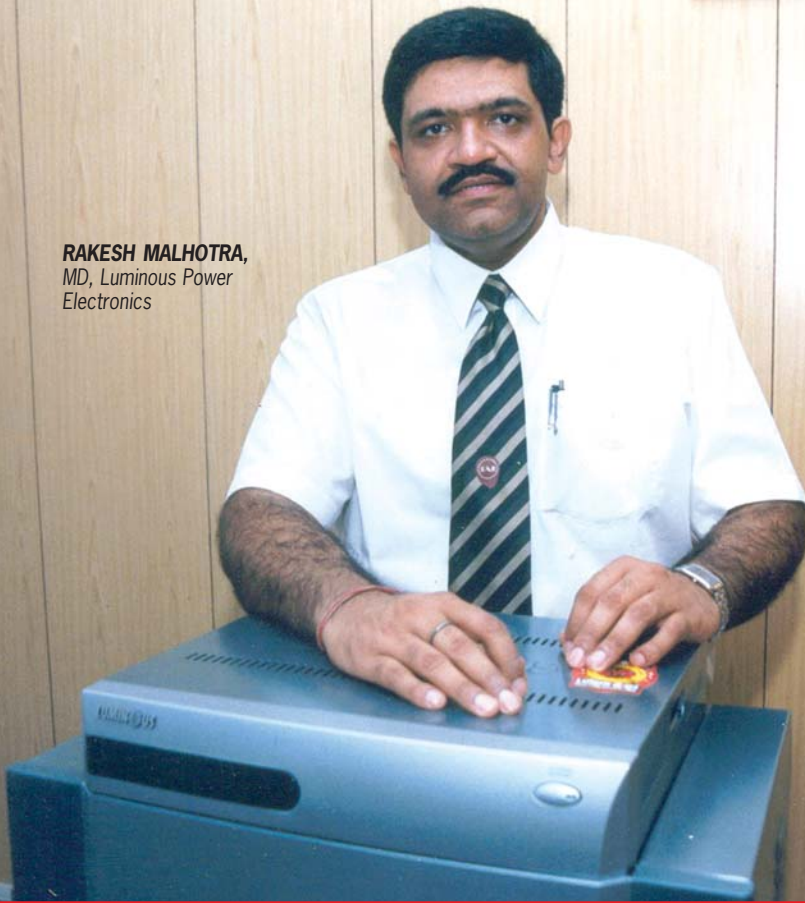


RAKESH MALHOTRA,
MD, Luminous Power
Electronics



“**Today,
specialisation
is the key to
success.**”

The Luminous brand, which was launched out of necessity, is now the flagship product of a flourishing Rs 180-crore business. In 1993, when Mr Rakesh Malhotra, the present managing director of Luminous Power Electronics, came back to India after a stint with Siemens in Japan and Germany, he was disappointed to see the dismal condition of inverters in India, when he went out to buy one for his home. Since then, this telecommunications and electrical engineering graduate from Jadavpur University, Kolkata, has been striving to deliver high quality and good-looking products to customers. He spoke to Suruchi Sharma, ePower Bureau, about the inception of brand Luminous, the growing trends in power back-up solutions and the technological developments taking place in this field.

■ **How has Luminous grown since its inception?**

Luminous was started in 1993. I was one of the founding directors along with Mr Kapoor and Mr Bhalla. Three of us are still around and manage different operations. I had a stint in Japan and Germany, before coming to India, as I was with Siemens earlier. My background is in power electronics, so I had the technical side of the business with me.

Those days the market was only for generators, with players

like Sri Ram-Honda and Birla-Yamaha ruling the roost. They were invincible, so to speak, as at that time nobody wanted to buy an inverter that was generally considered a cheap, bad alternative.

■ **What did you keep in mind while getting into this business? What was your strategy?**

We figured out early that the power back-up scenario was

going to change. The only thing was that somebody had to make the effort to educate the masses, by building a brand and creating a certain amount of confidence in the consumer. We picked that up early and built products that were distinctively good looking, as the first thing a consumer goes by is the look of the product. Till today, Luminous products are miles ahead of anything that is available in the market, in terms of the way they look.

Second, it was important that the product should not fail. So the design played a big role, and being technologists ourselves, we had the technical edge over our competition. We have constantly built on that advantage by coming out with better products.

After the design and the workmanship, comes quality. Unfortunately, people don't go into details relating to this product. So the issue that comes up next is, "If the product fails, who do I go to?" To cater to this, we set up a 24-hour service call 'desk' in 1996. It worked beautifully for us as consumers could buy our products with much more confidence. Even today, we are the only Indian company in the inverter segment that has this kind of a call centre facility. Our core strength is that we deliver. We are absolutely focused on that.

■ ***How and when did you start this company? How much initial investment went into it?***

We started out with an initial investment of Rs 40,000. We are currently well positioned and are reasonably profitable. We also export to about 28 countries around the world. The brand is all over the Middle East, Africa, SAARC countries like Bangladesh and Afghanistan, Malaysia, Thailand, etc.

■ ***What are the categories of UPS systems and inverters that Luminous offers?***

Luminous offers possibly the widest range of inverters anywhere in the world that can be broadly categorised into four types of inverters. The grid interactive variety offers systems in the 1 KVA to 100 KVA range, and are basically meant for solar photovoltaic applications, with or without batteries connected.

Then there are the residential and commercial products, in which we offer three categories—the high-power inverters, ranging from 15 KVA to 1000 KVA; the mid-range inverters, from 3 KVA to 100 KVA for the home segment, and the customised, application-based inverters for lifts, deep freezers, etc. We even offer inverters for petrol pumps; it is a 6 KVA inverter that can run six filling booths at a station. It can replace a 10 KVA gen-set and has a pay back time of less than six months in a place like UP. So it is a hot commodity right now.

We also have mobile products, which we only export right now. These inverters are simple plug-in devices, which you can plug into your car socket and charge your laptop.

In the UPS segment, we have products ranging from 500

VA offline UPS systems to about 60 KVA online UPS systems. We also offer high-end UPS systems, up to 1000 KVA, but they are manufactured by DB Power Electronics. We sell their products in the higher product category.

■ *Can you throw some light on the kind of relationship you share with DB Power Electronics?*

We've had a tie-up with DB Power Electronics since 1992, a year before the Luminous brand was launched. Since then we have continued the relationship. Actually, we have a distributor arrangement with them and we even export their products. We have a strong and cordial relationship with the company, and it has withstood all kinds of changes at the market place.

It is a very complementary relationship and is working well, and I guess everyone is doing that. For instance, Su-Kam is selling GE products, because one company can't be doing everything. Today, specialisation is the key to success.

We figured out early that the power back-up scenario was going to change. The only thing was that somebody had to make the effort to educate the masses, by building a brand and creating a certain amount of confidence in the consumer. We picked that up early and built products that were distinctively good looking, as the first thing a consumer goes by is the look of the product.

■ *You also have a tie-up with the South Korean company Hyundai Power Products. What kind of a tie-up is this, and how is it going to benefit you?*

Our relationship with Hyundai is somewhat different. We are starting a new company called Hyundai Power Products Ltd. It is a product company, which is going to handle the Hyundai brand, manufacturing and selling everything—inverters and UPS systems. We will own the majority share in Hyundai Power Products and will be responsible for most operations.

■ *What are your plans for greater high-end penetration in the Indian market? Are you planning some more tie-ups?*

Our focus is crystal clear. We want to be in the power back-up business and deal in solar marketing, as our core focus area is the end consumer. India is a large country, and we still don't service all of it, in terms of being easily available to the consumers.

The tie-up with Hyundai is very recent, and we have

already introduced their inverter range; now we are going to start UPS systems and then batteries too. The whole range of products will get introduced. Once that is done, we can look at more tie-ups.

The inverter market is a big market and we would like to have a foothold with more than one brand. We currently have three brands: Luminous, Hyundai and Tez. Tez is positioned at the semi-urban and rural market. Between these three brands, we are in a better position to share a large market space. And as the number of brands in the market grows, it makes sense to add more brands to your portfolio. But that does not in any way dilute our commitment to the Luminous brand, as that is our front-runner.

■ ***Which are the biggest markets for inverters and UPS systems in India?***

North India is obviously the biggest market. After that it is the west and then comes the east, followed by the south. The south is the best in terms of power conditions. For UPS systems, it is more or less the same, but the north and west offer bigger markets, be it for inverters or UPS systems.

■ ***Is there anything you would like to highlight in relation to the R&D happening at Luminous?***

Luminous' R&D is completely focused on energy conservation. Whenever we design a new product, we give the highest priority to reliability and the next consideration is energy efficiency. In the last six months, we have filed for more than six patents. The R&D set-up is constantly at it, but we don't want to talk about it before the product is out in the market. We are true to our focus of providing quality products to our consumers and we want to build our business by delivering on our promise to them.

■ ***What would you call the USP of Luminous products vis a vis your competitors?***

Buy it. Fix it. Forget it. That's how we would like to put it. If you want to protect your investment, this is the best product you can invest in. And this is what we are striving at all the time.

■ ***With foreign players like MGE Systems coming to India, what would you want to say about the increasing competition? Do you see it as a threat to Indian companies?***

I see it as healthy competition, not as a threat. Any new players coming into the market do two things—they expand the market and bring competitive standards, both of which are healthy for the market's growth. Today, the inverter and UPS markets offer plenty of opportunities for growth; what will happen is that the size of the market will increase, by making new products available and bringing in new technologies.

This way companies in India will also learn how to compete with global players. I think it is a good development.

