KARNATAKA

INDIA'S HUB FOR AEROSPACE AND DEFENCE

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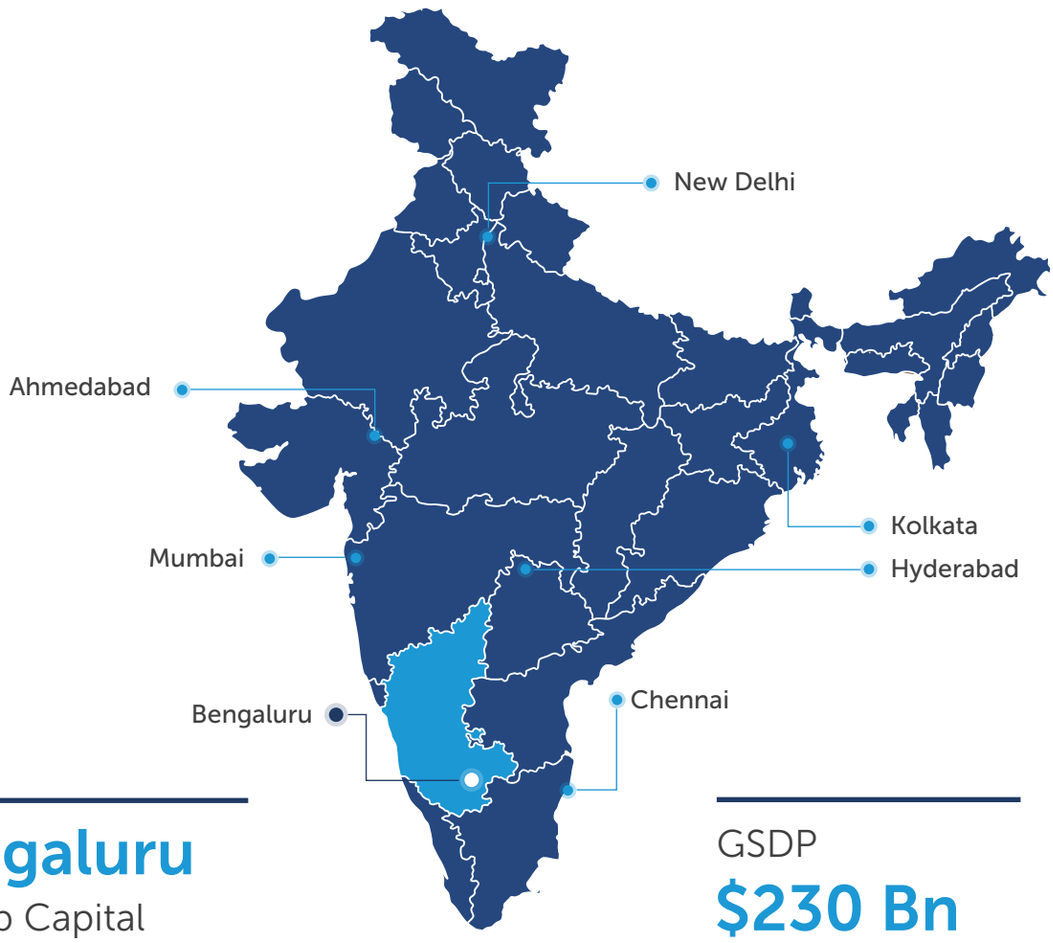
KARNATAKA - LEADING INVESTMENT DESTINATION

01

Karnataka is a leading investment destination in India with a strong industrial base.



Bengaluru
Startup Capital of India

GSDP
$230 Bn
growing at 11.2%

Top 3
Startup ecosystems globally

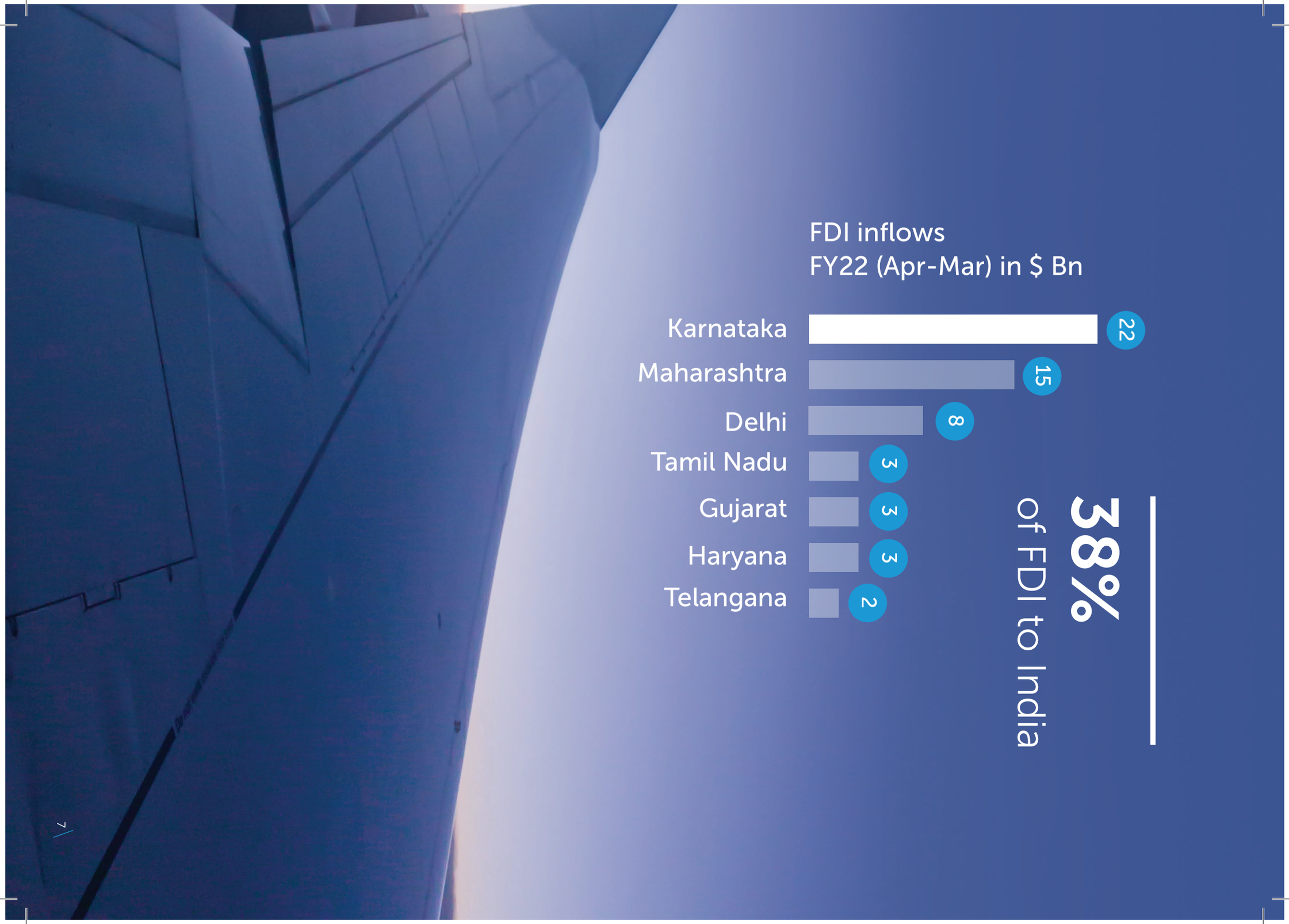
400
out of Fortune 500 companies present in Karnataka

Karnataka

India's No.1 Investment Destination

- Top Achiever in Ease of Doing Business
- 1st in India Innovation Index
- 1st in number of R&D centers
- 1st in service exports amongst all states in India

Karnataka
1st
in FDI inflows


FDI inflows
FY22 (Apr-Mar) in $ Bn
Karnataka
22
Maharashtra
15
Delhi
8
Tamil Nadu
3
Gujarat
3
Haryana
3
Telangana
2
38%
of FDI to India

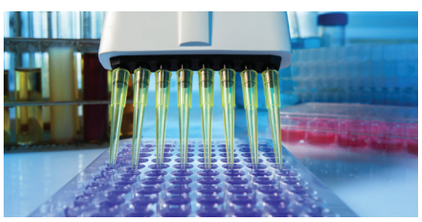
Karnataka leading India across sectors

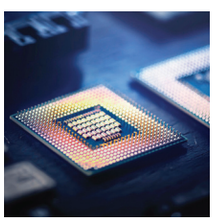
65% share
- Aerospace & Defence manufacturing

52% share
- Machine Tools manufacturing

40% share
- Electronics Design in India

400+
R&D centres in India



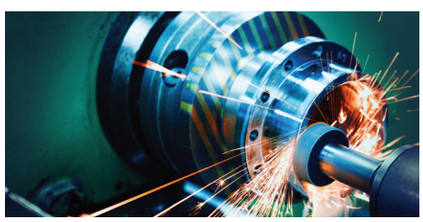


7+ Auto OEMs and 45+ EV startups
- Electric Vehicles innovation

40% share of India's IT exports
- Software exports

60% share
- Biotech production & exports

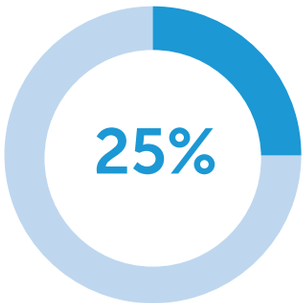
63% of total installed capacity from renewable sources
- Renewable energy



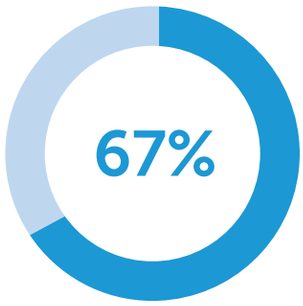
STRONG ECOSYSTEM

02

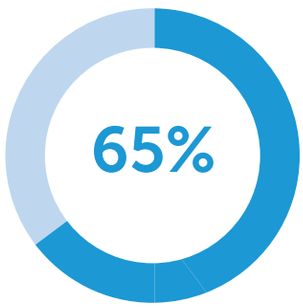
Karnataka is a leader in Aerospace & Defence industry



Of India's aircraft and spacecraft industry is based in Karnataka



Of all aircrafts and helicopters manufactured for defence services is done in Karnataka



Of the country's aerospace related exports from India contributed by Karnataka

Government of Karnataka has supported the industry's development at critical times including Covid-19 pandemic.

Leading global players with presence in Karnataka

BOEING · Honeywell · GE · ROLLS ROYCE · AIRBUS · DYNAMATIC TECHNOLOGIES · SAFRAN · Raytheon Technologies · Collins Aerospace

Foundation for A&D ecosystem laid by major PSUs

भारत इलेक्ट्रॉनिक्स BHARAT ELECTRONICS · हिएलि HAL · इसरो isro · बी ई एम एल bemi NEW FRONTIERS, NEW DREAMS

Source: Invest Karnataka, KN Industrial Policy, Aerospace Policy and Dept. of Commerce, Govt. of Karnataka

SUPPORT ECOSYSTEM

03

Karnataka has expertise in activities across the value chain

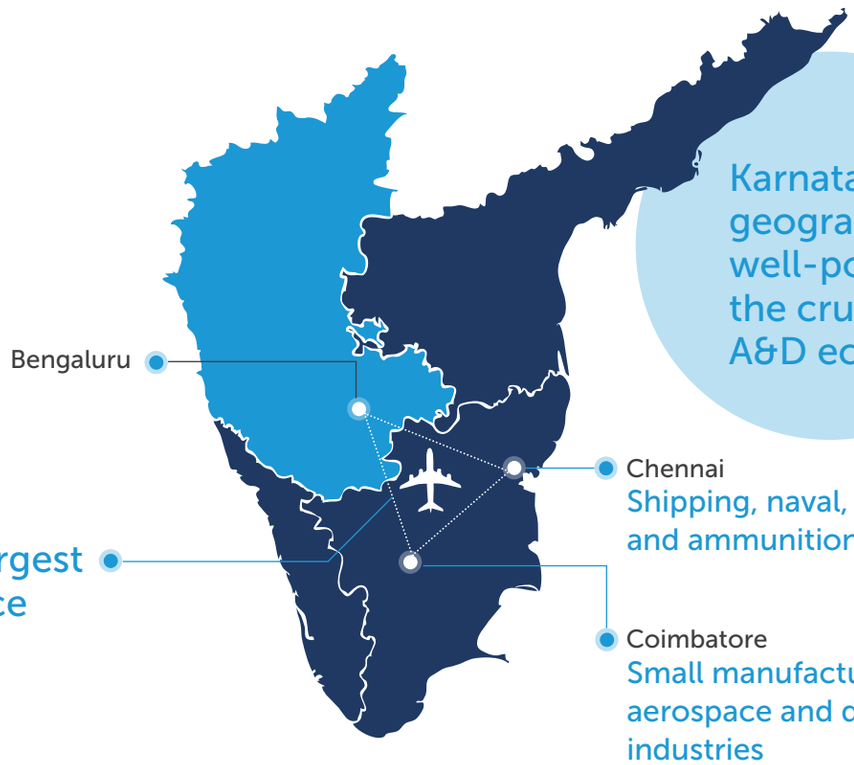
Training
Karnataka has setup Center of Excellence in partnership with Dassault Systems to provide industry-ready manpower

Research & Design
Karnataka is the only state to house country's top research & design institutions like DRDO, ISRO, HAL etc.

Suppliers
Karnataka is home to 70% of the supplier base for India's A&D industry

Manufacturing
The state also has strong base of 2000 SMEs that carry out niche sub-contracting work

Strong support and ancillary ecosystem make the state a preferred destination for global leaders.



Strong support from adjacent industries

Machine Tools

60% of Machine Tools in India produced by Bengaluru

Capital Goods

2nd highest producer of Heavy Electrical Machinery in India is Karnataka

ESDM

85+ Chip designing companies makes Karnataka the largest chip design hub in the country

Software

Largest software exporter in India is Karnataka

ADVANTAGE BENGALURU

04

Bengaluru is among Top 3 global Aerospace cities in attracting foreign investments

Rank	Location	Country
1	Singapore	Singapore
2	London	United Kingdom
3	Bengaluru	India

1st

Bengaluru is 1st in terms of Aerospace FDI jobs created.

(7K+ between 2015 & 2019)

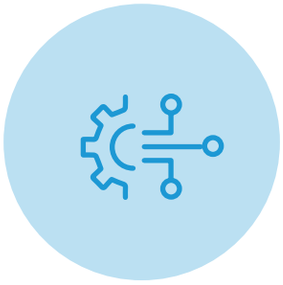
Airbus and Boeing have setup world-class Research, Technology and Development centers in Bengaluru

AIRBUS

BOEING

Bengaluru is home to the **largest Research and Technology Development centers** for Airbus and Boeing, **outside their home locations**

Pioneering Research



Technology & Development

High value activities across Research, Technology & Development for global demand performed in Bengaluru.

AEROSPACE & DEFENCE POLICY 2022 -2027

05

New Aerospace & Defence Policy 2022 has been recently launched.

The Karnataka Aerospace & Defence Policy 2022-27 provides an attractive incentive package for investors

Sl. No	Incentive Head	Sub sector		
		4 focus sub sectors[1]	Electronic components	Other sub sectors
1	Capital Investment Subsidy	• 20% on P&M • 20% on land up to 50 acres	• 20% on P&M • 25% on land other than Bengaluru up to 50 acres	
2	Exemption/ Reimbursement of Stamp Duty	100%	100%	75-100%
3	Concessional Registration Charges	INR 1/- per INR 1,000/-	100% Reimbursement	INR 1/- per INR 1,000/-
4	Reimbursement of Land Conversion Fee	100%	100%	100%
5	Subsidy for ETP	50%, up to USD 0.31 Mn		50%, up to USD 0.31 Mn[2]
6	Power Tariff Reimbursement		USD 0.013 per unit for 5 years	
7	Exemption from Electricity Duty		100% for 5 years	
8	Production Linked Incentive	1% of annual turnover for 5 years		1.75-2.25% of annual turnover for 5-10 years, up to 25-60% of VFA
	Total Quantum of Incentives	**Up to 40-50% of VFA**	**Up to 100% of VFA**	

1. Units providing integrated end assemblies for civil and defence aviation, Maintenance Repair & Overhaul (MRO), units manufacturing for space applications including LEO satellites, composite manufacturing and 3D printing for aerospace & defence applications; minimum investment size for units providing integrated end assemblies for civil and defence aviation – INR 1,000 Cr (USD 125 Mn), minimum investment size for MRO facility – INR 500 Cr (USD 63 Mn)

2. For Common Effluent Treatment Plant (CETP)/ Industrial Hazardous waste disposal projects by a private investor: 50% up to USD 0.62 Mn

Note: P&M – Plant and Machinery, ETP – Effluent Treatment Plant, VFA – Value of Fixed Assets; Exchange rate considered = INR 80/ USD; Investment Subsidy for Anchor Industries shall be additionally applicable for other sub sectors.

6 Key offerings by the Govt. of Karnataka for the Aerospace & Defence sector

- Strong ecosystem of Aerospace & Defence companies contributing to more than 65% India's Aerospace & Defence exports.
- Special incentive package under the new A&D Policy.
- Largest workforce at the intersection of advanced mfg. building blocks (AI, IoT) and skilled mfg. craftsmanship.
- Readily available industrial land located in areas adjacent to key International & Domestic Airports.
- Policy driven industrial ecosystem, simplified application and approvals processes to ensure hassle-free investment.
- Most favorable social infrastructure, preferred location for skilled talent migrants in India as well as expatriates.

SOCIAL INFRASTRUCTURE

06

Industrial ecosystem well supported by world-class social infrastructure in Karnataka.

8 of top 10 international schools of India present in Karnataka.

40+ five-star hotels in the state, such as Taj Group of Hotels, Hyatt, etc.

Blessed with pleasant climate throughout the year, with abundant greenery.

Home to world-class golf courses, sports clubs & wildlife resorts.

Popular tourism destination including UNESCO Heritage Sites, attracting tourists from across the world.

Other Factors

Bengaluru consistently ranked amongst the best cities to live in India for expats.
– Mercers quality of living report 2019

Expatriate friendly ecosystem and lowest crime rate in South India.

Bengaluru ranked most dynamic city in India.
– JLL report 2020

Over 16 international schools.

DEFENCE PARK & SEZ

07

Hi-tech Aerospace and Defence park, Devanahalli

The Hi-tech Aerospace and Defence park built in 2 phases next to Bengaluru International Airport provides ~2000 Acres of land for aerospace and defence companies. With multiple major players in the industry across the value chain, this park provides the infrastructure and the conducive ecosystem for the industry. The park has both international as well as our home-grown companies of the industry including:

~2,000

acres of land for aerospace and defence companies

BOEING

2nd largest campus outside of its headquarters

Collins Aerospace

BELLATRIX AEROSPACE
Propelling Dreams

SASMOS

Pratt & Whitney
A United Technologies Company

CENTUM
Centum Electronics Limited

DYNAMATIC TECHNOLOGIES

Raytheon Technologies

Given the huge potential in the sector, a Phase 3 of the Hi-tech Aerospace and Defence park is being developed.

Aerospace and Defence SEZ, Belagavi

The 250+ acre Special Economic Zone (SEZ) in Belagavi, Karnataka houses co-located capabilities that could deliver an end-to-end manufacturing value stream. Aequs' facilities in the USA and France complement the India operations in delivering customer requirements more effectively.

200+

acre Special Economic Zone (SEZ) in Belagavi

Dedicated Aerospace & Defence Parks in Karnataka

Park	Address	Contact	Status
Aerospace & Defence SEZ, Belagavi	Aequs Special Economic Zone, No 437/A, Hattargi Village, Hukkeri Taluk, Belagavi - 591 243	Email ID: Marketing.infra@aequs.com Phone No.: +91 8951858724	Ready for allotment
Hi-tech Aerospace & Defence Park Phase - 1, Bengaluru	Devanahalli, Bengaluru Rural District	Commissioner for Industrial Development and Director, Department of Industries & Commerce, Govt. of Karnataka No. 49, South Block, Khanija Bhavan, Race Course Road, Bengaluru-560 001, India Phone: +91 80 22389901-08, +91 80 22386796 Fax: +91 80 22389909, Email ID: commissioner@karnatakaindustry.gov.in Visit us at: www.investkarnataka.co.in	Fully allotted
Hi-tech Aerospace & Defence Park Phase - 2, Bengaluru	Devanahalli, Bengaluru Rural District		Fully allotted
Hi-tech Aerospace & Defence Park Phase - 3, Bengaluru	Devanahalli, Bengaluru Rural District		Being developed

Other industrial areas can also be explored for A&D companies.

GOVERNMENT OF
KARNATAKA

INVEST
KARNATAKA