

THE MOTHER OF ALL DEALS

PCL wows the industry with a \$50-million export order from Dell Computer.

It's champagne time at the Pertech Computers Ltd (PCL) headquarters in Delhi's Okhla Industrial Area. Director Bikram Dasgupta is euphoric. "We've struck the deal of the decade," he says, without any pretensions to modesty. "And we're going to take the industry by storm."

The hyperbole's not entirely unjustified. Last fortnight, PCL announced that it had bagged a \$50-million (approximately Rs 150 crore) order for PC motherboards from Dell Computer of the US. That's the largest export order ever received by an Indian computer company — and worth more

But it's not yet clear how PCL intends to go about executing the order. Dasgupta talks of fresh investment to the tune of Rs 15-17 crore on plant and equipment required to produce 10,000 motherboards per month. PCL may pass on the manufacturing burden to associate company Altos India or sub-contract it to a third party.

Either way, the Dell deal promises a bonanza of benefits for PCL; the company stands to gain on a number of fronts. Con-

the fastest-growing segments in the infotech business.

■ Then, there's the pricing advantage. Dasgupta says PCL will use its export income to subsidise Dell products in the Indian market. "We'll benefit from a lot of tariff concessions and export benefits. All of this will be passed on to the Indian buyer."

The company is still in the process of working out its pricing strategy, but Dasgupta promises it will be true to PCL tradition: very, very aggressive.

"The objective is to get as close as possible to the prices of our own products," he says.

■ Needless to say, the deal will do PCL's image a power of good. Says the chief executive of a Bombay-based rival: "PCL

is seen as a company that doesn't pay much attention to the quality of its products. Its association with Dell could change that."

This comes at a crucial stage. The Indian infotech market, long dominated by price warriors, is showing signs of quality-consciousness. Says Dasgupta: "Although price remains an important factor, it is no longer the sole consideration. More and more buyers — particularly medium and large corporate houses — are prepared to pay a premium for quality."

■ Finally, the Dell contract should establish PCL's credentials in the international market. As Dasgupta points out: "Hereafter, when we deal with companies abroad, they will think, 'if Dell's doing business with these chaps, they must be pretty good.' It'll make our sales pitch that much stronger."

PCL intends to capitalise on this advantage and position itself as a serious player in the contract manufacturing business. Dasgupta says he's already angling for another large order from

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director
Pertech Computers Ltd



than half the value of the country's total computer hardware exports in 1991-92. Says Dasgupta: "We've said all along that hardware holds as much export potential as software. Now, we've proved it."

As expected, the Dell order is dominating all conversation in infotech circles. Even PCL's rivals acknowledge that the company has come up with a plum. Says DCM Data Products (DCM-DP) chief executive Veer Sagar: "It's a terrific deal... just what PCL needed."

sider the following:

■ First, there's the deal-within-the-deal. Against its exports, PCL will import and market a range of Dell products. Dasgupta has committed to selling Rs 10-12 crore worth of Dell products in the domestic market over the two-year period.

This will put PCL in a position to compete with other international brandnames — Apple Macintosh, Digital Equipment Corp, HP Vectra, Compaq, Olivetti and, soon, IBM — in the top end of the PC market, one of

