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R&D AND TESTING SPECIAL

Indian start-up works on ADAS & driverless vehicles



Gurgaon-based Hi-Tech Robotic Systemz is developing a host of advanced driver assistance systems for seven OEMs in India including a CV manufacturer **Page 28**

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SPOTLIGHT
Dhoot Transmission bets aggressively on BS VI for growth **Page 16**

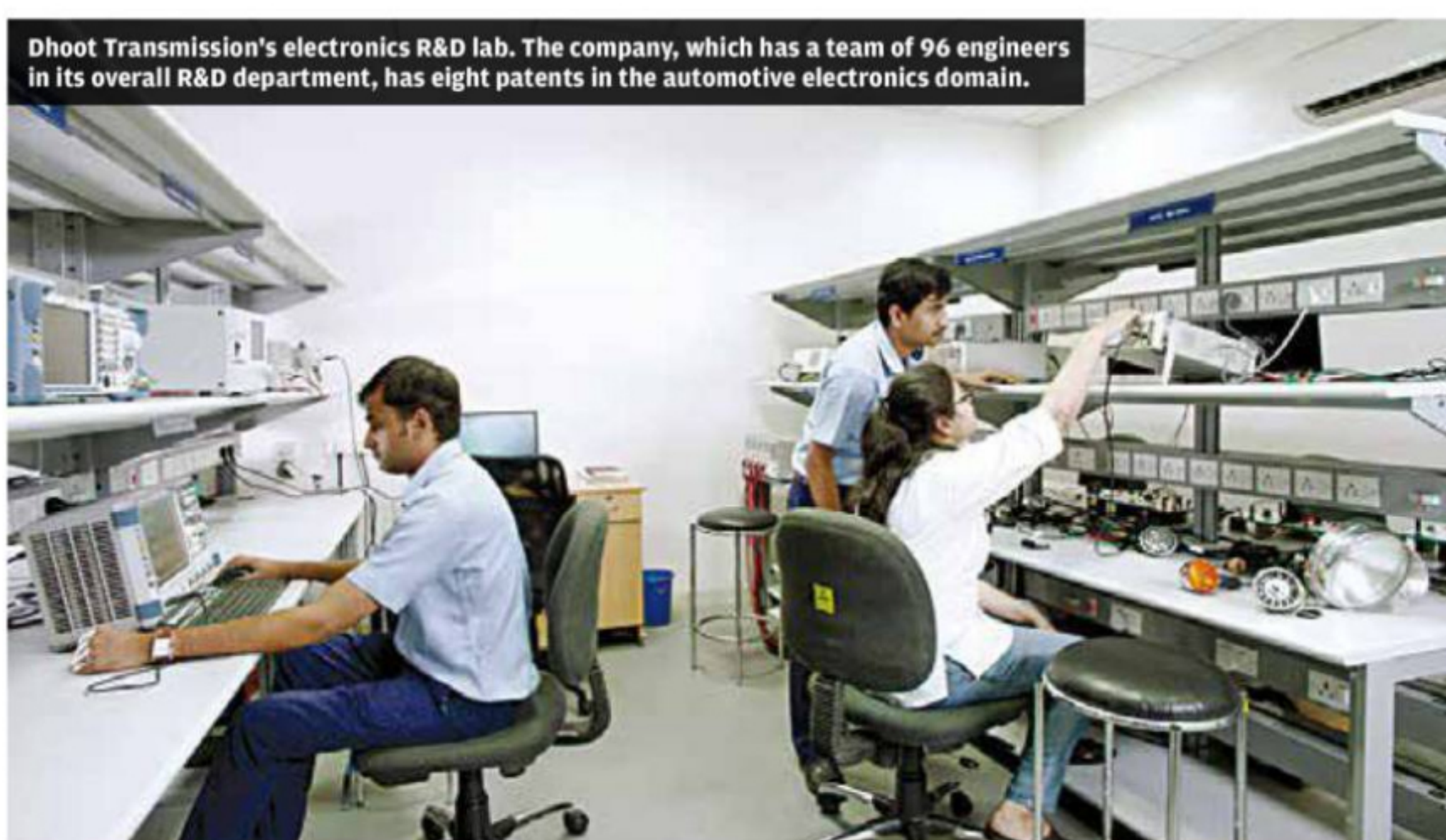
BS VI norms to fuel aggressive growth for Dhoot Transmission

While the incoming BS VI emission norms will help Dhoot Transmission to more than double its business by 2020, it is aggressively expanding its portfolio and capabilities. Having acquired Scotland-based TFC Cables and inked a joint venture with Carling Technologies of the US, it has now lined up yet another acquisition and two more JVs in the near future. **Amit Panday** reports.

Dhoot Transmission, the Aurangabad-based supplier of electrical parts such as wiring harness and other critical components, has charted out an aggressive future growth roadmap. This homegrown supplier, which at present is a Rs 500 crore company, plans to catapult its turnover up to Rs 1,400 crore by end-FY2019-20. The rapid growth is expected to come on the back of organic as well as inorganic growth that will include acquisitions and joint ventures.

Speaking to *Autocar Professional*, Rahul Dhoot, managing director, Dhoot Transmission, reveals that his company hopes to clock a turnover of Rs 650 crore in the ongoing fiscal (FY2017-18). "Without disclosing too many details, I can say that we are working on making a Rs 100 crore acquisition, which is on the anvil. There are hopefully two more joint ventures lined up in the near future as we aim to do a turnover of Rs 850 crore in FY2018-19. This should jump to Rs 1,400 crore when BSVI norms come into effect in FY2019-20," he says.

Expanding its presence in Europe, Dhoot



Dhoot Transmission's electronics R&D lab. The company, which has a team of 96 engineers in its overall R&D department, has eight patents in the automotive electronics domain.

Transmission had acquired Scotland-based TFC Cables in June earlier this year. It also entered into a joint venture with US-based Carling Technologies in October 2017.

While the JVs are expected to depend on joint participation and debt, Dhoot Transmission's fast-paced expansion is understood to be funded by its internal accruals. "For some JVs, if we have to look at private equity then we will look at that," says Dhoot. Mumbai-

based Singhi Advisors are the internal financial consultants who have thus far helped the company with prospective JVs and acquisitions.

According to the senior company official, besides adding new customers on board, Dhoot Transmission continues to make further inroads into its existing clients. The company's current clientele is spread across the two-wheeler, commercial vehicle and off-road segments. Of that, according to Dhoot,

his company commands 30 percent market share in its product domain in the domestic two-wheeler segment. "That will move up to 39 percent in two years' time," he adds.

Commenting on the company's organic growth in the recent past, Saurabh Sharma, country head – sales and marketing, Dhoot Transmission, remarks, "Our organic growth is in double digits from the past five years and Dhoot Transmission has established itself as the

THE COMPANY IS TARGETING A TURNOVER OF Rs 850 CRORE IN FY2018 AND AIMING FOR Rs 1,400 CRORE IN FY2020.



Rahul Dhoot: "We are investing 10 percent of our profits into R&D every year. With BS VI, we will only grow further."

best-in-class source of wire harnesses and electronics for the automotive and white goods industry. Our latest acquisitions and JVs not only strengthen our strategic presence and add to our product portfolio but they also help OEs to find all solutions under one roof."

BS VI: A GROWTH DRIVER

It is understood that BS VI emission norms, which will see implementation from April 1, 2020 across all vehicle segments, will drive the electronic content per vehicle by substantial margins. Even the entry-level two-wheeler category will have to shift from carburettor-fed engines to electronic fuel injected (EFI) engines.

Giving his perspective in this context, Dhoot elaborates, "Carburettors have mechanical adjustment to them. EFI, on the other hand, means that the system needs an electronic signal to give a feedback, which creates the requirement of sensors. Although engineers have been working on sensors (in India) for a long time, the real revolution in sensor technology is expected to come in 2019-2020 when the BS VI norms kick in. We are talking about 20

million two-wheelers on the road every year. There will be eight sensors in every two-wheeler that is going to come. So the demand for two-wheeler sensors will be to the tune of about 16 crore sensors, which will be generated suddenly in a year's time (over FY2018-19)."

According to the young managing director of this company, his R&D team has been working on products for stringent emission norms (BS VI) for the past three-and-a-half years. "We see a big push in demand as far as our electronic revenues grow. When we talk of the wiring harness for BS VI norms, we have to understand that when we have delicate sensors, we need high-value connections and that's how the price of wiring harness goes up. With BS VI, we will only grow as we are there in several new vehicle platforms for 2019-20," he says confidently.

The company has eight patents in the automotive electronics domain. It currently operates with an R&D team of 96 engineers. Besides India, its engineering footprint is also present in the UK, Scotland and Slovakia.

"We are investing 10 percent of our profits

Top right: Final circuit testing of wiring harness. Above: Automotive switches, which Dhoot plans to manufacture under its new JV with Carling Technologies.

into R&D every year. With switch technology coming in (under the joint venture with Carling Technologies), we will be hiring another 18-20 engineers. Other new JVs will enable hiring of more engineers. So R&D will consistently grow," adds the top boss.

HUMBLE BEGINNINGS

Forty-four-year-old Rahul Dhoot started the company in 2000 with no background in manufacturing. He stands out as one of the few successful homegrown entrepreneurs who managed to merge their educational background with their interests. Dhoot, who is based in Aurangabad and is an electronics engineer, forayed into auto parts manufacturing after

his company won an order from Bajaj Auto around 2002.

"We had participated in Bajaj Auto's vendor rationalisation programme where we had put up a small set up with focus on quality products. I was very young at the time and I took it as my first and last opportunity. They became our first customers. Being based in Aurangabad helped us strategically," Dhoot recalls.

From that year onwards, there was no looking back for this company. John Deere came on board as the second customer in 2005, followed by Piaggio Vehicles. According to the top official, the company had set up a small office in UK in 2007. "Fortunately,

RAHUL DHOOT STARTED THE COMPANY IN 2000, WHEN HE WAS 27, WITH NO EXPERIENCE IN MANUFACTURING.



Anand Biyani: "Focus on quality and customer satisfaction has enabled us to grow speedily."



Saurabh Sharma: "Our latest acquisitions and JVs strengthen our strategic presence."

we got through some good customers there (in the UK). We wanted to upgrade ourselves and we hired intelligent people from the industry. Later, Anand Biyani came on board with us as the head of engineering. His induction played a critical role as he was instrumental in restructuring the engineering vertical and a lot of engineering projects started. We eventually also moved into the CV segment and as a result customers such as MAN, Volvo, Force Motors, Mahindra & Mahindra, Volvo-Eicher came on board and supported us. Under Anand's leadership, the engineering and technical capabilities at Dhoot Transmission grew rapidly," highlights Rahul Dhoot, as he reminisces about a few major internal initiatives that delivered big results to his company.

Speaking in this context, Anand Biyani, COO, Dhoot Transmission, adds, "We are a team of experienced and

energetic people driven by a passionate leadership who has a style of hiring the right people and empowering them to deliver results. Our focus on quality and customer satisfaction has enabled us to establish new benchmarks of excellence."

FAST-EXPANDING CLIENTELE

The company currently supplies its products (wiring harness, electronic sensors and controllers) to Honda, Suzuki, Royal Enfield, Bajaj Auto, Volvo, MAN, John Deere and many other OEMs. "We are also supplying to Piaggio in Italy, Norton in the UK, KTM in Austria. Our global clients, however, majorly are from the off-road segment such as John Deere, Kubota, Volvo and others," says Dhoot.

Given the growing demand for electronics content in the auto sector, and the big shift to BS VI barely three years later, it can be surmised that Dhoot Transmission is well placed to capitalise on demand. ■

THE COMPANY CURRENTLY SUPPLIES ITS PRODUCTS TO HONDA, SUZUKI, ROYAL ENFIELD, BAJAJ AUTO, VOLVO, MAN, AND JOHN DEERE IN INDIA, AMONG A HOST OF OEMS.



30 SECONDS ON... JV WITH CARLING TECH



ON OCTOBER 11, Dhoot Transmission and the US-based Carling Technologies signed a JV pact to manufacture and supply electronic switches in India. The JV will cater to demand from the two-wheeler, three-wheeler, commercial vehicle, agriculture and construction equipment business in India and overseas.

Although both the companies refrained from disclosing investment planned in the JV, which is yet to be named, *Autocar Professional* understands that it will see equity investments in the range of US\$ 8-10 million over the next few years.

While Dhoot Transmission, the Rs 500 crore homegrown Tier 1 supplier, is known for manufacturing and supplying wiring harness, the family-owned Carling Technologies is recognised for its expertise in manufacturing switches.

"The JV will be based out of Aurangabad and then later expanded to Pune. By May 2018, we will have about 50 employees. In another year (by May 2019), we plan to employ about 600 people. This will be during the expansion phase with headcount from Aurangabad and Pune put together," revealed Rahul Dhoot, managing director of Dhoot Transmission.

"We are extremely

happy to partner with Dhoot Transmission and consolidate our operational footprint in India. Our partnership with Dhoot will help us gain insights into the market dynamics of the Indian auto industry. Localising our production capabilities will enable us to supply products at affordable price points," said Christopher Sorenson, executive vice-president, Carling Technologies.

The US-based company mainly caters to the construction equipment sector with its global footprint. Teaming up with Dhoot Transmission will allow Carling to ensure a fast-to-market approach with its localised products in India along with an opportunity to venture into the commercial vehicle and other segments.

According to official representatives from Carling Technologies, the company has been present in India for the past 11 years, thereby providing customer support.

Dhoot Transmission, on the other hand, will get access to the design and manufacturing of switches and other products supplied by Carling Technologies.

"The joint venture agreement will enable us to diversify into untapped markets and leverage the technological competencies of Carling to expand our product offerings," concluded Rahul Dhoot.