



## “We see strong investment in the power sector.”

*Heat exchanger system provider HRS Process Systems expects increase in business share from power sector. V Gokul Das, Managing Director, shares the company's growth strategy.*

**What is your observation with regard to the current market scenario for power and how would you assess future prospects?**

In India power will always be a growing business based on key factors like the growing economy, growing population, growing needs for all the places, plus you know not such a developed economy so based on which definitely that is one part in terms of requirement. I do see a lot of investment coming to power sector in the coming decade from now and that is definitely going to be. Otherwise prominently we used to focus on chemical and process and all the food industry sectors.

**What is your product profile and in which segments are you focusing much?**

We are basically into heat exchanger systems. In a generation site, whatever type of plant you have there will always be a heat exchanger required be it hydel or thermal or nuclear, so small, medium and large everywhere there will be heat exchange. Basically cooling is required for gen-sets so all generators or power stations will have cooling water or a lubrication circuit for a cooling arrangement.

**What is your order book size as of now?**

We have an April to March year. So last year we did about 40 crore worth of business overall in the sector, out of which more or less about 5-8 per cent was in power sector and remaining was from various sectors such as oil and gas, chemical process industries and food processing.

**What are your expectation in the year ahead?**

March is over so, year ending March we did about 40 crore this year. This year the order book is pretty good. We have almost about 20 crores worth of orders which is okay all mixed together and we are bullish this year. We expect a 25 per cent growth in business this year and

that is what we are trying to look at.

**Has the pessimistic outlook impacted your business greatly?**

Well gloom and doom scenario has always been here. Not for a year in the past decade has there been not such a doom and gloom story, whether it was 2008, 2009, 2010, or 2011. I mean year before last this year a lot of I mean 2012 and 2013 a lot of people have had a bad year, we had a good year. We had a bad year in 2011-12, when normally people had a good year. So, I really do not know which is the good year, which is the bad year, it all depends on you know each kind of business, but I think overall we have a balanced sectorial approach.

**What is the proportion in business from domestic and overseas markets?**

HRS in India is a wholly own subsidiary of HRS International. Now, we have three key locations, one is UK, one is Spain, and one is India. Now India is a centre of excellence for process technology, chemical process and Spain is a centre of excellence for food processing, and UK and Spain is the centre of Excellence for new technologies.

Now as a group, the group companies which are in US, North South America, plus in Germany, plus in France, we have agents all over plus we have Dubai, we have in Malaysia our own company, and Australia we have agents, some of them in South East Asia, all of them can pick up from any of one of these three centers depending on what is the requirement. So when it is normally chemical process industry most of it comes from here, when it is food technology and all part of it comes from here, part of it comes from Spain. New technologies like waste water evaporation come from UK. Now India predominantly caters to the Southeast Asian market.





HRS manufacturing facilities in India

**Do you have your manufacturing unit in India?**

We have manufacturing facilities in India and in Spain. In terms of capacity, in India, it can produce anywhere between 200 to 500 heat exchangers. It depends on the size. A big size could be 50 but smaller ones like this would be around 100 every month. So, on an average size I can say an average size of heat exchanger in the chemical process industry we make almost about 250 to 300 unit per month.

**As per demand is concerned, which of the Southeast Asian Countries you feel like the demand is quite high as compared to India?**

As compared to India a little difficult to say because Indian demography is pretty huge. I mean you if you look at Southeast Asia you need to put some seven-eight countries into it, but yes I mean independently looking at Southeast Asia, Thailand, Vietnam and South Korea demand is good.

**Do you source all the basic equipments from India?**

The raw material is usually purchased here and the processing is domestic as well. However at times, some of the material is sourced from foreign sources as well.

**If we talk about the cost factor, is it cheaper as compared to other Southeast Asian countries.**

See cost we always try to look at material cost or labor cost and everything but finally for us it is the product cost. Now definitely, when we make the product, it has to be competitive in that market, so we are definitely competitive. Now when it comes to purchase of systems when you have in a bigger projects, then you have to do some local buying because the company is

the same. The other companies who have set up facilities there. So the core products like heat exchangers go from but the other balancing you know instrumentation, valves, all these things can come locally, so you still become competitive.

**You would be assessing the market in India as compared to those countries and have cost wise how beneficial is Indian operation?**

So we leverage that so as a group we leverage that sometimes there are customers who would say I would want only from Europe. Fine if you are ready to pay go ahead buy from Europe. We have no issues with that.

**What is the cost difference when compared?**

When you compare from here and you know local market okay I mean depending if it is a quality product the price difference, the cost difference is not much more than 10 per cent. In higher range products we are more competitive.

**Who are your major clients?**

We have sold about 10,000 heat exchangers different sizes to various companies. The reference list includes more than 500 companies. Cummins is in the small power sector and gen-set sector. We have Companies like Coke, Pepsi for the beverage lines, Parle huge ones and coming down to chemical pharma it is Dr Reddy's, Cipla, Wockhardt, Matrix, Mylan, Ranbaxy, Biocon you name all the pharma companies all of them use our heat exchangers.

Chemical process we have India Glycol, some part of Reliance or IOL there are a lot of thing everywhere. In Power sector, we just got into so now we will be working with the major power companies such as Alstom, Siemens, Hitachi, JSW and Essar. **PT**