


CW®

₹200 June 2021 • Vol.23 No.9

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WAREHOUSING & LOGISTICS: SUSTAINING GROWTH

With the pandemic and resultant lockdowns, e-commerce has seen a sharp rise and India is evolving to be an emerging market in warehousing, with technological advancements further expected to create lucrative opportunities over the next few years...32

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Generating Business

CW identifies the sectors that are generating demand for gensets through the pandemic and shows how technology advancements can help sustain expansion.

The outbreak of COVID-19 has spurred expansion in the healthcare sector and allied industries.

One such critical backup industry is the generator sector, which fared well for this exposure in a year when the overall genset market dropped by 22 per cent owing to the pandemic, according to **R Rajesh, Head, Power Solutions Business, Ashok Leyland.**

"We saw a surge in demand from hospitals," he shares.

"While COVID-19 undoubtedly impacted the overall sales of gensets, pharma units and hospitals and healthcare facilities, particularly

COVID-19 hospitals and centres saw stable demand," says **Gagan Chanana, COO, Distributed Energy, Jakson Group.**

"Demand for a reliable backup power source has increased in the healthcare segment owing to the ongoing pandemic," notes **Sanjeev Nimkar, Managing Director & CEO, Kirloskar Oil Engines.**

However, as **Sanjay Jain, Business Head, Mahindra Powerol Business, Mahindra & Mahindra,** points out, "healthcare contributes very little business compared to other segments.

"During the first surge and the second surge of COVID-19, we saw some emergency buying by hospitals and other healthcare facilities," says Jain. "But these are only accelerated decisions by the segment, these purchases were supposed to happen during the year."

Demand beyond healthcare

"Hospitality, real estate and infrastructure are the major sectors where the consumption of gensets is very high and those were affected by COVID-19 so the adverse impact on genset demand has been significant," adds Jain. "Real estate



is such a big segment that no other segment can compensate for the loss of that business.”

So what has helped the genset industry stay afloat in this last year?

Beyond health and pharma, Nimkar lists infrastructure, automobile ancillaries, ecommerce and agro-based industries as driving demand and helping the industry revive to normal levels. Eastern and Northern India are driving demand, followed by the South and West.

“Other segments contributing to genset sales include infrastructure, particularly government-funded projects like highways, expressways, airports and defence establishments; food-processing units (FMCG, milk); data centres; and IT/ITES companies,” adds Chanana. “In certain areas, even real estate has generated sporadic demand.”

Upcoming opportunities

“While real estate is a part of the overall infrastructure story of the country, other areas such as infrastructure projects, educational institutes, hospitals and shopping

QUICK BYTES

- Surge seen in demand from hospitals.
- Other demand drivers: Infra automobile ancillaries, ecommerce and agro-based industries.
- Eastern and Northern India are driving demand, followed by the South and West.

malls also form a sizeable opportunity area for JCB gensets,” says **Deepak Shetty, CEO and Managing Director, JCB India**. “With infrastructure development projects getting the desired impetus, opportunities will open up for gensets. Today, project sites are working round the clock, which requires 24×7 electricity backup. Infrastructure projects of national importance will bring significant opportunities.”

Given the budgetary focus on the creation of health infrastructure across the nation, Shetty also expects opportunities for gensets in healthcare. He is hopeful of seeing some of this activity in rural India.

Jain is hopeful about a revival after COVID considering that after the situation normalised last year demand from the real estate segment increased. In fact, cities like Mumbai and Pune saw a decadal high which compensated for the losses incurred during the first quarter.

Power sector

One area you would expect to be doing well but isn't is the power sector.

“Even before COVID-19, coal-fired thermal power was already reeling under the onslaught of the renewable sector and, therefore, greenfield power projects were already on the decline,” observes **Aloke Sarkar, Chief Executive & Whole-Time Director, L&T-MHI Power Turbine Generators (LMTG)**. “COVID-19 has added to the miseries of this sector as it has reduced investments by both the public and private sectors in any kind of projects.”

Until the situation turns around, Sarkar observes that renovation and repair jobs are some of the opportunities available and



“Infrastructure projects of national importance, 100 new airports, smart cities, etc, will bring significant opportunities.”

- Deepak Shetty, CEO and Managing Director, JCB India

the government emphasis on renewables has spurred demand for hydro-generators.

Sarkar identifies synchronous condensers as an emerging market, driven by solar energy and wind energy. “This could be a new area to get into, and a source of hope for generator manufacturers.”

Mining sector

FY2021 began with very low demand for gensets from the mining sector as projects and orders were deferred owing to market challenges, says Rajesh. However, demand started to increase after October 2020 when the market started to open up.

The mining sector prefers diesel generator sets with a better first step-up loading, lower fuel consumption and the capability to run on continuous duty, explains Rajesh.

Piped gas genset, anyone?

Piped gas gensets could have become a major opportunity, but so far they have not been able to generate major demand, observes Chanana. “For this segment to pick up, their high capital cost will have to reduce, their available range/capacity will have to improve (currently, leading Indian engine manufacturers aren't producing gas engines due to

FEATURE-GENSETS

stringent emission norms) and the piped gas supply infrastructure will need to improve.”

Indeed, “piped gas gensets depend on the availability of gas in their area of operation,” notes Shetty. “While a lot of progress has been made in availability in Delhi-NCR and other metros and cities, further improvement is possible. In far-flung areas, refilling and



“Even before COVID-19, coal-fired thermal power was already reeling under the onslaught of the renewable sector.”

- Alok Sarkar, Chief Executive & Whole Time Director, L&T-MHI Power Turbine Generators

subsequent operations can pose a limitation compared to diesel. There is a need to develop infrastructure and a complete ecosystem around the availability of gas for gensets.”

The requirement for gas-based gensets will increase when the infrastructure to distribute gas is in place, agrees Nimkar. While he expects this to happen [eventually] in major metros, some issues still need to be addressed.

“We’re working on challenges such as the calorific value of gas, individual users’ ability to handle or operate the system and initial capital cost and space constraints, and hope to provide a universal solution through our technology wing,” says Nimkar.

Rajesh acknowledges the impact of basic infrastructure and the pressure available at the point of delivery on the uptake of piped gas gensets. While the sale volumes of Ashok Leyland’s gas gensets,

What gensets are hospitals demanding?

During COVID-19, hospitals facing emergencies have speedily scaled up their critical infrastructure, including generators.

“Hospitals expect quick delivery, which we are able to offer with our commitment of seven days’ assured delivery,” says **Sanjeev Nimkar, Managing Director & CEO, Kirloskar Oil Engines.**

Among the factors impacting the rating of the genset demanded by hospitals are the numbers of beds, HVAC capacity, diagnostic lab and other services offered, he observes.

Hospital genset requirements are based on many factors, including equipment, number of beds and other



R Rajesh

criteria, explains **R Rajesh, Head, Power Solutions Business, Ashok Leyland.** “In the current scenario, in larger hospitals and/or medical colleges with oxygen plants with 100-plus beds, 25 ICU beds, the requirement is for 250 kVA gensets, while in smaller district or block-level hospitals where oxygen is sourced externally, the requirement is for 82.5 kVA gensets.”

Factors like medical equipment, the load of air-conditioners and other regular equipment defines the size of the genset for hospitals, points out **Sanjay Jain, Business Head, Mahindra Powerol Business, Mahindra & Mahindra.**

“However, the requirement can vary between 30 kVA and 500 kVA depending on the size and specialisation of the hospital.”



Gagan Chanana

“In general, hospital and healthcare facilities demand generators with capacity ranging between 250 kVA and 1,500 kVA depending on the medical equipment installed in their ICUs, labs, diagnostic centres and so forth, adds **Gagan Chanana, COO, Distributed Energy, Jakson Group.**



Sanjeev Nimkar



Sanjay Jain

40 kVA, 62.5 kVA and 125 kVA are not significant as on date, he expects significant total industry volume growth in this product range.

Delhi diesel ban

Rising air pollution in the Delhi-NCR region led to a ban on diesel generators in October 2020, a measure that stayed in place through winter. How did this ban impact vendors?

“We’ve been seeing a drop of about 30-40 per cent in demand for diesel gensets in the NCR during

the six months of the genset ban imposed by the National Green Tribunal, during the past three years, says Chanana.

The ban on diesel gensets and subsequent construction activities in NCR completely disrupted demand after the enactment of the new law, says Jain. “However, many businesses like Mahindra’s have worked to find innovative solutions to the challenge.”

One such offering from Mahindra’s is gas gensets, which debuted in 2018, and have since

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Tech Enhancements in Gensets

Technology enhancements in the KOEL range by Kirloskar include linear fuel consumption, thinking gensets through a range of AMF (auto mains failure) solutions, information access through QR codes and an IoT (Internet of Things) offering, Kirloskar Remote Monitoring, a new business intelligence landing page, graphic reports of critical genset parameters, and a bird's eye view of gensets serving clients. All these features are also available through the KOEL iGreen mobile application.

The Jakson Group, the first leading manufacturer of silent gensets in India, is working closely with Cummins on the development of new products and technologies. "We will collaborate with them for a new range of products meeting the next level of emission norms (CPCB IV+) likely to be enforced for diesel generators by mid-CY 2022," shares **Gagan Chanana, COO, Distributed Energy, Jakson Group**. "We are implementing regular upgrades and changes to power electronics on our existing product lines."

Ashok Leyland's "entire product range of highly efficient and cost-competitive diesel generator sets

spanning 10 kVA to 160 kVA uses common consumables," as per **R Rajesh, Head, Power Solutions Business, Ashok Leyland**. "This commonality of parts is exclusive to Ashok Leyland products and is designed to help customers as well as service partners to maintain good control over their parts inventory. Also, to meet varied customer needs, Ashok Leyland offers customised solutions on IOT, AMC and EWP."

JCBs diesel generators (63 to 200 kVa) are connected in real time through JCB Livelink, advanced telematics technology. A compact design houses the silencer inside the canopy. Other features are aesthetics, complete body earthing, with high block load capacity and the ability of operating in extreme weather conditions.

Gensets by LMTG stand out for their low vibration level resulting in quiet operation. To restrict copper corrosion and avoid requirement of dosing to maintain alkaline pH, LMTG uses neutral pH demineralised water with restricted oxygen for cooling of armature windings. Further, these generators have a double-flow seal oil system with additional sealing of hydrogen inside the generator.

supplied emergency backup to segments like manufacturing, infra, textile, food chain, etc."

These gas gensets are purely natural gas based, capable of running on PNG and CNG supply, and produce no smoke/smog and

have zero particulate matter in their exhaust, explains Jain. "They cost 40 per cent less to operate than diesel gensets of the same capacity, and eliminate the need to store fuel, hence the fear of spillage or pilferage."

"We have developed a future-ready solution to address needs in the Delhi/NCR market, which has helped us retain our volumes in this territory," shares Nimkar. Incidentally, Kirloskar Oil Engines was the first company to release a complete range complying with CPCB 2 norms; it is committed to deliver greener solutions and its portfolio spans gensets running on biodiesel, gas as well as CNG.

As a result of the ban, Rajesh notes, "most customers either converted their existing diesel genset to gas, using a gas kit, or replaced the old sets with new gas-based versions of the standard diesel generator sets. As Ashok Leyland also has gas-based gensets as part of our range, we have been able to retain most of our customers."

A positive note to end on!



Beyond pharma and healthcare, other segments contributing to genset sales include infrastructure, food-processing units, data centres and IT/ITES.

- CHARU BAHRI | CW |

To share your views on the market for Gensets, write in at Feedback@ConstructionWorld.in