

Changing Contours of the Indian Elevator Industry

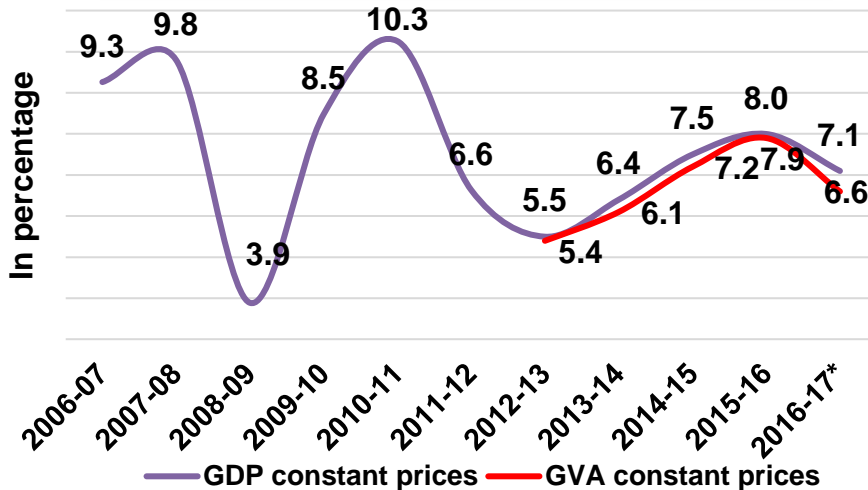
**A presentation at the
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India: Macroeconomic outlook

- The Indian economy has performed well over the last decade clocking a growth rate of 7.1% per annum between 2006-07 and 2016-17
- Indian GDP was estimated at INR 151.8 trillion at current prices in 2016-17, i.e. around US\$ 2.26 trillion
- The contribution of services sector to the gross value addition (GVA) have increased from 49% in 2011-12 to around 54% in 2016-17

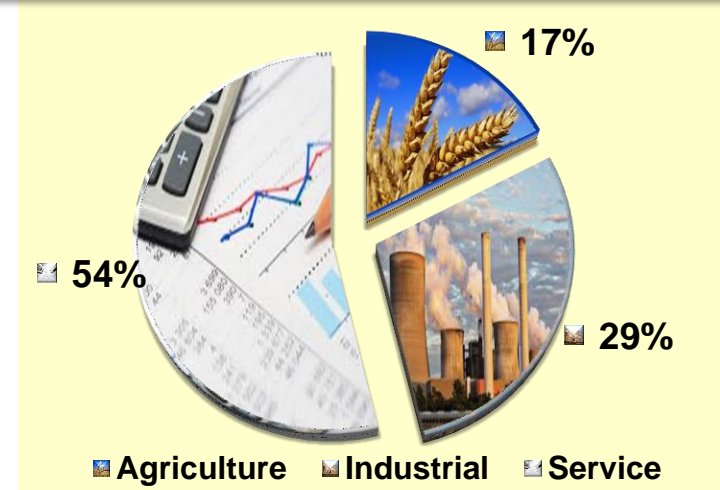
Indian economy: Growth trend, 2006-2017



Source: Office of the Economic Adviser, Government of India

Note: (2011-12 series); * provisional estimate

Components of Gross Value Addition, 2016-17 (%)



Building & Construction industry in India

- Construction sector contributed INR 10.4 trillion (US\$ 0.2 trillion) to the country's GDP in 2016-17
- The construction sector faced a period of stagnation between 2011 and 2014 owing to liquidity constraints and a number of projects being stalled
- The Government of India in a bid to support and revive the real estate sector has announced several projects including the smart cities mission, affordable housing for all by 2022 program, raised FDI limits to 100% for townships and settlements development projects and projects within SEZs, and so on
- Various reforms and policy initiatives taken by the Government of India in 2016 and 2017 are expected to be game changers for the Indian real estate sector
- The key ones include the Real Estate (Regulation and Development) Act, 2016 (RERA), Real Estate Investment Trusts (REITs) & Goods and Services Tax (GST)



The Indian elevator market – Highlights

Market

- The 2016 elevator market size estimated at 68,200 units
- Forecast to reach 104,600 units by 2021
- Elevator density around 300 elevators per million population in the 35 cities selected
- An installed base of 460,000 elevators in India (end 2016)
- G+9 still the dominant segment

Key Drivers

- Rapid urbanisation, housing shortage, space constraints, trend towards high rise buildings
- Growth of the economy and construction sector
- Focus on infrastructure projects
- Technology - MRL & gearless motors to the fore

Trends

- Focus on safety & energy efficiency
- Emergence of smart and intelligent elevators
- Growing maintenance and modernisation market
- Emergence of several Tier I & II cities as key markets
- Large component manufacturing sector

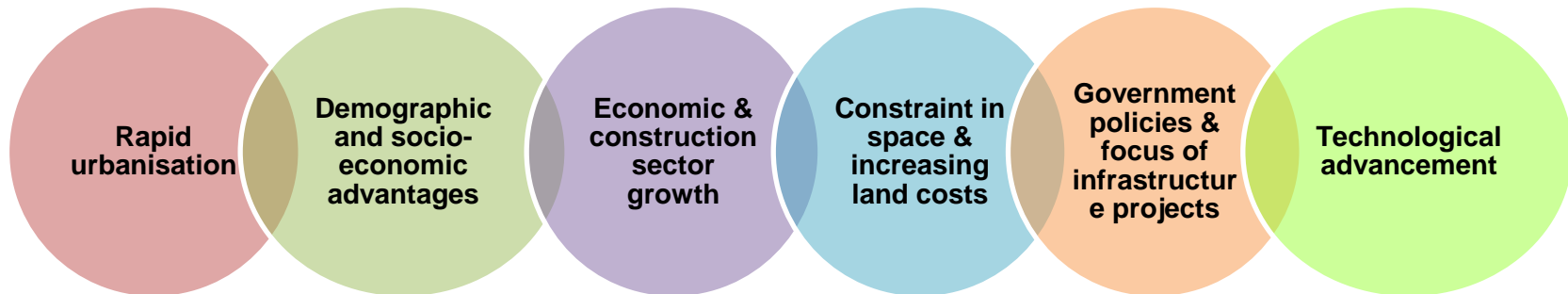
Competition

- Presence of over 350 manufacturers
- Leading Global players are now present in India
- Global and Indian companies are expanding facilities
- Complete elevator and component import especially from China

Indian Elevator Market

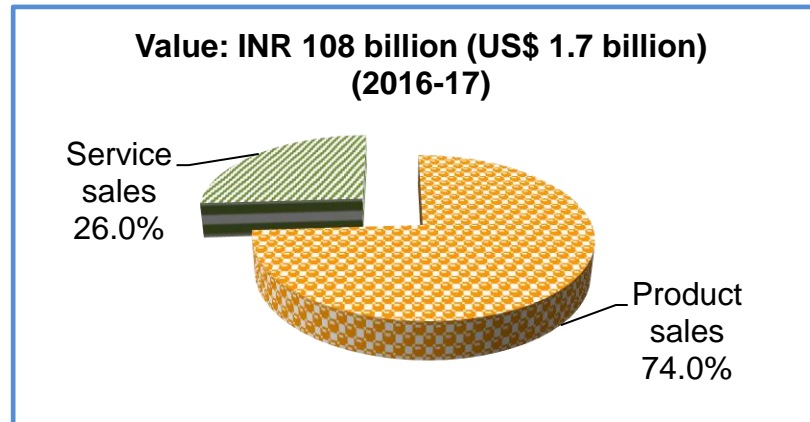
- With the marquee names of the global elevator industry now present in India, the Indian elevator sector is steadily adopting international standards and technologies
- The country has also moved up the value chain in terms of greater sophistication in elevator features such as energy efficient elevators, advanced safety mechanisms and improved aesthetics
- Vertical growth is now increasingly visible in the ever- expanding cities of India as a result of sharp appreciation in the cost of land
- Apart from the large metropolitan cities, Tier I and Tier II cities are witnessing space crunch especially within the core city areas

Key drivers of the elevator industry



Indian Elevator Market (contd..)

- Valued at around INR 108 billion (US\$ 1.7 billion) in 2016-17, the elevator industry in India is home to over 350 elevator manufacturers and of these, around 25 to 30 are national or regional players

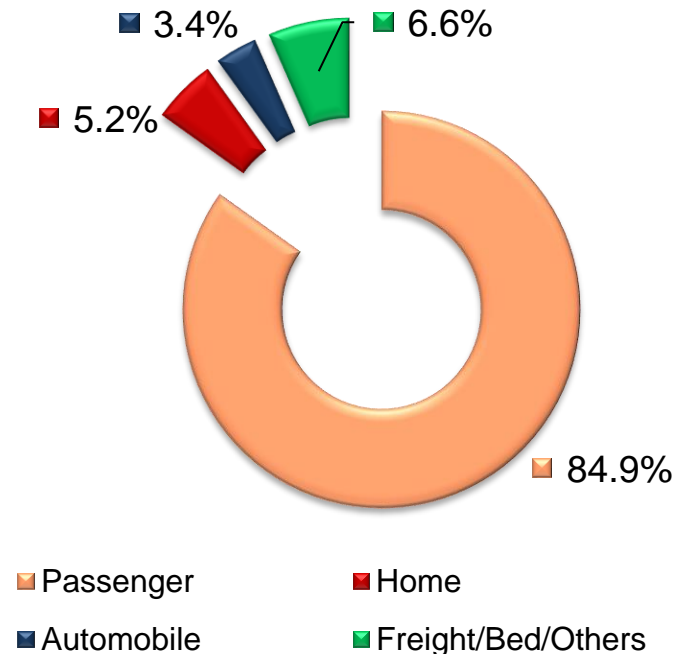


- Johnson, KONE, Mitsubishi, Otis, Schindler and ThyssenKrupp are the leading players in the elevator market in India
- Other major international companies present in India include Fujitec, Hitachi, Kinetic Hyundai and Toshiba
- A number of regional players are also present who have a strong foothold in their respective cities of operation
- Though the Indian component sector is well developed, import of components is still significant with China being a key source for imports

Passenger elevators account for bulk of the elevator market in India at 84.9%

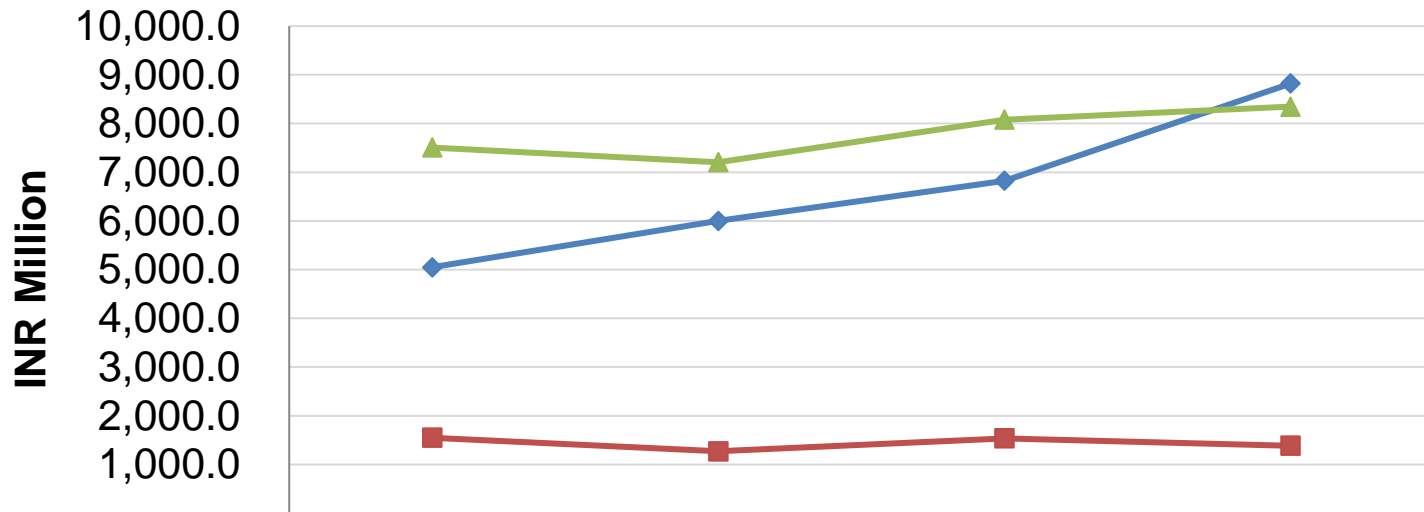
- Passenger elevators accounted for 84.9% of the total elevator market in 2016
- Increasing number of housing projects, high rise trend, rising number of premium hotels and Government's focus on infrastructure project are all driving the demand for passenger elevators in the country
- Home elevators are increasingly gaining popularity for use in villas and premium luxury apartments
- Shortage of space within the city coupled with increasing number of malls and industries/factories are expected to drive the growth for automobile and car lifts across the country

Elevator market by type, 2016 (%)



Trends in import of elevators & elevator components

India: Import of elevators, escalators and components, 2013-17 (INR Million)



	2013-14	2014-15	2015-16	2016-17
◆ Elevators	5,048.7	5,999.9	6,823.7	8,822.7
■ Escalators	1,549.0	1,270.0	1,535.0	1,383.7
▲ Components	7,510.3	7,206.7	8,081.0	8,346.1

Source: commerce.gov.in

The Indian Elevator Industryroad ahead

- The Indian elevator industry is on a high growth trajectory driven by the rapid expansion in the residential and commercial real estate sectors and the increased spend in the infrastructure sector
- The trend towards high rise buildings will have a positive impact on the specifications and standards of elevators
- Safety, aesthetics, energy efficiency, smart and green elevators and will be the key drivers of this industry
- The modernisation market in India, hitherto small will emerge as a significant component of the elevator business in the foreseeable future

Thank You

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