

"Competition is a twin-edged sword"

Interview with **PRADEEP BAKSHI**, Executive Vice President & COO, UPBG, Voltas
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Voltas, one of the leading engineering solutions providers of the country, straddles across a wide spectrum of industries, including heating, ventilation, air-conditioning, refrigeration and electro-mechanical projects, among many others. Established in 1954, the Tata Group enterprise has been setting global benchmarks with a particular stress on quality and innovation.

The company's Unitary Products Business Group (UPBG), one of the three business divisions of Voltas, deals with air-conditioners, commercial refrigeration and water coolers and dispensers. With two state-of-the-art facilities in Pantnagar, Uttarakhand, manufacturing room air-conditioners and commercial-refrigeration products, the division has a workforce of 500 employees and a well knit network of 5,000 dealers and service franchisees, including overseas distributors. Pradeep Bakshi, an industry veteran and senior vice president and deputy COO, heads the UPBG division. A science graduate with a post-graduate diploma in management, Mr Bakshi has been associated with the consumer durables and appliances industry for more than two-and-a-half decades. In an exclusive interview with India Business Journal, Mr Bakshi shares his views on the UPBG division, the company's recently-launched products among other issues. Excerpts:



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(Sr. Vice President
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- **With UPBG being an important growth driver for Voltas, how had been the going in the last financial year ?**
With revival in economic growth after a brief recession in early 2009, we have been faring well throughout the last financial year in all product categories. Consumer sentiments have been favourable, leading to loosening of purse strings and resulting in increased spending on luxuries. While the air-conditioning business grew by 30 per cent during the period, the commercial refrigeration vertical grew by 45 per cent. Water coolers and dispensers could only grow by 15 per cent due to demand supply gap.
 - **How do you see the going for these segments in the current year? Which segment holds the highest growth potential ?**
The air-conditioning segment looks most promising, considering revival in economic conditions and consequent upswing in modern and conventional retail sales. We are witnessing a major shift towards split air conditioner segment and therefore have further strengthened our split product line-up this year to cater to the rising demand. Our fresh communication for the year, which transcends beyond the conventional, feature-led positioning, will also help boost our performance. Commercial refrigeration will continue to perform well on the back of factors like increased spending by soft-drink majors and efforts at improving storage facilities for perishables across tier III towns.
 - **You have established yourself successfully in West Asia. How do you plan to further strengthen your position and expand the global presence ?**
We have put together plans at further intensifying presence in our home turf and have been making strides globally through penetration into newer geographies on a year-on-year basis. While West Asia has been our mainstay among international markets, African and South Asian countries have been explored in the recent past, which offers tremendous opportunities going forward.
 - **Could you elaborate on the new range of products launched recently ?**
In developing the 2010 range, Voltas has kept in mind the market's heterogeneous nature, with its diversity of priorities, preferences, income groups and aesthetic tastes. However, certain key attributes remain standard right across the spread of models. These include: energy efficiency, ecosystem technology and other intelligent features.
At its upper end, the range includes the Gold, Platina and Plus versions of the flagship Vertis brand. Towards the non-premium end are numerous options, which are more affordable, without stinting on efficiency.
 - **Voltas has many firsts to its credit. What makes it stand apart from its peers ?**
Being a Tata enterprise, having a span of over five decades with expertise in backing the company's products and services, Voltas has constantly played a pioneering role and has a series of firsts to its credit. In fact, Voltas launched India's first indigenously-produced room air conditioner in 1954. We unveiled India's first Split AC in 1984, India's first floor-standing (Slim Line) AC in 1993, India's first microprocessor-controlled ACs in 1998 and India's first sub-1-tonne ACs priced under Rs 10,000 in 2004. We were the first in the country to launch and promote energy-efficient ACs in early 2007 and were also the first to introduce corner AC in 2008.
 - **Of late, Korean companies are ruling the white-goods market in the country. How do you look at this competition?**
The entry of Korean majors has created a treacherous environment of thin margins, high promotional costs and fierce competition. Voltas has withstood the onslaught of every major brand in the country. This has been possible primarily because it has served its customers with quality products over a period of time and kept pace with trends and expectations through a constant cycle of innovation and speed in execution.
Any competition is a twin-edged sword, offering a slew of opportunities and, at the same time, challenging existence, thereby instilling agility and steadfastness. The consumer has benefited immensely and so has the industry in general through a plethora of product variants and technologies, thereby increasing the product pie.
 - **Voltas has been an aggressive player in the retail air-conditioner segment. What made you exit the retail refrigeration business ?**
Voltas had primarily been selling only the conventional range of refrigerators and absence of an innovative range of frost-free refrigerators made it an unviable proposition due to the onslaught of low-priced refrigerators brought in by MNCs. Hence, we decided to exit this business in the late '90s.
 - **What, according to you, are the major challenges ahead ?**
While we are seeing the revival in economic conditions and the market opening up, players are getting increasingly aggressive to recover lost grounds. This has left the buyer fraternity pampered with choices and the industry squeezed of margins.
The basic technology remaining the same, it will be a challenge to continue to bring in innovative products with superior technologies to remain distinct. Rising input costs also pose a challenge to meet the expectations of providing affordable prices to consumers.
- Will you share with us your plans for the near future ?**
Having established our superiority as an energy-efficient, air-conditioning brand, the company will continue to invest in R&D to introduce the latest and innovative products to suit the changing taste of discerning consumers. With tier-II and tier-III towns becoming major growth engines, focus will be enhanced on increasing the reach by augmenting retail and service footprint besides having a more pronounced presence at the point of sale.