

Deloitte.

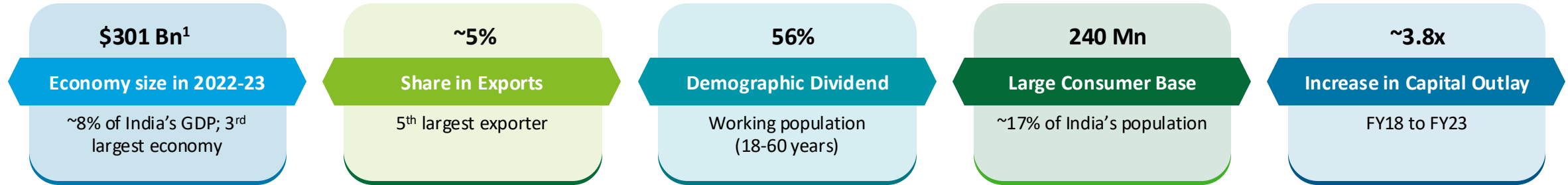


Uttar Pradesh

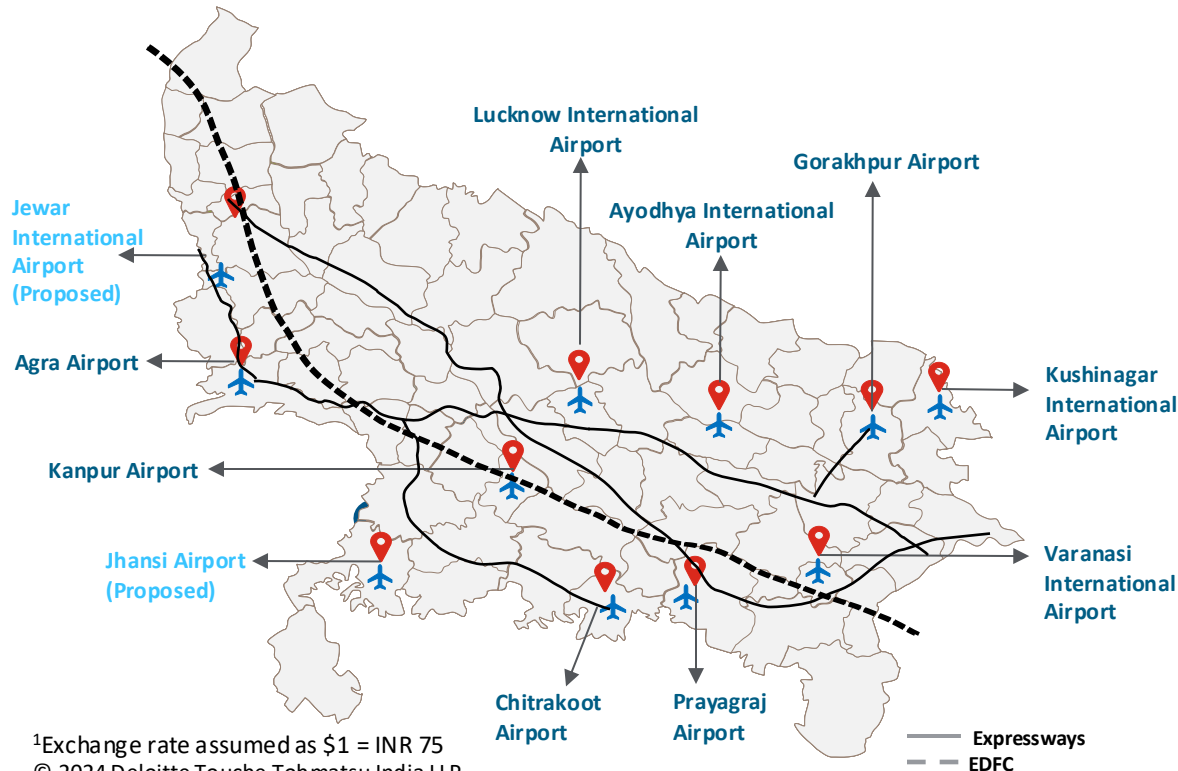
**The State with Compelling Investment
Opportunities in ESDM Sector**

UP – State with Robust and Resilient Economy

UP is #1 State having best-in-class infrastructure with connectivity to industry and economic hubs in India.



Wholesome Infrastructure



¹Exchange rate assumed as \$1 = INR 75
 © 2024 Deloitte Touche Tohmatsu India LLP.

- Maximum number of airports with **#5 international airports**, and **#16 domestic airports**
- Rank **# 1** in terms of network of Expressway in the country
- Largest network of roads (> 400,000 kms)
- Largest railway network (> 16,000 kms)
- Dedicated Freight Corridors (EDFC with highest catchment area - ~57% & WDFC – ~10%) in the State
- Vast network of **Metro Rail Systems** (5 Operational, 2 under-construction). First **Rapid Rail Transport System** in India (Delhi to Meerut under-construction)
- 1st to have **multi modal waterways terminal** on river ganga (5 freight villages planned)

Electronics Manufacturing

UP has one of the largest electronics clusters in India, with companies like Samsung, LG, Vivo, Oppo, Haier, Dixon having a significant presence

Sector Overview



Advantage UP

- UP is the **largest exporter of Consumer Electronics** in India.
- **ESDM Clusters:** Home to 45% of India's smartphone manufacturing and 55% of mobile components
- **2 Greenfield ESDM Clusters:** At Sector 24, Yamuna Expressway and at Ecotech VI & VII, Greater Noida
- **OPPO, VIVO and Samsung** operating plants in Greater Noida – account for 40% of India's mobile manufacturing market

Key existing players in UP

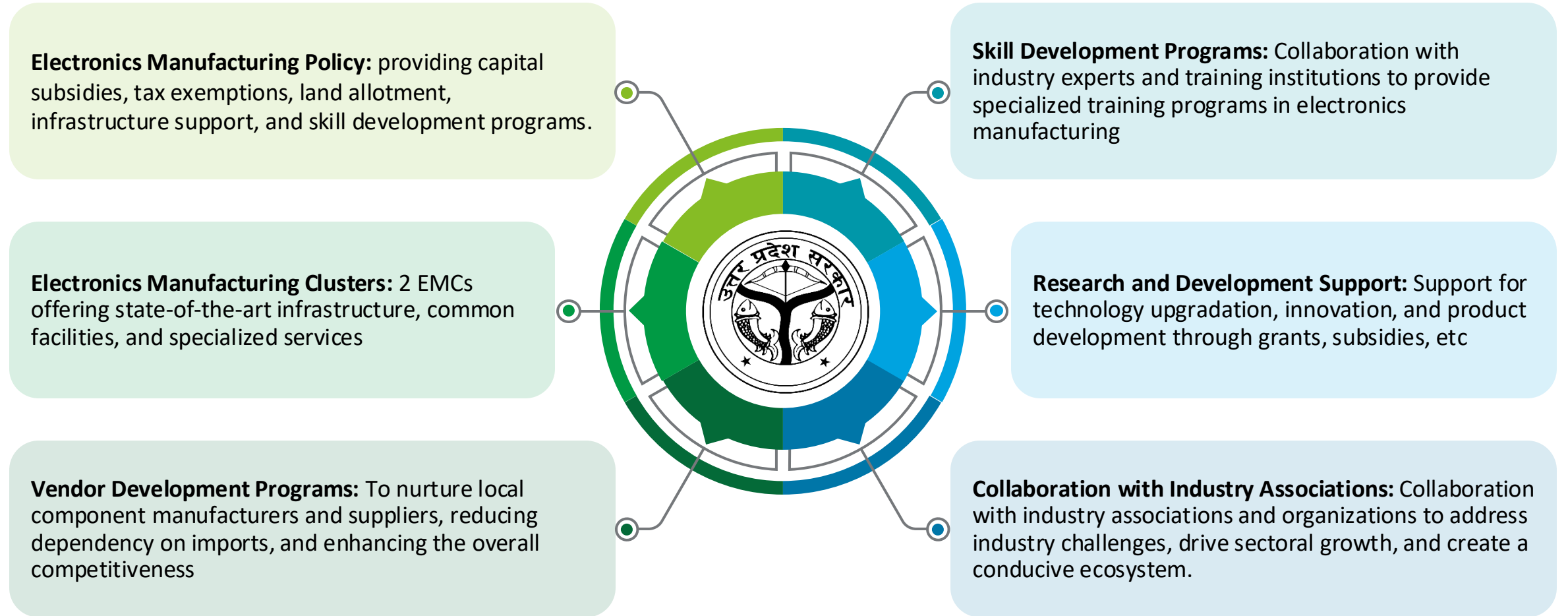


Key Investment Opportunities

- **3 Electronics Manufacturing Clusters** focusing on **mobile manufacturing, consumer durables, Telecom, IT hardware, Drone, medical electronics, defense electronics, Robotics, IoT etc.** to be setup
- **Industrial electronics** - Power electronics, LED lighting, CFL, energy meters etc.
- **Research, innovation and skill development** support in emerging technology areas such as augmented Reality (AR), Virtual Reality (VR), drones, robotics, additive manufacturing, etc
- Setting up of **ESDM parks** across the state in collaboration of Government/private agencies for Domestic/Foreign investors
- **3 Center of Excellences** to be setup in collaboration with reputed academic institutions/ industry associations/ other Govt./ Private entity.

Electronics Manufacturing

Uttar Pradesh is implementing several key interventions to promote and enhance Sector in the state



Electronics Manufacturing

Case Studies from Uttar Pradesh



- Samsung, a South Korean electronic gadget manufacturer established in 1938.
- Inaugurated the Noida facility in July 2018, recognized as the world's largest mobile factory, significantly enhancing Samsung's production capacity in India.
- With an investment of INR 4,825 crore, Samsung availed benefits under the "UP Electronics Manufacturing Policy 2017,"
- The state government provided approximately INR 250 crore, including capital subsidy and stamp duty exemption, to support Samsung's operations.
- Additionally, Samsung received a financial incentive of approximately INR 460 crore under the Centre's Scheme for Promotion of Manufacturing Electronic Components and Semiconductors (SPECs).

Source: News reports



The brand behind brands

- Dixon Technologies (India) is the largest home-grown design-focused and solutions company involved in contract manufacturing products across consumer durables, lighting, and cell phones markets in India.
- Presence of 9 manufacturing plants of Dixon Technologies & its subsidiary located in Uttar Pradesh.
 - The latest manufacturing facility established by Padget Electronics (a subsidiary of Dixon) in Noida specializes in producing smartphones for Xiaomi India, a global technology giant.
 - With an investment of INR 256 crore, the facility is anticipated to create approximately 5,000 new employment opportunities. It boasts an annual production capacity of 25 million units.
- Dixon Technologies reported a net profit of INR 97.1 crore for the December quarter of FY24, with the company's total revenue reaching INR 4,818.3 crore.

Electronics Manufacturing

Key Investment opportunities

Future Development Opportunities

Value Chain Opportunity:

- Smartphones, laptops, televisions, infotainment systems, automobile communication, etc.
- Hub for smartphone and other consumer electronics manufacturing mainly LCDs.

Import Substitution Opportunity:

- Opportunity to capture **INR 5,100 crores (USD 723 million)** worth of demand
- Potential products include monitors, Sound recording medias, Storage Devices, Insulated Electric Conductors, Data Transmission/ reception apparatus, etc.

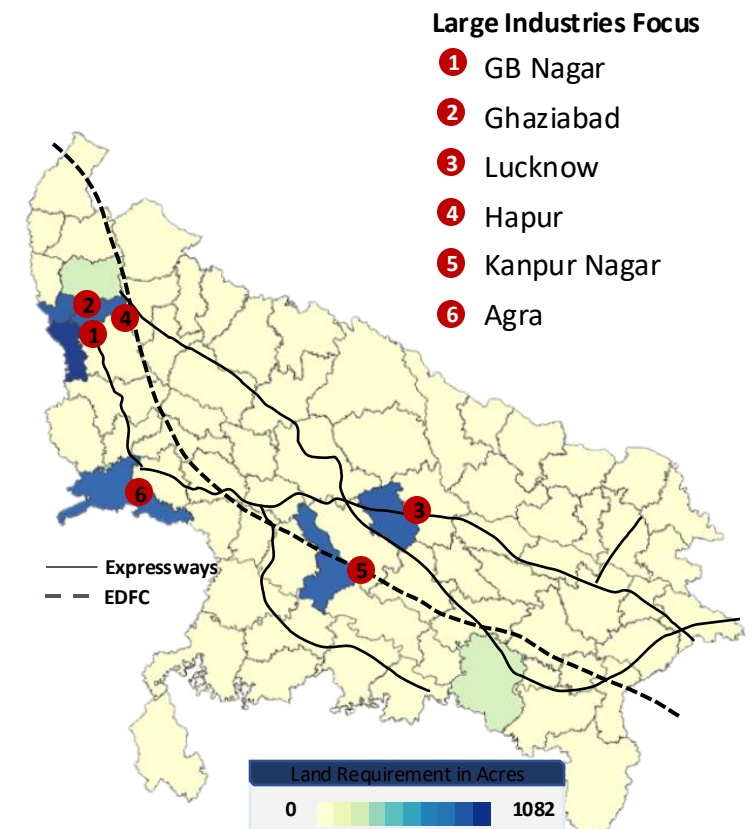
Export Opportunity:

- Market diversification and penetration opportunities for key products like **Mobile phones, microphones and components in ASEAN countries, Japan and South Korea**
- Market diversification for key products like **Computers and laptops in USA, Germany, Japan, UK**

MSME Units

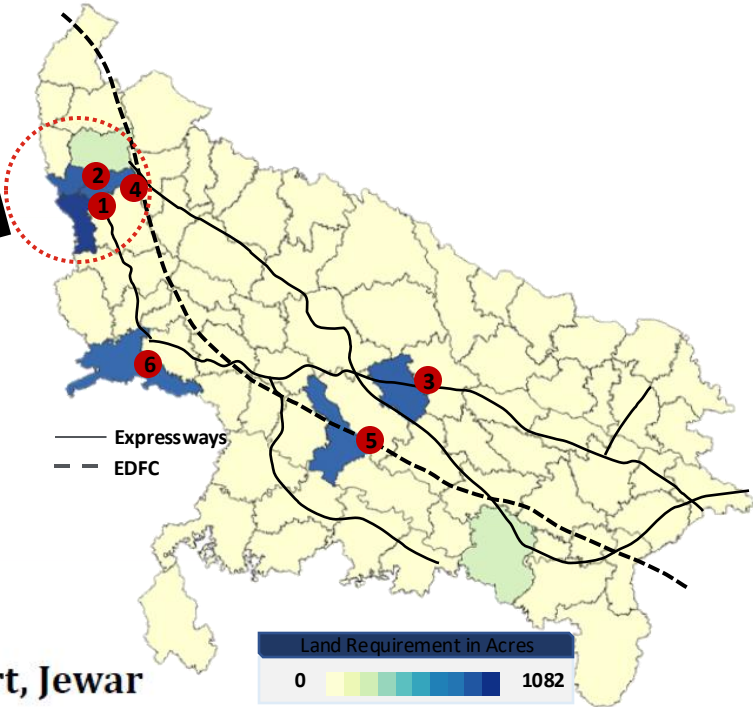
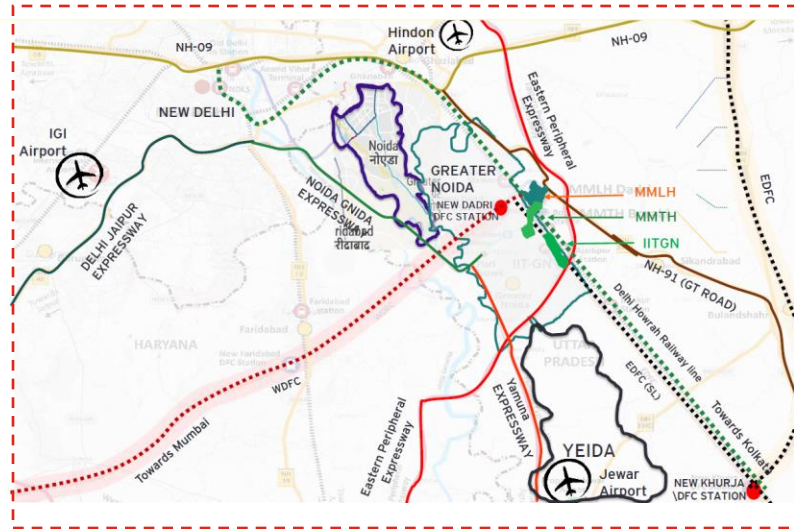
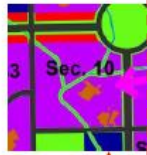
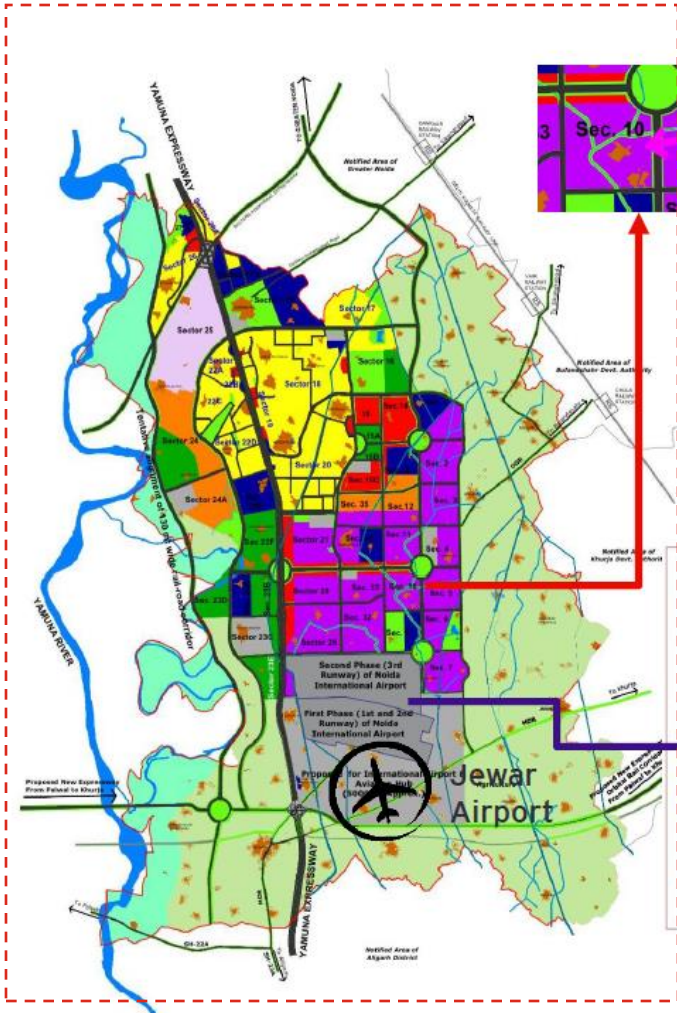
- Development of rental dormitories for work force in Industrial development Authorities by itself or on PPP mode
- Development of rental facilities on Plug & Play model for ESDM investors by itself or on PPP mode.

Potential districts for planning future growth:



Electronics Manufacturing

Noida Region as a preferred destination for Electronics Manufacturing Hub



Aviation Hub (6300 Ha)-Noida International Airport, Jewar







- Two runway Airport (Stage 1) is under construction and three more runways (Stage-2:) approved
- 100-meter-wide Yamuna Expressway Connecting Greater Noida to Agra
- 100-meter-wide Eastern peripheral Expressway, passing through Yamuna Expressway at Formula One Track, connecting Palwal, Manesar, Ghazaibad, Bhagpat, Meerut
- Just 72 kms from IGI Airport, well connected to Noida, Greater Noida
- Proposed Metro Extension from Noida to NIA
- Proposed High Speed Rail Link (with stop at NIA Terminal)
- Airport is expected to be completed till September, 2024¹³

Support from Government: Key Policy Highlights

Uttar Pradesh Electronics Manufacturing Policy 2022



Policy Highlights

-  **Interest Subsidy** @5% P.A. (on the rate of interest) to units with investment up to US\$25 Mn, subject to conditions
-  **Stamp Duty:** 100% exemption of stamp duty for individual Electronics units; 100% exemption of stamp duty on first transaction; 50% exemption on second transaction shall be available for purchase/lease of land for EMCs/Electronics Parks
-  **Land Subsidy** @25% on prevailing sector rates on purchase of land from state agencies in Madhyanchal and Paschimanchal regions. @50% on prevailing sector rates on purchase of land from state Agencies in Bundelkhand and Purvanchal regions
-  **Electricity Duty** @50% exemption of Electricity Duty shall be provided for a maximum period of 10 years to all Electronics units; 50% for units operating in Paschimanchal, 75% for units operating in Madhyanchal, and 100% for units operating in Purvanchal & Bundelkhand

Special Incentives

- Additional capital subsidy for Anchor units from 1.5% to 5%
- 75% subsidy on 1st 200 acres of land along; 30% subsidy on additional purchase of land
- One time capital subsidy for setting up Effluent Treatment Plant (ETP)
- Electricity duty exemption for 20 years
- Dual power grid network to FAB units
- Subsidy for setting up Common Facility Centers



FDI, Fortune Global 500 & Fortune India 500 Companies Investment Promotion Policy, 2023

Eligibility Criteria:

- ✓ Projects with Foreign Direct Investment (FDI) Capital Investment of above ₹100 crores.
- ✓ Projects with Capital Investment of more than ₹100 crores by companies included in the list of Fortune Global-500 and Fortune India-500, subject to Negative list.

UP FDI and Fortune 500 Policy 2023 – Fiscal Incentives

Major benefits

Capital subsidy

- 25% of *ECI (excluding land cost) in Gautam Buddha Nagar and Ghaziabad regions
- 30% of ECI (excluding land cost) in Paschimanchal and Madhyanchal regions
- 35% of ECI (excluding land cost) in Bundelkhand and Purvanchal regions

Capital Subsidy will be provided in 7 equal annual instalments with annual capping of INR 100 crores

SGST reimbursement/ refund

- **Option A - Net SGST reimbursement on sales:**
 - 100% of net SGST paid for 10 years
 - Annual capping: Upto 10% of ECI, Overall capping: Upto 100% of ECI (excluding land cost and capital subsidy)
- **Option B - Input SGST refund on capital goods:** 100% SGST refund in 5 annual instalment (Applicable only in case of inverted duty structure)

Note: Option to choose any one out of A and B is available

Land subsidy

- Upto 75% in Paschimanchal and Madhyanchal region
- Upto 80% in Bundelkhand and Purvanchal region

Other fiscal benefits

- **Stamp Duty & Registration Fees:** 50% - 100% exemption/ reimbursement
- **Electricity Duty:** 100% exemption from for 5 years
- **Skill development subsidy:** Upto INR 5,000 p.m. per person for 5 years (max. 500 persons)

- **Green Industry Incentives:** 50% capital subsidy on the cost of Effluent Treatment Plant capped at INR 2.5 crores
- **Industrial Housing Incentives:** Reimbursement upto 10% of the cost of development of workers' housing or dormitory for 7 years overall capped at INR 10 crores

- **R&D incentives:** Reimbursement upto 25% of the cost of standalone R&D centre capped at INR 10 crores (with minimum capital investment of INR 20 crores)
- **Centers of Excellence (CoE):** Grant upto 50% of the project cost capped at INR 10 crores per project
Note: Option to choose any one out of above is available

- **Logistics Subsidy:** Reimbursement upto 50% of the transportation cost on import capped at INR 2 crores per unit (in case of shifting of existing plant from international or domestic locations to UP)
- **Patent cost:** Reimbursement upto 75% of the cost capped at INR 10 lakh (for domestic) and INR 20 lakh (for international)

Contact

Sumit Khanna
Partner

Nirav Pujara
SME

Sandeep Negi
SME

Abhishek Sood
Director

Email:
inpparamup@deloitte.com

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee (“DTTL”), its network of member firms, and their related entities. DTTL and each of its member firms are legally separate and independent entities. DTTL (also referred to as “Deloitte Global”) does not provide services to clients. Please see www.deloitte.com/about for a more detailed description of DTTL and its member firms.

This material is prepared by Deloitte Touche Tohmatsu India LLP (DTTILLP). This material (including any information contained in it) is intended to provide general information on a particular subject(s) and is not an exhaustive treatment of such subject(s) or a substitute to obtaining professional services or advice. This material may contain information sourced from publicly available information or other third-party sources. DTTILLP does not independently verify any such sources and is not responsible for any loss whatsoever caused due to reliance placed on information sourced from such sources. None of DTTILLP, Deloitte Touche Tohmatsu Limited, its member firms, or their related entities (collectively, the “Deloitte Network”) is, by means of this material, rendering any kind of investment, legal or other professional advice or services. You should seek specific advice of the relevant professional(s) for these kind of services. This material or information is not intended to be relied upon as the sole basis for any decision which may affect you or your business. Before making any decision or taking any action that might affect your personal finances or business, you should consult a qualified professional adviser.

No entity in the Deloitte Network shall be responsible for any loss whatsoever sustained by any person or entity by reason of access to, use of or reliance on, this material. By using this material or any information contained in it, the user accepts this entire notice and terms of use.