

ON OUR RADAR

INC
INDIA
500

Meet some exciting companies that we think are in the proverbial right place at the right time. *Inc. India* puts a spotlight on them.

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B. VENKATARAMANA | VUPPALAMRITHA
MAGNETIC COMPONENTS

Three Year Growth **157.8%** | 2010 Revenue **₹1,011 crore**

Imagination doesn't cost money

It was my wife who started the company with ₹3 lakhs. She had a Masters in physics from IIT Madras. At the height of the software boom in the late 1990s, she said she hated software. She didn't want to work in that sector, so she began designing transformers. She set up a small manufacturing unit and started building magnetic electrical transformers for power. This was her area of specialisation. If she hadn't married me, she would have gone and got a doctorate degree in magnetics. She had to give up her doctorate after marrying me. I never hear the end of it.

Vuppalamritha Magnetic Components (VMC) might make telecom and power products (think transmission equipment and power supply switchers) in its state-of-the-art manufacturing facilities in Hyderabad. But what it really fabricates best is pure entrepreneurial excitement. It certainly isn't usual for companies to grow at this pace.

Sample this: VMC began commercial production in 2003. Sales totalled ₹2 crore in that fiscal. Within a year, they rocketed to ₹12 crore. Two years later, the company hit the ₹400-crore mark. By 2009, VMC was hitting big league numbers with ₹700 crore in turnover. Today, it is a ₹1,000-crore plus, telecommunications and power products powerhouse. Behind these numbers is an equally fascinating people story. Its three figureheads— V. Rama Rao, B. Hima Hindu and B. Venkataramana are father, daughter and son-in-law respectively. **B. Venkataramana, the company's executive director, and its operational chief, gives us glimpses into how these dynamics have built a company that is wired to go places.**

AS TOLD TO **SHREYASI SINGH**

Staring Success in the Eye

B. Venkataramana is driven by his dream of making his company a global player.



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The telecom revolution changed everything in 2003. I was then running a software company. These were the post-dotcom-bust days. Before that, you couldn't do anything wrong in software. Even the dumb ideas worked. But the 9/11 killed all that. It brought in the first real slowdown in software and I took quite a hit. As I grappled with these challenges, VMC took on big time. I kind of got sucked into it by the virtue of being married to her. I became the problem solver, especially on technology. My wife would keep reminding me that I had an electronics degree from IIT. Finally, I dived in. Right then, I had no idea whether I was in it full-time, long-term or what. I just thought I'd discover something I hadn't while I was doing my engineering degree. I started reading up on stuff I hadn't in over 20 years.

After a lot of heated arguments, between my wife and me (she thought her system was better, I thought mine was), we managed to put together an embedded switch mode battery charger that worked. Then, everything just took off. Within a year, we were market leaders in a particular product. We had never expected that.

The orders started flowing in so quickly that I had to exit technology and get into finance, to manage capital, to see how we could keep manufacturing and expanding our production capacity. It was time to use my IIM degree. In the first few years, we grew by hundreds of per cent. It was a sense of déjà vu from my software days, because that's how I grew in the 1990s. But this time round I was more careful. I had learnt the need to acquire a cushion, in case of a fall.

We work with a very wide range of products today, from a price point of ₹50 to ₹3 crore a piece. We're into two verticals right now, telecom and power supply (every day adaptors to DC power plants). Telecom is by far the bigger proportion right now. But power is growing. Within a couple of years, these verticals will be evenly matched. Power supply has an even larger spectrum of applications than telecom.

In The Spotlight

Some of them have billion dollar aspirations, others want to redefine urban spaces. What they have in common though is a real potential to stand out.

COMPANY NAME	SECTOR	Sales CAGR%
Vuppalamritha Magnetic Components	Telecom	157.8
Sudhir Gensets	Electrical Equipment	35.3
Firepro Systems	Security Equipment	28.7
Mantri Developers	Real Estate	56.5
Eka Software Solutions	IT&ITeS	90.5
TCG LifeSciences	Pharmaceuticals	61.3
BVG India	Integrated Services	66.4

Strategy is one thing but more than anything else, the segment we've been in gave us the opportunity to grow at this pace. We just made sure we latched on tight. The telecom marketplace is huge. We got our timing right. When people ask me the secret of our success, I say luck had a role to play. You have to get your timing right in business.

In no stage in our business journey has the market been a problem. Finance isn't a constraint anymore. Ambition is more the constraining factor than capital. Six years ago, we said we wanted to be a ₹ 1,000-crore company. Now, we want to be a billion-dollar company. That shouldn't take more than five years. It can take less, not more.

My father-in-law is responsible for these ambitions. He's our guiding force. People ask me how it is to work with your wife and father-in-law. Well, he is certainly the scarier of the two. He's somebody who's just not

afraid to dream. He's the man who first articulated the thousand-crore dream. He's now the man who has the billion-dollar dream and is not afraid to say it to the world. He relentlessly keeps telling us to dream global. He is fascinated by what it takes to be a global company. Today, I believe every successful team needs a great dreamer and a great executer. Also, dreamers shouldn't get bogged down by too many details.

Today, India is the largest marketplace. SAARC is the next boundary for us. We do have plans to enter Africa and South America. We understand what's happening there. Over the next couple of years, we want to be in many developing markets. Going global is the real test. Do you have it in you to succeed in non-home-protected markets—that's the test we have to take. We want to show that an Indian company can compete with the best anywhere in the world.

Telecom in India has already shown that it's changed global conventions. Look at what

some Indian mobile companies are already doing. People believed European and American brands cannot be challenged. But Indian companies are providing services and products at price points that are unimaginable anywhere in the world. We've adapted the technology to suit our needs. Nowhere else do mobile phones have FM radio. Here, phones won't sell without FM radio.

The controversy around the telecom sector doesn't bother us. These things come and go. Where there are licence issues, such issues will come up. But it doesn't affect the industry overall. Moreover, we are equipment suppliers. We look beyond these events to ask whether the demand for handsets will go

up, and the answer is yes. Will people be asking for access to faster data and the answer is yes. Will they be looking for entertainment to be streamed into their homes, yes they will. Whatever happens to the regulatory framework, sooner or later, you'll get there. If your vision is focused on the overall picture, there's no need to get too entangled in the situational issues. Our passion is to be part of the transformation in the way people interact and communicate.

The only challenge in a growing segment is getting people. Part of the problem is finding the right skill. India doesn't have an ecosystem of electronics manufacturing. It's tough finding experienced people. You constantly have to mentor them and let

them learn on the fly. We're often working with people who are only partially ready, but the good thing is Indians have great adaptability skills. We can overcome the learning curve. So, you find bright people and match them to tasks.

In the last couple of years, it has become easier for us to attract talent. We are better known now. And once people see scale and vision, they're excited to be a part of it. I think those who work for us can sense that this could be a game-changing opportunity for them to be a part of something bigger. We're fortunate people feel that way about us. It's wonderful when people are excited about working with you. On our part, we encourage our employees to be entrepreneurial.

In any case, the acid test of growth is whether business owners can delegate and let go of a lot of things somebody else can do. Often businesses that level off, do so because they lack management bandwidth, not because they don't have market opportunity or access to capital. You have to get people better than you on board, to free you from some tasks. My wife and I've recognised that we have taken the company this far on our steam. Now we need a talented team to take us that much further.

That's a core issue we both agree on. Otherwise, of course, we have a lot of debates. Typically, these are scientist, which is her, versus business person, that's I, debates. They are very stimulating although she often wins. Unlike others who can leave their boss at work, I have the same boss at home. I report to her in both places. Even at home, we're constantly talking work. But now, our son shuts us up. He tells us that if we want to talk shop, we should just go back to office.

As with any company, we eventually will have to go public; when and in what time-frame is still to be decided. Our investors, Fidelity International, who infused ₹1,100 million in 2008, are in no hurry. They're quite happy to be investing in us. 



The perfect match
B. Venkataramana says his wife, B. Hima Hindu are a good team—he's the "biz" guy, she's the R&D geek.

“The acid test of growth is whether owners can delegate and let go of things somebody else can do.” —B. VENKATRAMANA