

DAIKIN AIR-CONDITIONING INDIA Pvt. Ltd.: TECHNOLOGY-DRIVEN AGENDA FOR GROWTH

Driven by exponential growth Japanese cooling solutions giant Daikin, is pleased with the sound investments it has made in the Indian market over the past 7-8 years. **MD & CEO Daikin India Kanwaljeet Jawa** in a conversation with **Fortune India Exchange** shares the highpoints of this journey



Q Daikin Industries Ltd., Japan's stakes are very high as a global leader in the manufacture of commercial-use and residential air conditioning systems. As Daikin Air-conditioning India Pvt. Ltd. (DAIPL), a 100% subsidiary of the company, an unrivalled No. 1 HVAC player globally, where do you see your future heading here in India?

A Leveraging the global experience of the brand Daikin the company has achieved a commanding position in India which in itself is a highly competitive market. It is the only company in the market which produces air-conditioners, compressors and refrigerants, thus being in a ideal position to provide a varied range of energy-efficient air conditioning solutions to Indian customers.

Q Can you tell us what has been the driving force behind the company's excellent performance and growth since Daikin's foray into the Indian market?

A A major impetus in our growth here in India since 2007 has been our factory in Neemrana, spread across 40 acres of land, which has provided us excellent backup for our agenda here, since then. The Rajasthan Government too has played a pivotal role in supporting us every step of the way for being an early adopter of the Neemrana Japanese Economic Zone for our production activities. Our next phase of commitment to our India plans was our resource infusion in the Research and Development Centre in 2015, which was geared to design and commercially develop "Make in India" products. The year 2017 was a landmark year for Daikin India's manufacturing agenda. Capitalising further on the support of the Rajasthan Government we set up our second factory at Neemrana.

Q What kind of capacities are your factories engaged in?

A Well our Factory Unit I & II, is strategically located at Neemrana, Rajasthan on NH-8, in a massive sprawl of 160,000 sqm. The total investment here has been over Rs. 2000 crores. The facility has

the capacity to manufacture 15 lac Room ACs, 50,000 VRV units, 1 lac Cassette units, 20,000 Ductable units and 1000 Chillers.

Q Tell us a little more about your involvement with the Neemrana Japanese Economic Zone, which we hear is very progressive?

A Underpinning our Thought Leadership Vision has been our commitment to both the Indian and Japanese government to develop JIMS (Japan Institute of Manufacturing Excellence) in order to create an employable workforce to the tune of 1 million workers by 2020.

Q Your R&D department has been critical to your growth plans. Tell us something about its activities?

A You must be aware that in India most AC manufacturers tend to follow the 'Outsource and Assembly' model with low spending on R&D. China and Thailand have been a major resource for compressors, while condensers are sourced from local vendors with the complete AC unit being assembled in the manufacturers factory. Daikin on the other hand has been amongst the frontrunner's when it comes to R&D – spend (Typical R&D spending by Indian AC manufacturers tends to be in the range of 0.2% of sales). Not only is Daikin's R&D spend sizeable but has also built its own R&D facility in Rajasthan with an investment of INR 100 lacs. The R&D centre has been running full on since 2016 and has been customising ACs for Indian climatic conditions as well as SAARC countries.

Q What are your future commitments to expanding your footprint in India?

A Daikin is committed to India and in addition to expanding the Neemrana manufacturing facility it is looking at South of India, for its factory, targeted for exports. We are targeting to sell more than 10-12 lac RESIDENTIAL units by 2019, which will make us the undisputed leaders in the Indian HVAC market place. The growth areas will continue to be the tier 2 & 3 cities. India's AC sales which stood at 4mn units in FY 16 are estimated to spiral to 7mn units by FY20, a 15% CAGR.