

ELECTRIC DREAMS

Paras Shahdadpuri was close to 50 when he gave up a career in diplomacy to launch his own venture. Nikai Group is now one of the largest electronics suppliers in the GCC and the septuagenarian is worth at least \$770m. But he is not finished yet, with new markets and new sectors to conquer

BY COURTNEY TRENWITH

THERE IS A SAYING that goes, 'in the right place at the right time.' Paras Shahdadpuri is perhaps the epitome of such luck. The Indian was edging towards his 50th birthday when he decided to risk all and quit a long-term diplomatic career to plunge into the gritty world of business.

He intended to import pre-branded electronics and sell them at a profit, in what could have created a reasonable family business. But a Japanese supplier had a different idea.

"When I started trading, I went to Japan for my first big order — and big order meant two containers [compared to] today where we import thousands of containers — and the Japanese suppliers told me 'why don't you buy this in your own brand'," Shahdadpuri says, referring to the 1990s.

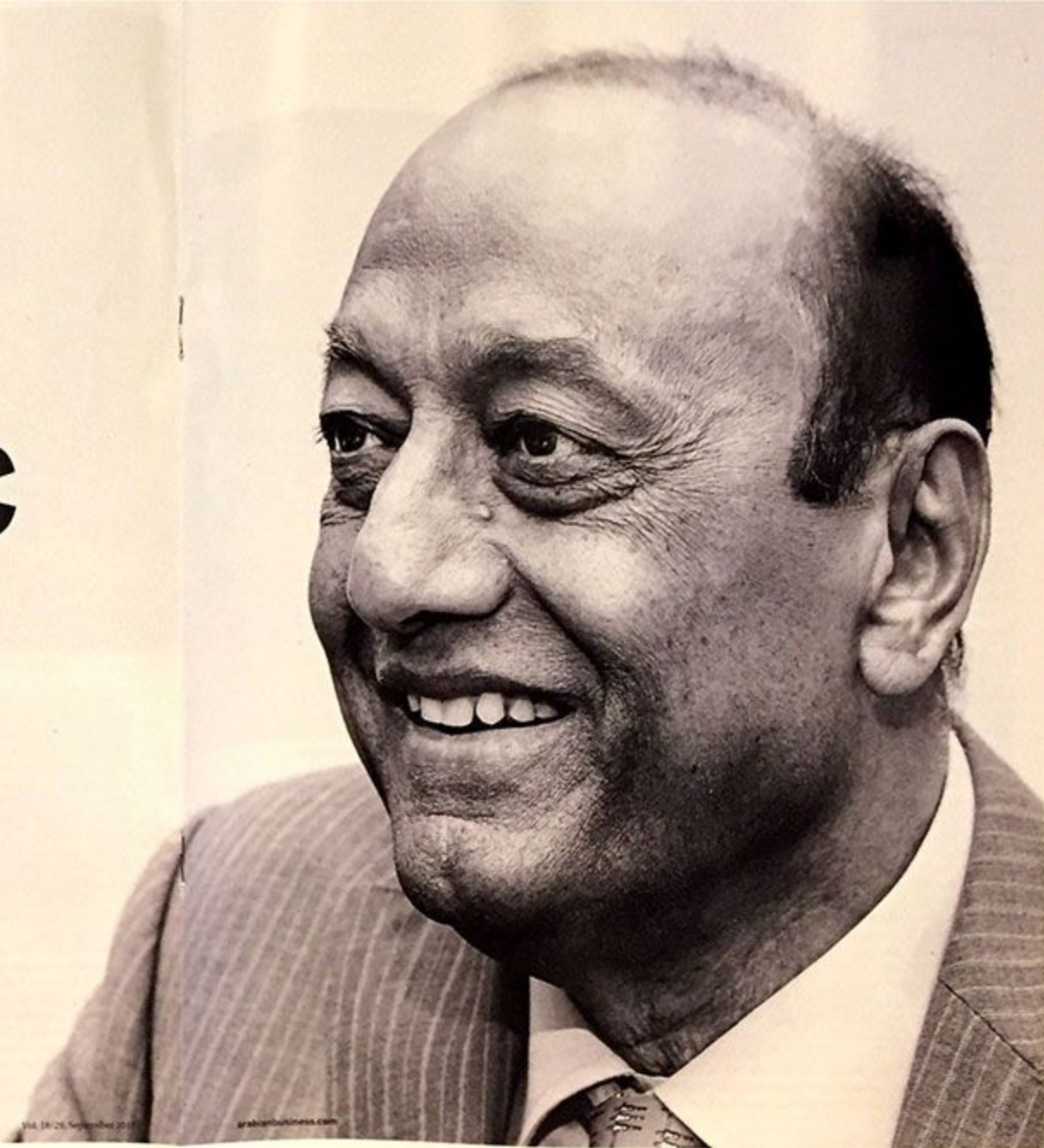
"I took this idea back to the hotel — honestly I couldn't afford big hotels at the time; I had a manager from the company with me and we were sharing my room.

"This was working on my mind, I was tossing and

"I still remember that we made our logo on a paper napkin, sitting at the breakfast table"

1988

The year in which Paras Shahdadpuri started the Nikai Group in Dubai.



turning trying to think of a name.

"Somehow Nikai came to be the name of my brand. I still remember that we made our logo on a paper napkin, sitting at the breakfast table and the manager was an artist, so he designed it. I tweaked it a little bit and, with God's grace, the same name, the same logo has continued for the past 22 years."

Nikai is now one of the top-selling electronics brands in the UAE's major retailers, including LuLu and Carrefour Hypermarkets, and has successfully plugged into some of the most competitive markets, including the US.

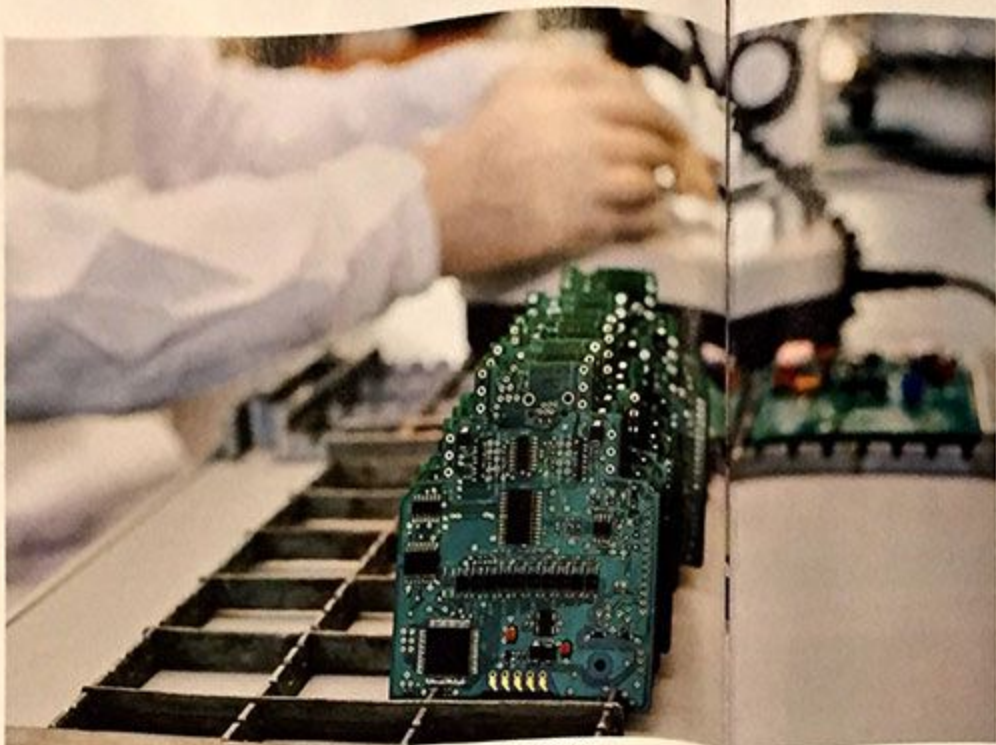
"We are in the top two, three or four brands, depending on the store, which means we are selling much more than many Japanese brands, or even Korean and European brands," Shahdadpuri says.

"We have surpassed the figures of many big brands. Out of nowhere we have come to this position."

Shahdadpuri's tale is now somewhat folklore in the UAE retail sector — but it is nowhere near finished. As technology evolves ever faster, so too is Nikai Group. Keeping up is like walking on a treadmill set to 20km/h with a steepening incline, but he is confident he has the right approach.

"In electronics there's been a tremendous amount of evolution. Remember 20 years ago the telephones you used to carry, and the phones that you carried 10 years ago...? It's the same with the television. I bought a 32-inch TV for AED10,000 [ten years ago] and today it's [sold for] AED300, and the quality may be better than what it was at AED10,000 barely ten years later.

"So we have to keep pace with the evolution, both with consumer interests, prefer-



◀ Nikai Group has operations in sectors such as electronics and appliances, IT, logistics and general trading

ences and tastes, and also with the products in the electronics industry."

It is not only mobile phones and televisions that are on a constant merry-go-round of change, even the smallest of appliances is becoming smarter. Shahdadpuri says

50m

The number of Nikai Group's satisfied customers in more than 60 countries in the region and across the world.

staying ahead of the game requires inside relationships with manufacturers to know what they are preparing behind the scenes, as well as staying connected to even the slightest nuances in consumer preferences.

"Sometimes consumer tastes demand the manufacturer evolution, and many times the manufacturer evolves and then the consumer takes it up. So we are keeping a very close eye on both," Shahdadpuri says.

That dynamism of the electronics industry has helped Nikai Group battle various

economic challenges over its 22 years. Shahdadpuri says the company's revenues have recorded growth every single year of operation and are now about \$500m a year.

"Sometimes [growth has] been one percent, but regardless, we've tried to not lose out on any year, despite the various ups and downs in the economy," he says.

"The electronics industry is like the food industry — people have got to eat so the food industry stays almost the same, there won't be a volatile change. It's really the same

"We have to keep pace with the evolution, both with the consumer preferences... and also with the products"

consumer electronics will grow, whether the economy is growing at a faster or slower pace, it will grow."

There are, of course, times when the economy is not growing and consumer demand wanes. But still, Shahdadpuri insists that even in those times, there is scope for businesses to grow — they just have to identify the opportunity. In Nikai's case, the company has used the periods when revenues are down in key markets to diversify into new ones. It now sells Nikai-branded products in more than 60 countries, across Asia, the Middle East, Africa, Eastern Europe, Russia, the US and Canada.

"If there's a market of anything that's going through a depression, I still find some opportunity. As long as there's a buyer, there's opportunity," he says.

Shahdadpuri has used the same philosophy that helped him build Nikai into a competitive force against the likes of Panasonic and Sony to also dominate new retail space.

"There's always space for [brands] and how much share you can take from the pie. It comes down to those who can wrestle and push further who will [get more market share], and those who want to take it easy will give their share to the people who are more aspiring," he says.

"So I believe there's always a space in any industry, it depends how good a fighter you are, how competitive you are, how energetic you are."



◀ Nikai Group markets a range of over 400 products and appliances



◀ Nikai Group is hoping the GCC-wide value-added tax (VAT) that will be introduced in 2018 will not impact its business

The same could be said for shopping malls. Shahdadpuri says. Despite multiple new retail zones under development or having recently opened, particularly in the UAE and Saudi Arabia, he says the sector is far from saturation. "As long as people can sustain and make money, it means there is space [for more retail]. If people are still opening stores it means there is still space."

Nikai's newest market of interest is North Africa. But, Shahdadpuri says, the Magreb countries require a new way of doing business.

"They say it's easy to reach the peak but very difficult to sustain the peak. We have reached a level and we want to maintain it. To do this we might have to sacrifice the current models that are now obsolete," he concedes. "So we have to [create] newer models, and this North African market requires its own strategy because of the economic and customs policies. So we have to penetrate that... if there's a huge customs duty in those countries for CBU [completely built up products], those countries are giving preference to manufacturing in the country, which is customs duty free or a very low tariff. We have never done this but we are trying to manufacture there, [which will] save a huge amount of customs tariffs and [help Nikai] be competitive in the local market. To compete in those places where there are barriers, you have to penetrate those barriers."

At the same time, Shahdadpuri does not believe the new value-added tax (VAT), due to come into effect in the GCC from next year, will have a significant impact on businesses.

"I don't think that it will impact our sales; maybe in the

"There's always a space in any industry; it depends how good a fighter you are, how competitive you are"



Shadadpuri believes that reliability is the single most important value of the Nikai brand



Nikai has established itself as a major consumer electronics brand in the region

\$770m

The net worth of Dubai-based businessman Paras Shadadpuri, according to the Arabian Business Indian Rich List 2017

initial few months there could be some minor resistance but soon it will be a part of the product," he says.

Adaptability and new horizons have also seen Nikai Group enter other sectors, some indirectly linked. Logis-

tics now accounts for nearly 40 percent of total revenues, as the group takes advantage of the soaring popularity of online shopping. Outsourcing, too, is growing, now adding about ten percent to Nikai's total income.



Logistics bring in nearly 40 percent of revenues of the Nikai Group

"Logistics has big potential here in the UAE and particularly Dubai. Dubai is promoting itself as a logistics hub, they have created this as a centre of the world... not only in shipping, but they've grown infrastructure — roads and air traffic," Shahdadpuri says, justifying his second business stream.

The septuagenarian is also exploring entirely different ventures, what he considers "greenfield" projects. With a doctor for a daughter, he is eager to enter the UAE healthcare sector, while education also stirs his interest.

"I hope it hasn't reached a level of saturation, but if there's space I might try my skills and business acumen in education," he says. "Honestly, education is not a huge field for making money



Nikai Group is keeping tabs on the latest technology for the consumer

10%

The contribution of the outsourcing segment to the Nikai Group's total income every year

or for making big profits but it gives you huge satisfaction that you are servicing the society at large, providing quality education. I feel education is ever so important; this human society can grow positively only through education, quality education."

It would be a shift in tactic to delve into such complex and highly regulated industries, but then swapping diplomacy for the hardball game of business was also a tectonic move. Shahdadpuri admits there were pangs of fear.

"Yes, I was scared, but somehow there was some huge level of confidence, which was pushing me forward. Go, you do it," he recalls. "I never say 'no' to anything. I have this attitude, if Mr A can do it, why can't Paras do it? As long as Mr A can do it, I feel I have the capability, either myself or

"I was scared, but somehow there was some huge level of confidence, which was pushing me forward"

by hiring the talent. So there is a way."

Of course, decades in diplomacy has also helped. Shahdadpuri says he has always worked to maintain the confidence of his consumers, staff, suppliers and even banks, earning him and Nikai the tagline "Mr Reliable".

"Honestly, I was very scared when I was planning to change my career from [being] a diplomat to [running] a business. But soon I realised everything [comes down to] your basic fundamentals and common sense," he says.

"I find business is common sense. You give me any type of business, from electronics to selling cotton to selling food or some service product, I don't see any major difference at all. It's about your common sense, man management, how you treat your people and your attitude towards your stakeholders. And stakeholders is a very large terminology — from consumers, to suppliers, to partners and banks.

"It's a package, it's not one capability that will take you somewhere. It's a comprehensive package, a comprehensive attitude."

So, perhaps, it was a lot more than chance that gave Shahdadpuri his break in business 22 years ago; half-a-century of life experience in his back pocket was evidently just as valuable. ■