

SUDHIR SETH | SUDHIR GENSETS
Three Year Growth **35.3%** | 2010 Revenue **₹752 crore**

The best publicity is a happy customer

Famous last names are common. But Sudhir Seth's first name powers a brand. His eponymous Gurgaon-based company, Sudhir Gensets, is a leading manufacturer of diesel gensets and sub-stations. The ₹1,100-crore company's trademark bright green gensets are ubiquitous across Delhi. Much of the city's best-known buildings and infrastructure—Medanta Medicity, Delhi Metro stations, Commonwealth Games stadium—have been powered by them. Still, 58-year-old Seth believes he's just scratching the surface yet. Even as many people his age begin to think of slowing down, Seth is revving up for high-voltage business growth.

AS TOLD TO SHREYASI SINGH

I grew up in Delhi. We are originally from Lahore but we settled here after the Partition. My father ran an electrical trading business in appliances like pump sets. I wasn't really involved with my father's business but I did pick up some early lessons here. I'd see my father personally attend to a complaint for even a small pump set. One day, I asked him why he had to do it himself. He told me to imagine how difficult it would be for my mom without water in the house, and for I as a kid if I didn't have water to drink. I have now moulded my after-sales around that conversation.

Frankly, I didn't want to live in India. I studied economics at the Shri Ram College of Commerce in Delhi University.

And I remember thinking that as Indians we tended to kind of lie more than we needed to. I went to Canada for my MBA. I liked it there. I thought I'd settle down there. But my parents weren't happy about the idea at all. They told me they had not spent all that money on my education to lose me to a foreign country. So I came back after my MBA.

By that time, my father had grown to become the biggest distributor of pump sets to Crompton Greaves in India. But I wanted to start out on my own. Thankfully, he was fine with that. In 1973, I got into the power generation business. Cummins was looking for a partner in India. We entered into an association with them. They are our global partners till today.

Our journey has been beautiful. They've been a real guiding factor for us. We were very small when we entered into this relationship. We learnt a lot from them.

When we began our power generation business, we were up against big, established companies like Escorts and Voltas. With time, we saw them exiting and people like us taking over almost from nowhere. In the earlier days, the "big fish" tried to derail our progress. I remember a customer meeting once where I found out that some companies had bad-mouthed us. I was very disillusioned. We used to work with a company then called Kirloskar Electricals. There was a senior manager there who liked me a lot. I asked him why a large company should feel threatened. He told me some-

thing I haven't forgotten even now. People can try and divert a winning horse. But they can never stop a winning horse. So if you have it in you, you'll win, he told me.

Today, we are a ₹1,100-crore company. We have over 1,500 people. We have a wide range of products like silent diesel gensets, packaged sub stations, transformers and electrical panels. We sell more than 10,000 gensets a year. Just a few days back, I was at the Ministry of Health Affairs. They are taking AIIMS to every part of the country. They have a tender and we are bidding for two of the new AIIMS. While we were waiting at the reception, a gentleman wanted to know what my secret formula to

enquiry into an order is the best in business. In fact, people in Cummins tell me this is what they value most about us.

It might sound strange but I don't think I can remember a really rough phase in business. Of course, there are always some sticky issues and things go wrong all the time. But there have been no major threats. We've been very lucky with money also. When I was a young man starting out, there were no private banks or growth capital options. We banked with the Syndicate Bank. We had to go to Manipal every time we needed loans. I hated that. From then itself, I was determined to be financially strong. Having reserves is very important. We are a cash-rich organisation.

“I firmly believe you can leave the company to your children only if they can deliver.” —SUDHIR SETH

success was. I told him, the formula was pure and simple—it was hard work. All you need to do is ensure that at the end of the day, your client is the happiest man.

That's exactly what happened with Delhi Metro. When we first began going there, we found they weren't willing to give Indian companies a chance. I went to them at least 20 times to tell them to give us a chance. But, their first contract went to Siemens and ABB who sub-contracted it to us. Now, for all their electrical and power back-up, DMRC only looks at Sudhir Gensets. We've done business worth ₹700-800 crore with them already. We are also doing the metro project in Rajasthan. Word-of-mouth endorsement is a big thing. That's what I tell my people. Branding and marketing is fine, but the best mode of publicity is a happy customer.

Another reason for our success is that we are very aggressive. We've been like that for 30 years. Our ratio of converting an


In 2007, a consortium of Goldman Sachs and GE invested in us. They have 10 per cent equity now. We didn't bring them on because we needed the money, but we thought it will be good for us to align ourselves with them and learn from the best practices they will bring to our financial systems. We've gained a lot of exposure while working with them.

Even now, manufacturing gives me the biggest high. I still absolutely love to set up a plant. When I walk into any of our five plants—Jammu, Bengaluru, Manesar, Gurgaon and Silvasa—I get a huge kick. To walk into a factory, see the machines you've set up work in a process, and people following quality standards like Kaizen and Six Sigma is absolutely fantastic.

More recently, working with the Delhi Metro Rail Corporation has been incredible. They are demanding, disciplined and dedicated, unlike any other government organisation. They have world-class work



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Just Getting Started Sudhir Seth finds it strange that others his age want to slow down.

ethics. Working with them is like learning for free. If you can cope with them, you can work with anybody, anywhere.

Still, there can be no room for complacency, no matter what size your company is. I remind my son Rahul, who joined us 10 years back and now leads our marketing, that we must always learn from history. Just like the big companies which came and went, we could also get displaced if we are not consistently at it. There are lots of people with the hunger to succeed. If you don't stay hungry, and slip up, they'll be ready to snatch it away.

I'm now confident that Rahul has the ability to make the organisation grow. That he was my son was never enough gratification for him to lead the company. He has to deliver. A few months ago, I was in Italy to ink a JV for some special transformers we want to manufacture. The founder was a 70-year-old man. Like all Indians do, I too began asking about his family. This gentleman has a son and a daughter. When I asked him whether his son came to the office, he said no. According to him, his son didn't have the qualities to lead the company so he would have to appoint someone else to succeed him at the company. I really liked that. It's the correct approach. There are 1,500 families who depend on Sudhir Gensets today. I have no right to give it to somebody who can't make it grow. All industrialists must be conscious of this. Give it to your children only if they can deliver.

People tell me I've done very well; but if you ask me, I think I've just done okay. During our golf games, when my friends talk about wanting to shut shop, I find it strange. I don't tell them but while they're thinking about taking a backseat, I am thinking about how to grow faster. People like Dhirubhai Ambani inspire me. Like him, I think it's important to think of scaling up and to aim at being global leaders. On that, Sudhir Gensets has just scratched the surface. **●**