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# “HPL has a Strong Focus on Energy Savings,”



*From Left to Right - Mr. Gautam Seth, Joint Managing Director, Mr. Lalit Seth, Chairman and Managing Director, Mr. Rishi Seth, HPL*

HPL Electric & Power Limited (HPL) is an established electric equipment manufacturing company in India, manufacturing a diverse portfolio of electric equipment, including, metering solutions, switchgears, lighting equipment and wires and cables, catering to consumer and institutional customers in the electrical equipment industry. The company has the largest market share in the market for electricity energy meters in India in fiscal 2015, with one of the widest portfolios of meters in India and the fifth largest market share for LED lamps during the corresponding period (Source: Frost & Sullivan Report). Its manufacturing capabilities are supported by a large sales and distribution network with a pan-India presence. HPL currently manufacture and sell its products under the umbrella brand 'HPL', which has been registered in India since 1975.



## **Please give us some historical background of HPL brand?**

AS per DRHP, HPL Electric & Power Limited is an established electric equipment manufacturing company which was formed in 1992- 1993. HPL has over 90 branch offices and representative offices spread across India with over 2,000 authorized dealers and 12,000 retailers industry. HPL has a manpower team of more than 1,940 people excluding the overseas presence. The company is manufacturing a diverse portfolio of electric equipment, including, metering solutions, switchgears, lighting equipment and wires and cables, catering to consumer and institutional customers in the electrical equipment.

The company has fully established two R&D centres approved by Department of Scientific and Industrial Research, Ministry of Science and Technology, Government of India. HPL Electric & Power Limited operates 6 state of art manufacturing facilities in which 2 are located in Gurugram (Gurgaon), 1 facility in Kundli, 1 facility in Gharuanda (Haryana), 1 facility in Sonapat and 1 facility in Jabli (Himachal Pradesh).

In addition, the company supply its products to Power Utilities, which primarily includes supply of meters under direct contractual arrangements to electricity boards and power distribution companies, as well as through project contractors. HPL sales and marketing activities are managed through over 90 branch offices and representative offices in India

## **What are your achievements over the years and how will you define your success?**

The DRHP says, we are an established electric equipment manufacturing company in India, manufacturing a diverse portfolio of electric equipment, including, metering solutions, switchgears, lighting equipment and wires and cables, catering to consumer and institutional customers in the electrical equipment industry. We had the largest market share in the market for electricity energy meters in India in fiscal 2015, with one of the widest portfolios of meters in India and the fifth largest market share for LED lamps during the corresponding period (Source: Frost & Sullivan Report). Our manufacturing capabilities are supported by a large sales and distribution network with a pan-India presence. We currently

manufacture and sell our products under the umbrella brand 'HPL', which has been registered in India since 1975.

We supply our products through a network of authorized dealers or distributors to institutional, non-institutional and corporate customers. We supply switchgears, lighting equipment and wires and cables, primarily through our pan-India authorized dealer network, which comprised of over 2,000 authorized dealers or distributors as on December 31, 2015, from our warehouses located in 21 states and union territories in India that are managed by our carrying and forwarding agents. Our authorized dealers or distributors further sell our products to over 12,000 retailers in India. In addition, we supply our products to Power Utilities, which primarily includes supply of meters under direct contractual arrangements to electricity boards and power distribution companies, as well as through project contractors. Further, we supply our portfolio of products to developers of residential and commercial building projects, original equipment manufacturers ("OEMs") and to industrial customers through a mix of direct sales and supply through our authorized dealer network. Our sales and marketing activities are managed through over 90 branch offices and representative offices in India as on December 31, 2015.

We believe that our research and development capabilities have enabled us to keep abreast of technological developments in the electric equipment industry. We have a strong focus on consistently upgrading the technology that is used in our products and the processes used in manufacturing thereof, through our continuing research and development efforts. We have established two in-house research and development centres, one each at Kundli (Haryana) (the "Kundli R&D Centre") and Gurgaon (Haryana) (the "Gurgaon R&D Centre", and together with Kundli R&D Centre, the "R&D Centres"). Our research and development efforts include design and development of all types of energy metering solutions, including interactive communication between metering devices and metering infrastructure that includes automatic meter reading ("AMR") and advanced metering infrastructure ("AMI"), prepayment metering solutions, solar net metering solutions, smart meters with two way communication and a



complete range DLMS compliant meters, amongst others, and technologies and solutions that allow for active monitoring of energy consumption for electric equipment. For instance, we have developed a street lighting system that helps in saving manpower through automatic settings for sunset and sunrise timings and remote energy metering and dimming of such lights during off-peak hours to save energy.

### **Can you comment on HPL brand position in India?**

The Draft Red Herring prospectus says, We had the largest market share in the electricity energy meters market in India, with one of the widest portfolios of meters in India, in fiscal 2015 (Source: Frost & Sullivan Report). Meters are high precision and accurate electric energy measuring devices used by power transmission and distribution companies, including Power Utilities, for the purpose of billing energy consumption. Meters could be single phase or three phase meters based on the electric supply used by the domestic, commercial or industrial building where they are installed. We manufacture single phase as well as three phase meters and we offer panel mounted as well as singular meters.

Our portfolio of meters includes single phase, three phase and LTCT energy meters, prepayment meters (whereby a monetary limit can be set on the electricity to be supplied to a particular consumer), net metering solutions and transformer metering solutions remote communication facilities. All our tariff meters are certified by the BIS as conforming to the Indian Standards Index.

### **What is HPL reach in global market?**

As per DRHP, We continually seek to enhance our addressable market through our network of over 2,000 authorized dealers or distributors, as on December 31, 2015, including by carrying out promotional activities to create awareness for our products. Towards this objective, we seek to expand our network of authorized dealers or distributors, presence with institutional and corporate customers including OEMs and developers of high end residential and commercial project developers in India. We plan to create a niche customer base for our products by increasing our focus on increasing our visibility with such institutional customers including panel builders and developers of such residential and commercial projects.

Further, we seek to utilize our present network of authorized dealers to increase sale of our products across a larger customer base and cover more customer segments.

In addition, we seek to expand our global reach, through increased customer acceptance of our products in international markets. We currently export our products from India solely on receipt of confirmed orders. We seek to enter new international markets, primarily in the Middle East, Africa and the south-east Asian region. Towards this objective, we intend to focus on building an authorized dealer network in such markets with focus on both domestic and industrial electric equipment. We also propose to undertake promotional activities for our products, aimed primarily at panel builders, to increase acceptability for our products and for strengthening our brand in these markets.

We are presently in the process of obtaining approvals and pre-qualifications in various markets internationally and anticipate that such approvals will assist us in garnering customer acceptance for our products. We intend to exploit our current manufacturing capacities coupled with our research and development capabilities to manufacture products of quality that we believe will enable us to secure approvals from international agencies and satisfy their pre-qualification requirements.

### **How strong is HPL in LED lighting products? Can you talk about the price competitiveness with other brands?**

HPL has a range of quality LED lighting solutions with a strong focus on energy savings be it commercial, domestic or any industrial requirement. The product range is divided into that include Consumer Lighting, Commercial Lighting and Outdoor Lighting, with each group having a range of innovative products to choose from.

HPL has designed and developed these products with different combination of wattages which can be used to enhance the decor of the interior along with energy savings in homes and commercial establishments amongst other areas.

HPL believes that its ability to adapt electric equipment offerings to match the needs of consumers across a wide range of industries gives a competitive advantage in the market for electric



equipment.

HPL seek to continue to enhance brand awareness and customer loyalty through its promotion and marketing efforts. The company's marketing strategy involves increasing visibility through increased advertising in print and social media, television campaigns and increasing one-to-one interactions with our authorized dealers and end consumers. The company also propose to increase its marketing efforts for its value added products to garner demand for such products, such as conducting product launches to create awareness for new products. HPL believes that its pan-India presence and scale of operations allows it to increasingly focus on branding and promotional activities and enhance our visibility in the electric equipment industry.

The LED market in India is gaining unprecedented momentum as government, households and businesses promote energy efficiency, thereby adopting LED which offer higher energy savings of around 60-75%, as compared to older technologies namely, CFL, incandescent, metal halides or sodium vapor. LED adoption have grown faster in 2014 and 2015 in comparison to period between 2011 and 2013 due to major government initiatives, declining product prices, greater acceptance and growing awareness among consumers.

### **Do you want to put any challenges?**

We have experienced growth in recent years and expect our business to continue to grow as we expand into global markets and gain greater access to financial resources. We have been able to increase our total consolidated revenue from fiscal 2011 to fiscal 2015 at a compounded annual growth rate ("CAGR") of 16.68%. We expect this growth to place significant demands on us and require us to continuously evolve and improve our operational, financial and internal controls across our organization. As we continue to grow our business and expand into newer markets, we may face several challenges, including as set forth below:

- acquiring new customers;
- identifying customer requirements and preferences in such markets;
- obtaining approvals and certifications for our products in such jurisdictions;
- making accurate assessments of the resources

we will require;

- preserving a uniform culture, values and work environment across our projects;
- developing and improving our internal administrative infrastructure, particularly our financial, operational, communications, internal control and other internal systems;
- recruiting, training and retaining sufficient skilled management, technical and marketing personnel;
- maintaining high levels of customer satisfaction; and
- Adhering to expected performance and quality standards.

### **What is your support for 'Make in India' initiative? How it will helpful for HPL?**

The major areas focused on under the Mission Plan 2012-2022 include achieving industry competitiveness, technology upgradation, skill development and promotion of exports. Further, Government of India initiatives such as the 'Make in India' campaign, which has plans to create a brand image of India as one of the leading manufacturers of electrical equipment globally, will help the sector to become a key participant in the global industry. Under the 'Make in India' policy, 100% FDI through the automatic route has been permitted in construction, operation, and maintenance in specified rail infrastructure projects, which is expected to necessitate demand for LED lamps for domestic consumption. We believe that these initiatives of the Government of India will drive the demand for domestic and industrial electric equipment, including for electric equipment that we manufacture. Further, increasing urbanization in India coupled with rising income levels have resulted in progressively increasing demand for housing, particularly quality housing, across Indian cities. We believe that this growing demand for quality housing will drive demand for quality electric equipment and accessories, including those we manufacture.

### **Do you have any plans for expansion?**

We intend to expand the geographical areas in which we sell and distribute our products. We intend to expand into international markets, including to countries in the Middle East, Africa and the south-east Asian region.