitable. So even if six of the participants in the programme benefit and improve value for Rane, it is worth it. The CEOs agreed. Many of those who underwent that programme are holding senior positions at Rane now” says Swaminathan.

“This was for DGMs and GMs. They were people who had it all, they were good technically, good people managers, hardworking, intelligent, committed and loyal to the company. We wanted to give them that little extra to help them make the leap to CEO level. We designed a programme which was very different from conventional programmes. We identified consultants, and each of the 12 underwent one on one coaching for two hours a month. This included some psychological instruments, some counselling. A plan of action was given, and when they came back the next month, this plan was reviewed and followed up systematically over 12 months. I had reviews with the consultants every month, and the consultants and participants met with Mr Lakshman every quarter. It was not so much training as coaching and mentoring.”

For the middle management there was Lead X, a leadership initiative. Swaminathan recollects that they selected 20 people on specified criteria from across the Group. “We had an assessment workshop where their development needs were identified, and over the next 24 months they underwent a development intervention programme. It was a great learning experience for all of us.”

It was not all interpersonal and soft skills development. Realising that engineering skills also needed to be enhanced, a programme was put together with the Coimbatore-based PSG College of Technology. It was a properly structured programme, with class room training and project work. Interested employees had to write an entrance test. Some 80-100 people participated in the test, which was merit based, and the first 40 were selected. The participants developed their skills in manufacturing engineering and got a certificate from PSG at the end of the course.

Being a finance man, Ganesh was keen that executives outside that function understood accounting and budgeting procedures.

He remembers the early days when “the finance man would produce a paper and put it before me, as though it were a top-secret document and quickly take it away before anyone else had a look. I tried to explain that unless you were dishonest there was nothing to hide. Here we were, supposedly the most honest company that you came across and we tried to keep these things a secret. I asked everyone as to why these financial details were being hidden. In case the union wanted to take a look at the balance sheet, I did not feel there was anything wrong. On the other hand, if we did not allow them to see it, they would spread all kinds of lies about it.”

It emerged that many executives stayed away from financial details as they were ignorant of such matters. And so, training programmes on finance were introduced.

Another initiative was ROCE – Rane Operators Competency Enhancement. R Venkatanarayanan, who succeeded Swaminathan as Vice-President, HR, gives details: “For five days, 2000 plus employees are trained off site in social and technical skills. The focus is on change management. They are made aware of what’s happening in the environment, how to handle this, and why quality is important. People had been working for long, but they were not aware of how important they are in the scheme of things, how exactly they fit in. With ROCE, they get that input. Self worth goes up. It has been well received.”

The various manufacturing centres were encouraged to have their own programmes as well. Among these, Swaminathan remembers that the EVL’s Hyderabad unit achieved great success with a mentoring programme where seniors guided and counselled juniors.

As was to be expected, the very idea of training met with some resistance. Several considered it to be a waste of time, when there

was so much day-to-day work pending at the desk. Line managers were reluctant to release people for training. There was also fear that areas of ignorance would be exposed. As Swaminathan puts it, “It was up to us to convince the people. We did it using a mix of persuasion, urging, some threats. Once they realised it was beneficial, there was no objection to sending people, it was just a question of timing. Over the years, resistance declined considerably. People accepted the benefits of training. It is part of HR’s job to persuade line managers.” He also remembers that once the training centre got going, senior management continuously fed him with new ideas for programmes and that he got them going.

As the years went by, the training centre at Besant Nagar crystallised into the Rane Institute of Employee Development (RIED). Venkatanarayanan takes us through how RIED continuously strives to ensure that all training programmes are relevant to the daily needs of the companies and the employees. “As a policy we are committed to provide six man days of training per employee per annum. This is aligned with organisational and individual needs, but the average is six, three in RIED and three left to the different companies.

There is a structured process by which we capture the training needs of different companies, they are consolidated at the company and passed on to the RIED Dean, who analyses and consolidates different company inputs and decides which can be delivered through RIED. The specialised ones the individual companies take care of themselves, but we help if needed, in identifying faculty, etc. The others, where there is synergy, and larger numbers of employees, are handled by RIED, in areas like behavioural skills, time management skills, presentation skills, etc.

In addition to delivering training programmes, we now also extend post training support on site – in select areas like lean production system, value engineering, process optimisation, etc, we organise projects to enhance learning. RIED faculty follow up with consultation support on site, go there and see what is needed to reinforce skills. This has been going on for a couple of years.”

The commitment to RIED increased with time. Through the 1990s, employee attrition began to rise in all traditional industries as Information Technology emerged as the new employer. The prospect of a desk-bound job, air-conditioned comfort, the absence of labour problems and maintenance of machinery and above all huge pay-packets began luring more and more people away. This rose to a crescendo as the Y2K problem and shortly after it, the dotcom boom stepped up demand for professionals. LLN’s team with its “fierce loyalty” would have found it difficult to sympathise with such job shifts but that was the order of the new generation. In Venkatanarayanan’s view, the efficacy of the HR function in Rane and the continued investment in RIED helped keep attrition in the Group to about industry average if not a little lower. The Institute he says developed a work ethos that built dignity and pride in employees and enabled them to experience a sense of belonging to the organisation.

Attrition according to Venkatanarayanan is not really a bad thing. It enabled people within the organisations to move upward and laterally, thereby enriching their experience. So he says Rane began a system of first searching internally for filling job vacancies. This was made easy by having a relatively flat organisation structure with just three main levels – senior, middle and junior management and at most, two or three sub-levels within each. This ensured that deserving employees stood out and were not smothered under several layers of bureaucracy. Then, if none

could be found from within, the search was widened and recruitment was done through various sources. Here again, having clear job specifications helped, thanks to RIED. Compensation packages were tailor-made by RIED to suit industry standards to ensure that Rane was not perceived a poor paymaster. Venkatanarayanan takes pride in the involved recruitment process. “There is a rigour, and discipline of making proper analysis before taking on someone. For example, having been in an IT space, I have seen that there people make hiring decisions and merger/acquisition decisions in a fraction of a second. But chances of failure are high. In our context, we take time, and chances of success are higher. In cricketing terms, the auto industry is a five-day game, not a 20-20 match. To develop a component, the gestation period is long. We are in the five-day format. What is right here may not be right elsewhere.” Once within Rane, each new employee was taken through an orientation programme which made people absorb the culture of the organisation.

And then there is the annual stocktaking. “We have been doing an Employee Opinion Survey, for ten years consistently,” says Venkatanarayanan. “It is done in each and every location. It is a structured questionnaire which captures inputs and the findings are shared transparently with everybody. We have outsourced it for the last two years, so that there is no interference from our side at all. The results are analysed, some strange things come up, but we have the maturity to face them. These apart, one of the things that top the list is Pride, and Sense of Belonging to the Organisation. The other is the brand image of Rane in the outside world. These are the two factors that have consistently scored over 3.5 out of a possible four points. There are so many other factors, about 30, including concern for employees, but I would say that these two provide an overall index, an ultimate, comprehensive index, a health check, which is data backed. Everything else

turns out to be a subset of these, and of less importance. I can have minor flaws, like a need to wear spectacles, but I can still be judged overall healthy. Just like that, even if we fall short on other counts, if we are strong on these two, we can be judged to be generally ‘healthy.’ ”

RIED grew into an institution by itself over time. As Lakshman put it, “In the manufacturing space, ‘Made by Rane’ brand enjoys a premium positioning not only for its products but also for its human capital.” A rented place was also not sufficient for the 40 or 50 programmes that were being run and so RIED moved into the erstwhile premises of ECL in 2007. The scene of so much trauma caused entirely by clashes due to organisation culture conflicts became the venue for employee training and self-fulfilment. For Swaminathan it was a vision come true.

Built at a cost of Rs 4.6 crores, the new premises spanned 16,000 sq. ft of built up area and was built as per ‘green’ norms, eventually qualifying for LEED certification. Locally made materials accounted for over 80% of the project cost and this cut the environmental impact of pollution. Also 95% of the construction waste generated at site was diverted to other purposes rather than being sent to landfills. The new home for RIED was declared open in June 2007 by Ravi Kant, Managing Director of Tata Motors (formerly TELCO), the company that had been perhaps among Rane’s oldest customers. Speaking on the occasion, Ganesh said, “To support the projected high growth in the auto industry, there is a tremendous need to invest in technology, create capacities, implement efficient production systems and build competencies of people. RIED plays a vital role by providing training for building competencies and consulting for better production systems. In a buoyant business scenario, the need for investing in developing leaders and managers to drive the future

of the organisation has increased multi-fold. There is pressing need to create world-class infrastructure facilities to nurture future leaders for the organisation.”

From 2006, RIED has completed conducting 90 programmes with over 3500 mandays being invested in training. It won the regional level award for excellence in training from the Employer Branding Institute for 2008/9. A look at the RIED calendar reveals that it is a busy place the year round. Programmes now offered include those directed at various target groups, ranging from all functions, to a mix, like Materials, Finance, HR, Marketing, or Manufacturing, Quality and R&D, or addressed to select groups, like HR, New Recruits, Marketing, Manufacturing, etc.

Topics cover soft skills like Enhancing Emotional Intelligence, Enhancing Negotiation Skills, Planning and Problem Solving, and War on Waste, to highly specialised subjects like Labour Laws and Domestic Enquiry, Process Optimisation through Design of Experiments, Project Management using Network Analysis, CNC Programming, Accounting Excellence, New 7 QC Tools, LPS Kanban and Vendor Assessment and Development.

Swaminathan looks back at his 16 years in Rane with satisfaction. “It was a great place to work in. And we had the CEO’s support. Their commitment was very important for the success of the centre. The commitment of Lakshman and Ganesh towards HR is responsible for the impact HR has made on Rane. Not just peripheral interest but close involvement in HR. They supported me right through. Even in the worst time, when the industrial downturn was at its worst, not once was I told to cut down on the training programmes. When we cut costs in various other areas, training programmes went on right through. They saw it as an investment.”

RIED came in at the right time. For it was to be actively involved in making a success out of Rane's next big initiative – achieving excellence through Total Quality Management (TQM).



19

Changing with the Times

THE INDIAN ECONOMY TOOK off in 1995. The effects of liberalisation were felt in all manufacturing sectors, none more so than in the automotive sector. EVL, after its tumultuous history in the 1970s and 80s was ideally poised to ride on the growth wave. Ganesh who had taken over as Managing Director in 1992 following LLN's stepping down, had become Vice-Chairman of the company in 1994.

In an interview with Geeta Doctor he was to elaborate on some of the people-oriented reforms that he brought into the company. "One of the objectives I had was to change the company from a strong production oriented organisation to a customer oriented one," he said. "The second was that from a very highly conformist attitude I wanted to develop a culture whereby managers would take decisions, take responsibility, be accountable. The culture

before that was that everything would be put up to you and they would stand by and wait for you to give almost a sort of blessing and everybody would then go around implementing it.

I myself tried to demonstrate by my own style. I would tell them, “I want you to take a decision. I am not going to give you an answer. All I want you to do is to learn, by making mistakes. We all learn by making mistakes, as long as we don’t keep repeating the same mistakes.”

It was a struggle. We had become set in a certain way of doing things. People who had been there for a long time could not see the need for the change. Of course, they accepted all this because of my position. Gradually, as the older people retired, we began to recruit people who were professionals, at the top. They would be able to take over at the right time, when we were ready for a change.”

A note in EVL’s Minutes book stated in late 1994 that “Since the middle of 1993-94, the automobile industry in India has staged a dramatic recovery resulting in increased demand for our products. The export segment also is showing an upward surge. The existing capacity of 11 million valves per annum in the Madras and Hyderabad plants will not be adequate to meet this demand and maintaining our market share. It becomes imperative to start a new location with an installed capacity of 4 million valves pa which would go into production during the financial year 1995-96 and reach full capacity level during 1996-97.” The search for a suitable location began in mid-1993 and culminated in 1994 with the decision to set up a plant at Aziz Nagar, 16 kms from Hyderabad. The estimated cost was Rs 12.46 crores.

There were delays in setting up of the plant due to non-receipt of certain key equipment and in mid 1996, a sombre Board note

stated that “Sales for the year stood at 12.1 million valves, short by 2 million valves over the budget. The shortfall in Madras was due to the partial strike of 32 days at the beginning of the year which was followed by go-slow by the workmen during the major part of the year.” This was quickly contained but as Ganesh explained, the year “1995-96 was very difficult considering at one end meeting customer requirements in a booming market while on the other side maintaining the discipline at the shop floor.” He expressed the view that though the major issues like settlement of the workers had entered into the final phase, any disruption of production could not be ruled out during 1996/97. Fortunately this did not happen and the company proceeded on its path of growth. In 1996, TRW took a 10% stake in EVL’s equity, thereby cementing a relationship that had begun acrimoniously over exports to Europe in the old Sidney Lewis-LLN era.

The Rane Group may have expanded into several companies, each with several manufacturing locations, but there was never any doubting the fact that Rane Madras Limited (RML) was its flagship. The company that began it all had after all been the first investor in all group ventures. The Rane name, notwithstanding that it had really had no connection with the family that controlled the companies, was nevertheless a power brand with excellent recall. All group companies barring EVL used it as a prefix and in 1998, EVL too changed its name to Rane Engine Valves Limited (REVL). Earlier, in 1992, Rane Madras had registered the Rane logo as a trademark and group companies began paying it a fee for using the same. This was almost a first in Indian industrial circles and was certainly done long before Tatas and other such older groups adopted the practice.

RML was expanding steadily. By the mid-1990s the Mysore plant was catering to the tractor OEs and the aftermarket while Chennai

was focused on supplying steering-gear to the heavy vehicle market. In 1992, the company set up Kold Form Tech (India) Pvt Ltd for its own requirement of cold-forged components. In 1994, RML was rated A1+ by the Industrial Credit Rating Agency for short-term and medium-term finances. That year the Board also approved the setting up of a rack-and-pinion plant in Pondicherry at an outlay of Rs 12.04 crores. G Ramkumar who was then heading the marketing function remembers that the Pondicherry plant came on stream quite quickly thanks to MS Kumar who “pushed engineering and was customer-friendly.” Maruti became a customer and from an offtake of 50 gears a day, volumes rose up to 700. That was the height of the boom immediately after liberalisation and the company achieved a 160% growth in profit-after-tax over the previous year. R Narayanan who later headed Rane NSK Steering Systems Limited joined RML as GM Materials in the 1990s and remembers that the company then had a turnover of Rs 40 crores.

But it had plans to grow much larger. “It was a good challenge. The company had traditional supply base with known methods of management. We expanded, rationalised and finally consolidated the vendor base. The challenges of the fluctuations in the auto-industry were immense. We made good cost reductions by following a structured approach through value engineering and supply price reduction. We looked at vendors not only from the perspective of price but also cost of purchase from them including quality.” For the first time, many products made in-house were moved out. Tubular components were sub-contracted. Conventional machining such as drilling and milling were forked out and components were brought in as finished parts. In 1996/97, Lucas Engineering Services through its Computer Services Corporation (CSC) of UK was hired to design manufacturing systems for the company. CSC focused on the structure

of shop floor and process layout. McKenzie was called in to restructure the company as well. Narayanan feels that “while the identification of overall markets for the company through this exercise may have been right or wrong, the exercise gave a global perspective to the company.”

At RBL too, matters were settling down after the troubled phase in the early 1990s. The major customers at that time were Bosch and Brakes India, remembers Badrinarayanan. The company had got around to responding quickly to customers, largely he says thanks to Mr Sundararaman who was the President. “TELCO was at that time trying an asbestos-free product from one of our competitors and we had to organise a seminar to get them to understand that asbestos was a restricted and not a banned product. We could not develop an asbestos-free product owing to cost, technical and quality constraints.” TELCO began using asbestos-free linings at Pune while Jamshedpur continued using RBL’s asbestos products. It was in 1998 that RBL finally developed an asbestos-free product which was finally approved by TELCO.

With RPSL (Rane TRW) too, slowly moving ahead, it was time to build a corporate identity. Among the first steps was to improve the image of the group in its advertisements. Ogilvy & Mather was roped in for this exercise. The second was the decision to demolish the old Gannon Dunkerely building, which had been serving as the corporate office. *Maithri* as it was (and is still) named, had been a colonial bungalow but as S Krishnakumar puts it, by the 1990s it had served its time. He still recalls his first interview with Lakshman in the old building. “I had come from a Delhi-based company and you know how they are. They put up a show to the outside world. The moment I saw the rickety staircase in *Maithri*, my heart sank into my shoes.” But all was well. With an investment of Rs 1.5 crores shared by the principal companies

of the Group, the new Rane Corporate Centre rose and is even now a landmark building on Cathedral Road. All the corporate functions of the Group were moved in and this served to enhance a Group identity. The car used by Ganapathy Iyer, the man who founded the fortunes of the Group, is a treasured antique on display in the ground floor of the building.

N Krishnamurthy says the old building had a charm of its own. But he chuckles as he reminisces on the arrival of the first woman employee. “The old telephone-operator left in the late 1990s and that was when LLN suggested that we could hire a woman employee. It dawned on us that we had no ladies toilets!” The convenience was duly built and the first employee on the distaff side joined. Today, there are several women in the building as also in some of the newer companies such as Rane TRW. But as Lakshman points out, in keeping with most manufacturing firms, the sex ratio is still skewed in favour of the men in Rane.

In 1995, the group promoted two new companies – Rane Steering Columns Limited (RSCL) and Rane Vehicle Safety Systems Limited (RVSSL). Initially promoted by Rane Madras, RSCL entered into collaboration with Nastech Ltd, a joint venture in Europe between the Japanese NSK Limited and the American Torrington Limited. Both the partners in Nastech were of a great pedigree. NSK had been founded in 1916 to manufacture ball-bearings and had by 1960 become a name to reckon with in steering-columns. Torrington went back to the 19th century and beginning with ball-bearings had moved on to other auto components. In the mid-1990s, the two had collaborated to form Nastech for manufacturing energy absorbing steering-columns.

Narayanan remembers that it was Lakshman’s idea to get into steering-columns as it was an associated product and with it, almost all products in steering were in the Rane Group. “NSK

were one of the strongest companies in this area and even now are in the forefront of the technology,” says Narayanan. The company went into commercial production in 1997/98 at its plants in the Guindy Industrial Estate and at Vallanchery in Chingleput District. Thanks to the slump in the auto-industry many of the volume projections did not materialise. It was a high technology and safety-critical product requiring expensive crash tests facilities. And it was a time when most vehicles had solid steering columns. Lakshman feels even today that it was a product ahead of its time.

In 1999, S Krishnakumar came on board to head the company. He remembers that even then the company had plenty of issues. The partners were losing confidence as the company was not making money. Within the first two years, the equity of the company had been eroded. Both investors had to bring in fresh equity. There were too many people, “almost to the extent of one engineer for every machine.” Krishnakumar says that the first two years were quite tough. “Many people had to go. It was the IT boom and many people wanted to leave. We let them go though they were very bright.”

The inherent cost structure was high. The Japanese wanted everything to be brought in from Japan. They felt that given Rane NSK’s volumes, having local manufacturing facilities would not be viable. It was a peculiar situation says Krishnakumar. The Japanese customers were getting preferred treatment from the company in terms of pricing even when the company was bleeding. “We were supplying to customers such as Honda and Toyota at 96% of raw material cost. I kept saying we needed to get a higher price from these customers. But the Japanese would not allow it. I then said the only alternative was to localise. But they would not allow that either. They were never so rigid about pricing

with TELCO though they were accounting for over 50% of sales. The yen kept appreciating at that time and this drove up costs further. We built up huge files in correspondence. My stance was that just because of strategic interests in Japan, an Indian company could not be held to ransom. Mr Lakshman gave me a free hand. Finally they agreed and I think we also gained their respect. Localisation helped in bringing down the costs. Had it been done earlier, considerable money would have been saved. Finally, with localisation, costs for Toyota came down to 70%. This may not appear great now, but from 96% to 70% was quite a saving. Honda was better. They agreed to compensate every three months for any fluctuations in the yen.”

Building a relationship with the Japanese was a bigger challenge. Krishnakumar remembers one instance. The Japanese wanted two of their technicians to be posted in Rane NSK. Their salaries were high and “some did not have much respect for us though they were nice. Once in the shop floor, in the evening, one of them hit the manager with a pad. I decided that he had to go.” The Japanese were then coming every month to India for a review. This ensured that major issues were quickly resolved. A monthly review was soon to happen and Krishnakumar was adamant that the offending technician had to leave. The Japanese team felt that he had not taken the right decision and that it would have bigger repercussions, such as a falling out between Rane and NSK. But Krishnakumar held firm and when Lakshman was contacted on it, he was fully supportive of the decision. There was considerable pressure, both subtle and direct, from the Japanese. There were appeals that the offending individual’s career would be ruined. But with Rane sticking to its guns, he left. Krishnakumar chokes even now when he thinks of it. “I am an emotional man. The technician hugged me and broke down when he left. I had a lump in my throat. But business transcends such things.”

When Krishnakumar moved much later to Rane TRW, the Japanese in a farewell dinner said that he had given Rane NSK a global perspective. The company began supplying to Ford. Becoming a supplier to Maruti was a big step up for the company. By 2003, the company had begun making money. However, Narayanan remembers “that matters had not yet stabilised. The turnover was increasing but not the bottom-line. We were totally dependent on NSK for technology which meant we were completely focused on passenger cars. We decided to look at multi-utility and commercial vehicles. In the next three years we did considerable work in developing local technology. Today we have customers such as Tata Motors, Mahindra & Mahindra, Escorts and Piaggio. These have broad-based the company’s markets thereby making it a stronger company.”

The other company, Rane Vehicle Safety Systems Limited got off to a troubled start too. It was begun following a market survey by Rane and TRW in 1994. The document read in part that “with the auto industry in India undergoing a sea-change, there will exist a substantial market for safety systems such as collapsible columns and seat-belts.” Both companies felt that seat-belts would present an interesting opportunity. At that time, Abhishek Auto was the market leader, manufacturing seat-belts in collaboration with Ashimori of Japan. The next player was RHW-Autoliv. A third, Jaybharath Maruti had entered into collaboration with Allied Signal of the USA. Rane estimated that in five years it could acquire 32% of the market share estimated at Rs 40 crore. Following TRW taking a stake in the company, the new entity was renamed in 1996 as TRW Rane Occupant Restraints Limited. The project, estimated at Rs 15.0 crores took off with a plant being put up at Guduvanchery in Chingleput District. The product range was to include seat belts, safety-buckles and height-adjusters. S Mohan, now President of the seat belt division of Rane TRW,

remembers that everyone wanted Keshub Mahindra to inaugurate the plant and so it was hoped that Mahindras would be the first customer. But there were some processing delays and TELCO released the first order with Keshub Mahindra doing the honours.

The company banked its calculations on legislation that would make the wearing of seat belts compulsory for both front and rear passengers. This took its own time. Bigger problems arose when it was realised that customers perceived seat belts as an unwanted addition. Mohan recollects that “the seat belt was a new component in the automotive industry, and the least understood component. People didn’t know it is an engineered product. They don’t see anything beyond what they could actually see, which is what we call the webbing, which can be buckled down. They didn’t know that it contained a device that can sense a crash and can lock people in. This lack of knowledge and lack of legislation led to the people not understanding or appreciating the product. OEs considered it an unwelcome cost addition against a scenario which then prevailed which necessitated cost reduction. They viewed it as a problem child. So there was zero use, no market pull and lack of understanding on the part of the buyers – a deadly combination.”

At that time, Maruti was the biggest customer and it was imperative to get orders from them. Unfortunately Maruti was going through several changes in its senior management with the Government and Suzuki, the two principal shareholders not coming to terms on who should head the company. Also, with the auto market going into one of its periodic slumps, Maruti wrote to all its suppliers that they needed to reduce prices. Both the principal suppliers of seat belts did just that and Rane, just trying to make an entry, was unable to follow suit.

To try and overcome the lack of local demand, the company tried to convince TRW to use its products for the export market. But

though the products were tested and found suitable, TRW was not encouraging of the effort. Within five years, the company was sick. It was amalgamated into Rane TRW and became that company's seat belt division.

Today, Mohan feels that though exciting growth has come through opportunities at Maruti and Tata Motors' Nano, big numbers can be seen only when the end customer becomes aware of what seat belts are all about. "We haven't reached out to end users. Promotion campaigns are too costly. We aren't in a position to spend that much. But indirect promotions are done and users have gained a lot of awareness. OEs who were regarding it as unwanted expenditure need to be told that it is a value-added feature which will enhance the worth of their product. People are talking of seat belts and air bags in the driver and passenger segments. People will soon start talking about the different types of Emergency Locking Retractors that are in the market."

Perhaps it is time for more stringent legislation just as it happened in the case of power-steering. Mohan agrees. "The West has taken the path of legislation driven mandates and education where people can see benefits. In this context, legislation has been moved here too. We are on the CMVR sub-committee and we have worked out specifications and established some norms of the types of seat belts to be used. This has proved useful in keeping some local players away. Every product suffers from the burden of low cost, low quality players. Legislations are useful to specify minimum technology and product specifications we need to use. We continue to work with Government bodies. I'm still with the sub-committee. It is an ongoing process to see what is going on in the rest of the world and what needs to be done in our own market." At present the seat belts from Rane TRW's belt division go to Maruti, Ford, Mahindra, Eicher and Tata Motors.

What of LLN in the meanwhile? As was to be expected retirement was not easy. Grandson Harish remembers that he found time hanging heavy on his hands. He took to watching cricket because his wife enjoyed it. But he had no hobbies and sorely missed his busy days at the helm. By then his exploits in the world of business had become legends. Not so well-known was his love for simplicity in his personal life. “For a long time, he did not believe in travelling by first class on the trains,” says N Krishnamurthy who joining the Group in 1995 became closely involved in handling LLN’s finances. “It was said that at a particular station he saw the employee of a rival company get off a first class carriage and only then felt that he, as the owner of an industrial Group ought to also travel by a higher class. For a long time he kept up the tradition of coming to the Corporate Office. His car would be at the gate at 8.00 am with him seated next to the driver, never in the rear. And for all that he made a success out of his business, he never bothered about his personal finances. It was very late in life before he acquired a car in his personal name.” Helping LLN manage his finances for a long time was PV Devanarayanan, his trusted confidante and aide who was also Company Secretary at EVL. He played an important role in ensuring that the transition from father to sons was smooth and was a larger than life, though behind-the-scenes personality, in the history of Rane.

Perhaps what gave LLN the greatest joy in his restless final years was the secure knowledge that the transition of power had been handled smoothly. The next generation, the fourth of the controlling family, stepped into the Group in 1998. Harish, Lakshman’s elder son was inducted as a Management Associate that year and rose in stages to become Vice-President of Rane TRW in 2001. LLN was delighted. Harish was in the marketing department at Rane TRW. “He would visit me in my cubicle every ten days. That meant that the CEO of Rane TRW would also have to follow suit and it was all very embarrassing. But my grandfather was happy.”

LLN passed away on 11th January 2001 at the age of 83. The *Business Line* in its tribute noted that the Rane Group was by then comprised of eight companies, 17 manufacturing locations and a Rs 550 crore turnover. It had come a long way from the automobile showroom on Mount Road to which LLN had first come seeking a job.



20

Turning Round the Flagship

IN 1998, THE INDIAN ECONOMY realised that liberalisation did not mean growth alone. Recession became a new word, for in the era of protectionism, while there may have been no or low growth, there was also no downturn of alarming proportions. Everyone had chugged along at a sedate pace. Now, after having experienced 7% growth, a percentage that the rest of the world had watched with envy, the economy began slowing down. It grew at 4.3% in 1997/98, a throwback to the age of what economists had derisively called “the Hindu rate of growth”. Cassandras had a good time predicting that all was over with the country. Adding to the general fears were the sanctions imposed on the country following its conducting nuclear tests in 1998. The automobile industry was among the worst hit, growth was down to 1.6%, a figure that was made possible only because the passenger-car segment had managed to grow at 4%. Competition was hotting

up here, for both the Hyundai's Santro and Daewoo's Matiz were going to hit the market in a short while. RML was banking heavily on the latter and the Pondicherry unit was set up mainly to handle anticipated demand from Daewoo. The year 1999 was worse. Several States of India had decided to adopt Euro-I norms for emission from cars and vehicles that were not up to this standard could not be sold with effect from June 1999. As manufacturers went back to the drawing board, offtake from component manufacturers such as Rane slumped.

The passenger-car market revived in 2000 but a double whammy was around the corner for RML. Daewoo Motors collapsed in 1999 in Korea and a fall-out of this was the closure of the company in India. The second was the legislation making power-steering mandatory for most categories of heavy vehicles. This benefitted Rane TRW but it was the biggest blow to RML. As Rane TRW began growing, RML's sales dipped. It was a strange situation and perhaps indicative of how fast things could change in a liberalised scenario. G Ramkumar who was then heading RML's marketing function remembers that less than two years prior to this he would give tips on which customer may be on the lookout for power-steering and "the team of Sarathy, Ravindran and other would rush to make presentations." But now the boot was on the other foot. To cap it all, monsoons reduced in intensity during these years and culminated in a great drought in 2002, which brought down the demand for tractors. If falling sales were having an adverse impact, the dropping of prices by car and other vehicle manufacturers and their corresponding pressure on their own suppliers to reduce their prices saw RML's margins eroding. Added to this, high interest costs, thanks to borrowing for capital expansion and with the recession, working capital requirements also were hitting the company hard. In 1999/2000, the company posted a loss of Rs 1.2 crores.

The team at the helm of affairs was caught unawares. Even as early as 1993, says D Sundar, presently the head of Rane Diecast Limited and who had joined in RML's materials department, the company was caught in a time warp. He remembers that "it had a 1960s feel to it, with more people than you can imagine in each department. The staff, an intermediary grade between management and labour were unionised and it was extremely difficult getting anything done by them. Gaining acceptance was a tough job too. I was tossed about till I eventually settled down after six months in Raw Materials Purchase. But during the initial days I often wondered if I had joined the right company." G Ramkumar concurs and says that in 1996, after having a short stint at the Corporate Office, it was a culture shock to see the factory. Complacency had wreaked havoc.

As the focus shifted to cutting costs, shoring up sales and improving internal discipline, it was clear that a whole new team had to be brought into place. It began from the top. In 2000, Akbar Hydari joined as President of RML. He had had several years of experience in manufacturing at the Murugappa Group and had just returned after a short stint in Indonesia. He brought in PS Rao from the Murugappa Group to head the Mysore plant. To shore up marketing, Sarathy was shifted from Rane TRW to RML.

"When I joined, the team had forecast an annual sales of Rs 158 crores. We had achieved Rs 112 crores. We had naturally made a huge loss," begins Sarathy. "I can never forget my first month at RML. Hydari met me on the staircase and asked me what the sales were for the month. We had achieved Rs 6.5 crores as against a plan of Rs 11.0 crores. He asked me if we could have done better. I said no, as that was all the demand there was. Whereupon he said that in that case we had done our best and there was nothing more to be said." The levity had its impact. It set the marketing

team thinking as to why other Group companies were not hit to the extent that RML was. True, power-steering was really the biggest differentiator between RML and Rane TRW, but when it came to the other companies, there was some learning and plenty of new light. REVL had managed because of its traditionally strong export base and RBL was moving on the strength of the demand it had in the replacement market in addition to exports. “Their product 242 was a winner,” says Sarathy. “It could be used across a range of vehicles. And the brand names, Rane and Don had been so strongly entrenched in the market, that even if RBL were to go around asking people to use some product of the competitor, none would do so.”

RML on the other hand was strongly OE dependent, almost to the extent of 85% of its sales. The aftermarket was languishing. According to Sarathy it was an unspoken truth in the company that the aftermarket was something that received whatever was left over after supplying the OEs. The first job then was to strengthen the replacement market. “My knowledge of this market was low as I was from an original equipment background. But I knew that making the product available was definitely the first step. This was not a problem as OE offtake had collapsed anyway.” Sundar concurs. When he was shifted to Pondicherry in 2000, the unit was reeling under a huge drop in sales. “We had been selling 12,000 steering gears a month and this had dropped to 4000. We were also sitting with stocks of 1500 Daewoo gears in various stages of manufacture. Those that were in the initial stages were cannibalised for other product lines. Those that were nearly finished we proceeded to complete. Thanks to the efforts of Raghavan who was in sales, we managed to offload this lot to a distributor in Delhi who was catering to the aftermarket.” A key factor was the decision to drop prices says Sarathy. “We were over-priced by almost 20% compared to the nearest competitor. We

did some math. We still wanted to be higher than competition as the market perceived us as superior. We therefore rationalised the prices to keep a premium of 5%. We ensured that a field force was present at all locations. Warehouses were added in several cities.”

That was the easiest part, though that by itself took time. The process was tougher with the operations team. RML had been a dominant company and people had once queued at its doorstep for material. Even as early as 1996, when G Ramkumar had conducted a customer survey, the Escorts DGM Purchase had written “very badly” as his response to the question, “How does Rane Madras treat you.” Getting people to talk to customers over the phone was a challenge by itself says Sarathy. “They had always experienced customers crying for release of supplies. Over the years competitors had come in and the calls from customers had tapered off. But nobody had noticed it.”

Setting things right on the shop floor was the next priority. And Sarathy, Sundar and Rao agree that Hydari being a unique ‘character’ if not anything else handled it his own way. Hydari remembers attending the first internal meeting. “I came away with the impression that it was all too chummy for words. Everyone was kind to everyone else. The management was benign. It was a kind of *chattram* where free hospitality was available to one and all. As the meeting progressed I sized up everyone on board and made up my mind as to who would contribute and who would not. I am glad to say that most of my assessments proved right in the long run.”

Probably taking a leaf from Lord Mountbatten in the build up to India’s Independence, Hydari asked for plenipotentiary powers so to speak- “I informed Mr Lakshman that I would rather commit a deed and then get his approval. The situation demanded quick

decisions on the spot and this would not have been possible if I had to get to him for everything.” Lakshman agreed without hesitation. Getting down to brass tacks, Hydari realised that the “Management had completely abdicated its responsibilities and the company was being run by unions. The DGM and GM were going down to the shop floor to nail cases and ensure despatch because the unions had refused to work overtime.” Getting the middle and senior level managements to be tough with the workers appeared to be a no-go situation. “Those at the senior levels expected feedback from the juniors on what had to be done. The juniors were expecting the seniors to give them directions.” During the course of his interactions, Hydari realised that some of the freeloaders in the management levels had to leave. “28 to 30 people left. As for the others, I increased their salaries. Mr Lakshman concurred even though we were losing money hand over fist.” The team that remained says Hydari, “was one of the best. Partha (Sarathy), a real marketing man, Ratnavelu, a damn good manufacturing fellow, SL, what a man for engineering, Ravindran in finance and Andrew Johnson in Industrial Relations who had a way with people though he found it difficult later to migrate to HR. The kind of trust these people reposed in me was unbelievable. We were lucky that our good people did not leave us.” Hydari’s tale of how he got Ratnavelu to head manufacturing is worth relating. According to Hydari, a typical Rane weakness and one according to him that still persists despite the best HR practices, was to prefer qualification over native worth when it comes to recruitment. “The head of manufacturing then was a Masters and I could have done without him. These chaps are very good in the staff functions. But here it was a regular ‘cheri’ fight. I needed a hands on fellow and that was Ratnavelu. I convinced Lakshman about him. Another character was the I(nformation) S(ystems) man. He had to go. You know, I have a simple maxim. The man who first calls on you when you take over a company is

the man you need to sack. He is completely unsure of himself and is sizing you up for your weaknesses.”

A sudden IS disaster with long-term implications hit the company within two months of Hydari’s joining. “I was asleep when early in the morning I got a call that the factory was on fire. I drove down immediately only to see that the entire first-floor was gutted.” The cause was an electrical short-circuit but it destroyed the entire Information Systems department and several paper records. One of the plants had a back-up till the previous month and that was that. Hydari remembers that he brought in Viswanathan, an old hand in the finance department and asked him to list the data that needed to be recovered in order of priority. Resources were allocated to Viswanathan who began working with a team to salvage whatever information still survived. “Getting back on our feet took ages,” remembers Hydari. “We took a hit of over a crore on write-offs that year with overall losses being Rs 12.0 crores. Frankly I don’t know how Lakshman managed to get any sleep at all.”

The unions were dealt with next. The union leaders had a habit of barging into the rooms of senior managers at any time, unannounced. The first time they did so with Hydari, he “received them politely and offered them seats. Then I told them very softly that next time they did this I would have them all thrown out. After the initial reaction to this was over, I explained to them the need for planned meetings and said I would henceforth be available for scheduled meetings twice a week for the first three months. These I said, would taper off progressively to one meeting a week, later to once a fortnight and finally to once every month. And I insisted on an agenda for each meeting. I also informed the union leaders that they ought not to forget that they were workers at Rane first and office-bearers of the union next. And so, during

the time when they were not in meetings, they had to set an example to the others by working extra hard.” Town hall meetings became a routine feature where Hydari and others would explain to the workers the steps taken to improve the company’s performance. Early in May 2000, the managerial team decided to make available to the workers the financial performance of the company. Such a move was considered radical by many who feared that the unions would use it as a bargaining counter when it came to negotiations. Contrary to this the move created an atmosphere of openness.

There were rotten apples in the workforce too. A casual survey of the attendance records revealed that some had been absent for 280 days in two years. According to Hydari, a few workers were running provision stores and the union general-secretary was even managing a small-scale enterprise. “I once told him that I would like to visit his factory and see how he handles his workers,” chuckles Hydari. Another eye-opener was the R&D Centre that was across the road from the main plant. This also housed the plastics moulding shop which produced components for the suspension and ball-joints. Hydari, according to those who remember, was a great one for ‘going walkabout’ and one on occasion happened to be at the plastics plant at 7.30 am, the time for the morning shift to begin. The first worker strolled in at 8.15 am and when asked explained that he had gone to have his breakfast. “I asked as to what happened during lunch time,” continues Hydari. “The supervisor in charge of the place said that as per union rules the plant was left empty. Now, plastic moulding is a continuous process and so we were suffering losses as the plastic in the machine at lunchtime was wasted. I was also told that nobody could come to work before 8.15 am as they had to punch time cards at the main gates and then cross the road to come to the plastic shop. I immediately had the moulding facility

closed and sold its effects. The R&D unit was shifted into the main plant. We saved Rs 37 lakhs a year that way.”

The workers in the plastics shop were retrained. Some claimed that they could not handle anything other than plastics. “I was very patient. I said that when they joined Rane, they had been hired as workers and not as plastic specialists. So they had to acquire new skills. I said I would be very understanding and train them for a week. If they were not up to the mark I would give them more training. If by any chance I came to the conclusion that they were putting on an act, I said I would sack them. I said they were welcome to seek redress from the courts. I told them that it would take several years and if at the end of it they won and I was still in Rane, I would be the first to welcome them with a garland.” A voluntary retirement scheme was introduced and over 20% of the workforce left. In what must have been a poignant expression of confidence in the company several who left wanted to invest their retirement money as fixed deposits in Rane. “We were initially reluctant. But later we did accept them,” says R Srinivasan, VP Corporate Finance.

Hydari’s plainspeak helped. Many in his team recall with smiles that his Tamil was picked off the shop floor at the Murugappa Group and was therefore very direct. Hydari prefers to qualify it as being “devoid of civility. The workers initially thought I was a crackpot but slowly they came to appreciate what I was saying. I said that it was every worker’s duty to ensure that a strong company was created so that his successor could also enjoy its benefits, just as the previous generation had done. This got home.” Hours were spent in explaining the benefits of productivity enhancements such as reducing tooling time. Hydari explained it to the workers. “I said that when we were young we could run 100m in 10 secs. At the age of 35, we would need a bicycle. And when we are 45, which was the average age of the Rane workforce,

we needed a moped. I explained that it was the management's duty to provide these aids to ensure higher productivity. The response was amazing." In machining centres the output rose from 16 a shift to 63 a shift. A German tooling system called STARK was invested in. From 30 to 35 worm-and-nut pairs a shift, the numbers increased to 137. With these improvements, it was felt that the export market could be handled.

"There was no belief in the company that we could export," says Sarathy. "We must have responded to over 200 Requests For Quotes (RFQs). The problem was we never knew which ones were test RFQs and which ones were genuine. But we told ourselves that the choice of not taking them seriously did not arise. There was tremendous engineering effort for each one. Finally when customers began coming we did not have an export line to show. And if we had shown our conventional lines, the customers would have walked out. So we showed them plans of what we were going to set up, the layouts of the plants and I think it was our honesty that convinced them. It was a new experience for us as we had to plan capacities for vehicles that were going to be launched a year hence. Lots of visits were made. Lakshman, Ganesh, Hydari and I, we kept travelling. One of the earliest accounts we bagged was TRW for supplying to Chrysler. This was sometime in 2003. We had to set up a warehouse almost 500 metres away from their plant in the US. This was for ensuring that we were able to deliver what they wanted, twice a day. It was real Just In Time. We have consistently done it for five years. We have had to carry four weeks stock there and four weeks on the high seas. If we had one problem, we had to sort out 200,000 individual units. Once we had to do this and we spent Rs 24 lakhs sorting it out. The cost of quality is that high."

Hydari believes that a lot of credit in the turnaround had to go to Lakshman. "Here we were bleeding in crores and the outlook was

bad. Nobody wanted to lend money. Lakshman had the courage of conviction to put up the Rane Corporate Centre as collateral to fund our working capital. That was phenomenal.” As time went by, with rising productivity and less tooling time, several machines were rendered surplus and were sold to Rane TRW which was fast expanding. This brought in much needed cash. Rane TRW also turned customer for RML, sourcing its inner and outer ball-joints from the latter.

While these turnaround measures were happening in RML Madras, the two other units, at Mysore and Pondicherry went through their vicissitudes as well. At Mysore it was a question of morale. PS Rao remembers that when he took charge, “managers worked from 7.00 am to 10.00 pm and still the work was never done. There were huge quality problems and the joke was that the plant would certify and ship out anything that even remotely looked like a steering-gear.” Workers had made several suggestions to improve quality but these had been ignored. Under the leadership of KR Ramesh who was heading the Plant Engineering function and is now the Plant Head, training of operators was embarked upon. Suggestion schemes were revived and more importantly, implemented. One of the biggest problems according to Rao was the continuous leaking of oil from the hydraulic systems that ran the machines. There were trays under each machine and these had to be frequently emptied. The leaks caused breakdowns as well. “The entire plant embarked on a zero leak project,” says Rao. “During his visits to Mysore, Hydari would keep a count of the number of trays remaining and kept at it till they had all gone.” A target focus was inculcated. Daily Review Meetings (DRMs) began to be held in the shop floor itself. “It was a tough task getting all the departments to work together and in the beginning the DRMs lasted for two-and-a-half hours each day. Then things began settling down.” The Mysore plant, according to Rao, turned around

by 2002. He feels that a large chunk of the credit had to go to the workers. “Mysore unlike Chennai, is a more laidback city. People are gentle and were willing to make a change,” says Rao.

But a problem did emerge due to an extremely upright and almost Gandhian union leader. K Venkataramiah was a leader from outside in the sense that he was not a Rane employee. He was strict to the extent of never meeting the company’s executives outside of office hours and always refused the offer of a car for his journeys to and from the factory. But he did not understand productivity. For such matters he relied on the office-bearers from within the company. It took time to build a relationship with him. A long-term settlement was looming large and Rao and team were firm that they could not commit to any raise in wages without a firm commitment from the union on productivity. Rao opines that Venkataramiah came round when performance and financial figures were shared with him. “Even then, there were comparisons with a neighbouring company that was considered to be a more generous paymaster. But suddenly in 2002 that company fell on bad days and almost closed. This made everyone including Venkataramiah realise that we were prudent in our financial management.”

There were issues at the managerial level too. “We were a small plant with a turnover of Rs 4 crores. There was hardly any scope for promotions as we could not add responsibilities. We therefore decided to merge positions and promote people into them,” says Rao. “KR Ramesh who was a DGM became Plant Engineering and Manufacturing Head, combining positions that had traditionally been separate.”

Improvements were made in the manufacturing lines as well. Dedicated lines were developed for Mahindra & Mahindra, Escorts, etc. Investments were made in set-up time reductions

with the help of consultants from Bangalore. Total Productivity Maintenance (TPM) was a big success in Mysore. Following this, new product development was taken up with hydrostatic gears for tractors being created. Hydari remembers that what deterred the company from taking this on was the investment in machinery and tooling. The product was being imported from Italy at enormous costs. It was felt that the unit would be viable at 150,000 gears per annum. "We farmed the machining out to Coimbatore, the best machining centre in India. The grinding tolerances were 2 to 3 microns and they were doing it on a Ludhiana cylindrical grinder whereas a consultant who had been called in to advise us on setting up the manufacturing had suggested a grinder worth lakhs. And at Rs 35 lakhs we got the whole thing going, thanks to Coimbatore. The largest investment was the rig for the hydraulic system. The rest went in springs and seals." By the time the prototypes were being submitted to Mahindras for approval, Rao had moved on to head RBL. He convinced Lakshman and others that Ramesh was the right person to succeed him. As for his own tenure, Rao says it was "supremely satisfying." Today, the Mysore unit specialises in tractor gears. Other products developed at this time included lower control arms and variable ratio steering-gears for TELCO.

The Pondicherry plant was greatly helped by the purchase of ball-joints by Rane TRW and the runaway success of Tata's Indica, which being mainly used as a taxi was largely in demand with the mechanical power-steering gear. Labour problems raised their head in 2002 thanks to caste divisions in the union. Negotiations fell through on the long-term settlement and a one-day strike was called. Sundar remembers that Hydari drove from Madras to Pondicherry to ensure that this was called off. But within a month an indefinite strike began. "It was a crucial time for us," says Sundar. "We had supplied gears on an experimental basis for an

Iranian car and their team was on its way to see our plant. TELCO was 100% dependent on us. It was imperative that we kept the plant going.”

Andrew Johnson was despatched to get a restraining order from the Pondicherry Court to ensure material and labour access. Company apprentices were rounded up from Madras and sent by van to man the plant. “I also met the Chief Secretary of the Pondicherry Government and explained to him that such a labour scenario does not augur well for a State that was trying to invite industries,” says Hydari. The strike was called off after 52 days. By then estimates Sundar, he must have travelled at least 50 times between Madras and Pondicherry. In 2003, he was sent on a 23-day training programme to Japan and on his return was made Plant Head. Today the Pondicherry unit supplies to many leading car manufacturers in India. And with that, the pieces fell into place at RML.



21

The Deming Way

THE MID-1990s MAY HAVE seen several foreign companies setting up shop in India but their arrival was not viewed with universal appreciation. As Lakshman puts it, “As Indian business people we were miffed about the whole thing. We, who had struggled with and adapted business to the controls that prevailed, ought to have been given time to liberalise and then globalise our businesses. But everything happened at the same time.” There was also a widespread feeling as Tarun Das, the then Chief of the Confederation of Indian Industries felt, that the foreigners were adopting a cowboy approach, riding roughshod over the Indian partner without appreciating the local ethos and culture. This point of view became the cornerstone of what was dubbed the Bombay Club. Led by Rahul Bajaj, several industrial houses, from 1992, began demanding what they called a “level playing field.” *The Financial Express*, reviewing this a decade later summed it

up thus: “They said they are in favour of removing barriers to imports, but they first required ‘fair’ competition with imports. Indian companies must get access to reliable and trustworthy electricity, high quality ports and airports, a sensible framework of labour law, a good financial system, etc. Only when all these things are done would Indian companies have a level playing field when competing against imports made by foreign companies. Only when these pre-conditions are met, it would be fair to remove trade barriers. In the event, India made little progress on electricity or airports, got a bit better on ports, and did nothing to reform labour law. The stock market got better, but the remainder of Indian finance was unreformed. To most people, the Bombay Club argument seemed rather reasonable: how can the floodgates be thrown open to lean foreign competitors while Indian companies are hobbled thus? But the ceaseless efforts of economists prevailed. Without waiting for these ‘pre-conditions for a level playing field’, trade and investment barriers were scaled down.”

The challenge for Rane was competing with foreign component manufacturers who set up shop in India in the aftermath of the vehicle manufacturers. Rane, says Lakshman, was at that time “a frog in the Indian well, comfortably supplying to the local requirements and managing some exports. We just assumed that we could supply to the new entrants also.” But competing with suppliers across the world for the new car, two-wheeler and heavy vehicle components, most of them being made in India with foreign collaborations, proved to be something else. At Rane, Lakshman and Ganesh debated with the senior teams on how to make an entry and be seen as a manufacturer who was equal to the best in the world. The prevalent feeling was that process technology would hold the key to long-term survival. Between 1995 and 1999 therefore, Rane tried several improvements such as business process re-engineering and strategic planning. “You

name the jargon, (and several were just that – jargons) and we had tried them,” says Lakshman. “It was all to nought. Nothing came of it.” He and Ganesh were quite disappointed over the lack of progress. The bright side was the series of workshops on organisation skills run by Prof. Ashok Malhotra. This really helped the Group companies understand where they stood. It was around this time that Lakshman and Ganesh came to know of Total Quality Management (TQM).

TQM, originally a term coined by the US Naval Air Systems Command is a philosophy and methodology widely practised in today’s world but it went practically unrecognised for almost half a century outside of Japan. It was the brainchild of Dr William Edwards Deming, a statistician, professor, author, lecturer and consultant who from 1950 onwards had been teaching senior management on how to improve product quality and design. He perfected his technique in Japan, where at the invitation of the Allied Powers, he was asked to assist in the reconstruction of that country after the Second World War. Deming argued that continuously improving quality would reduce costs and improve market share. This philosophy was adopted wholeheartedly in Japan and as the country made rapid strides in industrialisation and its products became a byword for quality, Deming became a hero of sorts. The Japanese Union of Scientists and Engineers (JUSE) carried forward his work. The United States of America, Deming’s own country, recognised him rather belatedly - only in the 1980s, when the worldwide demand for Japanese goods began having a detrimental effect on its economy. Ford Motors invited Deming to look into its falling sales in the early 1980s and thanks to his ministrations, became in 1986 the most profitable American auto company. Deming became a household word after that and by the time of his death in 1993, was a widely honoured and feted personality. The Japanese had in 1950 established the Deming

Prize, awarded to companies in Japan for major advances in quality following a certification by JUSE. This had been extended to companies across the world in the 1980s and had by the 1990s become a hallmark of quality in manufacturing. The process was not easy and in 1998, Sundaram Clayton Limited became the first Indian company to receive the prize. The Rane Group first came to know of TQM as early as 1999 when a senior executive from NSK Ltd came to Rane NSK and as Krishnakumar recollects, “without knowing much English, managed to convey the gist of what it was all about. We acquired a sketchy idea of it and put into action some elements of it. But this was a far cry compared to what it really was.”

On paper, the Deming methodology appeared simple for its core was a management approach to long-term success through customer satisfaction. It aimed at getting the best rate of return for resources by creating value for customers through the systematic elimination of non-conformities, failures, volatility, overload and waste and continuous improvement of efficiency. As defined in his book, *Out of the Crisis*, Deming spelt out 14 points:

1. Create constancy of purpose toward improvement of product and service, with the aim to become competitive and stay in business, and to provide jobs.
2. Adopt the new philosophy. We are in a new economic age. Western management must awaken to the challenge, must learn their responsibilities, and take on leadership for change.
3. Cease dependence on inspection to achieve quality. Eliminate the need for massive inspection by building quality into the product in the first place.
4. End the practice of awarding business on the basis of price tag. Instead, minimise total cost. Move towards a single

supplier for any one item, on a long-term relationship of loyalty and trust.

5. Improve constantly and forever the system of production and service, to improve quality and productivity, and thus constantly decrease costs.
6. Institute training on the job.
7. Institute leadership. The aim of supervision should be to help people and machines and gadgets to do a better job. Supervision of management is in need of overhaul, as well as supervision of production workers.
8. Drive out fear, so that everyone may work effectively for the company.
9. Break down barriers between departments. People in research, design, sales, and production must work as a team, to foresee problems of production and in use that may be encountered with the product or service.
10. Eliminate slogans, exhortations, and targets for the work force asking for zero defects and new levels of productivity. Such exhortations only create adversarial relationships, as the bulk of the causes of low quality and low productivity belong to the system and thus lie beyond the power of the work force.
11. a. Eliminate work standards (quotas) on the factory floor. Substitute leadership.
b. Eliminate management by objective. Eliminate management by numbers, numerical goals. Substitute leadership.
12. a. Remove barriers that rob the hourly worker of his right to pride of workmanship. The responsibility of supervisors must be changed from sheer numbers to quality.
b. Remove barriers that rob people in management and in engineering of their right to pride of workmanship.

13. Institute a vigorous programme of education and self-improvement.
14. Put everybody in the company to work to accomplish the transformation. The transformation is everybody's job.

And then Deming delivers his punchline which also holds the key to success or the most often cited cause of failure - Massive training is required to instill the courage to break with tradition. Every activity and every job is a part of the process.

The TQM process thus involved not just the senior management, but just about everyone in the organisation. At Rane the real process began with a visit by Dr Washio, a Japanese professor from JUSE who conducted a workshop for the senior management. "The stunning realisation was that it was not all Greek and Latin and was in reality quite simple," says Lakshman. It was all about Customer First, a Quality Control Way of Thinking and Total Employee Participation. Lakshman and Ganesh, who had by then become quite despondent with whatever had been tried earlier, felt that this would work for the Group. "By then, we were known in Japan thanks to our exports and also our collaborations and Dr Washio agreed to take us on." The work began in April 2000. A TQM apex council was put together with Lakshman as Chairman and Ganesh as Vice-Chairman with each of the company heads as members. Within each company, TQM Councils were created with well-defined milestones. Leading the effort was G Ramkumar, who was moved from RML to RCC as the General Manager, Corporate Services. He remembers that the first presentation by Washio happened on 1st April 2000. "In those days and particularly given the crisis that RML was going through, the last day of any month and more so the last day of the financial year was an all-night affair with shipments taking place till daybreak. I remember arriving quite groggy for the presentation."

But it was an eye-opener in more ways than one and Ramkumar was to follow Washio and his two assistants, Ando and Iano to all the plants, understand the fundamentals of TQM and promote it within the companies. He was in short, the chief evangelist.

Working with Washio and his assistants was by itself a learning process according to Ramkumar. Washio was a man who ran his day entirely according to a schedule. Having arranged to pick him up from his hotel at 8.00 am one morning, Ramkumar thought it best to give him a reminder call at 7.55. When they met five minutes later at the lobby, Washio made his irritation clear. There was no need for him to be reminded he said. He had lost five minutes of preparation time! Thereafter says Ramkumar, at 8.00 sharp, day after day, visit after visit, the lift doors would open and Washio would stride out.

Washio would come down once in two or three months, visit each of the companies, conduct workshops and lectures and set down targets to be achieved by his next visit. Before his arrival, the Apex Council would review the work of each company by conducting audits. A typical Washio visit as described by Ramkumar, was for five days with each company being allotted a day. At that time, five of the group companies, RML, REVL, RBL, Rane TRW and Kar Mobiles were working towards TQM. He would carry the same notebook every time he visited a company and therefore had all his background notes, references and reminders. And he followed his schedule to the minute. "He would be discussing something on the shop-floor when his schedule would indicate that the next meeting needed to begin shortly. That was it. He would close his discussions at once no matter what progress had been made," remembers Ramkumar. This necessitated a change in the way the TQCs presented to him. "Our teams generally made their presentations with the emphasis being on what they had

achieved between his previous and present visits. I had to tell them that in order to maximise our benefit from him it would be better that we focused on where we had failed or where we had doubts.” Ramkumar made it a practice to tail Washio wherever he went much to Lakshman’s annoyance for he felt that it was not necessary for a senior man to accompany the consultants on all their travels. “But when I explained that it was necessary for me to grasp everything that was instructed or advised in order to be effective, Mr Lakshman agreed.” Washio’s knowledge of English was restricted and this according to Ramkumar worked to Rane’s advantage. “He never wasted his time on synonyms. We therefore understood precisely what he meant.”

Understanding his words were one thing, translating them into action another. There were huge stumbling blocks. A fundamental issue in TQM was clarity in role. Earlier HR role documents used to run into pages and were kept as closely safeguarded secrets. This had to be done away with. Eleven senior managerial personnel met several times and logged around a 1000 man hours of discussion on roles. Despite this, role overlaps and redundancies were overlooked. Washio and his team wanted everyone to come up with Check Points and Management Points. The initial lists for most people ran into several check points with the numbers rising with managerial positions till the CEOs had an impossibly long list. Washio explained that Check Points were for subordinate positions and needed to be reviewed by exception. Management Points were what a role really existed for and if there were none in a role, it had to be removed from the organisation chart. When the plants sat down to work on this basis, several positions became redundant. According to Lakshman, the most junior levels in management proved the most difficult. The fundamental issue in TQM was role clarity and in the process of this emerging, a number of “inane jobs” came out first. These had no accountability

and no responsibility but had authority. When these came under the scanner they caused tremendous insecurity. There was a lot of communication and dialogue. “We assured everyone of redeployment” says Lakshman. In three years virtually every Rane employee, which meant around 3000 people, were trained. RIED became the forum for these training sessions. The common training sessions became tremendous motivational factors for plant personnel and a big learning process for the auditors. A success story in one company could be picked up and implemented across the Group. The in-house journals of all the Rane companies, most of which began in the mid-1990s, did considerable work in disseminating information on TQM and allied concepts. Being bilingual (English and the local language) helped.

According to Gowri Kailasam, now Vice-President, Materials Management at RML, getting people to understand that all activities ultimately dovetailed into TQM was important. Most of the junior levels in management and those on the shop floor viewed TQM as being an additional activity to their routine duties and even aired their doubts as to whether they could have the time for it. “I am doing my job, working on 5S, Kaizen and Total Productivity Maintenance (TPM) and now you are asking me to work on TQM,” was an oft-repeated comment she remembers. Here again, training and several explanatory sessions were needed before the buy-in was obtained. The realisation that TQM would fail without the involvement of all people was perhaps best exemplified by what happened at Rane TRW. Krishnakumar, during whose tenure in that company the certification process took place, was asked to deny permission to the workers at the Viralimalai plant for forming a union. “People thought that TQM was like ISO, a documentation of processes and so assumed that we could achieve it without support from the shop floor.” But Krishnakumar differed and met the workers and asked them

to go ahead. He was however firm that multiple unions would not be allowed. “I could not imagine TQM surviving our having several union leaders,” he says. The decision made all the difference. The workers formed a union and then co-operated wholeheartedly in the TQM activity.

Krishnakumar feels that the build-up towards the certification was one of the most satisfying periods. “Every time I visited the Guduvanchery Plant of Rane TRW I saw a change for the better. The plant was visibly transforming itself.” Back in Viralmalai, the team set itself a tough target. Despite having a world-class facility, the plant followed the widely accepted view that hydraulic steering-gears would leak anyway. “We set ourselves a target of rejects of less than 100 parts per million (PPM). And we achieved it. Today it is less than 10 or 15 PPM.”

It was perhaps at RML, already in the throes of a huge turnaround that TQM had its biggest effect. Hydari was clear that in order for it to succeed, every workman on the shop-floor needed to understand it. Ramkumar remembers that initially Hydari was most sceptical, viewing the exercise as another management gimmick and even joking that in order to live the role, Ramkumar ought to wear a tie as most management consultants did.

Ramkumar says that once convinced, “Hydari used TQM to change the culture of RML by people involvement. The TQC at RML, Ranganathan spent a lot of time with Hydari in going line to line and encouraging the workers to form quality circles. This was the time when the workmen would remind the team of some unfulfilled facility to improve the line. Such points would be made note of and implemented. The next day, Hydari would go back and inform the person concerned on what had been done. He did that very effectively.”

Gowri agrees. Having been on the spot, she remembers the change vividly. Her own room faced the union office and all the time she saw people idling there. That by itself was a culture shock she remembers. Fresh from her tenure at Ford in the US, she threw herself into the TQM exercise only to be told by the unions each time she suggested an improvement that “all that was good for Ford and not here at Rane.” Matters reached such a situation she recalls that when gangways were marked out for the first time on the shop-floor, the workers would simply not bother about them and keep material just about anywhere. “We then had chains put to prevent this but sure enough, they simply moved the chains out of the way.” This depressed everyone no end but Hydari she says, was all for continuing. He unlike others, felt that a strong management and a strong union were both essential for the running of a company. “He used to say that ultimately both work for the survival of the company and if one was weak the other would ride roughshod. If both are strong, they would work out an effective and positive via-media solution.”

The turning point according to Gowri came one day when the RML plant went into a tizzy cleaning up the shop floor. A team from Mahindra & Mahindra was coming on a visit and it was necessary that the plant presented its best face. At the end of it, the question that stared everyone in the face was as to why a clean-up was needed at all. Should a good plant not be presentable to visitors everyday? “That prompted a discussion and as usual the standard story came up that all kinds of cleaning exercises were attempted but none had lasted.” It transpired that all of them had been management-led with minimum involvement from the workers. “We had just begun re-implementing 5S as part of TQM and therefore formed new teams for it. Only this time, we ensured that every team was comprised of a cross-section of the company, from top bosses to the workers. And, in order to ensure that those

on the shop-floor owned the concept, each team was led by not a senior manager but by a machine operator. The others in the team had to assist him in achieving the required cleanliness and ensure resources were made available for it.” The idea caught on to an extent that RML Pondicherry developed a unique tradition, now implemented at all the company’s plants. “At the end of every hour, you will hear a musical chime,” says Gowri. “That is the signal for all those on the shop-floor to spend five minutes updating their quality records and also cleaning their machines and surroundings.” And there came a day when customers could walk into the plant, unannounced and be pleasantly surprised at the level of upkeep.

At RBL, there were problems of another kind says Ramkumar. The senior management was all for a highly intellectual approach and focused entirely on Policy Deployment and not Daily Routine Management which involves the day-to-day activity and hence comprises 90% of TQM implementation. Ramkumar had to tactfully suggest to Washio that he ought to look at the shop-floor at RBL during his next visit. Washio did and found several areas needing improvement.

In 2003, it was felt that the companies could submit themselves to the first level of diagnosis on their preparedness for attempting the Deming Prize. Lakshman desired that RML ought to do so first but Hydari was not for it. “I said Deming to me is right down to the last man and it is putting pencil to paper. We have been brought up with an hierarchy of intellectual to worker. To me the cook in the canteen, the cashier and the security chap were more important than the CEO.” In the event RBL and REVL went in for the examination. The former was cleared for the final diagnosis while it was felt that the latter needed several improvements. Even then, says Ramkumar, the examiners were perceptive. While

acknowledging that RBL had done some phenomenal work in new product development and in drill-down analysis using Oracle, they could see that there was a disconnect between the senior and middle levels in the company. That meant that there was a disconnect between the mission of the company and the strategic goals of every functional head. This had to be set right.

RBL went ahead for its final certification and was awarded the Deming Prize for 2003 by JUSE that year. The whole Group reverberated with cheers. The work was however by no means over for Ramkumar and the rest of the TQCs for they were busy coordinating with examiners and preparing the other companies through mock audits. “Our enthusiasm knew no bounds after RBL qualified,” says Lakshman. He travelled to Japan along with Sundararaman, the then President of RBL to receive the prize. “This was a most coveted prize and when the world saw that we had received it, suppliers and customers took note. With this, we could demonstrate to ourselves and the world that we were second to none, if not better, than many of these international suppliers of components.”

At Rane TRW, Krishnakumar was under pressure from his team to let the company go for its diagnosis. This was for the steering-gear division. But he was reluctant. In 2004, he had a whole day’s meeting with 45 of his team to test their preparedness. “I was convinced that people needed some more time even though a whole cultural shift had taken place. They asked for six months and I said OK. We did it. The preliminary audit was in December and the final in August 2005. Everyday there was a change in the company.” REVL and Rane TRW (steering-gear division) qualified at the same time and in 2005 November, Ganesh and Krishnakumar went to Japan to receive the Deming Prizes.

It took RML time to qualify. The company was fighting bigger issues as has been related earlier but as Gowri puts it, the

company's profits kept rising as the TQM process got underway. Still, when he came for an audit in 2005, Lakshman rather bluntly informed the team that the company was not yet ready. Gowri remembers that Sarathy and she withdrew into a shell. "We even tried justifying his statement by convincing ourselves that he liked Rane TRW more!" But what emerged was a feeling that things had to be set right. The team approached Lakshman the next day and said that their fundamental problem was they did not know whom to satisfy – Washio and his team or the Apex Council within Rane. "He just quietly replied that we needed to satisfy ourselves and all will be well," remembers Gowri with her characteristic laugh. Deeper analysis went into each process and each process presentation was reviewed at least 25 times. "And at each review we managed to find 10 improvements in the process that we were following." At the end of it all, there was a tremendous build-up of energy. And it worked wonders for within the year Washio said that the company could go for the final examination. "It was a piece of cake compared to what we had been through in the preliminary stages," says Gowri. "Ultimately, we, the people, did it." RML qualified in 2006 and received the Deming Prize in 2007. Full-page advertisements were released and the headline proclaimed that at Rane, winning had become a habit. The common baseline for the company advertisements was also changed to reflect the new ethos. It said "Customer delight through quality."

Kar Mobiles however dropped out of the TQM race. There were several managerial issues there and Ramkumar, fresh from his euphoria of receiving the Deming Prize for Rane TRW in 2005, was sent to Kar Mobiles to sort things out. "Getting stability in output became the most important factor for us. We did not sit for the exam but I am happy to say that we put several of the

TQM practices into place there. Today, Kar Mobiles may not be a Deming company, but I am glad to say that all the standards are followed.”

Across all companies, TQM is today a mantra that is practised day in and day out. The apex audits have continued till now and according to Lakshman have “created a competitive spirit between the plants with each one wanting to be adjudged the best. It has ensured the understanding that TQM is a journey without an end. There is no end to perfection.” According to Gowri it has become “a methodology, a philosophy.”

It is perhaps best to quote from *The Financial Express* once again. Why did the calamity of Indian companies being wiped out as predicted by the Bombay Club not come to pass, the newspaper asked. It then provided the answer. “The events have belied this pessimism. When competitive pressure came upon Indian firms, they worked wonders on reshaping themselves, absorbing new technology, recruiting talent including foreigners, etc. The malleability of human behaviour exceeds the expectations of practical people.” Malleable Rane had been, but it adapted itself by strengthening rather than diluting its core values. Therein lay the secret.



22

Growing with TQM

RATHER REFLECTIVE OF THE continuous improvements that the Group was effecting through the TQM process, a slew of awards was to come its way even before the Deming Prizes. In 2003, REVL received the Supplier Award from Deutz Germany. The company also won an award from Maruti Udyog Limited for Outstanding Overall Excellence for 2003-04. Rane TRW's steering-gear division received the Best Co-operation Award from Hyundai Motor India in 2004 while Rane NSK Steering Systems Limited received the Best Improved Supplier Award from Toyota Kirloskar Motors. 2006 was REVL's turn once more, when it received the Best Supplier Award from Tata Cummins Limited. In 2008 it received the Volkswagen Group Award.

“The Demings give us respect and also help us create a system on the shop-floor. It is a good foundation for the future,” said Ganesh

in an interview. Equally important was the realisation that became a part of the culture that while the prize would definitely add weight to Rane's cause with future customers, the path to continuous growth lay in continuing to implement TQM and demonstrating superior performance through quality, cost and delivery.

Perhaps it was natural that the Deming Prize caused complacency in at least one instance. That the prize itself was not a panacea became evident when troubles hit RBL. PS Rao, who went to take charge in 2006, remembers that RBL was the jewel in the crown. When he was at RML he would look at their projections with envy.

On joining RBL however, he was in for a big shock. He found RML to have been much better. The problem was that owing to continuous profits the company was complacent to the core. In Ambattur there were problems. The union had divided into two and both factions ruled absolutely, to an extent that temporary workers could not come in to the plant without their permission. No worker could be shifted from one machine to another. Rao remembers that the Deming team of examiners had predicted such problems when they had remarked that all was well with the company at an intellectual level but it was having unresolved issues at the operational level. Tough talk by Rao and team brought matters to a head resulting in the sacking of the union general-secretary. While the latter sought redress through the Courts, the union president saw reason and agreed to sign the settlement which, after a delay of two-and-a-half years was finalised in 2007. But there were bigger problems with the customers.

According to Rao, the complacency within the company had alienated many customers. It is noteworthy to see that while the other Group companies were notching up awards from customers, RBL did not receive any. Customers on the other hand says Rao, were asking as to how it had qualified for the Deming. They were

complaining about quality issues and failure rates. For long they did not have an option as competition was practically non-existent and even when rivals appeared, RBL continued to have a dominant market share. In 2005 however, Tata Motors to whom RBL was a 100% supplier thereby accounting for 40% of sales, shifted to asbestos-free linings and placed all their orders with other suppliers. They had given RBL an opportunity to develop the new variety but the company had not responded. An earlier attempt at asbestos-free linings by a competitor had failed and RBL was confident that none could produce a product to the satisfaction of the client. But with asbestos-free becoming a reality, RBL's share fell to zero overnight. The company had to bridge the gap through replacement markets in which according to Rao, A Rajasekharan, now VP Marketing did some great work.

All this naturally impacted the Deming review which fell due in 2006. Everything was shared with the review team and changes were made. The diagnosis in 2007 went off well. But the migration from asbestos to asbestos-free was not easy. Asbestos was a very production-friendly material which its environment-friendly equivalent was not. Given the safety-critical nature of brake linings, R&D at a detailed level was required before the company could come up with an asbestos-free equivalent. With formulation help from Nisshinbo this was finalised in 2007 and two manufacturing facilities, one in Puducherry and the other in Tiruchirapalli were commissioned in 2008. While the Puducherry plant focused on asbestos and non-asbestos brake linings, disc pads, cord clutch facings and brake blocks (for the Railways), the Tiruchirapalli plant was set up for asbestos-free disc pads. Today, with concern for the environment very much to the fore, the Tiruchirapalli plant looks set to handle a large demand from customers worldwide.

With India ceasing to be a protected country and working in tandem with global markets, tremendous export opportunities arose for manufacturers who could pass the quality barrier. Ramkumar remembers a time in the late 1990s when sending someone abroad for export promotion was really not thought of in Rane. The export markets captured in the 1980s were being catered to successfully but beyond that there was not much of an initiative. The turning point he says came about in 2001 when Ganesh became Chairman of the Automotive Component Manufacturers Association (ACMA), a position that Lakshman had held in the 1980s. “ACMA used to send missions abroad and Ganesh led a couple of them. And that is when he got the idea that Rane ought to make promotional visits too.” Ganesh, who in Ramkumar’s view led from the front when it came to export development at Rane, put together a trade visit to China and Iran with Ramkumar leading the team. “Iran had a huge automotive market and because of the country’s ideological positions, the American companies were not present. There was demand for alternative products with good technology back-up. This visit resulted in large orders for manual steering-gears, engine valves and seat-belts.” With Ramkumar already leading the TQM effort, his designation was now changed to Vice-President, TQM & Business Development.

PD Leelaram, who succeeded Ramkumar to that position feels that prior to the 1990s, Rane was more into distribution of its products rather than marketing. But that changed from 2000 onwards. He speaks of the way REVL, led by its CEO CN Prasad, went about capturing global markets. Leelaram who was leading the marketing team there before his present corporate assignment, feels that REVL had to look at exports due to rapid changes in the Indian market where from a position of being a supplier to every OE that manufactured engines, REVL found that it had to compete

with several newcomers who were lower in their cost structure. The aftermarket was getting crowded too. “We started looking at two companies, Volkswagen of Germany and Deutz, a large, heavy duty engine manufacturing company also in Germany, who supplied to Volvo, etc. We made Deutz a focus area, and became a single source supplier to them. Even today, we are an almost 100 percent supplier to Deutz’s plants in Germany and Spain. In 2003 or 2004, Volkswagen approved us as suppliers for one platform. We set up a separate line at our Hyderabad plant. Later, more platforms were approved. Today we supply a couple of million valves to Volkswagen.” In 2008, REVL set up its most advanced production centre for engine valves near Tiruchirapalli. Designed to initially produce six million valves per annum, it is envisaged to reach 25 million valves in the next few years. Exports according to Leelaram, saw an exponential growth in the company and today account for 33% of the company’s turnover. Not that the domestic market was neglected, for REVL is the single-source for supply of engine valves to Hyundai. Today REVL is the largest engine valve manufacturer in India, producing 45 million valves per annum across its five plants in Chennai, Hyderabad and Tiruchirapalli.

At RML too, exports have led the way and as Sarathy puts it, it may become an increasingly export focussed company, with its sales of ball-joints in particular being most encouraging though the same cannot be said of tie-rod ends which have almost become a commodity. It was a phenomenal achievement given that exports accounted for less than 2% of RML sales in 2000. By 2005, the number of programmes for export had expanded to 12. “TRW, John Deere, Polaris, Chrysler, Club Car,” Sarathy proudly rattles off the names of the overseas customers of RML. “We also export mechanical steering for Daihatsu in Indonesia. A major advantage we had was that India had acquired a shining image thanks to

the IT revolution. That made our task easier. Earlier, we used to carry tonnes of presentation material to explain why our country was great and then ask for business. Today we don't need to sell India. Customers know that India is good. So when I go to meet customers we can come directly to the point." In 2006, RML set up a plant in Ambakkam, Varanavasi village, near Kanchipuram to manufacture ball-joints which are now being supplied through a tier 1 supplier in the US and in Mexico to Chrysler and General Motors.

A new line that the Group entered into in 2006, as a consequence of its export thrust was aluminium die-casting. "Rane Madras had been into a harmonious relationship for over three years by then with TRW following the continued export of ball-joints," says D Sundar who now heads Rane Diecast Limited (RDL). "Harish got to know that TRW was looking out for sources who would supply machined pinion and pump housings. TRW were sourcing castings in North America and then machining them. We knew how to machine these castings given our steering-gear business and this was a good fit for us." Die-casting was however a facility the Group did not have and through RBL the Group acquired a 65% share in Soubhagya Die Cast Limited, a company located in Bollaram District of Andhra Pradesh. The company name was changed and investments were made in expanding the facilities. Sundar, who was then in RML Puducherry remembers shuttling between his base and Hyderabad every week. Given Ganesh's emphasis on cultural synergy in new acquisitions Swaminathan came and interviewed the 25-strong staff and around 75 workers before finalising the takeover. Once the formalities were through, Harish and Sankararaman of Rane TRW worked on getting orders for 375,000 machined pinion housings for Chrysler and 90,000 machined gravity die-casting pump housings for commercial truck operations.

However, due to delays in setting up the line to full capacity, quality issues in the initial stages and a fire accident in one of the die-casting machines, actual sales at the end of the first operational year were only 50% of what was planned. The first consignment of pinion housing left India in April 2007 and TRW began using parts from November that year. Production climbed by 100% the next year though there were problems due to porosity in the castings. By 2008, matters had settled but the slowdown of the US economy hit the company hard. It was decided to cater to orders from TRW Europe to make up for the fall in orders from the USA. But by 2009, Europe was in the throes of a recession too. The plant's capacity utilisation fell to 47% and through the use of TQM techniques, losses resulting from casting rejections and wastage of metals were reduced to an extent. While RDL is yet to make a profit the Group is convinced that this is a company with a future. Rane's history justifies this optimism. RBL suffered in its first years, as did Rane TRW. Both companies made it good later and so RDL's time will also come. In the meanwhile, the company has begun utilising its capacity by supplying die-castings to local customers such as Simpsons, VST Tillers and Philips.

In the domestic market too, exciting opportunities came up for the Group. In 2005, Ratan Tata, the Chairman of the Tata Group announced that Tata Motors would begin working on a truly "people's car" which would be offered at a price of Rs 1.00 lakh plus taxes to the market. While those who disbelieved this were in the majority, Tata Motors went ahead with the development of its Nano. Working as part of a closely-knit team of suppliers was RML and in 2008 it bagged orders for the supply of steering-gears and control arms for the Nano on a Just-In-Time basis for the proposed plant at Singur in West Bengal. Political issues saw the Nano moving to Gujarat and that has caused a delay, but the close relationship with Tata Motors, even today the largest customer of

the Group, was cemented further when both RML and Rane NSK planned and set up in 2007, plants in Uttaranchal exclusively to cater to Tata Motors for their range of vehicles other than the Nano. In 2008, the presence in North India was strengthened with Rane NSK setting up its new state-of-the-art manufacturing facility at Bawal, Haryana, with a view to meeting the growing demand of vehicle producers from the National Capital Region.

The new plant was completed in eight months, reflecting the changes that had come over the Indian business environment from the time when it took LLN three years from the idea of setting up a plant to the actual permission received from the Government of India. With a production facility set up over 3600 sq. mtrs, within a site of five acres, the new plant was designed to minimise the use of electricity for lighting and ventilation purposes. Both the Uttaranchal and Bawal plants of the Group were part of a new strategy which as M Degawa, Director and Executive Vice-President of NSK Ltd., Japan, put it, was indicative of the key to success being “close service to customers in each of India’s manufacturing regions. To overcome logistics challenges and offer minute-by-minute technical support, our plants must be close to the final assembly line.”

As the recession years of 2008 and 2009 wore on, what emerged was that the Group would stick to its core-areas for doing business, no matter what be the attractions in diversification. Unlike the doubts that assailed Rane in the late 1960s and more so in the 1980s, the vision in the 21st century was to remain in the automotive businesses and in manufacturing safety-critical items at that.

It was also time to rationalise the inter-company shareholdings. Over the years, as the businesses grew, new companies were set up or acquired and some were divested. This led to a plethora of

cross-holdings among the companies and to quote C Siva, Company Secretary of the Group, “the larger investor community felt that this impeded proper valuation. Analysts felt that investor confidence would grow if the cross-holdings were all removed.” The process of simplification began in 2004 when RML was demerged and all the manufacturing done under its name was transferred to a new entity – Rane Madras Manufacturing Limited (RMML). Only the Rane trademark and investments in other companies were held by the old RML which became Rane Holdings Limited (RHL). RMML reverted to its old name of RML. In 2007, the same exercise was completed for other Group companies so that RHL emerged as the holding company for all Group entities. That was also the year when Lakshman chose to retire as Chairman of the all Group companies, choosing to restrict his role to being Executive Chairman of RHL and of course a Director in all the entities.

“At the age of 60 I decided to step down,” says Lakshman. “As this was the rule all over, I decided that it applied to me also. I have always been apprehensive of one-man shows. There was a planned succession. With this idea in mind, I had involved Ganesh in all that I did. Today, I am always available for policy decisions and to provide help. Our goal is the same though the methodology may be different and I think in any organisation culture there must be space for this.” Vijay Mohan, the Managing Director of Pricol Limited and a Director on the Board of RHL who has known Lakshman for a number of years remarks half in jest that he could never retire. But he agrees that today, the value that Lakshman brings in more as a mentor is invaluable. Ganesh took over as Chairman of the Group and has since led from the front. Today, Harish who became Managing Director of Rane TRW in 2006, is a Director on the board of RHL and the individual companies and is therefore also actively involved in the management.

Post his retirement, Lakshman decided to focus on Corporate Social Responsibilities (CSR), an area in which he says there is much to be done. Perhaps he is taking a leaf out of his grandfather and the Group founder Ganapathy Iyer's book. Even while just a fledgling company, Rane Madras was to display a social conscience. In 1934, when there was a severe earthquake in the Quetta region of undivided India, Rane was among the first to contribute a then handsome sum of Rs 101 towards relief, a fact stated with much pride by Ganapathy Iyer to the Board and recorded in the minutes.

Lakshman indicates that his area of interest in CSR would be education and that is something all three, Ganapathy Iyer, LLN and TKG Raman would have wholeheartedly approved of as would have Meenakshi, the founder's wife. Almost from the time that he moved to Madras from Bombay, Ganapathy Iyer had interested himself in the affairs of a school that was begun in Gopalapuram, a new suburb of the city. Begun in 1924 with a single teacher, the Hindu Elementary School led to the formation of the Gopalapuram Educational Society in 1936. In 1937, with *Trichur House* on Conran Smith Road being completed, Ganapathy Iyer sold his erstwhile residence, *Brinda*, to the Society. By then the original school had converted itself into a school exclusively for girls and with its shifting into the new premises, the school was renamed the Brinda Primary School. Over time, the girls' school repeatedly upgraded itself and became a middle-level and finally a high school. Ganapathy Iyer made donations to it again and again. After his time, with the formation of the Ganapathy Trust by TKG Raman and his mother, the Girls School benefited from their munificence. In 1968, the family home, *Trichur House* was made over to the school which changed its name thereafter to the Ganapathy Iyer Girls High School. Today, the building has seen much renovation and has been practically altered out of shape but the southern wall still retains elements of ornamental balconies

and windows to indicate what *Trichur House* looked like in its prime. “We, my brother, sisters and myself, were all born in that house,” says Lakshman. Lakshman is on the Board of the school and is taking an active interest in its functioning. Ganapathy Iyer was also involved with another institution, the Ramakrishna Mission which had begun and still runs several schools. Given his love for education, it was but appropriate that a Chair was endowed in his memory by LLN in 1949 at the then newly set up Madras Institute of Technology.

LLN was far more eclectic in his choice of deserving causes. Thus in his lifetime we find Rane contributing to institutions ranging from the Cancer Institute, Adyar to the Sadguru Sangeetha Samajam, Madurai. The Swati Tirunal Sangeetha Sabha received Rs 50,000 in 1968 for its building fund. Another beneficiary was the landmark Sastry Hall above the Ranade Public Library in Mylapore, which continues to function as a vibrant venue for music performances and other public events. The rock memorial to Swami Vivekananda at Kanyakumari also had Rane as a donor. It was also during LLN’s time that the Group resolved to “subscribe, donate or guarantee money for any national, charitable, public or lawful object and to subscribe or donate for any political party or for any political purpose to any individual or body.” In today’s scenario it may appear somewhat odd but the pragmatic LLN had read the signs and identified that it would become increasingly necessary to live with political demands. Thus we see EVL donating for the conduct of the Congress Session at Avadi in 1955. In 1967, following a change of Government at the State level, we also see the Group contributing to the World Tamil Conference, the dream project of the then Chief Minister CN Annadurai. LLN was to receive a warm letter of thanks from the then Education Minister VR Nedunchezhiyan. He was promptly invited to declare open the RBL factory.

LLN's biggest social contribution was the building of the Margaret Sidney Hospital in Nanganallur. The area, coming as it did under the Alandur Municipality where EVL was established, was a remote suburb of Madras in the 1960s known more for its temples than anything else. With many of the EVL staff being drawn from the same locality, LLN became aware that there were hardly any medical facilities in the area. In 1966, he wrote that "it is advisable to provide a maternity home with 4/5 beds and a family planning clinic in the Saidapet/Guindy/Alandur area to cater to the needs of 400/450 families of our group of factories. It is estimated that the non-recurring expenditure will be about Rs 5000 and the recurring expenditure Rs 16,600 per annum." The matter came up for discussion at the subsequent Board meeting and was deferred.

Not one to give up so easily, LLN persisted. In the early 1970s, residents of the area formed the Ganesh Mandali, a trust for charitable causes. EVL donated Rs 20,000 towards the setting up of a health facility by the trust and made sporadic contributions thereafter. In 1974, the Mandali wrote to EVL requesting funds for the setting up of a hospital in the area. The cost they estimated would be Rs 2 lakhs. EVL decided to fund the construction in full. The hospital was completed by late 1976 and was ready for inauguration when Sidney and Margaret Lewis arrived on a visit in January 1977. LLN convinced the trust that the hospital ought to be named after his close friends. The Margaret Sidney Hospital was declared open by Margaret on 15th January. On their return to England, the couple sent a large donation to the hospital. Given the stringent tax laws that governed the UK at that time, it took all of Sidney's well-known powers of persuasion to convince the tax authorities and ensure that the amount reached India in full without suffering deductions. LLN later sent the Lewises an album of photographs taken during the inauguration. Between 1977

and 1980, the Group donated over Rs 7 lakhs to the hospital. In time, the trust was renamed as the Ganesh Mandali Engine Valves Trust and continues to govern the hospital.

What is interesting to see is that Rane, whether under Ganapathy Iyer, LLN & Raman or Lakshman & Ganesh has ensured that social causes are always supported, year after year. Education however was to be a continuous theme. LLN became keenly involved with the setting up of the Meenakshi College for Women, an institution that came up in Madras in 1975. He served on the Board of the college for several years. He was however more concerned with the development of facilities for vocational training and technical institutes that produced diploma-holders who would form the backbone of India's workforce. At RML he got the Board to agree to donate all the worn-out chucks and lathes to the CM Kothari Institute of Technology so that students could have hands-on experience of running machines. This was at a time when second-hand lathes fetched a good price in the market. Today, Lakshman would like to continue working on developing technical institutes. There is, he feels, "a huge mismatch between what is needed and what is produced by our educational institutions." A consequence of this is the recent inauguration of the Rane Polytechnic at Viralimalai, which has several Rane establishments.

Speaking of Viralimalai, what is sometimes left unstated is the work done by the Group in rural and remote areas where it has continuously set up plants. While it is true that such decisions are in response to incentives given by the Government for industrial houses such as Rane to move into designated backward areas, the spin-offs for these regions have been largely beneficial. "In the beginning it is always tough," says Lakshman. "At Viralimalai for instance, we had no communication facilities, no rail connection and no medical help. An hour's work at Viralimalai meant spending the better part of two days in travel. But we, and other

companies persevered.” Gradually, these areas improved. The health-centres and child-health facilities got more support. Schools came up and people could aspire for a better standard of living. Working with the locally recruited teams was a pleasure too says Lakshman. “There is a native intelligence accompanied by a respect for the immediate superior that makes the building of systems a lot easier.”



23

Steering Ahead

WHAT MAKES THE RANE GROUP tick? Subodh Bhargava, who as Managing Director of Eicher was a customer of Rane says he chose to become a Director on the Rane Board only because this was one of the few Groups that matched his value systems in full. And that is a sentiment that several in the Group's companies echo. "Ethics and straightforwardness in dealings is our hallmark," says C Siva.

As for Vijay Mohan of Pricol Limited who is on the Board of RBL, the cohesion displayed in the senior levels of management is the key to the Group's growth in recent years. The planned succession is an instance of this he says. "With the creation of RHL they were able to unlock the potential in their shareholdings and allot stakes to their partners in each of the individual companies. That made a big difference." V Narayan, the former Managing Director of

Ponds Limited and a respected figure in corporate circles who has been on the RHL and RML Boards says that exposing employees to business processes and empowering CEOs have been the reasons for the fast growth of the Group in recent years. “The tradition is that a family member founds the business and his style carries the group. When the next generation takes over, its members are not entrepreneurs. The most significant change is making a transition from a family-owned family-run business to a family-owned professionally-run business. That is a big shift and Rane has managed it well. They have modernised without compromising on traditional values. This is a highly professional, highly responsible and highly ethical Group. Today these are requisites if you want to survive in the long run.”

Analysing today’s business scenario, he feels that in order for any enterprise to survive, it needs to carry along with it all its stakeholders; the customers, the employees, the vendors and the investors. “When all of them work together, the rate of growth can be exponential,” he says and adds that Rane has scored on all fronts.

Rane he feels, has diversified into related areas within core-competencies. Explaining this are A Rajasekharan and T Giriprasad, both men of many years standing in marketing Rane’s products. They say that the decision to focus on safety-critical automotive products indicates something about the Group’s philosophy in terms of believing in being in businesses that are core to any activity. Being in such a line has its own risks, but Rane has a hard-won reputation for taking its business extremely seriously with no incident so far of product recall from the market etc. This naturally enhances the Group’s image. However, there has been one important shift. Until the 1990s, the Group focused on products that had a limited life cycle and therefore encouraged an aftermarket. The last three additions to the business, namely

energy-saving columns, seat-belts and die-cast products mostly outlive the vehicle on which they are fitted. This means a greater dependence on OEs.

Rajasekharan is of the view that the marketing process with OEs really begins with the design stage and even here, Rane's emphasis on perfection comes through. There are times he says when the Group's tendency to ask as many questions as possible even before putting pen to paper has worked to its detriment. "This is particularly so when you consider Chinese companies who say "Yes" even before they look at the feasibility. We have lost some businesses that way, but that does not mean we are going to change our way of working." That means that in new product development presentations, engineering expertise comes across as strongly trustworthy. "We are seen as very solid and not flashy," adds Rajasekharan. This strength he feels will however soon have to be combined with a faster turnaround in new product development. "In the times when commercial vehicles dominated the show, new products were few and far between. But now with passenger cars dominating the market, the average life cycle for a new model development is 16 months from design to delivery and we have to adapt ourselves to it."

Even while it strives to work with OEs in their quest for newer and better vehicles, Rane is careful to ensure that it is not treated merely as a design-house that develops prototypes after which stage orders could be passed on to cheaper competitors. Rajasekharan adds that "Our insistence on non-disclosure agreements (NDAs) prevents us from being used. We deploy expensive and talented engineering resources in our development. OEMs must not believe these services are available cheap. We are not making things difficult but by the time a product of ours reaches the drawing stage we insist on NDAs. Our Intellectual Property Rights

need to be protected. All MNCs work on this basis. The same culture has to come for Indian OEs as well. In the recent years, consciousness about this has increased.”

An advantage that Rane has over competition, according to Giriprasad, is its comprehensive portfolio. “From engine valves to seat-belts, you can get everything from us. The entities that manufacture them may be independent but the identity is the same – Rane.” He feels that three companies in the Group have a greater synergy than the others – RML, Rane TRW and Rane NSK. A major development in recent years has been Electronic Power-Steering (EPS) at Rane NSK. “This goes in consonance with the mechanical steering produced by RML and so they can be marketed together. And if a customer wants hydrostatic power-steering produced by Rane TRW we can offer that also. And don’t forget that we can supply columns, joints and control arms between the three units. In fact, the facilities available at all three are all marketed together by us. Competition does not have such a one-stop shop and that definitely works to our advantage.”

Another strength of the Group has been its ability to anticipate change and adapt technologies far ahead of competition. When there was hardly any emphasis on power-steering, investments were made in that area and efforts were taken to educate and grow the market. Then came seat belts. The latest have been the efforts on EPS, a product of the future. It is only a question of time feels Rajasekharan before the Group focuses on air-bags, a safety-critical product that is not yet mandatory in India. In time he says, the Group will shift to take in all European standards of safety, which are perhaps the most stringent and therefore something that Rane will enjoy measuring up to.

How does Rane manage its risks? And especially in an industry that is known for its cyclic ups and downs? At the highest level it

is perhaps in the nature of the business itself – safety-critical parts that cannot be dropped from a vehicle no matter what be the necessity to pare costs. Within this portfolio, the Group has undertaken a de-risking exercise in the last five years. The first step was to broad-base the OE segments in which the products could be used. Thus from a time when heavy commercial vehicles were the principal customers, the Group has worked to bring in three-wheelers, tractors and passenger-cars into its ambit. Within this base, specific actions were taken to attract certain OEs. Giriprasad cites the tie-up for seat-belts with Ashimori that ensured orders from Maruti. The development of EPS has been exclusively for passenger cars. Rajasekharan feels that the Group will also soon be moving to secure a greater share of business from Hyundai, the company that according to RC Bhargava, Chairman of Maruti Suzuki, is “by far the most successful among all the foreign companies that have come to India.” REVL is already a single-source supplier to Hyundai but Rajasekharan feels that much more can be done. Rane NSK’s entry into commercial vehicles has ensured that that company did not depend on passenger cars alone. At RBL the major success has come from the Railways as has been the case for Kar Mobiles too. Kar supplies valves for loco works and RBL supplies brake products. “The Railways are a solid customer and this has provided much needed stability,” says Rajasekharan.

But with OEs being strongly susceptible to volatility depending on the economy, the aftermarket had to be developed. This was an area that LLN focused on and that tradition has continued. Rane’s tie-up with JMA is an indicator. And today, JMA is among the top ten customers for Rane, jostling for space among OEs such as Tata Motors, Mahindra & Mahindra and Ashok Leyland. If that was the second level of reducing the risk from fluctuations, a third has been the effort to keep exports growing. Becoming a

single source for Deutze by REVL is considered one of the biggest successes of that company. At RML the key success was partnering TRW in North America. Getting RML's test facilities approved internationally was a major step. "Today, our tests are accepted by vehicle manufacturers across the world," says Giriprasad proudly. With this confidence, RML managed to penetrate the market of special vehicles and golf carts which still have mechanical steering. Becoming a supplier for John Deere helped in a big way. "Positioning itself as an internationally reputed player who is promising world class standards in production, inspection, quality control and delivery has made a big change at Rane," says V Narayan. "People today will come 6000 miles if they know they will get at reduced costs but with no compromise on quality what they get 60 miles away. And Rane has stood up to that commitment. When you see Rane's records, there are no instances of order cancellations or rejections on grounds of quality. As a consequence, today to TRW for instance, Rane is very important and when the American economy suffers, they ensure Rane gets orders from Europe so that Rane TRW does not suffer."

At the fourth level, the Group is working towards eliminating dependence on any one geographical area. This strategy of de-risking is evident according to V Narayan in even the tie-ups that the Group has entered into. "This is not an exclusively Japan or America aligned conglomerate. They have agreements with American, Japanese and European companies and that has helped."

"85% of RML's exports come from one area – North America and we need to look at that," says Giriprasad. "On the other hand, REVL has managed this de-risking very well." And lastly, a serious study is ever ongoing to analyse where the Group's products are in their life cycle. A road map is drawn for each product and those that are nearing the end of their life are phased out and new products introduced in their place.

But today, no matter how good the company or its products, it is people who make all the difference and that is evident in Rane as well. A common question asked to most respondents was as to what made Rane an exciting place to work in. Leelaram says it is the concern for the people that the organisation displays. “I was happy working for the groups who employed me earlier. I love working for Rane. That makes the difference.” PS Rao felt that this was an organisation with no politics and run on completely transparent lines. R Srinivasan who retired as VP, Corporate Services, feels that honesty and a powerful grounding in ethics is what keeps the companies standing tall. This he says became evident when the VRS scheme was implemented in RML. “The workers being sent away wanted us to keep their settlements as fixed deposits. They felt that there was no better place for ensuring safety of their capital. We were in a bad shape and tried refusing but to no avail. Finally a Board proposal was made and the investments accepted.”

“Overall I love and enjoy working with the Group. I am enthused by the core values and proud and privileged to be a part of it,” says G Parthipan. “This organisation is my life,” he declares and goes on to relate an illustrative anecdote. “There is one incident that comes to mind. It was the time of indigenisation at Rane TRW in 1993. There was enormous customer pressure. We didn’t have a component called the globic worm, we had stopped imports, and it had to be indigenised. There was some problem with the machine, which was in Mumbai. I was asked to see if I could do something, even though it wasn’t directly my responsibility. I went to Mumbai. It was the time of the serial blasts. Also my wife had just delivered our first son, here in Chennai. Mr Shankararaman, my chief, said I could come back, see the baby and then go again. But I decided to stay on as the machine was at a crucial stage. There was tremendous pressure from my

family, but I felt my wife was getting adequate support from the family, and there was little value I could add. I saw my first-born son only when he was 25 days old! But I solved the problem, brought the machine back, and within two days, we were shipping the component.” He also feels that Rane succeeds because it is a meritocracy.

Hydari echoes this sentiment though in his blunt way he also says that the organisation has been too soft on no-gooders who ought to have been firmly sent on their way. But he agrees that as far as he was concerned the freedom that he had at RML was unique and made him more effective. “I am glad I am being asked this today for when I retired I refused a farewell. I do not believe in those things. But I regret not having expressed my appreciation of the way Mr Lakshman handled issues. Now it can go on record.” But Ashok Malhotra who is a Director on the board of REVL says that softness towards non-performers is a matter of the past. “The Rane of five or six years ago would have struggled to be tough on people. But not so now. They have become aggressive but are not of the opportunistic hire-and-fire variety.” He feels that the overall process of performance review is one of industry’s best. He also adds that the down-to-earth simplicity and focus on efficiency and reliability is the Group’s hallmark.

But what if despite all this, people leave, enticed by better prospects in terms of money and the attraction of working in an air-conditioned IT environment? Ganesh agrees that this is a challenge and feels that today he ought to leave areas “such as operational excellence to Harish and others and focus on things that will make Rane an employer of choice: like improving leadership by picking up talent from the polytechnics to change the profile of shop floor management and make the manufacturing job challenging to attract and retain good people. The objective is to keep improving our score in the yearly employee opinion survey.”

Lakshman admits that attrition is an issue and became a metric in the Group from 2005 onwards. But he feels that nothing can be done about it. “We can only have the satisfaction of knowing that we treated them well and more importantly, through our training programmes ensured that value was invested in them by the Group. They leave as better individuals as compared to when they came in. Today “trained in Rane” is a good qualification to have and that is sufficient for us as a brand-pull. We keep getting the best talents.”

V Narayan, feels that at Rane, steady investments are made in people. This he says is a part of Corporate Social Responsibility that goes largely unnoticed. “Loyalty therefore is not bought by Rane by what they pay but by what value is added in every individual. This is skill-development plus emotion.”

Over the years there came a realisation that image is important too. “Corporate PR building is a responsibility,” says Leelaram. “Rane was a traditional, conservative company, and still is to a great extent, but things are changing. Once we were publicity shy. We had a strong image in the South. We were a traditional firm, one of the largest auto component manufacturers, we had an image with customers in the South, but not much of one in the North and West. Now we have a PR agency to help build our corporate image. I coordinate the exercise. I work with them to identify magazines we want to advertise in, and work out a yearly calendar for the purpose, among other things.

We participate in select auto shows within and outside the country, like Automechanika, a leading international trade fair for the automotive industry, which is held once in two years. I identify each year the shows we want to take part in, and coordinate the participation as a Group. It brings us in contact with a lot of new business opportunities, and keeps us in touch with automobile

OEMs. A lot of enquiries are generated, which I pass on to the concerned Group companies, who take it forward.

Then I am part of the Marketing Sales Group (MSG), with the Marketing Heads of all the seven Group companies. We meet every quarter, initially under the chairmanship Mr L Ganesh, now Mr Harish Lakshman, to share information and if there is anything to be taken up, I coordinate and take it forward.”

What of the future? V Narayan feels that the time has come for the Group to venture abroad and set up manufacturing facilities. “Rane has largely grown organically. The opportunity as we go forward is setting up bases overseas by taking over companies and getting them to fit into the Rane way of thinking. Indian companies have today bought companies in the UK, Germany, the US and Malaysia. These are all integrated very well. The world is looking at India for leadership and so I don’t see why the Rane Group cannot provide this. They can make their footprint no longer Chennai or India but global.” That there is thinking already afoot in that direction is evident when Leelaram says that his “primary responsibility is in terms of identifying and looking for new business opportunities for the Group, both within and outside India, mostly outside. I look for new ventures, acquisitions, mergers, new customers for existing products.”

That is something that Harish agrees to wholeheartedly. “We have made a name for ourselves in India and abroad. We have taken our products to a global platform and have seen them being accepted. This has reduced our risk of exposure to narrow product ranges and small markets in a big way. Perhaps it is time that we also looked at manufacturing in another country.” And what then will keep the Rane culture intact and ensure that it spreads to the new locations as well? “TQM will be the answer. As we are wedded to it we will take it wherever we go. That will ensure that a Rane

facility and a Rane product will be instantly recognised no matter which part of the world we are in.”

One can see LLN nodding in agreement and getting ready to catch the next flight overseas. He would have understood this sentiment. After all, had he not transformed a trading organisation into a Group of manufacturing enterprises? His sons gave it an international stature and perhaps it will soon mean an international presence as well.

“What is worth doing is worth doing well,” wrote Sidney Lewis in his neat sloping handwriting when he visited EVL in 1963. That is certainly reflective of what Rane has done in its eighty-one years of existence. Today, in the high-speed super highway that is the global automotive business, Rane steers ahead, charting its own speed and goals, knowing fully well that in business, long-term success is what really counts.



INDEX

A

Aghoram, VP 145
Ahmed, Fakhruddin Ali 98
Anantharamakrishnan, S 18, 33, 40, 202
Annadurai, CN 113, 114, 278
Ando 259

B

Badrinarayanan, S 167, 168, 169, 230
Bajaj, Rahul 253
Baliga, BR 42, 44, 45, 46, 54, 64, 82, 108, 109, 110,
132, 134, 144, 145, 146, 148, 161, 202, 203
Beacham 108
Bhargava, RC 174, 286
Bhargava, Subodh 282
Bhashyam, K 15
Bhaskaran, C 77, 203
Bobbili, Rajah of 6, 38

C

Chellappa 79
Chettiar, AMM Murugappa 60
Chettiar, Sir K V Al Rm Alagappa 15, 16, 18, 202
Chettiar, Raja Sir S Rm Annamalai 17
Chettiar, S Rm Ct Palaniappa 17, 18, 20, 71, 202
Chettiar, ST Rm Chidambaram 25
Chetty, T Namberumal 2
Chetty, V Emberumanar 40, 63
Chettyar, M Ct Chidambaram 16, 25, 30
Clarke, Geoffrey 141, 148
Corbett, Jim 152
Cresswell 43

D

Das, Tarun 253
Degawa, M 275
Deming, Dr William Edwards 255, 256, 258, 267, 270
Devanarayanan, PV 99, 203, 237
Doctor, Geeta 226
Deming Prize 264, 265, 266, 268, 269

F

Fernandes, George 126
Firodia, NK 55
Frost, TR 2
Frood, Herbert 83

G

Ganapathisubramaniam 150, 153
Gandhi, Indira 92, 94
Gandhi, Sanjay 172, 173, 174
Ganesh, L 132, 133, 134, 135, 146, 148, 160, 161, 162, 163,
165, 166, 168, 180, 187, 214, 218, 223, 224, 226, 228, 248,
254, 255, 258, 265, 268, 271, 276, 273, 280, 289, 291
Giriprasad, T 283, 285, 286, 287
Gopalakrishna, K 14, 15
Green, Samuel John 3
Guha, Ramachandra 125
Gurunathan 28

H

Hawksworth, Fred 82
Hazell, Morwenna 50
Hazell, Quinton 49, 50, 51, 54
Higgins, Peter 77
Hussain, Mustafa 30
Hydari, Akbar 241, 243, 244, 245, 246, 247, 248, 249,
251, 252, 262, 263, 264, 289

I

Iano 259
Iyengar, C Govinda 11, 12, 14
Iyer, Sir CP Ramaswami 133
Iyer, Easwara 42, 121
Iyer, TR Ganapathy 11, 12, 14, 15, 16, 17, 18, 19, 20,
22, 23, 24, 25, 26, 33, 59, 96, 136, 292, 231, 277, 278, 280
Iyer, KR Sundaram 42, 121
Iyer, M Subbaraya 17
Iyer, Meenakshi (Mrs TR Ganapathy Iyer) 12, 136, 277
Iyer, N Sundaram 29
Iyer, VR Subramania 15

J

Jayaraj, MR 37, 38
 Johnson, Andrew 244, 252

K

Kailasam, Gowri 261, 263, 264, 265, 266, 267
 Kajiji, Dr TM 12
 Kamaraj, K 73, 92
 Kamath, KR 46, 47, 54, 55, 68, 106, 107, 116, 119, 150, 154, 156, 187, 202
 Kant, Ravi 223
 Kapur, Surinder 177
 Karthik Narayan, CV 133, 160
 Karunanidhi, M 114
 King, Tom 70
 Kothandaraman, TG (see Raman, TGK)
 Kumar, MS 121, 122, 127, 128, 156, 157, 158, 187, 188, 194, 195, 209, 229
 Kumar, PC 77, 78, 97, 120, 121, 132
 Kumar, S Rajendra 183
 Kumar, Vijay P 80
 Krishnaiah, CV 40, 67
 Krishnakumar, S 197, 230, 232, 233, 234, 256, 261, 262, 265, 266
 Krishnamachari, TT 73, 96
 Krishnamurthy, N 231, 237
 Krishnamurthy, V 174, 176
 Krishnaswami, KS 82, 111, 181, 214

L

Lakshman, Harish 237, 273, 276, 289, 291
 Lakshman, L 79, 103, 104, 105, 111, 117, 118, 119, 120, 121, 124, 129, 130, 133, 134, 135, 146, 153, 154, 157, 163, 174, 176, 177, 181, 182, 183, 186, 187, 194, 203, 208, 213, 214, 215, 216, 217, 218, 223, 224, 230, 231, 232, 233, 237, 243, 244, 245, 248, 249, 251, 253, 254, 255, 258, 260, 261, 265, 266, 267, 271, 276, 278, 280, 281, 289, 290, 291
 Lakshman, Pushpa 146
 Lakshmanan, S (SL) 149, 150, 151, 152, 153, 154, 194, 244
 Lakshminarayan, L (See Narayan, LL)
 Lakshminarayanan, G 182
 Langen, Viktor 68
 Leelaram, PD 271, 272, 288, 290
 Lewis, DAW (Bill) 147
 Lewis, Margaret 141, 146, 279

Lewis, Sidney 33, 39, 41, 42, 89, 127, 132, 139, 140, 141, 142,
143, 144, 145, 146, 147, 148, 161, 202, 228, 279, 292

M

Mahindra, Keshub 235
Malhotra, Prof. Ashok 255, 289
Mapillai, Mammen 16
Marikar, Hassan 40, 63, 202
Mehta, Jal H 134, 187
Mehta, Jamnadas 12, 14
Menon, CS 72, 203
Middlehurst, Harry 82
Mohammad 47
Mohan, S 234, 235, 236
Mohan Vijay 276, 282
Moolgaonkar, Sumant 168
Mountbatten, Lord 243
Murthy, MVK 203
Muthukrishnan, S 93

N

Nagasubramanian 217
Naicker, 'Periyar' EV Ramaswami 113
Narayan, LL (LLN) 22, 23, 24, 25, 26, 27, 28, 32, 33, 34, 35, 36, 38, 39, 40, 41,
42, 43, 44, 45, 46, 47, 48, 49, 50, 51, 52, 53, 54, 57, 58, 59, 63, 64, 65, 66, 67,
68, 69, 70, 71, 72, 73, 74, 75, 76, 77, 78, 79, 80, 81, 82, 83, 84, 85, 86, 87, 88,
90, 91, 92, 93, 94, 96, 97, 99, 102, 103, 105, 110, 114, 115, 116, 117, 118, 119,
120, 122, 127, 130, 131, 132, 133, 134, 135, 136, 137, 138, 139, 140, 141, 142,
143, 144, 145, 146, 147, 157, 160, 161, 168, 201, 202, 203, 206, 221, 226, 228,
231, 237, 238, 275, 278, 279, 280, 286, 292
Narayan, V 282, 287, 290, 291
Narayanan, R 229, 230, 231, 232, 234
Narayanan, S 96
Narayanan, V 187
Narayanaswami, TS 63, 91, 202
Nath, CS 212
Nedunchezhiyan, VR 98, 278
Nehru, Jawaharlal 114
Noble, Lt. Col. John 39

O

Oberoi, Rai Bahadur MS 162, 163

Oberoi, PRS 162, 163

Olds, Ransom E 13

P

Pace, Stan 141, 142

Parkes, Francis Patrick (Pat) 69, 70, 75, 82, 96, 97, 103, 111, 135, 136, 138, 177, 178, 202

Parkes, GHF 69

Parkes, Herbert 69

Parthasarathy, S (Sarathy) 189, 190, 191, 193, 194, 195, 196, 197, 240, 241, 242, 243, 244, 248, 266, 272

Parthipan, G 288

Pillai, SCC Antony 128

Pillai, TA Kandaswami 165

Pithavadian, Bennett 91

Prabhakar, C 42, 66, 67, 161

Prasad, CN 210, 211, 212, 271

Premchand 79

R

Radhakrishnan 183

Radhakrishnan, S 196

Raghavan 242

Raja, HD 16, 19, 261

Raja, PSC 217

Rajagopal, MR 37,38

Rajakrishnan, MR 37,38

Rajasekharan, A 270, 283, 284, 285, 286

Rajendran 180

Ramakrishnan, AP 44, 45, 47, 54, 90, 117, 118, 119, 136, 138, 149, 150, 153, 202, 203

Ramakrishnan, MM 165

Ramakrishnan, V 168

Ramamurthy 79

Raman, TGK 22, 25, 26, 27, 28, 33, 35, 53, 57, 58, 59, 63, 66, 70, 80, 81, 82, 91, 93, 94, 95, 96, 97, 103, 107, 114, 116, 128, 133, 134, 135, 136, 138, 149, 202, 277, 280

Ramesh, KR 249, 250, 251

Ramkumar, G 229, 240, 241, 243, 256, 259, 260, 262, 264, 265, 271

Rane, RM 12
Rane, Vamanrao 11
Rangachary, TM 38, 66
Ranganathan 262
Rao, CR 40, 42, 45, 67, 82
Rao, PS 241, 243, 249, 250, 251, 269, 270, 288
Rao, PV Narasimha 199
Rao, U Ramesh 40
Ratnam, R 96
Ratnavelu 244
Ravindran 240, 244
Reddy, N Narasimha 82

S

Spring, Sir Francis 1
Sait, Haji Sir Ismail 8
Sait, Khan Bahadur Adam Haji Mohammed 16, 202
Sankararaman 273, 288
Saraswathy, TG (Mrs LL Narayan) 12, 22, 24
Sarathy (See Parthasarathy, S)
Sastri, Hari 90
Sastri, Lal Bahadur 90, 92, 171
Schofield Geoffrey 51
Seshadri, CV 66
Singh, Chowdhury Charan 132
Singh, Khushwant 173
Singh, Manmohan 19
Siva, C 276, 282
Slade, Mike 141
Sondhi, DR 206
Sondhi, Raizada Brindaban 206
Sondhi, Virat 135, 160, 206
Srinivasan, CR 16
Srinivasan, KN 58
Srinivasan, R 247, 288
Subramaniam, C 60
Subramaniam, K 203
Subramaniam, TS 96, 97
Sundar, D 241, 242, 243, 251, 252, 273
Sundararaman, R 230, 265

Sundaresan, TA 150

Swaminathan, S 215, 216, 217, 218, 219, 220, 223, 224, 273

T

Talaulikar, JE 118

Tata, JRD 126

Tata, Ratan 274

Tebodo, LT 141

Thakkar, Manubhai S 172, 173

Thompson, Elihu 139

V

Vaidyanathan, A 42

Vasu, TT 96

Vasudevan, K 80

Venkatanarayanan, R 219, 220, 221, 222

Venkataraman, C 70, 182

Venkataraman, PB 42, 44, 54, 82

Venkataraman, R 73

Venkataraman, S 24, 38, 39, 45, 51, 78, 79, 81, 89, 102, 109, 202

Venkataramiah K 250

Venugopal Bahadur, Rajah 6

Vidyashankar, C 161

Viswanathan 245

W

Ward, F Robinson 2

Whitely, Ebenezer 104, 105

Waller 123

Washio, Dr Y 258, 259, 260, 264, 266

Winton, Alexander 139

Y

Yorke, AJ 1

BIBLIOGRAPHY

Bhargava, RC, with Seetha, *The Maruti Story, How a Public Sector Company Put India On Wheels*, Collins Business, NOIDA, 2010

Guha, Ramachandra, *India After Gandhi, The History of the World's Largest Democracy*, Picador India, Delhi, 2007

Lala, RM, *The Creation of Wealth, The Tata Story*, IBH Publishing Company, Bombay, 1981

Muthiah, S, *Getting India on the Move, the 150 Year Saga of Simpsons of Madras*, Higginbothams Ltd, Madras, 1990

Muthiah, S & Gopalan, KN, *Moving India on Wheels, The Story of Ashok Leyland, The Hinduja Group*, Chennai, 2008

Playne, Somerset, *Southern India, Its History, People, Commerce, and Industrial Resources*, The Foreign and Colonial Compiling and Publishing Co., London, 1915, (reprint) Asian Educational Services, New Delhi, 2004

Singh, Khushwant, *Truth, Love and a Little Malice, An Autobiography*, Viking, New Delhi, 2002

Tirumalai, R, *The Voice of Enterprise, 150 Years of The Madras Chamber of Commerce & Industry*, Macmillan India Limited, Madras, 1986

Newspapers and Magazines

Business India

Motorindia

The Economic Times

The Financial Express