

## 'We are looking at lighting as a huge area for growth'



With a reliable brand image and a dominant market share for its products, HPL India Ltd is expanding its product line. **Gautam Seth**, Director, HPL India Ltd, while agreeing that the government policies has been industry-friendly since the past few years, he opines that more needs to be done to make the Indian electrical industry align to global standards. He discusses about the huge growth opportunities in the sector. Excerpts from the interview:

**What are the major products by HPL and what is the company's area of expertise?**

HPL India is a 52-year-old company. Traditionally, a switchgear company, HPL is now one of the premium manufacturers of reliable Electrical Protection Equipments, Switchgears, Energy Meters and Energy Management Systems. The company has also recently ventured into cables and wires manufacturing. Constant adherence to excellence in Technology, Quality and Expertise in Marketing has ensured a reliable brand image for HPL, and a dominant market share for the product line. In future, HPL has plans for more energy-saving products such as Metal Halide Lamps and Electronic Ballasts fitted with electronic circuit. In addition to that, we have plans for Commercial and Industrial Luminaires to strengthen our lighting product basket. HPL Group has eight integrated state-of-the-art manufacturing facilities, having international quality certificate the ISO-9001-2000. These production units are dedicated to deliver international quality standard products and are located at Gurgaon, Noida, Jabali (Himachal Pradesh) and Sonapat (Haryana).

**Tell us about your collaborations with foreign companies?**

HPL has collaborations, with equity participation, with world-renowned multi-national companies in the electrical field such as Moeller in Austria and Germany, and Socomec S.A., France. Moeller is over a billion Euro company renowned for its low and high voltage electrical equipments, and circuit breakers. It has equity participation with HPL in Moeller HPL (P) Ltd. Socomec of France, which specialises in Switchgear and Energy Management Products in Europe, has equity participation with HPL in HPL Socomec (P) Ltd and Socomec HPL (P) Ltd. The products manufactured by these joint ventures companies are the best in terms of Technology, Quality and Design that are available in Europe, and now in India.

**How has been the growth at HPL India over the past five years, in terms of capacity expansion, product upgrade, diversification, etc.?**

The company has been keeping pace with the growing



demand for electricals. During the past five years, there has been enormous growth in the infrastructure industry, which has increased the demand for better and more sophisticated electricals. The company has the largest production of meters with about 15,000 meters a day. We have an ultra modern state-of-the-art unit with a capacity for 1 million bulbs per month. We are looking at lighting as a huge area for growth. HPL is the first company to introduce spiral CFLs in India. HPL is now extending in luminaires in three segments - consumer, commercial and industrial luminaires. We have also recently ventured into the production of cables and wires

**Tell us about the progress made by you in Wire and Cable business? Since the market already has some well-established brands, how do you think your product will sustain the competition?**

We have stated the commercial production of cables and wires this week. Production of LT cables are likely to start from February 2009. For the production of cables and wires, the demand came from our existing customers as they wanted us to become a single source of supplier for all their electrical needs. Currently, we have a large distribution network of over 1100 dealers and around 9000 retailers to stock our products. The company will take leverage of this network to enter into the cable and wire market.



**How are you planning to finance your various expansion and diversification plans? Do you plan to come out with IPOs?**

From the present Rs 550 crore company, we plan to become a Rs 1000 crore company in the next three years. We plan to finance our expansion plans through internal accruals and loans from financial institutions. As of now, the company doesn't have any plans to come out with an IPO.

**Are you also planning inorganic route for future growth?**

We have been looking at some options but nothing concrete has been worked out. Though our core competency is in organic growth, we are still looking for inorganic options in electrical business only.

**What has been the impact of inflation, interest rate and subsidence of the real estate market on HPL?**

We have been taking steps to counter the effects of the current market problems. We have aggressive growth plans and don't see the current liquidity problems creating trouble for us. As for the slackening real estate market, till now our business with the real estate developers has not been affected. But even if it does in future, we have a varied range of customers in retail, government and institutions that will cushion this effect.

**Do you think Indian manufacturers are investing sufficiently in capacity expansion and quality upgrade?**

On a global level, lot needs to be done. The Government should invest more in Research and Development as there is a huge cost involved in the process. Core R&D work needs to be done to make the Indian products competent in the international markets.

**Do you think Indian manufacturers face a threat from its Chinese counterparts?**

Chinese companies are not a threat to the Indian companies in electrical equipment manufacturing in the international markets. The quality of Indian products is far superior. The Chinese companies have huge capacities but the Indian companies are preferred in the international market for their credibility, consistency and quality.

**Tell us about your ventures and markets overseas?**

In the international market, our major focus is in SAARC

countries. Malaysia, the Middle East and African countries are also big business areas for HPL. The company is majorly producing for the Indian markets but is also keeping exports in mind. The exports, at present, consist of 3% of the company's turnover. But we are looking at increasing our exports. Moeller facilitates business mainly in the Indian and SAARC markets, and Socomec looks at establishing business in the European market.

**According to you are the current industry policies well suited for the growth of the industry?**

Over the past few years, the government policies have been industry-friendly. However, more needs to be done to make the Indian electrical industry align to global standards.

**According to you, what is the industry's future in India?**

The sector has big growth opportunities in India. There is a wide gap between demand and supply in India in the energy sector. All future growth of the country is based on infrastructure development and that will increase the demand for electricals. Indian competency in manufacturing electricals is very high. Indian brands are trusted internationally for their quality. The sector has huge growth opportunities with the growing domestic markets as well as in the international markets.

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**HPL Protection Technologies Ltd.**  
Corporate Office: 1/21, Asaf Ali Road, New Delhi-110002  
Ph: 011-23294411, 23234811 Fax: 011-23292839  
E-mail: light@hpl.com, hpl@hpl.com  
Website: www.hpl.com

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