

Greenshoots showing after a lacklustre first half

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Companies that grew marketed their products aggressively

Consumer durables makers put up a tepid performance over the past year. Despite inflation dropping lower, sentiment continued to be negative and consumers didn't loosen their purse strings much. However, falling input costs on lower price of metals, plastics and crude derivatives, helped to some extent. In the first six months of 2015-16, Symphony, Voltas and Havells India recorded a drop in sales. V-Guard Industries and TTK Prestige saw moderate growth. Others including Blue Star, Whirlpool of India, Bajaj Electricals and Hitachi Home and Life Solutions, saw sales growth of 10-12 per cent. This could be attributed to the companies' hard marketing efforts.

What helped Bajaj Electricals was the stronger revenue growth in its E&P (engineering and projects) and lighting (on new LED light launches) businesses. These businesses recorded 35 per cent and 18 per cent sales growth respectively in the first half of the year over the same period in the previous year. The appliances and fans together however recorded a 5-per cent drop in sales. Blue Star saw demand for its room air-conditioners go up faster than the industry, thanks to its aggressive marketing. With Whirlpool, it was new product launches and aggressive marketing that helped. In the first six months of 2015-16, the company recorded sales growth of 12 per cent. September quarter was hurt due to the base effect. In 2014-15, a chunk of the Diwali sales happened in the second quarter, but in 2015-16, it was in the third quarter. So, in the December quarter (11 per cent sales growth) the company recorded an impressive sales growth. Net profit was higher by 39 per cent over the same quarter last year, helped by better operating margins on cost-savings on raw material.

V-Guard is another company that showed strong profit growth. Though sales growth in the first six months was just 2.7 per cent, profit growth was above 16 per cent due to operating margin improvement and a drop in interests due to debt repayment.

The recent December quarter, however, has been much better for many players.

V-Guard Industries has recorded 6 per cent sales growth. Blue Star and TTK Prestige have seen about 15-16 per cent sales growth. Whirlpool maintained its run rate by

recording an 11 per cent sales growth. Hitachi Home and Life Solutions has reported 27 per cent sales growth.

This is a sign that the consumer confidence is returning. The coming quarters may be even better if the Budget has measures to boost rural and urban consumption.