



IN THIS EXCLUSIVE conversation, Gautam Seth, Joint Managing Director, HPL Group talks to BW Businessworld's Brij Pahwa about HPL's market share, expansion plans and R&D. Seth also lays down his views on incumbent government's rural electrification programme. Excerpts:

HPL is the market leader in electrical and power sectors. What is the market share like?

HPL operates in 4 product verticals which are metering, lighting, switch-gears and wires and cables. We are the market leaders in metering. We have 20% market share in the 3000 crore industry. It has been growing at an annual basis of 10%. Switch-gear is an important market with the size

“THERE HAS BEEN A DELAY IN THE RURAL ELECTRIFICATION PROGRAMME, HOWEVER, THE PACE IS FASTER THAN BEFORE”

of 12,000 crores and we have a 5% share. We also operate in every kind of low voltage switch gear starting from a nail circuit breaker and going down to MCCB control gear. In terms of product range in switch gears we cover the entire product basket. In the changeover switches, we have 50% market share and we are dominating the segment since last 2 decades. If we talk about lighting, in LEDs we are in the top 5 being in the 5% market share. In terms of range, we have every kind of LED lights starting from LED bulbs and going up to consumer luminous and industrial luminous.

Switches is a market where we have many companies competing against each other and we see ad campaigns every day. How do wish to increase your market share?

Going forward our main focus apart from growing in all four verticals will be growing in switch gears. We see a very large growth for our company in the segment which also includes the MCB's, Modular switches and distribution board. Affordable housing is coming in a very big way with which the general consumption and expenditure power will increase. We have already announced our capacities over the last couple of years. We have invested 350 crores in all our manufacturing plants. Our main focus now is reaching to the consumers through better brand building exercises and increase in spreading our dealer and distribution network across the country.

What about InvITs? Do you think the retail participation in the infra sector will go up in the long run?

Definitely it is in the better direction. It will help to release some of the capital. It is not the debts, it's the capital that benefits the promoters more than the lenders. What happens is that they get better evaluation so they can recycle the capital which can again be put back at the same time of further lending. For better return on the capital, we also need debt.

Coming to regional parts of India, where do you think you lack the most and would want to capitalise?

East has been a smaller region for us, though in our trade sales we do about 16% of the business in the East zone. That is one area where we see huge potential in terms of government purchases as well as the private consumption coming up. Not many players are active in the zone. Our strategy in the last couple of years has been to reach out to every corner of the country.

What's your take on the rural urban divide and your company's penetration?

Our focus is going on the tier 2, tier 3 cities and also the rural area as it will give us a deeper penetration. Although we have done some spread, going deep is a part of our strategy. Today if someone is building a house, as HPL, he is a consumer for us right from an LED bulb, for domestic wires, MCB and DB's switches. So, there are many products that cater to the demands of household customers, which is very true when you go to tier 2 and 3 cities.

The dynamics of technological advancements is necessary for improvement in the standard of living. Adhering to the same, how do you plan on to make yourself futuristic?

As HPL, one of our big focus has been on R&D. We have over 100 engineers in R&D. We have two R&D centers approved by the ministry of science and technology. If we look at our product category, all the products launched in last 5-10 years is because of the work happening at R&D. Recently we launched a new range of MCB's which are high end and are a product of our R&D. We have come out with a new range of switches by the name Elmo. We have come out with Automatic Transfer switch which is the most advanced transfer solution in the country. So, there is a lot of work going on. So, R&D has been a strong pillar for HPL.

The government of India's ambitious plan of electrifying the whole of rural India is not on its due course according to various numbers. What do you think is the reason and how is HPL playing its part?

We are actively supplying our products to both the schemes; IPDS and Deen Dayal Jyoti Yojana. Although there may have been delays but if you compare it from the past, the pace of work has increased and the government is doing much more. There is a better speed of implementation. There seems to be more seriousness even with the contractors who are doing this work. The target of full electrification by 2018 seems a reality. There is also a very important scheme called the 'Uday Scheme'. With Mizoram signing a few days back, now there are 27 states who have signed. That is also a very big reform initiative.

How have things changed after the IPO filing?

If we see internally, there has been much more awareness in our team and the focus has been on performance. There has been a lot of awareness on compliance. When we were a private company, the way things were done was different, now that we are public the responsibilities are more. Our team is taking it in a very positive manner and the approach has changed.

Where do you see HPL in the next five years?

We see ourselves as a very strong single stop shop for all the electrical, metering and lighting requirements. We will see HPL coming out as a very strong brand which will help us to come in more related categories. What has been unique with HPL is the fact that we have been able to mix consumer business with institutional business in a seamless manner. **BW**

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