

'Let's not psyche ourselves'

Insulating against slowing demand with **business in 'defensive' sectors**, the HCL Infosystems way

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If the depreciating rupee is aiding the export-oriented software and IT services industry, it is having a dramatically contrary effect on the hardware sector. This year, the PC industry has initiated at least two rounds of price hikes across various product categories such as desktops, laptops and select peripherals. Add to that the general weakness in demand in the SME segment and troubled retail and BFSI space, and the going is anything but easy for the IT hardware industry. But Ajai Chowdhry, Chairman and CEO of HCL Infosystems believes that while people are exercising some caution while buying, the company's distribution business in the digital lifestyle arena, as well as its exposure in 'defensive sectors', are unaffected by the general slowdown. In fact, Chowdhry sees the IT hardware industry growing at 15-18 per cent this fiscal. *eWorld* caught up with Chowdhry recently to find out more about the mood in the Indian hardware industry and the impact of the overall slowdown on IT spends and demand. Excerpts:

The industry initiated price increase for multiple hardware categories in early October when the rupee was hovering at around Rs 48.38/43. Are you anticipating another round of price hikes now?

We have already accounted for about Rs 50 (to a dollar). And I hope that the rupee will not depreciate any further. What is worrying the hardware industry today is volatility, not the rate. If the rate stabilises at Rs 45-46, we can be more predictable.

As a dominant player in the industry, have you started seeing any slump in the demand for products in the consumer category?

If I talk about my distribution in the digital lifestyle arena, frankly, I am not seeing anything. I believe we are psyching ourselves out. First, it is more a caution that people are exercising today, rather than not having the money to spend. Second, if you look at projects in India that have already been funded, there is going to be no change. It is the large projects in the infrastructure sector which are out there waiting for financial closure ... they could see a slowdown of 4-6 months. I do not think this problem will last beyond April- June next year.

Finally, if you look at the IT hardware market, 30 per cent of the market is consumer - of this close to 20 per cent needs funding

