



Driven by Technology

This electrical company is diversifying into meters and UPS systems for growth

DELHI-BASED HPL GROUP, A Rs 150-crore company in the energy meter and switchgear sectors, has announced a major expansion plan. It will invest Rs 100 crore in a phased manner in Himachal Energies Ltd, a joint venture manufacturing unit being set up at Jabli in Himachal Pradesh. To be commissioned by April 2005, the Jabli unit will have a workforce of 500, and will produce meters, UPS, and a small range of industrial switches.

Himachal Energies Ltd is a joint venture with French partner Socomec, and its setting up marks HPL's twelve years of alliance with the French electric major. Socomec is among the top three switchgear companies of Europe and among the top four in UPS in the world. Its alliance with HPL started in 1992 with switchgears, and was later extended to meters and uninterrupted power supply systems. The three companies in which Socomec partners HPL are Socomec HPL (switchgear), HPL Socomec (meters) and Socomec HPL UPS.

Says managing director Lalit Seth (lalitseth@hplindia.com), "Ours is a 50:50 equity partnership. We value our

partner Socomec, which is a frontline technology company, for its admirable conduct as a non-interfering partner."

Talking of the new venture, Seth informs that its first phase will see an aggregate investment of Rs 20 crore, which will gradually be increased to Rs 100 crore over a five-year period. Through this venture, HPL is eyeing the booming electrical meter segment, where it already has a presence. The power ministry too is pushing for rapid replacement of the ancient mechanical meters with electronic ones.

Today, the total meters market is estimated to be worth Rs 600 crore, accounting for some 12 million pieces. HPL is focusing on the 3-phase category, and has emerged as a favourite supplier to many SEBs including those of Karnataka, Kerala, Himachal Pradesh and Andhra Pradesh. The feature-rich variant of its energy meter Maximum Demand, is fitted with a micro-processor controlled intelligent circuit that can record even minute data pertaining to tampering on a real-time

clock and detect electricity theft instantly.

With order books full till next April, and HPL's 8,000-meters-a-day unit at Gurgaon stretched to 110 per cent capacity, Seth is confident the boom will continue for another 10 years at least. "We have pending orders to the tune of 1.2 million pieces from various SEBs," he exclaims. The group also has two units at Noida devoted to switchgears, and one in Okhla manufacturing circuit breakers. Incidentally, the Gurgaon unit also supplies panel-moulded meters for Socomec's European markets.

Increasing demand for meters has had a fall side as well, that of crashing prices. Seth reveals that while meter prices have fallen from Rs 1,000 a piece to Rs 550-600, the product is now expected to have many more features. "In such a situation it is our technical depth that enables us to offer feature-rich meters and make us a front runner." HPL's latest innovation is a range of pre-paid meters that can cap users' consumption of electricity, and it is awaiting implementation of the regulatory framework for its usage.

Since retailing of meters is yet to take off (consumer buys his own meter and the onus is on him to get it tested at a lab prescribed by the SEB), HPL's 30 marketing offices across the country are reaching out directly to institutional buyers. Its products are, however, being sold through its 400 dealers and 2,000 sub-dealers. With production touching 10,000 poles a day, Seth claims to have

registered 80 per cent growth in sales, and is hoping to double volumes in the next couple of years.

HPL's desire to be seen as a technology player rather than a volumes-driven company is evident from its focus on R&D. In this it is receiving strong support from Socomec, which has been sending its engineers to India on a bi-monthly visit. HPL's investment, both on the ground as well as in its partners, is turning out to be pretty sound indeed. ■

Steps to success

- Alliance with Socomec, France
- Aspiring to be a technology player
- New unit coming up at Jabli, HP
- Diversification into UPS soon