

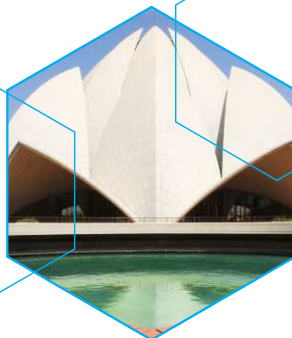


Kingdom of the Netherlands

Opportunities & Challenges in the Indian Market:

Lessons learned from Dutch Companies in India





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Now is the time to enter into business in India. Why? The Indian economy is growing at a steady pace, and the economic fundamentals are in place. Furthermore, with the expansion of its considerable middle class, India is home to a rapidly growing consumer goods market. Large investments in infrastructure, health care and agriculture are also generating business opportunities that appeal directly to the Dutch core competencies.

In this booklet, Opportunities & Challenges in the Indian Market, we present eleven stories of Dutch companies that are active in different sectors in India. Through sharing their story, the companies explain what they do in India, highlight which factors contribute to their success and give advice for newcomers to this promising market.

India is both huge and diverse, and there is not one single magic formula to enter into business here. Through this booklet, we hope to showcase the wide variety of opportunities and challenges that India has to offer. Apart from that, the booklet also provides a useful checklist of India Business Advice, which can serve as a guide for your first steps in the market. If you are interested in a more detailed guide to doing business in India, you can visit our Doing Business website <http://india.nlembassy.org/doing-business>.

We would like to thank all the companies who have participated in this publication and shared their experiences. And of course, The Netherlands Enterprise Agency (RVO.nl) and The Netherlands Trade Network in India, with offices throughout the country, are at your service and look forward to assisting you in your quest on the Indian market.

Alphonsus Stoelinga
Ambassador of the Netherlands in India



When Dutch entrepreneurs have ambitions to take their business abroad, they can count on the Netherlands Enterprise Agency (RVO.nl) to help them on their way. We are the Dutch government agency that is dedicated to helping Dutch business to develop and grow, in the Netherlands and in markets around the world. We work together at home and abroad with governments, knowledge institutes, international organizations and last but not least the Trade Network India.

Knowing how to start doing business - whether in India or elsewhere around the world – can be a challenge. But we prefer to see it as an opportunity. We bring potential business partners together through matchmaking and trade leads. We provide grants, share know-how and provide information on compliance with laws and regulations.

We see promising opportunities for Dutch-Indian business partnerships in different sectors. For example, we believe that Dutch expertise and technology can contribute to India's ambitions in urban development. Our Partners for International Business (PIB) programme stimulates business and knowledge partners to cooperate to make the most of new business opportunities in India.

In developing new international business, it's important to learn from past experience – sharing insights and connections is a key to success. This is exactly the aim of this publication. We are pleased to share inspiring examples and practical information to support you in your business initiatives in India.

Wishing you sincere success in your business endeavours,

Bas Pulles
Director International Programs
Netherlands Enterprise Agency (RVO.nl)

India for us is a very important growth market attributable to the growing middle class population. This section of the population aspires for food safety in the vegetables along with good international quality levels. That movement creates a bigger and bigger market for RijkZwaan in India. Blend in the Indian knowledge and Indian approach with your own experience and product expertise, that's really the way to go in India.



What we realized is that to be successful in India you need an Indian organization and you cannot do that from Holland. Since each state has different requirements, having a local representation and local team is imperative.

Ahmet Tunali, Area Manager, RijkZwaan

Rijk Zwaan India Pvt. Ltd. // Agriculture

Entering the Indian market

Being active in the Indian market for the past eight years as a supplier of gherkin varieties to the gherkin processing industry, RijkZwaan International, before establishing a legal entity in India, had accurately studied the Indian agriculture sector, and assessed the demand for its seed varieties and the need for new technology and methods for producing high yielding crops. Following their initial success with gherkins, we wanted to be an active player in the Indian vegetable seed market and offer a whole assortment of other products, for which we set-up a 100% subsidiary in India in 2010 with the intent of collaborating with the Indian distributors and commencing R&D operations locally. Our company realized that to be highly successful in India, it's essential to have a local representation through an Indian firm which is managed by a group of local people.

The Indian market is not only characterized by its huge market potential, but also by the large number of small vegetable nurseries and a convoluted supply chain in the sector. In The Netherlands, we are accustomed to dealing directly with the growers.

In India, however, the distribution chain is bound to become more layered, given its sheer size of the country. As a result, our approach in India has been to ensure a local presence in mostly all the states - in some cases directly and in some cases through distributors. By developing a distribution network, RijkZwaan has kept the lines to their customers as short as possible.





For us, gaining a profound understanding of their customer needs and assessing why the grower is growing their seeds and to whom will he be selling, is highly critical.

Further Advice

Besides the customization of our marketing strategy, the building of strong contacts and blend of Indo-Dutch professionals are also critical factors behind our Indian success. Since the establishment of the subsidiary, we have been able to foster market relationships, which were instated during our early years, and develop new contacts with independent growers, growers associations and large private-sector conglomerates in the retail chain. In addition, having a mix of Indian and Dutch management has helped in boosting penetration in the Indian market; the former brings sound local knowledge and the latter brings on-the-ground experience; one of the differentiating aspects of the company.

A good market segmentation strategy enables a firm to significantly improve marketing effectiveness. In the case of Rijk-Zwaan India, the company has been selectively targeting its product to companies who value premium and international level quality. Realizing at an early stage that our products are meant for a minor percentage of the total market and diverting all efforts and focus in the 'higher value' market, has been Rijk Zwaan's way of going about in India.

The company is currently focusing on expanding its operations in order to be able to offer more services for India from India. Furthermore, providing services such as informing the customer regarding technical guidelines, offering consultancy services and troubleshooting kits, has also been one of the differentiating aspects of the company.

Doing business in India can be challenging. It is of utmost importance to understand the culture and the way Indian people do business. Patience is another keyword; doing business in India takes time.

Peter Uyttewaal, Partner India, Larive International BV



Larive International BV **// Consulting**

To tell my story, I must start at the beginning. In the 80s and 90s I had a well-established company dealing in canned goods back in the Netherlands.

In 1989 the company merged with a large group of English companies; though I did stay as the managing director for another eight years, before I was ready to pursue my dream of starting in India. Before taking this step, the company already imported gherkins in plastic barrels from India and Sri Lanka to the Netherlands, and after repackaging they were sold in Dutch supermarkets. When doing business in India it is important to maintain good contact with the suppliers, so I travelled to India several times in those years. In 1994 I had the opportunity to be part of a trade mission, organized by the Ministry of Agriculture (now part of the Ministry of Economic Affairs), which gave a good overall impression of the country. India has changed since then, meaning that the impressions people get when travelling to India were much more intense than they are nowadays. Only in 1991, India made the decision to open up its economy.

Setting up shop in India

I left my company in 1997, after which I travelled to Tamil Nadu in the southern part of India where a new factory was built.

From then on I wanted to produce the end product, which would be ready to go to supermarkets all over the world.

Through trial and error, and many different lessons about doing business in India, a factory was built near Madurai in Tamil Nadu in 1998. From the next year onwards we started producing gherkins which are exported across the world; more specifically to the United States, Canada, Australia, Russia, Belgium, France, Spain, Germany and obviously to the Netherlands. When I started, there were barely any companies producing gherkins in this region, and now more than 50 companies process gherkins; therefore I must say I feel a sense of pride because of the role I have played in achieving this.

Besides the well-known low wages in India, there is another particular advantage; the climate! It is ideal for growing gherkins, because they can be grown and produced throughout the year. Hence we started producing the gherkins via a subsidiary company. We have collaborated with several thousands of farmers in South-India, who we have taught better cultivation techniques, and to whom we have introduced the technology of a drip irrigation system.



Two main challenges

Doing business in India can be challenging. It is of utmost importance to understand the culture and way of living of Indian people. Patience is another key word; doing business in India takes time. This is partly because bureaucracy is still flying high, sometimes unfortunately accompanied by corruption.

However, the present Modi government is trying to tackle these two issues. Besides these challenges, India is a country with great opportunities and a growing economy from which Dutch companies can absolutely profit. Therefore I would like to give one last advice to people who want to get a foot on the ground here: first thoroughly investigate what you want to achieve in India. Get advice from other people or businesses who have been present here for a longer period of time and finally do not expect direct results, because business in India is based on personal relationships and these take time.

A couple of years ago I sold my Indian company to a Canadian company which also does a lot of business in India. However, I could not let go of India completely. Therefore, I try now to help businesses who are in the same situation I was in back in 1998. Therefore I am currently working for Larive International in Zeist, a company that focuses on putting Dutch companies contact with counterparts from emerging markets as India, but also other Asian countries as China, Myanmar, Thailand and Vietnam. This way, I stay in touch with this fascinating part of the world.



Sometimes, European companies feel that they should have more control over their India operations. But, selecting the right people with adequate experience and putting confidence into them is key. Indians prefer working with Indian representatives and feel the comfort zone of conversing in their native language. Thus, hiring a local representative heading your India operations is critical to survive here.



Vijaykumar B. Pandya, Managing Director, QIPC India

Q.I. Press Controls India Pvt. Ltd. **// Printing & Publishing**

Q.I. Press Controls in India

Q.I. Press Controls, with eight offices around the world and employee base of 150, is represented in India by its wholly owned subsidiary – Q.I. Press Controls India Pvt. Ltd, which was incorporated in 2004. Given the technical and highly complex nature of their products, entering into India as a wholly owned subsidiary was the ideal move. Additionally, the products and market catered by Q.I. Press Controls are service oriented and having a fully owned subsidiary gave better flexibilities to the company to serve its customers on the spot. Operating on a model based on hired agents or dealers could not have produced desirable results as the product requires to be regularly showcased to show its added value and demands ownership for continuous engagement with the customer for creating prolonged demand.

High import duties and difficult and time consuming import procedure made the decision to set a subsidiary in Ahmedabad a logical thing to do. Apart from that, cost effectiveness and the knowledge that a local presence is necessary to counter the well-established competitors, added to the idea that local manufacturing had to be realized.

Together with the interesting prospects of the market, the company that initially started as sales and marketing office, decided to set up a manufacturing plant in Ahmedabad, its second only after the headquarters.

Advantages of the Indian market

The company's business performance in the country is highly satisfactory because of three specific offerings of the Indian market:

- 1) cost effectiveness
- 2) a highly skilled workforce
- 3) a promising 12-15% growth in the printing industry.





The strategies adopted by the company have assured success already at an early stage. To begin with, the company considered Gujarat, being a straight forward, business minded state, as their ideal location for manufacturing, which has helped them maintain their infrastructural and other operational costs at a minimum.

Additionally, the selection of right people managing its India operation has contributed greatly to this early success. To do so, Q.I. Press Controls had identified the core management team by pulling them from same field to add the adequate experiences necessary to set up the business.

The core group has then developed, within the company, a very conducive work culture which equally emphasizes on work freedom, work satisfaction and attractive salary. This has created a dedicated team whose experience in the graphic field of India in sales and servicing of quality control equipment for printing presses and a strong customer relationship helped them gain swifter access to the markets.

As a result, the Indian management's familiarity with the northern region helped the company to secure contracts from major publishing houses such as Dainik Jagran, Bhaskar and Amar Ujala groups as well as the renowned press manufacturer like The Printers House Pvt. Ltd.

When setting up a company in India, cultural differences appear. Q.I. Press control in The Netherlands took care of these differences by ensuring that the management of her daughter company should have enough freedom to determine their own course and take their own decisions along with enough checks so that vision and mission of the company did not get overlooked.

India offers numerous opportunities for any type of entrepreneur, provided you thoroughly – and patiently – do your homework and absorb the particulars of doing business in India with a flexible and open mind. Don't judge, but rather absorb and understand. All the basics for any type of commodity be it import, export, production or trading are available in India. Just communicate and stay focused.



Albert Hoek, CEO, Broekman Logistics

Broekman Logistics India Pvt. Ltd.

// Logistics

Broekman Logistics entered into India after a thorough review and comparison of opportunities in all four of the different BRIC countries. In India, we came across the opportunity to completely take over an existing company. The first exploratory meetings and negotiations gave us a good initial feeling, after which we went all the way and followed through with the acquisition.

Logistics in India

In the area of transportation and logistics, both to and from India as well as within India, Broekman continuously focusses on providing services in line with the rapidly developing market. Our professional management and staff have been working with us for 10 to 20 years, something that has allowed us to ensure continuity within our organization and preserve our knowledge of and affinity with the Indian market. Especially in the field of logistics, in which you constantly deal with local clients and partners on a day-to-day basis, this continuity of your know-how and local network is of utmost importance.

Broekman Logistics India expands by the day, something that indicates the dynamism of this market. Nonetheless, it is important never to make hasty decisions as operating in India is not always easy.

Through carefully planning our expansion, Broekman has managed to open up 12 offices in India, covering all major ports and international airports.

Broekman Logistics India was originally active only in the import airfreight business. Since 2006 however, in response to our customers' requirements, the company also started to diversify into air exports, sea imports and exports, domestic airfreight, door-to-door delivery service and custom clearance services. While starting off with a limited core business, India has made us grow and mature into a full supply chain logistics service provider, our business now including air, sea, road, rail, warehousing and distribution.





Over the past decade, we have noticed in India positive developments in the field of supply chain logistics. We have met with many Indian companies who manage to apply a tremendous creativity to overcome the country's many bottlenecks. The spirit and drive in India has been stimulating for our organization – both in India itself as well as in Europe.

Obstacles and Advice

One of the most obvious, but largest, challenges to starting operations in India is the difference in how business is conducted. As a Dutch company operating in an unfamiliar country, we tried not to judge, but rather to understand. Slowly but surely, we managed to incorporate the best of both the Dutch and Indian worlds. As a starting point, we choose not to frame cultural difference as an obstacle to business, but rather as a challenge that can lead to opportunities. Bridging the cultural differences can lead not merely to mutual understanding, but actually also to more business prospects.

Our advice is: select local management and create mutual trust through the thorough implementation of control mechanisms. This basically means the setting of standards, monitoring of actual performance and maintaining proactive communication with local management to see where improvement can be made. Try not to use Western managers and employees, but look for locals with expertise and a healthy dose of common sense.

Once the base of mutual understanding is in place, the typical Dutch directness is actually very workable, provided that you remain honest, sincere and respectful.

"Don't come for the quick win, but rather come with a long-term strategy. To quote a nice Indian movie: "It will be all right in the end. And if it is not all right, it is not the end yet!"

Peter G.M. Ruigrok, Director, Metaflex Doors



Metaflex Doors India Pvt. Ltd.

// Door Manufacturer

India, one of the largest economies of the world, has undisputedly earned the status of a very attractive and evolving economy. The Indian government has unveiled its vision of turning India into a global manufacturing hub. Metaflex, a global brand with its manufacturing base in India, is determined to contribute towards this vision.

Metaflex Doors India Pvt. Ltd. (MDI) is the manufacturing and marketing hub of the company for India, Middle East, Africa and Asia. Metaflex is a product house for a range of specialty doors, offering horizontal sliding solutions for the cold chain, the warehousing and industrial sector, as well as healthcare and pharmaceutical industry.

How and why did we start in India?

The initiative to start manufacturing cold storage doors in India was triggered in 2006 by the Indian need to improve efficiency in the food supply chain. India is among the top producers in the world of fruits and vegetables. However, the cold chain is still undergoing huge change and there is much room for improvement. In 2006 there were no specialized door companies in India. All cold storage doors were either imported or handmade; the way it was done in Europe fifty years ago.

Most of the Indian cold storage contractors were originally just forward integrated refrigeration equipment manufacturers, which was their original core business. To succeed in a changing market, however, these companies were basically forced to master five competencies, including sandwich panel manufacturing, door manufacturing, project management and sales and marketing. All of the Indian companies that we talked to during the initial stages of our venture said that door manufacturing was a nightmare; making up 5% of their sales volume and 50% of their hassles.

We thus noticed that there was need for specialized players to take care of door manufacturing. In an undeveloped market, companies often have to take up different tasks to survive. However, in most mature markets, specialized companies focus on one or two competencies to remain competitive. India is also growing towards this trend, and Metaflex wanted to be the first specialized player in the door manufacturing segment. We jumped into the niche, created a premium position for ourselves and have now definitively settled in the Indian market.



Dutch Quality, Made in India

Above all, Metaflex employs the strategy to 'provide Dutch quality, made in India', which has turned out to be a successful approach. We are not the only ones emphasizing this approach, as the slogan "Make in India" is now being widely used by leading politicians. Very quickly after our initial start, our Indian customers were pushing us to expand our product range. Indians are proud people, and the pride we put in making 'state of the art' doors in India was quickly recognized by our local customers. Metaflex is proud to be Indian!

India is a beautiful country with beautiful people. Many people love it, some don't. For foreigners wanting to do business in India, we have one advice: Find a way to get to know the country, the people, the food and the culture. Apart from the cultural difference, one needs to understand that India is a country where things tend to move slowly. Entering the market will take time, effort and perseverance. But once you've successfully entered the market, the gains can be huge in this dynamic country.



Proficient manpower base backed by strong academic background and elaborative experience has been one of the foremost reasons why foreign companies still look at India and will continue to look at India. Dutch are inherently more creative and they are also a little bit outgoing but only when there is trust. The only way to gain their trust is by showing how much you understand their business or how you can integrate into their business. So for us, the two tools were transparency and trust that has differentiated us from the rest.



Kiran Madhunapantula, Chief Operating Officer, coMakelT

coMakelT Software Pvt. Ltd.

// Software services

Choosing the appropriate offshore model is one thing, but making sure that the model is implemented properly is another. Both cases have been true in the case of coMakelT Software Pvt Ltd.—the company which claims to be one of the most specialized software R&D service providers in the world. Headquartered in The Netherlands and with their delivery facility in Hyderabad, India, coMakelT is dedicated to partner with Independent Software Vendors (ISVs) in their growth and sourcing strategies.

Connecting the Netherlands and India

In a way coMakelT brought India closer to the Dutch software product market. Although it is difficult to find software professionals in The Netherlands at this point in time, The innovative power available in the Netherlands must be boosted by partnering with equally good intellectual power, which is available in India. We see a trend in The Netherlands that students are showing interest in diversified fields other than IT, which also adds to the shortfall of capacity.

The Indian subsidiary of coMakelT is where the work happens. The subsidiary is the engine for scalability, cost efficiency and productivity that coMakelT B.V is able to offer customers as a real added value.

coMakelT first came to India not to serve the Indian market but to serve their customers in The Netherlands, which has a mature ISV market, consisting of over 300 product development companies in comparison to only 50 in India. Seeing a huge potential in the Dutch market, the parent company resorted to offshore its software R&D business to India. coMakelT is also the launch pad for sales and marketing of Dutch software companies to sell their products for the Indian market.

Although the offering of coMakelT is to provide software R&D services, our customers leverage our presence to penetrate into the Indian market as well. Innovates, a Dutch company that produces software for cable manufacturing companies is one such example.

Our company structure

The core management team brings to the table over fifteen years of experience in setting up and managing distributed software R&D companies in India. The company feels that true value addition is generated only if the cooperation between them and the customer is implemented as a partnership. To do so, trust and transparency between the two are essential.



These two vital aspects have been the company's major differentiating factors when compared to its peers. Lastly, coMakeIT sees employees not as a resource to be used, but as capital to be invested in. The company's practice of sustainable human capital development has not only helped them retain the best talent, but also achieve attrition (employees leaving the company) rate of less than 5% during the last few years.

To continuously improve the quality and efficiency, as well as the output of the teams in India, coMakeIT offers a set of supporting tools, methodologies and programs. Another big challenge is to bridge the cultural gaps between The Netherlands and India when it comes to make these teams work together in one project.

For that reason, coMakeIT extensively uses video communication. On a daily basis a so called 'daily stand up' meeting between locations over a video conference is being organized. By communicating often and more, we reduce the risk of not understanding each other.

Apart from this, we encourage what we call 'shuttle diplomacy' ; people traveling to each other's location to get better understanding and acquire knowledge on products and processes. Our ambition is to expand into the markets of Australia, UK, Canada and the US. We already have succeeded in Australia and UK at the moment and the outlook is quite encouraging, especially because of the good business model we managed to realize.

Many Dutch companies expect that they can sell the same product in India as they do in Europe. However, given the particularities of the Indian market, Dutch companies should adapt their products to local circumstances. Only by adjusting to the local demand will you be able to gain a market share in India. Be flexible and be creative!

**Sudeep Sangameswaran, Managing Director,
Paques Environmental Technology India**



Paques Environmental Technology India Pvt. Ltd. **// Biological wastewater and gas treatment**

Paques helps companies and municipal governments meet the major environmental challenges in their businesses today and thus to reduce their water and carbon footprints and reclaim valuable resources. Paques does this by using our specially developed anaerobic water and gas purification technologies that help produce energy from industrial and municipal wastewater streams, whilst simultaneously purifying the water and facilitating water reuse. The biogas produced in the purifying process is a source of green energy, a field of emerging interest world-wide.

Especially in India, a country that is grappling with its use of natural resources, such technology is urgently needed. Paques Environmental Technology India PVT Ltd, a fully owned subsidiary of Paques BV Netherlands, uses the technological resources of the parent company and implements end-to-end solutions for the Indian industry. Paques' technologies have proven to be cost-effective and reliable solutions, all over the world.

First encounter with India

Paques' first encounter with the Indian market was during the starting phases of the Industrial Effluent Treatment industry in the 1980s and 1990s, as part of a joint venture.

Paques, however, re-entered India in 2013 with a fully owned and full-fledged operation to address the growing Indian market needs, something that demanded a far greater focus and long term vision.

In October 2013, the Paques India office was inaugurated in Chennai and within the first couple of months the complete starting team was in place, comprising the core leadership team of finance, sales and marketing & engineering. Currently Paques India has expanded sales operations to cover the whole of India and is building a world class manufacturing plant at Sri City - Seemandra.





Indian industry has always held great potential for cutting edge technologies that help conserve resources or regenerate waste in sustainable manners. Hence India is generally considered an attractive, yet challenging, destination for European companies offering clean technology solutions.

The biggest challenge has been in making your package locally relevant, at prices that reflect the purchasing power of local industry. Paques has been able to overcome this challenge by adopting a hybrid approach; for some applications using imported components and at other times using high-quality components that are locally produced. Through the successes of this approach, Paques has entered into a number of milestone projects in sectors like pulp & paper, food & beverage, PTA and marine food processing. One of these projects is part of India's Clean Ganga mission.

What did we learn?

When it comes down to reviewing what we have learned in India, “Make in India” is one of the most relevant and powerful phrases to answer this question. When it comes to successfully launching proven Western technologies in India, we can only emphasize the need to think global but act local. Come with a business model of international standards, but make sure to adapt them to the local needs and demand. Try to understand what local customers and partners require of you, while at the same time maintaining your own quality levels. The second thing we learned is the need for European companies to hand-hold Indian partners and clients throughout the entire lifecycle of a project. This also includes ensuring that you can offer top-quality services even after a sale, including comprehensive operations and maintenance support.

Make sure you have a local representation by local people with ample experience and a good network. Don't expect that since India is a fast emerging market and has a huge domestic market, your entry will be easy. India is a difficult market, take your time, be patient, be persistent, and make sure you get commitment from headquarters. Explore the Indian market thoroughly and seek advice from companies operating in India.



Robert Heukelom, VP, Operations, Danieli Corus India Pvt. Ltd.

Danieli Corus India Pvt. Ltd.

// Iron & Steel

Our business in India

Until 2007, when Danieli Corus established its Indian subsidiary, the company operated a small sales office in India comprising of just three people. Over time, as the demand increased, Danieli Corus India grew towards an operational outfit active in all areas of iron making and steelmaking. Currently we employ around 70 people and recently moved into a brand new headquarters in South Delhi.

The Indian market has some characteristics that make operating in it a challenge. First of all, the project environment is highly dynamic and to a certain extent even unstable. Project execution may take years from planning to finalization and can be delayed or altered for reasons outside your sphere of control. Consequently, a flexible organization and of course a lot of patience and perseverance are valuable assets in this market. To overcome these challenges and create a flexible and solid organization, the close cooperation between the Dutch headquarters and the local office is a priority. By combining state-of-the-art technology from The Netherlands with sourcing, engineering and managing skills in India and The Netherlands, Danieli Corus created the right flexible organization capable of operating successfully in this market.

Secondly, it is very important to keep in mind that relationships are everything in India. Building and maintaining good relationships with your clients are an essential part of your day to day business. Throughout the years, Danieli Corus has always made account management as well as technologists available to clients to help develop a healthy and solid relationship.





Thirdly, being a technology driven company, Danieli Corus found itself confronted with issues of price competitiveness. The Indian market, at this stage, is one of the most price sensitive markets, for which the company has modified the design of the furnaces in order to remain competitive but never to a level where the quality or reliability would be at stake.

Additionally, Danieli Corus has successfully stressed the USP's of their technology: the capability to operate at the highest productivity and with the longest campaign life, based on an operational philosophy not offered by competitors.

Improving your business

Finding reliable manufacturers and suppliers that could meet quality standards has been another challenge, and the focus has been on developing long term relationships with suppliers. Though still a field of constant improvement, we already managed to gain some good results.

After years of hard work, the company has established a solid position in the Indian market, as well as a reputation of technological excellence and flexibility. To get at this point, Danieli Corus choose to stick to its core principles of delivering top-notch quality solutions.

With this solid foothold, the Indian subsidiary is now set for further development and increased market share and profit from the economic growth and high demand from the iron and steel industry for the company's products.

To do so, perhaps one of the most important aspects to enable this growth and maintain the Danieli Corus USPs, is the company's decision to dedicate a Dutch national for managing this process for several years. The cultural differences and the expectations from both countries and organizations require continuous alignment and mediation and have been an area of special attention for the last 5 years.

India is a great country with very dedicated people. After having adapted to the Indian pace and way of doing things, it is a pleasant country to do business in. Opportunities are many for those who think and act smart, come well-prepared and see the strengths of the Indian culture. Combining the best of two worlds will make it possible to set-up a strong business in India.



Gandert Roosen, CEO, Roosen Industries

Resham Roosen India Pvt. Ltd.

// Metalwork

Why India?

Due to the growing demand in Europe of high quality products at a competitive price level, we started investigating the option of outsourcing to India or China, but didn't manage to find any local producers that met our expectations. It was for this reason that we made the decision in 2006 to start from scratch with our own high-precision CNC milling and turning unit in India. This way, we would be able to maintain the European quality standards and ensure stable and timely delivery performance. We choose India because of the availability of well-trained people that were suitable for our technical in-house 'expert-training', the widespread use of the English language which makes communication easier, the benefits of a democracy and the competitive Indian business culture.

Challenges

The main challenge we faced during our first years in India was to foster an open minded business culture that integrated the best of two worlds, as well as as maintain open communication and an eagerness to learn and adapt. After a few years this process succeeded; we gave trust and responsibility to the local team, stayed open to suggestions and constructive criticism and tried to minimize hierarchy within the company.

This approach is completely different to the normal local business culture, so your staff should be given sufficient time to adapt. Trying to force a European way of thinking and acting without seeing the strengths and opportunities of the Indian way will harm the business instead of enhance it.

Of course, it's very important to hire good local people. If you want to create an open team with minimal hierarchy, young Indian professionals will find it easier to adapt than employees with a long career in typical Indian businesses.





As soon as we managed to reach a productive and open business culture, the Indian units witnessed a rapid growth that is expected to continue during the coming years. The global crisis has been a blessing for our Indian unit, since the demand for more affordable products at similar quality levels, without any delivery issues, has risen sharply. Given that we were in complete control of our own India operations, we were capable of meeting these demands.

Future vision

In the coming years, we will make sure to add more activities to our India operations, such as sheet metalwork and welding. What's more, the Indian market itself is becoming increasingly interesting, as the demand for high precision components and quality products is rapidly growing. Also, more & more multinationals are setting up shop in India, boosting the demand for trustworthy local suppliers, which includes those foreign companies that are already producing in India.

The aspects that make doing business in India a little difficult, compared to Europe, are the bureaucracy and the timeconsuming processes when you want to get things done. In order to speed up your work, it is important to have a capable local manager, who in turn receives proper and visible support from the European side. Again, we would like to stress the importance of finding an 'in-between' method that combines both European and Indian culture. Respect cultural difference and reserve a considerable amount of time for your dealing with official institutions. Nonetheless, despite the slow pace, we have found the Indian government to be a reliable player.

The legal structure (title) & share holding pattern of the company is the most important, and it should be taken care of right at the beginning. If it's not done properly then you might lose a lot of money through taxes. We strongly believe in 'Think Globally & Act locally' as well 'Think like Farmer before you act'.

The Netherlands embassy is doing a good job, so support from them will be useful as it becomes a conduit of experience sharing that enables other Dutch companies to succeed in India.



Dr. Manish Patel, Executive Director, Incotec India Pvt. Ltd.

Incotec India Pvt. Ltd.

// Feed Technology

Our company profile

The company focuses on providing technology that helps the seed sector to compete in the global markets by producing healthy, fast growing and protected crops. When Incotec first entered the Indian market, the conditions in the seed sector were still quite unorganized and in an early stage of development. At that time, there was no unified seed association on a national level. Basically, each province was having its own seed association and the seed market was dominated by traders and only to a limited extent by technology. Awareness about seed treatment and its value in agriculture was pretty much a non-priority for the seed sector at that time. The existing seed companies, being at an infant stage, were not really interested in new technologies. Additionally, the absence of a national level seed association made it necessary for the firm to undertake country-wide visits in order to understand and explore their potential target segments. Their research threw light upon the diversified cropping pattern in India and how the Dutch technologies needed modifications to better suit the Indian context, given that these were traditionally based on European food & farming habits. In India, for example, customers preferred darker colors when it

comes to the seed coating polymers. Something quite the opposite from the European preferences Incotec was used to. Another difference is that the European farming over the years has become highly mechanized and in almost totally controlled condition (glass houses). But in India it's still very much a manual sector and in open field conditions. Another big difference is the amount of money Indian growers can spend on our products. That's why a lot of modifications to the products were required to make Dutch technologies suitable to Indian agricultural circumstances, both from a product point of view as well as costs.

Our Indian strategy

Hands-on research helped Incotec to identify the need for developing and introducing novel technologies for addressing the Indian market demand. The seed coating technology was the first of such an introduction, a technique which the local market was completely unaware of. In order to convince the potential customers regarding the novel offering, the company organized demonstrations through seminars and distributing promotional materials to show the benefits of such technologies.



As mentioned before, given the farmers' low purchasing power in India, the inevitable price rise due to technological add-ons would have found few takers. The only way to combat the price rise was to set up production facilities in India itself, which went against the Dutch management's earlier approach of keeping all production in The Netherlands because of the risk of technology being lost or copied to competitors. Realizing that decentralization was one of the most plausible means to succeed in the Indian market, the company decided to set-up a production unit that is currently managed by a local team, trained in The Netherlands.

The move not only helped the firm in achieving competitive pricing but also in providing affordable technological solutions to the farmers on the spot which later on provided a positive effect to Incotec's sales in India. Furthermore, as in the case of any premium product offering, the company initially targeted all the top seed companies of India.

According to the management, in this sector, once the upper crème have adopted Incotec's technologies, the smaller firms generally follow in order to survive in the market. But when Incotec started in 1997, we thought it would be the best way to persuade farmers to adopt Incotec's seed coating concept by translating the promotional literature in local languages which farmers can understand.

Apart from that, Incotec participated in farmer fairs and exhibitions to present farmers the products. But after one year Incotec realized that this is not a right approach to successfully introduce new products into the markets. So Incotec changed their approach and started targeting market leaders. It turned out to be a sound strategy, because when you manage to get the market leaders to adopt your innovative products, the other players will automatically follow. So Incotec just focused on the top players of the seeding industry and started to make some exclusive deals with them and, as expected, the rest of the mainly smaller companies followed.

If we don't change in time, time will change us. Keeping this philosophy and reality in mind, we, as Franzen/partners, started doing business in India in 2008. Why? With factors like a stable democracy, high economic growth, innumerable technological innovations and a rapidly growing middle class, India is eager to leapfrog. India needs to be in charge of change continuously. Hence, the ability to manage change is a prerequisite.

Kim Jun & Marianne Franzen
Franzen/partners India



Franzen/partners India **// Change Management**

When you need to be in charge of change every single day as a rapidly growing country like India, three questions are important to run a successful business: how to anticipate change? How to manage the implementation of change? How to integrate and sustain change in the day-to-day business? Every organization is seeking answers to these questions.

Our core business

Franzen/partners, consisting of a bunch of family members and Indian staff, train people and their organizations in Change management. Our services besides training and consultancy on Change Management include a professional toolkit, The Change Express®. The toolkit consists of workbooks, guidelines, management games and E-learning (App: The Change Express). We focus on people in organizations because business is all about people. Changing business means changing people. Change is more than just about jumping from one situation to another. Think of change like expansion, new business, partnerships, mergers and acquisitions, and cross-cultural challenges.

Or think of empowering professionals, communicating more effectively, or reducing lead times of innovation. With two Dutch directors and multiple Indian partners, we run our business with headquarters in New Delhi.

Our journey

How did we translate our Dutch 'body of knowledge' to the Indian market?

We started our business in the Netherlands more than 30 years ago. In 2008 we analyzed 40 Indian organizations from MNC's to SME's keeping two questions in mind: what are typical Indian change processes? And how do Indian professionals and leaders deal with change in business?





In a nutshell, Indian change processes don't differ from the West. However, the way Indian professionals deal with change is different. People in India are not afraid of change, can easily adapt to change and improvise with a creative imagination whenever required. 'We, as Indians, actually chase changes every day.'

However, guess what? No structured approach towards implementing change nor any constructive tools were available. This was for us an opportunity to expand our business to India. A main condition was to adapt our strategy to the Indian market: simplifying our deliverables, translating the tone of voice and approach and co-creating with Indian suppliers to develop practical tools on Change Management. What was key in our journey? Co-creation, collaboration, leading highly intelligent Indian professionals and a never-give-up-attitude.

Being a product and service-driven company, we have learned to adapt ourselves to the way things move around in India without losing our own company's identity and values. What about our clients? They learned (and are still learning) how to anticipate and implement change in a structured manner to push India's economic growth further ahead. Over the years, we realized that a practical Dutch approach can benefit Indian organizations who embrace change.

Our next strategy

In a high-tech, mobile savvy and E-commerce-addicted country like India, we will further tap into these domains with our existing services and products. This will result in an amazing integration of Dutch knowledge in an Indian business context.



India Business Advice

Checklist of Considerations for Dutch Investors

There are a number of success stories from The Netherlands of companies that have set up growing and profitable businesses in India. At the same time, the going has not been good for several others, including a few large companies. Small companies and first time entrepreneurs may find it difficult to understand and deal with a range of procedures and regulations, and build scalable businesses in India. It can be said that the Indian market is large and yet a complex set of many small markets, and requires a differentiated approach depending on the business sectors and target markets. As a result, there is increasing understanding that sustaining success in India requires a long-term approach and a reasonable threshold of enterprise size and investment levels. This may well explain the difference between the successes and failures among Netherlands companies operating in India.

The stories you read above show some of the challenges and solutions in a very practical way. To give some more backgrounds and support for the Dutch companies making their way into the Indian market, we have put some points together.

Please keep in mind that this is not a 'Guidebook on how to set up business in India' but only an indicative checklist and could involve a range of other aspects as well. Just look at them as an initial checklist, consider it some food for thought.

Your India rationale:

Be clear about your objective of entering into the market as well as assess your business' viability and the success factor through detailed market assessment.

- Identify your business - selling imported goods into India; producing locally for the "market"; sourcing for other markets; outsourcing for existing markets; etc.
- Identify the critical 'India Advantage' for your business and revalidate it through a careful study of market and consumer behavior.
- Estimate and plan for the threshold levels of investments and 'sunk costs' + time you need to invest in India to establish a sustainable presence.



a) Business Culture:

Indians are easy to work with but are accustomed to different work cultures vis-à-vis the Dutch. Before you deal with them, it's good to have a basic idea about their traits.

- Foreign partners can expect 'overwhelming hospitality'.
- Indians generally appear friendly but avoid over-questioning them during due diligence.
- Indians can be described to be having a 'No problem' mindset and believe that there is a solution to everything.
- Namedropping is a common feature of the Indian business culture. Everybody has some amount of access to powerful/influential people. The access to power is often cited as a means of showing one's own influence. This may not be realistic, so beware of too much optimism when it comes to the connections.
- The Indian way of doing business is relationship based. Indians would prefer to have a good relationship and common trust, before doing business. This takes time and should take place on a business level and also on a personal level. Once the trust is there, the relationship will last for a long time.
- This relationship is a good alternative for going to court, something you would like to avoid since these procedures might take years and years and are very costly.
- Promises are as easily made as abandoned.
- Agreements and contracts are not cast in stone, as there is a very high possibility of clauses getting renegotiated, even after being signed. The intent, based on a relationship of trust, is ultimately more important than a signature.
- The final decision will be made by the owner/most senior person.



- Negotiations are a key part of doing business. Indians expect to negotiate and won't shy from emotional expression as part of the process. The better your relationship, the faster and more successful your negotiation will be. Otherwise trust needs to be established first and that may take time.

b) Government & Regulation:

- India has a well laid legal system/process; however it is overloaded and slow.
- Taxes can be high and procedures are complex.
- The culture of tipping ('baksheesh') for speeding up provision of services exists to a certain extent.
- Red tape remains an issue, but the difficulties of navigating the bureaucracy have often been outweighed by the eventual benefits of successful market entry: a long-term view is required.
- Besides the taxes levied by the central government such as customs duty, central excise duty, there are taxes levied by the state government too: value added tax, central sales tax, entry tax/octroi.

c) Pre-investment Phase:

The Indian market is extremely price-sensitive and identifying appropriate market and segment forms a core element of the entry strategy. A differentiated approach is required depending on the business sectors and target markets. It is advisable to work with specialist consultant organizations and develop a thorough understanding of the market.

Before marking your first steps into the Indian market, there are several things to consider – some of which could be:

- Consider the large amount of secondary data available in India before commissioning primary research; you may find that you do not need a very accurate estimate, given the vastness of the Indian market.
- Indian markets are very price-sensitive, conservative, and operate under peer group psychology. Drastic changes in consumers' spending patterns take time.
- Do not ignore the rural markets, though they are very hard to penetrate.
- Speak and listen to other Dutch companies operating in India.



d) Business Structure:

Once you've decided where to establish your business, it's time to take a good look at how you would like to set up your business. A few things to remember:

- Consider carefully the 'need' for a local partner: in most activities, the government regulations allow a 100% foreign ownership.
- You may find that you actually need a Country Manager, and not an Indian investor partner.
- If a local partner is preferred, carry out a due diligence review, and also check the memorandum and articles of association of the proposed joint venture company thoroughly.
- When you decide to team up with a local party, it is advisable to get professional help to do all the checking and for preparing the legal framework.

e) Contracts, some special attention to...

- Seeing as a strong relationship is the starting point, contracts and signatures in some cases are considered more of a formality, where agreements and clauses change over time and adapt to the relationship as it evolves. This is especially so in view of the slow legal enforcement process. Financial commitment of the partner is the surest confirmation of implementing ventures.
- Understand the full implications of taxation on lump sum, royalties, etc. and also terms like 'net' and 'gross' payments. Research in advance the effect of the Double Taxation Avoidance Agreement on taxation.
- Involve detailed 'force-majeure' clauses and arbitration conditions in agreements, besides clear exit clauses upon the occurrence of specific conditions in the venture.

- Enforce all oral understandings in writing; do not leave anything uncovered- even in confidential agreements.
- Always have an exit clause in your partnerships.
- Understand all local employment terms, income levels and social costs, before finalizing an HR policy.
- Outsource as much work as possible.

f) Investment Phase, a critical phase in your establishment...

Location aspects: Before finalizing any particular location for running your business, it is important to be clear about the following considerations:

- Understand the zoning and environmental aspects applying to the location.
- Check out property titles, and preferably buy land directly from the Government.
- Ensure that property titles are transferable to the company and do not remain in private names or under power of attorney.
- Understand tax and other incentives available in various locations.
- Check out availability of resources logistics, and transportation, besides social amenities and living conditions before finalizing your business and factory location.

g) Management/personnel:

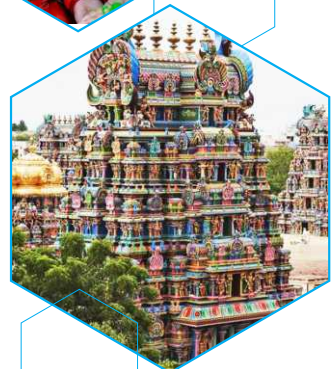
Once your business location is finalized, you need good human resources to manage it. It is useful to have a look at the points mentioned below;

- Determine the actual need for posting expatriates at various levels, especially as a Director, as attracting a local director has great benefits too.
- Avoid locations known to harbor militant trade unionism.

- Biggest challenge is to create a good and effective link to the company in The Netherlands. Make sure the mixture of local and Dutch is good.

h) Running the business

- Follow the rules. Indian authorities are keen to get back to you whenever you don't! Consider to have a good liaison agent and outsource all government related issues - it can save you time and unnecessary problems.





// Conclusion

There are challenges that any investor would face towards establishing a successful business presence in India. Given that the regulatory environment is seen as one of the largest barriers to entry, it is critical that the appropriate strategies are envisaged right from the planning stage. Red tape remains a perennial issue, but the difficulties of navigating the bureaucracy have often been outweighed by the eventual benefits of successful market entry. To summarize, the India entry checklist among other things call for:

Identification of suitable local partners:

This should be a priority in any successful market entry strategy. Many companies which have successfully entered the Indian market stress the importance of devoting significant resources to this aspect of their overall strategy. Those that committed time and effort to find the 'perfect fit' often found that they saved themselves the task of having to find additional partners later on.

Know your market: Be clear and thoughtful about identifying your customer segment and reaching them with targeted marketing efforts. It is possible that lack of knowledge and appreciation of your products and services in market coupled with availability of substitutes at a cheaper price can significantly alter your envisaged pricing strategy.





Long-term commitment: Partnerships with India need to be seen over the longer term. Trust is necessary and attention should be given to building this in the initial stages of the interaction. This will mean considerable and repeated face-to-face contact and social interaction.

Understand the culture: It is necessary to understand the different styles of doing business in the two countries.

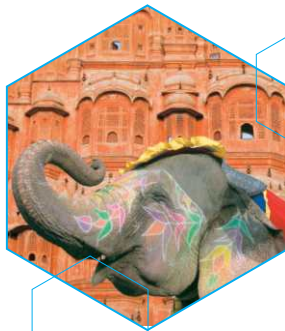
Information Sharing: Participating in Embassy seminars, conferences to network with other Dutch organizations that have worked in India.

Seeking advice from professional consultants: In relation to market and feasibility studies, fundraising, cross-border acquisition, assistance with joint ventures, transaction and assurance services, tax planning, transfer pricing and government and infrastructure advisory.

Business development techniques:

Meeting with potential Indian partners and developing local contacts in India via industry associations, such as the Federation of Indian Chambers of Commerce & Industry (FICCI), the Confederation of Indian Industry (CII). Creating awareness about your products and pinpointing the attributes in a way to create your own market which is latently there.





The Netherlands Government is there to promote and support Dutch entrepreneurship in India

Based on our knowledge of the Indian market and added value of our network the Netherlands Trade Network in India sees opportunities (and can offer in-depth support) for Dutch companies in the following sectors:

[Agriculture and Horticulture](#)

[Infrastructure/Logistics](#)

[Life Sciences and Health](#)

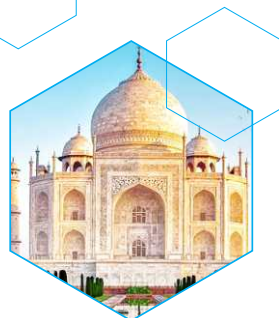
[Water](#)

The trade network pro-actively invests in a local network in these sectors to help secure business deals and the exchange of knowledge and technology, connecting demand and supply. The success of the embassy's [matchmaking program](#) during the [Dutch Prime Ministers visit](#) to India in 2015 is an excellent example of the support we provide.

The Dutch Trade Network is well-positioned to pave the way for Dutch companies. Indian businesses and government culture makes it more likely to enter into partnerships with Dutch players when they know the embassy is involved. The [Dutch governments blessing](#) can thus be a decisive factor in India, making us an ideal broker and partner for Dutch companies.

This booklet testifies to our awareness of certain challenges and obstacles to doing business in India. The Trade Network India is in a position to share its knowledge and information resources: informing Dutch companies what to expect before and while they enter the Indian market. For this we have various channels, including those online such as [Twitter](#), [LinkedIn](#) and [our website](#). This can save time, energy and money for Dutch companies. In addition, we also signal opportunities arising in the Indian market and share [best practices of other entrepreneurs](#) through various channels.





Another added value of the Netherlands Trade Network India is its sustained presence, or ability to engage in long-term approaches. The network invests time and energy in projects that benefit The Netherlands and Dutch companies over time. With the help of the Dutch [Partners International Business \(PIB\)](#) instrument, Dutch companies and government are being positioned as reliable partners investing in long-term partnerships with Indian government and Indian companies.

Other instruments that the government offers through [RVO.nl](#) (Netherlands Enterprise Agency) include a [scan for business partners](#), [advisory services and business support](#), [tailor-made market information](#), [the Starters International Business \(SIB\) program](#) and [more](#).

The embassy-network also accommodates [the transfer of technology and knowledge](#) from India to The Netherlands (and vice-versa), serving as a broker bringing Dutch knowledge institutions and their Indian counterparts and government together.

One example is healthcare, where India and The Netherlands in some cases face similar challenges. Indian hospitals have become very experienced, specialized and efficient, providing insights to The Netherlands for innovative cost-minimizing healthcare solutions.

For those companies that have just started considering India as a business destination, [The Netherlands Enterprise Agency in The Hague](#) would be an ideal starting point. They can help you with your first preparations.



Where are we located in India?

[Our embassy is located in New Delhi](#), India's political capital with more than 17 million inhabitants and a rapidly expanding consumer market. The city is also well-connected to the northern states of India, such as Punjab, Haryana and Uttar Pradesh, which offer many opportunities in the agriculture, water, logistics and infrastructure sectors.

[Mumbai is home to our Consulate-General](#), a huge business-oriented metropolis with a considerable middle class. Mumbai is the capital of Maharashtra, both India's largest state as well as one of the richest. Also home to the economic hotspot of Pune, Maharashtra occupies a leading position in India's industrial sector and international trade

Our network includes three Netherlands Business Support Offices (NBSOs):

[Ahmedabad](#) is the capital of Gujarat, the northwestern state that is transforming into an economic powerhouse. Gujarat is known for its significant agricultural and industrial production, as well as its levels of infrastructure.

[Hyderabad](#) is one of the main IT-hubs of India. Not only is it the capital of Telangana state, whose economy is largely agricultural, but it is also very well-connected to the state of Andhra Pradesh, where huge investments in ports, infrastructure, inland waterways and construction are taking place.

[Chennai](#) has long been one of India's most important port cities, with a strong automobile industry. The city also has solid software services and electronics hardware industries.



www.rvo.nl

www.india.nlembassy.org/doing-business

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Netherlands in India



Dutch Trade Network India



Trade Network India