

West Asia war spells trouble for AC makers

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The LPG cylinder shortage is spelling trouble for air conditioner (AC) manufacturers, who are joining the woeful list of consumer durable makers impacted by the West Asia conflict.

“Geopolitical tension in western Asia has started creating some supply-side constraints across certain input materials used in AC manufacturing. We are currently witnessing restricted supply of LPG, which is used in processes such as brazing and curing of powder-coating,” said Kamal Nandi, business head and executive vice president, appliances business, Godrej Enterprises group.



**WEST ASIA
CONFLICT**

Other prominent AC makers, too, have hinted at production impact if the restricted supply is not eased. “While we still have some stock, if the restrictions on commercial LPG cylinders continue, production of ACs will be impacted in the coming few days,” B Thiagarajan, managing director (MD) at Bluestar told *Business Standard*.

There has also been a limited supply of key plastic raw materials like polypropylene and polystyrene, accompanied by sharp price increases. These elements are fundamental to manufacturing refrigerators, washing machines, air conditioners, and other appliances.

“We are monitoring the situation closely, working with suppliers and opti-



Industry concerns

- Manufacturing processes like brazing and powder-coating in AC plants affected
- Shortage and price rise in plastics such as polypropylene, polystyrene used in appliances
- Commodity inflation with copper prices up 25%, aluminium at record highs
- Production risk ahead of summer season if LPG cylinder restrictions persist

mising procurement strategies to minimise disruption and ensure production continuity ahead of the peak summer season,” Nandi pointed out.

This comes amid already rising prices of commodities like copper and aluminium, used heavily in the production of durables. Prices of copper have risen

almost 25 per cent in the last few months and aluminium prices, too, are at an all-time high.

After last year’s season was wiped out due to an early arrival of rains and prolonged monsoon, the consumer durables industry had been hopeful of a strong sales season this year, powered by an

early arrival of summer. A harsher summer was also a driving factor for sales this year.

Voltas, for instance, said it expected to record 25 per cent growth in the room air conditioner (RAC) category this season. The company is not dependent on LPG for its manufacturing plants. “We use oxy-acetylene, so fortunately we are isolated from the issue as of now,” Mukundan Menon, managing director at Voltas said.

Panasonic Life Solutions India hasn’t seen any impact on their AC manufacturing, but they continue to monitor the situation closely. “We are very carefully monitoring the progress (of the conflict) and have sustained production over a period of time. So at this point, it’s okay, but we are very carefully monitoring the situation,” said Abhishek Verma, business head & product chief — AC group at Panasonic Life Solutions India.