



ANALYSIS OF FDI INVESTMENTS ACROSS CITIES IN SOUTH INDIA

Presented by Up North Advisors & Peritum Partners

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Executive Summary



India's overall Foreign Direct Investment ('FDI') inflows have demonstrated remarkable resilience, reaching \$81.04 billion in FY 2024–25, marking a 14% increase from FY 2023–24, despite a global downturn in FDI to developing economies. This growth is largely attributed to a proactive policy environment, a vast and skilled talent pool and continuous infrastructure development.

Maharashtra captured the largest share of total FDI equity inflows in FY 2024–25, accounting for 39%, followed by Karnataka with 13% and Delhi at 12%. Among source countries, Singapore led with 30% share, followed by Mauritius (17%) and the United States (11%).

The South Indian region, specifically the cities of Chennai, Hyderabad, and Bengaluru, has emerged as a pivotal destination for FDI in India.

This presentation delves into the compelling factors attracting multinational corporations (MNCs) to establish Global Capability Centers ('GCC's) and manufacturing units across these cities.

South India's – FDI Landscape

The southern region of India has become a magnet for foreign investment especially cities like Bengaluru, Hyderabad and Chennai. These cities offer a unique strategic advantages that cater to diverse industry needs, fostering an environment conducive to the establishment of GCCs and manufacturing units.

Transformative Reforms in the Regulatory Domain

The Indian Government has initiated significant reforms across various sectors to liberalize Foreign Direct Investment norms. Between 2014 and 2019, key reforms involved:

- Increased FDI caps in the **Defense, Insurance, and Pension** sectors
- Liberalized policies for **Construction**, Civil Aviation, and **Single Brand Retail Trading**

From 2019 to 2024, important measures included:

- Permitting 100% FDI under the automatic route in **coal mining, contract manufacturing, and insurance intermediaries**
- In 2025, the Union Budget proposed raising the FDI limit from 74% to 100% for the insurance sector. This enhanced limit is available to companies investing their entire premium within India.

City-wise Analysis



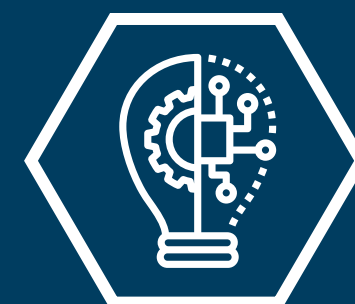
Bengaluru

Bengaluru also known as “Silicon Valley of India” due to its prominent role as a leading hub for information technology (IT)



Chennai

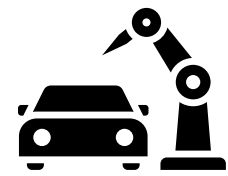
Chennai also known as “Detroit of Asia” due to its significant role as a major hub for automobile manufacturing



Hyderabad

Hyderabad also known as “Genome Valley”. It's a prominent hub for biotechnology, biopharma, and other related sectors

Chennai: The Detroit of Asia



Chennai, often hailed as the "Detroit of Asia," is a premier industrial, manufacturing, and import/export hub in South India. Its robust industrial backbone, strategic port connectivity, and proactive state policies make it an attractive destination for FDI, particularly in the automotive and electronics sectors. The city is among the top 10 automobile hubs globally, accounting for a significant 35% of India's auto component production and 45% of India's auto exports.



The Semiconductor and Advanced Electronics Policy 2024 further incentivizes investment by offering up to 50% additional financial incentives and payroll subsidies for local hiring, aligning with the Central government's semiconductor incentive scheme.



The city offers cost-effectiveness and a strong talent base. Lower rental costs and strategic advantages for global firms contribute to its appeal. Chennai boasts a growing base of automotive engineers, supported by renowned institutions like IIT Madras and Anna University, ensuring a steady supply of skilled workforce for its manufacturing and R&D needs.

Statistics in Chennai for FDI & GCCs

Ranked 5th

Ranked as the 5th most appealing state in India for FDI inflows.

3+ ports

Home to three of India's major ports making it the most prominent industrial, manufacturing and import/export hub.

Top 10

Top 10 automobile hubs globally, accounting for a significant 35% of India's auto component production and 45% of India's auto exports.

IT parks

The Electronics Corporation of Tamil Nadu (ELCOT) has developed eight IT parks spanning 1,321 acres in tier I and tier II cities. In Chennai's Sholinganallur, an investment of **INR 1,940 million** (around US\$26 million) has been made.

Most economical

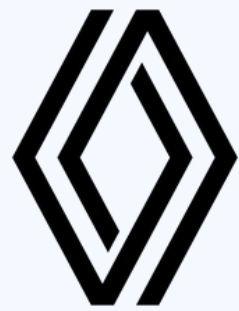
Chennai is ranked as the most economical destination for electronics R&D with estimated annual operating costs of \$1.24 million for a 50-person R&D centre.

₹ 28 lakh crore

With an estimated Gross State Domestic Product (GSDP) of ₹ 28 lakh crore in 2023-24, it has to be the ultimate manufacturing destination.

Major FDI in Chennai

Prominent companies in the Automobile sector include:



Companies having manufacturing and R&D units in India:



Recent FDI include investments:



Bengaluru: The Innovation and R&D Epicenter

Bengaluru, often referred to as the "Silicon Valley of India," is recognized globally as a premier tech hub and the nation's startup capital.

The city's evolution from a primary IT services hub to a powerhouse for Deep Tech and Research and Development ('R&D') is a notable development. This shift is evident in the increasing focus on specialized R&D, AI and cutting-edge product development, moving beyond mere support arms to becoming innovation engines

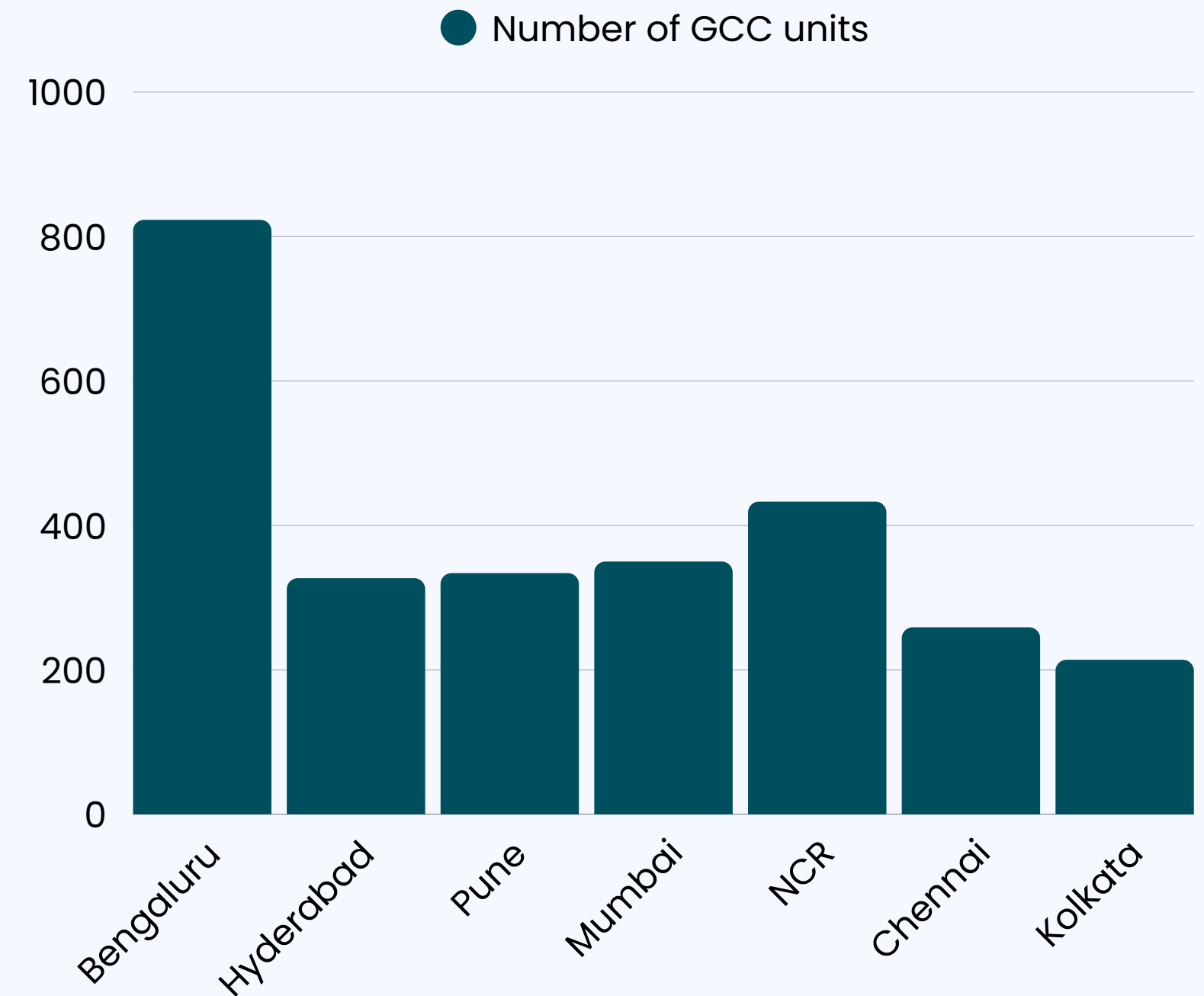
Moreover, Bengaluru's vibrant startup ecosystem acts as a significant multiplier for FDI.

This city has multiple strategic advantages which include :

- A significant draw for global companies is Bengaluru's immense talent pool.
- It hosts the country's largest clusters of R&D centers, engineering colleges, and software technology parks.
- The Karnataka state government is highly proactive in attracting investment. Its industrial policies (like the Karnataka Industrial Policy 2020-25) offer various incentives, subsidies, and ease-of-doing-business measures.
- Home to world-class research and educational institutions like IISc Bangalore, renowned for its research excellence globally.

Statistics in Bengaluru for FDI & GCCs

- Bengaluru has emerged as a major epicenter for Global Capability Centers, currently accommodating more than 875 units and underpinning global operational strategies.
- India produces over 2.5 million STEM graduates annually and Bengaluru stands out with a vast number of highly skilled professionals.
- Furthermore, Bengaluru is noted for offering some of the highest pay scales for computer engineers in India, indicating the premium placed on its specialized workforce.
- GCCs are increasingly co-locating with startup hubs and engaging in joint ventures by leveraging the innovative spirit of local founders to develop new products and scale rapidly.
- Bengaluru ranks as the fourth-largest tech cluster globally.



Major FDIs in Bengaluru

Major FDI in R & D sector



Qualcomm

AIRBUS



Mercedes-Benz

Major FDI in Tech Sector

ORACLE®



BOSCH

CISCO



Microsoft

Hyderabad: A Hub for Life Sciences & Emerging IT

Hyderabad has rapidly transformed from a city primarily known for its heritage into a dynamic hub for life sciences and a burgeoning Information Technology powerhouse.

Hyderabad is recognized as a prominent global center for life sciences manufacturing and R&D.

Hyderabad contributes:

one-third of India's
pharmaceutical
production

one-fifth of its
pharmaceutical exports

one-third of global
vaccine output

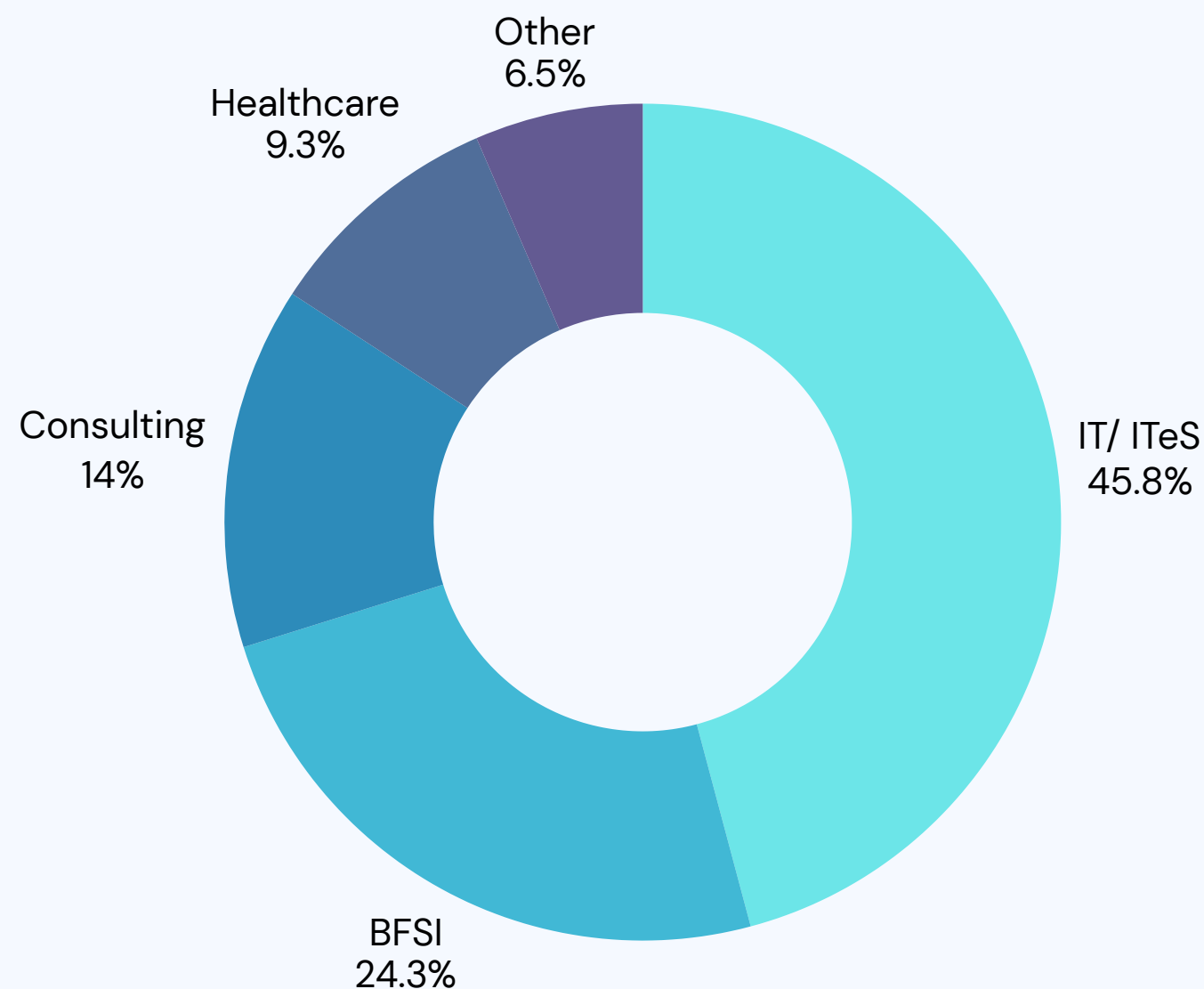
This level of contribution highlights Hyderabad's critical role in the global healthcare supply chain.

Hyderabad, also referred to as the Genome Valley, is a renowned biotech and pharmaceutical cluster, fosters a deep ecosystem for drug discovery, clinical research, and large-scale manufacturing.

Hyderabad's strategic advantages

- Hyderabad offers a cost-effective talent pool, particularly in the life sciences sector, which is a key factor in attracting investments.
- The Government of Telangana's Life Sciences Policy offers fiscal incentives and ready infrastructure to attract investment.
- The Government also actively encourages major tech companies like Google, Amazon, Apple, and Microsoft to expand their operations in Hyderabad, further diversifying its economic base.
- Prominent companies and investments in Hyderabad's life sciences sector include Aurigene Pharma Services, Cohance, Ferring, Novartis etc.

Statistics in Hyderabad for FDI & GCCs



Sector-wise Distribution of GCCs in Hyderabad

- ◆ Hyderabad is a strong hub for high-tech industries within the GCC landscape. A report indicates that 45% of the GCC headcount in Hyderabad is driven by the High-Tech industry.
- ◆ The Healthcare & Pharma sector is also a core focus for Hyderabad's GCCs ecosystem.
- ◆ Hyderabad's GCC workforce is concentrated in Software & Internet, Banking, Financial Services, and Insurance ('BFSI') and others.
- ◆ Telangana ranked sixth among Indian states in terms of FDI inflows for the first half of FY 2024-25.
- ◆ The Government of Telangana also actively encourages major tech companies by offering a wide range of incentives and ready infrastructure to attract investment. The Telangana's life Sciences Policy 2023-2028 is one of the testament to its commitment.

Major FDIs in Hyderabad

Major FDI in Life science and IT

The Amgen logo, featuring the word "AMGEN" in a bold, blue, sans-serif font.The Parexel Biotech logo, with "parexel" in a grey sans-serif font and "BIOTECH" in a purple sans-serif font below it.The GSK logo, consisting of the letters "gsk" in white lowercase font inside a red-to-orange gradient oval.The Novartis logo, featuring a stylized orange and blue flame-like icon followed by the word "NOVARTIS" in a blue sans-serif font.The Google logo, with the word "Google" in its characteristic multi-colored sans-serif font.The Meta logo, featuring a blue infinity symbol followed by the word "Meta" in a black sans-serif font.

Recent FDI include investments :

The Amazon logo, with the word "amazon" in a black sans-serif font and a curved orange arrow underneath it.The Microsoft logo, featuring the four-colored square icon followed by the word "Microsoft" in a grey sans-serif font.The Ferring Pharmaceuticals logo, with the word "FERRING" in a blue sans-serif font inside a black-bordered box, and "PHARMACEUTICALS" in a smaller black sans-serif font below it.

How we can assist?

Navigating India's complex legal and tax landscape is crucial for the success of MNEs subsidiary setup in India. Our firm offers comprehensive support from incorporation stage to effective tax & legal planning and compliance services. In this regard, we help MNEs navigate on the following broad categories of service requirements:

- ✓ Incorporation / Entity set-up assistance
- ✓ Setting up Chart of Accounts/ statutory compliance process
- ✓ Initial tax registrations
- ✓ Labour law and other legal registrations
- ✓ Transfer pricing margin analysis on ICA's
- ✓ Drafting of inter-company agreements and MSAs
- ✓ International tax advisory services
- ✓ Intellectual Property registration
- ✓ Monthly tax & legal compliances
- ✓ Annual tax & legal compliances
- ✓ Representation services before regulators
- ✓ Exchange control regulations

Our Team



G Vijay Krishnan

Managing Partner – Up North Advisors

vijay.krishnan@upnorthadvisors.in

Contact: +91 98415 12389



Karthik Jayakumar

Co-founding Partner – Peritum Partners

karthik@peritumpartners.com

Contact: +91 97907 41975



Pranuve Subramanian

Manager – Up North Advisors

pranuve@upnorthadvisors.in

Contact: +91 93612 73714

Thank you



Website

www.upnorthadvisors.in

www.peritumpartners.com