

India Review 2023

Annual recap of key market developments that executives should know about

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WE PREPARE OUR CLIENTS FOR THE FUTURE

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Dear Readers and Business Partners,

Year 2023 has added some significant milestones to India's journey to becoming a global superpower including a successful moon mission, the launch of the 1st solar mission, becoming the largest populous country surpassing China, emerging as the 3rd largest passenger car market surpassing Japan, consolidating its position as the 5th largest global economy and becoming the 5th largest country by an equity market capitalization (4 trln USD), being the home for the highest mobile data usage per smartphone, the launch of a biofuels alliance to reduce the dependence on fossil fuels, and successfully undertaking the G20 presidency with 112 outcomes with 100% consensus from all countries.

India's appeal as an investment destination remains robust, considering the scope and size of operations it can provide to multinational corporations, the wealth of highly qualified personnel it has to offer, and its creativity and technological prowess. The industrial manufacturing sector has experienced a significant boost. The automotive industry showed a recovery, and industry players have bet high on the Indian market, with ~13 bln EUR planned investments for expansion till 2030. Additionally, because of its cheaper costs and easier access to talent, India is becoming a more popular choice for the establishment of Shared Services Centers (SSC).

Overall, with its increased stability and optimism for its growth and future prospects, India economy's growth in 2023–24 is projected at 6.7% with an eye on the future, the country aims to achieve developed economy status by 2047, demonstrating a clear trajectory towards sustained growth and development.

For EAC, the past year has also been an eventful one: in India we have successfully build-up our very own collaborative eco-system with Indian associations and think-tanks to better support foreign companies in India but also Indian enterprises abroad. Early 2023 we have established our permanent presence in Kuala Lumpur and towards the end of the year further expanded our footprint in the Americas with New York as our newest member of the EAC family.

As the year closes, we've completed our 3rd edition of the India Business Review, drawing on our experiences from consulting endeavors. We're delighted to offer our insights into market and industry trends. Furthermore, we'll keep you informed through our monthly "India Newsletter" and encourage you to subscribe. We express our gratitude for your trust in us throughout 2023 on behalf of our teams in Mumbai, Munich, Shanghai, Kuala Lumpur, and New York. Wishing you a year ahead filled with health and success and extending our best wishes for a joyful and prosperous holiday season for you and your families—to a fantastic 2024!

Your EAC Mumbai Team

Ketan Jadhav



India achieved significant milestones including successfully presiding G20 summit, becoming the 1st country to launch spacecraft on moon's south pole, became the fastest growing major economy & emerged as 3rd largest passenger car market amongst others

Steering the change



1st time India hosted the presidency of G20 : With 112 outcomes and presidency documents, India has more than tripled the substantive work from previous presidencies

Conquering the space



1st country to land a spacecraft on the moon's south pole and launched India's 1st solar missions for sun observations to Lagrange point L-1

Maintaining the pace



Maintaining Y-O-Y GDP growth rates of >6.5% across quarters in 2023 despite global slowdown; India's GDP at current prices expected to reach 3.4 trln EUR by end of financial year 2024

Fresh wave in Auto sector



Emerged as the 3rd largest Passenger car market by sales surpassing Japan and planned investments to double the capacities

World's largest data consumers



Highest mobile data use (31GB)/ per smartphone in the world

Rising Valuations



Emerged as 5th largest country with market capitalization with 4 trillion USD

Largest Young Population



Emerged as the most populated country in the world by surpassing China with median age of 28 years



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India successfully hosted G20 summit in 2023 strengthening its strong global leadership and commitment to multilateralism with 112 outcomes and presidency documents

Why G20 is important?

Established in 1999, G20 comprises 19 countries and 2 regional bodies, that collectively account for

- 65% of the global population,
- 79% of world trade,
- 84% of the world's economy, and
- 79% of worldwide carbon emissions

The key objective of this summit is to unite key industrialized and emerging economies to address matters related to global economic and financial stability

Agreed upon

- Induction of African Union as a Member (Championed voice of Global South)
- Set a New Collective Quantified Goal (NCQG) of Climate Finance in 2024
- Triple renewable energy globally by 2030
- Accelerate production of zero and low-emission hydrogen
- Enhance Global Food Security and endorsed the Millet Research Initiative
- Recognized role of traditional medicine

New Initiatives

- Disaster Risk Reduction Working Group
- Startup20 Engagement Group
- Chief Scientific Advisors Roundtable
- G20 Conference on Crime and Security in the Age of NFTs, AI and Metaverse
- New Working Group on Empowerment of Women (agreed)
- Cooperation in counternarcotics
- Cooperation in traditional medicines
- Millet-research Initiative

Achievements

- Launch of Global Biofuel Alliance (GBA): Initiating countries: Argentina, Brazil, India, Italy, Mauritius, South Africa, UAE and USA; Observers: Canada, Bangladesh and Singapore
- India-Middle East-Europe Economic Corridor (IMEC): Signatories: India, Saudi Arabia, UAE, USA, EU Commission, France, Italy and Germany
- Partnership for Global Infrastructure and Investment (PGI): the G7 aims to mobilize 550 EUR bln by 2027



All 83 paragraphs of the Declaration received **unanimous approval**, achieving **100% consensus**. Additionally, the declaration contained **no footnotes or Chair's Summary**, marking a historic moment



G20 India has been the most ambitious in the history of G20 presidencies. With **112 outcomes and presidency documents**, we have more than tripled the substantive work from previous presidencies ”

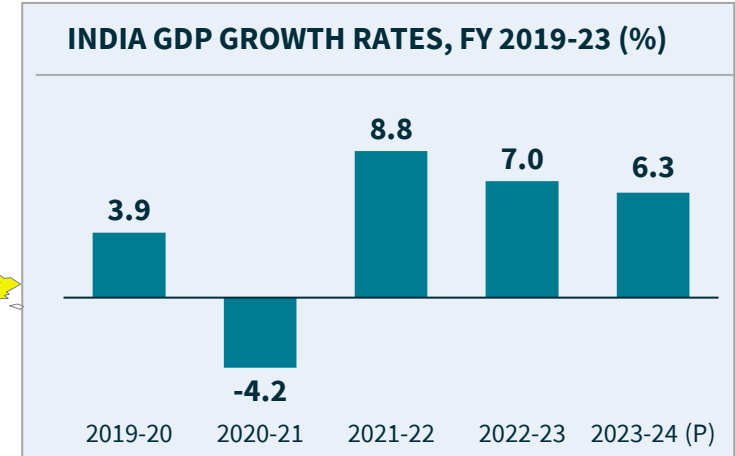
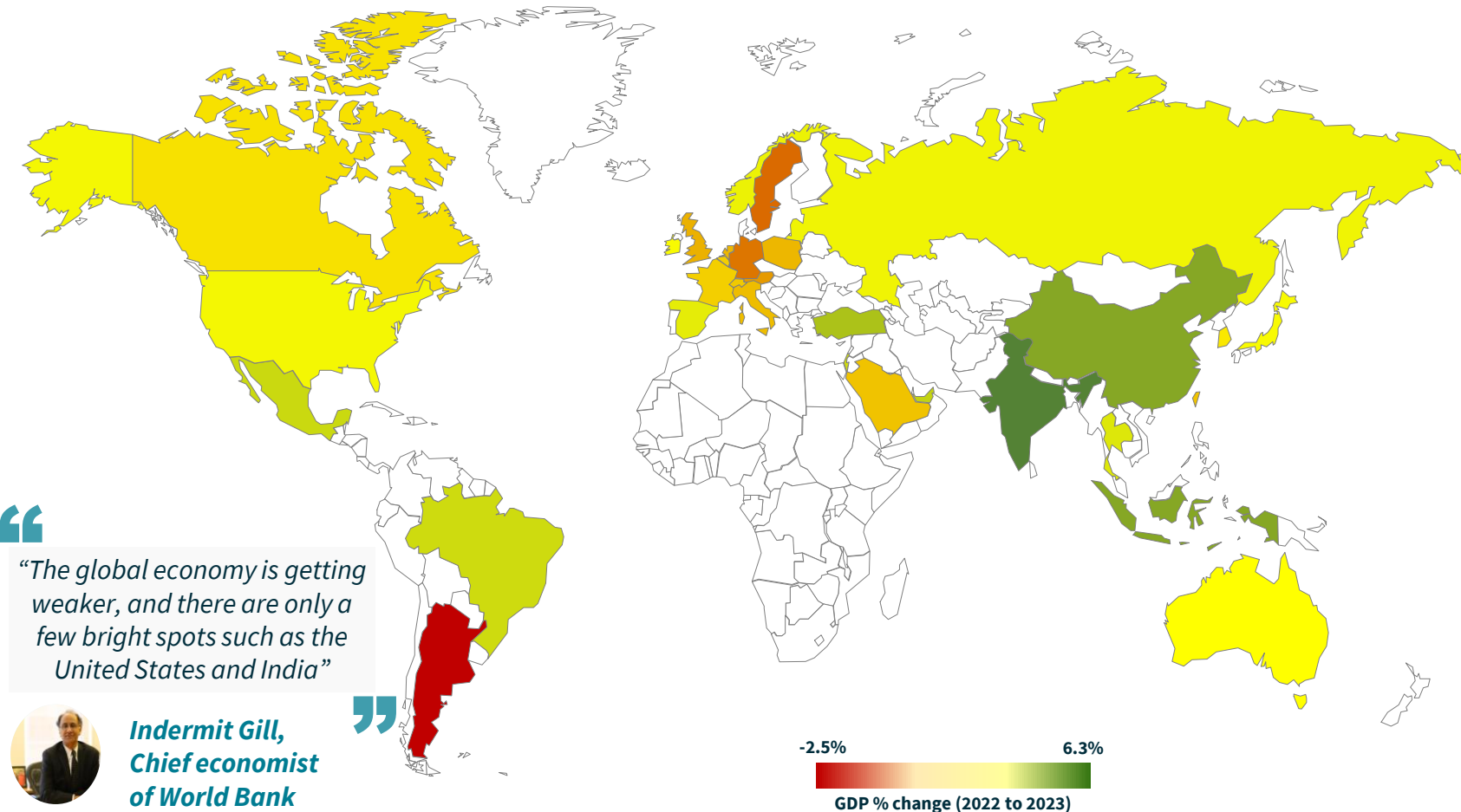


Amitabh Kant, G20 Sherpa, CEO of the NITI Aayog

GDP GROWTH RATE COMPARISON OF GLOBAL TOP 30 ECONOMIES

India continues to beat global economic uncertainties; Grows faster than any other major economy in 2023 strongly aided by government spending boost

Y-O-Y GDP GROWTH RATES (2022 TO 2023, % CHANGE)



- India's GDP growth rate remains the highest amongst the major economies of the world and has seen resilient growth to an extent that it now has the ability to absorb unplanned/shocking events
- Signals of continued rapid positive momentum over the next decade; Expansionary economic conditions driven by local consumption and development of the country as the hub for manufacturing for the world



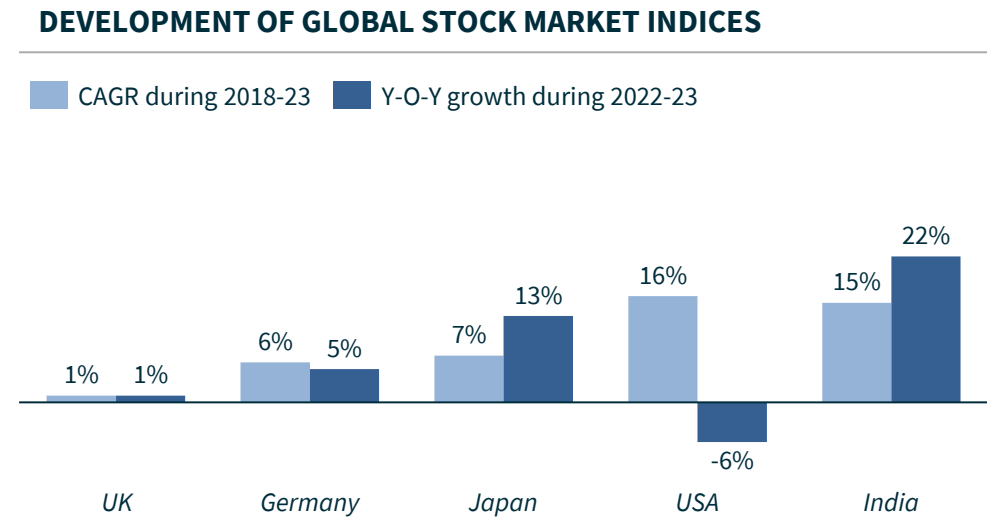
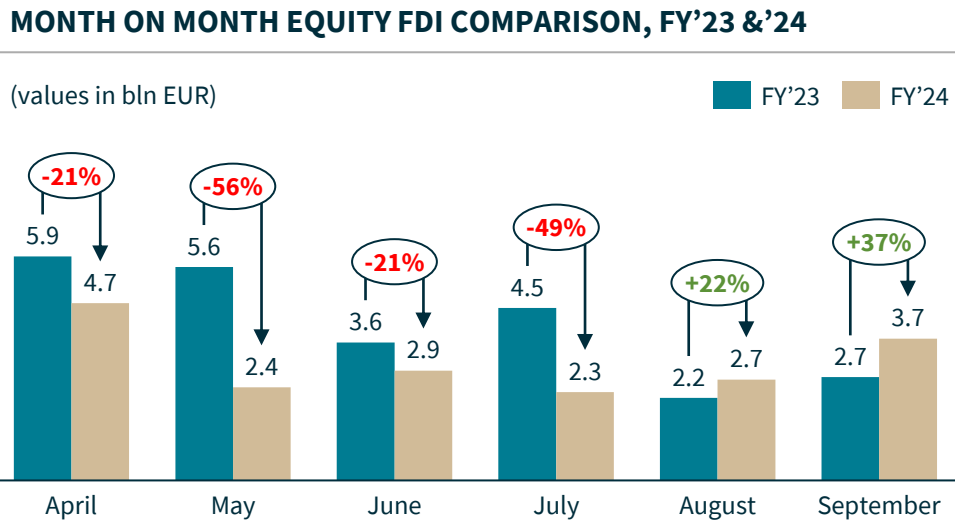
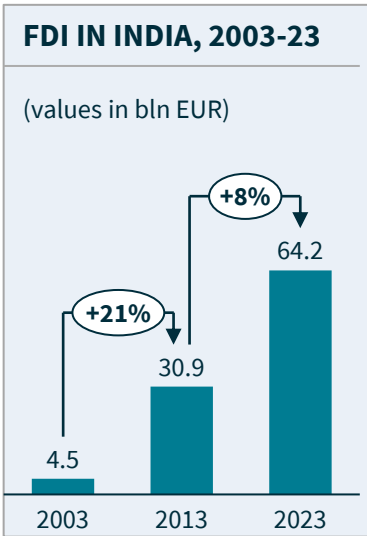
"The global economy is getting weaker, and there are only a few bright spots such as the United States and India"



Indermit Gill,
Chief economist
of World Bank



FDI in India remain muted for H1' 2023 but has since picked up; Indian stock market remains better performing but overvalued with risks of correction



- **Growth seen in August and September expected to continue over the remaining 6 months of the financial year and October estimation to be ~7.2 bln EUR (a 18 months high)**
- **Decline in H1 of FY'24¹⁾ with respect to previous fiscal year is not attributable to moderation in FDI equity inflows; instead, is a result of increased repatriation and disinvestment activities**

- **India's stock market valuation crossed 4 trln USD (3.6 trln EUR) in 2023, higher than the GDP of the country, highlighting an overvalued public stock exchange and risks of correction, especially considering that 2024 is an election year. EAC thus recommends critical assessment of M&A valuations in 2024**



“Going forward, India will lay a big role in Starbucks's international strategy”



Michael Conway,
Group President,
Starbucks



“Siemens will continue to invest and hire more in India to increase its market share”

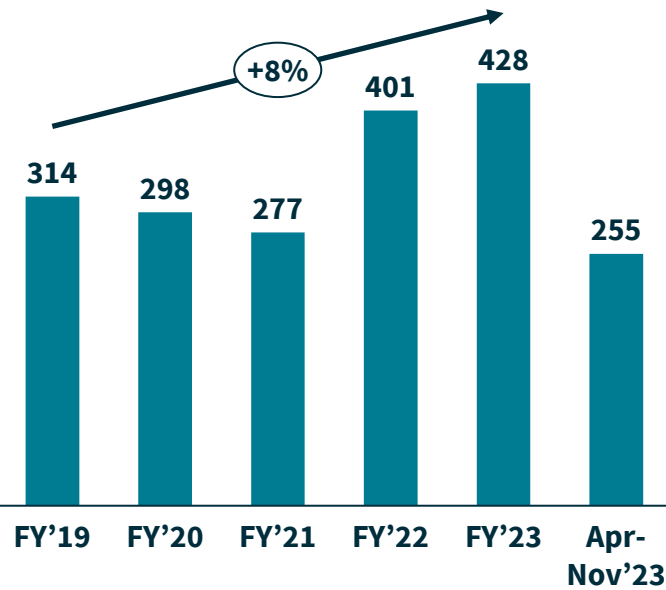


Roland Busch,
President &
CEO, Siemens

1) FY'24: Period between April 2023 to March 2024

Indian exports has exhibited growth of 7% in FY'23 with Electronics sector contributing significant push with thrust from production linked incentives scheme

EXPORTS IN BLN EUR



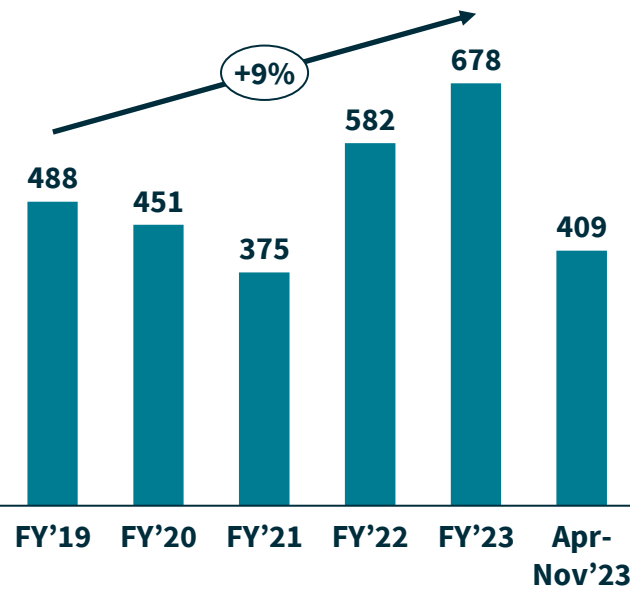
TOP 5 EXPORT DESTINATIONS

- America (23%)
- EU (21%)
- GCC (11%)
- ASEAN (10%)
- East Asia incl. China (9%)

Key Growth Sectors (Year on Year %, 2022- 2023 period)

- 42%: Electronics goods
- 4%: Pharma Products

IMPORTS IN BLN EUR



TOP 5 IMPORT PARTNERS

- East Asia Incl. China (23%)
- GCC (18%)
- ASEAN (12%)
- America (11%)
- EU (10%)

Key Growth Sectors (Year on Year % , 2022- 2023 period)

- 15%: Engineering products



KEY HIGHLIGHTS OF FREE TRADE AGREEMENTS

Multiple round of discussions carried out with UK & EU towards FTAs; in order to promote exports India introduced improved Free Trade Policy focused on implementation support and new initiatives for exports

REVISED FREE TRADE POLICY, 2023

- India introduced **improved Free Trade Policy in 2023** to promote exports and facilitate ease of business for exporters with emphasis on “export control”
 - Policy aims to take **India’s exports to ~1.8 trln EUR by 2030** which is 2.5x to current exports of the country
 - Key focus areas named as **four pillars: Incentive to remission, export promotion through collaboration, ease of doing business and emerging areas**
 - **Promotion of districts as export hubs**; district specific export action plans **to promote export of identified products and services**
 - **Facilitating & streamlining exports** under Export Promotion of Capital Goods (EPCG) scheme, Advance Authorization scheme, Amnesty scheme, SCOMET¹⁾ policy

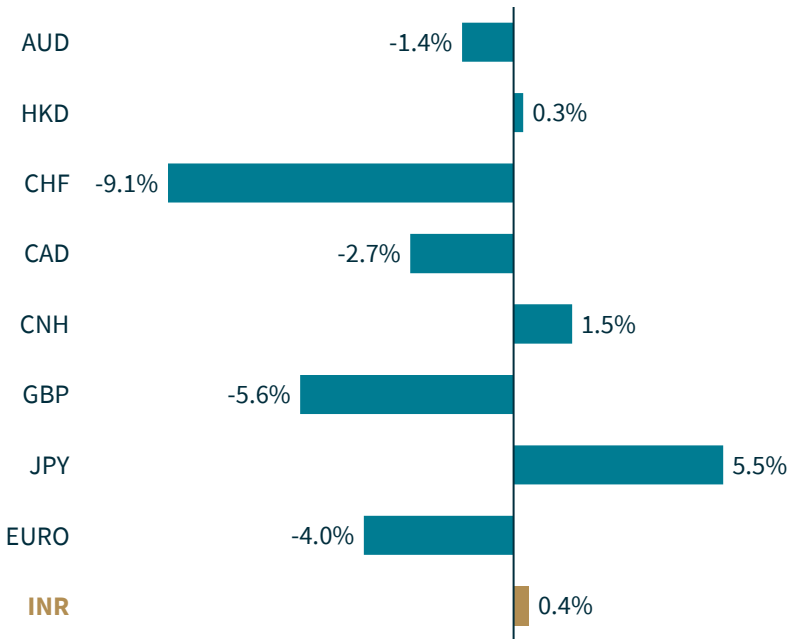
KEY MILESTONES IN ONGOING FTA WITH EU & UK

	PRODUCTS COVERED UNDER FTA	KEY TOPICS AGREED UPON	TOPICS UNDER NEGOTIATION
 <p><i>Next round to be scheduled</i></p>	<ul style="list-style-type: none"> ■ India Demand Focus: Easing of Work Immigration, Agri commodities, Textiles, and more ■ EU Demand Focus: Automobiles, Dairy, Wines & Spirits, & other confectionery items 	<ul style="list-style-type: none"> ■ Established Trade and Technology Council 	<ul style="list-style-type: none"> ■ Duty concession on EVs, Wines & Spirits, and other confectionery items ■ Easing Visa regimes, Agri exports, etc.
 <p><i>14th round scheduled in Jan 2024</i></p>	<ul style="list-style-type: none"> ■ India Demand Focus: Textiles, Footwear, F&B, Tobacco & other items ■ UK Demand Focus: Medical Devices, Chemicals, Motor & Electric Vehicles, Wines & Spirits, etc. 	<ul style="list-style-type: none"> ■ 24 out of 26 chapters agreed upon ■ Mutual recognition of academic qualification ■ Formation of India – UK Business Commission 	<ul style="list-style-type: none"> ■ Duty concession on EVs, Scotch, and other confectionery items ■ Social Security ■ Carbon tax – relief measures ranging from a longer transition period to repatriating the tax

1) SCOMET: Special Chemicals, Organisms, Materials, Equipment and Technologies

In 2023, India economy witnessed stable currency fluctuation, narrowing fiscal deficits, and 9% increase in the forex reserves; inflation rates also remained balanced within RBI’s tolerance target keeping India on track towards anticipated growth

CURRENCY DEVELOPMENT 2023 AGAINST USD

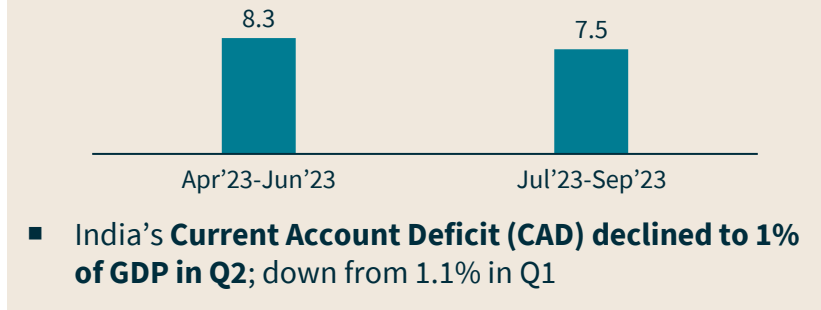


- India’s currency fluctuations to USD was stable in 2023 with **0.40% change in the USD to INR value** whereas other major currencies have seen fluctuations ranging from -9.12% to 5.5%

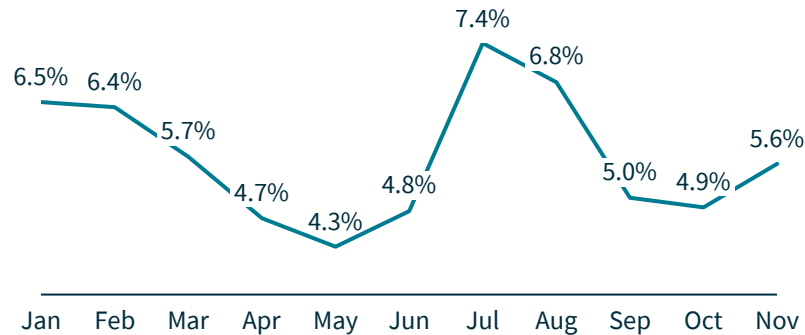
1) CPI: Consumer Price Index

2) RBI: Reserve Bank of India

INDIA FISCAL DEFICIT (Q1 & Q2 – FY’24)

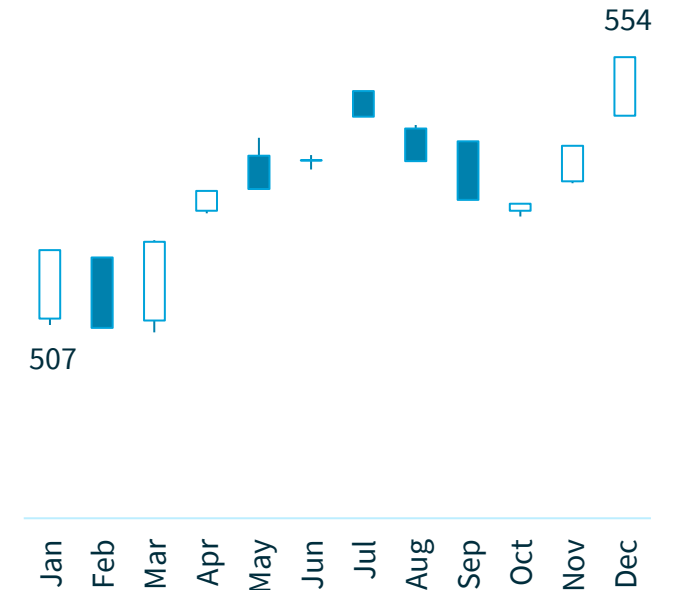


INDIA INFLATION (JAN – NOV 2023) CPI¹⁾



- India’s CPI¹⁾ reading **continues to cross the RBI’s upper tolerance medium target of 4% (± 2% band)**
- RBI²⁾ has been on track to balance country’s growth and inflation**

INDIA FOREIGN RESERVES 2023 (IN BLN EUR)



- Forex reserves rose by 9%**
- India’s reserves were the fourth highest among major foreign exchange reserves holding countries, having increased by ~26 mio EUR owing to robust foreign inflows in 2023**



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Electronics, telecom components, and API industry has already started manufacturing of import dependent products/ components, however the level of domestic value need needs to be improved further

Large Scale Electronic Manufacturing

PLI outlay: 4.4 bln EUR

Companies approved: 32

PLI duration: FY21-26



Status-quo & Highlight of the scheme

- Electronics manufacturing (Mobile phone, specified electronic components, assembly, testing, marking, & packaging) is offered incentives with extended incentives of 4-6% on incremental sales

EAC Opinion: Following the introduction of PLI scheme, mobile phone exports increased to ~10 bln EUR in FY'23. However, this increase can be attributed to rise in exports of CKD units while the DVA of specified electronic components remains relatively low amidst WTO rules.

Telecom & Networking Products

PLI outlay: 1.3 bln EUR

Companies approved: 42

PLI duration: FY21-27



Status-quo & Highlight of the scheme

- PLI provides cost advantage to local players with 10-15% cost disability
- Sector has achieved 60% import substitution and self reliance in producing Antennae, GPON & CPE

EAC Opinion: Department of Technology is revising the PLI scheme to address implementation gaps and spur 5G adoption. We remain optimism about its performance, given that India has seen a significant boost in exports and attained import substitution in several telecom products

API & KSMs

PLI outlay: ~750 mio EUR

Companies approved: 249

PLI duration: FY21-30



Status-quo & Highlight of the scheme

- Reduce import dependencies of life saving drugs and promote localisation of APIs and KSMs
- Approved companies have committed investment of ~430 mio EUR
- India has already started manufacturing of 38 import dependent APIs

EAC Opinion: Scheme requires incentivizing commercially viable APIs and reducing tariffs of essential capital goods like bioreactors will boost local production & establish a reliable & cost competitive production value chain

Government has revisited PLI structures for white goods, food processing, and medical devices to make it more attractive to investors

White Goods

PLI outlay: 675 mio EUR

Companies approved: 57

PLI duration: FY21-29



Status-quo & Highlight of the scheme

- Up to 80% of Bill of Material (BOM) cost is covered across categories
- Offers capex recovery of 60-80% for AC components & 80-100% for LEDs with Domestic Value Add expected to rise from 25 – 75%
- PLI scheme revised to simplify operations and improve ease of doing business

EAC Opinion: Following the revision of PLI, we expect the PLI scheme to align the expectation with industry participants and improve ease of doing business

Food Processing

PLI outlay: 1.2 bln EUR

Companies approved: 182

PLI duration: FY21-27



Status-quo & Highlight of the scheme

- Incentivization of Indian food brands for global visibility
- Incentives can be utilized across branding & marketing, organic and innovation category costs

EAC Opinion: PLI scheme is well balanced and has attracted participation of both large and small companies. Exports have shown double digit growth in FY'23; with government infusing addition funds in incentive pool, we anticipate that the scheme will gain positive traction

Medical Device

PLI outlay: 348 mio EUR

Companies approved: 26

PLI duration: FY21-28



Status-quo & Highlight of the scheme

- **Target segment for incentives** – cancer care , radiology, imaging devices etc.
- 150 mio EUR committed investment

EAC Opinion: PLI scheme encountered undersubscription and implementation challenges due to ~95% of medical device manufacturers in India being MSMEs, unable to meet the sector's capital expenditure demands and failing to fulfill the year-on-year growth incentives criteria

India to assess availability of critical raw material and supply gaps to ensure commercial viability with sustainable business models

Drone Components

PLI outlay: 13.5 mio EUR

Companies approved: 23

PLI duration: FY22-25



Status-quo & Highlight of the scheme

- Centre to incorporate scheme under Make in India 2.0 initiative
- Drone sector saw 7x jump in turnover; 3.2 mio EUR disbursed as incentives till date

EAC Opinion: *PLI scheme is well-balanced, featuring a substantial incentives outlay, plans to further increase the incentives, and attract participation from companies. With its current success, the PLI scheme is poised to continue attracting industry participation as the sector advances*

Advance Chemical Cells Battery

PLI outlay: 2 bln EUR

Companies approved: 10

PLI duration: FY23-29



Status-quo & Highlight of the scheme

- Scheme targets achieving 50 GWh; incentivizing cap of 5-20 GWh/beneficiary
- Commercial production to commence in Q4 2024

EAC Opinion: *Addressing raw material & supply gaps will be crucial in success of the scheme. We anticipate long-term success for the scheme; however, it is expected to encounter challenges in the short term, necessitating periodic reviews to address the challenges*

Automobile & Auto Components

PLI outlay: 2.8 bln EUR

Companies approved: 95

PLI duration: FY23-28



Status-quo & Highlight of the scheme

- Focus on localization of >100 advance automotive technology products
- Qualification criteria: 50% Domestic Value Add & 1 bln EUR group revenue

EAC Opinion: *Although commercial viability and scalability of FCVs & their supporting technology are yet to be proven, the scheme has recently surpassed its anticipated investment target by 1.5 times driven by the increasing adoption of BOVs and supporting ecosystem. Hence, we anticipate that the scheme will continue to thrive in the long run*

IT, Solar, and Textile sector investments are still in CAPEX phase – impact of PLI would be more visible in 2024

IT Hardware

PLI outlay: 1.8 bln EUR

Companies approved: 40

PLI duration: FY23-29



Status-quo & Highlight of the scheme

- Focus on attracting global manufacturers for domestic production with Y-o-Y declining incentives of 4% to 1% for 4 years, averaging around 2.5% annually

EAC Opinion: Negligible CAPEX support, a low incentive bracket, and tariff-free imports of IT hardware deter companies from relocating manufacturing to India. Hence, we anticipate low industry participation from companies

Solar PV Modules

PLI outlay: 2.6 bln EUR

Companies approved: 11

PLI duration: FY22-27



Status-quo & Highlight of the scheme

- Targets to develop ~55GW local capacities, focusing on backward integration of high efficiency cells /modules

EAC Opinion: Current utilization of installed capacities are low amidst cheaper yet efficient imports from China, and relatively nascent backward integration process. However, with various government initiatives promoting the production of across the value chain, we expect the scheme to perform positively in the long run

Textile

PLI outlay: 1.2 bln EUR

Companies approved: 64

PLI duration: FY23-30



Status-quo & Highlight of the scheme

- Scheme intends to promote the production and export of Man-Made Fabric (MMF) by offering incentives to neutralise various cost disabilities
- Scheme provides up to 60% of original CAPEX recovery given company achieves year on year growth of 25%

EAC Opinion: India lacked regulatory push to promote the production & export of MMF products, the PLI scheme intends to address this gap whilst offering companies means to offset their cost; We anticipate positive outcome & growth in the forthcoming years

As a major boost to kick-start the semiconductor production, India approved a 9 bln EUR PLI scheme in June 2023 – impact would be visible in 2024

Specialty Steel

PLI outlay: 0.7 bln EUR

Companies approved: 67

PLI duration: FY24-28



Status-quo & Highlight of the scheme

- Key products include coated/plated products, high strength/wear resistant steel, electrical steel, etc.,
- First commercial production expected in FY24

EAC Opinion: While the scheme offsets cost disability faced by the speciality steel producers, the incentives capped to incremental sales are beneficial for large companies and not MSME's. However, with growing auto & auto-ancillary, infrastructure sector, and the revision of scheme to address the performance gaps, we expect the scheme to be fruitful on long term

Semiconductor

PLI outlay: ~9 bln EUR

Companies approved: TBD (4 app. Received)

PLI duration: TBD



Status-quo & Highlight of the scheme








- Scheme will provide fiscal support up to 50% of project cost / CAPEX for Semiconductor Fabs, Display Fabs, Sensor Fabs, & Integrated Circuits
- India IT Minister met representative of 45 Companies in USA to attract investment in Semiconductor industry

EAC Opinion: Addressing technological gaps, raw material availability, and stable demand is essential for the success of the PLI Scheme in building a reliable upstream value chain. Lowering import duties on raw materials, advance machineries (EUV lithography machine) and incentivizing the use of indigenous chips, sensors, fabs, etc. will contribute to overall success of the scheme.








EXPANSION OF AUTOMOBILE SECTOR IN INDIA

India automotive OEMs have announced ~13 bln EUR investments in 2023 for capacity expansion – auto component companies have followed suit

INVESTMENT ANNOUNCEMENT BY AUTO OEMS

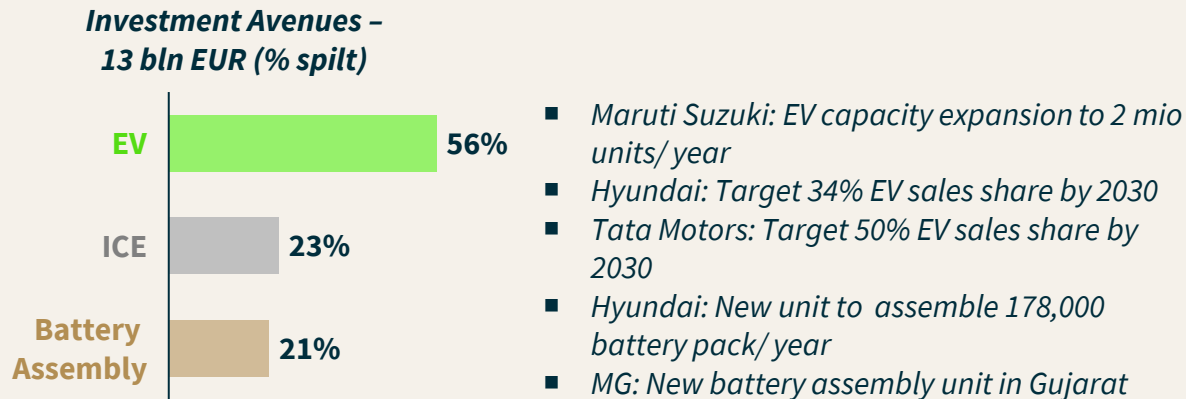
Company	Planned Investments (mio EUR)	Investment Avenue
 MARUTI SUZUKI	5400	May'23 To double its manufacturing capacity
 RENAULT NISSAN	600	June'23 To enhance production capacities, R&D activities and introduce new SUV and EV car models
 HYUNDAI	2500	May'23 To increase production capacity and build battery pack assembly unit with annual capacity of 178,000 units
 TATA	2000	June'23 To reach 85% localization of Electric vehicle by 2025, and roll out new EV-PV models
	1000	Sep'23 To boost its operations in India and expand its product portfolio by adding 11 EV models by 2027
	220	Jan'23 To scale its presence in EV segment
	1100	Jan'23 To setup manufacturing, development and production facility

INVESTMENT ANNOUNCEMENT BY AUTO COMPONENT PLAYERS

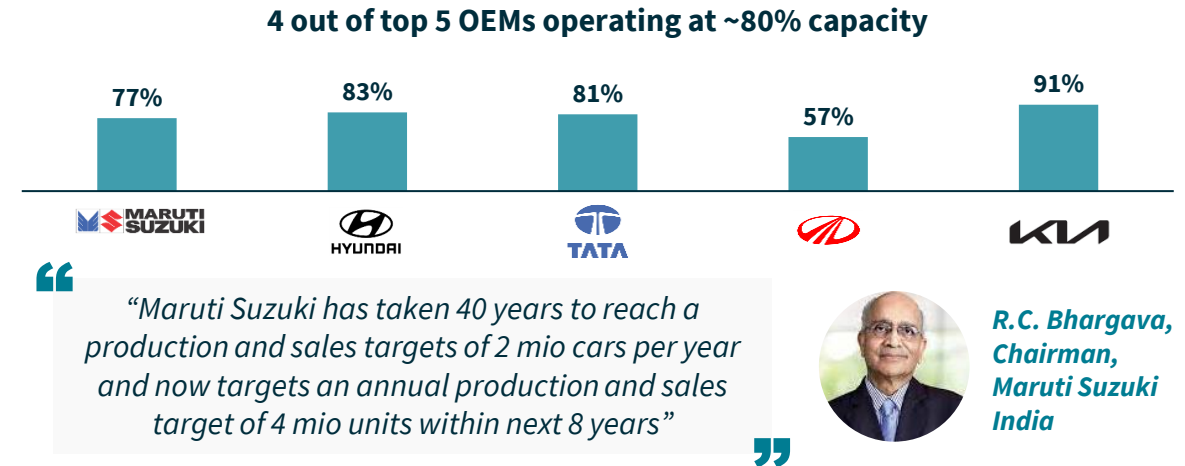
Company	Planned Investments (mio EUR)	Investment Avenue
 AGRATAS	1,500	Jun'23 To set up 20 GWh lithium-ion cell manufacturing in Gujarat
 Valeo	170	Jun'23 Expand electrification, ADAS, and Sensors
SAMIL	165	July'23 Announced stake acquisitions in 3 companies: Yachiyo (Fuel Tanks/ sunroof), Prysm (displays), Rollon (precision parts)
 SONABLW	125	Aug'23 Capacity expansion to increase EV revenue to 45% by 2026 from 26% in 2023
 JK TYRE INDUSTRIES LTD.	115	Oct'23 Expansion of tyre production capacity
 TATA AUTOCOMP	56	Jan'23 Manufacturing plant for dual-clutch transmission
	11	July'23 EV components (domestic + exports)
 MICHELIN	TBD	April'23 Examining the possibility of to set-up facility for passenger car tyres

77% of the announced investments are towards building capacities of Electric Vehicles while 23% have been for ICE segment - *pushed by higher capacity utilisation of existing plant and rising domestic demand*

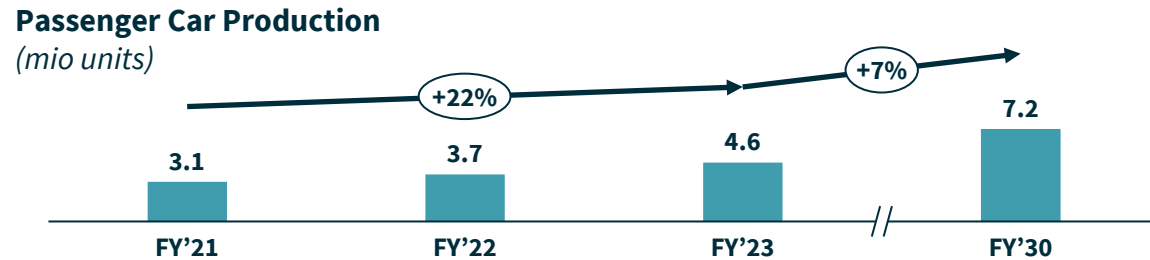
INVESTMENT AVENUES – KEY SEGMENTS IN FOCUS FOR INVESTMENTS



KEY ENABLERS – CAPACITY UTILIZATION OF TOP 5, 2023 (%)



KEY ENABLERS – RISING DEMAND



- India has emerged as the 3rd largest PV market surpassing Japan (4.2 mio units), following China (25 mio units) and USA (14 mio units)

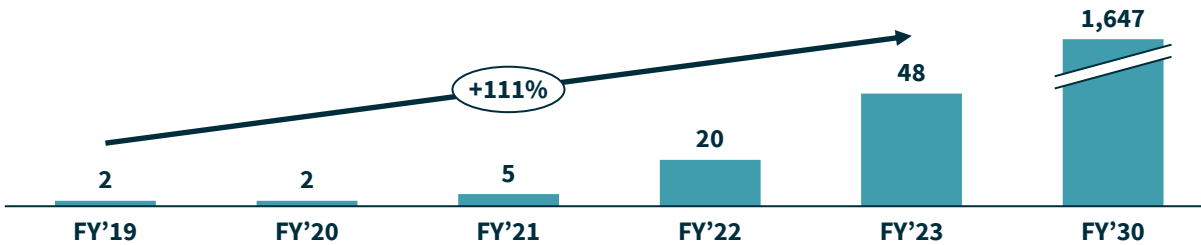
KEY ENABLERS – PRODUCT TRENDS DRIVING THE DEMAND

- Distinct shift to SUVs** (60% of segment share in 2023 compared to 18% in 2016) as customers prefer cars with higher road presence, high ground clearance, spacious seating systems, and multiple model options across different price segments
- Shift to automatic cars** (15% share in 2018 to more than 28% share in 2023)
- Frequent launch of new models with advanced features including** remote vehicle monitoring & connectivity, assisting drivers with improved safety, real-time traffic updates etc.

2023 witnessed substantial rise in sales of EV passenger cars amid introduction of new affordable models, government push towards localization

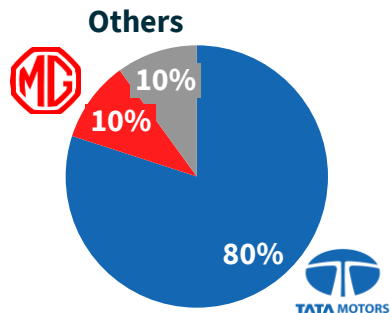
ELECTRIC PASSENGER CAR DEVELOPEMENT

Electric Passenger Car Sales
(thsd units)



- EV industry accounted for **48 thsd units** in in **FY'23**, rise in EV is **driven by** introduction of **new affordable models, government support** for penetration and localization of advanced technology products

EV PASSENGER CAR MARKET SHARE, 2023



- OEMs are targeting **EV share of 20% to 25% in annual sales by 2030** – with localization levels going beyond 50%

KEY HIGHLIGHTS OF EV POLICIES

1

Subsidies for EV consumers

Faster Adoption and Manufacturing of Electric Vehicles policy (FAME) extended till 31st March 2024 with fresh allocation of 580 mio EUR in 2023

2

Update for Phased Manufacturing Programme

Nov'23: The Ministry of Heavy Industries (MHI) has released a new phased manufacturing program (PMP) for electric vehicle (EV) charger parts

3

PLI Scheme for Zero Emission Vehicle

Outlay of 3 bln EUR focuses on localization of Zero Emission Vehicle components such as hydrogen fuel cells, hydrogen injection system, electric motors for EVs, etc.



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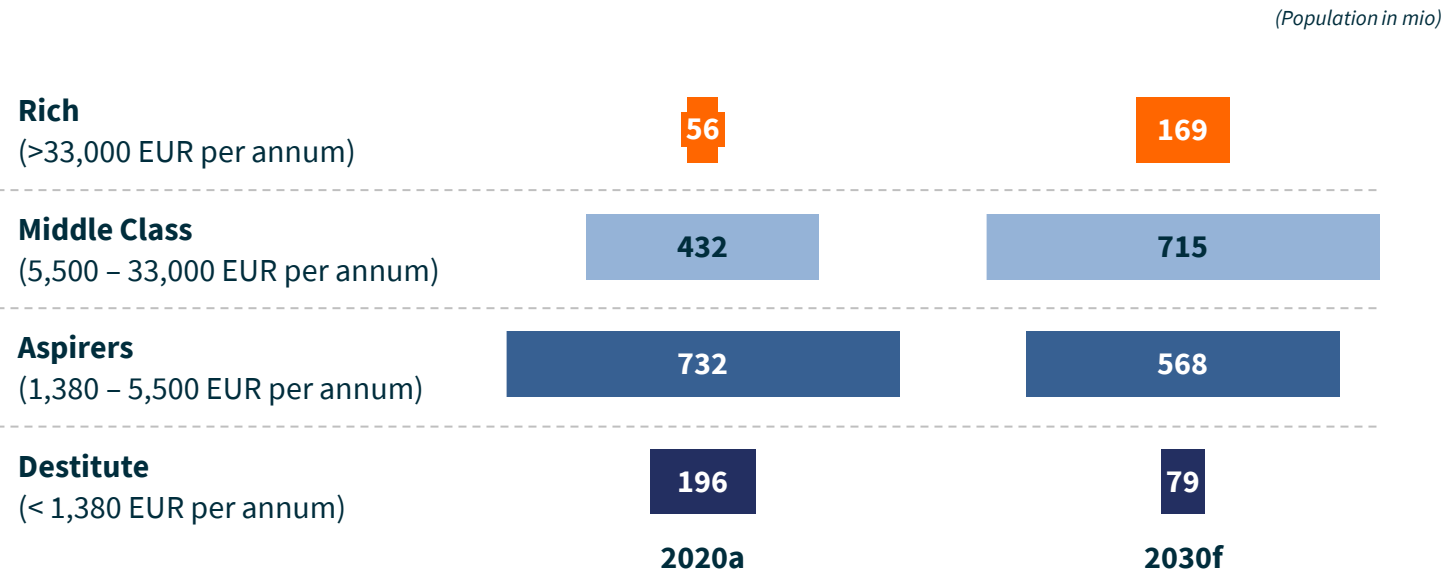
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EXPANSION OF OVERALL CONSUMER BASE

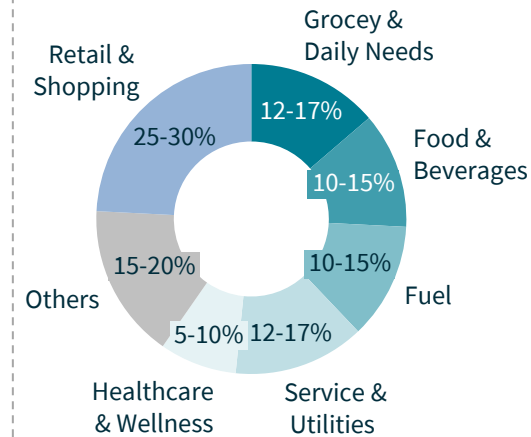
India's rapid economic growth, significant working-age population, and growing middle-class population positions her as a consumption powerhouse and holds immense potential for future growth in rural areas

RISE IN INDIA'S MIDDLE-CLASS POPULATION



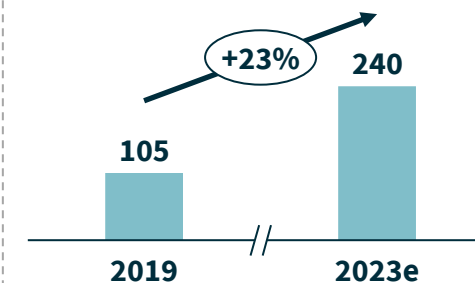
- India **per capita income** crossed **1,800 EUR** in 2023 which is normally considered as the threshold of aspirational purchases
- More than 60%** of India's population comprise of **working age group**, expected to **remain at same level** till 2050

RISE IN INDIA'S RURAL CONSUMERS



Consumer spending is projected to reach around **297.5 bln EUR in 2024** and **309.1 bln EUR in 2025**

Per capita consumer spending is **60.3%** of **Net Capita Income** of India



India added ~ **135 mio online shoppers** between **2019 – 2023** (>50% online shopping base)

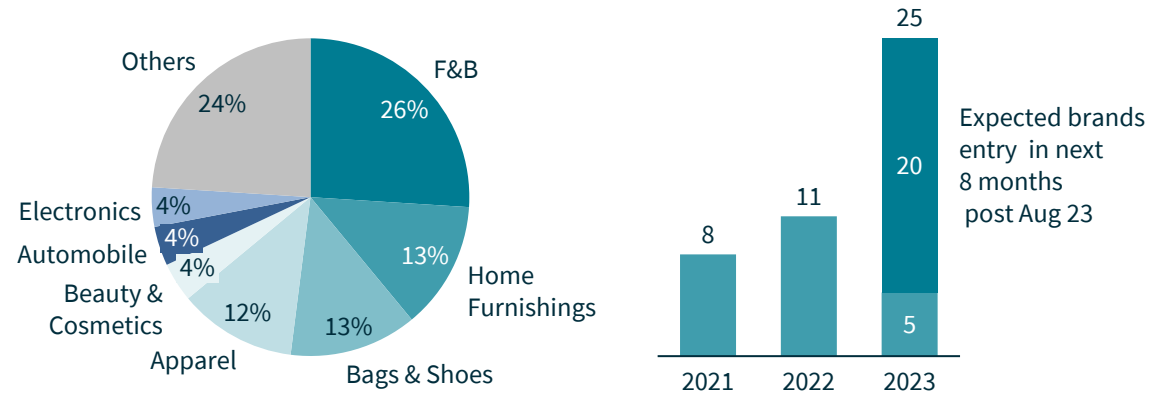
65% of India's population reside in **Rural areas**

7 in 10 online shoppers reside in **Metro, Tier 1, & Tier 2 cities**

SHIFT TOWARDS PREMIUMIZATION (1/2)

India remains a bright spot in the world with inflow of international brands capturing the shift of consumers toward premiumization

INFLOW OF INTERNATIONAL BRANDS BY CATEGORY (2021-AUG 2023)



CEO Tim Cook opens Apple's first India store in Mumbai



India's Largest Luxury Mall 'Jio World Plaza' Now Opened

KEY CONSUMER BEHAVIOUR



FMCG Consumer Upgrading

- Categories showing demand for high cost & quality products were beverages, personal care & branded commodities



Personalization & Customer Experience

- Businesses are realizing the importance of tailoring their offerings to meet individual needs & preferences, hence a rise in AI & data analytics is seen to create immersive and behavior-wise experience



Lure of EMIs

- Purchasing power and demand for premium goods have been fueled by easy financing, consumers looking for an affordable brand choose premium brand due to ease accessing EMIs



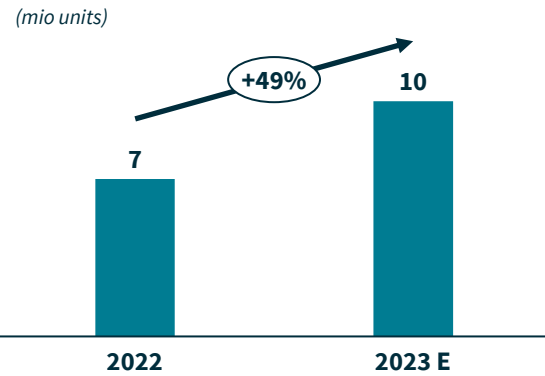
Health and Wellness Prioritization

- The COVID-19 pandemic has heightened the focus on health and wellness among Indian consumers which has given rise to health & wellness sector

SHIFT TOWARDS PREMIUMIZATION (2/2)

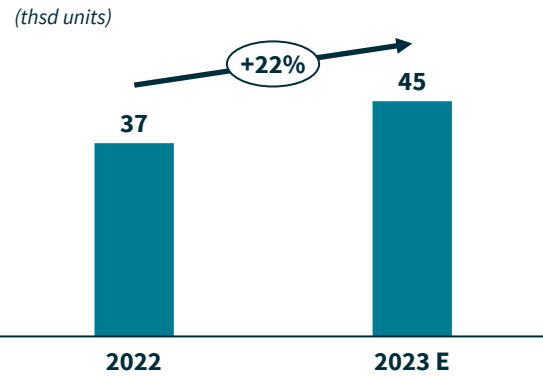
Demand for premium segment goods and services has seen record sales across multiple industries in 2023 fueled by population growth, rapid urbanization, & stable economy

iPHONE SALES



- Apple has increased its market share **6 times** in the last 4 years holding **6% market share** in 2023
- Tim Cook CEO of Apple** has described India as a “**Major focus**” expecting a greater sales volume in the future

LUXURY CARS SALES

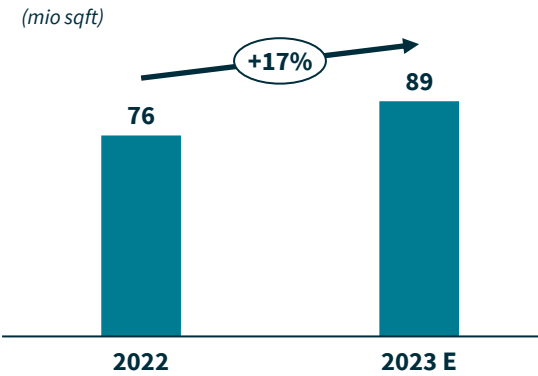


- Luxury OEMs sales during first 9 months:

Brands	Units Sold in 2023	Y-O-Y growth
Mercedes	17,408	+10%
BMW	14,172	+18%
AUDI	7,931	+89%
JLR*	3,000	+108%
VOLVO*	1,751	+40%

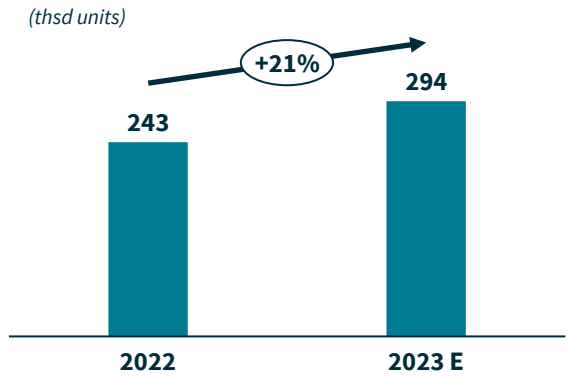
* For the period of Jan-Sept 2023

LUXURY MALLS EXPANSION



- 50% of the current operational mall stock lies in **Delhi NCR** (28 mio sq ft) and **Mumbai** (17 mio sq ft), mall completions of around 1.1 mio sq ft were recorded in H1 2023 in Hyderabad & Delhi
- 23.2 mio sq. ft** of luxury malls are expected to become operational during **2023-25**

RESIDENTIAL UNITS SALES



- Residential market in Q3 2023 (69 thsd units), recorded the highest quarterly unit sales, with the high-end segment contributing for most of the demand
- One differentiating trend that emerged during Q3 2023 was that the **premium segment priced above 165 thsd EUR** (INR 1.5 crore) had the **highest contribution** (24.3%) in quarterly sales



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INDIA TARGETING TO BE NET-ZERO BY 2070 – WHY THE URGENCY?

India's impressive economic uprising comes at high environmental cost of air pollution and emissions; India has ambitious targets – an opportunity for German cos to invest

GLOBAL POSITIONING

India also accounts for 40 out of top 50 global polluted cities

3RD LARGEST GHG EMISSIONS GLOBALLY
Only behind China and US

INDUSTRY SEGMENT CONTRIBUTES TO ~30% OF INDIA'S TOTAL CO₂ EMISSIONS
Coal fired power plants contribute ~45% of India's CO₂ emissions

IMPACT ON SOCIETY AND ECONOMY

HEALTH

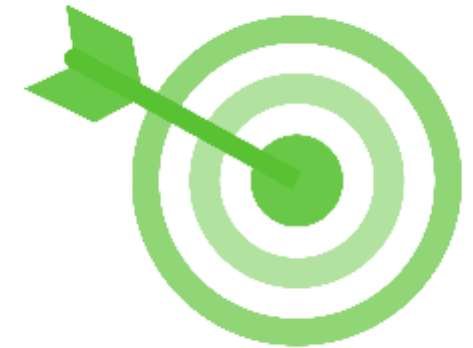
- **480 mio people** in North India **affected** by “**most extreme levels of air pollution**”; e.g., life expectancy reduced by 9 years in Delhi
- **1.6 mio deaths** related to **air pollution**, additional **500 thsd** related to **water pollution** in 2019

ECONOMY

- **1.4 bln** pollution-related **sick leaves** – resulting in **6 bln USD revenue loss** for business
- **Cognitive and physical performance loss** due to pollution – **24 bln USD per year**

GOVERNMENT TARGETS

CARBON PEAK
by
2045



CARBON NEUTRAL
by
2070

GREEN ENERGY – KEY MILESTONES IN 2023

4 renewable energy segments including green hydrogen, solar energy, wind energy and biofuel have witnessed developments in 2024 driven by government policy push



GREEN HYDROGEN ENERGY

Under “National Green Hydrogen Mission” **incentive plan** worth **1.9 bln EUR** approved

Ministry of New and Renewable Energy (MNRE) **rolled out green hydrogen production standards**

Center grants **approval to set up bunkers** near **Ports** for storage for export

Government **launched Hydrogen Valley Innovation Cluster**



SOLAR ENERGY

~9GW of solar capacities installed in **first 3 quarters of 2023** reaching a **cumulative total** installed capacity of **~72.3 GW**

39.6 GW cumulative solar **PV module manufacturing** capacity **allotted** under PLI Tranche 2

Introduced **Solar Panel Standards and Labelling Programme**

Centre prohibits State authorities to **levy taxes or duties** on the **generation or inter-state supply** of electricity from **renewable source**



BIOFUEL

India **achieved** national average of **11.5% ethanol blending in petrol**, **targets 20% by** ethanol supply year **2026**

CBG: Total production capacity surpassed 8.5 MTPA in 2023

National Biofuels Coordination Committee (NBCC) **announced mandatory biogas blending norms for CBG Companies**



WIND ENERGY

Ministry of New and Renewable Energy introduced “**National Repowering & Life Extension Policy for Wind Power Projects – 2023**” for upgrading of wind turbines in India; **repowering potential** of country is **25.4 GW**

Centre introduces **Offshore Wind Leasing Rules**

Government **amends bidding norms**, **allowing** wind power generators to **sell power** before **Scheduled Commercial Operation Date (SCOD)**

GREEN ENERGY – SELECT INVESTMENTS ANNOUNCED IN 2023

Investment in renewable energy has gained significant momentum in past year with various domestic and international companies are foraying and investing into Indian markets

INVESTMENTS IN SOLAR



WAAREE
One with the Sun

JUN 2023: 10GW deal with Jinchen to develop gigawatt scale green production capacities

ampin energy
Powering tomorrow's energy transition

NOV 2023: To setup 1.3GW of integrated solar cell and module manufacturing factory in eastern India

adani

DEC 2023: To invest ~90 bln EUR in green energy transition over 10 years

INVESTMENTS IN GREEN HYDROGEN



OCIOR ENERGY

FEB 2023: Signs MOU with Gujarat government to invest ~4 bln EUR in GH2 and Ammonia production

LARSEN & TOUBRO

AUG 2023: To invest ~3.6 bln EUR in green hydrogen projects

GAIL

DEC 2023: Establishes GH2 production unit in Vijapur, MP

INVESTMENTS IN WIND ENERGY



amazon

OCT 2023: To build 198 MW wind farm in Osmanabad, India

ENGIE

OCT 2023: To invest 385 mio EUR for 700 MW renewable energy projects, including wind and solar

ओ एन जी सी
ONGC

DEC 2023: Invest ~3.8 bln EUR to develop 5GW Solar & Wind capacities

INVESTMENTS IN BIOFUEL



Reliance Industries Limited

AUG 2023: Plans to set up 100 biogas plants in next 5 years

KRIBHCO
Cooperative and beyond...

SEP 2023: Investment of >125 mio EUR to produce ethanol with installed capacity >750 klpd across 3 plants

ऑयल इंडिया
OIL INDIA

SEP 2023: To invest ~1 bln EUR to produce 2nd generation ethanol



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SHARED SERVICE CENTRE (SSC) IN INDIA – A SNAPSHOT

India with its established ecosystem has developed into a hub for critical value add SSC functions including R&D and CRM; relative savings potential of up to 70% for multinationals investing in India

OPPORTUNITY FOR INCREASINGLY COMPLEX SHARED SERVICES IN INDIA

Global Business Services

- Centralization of global value-add services (HR, accounts, IT etc.)
- High-end services like CRM¹⁾ (customer complaints, warranty claims, online trouble shooting etc.)



Manufacturing as a Service

- Manufacturing center for inhouse global requirements (complete/ sub-assembly)
- Contract manufacturing for global requirements (external)

Global Sourcing Centre

- International procurement office for catering to global component requirements – supplier identification, qualification, development etc.

Engineering R&D

- R&D center: Product development and innovation
- Software development center: Digitalization/ automation solutions and AI/ ML

India provides a stable and successful outsourcing ecosystem model **towards higher value-add functional (including Design and CRM)** for companies & considerable cost savings even accounting for the CAPEX in the medium to long run

ENVISAGED COST SAVINGS WITH INDIAN SSC VS. EUROPEAN SETUP

POSSIBLE SHARED SERVICES

POTENTIAL COST SAVING



IT SERVICES

50%-70%



DESIGN

>50%



PROCUREMENT

30%-40%



HUMAN RESOURCE

15%-20%



FINANCIAL SERVICES

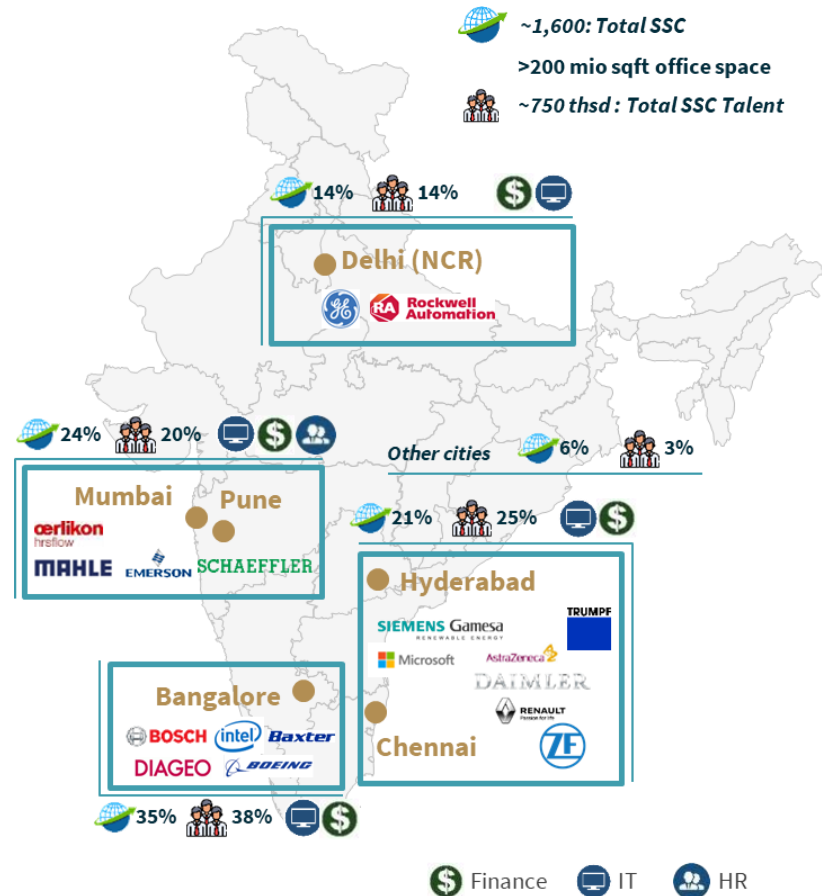
10%-15%

1) Customer Relationship Management

SHARED SERVICE CENTRE – INDIAN LANDSCAPE AND DEVELOPMENTS (2023)

India, home to ~1600 SSC emerged as the preferred destination for SSC globally in multiple C-suite surveys (followed by Poland and Mexico) and attracted multiple new investments from MNCs for their SSC/ GCC and GBS centres

SPLIT OF EXISTING SSC IN INDIA, 2023



RECENT DEVELOPMENTS (2023)

The Times of India
Indian talent helps GCCs build trust with global leaders
 India Business News: Even as a good part of the tech world slows down, there's no slowdown in the number of global companies expanding and...
 2 Jun 2023

The Financial Express
<https://www.financialexpress.com/business/industry/>
India most preferred location for global shared services ...
 24 Aug 2023 — India has emerged as the most preferred location as a Global Shared Services

BQ Prime
EagleBurgmann Sets Up New Shared Service Centre In Chennai
 EagleBurgmann, a joint venture between the German Freudenberg Group and the Japanese Eagle Industry Group has set up its shared services...
 27 Jun 2023

Lenovo StoryHub
Lenovo launched a Shared Support Center as part of a multi-million-dollar investment in expanding technology ...
 Lenovo takes another significant step in its commitment to India through advancing technology solutions and innovation capabilities by...
 2 Aug 2023

News Experts
RHI Magnesita Sets up Global Shared Service Centre in India
 RHI Magnesita, the Global leader in manufacturing and supply of high-grade refractory products, systems, and solutions, has operationalised...
 18 Aug 2023

India's key advantages include a **multilingual, technically educated young population and a rising demand for local consumption** which is forcing companies to consider India as the preferred destination; surveys found Poland and Mexico to be attractive destinations as well, behind just India



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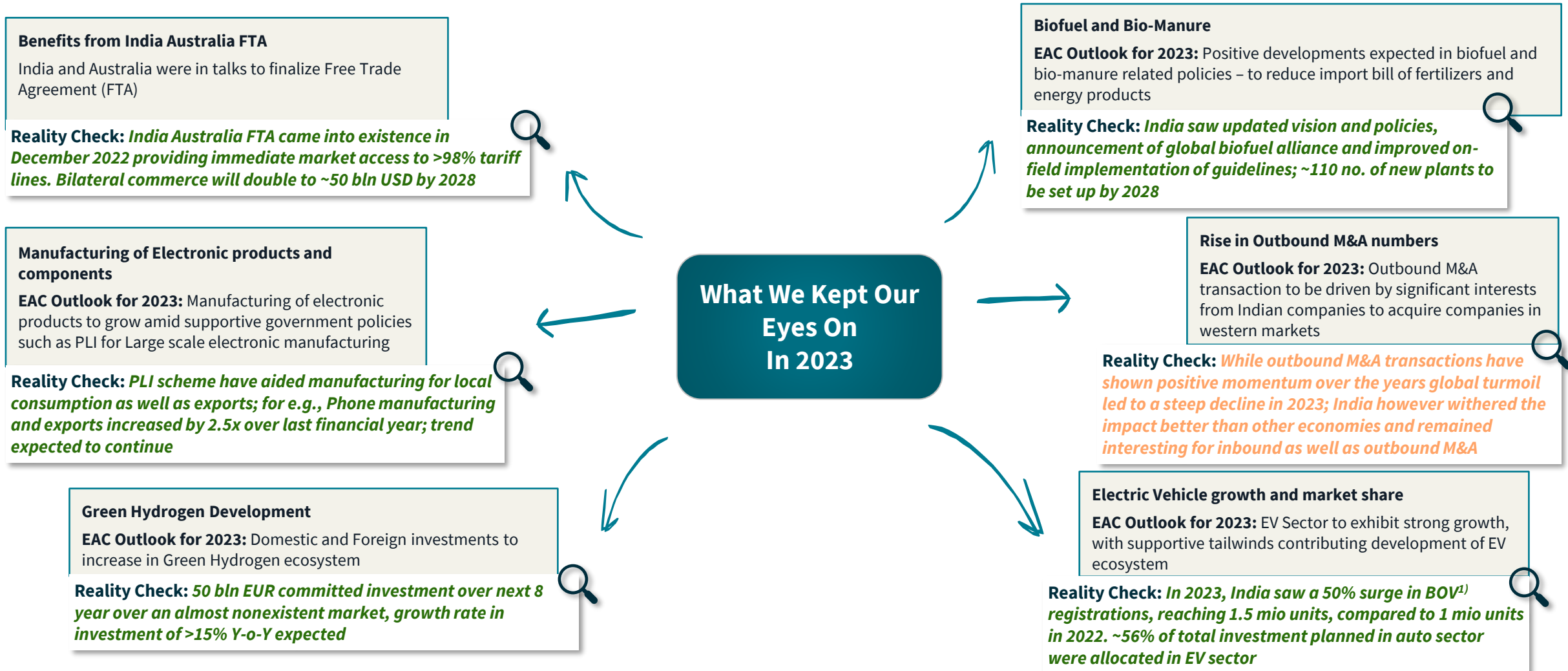
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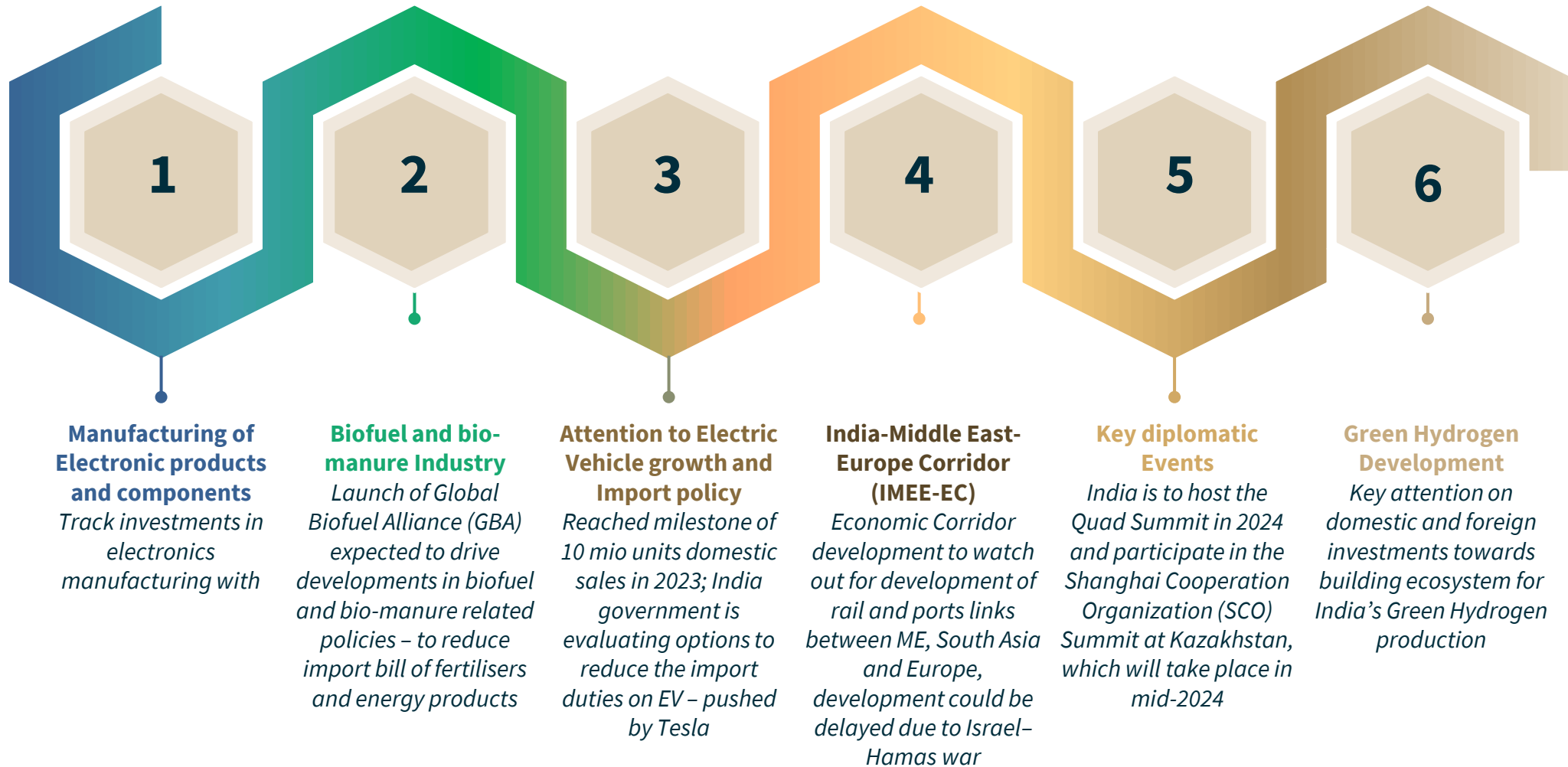
REALITY CHECK OF EAC ATTENTION POINTS FROM LAST YEAR

What we highlighted as attention points/ predicted last year and how 2023 turned out...



1) Battery Operated Vehicles

We keep our eyes on economic developments and emerging opportunities across industries, including electronics, EVs, hydrogen, biofuel, textiles, and food processing

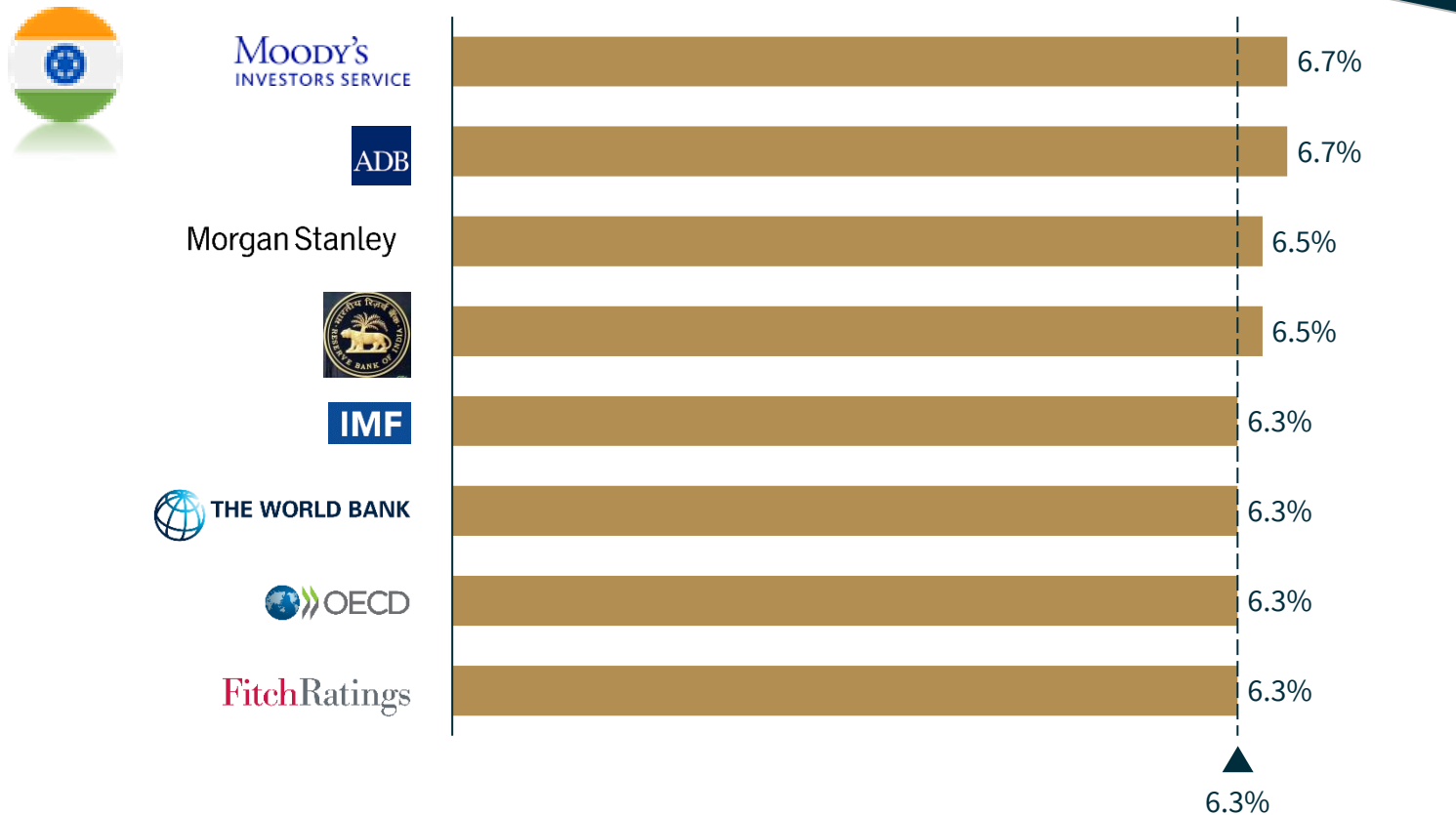


...and keeping a close watch on the general election results



Major global institutions forecast India to remain steadfast amidst ongoing challenges and better positioned to weather the future storms than most other major economies

2023-24 INDIA GDP GROWTH FORECASTS (% YOY)



India is well supported by a robust domestic demand and strong macroeconomic fundamentals

1) Based on IMF, World Economic Outlook in October 2023

Real GDP Growth Forecast for Major Economies ¹⁾ (IMF)		
	2023	2024
India	6.3%	6.3%
UK	0.5%	0.6%
China	5.0%	4.2%
France	1.0%	1.3%
Japan	2.0%	1.0%
USA	2.1%	1.5%
Germany	-0.5%	1.9%
Russia	2.2%	1.1%
World	3.0%	2.9%
Emerging Market*	4.0%	4.0%
Euro Area	0.7%	1.2%

* Includes developing economies of Asia, Europe, Africa, MEA, Latin America and Caribbean

Major global institutions forecast India to remain steadfast amidst ongoing challenges and better positioned to weather the future storms than most other major economies

Investment strategy 2033

for building material manufacturers

- India: **A beacon of growth amidst global turmoil India is currently on foreign players' radar for capturing local business opportunities** and increasing its local footprint
- **EAC supported European players** in conducting market study, competition benchmarking and value chain development and defining investment requirements and plan for next 10 years incl. recommending best suitable regions/ markets for investments

Growth Planning

Short-and Mid-term growth strategies

- **Existing players in Indian market** are **moving beyond mere survival and actively seeking to optimize, expand, and achieve sustainable growth** through growth planning
- Mid-term revenue expansion plan development
- Expanding to new applications and products segments
- Organic vs inorganic growth plan

Indian Companies Expanding Globally

Internationalization Strategies

- Indian companies are **evaluating addressable market** and **route to market to foray into new markets** abroad
- **Evaluating organic and inorganic collaboration opportunities** to acquire new technologies and to expand footprint in export markets (SEA/ EU/ Middle East)
- **EAC supported Indian companies** in **market entry/ expansion models, collaboration partner search and logistics strategy formulation**

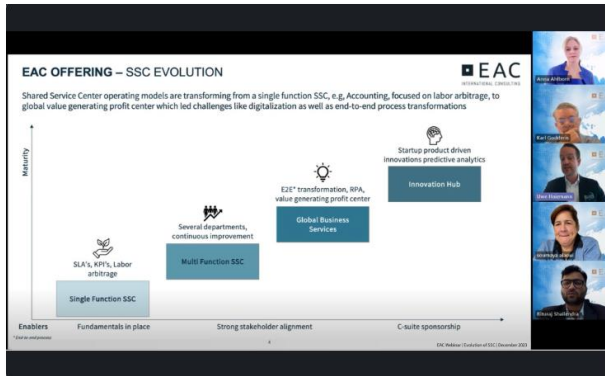
Footprint advisory

Businesses expansion into new markets

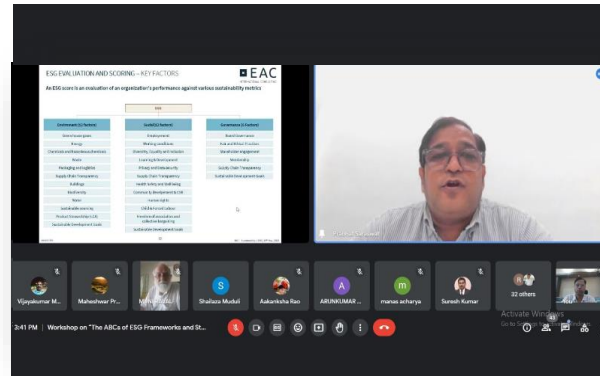
- **Consolidation of multiple locations**
- **Relocating of factory** beyond continuously expanding city limits (key trend in metro cities)
- Locations identification for manufacturing plant setup

EAC HIGHLIGHTS – ACTIVE PARTICIPATION IN EVENTS & SEMINARS

EAC actively participated in symposiums and conferences, partnered with associations, federations & companies, conducted webinars with an aim to share the market knowledge and insights



EAC conducted a webinar on “SSC - Shared Service Centres: An outlook of the 4 most attractive global destinations, EAC India November | 2023



EAC conducted webinar on ESG standards and frameworks April | 2023



Joined hands as “Knowledge Partners” with Indian Federation of Green Energy for Biogas event April | 2023



Attended as a speaker in a multicity Medical Symposium organized by MULTIVAC Group October | 2023



CEO round table conference VDMA India November | 2023



Moderated discussion on “Mergers & Acquisitions – Accelerating towards Mobility Diversity” organized by ACMA India July | 2023

With a clear vision we provide first-hand know-how and experience with the highest standard – we work with culturally mixed teams to achieve maximum results in our offices around the globe

> 100 EXPERTS IN OUR OFFICES IN...



- Munich
- Shanghai
- Mumbai
- Kuala Lumpur
- New York

EXPERTISE IN Global MARKETS



- China
- India
- Southeast Asia
- Western Europe
- Central Eastern Europe
- Americas

FUNCTIONAL COMPETENCIES



- Strategy
- M&A
- Operational Excellence
- Sustainability

LONG-TERM MANAGEMENT EXPERTISE IN ASIA

- With 30 years of local presence EAC is a pioneer in global growth markets China and India
- Strong project track record stems from long-standing relationships with global & regional industry stakeholders

WE CREATE VALUE

- “Single-Shop-Services” guaranteed through high cross-regional flexibility – no “profit center fences”
- Strong global network of independent experts in all relevant growth markets through EAC regional hubs

IN-DEPTH INDUSTRY KNOWHOW

- No “off the shelf”-projects: tailor-made project solutions for the individual requests of our clients
- EAC is supported by a high-caliber advisory board of former, internationally active CEOs in China and Europe

MORE THAN A VISION – A PROMISE

- We are overachieving the expectations of our customers with individual consulting approaches and innovative strategies
- We are a strong strategy partner – also during execution stage. Our project philosophy: “Walking the last mile”

EAC prides itself on being the trusted partner of MNCs and hidden champions alike and is consistently rated amongst the best consulting companies

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