



Indian HVAC Market Poised to Double in Five Years with 15% Annual Growth

Mumbai, 16th March 2026: Industry leaders at ACREX India 2026 highlight that the Indian HVAC sector is poised for significant expansion, with the market expected to grow at 15% annually and potentially double within five years.

The industry is shifting toward local manufacturing and AI-driven predictive maintenance to capture massive growth potential in residential and infrastructure sectors. With residential AC penetration at just 10%, leaders are prioritizing sustainability through humidity-optimized, super-efficient systems that can cut energy use by 60%. Ultimately, the sector is evolving beyond equipment sales to focus on the entire system lifecycle, emphasizing energy efficiency, indoor air quality, and environmental impact.

Organized by ISHRAE, ACREX India 2026 served as a global hub where more than 400 exhibitors representing 40 nations and over 30,000 attendees gathered for South Asia's premier HVAC and intelligent building exhibition. During the event, prominent industry leaders such as LG, Carrier, Daikin, Voltas, Danfoss, Schneider Electric, Panasonic, Johnson Controls and Tecumseh presented their latest advancements in next-generation cooling technology.

Speaking at the event Mr **Mukundan Menon**, Managing Director, Voltas Limited, said, "The Indian HVAC industry is at the cusp of significant expansion, with the sector expected to grow at nearly 15% annually, potentially doubling within the next five years. Currently, about 15 million residential AC units are sold in India each year, and this is projected to reach around 30 million units by 2030. On the commercial side, India continues to build rapidly, creating strong opportunities across data centres, district cooling and infrastructure development. The recent GST reduction on ACs from 28% to 18% is a welcome policy step that will stimulate demand, with the first visible impact expected during the summer of 2026."

Emphasizing the strong transformation and long-term growth potential of the HVAC industry in India, **Mr Ravichandran Purushothaman**, President, Danfoss Industries Private Limited, said, "Over the past three years, the HVAC industry in India has nearly doubled in size, with a significant shift toward local manufacturing, reflecting the momentum of Atmanirbhar Bharat and the government's focus on reducing import dependence in the cooling sector. Looking ahead, the opportunity is substantial. As per



the India Cooling Action Plan, cooling demand in India is expected to grow eightfold by 2038. On the commercial side, rapid expansion in semiconductor facilities, advanced manufacturing and data centres is driving demand for high-performance cooling solutions. At the same time, the industry is focusing on energy-efficient, water-efficient and carbon-efficient technologies, increasing localisation in electronics and strengthening new skill capabilities.”

Mr Jayanta Kumar Das, Society President, ISHRAE, said, “ACREX India brings the entire HVAC ecosystem onto one platform, enabling companies to showcase innovations and engage with the broader industry community. As cooling demand grows rapidly in India, the focus must move beyond equipment to the entire lifecycle of systems, where installation, operation and maintenance account for nearly 90% of the total cost. Through nationwide training programs, research and industry partnerships across 55+ locations, ISHRAE is working to strengthen skills, encourage innovation and support the sector’s mission of delivering more cooling with lower energy consumption and reduced environmental impact.”

Mr Amod Dikshit, Chairman, ACREX India, said, “India’s rapid infrastructure expansion and growing dependence on cooling across sectors such as data centres, district cooling, airports, hospitals, hotels and metro rail projects is creating a significant opportunity for the HVAC industry over the next decade. As this demand accelerates, the industry is focusing on localising the production of key sub-assemblies, strengthening capabilities and advancing more energy-efficient technologies. Cooling already accounts for nearly 40% of India’s electricity demand, which makes efficiency and sustainability critical priorities. With the Bureau of Energy Efficiency progressively upgrading standards every two years by about 7–10%, the industry continues to move towards more energy-efficient solutions.”

Ricardo Maciel, CEO of Tecumseh, said, "India is one of the world's fastest-growing HVAC and refrigeration markets, fueled by urbanization, food security, and expanding cold chain infrastructure. At ACREX, we highlighted our commitment to the Indian market through advanced, sustainable technology and strengthened local manufacturing. By combining global engineering with local production, we are meeting the market's growing demand for energy efficiency, helping customers lower operating costs while supporting India’s long-term sustainability goals. Tecumseh introduced the new TC3 premium-efficiency compressor platform, ranging from 3 to 12 cc, delivering more than 30% energy savings compared to current platforms."



Mr. Sanjeev Seth, Sr Vice President and Business Head, Systems Air Conditioning Division, LG Electronics India Limited said, "India's HVAC sector is on a strong growth trajectory, driven by rapid urbanization, infrastructure expansion and increasing demand for efficient climate control. At the same time, AI is beginning to revolutionize HVAC system management in India, as customers seek higher energy efficiency and reduced downtime. Technologies such as predictive maintenance, cloud-based remote monitoring and intelligent controls are improving reliability and optimizing energy consumption in VRF and chiller systems. This integration of digital technologies will significantly boost system performance and operational efficiency. At ACREX India 2026, LG Electronics India showcased its latest intelligent HVAC innovations designed for India's evolving cooling landscapes. "

Mr. Abhishek Verma, Head - Products Marketing & Planning, Panasonic Life Solutions India Pvt. Ltd., said, "The air conditioning industry in India continues to offer strong growth potential. With residential AC penetration at around 8%, the segment has significant headroom for expansion and is expected to grow at a CAGR of nearly 15%, while the commercial AC market is also witnessing robust demand. As climate needs evolve, energy efficiency and indoor air quality are becoming key priorities. At Panasonic, we are advancing AI-driven cooling technologies to enhance energy efficiency without compromising comfort. At ACREX India, Panasonic showcased these intelligent and sustainable cooling solutions for India's evolving needs."

Globally, the HVAC industry is entering a significant expansion phase, with the market projected to reach nearly \$445 billion by 2033, while HVAC systems already account for close to 40% of total building energy consumption worldwide. In response, the industry is rapidly shifting toward sustainable and energy-efficient technologies. Innovations such as AI-enabled smart HVAC systems, Variable Refrigerant Flow (VRF) technologies, natural refrigerants, district cooling systems, and advanced data center cooling solutions are transforming the sector.