

NAVIGATING IMPORTS & DISTRIBUTION IN INDIA



2025



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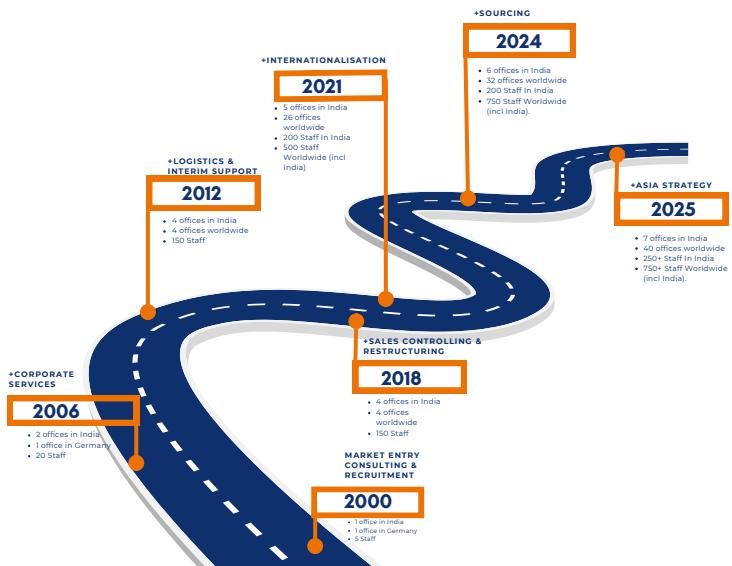
- **MARKET GROWTH**
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Maier+Vidorno is an Altios group subsidiary dedicated to entering and growing in the complex markets of India, with 250+ employees in India supporting clients from 7 branches.



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EXPERT NOTE



MR. SHASHANK VERMA

The Indian logistics and supply chain ecosystem is undergoing a paradigm shift. From a cost centre, it is being repositioned as a **strategic differentiator** — offering agility, transparency and sustainability. With robust policy backing, private sector innovation and a commitment to digital transformation, India is poised to emerge as a global logistics hub in the coming decade. Recent policy interventions, technological evolution and rising demand for integrated services are transforming the landscape, positioning the sector as a critical enabler for India's ambitions of becoming a global manufacturing and trading powerhouse.

With **PM Gati Shakti – National Master Plan**, which is a holistic, multimodal infrastructure strategy aimed at seamless connectivity between economic zones and reducing logistics costs to **8%** by 2030, which at the moment stands at **14%** of GDP. High-speed rail freight lines are set to revolutionise goods movement across industrial hubs. It's noteworthy that electrifying **95%** of the total railway infrastructure gives definite thrust to the freight industry, with stable freight costs. Another key factor, which again is an achievement, is controlled fuel prices. Even during the challenging times of war and disturbed geopolitics, the current political setup didn't allow an increase in fuel prices (Fuel Surcharge).

Under the ease of doing business, processes of customs clearance have evolved by extending benefits to the concerned (importer or exporter). The transfer pricing study conducted by the special valuation branch of Indian customs (SVB), has almost stopped (until and unless pressing reasons exist) the process of keeping extra **duty deposit (EDD) with the customs**, which was **up to 5% of the assessable value (CIF) of imported goods**, earlier. Similarly, with the introduction of RoDTeP in exports, the remissions to the exporters are simplified with minimal threat from the World Trade Organisation (WTO).

The National Logistics Policy, unveiled in 2022 in conjunction with the New Education Policy, focuses on digitisation, standardisation, and skill development to reduce costs and enhance efficiency. The perennial issue of education with low quality has been addressed, and the result of the same will be seen in the next decade, as the education system of India is undergoing transformation, where focus is on vocational studies or on-site learning. Both the policies, when read together and work in tandem, will give us employable youth immediately after completion of a degree/diploma, which isn't the case as of today.

A handwritten signature in blue ink that reads "Shashank Verma".

Shashank Verma
Vice President, SCM (Ops)
Maier Vidorno Altios
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EXECUTIVE SUMMARY



India's global trade landscape has entered a transformative phase. As per **IMF data (2025)(1)**, India has overtaken Japan to become the **4th largest economy in the world**, with a GDP of \$4.19 trillion.

This milestone marks a significant shift in the global economic order, increasing India's importance as both a destination and hub for trade and distribution. Foreign companies—especially from Europe, Japan, and the US—are reevaluating their India strategies in light of this dynamic.

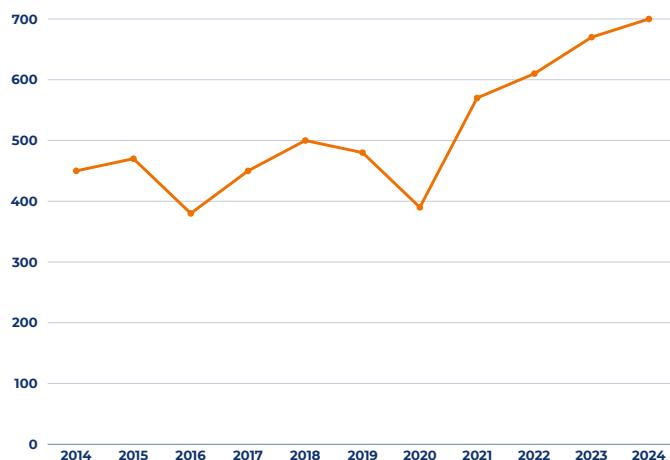
/ Surge in Imports & Investment

Over the past decade, **India's merchandise imports have more than doubled, rising from approximately \$448 billion in FY2014- 15 to over \$720 billion in FY2024- 25**. Sectors witnessing the highest growth include industrial machinery, precision equipment, electronics, and components for manufacturing automation.

According to recent **reports from UNCTAD and the Ministry of Commerce, European and East Asian firms(2)** are significantly increasing investments in India, particularly in setting up wholly owned subsidiaries or forming local distribution partnerships.

Here's a visual representation of India's merchandise import trends from 2014 to 2024, showing a steady growth trajectory, especially post-pandemic, with imports rising from around \$394 billion in 2020 to over \$700 billion by 2024 (Source: Statista, World Bank(3)).

EXECUTIVE SUMMARY



/ Trading & Distribution Models are Evolving

A majority of foreign firms now operate through **subsidiary-led trading and distribution models**. These models allow greater agility in pricing, after-sales service, regulatory compliance, and access to regional markets. A smaller group continues with direct-to-customer strategies, especially in highly technical sectors where end-user engagement is critical.

/ Sales-Heavy Organizational Structures

Teams across industries have adopted sales-heavy resourcing models, with 80–90% of Indian staff allocated to sales or field-facing roles. This configuration highlights the importance of relationship-driven selling in India's diverse regional markets and reinforces the need for a local presence in decision-making and service delivery.

80-90%

Indian staff allocated to sales or field-facing roles



/ Systems & Tracking for Operational Efficiency

Enterprise-wide systems like **ERP, CRM, and inventory management tools** are widely implemented to improve **supply chain** visibility. Companies track performance monthly or quarterly using KPIs such as order fulfilment rates, inventory turnover, lead-time reduction, and regional sales conversion.



"In today's dynamic and cost-sensitive manufacturing environment, strategic adaptability is key. Localisation, inventory agility, and innovation-led growth are not just recommendations—they are imperatives for long-term success. Companies that align their supply chain and product strategies to evolving market realities will be best positioned to lead in both domestic and global arenas."

Praveen Singhal, Managing Director (India), Maier Vidorno Altios

EXECUTIVE SUMMARY

/ Strategic Focus Areas & Challenges

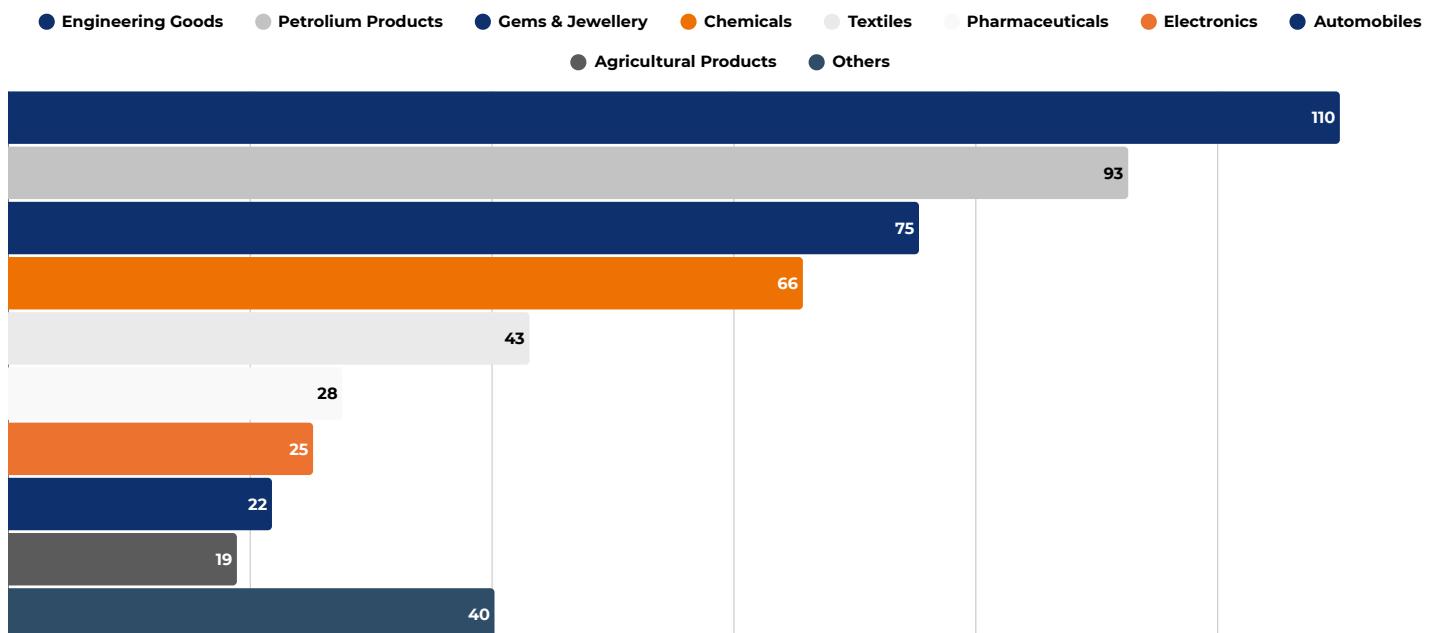
Organisations across sectors are pursuing **market access strategies involving Tier-2 and Tier-3 cities**, localised warehousing, and digital platforms. Key challenges include:

- / Regulatory hurdles (e.g., BIS compliance, import duties)
- / Payment delays and forex volatility
- / Talent acquisition and retention
- / Infrastructure and logistics inefficiencies
- / Cultural mismatch and fragmented decision-making across buyer groups

/ Contextual Global Trends

Global shifts—like friend-shoring, supply chain diversification from China, and India's inclusion in trade dialogues such as the **IPEF (Indo-Pacific Economic Framework)**(4)—are accelerating foreign companies' India-entry and expansion strategies. India's emerging role as a **manufacturing and distribution** alternative in Asia is reflected in the increased frequency of **joint ventures, wholly owned trading subsidiaries, and new warehousing infrastructure**.

Here is a visual chart showing India's top merchandise exports by sector in FY 2024–25, with export values in USD billions.



Indian top merchandise export 2024-25 (pib.gov.in)(5)

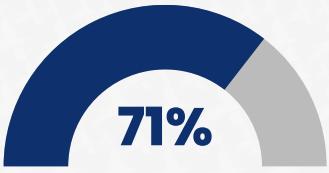
STRATEGIC TRADING

EXPERT INSIGHTS AND KEY FINDINGS

India, with its diverse population and growing economy which is pegged at a minimum growth rate of **6%** per year for the next five years, stands as one of the most dynamic and stable trading markets globally. Trading—both domestic and international—forms the backbone of India's economic development, touching various sectors from agriculture to technology. As businesses strive to harness India's market potential, the key to success lies in adopting a holistic approach that includes a well-defined **distribution strategy, optimal resource allocation, robust IT systems, stringent efficiency monitoring, alignment with business goals, and resilience in the face of challenges.**

Key Findings

/ Distribution Strategy Reflects Market Maturity



71%

Data Point: In our survey, 71% of German machinery sector companies in India operate through their subsidiaries, while other foreign companies without such a presence mostly rely on importer-distributor models. Notably, companies with subsidiaries have typically been in India for 10–30 years, while those without are newer entrants. This suggests the choice of distribution model is not a measure of commitment but a reflection of the market entry stage. Subsidiary-led models enable greater speed and control, while distributor-led models prioritise lean entry.



Milacron India Pvt Ltd

"A combination of demand forecasting and advanced manufacturing actions supported by long standing partners allows us to respond to market peaks and troughs."

A sound distribution strategy is crucial in India's vast and heterogeneous market. The country's geographical diversity and varied consumer behaviour necessitate a multi-tiered approach combining traditional wholesale networks, modern retail, and digital platforms. For urban markets, companies increasingly rely on **direct-to-consumer (D2C) models and organised retail chains.**

In contrast, rural areas still depend heavily on local distributors and informal trade networks. Companies that integrate omnichannel distribution—seamlessly blending online and offline channels—are better positioned to reach broader demographics efficiently.

STRATEGIC TRADING

EXPERT INSIGHTS AND KEY FINDINGS

In case of foreign subsidiaries or entities that are involved in trading engineering goods in India, the distribution always a choice between speed, safety and expenses that are associated with it.

Out of the **3**, while dealing with a dichotomy in which speed or expense plays an essential role; Making the best of the two for the firms usually helps in deriving their business strategy, in which distribution can be fully or partially taken over by their Business-to-Business (B2B) customers. Safety of the product during transit is always ensured with adequate insurance coverage, which is decided by the commercial teams of the international firms.



Bucher Hydraulics Pvt Ltd

"We are able to consistently achieve our objectives owing to almost 15 years invested into establishing distribution model for our products combining direct sales to large clients and channels for SMEs."

Kapil Sehgal, Managing Director

/ Resource Allocation



80%

Data Point: Around 80% of all companies—whether they have subsidiaries or not—report allocating most of their workforce to sales roles, often following an **80:20 or 90:10 sales-to-back-office ratio**. However, the key difference lies in execution.

Efficient resource allocation determines a company's capacity to scale and compete. In India, where **labour and logistics costs vary across regions, the smart allocation of human, financial, and material resources is essential**. High-growth sectors such as e-commerce and FMCG often prioritise investment in **warehousing, inventory management, and skilled personnel**. Businesses must also account for regional tax structures and compliance costs, optimising supply chains to ensure timely delivery at competitive prices.

Upon analysing the responses, we observed that in approximately **80%** of the cases, firms expressed an intention to reduce **back-office expenditure** to focus more on their core functions, primarily manufacturing or sales. Interestingly, a significant portion of the responses indicated an equal allocation of resources between **back-office operations** and core activities. This finding was unexpected and highlights the need to reassess organisational structures and consider targeted workshops to realign focus more effectively towards core business areas.



Erhardt + Leimer (I) Pvt Ltd

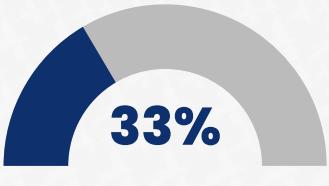
"Our distribution ensures fast service, strong market reach, and product availability, aided by digital tools and a mix of local manufacturing and imports."

I.D Singh, Managing Director

STRATEGIC TRADING

EXPERT INSIGHTS AND KEY FINDINGS

/ IT Systems



33%

Data Point: Nearly all companies with subsidiaries reported the use of **ERP, SAP, or CRM systems to monitor KPIs** like lead time, fulfillment rates, and inventory turnover. Among companies without subsidiaries, only 33% had such systems, with the rest either managing manually or planning implementation in the coming years.

The adoption of advanced IT systems is transforming the trading landscape in India. Enterprise Resource Planning (ERP), Customer Relationship Management (CRM), and **supply chain management software enable real-time data tracking, inventory optimization, and customer insights**. Cloud-based platforms and **AI-driven analytics enhance decision-making and demand forecasting**. Moreover, with the government pushing for digital India(6), even small and medium enterprises (SMEs) are increasingly adopting IT solutions to streamline operations and improve transparency.

Customization of IT systems has become essential, driven by evolving compliance requirements. Whether it involves the movement of goods supported by **e-invoicing, generation of e-waybills or the preparation and consolidation of complex data for return filing, the integration of Goods and Services Tax (GST) functionalities within IT systems is now a necessity**. Likewise, similar enhancements are required to **support international business reporting** obligations.

/ Efficiency Monitoring

Monitoring operational efficiency is vital for sustaining profitability in a highly competitive environment. Key Performance Indicators (KPIs) such as order fulfillment rates, inventory turnover, lead time, and cost per unit are used to assess performance. **Technology-enabled dashboards** and mobile reporting tools empower managers to make real-time adjustments. In addition, regular audits and benchmarking against industry standards help businesses identify gaps and adopt best practices.



Bedaflow Systems Pvt Ltd

"We set realistic, sector-specific targets and focus on cost-cutting via optimized shipments and stock planning, supporting stable performance despite import-related challenges."

Raghav Das, Director

STRATEGIC TRADING

EXPERT INSIGHTS AND KEY FINDINGS

It has been observed that practicality absolves objectivity, OR at least overshadows it, when it comes to **monitoring efficiency**. While drafting KPIs, firms are involved in discussions about what is achievable and lacking in challenging the vendor, which brings focus and paves the way to improve the supplies and overall customer service. Incentives shall become the key point of discussion, against the penalties, while signing the final/agreed set of KPIs.



Wohlhaupter India Pvt. Limited (100% Subsidiary of Wohlhaupter GmbH) & An Allied Machine & Engineering Company, USA

"India's value-driven market has fueled our 22% YoY distribution growth, driven by an agile sales structure and deep local insights. We are well-positioned for continued momentum ahead"

Keshav Khurana, Executive Director & Country Head

Business Goals

For most trading enterprises in India, the primary goals revolve around **market expansion, customer satisfaction, cost control, and long-term sustainability**. Companies aim to build **resilient supply chains**, strengthen brand loyalty, and achieve financial targets such as **ROI and EBITDA margins**. Many businesses are also aligning with broader national goals like **"Make in India"** and sustainable trade practices to enhance their public image and ensure regulatory compliance.



Data Point: Companies with a legal presence in India benefit from in-house logistics, compliance, and planning teams, often exceeding 300-400 personnel. These firms manage sourcing, audits, and inventory control themselves. By contrast, companies without subsidiaries often cite challenges in finding reliable talent, distributor consistency, and responding proactively to regulatory changes.

Local MD and team have to concentrate on various things while running the business. First and foremost is to increase the value of the business and to **provide what the shareholders expect and deserve**, while **investing in a foreign market** (India in this case). Any action whose outcome is detrimental to the overall business objective shouldn't be taken.



Zeppelin Systems

"Our planned expansion aims for a 20% market reach increase, supporting growth despite India's regulatory and infrastructure complexities."

Gaurang Joshipura, Managing Director

As the business becomes transactional over time, the focus of the company should never be forgotten, and transparency is supposed to be maintained with the foreign management, in the form of reports and regular/routine discussions via MS-Teams, Phone calls, etc.

KEY OBSTACLES

WHAT'S HOLDING BACK SUCCESS IN INDIA'S TRADING ENVIRONMENT?

Despite its vast potential, trading in India presents significant challenges. Infrastructure bottlenecks, regulatory complexities, varying state-level laws, and **supply chain disruptions remain persistent issues**.

The volatility of **consumer demand, price sensitivity, and high competition** further complicate market dynamics. Additionally, geopolitical tensions and currency fluctuations can impact import-export businesses. To thrive, companies must **adopt agile strategies**, invest in local partnerships, and maintain strong compliance mechanisms.

The operations of foreign engineering firms in India predominantly fall under the business-to-business (B2B) segment. Their **Go-To-Market strategy** largely adheres to conventional distribution models.

This is primarily due to the observed reluctance among Indian companies to onboard new vendors or suppliers. Instead, they prefer to continue working with existing partners who have demonstrated reliability in areas such as **distribution timelines, inventory management and most importantly, a well-established understanding of their payment terms**.



"Before importing machinery into India, it's crucial to get the fundamentals right, starting with HSN code classification and statutory compliance. Working closely with CHAs and ensuring readiness for BIS, WPC, or LMA requirements can prevent costly delays. But equally important is building a strong service support ecosystem and planning well for port logistics, especially for oversized equipment."

Arun Sharma, AGM, SCM (OPS), Maier Vidorno Altios



"Compliance, regular updation of KYC and transfer pricing provisions matter a lot in international trade when it comes to India operations. It gives sleepless nights to the concerned, ensuring the same results in long-term confidence of authorities in the exporter/importer."

Indeed, MVA is that trusted partner in need."

Jatin Chopra, Sr. Manager, SCM (OPS), Maier Vidorno Altios

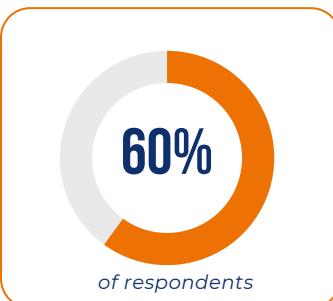
4 CORE CHALLENGES

WHAT DO OUR RESPONDENTS FORSEE ?

1

Import Cost Structures and Pricing Pressures

Across both segments, over **60%** of respondents cited a mismatch between import costs and market expectations. Indian buyers—especially in industrial sectors—frequently negotiate aggressively, seeking deep discounts, even on high-precision products.



2

Regulatory Complexity and BIS Compliance

75% of companies in both groups flagged regulatory hurdles such as BIS approvals, import duties, GST compliance, and HS code reclassifications as major pain points. Yet the way they experience these challenges is different.



3

Visibility Gaps in Supply Chain and Performance

For companies without subsidiaries, one of the biggest constraints is a lack of visibility. Few companies could track monthly sales or delivery KPIs, relying instead on distributor reports. This limits responsiveness, prevents data-driven decisions, and creates gaps between headquarters' expectations and Indian market realities.

By contrast, **90%** of subsidiary-led firms operate on ERP or CRM, enabling granular visibility of orders, inventories, and costs. This gives them a significant edge in managing logistics disruptions, vendor negotiations, and customer feedback loops.



4

Talent Acquisition and Retention

India's labour market is dynamic, but sourcing skilled manpower in compliance, supply chain, or technical sales remains a challenge. Around **65%** of all firms surveyed flagged talent issues, including high attrition, lack of domain knowledge, and poor regional reach.

Subsidiary-led firms counter this with internal HR teams, competitive compensation, and training programs. Non-subsidiary companies, on the other hand, struggle to influence hiring quality, as it is often done via their distributor partners, making it harder to build institutional knowledge or cultural alignment.



GROWTH DRIVERS

LEVERAGING INDIA'S EVOLVING DISTRIBUTION LANDSCAPE



Expanding Beyond Metro Cities

65%

India's market is large and diverse. Companies that have a subsidiary in India are already moving into smaller Tier-2 and Tier-3 cities⁽⁷⁾. Around 65% of them have built regional warehouses and hired local sales teams, helping them reach more customers and respond faster.

In comparison, companies without a local setup usually focus only on metro cities, depending on distributor reach. While they are interested in expanding, they often need stronger local partners or future investments to make this happen.

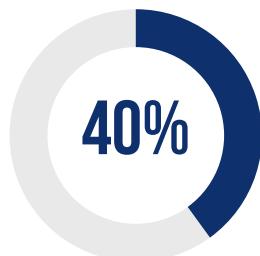
70%

Better Control Of Customer Service

Companies with subsidiaries give high importance to customer experience. More than 70% actively track delivery times, service quality, and customer satisfaction. They use local warehouses, technical support teams, and digital tools to offer faster and more reliable service.

GROWTH DRIVERS

LEVERAGING INDIA'S EVOLVING DISTRIBUTION LANDSCAPE



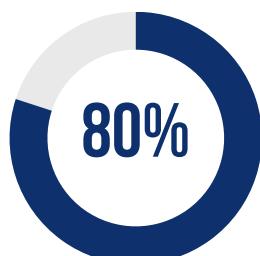
Non-subsidiary companies depend on distributors for service, and fewer than 40% have full visibility of what happens after the sale. This makes it harder to stand out or respond quickly to customer needs.



Using Digital Tools To Grow Smarter

Over 90% of companies with Indian subsidiaries use ERP and CRM systems. These help them monitor sales, costs, inventory, and overall performance in real time. This allows them to grow in a more efficient and controlled way.

On the other hand, companies without local operations often rely on partner reports or manual systems. Only about one-third have implemented ERP tools, which can make it difficult to track performance or plan for the future.



Building Local Teams And Capabilities

Subsidiary companies invest in building strong local teams for sales, logistics, compliance, and service. Over 80% have such teams across different cities. This not only helps in better execution but also improves their understanding of the market.

Companies without subsidiaries depend on partners for these functions. While this is fine for initial entry, it may slow down learning and customer engagement, especially when entering new sectors or regions.



Adapting To The Indian Market

Companies with Indian subsidiaries are more flexible when it comes to adapting, whether it's changing packaging, pricing, or delivery timelines. Over 60% are actively working on customising their offerings for India, including setting up local assembly.

Non-subsidiary companies also want to localise but often face delays or limits because they don't have direct control. Their growth depends more on whether their partners are willing and able to adapt.

RECOMMENDATIONS

The Indian trading environment can be tough to navigate for international firms that are unfamiliar with the dynamics of the local market. A market size of 1.4 billion people is appealing. What truly matters, however, is to understand – and capture – 'your real market', which may serve fewer customers, yet be rewarding.

These customers often come with specific requests for which the arrangement of funds and infrastructure is seen as a challenge by foreign entities. Similarly, for international firms to understand the Indian market, choosing a trusted local partner early on proves to be a winning strategy.

A local partner with international exposure allows for smooth and prompt alignment with the interests of shareholders. A partner who becomes the shareholder's alter ego in India and provides a transparent picture of the business on ground, while helping you craft a vision for the future.



"For CXOs looking to scale in India, localisation should be non-negotiable. Tailoring products to Indian conditions and user expectations drives relevance. Combine that with lean inventory strategies and bold, demand-creating innovation—and you build not just market presence, but long-term resilience."

Shashank Verma, Vice President, SCM (Ops), Maier Vidorno Altios

Expanding to other markets, especially the ones where structure is being defined at the moment, market forces come into effect later, i.e. after the potential is realised. India is part of this change, especially when it comes to engineering goods and the absence of technology (in India), which otherwise exists in Europe and USA.



Transfer of technology (ToT) and Make in India (Mil) appear to be a necessity rather than government initiatives. Realising that without manufacturing but with the service industry, multi-fold growth of India isn't possible, the government resorted to the necessary objectives, including ToT and Mil.

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- Interim support & BD program

/ Subsidiary Management

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- Accounting, payroll, & tax
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- Operating costs & government & state incentives
- Project Management (construction)



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25
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