

## Quipo: Providing Impetus to Construction Rental Equipment Business

"Construction equipment rental business is presently at very nascent stage and is set to grow faster. Quipo, the leader in the business is providing it the desired impetus," says Mr. Sunil Kanoria, Vice Chairman and Managing Director, Quipo Infrastructure Equipment Limited, in an Interview with P.P.Basistha.

**What is the total renting construction equipment market in India and percentage of market share Quipo commands? Do you have plans to enter into equipment auction business, if so, what are the plans?**

As of now, however, the equipment rental market size is small, a mere 7% of total equipment market or just \$245 million. But with the increasing pressure to meet deadlines of project completion, this market is expected to increase faster. By 2009-10 the equipment rental market should triple to 21 percent of the total equipment market.

The growth prospect is more significant because the rental market in India is still at a very nascent stage. The rental market in USA is 65 percent and in Japan 80 percent of the total equipment market.

Quipo is already in the used equipment auction business. Infact, this is the first Indian company to enter into this field. Henry Butcher International Valuers and Auctioneers Pvt. Limited (HBIVAPL) was incorporated in 2005 as a 50:50 Joint Venture between QIEL and Henry Butcher International Ltd., UK which is one of the largest specialist plants and machinery valuation and disposal companies in the world.

This JV offers 3

main services viz. Auctions of Commercial Equipment, Commercial Vehicles, & Cars, Auctions of Industrial equipment and Valuation of Assets.

The company's unique format of asset disposal in India is very attractive for financial institutions, government bodies and companies in the private and public sectors whose primary objective is to obtain the highest net possible return for their assets, to turn their surplus assets into cash in the quickest and most cost effective manner.

**How is renting or hiring of construction equipment a more viable option than owning it by construction companies, precisely in the present scenario when order book of construction companies are laden with large volume of projects?** The rental option has filled the much needed vacuum in the construction business. Globally, the organized equipment rental business has played a substantive role in the growth of the construction industry.

The advantages of equipment rental are many. In many cases the builder does not require all the specialized and costly equipment for long. It is therefore cost effective. If they are able to hire these on a short notice for the duration of the work. Their capital investment reduces considerably and the cost benefit can thus be shared with their customers making the service offering financially more attractive.

Even for large construction companies who normally procure such equipment, additional work pressure necessitates use of additional equipment.



They prefer rented equipment especially if they come along with trained manpower to manage that equipment. It also helps them concentrate on their service offering rather than maintaining inventory.

Also, renting the equipment gives the construction companies an opportunity to use newer equipment. This way these companies need not bother about upgrading their own equipment base from time to time to suit the dynamic needs of construction industry.

**How far are Quipo's service price competitive? How does this eventually help construction companies in hiring the equipment rather than owing it in the long run?**

Our pricing is competitive and it's really helpful for the construction companies that need equipment for a short period of time.

Services positioned by Quipo seems to be much similar as compared to the services provided by the construction equipment companies to its customers.

We intend to improvise on our quality of service to our customers. Hence, we are expanding to more locations to be at the doorstep of the customers. This would enhance efficiency and our quality of service to our esteemed customers.

**How far is Quipo's equipment bank positioned, so as to meet the heterogeneous and high capacity equipment demand requirement of the Indian construction market?**

In the absence of an organized market for used infrastructure equipment and the industry organization being weak, the sector faces challenges to its growth. However, Quipo being the first equipment rental company in India offers customized solutions that cater to specific needs of customers. By expanding and strengthening its operations in the construction equipment rental business, Quipo on its part provides greater value addition to its customers.

Quipo is servicing the high growth verticals of construction, mining, oil & gas, telecom and Energy. In addition of having a state-of-the-art equipment/asset bank for construction and other infrastructure sectors, Quipo has a large pool of fully trained operations and maintenance personnel spread across various sites in India.

The joint ventures with some significant partners, global and local, as well as strategic investments act as propellants to our growth and also underline Quipo's understanding of the infrastructure equipment rental industry.

**How are Quipo's stock yard and service network positioned? What are the plans to expand the same?**

In terms of geographical presence, Quipo has state-of-the-art yards at Ahmedabad, Neemrana, Hyderabad, Mumbai, Kolkata, Bangalore, Chennai, Guwahati, and Gurgaon. These yards provide wide range of latest technology and equipment to other companies. Being strategically located across the length and breadth of the country makes equipment easily accessible to the companies and can be transported to sites at much lesser time. This leads to considerable saving for its customers.

To meet the growing demand, Quipo plans to set up 9 more yards across the country. These yards will be strategically positioned to provide equipment at locations which are witnessing high infrastructure growth and would include cities like Cochin, Nagpur, Bhopal, Bhubhaneswar, Raipur, Jhansi, Lucknow, Patna, and Chandigarh.

This is a continuous process of building the service network and various operational and logistic challenges would emerge and would have to be dealt with. It is a learning exercise for Quipo and there is continuous scope of improvement. With this metamorphosis, we would be able to deliver better and world-class services to the customers.