

Blue Star hopeful of improving business from Q2

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Blue Star Vice Chairman & Managing Director Vir S Advani said, "In the post-pandemic world, it is becoming increasingly clear that we need to focus on mitigating geographical concentration and seasonality risks."

Air conditioning and commercial refrigeration major **Blue Star** **NSE -0.84 %** is hopeful of business to improve from the second quarter of 2021-22 after being hit hard by the second wave of COVID-19, coupled with a 'bad summer season', according to company Chairman Shailesh Haribhakti. Having learnt lessons from the pandemic on the need to mitigate geographical concentration and

seasonality risks, the company is now focussing to grow its exports, and is also planning to participate in the production linked incentive (**PLI**) schemes announced by the government through a newly formed subsidiary.

It is also investing around Rs 130 crore on a new manufacturing facility for deep freezers and water coolers at Wada, **Maharashtra** which is likely to be commissioned towards the end of 2021.

"The sudden turn of events consequent to the emergence of the second wave of COVID has crippled the economy and our businesses in Q1FY22, and we have had to cope with another bad summer season," Haribhakti wrote in his address to shareholders in the company's annual report for 2020-21.

He, however, said, "With a renewed national focus on strengthening the healthcare infrastructure and an accelerating vaccination drive, I am hopeful that things will begin to improve from Q2FY22."

Haribhakti said with the momentum gained in Q4FY21, the company was "looking forward to a great summer season. Moreover, the Union Budget announced on February 1, 2021, was expected to place India on a very high growth trajectory" before the onset of COVID-19 second wave.

Commenting on the road ahead, Blue Star Vice Chairman & Managing Director Vir S Advani said, "In the post-pandemic world, it is becoming increasingly clear that we need to focus on mitigating geographical concentration and seasonality risks."

In this context, he added, "growing our exports is critical. In FY21, we further consolidated our position in the Middle East, North Africa and SAARC regions and continued to invest in building the Blue Star brand in the Middle East."

In addition, he said "we are ODM (original design manufacturer) partners for a few international brands. The upcoming EXPO 2020 at Dubai and the FIFA tournament in Qatar continue to offer growth opportunities".

Advani further said Blue Star will also participate in the PLI schemes announced for many product categories by the government as a part of the 'Aatmanirbhar Bharat' programme.

"The company's newly formed subsidiary, Blue Star Climatech Ltd, will participate in the PLI scheme for some of the components which it will manufacture in its new manufacturing unit being set up in Sri City," he added.

The company is also setting up a new facility for manufacturing deep freezers and water coolers with an investment of around Rs 130 crore at Wada, Maharashtra.

"This new plant, likely to be commissioned towards the end of 2021, is expected to have the capacity to produce around 2,00,000 deep freezers and 1,00,000 storage water coolers annually," Advani said.

Stressing on the need for digital push in the COVID-19 era, Advani said, "This has become particularly important. With the factory at Kala Amb having become an 'Intelligent Factory,' all our factories are now IoT-enabled, allowing for efficiency improvement and cost-saving initiatives."

While digital investments will continue at an aggressive pace across the value chain, he said, "The next frontier for us to master will be customer data mining and analytics. This, along with institutionalising and embedding a digital mindset in our people so that it becomes a part of the DNA of the organisation, are key for securing our future."

Haribhakti identified enhancing competitiveness across all business lines as a top priority "in order to improve our market share in India and in international markets" and the company has initiated several strategic programmes in this direction.

These include investments R&D, Industry 4.0, capacity expansion, de-risking of supply chains and digital initiatives, including customer analytics and robotic process automation, among others.

"We aim to grow our market share in India by expanding our distribution reach and making the Blue Star brand relevant to emerging new customers in both B2C and B2B segments. We will continue to make significant investments in brand building as well," he said.

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