

The Future of Water Heating Technology

Mathew Job, Managing Director, Racold Thermo.Ltd, discusses the latest trends in the water heating products industry in India, the challenges faced, various technologies used to manufacture water heaters, and future prospects of the company, in a conversation with **Karthik Muthuveeran**

What are the latest trends in the water heating products industry in India?

The market size for electric water heaters in India is more than 1.8 million units of electric with a value of approximately Rs 700 crore. The electric water heaters market is expected to grow at around 7 percent per annum. The market size for solar water heaters is approximately Rs 500 crore and growing at approximately 12 percent per annum. This is due to the growing awareness amongst the consumers of the energy and money-saving benefits and environment-friendly aspect of solar water heaters. Moreover, government subsidies are also encouraging penetration for the solar water heater category. Better infrastructure and piped water facility in rural India would drive solar water heaters penetration even further. The growth of gas water heater market has been hampered by low diffusion of piped gas networks.

What are the key challenges and opportunities for Racold Thermo in the Indian market?

If you look at the penetration of the category, it is still very low at around 10 percent. This signifies that the



category has the potential to grow tremendously. With disposable income in the Indian households rising, the penetration is definitely going to increase. It is also pertinent to note that water heater ownership is not restricted to a single unit in a household, but has a potential of multiple units. As a brand, we see a lot of opportunity in this sector, and hence we are planning to double our business in the next two to three years.

However, electricity shortages and frequent outages are major constraints for higher penetration of electric water heaters, especially in Tier II and Tier III towns in India.

Government subsidies in solar are going to propel the growth of the market. Also, better infrastructure in rural India would drive solar water heaters penetration even further.

How different is the market in India when you compare it globally? What sets it apart from the competitors?

India is a very different market, both in terms of demographics and product requirements. There are regional variances which influence the type and sizes of water heaters requirements. We, at Racold Thermo, bring in international expertise, world-class technologies and a

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global perspective, while adapting the product features to cater to the varying climatic and water conditions found across India.

In the last decade, India has been one of the fastest growing economies with a huge market potential for water heating products. We keep elevating the benchmarks in terms of products and service deliveries.

What technology does the company implement to manufacture these water heaters?

Racold Thermo believes in introducing innovative technologies and providing energy-efficient solutions that are ideally suited for the Indian market and water conditions. We believe in thinking globally, but acting locally. We draw on our global technological and design expertise, but ensure that we adapt the same for Indian conditions and requirements. It is this approach that has helped establish and strengthen our leadership position in the market.

Some of the technologies that Racold Thermo has introduced in the Indian market are:

- The SPHP (Super Polymer High Performance) technology provides unmatched corrosion resistance to the inner tank and the ability to withstand high pressure.
- The Titec technology (heating elements with titanium enameling) ensures better

protection and longer life of heating elements as well as improved energy efficiency.

- Intelligent timer in our DG range provides the flexibility to the user for pre-setting his bathing requirements like time and temperature.
- The anti-bacteria feature in our products ensures 99 percent of bacteria-free water.
- Racold Thermo is one of





the first brands in India to launch a water heater with a cordless remote.

- In solar water heaters category, Racold Thermo has introduced the Duronox technology for tanks for higher durability, and the Omega technology for much more enhanced performance.

We are one of the few companies in India with major presence in all the three major market segments, i.e., electrical, solar and gas water heaters. Thus, we are uniquely positioned to strengthen our market leadership going forward.

Racold Thermo has won the most prestigious National Energy Conservation Award 2012. Please tell us more about this.

The environmental scenario in India is changing constantly, and there is an urgent need for adopting energy efficient technologies. Racold Thermo has taken the lead in introducing more advanced range of energy-efficient water heaters in the country. The National Energy Conservation Award is a recognition given by the Ministry to encourage us in raising the bar even further in

the coming future. As per our internal study, electric water heaters contribute approximately 30 percent to the household electricity bill, whereas the usage of energy-efficient water heaters can reduce the electricity consumption and costs significantly. In 2012, Racold Thermo has sold over half a million water heaters.

Any new solutions in the pipeline?

We have recently launched the new product range – Eterno 2, Eterno 3, Eterno DG and Altro 2 – that are based on the ‘Energy efficiency’ and ‘Innovation’ philosophy followed by the company. Intelligent timer on Eterno DG, with a cordless remote, can set the required temperature of the hot water at the set time. The Eterno 3 range of water heaters features Racold’s pioneering 3kw heating element that heats water 33 percent quicker and helps you save valuable time in the mornings. A 5-star energy efficiency label and high-pressure withstanding capacity make the new ranges suitable for usage in high-rise buildings and for pressure pump applications. We will shortly also launch some upgraded versions in solar water heaters.

Please explain the various management principles (practices such as lean manufacturing, 5S, Kanban, etc.) adopted by Racold Thermo.

We at Racold always strive to maintain the best manufacturing practices in the industry. Some of the practices that we follow are Kaizen, Kanban, etc. All the employees are aligned to ensure a lean inventory and a fast turnaround of the production cycle. This ensures an efficient supply chain management, ensuring availability of supplies to our valued customers across the country. The entire Racold team is receptive to new ideas and techniques, which would ensure that we always remain ahead of the curve.

How do you envisage the company’s future?

Racold is targeting a turnover of around Rs 500 crore in 2014. We will continue to enlarge our product offering in all three verticals—electrical, solar and gas water heaters. Racold, as one of the market leaders, is working towards expanding its reach and distribution, not only in metros but also in Tier-I, Tier-II and Tier-III cities. Our products have the flexibility to adapt to different water conditions allowing vast geographic reach, thus providing interruption-free hot water supply to our customers across the country. We would be focusing more on increasing the brand and category awareness through mass media and other on-ground marketing activations. We also put in a lot of focus to provide equipped after sales service for a hassle free life-time customer experience. We have a toll free number, which the customer can access anytime. With all these initiatives, we are confident of achieving our business objectives. ■