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MARC Insights Electronic Manufacturing Services (EMS)

March 2024

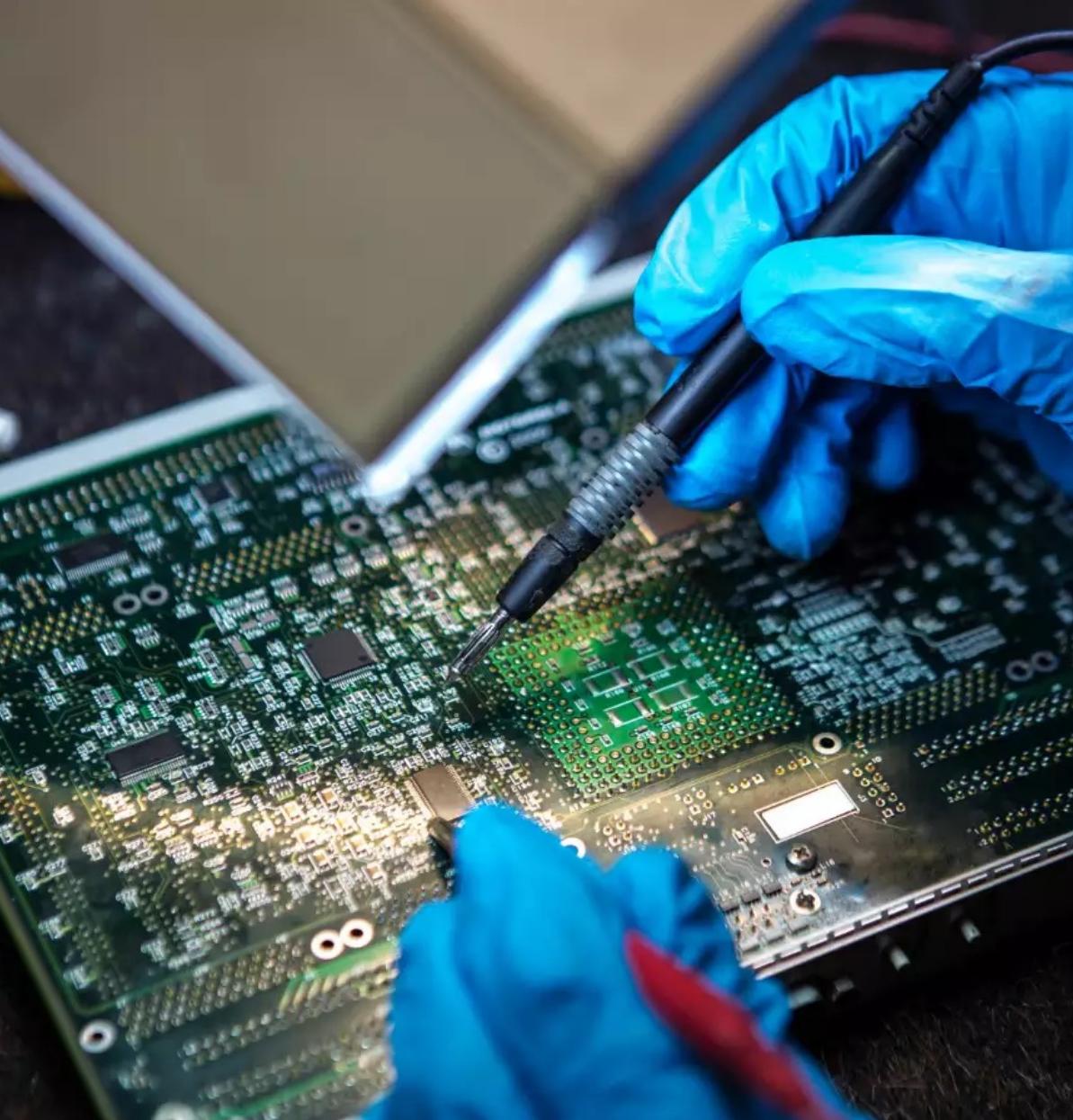


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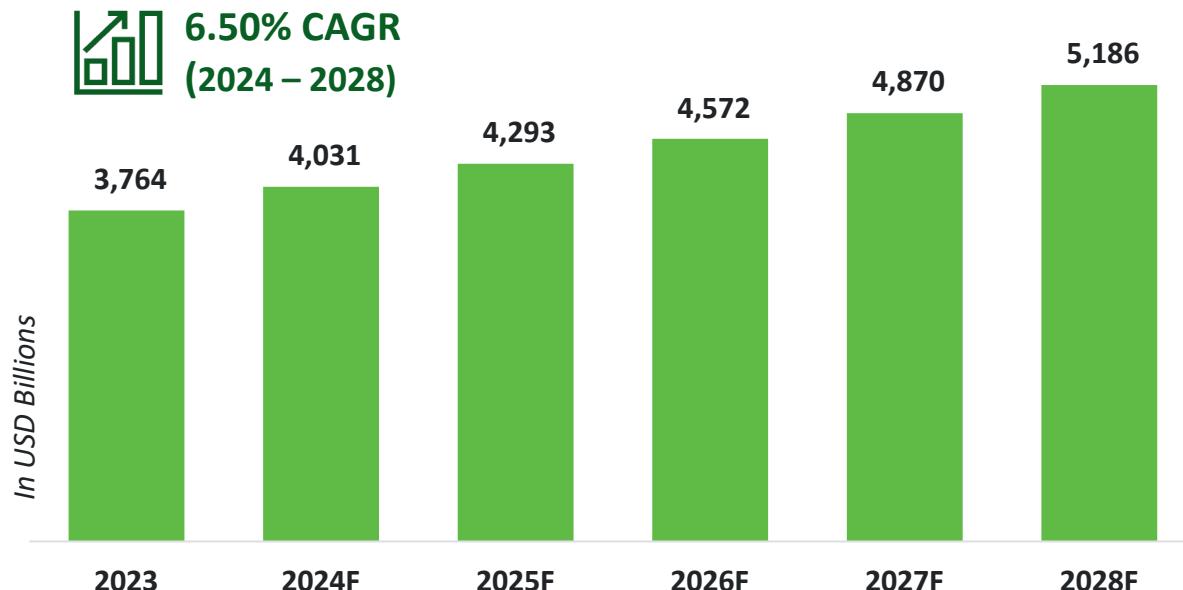
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Global Electronics & EMS Industry

Global Electrical & Electronics Industry

The Global electrical and electronics market was valued at USD 3,764 billion in 2023 and is expected to reach USD 4,031 billion in 2024 at a CAGR of 7.10%. It will continue to grow at CAGR of 6.50% and is expected to reach USD 5,186 billion in 2028.

Global Electrical & Electronics Market Size



Source: [The Business Research Company](#)

Major Trends in the forecast period



Internet of Things (IoT)
integration



Edge Computing



Robotics & Automation



Artificial Intelligence

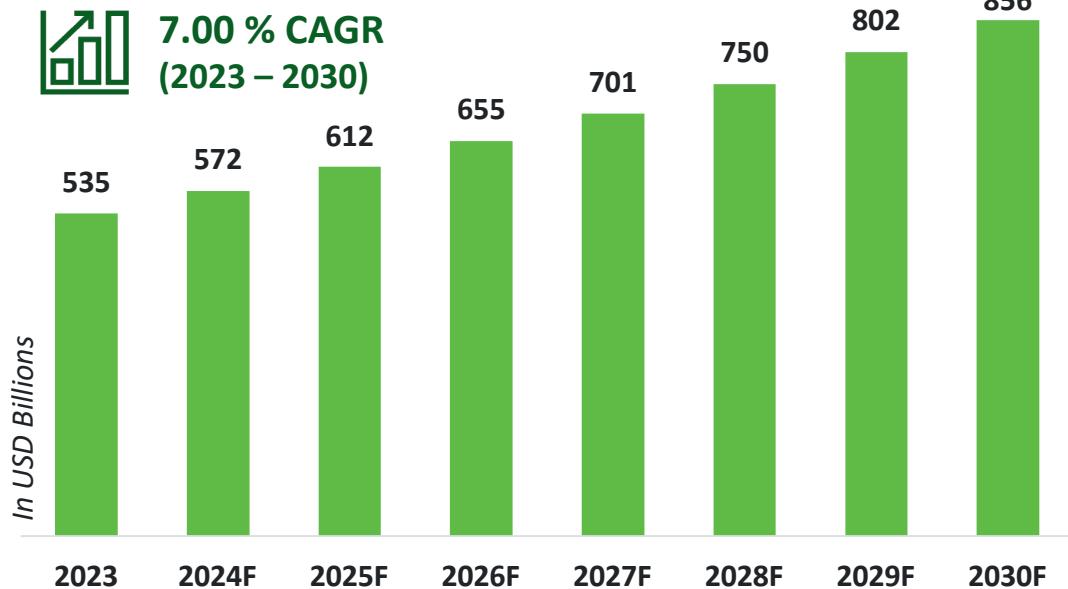


Smart manufacturing

Global EMS Industry

The Global Electronics Manufacturing Services market is expected to reach USD 856 billion in 2030 at a **CAGR of 7%**.

Global EMS Market Size



Products produced by the Global EMS Industry

Printed Circuit Board (PCB)

Electronic Components

Consumer Electronics

Industrial and Medical Equipment

Services provided by the Global EMS Industry

PCB Assembly

Component Sourcing and Procurement

Design for Manufacturing

Prototyping

Box Build Assembly

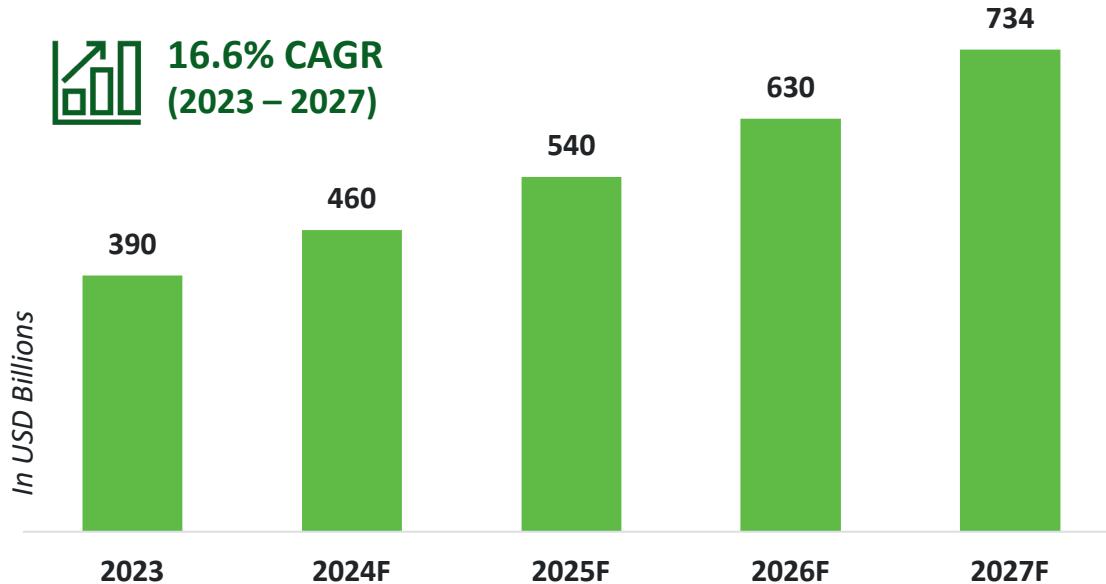
Testing and Quality Assurance

Source: [Fortune Business Insights](#) & MARC Analysis

Indian Electronics Industry

Indian Electronics Industry

Indian Electronics Market Size



The Electronics market is expected to reach USD 734 billion by 2027 at a **CAGR of 16.6%**.

The Electronics sector of India contributed around **3.4%** in 2023 of the country's Gross Domestic Product (GDP).

Major Trends

- Energy Efficiency**
- Internet of things (IoT)**
- Use of Industrial Robots**
- Shift from B2B to B2B2C**
- Use of ERP systems**
- Leveraging supply chain**

Source: [IBEF & MARC Analysis](#)

Indian Electronics Industry – Domestic Production

Domestic Production Segment Growth Drivers



Mobile Phones: Declining prices and increased mobile penetration in rural India.



Consumer Electronics: Changing lifestyle and higher spending capacity that includes televisions, washing machines, refrigerators, cameras.

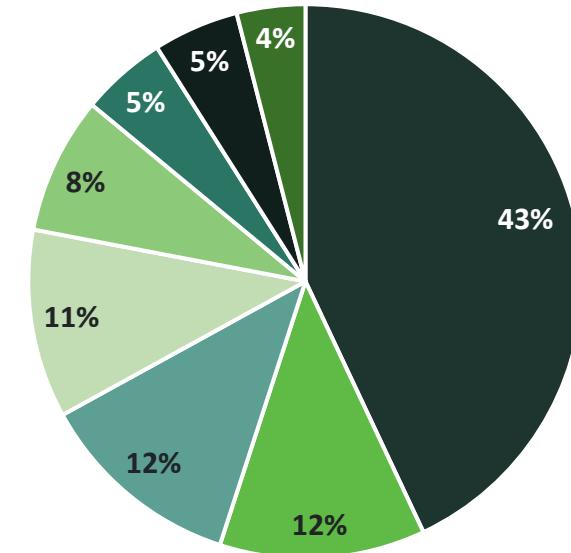


Industrial Electronics: Smart manufacturing will Increase the use of electronic components, driving overall process efficiency.



Auto Electronics: Connected, autonomous and electric vehicles driven by environmental sustainability and digitalization resulting in higher usage of electronics components.

Domestic Production Segmentation - 2023



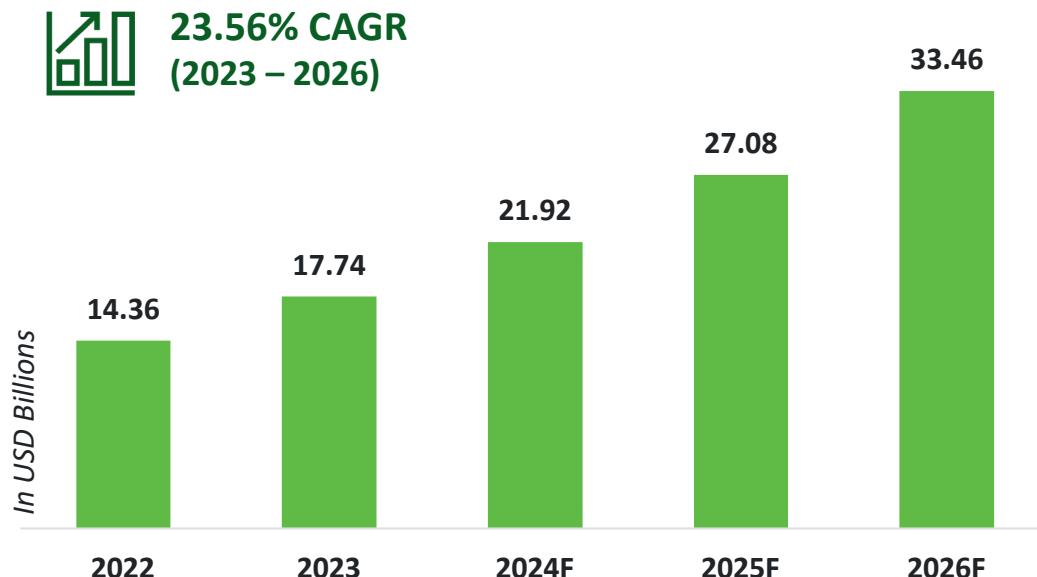
- Mobile phones
- Consumer Electronics
- Industrial Electronics
- Electronic components
- Auto Electronics
- IT hardware
- Strategic Electronics
- Others

Source: [EY Report, Invest India](#)

Indian Electronics Industry – Exports

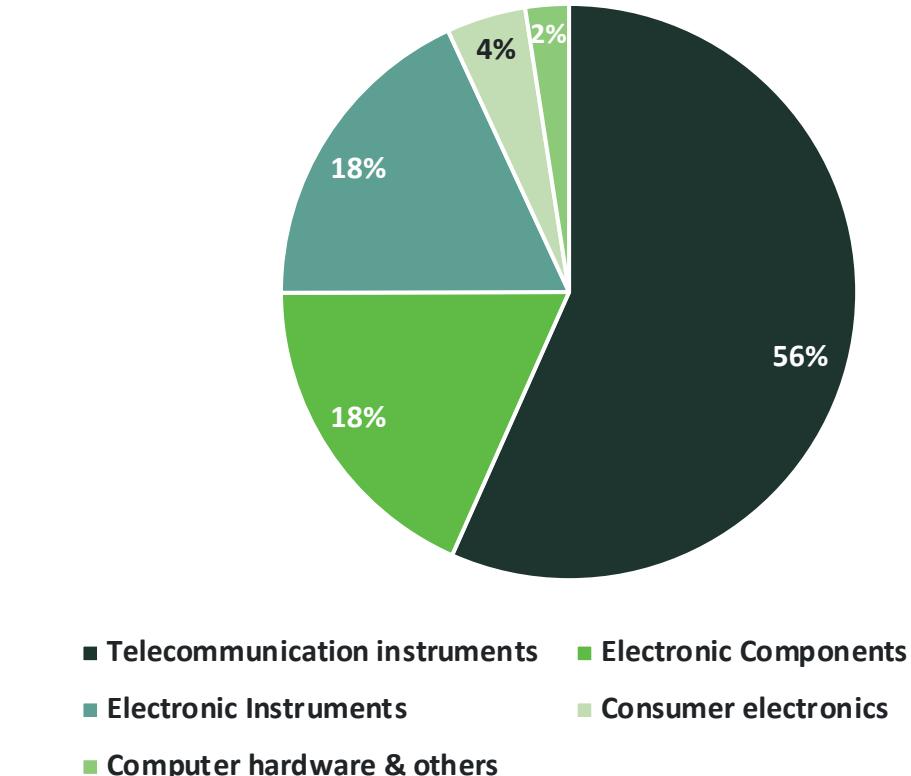
Market Size Electronics Exports

As of 2023, Electronic exports were recorded at USD 17.74 Billion as compared to USD 14.36 Billion during 2022, with CAGR of 23.56%. Electronics export is expected to reach USD 33.46 Billion by 2026.



Source: [Invest India](#)

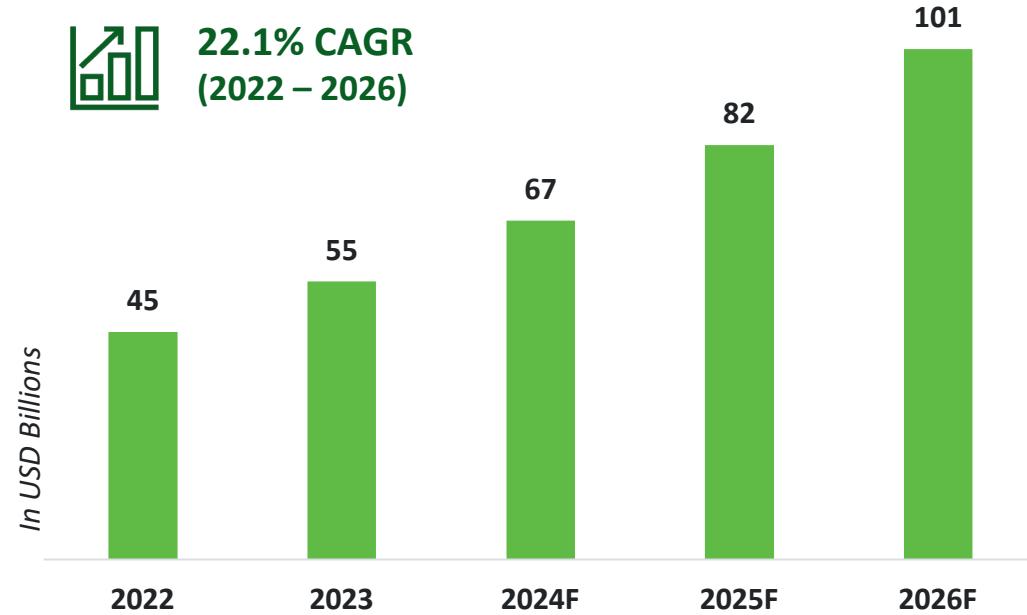
Electronics Exports Segmentation - 2023



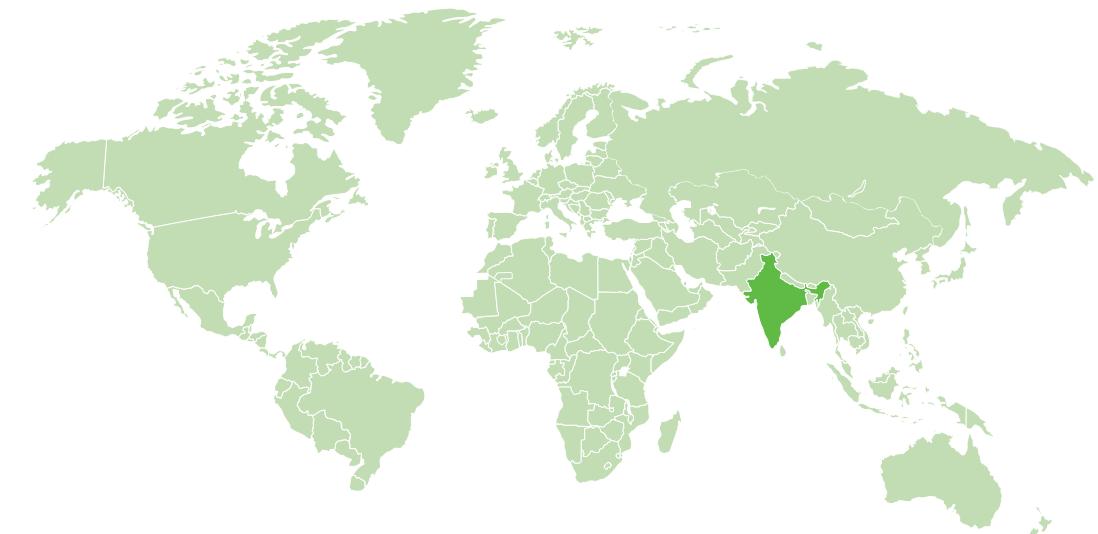
Indian EMS Industry

Indian EMS Industry

Indian EMS Market Size



Indian EMS Market Share

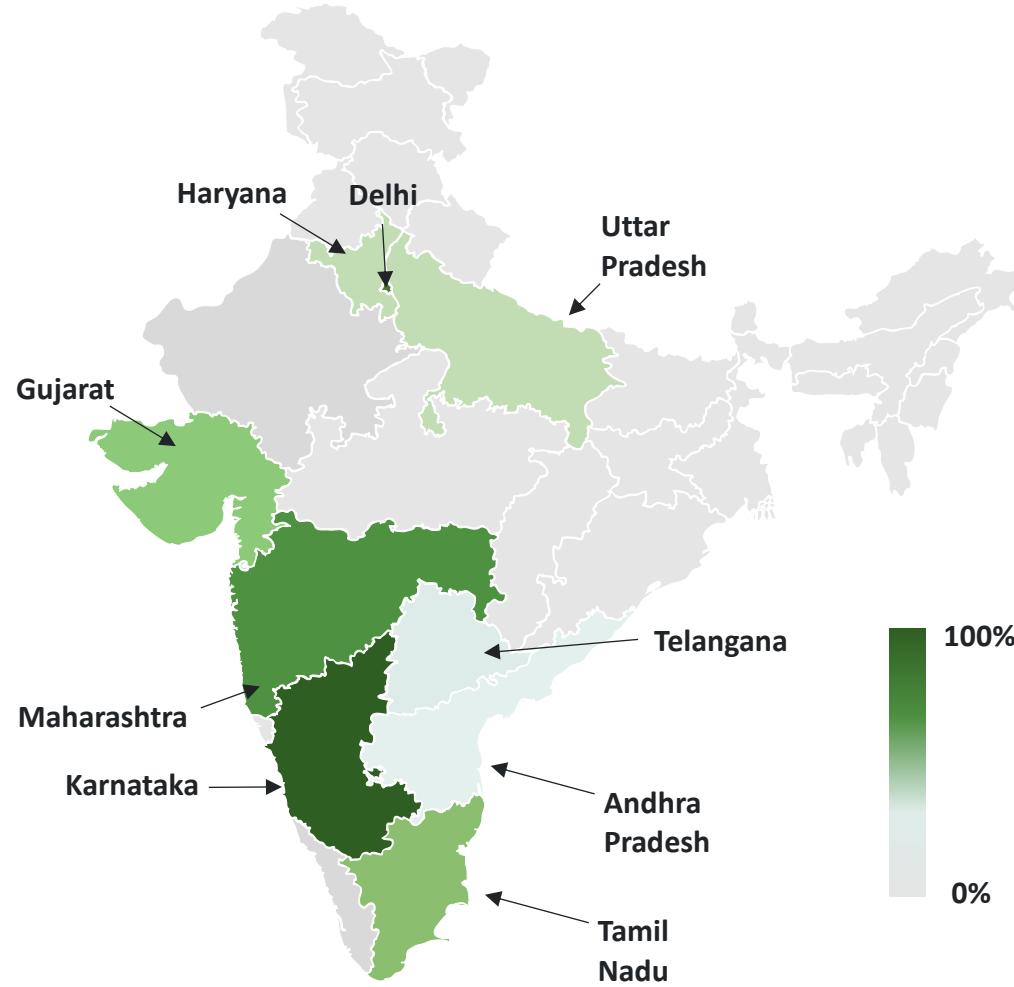


Year	2023		2026 (F)	
	Value in USD Bn	(%)	Value in USD Bn	(%)
India	55	10.3%	101	15.4%
Rest of the World	535	89.7%	655	84.6%

The Indian Electronics Manufacturing Services (EMS) market is expected to grow at a **CAGR of 22.1%** to reach US 101 billion by 2026.

Source: [Bharat FIH](#)

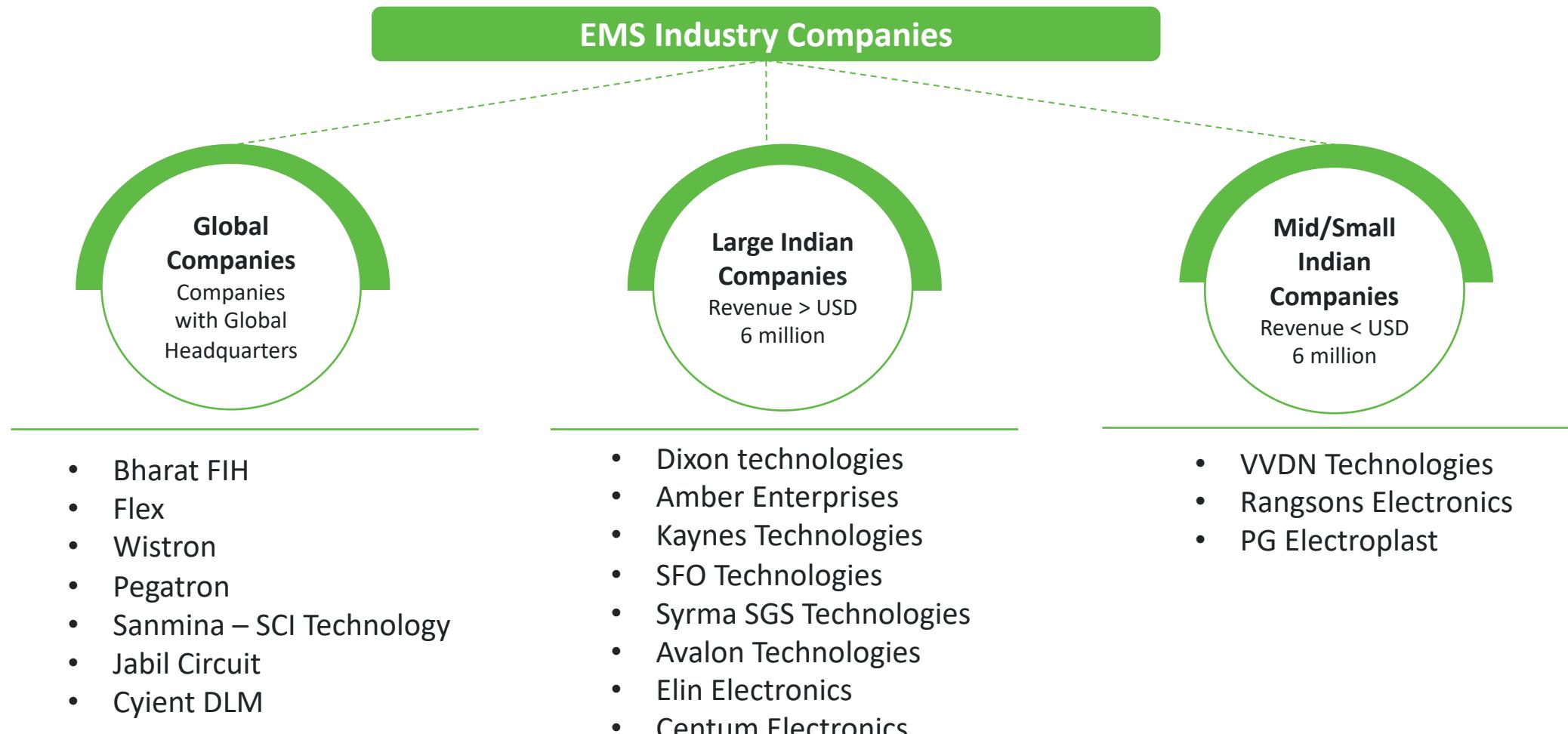
Geographical Presence of Indian EMS Companies



State	Percentage Breakdown Of EMS Companies (2022)
Karnataka	22%
Maharashtra	15%
Delhi	15%
Tamil Nadu	11%
Gujarat	8%
Uttar Pradesh	7%
Haryana	5%
Telangana	5%
Andhra Pradesh	3%
Others	9%

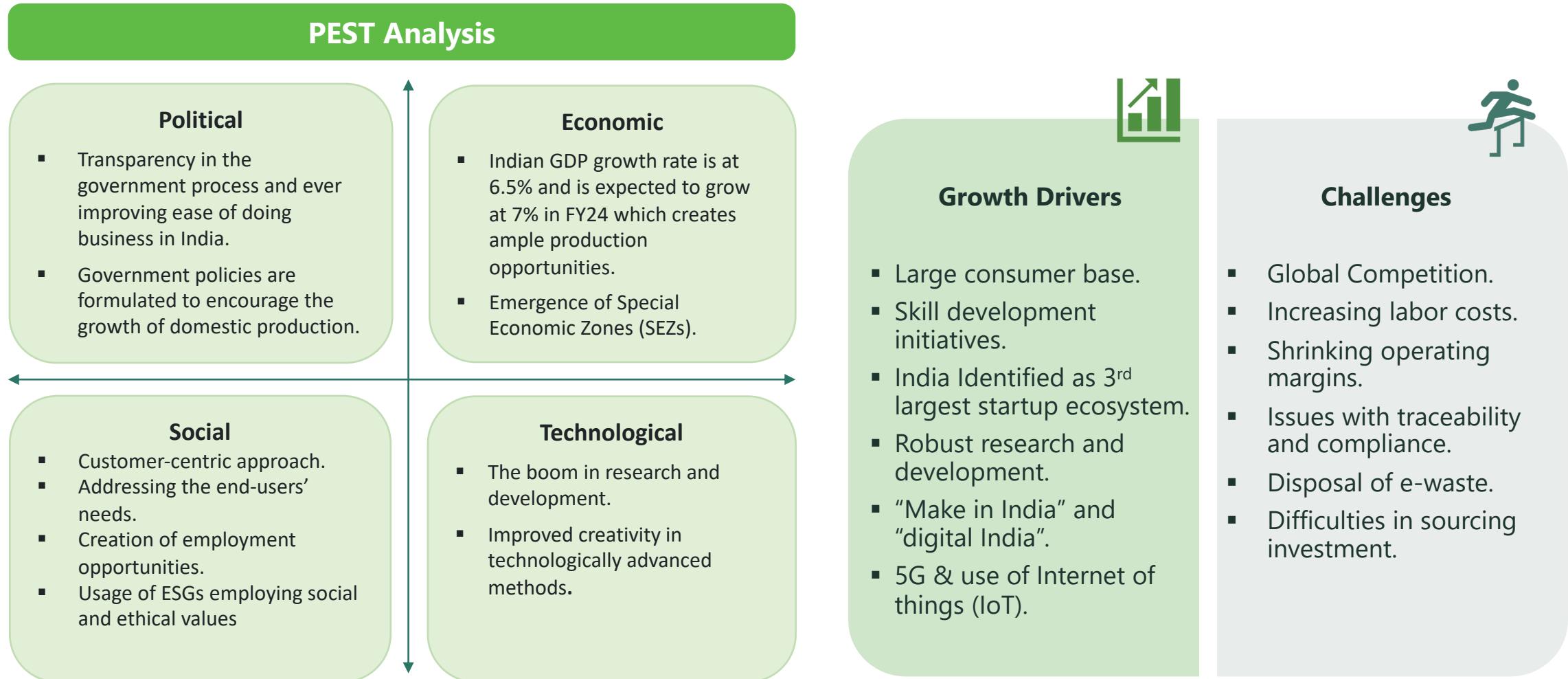
Source: Bharat FIH

Top Players in the Indian EMS Market



Source: Bharat FIH

Macroeconomic Overview of the EMS Sector



Source: Bharat FIH

Indian Government's Initiatives

Indian Government's Initiatives



Production Linked Incentive Scheme (PLI)

PLI offers incentive to boost domestic manufacturing and attract investments.

Incentives:

- 4-6% on incremental sales of the goods manufactured in India.
- Incentives up to US\$ 5 billion will be awarded over a period of five years



Scheme for Promotion of Manufacturing of Electronic Components & Semiconductors (SPECs)

Aims to counteract challenges in the domestic manufacturing of electronic components.

Incentives:

- 25% on capital expenditure pertaining to plant, machinery, equipment, associated utilities, and technology.
- Includes R&D on a reimbursement basis; up to US\$ 500 million over a period of eight years.



Modified Electronics Manufacturing Clusters Scheme (EMC 2.0)

Addresses disabilities, by providing support to create infrastructure.

Incentives:

- 50% of project costs, subject to a ceiling of US\$ 10 million for every 100 acres of land.

Notable Investment Activities

Notable Investments in Indian EMS Companies

Year	Company	Place	Investment value	Purpose
2021	Tata Electronics Pvt Ltd	Tamil Nadu	USD 790 million	Construct a phone component manufacturing facility.
2021	Jabil Electronics Pvt Ltd	Pune	USD 275 million	Venture into smartphones, home appliances and mobile parts.
2021	Dixon Technologies Public Ltd	India	USD 80 million	Build a new capacity to serve domestic and global markets.
2022	Sanmina Corporation Public Ltd	India	USD 200 million	Create a Joint Venture with Reliance Strategic Business Ventures Limited, a subsidiary of Reliance Industries
2023	Foxconn Public Ltd	Bangalore	USD 96,000 million	Build a mobile manufacturing plant.

Source: [Bharat FIH](#), [Times of India Article](#)

Mergers & Acquisitions in EMS Industry

PE firm I Squared Capital & Gram Power - 2023

Global private equity firm I Squared Capital invested **USD 100 million** in smart metering firm Gram Power (India) Pvt. Ltd, picking a **controlling stake** in the Jaipur-based firm.

Reliance subsidiary - RSBVL & Sanmina - 2022

RSBVL will hold **50.1% stake** in the joint venture entity with Sanmina owning the remaining 49.9%. RSBVL will achieve this ownership primarily through an investment of up to **USD 200 million** in new shares in Sanmina's existing Indian entity.

Reliance Retail & Addverb - 2022

Reliance Retail has invested **USD 132 million** in the company and will hold around **54% stake** in the robotics start-up. The strategic partnership with Reliance Retail will help Addverb Technologies leverage 5G, battery technology through new energy initiatives.

Tech Mahindra & Thirdware - 2022

Tech Mahindra announced that it will be acquiring **100% stake** in Mumbai-based Thirdware Solutions in an all-cash deal for a total consideration of up to **USD 42 million** including earnouts.

Source: [Live Mint](#), [The Economic Times](#), [Business Standard](#), [The Economic Times](#)

MARC's Key Takeaways

MARC's Key Takeaways

Major Trends in the EMS Sector

Energy Efficiency

Internet of things

Industrial Robots

B2B to B2B2C

ERP Systems

Leverage Supply Chains

Global Competition

Labor Costs

Traceability issues

Operating margins

Compliance issues

E-waste

India's EMS Sector : An attractive Investment Opportunity

India is a major player in the global electronics manufacturing industry. The country is rapidly becoming an electronics manufacturing hub, with the sector expected to rise from USD 45 billion in 2022 to **USD 101 billion** by 2026.

Electronics is India's fastest-growing export sector, with smartphones being the top export item where India surpassed **a remarkable USD 10 billion** worth smartphone exports in FY 2022-2023.

Key initiatives driving India's push towards electronics manufacturing is the Production-Linked Incentive (PLI) scheme, The country's large-scale electronic manufacturing (LSEM) sector received the **maximum allocation of USD 5 billion** under this scheme.

Source: MARC Analysis & [Invest India](#)



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