

ASSESSMENT OF INTEGRATED FACILITIES MANAGEMENT MARKET IN INDIA

SUPPORT FOR AN INITIAL PUBLIC OFFERING (IPO)



SUBMITTED TO

UPDATER SERVICES LIMITED

6th September 2023

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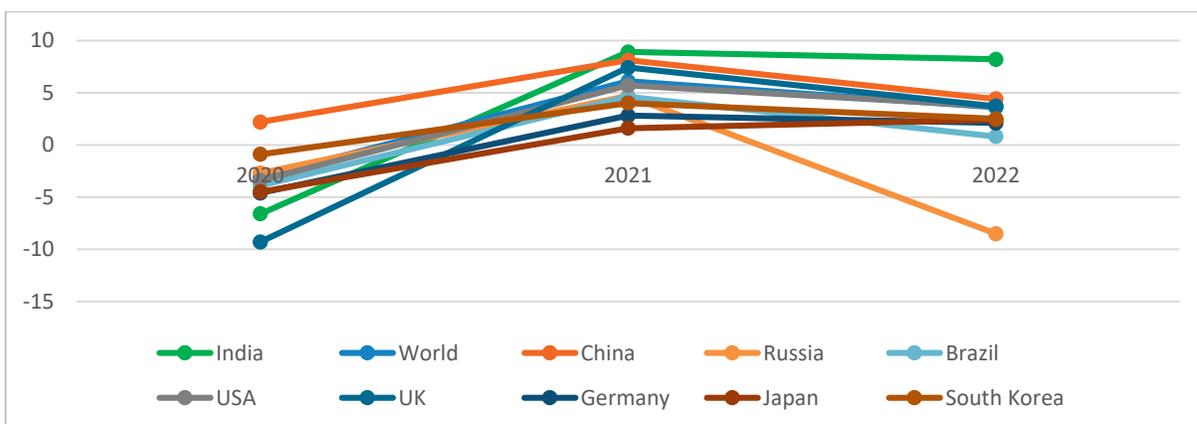
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SECTION 1: MACROECONOMIC OVERVIEW OF INDIA

Gross Domestic Product (GDP) Growth and Outlook

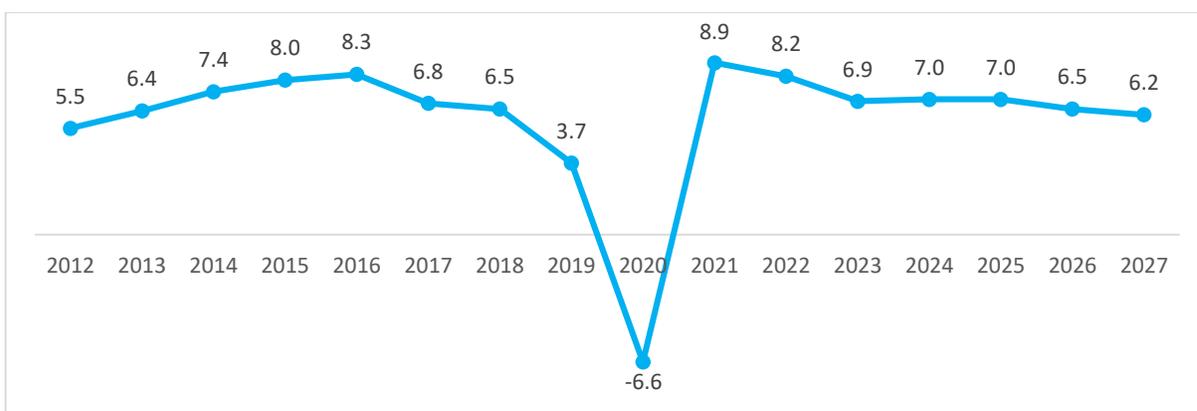
India has emerged as the world's fastest-growing major economy with its robust democracy and strong partnerships and is anticipated to be one of the top three economic powers in the next 10-15 years. The market-friendly policies that safeguarded the country from the subdued global economy, improved macroeconomic fundamentals, and robust capital inflow contributed to the economic growth over the last decade. Real GDP at current prices is INR 147.72 lakh crore in FY2022 as per the provisional estimates of annual national income for FY2022. The Indian GDP growth rate posted a V-shaped recovery in CY2021 and rose to 8.9% as compared to -6.6% in CY2020.

Exhibit 1.1: Real GDP Forecast, Select Countries- Global, CY2020 – CY2022 (Annual percent change)



Source: IMF

Exhibit 1.2: Real GDP Forecast, India, CY2012 – CY2027 (Percentage)

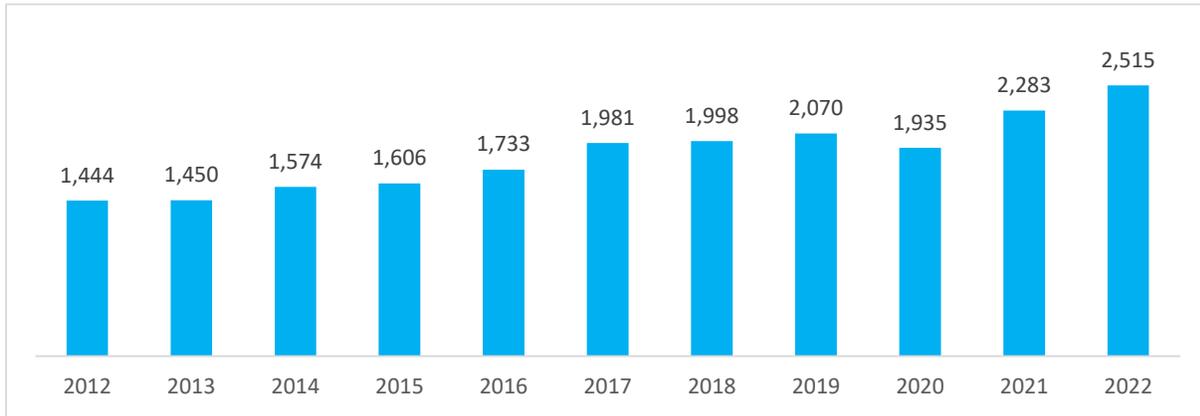


Source: IMF

GDP Per Capita

GDP per capita at current prices in CY2021 was about USD 2,283. Per capita GDP was growing steadily up to CY2019, at a Compound Annual Growth Rate (CAGR) of 5.3% from CY2012 – CY2019 and the COVID-19 pandemic resulted in a -6.5% growth in 2020. However, it showed recovery post-COVID-19 pandemic, growing by 18% in 2021.

Exhibit 1.3: GDP Per Capita at Current Prices, India, CY2012 – CY2022 (USD)



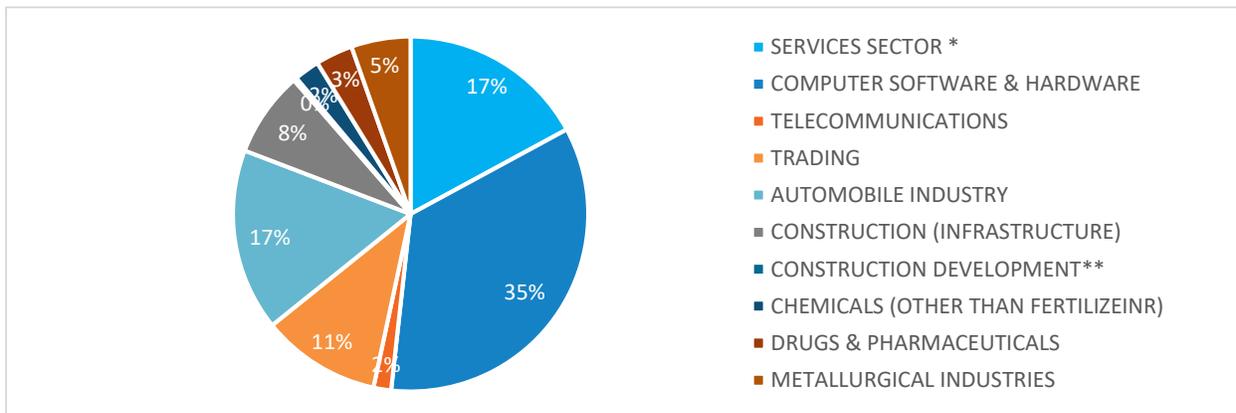
Source: IMF

Growth Drivers of Indian Economy

Services Sector

The Services sector is the major contributor to the growth of the Indian economy. The services industry not only accounts for the majority of India’s GDP, but it also attracts significant foreign investment, contributes significantly to export, and employs many people. The key segments contributing to the growth of the Services sector are IT and E-commerce.

Exhibit 1.4: Total FDI Equity Inflows, India, April 2021 – March 2022



* Services Sector includes financial, banking, insurance, non-financial/business, outsourcing, R&D, courier, technology, testing and analysis and others

** Construction development includes townships, housing, built-up infrastructure and construction development projects

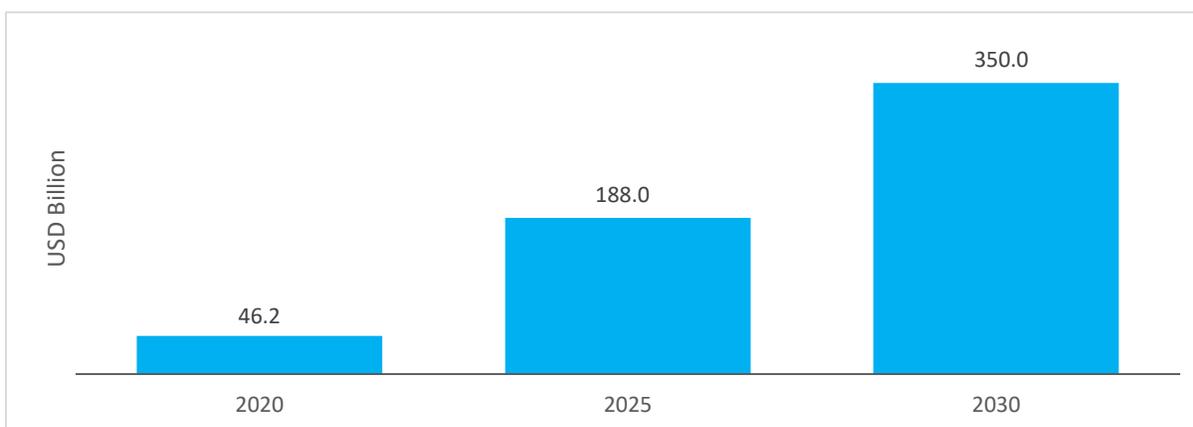
Source: Department of Industrial Policy and Promotion

IT industry is one of the key service sectors in India and it accounted for 9.3% of the GDP in 2021. Most of the revenue comes from exports. India has 56% share in the global outsourcing market. According to Software Technology Park of India (STPI), the software exports from their registered units increased by 14% to reach INR 56,100 crore in FY2022. IT industry directly employs more than 5.1 million people as of

FY2022¹. The IT-BPM industry recorded revenues of USD 227 billion in FY 2022 and of this around USD 178 billion was from exports².

E-Commerce industry in India has been on an upward growth trajectory over the last 5 years. A dynamic and young population, increasing internet penetration and increasing disposable incomes are the major drivers of the E-Commerce industry in India. E-Commerce has become India's fastest growing and most exciting channel for commercial trade.

Exhibit 1.5: E-Commerce Market Forecast, India, 2020, 2025 & 2030 (USD Billion)



Source: IBEF³

Driven by the growth in grocery and fashion industry, the E-Commerce market is expected to grow at a CAGR of 22.4% from 2020 - 2030.

Manufacturing Sector

Manufacturing sector accounts for about 17% of India's GDP. Several factors such as the robust domestic demand, a growing middle class, a young population, and a high return on investment make India an attractive investment destination. India is on its way to becoming a hi-tech manufacturing hub with global majors such as GE, Siemens, HTC, Toshiba, and Boeing having either established or planning to establish manufacturing plants in the country, attracted by India's market of over a billion consumers and rising purchasing power.

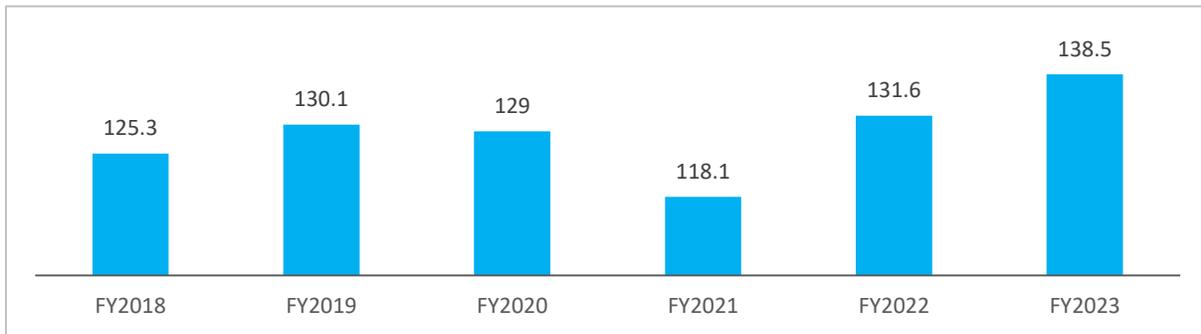
The Index of Industrial Production (IIP), prepared by the Central Statistics Office to measure the activity happening in three industrial sectors namely mining, manufacturing, and electricity, is the benchmark index to measure the growth in the manufacturing sector. India's manufacturing production soared to 12 months high in March 2023 on the back of statistical base effect and robust performance in the manufacturing and electricity sector. Data from the Ministry of Statistics & Programme Implementation shows that Indian Industrial production (IIP) rose by 6.9% in March 2023.

¹<https://www.timesnownews.com/business-economy/industry/indias-it-sector-directly-employed-51-lakh-in-fy22-article-93328748>

² <https://www.investindia.gov.in/sector/it-bpm>

³ <https://www.ibef.org/industry/ecommerce>

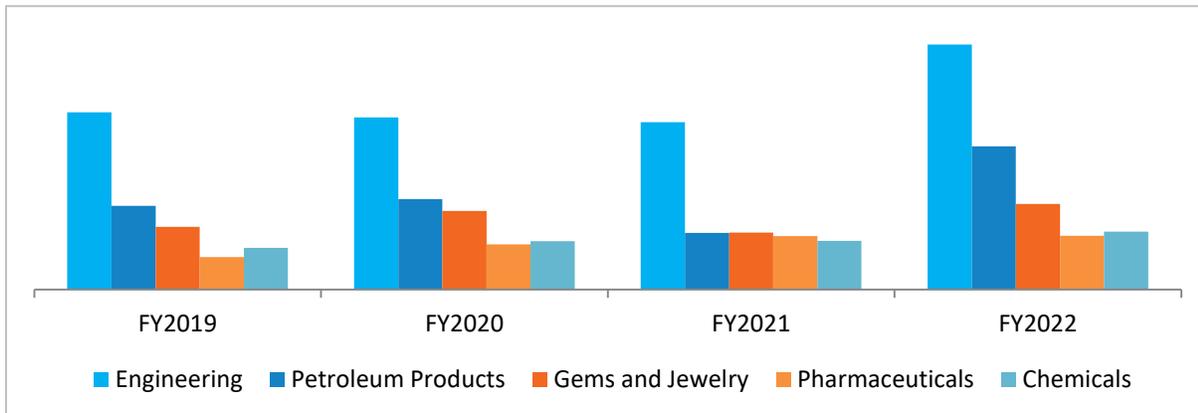
Exhibit 1.6: Manufacturing IIP, India, FY2018 – FY2023



Source: MoSPI

Exports from the sector are another factor contributing to the growth of the Indian economy. Merchandise exports from industries such as engineering, petroleum products, gems & jewelry, pharmaceuticals, and chemicals stood at USD 240.49 billion between April 2021 and February 2022.

Exhibit 1.7: Export Performance of Select Industries, India, FY2019 – FY2022 (USD Million)



Source: IBEF⁴

The Government of India has launched the “**Make in India**” initiative to facilitate investment, increase innovation, enhance skill development, protect intellectual property, and build best in class manufacturing infrastructure in the country. The Make in India campaign plays a significant role in the economic development of India as it aimed at utilizing the existing Indian talent base, creating additional employment opportunities, and empowering secondary and tertiary sector, and investments from across the globe. The program also has identified Ease of Doing Business index as a major boost to entrepreneurship; India’s ranking has significantly improved to 63rd position in 2022 from 142nd in 2014.⁵

Demographic Overview of India

Population Growth

⁴ https://www.ibef.org/download/1690791043_Manufacturing-May-2023.pdf

⁵ <https://economictimes.indiatimes.com/news/economy/policy/ease-of-doing-business-govt-working-on-to-reduce-compliance-issues-says-official/articleshow/92705974.cms?from=mdr>

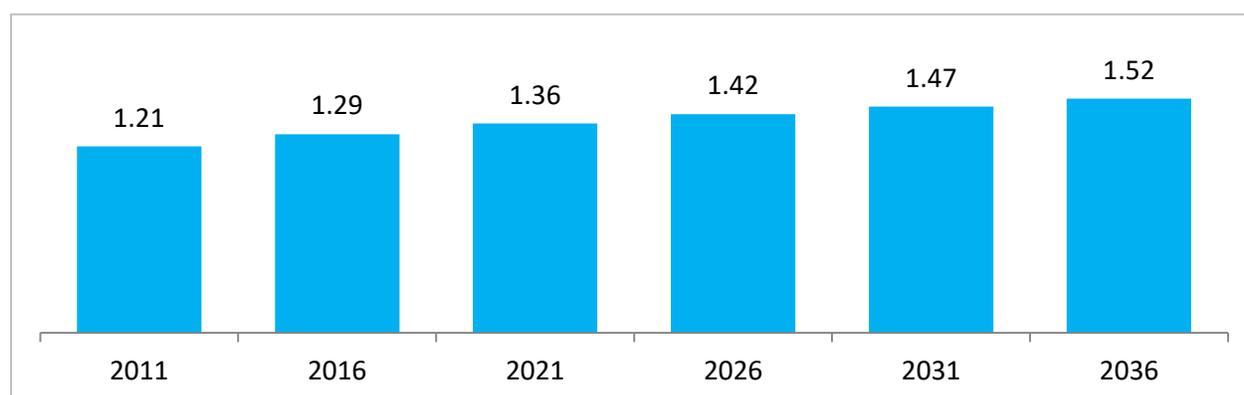
India's population is forecasted to reach 1.52 billion by 2036, registering a CAGR of 0.9% from 2011 – 2036, overtaking China as the world's most populous country. Increase in median age to 34.48 years in 2036 from 24.92 years in 2011 and fertility rates contribute to the population growth. According to World Population Review, the population of India as of August 2022 was 1.41 billion.

Exhibit 1.8: Demographic Indicators, India, 2011 – 2035

Indicator	2011-2015	2016-2020	2021-2025	2026-2030	2031-2035
Population Growth Rate	12.8	10.8	9.0	7.3	5.8
Crude Birth rate (CBR)	20.1	17.9	16.0	14.4	13.1
Crude Death Rate (CDR)	7.2	7.1	7.0	7.1	7.3
Infant Mortality Rate (IMR)	42.9	38.5	35.3	32.3	29.7
Under-5 Mortality Rate	56.7	50.9	46.7	42.8	39.4
Total Fertility Rate	2.37	2.13	1.4	1.81	1.73
Life Expectancy of Males	66.8	68.3	69.3	70.3	71.1
Life Expectancy of Females	69.9	71.4	72.6	73.6	74.6

Source: Report of the Technical Group on Population Projections, July 2020⁶

Exhibit 1.9: Population Forecast, India, 2011 – 2036 (Billions)



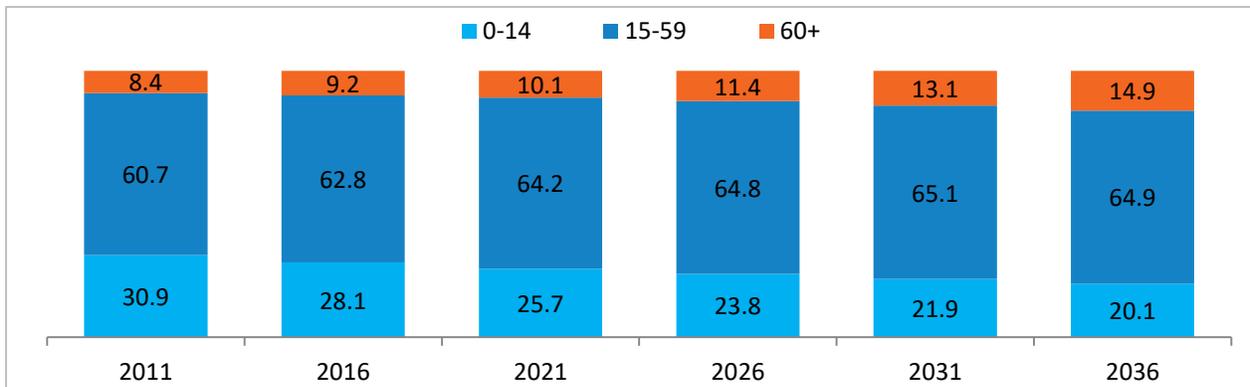
Source: Report of the Technical Group on Population Projections, July 2020

Age Demographics

A demographic dividend is a key factor for economic growth as the working age population (15–59 years of age) is usually more productive. India is set to witness a considerable increase in its working population over the next decade. The Indian economy has the potential to grow at a rapid rate as the working age population is expected to be 64.2% of the total Indian population in 2021 and reach 64.9% by 2036.

Exhibit 1.10: Population Forecast Percent Breakdown by Age Group, India, 2011 – 2036

⁶ https://main.mohfw.gov.in/sites/default/files/Population%20Projection%20Report%202011-2036%20-%20upload_compressed_0.pdf

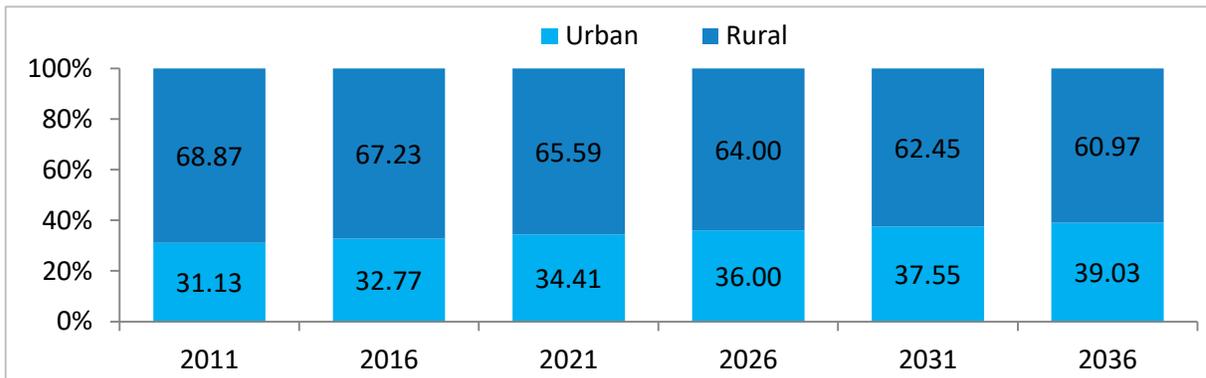


Source: Report of the Technical Group on Population Projections, July 2020

Urbanization

The growing urban population of India has led to increase in urbanization of the country. There are almost 10 million people migrating to cities and towns every year. The high economic growth, higher standard of living and increasing opportunities in the cities have led to urbanization. This has led to investments in housing, road networks, urban transport, water and power utility infrastructures, smart cities, and other forms of urban management. By 2036, India's population will be 1.52 billion, with a 70% increase in urban areas. While 31% of Indians were living in urban India in 2011, this figure is expected to increase to 39% by 2036. Delhi is expected to be 100% urban by 2036. Tamil Nadu, Kerala, Maharashtra, Telangana, and Gujarat are expected to be more than 50% urbanized by 2036. According to World Bank, urban population made up 35% of the total population in India with 493.16 million people living in urban areas in India in 2021.

Exhibit 1.11: Percent Breakdown of Urban and Rural Population, India, 2011 – 2036



Source: Report of the Technical Group on Population Projections, July 2020

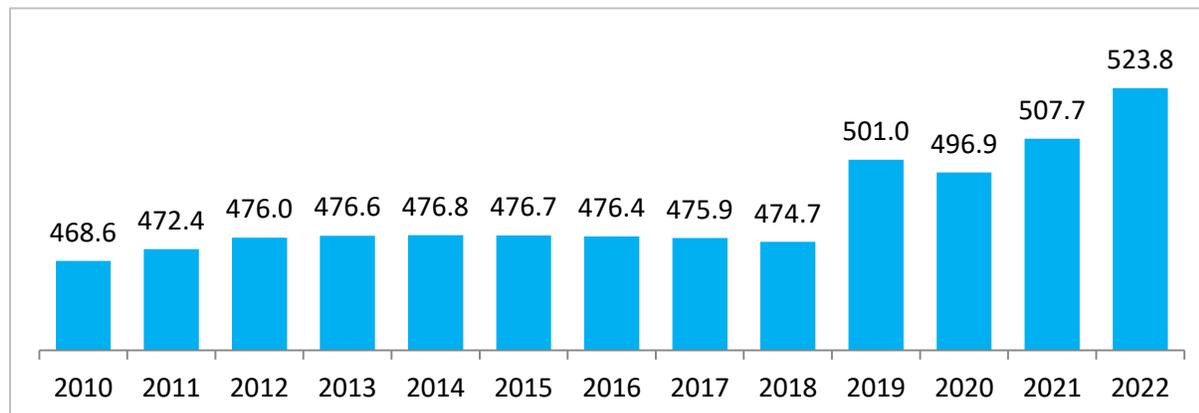
Favorable demographics and economic growth have driven the growth of the middle class (defined as consumers spending from USD 2 to 10 per capita per day⁷) in India. This growth could be associated with a shift away from large-scale informality, which currently characterizes much of the services and manufacturing sectors, and toward more formal, wage-earning, and medium-scale firms.

⁷<https://www.asianstudies.org/publications/eaa/archives/the-middle-class-in-india-from-1947-to-the-present-and-beyond/>

Labour Force in India

The total labour force in 2010 was at 468.6 million and it reached 523.8 million in 2022, registering a CAGR of 0.9% from 2010 – 2022.

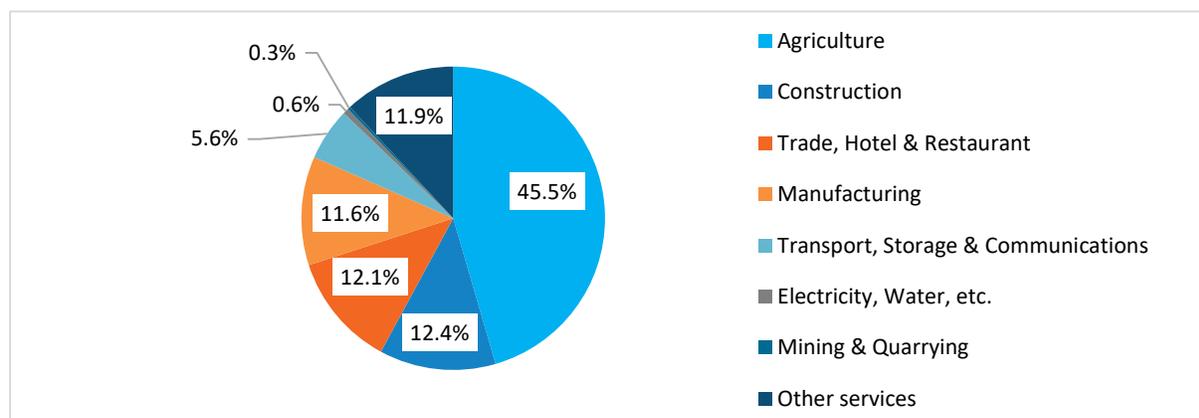
Exhibit 1.12: Total Labour Force, India, CY2010 – CY2022 (Million)



Source: World Bank⁸

Agriculture is the major sector with 45.5% share in total employment. Agriculture is followed by Construction, Trade, Hotels & Restaurant, and Manufacturing sector with a share of 12.4%, 12.1%, and 11.6% respectively.

Exhibit 1.13: Breakdown of Employment by Sectors, India, June 2021 – June 2022



Source: Periodic Labour Force Survey June 2021 – June 2022⁹

Labour Laws and Reforms:

Labour is part of the concurrent legislative list in India where Central and State Governments have the requisite authority to legislate and enforce the acts related to the same. India currently has over 40 national (federal) labour acts and rules and close to 100 state laws. As per the Ministry of Labour and Employment, there are several laws aimed at promoting labour welfare, industrial peace, social justice, and overall economic development.

⁸ <https://data.worldbank.org/indicator/SL.TLF.TOTL.IN?locations=IN>

⁹ https://www.mospi.gov.in/sites/default/files/publication_reports/AnnualReportPLFS2021-22F1.pdf

Exhibit 1.14: Labour Laws, India

Acts and Rules	Number of Acts and Rules
Laws regarding Industrial Relations	4
Laws related to Industrial Safety & Health	3
Laws aimed at Child & Women Labour	3
Laws focusing on Social Security	8
Laws Targeting Labour Welfare	15
Laws related to Employment & Training	2
Laws regarding Wages	7
TOTAL	42

Source: Ministry of Labour and Employment

With the objective of simplifying and modernizing the labour regulations, the central government has proposed to replace 29 existing laws into New Labour Codes 2020. Indian President has given consent to three labour codes namely The Code on Social Security 2020, The Industrial Relations Code 2020 and The Occupational Safety, Health, and Working Conditions Code, 2020. Earlier in 2019, The Code on Wages-2019 was launched, which targets to regulate wages and bonus payments in all employments.

Highlights of the Code on Wages, 2019:

- The Code replaces the four laws - the Payment of Wages Act, 1936, the Minimum Wages Act, 1948, the Payment of Bonus Act, 1965, and the Equal Remuneration Act, 1976.
- Uniform definition for the term “wages”
- Central government would fix a “floor wage” taking into consideration the living standards of workers. Minimum wages set by the central and state governments should be higher than the floor wages.
- The central or state government would fix the number of hours that constitute a normal working day. In case employees work beyond these hours, then they will be entitled to overtime wage, which must be at least twice the normal rate of wages.
- For all employees, whose wages do not exceed a certain monthly amount that is notified by the central or state government will be entitled to an annual bonus.

Highlights of the Code on Social Security, 2020:

- Extends social security benefits to all employees in organized, unorganized or any other sectors. This includes fixed term employees, inter-state migrant workers, film industry workers, construction workers, gig workers and platform workers.
- A minimum of 1% and maximum of 2% cess to be levied and collected for the purpose of social security and welfare of building workers.

Such reforms undertaken by the central government is expected to revolutionize the labour market in India and will influence the shift from un-organized to organized business environment.

Minimum Wages in India:

In 1948, the Indian parliament passed the Minimum Wage Act, which fixes the minimum wage for specific 'scheduled employment' categories, and it applies to 47 central sector establishments and includes both agriculture and non-agriculture workers in the country.

Exhibit 1.15: Minimum Wages by Skill Set (Construction Sector), India, 2013, 2021 and 2023 - Rates of wages per day (in Rupees)

Category	2013			2021			2023		
	Class A Towns	Class B Towns	Class C Towns	Class A Towns	Class B Towns	Class C Towns	Class A Towns	Class B Towns	Class C Towns
Un-skilled	297	246	198	711	595	477	736	616	494
Semi-skilled	328	279	231	788	671	557	816	695	577
Skilled	361	328	279	866	788	671	897	816	695
Highly skilled	393	361	328	940	866	788	973	897	816

Source: Ministry of Labour and Employment Order dated 03/04/2023¹⁰

¹⁰ <https://clc.gov.in/clc/node/720>

SECTION 2: INTEGRATED FACILITIES MANAGEMENT MARKET ANALYSIS

Market Definitions:

Integrated Facilities Management (IFM) refers to a coordinated effort involving space and people to maintain buildings and properties. In other words, it is the outsourcing of services and functions which are considered as non-core activities for a business. IFM services can be broadly classified and defined as below:

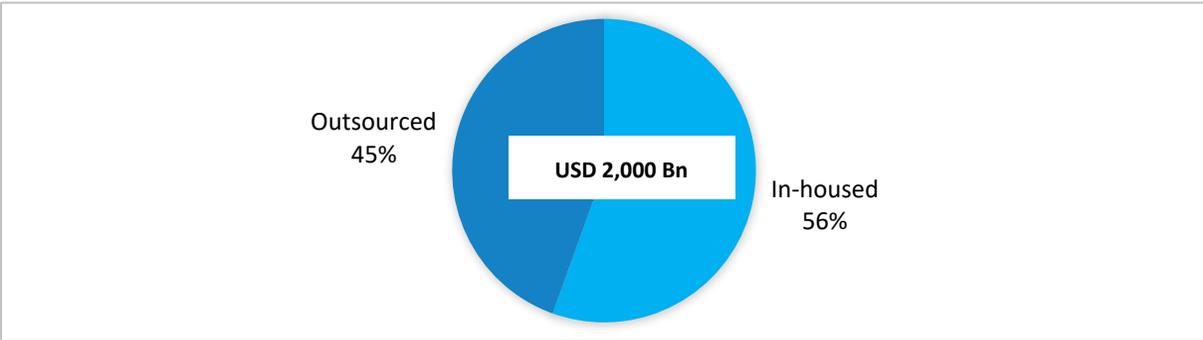
- **Soft Services:** This includes Housekeeping/ cleaning/ janitorial, Disinfection & Sanitation, Landscaping & Gardening and Pest control services. More than one or all the services are combined in a Soft Services contract.
- **Hard Services/ Engineering Services:** Heating Ventilation and Air Conditioning (HVAC) maintenance, fire safety systems, Mechanical, Electrical, Plumbing (MEP) maintenance and Green Building Services (energy management, waste management etc.) and other services such as lighting systems.
- **Production Support Services (PSS):** This is defined as supplying the workforce to the manufacturing companies for production support, material handling, maintenance, utilities etc.
- **Hygiene Services:** Hygiene Services refers to providing products and solutions such as air fresheners, sanitizers, washroom hygiene solutions including feminine hygiene units such as sanitary pad vending machines and sanitary pad disposal bins and bin liners, etc. in the commercial segment only.

Service scope not included in the IFM definitions and segmentations include security and single service contracts, for example cleaning only contracts.

Global Facility Management Market Overview

The global Facility Management (FM) market is witnessing a major transformation driven by technology innovation, new business models, emerging value propositions, competitive disruption, and new service offerings as value propositions are shifting to service outcomes, user experience, and business productivity.

Exhibit 2.1: FM Market: In-house versus Outsourcing, Global, CY2022



Source: Frost & Sullivan Analysis

Businesses/ companies are increasingly using outsourcing of FM services as a strategy, to achieve strategic advantages like improving their competitive advantage and achieving market preservation or dominance goals. Outsourcing is evolving rapidly across the world; in the past decade, the main objective of outsourcing was cost optimization but today organizations want to outsource FM services to free-up

internal resources to deliver strategic value. They are pursuing these objectives by focusing on their core business activities, by acquiring marketable benefits (or by gaining cost efficiencies) from strategic partners, through outsourcing.

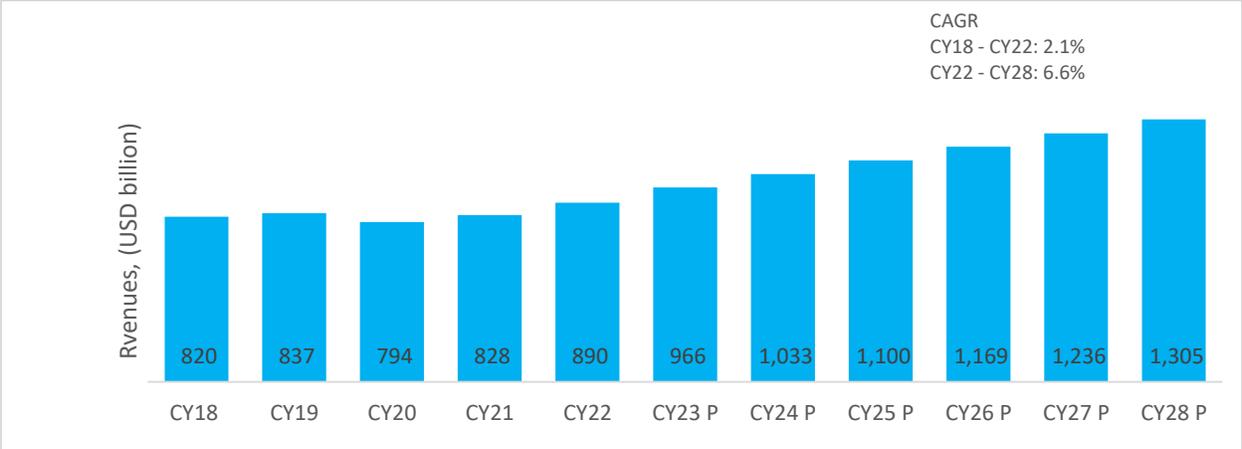
Advanced FM markets such as the United Kingdom and Australia have higher outsourcing rates than developing countries such as India, highlighting the growth potential in developing countries.

Exhibit 2.2: FM Market: In-house versus Outsourcing, Global, CY2022

S.No.	Country	Outsourcing Rate
1	United Kingdom	66%
2	Australia	65%
4	New Zealand	55%
5	Malaysia	49%
6	Italy	49%

Source: Frost & Sullivan Analysis

Exhibit 2.36: Outsourced FM Market Revenue Trend, Global, CY2018 – CY2028



P - Projections

Source: Frost & Sullivan Analysis

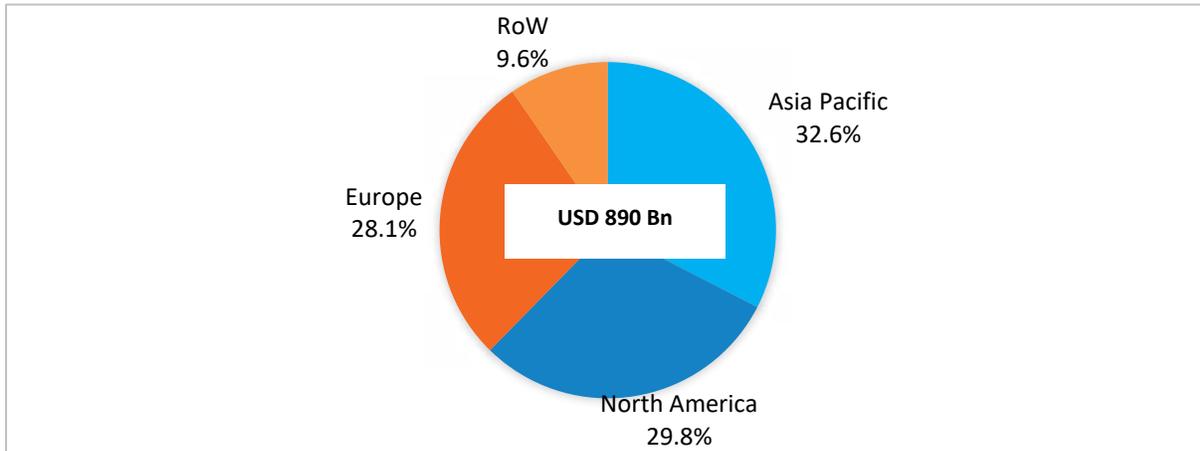
The future of FM is technology enabled and Coronavirus 2019 (COVID-19) is expected to accelerate the use of digital technology. The Internet of Things (IoT), Big Data, and advanced connectivity will drive efficiency for both service suppliers and clients. The global FM market is recorded revenues of USD 890 billion in CY2022, registering a growth of 7.5% from CY2021. Asia is the largest FM market with a share of 32.6% of the total market followed by North America and Europe.

Revenue Trends by Region

Asia is the largest FM market and is highly diverse. While Australia, the most developed market in the region for both FM and IFM, has reached some degree of maturity, other markets, including China and India, are still in a stage of infancy and will grow steadily and become more competitive. The low penetration of FM services markets in many of Asia’s fast-growing economies indicates that immense potential exists for market participants to grow and develop, as outsourcing becomes more commonplace in the next 10 years. The European market is evolving and growing at a fast pace leading to mergers,

acquisitions, and partnerships. North America has the most developed IFM market in the world and the region has set the global standard for IFM, due to the home presence of large contract management firms.

Exhibit 2.4: Outsourced FM Market: Percent Breakdown by Regions, Global, CY 2022



Source: Frost & Sullivan Analysis

Exhibit 2.5: FM Market: Top 5 Market Developments, Global, CY2022 – CY2027

	CY2022	CY2027
Service integration	<ul style="list-style-type: none"> IFM services accounted for 11.7% of the global outsourced FM market in 2022. North America is the largest established IFM market globally and has revenue growth potential. 	<ul style="list-style-type: none"> IFM will reach a 13.8% penetration of the global FM market. The Asian market will see the fastest IFM growth and become the largest market globally by 2027.
Workplace change management	<ul style="list-style-type: none"> Changing work practices are increasing the importance of workplace design and optimization. The convergence of FM with workplace solutions has led to business productivity enhancements for customers. 	<ul style="list-style-type: none"> Diverse suppliers will converge with integrated WCM services. Customer's C-suite managers will purchase business improvement outcomes directly.
Leverage of IoT & Big Data Analytics	<ul style="list-style-type: none"> Companies are using networked sensors for remote real-time asset monitoring. IoT solutions are enabling asset tracking across facilities from mobile devices. Big data pilot projects demonstrate energy savings and floor space optimization/reduction. Data analytics applications focus on resource optimization and process improvements. 	<ul style="list-style-type: none"> Every asset/ device will have a unique identity and will form part of a networked smart building. Internet of buildings solution will enable smart remote management of complex property portfolios. Data analytics will be an important element for addressing customer concerns regarding energy savings, intelligent buildings, reduction of

		total life cycle costs, business efficiency, and sustainability.
Market consolidation	<ul style="list-style-type: none"> The top 5 global FM participants account for a market share of 9.5%. European and North American firms dominate the top supply tier. 	<ul style="list-style-type: none"> The top 5 global firms are expected to account for 11.0% of the FM market revenues. Chinese and other Asian firms will have broken into the global top-tier level.

Source: Frost & Sullivan Analysis

Post-COVID-19 innovations are expected to focus on the digitalization of built environment, workplace optimization, providing healthy and safe buildings, customer-centric business models, user experience, and holistic productivity solutions. There will be an increased need to focus on organizational resilience, sustainability, and augmented operations.

Indian IFM Market Analysis

IFM market in India has been growing steadily over the last decade and is set to witness significant growth momentum over the next 5 years. Liberalization of Indian economy opened opportunities for private sector. Since then, the business opportunities have multiplied across sectors ranging from banking and airlines to pharmaceuticals and information technology, and the investor-friendly business environment has attracted major MNCs to invest in India. The IT and ITeS industry have seen a surge in business opportunities, driving the industry to invest in construction operations to increase building stock. Changing lifestyles have also led to the increase in organized retail developments in India.

India's real estate sector witnessed private equity investments worth INR 3.3 billion from January – July 2022¹¹. Increase in investments was complimented by the Government's 100% Foreign Direct Investment (FDI) for townships and settlement development projects in India. Demand for commercial office space has been a key driver for IFM services.

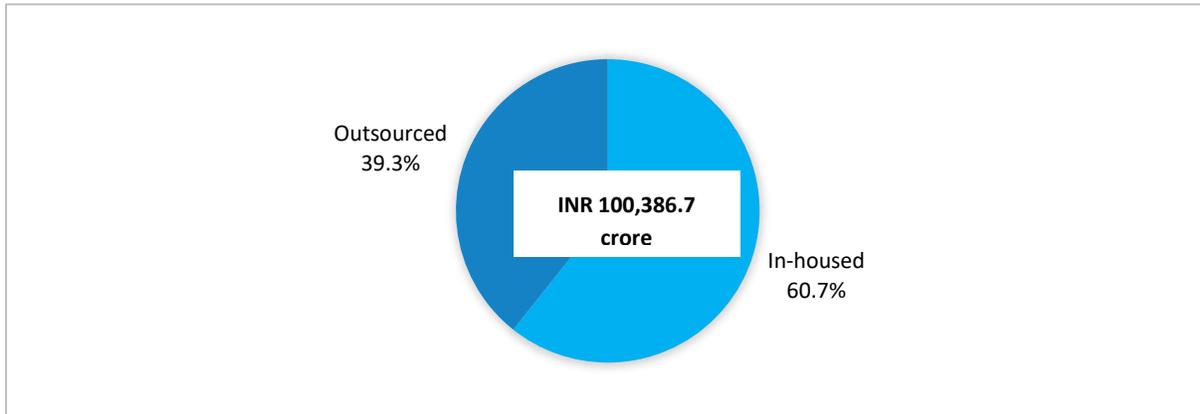
Furthermore, several government programs to provide Housing to All citizens as well as the development of Smart Cities in India are projected to have a beneficial impact on the Indian IFM industry in the coming years. Additionally, increasing population in Tier 1 cities, as well as continued growth in the IT/ITeS and banking industries, will continue to drive the demand for IFM services. Professional IFM has now become necessary for asset owners, as it not only extends the life of the building but also ensures that the asset meets international health and safety standards.

Historical Growth of Indian IFM Market:

The total IFM market in India in FY2023 is valued at INR 100,386.7 crore and around 39.3% of this is outsourced to 3rd party companies. Between FY2018 and FY2023, the outsourced Indian IFM market grew at a CAGR of 9.5%. In FY2023 the outsourced IFM market was estimated to be worth INR 39,480.0 crores.

¹¹ <https://www.ibef.org/industry/real-estate-india>

Exhibit 7: IFM Market: In-house versus Outsourcing, India, FY2023

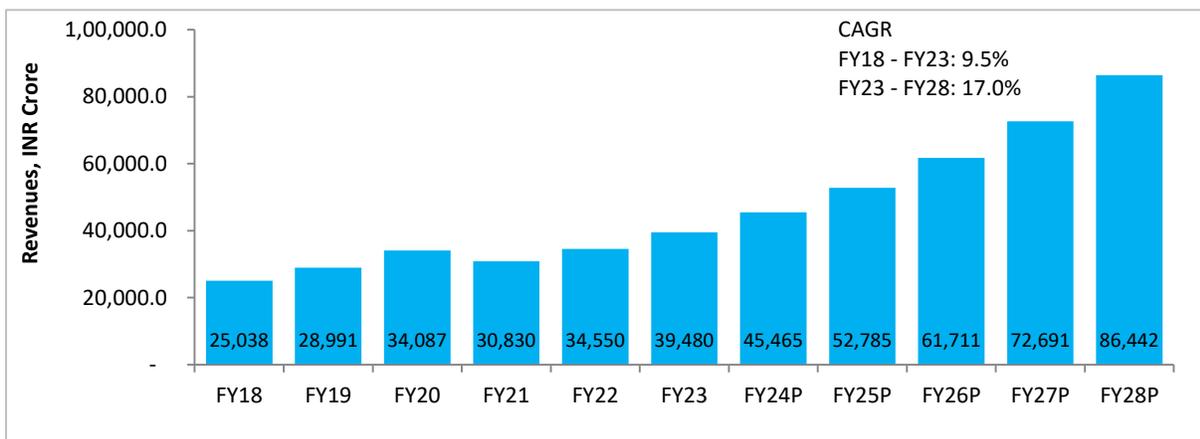


Source: Frost & Sullivan Analysis

The market revenues declined in FY2021 due to the global pandemic and then recovered bulk of it in FY2022. IFM is a well-accepted concept in the commercial sector than the residential sector. IFM is progressively gaining popularity in the residential sector, particularly among high-rise residential complexes in urban areas. The demand for IFM services has increased as people's preferences for a safe, clean, and secure environment have grown.

The government's plan to develop 100 smart cities will result in a surge in infrastructure creation. The Union Budget FY2024 has proposed a total CAPEX outlay of INR 10 trillion¹², which is 33.0% increase year-on-year and 3.3% of the total GDP. Given the current expansion and increase in investments in IT, ITeS and BFSI segments, the demand for professional IFM services are increasing, IT sector is shifting to more personalized/ customized services utilizing both Hard and Soft FM services. Investments in other segments such as healthcare and retail are also propelling the demand for IFM services.

Exhibit 2.7: Outsourced IFM Market: Historic and Forecast Revenue Trend, FY 2018 – FY 2028, India



P-Projections

Source: Frost & Sullivan Analysis

¹² <https://pib.gov.in/PressReleasePage.aspx?PRID=1895279>

The market is now shifting from single service contract model to integrated services model which is a method of consolidating many or all the office/ building’s services under one contract and management team. The intent is to streamline communication and make day-to-day operations easier to manage while improving the build8ing performance.

Outsourced versus In-house IFM Services:

The outsourced IFM market accounts for 39.3% of the total market and is expected to increase over the forecast period. Commercial, Industrial and Infrastructure segments are the major end user verticals focusing more on outsourcing the IFM services.

Exhibit 2.8: IFM Market: Outsourcing Trends, India, FY2018, FY2023 and FY2028

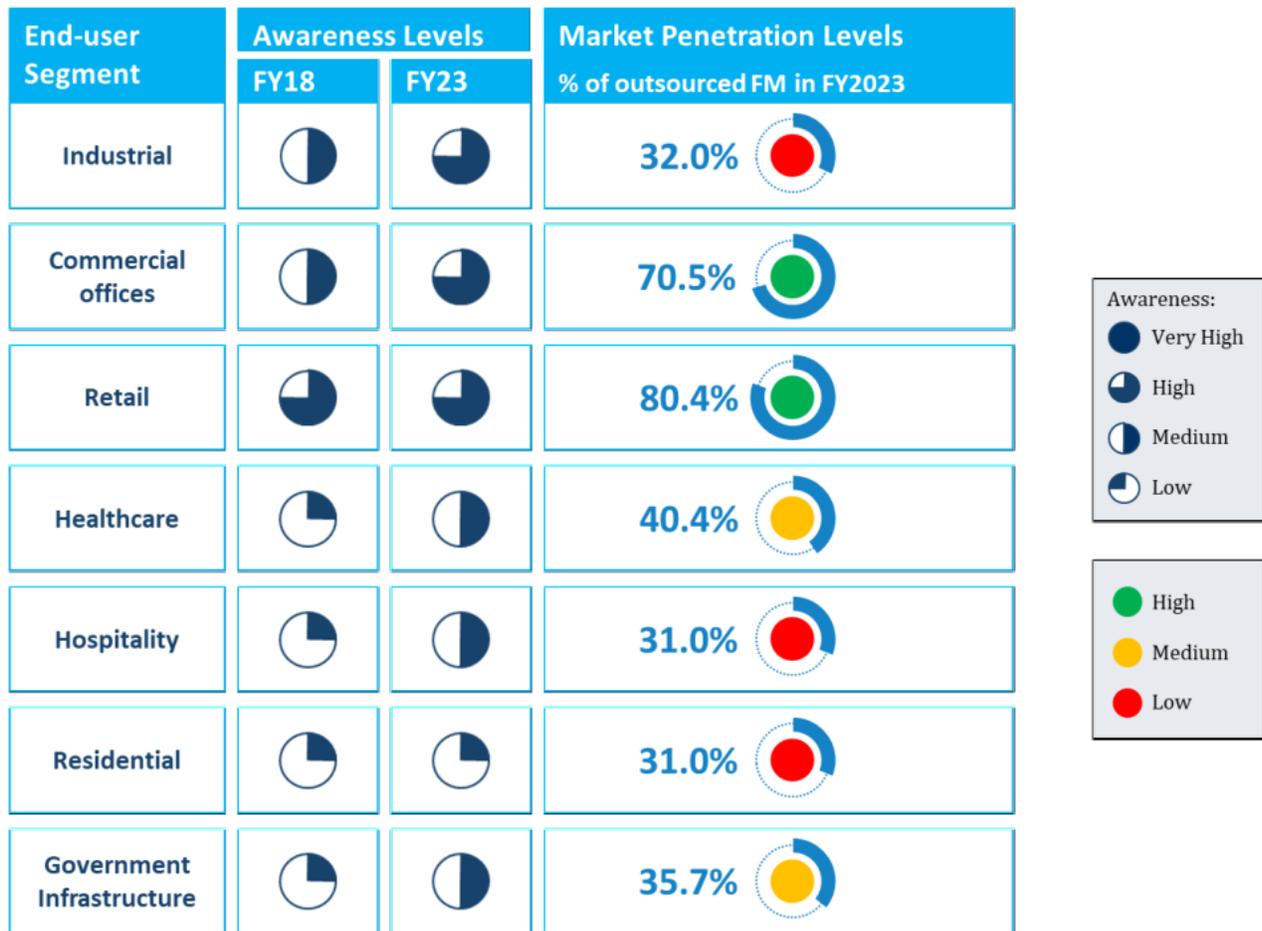


P-Projections

Source: Frost & Sullivan Analysis

The outsourcing model of IFM delivery has come a long way and is now capable of providing value far beyond simple cost savings. Outsourcing today plays a key role in supporting performance and is effectively used by forward-thinking organizations to boost the performance of their people. Demand for IFM is expected to continue to be driven by multinational corporations and infrastructure projects. Increasing awareness among national organizations, integration of IFM with project management services and other building maintenance services is gaining momentum to offer diverse solutions to customers under one roof.

Exhibit 2.9 IFM Market: Awareness Level and Penetration Levels, India, FY 2018 – FY 2023



Source: Frost & Sullivan Analysis

Factors that impact outsourcing decision can be grouped into four categories of Strategy, Cost, Function and Environment.

- Strategic factors include core competencies, critical knowledge, lack of internal human resources, impact on quality and flexibility.
- Function characteristics include complexity, degree of integration, structure, and asset specificity.
- Environment functions include the internal and external environment faced by the organization.
- Cost management was the main impetus behind outsourcing building maintenance services a few years ago. But today it is much about being able to free up in-house teams from the IFM delivery while allowing them to deliver strategic value.

Small businesses look for IFM expertise and support that cut down the overheads and complexity of employing an in-house team. The right outsourcing ‘partner’ will deliver a local, highly tailored service backed by the expertise and resources of an expert service provider. Larger organizations with complex property portfolios look for control and efficiency. More progressive customers want the IFM companies to help them deliver a competitive marketplace for their service offerings. Their property functions want a simple, easily centralized operation that they can explain to their business. It is about getting a stable service benchmarked at the best possible cost for the best possible outcome.

The most critical factors driving outsourcing are:

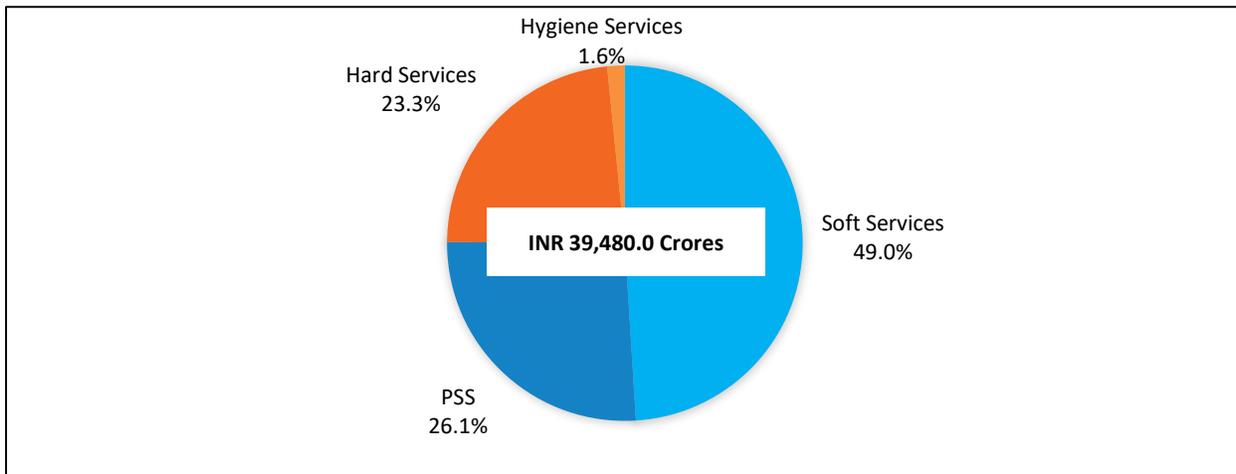
1. Reduction and control in operating costs
2. Focus on company's core business activities/ Free internal resources for core business purposes.
3. Gain access to superior service quality.
4. Risk sharing.

Market Segmentations

a) Segmentation by Service Types:

The IFM market is dominated by Soft Services that include Housekeeping/ cleaning/ janitorial, Pest Control, and Landscaping & Gardening etc. With commercial offices segment choosing hybrid work models, this segment is expected to continue its leadership position in the IFM market during the forecast period. PSS Segment is the second largest in Soft Services segment and is driven by the increasing investments in manufacturing segment and growing demand for qualified manpower. Hard Services is another significant contributor to the IFM market and is driven by the need for preventive maintenance and energy efficiency.

Exhibit 2.10: IFM Market: Breakdown by Service Types, India, FY2023

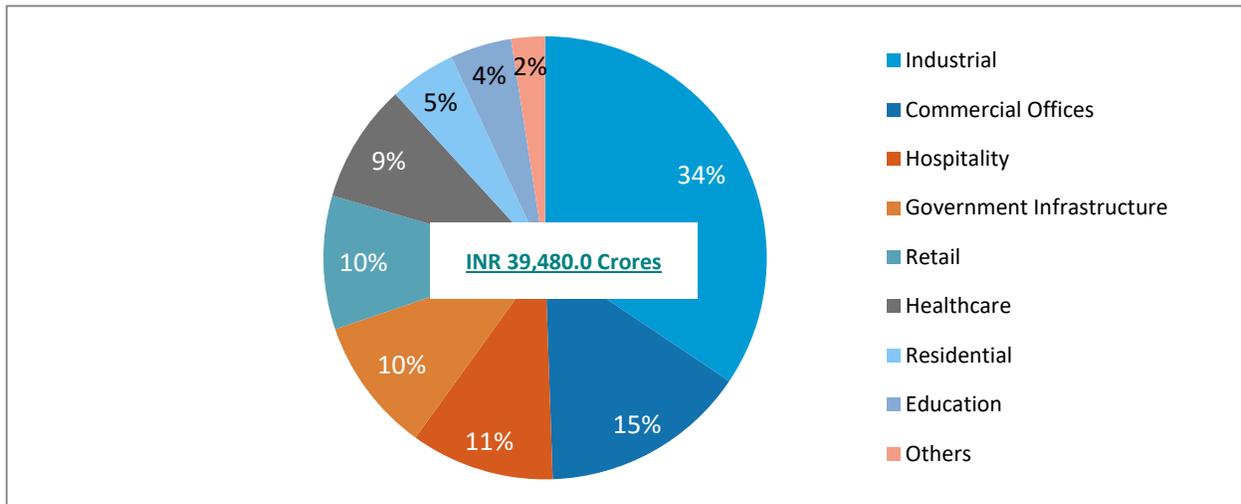


Source: Frost & Sullivan Analysis

b) End User Segmentation:

IFM services have recorded higher growth banking on increasing awareness levels, growth in outsourcing of non-core business activities and spiking demand for the manufacturing and realty sector. Industrial Segment is the largest contributor driven by Soft Services and PSS Segments. The Commercial Offices Segment would remain key contributors to market growth in Soft Services, Hard Services and Hygiene Services, witnessing higher demand from IT/ITeS and BFSI segments.

Exhibit 2.11: IFM Market: Breakdown by End User Segments, India, FY2023



Source: Frost & Sullivan Analysis

Increasing impetus provided to cleanliness in infrastructure facilities in the form of government initiatives like 'Swachh Bharat Abhiyan,' are driving the need to outsource these services to professional organizations. Investments in smart cities and industrial parks are driving the growth of government-held properties, thus increasing the share of the government sector in the FM market revenues. However, bureaucracy, lack of transparency, and delays in payments are some of the challenges involved in doing business with the government sector.

COVID-19 Impact on IFM Market

COVID-19 had a severe impact on IFM market, and the market revenues witnessed a decline of 9.6% in FY2021. Soft Services segment was the most impacted, registering de-growth of 14.7%, followed by Hard Services at -10.3%. Intermittent lockdowns and remote working models adopted by IT, ITeS, Institutional Segment etc. driven by the pandemic resulted in lesser demand for IFM services.

Despite challenges, the pandemic also created several opportunities for FM companies. Disinfection and sanitation services were the most sought after during 2020 and 2021. The COVID-19 guidelines and protocols encompass several measures related to health and safety and this is expected to boost the demand for deep cleaning/ sanitization services in the medium-term. Demand from the Healthcare segment remained high during FY2021 and is expected to continue to remain high in the short- to medium-term.

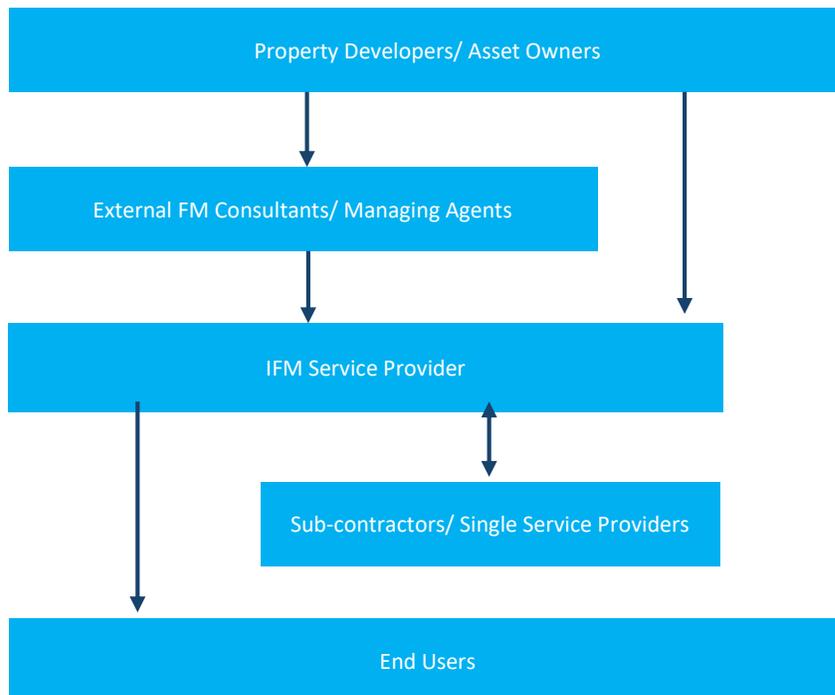
Exhibit 2.12: Challenges faced by IFM Service Providers due to COVID-19, India, 2020

<p>Safety of Workers</p>  <p>Need for enhanced personal protective equipment, and improved hygiene levels to drive up costs</p>	<p>Deep cleaning and sanitation of Facilities</p>  <p>End-users to increasingly demand higher cleaning standards, but not necessarily translating into improved commercial terms</p>	<p>Workforce motivation</p>  <p>Morale of workforce seen to be excessively impacted – challenging to bring people back to work</p>
<p>Supplies</p>  <p>Extended lockdown has impeded supplies; Situation to worsen owing to expected change in demand for consumables/ spare parts to meet higher standards</p>	<p>Training</p>  <p>At least three fourths of existing pool of FM workers seen to be under-prepared to deal with the required skill-sets in the post COVID era</p>	<p>Working Capital Shortage</p>  <p>Since clients are seen to be delaying payments, while wages are still an ongoing liability</p>

Source: Frost & Sullivan Analysis

Value Chain & Key Stakeholders

Exhibit 2.13: Value Chain Analysis, India, 2023



Source: Frost & Sullivan Analysis

The key stakeholders in the IFM market value chain are Property Developers, FM Consultants, FM Service Providers and End users. Role played by each stakeholder is:

- **Property Developers:** They are the asset owners and the final decision makers in the selection of IFM service providers. They work with FM consultants to procure FM services or directly work with FM service providers based on experience.
- **External FM Consultants:** They are also called Managing Agents. The consultant assists the developer or the owner of a facility in choosing the right kind of IFM services and the IFM service provider. They help in preparation of Request for Quotations, evaluate bids and service provider capabilities.
- **FM Service Providers:** IFM Companies in most cases bundle the services based on the client’s need. Some IFM companies have all the resources and capabilities internally to provide these services. But widely, the IFM providers take help of one or more single service providers who have expertise in the specific area of operation.
- **Sub-contractors/ Single Service Providers:** The single service providers provide expert services in their area of focus. In most cases, they join hands with the IFM providers to provide services as a single package. In smaller contracts, single service providers directly serve the developer / owner.
- **End Users:** They are the end users of the IFM services provided and are across Commercial, Residential, Healthcare and Government segments.

Market Outlook and Forecasts

Market Drivers:

Exhibit 2.14: Market Drivers and Impact, India FY2023 – FY2028

Drivers	Impact		
	1-2 Years	3-4 Years	5-7 Years
a) Growth in real estate sector, particularly commercial, residential, and retail segments	High	High	High
b) Operational benefits due to outsourcing IFM services	High	High	High
c) Health and safety issues	Medium	High	High
d) Organized facility management companies to benefit due to COVID-like pandemic	Medium	High	High
e) Focus of Government initiatives such as Swachh Bharat Mission, Clean Cities, etc.	Medium	Medium	High
f) Demand for flexible office space	Medium	Medium	High
g) Government focus on tourism industry, due to demand from hospitality industry	Low	Medium	High
h) Increasing complexity of commercial buildings	Low	Medium	Medium
i) Energy conservation and optimum usage of building solutions	Low	Low	Medium

Source: Frost & Sullivan Analysis

a) Growth in real estate sector, particularly commercial, residential, and retail segments:

Increase in real estate stock has a direct implication on the growth of the IFM market. Regular investments in office, residential and retail segments lead to the rapid addition to India's real estate stock across commercial, residential, retail, industrial and warehousing.

Office real estate: With many of the businesses and organizations returning to work from office, the gross leasing volume in CY2022 stood at 49.8 million square feet¹³, which is the highest since the pandemic. New project completions in CY2022 were 58.3 million square feet¹⁴, recording a year-on-year growth of 27.9%. The institutional investments in office assets were USD 1,927 million in January – June 2023, up by 82.5 % from the same period last year¹⁵.

Residential real estate: Residential segment witnessed a surge in demand, with 215,000¹⁶ units sold in CY2022 across top seven cities such as Mumbai, Delhi NCR, Bengaluru, Hyderabad, Chennai, Kolkata and Pune. New project launches in CY2022 stood at 247,000¹⁷ units, which is 81% higher than CY2021. The segment witnessed 76,000 units launched in Q2 CY2023, which is the highest since 2021. Property developers are shifting their focus to premium segment, which is evident from the 29.0% market share for premium housing of the total new launches in H1 2023 and this would drive the demand for IFM in the long-term

Retail real estate: Retailers Association of India has said that about 25 million square feet¹⁸ of mall space is expected to be added in India over the next four to five years, Delhi NCR, Hyderabad, and Bengaluru are the top destinations for retail mall space. Top seven cities added 2.6 million square feet of mall space in CY2022, which is 27% more than that of CY2021.

b) Operational benefits due to outsourcing IFM services:

IFM outsourcing saves the cost of operating and training staff which is much higher compared to hiring a professional agency. It enhances flexibility in terms of availing the services as per the changing specifications. Outsourcing also helps in better utilization of time for other business activities.

c) Health and safety issues:

Due to the recent COVID -19 situation, companies are getting even more cautious and preparing themselves for similar situations in the future, in terms of maintaining the health and hygiene of the facility. Companies are increasingly engaging professional facility management experts, majorly for integrated services. Increased awareness on maintaining indoor air quality, safety aspects related to fire

¹³<https://www.jll.co.in/content/dam/jll-com/documents/pdf/research/apac/india/jll-q4-2022-office-market.pdf>

¹⁴<https://www.jll.co.in/content/dam/jll-com/documents/pdf/research/apac/india/jll-q4-2022-office-market.pdf>

¹⁵<https://www.outlookindia.com/business/institutional-investment-in-real-estate-up-slightly-to-2-93-billion-in-jan-jun-jll-india-news-298687>

¹⁶<https://www.jll.co.in/content/dam/jll-com/documents/pdf/research/apac/india/jll-residential-market-update-q4-2022.pdf>

¹⁷<https://www.jll.co.in/content/dam/jll-com/documents/pdf/research/apac/india/jll-residential-market-update-q4-2022.pdf>

¹⁸<https://www.livemint.com/industry/retail/nearly-25-million-sq-ft-of-mall-space-to-be-added-in-top-7-cities-in-next-4-5-years-report-11677063753493.html>

audits, regular maintenance of fire safety systems, electrical equipment, and security devices are driving the need for outsourcing IFM services to experts.

d) Organized IFM companies to benefit due to COVID-19 like pandemic:

Organized facilities management players include standalone companies, subsidiary companies of co-working space providers, hospitality players, real estate firms, etc. Currently, the participation of organized players is less than 50%, which is expected to grow in the next few years. Also, the consolidation of IFM companies is increasing. With the outbreak of COVID-19 and growing demand across sectors for specialized facility management services, there is a need for expertise. The key survival factor for unorganized companies is a lack of compliance to standards and has been catering to unorganized/ Small Medium Enterprises (SME) end users. Due to COVID-19, the unorganized IFM companies faced severe financial issues because of the nature of their clients. These factors will create conducive business opportunities for organized players.

e) Focus of Government initiatives such as Swachh Bharat Mission, Clean Cities, etc.:

Government of India is expected to spend more on the maintenance of public infrastructure, such as municipal parks and government-run schools, increasing impetus provided to cleanliness in these facilities in the form of government initiatives. The key enabler for the growth of facility management market would be the main objectives of the Swachh Bharat Mission – to clean the streets, to clean the roads and infrastructure of the statutory towns of the country. Facility management players are capitalizing on the opportunity and considering including waste management as one of the top offerings.

f) Demand for coworking/ flexible office spaces:

Demand for coworking spaces is increasing in India and the global pandemic has contributed to the growth of coworking/ flexible spaces in the past two years. With hybrid working models gaining prominence, the demand for flexible and coworking spaces is expected to increase as companies are uncertain about investing in permanent offices spaces. Flexible office spaces also allow companies to expand into smaller cities, adapt and stay competitive in a dynamic business environment.

g) Government focuses on Tourism industry, due to demand from hospitality industry:

Travel and tourism are the segments that is receiving major boost in India. It is a necessity for the hospitality segment to provide the best services to visitors and guests to ensure a pleasant stay. Cleanliness and hygiene are necessary in hotels. This will open more business opportunities for facility management companies in the coming years. One of the key programs, Incredible India 2.0 is an international marketing tourism campaign run by India's Ministry of Tourism to promote tourism in the country.

h) Increasing complexity of commercial buildings:

Increasing complexity of commercial buildings is encouraging the involvement of professional maintenance services to increase the building's life span. Growth from the commercial segment is expected to be replicated in the growth of outsourced IFM services market revenue. With the emergence of innovative technology, engineering, administrative and regulatory compliances, the demand for professional facility management in commercial spaces will continue to grow.

i) Energy conservation and optimum usage of building solutions:

The significance of conserving energy is gradually picking up momentum due to rising energy costs, encouraging companies to hire professional IFM services for maintenance of energy intensive equipment. IFM service providers are expected to play a key role in building sustainability as energy efficiency strategies gain prominence. Sustainability in Facility Management includes reduction of energy consumption. All the supporting services offered should be aimed at improving the sustainability of the customer.

Market Restraints:

Exhibit 2.15: Market Restraints and Impact, India FY2022 – FY2027

Restrains	Impact		
	1-2 Years	3-4 Years	5-7 Years
a) Inflation leading to increase in management costs	High	High	High
b) Shortage of skilled manpower due to difficulty in retaining manpower	High	High	High
c) Presence of large unorganized segment	Medium	Medium	High
d) Low awareness and penetration of FM services in Tier2/3 cities	Medium	Medium	High
e) Adoption of technology still at nascent stage in India	Low	Medium	Medium
f) Safety Equipment cost and hygienic cost exceeding the initial cost of services	Low	Medium	Medium
g) Heavy workload and difficulty in managing client expectation	Low	Low	Medium

Source: Frost & Sullivan Analysis

a) Inflation leading to increase in management costs:

Short term contracts lead to competition and impact business continuity for FM companies. High inflation cost and other critical factors are forcing customers to replace long-term contracts with medium-term ones. Many customers find it easier to maintain medium and short-term contracts than to maintain long-term ones, as the latter are prone to price increases because of surging inflation and labour costs.

b) Shortage of skilled manpower due to difficulty in retaining manpower:

Shortage of manpower (especially in the soft services sector) is the key issue restraining the growth of this market. Increasing cost of manpower is a major concern for FM companies. Though manpower is abundant in India, the cost involved in recruiting, managing, and training is quite high. Also, there is high attrition rates in the industry as many in the workforce are attracted to competitive salary hikes offered by other organizations.

c) Presence of large unorganized segment:

Currently, the large, organized facility management comprises contribute to a small portion of the market. Ease of market entry led to huge chunk of unorganized competition. Many facilities are still not ready to hire a professional agency for cleaning. They either do it in house or get it done through local agencies to provide housekeeping services. However, push for organized facility management services are also emerging from across business verticals, both in terms of demand and supply.

d) Low awareness and penetration of FM services in Tier2/3 cities:

IFM services do not have much penetration in the Tier 2&3 cities. IFM services are perceived to be only traditional housekeeping services, which in fact is far beyond. Proper awareness must be created, and the customers need to be educated about the building maintenance which is inarguably the core of IFM services. The IFM market lags in areas such as market maturity and appreciation for high standards of service delivery. It also includes sophisticated requirements spanning Integrated Facilities Management, Industrial Facilities Management, Specialized Engineering Services, and Soft Services.

e) Adoption of technology still at nascent stage in India:

In India there is a huge gap between understanding and adopting technologies. Many businesses have in-house cloud computing and IoT systems; however, it is not incorporated it into the IFM ecosystem. Transition from conventional office layouts to a modern set up is still in infancy stage. Despite facility management plays a key role in operations, enterprises are unaware of the various evolving solutions. Also, there is a challenge in integration of FM with the existing ERP system. When failures occur, prompt actions are required to maintain access and ensure security which is possible only through remote monitoring and other technology tools.

f) Safety equipment cost and hygienic cost exceeding the initial cost of services:

FM workers need to be provided with proper protective equipment, temporary accommodation, and hygiene support and their safety must be taken care of as well. Similarly, since there is risk of sending back employees to their houses. IFM companies are forced to arrange for temporary accommodation for the employees. Also, there is a need for contactless cleaning and involvement of other technological intervention which will eventually increase the overall cost of services.

g) Heavy workload and difficulty in managing client expectation:

Workers must undertake deep cleaning of complexes almost every second or third day, in addition to the regular hygiene measures, resulting in their work almost doubling. Similarly, the manpower requirement is backed by increased demand for disinfection and cleaning services in the corporate environment. The facility management companies are witnessing a 20% surge in fresh hires every month.

End User Segment Outlook:

Exhibit 2.16: End User Segment Outlook, India, FY2023 – FY2028

Segment	Growth Indicators	Key Enablers
Commercial Office	<ul style="list-style-type: none"> Commercial office space absorptions in FY2022 were at 36 million square feet.¹⁹ Grade A office market is expected to reach 1.2 billion square feet by 2030.²⁰ 	<ul style="list-style-type: none"> Urbanization Increase in high-rises/ mega structures. Shared spaces. Relaxed FDI norms.
Retail	<ul style="list-style-type: none"> Major cities in India added 2.6 million square feet of mall space in CY2022 at 27.0% growth from the previous year. Retailers Association of India's report on retail sector in India highlights that the property developers plan to add 25.0 million square feet of retail space over the next 4 -5 years.²¹ 	<ul style="list-style-type: none"> Rapid urbanization. Increasing disposable incomes. Lifestyle changes. Hot spots: Mumbai, Bangalore, Hyderabad, Pune, Chennai, New Delhi, Kolkata.
Healthcare	<ul style="list-style-type: none"> World Bank has committed to USD 1.0 billion in investments to improve India's public infrastructure.²² 	<ul style="list-style-type: none"> Increasing lifestyle diseases. Technological advancements. Emergence of telemedicine. Increasing penetration of medical insurance. Government initiatives such as e-health and incentives.
Education	<ul style="list-style-type: none"> From April 2000 to June 2022, the education segment witnessed FDI of USD 7.9 billion.²³ Indian Edtech startups have received total investment of USD 3.9 billion FY2022. 	<ul style="list-style-type: none"> High enrollment ratio. Increasing population. Rising income levels. Government support in terms of Fee Reimbursement Scheme. National Education Policy 2021.

¹⁹<https://www.reuters.com/world/india/indian-commercial-real-estate-lull-continue-least-two-more-years-anarocks-puri-2023-05-16/>

²⁰<https://economictimes.indiatimes.com/news/how-to/what-are-the-factors-pushing-the-commercial-real-estate-sector/articleshow/99639397.cms?from=mdr>

²¹<https://www.outlookindia.com/business/retail-market-projected-to-touch-2-trillion-by-2032-report-news-264520>

²² <https://www.investindia.gov.in/sector/healthcare>

²³ <https://www.ibef.org/industry/education-presentation>

Government Infrastructure	<ul style="list-style-type: none"> India's Aviation industry received USD 3.7 billion in FDI between April 2000 – December 2022.²⁴ 220 new airports in India by 2025. 	<ul style="list-style-type: none"> Aviation: The Airports Authority of India (AAI) plans to develop city-side infrastructure such as hotels, car parks and other facilities at multiple regional airports across India. Railways: National Rail Plan, Vision 2024, and Station Development Plans.
Industrial and Manufacturing	<ul style="list-style-type: none"> USD 58.8 billion worth of investments in manufacturing segment in FY2022 as per the Department for Promotion of Industry and Internal Trade (DPIIT) From April 2000 to September 2022 the automobile industry received FDI worth USD 33.8 trillion.²⁵ 	<ul style="list-style-type: none"> Make-in-India. National Manufacturing Policy. Domestic consumption. Huge labor resources. International investments. Public private partnerships.

Market Forecasts:

Based on the above analysis, the Outsourced IFM market is expected to grow at a CAGR of 17.0% from FY 2023 – FY 2028 and reach INR 86,442.0 crore. Majority of the growth is expected to be driven by the consistent demand from the commercial, retail, and industrial sectors. In addition, the increasing preference for professional IFM in the residential sector coupled with increased incidence of high-rise and premium residences that require unique IFM services are expected to further drive growth.

Market Trends:

Formalization of the economy:

- India is transitioning towards a formal economy backed by the growth in goods and service tax (GST) registered businesses, digital payment systems, increase in income taxpayers, enrollment of informal sector workers on numerous government portals like e-Shram, growth in formal banking systems among others.
- Another factor indicating the movement towards formalization is the increase in Employees Provident Fund Organization (EPFO) beneficiaries, which highlights the growth in labour force is being employed in the formal sector that are regulatory compliant.
- This shift towards formalization would drive the demand for organized IFM in the long-term.

Industrialization:

- India's competitive manufacturing segment is driving the adoption of Industrialization. Growth in exports, import substitution, increasing internal demand and penetration of contract

²⁴<https://www.ibef.org/industry/indian-aviation#:~:text=India's%20aviation%20industry%20is%20expected,aviation%20navigation%20services%20by%202026>.

²⁵ <https://www.ibef.org/industry/manufacturing-sector-india>

manufacturing are driving industrialization in India. Several government initiatives are supporting the growth of industrial segment in India. Major ones are:

- *Production Linked Incentives (PLI) Schemes:* This was announced in March 2020 and later updated in November 2020 to create national manufacturing champions. The key objectives of the scheme are to scale up domestic manufacturing facilities, increase import substitution through domestic production and generate employment opportunities. The PLI scheme provides turnover linked incentives to investors upon meeting the set criteria in terms of investment, capacity, and turnover.
- *Industry 4.0:* This refers to implementing big data, robotics, the internet of things (IoT), artificial intelligence, machine learning and cloud services for industrial operations. India is at a nascent stage in the adoption of Industry 4.0 and has higher growth potential in India, supported by the industrial and digital initiatives by the government.
- *China Plus One Strategy:* This refers to the diversification of supply chains from China. The recent global pandemic brought supply chain disruptions and the Ukraine-Russia war has exacerbated it. So, the global companies are looking beyond China for supply chains. India, with its cost competitiveness could benefit from this strategy and develop its manufacturing sector. This would drive demand for IFM and other support services.

Digitalization:

- Digitalization is a key trend disrupting the way businesses are conducted today. Both public and private entities are adopting this trend to stay competitive in their market segments.
- Government of India has taken several initiatives to improve digital infrastructure and increase internet access among citizens.
- Major initiatives such as the Aadhar, DigiLocker, BharatNet, Common Service Centers, Digitization of Post Offices, Universal Access to Mobile, India Stack, Pradhan Mantri Gramin Digital Saksharta Abhiyaan, Unified Mobile Application for New-age Governance (UMANG), Unified Payment Interface (UPI), Open Government Data Platform, Open Network for Digital Commerce (ONDC), and Jan Dhan-Aadhar-Mobile (JAM) Trinity are expected to increase the adoption of digitalization in India. This would be supported by the penetration of smartphones.
- Growth in digitalization lead to the deployment of sophisticated building management systems, which would eventually widen the scope for FM and Business Support Services companies in the long-term. Service providers are capturing and processing vast amount of data, designing new and value-added offerings to customers by leveraging digitalization.
- Digitalization as a trend is also impacting IFM service delivery; IFM companies would see benefits through internal efficiency gains and therefore able to pass on the benefit to their client.

Consolidation & Merger and Acquisitions:

- Organized players are gaining more popularity in terms of adding more service activities through mergers or tie-ups with regional players.
- Some major brands in real estate are entering into this market by forming a subsidiary, thereby increasing competition.

-
- Business Support Services as seen as an extension of IFM services particularly in Commercial segment. Therefore, IFM companies can be seen foraying into Support Services such as manpower supply, warehousing, and employee background verification services through acquisitions.
 - After COVID-19 crisis, clients prefer organized IFM companies offering a basket of services versus small IFM companies.

Increase in Integrated Facility Management:

- Going forward, the demand for IFM Services is expected to gain momentum as it is cost effective and hassle free.
- Similarly, growth of IFM services lies in the development, up gradation and modernization of services provided by the suppliers.
- Integration of services brings in efficiency and reliability in the market.

Energy efficiency in Facility Management:

- Modern and high-rise buildings are continuously seeking to reduce energy consumption forcing end-users to focus on efficient maintenance of these systems.
- IFM Company needs to change the local perception of energy management solutions, for all phases of the facilities.
- Most IFM companies follow recycling and reusing practices. By proving to the customers that they care about the environment helps in maintaining long term relationship.

Need for stringent quality standard and compliance:

- There is stringent quality supervision is in place forcing IFM companies to adopt global best practices.
- Also, the facility managers need to comply with health and safety regulations.
- There are opportunities in strategic design of workplaces, which can improve the health, wellness, and productivity. This leads to introducing solutions to optimize the indoor environment.

Increase in the need for mechanized cleaning:

- Since there is an increase in floor space the need for mechanized cleaning is increasing gradually.
- As the structure of commercial buildings is becoming more complex, so the cleaning services with more specialized offerings.
- Mechanized cleaning can be managed remotely with a smaller number of workforces.

Key Technology Trends:

Technology is evolving at a rapid pace, and it is important for IFM companies to keep up to the evolving requirements. From wearables to artificial intelligence, new tools are emerging every day to help facility managers manage their responsibilities more effectively. The increase in internet and cloud connected devices has led to tools like mobile apps that enable FM managers to see what is happening with different systems in a building from anywhere (on- or off-site) and take actions or make changes with the press of a button.

Increased connectivity is also providing Facility Managers the ability to quickly collect and analyze all sorts of building data. This data can be used to show which equipment will need proactive maintenance and when, or to predict and manage energy consumption in various parts of a facility. Some of the key technology trends which will have high impact on organized players include the following:

A. IoT and Big Data Analytics:

- IoT is used to connect all the sensors and devices, through building automation and to exchange and analyze information and optimize controls automatically. This would help in visibility and control over their assets.
- Installations could benefit from up to 25% energy savings through proactive energy management programs.
- Big Data analytics have evolved to assist the building technologies industry in providing personalized analytics to end users.
- IoT creates opportunities for service providers to offer improved support to end users.

B. Remote Monitoring:

- Building Information Modeling (BIM) is typically used in conjunction with cloud architecture for remote monitoring.
- This approach allows contractor participants to access and review building information remotely, further increasing the collaborative potential and efficiency gains.

C. Cloud Solutions:

- Facility Management Software which are cloud-based, brings in opportunities for the remote servicing of equipment and systems enabled by connectivity and helps to access from any location/any device.
- This trend is depicting a growing shift to meet the mobile needs of facilities management.
- Workers are on the move and in order to access systems and information online, facility managers are increasingly depending on mobile applications.

D. Deployment of Artificial Intelligence (AI) and Robots in IFM:

- Assigning robots to complete complex cleaning and simple repair task helps to free up time.
- This shall enable to focus on strategic aspects of IFM such as workplace management ensuring compliance, etc.
- Still at a nascent phase, implementation of Robotic solutions on smart cleaning and security & surveillance is yet to be explored fully in India.

E. Enterprise Asset Management Systems:

- These systems have all core asset management features to efficiently manage the buildings. This includes applications to schedule and monitor maintenance, leasing, capex planning, and overall customer experience.

F. Computerized Maintenance Management Systems:

- This is a software that centralizes maintenance information of assets/ facilities. This helps in optimizing the utilization of resources.

G. Automated Facility Maintenance:

- Unorganized work environment leads to complex situations leads to poor management and underutilization of resources.
- Automation of the process makes everything easy to manage.
- These systems also help in automatically assigning tasks to employee and monitor his activities.
- Automation also helps in maintaining an organized work environment.

Competitive Overview

Indian IFM market is highly fragmented with close to 270 – 300 companies operating across the country. There are around 8 large companies comprising of Tier 1 category and have their presence across geographies and control about 19.2% of the total market in FY2023. Tier 1 companies have country-wide presence and serve almost all the end-user segments and have a vast client base. Around 50-70 companies belong to Tier 2 and have regional presence while more than 200 companies belong to Tier 3 category and operate in a small geographic zone, for example a single city or town.

The market also witnesses the presence of both international and domestic companies. International companies sub-contract majority of their services to gain access to various markets, manpower and customers in the region.

Exhibit 2.17: IFM Market: Competitive Structure, India, FY2023

Number of Companies	Close to 270- 300
Major Market Participants	<ul style="list-style-type: none"> • BVG • Updater Services Limited (UDS) • ISS Facility Services India Private Limited • Sodexo Facilities Management Services India Pvt. Ltd. • Qess Corp • SIS Limited • Krystal Integrated Services • Rentokil (Rentokil Initial Hygiene and Rentokil PCI)
Other Notable Market Participants	<ul style="list-style-type: none"> • OCS Group • Compass India Support Services Private Limited • Property Solution India Private Limited (PSIPL) • Impression Services • Lion Services Ltd. • Others
FM Consultants/ Managing Agents	<ul style="list-style-type: none"> • JLL • CBRE • Knight Frank • Cushman & Wakefield • Others

	<ul style="list-style-type: none"> • The above companies sub-contract FM projects to companies like BVG etc.
Key Competitive Factors	<ul style="list-style-type: none"> • Local market knowledge. • Retention of skilled workforce. • Statutory compliance. • Brand reputation. • Financial strength. • Ability to adopt advanced technologies. • Preventive maintenance techniques. • Ability to integrate end-to-end manpower & business services bouquet catering to entire range of customer's requirements. • Value-added services. • Customer retention: In IFM business, the most common form of contract is annual and therefore companies with the ability to retain clients have a competitive advantage.

Source: Frost & Sullivan Analysis

The major companies in the IFM market are BVG, UDS, Qness Corp, SIS Limited, Sodexo, and ISS Facility Services. Most of these Tier 1 FM companies have expanded their service portfolio to Business Support Services such as Mailroom Management Services, Employee Background Verification Services, Sales Enablement, Audits etc. BVG is the market leader in IFM followed by UDS in the second spot and SIS Limited and Qness Corp sharing the third place in FY2023 with a share of 3.8%, 2.8% and 2.7% respectively.

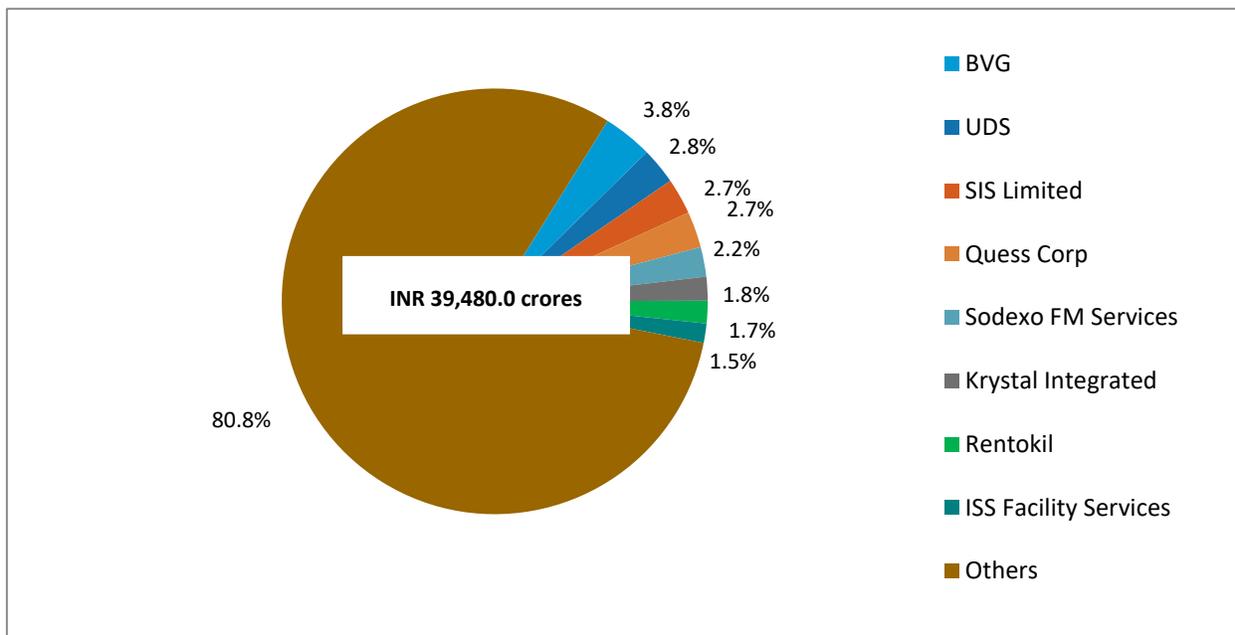
BVG was founded in 1993 and is the leading IFM provider in India. Their other business lines include Emergency Response Services, Solid Waste Management and Special Projects. They have a pan-India presence in more than 25 states and 110 cities and serve more than 1,000 sites. The company focuses on a wide range of end-user segments such as automotive, healthcare, banks, chemicals, pharmaceuticals, educational, and government. BVG is a key service provider to government facilities such as Rashtrapati Bhavan, Parliament House, income tax offices, residences of key constitutional functionaries, supreme court among others. The company has more than 60,000 employees in India. Their key strengths include quality, technology, training, and sustainability focus.

UDS is a leading, focused, and integrated business services platform in India offering IFM services and business support services (BSS) with a pan-India presence. UDS is the second largest player in IFM market in FY2023. UDS has developed a unique strategy for growth through both organic and inorganic routes. UDS has expanded its services portfolio over the years by venturing into higher margin businesses through multiple acquisitions and integrated the companies seamlessly. The company has the widest service offering in the industry, making it a unique and differentiated player in the market. UDS has witnessed strong growth over the years and is today, regarded as a leading company in many of its business areas.

SIS Limited is the third largest IFM company in India with about 82,000 employees and 74 branch offices in India. They provide cleaning, housekeeping, technical and pest control services under IFM contracts. The IFM services are provided through Dusters Total Solutions Services, SMC Integrated Facility

Management Solutions Limited, RARE Hospitality, Adis and TerminixSIS. The company provides best-in-class technology solutions, have developed robust processes, SOP guidelines and compliance, and is led by an experienced management team. They are prominent in healthcare, education, manufacturing, IT/ITeS, retail, pharmaceutical and data center segments.

Exhibit 2.18: IFM Market: Market Share Analysis, India, FY2023



* Others include OCS Group, Compass, Impressions, Proodle Hospitality and others.

Source: Frost & Sullivan Analysis

Exhibit 2.19: IFM Market: Financial Information of Major Companies (consolidated), India, FY2022

Company Name	Total Revenues, IN Crore, FY2022	EBITDA, FY2022	Return on Capital Employed, FY2022	Return on Equity, FY2022	Working Capital Days, FY2022
BVG	2,040	14.2%	26.8%	13.3%	116.5
UDS	1,492	5.8%	20.2%	16.2%	30.9
Quess Corp	13,697	4.6%	14.2%	9.9%	21.4
SIS Limited	10,084	5.2%	14.9%	15.7%	23.7
Sodexo	2,009	3.2%	12.9%	15.5%	40.5
Krystal	632	7.3%	22.8%	16.0%	58.2
ISS Facility Services	888	2.9%	10.1%	9.3%	90.1
Compass India*	835	-1.1%	-1.9%	-0.1%	101.1
Impressions	331	7.2%	17.0%	10.5%	113.6

Company Name	Total Revenues, IN Crore, FY2022	EBITDA, FY2022	Return on Capital Employed, FY2022	Return on Equity, FY2022	Working Capital Days, FY2022
OCS Group	272	1.5%	7.1%	5.9%	115.4

*Compass financial ratios represent Compass Group's FM business only, managed under the name Compass India Support Services

Rentokil is not included in the above financial analysis, as they are predominantly pest control services provider and do not offer other soft services such as cleaning.

For financial ratios, FY2022 is used as this was the latest common year for which financial statements were available for all companies.

EBITDA margin is calculated as profit before tax + finance cost + depreciation & amortization minus other income/revenue from operations.

Return on capital employed is calculated as earnings before income and tax (EBIT)/ (assets - current liabilities).

Return on equity is calculated as net income or PAT/shareholders' fund.

Working capital days is calculated as (current assets – current liabilities) * 365/ revenue from operations.

EBITDA, ROCE, ROE, and Working Capital Days are calculated based on overall company revenues and not from segmental revenues.

Companies are listed in the order of revenues from IFM business for FY2022

Source: Company Annual Reports

Exhibit 2.19a: IFM Market: Financial Information of Major Companies (consolidated), India, FY2023

Company Name	Total Revenues, IN Crore, FY2023	EBITDA, FY2023	Return on Capital Employed, FY2023	Return on Equity, FY2023	Working Capital Days, FY2023
BVG	2,318	12.8%	23.2%	12.4%	124.6
UDS	2,130	4.7%	11.1%	8.9%	17.8
SIS Limited	11,402	4.5%	11.6%	14.9%	31.6
Quess Corp	17,158	3.7%	11.7%	8.2%	15.8
Sodexo	2,461	NA	NA	NA	NA
Krystal	793	NA	NA	NA	NA
ISS Facility Services	999	NA	NA	NA	NA
Compass India*	960	NA	NA	NA	NA
Impressions	383	NA	NA	NA	NA
OCS Group	283	NA	NA	NA	NA

*Compass financial ratios represent Compass Group's FM business only, managed under the name Compass India Support Services

Rentokil is not included in the above financial analysis, as they are predominantly pest control services provider and do not offer other soft services such as cleaning.

EBITDA, ROCE, ROE, and Working Capital Days are calculated based on overall company revenues and not from segmental revenues.

Companies are listed in the order of revenues from IFM business for FY2023

NA – Not Available

Source: Company Annual Reports

Exhibit 2.20: IFM Market Revenues of Major Companies, India, FY2023

Company Name	Total Revenues, IN Crore, FY2023	Published IFM Revenues, IN Crore, FY2023	IFM Revenues as per this reports market definition, IN Crore, FY2023
BVG	2,318	NA	1,483
UDS	2,130	NA	1,093
SIS Limited^	11,402	1,900^	1,081
Quess Corp*	17,158	1,494*	1,081
Sodexo	2,461	NA	886
Krystal	793	NA	714
ISS Facility Services	999	NA	580
Compass India	960	NA	412
Impressions	383	NA	345
OCS Group	283	NA	218

^SIS Limited has a separate FM business and the segmental revenues are reported in their investor presentations FY2023.

* Quess Corp: IFM is reported under Operating Asset Management and about 57% of this segmental revenue is IFM in FY2023.

The “IFM Revenues as per this reports market definition” are the result of an analysis of published numbers (where available) and primary & secondary research methods including expert interviews with stakeholders.

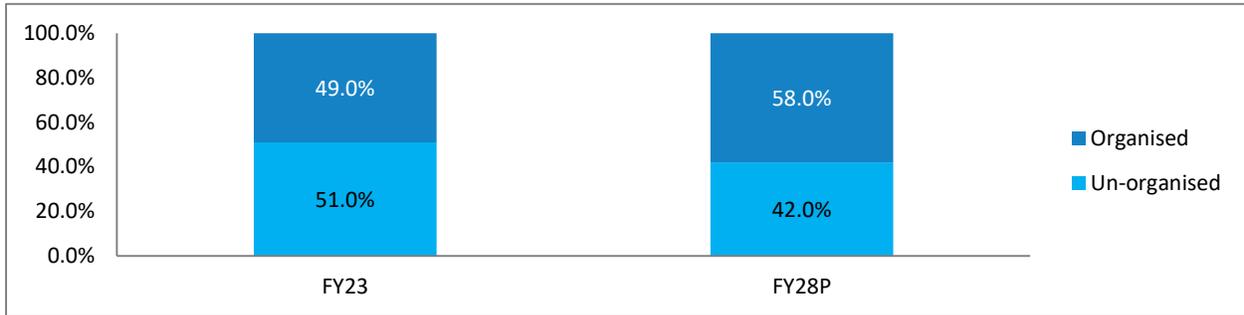
IFM market definition varies from company to company and for the purpose of this report it has been defined to include revenues from Soft Services, Hard Services, PSS, and Feminine Hygiene segments only. This “IFM Revenues as per this reports market definition” therefore includes the above said four segments only and does not include business support services, energy audits, security services, emergency services, waste management and other such services.

NA – Not Available

Source: Company investor presentations, annual reports and Frost & Sullivan analysis

Market Consolidation Trends:

Exhibit 2.21: Market Segmentation by Organized versus Un-organized Segment, India, FY2023 & FY2028P (Percentage)

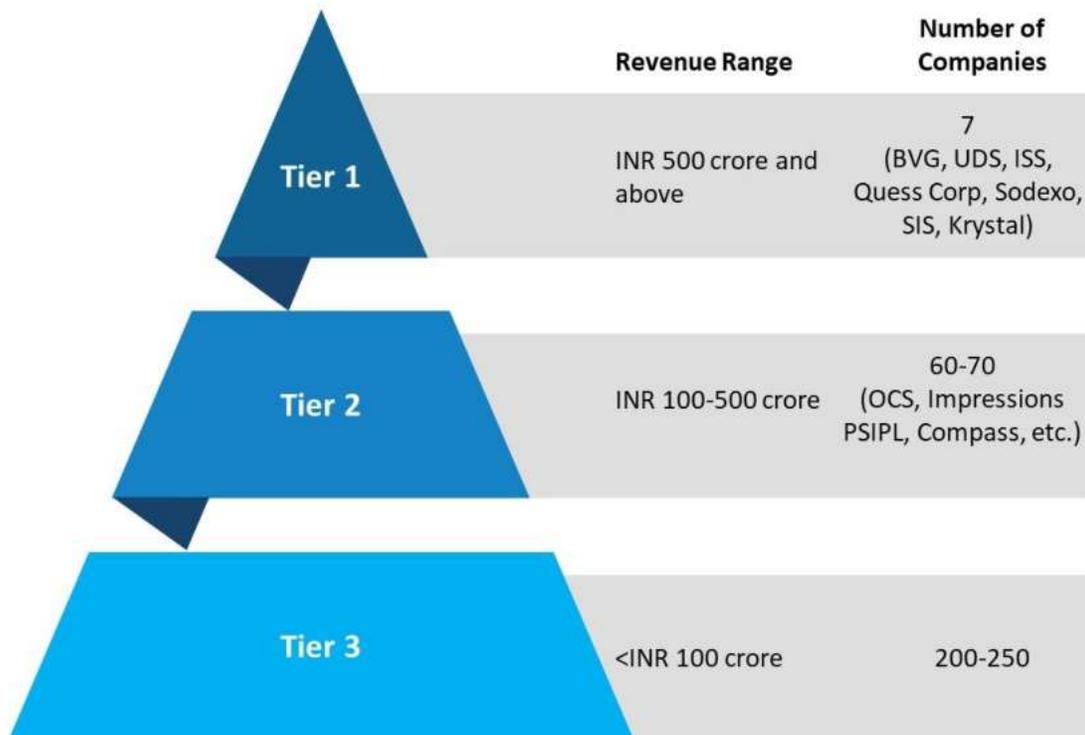


P-projections

Source: Frost & Sullivan Analysis

Note: Organized segment consists of companies that are regulatory and tax compliant. Unorganized segment companies are not compliant to regulatory and tax requirements.

Exhibit 2.22: Market Structure, India, FY2023



Source: Frost & Sullivan Analysis

Note: Rentokil is not included in the above financial analysis, as they are predominantly pest control services provider and do not offer other soft services such as cleaning.

IFM market in India is highly fragmented and unorganized. Small and medium-sized companies dominate majority of the market. However, in recent times there have been several Mergers & Acquisitions (M&A) indicating a market consolidation. This is driven by the need for an organized approach and demand for

professional IFM services. This on-going shift in the market is an outcome of increase in customer awareness about the risks associated with unorganized service providers that are not compliant with the quality and safety standards. This has led many small and unorganized service providers to exit the business.

Exhibit 2.23: Recent Examples of M&A in FM Market, India

OCS Group acquired stake in Absotherm Facility Management, Radiant Hospitality Services, and Cannon Hygiene India.	Dubai based EFS Facilities acquired Facility Service Provider — Dalkia India	Sodexo has acquired MacLellan Integrated Services India to expand its India footprint.
Samara Capital acquired Sanjay Maintenance Services Pvt. Ltd	Mortice Group acquired Tenon and Roto Power	Compass Group acquired Vipul Facility Services
A2Z Infra Services acquired IPM&SL (IL&FS Property Management & Services Limited) and CNCS Facility Solutions	Dusters Hospitality Services and Total Solutions merged to form DTSS and acquired Facilitec, a Singapore-based FM company	Quess Corp acquired Avon FM Services Pvt. Ltd., AravonFM, Aramark India Private Ltd. and Manipal Integrated Services Pvt. Ltd

Source: Frost & Sullivan Analysis

Small and regional companies face challenges in scaling up their businesses with respect to capital expenditure (CAPEX), regulatory compliance, and capabilities. The introduction of GST in India is expected to bring in transparency through amplifying the tax base where clients are expected to use formal banking channels to pay for their services and manpower requirements as opposed to the current method of payments done through cash by the un-organized players. The competition is very fierce in this category; this along with the above-mentioned factors is expected to trigger the shift of the IFM services from un-organized to organized market.

Apart from the above, the increasing demand for IFM, energy efficiency, stringent quality and compliance standards, and the increased need for mechanized cleaning, are key industry trends which will drive demand for organized IFM and as a result, is expected to consolidate the business amongst organized players. As the scope and value add of outsourced IFM increases, the demand for organized &

standardized services and subsequent outsourcing of such services to organized service providers such as BVG, UDS, ISS, SIS etc. will also increase.

IFM companies have followed the in-organic route for growth in India and the market has seen several Mergers and Acquisitions. Samara Capital acquired 100% stake in Sanjay Maintenance Services Pvt. Ltd. (SMS) in 2017 and Samara Capital invested INR 140 crore for the acquisition. ²⁶

Industry Risks and Challenges

Lack of availability of technical and non-technical labor is one of the biggest challenges the industry is facing currently. The lack of qualified staff has increased the lead times in mobilizing resources/staff after a project has been successfully contracted. Increasing inflation and labour cost have forced many customers to replace long-term contracts with medium-term ones. Many customers find it easier to maintain medium- and short-term contracts rather than long-term ones as the latter will lead to price rise.

Key Challenges in the IFM market are:

- **Stiff Competition:** The market is highly competitive with the presence of large number of domestic and few international companies. It is also noted that some big domestic companies having principal business in real estate are entering into this market by forming a subsidiary, thereby increasing competition.
- **Retention of Workforce:** High attrition rate mainly because of high demand for quality manpower and competitive remuneration, is making it difficult to retain skilled workforce, especially in soft services segment.
- **Perception of IFM Services:** IFM services are perceived to be only traditional housekeeping services which in fact is far beyond
- **Lack of Market Maturity:** The Indian IFM lags in areas such as market maturity and appreciation for high standards of service delivery
- **Price Sensitivity:** Customers are highly price sensitive, and this has resulted in increasing preference for FM companies who are non-compliant with regulations related to Provident Fund (PF), Employees' State Insurance Scheme (ESIC) etc.

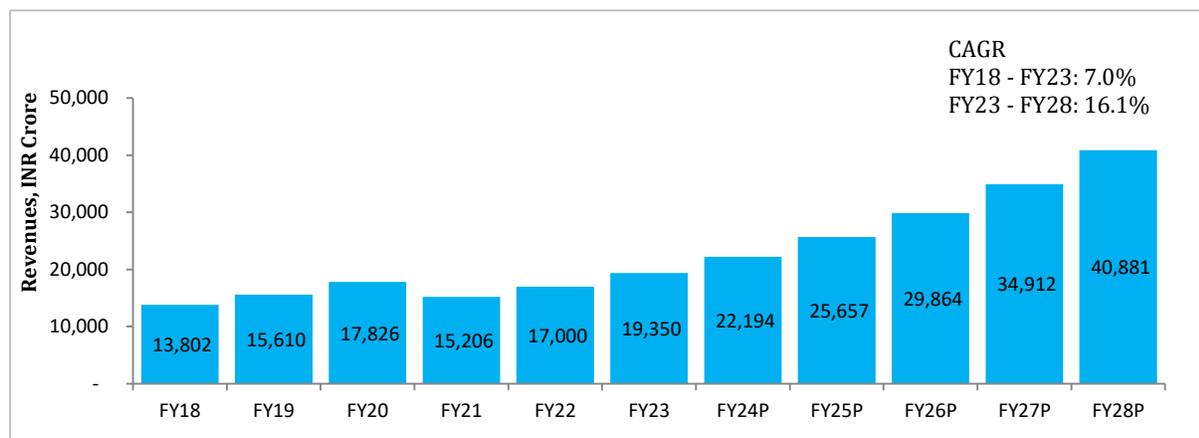
Soft Services Segment Analysis

Market Size & Segmentations:

Soft Services segment was estimated at INR 19,350.0 crore in FY2023 and has recorded a CAGR of 7.0% from FY2018 – FY2023. COVID-19 impact on the Soft Services segment is estimated to be de-growth of 14.7% in FY2021.

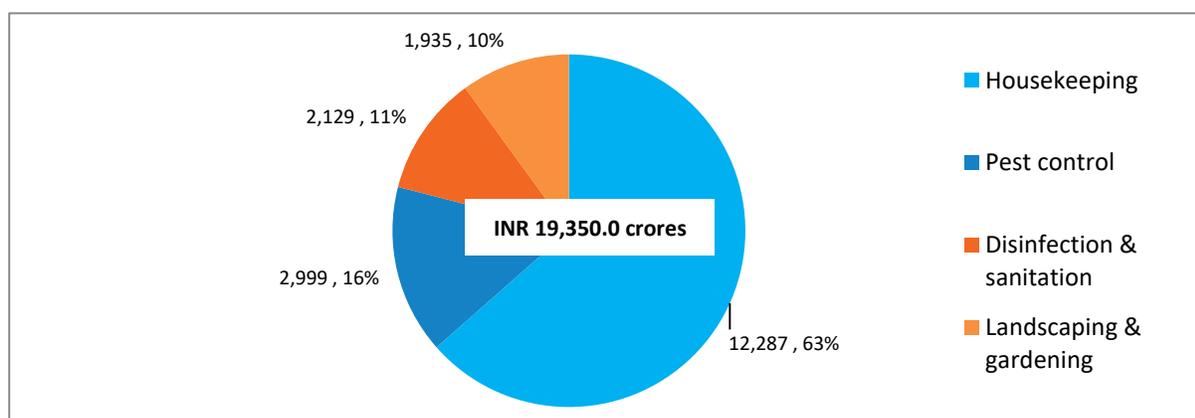
²⁶ <https://economictimes.indiatimes.com/news/company/corporate-trends/samara-capital-acquires-facilities-management-company-sanjay-maintenance-services/articleshow/58287876.cms>

Exhibit 2.24: Soft Services Segment Market: Historic and Forecast Revenue Trend, India, FY 2018 - FY2028



Source: Frost & Sullivan Analysis

Exhibit 2.25: Soft Services Segment Market: Breakdown by Service Types, India, FY2023 (INR Crore)



Source: Frost & Sullivan Analysis

Around 63% of the Soft Services segment market revenues are from Housekeeping/ Cleaning / Janitorial services. Growing importance for clean and hygienic workplaces is driving the demand for this service. A hygienic business environment increases concentration and boosts productivity by reduced stress and fear, particularly during the COVID-19. This service would continue to dominate the Soft Services segment market during the forecast period. The COVID-19 pandemic created demand for Disinfection & Sanitation services and this service accounted for around 11% of the total Soft Services segment market in FY2023. Rest of the market is with Landscaping & Gardening and Pest Control Services.

Market Forecast:

Indian commercial office segment witnessed strong recovery in terms of resuming work from office in the last year. This resulted in a high growth in Housekeeping, Pest Control and Disinfection Services demand. With the ongoing trend of hybrid work model, the demand for these services from the offices segment is anticipated to remain high in the forecast period. Demand from other segments such as hospitals, retail,

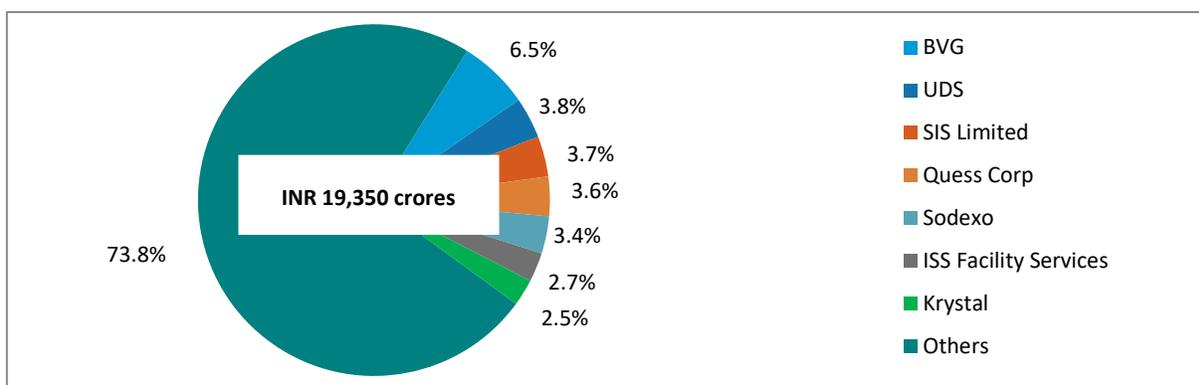
hospitality, and industrial segments are also expected to be high for all Soft Services as they have started 100% operations and are wanting to maintain high standards for hygiene to prevent infection. The demand spiked by 30-40% during FY2021 and the same trend is expected to continue up to FY2023.

A key trend expected to witness high growth in the forecast period is the adoption of technology in Soft Services. Cleaning tools and machines are expected to be deployed to assist manpower in achieving superior quality in cleaning and to enhance productivity.

The Soft Services segment market is forecast to grow at a CAGR of 16.1% from FY2023 – FY2028 and reach INR 40,881.5 crore.

Competition Overview and Market Share Analysis:

Exhibit 2.26: Soft Services Segment Market: Market Share Analysis, India, FY2023



* Others include Compass, Impressions, OCS Group, Rentokil, and others.

Source: Frost & Sullivan Analysis

All the IFM companies provide Soft Services, and the top 5 companies²⁷ account for 21.0% of the total Soft Services market in FY2023. Soft Services segment is also highly fragmented, similar to the IFM market. BVG is the market leader in Soft Services with a share of 6.5%. UDS is the second largest player in the Soft Services segment market with a share of 3.8% in FY2023. UDS business strategy has been to focus on major end user segments that require differentiated services and focus on value rather than price. This has helped them to scale up their business in healthcare segment, where the company provides hospital management services through Annual Maintenance Contracts (AMC). UDS is one of the leading companies providing services to healthcare segment. UDS closely competes with SIS Limited with a share of 3.7% in FY2023. The other 2 companies in the order of ranking are Quess Corp and Sodexo.

Many companies came up with new service offerings related to Disinfection and Sanitation during the pandemic. For example, one of the leading IFM companies, ISS launched disinfection and hygiene solutions called ‘Pure Space’ which uses ATP technology to provide microbial count²⁸.

²⁷ Rentokil is not considered in this analysis as they are mainly into pest control services only and do not offer other soft services such as cleaning

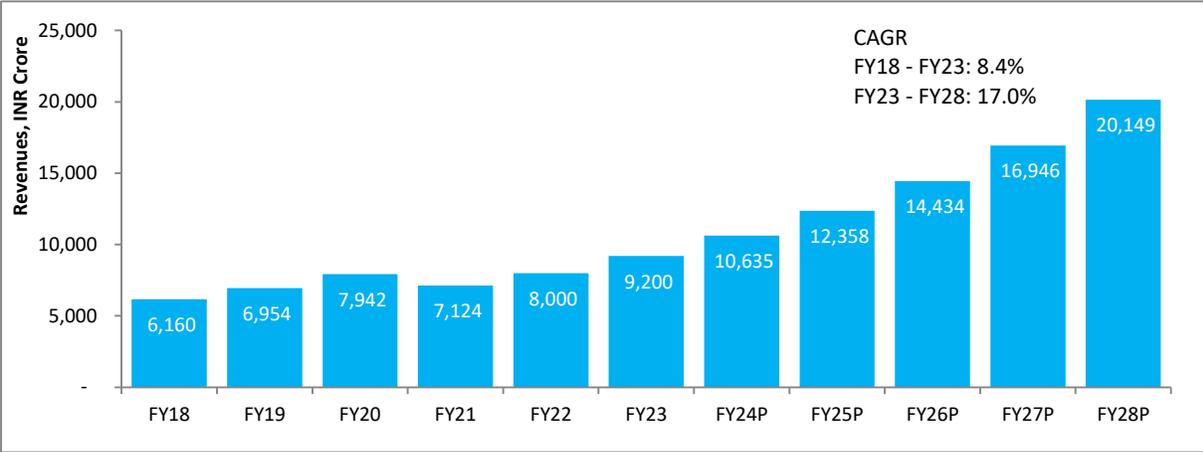
²⁸ <https://www.zeebiz.com/india/photo-gallery-covid-19-impact-workplace-disinfection-a-rising-demand-132219>

Hard Services / Engineering Services Segment Analysis

Market Size & Segmentations:

Hard Services segment was estimated at INR 9,200.0 crore in FY2023 and has recorded at CAGR of 8.4% from FY2018 – FY2023. COVID-19 impact on the Hard Services segment is estimated to be de-growth of 10.3% in FY2021.

Exhibit 2.27: Hard Services Segment Market: Historic and Forecast Revenue Trend, India, FY2018 - FY2028

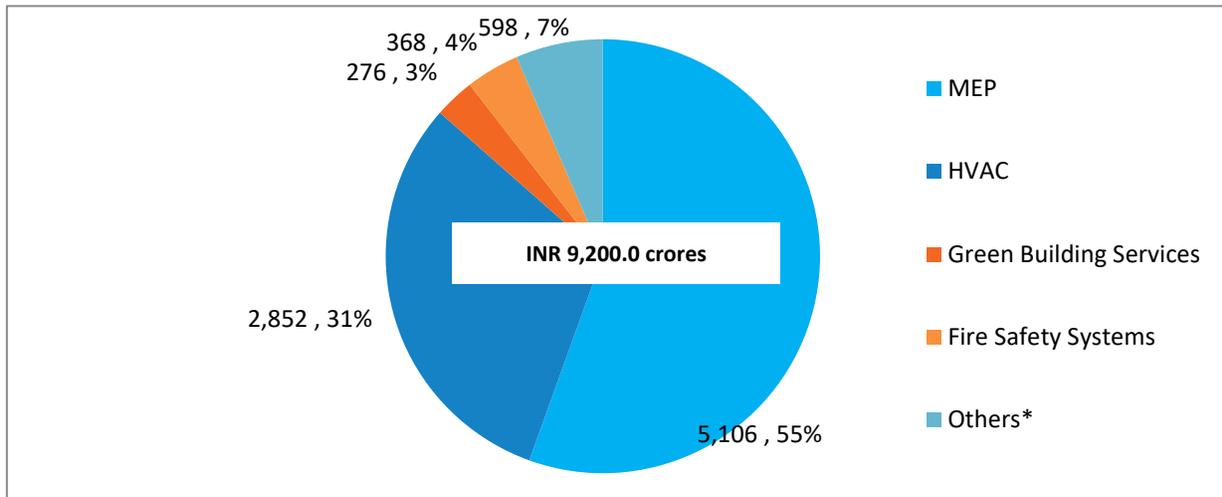


P-Projections

Source: Frost & Sullivan Analysis

Historically, Hard Services Segment is dependent on the demand for Mechanical Electrical and Plumbing (MEP) services; however, since 2012 there is a gradual shift in the market. Apart from HVAC, today’s buildings are equipped with fire, smoke, and carbon monoxide detection systems, automated firefighting/fire suppression systems, ELV/ low voltage, and medium voltage systems, such as building automation system, security systems (access control, Closed-circuit television (CCTV)), lighting control systems, power distribution, switchgears, generators, transformers, lightning protection, data and voice cabling etc. This has increased the demand for HVAC, Fire Safety Systems, Lighting Systems and Utilities maintenance, and there by the overall demand for Hard Services.

Exhibit 2.28: Hard Services Segment Market: Breakdown by Service Types, India, FY2023, INR Crore



* Others include Lighting Systems, Utilities etc.

Source: Frost & Sullivan Analysis

The growing need for energy management and reduction of the building operating cost has increased the focus on preventive maintenance which is now a lucrative area for growth. With the emphasis on resource efficiency and net-zero buildings, property developers are focusing on water treatment, grey water treatment and water re-use systems. Additional equipment such as solar, gas, electric-powered hot water generators and roof-top solar photovoltaic power systems, in line with the construction market trends are adding to complexity of building maintenance and at the same time increasing the potential for Hard Services.

The facility manager is challenged to ensure that the involvement and skill level of staff must be on-par with the technology and processes, thereby, guaranteeing smoother operations and control of the building. At the same time, organized IFM service providers will benefit as they can quickly bring in competencies to reach out to the rapidly evolving needs of the building owners; demand for maintenance of equipment that is high on energy consumption is a major focus area for facility managers. Modern and high-rise buildings are continuously in need to reduce energy consumption, post introduction of green building concepts forcing end-users to focus on efficient maintenance of these systems.

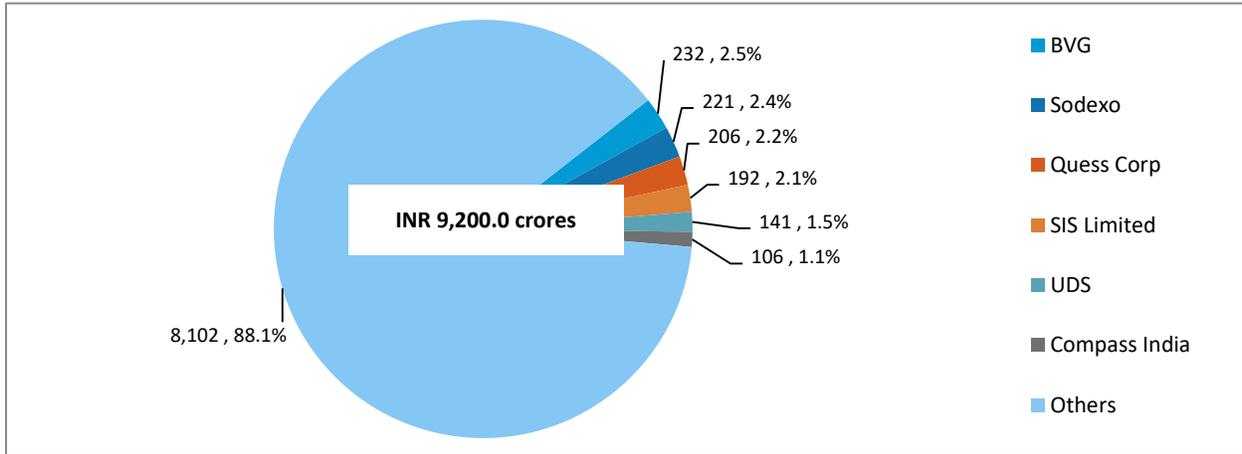
Market Forecast:

Increase in real estate investments would drive the demand for various Hard Services and the market is expected to grow at a CAGR of 17.0% from FY2023 to FY2028 and reach INR 20,148.6 crore.

Competition Overview and Market Share Analysis:

Like Soft Services, all the IFM companies provide Hard Services, and the top 5 companies account 50.8% of the total Hard Services market in FY2023. BVG is the market leader in Hard Services with a share of 25.5%. The other 4 companies in order are Sodexo, Qness Corp, SIS Limited and UDS. Hard Services market is extremely fragmented than the Soft Services market in India.

Exhibit 2.29: Hard Services Segment Market: Market Share Analysis, India, FY2023, INR Crore



* Others include Krystal, and others.

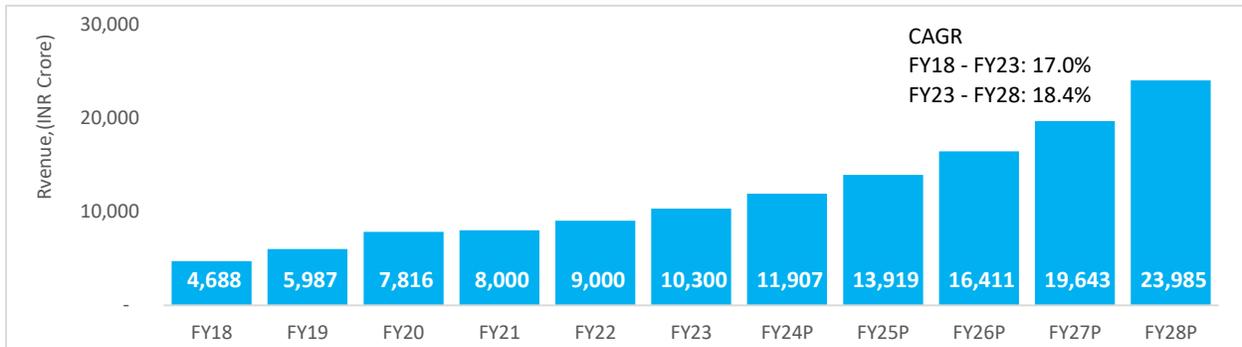
Source: Frost & Sullivan Analysis

Production Support Services (PSS) Segment Analysis

Market Size & Segmentations:

PSS segment was valued at INR 10,300.0 crore in FY2023 and has recorded a CAGR of 17.0% from FY2018 – FY2023. COVID-19 impact on this segment is estimated to be a marginal growth of 2.4% in FY2021.

Exhibit 2.30: PSS Segment Market: Historic and Forecast Revenue Trend, India, FY2018 – FY2028

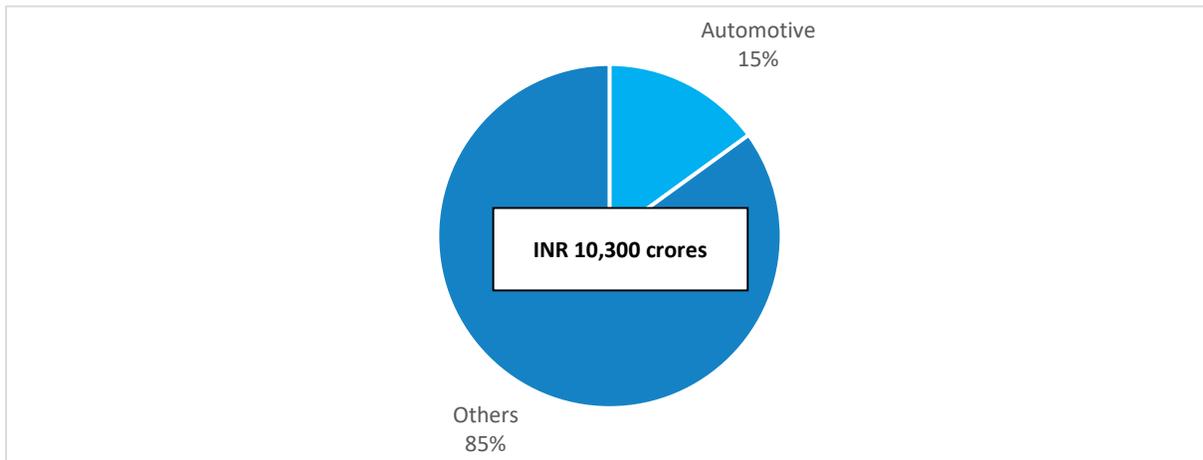


Source: Frost & Sullivan Analysis

Automotive industry is a key demand driver for PSS in India and accounts for 15.0% of the total market in FY2023. As per the National Automotive Mission Plan 2016 – 2026 and the Society of Indian Automobile Manufacturers (SIMA), the automotive segment is expected to account for 65 million new jobs by 2026. One of the niche segments within automobile industry is the electric vehicles segment, which is expected to grow at a CAGR of 49% from CY2022 – CY2030 and create 50 million direct and indirect jobs by 2030.²⁹

²⁹<https://timesofindia.indiatimes.com/business/india-business/e-vehicle-industry-will-create-5-crore-jobs-by-2030/articleshow/97508307.cms>

Exhibit 2.31: PSS Segment Market: Percent Revenue Breakdown by End User Segments, India, FY2023



Source: Frost & Sullivan Analysis

Market Outlook and Forecasts:

FICCI's quarterly survey (Q1 April – June FY2023)³⁰ on manufacturing sector says that the growth momentum continued in Q1 of FY2023, and the hiring outlook is positive after a long gap. This positive outlook for hiring from the manufacturing segment would drive the demand for PSS in the long-term. Hiring is expected to remain positive in manufacturing, engineering, and fast-moving consumer goods across Mumbai, Bangalore, Chennai, Delhi, Pune, Hyderabad and Ahmedabad. Healthcare is a key segment that is expected to drive the demand for PSS in the long-term. Most of the recruitment is expected to be towards operations, while sales and marketing, engineering and technology oriented jobs are also expected to witness demand in the manufacturing segment.

Competitive Landscape and Major Players:

PSS services are offered by leading IFM companies and Staffing companies in India. The major IFM companies providing PSS include Qess Corp, UDS, Krystal Integrated Services, OCS Group and SIS Limited. Staffing companies that provide PSS are Teamlease, Randstad, Manpower, Adecco etc. The market is fragmented and more than 200 companies competing in this segment. Leading IFM company UDS, is the market leader in this extremely fragmented segment with a market share of 2.0% in FY2023. UDS is one of the leading PSS providers to the automotive segment in India. UDS is closely competed with SIS Limited and Qess Corp with a market share of 1.67% and 1.66% respectively in FY2023.

Hygiene Services Segment Analysis

Market Overview and Growth Outlook:

Hygiene Services are gaining prominence in India because of the increasing awareness on personal hygiene, generational shift in India and availability of products on e-commerce platforms. Hygiene

³⁰<https://www.thestatesman.com/business/employment-outlook-improves-manufacturing-sector-ficci-survey-1503082432.html>

Services have become much more imperative and sought after today to avoid contracting or transmitting germs and infectious diseases, emphasized by the global pandemic. Historically the market was offering soaps, hair care and face wash related products, and air fresheners, but now has undergone a transformation in terms of products being sold for personal hygiene, particularly for feminine hygiene.

Feminine Hygiene Unit is a niche sub-segment within Hygiene Services. Various products and solutions offered under this sub-segment are Sanitary Napkins/Pads along with solutions targeted towards proper disposal of sanitary waste. Demand for feminine hygiene products and solutions are driven by the following:

Government Initiatives to Improve Menstrual Hygiene: National Family Health Survey conducted in 2015-2016 revealed that of the 336 million menstruating women in India only about 121 million were using sanitary napkins and this is about 36% penetration³¹. The government of India has taken several initiatives to increase awareness on menstrual hygiene such as the Menstrual Hygiene Scheme (MHS). The goal of the scheme was to raise menstrual hygiene knowledge among adolescent girls and to improve adolescent girls' access to and usage of high-quality sanitary napkins in rural regions also ensuring that sanitary napkins are properly disposed of in an environmentally appropriate manner.

Increase in Female Literacy Rates: India's literacy rate has been steadily rising as more people acquire higher education. Women literacy rates have also witness strong growth from around 63% in 2015 to 70.3% in 2018 as per the National Statistical Office (NSO)'s study on 'Household Social Consumption: Education in India' from July 2017 to June 2018. India has seen an overall increase of over 18%³² in female enrolment in higher education from 2015-16 to 2019-20 in India.

Female Labour Force: Gig economy, usage of digital technology and growing acceptance of virtual working for sales and distribution functions are expected to attract more female workforce in India.

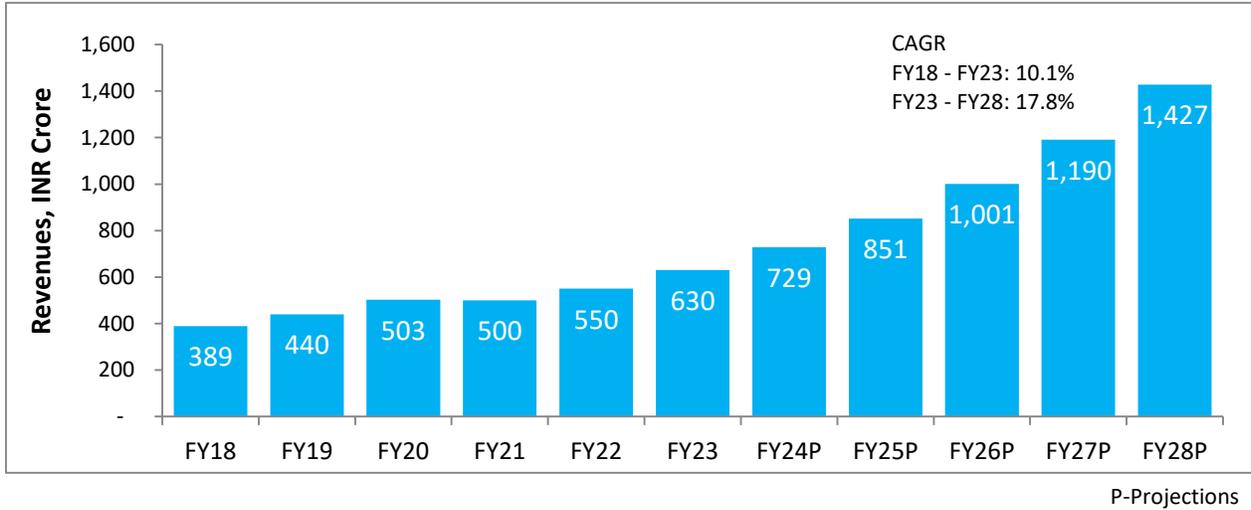
Market Size and Forecasts:

The Hygiene Services Market comprising of air fresheners, washroom hygiene and other hygiene products is estimated at INR 630.0 crore in FY2023 and is forecasted to reach INR 1,427.3 crore by FY2028, registering a CAGR of 17.8% from FY2023 – FY2028. Feminine Hygiene Units are a system consisting of a bin and bin liners that are used for safe disposal of sanitary waste. This is a niche market segment within the Hygiene Services market and is estimated to be around INR 60.0 crore in FY2023.

³¹ <https://swachhindia.ndtv.com/menstrual-hygiene-day-facts-26-percent-use-sanitary-pads-periods-34309/>

³² <https://timesofindia.indiatimes.com/home/education/news/18-more-women-in-higher-education-in-5-years/articleshow/83415039.cms>

Exhibit 2.32: Hygiene Services Segment Market: Revenue Forecasts, India, FY2018 – FY2028



Source: Frost & Sullivan Analysis

With the anticipated increase in menstrual hygiene awareness the demand for sanitary napkins is expected to increase and this will create the demand for safe and proper disposal of it. The existing system for sanitary waste disposal is poor and causes severe environmental issues and therefore Feminine Hygiene Units are well poised to witness high growth opportunities in the coming years.

Competition Overview:

The market for Hygiene Services is highly fragmented in India. Key companies providing air fresheners in India are Dabur India, Godrej Consumer Products, Airance, Procter & Gamble among others. New product development has been a strategic approach adopted by leading companies to gain competitive advantage by tapping into niche applications.

Feminine Hygiene Units is an example of such innovation and is currently offered by very few companies such as Washroom Hygiene Concepts and Rentokil Initial India. The common business model is to install the units in end user locations and the service provider would collect the waste on a periodic basis and dispose the waste in an appropriate manner as per regulations. The bin liners are patented products, and this creates entry barriers for companies to enter this niche market. Rentokil Initial is the market leader in Feminine Hygiene Units with revenues INR 41 crore and a share of 68.3% in FY2023. Washroom Hygiene Concepts was acquired by UDS in September 2019 and is the second largest player with revenues INR 13 crore and a market share of 21.7% in FY2023.

SECTION 3: BUSINESS SUPPORT SERVICES (BSS) MARKET ANALYSIS

Market Definitions:

Business Support Services (BSS) is defined as a set of ancillary services that are provided to companies for the smooth conduct of business operations. There are several service segmentations within BSS and for this report it includes the following services only:

- **Mailroom Management Services:** These services include processing and sorting the company's incoming and outgoing mail. This service is customizable based on client processes and provides complete visibility of mail movement with a track and trace facility. It also includes asset movement services, such as asset pick-up, packaging, and delivery including reverse logistics. The market only consists of the services and does not consider the revenues from sales of mailroom management systems and software.
- **Employee Background Verification Services:** These services are used to vet an individual's employment history, commercial records, financial records, and other activities to confirm their authenticity. Address verification, education verification, criminal record verification, previous employment verification, reference checks, drug test, and credit checks are used for background verification. In recent years, social media checks are also being used to confirm the identity and records of an individual.
- **Retail/Channel/ Trade Audits & Assurance Services:** These services include end-to-end supply chain audits including warehouse depot audits, distributor audits, retail point audits, market hygiene audits, and channel/ trade claims processing and schemes administrations/ trade programs among others.
- **Sales Enablement Services:** These services include the iterative process of giving a company's sales force the resources they need to close more deals and increase sales. They include services, such as tele-calling, demand generation, sales plan execution by providing field staff, marketing services, intelligent database management systems, and training, among others.
- **Airport Ground Handling Services:** These refer to a range of services provided to facilitate an aircraft ground repositioning. The major categories of ground handling services are passenger handling, cargo handling, ramp handling, and catering, among others, which help in the preparation and conclusion of a flight. Passenger and ramp handling services are provided for passenger flights, whereas cargo handling services are for freighter flights.

Market Overview

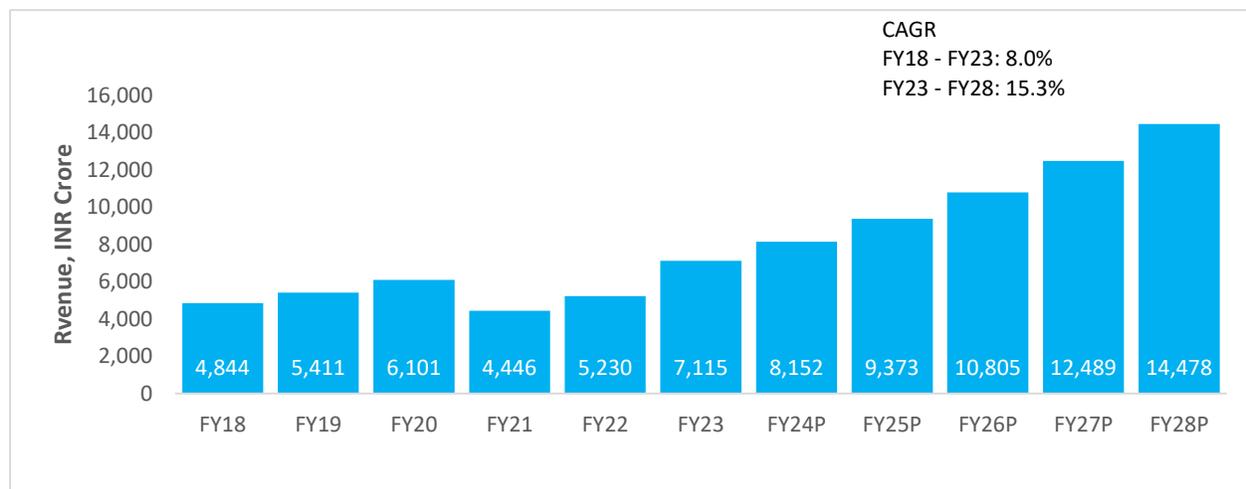
The business environment today is complex and globalized. To be competitive, organizations need to develop and strengthen their core competencies. Internal resources are being released from non-core business activities to focus more on their critical business processes. Organizations have resorted to outsourcing their non-core business activities or support services to specialized third-party companies. Business support services, when conducted internally can be expensive and time-consuming if not handled efficiently, as the organizations may lack the expertise and resources to handle these services effectively. The key benefits of outsourcing business support services include:

- **Improved Process Optimization and Efficiency:** Outsourcing support services bring in the necessary special skills and technology, and expertise which will lead to increased productivity and efficiency in the process thereby contributing to the bottom line of an organization.
- **Focus on Core Business Areas:** Outsourcing BSS releases internal resources to focus on growth, brand building, and value-added services. This helps organizations to focus their resources on core business functions.
- **Cost Benefits:** Outsourcing BSS eliminates the need to invest in infrastructure and technology thereby contributing to the organization’s bottom-line growth. Outsourcing helps release capital for investment in other business areas.
- **Access to Skilled Resources:** Organizations get access to skilled resources when BSS is outsourced. There is no need to invest in recruiting and training resources for businesses.

Market Size and Forecast:

The market for BSS is valued at INR 7,115.0 crores in FY2023. The market recorded a CAGR of 8.0% from FY2018 to FY2023. The market witnessed a decline of 27.1% in FY2021 due to restrictions imposed during the COVID-19 pandemic. During the pre-COVID-19 period the market grew at a CAGR of 12.2% from FY2018 to FY2020, driven by the growing demand for outsourcing from the growing industrial and commercial sectors. The BSS market is expected to grow at a CAGR of 15.3% from FY2022 – FY2028 and reach INR 14,477.6 crores.

Exhibit 3.1: BSS Market: Historic and Forecast Revenue Trend, FY 2018–FY 2028, India



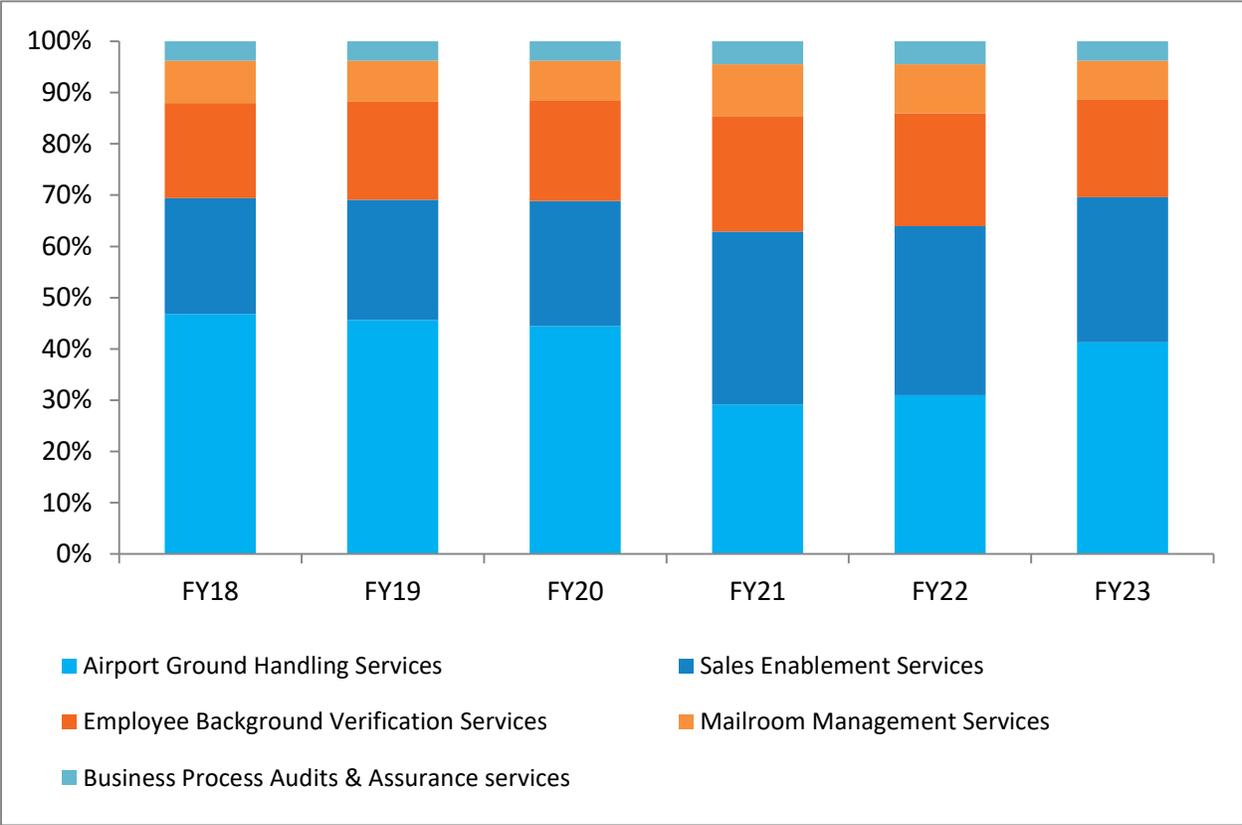
P-Projections

Source: Frost & Sullivan Analysis

Ground Handling Services is the largest segment within BSS in FY2023. The need for ground handling services will rise due to high traffic growth from both passenger and freight transportation. The development and renovation of airport terminals as well as the growth of airline fleets would have a significant impact on the demand for ground handling services in India. The market for ground handling services in India will grow as more beneficial government programs are implemented. The second largest

segment in BSS is the Sales Enablement Services market. Improvisation of internal business processes and the need for technology adoption are the major drivers for Sales Enablement Services market in India. One of the customer needs is to improve the targeting and the efficiency of their business developing teams by providing them qualified leads. Another major growth enabler is the offshoring of work from the USA, Europe, and other global countries. Relatively lower labour costs, ability to handle complex tasks etc. make India an attractive destination for outsourcing these services. This is a global trend with multinational customers outsourcing activities to delivery partners and centres across the world much like has been seen in the IT industry, and the market is expected to witness high growth in the long-term. Other BSS segments benefiting from offshoring are Audits and Assurances and remote audit work.

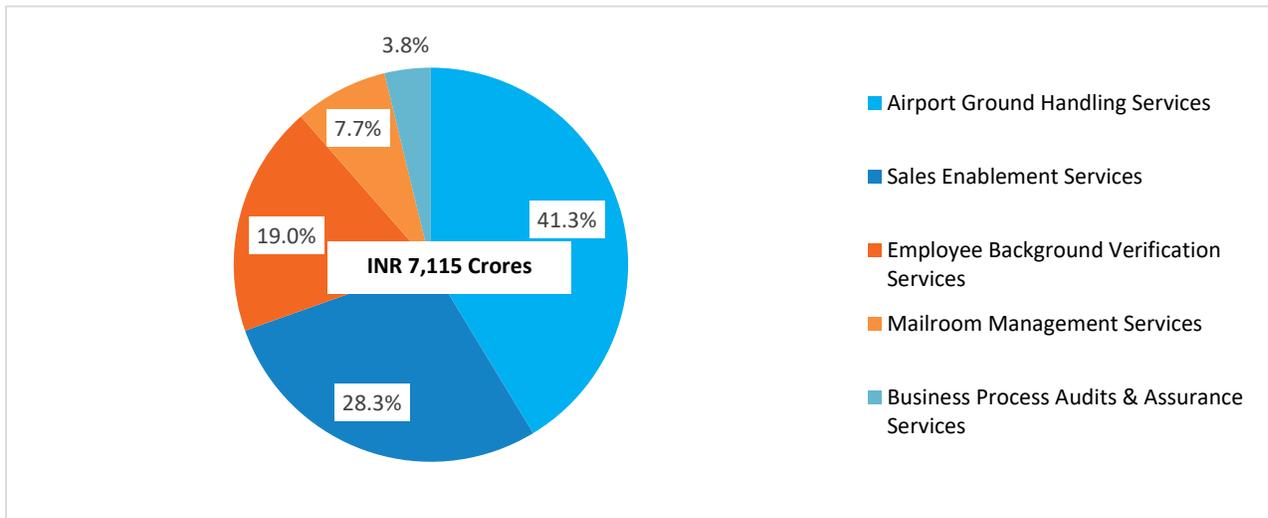
Exhibit 3.2: BSS Market Historic Revenue Percentage Breakdown, FY 2018–FY 2023, India



Note: The lower share of Airport Ground Handling Services in FY21 and FY22 is due to the COVID-19 related travel restrictions.

Source: Frost & Sullivan Analysis

Exhibit 3.3: BSS Market: Breakdown by Service Types, India, FY2023



Source: Frost & Sullivan Analysis

With changing business dynamics and complexity, many services, such as employee background verification and sales enablement, that were previously performed in-house are being outsourced. The increase in preference for outsourcing is expected to grow in the long term and this would spike the demand for BSS.

Competition Overview:

The BSS market, because of the wide spectrum of services offered, is highly fragmented in nature. Medium and small companies have a dominating presence in the market in India. This level of market fragmentation, along with growing importance of compliance is expected to drive market consolidation. The market witnesses the presence of both MNCs and local companies across various services offered.

A few IFM companies have extended their portfolio to provide BSS services; for example, Qness Corp has expanded its service offering to include compliance and payroll processing, Sodexo is now providing mailroom management. UDS has diversified its business offering into audits & assurances, employee background verification, sales enablement services, and airport ground handling services, which highlights the company's vision and strategy for growth. Among the BSS companies in the market, few have presence in sales enablement, feminine hygiene, and airport ground handling services; UDS has the widest service offering, thus positioning them in a unique spot in the BSS market in India.

Mailroom Management Services Segment Analysis

Market Overview and Growth Outlook:

The mailroom is the main point of communication for any organization, as it forms the central hub of the internal mail and the interface for external mail. Managing the mailroom internally is a resource-intensive and time-consuming process. Companies outsource this service for effective management of in-bound and out-bound mails, pre-processing of mails, vendor management, and so on. Mailroom management services offer a systematic approach to mail management and help in the prevention of communication

gaps between departments involved in the sending and receiving of mail. The most common services offered under mailroom management are:

- Facilitating and coordinating inbound and outbound mail, letters, packages, and other things in a facility. This includes end-to-end services, starting from mail, packages, office supplies, & assets collection, distribution, tracking and delivery etc.
- Providing single point contact for all mail services, such as collection, documentation, vendor management, tracking of mail/package/ asset movement, ensuring delivery etc.
- Niche cargo and logistics solutions
- Service providers deploy people, processes, and technology for effective mailroom management.

Some of the end-user segments where mailroom management services play a vital role, other than the traditional IT/ commercial offices segments are:

- **Retail & E-Commerce Industry:** With E-Commerce businesses rising every year and especially during the pandemic, safe and secure delivery of documents/goods/products and packages has become a necessity. This has driven the demand for professional mailroom management services.
- **Transportation & Logistics:** Transportation & logistics companies need to keep track of many vehicles as well as employees operating them. Outsourcing their mailroom requirements ensures that their deliveries on made on this and any issues are resolved swiftly. Outsourcing these services streamlines their operations and enables them to better serve their clients, and therefore higher outsourcing is observed in this segment.
- **Healthcare:** Healthcare data is confidential, and any breach of personal information can have major implications on company/brand reputation. Mailroom management services secure sensitive customer data by unifying processes that are used to sort, send, and store data and therefore a major user of this service.
- **BFSI:** Banking, Financial services and Insurance (BFSI) segment has stringent documentation standards to maintain compliance. With numerous financial operations to account for such as accounts payable and receivable and accounting functions, the outsourcing of mailroom management services is seen as critical to ensure that processes run smoothly.

The shift from paper to electronic documentation has been happening for years, across all platforms. Mailrooms have also been widely digitalized across the world. The digital mailroom eliminates the need for time-consuming searches through stacks of papers and any concerns associated with lost or misplaced documents. With the added advantage of data security, data collecting speed increased auto-adjudication rates, and cost reductions, the demand for automated/digital mailroom management services is expected to increase in the long term.

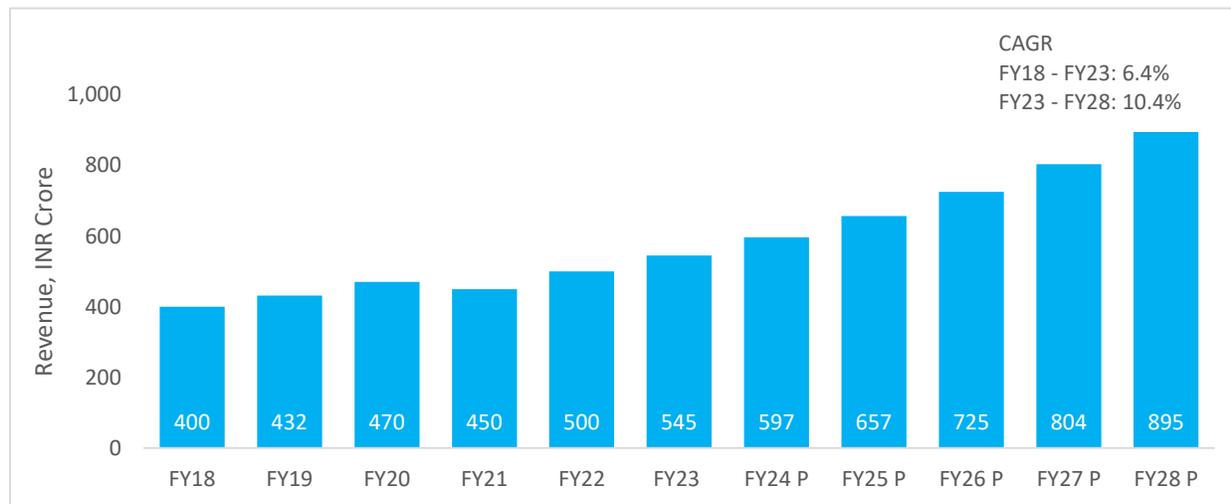
The COVID-19 pandemic created a demand for end-to-end asset movement services, particularly from the IT segment. Most companies adopted a work-from-home policy, and this has created a demand for asset movement across the country. Asset relocation was a critical service offered during the pandemic, where the assets were moved efficiently from offices to employee homes and vice versa. Apart from IT

equipment and source codes, there was a demand for transporting oxygen concentrators, as many organizations were supporting their employees by providing lifeline support during the pandemic.

Market Size and Forecasts:

The Mailroom Management Services market is estimated to be INR 545.0 crores in FY2023 and has registered a CAGR of 6.4% from FY2018–FY2023. Due to the impact of the COVID-19 pandemic, the market declined by 4.3% in FY2021. It is expected to grow at a CAGR of 10.4% from FY2023 to FY2028 and reach INR 894.5 crore in FY2028.

Exhibit 3.4: Mailroom Management Services Segment Market: Revenue Forecasts, India, FY2018–FY2028



P-Projections

Source: Frost & Sullivan Analysis

Focus on increasing employee productivity is gaining prominence and organizations are increasing outsourcing of non-core activities to specialist companies, so that internal resources can focus on core activities, thus driving the growth of the Mailroom Management Services market in India.

Competition Overview:

The Mailroom Management Services market is dominated by local companies and is highly fragmented, with the organized companies accounting for 20-30% of the total market and the remaining 70-80% catered to by the unorganized companies. With the rise in the penetration of automation and digitalization and increased need for data protection and data security, the market is expected to move towards consolidation in the coming years. The industry average gross margins are at 15 - 20% for organized companies.

The major companies operating in this segment are Mailit, Avon Solutions and Logistics, TGH, and Sodexo. The other companies providing these services are Exela Technologies, and Rhenus Mailroom Services, among others. Avon is the leading service provider in India and a pioneer in the mailroom and asset movement business. They provide full-fledged enterprise-level solutions with total automation and completely synchronized working of all branch mailrooms through the latest technology adoptions. Their services include inbound mail management, outbound mail management, pre-processing mails, postal

logistics & mail tracking, express shipping, warehousing, document collating & distribution, e-commerce fulfillment, and other additional services.

Asset movement services offered in the market had certain gaps, such as the non-availability of packaging services and the gap in last-mile connectivity. Driven by its quest for growth, Avon was quick to identify these gaps in the market and redesigned its value proposition to provide end-to-end asset movement services starting from pick-up, packaging, transporting, and reverse logistics. Avon was acquired by UDS, the third largest IFM company in India. Avon is the market leader with a share of 11.1% in the Mailroom Management Services market in FY2023.

Employee Background Verification Services Segment Analysis

Market Overview and Growth Outlook:

Employers conduct background checks to recruit the right candidate for their job requirements and to ensure that the potential candidate does not pose a workplace threat or become an employer liability in the future. The important advantages of employee background verification are:

- **Resume Fraud Avoidance:** Rigorous employee background verification eliminates the selection of candidates who present fake mark sheets or those with hidden criminal backgrounds.
- **Cost Savings:** A bad hire could lead to enormous losses in productivity, damaged employee morale, and reduced sales. No recruiter wants to spend days/week(s) or excess money managing an underqualified employee who passes through the cracks. Background screening can therefore save the company from hiring the wrong candidate and thereby costs.
- **Safeguards Company Assets:** A comprehensive background check will ensure the security of the reputation of businesses. A company is made and is known by its people and badly reputable employees can influence the reputation and reliability of a company.

Some of the common background verification services offered in the Indian market are as follows:

- **Document Verification:** Document Verification is a comprehensive background screening service that assists employers and other organizations in determining the accuracy of candidate information. Organizations, particularly banking and non-banking financial institutions can use document verification to prevent identity theft and protect their clients' assets and dignity. Deep document verification assists businesses in detecting differences made by candidates relating to their identity with the goal of obtaining a job or possibly causing significant security issues.
- **Criminal Background Check:** Criminal records searches are conducted at the local police station, where many records are still stored in paper form versus electronically. It is necessary to ensure that organizations know the most relevant information about a potential candidate's ability to perform responsibly in a particular role by searching recognized police service records and/or court files to reveal disclosable court outcomes for offenses.
- **Education & Employment Verification:** Educational institutions are contacted to know about the candidate's marks, personality, academic history, and degree, among others. To check the job title, employment dates, and the candidate's eligibility for rehire, the employers are contacted.

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- **Credit Checks:** An employee's credit score verification is carried out with a credit check and CIBIL score report. The employee credit checks are used to evaluate the financial background of a candidate. It also helps to reduce the risks that people who are under financial strain pose to their companies or organizations. This can help employers recruit the right people in offices and positions with direct access to sensitive information.
 - **Others:** Other background verification services include address verification, identity verification, reference checks, and gap verification in candidate employment history.

Growth Drivers: The major factors driving the demand for employee background verification services are:

- **Rise in the Demand for Background Screening & Data Intelligence:** Technology plays a vital role in broadening the horizons of the Background Verification Market, where the penetration is still low. More firms are requiring employee background screening as they become more aware of the risks associated with hiring employees without a background check.
- **Avoiding Discrepancies:** Eight out of 100 candidates misled or misinformed on job applications in 2020 with the IT sector witnessing the highest discrepancy in employee background verification at 16.6%³³ in FY2021.
- **Growth in Gig Economy:** Approximately 4 million people are added to the Indian workforce annually and a major portion of these are millennials who are showing an increasing preference for gig contracts. Approach towards work, emergence of start-up culture and increase in hiring of contractual employees by MNCs are expected to drive the demand for gig workers. COVID-19 resulted in many permanent employees losing their jobs and to meet their financial requirements many of them turned to gig workers. As per research conducted by NASSCOM, the number of companies looking to hire gig workers is expected to increase across sectors in a post-COVID-19 environment. With the increase in gig economy, risks for employers also increases. To mitigate the risks, employers conduct background verification and the growth in gig economy has a direct impact on the growth of the Employee Background Verification Services demand.
- **New Age Business Models:** Businesses are evolving rapidly today, and this creates demand for niche services that are being addressed through new age business models with the adoption of technology. Some of the major companies adopting new age business models include Swiggy, Zomato, Ola, Uber, and Urban Company, among others. Most of the new age business models are customer-centric and their employees interact with customers one-on-one. The employees also have access to the personal data of customers, and this makes it imperative for organizations to conduct background verifications on their employees. The expected growth in new age business models would create demand for employee background verification services in the long term.

Employee background checks are beneficial to Human Resources (HR) departments and business owners, as they ensure that they are hiring the right people. The key end-user segments driving the demand in India are:

³³ AuthBridge Annual Trend Report 2020, <https://authbridge.com/authbridge-in-media/it-sector-posts-good-returns-in-fy-2020-21-records-highest-discrepancy-in-employee-verification/>

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- **IT Segment:** Most of the present-day IT jobs did not exist a decade ago and the employees in this segment have access to so much data, that these positions require a high level of trust. Therefore, employee background verification is very critical in the IT segment. This segment also calls for routine background checks.
 - **Financial Services:** Whether it's banking or accounting or any other financial function, a verification check is done to evaluate if the candidate/employee has had any finance-related convictions or charges.
 - **Government Positions:** Whether state or central government positions, officials in government hold positions of utmost trust and respect, and the verification of their records is considered extremely critical.
 - **Education Segment:** Education is a segment where potential candidates come in direct contact with children, and therefore employee/teacher background verification is a must.
 - **Healthcare Segment:** Healthcare is another segment where extensive background checks are conducted. Doctors, nurses, and other medical professionals are hired in positions of trust, and therefore great effort is taken to ensure that they are qualified for the job.

Recent Market Trends:

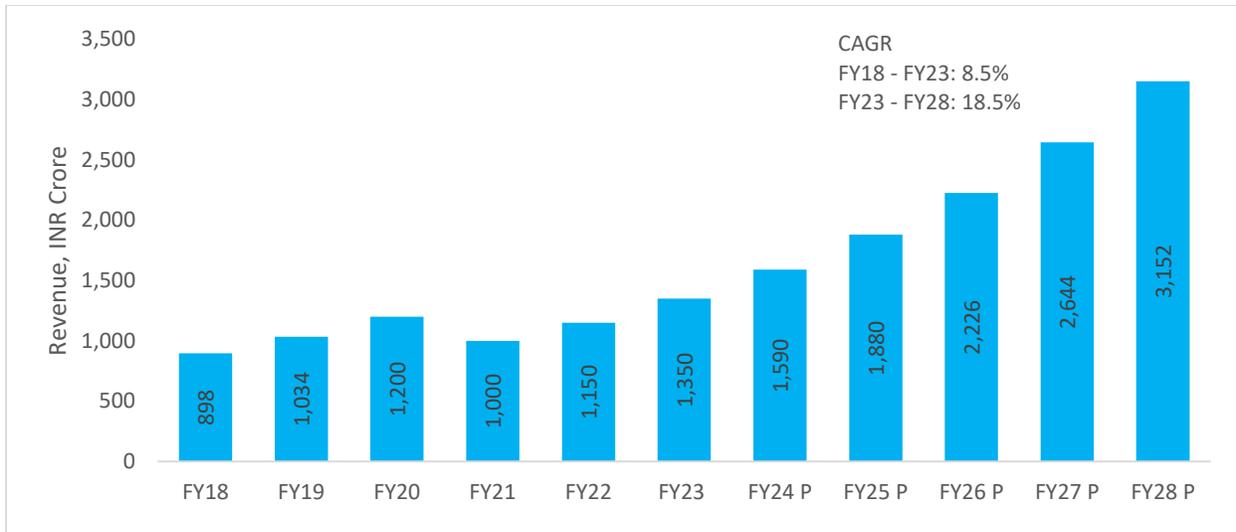
- **Adoption of Technology:** While traditional methods of cross-checking school credentials, career history, and basic demographic and personal information is a time-consuming process, advances in technology have made the processes easier. Digitalization has resulted in the most important change in the way background screening is undertaken. In comparison to obtaining and validating paper copies, computerized/digitized or cloud-based records are undoubtedly easier to query and validate. This improvement brought about by digital record-keeping is a boost for the employee background verification services market.
- **Vaccine Verification:** When employees returned to work, COVID-19 testing, and vaccination verification played an important role in defining a safe workplace. Protecting employees, maintaining the safety of visitors to the workplace, and safeguarding the community were at the top of the priority list for businesses in the short to medium term.

Market Size and Forecasts:

The market is at a nascent stage in India but one of the fastest growing business support services. The market is estimated at INR 1,350.0 crores in FY2023. Increasing awareness, technology advancements, and the growing importance of data security majorly drive the demand for these services. The market is forecasted to grow at a CAGR of 18.5% from FY2023 to FY2028 to reach INR 3,151.7 crore. The COVID-19 pandemic led to a decline of 16.7% of the market growth in FY2021.

The Employee Background Verification Services reached pre-COVID levels by FY2023 supported by the backlog of the physical verification of services, that were impacted due to the pandemic.

Exhibit 3.5: Employee Background Verification Services Segment Market: Revenue Forecasts, India, FY2018–FY2028



P-Projections

Source: Frost & Sullivan Analysis

Competition Overview:

The market is highly fragmented in India, with the organized sector accounting for only up to 30-40% of the total market. The unorganized segment has a dominating share of 60-70% in the market. The organized market is majorly dominated by local companies, and they account for around 60% of the market and the remaining 40% of the market is with MNC companies. The major companies operating in this segment are First Advantage, Authbridge, Pinkerton, Millio, Arc Attest, Helloverify, Matrix Business Services, Vertifacts, cFirst, KPMG, and Idfy among others. Matrix Business Services, which is a leading company in this segment, was acquired by UDS and is the third largest company in the segment with a share of 5.4% in FY2023. This market is led by First Advantage and has a market share of 25.6% in FY2023, followed by Authbridge with a share of 11.3%. The industry average gross margins are in the range of 30-35%.

Retail/ Channel/ Trade Audits and Assurances Services Segment Analysis

Market Overview and Outlook:

Audits and assurances are often part of the normal routine for most businesses, whether for financial records or physical inventories. An audit's sole objective is to ensure that everything is in its proper place and that everyone is following the same set of standards and regulations. Internal auditing is described as an impartial, independent assurance activity that adds value to and improves an organization's operations. According to the Institute of Internal Auditors (IIA), audits 'assist a company in achieving its objectives by applying a systematic, disciplined approach to review and enhance the efficacy of risk management, control, and governance processes.

There are various segments within Audits and Assurances and this report includes Retail/Channel/ Trade Audits and Assurances Services only, which includes:

- **Supply Chain Audit Services:** Supply chain audits examine a company's whole supply chain in detail. The purpose and advantages of supply chain audits are identifying supply chain risks to safeguard

revenue and reputation, detecting, and preventing fraud and systemic mistakes, and increasing supply chain efficiency.

- **Warehouse Audit Services:** Warehouse audit services are a more thorough examination of all activities, equipment, procedures, and staff to assess and evaluate output and performance. These include stock audits, operations audits, quality control, and consumer safety audits, among others. These services are used to detect gaps and make smarter and more informed decisions about warehouse management and its efficacy.
- **Distributor Audit Services:** These services include due diligence on distributors, price protection audits, stock and sales validation, performance reviews, and dealer/distributor reviews among others. A few of the benefits of distributor audits include becoming aware of possible misconduct and engaging distributors in the process of ethical business dealings. The most important service under this is the stock audit which is a physical verification of stock and inventory.
- **Retail Point Audit Services:** Retail point or store audits are inspections of specific retail outlets with the objective of acquiring data on the health of the brand's products. Sales volume, stock levels (shelf and backstock), descriptions of in-store displays and promotional materials, competitor activity, planogram compliance (shelf location, number of facings present, number of SKUs (stock-keeping units) present, missing/inaccurate shelf tags), pricing, in-store location of products, product damage, and so on are all factors to consider when determining a brand's product health. The benefits of conducting retail audits are:
 - Compliance with agreements on product placement, pricing, and promotion.
 - Method measures their success in the retail environment.
 - They enable the collection and collation of data over a period and decision makers can make informed decisions than would reduce inefficiencies and ultimately drive sales.
- **Scheme Audits and Processing for Distributors/ Retailers:** This includes auditing and processing of trade schemes and other promotional schemes from retailers and distributors for their effectiveness, identifying risks and mitigate them, and thereby ensuring that the right payouts are made by the company.

Growth Drivers:

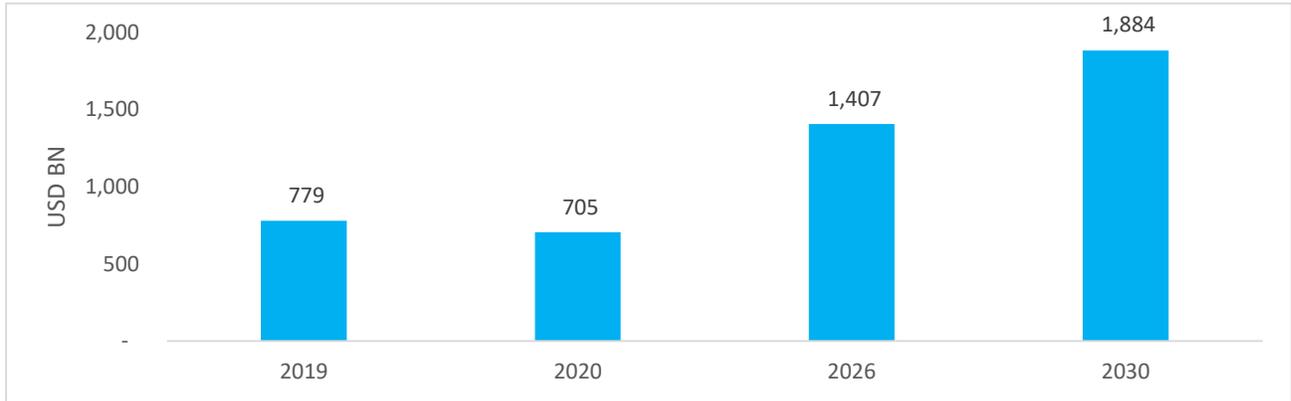
Increasing Integration with 3rd Party Companies: Third-party suppliers, distributors, and outsourced service providers are increasingly incorporated into today's business operations. With increasing integration comes the risk; organizations are unaware of these risks and their impact on business and the company's revenue growth. This would drive the demand for Audit and Assurance Services among large organizations in India.

Retail Industry Growth: Retail segment in India contributes to over 10% of the GDP³⁴ and the per capita retail store availability in India is among the highest in the world. The segment is witnessing tremendous growth in India driven by factors such as economic growth, changing demographic profile, increasing

³⁴ <https://www.ibef.org/industry/retail-india>

disposable income, urbanization, and changing consumer preferences in India. Around 60 shopping malls with a total retail space of 23.2 million square feet are expected to become operational from 2023 – 2025.³⁵ Increase in online spending is also creating demand in this segment; online shoppers are expected to reach 500 million by 2030 from just 150 million in 2021³⁶.

Exhibit 3.6: Retail Market Size Forecast, India, 2019, 2020, 2026 and 2030 (USD Billion)



Source: IBEF³⁷

Increasing investments in the sector are expected to drive the growth of retail stores in India. Cumulative FDI inflows from April 2000 to March 2022 were valued at USD 588.53 billion³⁸. Favorable government policies such as the 100% FDI in Single Brand Retail and 51% FDI in multi-brand retail have accelerated the FDI investments in India. The rising number of retail stores and associated warehousing space will create demand for Retail/ Channel/ Trade Audit and Assurance Services.

Market Size and Forecasts:

Retail/ Channel/ Trade Audits and Assurance Services market is estimated to be INR 270.0 crore in FY2023 and has recorded a CAGR of 8.0% from FY2018 to FY2023. The impact of the COVID-19 pandemic is estimated to lead to a decline of 13.0% in FY2021. The market is expected to grow at a CAGR of 15.7% from FY2023 to FY2028 and reach INR 560 crore.

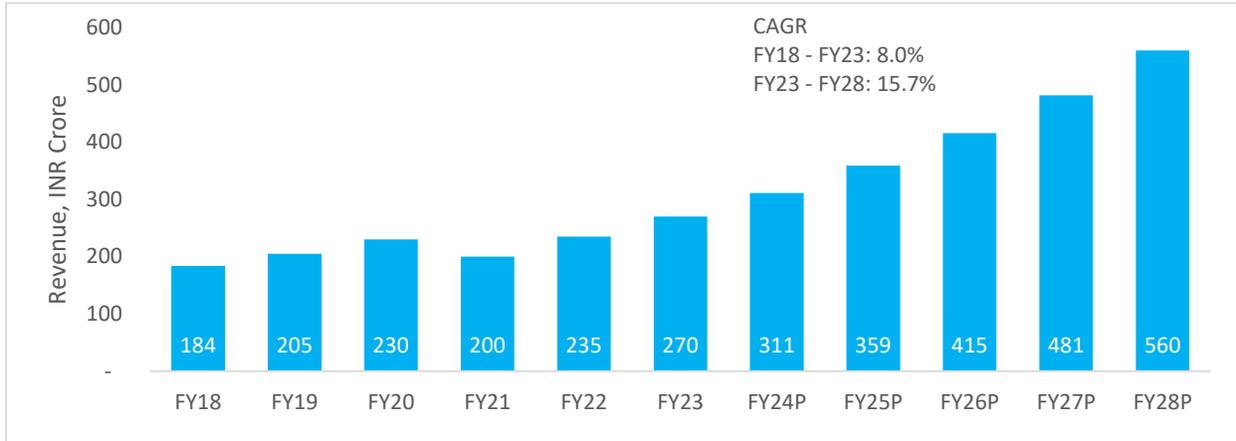
³⁵ <https://www.ibef.org/industry/retail-india>

³⁶ <https://www.investindia.gov.in/sector/retail-e-commerce>

³⁷ <https://www.ibef.org/industry/retail-india>

³⁸ <https://www.ibef.org/industry/retail-india/infographic>

Exhibit 3.7: Retail/ Channel/ Trade Process Audits and Assurances Services Segment Market: Revenue Forecasts, India, FY2018–FY2028



P-Projected

Source: Frost & Sullivan Analysis

Competition Overview:

Retail/ Channel/ Trade Audit and Assurances Services segment is fragmented and is expected to move towards consolidation in the coming years. Apart from the major four audit companies, IFM companies such as UDS have expanded into the audits & assurances services market, particularly the retail/ channel/ trade audit segment through inorganic growth route. UDS acquired Matrix Business Services, the leading audits and assurance companies for dealer/ distributor audits, and retail audits. They have a strong branch reach and field associate reach, and this is a key competitive advantage of Matrix, (subsidiary of UDS) which has driven the company to reach the top spot in India, with a market share of 19.2% in FY2023. The second largest company is ProTeam with a share of 10.6% and it is followed by ChannelPlay with a share of 9.0% in FY2023. The industry average gross margins are in the range of 12 - 15% among organized segment companies in India.

Sales Enablement Services Segment Analysis

Market Overview and Growth Outlook:

Major objective for any organization is to acquire new clients, while working towards optimizing revenues and profits. Today many businesses are focusing on having an aggressive sales technique as economies throughout the world continue to thrive and offer growth opportunities. As changing market conditions have impacted and transformed the buyer environment, sales enablement service has become critical. Buyers today are aware, and sellers who only provide value stand to achieve business success.

Sales teams encounter many challenges in the sales cycle. Common challenges include lack of expertise, knowledge gaps, insufficient leads, diversified products and services, antiquated technology, bad marketing collaterals, extended sales cycles, and margin pressure. All these factors have an impact on an organization's overall productivity. Businesses are rapidly realizing the value of implementing processes that fill in the gaps in their sales operations. Sales enablement service is now widely used as a strategic approach by businesses.

This is emerging as a critical service, as it enables the sales team to go through an effective process to achieve better results. It plays an important part in extending the sales beyond a few prospective clients. The right sales enablement strategy equips sales force with the training, coaching and content they need to be successful. It provides the sales teams with best practices, knowledge, tool, and resources required to be successful.

Benefits of Sales Enablement Services:

By assisting sales teams in identifying precise actions that raise the possibility of a sale and helping them to give extra value to buyers, sales enablement removes the ambiguity from the sales process. Sales enablement services provide a variety of benefits, including the following:

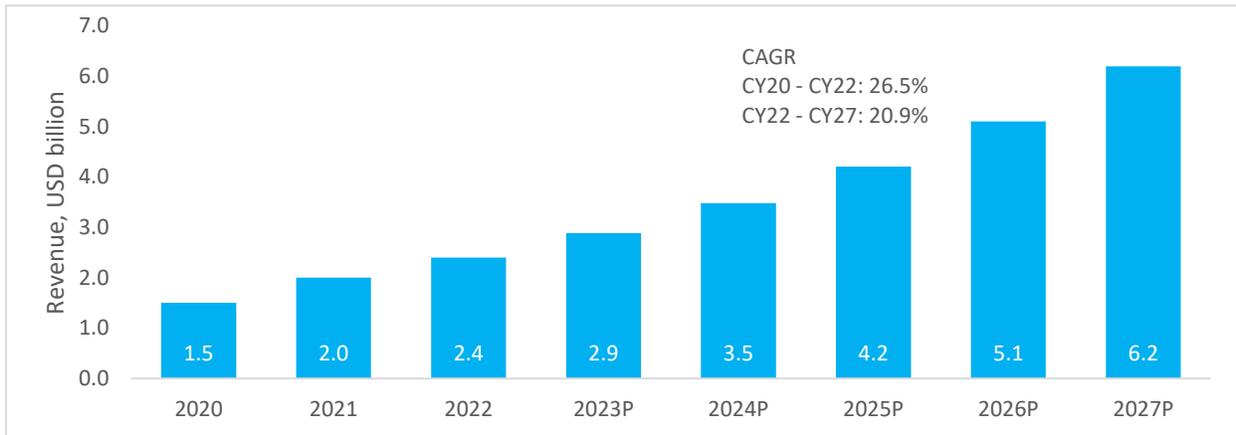
- **Increased Revenue:** The primary performance-related goal of sales enablement is to increase revenue. This service has a direct impact on revenue and the success of a sales enablement program is measured by conversion rates which show performance trends.
- **More Selling Time for Sales Representatives:** Salespeople have more time for core selling activities when they are supported by a strong sales enablement program, which correlates to higher win rates and stronger client relationships.
- **Improved Client Acquisition:** Sales enablement service delivers the consistency and effectiveness that organizations need to gain new clients by organizing the efforts of different stakeholders throughout the sales process.

The most essential benefit of sales enablement is that it enables customer-facing employees to contribute value, every time they connect with a customer along the customer journey. Companies perform better in sales when they migrate from vendors to trusted partners; deploying sales enablement services would ensure it.

Market Size and Forecasts:

The global market for Sales Enablement Services was estimated at USD 2.0 billion in CY2021 and is projected to grow at a CAGR of 20.7% over the period CY2021-CY2027 to reach to USD 6.2 Billion. The sales enablement services market is driven by various factors, such as reduced sales cycle, better collaboration between marketing and sales team, and enhanced efficiency of sales representatives. However, inconsistent user experience across different access channels can hinder the growth of the market.

Exhibit 3.8: Sales Enablement Services Market Forecast, Global, CY2020–CY2027



P-Projections

Source: Frost & Sullivan Analysis

North America is the major contributor as the region is a major hub for technological innovations and an early adopter of new technologies. Organizations in the region are focused on offering the best-in-class services to the customers ensuring that they are engaged at the right time with the right content and assets. Higher penetration of the internet, communicating devices, and mobile phones have significantly changed the buying behavior of customers. It is imperative for companies to approach customers with the right content to remain competitive. The whole purpose of a sales enablement platform is to assist a brand in reaching high-potential prospects, increasing conversions, and closing high-value deals. The presence of large business groups in the region also helps to fuel demand and raise knowledge about the advantages of using sales enablement technologies. Businesses in the North American region have realized that sales enablement helps them generate more revenue by bridging the gap between sales and marketing.

China's Sales Enablement Services market is expected to grow at an annual growth rate of 18.9% from 2020 to 2027. The sales process in China is radically different from the other parts of the world and this requires a different methodology and technology that can be mapped to the domestic buyer's journey, which has driven the sales enablement services market in China. Japan and Canada are two more important geographic markets, with forecasted growth rates of 17.2% and 17.1% respectively, from 2020 to 2027. Germany is expected to expand at a CAGR of around 14.5% from 2020 to 2027. India's Sales Enablement Services market is expected to grow at a CAGR of 17.8% from FY2022 – FY2027.

Five major trends that influence sales enablement are:

1. **Digital Communication:** The quickest road to organizational change, cost savings, and enhanced productivity is through efficient communication systems. Many businesses are using mobile technologies to supply services all over the world. Mobile solutions aid in the automation of the sales force and the process of sales enablement. Because salespeople are constantly on the go, whether it's on the road for meetings or in the office answering client questions, mobile apps and solutions help them do their jobs efficiently. With mobile solutions, salespeople have the tools and real-time

information they need to better understand customers, answer to questions faster, give impressive demos, and provide detailed product information, among other things.

2. **Cloud:** Cloud solutions are an add-on to sales enablement since they allow businesses to make information, training, and other resources available in real-time from anywhere in the world. Because businesses may upload multiple apps to the cloud and provide them as services globally, the cloud enhances mobility.
3. **Analytics & Content Intelligence:** Analytics gives high-value content to sales teams by converting massive amounts of data into relevant insights. Data-driven insights can help boost sales and return on investment (ROI). Analytics and content intelligence can be used by businesses to adjust content to the demands of their customers. Leads may be converted into actual sales faster when metrics are used to find the relevant content. Content analytics improves visibility into the effectiveness of the content utilized, consumer expectations, and how the sales team uses the content, among other things. Enterprises may use analytics to find the best sales prospects, increase sales forecasting accuracy, effectively detect, and manage risk, and assess the performance of sales personnel, among other things. All these insights will help businesses gain a competitive advantage.
4. **Technology-driven Database Generation:** If businesses have access to the entire newly discovered and explored contactable database of SMEs around the world, they will be able to expand their reach. Furthermore, having access to a variety of tools and approaches will help close these leads. Enterprises will use technology to develop white space databases and address untapped white spaces in the future of sales enablement, increasing sales conversion and delivering higher sales impact.
5. **Localization of Voice Activated Instructions:** Access to a clever sales force with a good grasp of written official languages (English, among others) becomes more difficult when more markets and locations are tapped for deeper sales reach. The usage of voice-activated instructions is an increasing area of focus. Voice-controlled interfaces are continually changing, and it is common to see individuals using cellphones to streamline the emailing/texting process or even to get directions. If this technology is implemented at every level of the sales force – most importantly at the ground level – it may simplify reporting and ensure that all facts are gathered accurately and in real-time. With multiple local language resources, this would streamline the sales process deployment across multiple geographies. As a result, localization of voice-activated instructions can boost strategy effectiveness. Conversational artificial intelligence (AI) such as chatbots and virtual assistants also enable localization and personalized customer experience.
6. **Digitalization:** The role of digitalization of sale process is a key enabler as it leverages content syndication, marketing automation and digital marketing. This is bridging the gap between sales and marketing and therefore making the sales process more efficient and precise, which leads to faster and better sales conversions.

Major companies offering sales enablement platforms and services across the globe include SAP (Germany), Bigtincan (USA), Upland Software (USA), Highspot (USA), Seismic (USA), Showpad (Belgium), Brainshark (USA), ClearSlide (USA), ClientPoint (USA), Accent Technologies (USA), Quark Software (USA), Bloomfire (USA), Qorus Software (USA), Pitcher (Switzerland), Mediafly (USA), Rallyware (USA), MindTickle (USA), and Qstream (USA).

In India, sales enablement is becoming more widely recognized in B2B companies, especially the IT segment. The rising need to improve internal business processes and the complementing sales efforts with advanced technology are the key factors driving the growth of Sales Enablement Services market in India. One of the customer needs is to improve the target and the efficiency of their business development teams by providing them qualified leads. This is a global trend with multinational customers outsourcing activities to delivery partners and centers across the world similar to the IT industry.

The COVID-19 pandemic has also contributed to the growth of this market and would continue to support the growth in the coming years; most of the companies were forced to reexamine some of their key processes, such as how they engage with customers and sell their products, because of the global pandemic. As many customers shop from the comfort of their own homes today, they have more time to research websites and find the greatest deals. With the advent of technology, buyers demand frictionless purchasing experience and sales teams must be ready to respond to these shifting expectations. Collaboration, research, and analysis are all being emphasized more in the sales cycle because of the change in the buying process. A customer-centric approach has compelled organizations to think more seriously about restructuring and digital transformation plans. This has driven the demand for sales enablement services during the pandemic.

India presents a unique platform for sales enablement services, characterized by diversity and talent. Market diversity demands unique sales strategies and though the sales enablement approach remains the same, its implementation must adapt to new market’s dynamic requirements. In addition to diversity, the Indian market is home to world-class talent. This enables sales enablement firms to set up R&D for their services, allowing them to strategize and test many service models before deploying the best solution.

The Sales Enablement Services market in India was valued at INR 2,010.0 crore in FY2023 and is expected to grow at a CAGR of 17.6% from FY2023 to FY2028 to reach INR 4,517.0 crore.

Exhibit 3.9: Sales Enablement Services Segment Market: Revenue Forecasts, India, FY2018–FY2028



Source: Frost & Sullivan Analysis

Competition Overview:

The Sales Enablement Services market is concentrated and dominated by global companies today. The major companies operating in this segment are Denave, Channelplay, Netambit, WebHelp, TeleDirect, Majorel, PPMS, eSearch Logix, Regalix, Ushur, Mindtickle, Athena and others. Denave was acquired by UDS in 2021 and is the largest player in this segment. Denave/UDS has a market share of 20.1% in FY2023 and is the market leader in India, followed by WebHelp with a share of 9.8%. Recently, UDS acquired another company, Athena BPO, which provides outbound tele sales services, data processing services and back-office support services. Athena focusses on niche segments such as the BFSI, which provides relatively better profitability than other segments in India. The company provides lending and non-lending tele sales services for leading banks, NBFCs and insurance companies. UDS also has all IRDA certifications for tele sales in BFSI segment. The majority of the BFSI products are sold through in-house channels currently. Athena, through their tele sales business model has disrupted the market and with the anticipated increase in outsourcing for tele sales, Athena / UDS is well positioned to capitalize on the market potential in the long term.

Airport Ground Handling Services Segment Analysis

Airport Ground Handling has the below major services such as:

- **Baggage and Cargo Loading/Unloading:** This includes loading and unloading of passenger luggage and freight onto and from the aircraft.
- **Aircraft Clean-ups:** This includes cleaning services provided for aircraft including in-between flights.
- **In-flight Meals Loading and Unloading:** This includes services, such as loading and unloading the food and beverages, that are provided/ sold inside the aircraft during flights.
- **Aircraft Marshaling:** This includes services associated with aircraft movement on the ground, particularly during parking.
- **Terminal Service:** This includes passenger check-in, baggage scanning etc.
- **Ramp Handling:** Services such as marshaling, load control, cooling and heating of aircraft etc. are provided.

Comprehensive ground services contracts are the current trend where most of the above services are provided under a single contract.

Market Size and Outsourcing:

There are three types of carriers such as domestic carriers, international carriers, and charters and all of them require Ground Handling Services. The revenues from Airport Ground Handling Services are estimated using the average number of departing flights in a year by carrier and the average cost of handling charges per flight. In FY2023, the market for Airport Ground Handling services is estimated to be INR 2,940.0 crores.

Exhibit 3.10: Airport Ground Handling Services Market: Revenue Estimation, India, FY2023

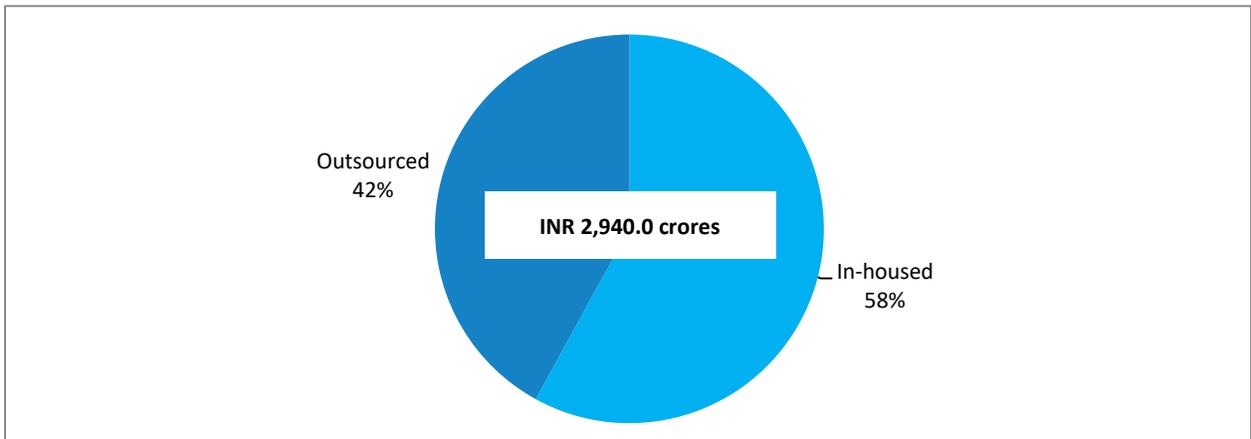
Carrier Type	Average Flights in a Year, Mn	Handling Charges per Flight, INR	Revenue, INR Crore
Domestic	1.99	8,000	1,590.0
International	0.33	18,000*	1,150.0
Charter	0.14	15,000	205.0
Total	1.37		2,940.0

* This is the weighted average between domestic and international flight operators.

Source: Civil Aviation, DGCA, Statista and Frost & Sullivan Analysis

The market for Airport Ground Handling Services witnessed steady growth in India driven by growth in tourism, business travel, and increase in air freight. Favorable government policies and investments in airport infrastructure have supplemented the growth of this market. Major operators such as Indigo and Air India have established their own subsidiary companies for ground handling. Post the acquisition of Air India by Tata Group, the market share of Air India in terms of passengers handled have increased. With the proposed merger of Air India with Vistara and AirAsia India the passengers transported by Air India is expected to further increase in the long-term. With the increasing number of passengers handled by Indigo and Air India, around 58.0% of the total Airport Ground Handling Services market in in-housed and may open up for 3rd party companies in the long-term. The remaining 42.0% of the market is being outsourced to 3rd party companies through competitive bidding.

Exhibit 3.11: Airport Ground Handling Services Market: In-housing versus Outsourcing, India, FY2023

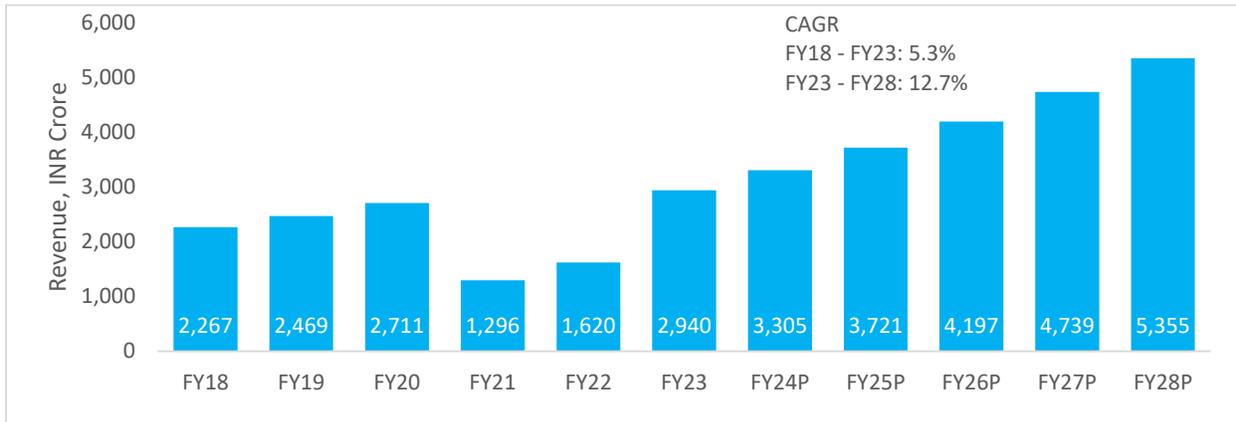


Note: Inhousing refers to operators giving contract to subsidiaries and outsourcing refers to operators contracting 3rd party companies

Source: Frost & Sullivan Analysis

The market for Airport Ground Handling Services is expected to grow at a CAGR of 12.7% from FY 2023 to FY2028 and reach INR 5.354.7 crores.

Exhibit 3.12: Airport Ground Handling Services Market: Historic and Forecast Revenue Trend, India, FY2018–FY2028

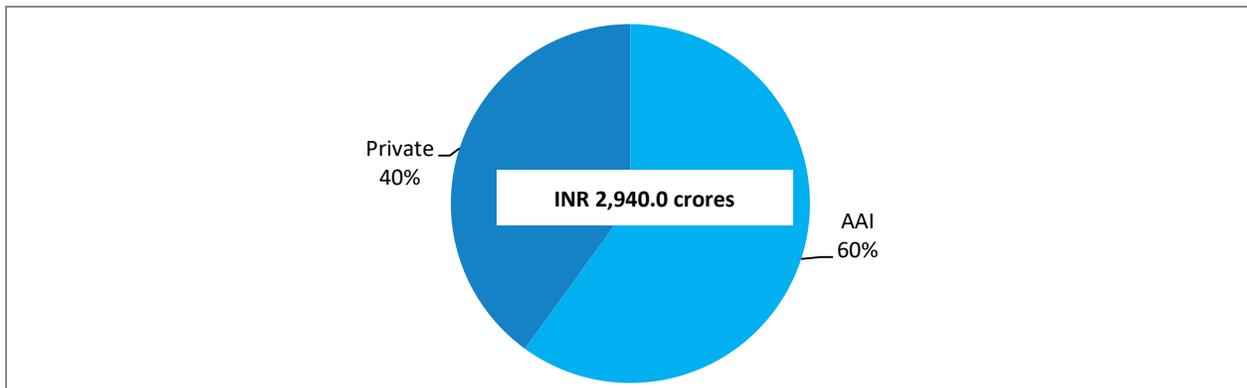


P-Projections

Source: Frost & Sullivan Analysis

The Airports Authority of India (AAI), which operates all non-private civilian airports, manages a total of 133 airports which include 23 International airports, 10 Customs Airports, and 100 Domestic airports³⁹. AAI has a ‘Privatization’ strategy in place through the public private partnerships (PPP) model. Through private sector involvement, AAI intends to make India’s airport infrastructure a regional and global hub. AAI has leased out six of its airports, including Ahmedabad, Jaipur, Lucknow, Guwahati, Thiruvanthapuram, and Mangaluru, for phase one of development, operation, and management under a public-private partnership (PPP) contract to Adani in 2020.

Exhibit 3.13: Airport Ground Handling Services Market: Percent Breakdown by AAI and Private Airports, India, FY2023



Source: Frost & Sullivan Analysis

Impact of COVID-19 on Airport Ground Handling Services Market:

In 2020, the COVID-19 pandemic had a tremendous impact on the Indian aviation sector, with airport operations almost at a complete standstill due to travel restrictions. Commercial flight services were on hold for almost 15 months due to the pandemic. Though domestic operations resumed, prolonged suspension of international flights resulted in heavy financial losses for ground handling companies as a major share of their revenues come from international flight services. The government permitted special

³⁹<https://www.civilaviation.gov.in/sites/default/files/Annual%20Report%20of%20MoCA%202022-2023%20English.pdf>

international passenger flights under Vande Bharat Mission since May 2020 and air bubble arrangements were formed with around 24 countries since July 2020. However, scheduled international flights remain suspended in India.

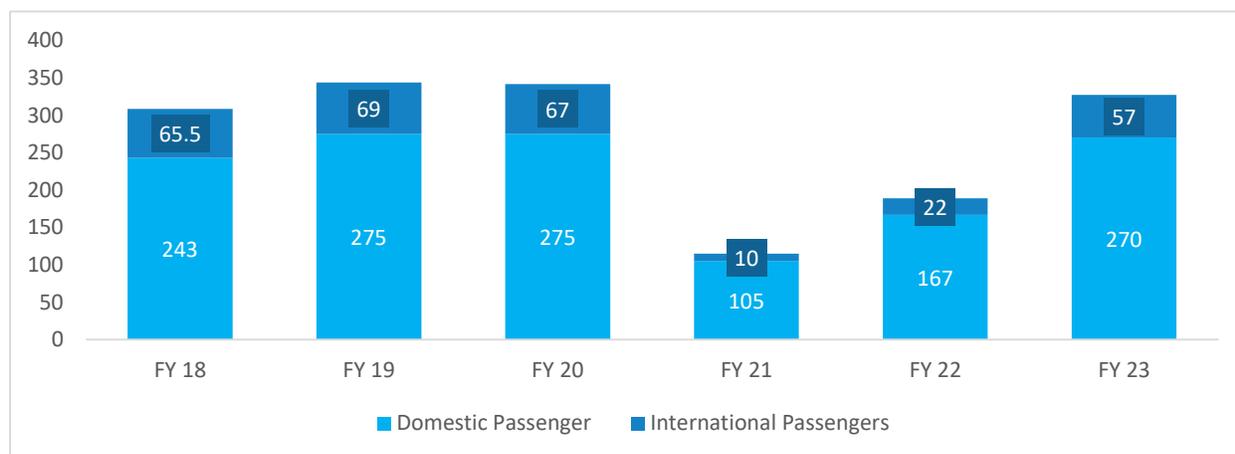
With limited revenues in FY2021, ground handling companies had to take several severe measures such as layoffs and salary cuts among others. The industry returned to growth in FY2022 and reached pre-pandemic levels in FY2023.

Market Growth and Outlook:

Growth in Passenger Traffic:

Total passenger traffic in FY2023 stood at 327 million, an increase by 73.0% from FY2022. The international passenger traffic witnessed the highest growth in FY2023 at 159.1%. Because of COVID-19, domestic and international passenger traffic declined in FY2021 by 66.4%. As per Airbus’s forecast released in June 2023, more than 685 million people are expected to fly in India by 2042, making the country the 3rd largest civil aviation market in the world.⁴⁰

Exhibit 3.14: Number of Passengers Handled at Airports, India, FY2018–FY2023 (Million)



Source: IBEF⁴¹ and Statista

Growth in Tourism: Tourism is one of the largest service industries in India and the country holds 54th position in the Travel and Tourism Competitive Index (TTCI) developed by World Economic Forum in 2021⁴². The factors making India an attractive market for tourism is its geographical diversity, world heritage sites, and niche tourism products like cruises, adventure, medical, eco-tourism, etc. The government is also focusing on tourism sector development and has launched various branding and marketing campaigns, such as “Incredible India!” and “Atithi Devo Bhava”, which have boosted the growth of tourism. Driven by these factors, the tourism and hospitality industry in India is expected to contribute USD 512 billion⁴³ to GDP by 2028.

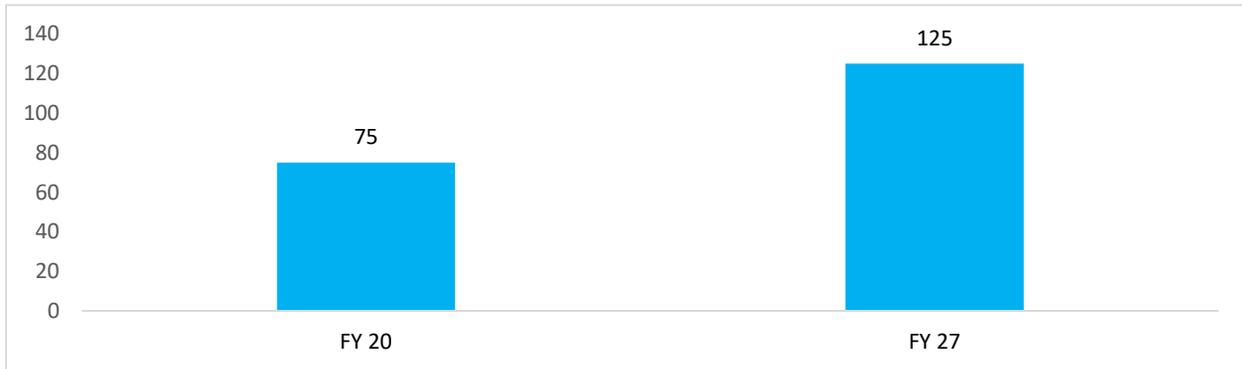
⁴⁰ <https://www.reuters.com/graphics/INDIA-AIRLINES/egpbmkyqvq/>

⁴¹ <https://www.ibef.org/industry/indian-aviation/infographic>

⁴² <https://www.ndtv.com/india-news/india-54th-on-global-travel-development-index-top-ranked-in-south-asia-3004229>

⁴³ <https://www.investindia.gov.in/sector/tourism-hospitality>

Exhibit 3.15: Travel Industry Market Forecast, India, FY2020 – FY2027 (USD Billion)



Source: Investindia.gov.in⁴⁴

The launch of e-visa facility has also aided in the growth of tourism in India. E-visa is made available in five categories, such as ‘e-Tourist visa’, ‘e-Business visa’, ‘e-medical visa’, ‘e-Medical Attendant Visa’ and ‘e-Conference Visa’. Around 342,308 foreigners visited India in March 2022 with a growth of 177.9% compared to 123,179 in March 2021⁴⁵.

Medical tourism is another factor aiding the growth of tourism and passenger traffic in India. Rising costs of healthcare in developed countries are making India an attractive destination for medical tourism. India provides a cost advantage of close to 50% when compared with western countries. This cost advantage is expected to increase the number of medical tourists in the coming years.

Growth in Meetings, Incentives, Conferences and Exhibitions (MICE): In-person meetings are still valued for establishing and maintaining long-term working relationships as well as finalizing business deals in India. Business travel assists organizations in expanding their business, meeting new clients, determining marketing strategies, learning about new trends, and observing how others conduct business. This has led to the growth in business travel and thereby passenger traffic in India.

Focus on Airport Infrastructure in India:

India is expected to see an investment of around INR 98,000 crore⁴⁶ by both public and private operators by FY2026. The private sector is expected to inject INR 67,000 crore to augment capacities at Delhi, Mumbai, Hyderabad, Bengaluru and new greenfield projects at Greater Noida, Navi Mumbai and Goa. AAI is expected to spend INR 22,000 crore on renovating 42 existing airports and developing three new airports over the next four years. The government of India announced that 100 additional airports would be developed in the country by 2024 under the Ude Desh ka Aam Naagrik (UDAN) program.

Ude Desh ka Aam Naagrik (UDAN) or Regional Connectivity Scheme (RCS): UDAN-RCS is a regional airport development program of the Government of India, with the goal of letting the common citizen of the

⁴⁴ <https://www.investindia.gov.in/sector/tourism-hospitality>

⁴⁵ <https://www.ibef.org/industry/indian-tourism-and-hospitality-industry-analysis-presentation>

⁴⁶ <https://timesofindia.indiatimes.com/business/india-business/indian-aviation-to-take-off-rs-98000-crore-investment-in-airports-till-2026-jet-fuel-may-eventually-be-under-gst/articleshow/90981745.cms>

country fly, to boost inclusive national economic development, job growth, and air transport infrastructure development of all regions and states of the country.

The UDAN program aims to provide connectivity to the country's under-served and un-served airports by revitalizing existing airstrips and airports. It would result in a win-win result for all stakeholders involved by improving affordability, increasing connectivity, and providing more jobs. Under the program, Government intends to create additional routes and more passengers for incumbent airlines, while there was the possibility of fresh, scalable business for start-up airlines.

According to rating agency ICRA, the number of new RCS routes that began operations grew at a healthy rate, reaching 395 and 425 routes in FY2021 and FY2022⁴⁷, respectively. The central government spent a total of INR 2,610 crore⁴⁸ on the UDAN scheme up to June 2022.

NextGen Airports for Bharat (NABH): The government unveiled a new initiative in February 2018, called Nextgen Airports for Bharat (NABH) Nirman, under which it plans to increase airport capacity in the country by more than fivefold to handle a billion trips each year. The three most important features of NABH Nirman are:

- Land acquisition that is fair and equitable
- A long-term master plan for airport and regional development
- Economics that is balanced for all stakeholders.

Exhibit 3.16: Upcoming Domestic Airport Projects, India, FY2023

Name of the Airport	Area	Project Cost	Probable Date of Completion
Patna Airport	Construction of New Domestic Terminal Building and other structures (Phase I and II)	INR 1,216.9 crores	2024
Dholera, Gujarat	Development of New Greenfield Airport	INR 1,305.0 crores	2025
Chennai International Airport, Chennai	Modernization of Chennai Airport, Phase II	INR 2,467.0 crores	Part 1: 2023 Part 2: 2025

Source: [Annual Report of MoCA 2022-2023 \(civilaviation.gov.in\)](https://civilaviation.gov.in)

AAI had started the process of awarding ground handling contracts for 83 public airports in FY2021. These contracts are for a 10-year period and depending on the passenger traffic handled, one or more companies would be appointed for ground handling – for example, if the annual traffic is more than 10 million then two ground handling companies would be deployed. This would create opportunities for growth in the long term.

⁴⁷ <https://www.aai.aero/en/rcs-udan>

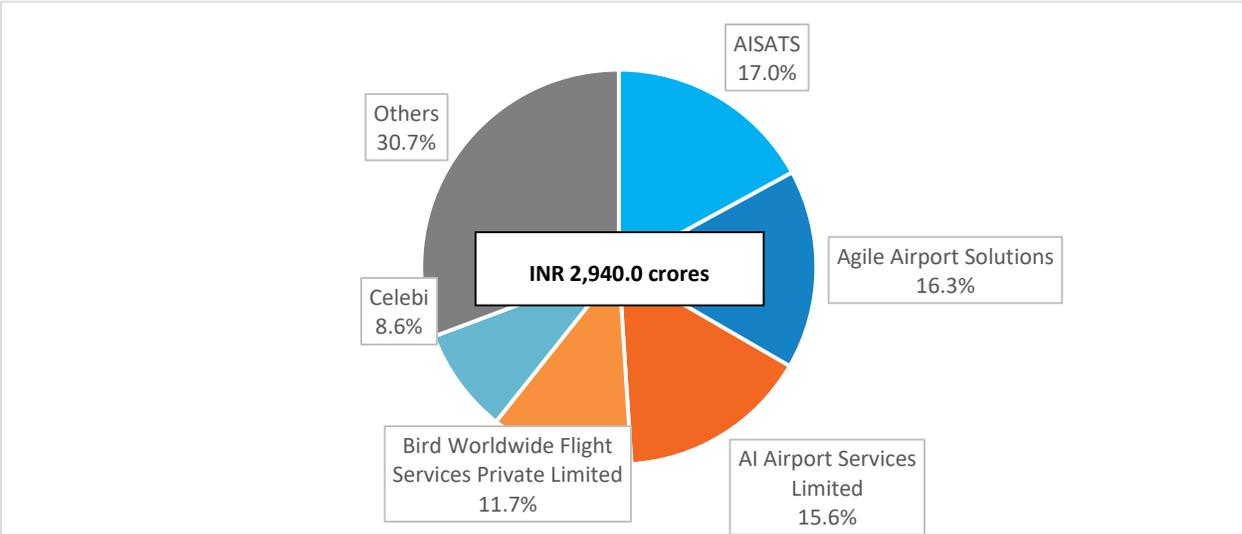
⁴⁸ https://www.business-standard.com/article/economy-policy/over-10-mn-air-passengers-availed-benefit-of-udan-scheme-govt-122072101064_1.html

Competitive Insights and Market Share Analysis:

Competitive Overview:

The market for Airport Ground Handling Services is concentrated in India with AISATS, Bird Group, GlobeGround India Private Limited, Indo Thai, Celebi Aviation, AI Airport Services, Agile Airport Services, and Global Flight Handling Services being the major companies operating in this space. Higher regulatory compliance creates entry barriers for companies in this market – Ground Handling Regulations, AAI 2018, and IATA and BCAS Regulations and Guidelines are some of the critical guidelines to be adhered to in this market.

Exhibit 3.17: Airport Ground Handling Services Market: Revenue Share Analysis, India, FY2023



* Others include UDS, Indo Thai, etc.

Source: Frost & Sullivan Analysis

AISATS is the leading company with a market share of 17.0% in FY2023 and handling around 82 airports in India. Agile Airport Solutions is the second largest with a market share of 16.3% followed by AI Airport Services with a share of 15.6% in FY2023; some of the key airports handled by AI Airport Services are Bengaluru, Delhi, Hyderabad, Mangalore, and Trivandrum. Global Flight Handling Services is another ground handling services provider which was acquired by UDS, and the company has won ground handling contracts for five airports (Pune, Patna, Vizag, Raipur, and Surat) in India. The company has won another contract for 14 Tier 2 airports such as Shimla, Aurangabad, Bhavnagar, Jabalpur, Hubli, Mysore, Tirupati, and others.

Companies in this market need security clearance from the Bureau of Civil Aviation Security for Airport Ground Handling Business and a service provider license for auxiliary services at all Indian airports issued by the Ministry of Civil Aviation. Industry average gross margins are in the range of 30-40%.

Competition Summary: Overview of Service Offerings:

Exhibit 3.18: BSS Market: Summary of Service Offerings of Major Companies, India, 2023

Note: Companies are arranged in alphabetical order only

Company Name	Mail Room Management & Niche Logistics Services	Employee Background Verification	Retail Audits & Assurances	Sales Enablement	Airport Ground Handling
AI Airport Services					✓
AI SATS					✓
Altruist Technologies				✓	
Authbridge		✓			
Bird Worldwide					✓
Channel Play			✓	✓	
Conneqt Business Solutions				✓	
Eureka Outsourcing				✓	
First Advantage		✓			
Haribhakthi/ Planer People			✓		
Indo Thai					✓
KPMG		✓	✓		
Mailit	✓				
Majerol				✓	
Netambit				✓	
Pinkerton		✓			
PPMS				✓	
ProTeam			✓		
PwC			✓		
Ernst & Young			✓		
OnGrid		✓			
Tele Direct				✓	
TGH	✓				
UDS	✓	✓	✓	✓	✓
V5				✓	
Verifacts Services		✓			
WebHelp				✓	

Source: Frost & Sullivan Analysis

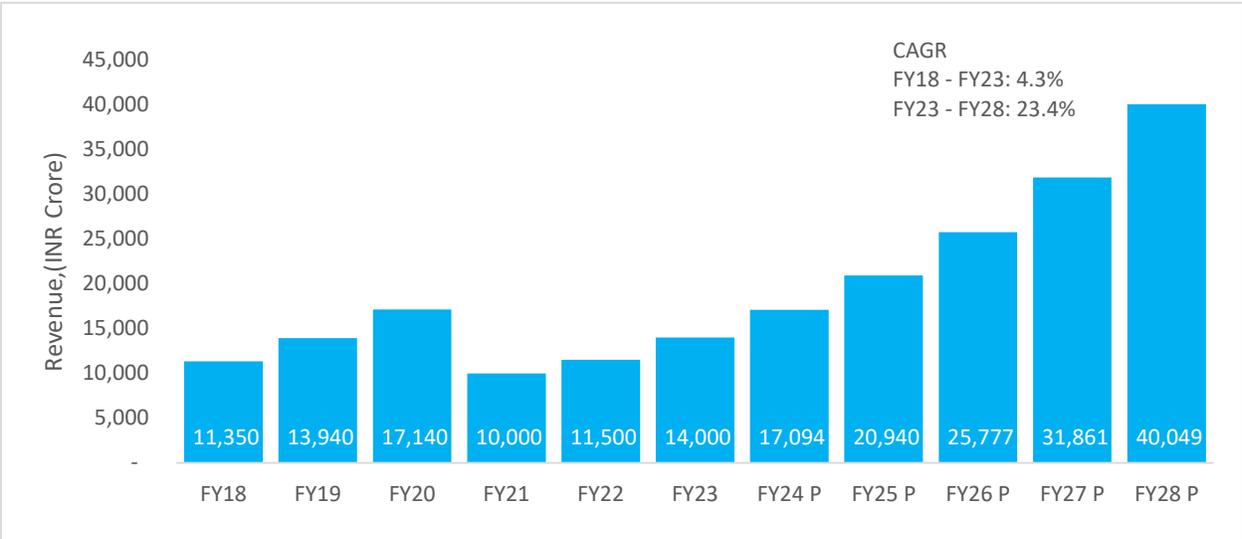
SECTION 4: FOOD AND CATERING SERVICES MARKET ANALYSIS

Market Size and Segmentations

Growth in the Indian economy and rising investments in services, industry, education and tourism sectors have played a crucial role in the growth of Food Services and Catering market. India’s high growth trajectory has resulted in industries and offices moving to semi-urban area of cities and this has fueled the demand for on-site kitchens to serve employees who must travel long distances to reach office locations.

The Food and Catering Services market in India is estimated at INR 14,500 crore in FY2023. The market grew at a CAGR of 0.3% from FY2018 – FY2023. This low CAGR is due to the global pandemic and its impact on the market.

Exhibit 4.1: Food and Catering Services Market: Historic and Forecast Revenue Trend, India, FY2018 – FY2028



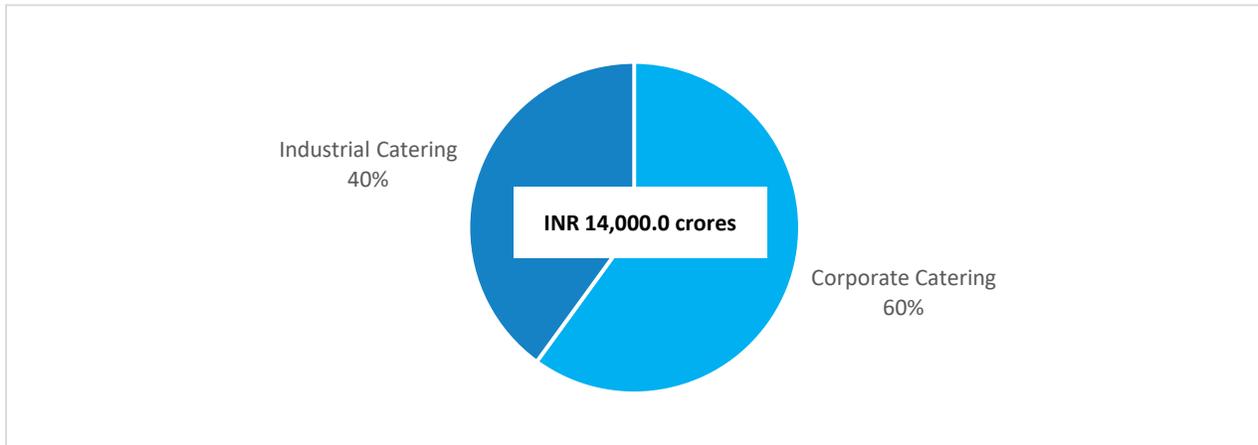
P – Projected

Note: The market size does not include catering services provided for weddings and other personal functions and in-flight catering.

Source: Frost & Sullivan Analysis

Corporate Catering is the largest segment with a market share of 60.0% of the total market followed by Industrial Catering at 42.0%. Corporate Catering includes providing food services to commercial offices, corporate cafes, educational institutions, corporate events such as meetings, training programs, exhibitions, conferences and awards programs among others. Post the global pandemic, there is an increasing focus on emotional health and overall health. This is seen particularly in educational segment where the relevant stakeholders want to imbibe the habit of healthy eating from the early stages of child’s growth. To this extent, several companies in the market are developing bespoke meal plans to create unique food experiences, which are not just healthy and tasty but visually appealing too, to meet the emotional, functional and social requirements for students at educational institutions.

Exhibit 4.2: Food and Catering Services Market: Percent Revenue Breakdown by End User Segments, India, FY2023



Source: Frost & Sullivan Analysis

Market Trends and Forecasts

Key market trends shaping the Food Services and Catering market are:

- Industrial corridors lead to increased demand for Industrial Catering: The industrial customers guarantee food orders of minimum predefined sizes, have higher consumption and presence at remote places, and provide price subsidization for employees. The growth of industries with introduction of Industrial corridors and push by Make in India 2.0 will lead to higher demand for food services from industrial segment.
- Shifting of office spaces to semi-urban areas: The office segment is moving to the semi-urban cities as the software parks and BPO offices are now being set up away from the central business districts. Due to this and the higher disposable incomes of this segment, there is higher demand for food services.
- Awareness towards health will create need for customization: There is a widespread focus on health and sustainability among the youth of India and this would impact the Food Services and Catering market moving forward. There will be growing demand for healthier food options that also comply with safety norms. This trend would have higher implications on the healthcare and institutional segments where customization, nutritional value and quality would be critical criteria for vendor selection.
- Integrated service providers to boost organized sector: In the upcoming years, customers will mostly prefer integrated service providers with good compliance and food safety track record to avoid the risk of non-compliance. This will help the organized segment to penetrate the market faster as compared to the unorganized sector.
- Macroeconomic trends: Increase in nuclear families and growing number of women joining the workforce in India is also driving the demand for food services in the long-term.
- Sustainable sourcing and like-minded vendor network: Catering companies are promoting locally sourcing of farm products and networking with vendors who are climate change conscious as a unique selling proposition to lure customers particularly the millennials and Zen-Y customers.

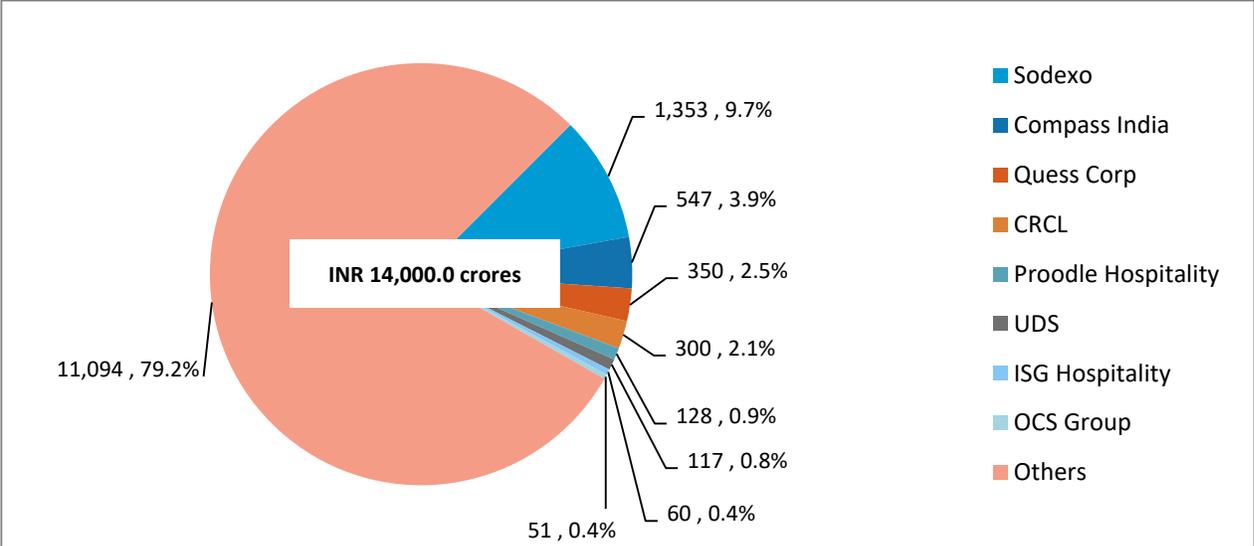
Factors such as change in lifestyles, dual earning families that prefer eating at office premises, shift in real estate trends and increase in disposable incomes to afford a leisure lifestyle are the major demand drivers.

The market is expected to reach INR 40,049.0 crore by FY2028 growing at a CAGR of 23.4% from FY2023 – FY2028. Within the Food and Catering Services market, Corporate Catering segment is expected to witness high growth which would be driven by the growth in Services segment.

Competitive Landscape and Major Players

The Food and Catering Services market is highly fragmented with close to 60-70% of the total market is dominated by the un-organized companies and the remaining 30-40% of the market is with organized companies. Within the organized segment, Sodexo, ISS, CRCL, Proodle Hospitality, Comprehensive Support Services (CSS), ISG Hospitality Service, Compass and Quess are some of the major players. Sodexo is the market leader in this segment and has around 9.7% share of the total market in FY2023, followed by Compass with a share of 3.9%. UDS is the sixth largest company pan India and has a very strong presence in South India. A few of their clients include Daimler, Vellore Institute of Technology, Eicher Motors, JK Tyre and Industries, Delphi TVS, and Sastra University.

Exhibit 4.3: Food and Catering Services Market: Market Share Analysis, India, FY2023



* Others include ISS, OCS, Proodle Hospitality, Comprehensive Support Services (CSS), ISG Hospitality, and others.

Source: Frost & Sullivan Analysis

SECTION 5: STAFFING SERVICES MARKET ANALYSIS

Market Definitions:

Staffing Services is defined as the temporary staffing focused on the needs of IT/ITeS and general staffing requirements of organizations encompassing all its functional requirements. This would include contract-based staffing only and the requirement is limited to specific projects and is short-term i.e., 1 -2 years. The market is segmented into 2 as follows:

Information Technology (IT) Staffing: Temporary staffing focused on IT and ITeS industry only. Job requirements met include software programmers and developers, web designers, web planners, Program Managers, Development Project Manager, Development Leads, Test Managers, Automation Test engineers, Performance Test engineer and Manual test Engineers.

Non-IT Staffing: Temporary staffing focused on meeting general staffing requirements of organizations other than IT and ITeS and Manufacturing. This category includes White and Grey collar staff.

White collar staff includes engineering and design jobs, administrative jobs, secretarial jobs etc. Grey collar staff includes delivery boys, front-end store personnel, etc. Other segments of the Staffing Market, such as the Permanent Recruitment and Recruitment Process Outsourcing (RPO) is not part of the research.

Market Overview

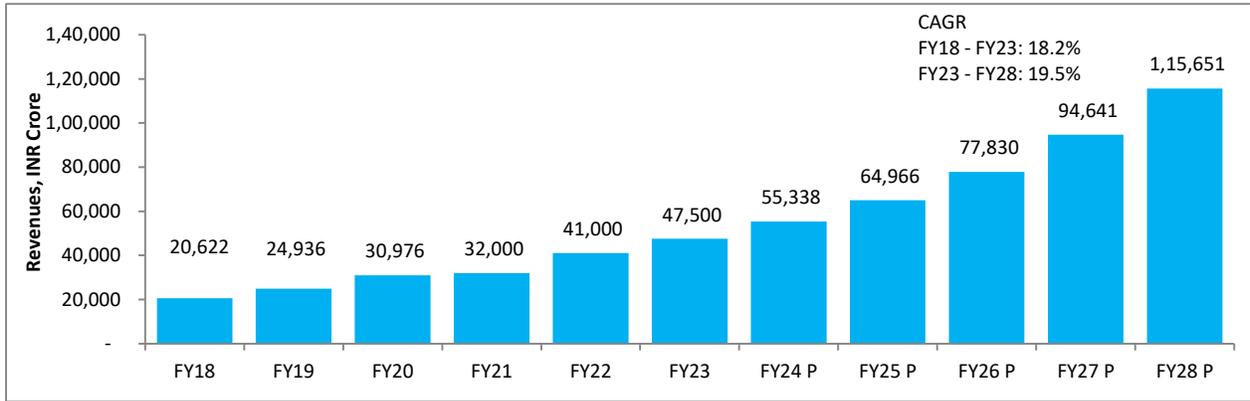
Companies in India tend to outsource activities that are non-core to their business function. Human Resources (HR) departments across manufacturing and service industries have taken to outsourcing many of their functions choosing to focus on value addition to the business instead. Some of the key functions outsourced include recruitment, payroll, benefits management, HR compliance, Time, and Attendance etc.

With the increasing market competition, margin pressures and shortage of skilled manpower, more temporary jobs are expected to be created in the long-term. There is a need to build in workforce flexibility and the ready availability of large employable workforce is expected to be a key driver for the growth in Staffing Services market in India.

India Market Size and Segmentations

The Staffing Services market size in FY2023 is estimated at INR 47,500.0 crore. The market grew by a CAGR of 18.2% between FY2018 – FY2023. As per the Indian Staffing Federation, around 1.77 lakh new jobs were added in FY2023 at a growth of 14.0% and this demand was driven by the growth in e-commerce, logistics, manufacturing, tourism, hospitality, fast moving consumer goods (FMCG), consumer durables, and healthcare segments. As of March 2023, around 14.4 lakh flexi staff were employed in India.

Exhibit 5.1: Staffing Services Market: Historic and Forecast Revenue Trend, India, FY2018 – FY2028



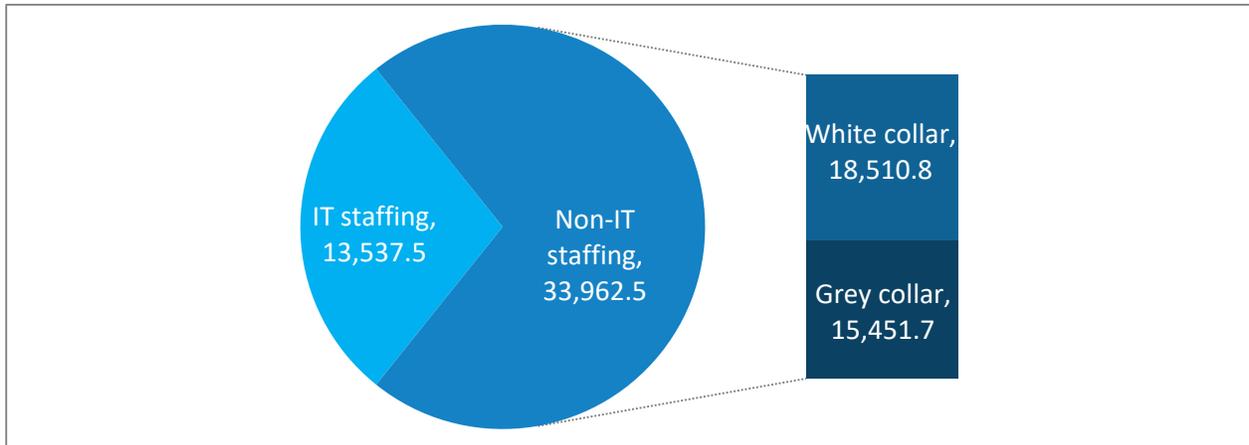
P-Projections

Source: Frost & Sullivan Analysis

Staffing Services Market by Segments:

The IT Staffing Services accounted for 28.5% of the total market in FY2023 and the Non-IT Staffing segment accounts for the remaining 71.5% of the total market.

Exhibit 5.2: Staffing Services Market: Breakdown by Segments, India, FY2023



Source: Frost & Sullivan Analysis

IT Staffing Market Analysis:

IT Staffing involves providing skilled IT workers, on contract, by staffing intermediaries to end-user companies for a defined duration. Based on a contractual agreement, staffing agencies screen, hire and deploy IT professionals to the customer’s site. The contracts are either time-based or project-based where the salaries and other benefits of professional flexi-staff are met by the staffing company.

Most of the IT jobs outsourced in the past 4-5 years were at the entry level which included programmers, software engineers, system administrators etc. Recently, IT companies have started to outsource mid-level and senior positions too. Moreover, engineering, healthcare and consumer service sectors have also started recruiting their IT staff through temporary staffing agencies.

The Indian IT industry has been a pioneer in driving the growth of the Staffing Solutions market in the past. Because of the cyclical growth witnessed in the past and to keep the costs under check, the IT industry has modified its hiring policies in favor of temporary staffing. Currently, temporary staff account for only 5.0% of the overall workforce in an IT company. Moving forward, with increasing competition, more companies are expected to hire temporary staff to overcome margin pressures and maintain lean benches. This is expected to increase the industry share from the present 5.0% to 20.0% in the next five years.

The IT Staffing segment saw a decline in the absolute number of new flexi-jobs created in second half of FY2023 by 7.7%⁴⁹. The reduction in new jobs within the IT Staffing sector is a reflection of the global slowdown in IT recruitment and the ongoing process of employment right-sizing across markets such as the United States of America (USA), ongoing Russia-Ukraine conflict and the uncertain global financial markets.

A key challenge in the segment is the shift towards process automation. IT companies are deploying automated processes so that the employees can handle more work, thereby enhancing productivity or to remove human component from tasks with high levels of repetition and low value addition. This trend is expected to bring down the volume of recruitment in the IT industry, thereby affecting IT staffing companies.

Non-IT Staffing Market Analysis:

Temporary general staffing in India is a nascent industry when compared to developed markets like United States, Japan, and Italy. However, in the last five years the industry has evolved into a strong contributor to the country's economy.

General staffing (White Collar) segment includes temporary staff placed in the retail, telecom, Banking, Financial Services and Insurance (BFSI), healthcare and hospitality industries. These include graduate level staff with professional qualifications. The average salary for this segment varies depending on the skill set of the employee. The salary for this segment can range between INR 18,000 – INR 30,000 per month.

General staffing (Blue Collar) comprises of workers in factories and plants. These employees are paid minimum wages applicable in the state where the end-user company operates. The average salary in this segment is INR 10,000 per month.

General Staffing segment witnessed a strong growth of 15.3% in new jobs added in FY2023 at around 1.47 lakh jobs across the segment, as per the Indian Staffing Federation.

COVID-19 Impact on Staffing Services Market:

COVID-19 has impacted the overall macro-economic growth in India and the Staffing Services market also had similar implications. Severe disruptions happened in Q2 and Q3 of FY2021, and most of the organizations were developing their business continuity plans, redrawing business models and transitioning from central to remote working environment. Q4 of FY2021 saw some recovery in demand

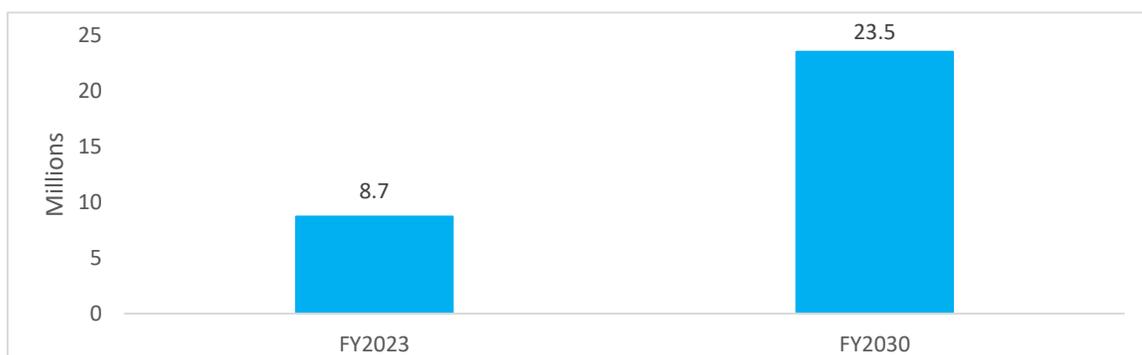
⁴⁹ <https://www.outlookindia.com/business/flexi-staffing-industry-witnesses-14-per-cent-growth-in-new-jobs-in-fy-2023-news-288761>

for staffing as companies started to look at manpower augmentation during the pandemic. Staffing Services market witnessed moderate growth of 3.3% in FY2021 despite the global pandemic and the key sectors that contributed to the growth are IT and ITeS, BFSI, Telecom, Healthcare, E-commerce, and Logistics.

Some of the key trends associated with COVID-19 that are impacting the Staffing Services market are:

- **Remote or Hybrid Working Model:** COVID-19 has accelerated the deployment of digitalization and hybrid working models in India, particularly in the IT industry. With the increase in employee productivity through hybrid models, more captives are expected to invest / expand their footprint in India, driving the demand for Staffing.
- **Rise in Gig Economy:** Increase in hiring of gig workers across Pharma, BFSI and Manufacturing segments, would increase the gig workforce up to 23.5 million by FY2030 as per a recent Niti Aayog report.

Exhibit 5.3: Gig Workforce, India, FY2023 – FY2030



Source: Niti Aayog⁵⁰ and Frost & Sullivan Analysis

- **Rise in Freelancing Platforms:** There has been a significant rise in freelancing platforms in India – 80 in 2009 to 330 platforms in 2021⁵¹. This has enabled the Staffing companies to tap into rural workforce as well due to the remote working models in place due to the current pandemic.

Market Outlook and Forecasts

Market Drivers:

Exhibit 5.4: Market Drivers and Impact, India FY2023 – FY2028

Driver	Impact		
	1-2 Years	3-4 Years	5-7 Years
Growth in IT Industry	High	High	High

⁵⁰https://www.business-standard.com/article/economy-policy/indian-gig-economy-to-have-23-5-mn-workers-by-2029-30-niti-aayog-report-122062701069_1.html

⁵¹ <https://www.ibef.org/blogs/emergence-of-india-s-gig-economy>

Growth in E-commerce Industry	High	High	High
Growth in BFSI, Healthcare & Telecom	High	High	High

Source: Frost & Sullivan Analysis

Growth in IT Industry:

The adoption of technology by various industries across sectors has led to the establishment of new job requirements; this along with an increase in the need for competent IT technology experts are anticipated to create the demand for IT Staffing Services despite the recent disruption and setbacks the IT industry.

The growth in IT industry is expected to create more jobs in the future and the need to ramp up manpower without too much of a build-up in bench means that IT industry would have to depend on Staffing Services to bridge their requirement gaps

Growth in E-commerce Industry:

India's E-Commerce market is estimated to expand at a CAGR of 25 - 27% from 2019 to 2025. The primary drivers of this growth are the demand for grocery and fashion/apparel segments. Indian government aims to create a trillion-dollar online economy by 2025 through their Digital India Programme. Other regulatory measures such as the draft e-commerce policy, the national retail policy, and consumer protection rules 2020 are all expected to drive the market in the long-term.

Growth in BFSI, Healthcare & Telecom:

Growth in working population and disposable incomes is creating demand for banking and financial services. Enhanced spending on infrastructure and continuation of policy reforms that drive investments are expected to provide growth impetus and the sector is rapidly evolving to adapt to the changing market dynamics. BFSI sector is expected to create around 1.6 million jobs as per a report by National Skills Development Corporation (NSDC)⁵². Most sought after skill set from the sector are professionals with expertise in AI, Machine Learning, Cyber Security, Cloud Computing, Data & Business Analytic and Risk Management.

The healthcare sector in India is one of the largest sectors, both in terms of revenue and employment. Despite that the COVID-19 pandemic has highlighted the lack of skilled healthcare professionals, particularly doctors, nurses, allied health professionals, support workers across the healthcare value chain. As per the CEO of Apollo Medskills there is a shortage of 10 lakh doctors, 20 lakh nurses, and 40 lakh allied workers and support staff across India⁵³. With the surge in pandemic there is an increasing demand for sample collection and at-home medical services, which are creating demand for Staffing Services. India's largest vaccination drive is also creating demand for healthcare professionals. It is estimated that every vaccine center requires about 11 staff and the key skills in demand are for

⁵²<https://bfsi.economicstimes.indiatimes.com/news/industry/which-skills-are-in-demand-for-emerging-jobs-in-bfsi-space/82259174>

⁵³ <https://www.nationalskillsnetwork.in/covid-19-impact-strengthening-indias-healthcare-workforce-through-effective-skilling/>

inoculators, vaccination officers, crowd management and post vaccine observers. Staffing Services market stands to benefit from this demand both in the short-term and long-term.

Expansion in 3G and 4G and the onset of 5G technologies in India are expected to increase the demand for telecom services over the next 5 years. Department of Telecom has assigned bandwidth to telecom operators to start 5G Trials in Delhi, Mumbai, Kolkata, Bengaluru, Gujarat, Hyderabad, and others. Capacity expansions by major telecom companies and BSNL's 4G upgrade are also contributing to the sector's growth. The most demanded opportunities would be for network engineers, field engineers, software engineers, developers, telecom technicians, project managers, network architects, data analysts, technical writers, cybersecurity analyst, customer service representative among others.

Market Restraints:

Exhibit 5.5: Market Restraints and Impact, India FY2023 – FY2028

Restrains	Impact		
	1-2 Years	3-4 Years	5-7 Years
Process Automation and Employee Productivity	Medium	Medium	High
Lack of Long-term Job Security	Medium	Medium	Medium

Source: Frost & Sullivan Analysis

Process Automation and Employee Productivity:

IT companies are deploying automated process so that the employees can handle more work, thereby enhancing productivity or to remove human component from tasks with high levels of repetition and low value addition. This trend is expected to bring down the volume of recruitment in the IT industry, thereby affecting IT staffing companies.

Lack of Long-term Job Security:

While temporary staffing may serve as a good entry point for new hires to gain work experience, most people covet long term job security. The lack of long-term job security is an impeding factor for people's willingness to be hired through staffing agencies.

Based on the above analysis, the Staffing Services Market is expected to reach INR 115,651.0 crore in FY2028, by growing at a CAGR of 19.5% from FY2023 – FY2028.

Industry Challenges:

Matching Talent and Client Budgets: Most of the times client faces budget constraints to meet their staffing requirements. Matching the right skillset for a necessary job and within the budget of the client is a major challenge faced by the staffing companies in India.

Talent Retention: The most important factor for any staffing company is to have a strong database of candidates. Candidates switch between companies for various reasons including salaries, work

environment, and lead time between contracts. The Indian IT industry has high levels of attrition and sourcing, and retaining talent is a challenge for IT staffing companies.

Alternate Sourcing Options: Increasing usage of social and professional media networks such as LinkedIn and Facebook by the clients for their hiring needs is posing challenges to the staffing companies.

Competitive Insights and Market Share Analysis

Competitive Overview:

The competitive landscape is highly fragmented in India. It is estimated that more than 1,000 companies are operating in this space in India. The organized market consists of 20-30 companies and is dominated by international and national companies.

Major players in this segment include Qess Corp, Teamlease, FirstMeridian, Randstad, Manpower Group, Adecco, Datamatics Staffing Services Limited, Collabera, Artech Infosystems Pvt. Ltd., Kelly Services etc.

Exhibit 5.6: Number of Staffing Associates by Key Companies, India, 2023

S.No.	Company Name	Number of Associates/ FTE
1	Qess Corp	511,000
2	TeamLease	~ 290,000
3	FirstMeridian	~ 127,000
4	Randstad	47,000 (global, CY2022)
5	Adecco	39,000 ⁵⁴

Source: Company websites

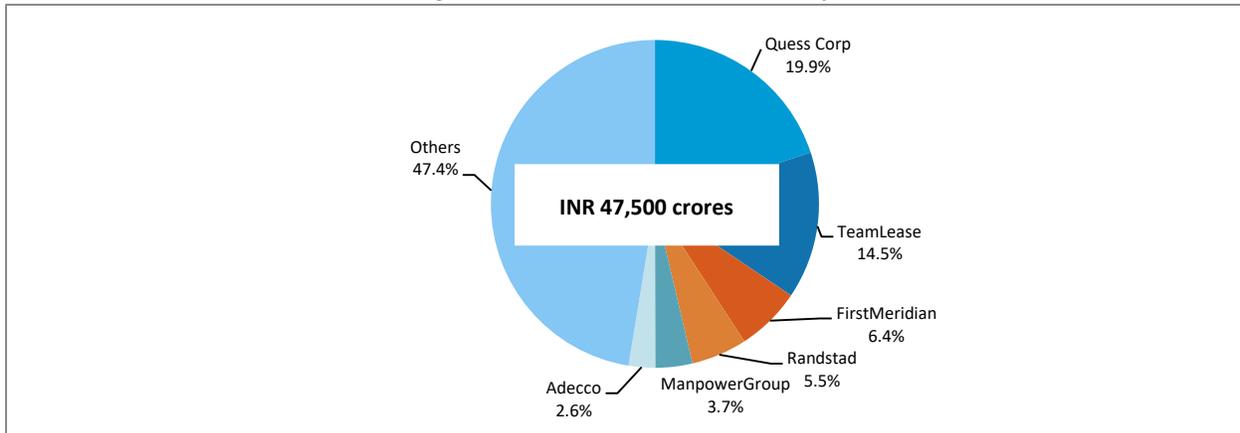
IT Staffing Segment market is more fragmented than the Non-IT Staffing Solutions Segment in India. High growth witnessed by the segment in the last decade and low entry barriers have resulted in a large base of small to medium companies and this has resulted in a highly competitive market. Major players in the IT Staffing segment are Qess Corp, TeamLease and FirstMeridian.

Market Share Analysis:

The top 5 companies – Qess Corp, Teamlease, FirstMeridian, Randstad, and ManpowerGroup account for 50.0% of the total market in FY2023.

⁵⁴ <https://www.statista.com/statistics/191383/number-of-full-time-employees-of-adecco-since-2006/>

Exhibit 5.7: Staffing Services Market: Revenue Share Analysis, India, FY2023



* Others include UDS, Datamatics Staffing Services Limited, Collabera, Artech Infosystems etc. Source: Frost & Sullivan analysis

Overall Competition Analysis:

Exhibit 5.8: IFM and BSS Market: Service Portfolio of Major Companies, India, FY2023

FM Company Name	Soft Services	Hard Services	PSS	Food & Catering Services	Mail Room Services	Employee Background Checks	Retail/ Channel/ Trade Audits & Assurances	Feminine Hygiene	Sales Enablement	Staffing	Airport Ground Handling	Waste Management	Emergency Services	Capital Projects	Security
BVG	✓	✓										✓	✓		
UDS	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓				
Quess Corp	✓	✓	✓	✓						✓					
SIS Limited	✓	✓	✓							✓					✓
Sodexo	✓	✓		✓											
Krystal	✓	✓	✓						✓						
ISS Facility Services	✓	✓		✓						✓				✓	
Compass	✓	✓		✓											
Impressions	✓	✓	✓							✓					
OCS Group	✓	✓	✓	✓											

Source: Frost & Sullivan Analysis

Legend for relative strength of a company in a business segment:

	High		Medium		Low
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Note:

For Soft Services, Hard Services, PSS, and Food & Catering Services the relative strength is based on market shares and for the rest of the business segment, the strength of a company is based on qualitative insights gathered during the research.