

Globalisation

Dhoot Transmission takes the inorganic route to emerge as an MNC

By the first quarter, ending June 2019, the 45-year-old Rahul Dhoot, MD & promoter, Dhoot Transmission Pvt Ltd (DTPL), would have kick-started production in a new geography - Thailand. Set up under the banner of DT Wiring Systems (Thailand) in Chonburi, an eastern province (Changwat) of Thailand, the ₹900 crore unit will make wiring harnesses to cater to customers in the ASEAN region. "This is part of our journey to truly globalise the business and get closer to the customer," explains Dhoot. As a first generation businessman, he has grown DTPL from a single unit started in 1999 at Aurangabad to a multi-locational, multi-country business entity. Today, the company has 15 manufacturing units, each close to the customer across India, the UK, Europe and now Thailand.

Although his father ran an auto dealership in Aurangabad, Rahul wanted to break away from the trading mould and do something on the manufacturing side. Equipped with an electrical and computer engineering degree from Jawaharlal Nehru Engineering College, Aurangabad, Rahul had joined his father to start with. Then, with ₹18 lakh borrowed as seed capital from the family, he ventured into wire harnessing, serving just domestic appliances and white goods manufacturers.

"This meant supplying plugs, etc, which was a low-quality, but price-sensitive business," discloses Rahul. "At the same time, while scanning the market, I noticed that the automotive and industrial sector was booming. They looked for quality; hence, I decided to make a shift to high-value products." He got a break when he roped in Bajaj Auto as his first big customer. "It was a life changing deal," he acknowledges. It took place in 2002.

"Life changing, yes, in many ways," he elaborates. First, the second generation of the Bajaj family was entering the business and manufacturing style at Bajaj was undergoing a sea change. "These changes affected the vendors too. We were introduced to concepts like TPM (total productive maintenance), as also the Japanese working culture of pareto chart, 6W2H (six why and two how) analysis, et al. The Japanese management guru Yamaguchi-san even visited my factory when it was just 5,000 sq ft," recalls Rahul, who used this opportunity to inculcate quality into his focus and managed to percolate it down to the shop-floor level.

"We have had a long association with Dhoot Transmission, as it has been our business partner for last two decades," says Kailash J. Zanzari, senior VP (manufacturing), Bajaj Auto.

"It supplies us with important parts relating to vehicle electrical systems, such as wiring harness and electrical cables for our motorcycles and commercial vehicles, to all our manufacturing plants situated at various locations. It is also involved in developing new components for our upcoming models and is committed to our requirements in terms of 'quality, cost and delivery' as per schedule. DTPL has adopted the latest technology and giving thrust on developing capability and competency of manpower through efficient management, while also extending all improvement initiatives to its vendor base to upgrade them to the desired level." Zanzari feels, "Rahul Dhoot is a young vibrant leader - quite customer-focussed and personally involved in customer-related feedback, to prevent customer irritation and avoid

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Main energiser

"The support of Bajaj has been the main energiser of my business journey," admits a candid Rahul, who went on to launch new products and conquer newer clients. Over the years, DTPL has established its presence in wiring harnesses and moulding, as also tooling, for the automotive, construction, farming, off-roading and specialty vehicle segment. It has emerged as one of India's top four wiring harness companies, supplying to major OEMs across automotive and industrial sectors in India and Europe. The company counts Volvo, Piaggio (India & Italy), Honda, Bajaj Auto, Royal Enfield, Suzuki, KTM (India & Austria), Force Motors, MAN, Mahindra & Mahindra, John Deere, VECV and many other OEMs among its customers.

Customers have found DTPL to be a dedicated single supply partner. For instance, to Royal Enfield, it enjoys the status of the supplier of specialised wiring harnesses for its motor cycles, for more than 12 years. "As a single source to us, DTPL has set up a dedicated, proximity assembly plant at Chennai," says S. Venkatesan, head, sourcing & logistics, Royal Enfield. "It is always willing to explore new avenues and arenas for its continued improvement and is committed to customer satisfaction and mutual business growth, with a positive mind set and strategic thinking."

"When, in 2008, we associated with DTPL, it was a nascent organisation, as

Rahul was a first-generation entrepreneur," observes Pradeep Mishra, senior VP, VECV. "Looking at its dynamic, eclectic and highly professional approach, VECV decided to add the company to the supplier list for one of the models. In no time, DTPL proved its prowess and commitment to excel. It became a solutions provider for VECV in the field of wiring harness, helping out from the design concept stage and has contributed towards achieving 'first time right product development' for many of our new product development programmes. Having started with a modest revenue of ₹30 million in 2008, DTPL is today our major supplier partner for wiring harness business and earns ₹353 million in revenues - a growth of 12 times in the last 11 years." Mishra goes on to add: "Their excellent design capabilities, innovative product development approach and ability to add value in product development programmes has encouraged VECV to venture into new technology products like sensors, controllers and other electronic parts. With its local manufacturing footprint, DTPL occupies a unique place in our supply chain ecosystem."

"Suzuki Motors India has been using Dhoot as a vendor for the last four years," concurs Pawan Gupta, vice-president, purchase, Suzuki Motorcycle India. "The wiring harness of a motorcycle/scooter is like the central nervous system and circulatory system of the human body. A few years back, Dhoot was operating only in the western part

of India and not in the north. After a discussion with us, he promptly put up a plant near our unit in Gurgaon. This shows DTPL's customer focus and commitment."

Magical milestone

Clearly, with an expanding customer list, DTPL has been gathering speed too. From having a turnover of close to ₹1 crore in 2001, the company has gone on to touch the magical milestone of ₹100 crore in 2007 - an achievement any first generation entrepreneur would be happy to emulate. Having touched ₹400 crore in 2016-17, DTPL has grown at a CAGR of 25 per cent over the last four years to reach ₹900 crore in 2018-19 through organic, as also inorganic routes. "We have plans for fresh equity infusion, so that we can maintain the same CAGR in the years to come and strengthen our position in the domestic and international market," says Somshekhar Patil, CFO, DTPL. The company, which had export orders to the tune of just ₹10 lakh in 2008, today finds one-third of its turnover coming from exports.

"Rahul was reluctant to enter the M&A space initially but, once he ventured out, he was quick to lap up four of them in a short span," says Mahesh Singh, founder & MD, Singh Advisors, a Mumbai-based global investor, focussed on niche M&As, which acted as exclusive advisor to Dhoot Transmission in its

M&A transactions. DTPL's latest acquisition was in February 2019, when it took over the Bengaluru-based San Electromec, a player in wire harness and control panel in off-highway and railway sector, which enhanced DTPL's portfolio, especially in railways, defence construction and specialty vehicle segments. Founded in 2001, San Electromec has been providing solutions right from cabling systems, wiring harnesses and control panels and had Wirtgen, Volvo, Terex, Falvey, BHEL, Tata Motors and several other stalwarts, among its clientele.

In 2017, Dhoot had acquired the Scotland-based TIC Cable Assemblies to get into the European market. The same year, he also entered into a JV with the US-based Carling Technologies, to make and supply electronic switches in India. In 2018, Dhoot acquired Parkinson Harness Technology, a leading wiring harness manufacturer in the UK, to ramp up its European operations.

"In tandem with Dhoot Transmission, we plan to scale up on the existing client-base in harness and control panels," says Sanjeev Mehra, MD, San Electromec. "And, the benefits from Dhoot's strong operational expertise and his company's economy of scale benefits, we intend to extend to our clientele."

"One interesting aspect of DTPL's M&As is that Dhoot does not disturb the existing management of the companies taken over," observes Singh, who has been scouting for M&As for DTPL. "The old guard is given a free hand, tempered only by his obsession for quality and customer satisfaction. This enables him to establish new benchmarks of excellence. He has always been a people's man and encouraging them to perform to their optimum has been his forte. He hires the right people at the top level and empowers them to deliver results."

With the current manufacturing capabilities, Rahul Dhoot plans to take his company into the ₹1,450 crore turnover league by 2020-21.

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