

RSB Transmissions plans JV, eyes buyout

Pune-based transmission components supplier wants to enhance its technological capabilities and expand its product portfolio, says **Sumantra Barooah**.

Almost the entire automotive component business of RSB Transmissions comes from commercial vehicle manufacturers. A small part comes from passenger car OEMs, two OEMs to be precise – Tata Motors and Fiat – which source their transmission gears and a few other parts from RSB.

The numbers for transmission gears are relatively small but R K Behera, founder and chairman, RSB Transmissions, takes great pride in this because his company has managed to bag orders for a component which passenger car OEMs usually do not outsource.

"Almost all passenger car OEMs do it in-house," says Behera. Passenger car transmission gears are very high precision components and play a key role in the NVH (noise, vibration and harshness) levels of a vehicle. RSB claims it managed to more than meet the decibel level specification set by Fiat for the transmission gears. An RSB official told *Autocar Professional* that negotiations are underway with two more car OEMs for supplying critical components like transmission gears.

In order to enhance its technological capabilities, Behera and his team are now on the lookout for



RSB has bagged the mandate to supply 'banjo' axle beams (far right) to Tata Motors' V1 LCV platform.

an acquisition or a joint venture to gain access superior technology. Nishant Behera, board member and one of RSB's gen-next team, says: "We have our own product which is a propeller shaft. We have a lot of aspirations and to realise them, we need to have more products. That's where mergers and acquisitions can help. If you look at technology requirement also, acquisitions will play an important role there."

The M&A team at RSB will have to act swiftly as the management has set an ambitious business



Above: RSB's R&D subsidiary offers both physical and virtual tests both for captive and external client use.

target. "We aim to double or triple our revenue in three to four years," says Rajakant Behera, board member. The company hopes to clock a turnover of Rs 1,400 crore in

2011-12, and "double or triple" its revenues in three to four years.

RSB's US arm RSB Transmissions NA along with the Mexico plant, which was set up in May 2011, are expected to leverage the rebound in the automotive industry there. The Mexico plant will serve the existing USA customers of RSB NA (American Axle, Eaton, Magna, Getrag, General Motors and Chrysler) as well as their subsidiaries in Mexico, to take advantage of the cost competitiveness and good precision machining capacities in Mexico. A new



Unitised propeller shaft uses lesser number of parts. A new lightweight propeller shaft is currently under development.

\$2 billion plant by Nissan there will also provide good business opportunity for RSB. Precision machining is one of the core focus areas for RSB in India and North America.

Growing product portfolio, capacity

RK Behera says that RSB Transmissions will add new products to its existing portfolio. The company claims that its propeller shaft is currently one of the best in the market, offering leading weight-to-torque ratio. A new propeller shaft of a unitised construction has also been developed recently. This construction has two lesser parts compared to the conventional propeller shafts. Initial supplies of that product have just begun. Behera told *Autocar Professional* that a new propeller shaft made from a lightweight material is also under development. Tata Motors, which is a major client, has mandated RSB to supply the rear 'banjo' axle beam for some of the new Ultra range of LCVs that was unveiled at the Auto Expo. The banjo axle beam will also go into Eicher LCVs from VE Commercial Vehicles (VECV). This is the first time that RSB has bagged an order from VECV.

A new plant is also being set up in Lucknow to supply propeller shafts

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to Tata Motors. The plant, which has a production capacity of 550 sets a day, will start pilot production this month.

In order to meet its own demand for high-quality forged components, RSB will enhance its forging capacity at its Cuttack plant. Once the new line is in place, the plant will have an annual capacity of around 12,000 tonnes. This new capacity, though "a fraction of the company's requirement", will be used for manufacturing critical forged components.

With the propeller shaft, RSB is competing with some global players like Dana. New technology and high quality material will be increasingly crucial as the company develops new products that will compete with those from global biggies.

Focus on R&D

Good quality and design capabilities are crucial in the automotive component business. To hone its domain knowledge in these areas, RSB is also increasing its focus on R&D. A visit to its R&D centre - I-Design Engineering Solutions - gave this writer an insight into what RSB is doing to grow and offer more value to its customers. The wired rigs are testing axles and various other components. Most of the 70-80 member team sits in the main



Transmission gears on display at RSB's stall at the Auto Expo. Talks are on to supply two new OEMs.



Chairman R K Behera: "We will double our forging capacity at our Cuttack plant. Currency exchange volatility is affecting our business plans."

FACTFILE

The RSB Group comprises of four different companies: RSB Transmissions, RSB Transmissions North America Inc., I-Design Engineering Solutions and Ivtesse Technologies.

The Group's core capabilities range from design to manufacturing of aggregates and systems related to commercial vehicles, passenger cars, construction equipments, farm and off-highway equipments. The Group is also in the trailer manufacturing business. Some of the Group's major clients are Tata Motors, Mahindra & Mahindra, Tekon, Caterpillar, ITC, John Deere, Fiat, JCB, Lombardini and Agto.

centre at Pune.

Autocar Professional is the first publication to visit this place where many confidential projects of RSB as well as other clients including some leading OEMs are underway. The centre does both virtual and physical testing, all under one roof. "We can provide services and assistance from concept to homologations," says S S Udagata, director, I-Design Engineering Solutions. Udagata and his team have clients from varied segments such as automotive, defence, marine, earth movers, space research and agricultural equipment.

Next gen at work

The new developments at RSB Transmissions have been largely spearheaded by the next generation of the promoter Behera family. Nishant, the eldest of the second generation, recounts his experience in working actively in the company's first overseas acquisition, Miller Brothers Manufacturing in 2006. "We earlier thought integration would be required mainly in the areas of operations, finance, HR and more such things. But I realised that whenever there's an acquisition, cultural integration is the most important. That took us more than a year and a half to understand," admits



Rajnikant, Nirmla and Nishant play key roles at RSB as per their skills.

Nishant. Equipped with that experience and a Masters from Michigan University, Nishant is working full time in the M&A department to drive RSB Transmissions' inorganic drive growth.

Another next-generation member, Rajnikant Behera, a mechanical engineer, is now working on building the RSB brand. A new advertising agency has been appointed to design the creative communication, and in with close coordination with him. While he handles the soft but important side of the business, Rajnikant Behera does a lot of number crunching as RSB Transmissions' vice-president for corporate strategy and finance. "I spent the first two years on the shopfloor of our Jamshedpur facility. Now my role is more in equity and fund raising and financial restructuring," says Rajnikant. He will also play a key role in realising the company's plan to go public. R K Behera tried a number of times to get RSB Transmissions listed on the bourses but hasn't been able to do so due to unfavourable market conditions. He's confident that it will happen. That step will be important as it will help the company raise funds and fuel its long-term growth plans. ■