

Humanity ahead

BVG India has carved out a niche in the facility management business



HR are the initials of Hanmantrao Ramdas Gaikwad, the founder and CMD of BVG India, which indicate the significance of 'human resources' in his life. The vision of HRG, as he is referred to, is to give jobs to thousands of people as he aspires to positively impact the lives of over a crore of people. Today, national institutions such as the Parliament House, Rashtrapati Bhawan, Prime Minister's Office, Reserve Bank of India and the Supreme Court are managed and maintained by BVG India, which is a pioneer, thought-leader and innovator in facilities management services. BVG India was founded by Gaikwad and eight of his friends in Pune, with an automobile player – Tata Motors – as their first client.

"Gaikwad was an enterprising young man with a very different dream for his age. He had an entrepreneurial mindset right from the beginning. It was a rarity to see someone with such a vision at his age. It was a wonderful dream that he had, which was to support and provide employment to a large number of people, and we thought it very apt to give him a

chance, since he was trying create such value for a large number of people. He was a people person from the beginning – always smiling, unassuming, humble and able to mix with peers very well. It is by virtue of this, that he has been able to build BVG as a 'Humanity Ahead' organisation. Hats off to the work they have done as an organisation," says Manohar Paralkar (ex-HR head of Tata Motors).

Gaikwad came from a humble background, having spent the first 20 years of his life in a 10x10 sq ft house. He was the first son in seven generations of his family. From a very young age, he worshipped icons such as Chhatrapati Shivaji Maharaj and Swami Vivekanand. He lost his father when he was 18 years old while he was studying in the second year for a diploma at the Pune government polytechnic. "My mother was a school teacher and my father wanted me to become an IAS officer. So, I told my mother that I would like to continue my education, so that I can appear for the IAS exam. I was getting admission in a good college, but my mother told me that father was not there, there were

limited means to continue education," explains Gaikwad.

But fate had something else in mind as he had limited means to continue his education. During his college days, he aspired to work for Bharat Vikas (the progress of India) and had registered an organisation with the name of Bharat Vikas Pratishtan. This step formed the genesis of the Bharat Vikas group (BVG), as it stands today.

So, to support his education, Gaikwad did several odd jobs such as selling jam, sauce bottles; small painting contracts; giving diploma classes and tuitions, etc. "I did many things to support my education and then I joined Tata Motors in Pune as a graduate trainee engineer getting ₹8,000 salary per month, but I saved ₹2.5 crore for Tata Motors through a cost-saving initiative in a project," adds Gaikwad who took up the role of looking for a new housekeeping contractor and gave jobs to his village friends.

In May 1997, the entrepreneurial bug bit him when he quit Tata Motors and started (by employing eight people) as a housekeeping contractor for Tata Motors in the name of Bharat Vikas Pratishtan. The first month's bill – which he has preserved – came to ₹12,009.

Full time business

In his quest for achieving excellence in whatever services he gave, Gaikwad started adopting the culture of mechanisation even in tasks such as toilet cleaning, way back in 1998. After one month of marriage in 1999, HRG requested his wife to allow him to resign from his job and get into full time business. After a month of resistance, his wife finally 'permitted' him to leave the job and get into business. The then general manager in GE Power, Bangalore asked Gaikwad to replicate the Tata Motors Pune model in Bangalore. With similar references, BVG started in cities like Chennai and Hyderabad, among others, in 2002.

"The investment required in the equipment was worth two years' profit for us. We took that risk and then got the parliament job and did such a good job that they extended the duration. The next year BVG got the main Parliament House and managed to do

a wonderful job there too,” reminisces Gaikwad who got the PM’s house and then the Rashtrapati Bhavan and the Supreme Court. It also started Jamshedpur, Tata Motors operations in 2004. And the rest is history.

According to a Frost and Sullivan (F&S) report, BVG India is one of India’s largest integrated FM services companies, with more than 54,000 employees as of 30 June, 2021. In fiscal 2019, 2020 and 2021, it served over 624, 590 and 582 clients, respectively, while in the three months ended June 30, 2021, it served over 490 clients (35 sectors) in more than 100 cities across 20 states and five union territories in India. It had a market share of 6.4 per cent in the integrated facilities management services, says the F&S Report.

Gaikwad also observed that the Indian facility management (FM) market grew at the rate of 19.6 per cent between fiscal 2012 and fiscal 2021. While the FM market was estimated at ₹260.0 billion in fiscal 2021, the potential of the market has been estimated at ₹1.3 trillion (F&S).

Today, the company, provides a comprehensive range of integrated service offerings across multiple sectors and is one of the select companies that offer a wide portfolio of integrated services (including soft services such as mechanised housekeeping, industrial housekeeping, manpower supply, security services and janitorial services, hard services such as electro-mechanical works and highway maintenance), along with specialised services such as paint-shop cleaning, logistics management, emergency response services and waste management. Integrated services account for 63 per cent of the revenue, while emergency response services contribute 25 per cent and waste management another 11 per cent.

The company has a differentiated ‘solution-pricing’ business model, rather than the conventional ‘cost-plus’ model. The cost-plus basis model bills the client on the cost incurred while providing a service plus a fixed profit

percentage over the cost incurred. BVG’s model, otherwise known as Combined Quality cum Cost Base Selection (CQCBS) charges services depending on the output-based billing for each type of service. “This ensures transparency between the service provider and the client, creating a beneficial situation for the client. Not only that, but it also results in industry-leading EBITDA margins of 13.84 per cent, as compared to the EBITDA margins of 3-8 per cent for the rest of the competition,” points out Gaikwad.

Huge opportunity

There is a tremendous need in India, with its wide geography and high population, for various services like emergency medical services, waste management, etc. But unfortunately,

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in India, 75 per cent of this work still remains in-house in comparison to 49 per cent at the global level. So, Gaikwad believes that there is more opportunity to outsource this work. “There is huge opportunity lying in various sectors for FM and it is estimated to be nearly ₹1.3 trillion of untapped opportunity within various sectors. The development of SEZs and mega food parks is expected to be one of the driving factors responsible for the high growth rate. There is tremendous opportunity lying in waste management services, accounting to more than ₹200 billion”.

Meanwhile, BVG India is planning to strengthen its operations across sectors by capitalising on the growing industry opportunities, adopting a sector-wise focus. The company also intends to cross-sell its services to deepen its relationship with clients and increase wallet share and entrenchment. It will also continue to bring in operational efficiencies, which will lead to a further improvement in the best-in-class margins.

Yes, the company also lays heavy emphasis on skilling and employability enhancement. It is a NEEM (National Employability Enhancement

Mission) facilitator approved by AICTE. In addition to FM services, it also provides skilled workers to manufacturing plants and production facilities. BVG has plans to provide at least 10,000 workers in the next two years under NEEM to various industries. It operates three Skill Development Centres across India, at Jhalawar, Sattur and Mysore.

In terms of numbers, BVG recorded an increase in EBITDA from continuing operations from ₹181 crore in fiscal 2019 to ₹231.73 crore in fiscal 2021. It recorded higher profit margins than the FMS industry average in fiscal 2021, says the F&S report. It recorded the highest revenue of ₹16.75 billion among key competitors in the FMS business in fiscal 2021.

In fiscal 2021, revenue generated from providing integrated services to clients in the industrial and consumer sector; transport and transit infrastructure sector; hospitals and healthcare sector; government institutions, and other sectors such as BFSI, education, residential and commercial retail, and IT/ITeS, represented 14.85 per cent, 7.57 per cent, 12.80 per cent, 15.36 per cent and 12.18 per cent of revenue from operations, respectively. Further, in fiscal 2021, revenue generated from providing emergency response and waste management services represented 24.26 per cent and 10.63 per cent of the total revenue from operations in this period, respectively.

In fiscal 2019, 2020 and 2021 revenue generated from BVG’s top 10 clients was ₹880 crore, ₹826 crore, and ₹766.69 crore and represented 48.40 per cent, 42.82 per cent and 45.97 per cent of its revenue from operations, respectively.

“We believe that our ability to cater to diverse sectors through multiple offerings across locations insulates our business from fluctuating market conditions to a large extent,” says Gaikwad.

The journey of a lifetime begins with a single step – Gaikwad took that step and lakhs have joined his employment-giving caravan. Humility personified, he philosophises that there are miles to go in terms of achievement and success. And his workforce stands firmly behind him as he leads the way!

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