

40 YEARS AGO... AND NOW

Brick by brick

In the 70s, the brand Havells picked up momentum and became a reasonably well-known name in the electrical trade circles of Delhi



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The year was 1971. Tucked in a non-descript corner of Delhi's bustling Bhagirath Palace, electrical goods trader Qimat Rai Gupta (QRG) was furiously working on a set of permutations and combinations. But these calculations were not for buying the next lot of switchboards or light bulbs or bundles of cable. Instead, as QRG's ambition and vision soared above the mesh of overhanging wires in the narrow alleys of old Delhi, he was putting in place a concrete plan to start manufacturing electrical goods. QRG had a decade-long experience in the electrical goods market and he understood the nuances of the sector.

That was a period when the manufacturing industry in India was picking up but funding remained a big challenge. Except some known conglomerates and few other players, the manufacturing industry had high entry barriers and most budding entrepreneurs were struggling to make an impact due to lack of deep pockets. Licence raj was further creating bottlenecks for India's economic growth. Yet, QRG was not willing to accept the prevailing economic situation as *fait accompli*. When an opportunity presented itself in 1971 in the form of acquiring switchgear manufacturing brand "Havells" from Havell Ram Gandhi, QRG grabbed it with both hands. With this acquisition, the growth story of Havells as a brand began.

As it turned out, the acquisition of brand Havells was an easier part in the overall scheme of things. The company now needed to make a bigger investment to put together a manufacturing unit. The brand name 'Havells' picked up steam and became a reasonably well-known name in the electrical trade circles of Delhi. A lot

of effort was made in the formative years to establish 'Havells' as a reliable brand in the Indian market.

In 1976, the manufacturing plant for rewirable and changeover switches came at Kirti Nagar in Delhi. With only a few players in the organised market, the competition was reasonably less. Sensing this huge growth potential, the company started manufacturing rewirable switches and changeover switches in the beginning and later added distribution boxes. The production was based on the twin mantra of quality and innovation for the Indian market.

After getting good response from consumers, the company was encouraged to expand its product category and strengthen its distribution network across the country. The company installed two more manufacturing plants in India located at Badli, Delhi, for HBC fuses in 1979. In the city's Tilak Nagar area, another plant was installed in 1980 for manufacturing high quality energy meters.

While Havells continued to grow organically, it knew that acquisitions were equally critical for achieving scale and size. Thus, acquisitions became a core constituent of the Havells philosophy. The company displayed a knack for picking up loss-making companies that had the potential for a turnaround with the right guidance. As part of this strategy, Havells acquired Towers and Transformers, which manufactured electrical meters but was a loss making entity. Havells turned the company around in a period of just one year.

The manufacturing industry in India was soon plagued by the indiscriminate entry of Chinese products in the Indian

market in late 1980s. It was an era of liberalisation when domestic manufacturing companies faced a threat from both cheaper Chinese products and high quality multinational products. This double whammy spelled trouble for local manufacturers and some Indian companies even shut down their manufacturing units.

However, Havells had other plans. By now we had the scale and deep pockets to further boost the quality of our products in line with the expectations of the Indian consumer, who wanted efficient products at an affordable rate. In addition, we set up an R&D unit to invent a new products portfolio by working on advanced technology and focusing on in-house research and development. The strategy started yielding solid results in a short period.

The next phase of growth was marked by foraying into new product categories, stitching new partnerships, deepening of marketing and sales network and yet again, acquisitions. The company entered into a joint venture with Germany-based company Geyer and followed it up with a similar arrangement with DZG to manufacture innovative and quality products. Besides, the company acquired some national and international brands during 1998 to 2002 like Crabtree, Standard and Duke Arnics Electronics to strengthen its product range while offering quality products. Between 1993 and 1998, Havells also set up four R&D centres so that the pipeline of new products was never dry.

Even as Havells created a sizeable market for itself in the industrial products category, it knew that the time was ripe to make a foray into the consumer product category at the turn of the century to cater to the flurry of new housing projects and the new discerning customer. Here, too, whether it was CFL, fans or lighting prod-



Havells' first office at Bhagirath Palace opened in 1971 in Delhi

ucts, the focus remained firmly on quality. Havells became the first company in India to come up with 'Green CFL' using pill dosing technology and launched India's first BEE five-star rated fan.

This new line of business was backed by some refreshing and out-of-the box advertising that brought the 'wow' factor to an otherwise bland product range. Havells is also credited for creating the FMEG or fast moving electrical goods category and has established a direct rapport with customers across the country with a highly visible communication and brand building campaign. The company's revolutionary concept of one stop-shop, "Havells Galaxy" in Indian electrical industry has received an overwhelming response and has today grown to a chain of over 250 stores across India. Havells has also become the first FMEG company

to offer door-step service to end-consumers through its customer service portal, 'Havells Connect'.

With the acquisition of Sylvania, an international premium lighting brand, Havells became the fourth largest lighting company in the world.

The company's success is an outcome of a number of factors, including the management's ability to take tough business decisions in a timely manner. What has paid in the long run is our continuous investment in technology and a large distribution network across the country that has kept it ahead of Chinese products and helped us win the hearts of millions of Indian consumers. With 11 local plants and 5,300 dealerships, it has been a fascinating and rewarding journey for Havells, its employees, its shareholders and its customers. 📌

