



# India: Performance of Heating, Ventilation and Air Conditioning (HVAC) Industry

Quarterly Update: Q3 FY 2020 (Oct'2019 - Dec'2019)

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# The HVAC Industry is currently growing at a rate of 9.16 % CAGR and is expected to reach USD 3.9 Billion

## Key Economic Indicators

6<sup>th</sup>

Largest Economy in the world

3<sup>rd</sup>

Largest Producer and Consumer of Electricity

63<sup>rd</sup>

Ease of Doing Business. India improved its rank from 77

38 Mn

Employment Generated, Direct & Indirect

3.3%

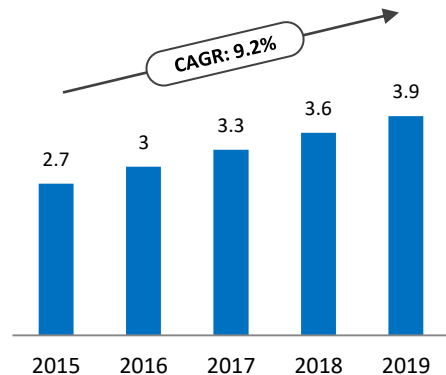
CPI Rate in H1 FY20

USD 49 Bn

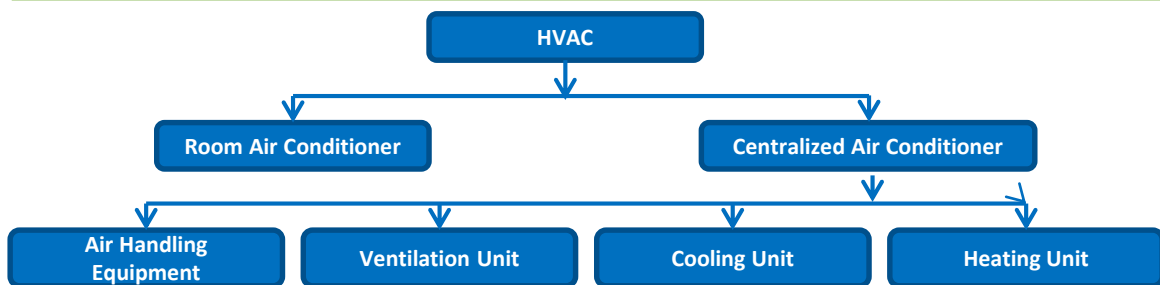
FDI in India Economy in 2019

## HVAC Industry Trend

### HVAC Market (Bn USD)

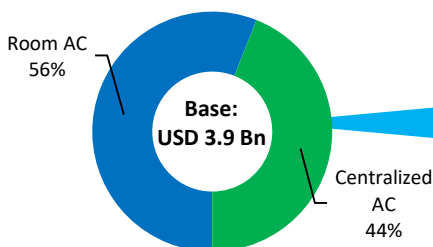


## HVAC Types and Equipments in Centralized AC

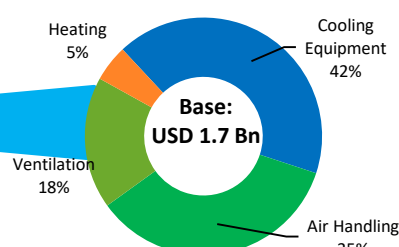


## HVAC Market by Segment

### Indian HVAC Market By Segment



### Centralized AC Market By Equipments Type



## Sector Wise Demand

- **Office Space** – This sector is likely to record a demand of 42 million sq ft by end of 2019
- **Airport** – To cater rising air traffic GOI is targeting to increase the current operation 103 airports to 200 by 2040
- **Retail Stores** - Retail space demand raise to 7.8 Mn sq ft in 2018 at a rate of 81%
- **Hospitality** - International tourist arrivals in India are expected to reach 30.5 Mn by 2028
- **Multiplex** - Indian multiplex market is expected to reach 4500 by 2024 and growing at a rate of 7%
- **Hospitals** - Hospital industry is expected to reach USD 132 Bn by 2022
- **Manufacturing** – GOI aims to increase the share of manufacturing sector from 16% in 2018 to 25% in 2022

AC: Air Conditioner; Bn: Billion; FDI: Foreign Direct Investment; GDP: Gross Domestic Product; GOI: Government of India; GST: Goods and Services Tax; Mn: Million; Sq ft: Square feet, CPI : Consumer Price Index; USD: United States Dollar

Source : Tecnova Research, GOI, Industry Reports

# HVAC Industry Q3 Newsletter

## Key Headlines

- Micromax is entering into AC market and has set up manufacturing unit in Bhiwadi, Rajasthan specifically for AC manufacturing
- Bangalore continues to dominate office space market with 15.6 million sq. ft. absorption in 2019, thus enhancing the demand of HVAC
- Air Handling Equipment is growing at a CAGR of 9.5% amounting to USD 0.6 Mn in 2019
- Ventilation Unit is growing at a CAGR of 9 % amounting to USD 0.3 Mn in 2019
- Cooling Equipment is growing at a CAGR of 8% amounting to USD 0.73 Mn in 2019

## Government Initiative & Policies



- Under the guidance of Ministry of Power, the Bureau of Energy Efficiency recommended the Government to maintain 24 degree Celsius as the default temperature this will enhance the saving of electricity by 6%
- Government of India on November 2019 announced setting up of USD 3.5 Bn Alternative Investment Fund (AIF) aimed to provide relief to developers with unfinished projects
- The Ministry of Environment in March 2019 released India Cooling Action Plan with a vision to address the cooling requirement across sectors and list out actions which can increase operational efficiency

## Major Investment

- Jhonson Control - Hitachi Air Conditioning announced plans to develop and manufacture Air Conditioning in India for sales in Middle East and South East Asia
- Daikin is in plans to open 3<sup>rd</sup> manufacturing facility in India (South). It has already two plants in Rajasthan
- Voltas invested USD 71 mn for its new facility in Tirupati, Andhra Pradesh
- Danfoss eyeing USD 285 mn top line and investing USD 125 mn to augment capacity

## New Trends in HVAC Industry

- **Smart HVAC**
  - Repair Notifications
  - Remote Access
  - Self Regulation
- **Sustainable Building Design**
  - Ventilation Systems
  - Inducted Material
  - Alternative Energy Source
- **Geothermal HVAC**
  - Water is being passed through underground tubes and depending on time of the year these tubes are either heated or cooled by the temperature of the ground
- **DeVAP HVAC**
  - DeVAP stands for Desiccant Enhanced Evaporative
  - In this system, water is poured onto a honeycomb media, which absorbs it like a sponge. Then, a fan blows this water through the media, causing it to evaporate. This evaporation then causes the surrounding air to cool down, and this air is then released into the cooling
- **Solar HVAC**

## Upcoming Events

- Acrex India 2020 , 27<sup>th</sup> February 2020, a unique a platform and launch pad for potential business-enabling collaborations in the HVAC & R sector

## Tecnova's Experience in Automobile Industry

- Partner search and deal for a Europe based client
- Distribution partner search and assessment for a European hydraulic systems and pipe fittings manufacturer
- Extensive market research for a Europe based refrigeration component manufacturing company

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