

**Booming Cotton Yarn • Budget : What is in store?**



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# Corporate India

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**RAJHANS**  
DESAI-JAIN GROUP

**Soaring  
high**





**RAJHANS**<sup>TM</sup>  
(DESAI-JAIN GROUP)

# Soaring high

Meet Jayesh Desai, the Challenger. Having made his presence felt in real estate, entertainment, textiles and hospitality businesses, this 38 year-old upcoming business magnet from Surat is getting ready to take on the foreign multinationals dominating India's chocolate industry. While his future plans focus on those well-trodden paths, chocolate could literally emerge as the dark horse driving the growth of the Rajhans group, which he built from scratch in the last one and a half decade. From starting an oil trading company as a teenager to now running a business empire of Rs. 2000 crore manned by 11,000 people actively and passively, it has been an eventful journey for Mr. Desai. His rags-to-riches story could be an inspiring saga for millions of young men fired with ambition.



**G**oing for the kill is second nature to Jayesh Desai of the Rajhans group. The upcoming business magnet lording over a Rs. 2000-crore corporate empire is all of 38 years of age. He shot into limelight when he bought cricket legend Sachin Tendulkar's Ferrari a year back. The Rajhans group of companies, which he has created out of thin air in one and a half decade, has interests spanning across realty, textiles, entertainment and hospitality in several cities of Gujarat and Maharashtra and has plans to come up in many more.

Right now, however, all that Mr. Desai thinks of is chocolate. Yes, he is getting ready to challenge the iconic multinational chocolate maker all over India and, as is his wont, he does not want to leave anything to chance.

Talking to Corporate India in his opulent yet elegant office in Surat, he explains why he suddenly developed a sweet tooth for this popular confectionery. "The chocolate market offers huge growth potential. The annual per capita chocolate consumption in India is about 110gm, much

lower than around 3 and half kg per capita in the world. The consumption is rising steadily both in the urban and semi urban areas driven by the tradition of gifting sweets in India on auspicious occasions, the shift in consumer preference from traditional sweets to chocolates and rising income levels," he says.

"Chocolate industry in India is estimated at Rs. 4500 crore and is expected to touch Rs. 7500 crore by 2015, according to an Assocham study. The two multinationals at the top control about 90 per cent of the market. All the other players numbering around 150 are consigned to the remaining 10 per cent. A good quality product, attractively packaged and properly marketed, can capture a sizable share of the market," says Mr. Desai who expects his chocolate business to rake in Rs. 550-600 crore in the first full year of operations.

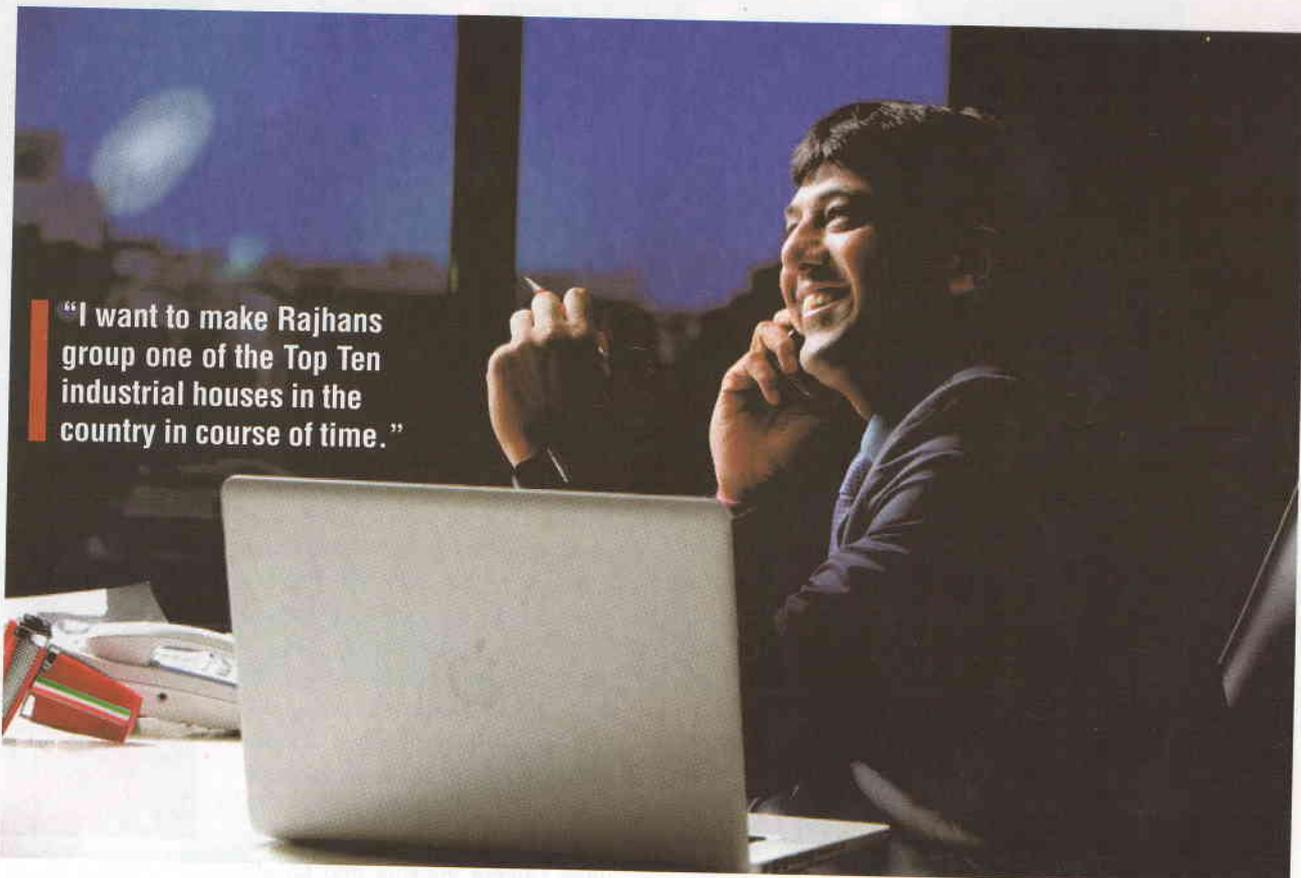
"We are ready with a slew of strategies to take on established multinationals and revolutionize the Indian chocolate market", says Ms. Shubhra Kallani, Marketing Head, Rajhans Nutriments a group company, which is

setting up a world class chocolate manufacturing plant with a built-up area of about 2 lakh sq. ft. at Kosamba on Surat-Ahmadabad NH-8 with an installed capacity of 20 tonnes a day. Machinery for the plant has been supplied by world-renowned machinery makers including Buhler from Switzerland, Aasted from Denmark, BLG from the U.K, Loesch, Aagathon and Sollich all the three from Germany. The plant, with an estimated project cost of Rs. 150-175 crore, is expected to go on stream by August 2013.

Mr. Ajit Tawde, an ex-Cadbury Production Head who has worked for 25 years for the global chocolate major, has provided consultation to the Rajhans group, which has plans to open an office in Zurich (Switzerland). A Rajhans team has visited chocolate factories in Europe and other parts of the world to understand their inputs, recipes, processes and products and compare them with the products available in India. Its itinerary included not just the known centres of the chocolate industry, but even lesser known



**New Corporate Headquarters**



**"I want to make Rajhans group one of the Top Ten industrial houses in the country in course of time."**

destinations like Tbilisi, capital of Georgia, to visit a newly set up chocolate plant. Says Ms. Zankhna Desai, Project Head, Rajhans Nutriments, "we travelled the world to chum out the best quality products. I am sure, the quality of chocolates will play a vital role in establishing our brand." Asserts an elated Mr. Pankaj Jain, Director, Rajhans Nutriments "with the best global benchmarks, our chocolate venture will drive the group to greater heights".

"Our product would match the best in the world in terms of taste and packaging, and would be marketed through effective and innovative strategies. We are not going to compete in terms of price. Many an Indian company has given a hard time to its MNC rivals. There is no reason why we cannot do the same," says Mr. Desai in a voice brimming with confidence.

**I**t is this self-confidence that has enabled Mr. Desai to weave a vast business empire from a scratch in about one and a half decade. He makes no secret of his humble beginnings and gratefully remembers those who assisted him in his years of struggle.

Hailing from Paravdi, a small village near Bhavnagar in Gujarat, Jayesh was born in a

middle class family of modest means. He has four elder sisters and a younger brother. His father, who ran a kirana shop, counted on Jayesh to take up a job in a city soon after his studies. But Jayesh decided to try his luck in Surat where a school classmate arranged for him to sleep at night in a small place. In early years of 90's, he set up a business of trading in edible oils under the name Rajhans Vegetable Oil Trading Company. Having made his mark in the business, he moved to set up an oil mill, followed by a refining unit.

The oil business was doing well, but the size and margins were too low to satisfy the soaring ambition of its young founder. Mr. Desai started looking for another business which could propel him faster. Before long he set his sights on textiles-quite naturally in a city like Surat which produces almost 90 per cent of the polyester fabric used in the country.

He forayed into textile business in 1997 by setting up Rajhans Silk Mills in Sachin near Surat. Five years later, he launched Rajhans Poly Prints, a dyeing and processing unit at Kadodara in Surat.

If oil business was the point of departure for the current enterprise, the textile business was the phase when the group gathered mo-

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mentum. Soon the name Rajhans became synonymous with high quality fabrics and the company started supplying fabrics to the top players in the field. The two plants in Surat, manned by about 5000 people, now produce 90 lakh meters of fabrics per month making Rajhans a well-known and respected entity in Surat's flourishing textile industry. There is a plan to expand the capacity to 1 crore meters in near future.

"Give out the best, operate at the high end, raise the bar for peers and never compromise on quality and integrity-whatever be the cost or temptation," says Mr. Desai, articulating his business philosophy. He has followed it consistently in every business he chose to enter.

The market has responded. "It has been ages since I went about marketing my fabric. Now the market comes to us," says a beaming Mr. Desai.

Going forward, Rajhans group plans to enter high-end linen segment and is also eyeing brand development in premium shirting, trousers and sarees.

Bristling with optimism, Mr. Desai sees a bright future for textile industry especially in Surat, which is a centre of cotton, synthetic and art silk textiles. The assistance provided for modernization under the Technology Upgradation Scheme by the Centre augurs well for the industry. The Gujarat government chips in with a subsidy on interest. "My experience is that if industry leaders come together for a common cause and press for policy mea-

asures in general interest, the government is prepared to listen," he says.

**By** then Mr. Desai had honed his knack to spot business opportunities and translating them into reality. On a family visit to Mumbai, he was taken to a multiplex. "I was highly impressed by the ambience there and felt like being in a foreign country. I thought that Surat with its cosmopolitan nature and high purchasing power would quickly accept the multiplex culture."

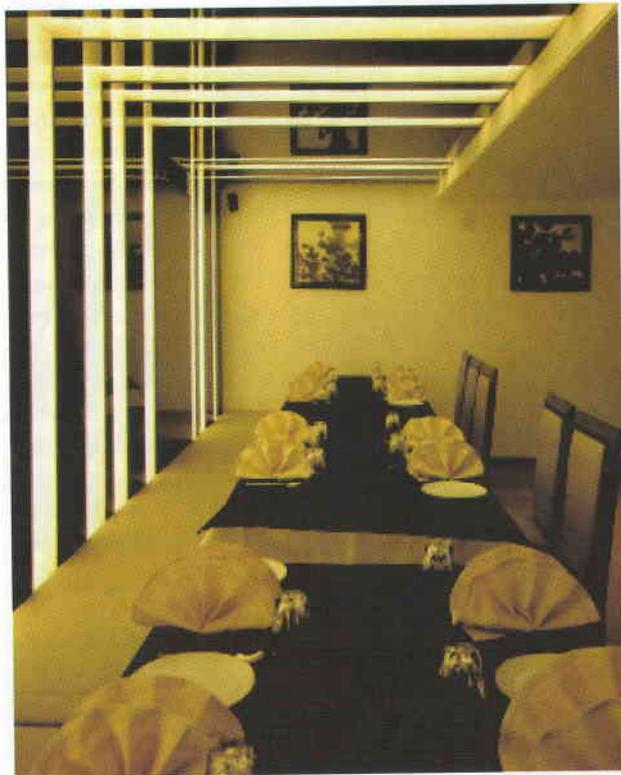
The result was Rajhans Prime Cinema. Launched in 2000, this 1000-seater elite cinema house sprawling across 1.25 lakh sq. ft. in Athwa Lines, Surat's posh area, gave the Diamond City a taste of an elite cinema house, setting a new benchmark for single screen theatres. With luxurious seating, excellent acoustics and aesthetic ambience complete with a high-end restaurant, banquet hall and games zone, it transformed mundane cinema viewing into an altogether different experience. Subsequently, a small pre-view theatre with 125 seats was added to the main cinema house.

The success of this new venture surpassed Mr. Desai's expectations. He had expected the cinema house to take five years for breaking even, but it surprised him by breaking even in just two. This encouraged him to replicate its success in other cities and other states.

Jumping onto the multiplex bandwagon, Mr. Desai set up Rajhans Cine World, a subsidiary company which opened a three-screen multiplex in Nadiad in 2008 and followed it up with multiplexes in Valsad, Ahmedabad and Vadodara - all in Gujarat.

According to Mr. Desai, the Gujarat government created a congenial atmosphere for growth of multiplexes through tax relief. It led to construction of superlative multiplexes that could vie with five-star hotels in opulence. "I had a gut feeling that if you provide wholesome entertainment at family level, people are prepared to pay reasonable price. Experience vindicated that feeling."

Rajhans Cine World currently has 7 properties and 20 screens and plans to have 25 properties and 100 screens by December 2014. It is setting up multiplexes in Mumbai, Ratlam, Navsari and Chandigarh. It has acquired a property in Ghatkopar, an eastern suburb of Mumbai for the purpose





and exploring opportunities in Bangalore.

From cinema houses to hotels and restaurants was but a short step. Enjoy, the high-end restaurant at the Rajhans Prime Cinema soon became highly popular among food lovers and had to be expanded with the addition of a banquet hall with a capacity of 200. By now, Enjoy has become a popular brand. The group currently runs a chain of 7 restaurants under this brand, two in Surat and five in other cities. More restaurants are coming up in Delhi and Chandigarh. The plan is to have 25 of them by the end of 2014. The cities and locations have been identified.

"The consumer preferences have undergone a change. People are willing to pay for quality food. They prefer fewer visits to a quality restaurant rather than more frequent visits to ordinary ones," says Mr. Desai.

The Rajhans group is also entering the hospitality industry by setting up a chain of boutique hotels across pilgrimage centers, hill stations and business hubs. Shirdi and Vaishnodevi have been identified for the first stage of development.

Here also, Mr. Desai puts principles above profit. He is against serving liquor and non-vegetarian food in his hotels.

That is why he chose Shirdi and Vaishnodevi for setting up 5-star hotels. As both cities are centres of pilgrimage, hoteliers can avoid serving liquor and non-vegetarian food.

**For** all his energy and determination, Mr. Desai does not allow his ambition to get the better of his hardnosed business sense. He does not mind retracing his steps if he finds that the venture upon which he has set his heart is not viable.

"I like to enter areas which have relatively few players.

My father always encouraged me to think big. In my learning process I focus on companies and individuals who have succeeded. If he can do it, why can't I?" says Mr. Desai, who regards Reliance founder Dhirubhai Ambani as his role model.

It is no surprise therefore that he toyed with the idea of launching an airline of his own. In 2004, when many domestic airlines were facing rough weather, aviation seemed attractive to him and he decided to enter it as a challenge. Rajhans Flybird Pvt. Ltd. secured permission from the government to launch an airline. Mr. Desai visited the

**"I like to enter areas which have relatively few players. My father always encouraged me to think big. In my learning process I focus on companies and individuals who have succeeded. If he can do it, why can't I?"**



**Sonakshi Sinha,**  
the new Brand Ambassador of Rajhans Group

US and clinched the deal for five 21-seater aircraft with Raytheon Corporation. Having come so far, however, he developed second thoughts and abandoned the idea as unviable.

For an entrepreneur like Mr. Desai, always on prowl for fresh business opportunities, it was impossible not to be drawn to the real estate business with all its growth potential and high margins.

The opportunity came his way in 2000 when the Rajhans group received a proposal to construct a small commercial complex. "I soon realized that real estate generate

good returns and hence decided to jump to it," says Mr. Desai. He brought to bear on the new business the same high standards and ideals that informed his other businesses.

In about a decade, the real estate business became the main growth driver of the group, contributing about 70 per cent of its revenue. Textiles, Hospitality and Entertainment contribute the remainder almost in an equal measure.

Rajhans Construction, set up in 2003, became a benchmark of quality by executing a large number of high-profile residential and commercial projects all across Gujarat. Catering to all the sectors of realty, ranging from independent bungalows to spacious apartments to commercial spaces and affordable housing to mid-segment housing to high-end ultra-modern and luxurious housing, it has created a creditable track record of projects completed and those under construction.

Starting with a small project of Rs. 10 crore a decade ago, Rajhans group has already created built-up area running into millions of sq. ft. The ongoing projects are spread over an aggregate area of 5 million sq. ft. They comprise both residential and commercial complexes and are located, besides Surat, in Ahmedabad, Vadodara and Mumbai. New projects are also coming up in Chandigarh, Kolkata, Bangalore and Ratlam (M.P.). The group recently forayed into Mumbai with two projects—a shopping-cum-commercial complex in Ghatkopar and another project in Santacruz.

Rajhans group is also building for itself a huge corporate office sprawling over 60,000 sq ft. "It will be one of the finest corporate headquarters in Gujarat, a five-star property situated amid luxuriant gardens and equipped with high-end coffee house, swimming pool, spa and gymnasium," says Mr. Desai enthusiastically.

At a time when several realty majors are bruised and battered by high costs and low sales, Rajhans group cruises



along with business as usual. "There can be no slump if you make quality construction at good locations," says Mr. Desai.

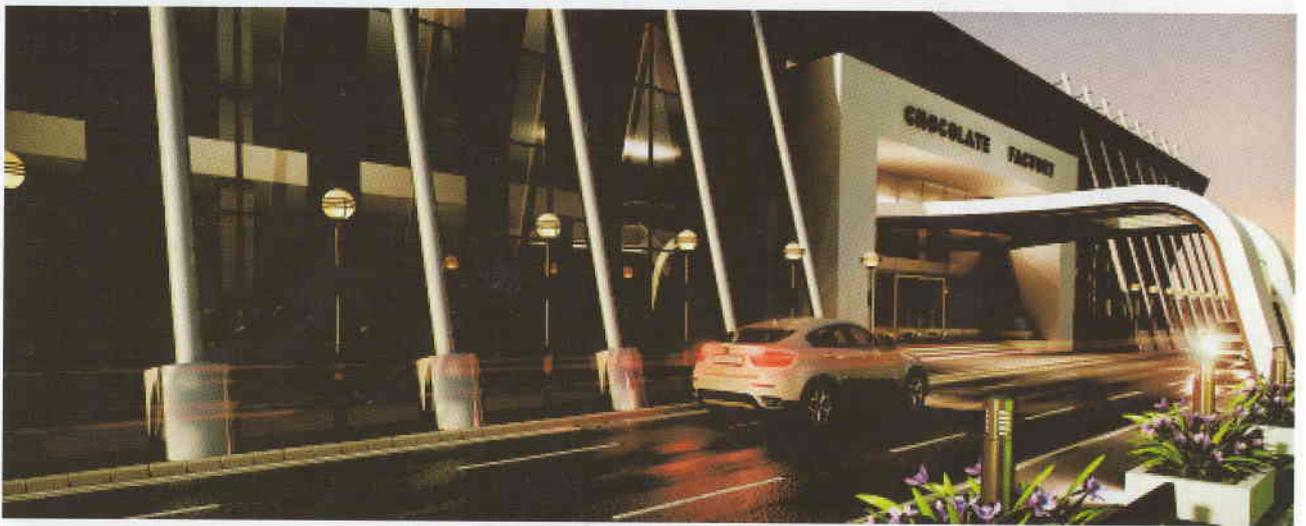
Maintaining that

"the construction and real estate business has a bright future," Mr. Desai adds that "the gaze of the whole world is on India. Foreign investors evince keen interest in properties ready for possession. About 15 per cent of property buyers in Surat are NRIs. They see a glorious future for the country, and they want a place in the country for rest and retirement."

Insisting that "affordable housing is not as distant a dream as it seems in the current scene," adds Mr. Desai. "What is needed is government initiative involving reputed developers with clear cut objectives. A zone-wise approach

"I believe in taking calculated risks. I have forayed into various businesses, often disparate ones, but only after a careful assessment of pros and cons," he says by way of discussing his business strategy. "I chose tier-II cities for my projects in real estate and entertainment before embarking on similar projects in big cities and metros. This approach has worked well in terms of risk management, growth and margins."

Going forward, the Rajhans group will be focusing on Real Estate, Hospitality, Entertainment and Confectionery business for future growth. "We are firmly established in the first two. But the chocolate business could literally be the dark horse and change the game, if things go as planned," says Mr. Desai.



would be more appropriate. Reputed trustworthy developers should be asked to provide residential flats in specific zones on specified terms in return for relaxed FSI and other supportive policy measures. The project will make business sense for the developers, people will get houses at affordable prices and the government could legitimately claim credit for a worthy initiative."

**From** a young man of 17 starting an oil trading company to an upcoming business magnet, it has been an eventful journey for Mr. Jayesh Desai who set out to do business with just Rs. 500 in his pocket and now runs a business empire of Rs. 2000-crore with 11,000 people actively and passively including scores of engineers, MBAs, lawyers and chartered accountants working under this ordinary graduate.

Mr. Desai gives credit to his wife Trupti for his inspiring success story. "She may not be helping me in my day-to-day business, but she has always stood by me, providing me the moral support and enabling me to concentrate on my businesses," he says.

"I want to make Rajhans group one of the Top Ten industrial houses in the country in course of time. I prefer to work with a young team. The average age of my office staff is 35. I hire young people who have 25-30 years to go, who look forward to future with hopes and aspirations, rather than tired old people looking back with nostalgia," says Mr. Desai who wants his people to grow with him. "If I have such a fleet of fancy cars like Ferrari, Audi, Mercedes, BMW, Jaguar and other brands in my stable, my staffers should be able to afford at least a four wheeler. My dream is to see the top 250 people in my staff coming to office in their own BMWs and Mercedes's," he says.

"God has been kind to me. Success has greeted me wherever I ventured in search of growth," he says with all humility. "All I pray for now is company of good people. May I never swerve from the path of Righteousness. May I remain firm in the face of threats and temptations. May I never forget my humble beginnings and develop arrogance," he says in a voice choked with emotions. ■