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## **Auditing the energy to power businesses**

**Bangalore-based Enercon, making energy saving devices, wants to be a Rs 100 crore company by 2008. Subrahmanyan Viswanath profiles the gritty woman who is leading the way.**

FOR a few nano-seconds you are perplexed whether the cabbie has taken you to wrong destination. As the city cab curves into the cobbled approach to the two-storied portico, you wonder if you have arrived at a spa. No. Not at all. The luxuriant landscaped background may give soothing semblance of Shangri La with glowing flowery gardens all around. Nestled prettily on this elegant perch, though, is the Rs 25 crore mid-sized Indian multi-national firm silently going about its business. In fact, the tranquility that pervades the place belies the buzz of assembly-line productivity going on in clockwork fashion within.

Energising this enterprising enclave of 250 committed workforce working with disciplined, military precision activity, is its dynamic and doughty managing director, the charming Ms Hema Hattangady. The enterprise she is leading from the front is fast growing precision engineering company - Enercon Systems Private Limited located at the Electronic City phase II, near Bangalore.

### **Core business**

Enercon Systems, whose bread and butter is to ensure enterprises make most efficient use of energy resource and conserve it as well to reduce cost and deliver larger environmental benefits while fuelling their growth engine, is a true testimony to entrepreneurial success story.

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Enercon is a multi-product and services company engaged in design, development and manufacture of digital meters and energy management systems for industrial applications. It offers complete menu of products and solutions for energy conservation to all segments of industrial and commercial consumers of power. The products range from digital meters, energy meters, multi-function meters, energy management software and professional consultancy services: energy/power audit, harmonic audit, power quality analysis, motor audit, power factor management et al. These help companies measure, manage and control energy in efficient, cost effective manner.

Today, Enercon may tower tall as a titan, furiously working towards attaining ambitious, as also magical, Rs 100 crore turnover by turn of 2008. But, in 1996, when Enercon took that decisive first step to fend for itself, it had an interesting, but insightful anecdote behind its birth.

### **The beginning**

In 1996, Hema's hubby Ashok, an engineering graduate from BMS College and a MS from Texas, father-in-law and family were all closeted in a meeting with their captive buyer Alacrity Foundation, a Chennai-based relator. Alacrity wanted to buy Enercon's stabiliser business and merge with its own. It wanted to cash in on the goodwill Enercon had earned because of their quality products. Thanks to her father-in-law, Hema was present at this crucial meeting. Hema, a commerce graduate with MBA in marketing, opposed the idea of a sellout and that made the deal fall through. "I felt it was wrong for our little company to merge with a building outfit. I played the perfect party-pooper. The real villain in the piece," said Hema.

"We terminated the marketing agreement and decided to go it on own. But nobody knew that Enercon was the name behind those products. Being in the shadows for 10 years was big mistake," recalled Hema. It was Hema's strong self-belief that they would succeed, led to Enercon Systems taking wings in 1996 on a one-acre plot in Yelahanka with a modest KSFC loan of Rs 37 lakh and team of 35 people. After 10 years there, Enercon Systems shifted to new sprawling green-baize plot on Electronic City.

Enercon, though, was first started off by Hema's tech-husband Ashok Hattangady and her father-in-law, a telecom engineer, to make voltage stabilisers. Hema's father-in-law being more a designer than good businessman had little experience in marketing.

### **Learning curve**

But, when Enercon found its own feet at Yelahanka, it had no cash flows, no customers. "One fine day we woke up to realise there was no marketing network. No brand name. No money. Just product ideas. Our dreams down the drain." To rub salt on their wounds, Alacrity pounced their R&D people. "This should make for fantastic story," chirped Hema nostalgically and proud that it was her singular, rightful stand that has proved propitious for Enercon.

Now that running Enercon was family's responsibility, the mantle of promoting and taking the products across the span of the country fell on young Hema's shoulders. "You have done your MBA now go and do the marketing," said her father-in-law throwing a challenge to his bahu.

For, Hema, who had by then logged in two years in an advertising agency, it was fascinating experience of selling the products to engineers. Their first question: Who has designed the product? My husband. Are you an engineer? No. What then is a woman non-engineer doing selling?

"They thought it absolutely audacious" and cheeky that a young woman was trying to talk shop with them, chuckled Hema, recounting many incidents where the customers did not take her seriously in the beginning. "All of 32. I knew I could do something. Don't ask me why" recounts Hema who was handed the MD's mantle in 1996.

### **Funding mentor**

I believe in guardian angels. For the very year when Hema took the saddle former HLL India Chairman and Unilever's First Asian Director in London T Thomas returned to float Indus Venture Capital, India's first risk venture capital fund. When Alacrity approached for funding he found out that Enercon was behind their products. So he came looking for us. That's when our fortunes turned. All they had to show Mr Thomas was just loans, land, building and losses.

Make this company professional and profitable was Mr.Thomas's brief for Hema. Her practical approach saw her father-in-law and brother-in-law sell out their stakes and leave. After two years, in 1998, Enercon's sales began to grow from Rs 1 crore to Rs 20 crore in revenues last year. In the current financial year it expects to touch Rs 25 crore. Next year, says Hema "We hope to touch Rs 40 crore and by 2008, Rs 100 crore."

### **Tangible benefits**

Asked about Enercon's core business, Hema states Enercon's main forte is it helps industries save power. How do we do it? Enercon offers them a system which helps them analyse their energy problem through a three step plan. It is very much like financial accounting package - Tally, she explained.

The three-pronged approach is: Measure, Detect, and Control. Our meters help them to walk that tight rope between disrupting production and paying penalty, while optimising and increasing production. Furthermore, the pay back period for the companies is phenomenal. They can recover their costs within six months to a year. Enercon's main markets are large corporates and commercial complexes. Among emerging businesses are malls, multiplexes, apartment blocks, bowling alleys.

According to Hema, market size in India alone for their range of products is around Rs 500 crore. In India, Enercon enjoys 40 per cent share for digital metering alone. In energy audit services it enjoys 25 per cent market share with competition from institutions like TERI, PCRI. She pointed out there is no concrete data but these are estimates. The company hopes to capture 60 to 70 per cent of market share in the next three years.

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Enercon which enjoys sizeable presence in Malaysia, Middle East, Singapore, Thailand, Indonesia, Philippines, Korea, USA and Europe - Germany and France, sees 10 per cent of its total sales coming from exports alone. Exports have risen from Rs 1 crore to Rs 3 crore this year and go up to Rs 6 crore by 2008. We hope to take it to 25 per cent by that time, she stated.

Enercon funnels seven per cent of its turnover into R&D besides legal costs. "We defend our IPs ferociously," observed Hema explaining monies going into legal costs. Today our exports is around Rs 4 crore. We have broken-even in the US in just four months. GE is our major OEM client.

### **Plans in pipeline**

Presently Enercon is engaged in assembling tiniest power meter in the world. "It's cute. It's sweet" is how Hema described the new ELF 3200 Series. R&D is also on in developing a prototype for home meter segment - remote metering of homes. The company plans to test market it in Dubai and Singapore and make it available commercially in two years time.

On company's future growth, says Hema, we have retained a search firm in US to scout for a technology firm for new products as we plan to diversify into building management systems, environment management systems, environmental audit and metering. We want to venture through technology transfers or tie-up acquisitions where we pay technical fee, explained Hema. Enercon plans to go for brand valuation once revenues touch Rs 100 crore mark and then they plan an IPO. Presently Mr Thomas has bought out the fund and is the majority owner while Ashok and Hema hold 26 per cent.

Enercon is a successful entrepreneurial saga that should inspire many more waiting to happen. As Hema put it "if you have a dream and you can take action to back that up find somebody who believes in that dream and who will bank roll it. Be a good learner. Understand the macro-environment. Don't be afraid of making changes, and above all communicate." In Hema's sagacious counsel lies the inspirational journey not only of a company as it seeks to traverse new paths to prosperity but of a woman propelled by her "deep internal drive" who took on the managerial mantle when it mattered most. Hema Hattangady, mother of two and whose hubby reports to her, is one of the few live examples of women entrepreneurs in our country.

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