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Father Satish with sons Sameer (left) and Sundeep Gupta



“Power”ing

GROWTH

BY A CORRESPONDENT

Over the last few decades, industrialisation process had created a huge gap between demand and the supply of power in the country. The power generation capacity never matched the growing demand and hence the diesel generator as alternate power backup was inevitable.

There was a sea change in genset industry, from dependence on import of electrical parts to indigenous manufacturing, in post 70s and introduction of sound proof gensets. Leading the change was the Delhi-based Jakson Limited which was promoted by the Gupta family.

While the company attained a rich engineering heritage in manufacturing genset and turnkey business, it is now ventured into solar power generation, solar EPC and hospitality sector as part of the growth strategy for the last few years.

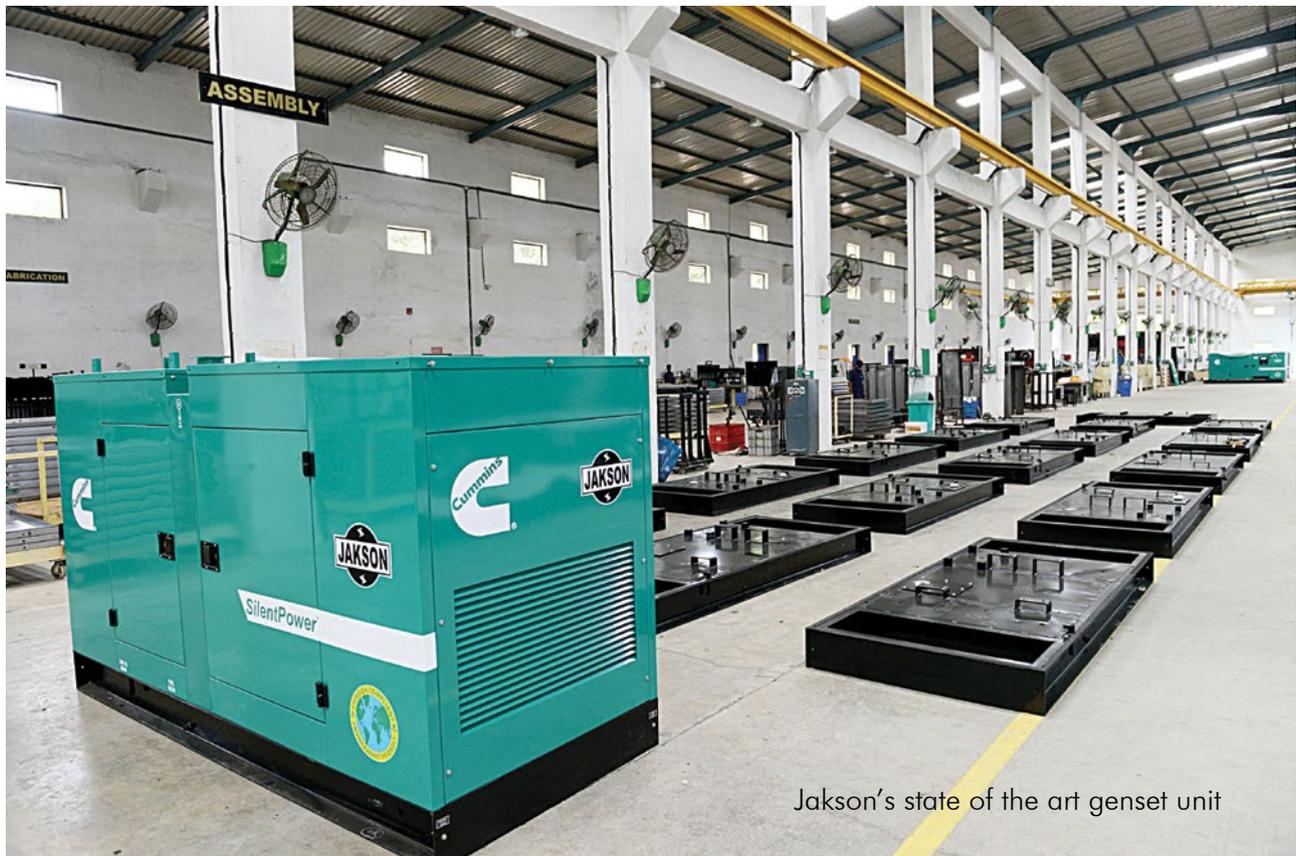
The company is an example for its ability to stay evergreen since the company has built the first genset in 1982. In light of the power deficit across the country, gensets have attained critical strategic importance for most sectors. The 12th five-year plan target is an additional 88,800 MW capacity in the country but may not achieve the same for obvious reasons.

“We started the trend in acoustic enclosures for diesel gensets in 1998 in India. Now it is essential under noise pollution laws to have acoustic enclosures for noiseless diesel generating sets,” says company’s managing director Sameer Gupta.

Jakson is one of three OEM partners with Cummins, which holds about 50 per cent market share in the Rs6,000 crore genset sales in India. Kirloskar, Leyland, Mahindra are the other big players in the industry.

The 78-year-old Jaikishan Gupta, father of company’s present chairman Satish Kumar Gupta, was working with Multan Electric Supply in Lahore where he later had set up an electrical trading business with two people in 1945. He fled Lahore with his wife and infants to India five days before Independence in 1947. He was struggling like millions of other refugees from Pakistan. He then re-started his electrical shop in Delhi selling electric motors, pump sets and associated switchgear. By late 1960s, he and his young son Satish Kumar Gupta had grown the business into a large distributorship for leading multinational brands like L&T, Siemens and the then Kirloskar-Cummins.

Jakson also started small generator set manufacturing unit in Delhi with the anticipation the power shortage with agriculture and industrial growth in the country. They started assembling gensets of Jakson brand



Jakson's state of the art genset unit

and sold 60 sets from that unit. The initiative has not gone unnoticed. The product quality of Jakson was good and Kirloskar, which was in partnership with Cummins till 1987, picked up Jakson as one of its 24 OEM manufacturers in 1982. Later Jakson had upgraded the manufacturing facility with capacity of 100 gensets in 1985.

“The manufacturing facility had given us competitive edge over other manufacturers as most of them were assembled on the customers’ premises,” recalls Satish Kumar Gupta. As the competition increased, Gupta used his business DNA and a canny sense and Jakson slowly moved up the assembly chain and worked towards the backward integration like control panels, switchgear, acoustic enclosures for generator set.

“Even there were big companies like Batliboi, Parry & Company and

Escorts in this area but by 2000, most of them have dropped out because of cut-throat competition that affected their higher overhead costs. The backward integration and engineering experience has made us customers’ favorite,” Gupta says. Today the company manufactures about 8000 pieces of gensets.

From trading, Gupta has built a strong diverse business portfolio. The Rs1500 crore-group is a leading business conglomerate today with the five verticals- generating set manufacturer, power distribution system manufacturer, solar power, EPC and hospitality. While Satish Kumar Gupta is the repository of wisdom, his elder son Sameer, an electrical engineer, is the managing director overseeing all business activities. His younger son Sundeep, a computer engineer, is the joint managing director of the company responsible for manufacturing, solar

and export business. Both brothers are the energy houses and expanded the company at a blistering pace. “We started as one of 24 OEM partners for Cummins but now we are one of three,” Sameer says. The others are Sudhir Genset of Delhi and Powerica of Mumbai.

Jakson was the first to bring in the concept of silent generator in the organised sector of the country. After joining business he realised that the noise pollution would be the major issue in future. He decided to work on that and set up a small section to manufacture silent generator set in 1998 in Noida.

He had been building up competency in manufacturing steel and insulation acoustic enclosures for noise proof. Finally in 2003, the Central Pollution Control Board made silent generator mandatory. “The notification has helped our company to go for immediate

production since we already had the infrastructure in place.” says, senior director of the company, Sunil Narang, who was the instrumental in the experiments to understand silent generator marketing.

The rule was a game changer in genset business and impacted profit margin up to 30 per cent. Similarly, with its expert engineering skills, the company was the first to launch Ready To Use (RTU) gen set in the country for plug and play operation. Jakson sources the engines and alternators from Cummins and co brands the products as Cummins-Jakson. It produces wide ranges of DG sets from 7.5 kVA to 3,000 kVA and Gas Generating Sets from 40-2,000 KW to suit requirements for various applications spanning from usage in homes, housing units, commercial establishments, industrial units as well as hospitality. It currently produces 8000 units of genset per annum.

The wide product range allows the company to cater to different categories of the customers. Jakson also has a service network across 14 cities which facilitates Annual Maintenance Contracts (AMC) and spare support to its customers through its trained staff. The company has four genset manufacturing, three acoustic enclosures and one control panel plants. Genset plants are located in Daman, Gujarat and Jammu. WHERE IS THE FOURTH UNIT LOCATED? The acoustic plants are at Daman, Kalsar at Gujarat and Kathua in Jammu.

Besides the Cummins OEM, Jakson for the last few years have been using in-house expertise in control panel and switchgear and supplying to electrical and infrastructure industry other than their own requirements. “We are positioning us as a turnkey solution provider for power. We have been growing at 25 per cent in control panel business. Last year



Control panel and switchgear unit at Greater Noida

we have done Rs140 crore worth of business,” says Sundeep Gupta. The control panel and electrical market is guesstimated about Rs20000 crore and growing. The control panel facility is one of the largest in the country is situated at greater Noida.

To surprise everybody, Jakson had ventured in to hospitality sector and built its first hotel in Phaltan near Pune called Jakson Inns by Jakson Hospitality, a wholly owned subsidiary of Jakson group with an investment of Rs50 crore.

“The idea of hospitality business had come up from our joint venture real-estate project “Knowledge Boulevard” formed in 2010. It had built seven lakh sq ft IT space in a complex. This experience has triggered us to into hospitality business and formed Jakson Hospitality owned by the group,” says, Sameer Gupta. The 3-star 74-key rooms hotel is now open for guests. The hotel is compliant with Gold rating LEED certification and American Disabilities Act (ADA). Aimed towards the business traveler, Jakson Inns will provide

guests strategic locations within the towns to effectively reduce travel time to commercial hubs. Aimed towards the business traveler, Jakson Inns will provide guests strategic locations within the towns to effectively reduce travel time to commercial hubs. Phaltan is 110 km from Pune. “This is our first hospitality brand. We are setting up the next hotel at Sanand in Gujarat. Our focus will remain only on B towns. We are planning to have three hotels in the next two years,” says, Sameer Gupta.

The hotel has been designed with world-class amenities to provide unmatched services with and convenience. There is a special arrangement for women traveller. It has a multi cuisine restaurant called Green Bean, Fulltoon the bar, a large banquet hall to accommodate 250 people with seamless connectivity, drop-down screen, wall mounted LCD projector and in-built audio system. It also has large state of the art gymnasium. The property is run by 50 per cent female staff including the general manager. The hotel has kept 12 per cent job reserved for

handicapped.

Managing Director of Jakson Hospitality Sandeep Talaulicar says: "There is no decent hotel in Phaltan industrial towns which force business travellers to spend 4-5 hours on travelling from Pune or Baramati. Now, our hotel will provide them high class comfort and staying experience and save that extra travelling time."

Phaltan is a growing industrial town with some large industry set up. Cummins has a largest engine plant in Phaltan. Jakson is one of third largest OEM partner for Cummins' genset. Cummins global chairman Tom Lineberger, who was present at the inaugural ceremony of the hotel, says: "Cummins is expanding operations significantly in Phaltan. Our growth is such that there are a lot of support people and customers are coming in and out of Phaltan. Today, those poor people have to commute from Pune or Baramati which is very inconvenient. Jakson Inns' service right next to our plant will be a big benefit for our employees, customer and suppliers."

Mahesh Narang COO, Cummins India, says: "We desperately needed



Pre inaugural ceremony attended by Cummins chairman & CEO Tom Lineberger and Cummins India MD Anant Talaulicar.

such facilities near our plant. We are happy that Jakson Inns has set up this excellent facility. Importantly, Phaltan today have a safe and clean place for women travellers." Jakson Inns will get 35 per cent assured bookings for the hotel from Cummins.

Jakson have plans to engage the surrounding community for their economic uplift. Most of the supply for the kitchen and services like tailoring, washing of the hotels will come from the locals. "Our hotel will become the

source of economic multipliers," says Talaulicar, an eminent name in the hospitality industry which is growing at 20 per cent.

For three generations, Guptas are a close knit family that has resulted in Jakson's growth. Sameer Gupta says: "Till three years back, the genset industry was growing at 15 per cent which has come down 5 per cent till last year and there was growth this year because of the infrastructure downturn," "Looking at the industry trend, we brainstormed and decided

Jakson solar power generation plant at Baap, Rajasthan





Sandeep Talaulicar planning to engage community for the hotel

to venture into solar power and hospitality business two years ago as part of the diversification move and to chart our growth plans for the future,” Gupta adds.

Last year, Jakson commissioned a 20 MW solar power generation plant in Bap near the Sun City Jodhpur in Rajasthan at a cost of Rs200 crore under the Jawaharlal Nehru National Solar Mission (JNNSM) policy Phase I.

The 20 MW of power is sold to NTPC subsidiary National Vidyut Vyapar Nigam under a 25-year Power Purchase Agreement (PPA). The plant was built on 100-acre land using high crystalline solar cells technology. Bap is a solar village that currently produces about 250 MW of power by various solar power producers.

“Solar power is going to be the future of the country for power industry with the current government plans. With our knowledge in power industry, it was a natural decision to foray into solar power. We foresee a tremendous growth and wants to be a significant player for green power



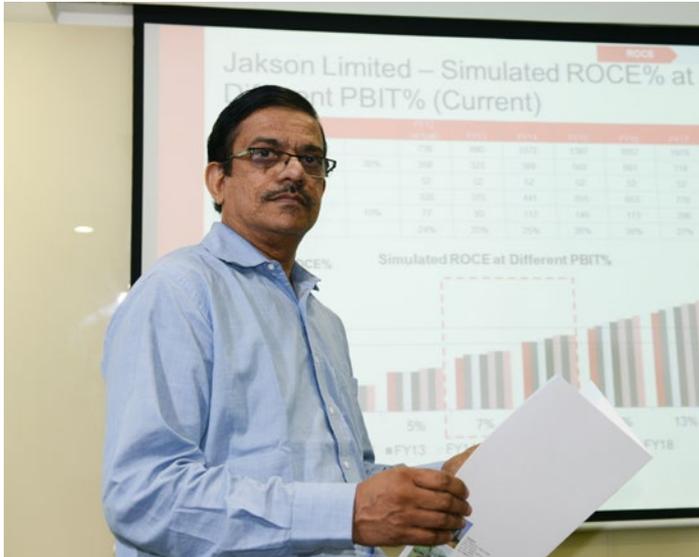
Silent genset, the game changer and Sunil Narang

generation,” says Sundeep Gupta. “In the next three years, we hope to have a total 100 MW solar power generations in the solar industry. The company also entered in to solar EPC, solar products to offer total solar power solution,” he adds. In the EPC business, the company has successfully executed 100 KW BOO solar rooftop project at Raipur airport in Chhattisgarh in November 2012. It is the first major PV installation project in India for any airport and is intended to meet the partial energy needs of the facility. The company will manage operation and maintenance of the facility for next 25 years. Jakson has also bagged an order Rs35 crore from BHEL for the construction of 10 MW solar power plant for NTPC at Talcher in Orissa. PV modules for this project will be supplied by BHEL. Construction of the solar power plant will begin soon, and is likely to be complete within this year. Meanwhile, Jakson is setting up a 10 MW generation plant at Bundelkhand in Uttar Pradesh under the state solar policy

at a cost of Rs100 crore. “We have signed the 12-year PPA with the UP government and the plant will be on stream by end of 2014,” Gupta says. “Jakson is a strong engineering company has a vast knowledge about the energy sector. It is a good move by them to get into solar power which is a sunrise industry,” says a competitor in the solar segment.

Jakson also has launched solar water purifier and solar generator and containerised solar generator set for the first time in the country. The company has set up a manufacturing facility at greater Noida with an investment of Rs25 crore with a capacity to produce 10000 units per annum. “We expect these products will make huge impact in the county’s rural areas lacking power transmission and distribution system and also for defence. We are also planning to export it to the Middle East and African countries,” says Sundeep Gupta.

While the company is in diversify mode, It has kept the clear focused on its core business contribute 80



S. Sundaresan; expect encouraging growth from solar and hotel segment

per cent of the group's revenue. "The current growth in genset business is slow due to the overall slowdown in the infrastructure segment. But we have built our capacity in place for the next 3-4 years to take the full advantage of the good cycle," Narang says.

In 2012, Jakson has set up two generator sets and an acoustic plant for the bigger size gensets with a capacity of 350 KVA onward at Kathua in Jammu recently with an investment of Rs60 crore of which one plant is in the EOU to serve specific segments of customers. The total capacity of the plant is 7200 units per annum. The

plant also has a special application generating sets for defence use. Jakson is exploring the defence segment to manufacture high-value customised gensets and solar products as part of its strategic focus area. Recently the company participated in the defence exhibition held in Delhi. The Ministry of Defence is encouraging joint public-private participation in the sector. The thrust is given to the private sector to make a substantive contribution.

In the power deficit India, several alternative sources of power have attained strategic importance in addressing this deficit. The Indian Government had set a target of adding 88,500 MW target capacity during in the 12th year plan but with India's economy set to grow at a brisk pace, and with continued power deficit situation, demand for alternate and back-up power sources in the form of DG sets, power inverters, UPS, etc. is expected to witness a quantum leap. So, the demand prospects for diesel gensets will grow.

Jakson recorded sales of Rs1458.95 crore with a PAT of Rs101.64 crore in March 2013 compared with Rs1163.61 crore sales with PAT of Rs66.94 crore in the corresponding period of the previous year. The company is expected to cross Rs1500 crore in the current financial year ending March 2014. "The solar business has an encouraging growth. In the next three years, we expect to generate 50 per cent of our revenue from solar and hospitality business," says finance director S Sundaresan. The new business yielding results for the company.

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Guptas; a close knit family over three generations