

LUNCH WITH BS ▶ QIMAT RAI GUPTA, CHAIRMAN, HAVELLS GROUP

'My work is medicine'

At 76, the Havells group chairman sees no reason to retire and hand over the baton to the next generation

The last thing I was expecting when I entered the fourth floor of QRG Tower in Noida's sector 126 was for the door to the chairman's office to be wide open for anyone to walk in. But it was a lot about the 76-year-old Qimat Rai Gupta, chairman of the ₹7,148-crore home-grown electrical equipment giant, which has its origins in the name Haveli Ram and has been one of the less-trumpeted growth stocks of post-liberalisation India.

Gupta is walking for me grandly on the other side of a huge desk. He has had diabetes a day earlier and is running a fever too. I am told he has come to the office just to meet me, but as our conversation progresses, it becomes clear that he is capable of drawing on unexpected reserves of energy. Writes *Jyoti Malhotra*.

We are lunching in his office instead of following the standard lunch with BS format of having our guest at a restaurant of their choice because, his office told me, he seldom goes out. So, in a rather formal setting, face-to-face across his desk, I open the conversation by asking him - what else - about the business environment and the overall economic position. But he doesn't appear to share those sentiments. "We don't fear that we will be impacted by slower growth since we have worked very hard to build the brand image. We are optimistic in spite of the fact that the overall sentiments are down," he tells me.

As he sees it, the staying power comes from constant and sometimes drastic innovation. Gupta recalls how difficult consumer expectations were in the seventies when he set out to do business. "Now, consumerism has increased. Earlier, people bought products based on price but now the consumer is very conscious of quality." So, not only does the company leadership have to ensure a daily dose of innovation but for the last six years, the group has spent a good amount of money on setting up manufacturing facilities for products that match international quality. "Today in the electrical industry we are a force to reckon with. We have good relations with dealers, distributors and consumers," Gupta says with a patriarch's pride.

From most other executives, statements such as this would have been viewed as hype by journalists trained to be cynical. But Gupta speaks with a forthright simplicity that somehow makes his pronouncements quite credible. For instance, he tells me he was ambitious right from the start - and also that his father would never have been good at business because he was too good a person.

After trying his hand at teaching for few months at a friend's request, Gupta left Punjab in 1938 to join his uncle's business in Delhi. And, has never looked back since. Delhi was his destiny but the impatience of a young Punjabi from Mukerjee's Gulistan made him part ways with his uncle. So, the proposal to buy the Havells brand, named after its founder Haveli Ram, came up. Gupta grabbed the opportunity and from 1966 onwards, started manufacturing his own products.

The next big decision was to take bank finance for working capital requirements. It wasn't so common in those days for family-run businesses to do this, but Gupta made a departure when he took a loan of a few lakhs. Then, in the early 1980s, he started professionalising. He hired the services of a chartered accountant. "Today he is our finance director. He has been with me for the last 20 years. It is because my relation with the employees is excellent."

In 1991, when the economy opened up, Havells faced competition from both western multinationals and China, so the company started investing heavily in research & development and manufacturing. The company went public in 1992 and expanded. Till 2005-06, the group depended on overseas technology but then decided to build the brand. From an industrial brand, Havells became a consumer brand. "When we began to advertise aggressively, people asked whether we are an FMCG company or an electrical component manufacturer." Today, he says, the business is 60 per cent consumer-oriented. "We are competing with industrial equipment companies like L&T and ABB and at the same time Raja



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and Philips," he tells me.

In 2007, Havells India was a much smaller company than Synterra, which was a 100-year-old brand. It had 40 or 50 offices. If Havells had to make an entry on the international scene, this was the best opportunity. "It was an instinctive decision. Havells was financially strong and was debt-free so we were able to take risks." The acquisition cost ₹225.5 million. By the 2008 downturn, Synterra was heavily into losses and lenders became difficult to handle. Gupta decided to take over the management of the company. As a result, the organisation was de-layered, regional structures were removed, people were empowered and eventually Synterra was turned around successfully.

"We have been drifting for over half an hour and need lunch to be served. I begin to wonder whether he had understood the

format of this meeting. Then, to my relief, plates are laid out on his office table. And, then come dahi raita, some green chutney and fresh salad.

We start discussing the group's boards, which include Haveli, Synterra, Crabtree and Standard. Gupta starts telling me how Havells is expanding into the health sector through a private company and formed up plans to set up a 450-bed hospital in Jaipur. The entry into this unrelated business bears the hallmarks of Gupta's business model of friendly acquisitions. "About four years ago a doctor friend was in trouble. He asked me to invest in his hospital. We became 70 per cent partners but since he was not running it in a very professional way, we took over." Though the entry is a chance one, it has become a strategic move for Gupta.

We are served *anar daf* and vegetable *rofia*. Along with it come some hot cowries nicely pulled and browned over the stove. The food is light and looks homemade, but Gupta tells me it is from the office canteen where 500 people eat every day. "We have not done anything special," I notice that he has restricted himself to the size and fat and avoided the *rofia*. When I point this out, he tells me that he used to eat cancer food along with others and for most ages of the company but later, due to health problems, lunch comes from home. He is clearly enjoying the change. Judging from the generous helpings he takes.

For the second time in our conversation, I ask him whether he sees a change in the business environment from the time he started. Gupta tells me he does not like to look back but after some hard thinking, he adds that he might have made some mistakes but these have been corrected and he has no regrets. "Things are much easier now. The company is fully professionalised and is in auto mode. Back then, we had to think ourselves and even run around ourselves. Now, there is a team." Although the problems in the economy are much more complex and some manufacturers are in bad shape, from his point of view, Havells is safe because "we go on changing with the times."

Just as we are about to finish our meal, some seated staff arrives. Gupta is quick to notice that no dessert has been served and he asks the office staff why. It serves the custom's menu that day did not have any. Since we were almost at the end of our conversation, I decide to ask him why he hasn't retired considering that most businessmen pass on the baton to the next generation by the time they reach his age. "It is difficult in my house. I enjoy working." Gupta's medicine has certainly worked for him.