

'Restructuring has helped create Remsons Avatar 2.0'

Group CEO of Remsons, Amit Srivastava spoke with Chandan B Mallik about how the company reimagined its business from being family-run, to becoming diversified and professionally run.

FOUNDED IN 1959, Mumbai-based Remsons Industries began business with the manufacturing of control cables for the automobile industry. The control cable business started in the year 1965 by the company's Founder Chairman Vishwaprakash Harilalka, who believed in the vision of "Make in India," even at a time when the Indian automobile industry was totally dependent on imported control cable products. Remsons developed gear cables in India with global expertise and R&D based in the UK in its early years of operations.

Chairman and Managing Director of Remsons, Krishna Kejriwal took the company to new levels by focusing on developing and commercialising advanced technologies, strengthening partnerships and on-boarding value-added products.

The third generation of the family, Rahul Kejriwal, Executive Director enriched Remsons with his expertise in product and design innovation, took a key decision of on-boarding experienced professionals as part of a key strategy in the business transformation. In 2019, Amit Srivastava joined as Group CEO and the industry veteran took up the challenge to transform the family driven business into a professionally managed organisation.

Srivastava's immediate focus was to do a SWOT analysis and fix the problem areas. Issues like retention of customers or regaining their faith in Remsons became top priority. The efforts have paid off and Remsons consistent Y-o-Y growth and significant improvement in company valuation with various customer accreditations, accreditations from ACMA, GPTW are among key testaments, says Srivastava.

In times of Covid-19 lockdown, when companies were struggling to remain afloat, Remsons decided to rebrand its 50-year-old legacy and overhaul itself. Since then, the company has successfully transformed its market positioning from a cable manufacturer to an end-to-end service provider as an auto component manufacturer for OEMs for products like gear shift systems, flexible shafts, winches and jacks, pedal box, parking brake/CBS assemblies, push-pull cables and many more. Srivastava shared the transformation journey of

Remsons with Autocar Professional.

At the end of Dec 2021, you had gone in for a rebranding exercise for Remsons. What was the reason and what have the results of it been?

We felt that for improving the performance of the company in future, it had to be in sync with modern management systems and practices. The challenge was to transcend the business into a future-ready auto component manufacturing brand. This meant inculcating and investing in best manufacturing practices, hiring talent, improving partnerships with customers and suppliers, and keeping abreast with the new and advanced technologies.

How did the company cope during the Covid-19 lockdown period?

During Covid-19 when most companies were struggling with cash crunches, it gave us an opportunity to strengthen our commitment and vision. We focused on managing cash flows, profit sustainability and workforce retention through new policies and initiatives.

We also went forward with expansion plans and acquired Magal UK (now Remsons Automotive UK), which helped in increasing their

'We are now targeting a business of Rs 500 crore in the foreseeable future'

presence in the European Market and also invested in a green field state of art new plant in Pune Chakan. We also set up a new business line of CBS (Combi Brake System) for Hero MotoCorp at the Gurugram plant.

What have the key business achievements been after the overhaul?

The organisation restructuring and new management has majorly helped the company to not only increase the growth crossing Rs 300 crore in revenue but also come forth as a much-evolved organisation as Remsons Avatar 2.0, from a cable manufacturer to auto component manufacturer which is capable of meeting expectations of auto OEMs and all stakeholders.



What was Remson's financial performance like?

Remsons is growing every year at a rate of 19 percent CAGR against the industry CAGR of 6 percent. The company business that was at Rs 149 crore as in FY18-19, has reached Rs 312 crore in just three years. We are now targeting a business of Rs 500 crore in the foreseeable future. What's more, there has been over 200 percent increase in our stock prices.

It's an ambitious goal. How do you plan to achieve it?

Remsons product portfolio caters to the entire auto spectrum across 2W, 4W, CV and farm equipment. We are also diversifying into new business areas and are in conversation for a JV with Europe-based companies for futuristic products like infotainment systems and many others. Meanwhile, our Remsons UK business is also contributing towards technology, coupled with lower production costs in India – creating a higher margin, technology business, especially in the electric vehicle space.

What kind of Capex have you done in the past few years (post Covid-19)?

Capex in the past three years has been close to Rs 45 crore. This includes Rs 30 crore for acquisition, Rs 8 crore on the Pune plant and Rs 7 crore for machines and upgradation of our other facilities.

Are you catering to the export markets? What's it worth and what products are being exported?

We are present in three of the four auto clusters in India and one facility in the UK, enabling just in time (JIT) supplies to customers who prefer such suppliers as critical, and work with them as partners. With a high focus on quality demonstrated by extensive testing and validation facilities and certifications, we are able to serve OEMs in the Europe and US market as well. Currently our export contributes to 15 percent of our sales. We faced Brexit, semiconductor challenges, the highest ever inflation due to energy crises, geopolitical challenges, commodity price increases and many others. Despite these challenges, we could maintain business relationships with OEMs that provided sound financial stability and helped build up business in Europe and global markets.

As there's a focus on localisation by the Government of India, where do you stand on this issue?

We already have backward integrated plants and a majority of our products are localised and hence there's a negligible dependence on imports.

How would you describe the brand value for Remsons?

Our core values are denoted (GREAT, that stands for - Good, Relentless, Empower, Action, Teamwork). These core values serve as guiding principles that have had a profound impact in the way we operate. We strongly believe in being system and process-oriented;



From a control cable manufacturer, the company has diversified into many product lines for OEMs and has invested in state-of-the-art manufacturing facilities.

maintaining tenacity towards achieving the vision; empowering colleagues towards teamwork; being ethics persevering and cultivating long term relationships.

What are the mid- to long-term plans for EV business?

We have always embraced technology, be it upgrading our manufacturing facilities or moving towards automation. Transition to EVs is adding dynamism to the market and we are already supplying many of the e2w OEMs with our control cables. We are adding more customers into our portfolio for the EV segment.

How much do you spend on R&D?

R&D is a must for meeting existing and futuristic demands of customers. We spend approximately 20 percent of our earnings on R&D annually.

With new technologies like brake-by-wire systems and connected features gaining traction, how are you placed with the future technology challenges?

The future is still evolving in terms of technology and is going to have many changes going forward. Remsons is also looking at electronic integration into its products like Electronic Throttle Systems, Shift-by-wire, Differential Lock Actuator, electronic Latch system, Neutral Lock & Gear Position Sensor among others. This will be the start of our journey into the electronic space and many more products shall be added. We are also looking at many JVs to enhance our presence into electronics and shorten the time for technology integration. ■