

SAJAL BOSE

Expanding verticals



Guptas with Talaulicar (left): upbeat on hospitality

The Jakson group, a leading business conglomerate in genset manufacturing and the solar power segment, has entered the hospitality sector as part of its business diversification plans. Jakson Hospitality, a wholly-owned subsidiary, has successfully set up its first hotel – Jakson Inns – in Phaltan, 110 km from Pune, with an investment of ₹50 crore. The group celebrated the pre-inaugural ceremony of the hotel last week and plans to open commercially next month. The three-star, 74-room hotel is compliant with LEED Gold rating and the American Disabilities Act (ADA) and aims to cater to business travellers.

“This is our first milestone in hospitality,” says Sameer Gupta, managing director, Jakson group, upbeat about the hospitality venture. “The construction of our second hotel at Sanand in Gujarat has started. Our focus will remain on B towns. We are planning to add two more properties in the next two years.” The hotel has been designed with world-class amenities to provide unmatched services and convenience, including a facility for single women guests, too. It has a multi-cuisine restaurant, bar, large banquet hall and state-of-the-art gymnasium. Half the staff running the property, including the general manager, will be women.

“Lack of decent hotels in the Phaltan industrial town has forced business travellers to spend 4-5 hours going to and from Pune,” says Sandeep Talaulicar, managing director, Jakson Hospitality. “Our hotel will save that extra travelling time and provide high-class comfort and staying experience.” Phaltan, a growing industrial area, has some large industry including the Cummins engine plant. “Jakson Inns will be beneficial for us, as a large number of our customers and suppliers visit us in Phaltan,” acknowledges

Tom Linebarger, global chairman, Cummins. “The hotel will be an ideal place for social meetings too.” Adds Mahesh Narang, COO, Cummins India: “It was important to have a safe and clean place for women travellers in the area.” Jakson Inns is likely to get 35 per cent assured bookings for the hotel from Cummins. The group is Cummins’ third-largest OEM partner for genset in India.

Jakson has plans to engage the surrounding community for their economic uplift. Most of the supply for the kitchen and other services of the hotels will come from the locals. “Our hotel will become the source of economic multipliers. Now, chickens in the area have to lay more eggs!” says Talaulicar.

While the genset industry has not seen any growth this year because of the downturn in the infrastructure sector, Jakson is exploring the defence segment to manufacture high-value customised gensets powered with Cummins engines and solar products as part of its strategic focus area. Recently, it participated in the defence exhibition in Delhi. “The Ministry for Defence is encouraging joint public-private participation in the sector,” says senior director Sunil Narang. “Ample thrust is given to the private sector to make a substantive contribution. Any equipment needs power to start. So, we find there are huge opportunities for us.” The company is negotiating for some projects but Narang is tight-lipped about the development.

The Jakson group is also growing steadily in the solar segment. In solar EPC, the company is setting up a 10 MW plant at Bundelkhand in Uttar Pradesh under the state solar policy at a cost of ₹100 crore. “We have signed a 12-year PPA (power purchase agreement) with the local government. The project will be on stream by December this year,” says Sundeep Gupta, joint managing director. The company’s mobile solar generator set and containerised solar generator have received overwhelming responses in the country and overseas market.

The closely-held group will achieve a turnover of ₹1,500 crore in the year ending March 2014. The genset business currently contributes about 80 per cent to the company’s revenue. “The solar business has an encouraging growth,” says finance director S. Sundaresan. “In the next three years, we expect to generate 50 per cent of our revenue from the solar and hospitality businesses.”

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In September 2013, Business India had written about Jakson group’s diversification plan in the hospitality segment. The company is now ready with its first budget hotel and planning to enter into defence segment with its genset and solar products