

■ NEXT INC | SHOWCASING ENTREPRENEURSHIP

Plugging into the white goods

The arrival of multinationals in the sector switched on the current of success

C Jayanthi

THE struggle for survival has taught entrepreneur Amarjit Singh a lot: patience, persistence, and an ability to spot opportunities. Indeed, it is with these three qualities that Singh built his business from scratch, after a tiff with his brother over the family shop's finances left him virtually on the streets. With little more than Rs 1 lakh borrowed from his uncle in 1989, Singh launched Intec Electricals Pvt Ltd, which has since grown into a Rs 118-crore (2006-07) appliances and electronics group.

Few have influenced Singh's life more than his brother, Gurbachan Singh, 18 years his senior. It was Gurbachan who inducted Singh into the family retail business after the latter completed his graduation from Delhi University in 1985. It was while working at this shop that Singh accidentally met and married his wife, Gunita, the daughter of a customer. And it was a row with Gurbachan over the shop's finances that forced him to branch out on his own.

With the Rs 1 lakh from his uncle and another Rs 6 lakh borrowed from Central Bank of India, for which he used his uncle's property as collateral, "We rented factory premises in Faridabad for Rs 2,500 a month and began supplying exhaust fans for the Rs 650-crore Almonard (P) Ltd," recalls Singh.

He was also the original equipment manufacturer and supplier of geyser tanks—and, eventually, geysers—to Symphony Comfort Systems Ltd. His revenues in 1989-1990: Rs 6 lakh.

In 1995-96, Singh also bagged orders to supply water heaters to Bajaj Electricals Ltd. The product was developed in one month and deliveries started in the second month. "This was a strategic tie-up," explains Singh, adding, "Shekhar Bajaj, the CMD, and his company technically

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supported us. We began by supplying 1-litre storage water-heaters and went on to supply the complete range. We supplied 15,000 water-heaters for the July-December season to both companies." That year, Intec's turnover was close to Rs 7 crore. Until 2000, Intec supplied water-heaters to both Symphony and Bajaj. However, he was soon forced to discontinue deliveries to Symphony under pressure from Bajaj. He then took another loan of Rs 20 lakh from Central Bank of India to enhance production capacity. "I usually made my payment to the bank on time. I may have defaulted perhaps once," he says with pride.

Things went fairly smoothly for Singh thereafter. But by 2002, he was looking for that big break—and he got it in the burgeoning white goods seg-

FACT FILE

NAME: Amarjit Singh

BUSINESS: Electrical appliances

STARTED IN: 1989

TURNOVER (2006-07): Rs 118 cr

EXPANSION: Intec group of companies expanded from making geyser tanks to water-heaters for Symphony and Bajaj Electricals Ltd. From 2002 onwards, it branched out into manufacturing colour television sets and air-conditioners for Samsung Electronics

SUCCESS MANTRA: Singh believes the key to success is dedication and humility

Goods bonanza

for this plucky manufacturer



ment after a lot of persistence and leg-work. "From 2001, my employees and I used to go knocking at the doors of white goods companies. We knew that one day, MNCs dealing in white goods were going to make a dent in India—so we went chasing Samsung Electronics and LG. We told them, give us any business, we are ready to do it." By a stroke of luck, in 2002, the AB Vajpayee government announced a policy change for Jammu & Kashmir—a 10-year excise holiday and five-year income-tax holiday for those who set up manufacturing units in the region. "The policy was announced on June 14, and I landed in Jammu on June 18, 2002."

The break, however, came from Samsung, which came as a surprise. "We never expected Samsung to give us business. If we spent five hours a

week seeking appointments at LG, we spent no more than half-an-hour a week on Samsung. But Samsung requested us to start a colour TV factory in Jammu for sale only in that state." Soon after, Samsung asked him to manufacture air-conditioners as well. Singh rented a factory in Jammu to manufacture both the colour TVs and air-conditioners, taking full advantage of the government's incentive scheme. In 2002-2003, his turnover was Rs 40 crore, which grew to Rs 111 crore by 2003-04.

Eventually, Singh relocated the air-conditioning unit to separate premises. However, Samsung closed the TV business from Jammu recently. Singh sells television sets only to Onida, though he says the figures are very small. In 2006-07, he sold 80,000 air-conditioners and this year, he expects to sell over 1 lakh. He has now bought land in Jammu hopes to start his factory by September. Currently, he employs around 500 people. "Although we are working with other companies, Samsung and Bajaj have been the most profitable for us. Once the government announced a tax holiday for companies willing to set up manufacturing units in Himachal Pradesh, we starting our manufacturing unit there as well in 2004 by buying out a sick factory for Rs 70 lakh. We also took a loan from the Himachal Pradesh Finance Corporation. In Himachal Pradesh there was 100% tax exemption from day one."

Singh currently owns three units in Himachal Pradesh. He has also started manufacturing UPS sets for Emerson Network Power (India).

The fallout from his successful rebound? The 42-year-old Singh's relationship with his estranged elder brother has improved dramatically. He's also learnt several lessons since the fateful day he parted ways with his brother eight years ago: "You should be dedicated to your work as well as be humble. Money should not make you egotistical. Only then do opportunities come. I also admire the policies of the government which has allowed small enterprises like ours to rise."

Optimistic about business

A majority of micro, small and medium enterprises (MSMEs) are optimistic about the business scenario, according to a survey carried out by the Confederation of Indian Industry, despite hardening of interest rates and the appreciating rupee in the past few months. The survey covered a broad spectrum of industry groups and activities of the micro, small and medium industry members all over the country. According to the second in the 2007 series of the CII survey for MSMEs, 60% of the respondents are optimistic about the general business scenario, 33% expect the business situation to remain the same with a continued trend for low to moderate demand while only 7% of the respondents feel a downtrend in the general business scenario in comparison with previous year.

Ninety per cent of the respondents planned to authorise more capital investment in comparison with the previous year. About 69% of the respondents expected more than 10% growth in their production and 21% of respondents expected production for the company to be between 5% and 10%.

Appreciating rupee worries NMCC

The National Manufacturing Competitive Council (NMCC) is concerned over the impact of the appreciating rupee in the manufacturing sector, especially with regard to the small and medium enterprises (SMEs).

"The rupee has appreciated by about 10% in past 12 months. This is hurting the manufacturing sector, especially the SMEs. This is a cause of concern," Dr V Krishnamurthy, Chairman of the National Manufacturing Competitiveness Council, said recently in the Capital.

He remarked that although the government was looking into the issue, measures needed to be taken quickly to provide relief to the SME sector that has close to 65% share in the manufacturing sector. He allayed apprehensions that the high growth of over 13% in the manufacturing sector would lead to inflation. "Inflation is not only due to growth in the manufacturing sector. Emphasis on manufacturing sectors such as textile and auto-components will help contain inflation that has come down to 4.8%," he said.