

# Chasing the Rupee

By Bramwell Ryan

**K**itch Wilson, president of Winnipeg-based Cubex Limited, doesn't buy

postcards on his business trips to India. The places he travels to are not

tourist destinations. Wilson, a part owner of Winnipeg-based Cubex, a

manufacturer of mining equipment, spends most of his time deep under-

ground inspecting Indian mining operations and determining whether his

equipment is performing properly.

The market potential of  
India's economy is  
substantial

With 40 employees Cubex manufactures specialized mine drilling equipment priced between \$250,000 and \$400,000 per unit. Cubex drills are used in large tonnage mines including copper, zinc, lead and gold. The company exports to every major mining area in the world except eastern Europe to maintain sufficient production volume. Since the mid-1980s it has sold five machines to Indian market. It's not a major market for Cubex, but Wilson says it's a worthwhile one.

"You have to be prepared for the long haul; nothing happens in a snap," he says. In 1996, Cubex signed a joint-venture agreement with KLR Rigs Company, India's largest manufacturer of well drilling equipment, based in Hyderabad. Less than six months later, the partnership was benefiting Cubex. KLR had started doing service work on the existing Cubex drills and was using its sales network to promote Cubex machines. "It's a typical evolution," says Wilson. "You use an agent to get your foot in the door but if you want to stay you need to have a presence in the country."

John Ball, president of System Monitors Inc. in Winnipeg agrees that to export to India profitably, a Manitoba company needs someone located in the world's largest democracy. Ball first visited India in the 1960s and later, as a part of the Winnipeg Chamber of Commerce delegation, he met an





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## CHASING THE RUPEE

Indian engineer. The two became friends and in April 1996 established a joint-venture company called Josh International. It manufactures power supply units in Manitoba that attach between a computer and the wall plug. If the electricity fails (which happens frequently in India) the Josh power units ensure the computer maintains a power supply. "The market for these is growing very rapidly," says Ball. The units are designed in India, manufactured and tested in Manitoba and then shipped overseas.

Says Ball, "The biggest problem in doing business with India is that the two cultures think absolutely differently; you might think you have communicated perfectly but your Indian counterpart might have understood something totally differently." To avoid the confusion, Ball recommends that other would-be exporters find an Indian partner. "You have to have the local man because he knows how things are done."

Hemant Shah, president of HIR International, an India-born Manitoba resident knows the system. Shah, a naturalized Canadian residing in Winnipeg, represents aircraft engine rebuilder, Standard Aero in the Indian market. He also helps many other Canadian firms export to India. The Winnipeg-based aircraft engine repair and overhaul operation has been doing business in India since early 1996. Manny Atwal, Standard's manager of marketing, says the face-to-face contact is important to secure sales. "Each of our contracts is potentially worth tens to hundreds of thousands of dollars so the individual interaction is extremely important. It's also important to get out there and introduce target customers to Canada because they really don't know much about the country."

According to a Department of Foreign Affairs and International Trade report entitled *Focus India*, the country is an emerging giant for Canadian businesses. "There are no untapped markets to rival India's size... India's rapidly expanding middle class represents the largest emerging consumer market in the world."

# GOING ON A TRIP?

*When do we leave?*



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It's also one with conditions conducive to Canadian trade. India was also colonized by the British and is familiar with foreigners; it's a democracy, unlike China and the business language is English.

It's a market another Winnipeg firm, Control Environments Ltd., (Convirons) has been exporting to since 1971. The company makes plant growth chambers used by pharmaceutical companies and botany research institutions. "The people there (in India) are great," says Convirons' executive coordinator Yvonne Sharples. "But they're still sort of third-world in terms of communications. Someone wanting to do business with India will have trouble getting faxes and phone calls through."

Still it might be a relatively small inconvenience for the potential prize of a market at least ten times bigger than the population of Canada. MBM

# HOW TO ACCESS INDIA

**Thinking of exporting to India?** Before spending money to get there it pays to do your homework. Fortunately there are several free sources of information in Winnipeg.

Daria Gawronsky, a business information officer at the Canada Business Service Centre, says to make the CBSC your first stop. The agency offers an extensive trade library where you can find profiles of India, economic outlook reports, protocol tips and other trade related information. CBSC staff also have access to several data bases and can source market research reports on India. If your homework looks promising, the Centre can then give you names and numbers for other helpful contacts including Canadian embassy personnel and other government departments.

For more information call the CBSC at 984-2272 or 1-800-665-2019 (outside of Winnipeg).

Douglas Taylor, manager of international business, Asia Pacific, for *Manitoba Trade*, says the provincial government can offer seed money to Manitoba manufacturers or service related companies looking to export.

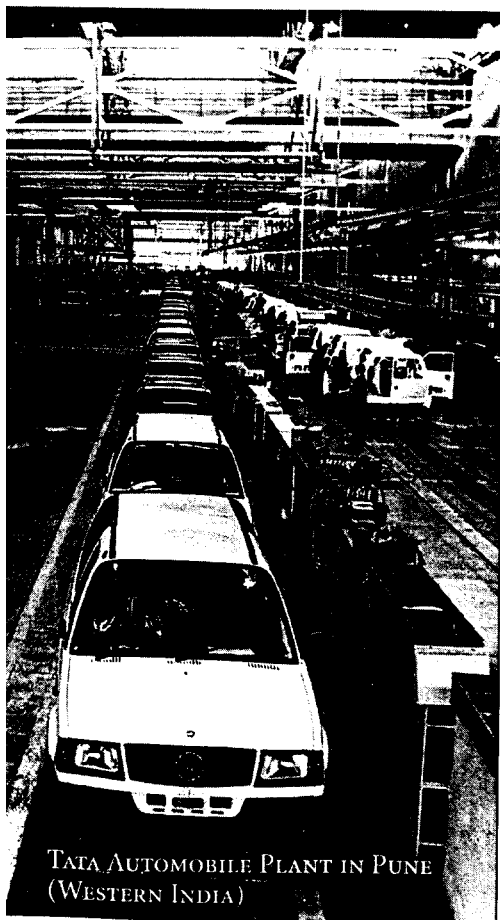
Amounts vary but can be used towards trade show space or an airfare. The department also has an extensive trade library, although Taylor says there is tons of information on India on the Internet. Perhaps the easiest step for a company interested in exporting to India is to register with Manitoba Trade. "Half of our battle is that people don't let us know what they're interested in," says Taylor. "We get foreigners contacting us all the time looking for Manitoba companies.

Let us know what you're doing: we're a clearing house." Manitoba Trade's number is 945-2466.

The Asia Pacific Foundation of Canada is a non-profit agency that exists to help Canadian companies do business in Asia, which includes India. It organizes country-specific seminars and workshops and regularly hosts speakers. Program Director Leslie Zagalski says Manitoba companies should "not be afraid of India". She suggests doing lots of research first

**"HALF OF OUR BATTLE IS THAT PEOPLE DON'T LET US KNOW WHAT THEY'RE INTERESTED IN"**

before booking an airline ticket. The Foundation can help with that research, provide contacts with other local companies that currently export to India and suggest links to the Indian community in Manitoba where ideas can be discussed over a coffee. For more information contact the Asia Pacific Foundation at 945-2141. - B.R. MBM



TATA AUTOMOBILE PLANT IN PUNE (WESTERN INDIA)

# The India Connection

Hemant Shah feels India/Canada trade holds significant potential

By Bramwell Ryan

**H**emant Shah is referred to as 'Mr. India' by government officials and the many companies in Manitoba he has represented in the past 20 years. He is president of his own company, HIR International Ltd., which specializes in marketing, exporting and trading between Manitoba and India.

Such business is in the blood of this entrepreneur. His family owns a 110-year-old trading company in Bombay. In 1977 Shah emigrated to Winnipeg and after a few years of working at a variety of jobs, including parking attendant, to gain an understanding of business life in Canada - he went after his first contract. He cold-called at a Winnipeg company, Kipp Kelly, a manufacturer of grain cleaning equipment. Armed with a knowledge of India, and a let-

ter of introduction from his father, Shah was given permission to attempt to sell Kelly equipment in India. He financed the trip himself and eventually sold three pieces of equipment. "I got my first deal using family contacts and political connections," Shah says. "And then one success led to another."

Today Shah travels many times a year between Winnipeg, India and other countries in Asia. On each trip he represents several companies: selling products or services, arranging joint-ventures, cutting through red tape and sourcing new opportunities. He works on a retainer and draws heavily on a network of contacts to make business happen. "If I don't close the deal, I don't make my bread and butter," he insists. "I am a trader not a bureaucrat."



He is also chairman of the Winnipeg Chamber of Commerce, India Trade Committee and is an ardent promoter of business between the two countries.

"India has really opened up in the last eight years. It's not camel rides and snake charmers any more. Manitoba companies should look at exporting to India. They're ready to pay your price in many fields. It is estimated there will be 300 million middle class Indians by the year 2000. You have to be in India or you will lose." **MBM**