

"Our plan is to grow profitably and diversify our rental activities."

— Philippe Clover, President,
Quippo Construction Equipment Ltd.

Quippo is involved in all major verticals and offers a wide array of services across the spectrum, which entails unattached features like efficient equipment rental solutions to suit the particular needs of many businesses. Philippe Clover, President, Quippo Construction Equipment Ltd, is a legend behind the equipment rental industry across the American and European subcontinent. With a keen



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business acumen about the industry levels and knowledge of the sector, he has been witness to many developments across continents. He shares his views with EQUIPMENT INDIA, throwing light on the present scenario of rental industry, especially in downturns.

What is the impact of the present financial crisis on the equipment rental scenario in the world market, and especially in India?

Rental companies worldwide have drastically reduced their fleet investments and general capex. Some of them do fleet which reduces cost lines and generates cash flow. We are also putting brakes on our capex plans and adjusting our fleet size according to the market demands. We are closely watching all our cost lines. However, these times are providing

us with opportunities to diversify our customer base.

What is the expected growth of business through rentals this year?

Growth will be moderate this year. There are uncertain times and the near future is difficult to predict. We will emphasize on the quality of our existing relationship with our customers. Profitability levels will largely depend on how well we diversify our business and how we manage our cost lines.

Which are the sectors that have been badly affected?

In our case, it is mostly the segment of concrete equipment. Competition is getting fierce on the transit mixer rental market as demand dries. Many pieces of equipment belonging to the contractors are also idle and they add to the excess supply of transit mixers for rentals. High end concrete equipment like boom placers is still much in demand.

Is there a shift towards the rental mode, especially in periods like this?

Contractors are looking for complete utilization of their assets. In a downturn situation, this is not the case. I do not see why contractors would rent out machines if they cannot fully utilize their own fleet. On the other hand, periods of uncertainty have put a halt on investments. Contractors who are smart and have the privilege of flexibility will go towards the rental solutions.

What is the size of the rental industry today and how do you look at the future scenario?

The rental industry is a very big business in all the developed countries, with revenues over US \$ 30 billion in the US and Euro 14 billion in Europe. It

will also surge in the emerging giants like Brazil, India and China in the coming years.

What are the major challenges?

The global trend is towards diversification in order to counter-balance the cycles of construction business. In India, the major challenge for the rental business is to make itself recognized by those in charge of public offices, the Central government, state governments, tax authorities, as an activity that allows best use of infrastructure capital machines since it is shared by multiple users. The rental business will only grow in India if machines are allowed to flow freely throughout the country to be used where needed.

What are the factors that would help the rental industry's growth?

It is only a matter of time. Growth will also be affected by how literally the level of Indian in-state and cross-state regulatory environment will be.

What are the core competencies of Quippo, and future plans?

Our core competencies are: Customer focus with a team dedicated to serving the market and customer needs in an efficient way.

Ability to operate a network of rental locations across India.

Our plan is to grow profitably together with the market and diversify our rental activities.

What are the value additions that Quippo provides to the customer?

The value-additions that are offered by Quippo:

A pan-India presence

A professional team dedicated to customer service.