INDIA
EXPANSION GUIDE

A Strategic Guide for Italian Companies

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IN INDIA

M+V Altios empowers Italian companies and foreign subsidiaries to operate, scale, and succeed in India.

We provide strategic guidance and hands-on support across compliance, people, and operations, helping Italian businesses navigate the India market, strengthen their local presence, and turn challenges into long-term growth.

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- **MARKET GROWTH**
- **ORGANIC GROWTH**
- **ACCELERATED GROWTH**

CONTENT

BILATERAL INSIGHTS

India today stands out as one of the major engines of the global economy. With the highest growth rate among the Group of Twenty (G20) economies, a domestic market driven by exceptional demographics, and an increasingly sophisticated industrial base, the country has reached a new scale. Now the world's fourth largest economy and projected to become one of the world's three largest economies within this decade, India is no longer simply an emerging market. It is becoming a strategic hub where the next generation of global manufacturing, innovation, and value chains is taking shape.

This transformation is unfolding at a time when businesses around the world are reassessing their international operations. As companies seek resilient supply chains, diversified manufacturing locations, and reliable long-term investment destinations, India has emerged as a credible strategic partner. Political stability, an ambitious infrastructure agenda, manufacturing-led industrial policies, rapid digitalization, and a highly skilled talent pool continue to strengthen the country's attractiveness for international investors looking to build both regional and global competitiveness.

For Italy, this moment represents a significant opportunity to deepen an already expanding economic partnership. India and Italy have elevated their relationship to a Special Strategic Partnership, reaffirming their commitment to closer cooperation across trade, investment, defence, advanced manufacturing, research, innovation, energy, critical technologies, logistics, and artificial intelligence. **Building on the Italy-India Joint Strategic Action Plan 2025 to 2029, both governments have also set an ambitious objective of increasing bilateral trade to €20 billion by 2029, reflecting growing confidence in the long-term complementarity of the two economies.**

Italy's industrial strengths in precision engineering, industrial machinery, automation, advanced manufacturing, design, food processing, and clean technologies align closely with India's expanding manufacturing ecosystem, engineering capabilities, and rapidly growing domestic market. **As India continues to position itself as a global production and innovation hub, the two countries are increasingly well placed to collaborate not only through trade, but also through investment, technology partnerships, joint manufacturing, and resilient supply chains.**

Did You Know?

Key Italian business cluster	Manufacturing	R&D	Services	Sales / Marketing / Distribution	Total
Northern Cluster – Delhi-NCR	12	4	22	33	**71**
Western Cluster – Mumbai-Pune	48	5	32	56	**141**
Southern Cluster – Bengaluru-Chennai	19	7	12	22	**60**

Sources: Embassy of Italy in New Delhi, Economic Diplomacy; Department for Promotion of Industry and Internal Trade (DPIIT), Government of India; infoMercatiEsteri, India; Italian Trade Agency (ICE); International Monetary Fund (IMF).

This momentum is further reinforced by the conclusion of negotiations on the India–European Union Free Trade Agreement in January 2026. The agreement is expected to significantly deepen economic cooperation once it enters into force by expanding market access, reducing tariff barriers, strengthening regulatory cooperation, and facilitating trade and investment. The agreement will become binding only after both sides complete their respective internal procedures for entry into force.

What the India-EU Free Trade Agreement Means for Italian Companies

1. Lower Tariffs Create New Export Opportunities

Once implemented, the agreement will create a combined market of around 2 billion people and nearly a quarter of global GDP. **Tariffs on 96.6% of EU goods exports to India are expected to be eliminated or reduced, with the European Commission estimating annual duty savings of around €4 billion. EU goods exports to India are also expected to double by 2032.**

For Italian companies in industrial machinery, automation, electrical equipment, speciality chemicals, medical devices, automotive components and precision engineering, lower tariffs can improve price competitiveness and unlock new opportunities in India.

2. India Becomes a Stronger Manufacturing & Innovation Partner

The agreement strengthens India's role not only as an export market but also as a strategic manufacturing, sourcing and engineering hub. Italian businesses can leverage India's growing industrial capabilities, competitive production ecosystem, skilled workforce and policy support to serve both domestic and global markets.

For companies looking to diversify supply chains while keeping costs competitive and building resilience, India is becoming an increasingly attractive long-term option.

3. Greater Confidence for Long-Term Investment

Beyond tariff reductions, the agreement covers customs and trade facilitation, intellectual property, services, investment-related issues and information for SMEs. These measures are particularly relevant to Italy's highly specialised, export-oriented SMEs and family-owned manufacturers. By improving market access and providing greater clarity around trade conditions, the agreement can support deeper industrial partnerships, technology collaboration and longer-term investment.

Looking Ahead

For Italian companies, India is becoming an increasingly important part of global manufacturing, innovation and supply-chain strategies. The elevation of bilateral relations to a Special Strategic Partnership, alongside the **India–EU Free Trade Agreement** once implemented, is expected to create a stronger platform for deeper economic cooperation.

Companies best positioned to benefit from India's next phase of growth will go beyond selling into the market to build a long-term local presence, form trusted partnerships, and integrate India into their broader international strategy. As economic ties deepen, the India–Italy partnership is well positioned to become an increasingly important pillar of industrial collaboration between Europe and India- one of the world's fastest-growing major economies.

EXPERT NOTE

MANOJ MADACHERY

CHIARA LO FARO

MIRKO MOTTINO

Supporting Italian Companies in India: From Presence to Performance

India is no longer simply a market entry destination for Italian companies. It has become a strategic platform for long-term growth, manufacturing, sourcing, exports, and innovation. From both the India and Italy perspectives, the key challenge is not only establishing a presence, but scaling it efficiently while maintaining control, compliance, and alignment between headquarters and local operations.

This is particularly important for Italian SMEs, many of which are agile, owner-led businesses without large international teams. As their Indian operations expand, they must manage regulatory requirements, taxation, accounting, legal compliance, recruitment, payroll, supply chains, and local leadership while continuing to focus on commercial development.

Successful growth in India therefore requires local execution supported by strategic coordination from Italy. Headquarters need visibility, reliable reporting, and confidence in decision-making, while Indian teams need sufficient autonomy to respond to market realities. Cultural understanding, governance structures, and regular communication are essential to bridging these expectations.

With over 35 years of international expansion experience, more than 750 professionals across the G30 network, and over 260 professionals in India, ALTIOS supports Italian companies throughout their growth journey. Our services range from market prioritisation, business development, executive mentoring, and sourcing optimisation to executive search, HR and payroll management, accounting, tax, legal compliance, and supply chain structuring.

For companies entering their next investment phase, we also provide support with acquisitions, post-merger integration, industrial site selection, and institutional facilitation. This integrated approach allows management teams to avoid fragmented decision-making, improve accountability, and build an operating model that can evolve with the company's ambitions in India.

By combining proximity to Italian decision-makers with execution capabilities in India, ALTIOS helps companies reduce risk, strengthen operational foundations, and build more resilient India operations. The objective is to create measurable value, stronger performance, and lasting alignment between Italian headquarters and Indian operations.

BEYOND MARKET ENTRY

Source : Confederation of Indian Industry (CII)

Establishing an India operation is only the first step. The next challenge is building an operating model that can adapt to local market conditions while remaining aligned with the Italian headquarters.
Italian investment in India is concentrated across automobiles (29.8% of cumulative FDI), trading (17.1%), industrial machinery (5.6%), services (5.1%), and electrical equipment (4.6%), according to the Embassy of India in Rome, based on Department for Promotion of Industry and Internal Trade (DPIIT) data. Yet many subsidiaries still run as extensions of Milan, Turin, or Bologna rather than as agile Indian businesses.

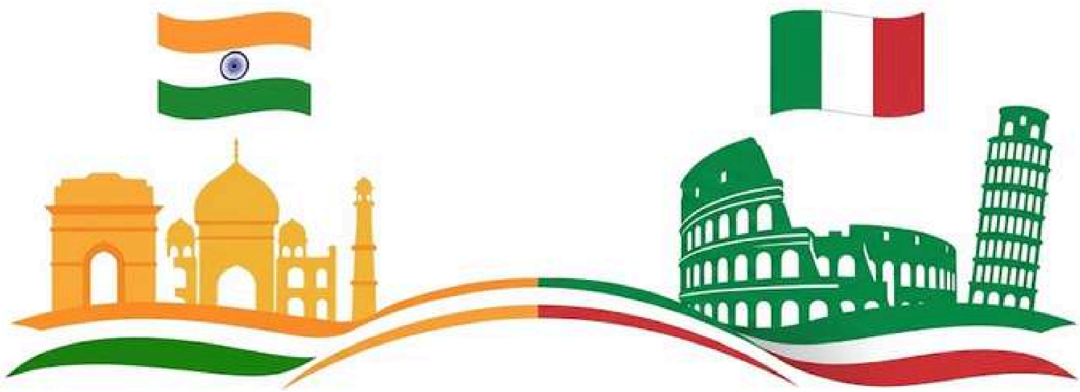
In practice, you cannot simply transplant headquarters processes. You need India specific strategies that respect local regulations, labour realities, price sensitivity, and customer expectations, while staying fully aligned with Italian standards on ethics, ESG, safety, and quality.

Your role is to translate corporate objectives into targets that are stretching but realistic in an Indian context, and to educate headquarters on timelines, constraints, and opportunities they cannot see from Europe.

This is especially true for Italy's distinctive industrial base. Unlike the large corporate groups common in French or German expansion, much of Made in Italy is built on family-owned and mid-sized enterprises operating within tight regional supply clusters. That structure brings real advantages in India: faster decision-making, closer owner involvement, and a willingness to build long-term relationships rather than transactional ones. But it also means fewer **internal resources for compliance, HR, and market intelligence, making the right local partner even more critical.**

At the same time, the mandate in India is changing. Foreign groups across sectors are increasingly looking beyond **sales and sourcing toward Global Capability Centres (GCC)** for engineering, design, analytics, and digital transformation. For Italian companies known for precision engineering, industrial design, and advanced manufacturing, these centres offer a natural extension: a way to transform an India entity from a cost-driven subsidiary into a creator of global value and innovation.

With the right strategy and governance, an India entity can contribute beyond local sales or sourcing, including through manufacturing, engineering, design, analytics, and other global capabilities. At Maier Vidorno (part of Altios Group), we support Italian companies in building this operating model by combining local execution with coordination between India and headquarters.



The India-EU Free Trade Agreement: What it means for Italian Companies

On January 27, 2026, India and the European Union concluded the landmark India-EU Free Trade Agreement, creating the world's largest free trade zone encompassing nearly 2 billion people and approximately 25% of global GDP.

For Italian companies operating in India, this agreement represents a transformational shift.

1 Immediate cost advantage on exports

The FTA will eliminate or reduce tariffs on 96.6% of EU exports, saving European businesses an estimated €4 billion annually and potentially doubling EU goods exports to India by 2032.

2 Manufacturing and assembly economics fundamentally shift

India will completely abolish tariffs on most industrial imports from the EU, including machinery and electrical equipment (previously 44%), chemicals (up to 22%), and pharmaceuticals (11%). Automobile tariffs will drop from as high as 110% to just 10%, while duties on wine will reduce from 150% to 20-30%, dramatically improving market access for Italian automotive manufacturers, pharmaceutical companies, and beverage producers.

3 India's Improved Market Access for Italian Companies: Stronger IP Protection and Easier Entry for SMEs

Enhanced IP enforcement strengthens confidence for Italian technology transfer and R&D collaboration, while dedicated SME provisions, single contact points, and simplified procedures significantly reduce regulatory friction for Italian mid-sized and family-owned enterprises entering the Indian market.

FINANCIAL COMPLIANCE ESSENTIALS

Italian companies entering India often underestimate how different the compliance environment can be from operating within Italy or the wider European Union. An Indian subsidiary is subject to the **Foreign Exchange Management Act (FEMA), Reserve Bank of India (RBI) requirements, Goods and Services Tax (GST), direct tax including transfer pricing, and a labour and employment framework involving both central and state-level requirements.**

The main difference is structural. Italy operates within a comparatively centralised national tax and regulatory framework, while India combines central legislation with significant state-level requirements. For an Italian finance team accustomed to managing most obligations through a national framework, establishing operations in India requires particular attention to tax registrations, indirect taxes, payroll compliance, cross-border transactions, and ongoing reporting.

ITALY–INDIA COMPLIANCE & REGULATORY COMPARISON

COMPLIANCE AREA	IN ITALY	IN INDIA
CORPORATE TAX	Corporate income is generally subject to a 24% IRES rate, alongside IRAP, a regional production tax that varies by region and taxpayer category.	Corporate tax depends on the applicable regime, with domestic companies subject to different rates, including concessional regimes, plus applicable surcharge and cess.
INDIRECT TAX	Corporate income is generally subject to a 24% IRES rate, alongside IRAP, a regional production tax that varies by region and taxpayer category.	Corporate tax depends on the applicable regime, with domestic companies subject to different rates, including concessional regimes, plus applicable surcharge and cess.
CROSS-BORDER CAPITAL MOVEMENT	Italy operates within the EU single market and euro area, resulting in comparatively fewer foreign exchange restrictions for routine transactions within the European framework.	Cross-border investments, remittances, funding and profit repatriation are governed by FEMA and RBI requirements, with reporting or approvals required for certain transactions.
TRANSFER PRICING	Related-party transactions are subject to Italian transfer pricing rules and documentation requirements, broadly aligned with OECD principles and international standards.	Related-party transactions are subject to Indian transfer pricing rules and documentation requirements, with related-party imports also facing customs valuation scrutiny.

COMPLIANCE AREA	IN ITALY	IN INDIA
PAYROLL AND SOCIAL SECURITY	Social security is primarily administered through national institutions, including INPS, within a predominantly centralized national payroll and social security framework.	Payroll compliance covers provident fund, employee insurance, gratuity and, where applicable, professional tax, with labour requirements varying across central and state levels.
REGULATORY STRUCTURE	The regulatory framework is comparatively centralized, with national tax and social security institutions providing the principal compliance and administrative framework.	The regulatory framework is multi-tier, with central requirements interacting with state-level variations in taxation, labour, registrations and investment incentives.

The practical implication is that financial compliance in India cannot simply be copied from the Italian headquarters model. The underlying principles remain the same: accurate books, timely filings, effective tax management, cash control, and reliable reporting. But the processes and regulatory requirements are different. Companies need to consider where they operate, which registrations apply, how transactions move between India and Italy, and how central and state level requirements interact.

A foreign owned entity that treats compliance as a back-office function can face tax liabilities, interest, penalties, and documentation issues that could have been avoided through earlier planning. For an Italian parent company, these issues can also affect reporting, cash management, and confidence in the India operation.

GOOD FINANCIAL MANAGEMENT IN INDIA RESTS ON THREE QUALITIES:

- **Transparency.** Headquarters should have a clear, real-time view of financial performance, risks, tax exposures, and cash position.
- **Predictability.** Italian leadership should be able to plan capital allocation, working capital, and profit repatriation with a clear understanding of compliance requirements.
- **Operational efficiency.** Local teams should be able to focus on business operations while compliance processes are managed systematically.

Compliance should therefore be established as an ongoing operating discipline rather than addressed only at incorporation. Italian companies entering India need appropriate registrations, reporting processes, tax controls, payroll systems, transfer pricing documentation, and cross border transaction procedures from the outset.

WHERE ITALIAN SUBSIDIARIES MOST OFTEN RUN INTO TROUBLE:

- **Transfer pricing.** Related party transactions between an Italian parent and its India entity require appropriate documentation and support. Related party imports may also face separate customs valuation requirements.

- **Goods and Services Tax classification and registration.** Incorrect classification, registration gaps, or errors in tax treatment can create additional liabilities and compliance exposure.
- **Cross border transactions.** FEMA and RBI requirements govern funding, remittances, investments, and profit repatriation between India and Italy.
- **State level compliance.** Companies operating across multiple Indian states may face different registration, payroll, professional tax, labour, and incentive requirements.
- **Labour compliance.** Wage, provident fund, employee insurance, gratuity, and other employment related obligations need to be managed according to the applicable workforce and location.

HOW WE SUPPORT ITALIAN COMPANIES IN INDIA:

- **Bookkeeping and group reporting** aligned with Indian statutory requirements and Italian or International Financial Reporting Standards (IFRS) consolidation requirements.
- **Goods and Services Tax (GST)** advisory covering registration, implementation, classification, and ongoing filing support.
- **Virtual Chief Financial Officer (CFO) services** where a senior local finance hire is not yet justified.
- **Budgeting, forecasting, and cash flow** planning based on Indian market conditions.
- **Direct and indirect tax advisory** with compliance support.
- **Support on cross border transactions, foreign exchange requirements, and transfer pricing** documentation between India and Italy.
- **State level compliance coordination** for companies operating across multiple Indian locations.

Effective financial compliance provides the foundation for reliable reporting, controlled risk, and sustainable growth in India.

"Italian companies often approach India with a European compliance mindset. The key is recognising early that India requires a different operating model—one that combines central regulations with state-level requirements and integrates tax, finance, payroll and regulatory compliance from day one."

Praveen Singhal, Managing Director, Maier Vidorno- Altios, India

SUPPLY CHAIN STRATEGY

India brings genuine cost and capability advantages as a sourcing and manufacturing base for Italian operations, but those advantages only materialize if the supply chain is managed with real local expertise. Supplier quality varies significantly across regions and industry clusters, logistics networks remain fragmented outside the major hubs, and customs and regulatory requirements are layered in ways that rarely mirror what an Italian or EU procurement team is used to. Treating India as another sourcing destination without adapting processes to local conditions can create significant operational difficulties.

Once suppliers are identified and qualified (see India Sourcing Strategy), the real work shifts to keeping goods, documentation, and compliance moving smoothly end to end. For Italian companies, particularly the family owned and mid-sized manufacturers that make up much of Made in Italy, building a workable India supply chain means getting a few things right:

- Structuring logistics and import processes properly, covering everything from Incoterms 2020 selection to realistic lead times, warehousing choices, and last mile delivery.
- Maintaining ongoing quality control once production is underway, with defined specifications, regular audits, and a proper escalation path when something falls short.
- Managing vendor relationships and delivery performance in a way that respects Indian commercial norms while staying true to your company's own ethics, traceability, and compliance expectations.
- Building in full compliance with customs, trade, tax, and product regulations on both the Indian and destination market sides of the transaction.

Done properly, running an India supply chain stops being purely a logistics cost centre and becomes part of a longer term industrial strategy, one that diversifies your supplier base, shortens lead times into growth markets, and reduces dependence on any single geography.

UNDERSTANDING PROVISIONAL DUTY BONDS AND THE SPECIAL VALUATION BRANCH

For Italian subsidiaries importing goods from their parent company or affiliated entities, Indian Customs pays particular attention to whether the declared import price complies with India's customs valuation rules for related party imports. This review is carried out by the Special Valuation Branch, which examines related party pricing structures to confirm they meet customs valuation rules.

Because Special Valuation Branch assessments are thorough and can take several months to complete, importers typically rely on a Provisional Duty Bond to avoid disrupting their supply chain while the review is underway. The bond acts as a financial guarantee, allowing shipments to keep clearing customs while the pricing methodology is validated.

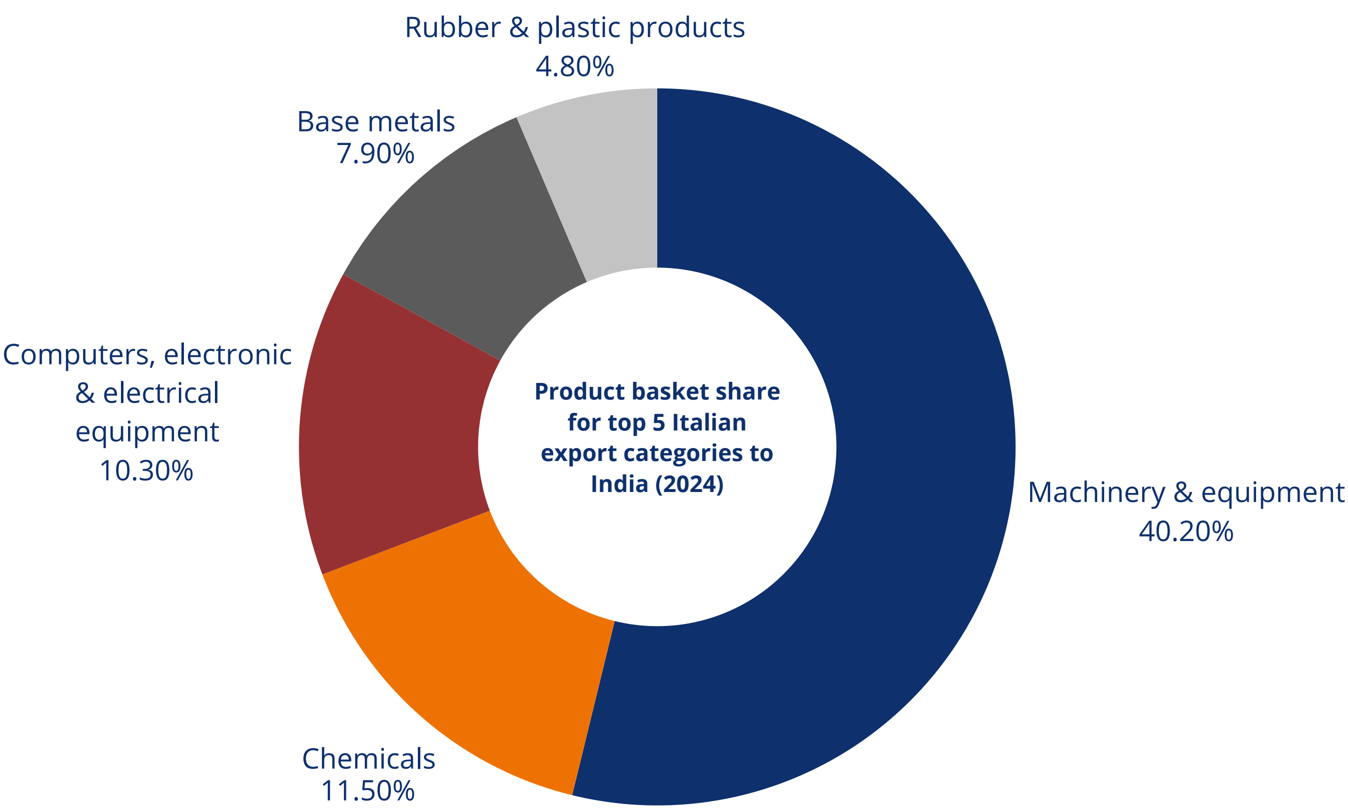
Once the Special Valuation Branch approves the declared customs valuation methodology for related party imports, it issues an order that is typically valid for three years, or until there is a material change in the pricing model. This removes the need to repeatedly execute new bonds for each shipment, though individual ports retain the authority to review pricing again if a discrepancy is suspected.

For an Italian Export Import (EXIM) team, the practical takeaway is to track bond validity and limits carefully, renew on time, and keep documentation consistent across every port of import. Getting ahead of this prevents the kind of delay that can quietly stall an otherwise well-run supply chain.

For Italian exporters and manufacturers, the regulatory and logistics side of this equation is often where the real risk sits, and where the right local guidance matters most.

TOP ITALIAN EXPORT CATEGORIES TO INDIA:

The Italian Embassy in New Delhi reports that in 2024, Italian exports to India were led by:



"Italian companies often come to us first for the basics, getting a supplier vetted, understanding a duty structure, setting up a warehouse. What we find is that once the operation is running, the same companies come back needing full import, export, and logistics support as their volumes grow. Building that relationship early makes the transition much smoother than trying to bolt on logistics infrastructure after the fact."

Shashank Verma, Vice President, India

WHY DOES EXPORT ALONE NO LONGER WORK?

INDIA'S INDUSTRIAL SHIFT CHANGES WHAT EXPORTERS SHOULD BE SELLING

Rather than remaining a primarily import driven market, India is actively positioning itself as a global manufacturing hub through initiatives such as Make in India, industrial corridor development, and production linked incentive schemes. For Italian exporters, this changes the nature of demand. Interest is shifting from finished products alone toward industrial machinery, automation systems, engineering expertise, and advanced components and know-how. Companies that position themselves as long-term industrial partners, contributing capability rather than just shipping goods, tend to build stronger and more durable positions than those competing purely on price and product.

WHERE ITALIAN COMPANIES ARE NATURALLY WELL PLACED

Italy's existing strengths line up closely with where Indian demand is heading, and the scope for growth remains largely untapped relative to India's overall economic trajectory:

1

Import Cost Structures and Pricing Pressures

As Indian industry modernises, demand for automation, precision engineering, and process optimisation is rising. India's industrial automation market is valued at approximately USD 19.2 billion in 2026 and is projected to reach USD 28.7 billion by 2031, growing at over 8% annually, creating significant opportunities for Italian technology and engineering companies.

USD 19.2 B
IN 2026

2

Green technologies and infrastructure

India's growing investment in renewable energy and sustainable infrastructure is driving demand for engineering expertise and advanced industrial systems. With around 250 GW of renewable capacity installed against a 500 GW target by 2030, and an estimated USD 360 billion in planned investment, significant opportunities remain in grid, storage, transmission, and clean-energy technologies.

3

Agri food and processing technologies

India's expanding cold chain and food processing infrastructure is creating opportunities for Italian expertise in food processing technology, packaging machinery, and premium food products. With the sector valued at around USD 395 billion and projected to nearly double by 2034, significant potential remains for technology and machinery suppliers.

500 GW
BY 2030

4

Consumer goods and lifestyle

India's expanding middle class is driving growing demand for fashion, luxury goods, design-led products, and premium consumer categories, where Italian brands have strong recognition. India's luxury goods market is estimated at around USD 17–23 billion today and is expected to see substantial growth through 2030 as rising incomes, urbanisation, and an expanding affluent and aspirational consumer base reshape consumption patterns. This presents significant opportunities for Italian brands across fashion, furniture, interiors, lifestyle, beauty, and premium food, particularly as consumers increasingly seek quality, craftsmanship, and distinctive design.

61%
OF POPULATION
BY 2047

WHAT MOST EXPORTERS UNDERESTIMATE?

Product quality and brand recognition rarely explain why an exporter stalls in India. Operational complexity does. BIS registrations, HSN and import duty complexities, transfer pricing scrutiny, warehousing decisions, and regional fragmentation are what quietly cap growth for companies relying on indirect export models. It is rarely a lack of demand. These operational issues can become significant constraints on growth.

The pattern holds across European companies in India more broadly. Regulatory complexity is the top operational concern, followed closely by reconciling import costs with local price sensitivity. Companies without direct visibility into their own supply chain or customers, typically operating through distributor-led models, consistently respond more slowly when problems arise than those with some form of direct local presence.

Companies that treat India purely as an export destination tend to plateau. Those that invest early in operational understanding, local integration, and long-term positioning are the ones that build sustainable scale and are best placed to benefit as India continues to grow into a global manufacturing, sourcing, and consumption hub in its own right.

Did You Know?

ITALY-INDIA BILATERAL TRADE:

Indicator	Italy–India data
Bilateral trade, avg. 2022 & 2023	~€14.6 billion
Italian exports to India, 2023	€5,168 million
Italian exports to India, 2024	€5,214 million
Italian exports to India, 2025	€5,702 million
Indian exports to Italy / Italian imports from India, 2023	€9,164 million
Indian exports to Italy / Italian imports from India, 2024	€9,024 million
Indian exports to Italy / Italian imports from India, 2025	€8,545 million
Overall bilateral trade, 2024	€14.37 billion
Overall bilateral trade, 2025	€14.25 billion
Overall bilateral trade (goods), FY2025–26	US$14.46 billion

Source : Consulate General of India, Milan - Trade and Economic Relations, Department for Promotion of Industry and Internal Trade (DPIIT), Government of India.

WHAT ITALIAN EXPORTERS MUST PLAN BEFORE SHIPPING?

Winning the order is not the same as getting paid. This is one of the most common and most underestimated risks Italian exporters encounter once they start supplying directly into India.

In conversations with European manufacturers active in India, a recurring theme surfaces: delayed payment, and not only from smaller buyers. Even well-established Indian companies will sometimes push payment back with informal assurances rather than firm commitments. For an Italian SME manufacturer, this quickly becomes a working capital problem rather than a minor inconvenience. Indian buyers often negotiate for fast delivery and short shipment timelines while expecting relationship-based credit terms, but once the goods have left port, the exporter's negotiating leverage weakens considerably.

For companies supplying customized machinery, industrial components, or technical equipment, this creates a real cash flow gap. Production costs, raw material commitments, freight, and documentation are all tied up well before the buyer actually pays.

PAYMENT RISK IN INDIA IS A COMMERCIAL ISSUE, NOT A BANKING ONE

Delayed B2B payments are a documented, sector wide pattern in India, not a one-off experience with a difficult customer. This matters for how Italian exporters think about entering the market. It does not mean avoiding India. It means building the right payment architecture into the commercial relationship from day one, rather than treating payment terms as an afterthought once the order has already been won.

ADVANCE PAYMENT SHOULD BE THE DEFAULT FOR NEW BUYERS

For a first time Indian customer, some form of advance payment is worth insisting on. This does not need to mean full payment upfront. A practical structure many exporters use is a percentage due at order confirmation and the remainder due before shipment or once the goods are ready for dispatch. This lets the exporter begin production without carrying the entire risk, while giving the buyer a clear, milestone linked payment structure. Advance payment terms are particularly worth holding onto until the exporter has had time to build real confidence in a customer's creditworthiness and payment behaviour, rather than assuming trust after a single order.

The key is making payment terms part of the commercial negotiation from the outset, not something decided after the order is already confirmed.

LETTERS OF CREDIT HELP, BUT THEY ARE NOT ALWAYS PRACTICAL

A Letter of Credit can add real banking security when dealing with a new buyer, a large order value, or limited payment history. In practice, though, many Italian exporters hesitate because Indian buyers frequently expect delivery within just a few weeks, and setting up and confirming a Letter of Credit (LC) can take longer than that once multiple banks, internal approvals, and documentation are involved. The right approach is not to reject LCs outright, but to decide case by case based on order size, buyer profile, urgency, margin, and the likelihood of repeat business.

CONTRACTS NEED TO REFLECT INDIA SPECIFIC PAYMENT DISCIPLINE

India's export import regulatory framework continues to place growing responsibility on banks and closer scrutiny on how import transaction timelines are linked to the underlying contract. This makes the contract itself more important, not less. Italian exporters should make sure contracts clearly define payment milestones, shipment release conditions, interest on delayed payment, documentation responsibilities, the dispute resolution process, and the conditions under which future supply can be withheld. A loosely worded purchase order is not sufficient when the exporter is operating from Italy with limited direct visibility into the buyer's internal payment process.

USE FUTURE ORDERS TO RECOVER PAST PAYMENTS

Payment recovery in India typically requires structured, ongoing follow up rather than a single reminder after the due date passes. If a buyer places a new order while an earlier invoice remains unpaid, that is the moment to insist on clearing the outstanding amount before releasing the next shipment. This single discipline does more than almost anything else to stop receivables from quietly accumulating and to prevent the exporter from becoming, in effect, an informal lender to its own customer.

REMOTE EXPORTING HAS LIMITS

Direct export or a distributor arrangement is often the right way to begin in India. But if India is going to become a genuinely important market rather than an opportunistic one, remote selling on its own eventually reaches a ceiling. At that point, exporters need real local visibility: who the actual decision maker is on the buyer's side, whether the buyer is financially stretched, whether a distributor is offering credit terms the exporter never agreed to, and whether payments are stuck due to documentation gaps, cash flow pressure, or internal approval delays. This is usually the point at which a company needs stronger local governance, a more structured distributor relationship, local sales support, or a direct India presence.

"The risk for Italian exporters in India is rarely in finding customers. It is in making sure payments are secured, followed up on, and never allowed to accumulate into working capital pressure. Companies that build payment discipline into their India strategy from the beginning are the ones that scale sustainably."

Manoj Madachery, International Business Advisor, India

HOW WE SUPPORT ITALIAN EXPORTERS:

- **Assessing Indian buyers and distributors** before terms are agreed, not after payment issues appear.
- **Structuring safer, milestone linked payment terms** suited to the size and profile of the order.
- **Coordinating with banks and local advisors** on Letters of Credit and related banking instruments.
- **Reviewing and strengthening commercial contracts** to reflect India specific payment and dispute resolution practices.
- **Building structured follow up mechanisms** so overdue payments are addressed systematically rather than reactively.
- **Advising on when direct export or a distributor model should evolve** into a stronger local presence.

Payment discipline is only part of the picture, though. Many Italian manufacturers also arrive in India without full clarity on the operational and regulatory groundwork needed to actually get products into the market: which entry route makes sense, what duties and classifications apply, and where to base operations. The following case illustrates how this played out for one Italian manufacturer.

Challenge

An Italian manufacturer of industrial machinery, with a turnover in excess of USD 100 million, was evaluating its expansion into India and needed clarity that went well beyond demand estimates. The company required a detailed comparison of available business setup options, a competitor benchmarking exercise, and a clear understanding of the import duty structure and applicable HSN codes for its product range. It also needed to identify a suitable location for its corporate office and warehouse in India.

Solution

- Mapped out the available business setup options for the company in India, supported by a detailed competitor analysis.
- Conducted a full breakdown of the import duty structure and relevant HSN codes for the company's products.
- Carried out a comparative assessment of bonded warehouses, Free Trade Warehousing Zones (FTWZ), and Domestic Tariff Area warehousing.
- Ran a location feasibility study for the corporate office and warehouse based on cost, logistics efficiency, and market access.

DELIVERED VALUE

The competitor analysis helped the company position its products more effectively in the Indian market, while the duty, warehousing, and location recommendations allowed it to optimise both cost and time in setting up operations.

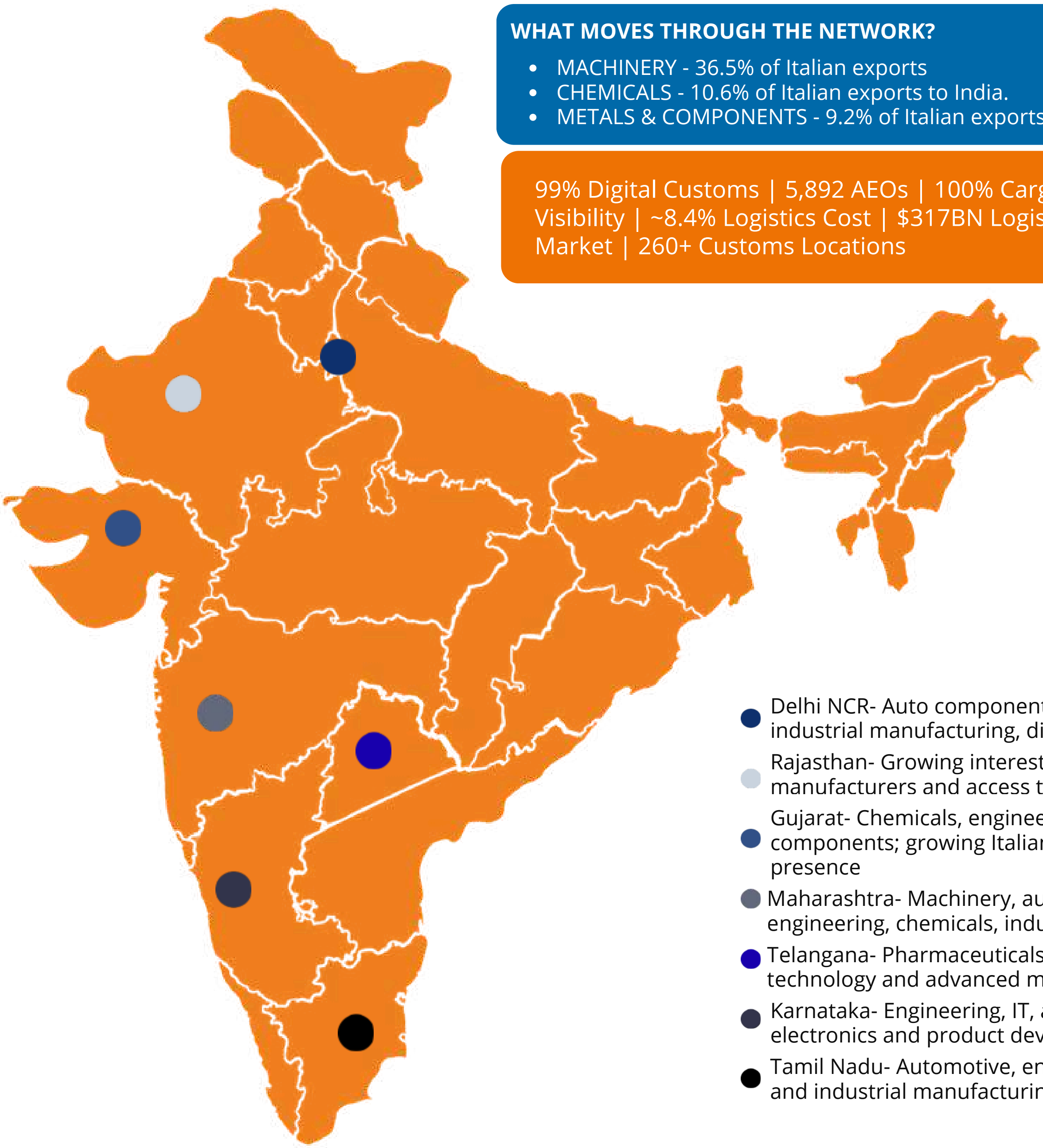
India offers a genuine growth opportunity for Italian exporters, particularly as trade barriers continue to reduce. But the right question is never simply whether a company can sell into India. It is whether it can sell into India while keeping payment risk, and working capital, firmly under control.

INDIA'S INDUSTRIAL SUPPLY-CHAIN MAP: WHERE ITALIAN COMPANIES CAN PLUG IN

WHAT MOVES THROUGH THE NETWORK?

- MACHINERY - 36.5% of Italian exports
- CHEMICALS - 10.6% of Italian exports to India.
- METALS & COMPONENTS - 9.2% of Italian exports to India

99% Digital Customs | 5,892 AEOs | 100% Cargo Visibility | ~8.4% Logistics Cost | $317BN Logistics Market | 260+ Customs Locations



- Delhi NCR- Auto components, engineering, industrial manufacturing, distribution
- Rajasthan- Growing interest from Italian manufacturers and access to industrial clusters
- Gujarat- Chemicals, engineering, metals, industrial components; growing Italian manufacturing presence
- Maharashtra- Machinery, automotive, engineering, chemicals, industrial suppliers
- Telangana- Pharmaceuticals, life sciences, technology and advanced manufacturing
- Karnataka- Engineering, IT, automation, electronics and product development
- Tamil Nadu- Automotive, engineering, electronics and industrial manufacturing

Sources: Embassy of Italy in New Delhi, Economic Diplomacy; Department for Promotion of Industry and Internal Trade (DPIIT), Government of India.

HR TALENT STRATEGY

People strategy is often the single biggest driver -or destroyer -of subsidiary success.

A strong team can support growth despite the challenges of market entry, while weaknesses in recruitment, retention, or management can limit performance.

HR AREA	IN ITALY	IN INDIA
LABOUR LAW FRAMEWORK	National employment laws supplemented by sector-specific CCNLs, covering pay, conditions, hours and termination.	Four Labour Codes on wages, industrial relations, social security, and safety, effective 21 Nov 2025, replacing 29 central laws.
WORKING HOURS	Generally 40 hours/week, with CCNLs potentially providing shorter hours.	Maximum 8 hours/day & 48 hours/week; overtime generally at 2× normal rate.
SEVERANCE / END-OF-SERVICE	TFR accrues during employment and is paid when employment ends.	Gratuity generally after 5 years; fixed-term employees may qualify proportionately after 1 year, subject to rules.
SOCIAL SECURITY	Primarily administered by INPS, with contributions varying by employment arrangement.	Includes EPF, ESI, gratuity and other statutory contributions, depending on establishment and employee category.
TERMINATION / RETRENCHMENT	Notice, procedures and protections depend on law, CCNL, employee status and termination circumstances.	Generally requires 1 month's notice/pay in lieu for covered workers; additional rules may apply to larger establishments.
REGULATORY STRUCTURE	Primarily national, with sector-specific variation through collective agreements.	Multi-tier, with central Labour Codes alongside state-level rules and requirements.

Attracting, retaining, and motivating Indian talent requires more than applying Italian salary benchmarks or adapting an existing European HR model. HR policies need to reflect Indian labour market conditions while remaining consistent with the expectations of the Italian parent company.

India's four Labour Codes have introduced a consolidated framework covering wages, industrial relations, social security, and occupational safety and working conditions. The framework also extends social security provisions to categories including gig and platform workers. Labour remains a concurrent subject, so both central and state governments have roles in implementation.

For Italian subsidiaries, this translates into practical considerations around employment contracts, working hours, payroll, social security, workplace safety, and workforce expansion across different states.

COMMON PEOPLE CHALLENGES INCLUDE:

- **High attrition**, particularly in sales, plant level positions, and mid management.
- **Compensation expectations** that differ from headquarters benchmarks.
- **Global performance management frameworks** that do not always reflect Indian working practices.
- **Communication gaps** between Italian leadership and Indian teams around decision making and feedback.

Did You Know?

Indicator	Italy–India data
Total employment generated by Italian companies in India	~60,000
Main employment/industrial sectors	Machinery & engineering; automotive & components; energy; chemicals; food & beverage; digital/IT; pharmaceuticals & medical devices; textiles; industrial technology

Sources: Embassy of Italy in New Delhi, Economic Diplomacy; infoMercatiEsteri, India; Italian Trade Agency (ICE); International Monetary Fund (IMF).

Reader note: Italy's business presence in India supports approximately 60,000 direct jobs across 1,057 Italian companies, spanning manufacturing, engineering, automotive, technology, energy, food, chemicals and consumer sectors. A detailed sector-by-sector employment breakdown is not reported; sector figures shown as indicative should therefore be treated as estimates rather than official statistics.

HOW WE SUPPORT ITALIAN COMPANIES IN INDIA:

- **Executive search** and leadership recruitment.
- **Compensation benchmarking** based on Indian market conditions.
- **HR policy design** aligned with applicable Labour Codes.
- Locally effective **performance management systems.**
- **Change management and cultural integration** between Italian leadership and Indian teams.

For an Italian group, HR in India should be treated as a strategic business function that supports the subsidiary's growth, performance, and long-term integration with the wider group.

"We don't just place candidates and move on. We stay close to the leaders we recruit for our clients, often for years afterward. That's what has taught us what actually works when an Italian company is trying to build a team in India, not in theory, but in practice."

Samriti Parashar, Vice President, India

Unlike the Professional Employer Organization (PEO) model, which is typically used within Europe where no work visa is required, the Employer of Record (EOR) service provides a solution for hiring employees in countries outside Europe. The EOR service enables the hiring of an employee through a local employer while the parent company completes the establishment of its representative office or subsidiary in the foreign country.

In India, Maier Vidorno (part of ALTIOS Group) manages all administrative and payroll-related aspects of the employment relationship ensuring full compliance with Indian labor and tax regulations.

Maier Vidorno (part of ALTIOS Group) offers two models of EOR services: umbrella and franchise.

Under both options, the employee is legally employed and managed by Maier Vidorno, which assumes responsibility for employment compliance, payroll administration, and employer liabilities, allowing companies to enter the Indian market quickly and compliantly. The main difference lies in the level of client branding:

- The **umbrella model provides a dual-branding approach**, where the employee operates under the Maier Vidorno Altios identity, using an MV Altios email address, business card, and LinkedIn presence.
- The **franchise model** offers greater visibility for the client company, allowing the employee to use the company's email address, signature, business cards, and corporate branding, while Maier Vidorno remains the legal employer through an authorized franchise arrangement.

Both solutions enable companies to establish a local presence immediately without creating their own legal entity, while retraining the flexibility to transition to subsidiary structure in the future.

CURIOUS?

HOW WE CAN HELP YOU DRIVE REAL BUSINESS IMPACT?

"Italian companies often come to us assuming due diligence in India works the way it does at home. It doesn't. The liabilities that hurt most are rarely on the balance sheet; they're often hidden in labour compliance, payroll, informal arrangements, employment practices, and licenses that were never quite finalized. That's exactly where local, ground-level access makes the difference."

Dhrub Thakur, Vice President, India

INDIA SOURCING STRATEGY

While supply chain strategy focuses on how goods move, sourcing strategy is about finding, evaluating, and contracting the right suppliers. India's manufacturing base, competitive costs, and expanding supplier network across automotive, industrial equipment, food and beverage, pharmaceuticals, textiles, and engineering make it an attractive sourcing destination for Italian companies. Done well, sourcing from India can reduce costs, shorten lead times, and diversify supply chains.

However, sourcing cannot be based on price alone. India's supplier landscape varies significantly across regions, making it important to assess each partner's capabilities, certifications, quality systems, production capacity, logistics, traceability, and compliance with applicable Italian and European Union (EU) standards.

WHAT A STRUCTURED SOURCING PROCESS LOOKS LIKE:

- **Search and shortlist.** Identify relevant suppliers and industry clusters across India.
- **Evaluate.** Assess capabilities, quality systems, capacity, management, logistics, and export track record.
- **Request quotes.** Compare specifications, pricing, and commercial terms.
- **Test and monitor.** Review samples, conduct quality checks, and validate performance before committing.
- **Contract and approve.** Finalise supply agreements, delivery terms, licences, and required approvals.
- **Manage delivery**. Monitor orders, quality, delivery timelines, and supplier performance.

Clear contracts, realistic lead times, appropriate inventory buffers, and defined escalation procedures are essential to reliable sourcing. For Italian companies, India can therefore provide both cost advantages and greater supply chain diversification.

"Sourcing well from India is not about finding the cheapest quote, it's about finding the right partner and knowing how to work with them. That takes time most companies don't have on their own, which is exactly where the right local team makes the difference."

Jatin Gupta, Vice President, India

WHAT MAKES M+V ALTIOS SOURCING FROM INDIA SO SPECIAL?

1 India wide search

Analysis & Shortlisting of Industry clusters and data base

Selecting the most potential suppliers

2 Evaluating potential suppliers

Expertise in sector
Management
Quality systems
Production output
Logistic Experience
Export experience

3 Getting Quotes from selected potential suppliers

NDA
Supply specs
Pricing
Video conference

4 Offer Phase – Project Monitoring & Control

Co-ordination
Samples
Quality check India
Samples evaluation

5 Supply Contract, Approvals & Licenses*

1st Quality checks
Delivery dates
Export/Import support

6 Delivery Phase

Order follow up
Quality checks
company visits
Delivery dates
Export/Import support

IT & ERP INTEGRATION

A well-integrated Information Technology (IT) and Enterprise Resource Planning (ERP) environment gives headquarters timely and reliable visibility into the India operation. Many India operations struggle with inconsistent data, disconnected systems, and reporting delays. Aligning Systems, Applications and Products in Data Processing (SAP) or another ERP system with local operations creates a consistent flow of information across sales, delivery, inventory, and finance.

At Maier Vidorno (part of Altios Group), we build this integration around your actual supply chain, not around a generic template bolted onto whatever system you already run in Italy. That means sales, delivery, and finance stay consistent with each other rather than living in three separate spreadsheets that someone has to reconcile manually every month's end. Our dedicated Import, Export, and Logistics team manages the supply chain side of this in a fully compliant and transparent way, while the system integration itself gives you the visibility and control to actually see what's happening on the ground, not just what a monthly report tells you happened weeks ago.

How We Help:

- Integrate ERP and SAP systems with your local India operations, rather than running them as disconnected parallel systems.
- Maintain clean and consistent product, inventory, and stock master data, so headquarters and the India team are always looking at the same numbers.
- Standardise and manage customer and vendor master records to eliminate the duplication and inconsistency that tends to creep in as an operation grows.
- Automate performance reporting and analytics, so periodic reviews are based on current data rather than someone's best reconstruction of last quarter.
- Ensure full traceability and process control at every stage, from the original quotation through the purchase order to final delivery.

For an Italian group, effective system integration improves data accuracy, reporting visibility, and operational control across the India operation.

"Good system integration is what lets an Italian parent company sleep at night. When the data is clean and it flows in real time, headquarters stop needing to ask what's really happening in India because they can already see it."

Ashish Malik, General Manager, India

DIAGNOSING BUSINESS BOTTLENECKS

Many Italian companies in India instinctively blame the market when performance disappoints, when in fact the real issues are usually closer to home. Leaders tend to treat symptoms like slow growth or rising costs as the problem itself, rather than looking for what's actually causing them underneath.

A useful Italy-India diagnostic lens comes down to one question: is this a people issue, a process issue, or a practice issue?

A few examples of what each looks like in practice:

- People issues. Unclear roles, weak incentives, and friction between Italian leadership expectations and how Indian teams are used to working.
- Process issues. Inefficient workflows, legacy systems that were never designed for the current scale of the business, and bottlenecks that nobody has had time to properly fix.
- Practice issues. Gaps in governance, poor communication between headquarters and the subsidiary, and management that reacts to problems rather than anticipating them.

For Italian subsidiaries, the best starting point is structured, India specific diagnostics rather than a generic organisational review imported from Italy.

We recommend starting with:

- A leadership impact assessment.
- Functional effectiveness reviews across the key parts of the business.
- Market and channel analysis.
- Organizational due diligence.

This structured approach gives you the clarity needed to design solutions that actually last, rather than quick fixes that paper over the same problem until it resurfaces a year later.

For many foreign companies operating in India, talent management isn't really about recruitment at all. It's about retention, genuine engagement, and building leadership capability locally rather than importing it wholesale. Getting that diagnosis right, honestly and specifically, is usually what separates a subsidiary that keeps cycling through the same problems from one that actually fixes them.

"India rarely tells you the whole story when a business underperforms. Slow growth, rising costs or operational inefficiencies are often symptoms rather than root causes. For Italian companies, we use a simple diagnostic lens: is it a people issue, a process issue, or a practice issue? Finding that answer is the first step toward building a stronger and more sustainable operation.

Klaus Maier, Managing Partner, Altios

FROM BOTTLENECKS TO OPPORTUNITY
ITALY'S GROWING BUSINESS FOOTPRINT IN INDIA

Italy has a well-established and expanding corporate presence in India, with around 700 Italian companies operating across manufacturing, engineering, automotive, machinery, chemicals, fashion and consumer sectors. Italian companies have increasingly used India not only as a sales market but also as a manufacturing, technology and R&D base, with significant concentrations in Maharashtra, Haryana, Karnataka, Tamil Nadu and Gujarat. The presence of Italian firms across industrial clusters such as Mumbai–Pune, Delhi-NCR, Bengaluru and Chennai reflects the growing strategic importance of India within Italian companies' international operations.

Did You Know?

Italian companies present in India (subsidiary/JV/representative office)	~700 companies
Jobs created by Italian companies in India	~50,000+
Italian companies that entered India after liberalisation (1991)	Majority of the current Italian corporate presence
Italian companies with manufacturing operations in India	Significant presence across machinery, automotive, engineering, chemicals and industrial products
Italian companies using India as a manufacturing/export base	Growing presence, particularly in industrial and engineering sectors
Italian companies operating R&D/technology centres in India	Growing footprint, particularly in automotive, engineering and industrial technology
Italian investments concentrated in major industrial states	Maharashtra, Haryana, Karnataka, Tamil Nadu and Gujarat
Main Italian corporate clusters in India	Delhi-NCR, Mumbai–Pune, Bengaluru, Chennai and Ahmedabad/Gujarat

Sources: Embassy of Italy in New Delhi, Economic Diplomacy; Department for Promotion of Industry and Internal Trade (DPIIT), Government of India; infoMercatiEsteri, India; Italian Trade Agency (ICE); International Monetary Fund (IMF).

ORGANISATIONAL CHANGE STRATEGY

India's market has little patience for complacency. A subsidiary that wants to stay competitive has to keep evolving, introducing new products, adapting how it goes to market, staying ahead of changing regulations, and keeping pace with customer expectations that shift faster than most Italian headquarters anticipate.

But transformation in India rarely looks like a grand strategic announcement. It looks like careful design, real local adaptation, and consistent execution over months, not a single decisive intervention.

OUR EXPERIENCE SHOWS SUCCESSFUL SUBSIDIARY LEADERS DO THREE THINGS WELL:

- Define a strategy that is genuinely relevant to local conditions while staying aligned with the group's global vision.
- Build structures and roles that are transparent and hold people accountable, rather than leaving responsibility diffuse.
- Equip their teams with the tools and confidence to adapt as conditions change, rather than treating every shift as a crisis.

OUR SERVICES TYPICALLY FOCUS ON:

- Business strategy design tailored to the Indian context.
- Organizational structuring, whether the goal is growth or recovery from underperformance.
- Sales channel and partner management planning.
- Technology and process optimisation.

We work collabouratively with subsidiary heads to design changes that actually stick, respecting the realities of the local culture while still delivering the value shareholders in Italy expect to see.

"Italian companies operating in India often run into challenges tied to systems, workforce, or market strategy, and frequently a combination of all three at once. Our role is to help identify what's genuinely critical and build a targeted plan that covers finance, legal, compliance, HR, strategy, and operations together, rather than addressing each in isolation."

Chiara Lo Faro, Head- CSM

WHEN THINGS GO OFF TRACK?

COMMON SIGNS OF ORGANISATIONAL CRISIS

CAPITAL AT RISK

€1–5 MILLION LOCKED CAPITAL IN NON-PERFORMING UNITS

CULTURE IN FREEFALL

40–60% DROP IN MORALE OR EMPLOYEE ENGAGEMENT

PARALYSIS FROM WITHIN

INTERNAL CONFLICT RESULTED IN 2–6 MONTHS OF PRODUCTION STANDSTILL

TURBULENCE REACHES THE TOP

~30% C-LEVEL ATTRITION RISK IN UNSTABLE BUSINESS UNITS

CURIOUS?

HOW WE CAN HELP YOU DRIVE REAL BUSINESS IMPACT?

"When an Italian subsidiary in India runs into real trouble, the instinct from headquarters is often to send someone from Italy to fix it. What actually works is the opposite: local expertise that understands both worlds, moving fast enough to stabilise the situation before it becomes a boardroom crisis in Milan or Turin."

Manish Dwivedi, Assistant General Manager, HR)

LEGAL DUE DILIGENCE

Many Italian subsidiaries pursue acquisitions or joint ventures in India to establish a manufacturing footprint, acquire local capabilities, or accelerate market access. These opportunities can also involve risks relating to ownership, compliance, contracts, liabilities, employment matters, and licences.

That's why **Maier+Vidorno (part of ALTIOS Group)** provides end-to-end M&A advisory services working as a trusted partner throughout the entire acquisition lifecycle, from target identification to post-acquisition integration.

- **Project Launch and Strategy Definition:** The engagement begins with a detailed assessment of the company's investment strategy and acquisition objectives to define the ideal target profile, transaction criteria, and collect all information required to launch the search process.

- **Identification and Selection of Targets**: Through market screening and thanks to its extensive local networks, Maier Vidorno identifies potential acquisition targets and develops a long list based on financial, ownership, and strategic criteria. The most promising companies are then short-listed and approached confidentially to assess their interest in a potential transaction.

- **Engagement with Targets and Negotiation Preparation:** Once qualified targets have been selected, Maier Vidorno facilitates meetings between the parties supports the valuation process, and helps define the framework for cooperation and negotiation.

- **Due diligence and Transaction Execution**: In this phase Maier Vidorno coordinates:

  - Legal due diligence covering ownership, regulatory compliance, contracts, and litigation.
  - Financial due diligence covering profitability, tax compliance, liabilities, risk, and cash flows.
  - Human Resources (HR) due diligence covering statutory obligations, policies, employee relations, and disputes.
  - Environmental, Social and Governance (ESG) considerations.

  Our approach helps identify material risks before a transaction is completed. It also covers licences and registrations relevant to the target business. Depending on the sector, requirements may include Bureau of Indian Standards (BIS), Food Safety and Standards Authority of India (FSSAI), Central Drugs Standard Control Organisation (CDSCO), and other sector specific approvals.

  For Italian companies, due diligence in India requires an assessment of both the financial statements and the regulatory and operational environment in which the business actually operates.

- **Post-Acquisition Integration and Development:**
  Following the acquisition, Maier Vidorno continues to support clients with post-merger integration activities. Services include strategic, operational, cultural, and HR integration as well as accounting, tax, and administrative support.

ALTIOS

35 years

MAIER VIDORNO

Part of ALTIOS GROUP

- Market Prioritization
- Market Entry & Business Devt
- Executive Mentoring
- Sustainable Sourcing & Procurement

- Executive Search & Talent Acq.
- Incubation, Payroll Mgt & HR Services
- Subsidiary Incorp., Accounting & Tax
- Supply Chain Management

- Cross-Border Acquisition
- Post-Merger Integration
- Industrial Site Selection
- FDI Representation & Lead Generation

Speak to us today to see how we can help you

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35 years

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