

Daikin India turns adversity into advantage

Daikin India, is looking to make India its manufacturing hub and is in the process of expanding its India operations—setting up its third factory, ramping up its R&D facility and planning to manufacture climate-friendly air conditioners said Kanwaljeet Jawa, MD & CEO Daikin India, Member of the Board and Regional General Manager, AC business, India and East Africa, Daikin Industries Ltd.

Daikin India hopes to expand in markets from India into East Africa by exporting from its Indian subsidiary. The planned India factory, expected to cover 40 to 45 acres, would boost capacity to meet any requirements for growth regardless of the economic impacts felt from the Covid-19 crisis. "Covid-19 hasn't dampened our investment interest. We have already bought the land to set up our third manufacturing facility in the country to cater to local and overseas markets including Sri Lanka, Bangladesh, Nepal and Africa where we are looking to expand our presence," confirmed Jawa, adding that "development work should start by the end of 2022."

In order to advance in Africa, Daikin announced its partnership with Wassha Inc., last November. Wassha Inc., is a Japanese start-up using Internet of Things technology (IOT) to develop an

electrical power service business in the non-electrified areas of Africa and to introduce high-efficiency air conditioners to small stores and ordinary homes in Tanzania through a subscription method, in a bid to drive demand to gain traction in the country.

In April this year, Daikin in collaboration with Nikken Sekkei Ltd., emerged as one of the two winners of the Global Cooling Prize (GCP), an international innovation competition aimed at developing super-efficient and environment-friendly residential cooling solutions. In line with Daikin's aspirations to achieve net-zero carbon dioxide (CO2) emissions by 2050, the local subsidiary is currently working on developing climate-friendly air conditioners for India and the global market.

"Our prototype product for the GCP is our ground breaking concept. We believe that we have contributed to the creation of the first step of solutions that can provide safe and healthy air for the next generation by continuously challenging and generating the next innovations," said Jawa.

The Indian air conditioner market is largely untapped because of relatively low penetration today, so the company has spent a combined Rs 20 billion (\$263 million) on an Indian research and development facility, numerous centres of excellence and two factories in Rajasthan with a capacity for more than 1.2 million air conditioners per year.

According to analysts, the Indian room air conditioner market grew to over 7.2 million units during the fiscal year ending March 2020, from just 2.7 million units a decade ago. It grew at a CAG

“ The air conditioning market in India was temporarily depressed due to the corona disaster, but the commercial air conditioning segment - including air handling units for data centres, healthcare, pharmaceuticals, offices, hotels and factories - has started to expand, driving demand in this segment

Kanwaljeet Jawa

MD & CEO Daikin India, Member of the Board & Regional General Manager, AC business, India and East Africa, Daikin Industries Ltd.

rate of around 10% on the back of the rising middle-class and buying power. Experts believe India has a huge growth potential as it is still an underpenetrated market for durable products for homes such as air conditioners.

Daikin is investing around \$136 million for its plant in Andhra Pradesh, its third in India, which will roughly double annual production capacity to nearly 3 million air conditioners. The factory will not only turn out finished units, but also, compressors - a core component, for use there and at Daikin's other Indian plants.

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