

# HBL: AN INTELLIGENT CHOICE

HBL Power Systems Ltd has its head offices in Hyderabad, the 5th largest city in India. While the company is well known for its wide range of batteries for different industry sectors, it also makes several engineering intensive products and now seeks to collaborate with European based sellers of such products. Marco Siebel spoke to Dr A.J. Prasad, chairman and managing director of the company, to find out more.



The bulk of HBL Power Systems' sales consist of batteries for industrial standby power. The company designs and manufactures the widest range of batteries available from a single manufacturer today. The applications covered by the batteries are wide, from passenger aircraft, submarines and missiles to locomotives, cell phone towers, data centres and diesel engines.

HBL's engineering products include Electronic Rail Signaling, Industrial Power electronics including inverters for solar, and BLDC Motors. It has vertically integrated factories for the necessary enclosures, magnetics and assembly.

HBL Power Systems Ltd was founded in 1977, and is a research based manufacturing company listed on the Indian stock exchanges. Current annual sales are in the region of 200 million dollars, generated by the company's 2400 white collar and 2600 blue collar workers.

HBL serves several key industry sectors including utilities, oil and gas, electric power, railways, defence and telecoms. It has customers in India and in export markets, with about 20 per cent of products being exported to the EU, USA, GCC and ASEAN markets. It has sales offices in the USA, Germany and Dubai and there are agents/distributors in over 30 countries, from Brazil to Australia.

Dr A.J. Prasad begins: "India is now recognised as a significant market, but several global firms also see it as a necessary node in their network for product development. However, most mid-sized companies in the advanced countries find it challenging to do business in India directly as the environment is complex. HBL can help them as an investment partner, whether through distribution, licensing or manufacturing."

HBL has received approval from EASA and FAA for the use of its batteries on the most common Airbus and Boeing passenger



aircraft. Siemens is an important customer for applications ranging from on-board rail battery systems to power plants. In the oil and gas sector HBL has various certifications and has supplied ARAMCO, PDO Oman and the Kuwait Oil Company, amongst others.

Dr Prasad adds: "The point that mid-sized companies often miss is that to enter India with an engineering intensive product, they don't need to invest in the capital assets which increase their risk. HBL has the infrastructure to manufacture for them under license, without their having to make an investment of any significance. HBL can also help them in marketing and management."

## The Make in India programme

In 2013 the Indian government launched a programme designed to stimulate Indian industrial production. The Make in India programme promotes import substitution without any restrictions on imports because India is a WTO signatory. The size of the Indian market should attract firms facing slow growth elsewhere, but incomes in ▷





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**Main products and applications:**

- AGM separators for lead acid batteries, used for telecoms, UPS, motive power, portable lights, etc.
- Filter materials used in dust collector for the cement industry, power stations, steel plants etc.
- Functional organic membrane materials for electrical bikes, automobiles, computers, mobile phones, cameras, etc.
- Air purification filter materials for clean rooms, air-conditioning systems, high-grade household cleaners, etc.



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the country are low and the bulk of the market is very price conscious. To make a profit in such a context, foreign firms need to do as much value addition as they can. This is possible, without giving away their core intellectual property, if they carry out all engineering intensive activities in India.

Dr Prasad continues: "In Europe the availability of manufacturing engineers will decline, because young people today find more profitable opportunities in other occupations. They will want to go into finance, marketing, IT – so many other options are there. Fifty years ago, manufacturing was an attractive occupation in Europe but now this is not the case. Furthermore, the senior engineers in many companies are beginning to retire, so even engineering intensive companies that are well established will find it hard to grow. This is where we come in and say: 'Look, we'll make it for you and you sell it wherever in the world you want', including India."

Large global, industrial brands will be able to enter India themselves – indeed many are already present in the Indian market. Mid-sized companies will be more hesitant and will probably prefer to find a development partner, but selecting the wrong partner can be costly. HBL's strategy is to reduce the risk of market entry for companies that have engineering intensive products and services.

Dr Prasad concludes: "Companies have realised that once you produce a quality product, you can sell it from any market to any other market – after all, that is the meaning of a brand, isn't it? If you put a Mercedes logo on a car, that means Mercedes is certifying it as a high quality product, so how does it matter where it is made? But this takes a change in mindset and some people will change sooner than others."

Smart, India-minded companies in developed markets are beginning to seek a partner like HBL that has proven engineering and manufacturing capabilities. It is against this backdrop that HBL looks forward to cooperating with like-minded firms in Europe. □

