

Mahendra Nahata's family was in the tea business in West Bengal. When he graduated from St Xavier's College, Kolkata, with a commerce degree in 1979, it was understood that he would join the family firm, which he dutifully did for about eight years.

At one point, he went into marble mining where he pioneered the move towards mechanised mining in India. His method involved using an automatic rock cutting machine, an excavator and a dumper, making it possible to do the work of 300 people in a short time.

It was backbreaking work, beginning at 7 a.m. finishing at 9 p.m., and standing in the searing heat motivating workers in temperatures of 50–°C.

In the late 1980s, the telecom equipment manufacturing sector was starting to take off. Nahata had the perspicacity to realise that the sector would be one of the most exciting for years to come. He cofounded Himachal Futuristic Communications Limited (HFCL) in 1987 and two years later, moved to Delhi to take charge of company affairs.

When asked about this big jump from tea to telecom, Nahata says the only thing they have in common is the letter "T". But it was not such an inexplicable move as he continued to remain an entrepreneur, only in a different field.

"The tea business was a commodity business and had a certain amount of growth possibility. We were in trading, something that has limited scope as an intermediary. I was looking for something new to be in, and telecom was a growth industry, even at that time. It was seen as a sunrise industry. Those were also the times when former prime minister Rajiv Gandhi started the technology mission for the cause of telecom. There was a lot of excitement around the sector and I got drawn to that excitement," he says.

In 1994, HFCL participated in a tender for supplying micro radios to the Department of Telecommunications (DoT). It supplied some 2,500 radios and designed the radio itself. In those days, attempting to design a radio was a challenge in itself. The cost, moreover, was low, much lower than what DoT was paying, but Nahata still managed a profit margin of 20 per cent.

"We completed the design of that radio in nine months and invested around Rs 50 million. If we had failed, it would have been a serious problem for us," he says.

This episode encapsulates one of Nahata's main strengths — his enthusiasm in taking up a challenge. As a schoolboy, this predilection manifested itself as in not just bunking school, but in motivating the entire class to join him.

As head of HFCL, the challenges change constantly. So far, these have revolved around day-to-day responsibilities. But Nahata is trying to distance himself from these to focus more on policy-making, monitoring, growth and supervision.

"I don't accept defeat and in adverse circumstances, I fight; I don't give up. People fail because they give up. You have to dream and become big, so I try to not keep limitations to what I want to achieve. I get overaggressive and angry sometimes, that is a weakness. But those are general weaknesses that anybody could have. Sometimes, I judge people poorly. In that case, you have to ride on others to help you. So I keep advisers who are able to judge on my behalf and tell me if someone is good or bad."

He is aware that new people are coming into the company every day with new and better ideas, and they need to be paid attention to. Now that he has been doing the day-to-day work at HFCL for so long, he is happy to let others come in and do, as he puts it, a "better job".

"At the moment, given the size of business we have, I am able to do hands-on management. This does not mean that I interfere in everything, but I keep track of everything. It is somewhere in between complete decentralisation and centralised activity. Once your business becomes much larger, such as the Tata or Ambani empires, one can probably afford to step away," he says.

If anything, he errs on the side of overtrusting people, a tendency that has led to many disappointments, costing him business, and opportunities. "Trusting somebody beyond a point is not a good idea. What you really need is to have systems and controls in place. You have to trust people because 99 out of 100 people are trustworthy, and one may be non-trustworthy. If

one non-trustworthy person shakes your confidence, it doesn't mean that you will lose confidence in the other 99."

Nahata's business hero is Dhirubhai Ambani. "He showed the world that a person who was nowhere in business could become the biggest industrialist of the country. He fought his way against all odds, in situations where other industrial houses tried to put impediments in his way," he says.

If he could achieve just 10 per cent of what Ambani did, he says he would be very satisfied. As for other role models, he points to Mahatma Gandhi as a globally inspirational figure, one who will remain relevant for centuries to come. In his own life, he greatly respects his father for having taught him the importance of honesty, even at the cost of making a loss.

Over the years, HFCL has developed a vast base for indigenous telecom equipment manufacturing in India. It started with manufacturing transmission equipment and soon expanded its product portfolio to manufacture access equipment, optical fibre cable, accessories and terminal equipment. It has gone from being a single-product, single-customer company to a multi-product, multi-customer one.

Coping with the high growth rate of the telecom industry is his current challenge as a local manufacturer. Since there are practically no import duties on telecom components and equipment, his company has to compete with all the major MNCs of the world. It means having to be innovative, for example, by improving technology to minimise costs and improving technology in hardware.

"The biggest challenge is to have good development capability to design telecom equipment with the latest technology yet manage lower costs than MNCs — that is the only strategy that can make you successful in the Indian market. In addition, there are two more challenges. One, in terms of infrastructure equipment where, again, you have to compete with major MNCs which utilise very advanced technology. The challenge is to match that level of technology. Two, there is equipment that does not use advanced technology but has a high volume of production, and there you compete with the Chinese," he says.

The Chinese, he says, are ready to sell at negligible profit, which makes him and others in the

industry wonder if they are getting subsidies from their government. How else can they supply equipment at such a price?

The brighter side of things is the sheer rate of growth in India. "Fortunately, we are in a country where demand is not an issue. Yes, technology and price are always going to be a concern. Certain things need to be done in India, such as implementation of turnkey projects. It has to be done in India by Indians in an Indian way. In the US or Europe, they will automate to a great extent if they have to build, for example, a road. In India, on the other hand, you will automate, but it will be a balanced mix of labour and automation because of the abundant availability of cheap labour," he says.

Nahata has been a strong advocate of local manufacturing. When he was president of the Telecom Equipment Manufacturers Association, he made sure that policies were centred on the growth of the service sector. But successive governments failed to pay much attention to the fact that manufacturing in India should be increased.

"Fortunately, he says, the current government has taken this as a challenge and has done a lot to promote manufacturing and telecom in the country. This is something I would like to continue doing. It is vital not only to increase manufacturing but also to step up research and development so that the country comes up not only as a manufacturing but also as a design base. This has more value than just manufacturing."

On future trends in the sector, he obviously cites titanic growth for the next five years, after which it will stabilise. Meanwhile, broadband mobile will start increasing, and a lot of content will be available on the mobile handset. From plain talking, the phone will become a multi-use device with a lot more data.

"Another revolution will be in broadband, in terms of wireless broadband as well as increasing broadband usage for business. There will be deeper penetration of broadband, supported by reasonably priced computers. Today, computers are available in the sub-Rs 10,000 range. I see a day when computers will be in the subRs 6,000 range."

According to Nahata, five years down the line, 80 per cent of the network will be next-generation networks — both wireless and multi-service networks on the same platform.

Nahata likes to read fiction and watch Hindi movies in his spare time — Govinda is his favourite actor. Even when he goes home late, he likes to watch a movie for half an hour while eating.

He also tries to keep up with the latest technology. "Though I am not an engineer, I've learnt a lot about technology. I don't feel stupid asking my engineers simple technical questions," he says.

Having been in the fast track for so long, Nahata occasionally fantasises about slowing down, about retreating to a small cottage in the hills with some agricultural land where he could do some farming and get away from the heat of the plains.

After working a 12-13-hour day, six days a week, he likes to unwind completely on Sundays. "If I work on Sunday, I find it difficult to face the following week. My wife is used to my schedule now. You cannot escape business commitments. After you begin working, life becomes very exciting and satisfying. You are recognised for certain things you've done. I could have done better, but I will try to do better in future."

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