



UMDA Bulletin

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UMDA Committee

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Meet on Opportunities in Solar Business



UMDA convened an interactive session on opportunities in the Solar Energy space. The event was conducted at the Karnataka State Billiards Association, Bangalore on June 28, 2012.

The event was presided by Mr. N G Sabhahit, National Convener, UMDA and was attended by several representatives of over 20 UPS Manufacturing companies, and Dealers.

The event was scheduled over two sessions – a presentation on the “Opportunities in Solar Energy” by Mr. Ramesh S, Chairman, Powertronix and introduction of Solar Products of MicroSun and Canon’s printing solutions.

Mr. Sumanth Kumar, President, UMDA welcomed the audience and outlined the activities of UMDA and the need to increase the members of the association and the concessions that are offered for new members.

Mr. Narayan G. Sabhahit commended the management committee for their untiring efforts in buying its own place for UMDA. He outlined UMDA’s vision of setting up a common test facility thus enabling companies which do not have the luxury of owning high end test equipments however wanting to manufacture and deliver products of good quality. His speech was followed by cutting a cake to celebrate the purchase of the new facility.

The capabilities of Microsun and the products was presented by Mr. A C Easwar, CEO. The showcasing of Canon office automation products was made by the Regional Sales Manager of Canon.

Both the presentations were very informative and the meet helped both Microsun and Canon to present their products to the audience from the UPS Industry. Microsun also announced that they will consider special pricing of Solar panels for the members of UMDA, which is a great offer to utilize and promote Microsun.

Opportunities in Solar Industry

Ramesh – S, Chairman, Powertronix Systems Ltd.



Mr. Ramesh

Government Market

- State Government Buildings
- Panchayat / ZP Street Lights
- Urban City Corporation Tenders
- Rural Banks / ATMs
- Forest Departments
- Backward Community Hostels
- Rural School Projects

Private Market

- Industries
- Hotels, Resorts
- Hostels, Educational Institutes
- Large Industry Campus
- Corporate Buildings
- Telecom Towers
- Petrol Pumps
- Pumpsets in Villages

Systems on SPV

- Solar Lanterns
- Solar Street Lights
- Solar DC Home Lighting Systems
- Solar Power Backup Systems
- Solar Water Pumps / Petrol Pumps
- Solar Rooftop Systems
- Solar Electric Fencing
- Solar Garden Lighting

Global Warming is defined as the increase of the average temperature on Earth. As the Earth is getting hotter, disasters like hurricanes, droughts and floods are getting more frequent.

Industrial Revolution, Mechanization, Transportation and Automation, Use of fossil fuels – Coal and Oil are some of the causes of Global Warming. The effects of Global Warming include melting of polar ice caps, extinction of marine species, rise in sea levels and most importantly, climate change like monsoon failures, causing an imbalance of ecology.

The World Community first recognized Global Warming in 1988 and formed the special cell by the United Nations at the Rio Summit in 1992, followed by the setting up of the Kyoto protocol which is into force from February 2005. India signed the Kyoto protocol and has joined hands with the world to bring down carbon footprint and contribute to the world by generation of Green Energy.

The answer to address Global Warming is to reduce CO₂ level in the atmosphere, use of clean energy such as renewable energy as against fossil fuel and develop forest cover.

The average power demand and supply gap is about 13%. The rate of economic growth is 9% whereas the power sector growth is 5-6%. As of now about 412 million people have no access to electricity. The import of oil is at 78% and expected to rise to 90%. 53% of power today is produced by use of coal and at this rate, the coal will last not beyond 2040-2050. Hence use of renewable energy is the best possible option and imperative today.

Use of Solar energy is most advised as the source of energy is the Sun, which is free to all. Dependence of Solar leads to independence from imported fossil fuels. The output from the Sun is also at its peak at the peak demand time of the day. It provides insulation from volatility of energy prices and also offers flexibility of location, modularity and scalability. The solar energy technology is also proven and reliable as it has no moving parts.

India is the perfect place for Solar as the solar radiation is high all over the country. The population density is high and hence there is a high requirement of electricity. There are millions of people who are not on the grid and yet there is a huge deficit for even those on the grid.

To make the power situation better in India, the Government has set up the Jawaharlal Nehru National Solar Mission (JNNSM) to provide 20,000 MW of Solar Power by 2022. By this, India will become a solar nation along with USA, Germany, Spain, Italy, France, Japan and China. JNNSM aims to reduce the cost of Solar Power Generation in India through long term policy, large scale deployment goals, aggressive R&D and domestic production of critical raw materials, components and products. It is expected that these efforts will make Solar Power achieve grid tariff parity by 2022.

To further promote the generation and use of solar power, Capital and Interest Subsidy and Generation based subsidy are being offered by the Government.

UPS Manufacturers are already in the field of providing stable and clean power using the grid. Solar panels can be integrated with the already existing UPS to enable use of solar energy to reduce the dependency on the grid as well as reduce costs. It is an easier diversification into Solar as it increases the business potential as well as contribution to the economy and preservation of the environment for a better tomorrow.

7th UPS Day – December 9, 2012

Annual Event of the UPS Industry

The 7th UPS Day and 20th SD Awards presentation was celebrated on the second Sunday of December 2012, at Club Cabana, located in the picturesque surroundings of Devanahalli Taluk, just 25 Kms from the city of Bangalore.

Starting with some fun, “Bowling” was organized where the industry captains took a shot at knocking the pins in the bowling alleys of Club Cabana.

Dr. Sai Krishnan, Editor SoftDisk, welcomed the audience and spoke about SoftDisk’s continuous efforts to recognize the Indian Power Electronics Industry through its SD Awards over the past two decades, which is no doubt a great achievement. Dr Sai Krishnan is the key behind the successful event of bringing the Industry together, year after year.

The evening program was followed by unfurling of the UPS Day banner and the release of the SOFTDISK Special Issue.

Representatives of the UPS Industry debated on the challenges faced by the Indian UPS Industry, the opportunities, their achievements, and the need for unity to fight certain issues and to adopt healthy business practices.

SD’s Awards for “Power Electronics Company for 2012”, “Top 10 Power Electronics Companies”, “User’s Choice Awards for Best in Customer Satisfaction”, “Solar Integrators”, “Leadership, Excellence, Innovation and Best Practices” were presented to the winners.

The awards were based on a comprehensive and detailed survey of 670 companies through meticulous in-depth analysis of data covering aspects of turnover, growth, operations network, Quality Certifications, R&D, Customer Satisfaction etc. and points awarded so as to provide a rounded approach to recognition.

This is a great recognition, motivation and honour for the UPS Companies.

SoftDisk’s UPS Day is not complete without the unique entertainment it offers. This time, there were some unique performances of “Tall Man Act”, “Four Legged Dance”, “Doll Dance” and “Exciting African Music” by recognized performers. It was wonderful and enjoyed by one and all.

Extensive Networking by the Industry leaders over cocktails and dinner served as an icebreaker for the participants from across the country that were new to the event.

Many of the Industry leaders appreciated such an event which is not common in other parts of the world and this gives an opportunity to meet with other companies’ representatives and develop a relationship to further address issues of common interest.

The event was sponsored by Exide Industries. Key Representatives of Exide were also present and they took active interest in addressing the audience, who is the prime consumer of UPS batteries. They explained the reasons behind the volatility of the battery prices and the need to revise the prices based on the market conditions and requested the industry to pass on such increases to the end users.

Please look forward to the next UPS Day on December 8th, 2013 for another exciting event.

For more information and coverage on the 7th UPS Day, please visit <http://www.sdawards.in>



Release of SD industry analysis



Sumanth Kumar, Director, Powernet



Doll Dance



Tall Man Act

Challenges faced by the Indian UPS Industry

Call to all UPS Manufacturers to Unite and address



Rajaram R, MD, E&C

The Indian market potential for UPS is big as is also being corroborated by SOFTDISK, Frost & Sullivan and other industry analysts. There are several opportunities in the market namely, expansion of banks in rural and urban areas, massive ATM expansions, new projects of Governments and educational projects.

Though the opportunities are plenty, the challenges faced by the UPS companies these days are becoming bigger.

Doing business with Banks is becoming tougher – Higher EMDs leading to higher interest costs and blocking cash flow, tenders are being called for in short notice, and delivery and service demands are quite high for delivery in nooks and corners of the country.

ATM Projects by Master Service Providers involve huge volumes, but at very low prices, retention of prices for long periods of time despite fluctuation of battery prices and volatility of US Dollar, delivery to ATM sites involving higher freight costs, and tough SLAs for delivery and service involving very high penalties for not meeting SLA. The long term liability is high on such projects, if adequate care in pricing is not taken.

Government spending has been constant, however, DGS&D prices have been poor and the new rate contract is in process and the industry is hoping that the price only becomes better taking into account the rising costs of manufacturing, battery prices and US Dollar volatility.

The current challenges in the Indian UPS Industry are the following:

Reverse Auctions

Reverse auctions drive the prices low and it is obvious that we find that the final prices are so low and sometimes not sustainable. There is no doubt that the customer is benefitted and the UPS manufacturers are badly hit. During the UMDA Conference in March 2012, several companies have signed the resolutions to not participate in reverse auctions and UMDA is also making its efforts to bring in a consensus to stay away from reverse auctions. More progress has to be done in this direction. Till such a time that UMDA brings in a consensus all of us can stick to prices which are viable and sustainable in the long run.

Third Party AMC

Third Party Servicing / Maintenance is a concept that has emerged since the last few years. Big Customers adopt this concept to ensure single point of contact for maintenance to ensure that they concentrate on their core competency. It is a good option, as long as all UPS are serviceable by anybody. Several big service companies & SIs are jumping into this bandwagon and the concept is catching up. AMC Revenue which was hitherto “our” revenue is no more “our revenue”. That has been the only area where revenue was assured. To ensure that we do not lose our service revenue, we should focus on proprietary design and manufacture, robust product and good service support to ensure that customers will not risk with third party outsourcing.

High Initial Warranty

It is quite common these days to get enquiries or tenders with 3 years and 5 years warranty not only for UPS, but with UPS and Batteries. It is also often seen that the prices quoted are the same as for 1 year warranty and in some cases the additional warranty quoted for the remaining term is a few hundreds of rupees. Many UPS manufacturers quote for more warranty than what the battery manufacturers provide, without understanding the long term liability. These are not sustainable in the long run.

“Reverse Auction is haunting the UPS Manufacturers who are already squeezed for margins”

“Bidders must quote sustainable prices to sustain the long term risk”

“Higher warranty leads to loss of AMC Revenue. Bids should include costs of warranty”

Challenges faced by the Indian UPS Industry - Contd

Call to all UPS Manufacturers to Unite and address

Falling Prices

The UPS is one of the very few products where the price keeps falling despite increase in all costs. With the increasing US Dollar, cost of input, freight, manpower, operation and interest costs, we should only look for increasing the prices and not keep dropping our prices.

Statutory

Excise Duty, Sales Tax and Service Tax, typically get altered in February every year. If there is an increase, customers including Government bodies and private institutions do not amend their Purchase Orders. However, if there is a decrease, they want it to be passed on immediately. Tenders, at times, also mention that any increase has to be absorbed by the supplier and any decrease has to be passed on to the customer. This is unfair and needs to be addressed.

Buyback of old UPS / Batteries

The facility that we offer to customers to easily dispose of their aged assets is being over exploited to the extent that the buyback prices are also being dictated by the customers in some tenders. The old units are of no commercial value to the manufacturers and hence the discount that is offered is cutting into the margins as the scrap value is often lesser than the buyback value that the customers demand due to the hidden costs of loading, unloading, freight and scrapping costs.

AMC Prices

Customers fix the upper price limit of AMC at a specific percentage of UPS. In the case of the lower end of the UPS capacities, a fixed percentage of the UPS cost does not make any sense as the cost of labor, freight and travel expenses are high irrespective of the UPS capacity. The AMC rates for lower capacities under such circumstances are very low and hence not sustainable.

Payment Terms

It is becoming a trend that customers do not honor the payment terms as per their Purchase Order. This is becoming a practice across the board and this causes a cash flow problem and affects the business. Even several corporate customers do not honor payment terms as per their purchase order.

Summary:

If the Indian UPS Industry has to sustain and operate in a profitable manner, we have to agree to do business based on some good business practices – not offering warranty for more than 1 year, not selling below a particular price, not offering battery warranty more than what the battery manufacturers offer as warranty, not get compelled by a certain buyback prices, not quoting low AMC rates, sticking to payment terms, insist customers on following statutory changes, request banks and other customers to accept bank guarantees instead of high EMDs in the form of Demand Drafts, etc.

We have to address these problems as a group. We have to coexist. We need to be United. We have to work together. We need to find solutions for a healthier tomorrow.

“Several Customers including Government do not amend their Purchase Orders when there is a change in Statutory levies.”

“Manufacturers must unite to fight these challenges for healthy competition and coexistence”

Industry Report – Global Industry Analysts Inc.

Global Uninterruptible Power Supply (UPS) Systems Market to Reach US\$14 Billion by 2017 (Source: Internet)

“The global consumption of electrical power is projected to leap to 20 trillion kilowatt-hours by 2015”

Technologies that accentuate the conservation, cleaning up, and generation of reliable electricity would sustain the future of modern digital economies. Demand for power across the globe is growing at a robust pace annually, riding on thriving economies. The insatiable demand for clean and reliable power supply is growing with each passing day and positions itself as a market to tap for the UPS industry. More than half of the electricity demand is accounted by the information technology market, making it a force to reckon with. The global consumption of electrical power is projected to leap to 20 trillion kilowatt-hours by 2015. Power problems such as outages, brownouts, and blackouts therefore result in colossal loss to an economy. Power management technologies are expected to rule high in the coming years. There exists huge opportunity for manufacturers who specialize in meeting the evolving demands in the electricity market.

The financial crisis led world economic recession during the period 2007-2009, not surprisingly left the global UPS market hurting. The level of impact wielded by the recession can be thrown into sharp relief by the fact that market distortions, such as, fall in the business confidence index, bleeding corporate balance sheets, enterprise skepticism over infrastructure investments, tight liquidity/financial constraints, lack of credit availability, high borrowing rates and capital shortages to fund new investments in telecommunications, IT infrastructure, plants and equipment, together resulted in hurting erosion in market value in the year 2009. Corporate clamp down on IT budgets, for instance, resulted in declines in new purchases of computing and technology products and delays in data center expansions, which in turn exerted pressure on UPS systems, which are used to provide instantaneous protection to electronic devices/equipments/products against abrupt power failures and interruptions and voltage fluctuations i.e. voltage sags, spikes and surge.

With the recession turning most end-users price sensitive, volatility in raw material prices forced manufacturers to absorb increases in production costs thus thinning profit margins further.

Apart of the power quality industry, UPS systems although flayed by the recent recession, witnessed smart recovery since 2010, largely as a result of the growing ubiquity of power electronic devices and the continued steady resurgence in networking, telecommunication functions and continuous data and network services. Growing population, introduction of power grids and rise in number of electrification projects, resurgence in manufacturing activities, have all swung back to action spurring the recovery in demand for industrial UPS systems. Also, with the increasing adoption of a digitally-based lifestyle by majority of consumers, computing and storage requirements will continue to surge creating demand for reliable power management tools. The improving economy will result in the establishment of new datacenters thus wielding a positive impact on orders from the datacenters, which are the key revenue generators for the market.

“With the potential risk of power failures being IT system breakdown, demand for sophisticated power management solutions will continue to remain”

Growing complexity of ICT infrastructures and widespread deployment of high density computing infrastructures, which have reduced the tolerance of business processes and systems to power outages also serve as a business case for increased adoption of UPS systems in the upcoming years. With the potential risk of power failures being IT system breakdown, loss of critical data, inability to provide customer services and business losses, among others, demand for sophisticated power management solutions will continue to remain strong thus benefitting the UPS systems market.

UMDA - Uniting Power Solution Providers

About UMDA, Objectives and Management Committee

The UPS Manufacturers and Dealers Associations (UMDA) was formed in August 2004 and registered under KSR ACT 1960, in the year 2005. UMDA was formed to unite the power industry that are leading manufacturers, dealers, integrators and service providers of Power Electronic Products like UPS Systems, Servo Stabilizers, Solar Inverters and other related products and ancillaries like Batteries and Solar Panels.

Presently, UMDA, with its members spread all over the country, represents the entire power electronic community in India. UMDA plans to extend its participation and representation at national level among all Government Bodies for implementation of policies and issues of industrial and commercial importance. UMDA has been releasing a souvenir regularly for the benefit of its members and their associates. UMDA also has been releasing UMDA bulletin once in three months. The first issue of the bulletin was released at UMDA All India Members Meet held on 10th March 2012.

Objectives Of UMDA

- To promote unity among power solution providers with the ultimate motive of helping them in promotion of sales and services of their products.
- To promote ethical business practices among all the members.
- To represent the UPS Community at regional and national levels among Government and other bodies on all issues of technical, legislation and commercial policy, considering members interest.
- To circulate periodical bulletin among all members for the latest updates and news in the industry.
- Technical meetings and exchanges between members to provide information on standards and regulatory bodies.

“UMDA aims to promote ethical business practices among all the members”

Name	Role	Contact Number
Mr. Sabhahit N G	National Convener	9448990433
Mr. Sumanth Kumar S	President	9844029480
Mr. Ramesh.S	General Secretary	9845010306
Mr. Rajesh M R	Vice President	9844010468
Mr. Shankar C Nagali	Joint Secretary	9880020000
Mr. Ramu N	Treasurer	9880492788
Mr. Rajaram R	Director (Editorial Committee)	9341263894
Mr. Suresh M	Director	9448990432
Mr. Nataraj K S	Director	9448084175
Mr. Suresh Y B	Director (Membership Committee)	9844173567
Mr. Krishnamurthy	Director (Technical Committee)	9844004908

“UMDA plans to extend its participation and representation at national level”

For Membership

Become a member of UMDA and help the association understand and address the issues and concerns for the benefit of the Industry. Many times, it is a common thought that only we face some unique problems. But these problems may already have been faced by others and solution may be at hand. Utilize the association's collective experience to widen your perspectives.

For Annual, Life memberships, contact: Sureshyb@gmail.com

UMDA Souvenir

UMDA will be releasing the fifth issue of Souvenir shortly in February 2013. The Souvenir is a compilation of all Member details, Suppliers, UPS Manufacturers and Dealers, market trends, technical write-ups and advertisements. It is distributed to all key decision makers in the Industry, State and Central Governments, Export & Import houses, Banks and Public Sector enterprises and hence has a good reach in the country. The souvenir will be available in print, CD and in Web formats. All of our industry colleagues are welcome to send in their contributions – articles of technological, commercial and futuristic importance for review and publishing in the souvenir. Advertisements are also welcome. Please send in your requests to:

For Articles – rajaram.r@eandcpower.com

For Enquiries for Advertisements – rajesh.jaipal2000@gmail.com

Appreciations

The UMDA Bulletin is being circulated to all companies in the UMDA database of addresses. There have been several appreciations for bringing out such a circulation, a few of which is being published here.

Dear Mr. Rajaram,

I received a UMDA Bulletin today. It was quite good in content and spirit. The content was informative enough for a UPS manufacturer. This is a real good effort to come closer to the members of the industry, and should be continued.

We appreciate this initiative from UMDA.

Best Regards,

Yogesh Dua (+91 9213432237)
upsINVERTER.com

Hi Mr. Rajaram

Thanks for keeping my name in the mailing list. I went thru the bulletin and I am pleased with the varied subjects/problems being addressed by UMDA. It all looks very relevant, purposeful and industry oriented. Please accept my hearty congratulations towards the efforts put in by you all.

I also congratulate you all for becoming the proud owners of new premises which UMDA can call its own! Kindly let me know the formalities required for us to enroll as a member of UMDA.

Regards and best wishes!

Suresh Srinivasan, CEO
AURO POWER SYSTEMS

Dear UMDA Management Committee,

Rajaram's contribution to the news bulletin was extraordinary. Everybody was appreciating about the quality of the News bulletin. MD KREDL declared his next advertisement to the bulletin. In fact the bulletin was done in a short time. He needs special thanks by all.

Ramesh S
Chairman
Powertronix Systems Ltd

UPS MANUFACTURERS & DEALERS ASSOCIATION (UMDA)

Pride Tower, 13/29, 3rd Cross, Industrial Suburb, Yeswanthpura, Bangalore – 560 022

Tel: +91-80-42511000, E-Mail: umda@umdaindia.com

We're on the Web! See us at:

www.umdaindia.com

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Feedback

We hope that the contents of this bulletin were of use to you. For any feedback, opinion or suggestions, please e-mail to rajaram.r@eandcpower.com.