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World's No. 1 Air-Conditioner Maker to Expand Capacity in India

- Daikin secures 33 acres for new plant in southern India
- Open for M&A in refrigeration business, India head Jawa says

By Supriya Singh and Masatsugu Horie

(Bloomberg) -- Daikin Industries Ltd., the world's largest manufacturer of air conditioners, is looking to expand in India as it responds to consumer demand for what's become a necessity as temperatures soar.

The Japanese company has signed a memorandum of understanding to acquire an additional 33 acres (13.4 hectares) to build a new plant near its current factory in southern India, chief executive officer of Daikin's India operations Kanwal Jeet Jawa said from the company's Osaka headquarters last week.



Kanwal Jeet Jawa

"About 93% people in India still don't own air conditioners and that's the future market for us," he said.

Temperatures across India have tested record levels this year, posing health risks, hurting agriculture and potentially weakening economic activity. With its rising middle class, India is one of the world's fastest-growing markets for air conditioners, set to surpass the US to become the second-largest behind China by 2036, according to the International Energy Agency.

Daikin has benefited from the trend. The company sold about 700,000 units in the country in the first quarter through June, with sales up about 40% year-on-year in local-currency terms. The company expects sales to double in India by

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2025 from their 2021 levels.

Jawa said he is “quite bullish” about adding to the company’s three plants in India where the residential air-conditioning market is expected to increase approximately three-fold to around 30 million units by 2030. Daikin also plans to raise production in the country to meet its goal of exporting air conditioners to 100 countries throughout Africa, the Middle East and South America by March 2026, he added.



Air conditioners at a home appliances store in Mumbai.

Easier access to air conditioners through online shopping and paying in installments is an additional factor driving growth. Consumers in India “don’t look at cheap products anymore and want value for money,” Jawa said.

Since its first air conditioner rolled off an Indian production line in 2009, Daikin has grown to dominate the country’s combined market for commercial and residential air-conditioners. Tata Group’s Voltas Ltd. and South Korea’s LG Electronics Inc. represent their main competitors in the residential segment.

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In addition to air conditioning, Daikin plans to expand its commercial refrigeration business in India to take advantage of the rising popularity of frozen food since the Covid-19 pandemic. Jawa sees that business growing to around 10 billion rupees (\$119.1 million) a year by 2030.

The company currently has food delivery company Blink Commerce Pvt. among its customers in the sector.

“Refrigeration is at that place today where air conditioning was probably 30 years ago,” Jawa said.

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