

AC-makers hope sales will rise with temperature

<http://www.thehindubusinessline.com/companies/acmakers-hope-sales-will-rise-with-temperature/article8433550.ece>

After facing two tough years due to unseasonal rains, air-conditioner makers are hoping for a much-needed revival in demand, as weather forecasts have indicated a harsher summer.

With the sector expected to grow at about 12-15 per cent this year, AC makers are targeting double-digit growth.

Rise in distribution

Sanjeev Bakshi, COO – Air Conditioners Division, Videocon, expected the size of the AC industry to grow from 36 lakh units to about 40 lakh units.

“We are aiming at about 50 per cent sales growth this year on the back of new products and increasing the width and depth of distribution. We are also focussing on the B2B segment this year, as we expect an uptick in the real estate market with more flats getting ready for possession, besides growth in commercial development,” he added.

Bakshi said the company was hoping to see nearly 20 per cent of its sales coming in from the B2B segment this year.

The AC market is highly fragmented with nearly 55 brands in the fray. The market is flooded with new products with various features. Also, consumer durable players, for whom AC has not been a big segment in the past, are hoping to strengthen their presence in the category this year.

Allied products

For instance, Whirlpool India, for which refrigerators and washing machines are the biggest business, is planning an aggressive play in the AC segment with a new range, including products that combine air purification with air filtration technology this year.

Haier India, for which ACs are the third largest category, is aiming to grow business in this segment by 50 per cent. Eric Braganza, President, Haier India, said: “We are already seeing good response in the AC category. We saw the highest ever sales for our ACs in March.”

Players, such as Daikin India, are also ramping up production and distribution, and is focusing on smaller cities and towns.

“The AC market has started seeing an uptick due to pent-up demand. We are aiming to grow more than the industry, as this year the overall growth expectations for the segment are much better. We are ramping up capacity with our second plant and are also setting up an R&D centre that will help us offer customised products, keeping in mind varying weather conditions in different regions,” said Kanwaljeet Jawa, MD, Daikin India.