

PROPEL

ISSUE 24 | JANUARY 2021

NEW NORMAL

SOME CHALLENGES, SOME OPPORTUNITIES



THE WORLD OF RANE



Rane Holdings Limited (RHL)

Rane Brake Lining Limited (RBL)

Rane Engine Valve Limited (REVL)

Rane (Madras) Limited (RML)

- *Steering & Linkages Division (SLD)*

- *Light Metal Casting India (LMCI)*

- *Rane Auto Parts (RAP)*

- *Rane Light Metal Castings Inc (LMCA)*

Rane NSK Steering Systems Private Limited (RNSS)

Rane TRW Steering Systems Private Limited (RTSS)

- *Occupant Safety Division (OSD)*

- *Steering Gear Division (SGD)*

Rane Holdings America Inc. (RHAI)

Rane Holdings Europe GmbH (RHEG)

Rane t4u Private Limited



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INSIDE THIS EDITION

A whole year since the Covid-19 infection was first reported and taught us a new way to lead our lives and businesses. 'New Normal' and 'Next Normal' have become common parlance requiring constant vigil and care even as we go about our business.

The cover story of the January 2021 issue of Rane Propel details the measures taken at Rane and what went behind the scenes to revive business with the least disruption.

In the Chairman's Message, L. Ganesh shares the market overview and Rane's own focus areas to revive business post-Covid-19 lockdown and the road forward.

In the section, Employee Spotlight, a few key members from the international business of Rane share their experiences working with Rane and the markets abroad.

The Functional Showcase highlights the role of the Materials and Procurement Group in setting benchmarks for efficient production right from design to delivery.

This time in the Photo Story, we take you through Power Steering Pump Manufacturing at RTSS.

Don't miss our other regular features, Rane News, Rane for Good, a snapshot of Maithri 2020 and a snapshot of Rane's Commercial Vehicle business.

Hope you enjoy this issue. Kindly share your feedback.

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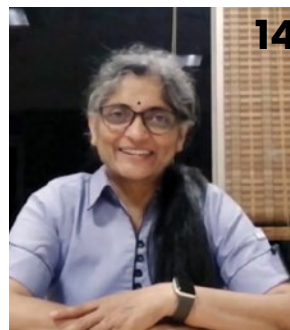
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A SNAPSHOT OF RANE'S COMMERCIAL VEHICLE BUSINESS

The commercial vehicle segment contributes over 20% to Rane Group's revenues. Be it Medium & Heavy Commercial Vehicles, Light Commercial Vehicles or Buses, Rane Group companies work with many leading brands and have won many awards for being the best in quality and timely deliveries.

Steering & Suspension Systems

Light Metal Casting Products

Hydraulic Pump Housing

Occupant Safety Systems

Seat Belts

Friction Materials

Brake Lining

Disc Pad

Clutch Facings

Valve train Components

Valve Guides

Engine Valves

Rane (Madras)

Manual Steering Gears
Steering Linkages
Hydraulic Cylinders

Rane Engine Valve

Engine Valve
Guides Valves

Rane Brake Lining

Brake Linings
Brake Pads
Clutch Facings

Rane NSK Steering Systems

Manual Steering Column

Rane TRW Steering Systems

Hydraulic Power Steering Systems
Seat Belts

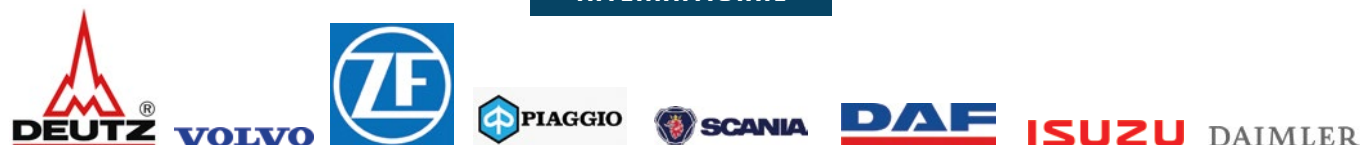
CUSTOMERS SERVED

The Rane Group serves almost all the leading Indian and International brands in this segment. These include:

INDIA



INTERNATIONAL





RESUMING THE JOURNEY OF GROWTH

The post-pandemic revival of economic growth has exceeded expectations, especially for the auto industry, and the Rane Group has resumed its own growth march on a confident note. L. Ganesh, Chairman, Rane Group, shares the industry and company perspective as well as the areas of focus in the coming months

After nearly a year of uncertainty and economic slowdown, things are returning to normal slowly with the regulations being relaxed. The health and safety of the employees will continue to be of prime focus for the Rane Group. We already have put in place protocols for reporting and isolation of Covid-infections and support families of those affected.

At Rane, we have got accustomed to the 'New Normal' and are continuing to maintain social distancing in the plants, the cafeteria and other places where people gather. Wherever possible, we continue to use the videoconferencing facility for meetings. When face-to-face meetings cannot be avoided, we ensure that only a small number of people meet. Even board meetings are conducted through the video conferencing facility.

This has its own advantages and is definitely an efficient way to conduct meetings, but it cannot match the importance of personal interactions. Next year, we hope to be able to resume plant visits and customer interactions.

Industry View

2019-20 was a challenging year for the auto industry and we were expecting 2020-21 to have a better demand environment. However, despite Covid-19 compelling shutting down of plants and production coming to a standstill for a couple of months, the recovery has been better than anticipated. The Farm Tractors segment had a good run even during the pandemic period as rural India was not much affected. The Passenger Vehicle and the two-wheeler segments too saw a revival in demand in the second quarter. The Commercial Vehicle segment was the last to pick up but the growth is nowhere near the 2018-19 levels due to low demand. However, since July, truck sales have improved due to better fleet utilization, government spending on infrastructure as well as a revival in construction activities.

The overall economy is seeing faster recovery and the GDP is expected to be positive and healthy in 2021-22.

Focus Areas for Rane Companies

As market demand picks up, business development to leverage the current scenario is also in place. At Rane, we are seeing a healthy pipeline of new business building up. We continue to focus on cost reductions to mitigate some commodity price increases we see on the horizon.

The three main channels for Rane products are the domestic OEM, replacement market and exports. The focus will be on launching new programs and focusing on meeting the market demand in OEM both domestic and export.

In 2014-15, we articulated a goal to increase the export component from 16% to 25%. In line with that, we set up an international manufacturing footprint by acquiring Precision Die Castings in 2016 and strengthening our sales presence in the US and Europe. The group companies won significant export orders – RML-SLD has a good exports pipeline; OSD has 60% exports; and REVL continues to strengthen export aftermarket. Today international business contributes 23% of our sales. With the current momentum, we will be achieving and even go beyond the 25% share and may revise our goal upwards.

Technology - The Enabler

During the pandemic, technology played a crucial role in smoother operation and continues to do so even now. Beyond that, we are also using technology effectively in a variety of processes and have benchmarked ourselves with a few other auto component players to learn from them. Digitization in the area of aftermarket will be a focus area to shorten the sales cycle and improve demand fulfillment faster.

Data analytics will be leveraged further for greater insights into trends across

geographies and product segments and improve overall performance.

Shopfloor automation is another key focus area. We put together a team to benchmark industry best practices and have initiated pilot projects for digitization. In the next few years, we expect to automate all the shopfloors for improving product and process quality as well as leverage data analytics for quicker response.

Message to the Employees

Covid-19 has no precedence and there is no readymade playbook to deal with it. While we have seen peaks and troughs in the economy and company performance, none of us ever stress-tested ourselves for zero revenues in a month. It is very heartening to see how the teams ably gave the best in bringing order and stability during the period of uncertainty and fulfilled customer expectations.

It has also made us more agile in our operations and processes, enabling us to respond faster than before. This has given a lot of confidence to the teams to be prepared and handle uncertainties.

I would like to personally thank everyone for the commitment all of you demonstrated during this challenging period. I'm sure you will continue to provide your support to the organization to emerge stronger from the current situation

Though the lockdown restrictions are relaxed, the pandemic is not yet over so it is important for all of us to not lower the guard in the fight against coronavirus. I urge each of you to practice safe distancing, appropriate usage of masks and focus on health and safety at all times.

Wishing you all a very Happy New Year.

Taking the Rane Brand Across Seas

To achieve its goal of 25% revenues from exports, Rane opened sales offices in the US and Europe, establishing an international manufacturing footprint in the US. A capable team has served its purpose well as the Group increased the share of international revenue from 16% to 23% over the past 5 years. Some of the key employees who moved from India to various global locations share their memorable experiences working at Rane.

Madhusudan D, Director-North America, RHAI

Memorable Experiences

Since joining Rane in July 1999, I have experienced many highs and lows including several memorable moments such as travelling widely in India by road as a young GET, selling Power Steering to fleet operators when the concept was not so well known, to winning business award(s) for the Group upon moving to RHAI since 2014. However, my most memorable experience was when we successfully challenged the Deming Prize in 2005 & the Deming Grand Prize in 2011, at RTSS.

Greatest Learning

Some of the most abiding lessons have been:

- Teamwork - 'Wins'
- People Management
- Connections with Others – Always a 'Priority'
- Focus on Self Development and Uplifting your team on the way

Key Contribution

I have strived to bring positivity and reliability to the teams I have managed. I played an important role in initiating the idea of Power Rack & Pinion on vehicles with Rigid Front Suspension for the Indian market and acquired global customers while at RTSS.

I also played a critical role in expanding the customer base for LMCI, achieved breakthrough business and enhanced the 'Share of Wallet' for RML-SLD /RNSS with Polaris, entered new markets in the EMEA region and regained past customers for REVL. I initiated the action for creating a foothold for RBL in North America. I also convinced a new customer to invest in leak-test equipment at LMCA for a new business award.

Keeping Pace

I regularly attend Webinars related



to market and industry trends to enhance my skill sets. I lay special emphasis on self-management enabling continuous improvement while enhancing my productivity and performance. Working at Rane has helped me grow as a human-being, trust in the power of failure and work until the 'Work is Done'. It also taught me how to change the situation and not the person.

In One Word

Family

Ramdas G, Engineering Manager, RHAI

Memorable Experiences

I am fortunate that the management has trusted me with challenging and interesting roles to represent Rane Group at domestic and international levels. It was an amazing experience being the engineering lead for the 1st export program of RTSS. It had an intricate communication path involving

JV teams from Germany, France, UK, Customer teams from France & India and internal cross functional teams. In the current role, I have helped to explore business development avenues across new genres of product lines, customer expectations, manufacturing/engineering quality, processes, and practices driven by multi-cultural traits.



Greatest Learning

One of the corporate ladder thumb rules is, "What it takes to get you here is not enough to get you there." To this effect, the following learnings have been helpful -

- Showcasing empathy in understanding the challenges faced by internal & external customers.
- Establishing candid mutual trust with every stakeholder involved and arrive at a win-win consensus.
- Building a cohesive growth mindset amidst diverse work cultures, especially when the stakeholders are across geographies.
- Demonstrating fidelity at every stage. Display good listening skills to build a healthy relationship with customers.

Key Contribution

Played a pivotal role in successfully implementing the very 1st export

program for RTSS in 2011. Led multiple new product developments concurrently for successful cost-effective implementation and projects involving resolution of complex application concerns.

Earned a sustainable and warm relationship with many global customers resulting in customer retention.

At RHAL, helped in significantly enhancing SOB for RML SLD by gaining trust of the customer within a short span/ showcasing confidence in Rane's capabilities, helping to win new business.

Contributed to adding multiple new customers and regaining past customers.

Supported the engineering/business side on many key implementations for RML - SLD, REVL, LMCI which enhanced market opportunities for the

Rane Group.

Keeping Pace with the Changes

Continuous learning of technological developments to deliver frugal, optimal, value-based engineering solutions to customers. Derive marketing insights by tracking key trends in the global automotive arena, industrial changes/ regulations to enhance market share. Enhance competencies regularly to optimise performance across functional deployments teams. The management's proactive hand-holding during times of crisis encouraged me to lead, take ownership and go the extra mile even under pressuring circumstances. Effective techno-functional-managerial training programs, especially the RAMP program, helped me hone leadership qualities and build confidence.

In One Word

Enthralling

Ranjit Madampath, Business Development Manager, RHEC

Memorable Experiences

One of the most memorable and rewarding experiences at Rane is to meet and work with people I respect and trust. I have been able to make very strong friendships with some of them.

Greatest Learning

Overall this past year has helped me grow as a person as well as a business development manager. It has exposed me to many new experiences in handling European customers.

Key Contribution

I am experienced in many areas related to this company's current goals, and I have seen my contributions impact the course of the company through expanding international sales. I am incredibly optimistic about the company's growth and my own growth here.

Keeping Pace with the Changes

Not every idea is a great idea. Soliciting ideas from peers and customers can help fine-tune innovation and uncover other needs and challenges where new ideation is required. Once an idea is implemented, innovation must continue for the business to keep up with the changing market demands. New challenges lead to new learning opportunities. The talent management strategy at Rane facilitates learning and aligns with the business agenda.

In One Word

Inspiring.



Yuvaraj S, Product Engineer, RHA1

Memorable Experiences

In my 12 years of association with Rane, one of the few key memories is being at the front-end interface with ZF (stationed at ZF, Lafayette, USA), for collaborating on steering gear technology. In 2012, I was nominated as a team leader for innovation initiatives at RTSS to make an entry into two adjacent unserved market segments, namely, Small Commercial Vehicles (SCV) and Farm Tractors. RTSS won the Rane's ACE award for the innovation project in 2016. RAMP & HPLD training improved my soft skills and business acumen.

Greatest Learning

At Rane, everyone can grow. All we need to do is grab the opportunity, enrich our domain expertise and be a solution provider for the challenges ahead.

Key Contribution

I have resolved multiple technical challenges of RTSS both in passenger car and commercial vehicle segments. A few examples are enhancing the Power Rack & Pinion (PR&P) product portfolio with indigenously developed 30 and 32 diameter PR&P steering gear, contributing to gain new businesses, rotary valve portfolio improvement, enabled us to progress to final bidding of PR&P gears for OEM vehicle applications. I have also helped to resolve vehicle and system-level concerns, improve product quality and customer satisfaction, improve rack strength. Following the TQM way, all my domain knowledge is documented as standard operating procedures (SOP) and made available for future reference.



Keeping Pace

Upgrading my domain knowledge through a network helps me to keep pace with the changes in the industry. Rane gives me several challenging opportunities and training and supports me to dare to fail.

One Word

Magnificent

Sagar Kota, Financial Controller, LMCA

Memorable Experiences

Being the first 'Rane'ite from India to work at our first international manufacturing operation (LMCA) will always be my memorable experience working in Rane. The High Potential Leadership Program (HPLD) provided me with an opportunity to understand my strengths and weaknesses and aided me in my leadership journey. I cannot forget the support Rane provided me during my initial challenging times at LMCA.

Greatest Learning

The biggest learning I had is the TQM way of doing things, which reinforced my faith in being organized and systematic. The varied opportunities that Rane provided me were helpful for constant learning including leadership and personnel management skills; strategic thinking; crisis management; working in a

multicultural environment; about legal and secretarial compliances; treasury operations and forex management.

Key Contribution

Played a lead role at REVL for financing the VRS through assets sale. Spearheaded the ERP implementation at LMCA. Enabled the effective utilization of government benefits, especially during the pandemic. Improved the existing business processes and streamlined the finance function at LMCA immediately after its acquisition by Rane in 2016.

Keeping Pace

Active membership in professional associations, cross-functional team interactions and inquisitiveness for industry and professional news help me in keeping up with the changes as it is very crucial in any business



environment. Rane provides ample opportunities to its employees to tackle the changes through structured learning like RIED, external training, functional group discussions like FAG, best practices sharing and benchmarking culture.

One Word

Fascinating

MAITHRI 2020

Maithri 2020, the fourth edition of Rane Group's senior management get together and the evening to honour and acknowledge excellence demonstrated during FY20, was conducted on October 30, 2020. Due to the ongoing Covid-19 pandemic, the eventful evening filled with fun, games and ACE award presentation was held virtually but saw just as much enthusiastic participation from the employees and their families as the earlier live events.

ACE Award winners

1) Excellence in Plant Operations

Runner-up: Rane Brake Lining – Ambattur

Winner: Rane TRW Steering Systems, Steering Gear Division – Pump Plant, Guduvanchery

2) Excellence in High Impact Initiatives

Rane TRW Steering Systems – Occupant Safety Systems
Innovative Process Design to Reduce Costs

Rane Madras – Steering and Linkage Division
Product Profitability Improvement Initiatives

Rane Holdings – Corporate Finance
Cost Reduction through Treasury Operations

3) Excellence in HR Practices

Rane Engine Valve

4) Excellence in Business Performance

Rane Brake Lining



Plant Operations (Runner-up) – RBL, Ambattur



Plant Operations (Winner) – RTSS SGD Pump Plant, Guduvanchery



High Impact Initiatives – RTSS OSD



High Impact Initiatives – RML SLD



High Impact Initiatives – Rane Group - Corporate Finance



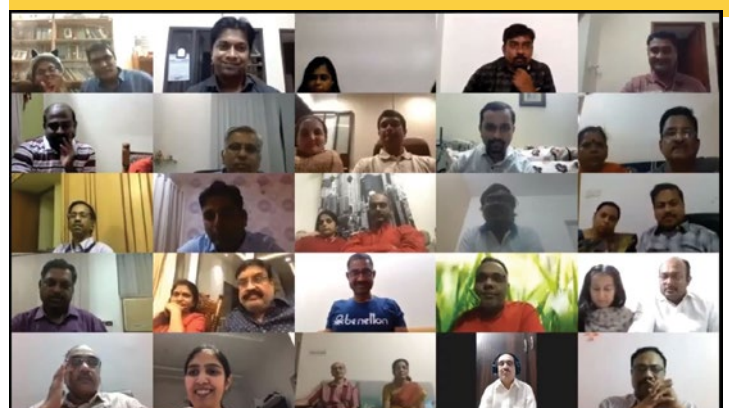
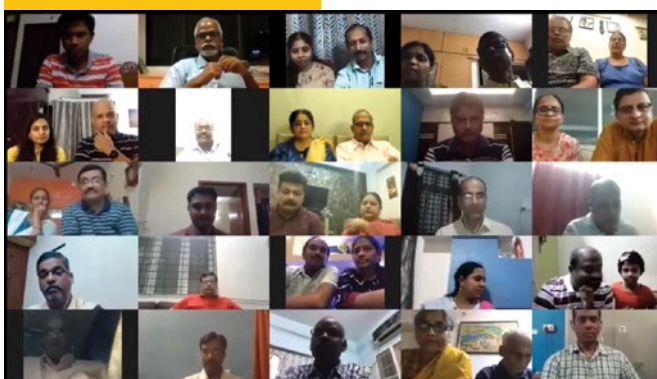
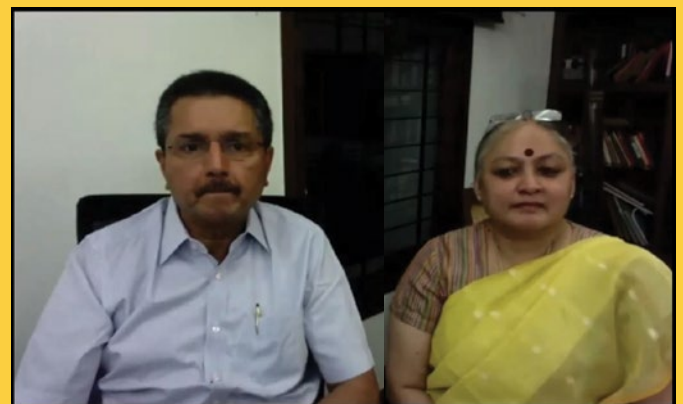
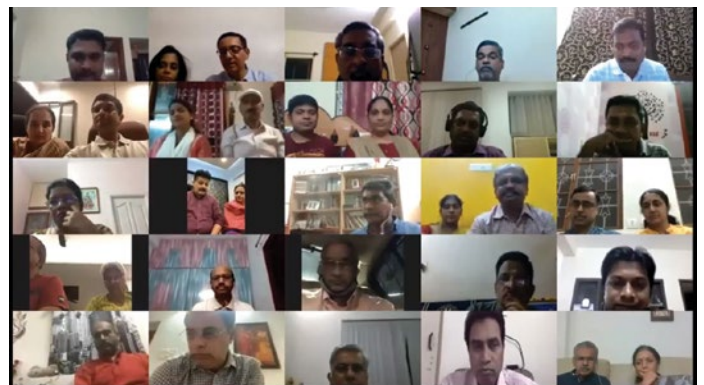
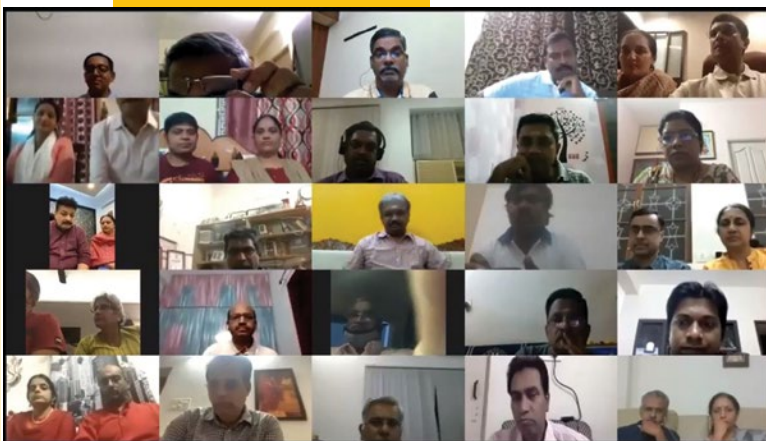
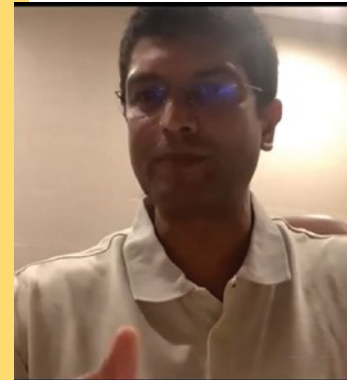
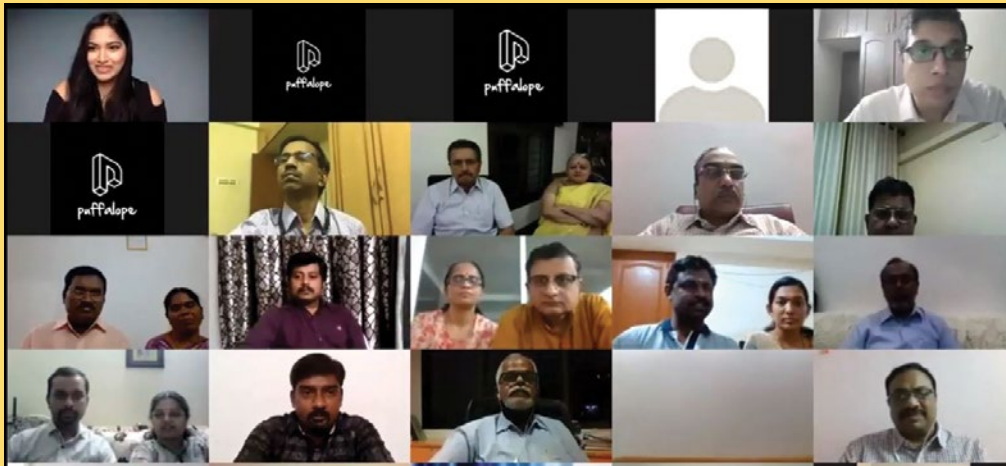
HR Practices – REVL



Business Performance – RBL

Virtual Game Night

Events





SOME CHALLENGES, SOME OPPORTUNITIES

The pandemic tested human resilience and innovation across the globe. The Rane Group responded as one and adopted new ways to cope with the 'new normal' to keep the business running and restart without glitches. The Rane Propel team spoke to representatives across functions to get an overview of the initiatives taken by the different teams and the impact on their functional areas.

The pandemic created an ever-changing environment with growth patterns oscillating between loss of sales and operational challenges followed by a sharp rise in demand. Gowri Kailasam, President- RML-SLD, likens the New Normal in the auto business to a fast-paced video game where the response times had to be quick to manage the situation using system-generated live data covering all aspects of the business.

To enable the plant teams and the management to cope with this dynamic environment, a new set of guidelines were created and training given virtually to ensure these practices were implemented and monitored. As the new norms are expected to be in place in the foreseeable future, new entrants to the plants and the head office are also given training.

How different teams responded

The operations responded to these challenges in three stages, according

to S. Rajkumar, SVP – Operations, REVL: Respond, Recover, Reboot. In the first stage of resuming business, health and hygiene protocols were established and implemented with appropriate training for all employees. The workplace was disinfected, employees were checked for temperature and Oxygen levels. Those with symptoms were isolated and counseled for medical testing and treatment, providing them with support and confidence.

In the second stage of recovery, there was greater clarity about the protocols such as social distancing, protective gears, masks and hand wash etc. An SOP was created and COVID Marshalls who would implement and start monitoring them were identified. Constant counselling, awareness creation, addressing the medical officer and giving confidence were the key.

In the third stage of the reboot, layouts were modified to ensure that no two operators were close to each other

Technologies for Industry 4.0 will see higher usage in Manufacturing Plants as it enables people to work on machines remotely.

on the shop floor. Spots were marked even for the DRM/meeting and started being followed meticulously. In offices too, the seatings were realigned to meet the social distancing norms. Meetings were redefined into the Google meeting rooms.

The customer audits and reviews started on the virtual platform over the net. Even the PPAP audits were done virtually, with the camera on the laptop to demonstrate the processes.

This enabled manufacturing to move towards digitalization. Machines were connected over the net, the use of sensors helped to monitor the performance of machines and some of the process parameters, thereby reducing the physical intervention.

Additionally, functions such as finance benefited from technology for facilitating meetings, both internal and external, according to Senthilnathan, VP – Finance, RTSS.

Balaji Srinevasan, VP – R&D, RBL, explains that the research and development team was able to adapt to the unforeseen external conditions by running 90% of the operations with 50% of the workforce. “Key members required from design and testing teams reported to the office while the rest were able to support remotely,” he says. Tools such as Google Meet and VPN connectivity helped bridge communication and access to data. Well-written SOPs enabled the team to adhere to physical distancing during the new normal.

For the marketing team, the challenges presented by the pandemic were just one additional hurdle to growth, according to Deepak Sharma, VP – Marketing, RNSS.

Benefits of the New Normal

According to Gowri, one of the telling developments of this period is the increased use of technology in the manufacturing for greater agility, flexibility and productivity. This has paved the way for new ideas and enabled working on machines remotely, which was earlier thought not possible.

Always focused on productivity and efficiency, the Rane group found further ways to improve its cost structures, improve efficiency across functions and explore new opportunities for growth.

Practices like hygiene protocols and social distancing are really useful and, if sustained, can improve the health and safety in the workplace even post-pandemic. Reviews and audits by customers can happen virtually avoiding travel and saving time.

The New Normal also showed how productivity is possible with flexible

timings, which can also improve work-life balance. Rane became a paperless office with 100% e-payments and receipts. Substantial savings were effected in the canteen, power, other staff welfare, travel cost and commuting.

Senthil recommends, “We can deliberate and decide which are the good practices that can be sustained. Certain activities require policy changes at the group level. Theoretically speaking many of the good practices can be sustained.”

Preparing for the Changes

It all started with assessing the hardware and software requirements/tech support with a clear approval mechanism. Data security and internal controls were put in place along with SOPs to ensure safe and secure transactions with sufficient governance.

With constant counseling and interactions, employee self-discipline and self-regulation in discharging their responsibilities was also ensured.

“Auditing / MBR / QBR / Board / AOP / SBP preparations were successfully completed remotely by planning and scheduling meetings ahead of time and were conducted online,” says Senthil.

Frequent team huddles through Google Meet and advance planning in areas such as commutation, food and sanitisation helped the team adapt to the new normal, explains Balaji.

Key Learnings

The Covid-19 disruption has been the first of its kind. But it has left behind valuable lessons on dealing with the crisis and maintaining business continuity. It has reinforced the value of detailed planning in the face of a disaster, stressed on the importance of remaining connected on the virtual platform and leveraging technology to enhance productivity and collaboration even from remote locations. Unity

The lockdowns reinforced the value of detailed planning in the face of a disaster, stressed the importance of remaining connected on the virtual platform and leveraging technology to enhance productivity and collaboration even from remote locations.

is strength is a value that we grow up with but were able to witness it in action during this period.

There was higher responsiveness, self-supervision, self-motivation and delivery of the expected results on the employee side. From a corporate perspective, outcome-based metrics were employed to measure productivity.

While in a manufacturing environment, there is a limitation to how much can be achieved remotely, the current situation does show that at least a part of the work can be done with sufficient technological support. As the world reopens for business, some of these lessons will have a lasting impact on the way the teams work.

Some of the areas of improvement Senthil suggests could be encouraging workflow systems for easier approvals. Also, there is a need for 24x7 technical team support of hardware and software from remote working locations, along with an improved level of data security/hardware, security/safety framework.

Balaji avers and adds, “To minimise the impact of disruptions in future, we need to plan for enabling remote running and management of critical equipment; VPN; mobilising computer access at the residence for all employees and opting for cloud-based data storage system.”

Covid-19 Pandemic: An Opportunity for Change

The pandemic, while compelling lockdowns, opened up new ways for conducting business. Gowri Kailasam, President-RML-SLD, shares her views on the new normal and what it means for Rane

What does 'new normal' mean for your business unit? What are some of the key areas that have been affected by the pandemic and how has your business coped?

The New Normal for our business has been like playing a fast-paced video game with many challenges thrown at us. We are trying to tackle each challenge the best we can.

Some of the key challenges that we have faced were initial loss of sales in the early months of this financial year, followed by a 'V' shaped recovery, coupled with many operational challenges.

As an organization we created systems that provided us with live data on the ever changing environment, covering all spheres of business. This helped us to take appropriate quick measures to manage the situation.

What are some of the advantages that you see in the new normal? Do you see these practices sustaining even after the pandemic comes under control?

The pandemic forced us to use technology to become more agile, flexible and productive. Today we know how to use technology and make decisions quickly without being physically present. This was not done prior in the Manufacturing sector. Now these possibilities have paved the way for new ideas and this will stay with us for many years to come. Technologies for Industry 4.0 will see higher usage in Manufacturing Plants as it enables people to work on machines remotely. Industries will adopt these new technologies in the coming years.

What were some of the ways in which you prepared for the changes - equipping the team to meet the new norms, social distancing, wearing protective gear and the like?

A complete new guideline of more than 75 points was created as a response to the pandemic. Training was given to the entire Management team virtually on these New Norm requirements and the Plant teams were also instructed to ensure these practices are followed and monitored. Even today all the new entrants to our Plants / HO go through the Training. These new norms will stay with us in the foreseeable future, hence a continuous process to create awareness has been undertaken.

Has the pandemic changed your priorities as a



Training was given to the entire Management team virtually on 75 points created as a response to the pandemic

leader, or otherwise affected how you lead?

When nature throws a new scenario, it is filled with both challenges as well as opportunities. The pandemic has given our team the confidence to face volatility in the business. Our processes have been made adaptable to anticipate these changes.

In terms of business, there are new opportunities in the export segment where India is looked at as a destination for products instead of China. Capitalising on these new opportunities would support our growth aspirations.

The pandemic forced us to examine our cost structures and identify inefficiencies. Having taken action on this, systems have to be put in place to ensure these inefficiencies do not creep back again in the future.

Moving forward, we must focus on new emerging technologies and stay current. This will enable us to cope with the next changed scenario that may arise.

Please share some of the key learnings from the pandemic and how you expect it will help the business cope with disruptions in the future.

- **Adaptability** – As an organization we need to learn to adapt quickly. During the 1 ½ months of lock down, we as a team had meetings to address all our 'important but not urgent' issues. This gave us the time to think long term. The time that we spent will help us for our future.
- **Resilience** – We are always faced with challenges. As leaders, we must stay positive, communicate positivity within the organization to steer our teams towards being resilient. Positivity helps to become resilient.
- **Communication** – During such times of crisis, organizations must keep all communication channels open and address the fears of all stakeholders. It is the best way to tide over the challenges.

Bringing Efficiency in Materials and Procurement for Greater Value for Money

What is manufacturing without materials? And for materials, procurement is a key function. At Rane, the efficiency of the materials and procurement function is overseen by the Materials and Procurement Group (MPG). S. Parthasarathy, Advisor, Rane Corporate Centre, who heads the MPG, shares how the group functions to drive efficiency across the companies and improve cost efficiency.

What are the vision and top priorities of the MPG?

At Rane Group, all suppliers are treated as partners to the business. We recognise that suppliers are as important as customers and our business success depends on our suppliers' support and commitment to our objectives.

The top priorities of MPG are to share the knowledge on sourcing, challenges and opportunities in the respective supply base and identify areas of common interest that can be improved through group learning.

Since all the Rane companies are in the automotive space, the challenges are similar. The need for continuously improving the quality performance of the supply base, enhancing competitiveness, improving delivery adherence and reducing inventory are all critical for each of the businesses. Given that for most companies, material cost is 50 to 60% of the total cost, having an efficient and effective supply base is a relentless journey.

Share the functioning of MPG and how it works with the various group companies?

MPG meets once in two months to review certain fixed agenda items such as commodity movements, cost reduction initiatives, IT initiatives, etc. We also identify specific areas where improvement is targeted. A few years back, E-auction was identified as a methodology for cost saving of indirect material parts such as oil, packing material, etc. Significant savings were achieved.

Recently, we have identified a sourcing company that will manage the bulk of our indirect material sourcing for us in a comprehensive manner. Instead of buying individual materials from multiple sources, this company will source them from multiple vendors and supply them to us. This will reduce the work content of the companies and bring overall efficiency to the system.

During Covid times, several new purchases such as sanitisers, disinfectants, and nitrile gloves became the order of the day. MPG shared



The need for continuously improving the quality performance of the supply base, enhancing competitiveness, improving delivery adherence and reducing inventory are all critical for each of the businesses.

the learnings of best suppliers and brought down the cost by almost 50% from the original estimates.

Currently one of the challenges is the movement of containers for exports/imports resulting in delays and costs. The MPG team is trying to understand the best way to handle this challenge.

R&D plays a significant role in assessing the supplier and their capability to meet the end product design requirements.

Please share some anecdotes on intergroup support.

There are several cross-learning that happen both formally and informally. Rane Auto Parts sources important aftermarket aggregates from a few small companies. These companies do not have buying power like we do. Leveraging the Group strength on sourcing, we negotiated the two key elements of the aggregate (Bearing and Seal) and reduced the price for our supplier. The supplier in turn passed on the discount (almost 10% of the aggregate cost), thereby making our product competitive in the market.

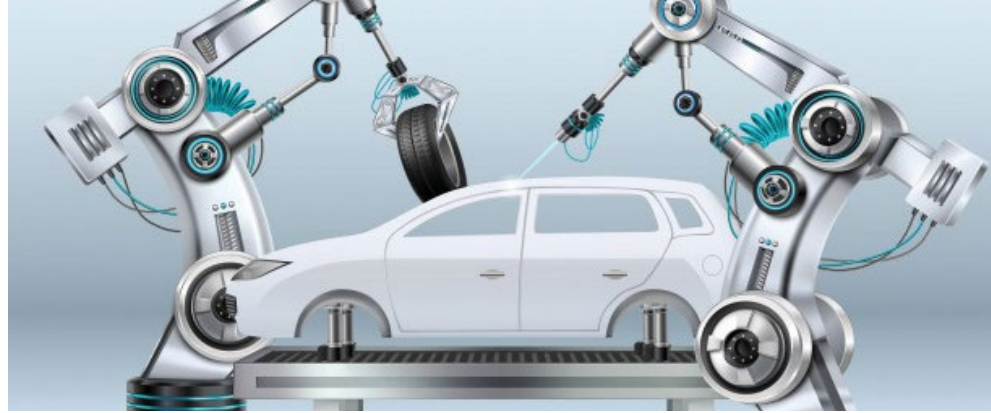
What are the 2 or 3 aspects that you constantly measure and monitor?

The commodity movement is a very important element across the Group. It is very critical that we are in line with the market as we cannot afford to pay a higher price than market rates since customers will then not compensate fully.

In challenging times such as these, supplier engagement is vital. Checking the health of particularly smaller suppliers is something we discuss often.

What are some of the training and development activities that you undertake for the Rane employees in materials and procurement across the group?

The materials team is constantly trying to be ahead of the curve. During 2019-20, we had a program by an IIM Professor on the theme 'Supply chain as a source of competitive advantage'. The objective of the workshop was



to create an understanding of the developments in the supply chain from economic, technology, customers and regulatory angles and the implication to business. Thirty two supply chain professionals across the Group participated and thereafter identified specific projects on inventory management, leveraging the power of e-sourcing.

We are now trying to develop a group cost model for various commodities by bringing the best practices together.

What are some of the key skills required today to keep costs and wastage low?

Understanding the various commodities and the cost drivers is critical to source parts competitively.

Technology plays a significant role in bringing down the total cost. For example, in a hot forging, both the quality of the press and die will determine the yield of the part. In an SG iron casting, a modern casting line such as a DISA line ensures process reliability, productivity, etc. Also, a supplier not having an efficient management system or financial backing cannot manage its operations smoothly. Such a supplier, even if he offers the lowest price, may require a lot of follow up, rejections, etc. MPG Members are extremely aware of such pitfalls and try not to buy at the lowest cost per piece, rather focussing on the lowest acquisition cost per piece.

What role does R&D play in materials and procurement to improve value for money?

Whenever a new supplier is selected or new technology is brought in, R&D plays a significant role in assessing the supplier and their

capability to meet the end product design requirements. They also have a role in designing the part in such a way that the cost per piece does not increase disproportionately. For example, in SG iron casting, a design with multiple cores increases the piece cost significantly since the yield is lower. Using standard parts wherever possible drives down complexity and overall acquisition cost.

We know that a strong engagement between the R&D and Purchase teams can help find the best value possible. This is going to be an area of focus.

Can you tell us how information technology is leveraged to improve efficiencies?

There is a constant effort to reduce the non-value-added time of sourcing professionals. The creation of the Rane vendor portal is one such initiative. Releasing of schedule, automatic GRN from SAP, advance shipment notice, Goods Receipt Note, information on Payments are all available in the vendor portal.

Earlier, these engagements were through mail or phone between the supplier and the buyer involving a lot of time on transactional details. This has now decreased and the new system not only gives easy access but also transparency.

Apart from this, multiple IT initiatives and workflows (vendor master, material master, PO amendment, etc.) have been undertaken with the help of Rane Data Centre. Companies also share their individual IT-based process controls which are then shared as cross-learning.

Bidding Farewell To The Man Who Led Rane's CSR Initiative



The contributions of D. Viswanathan, fondly called as DV, Advisor - CSR Projects, Rane Holdings Ltd., shaped Rane's CSR efforts and helped set up Rane Polytechnic and Rane Vidyalaya at Trichy.

DV joined the group in 1981 and held successive positions before becoming Deputy General Manager in 2015. He retired from service in December 2017 and continued to be associated as Advisor. His extended service ended on December 31, 2020, when he was bid a warm farewell.

During his 39 years of long service, DV played a significant role in executing the group's corporate social responsibility projects and was a key member in several initiatives of Rane Foundation.

L. Lakshman, Chairman Emeritus, Rane Group

"DV is a simple and straight forward person. He possessed the drive and willingness to learn continuously. I must say, the last 10 years of his service is when he has learnt and improved hugely. His contribution to our CSR projects has been phenomenal. In a world where it is not easy to be nice and get things done at the same time with external agencies, DV has demonstrated this to be his strength."

DV recollects:

"I joined Prewo Limited in 1981, which was later acquired by Rane. Of the 700 employees who were associated with Prewo, I take pride in saying that I was the only one who continued with the Group and now retiring from it. When Rane took over, all the assets were sold, including the building and the land. But for some reason, they decided to retain me.

"What makes Rane different is the support and guidance offered to the employees. A large part of my career was in the Finance function, and when I had about 10 years to retire, they entrusted me with the CSR assignment. Looking back, it appears that their confidence in me was such that they were willing to let me experiment with this idea.

"Establishing Rane Polytechnic, where 1000+ Diploma Engineers have graduated in 8 years, is a humbling and memorable experience. Setting up Rane Vidyalaya in a record time of 6 months is something that will always remain close to my heart."

A JOURNEY THROUGH POWER STEERING PUMP DIVISION OF RTSS

Rane TRW steering systems is a market leader in the production of hydraulic power steering system segments. RTSS has deepest roots in the hydraulic segment, penetrating even in the tractor and EV segments with a vision "To be a leader in domestic hydraulic power steering business, enhance global presence and diversity for growth with technology". The company bagged the prestigious Deming prize in 2005 and Deming Grand prize (JQM) in 2011, few of the highest recognitions in TQM. Major customers include Ashok Leyland, TML, Isuzu, Daimler, VECV, FML, SML Isuzu, Renault Nissan and M&M.

The first and foremost function of hydraulic power steering system is to reduce steering effort of the vehicle.

This system comprises of a pump, steering gear and a reservoir. Reservoir stores and filters the steering oil from which the pump delivers the oil to the steering gear, which in turn reduces steering effort in steering the vehicle.

RTSS – SGD, Pump division (Plant -2) was started in the year of 1995 at Guduvanchery. Since then, Rane has been manufacturing Advanced Vane Pump, Variable Displacement Pump (VDP) & Dual Displacement Pump (DDP) for passenger cars to heavy commercial vehicles with flow variants of 5 to 24 lpm. The pump manufacturing process takes place at machine shop in cells and assembly is done in lines. The overview of the pump manufacturing process has been illustrated as follows.

Machine Shop Overview:

Housing Machining

Housing is the most important part of the pump where all the child parts are assembled. It is brought in as castings and machined in different stages to get the desired dimension with high accuracy, geometry and surface finish. The Control Valve bore of housing is the most critical machining process which requires a close tolerance of 8 microns, where it is assembled with valve body assembly. Honing is used to achieve the control valve (CV) bore super finish. It produces precision surface on a work piece by scrubbing an abrasive stone against it, along a controlled path.



Shaft Machining & Hardening

Shaft splines mesh with the rotor of the cartridge. Shaft is turned followed by spline hobbing. These shafts are then heat treated by induction hardening, which is a surface hardening process carried out to enhance the mechanical properties in localized area. The part to be heat treated is passed through a copper coil and heated by applying current and simultaneously quenched to acquire the desired hardness. The heat treated shaft is then ground to required surface finish and sent to the assembly.

Cartridge Parts Machining

The cam, rotor and vanes make up a cartridge. Cam & rotor are powder metal parts. The surface finish of cam profile and rotor slots are critical parameters in the cartridge assembly, Special profile grinding machine (Toyo) for cam and rotor slot grinding machine (Blohm) are used to achieve the significant finishing and geometric dimensions of cam profile and rotor slots respectively.

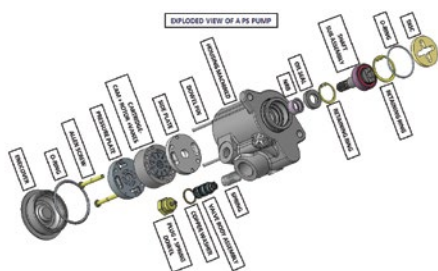




Plates Machining & Steam Treatment

The side plate and pressure plate are also made up of powder metal. The side plate directs the oil from the housing to cartridge inlet, improving the pump efficiency, whereas the pressure plate delivers the pressurized oil from the cartridge to the pump delivery port. Both are surface ground to a fine finish and subjected to steam treatment that will produce a layer of iron oxide on the surface of the parts and fill the porosities. This improves the apparent hardness and wear characteristics of the part. The parts are then sent to be assembled.

Assembly Overview



Assembly stations

In assembly, there are 5 lines for different pump variants with around hundred poke-yoke's. Each line comprises of different assembly stations.

Oil Seal & Shaft assembly

The first station is the process of building the housing sub-assembly which usually consists of a housing, pressed with needle roller bearing for the shaft followed by the oil seal in the second station. The next station is pressing of shaft sub-assembly into the pump housing. The load and concentricity for shaft pressing is maintained at a precise level.



Cartridge, Valve & End cover assembly:

The third station includes the assembly of side plate, cartridge, pressure plate, the dowel pins and the cartridge screws in this order. The side plate and pressure plates are design poka-yoke's, distinguished as clock wise and counter clockwise plate according to the direction of the pumps. Then, the flow control spring and suitable flow cum relief valve is assembled into the bore. The end cover is tightened by automatic nut runner. The flow control bore is plugged automatically using a plug in the following station.

Pump Assembly Testing & Inspection

The pump assembly is subjected to air leak and aging test. Then, pumps are put under the performance test i.e. End of line test. The pump's performances such as volumetric efficiency, relief pressure, speed vs flow characteristics and pressure vs flow characteristics are monitored. The pumps that pass these tests are automatically provided with traceability markings in the name plate.

Packing & Traceability

Pumps are then painted and undergo inspection and packing. Prior to packing, all the critical parameters like port holes, mounting holes are inspected with gauges and visual checks and certified. They are packed in boxes with individual identification bar codes for traceability. These individual boxes are packed in a large carton box and a separate tracking barcode is generated. The pumps are dispatched.





Board Member Mrs. Ranjana Retires



Mrs. Ranjana Kumar, Independent Director, has retired on October 15, 2020, from the Board of Rane Brake Lining Limited, as per the retirement policy of the company.

Mrs. Ranjana joined the Board of Directors of RBL on January 23, 2015.

She contributed significantly to the board discussions and decisions on various strategic matters.

Rane Group places on record our sincere appreciation for her valuable guidance and contributions to the board and its various committees.



Appointment of Dr. Brinda Jagirdar on the Board of Rane Brake Lining Limited



Dr. (Mrs.) Brinda Jagirdar has been appointed as an Independent Director on the Board of Rane Brake Lining Limited on October 15, 2020.

Dr. (Mrs.) Brinda Jagirdar is an independent consulting economist with specialization in areas relating to the Indian Economy and financial intermediation. She is a member of the research advisory committee of the Indian Institute of Banking and Finance, Governing Council Member, Treasury Elite – a knowledge sharing platform and Member Banking and Finance Committee of the India Merchants Chamber, Mumbai. She retired as General Manager and Chief Economist from State Bank of India. She is a Director on the Board of IDFC First Bank and also serves as an Independent Director of the Board of Rane Engine Valve Limited and other companies of repute.

During March 2019, Dr. Jagirdar was recognised as one among India's Top 100 Women in Finance by the Association of International Wealth Management of India.

Rane Group wishes her the very best in this role.



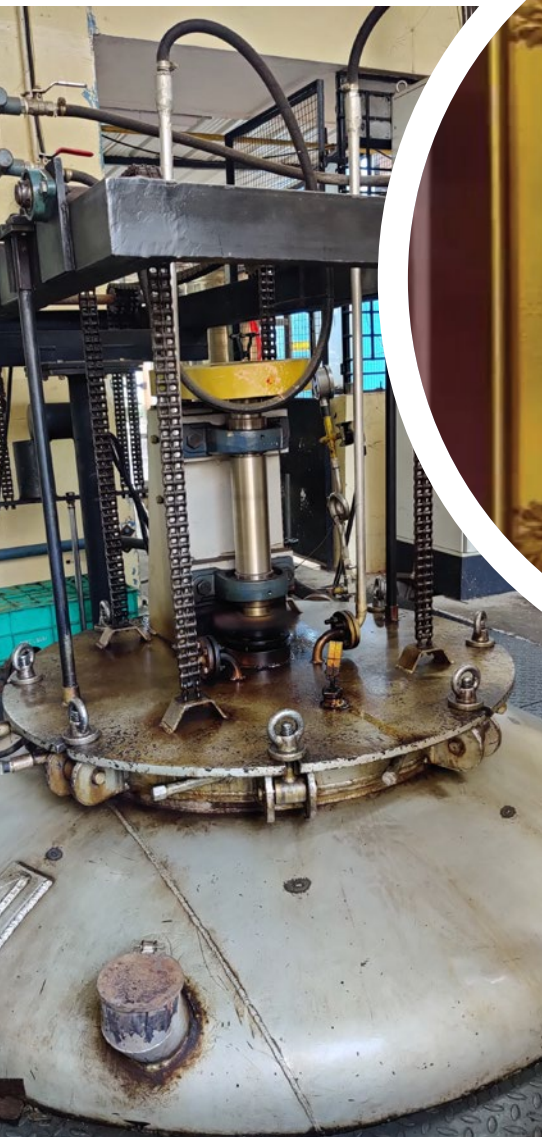
Award from TATA Motors

The Steering Linkage Division of Rane (Madras) Limited received the Award for Exceptional Support during Challenging Times from Tata Motors Limited



**"IN THE MIDDLE
OF DIFFICULTY
LIES OPPORTUNITY"**

-ALBERT EINSTEIN



Rane Corporate Centre

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