INTERVIEW: ANIL GUPTA

JOINT MANAGING DIRECTOR, HAVELLS INDIA

We will set aside Rs 100 cr for brand-building next year

Despite the heating up of global copper prices, and the concomitant marginal percentage rise in prices of electrical goods like fans, lights and aircoolers, electrical goods manufacturing company, Havells India, was able to post a impressive 55% jump in the growth of consumer electrical segment in the third-quarter of 2010-2011. According to Havells joint managing director, **Anil Gupta**, *the company's growth trumped the market because of its long-cherished tradition of creating a strong brand appeal and enhancing the quality of goods sold by adopting high standard manufacturing process. He tells* **S Saroj Kumar** *of FE, that key strategy is to create quality consciousness among consumers in a market where garage manufacturers compete with branded names with their low-cost proposition.*

How do you manage your copper inventory in the wake of soaring prices in recent times?

The trend of overheating of copper in the market has been there for 8 to 9 months. We have jacked up the prices marginally of our various category offerings whenever copper prices shoot up in the global market. When compared to brands and channels, for us copper is just a raw material. Our hedge game is to maintain a minimum inventory on a longterm basis to mitigate possible price risk. More importantly, we got paid handsome returns in our investments in enhancing product quality and broadbasing the brand image. We firmly believe that these processes are behind our success in getting closer to the market especially smaller towns and cities in the country.

How do you counter the competition from garage manufacturers?

We believe that a brand name could drive market maturation in going for consumer electronic goods that are manufactured — based on globally adopted best practices. By end of this year, we will be spending close to Rs 100 crore on brand promotion and next year the spend on brand boost would go up to Rs 120 crore. Also ,on beefing up our manufacturing infrastructure, we had spend close to Rs 500 crore in last 4 years. With the domestic demand remaining high, India needs its own technology in modern consumer electrical goods. With the integration of the European Sylvania known for its strong R&D capabilities, our R&D office at Noida is quite fortified to take on challenging projects.

Switchgear segment recorded a single digit growth of just 9% during Q3FY2010. Could you tell us reasons behind the low growth?

It's true that switchgear contribution to topline was mere 9%. However, we are close to clinching a major order in the segment that will reflected in order book and topline in the next quarter. Being a multiproduct electrical goods manufacturer, we dish out products in 12 different categories.

You are saddled with a debt of Rs 1,200 crore. Do you have any repayment roadmap?

We are fairly comfortable in managing the debt repayment process. One could say that the entire debt could be retired in a span of five years. Our strategy is to grow the top line and EBITDA. We have already set an ambitious target of Rs 2,400 crore revenue by 2013. We could meet the debt obligation by internal accruals. We are also mulling on refinancing some portion of debt in 2012-13.

How is your single brand retailing store Galaxy doing?

We recently opened our largest galaxy store in Chennai at a spread out area of 3,000 sq ft. Country wide, there are 79 galaxy stores. Some states like Tamil Nadu figure very high on our radar purely for generating strong demand in both commercial and domestic electrical goods consumption.