

We expect to grow at 10% on demand from CV and two-wheeler segments

Given the current vulnerabilities in Europe, coupled with the slow recovery in the US, it is felt that India's auto industry will take at least six months to recover the momentum of old. In an interview with RRavichandran of FE, L Ganesh, chairman of Rane Group of Companies—one of the leading component manufacturers in India—says the company will accelerate its growth through renewed spending in R&D, introduction of newer products in the existing line-up and entering newer space.

How has the slowdown in sales impacted the Indian auto components industry?

It was robust at the beginning of the current financial year and projected the growth at around 15-20%. However, with the sudden slowdown in passenger car sales, coupled with the rising interest rates and inflationary pressures, the components industry started feeling the pinch mid-way. Given the recession in Europe, the slower-than-expected recovery in the US and the rupee/dollar parity, the components industry is increasingly under pressure, as both account for around 50% of the total component exports from India.

While it will be difficult for the industry in the short term, the expected easing of inflation and the flooding of new vehicles in India will push the demand for components. Personally, I still believe that the components industry will post a 10% growth in the current financial year on the expected positive growth of both CV and two-wheeler segments.

With the advent of global original equipment manufacturers (OEMs) in India and the demand for fuel efficient, environment-friendly vehicles, how are the Indian components placed?

It is interesting to note that a sizeable



chunk of Indian component makers have been involved in the shift towards incorporating technology advancements — both on the machinery front and the IT side — to not only meet the OEM demand in India, but also serve their global clients. There has been a substantial improvement on the electronic components front and they are even geared up to serve hybrid and electric vehicles. Indian companies have developed capabilities on advanced designs, engineering and environmental aspects.

You aim to at least double your sales by 2015 to more than ₹4,500 crore...

We have not been very aggressive over the decades due to a variety of reasons. Having gained brand equity for our products, both in India and abroad, due to our quality standards and cutting-edge technological advancements, we have now decided to grow aggressively and more than double our turnover by 2015.

This could also be possible by introducing newer products in the existing line-up or getting into adjacent technologies, entering into newer markets other than Europe and the US, tapping more customers in the current export markets, encouraging innovative culture, grooming the workforce to take us to next level, creating entrepreneurial capabilities among the workforce, entering deep into defence and aerospace sectors and sprucing exports further.

Are you open to accommodating new partners by diluting your stake in any of your group companies for technological know-how?

We are not against diluting our stake in any of our group companies, provided it has long-term growth prospects and adds value. We are willing to join hands with global partners for JV, particularly in the areas of defence, aerospace, electronic components and earth equipment.

With Tatas and Mahindras having ventured into defence and aerospace areas, as a long-time component supplier to them we would also like to supply required components in these spaces. If required, we will forge JVs with foreign companies to meet their demands. This is evident from the fact that we acquired 26% stake in a Bengaluru-based company, which specialises in aerospace technology.

How confident are you about achieving your desired targets?

We have internally projected to grow 15-20% annually and increasing the exports contribution to our total sales from the current 15% to 25% in next three years by tapping newer clients, newer markets and newer products. We are confident that given our brand equity, quality and aggressive growth strategy, we would achieve the targets.