

# HC order hits realty investors in Gr Noida

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NOIDA

THE recent High Court order on denotifying Sahberli Village land and thereby bringing to halt any construction activity in the sector 4 and 16B of Greater Noida extension has left the realtors and investors fuming against the lackadaisical attitude of Greater Noida Industrial Development Authority's (GNIDA). Repeated attempts by the Financial Times to contact Greater Noida officials over the subject remained futile.

The HC decision is said to have far-fledged negative impacts on the real estate prices in the area. Investors and builders accuse GNIDA and the state

question. The investors are now feeling cheated by the government scheme. "I paid 40% of the total cost of a flat I booked and now the land now stands litigated and my hard-earned money stuck," said Arun Kumar, a bank officer. "This is pure fraud."

Several big realtors who had been allotted the land by Greater Noida authorities are also hard put to sustain their brand value and appease their clients demanding refund. One of the builder, Amrapali Group, has decided to shift its Smart City project to Dream Valley. "This property is 3 km away from the Noida extension roundabout and out of the perimeter of the litigated land," said a



government of cheating the investors as well as the farmers to whom the affected land belongs. "After this controversy no will be willing to take the risk of investing in that area," said Rahul Garg, managing director of 5 Elements, a real estate agency active in the region. "The benefit will directly go to Noida realtors where huge investment will now take place and prices will go further up."

There is also a threat that the land, once hailed as a golden property, will lose its value. "If the government sells a land then we bid for it as it is reliable, we then don't go in the details that whether the government authority has sought clearance from farmers or not etc. This is a huge setback for the builders," said Ashok Vardhan, business head of Noida-based Supertech Builders.

The land referred covers Sector 16B and Sector 4 of Greater Noida, which comes under the village Sahberli, near National Highway-245. The UP government in 2009 acquired this land and three other villages under the Section 5A of the Land Acquisition Act 1894. The land was allotted through GNIDA to the real estate developers. In November 2009, Satya Pal Chaudhary and 20 other farmers of Sahberli village filed a PIL, responding to which the High Court de-notified the land in

representative of the realty group. "We are offering refunds to all those clients who are asking for it, though we are trying to convince them to invest in our another project," said the Amrapali representative, adding wryly, "We are paying for the mistake of the government authorities."

The brokers active in the area feel that the High Court order has made even the peripheries of the litigated village a non-touchable proposal while jittery builders, Mahagan for instance, have been quick to advertise the fact that their projects do not fall into the litigated area but in actuality it does.

Though the Sahberli village residents filed the case against the UP government for confiscating and selling their lands, several of them are looking to make profit out of the situation. A number of property-owners in the village admitted that if they got their land back they would be ready to sell their piece of land directly to the builders. The builders have also pinned their hopes on such an eventuality. "Some seven-eight farmers have agreed to sell their share of land directly to the builders. I hope this helps," said Mr Vardhan of Supertech Builders, which which paid Rs 10, 000 per square meter at the time of the bid, and does not want to lose the property.

# Industry faces challenges, but prepared to face them



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EVEN when industries watchers are upbeat about the growth prospects, they say it is not totally without challenges. RO system is also known to remove few essential minerals as well along with impurities from the water. "As the water is based on membrane technology, some minerals also get lost," Mr Gautam pointed out. Many manufacturers say that they are working on technology to help retain the necessary minerals. Another major problem, industry feels, is the wastage of water that happens in the RO process. In current purifiers, the loss can be as high as 80 percent with only 20 percent of the intake being recovered. "We are working on this problem so that at least 35 percent of water can be reclaimed," said Mr Gupta of Kent.

Experts also believe that domestic units are the safest option to go for, as they clean the water at the final level of extraction. "After water purification hap-

pens at community level, the water still has to travel through the pipes and overhead tanks before it reaches the tap in your kitchen. A lot of impurities like rust, which get dissolved in the water, sometimes get picked up along the final stretch," says Mr Gupta of Kent. Manufacturers are also wary of the fact that the same strong points which are helping the industry grow, can also turn out to be a major bottleneck. "It is an industry where it is easy to enter and realise telling profits quickly. This will attract a lot of shoddy players who might not put customers first," says Mr Gautam. Mr Dhawan of Compact Aqua Technocrat added that this was "already happening and there are some small companies who are maligning industries reputation by providing poor quality equipment and even poorer service." He added that customer should stay mindful of this and should get the equipment tested before getting it installed.

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# Power Back-up Inc is Charging Ahead Here

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THERE are few cities in the country that can boast of 24x7 power supply. Yet, when a city claiming to have global standards for its residents and its industrial units fall woefully short of its expectations, the denizens sweat-and-curse. Mercifully, there is help at hand in the form of power-back equipment-Generator sets, inverters, UPS and industrial gensets. In Noida, the industry has earned the dual sobriquet of being a life-saver & money-maker.

"Although Noida is a designated no power-cut zone, power failure is inevitable," says Narinder Kumar Kharbanda, chairman of Indian Industries Association (Noida Chapter). "The demand increases especially steeply during summers and the demand-supply deficit stands at 17 percent." While power backup industry in India is growing at 15-20 percent annually it has found a more thriving market in Noida, in spite of the city being designated a 'no power cut zone'. What drives this industry to power? Chronic power failure and load shedding, especially in tier II and tier III towns. In Noida itself, people suffer due to daily power cuts of more than eight hours. Maximum demand comes from the telecom and IT sector comprising desktop users because both sectors are booming at the moment. In 2010, the overall industry revenue was estimated at Rs 39 billion in India.

Of the three product segments, portable and diesel run generators constitute the largest product segment in India. The diesel-run gensets can be further divided into three segments namely the small diesel generators (15-75 kVA), medium diesel generators (75.1-375 kVA), and large diesel generators (375.1-2000 kVA).

Honda CL Power and Birla Power Solutions are the leaders in the portable genset market in the NCR region. "Our sales are steady and we manufacture approximately 20,000 units annually. Problem arises when companies in the unorganized sector use Chinese imports and brand them in the market. The unorganized sector manages to represent one of its models as per the government norms where as, but market its entire range as per same norms. Secondly, this sector does not follow market rates, and are cheaper hence, an unfair competition," complains Gajendra Rajawat from the Marketing Department of Birla Power Solutions.

A report compiled by Frost and Sullivan mentions that

high growth in the industrial sector and power deficit together are expected to boost diesel genset sales. But this is not the case in Noida. "Diesel Gen-set sales in India have not been very encouraging, recently, in terms of volumes which have been hit by the sudden fall in demand from the telecom sector since the past couple of years. This market witnessed slowdown on account of saturation in certain telecom circles which necessitated several tower infrastructure firms to place their tower addition plans on hold," said Amol Kotwal, deputy director, Energy & Power Systems Practice, Frost and Sullivan.

Then have the IT companies in Noida mushroomed into the largest consumers of back-up power equipment? Mr Kotwal disagrees. He feels in spite of the dip in sales from telecom sector, it still remains a giant in consumption. "Power sourced from Genset can be categorised depending upon the number of hours gensets operate - prime mover and standby power. If there is a power failure for desktop user base, one will not expect all hell to break loose. But telecom networks, data centers in IT/ITES sector cannot afford to lose power even for a fraction of a second. So definitely, backup power requirement for telecom & IT sector is extremely necessary as compared to desktop users."

Another product under the wing, the UPS and inverter segment contributes heavily to the power back up industry revenue, being alone worth approximately Rs 25 billion in 2010. It is expected to witness a CAGR of 13.4 percent up to 2014. Inverters are now finding use in various sectors like telecom sector (such as BTS cell sites), where they are slowly replacing gensets, which incur a high maintenance cost. They are catching on in hotels/restaurants and clinics/hospitals, as an alternative backup power solution for certain non-critical applications - emergency lighting in hotels and for running non-life supporting equipment in hospitals. The major driving factors of this industry are high focus on customer service; high technology products with greater reliability to meet the industry requirements and high-end project execution capability.

So is the UPS and inverter segment slowly surpassing the

generator market with its low pricing, portability and better prospects? The organized inverter suppliers are now targeting new end-user market segments to reduce the competition they face from the unorganized suppliers, thereby increasing their margins. The recent trend, which is observed in the power inverter market in Noida, is suppliers exploring contract-manufacturing opportunities. This is seen as a win-win situation for the suppliers and augurs well for the contract manufacturers also. "We also work with the government but under a strict rate contract, which means we cannot quote above the rate-contract to the government. And a company adhering to the norms of the Central Pollution Control Board is only eligible for such dealings. Our biggest buyers are the Railways, Artilleries, Government institutes, the Postmaster General, and private venture in the IT, Education & Health," informs Mr Rajawat.

However, power inc also has a robust set of challenges. Mr Kharbanda elaborates. "The Noida industry has seen a definite increase in cost of raw materials and labour, which needs to be addressed frequently. Packaging costs are high and the recent ban on plastic packaging in the NCR region does not help the cause." The competition from unorganized sector is immense due to cheaper Chinese imports and the existence of Original Equipment Assemblers (OEA). These OEAs have exclusive understanding for sourcing engines from manufacturers and they buy engines and alternator for assembling and sell it to their customers, this cuts down costs and helps them keep a low but competitive price. Jaskon is one such company, which is an Original Equipment Manufacturer (OEM) arm of Cummins. Mr D P Nadkarni, director of manufacturing, Jaskon Group said, "The assembler industry is indeed giving competition to the genset manufacturers but in a very small way and in certain pockets only. Although our main plant is in Daman and Sitarganj and the Greater Noida plant manufactures switchgear, we generate about Rs 100 crores annually from Noida via distribution and dealers."

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