

We Have Never Considered India's Price-Sensitive Market As A Barrier



Daikin's CEO and MD, Kanwal Jeet Jawa speaks to BW Businessworld on the company's strategy vis a vis India. He also talks about Daikin's approach from commercial to residential and future of the company's India arm. Excerpts

“Daikin has the very best HVAC technology, including the ‘greener’ HFC32 refrigerant as well as the energy-efficient inverter AC technology. We are looking to establish a second manufacturing plant in India and will expand operations through this to propel a new phase of growth, while increasing market share of our residential and big-ticket projects.”

Compared to other Japanese companies, don't you think Daikin has a comparatively modest presence in public consciousness?

Not really. As your question puts it, the “modest presence in public consciousness” had more to do with the fact that till few years back, Daikin was only manufacturing commercial ACs and chillers in the country, while importing significant nos of residential ACs from Thailand and Japan.

Daikin began manufacturing residential ACs at its Neemrana plant in Rajasthan in 2012. Within three years, we have emerged as the fastest growing AC player in the residential segment.

What was the trigger behind the change of strategy from commercial to residential ACs? Was it the slow movement that was felt in the commercial category?

To use your phrase once again, there was no “slow movement felt in the commercial category”.

Daikin undertook a dual change in strategy: we began to focus on the residential segment and also ensured

higher localisation of products. These two tactical shifts have contributed to our success, with sales revenues soaring from Rs 440 crore (2009-10) to Rs 4,000 cr in 2017-18.

Significantly, where 70% of revenues in India came from commercial air-conditioning a few years ago, today 50% is garnered from residential, while 50% comes from commercial.

The Indian market is renowned for its price sensitivity. How has Daikin overcome this challenge?

Daikin has never considered India's price-sensitive market as a barrier. Instead, we consider this a challenge that has helped us improve our product technologies while downsizing price. Daikin's strategy of higher localisation has helped control prices too and placed us in an ideal position where we can offer the best products at different price points due to our wide range.

How do you visualise the future of Daikin India and the Daikin Group?

Considering our wherewithal as a HVAC group, Daikin India and the Daikin Group are well positioned to

expand their footprints and penetrate new markets in various geographies. In India, as the Government moves resolutely on programmes such as ‘Make in India’, the creation of 100 Smart Cities, ‘Housing for All by 2022’, boosting infrastructure development across the country, etc., Daikin is well placed to capitalize on these programmes and offer its services across multiple domains.

How do you visualise the Indian HVAC industry in the next 5 years?

The HVAC industry in the country has been on an upward spiral for some years now. We estimate the Indian room air conditioner market to grow from 4 million units in FY 2016 to 7 million in FY 2020, a 15% CAGR.

Since Daikin's products and services offer high-quality assurance, robust green quotient and competitive rates at different price points, this could facilitate quicker realisation of the national goals of infrastructure development, while simultaneously ensuring (via the use of energy-efficient products and services) that the nation's carbon trail is not unduly increased.