

# ₹ volatility fails to affect consumer durables firms

These companies have contracts in yen and yuan

ILLUSTRATION: AJAYA MOHANTY

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The rupee's constant fall against the dollar has spelt trouble for many sectors. However, the consumer durables industry has not been hit like many others as these companies have contracts in Japanese yen or Chinese yuan.

Another factor which is also shielding the sector is setting up of manufacturing facilities in the country as companies have created their ecosystems locally. Also, a fall in base metal prices has cushioned the blow of the falling rupee.

In the last three months, the rupee has depreciated 2.2 per cent against the dollar, which typically hurts consumer durable companies.

"The rupee has been depreciating but we are also seeing commodity prices soften. One has to wait and watch how both the trends play out. We will not take any pricing action at the moment, but we will review the situation next month," said Kamal Nandi, business head and executive vice-president at Godrej Appliances, part of Godrej & Boyce, told *Business Standard*.

The London Metal Exchange base metal index has softened since October.

However, Daikin India has focused on creating its own ecosystem in the country to



manufacture air conditioners. But it imports around 10-15 per cent of its total requirement.

"We have created our own ecosystem and also opened one more manufacturing facility recently. Due to this, we are not heavily dependent on imports," said KJ Jawa, chairman and managing director of Daikin India.

He also added that it will take a call on pricing its products but only at the end of the month.

In December, Daikin India announced a joint venture (JV) with Rechi Precision, a major in the compressor business. This was to manufacture,

design and sell rotary (inverter and non-inverter) compressors in India and a few overseas markets.

Another consumer durables manufacturer said it has contracts in yen and yuan and the rupee has not depreciated to that extent against these currencies the way it has against the dollar.

"The depreciation is not as much against other currencies in which we have our contracts in. We are in talks with our buyers and the fall may have an impact on our costs," the person mentioned above added.



**VOLATILE CURRENCY**  
PART-III

**CONSUMER DURABLES**

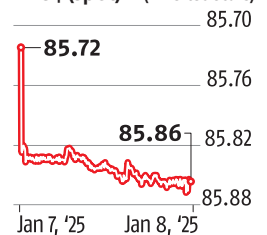
₹ falls to fresh low of 85.86 vs \$

The rupee extended its slide for the second straight session and declined 13 paise to hit a fresh record low of 85.86 (provisional) against the US dollar on Wednesday amid higher crude oil prices and stronger American currency.

Lacklustre sentiment in domestic equity markets and outflow of foreign funds also played a role even as investors stayed cautious over lower economic growth projection by the government, forex analysts said. At the inter-bank foreign exchange, the rupee opened at 85.82 and touched the lowest-ever level of 85.89 against the greenback during intra-day. It settled at 85.87 (provisional) against the dollar, 13 paise lower than its previous close. **PTI**

## SLIPPERY SLOPE

₹ vs \$ (spot) (inverted scale)



Source: Bloomberg