

Sports goods makers feel the heat of West Asia war

Sports goods manufacturing hubs in Jalandhar and Meerut face rising cost pressure

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NEW DELHI

India's sports goods and equipment manufacturing industry, largely concentrated in Punjab's Jalandhar and Uttar Pradesh's Meerut, is facing mounting cost pressures as the US-Iran war pushes up prices of petrochemical-based raw materials.

Manufacturers, suppliers, and experts say prices of key raw materials, including polyester used in sports apparel, plastics and composites used in lightweight rackets, helmets, and hockey sticks, and rubber used in shoes, balls, and other inflatables, have increased sharply.

The price of HDPE (high-density polyethylene), a polymer, has increased to as high as ₹160 per kilogramme now from ₹96-100 per kg before the war, said Ravinder Dhir, chairman of the Khel Udyog Sangh Punjab, a group representing sports goods manufacturers in the region.

The price of rubber has risen to ₹235 per kg from ₹180 per kg, and of zinc to ₹310 per kg from ₹225 per kg, added Dhir, who also runs his own sports equipment supply business.

As a consequence, manufacturers have seen margins come under pressure during the April-June season, when demand in the domestic market dominates order books.

While some cricket equipment manufacturers have remained largely insulated, others said they are keeping inventory levels low and that order books are drying up.

"Amid rising petroleum product prices, manufacturers are producing strictly according to demand



Prices of polyester, plastics, composites, rubber and zinc used in sports apparel, rackets, helmets, hockey sticks and shoes have risen sharply. MINT

and keeping inventory levels low. Retailers, too, are placing orders only as required instead of maintaining large stocks," said Sanjay Kohli, proprietor of BAS (Beat All Sports), a Jalandhar-based cricket bat and accessories maker.

Manufacturers, particularly small and medium enterprises

"The April-June period sees the highest demand from domestic buyers, but this year, increasing input costs have hit the supply. The demand is there, but manufacturers across the board are finding it difficult to supply it," said Dhir.

The prices of some commodities, according to manufacturers, such

Experts estimate that petrochemical prices will stay higher for about a year. "Due to supply-chain disruptions, the blockade of the Hormuz strait, and the time taken to repair damage in several crucial petrochemical manufacturing units in West Asia will mean that it will take about a year for raw material prices to come down close to pre-war levels," said Prashant Vashisht, senior vice-president and co-group head at credit rating agency Icra Ltd.

Retailers, meanwhile, report a gradual price increase in sports equipment and apparel, which could dampen demand, particularly among amateur buyers and institutions with fixed budgets.

"When global commodity prices rise, it translates into higher costs for retailers also. We are procuring some products at higher prices. We anticipate that we will have to procure at higher prices than before," said Sachin Gaikwad, manager at Pune-based Champion Sports a retail outlet for all sports goods.

Gaikwad said a set of high-quality badminton shuttlecocks, which was earlier priced at ₹1,050, cost ₹1,180 in April and May.

India is a major exporter of sports goods, and any sustained hike in input costs may impact order volumes, especially from price-sensitive regions like China, Taiwan and Pakistan. India produces sports goods

worth \$183 million annually and exports goods worth \$2 billion, NITI Aayog estimates.

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SPOILSPORT COSTS

FIRMS say margins have come under pressure during the April-June peak demand season

SMALL firms are struggling to absorb rising costs and are cutting production or raising prices

PRICES of key materials had initially risen 50% and are still 30-33% above the pre-war levels

RISING input costs to hurt India's \$2 bn sports goods export to price-sensitive markets like China

clustered in hubs such as Jalandhar and Meerut, are struggling to absorb rising costs. Many units operate on thin margins and are now being forced to either cut production or pass on the price increase to consumers.

as low-density polyethylene, polypropylene, polypropylene bags (boris), and printing ink, had risen as much as 50% initially after the war. While they have since fallen, they remain about 30-33% above pre-war levels.