



The land of unlimited opportunities

India at a Glance

3rd largest economy

Current PPP- US\$9.5 trillion
By 2025- US\$ 20 trillion

Fastest growing economy in the world

Current growth rate- 7.2%
By 2019- 7.9%

1.36 billion people

India's population will reach
1.66 billion by 2050

877 million working population

65% population between age
group 15-64

India to become youngest country

Current median age- 27
By 2020- 29

Growing urban markets

450 million
25-30 people move every
minute to urban areas

Foreign reserves

US\$ 421 billion

2nd largest internet users

Current- 462 million
By 2020- 730 million

Low labour costs

Total labour force of nearly
522 million

India at a Glance

Retail market ranked 1 in GRDI

Expected to grow to US\$ 1.1 trillion by 2020

2nd largest telecommunication market

1.19 billion subscribers

Reduced taxes

25% for companies with annual turnover less than 250 crore (US\$ 38.75 million)

9.1% Exports growth

Touched US\$ 28.6 billion in Sep 2017

5th largest power generation capacity

334.40 GW

2nd largest road network

5.4 million kms

4th largest railway network

23 million people travel everyday

6th largest food & grocery market

Food grain production touched 276 million tones

6th largest pharmaceutical market by 2020

Expected revenue US\$ 50 billion

Ease of doing business in India

- ✓ India jumped 30 ranks up making 100th spot in World Bank's `Doing Business' ranking in 2018
- ✓ Joined top 10 improvers with a magnificent boost in 6 out of 10 indicators
- ✓ GoI initiated and implemented the highest number of business regulation reforms to propel India among the fastest growing economies
- ✓ Major reforms that helped India to jump up:
 - Business incorporation within 2 days by introduction of a single form
 - New insolvency and bankruptcy code for faster liquidation
 - Digitization tax processes by introduction of GST, e-assessments and e-payments
 - Online single window for fast track construction permits
 - Use of e-platforms making faster custom clearances making across borders trading easier
 - Increased number of arbitration centers for minority investors
 - Rationalized investors KYC norms and simplifying FPI norms
 - Digitization of property records
 - Separate commercial courts for business disputes

Recent GoI Initiatives

- ✓ **Make in India**- to facilitate investments, foster innovation, develop skills and build best in class manufacturing infrastructure
- ✓ **Start-up India**- to foster entrepreneurship and promote innovation conducive for growth of start-ups
- ✓ **Digital India**- to transform India into a digitally empowered society and knowledge economy
- ✓ **Goods and Service Tax (GST)**- a single indirect tax across nation
- ✓ **Smart Cities**- a project with outlay of US\$ 7.69 billion setting up Special Purpose Vehicles in 19 cities
- ✓ **Health Protection Scheme**- health treatments for over 10 crore vulnerable families with up to INR 5 lakh each (US\$ 7,813)
- ✓ **Institutional reforms**
 - Access to financial services including Bank account, Credit, Insurance and Pension for every Indian (**Jan Dhan Yojana**)
 - A 12 digit unique identity number for all Indian residents (**Adhaar**)
- ✓ **Infrastructure push**
 - Largest-ever road construction to build 83,677 km new highways (**Bharatmala Pariyojana**)
 - Leveraging India's vast coastlines and industrial waterways to drive industrial development with a project investment of US\$ 120 billion (**Sagarmala programme**)
- ✓ **FDI Approvals**- mandated clearance within 10 weeks
- ✓ **Housing for All 2022**- to construct 48 million households by 2022
- ✓ **Agricultural boost**- 100% deduction to farmer producer companies with an annual turnover up to INR 100 crore (US\$ 15.63 million)
- ✓ **Labour reform**- increased maternity benefits and improved employee compensation

FDI in India

Automatic Route

- ✓ All sectors other than sectors which are specifically prohibited or under approval route
- ✓ Should comply with sector based investment and other conditions (i.e. sectoral caps)

Approval Route

100% FDI through Government approval route

- ✓ Extraction of titanium
- ✓ Publishing of scientific & technical magazines/specialty journals/facsimile
- ✓ Edition of foreign newspapers
- ✓ Satellites (establishment & operation)

FDI in India

Approval Route

100% FDI: Government approval required beyond 74%

- ✓ Pharmaceuticals (Brownfield)

100% FDI: Government approval required beyond 49%

- ✓ Telecom Services
- ✓ Single Brand Product Retail Trading

49% FDI: No Government approval required

- ✓ Infrastructure Company in the Securities Market
- ✓ Insurance
- ✓ Pension Sector
- ✓ Power Exchanges
- ✓ Petroleum refining
- ✓ Defense (*will be further eased to 51%*)

FDI in India

Approval Route

49% FDI through Government approval route

- ✓ Broadcasting Content Services (except Up-linking & Down-linking of Non-'News & Current Affairs' TV Channels)

FDI limits less than 100%

- ✓ Banking (Private Sector): 74% FDI is allowed. Government approval is required beyond 49%
- ✓ Private Security Agencies- 74% FDI is allowed. Government approval is required beyond 49%
- ✓ Multi Brand product retail trading: 51% FDI is allowed with Government approval
- ✓ Print Media: 26% FDI is allowed with Government approval
- ✓ Banking (Public Sector): 20% FDI is allowed with Government approval

FDI in India

Prohibited Sectors

- ✓ Real Estate Business or Construction of Farm Houses
- ✓ Activities/ sectors not open to private sector investment e.g. Atomic Energy and Railway Transport (other than Mass Rapid Transport Systems)
- ✓ Lottery, Gambling and Betting Businesses
- ✓ Business of Chit funds
- ✓ Nidhi Company
- ✓ Trading in Transferable Development Rights
- ✓ Manufacturing of cigars, cheroots, cigarillos and cigarettes, of tobacco or of tobacco substitutes

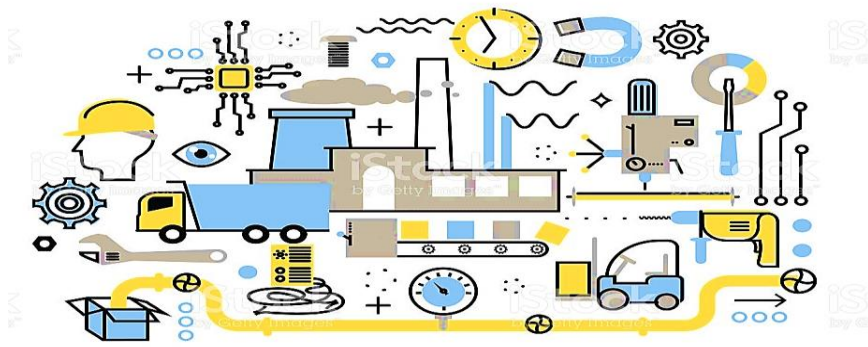
FDI in India

- ✓ FDI inflows in India stood at US\$ 48.2 billion in FY 2017-18 (up to December 2017)
- ✓ FDI equity inflows touched US\$ 35.9 billion during April - December 2017
- ✓ Received the maximum FDI equity inflows during April - December 2017 from:
 - Mauritius: US\$ 13.3 billion
 - Singapore: US\$ 9.2 billion
 - Netherlands: US\$ 2.4 billion
 - USA: US\$ 1.7 billion
 - Japan: US\$ 1.3 billion
 - Germany: US\$ 1.0 billion
- ✓ Countries across globe are making big in India be it Microsoft from USA, Honda from Japan, Emaar from UAE, Volvo from Sweden or BMW from Germany
- ✓ Highest FDI attracted during April- December 2017 by following sectors:
 - Telecom: US \$ 6.1 billion
 - Computer software & hardware: US\$ 5.6 billion
 - Services: US\$ 4.6 billion
 - Construction: US\$2.5 billion
 - Trading: US\$ 2.3 billion
 - Automobile: US\$ 1.7 billion
- ✓ Expected to grow at 25% annually to touch US\$ 40 billion by 2025
- ✓ GoI approved FDIs worth US\$ 780.4 million, including Amazon India's US\$ 546.3 million
- ✓ Private investments in India expected to grow by 8.8% in FY 2018-19 to overtake private consumption growth of 7.4% driving growth in India's GDP- **World Bank**
- ✓ India became the most attractive emerging market for global partners investment for the coming 12 months- EMPEA
- ✓ Single window clearance system for FDI wherein government approval will be cleared by the ministries concerned

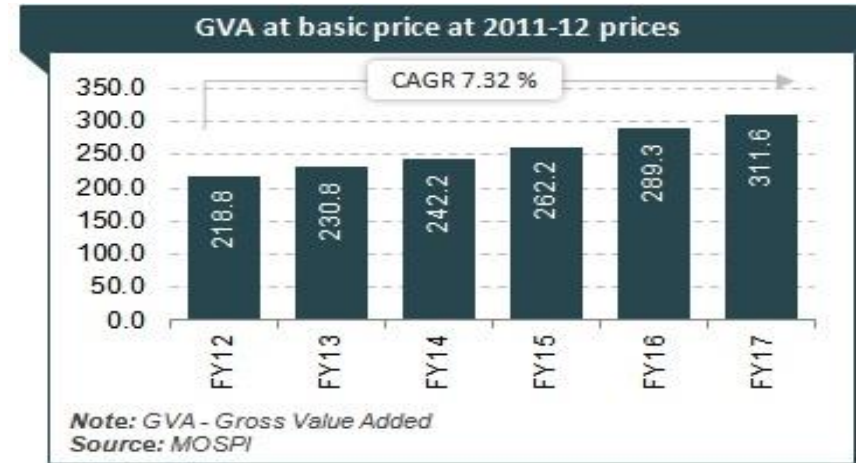
Manufacturing Sector

Growth Drivers

- ✓ GoI initiated Make in India program aiming to make India a hub for hi-tech manufacturing
- ✓ Reduced income tax rate to 25% for all companies having a turnover of up to US\$ 38.8 million
- ✓ Increased export incentives available to labor intensive MSMEs
- ✓ More than a billion consumers and increasing purchasing power
- ✓ FDI in manufacturing sector reached US\$ 72.3 billion



MANUFACTURING



Reasons to Invest

- ✓ Emerged as one of the high growth sectors with CAGR of 7.3% between FY2012-17 (Current: 7.7%)
- ✓ Contributes 16% to GDP currently, aims to increase it to 25% by 2022
- ✓ Expected to become 5th largest manufacturing country by 2020
- ✓ Potential to reach US\$ 1 trillion by 2025
- ✓ Access to workforce at a relatively lower cost
- ✓ Global giants like GE, HTC, Toshiba and Boeing have either set up or are in process of setting up plants in India

Automobile Sector

Growth Drivers

- ✓ Growing working population and expanding middle class
- ✓ 3x increase in average household income from US\$ 6.4 k to US\$ 18.5 k
- ✓ Production volume grew at a CAGR of 5.6% between FY 2012-17
- ✓ Expected to grow at CAGR of 15% reaching US\$ 300 billion by 2026
- ✓ Exports grew at 13% year-on-year between April-December 2017
- ✓ Attracted FDI of US\$ 17.9 billion during April 2000 to September 2017



Number of automobiles sold in India (in millions)



Reasons to Invest

- ✓ World's largest tractor manufacturer
- ✓ World's 2nd largest two-wheeler market
- ✓ World's 3rd largest heavy truck manufacturer
- ✓ Favorable government policies like Automotive Mission Plan, National Auto Policy etc.
- ✓ Private players like Hyundai, Suzuki, GM are keen to set up an R&D base in India
- ✓ 100% FDI allowed through automatic route
- ✓ Aftermarket has the potential to generate up to US\$ 300 billion annual revenue by 2026

Infrastructure Sector

Growth Drivers

- ✓ Recorded sales of 21,869 units of construction equipment
- ✓ Construction equipment revenue estimated to reach to US\$ 22.7 billion by 2020
- ✓ FDI stood US\$ 24.7 billion from April 2000 to September 2017
- ✓ India's national highway networks expected to cover 50,000 km by 2019
- ✓ GoI initiatives like Smart Cities mission boosting investments of US\$ 30 billion
- ✓ National Highway Interconnectivity Improvement Programme under World Bank Loan Assistance



Total number of construction equipment units sold ('000)



Reasons to Invest

- ✓ Granted duty free import of modern high capacity construction equipment for roads and highways infrastructure
- ✓ Logistics sector expected to increase at a CAGR of 10.5% to US\$ 215 billion by 2020
- ✓ Construction activities contribute more than 8% of India's GDP
- ✓ India and Japan having joint projects in north-east India
- ✓ 100% FDI permitted in Road & Highways

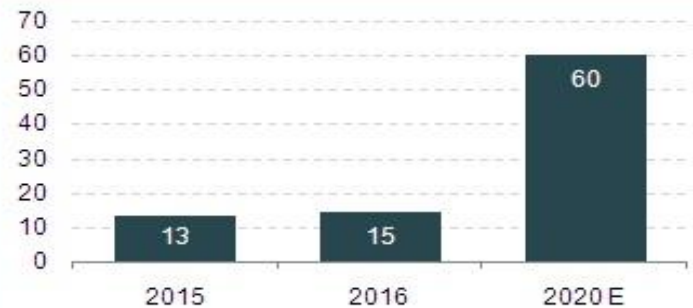
Retail Sector

Growth Drivers

- ✓ Organized retail has potential to grow by US\$ 140-160 billion (share of unorganized sector)
- ✓ 3x rise in average household income to reach US\$ 18.5 k in 2020
- ✓ Revenue from online retail projected to reach US\$ 60 billion by 2020
- ✓ Market is expected to increase by 60% to reach US\$ 1.1 trillion by 2020
- ✓ 730 million internet users by 2020, thereby growing revenue from online retail
- ✓ Increasing participation from foreign and private players to boost retail infrastructure



Revenue from online retail in India (US\$ billion)



Note: E - Estimate
Source: indiaretailing.com

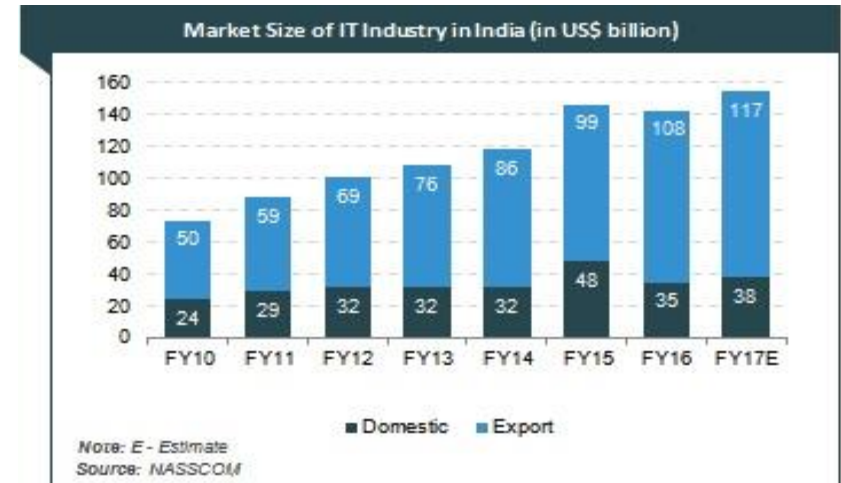
Reasons to Invest

- ✓ Ranked #1 in Global Retail Development Index in 2017
- ✓ India to become 3rd largest consumer economy by 2025
- ✓ Permitted 100% FDI through automatic route in online retails
- ✓ Received FDI US\$ 1.1 billion till September 2017
- ✓ Market penetration expected to increase to 12% from existing 2%
- ✓ E-commerce market set to grow at CAGR of 30% by 2026

IT Sector

Growth Drivers

- ✓ IT-business process management (BPM) sector estimated to expand at a CAGR of 9.5% to US\$ 300 billion by 2020
- ✓ US\$ 1.6 billion is spent annually on training workforce and R&D
- ✓ IT domestic revenue estimated at US\$ 38 billion and export revenue estimated at US\$ 117 billion in 2017
- ✓ Increasing adoption of technology by customers
- ✓ Digital India envisages a US\$ 20 billion investment
- ✓ SMAC (social, mobility, analytics, cloud) market expected to grow to US\$ 225 billion by 2020



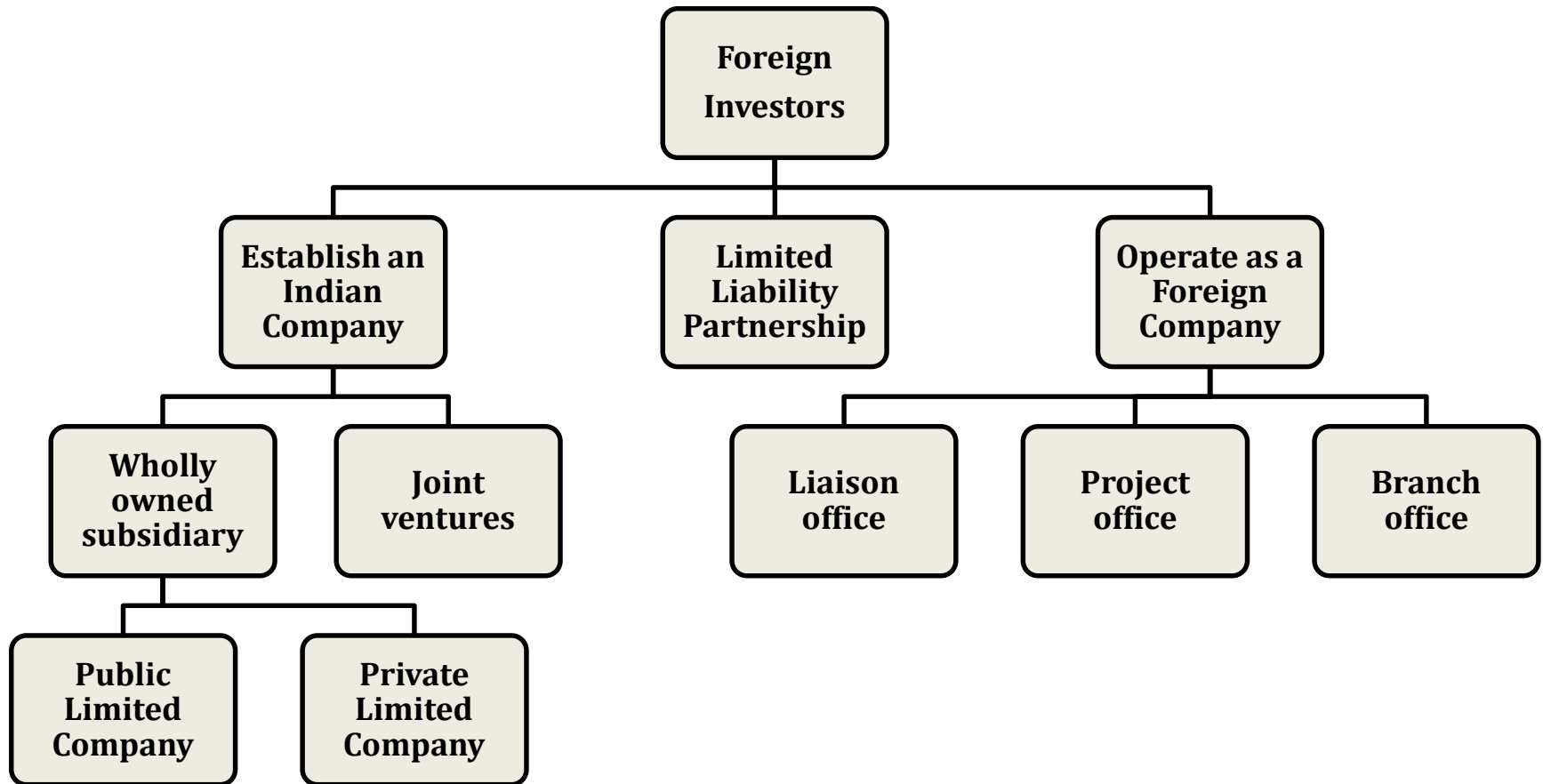
Reasons to Invest

- ✓ 100% FDI permitted in mostly IT services under automatic route
- ✓ 3rd largest tech startup hub in the world
- ✓ 2nd largest digital economy with 462 million plus internet subscribers
- ✓ Highest proportion of digital talent in the country at 76% (global average: 56%)
- ✓ Conducive government policies and incentives facilitating investments in IT sector
- ✓ Continues to be the largest private sector employer

AJSH & Co LLP

Chartered Accountants

Ways to enter India



Business Presence as Domestic Entity

Wholly Owned Subsidiary

- ✓ Can do all commercial business activities
- ✓ **No prior RBI approval required**
- ✓ Suitable for long-term presence
- ✓ Can be in form of a public or a private company

Joint Venture

- ✓ At least two parties required
- ✓ Can do all commercial business activities
- ✓ **No prior RBI approval required**
- ✓ Suitable for long-term presence

Limited Liability Partnership

- ✓ Can do all commercial business activities
- ✓ **No prior RBI approval required**
- ✓ Suitable for long-term presence
- ✓ Benefit of limited liability for their members

Business Presence as Foreign Entity

Liaison Office

- ✓ Representative office only. No business activities.
- ✓ **Cannot earn income** in any form
- ✓ Prior Reserve Bank of India ("RBI") approval required

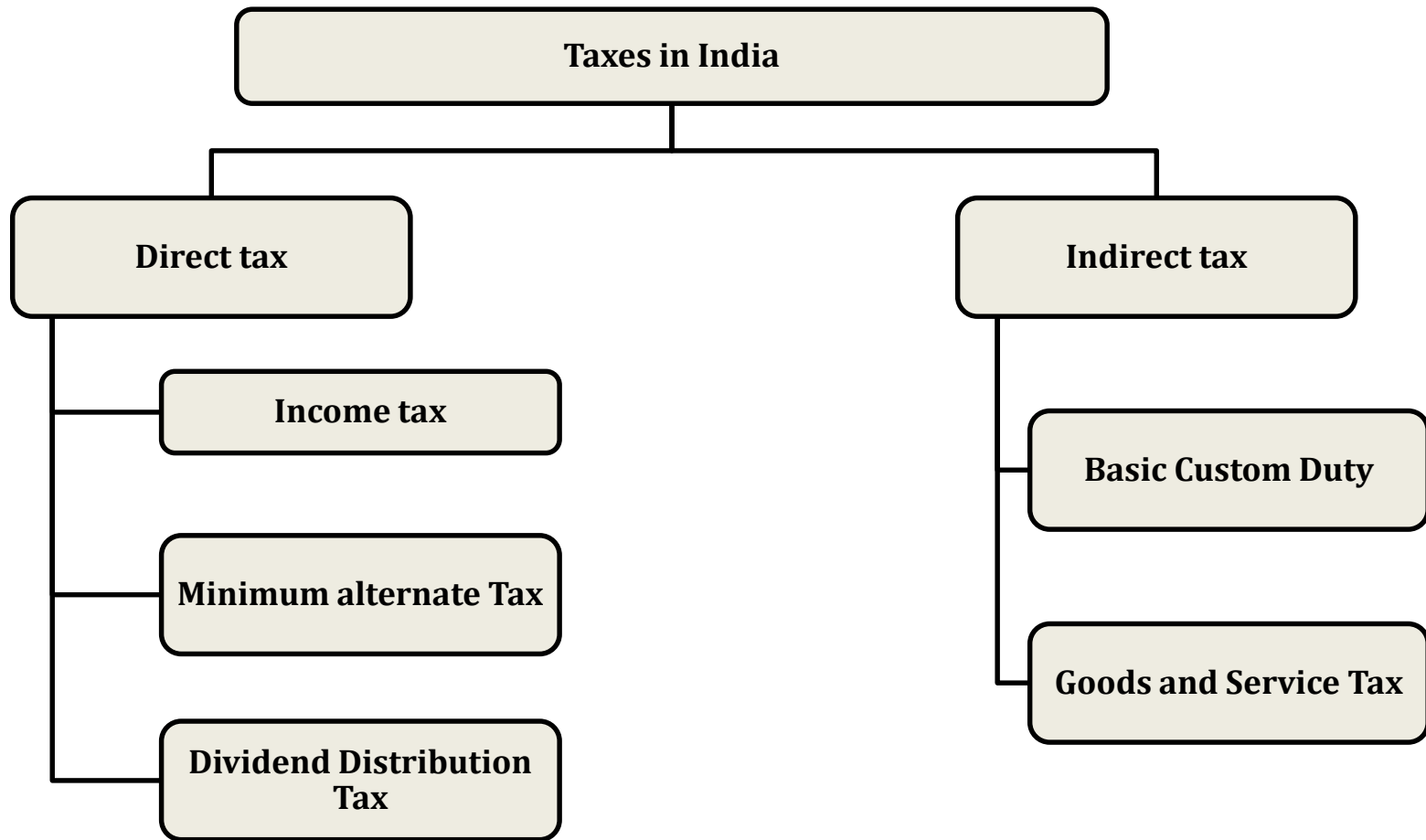
Project Office

- ✓ For specific project awarded by Indian company
- ✓ **No prior RBI approval required** in case of German companies
- ✓ Separate project office (bank account) to maintained for each project

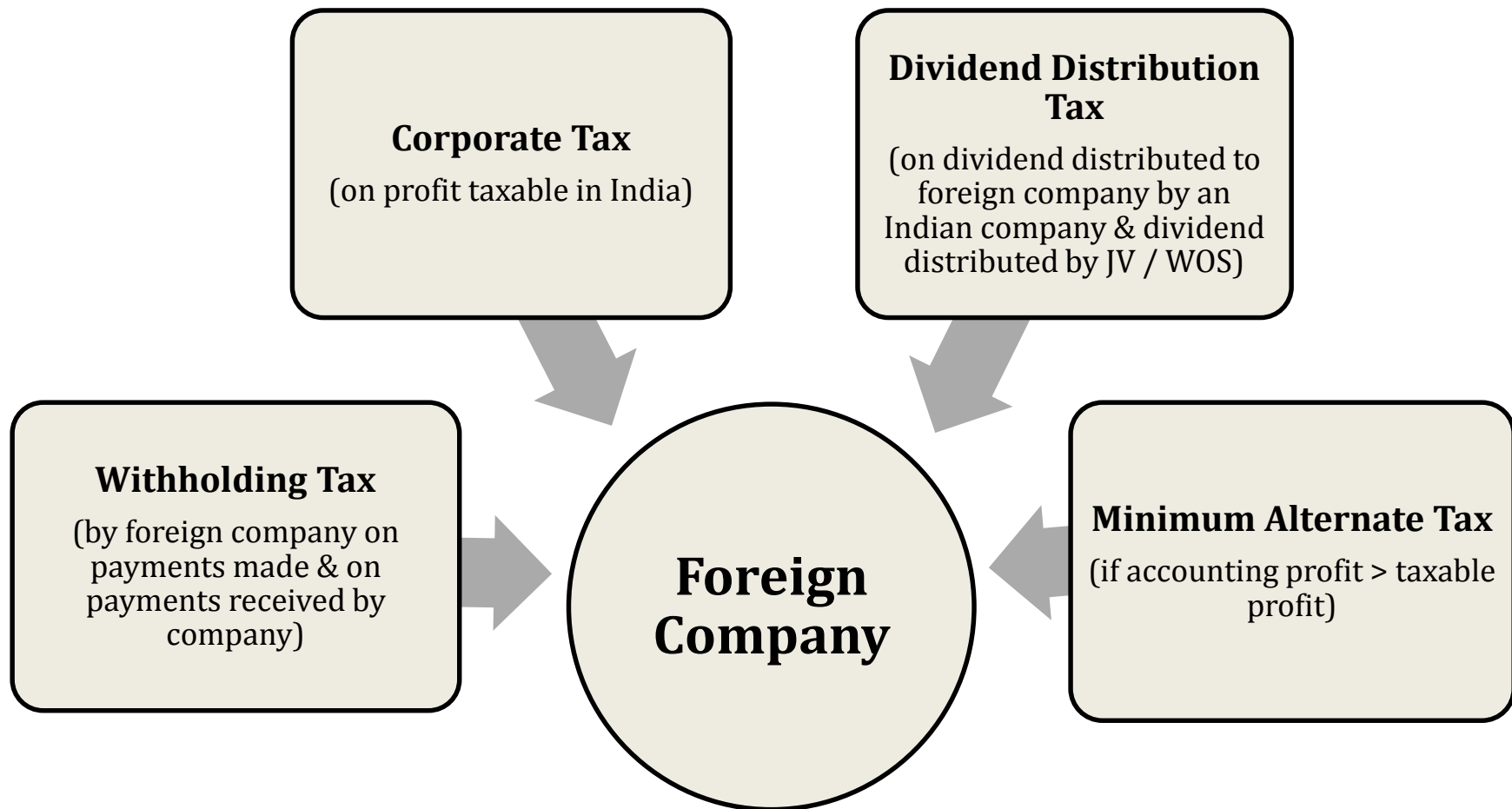
Branch Office

- ✓ Can be formed by companies engaged in manufacturing & trading activities
- ✓ Can do **only permitted activities** like trading, consulting, sales agent etc. Not permitted to undertake manufacturing activities
- ✓ **Prior RBI approval required**

Indian Tax Framework – An Overview



Brief Overview of Direct Taxes



Goods & Service Tax (GST)

- ✓ **One nation, one tax**
- ✓ GST is a tax replacing all **state and central level indirect taxes** *except Basic Customs Duty on imports*
- ✓ Comprehensive tax levy on manufacture, sale and consumption of goods and service
- ✓ Changed the tax base from **production to consumption**
- ✓ Mitigated the **cascading effect**
- ✓ GST adoption is expected to **raise India's GDP growth** to over 8% (IMF)
- ✓ All goods or services are covered under GST except:
 - Exempted goods & services
 - Goods & services outside the purview of GST
 - Transactions below threshold limits
- ✓ Tax rates
 - Four tax rates namely **5%, 12%, 18% and 28%**
 - Separate tax rate for precious metals
 - Cess over the peak rate of 28% on specified luxury and sin goods

Our Firm

AJSH & Co LLP is an independent firm of Business Advisors and Chartered Accountants with its corporate office situated at New Delhi, India.

AJSH has brought together a team of highly qualified and experienced consultants from diverse professional fields and expertise.

Our dedicated team of accomplished professionals and wide variety of services offered ensures that our client gets everything under one roof.

We cater to Indian and multinational corporates, high net worth individuals, financial institutions, start-ups and expatriates.

We are working with clients in India, USA, Africa, Australia, Europe, Hong Kong, Japan, China, Malaysia, Singapore and Thailand. Thus, we work across several different time zones based on our client needs.

Registrations: ICAI (India), PCAOB (US)

Certification: ISO 9001:2008

Size: 120 + professionals (Chartered Accountants, Company Secretaries, Certified Public Accountants (CPA), Lawyers, MBAs)

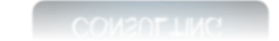
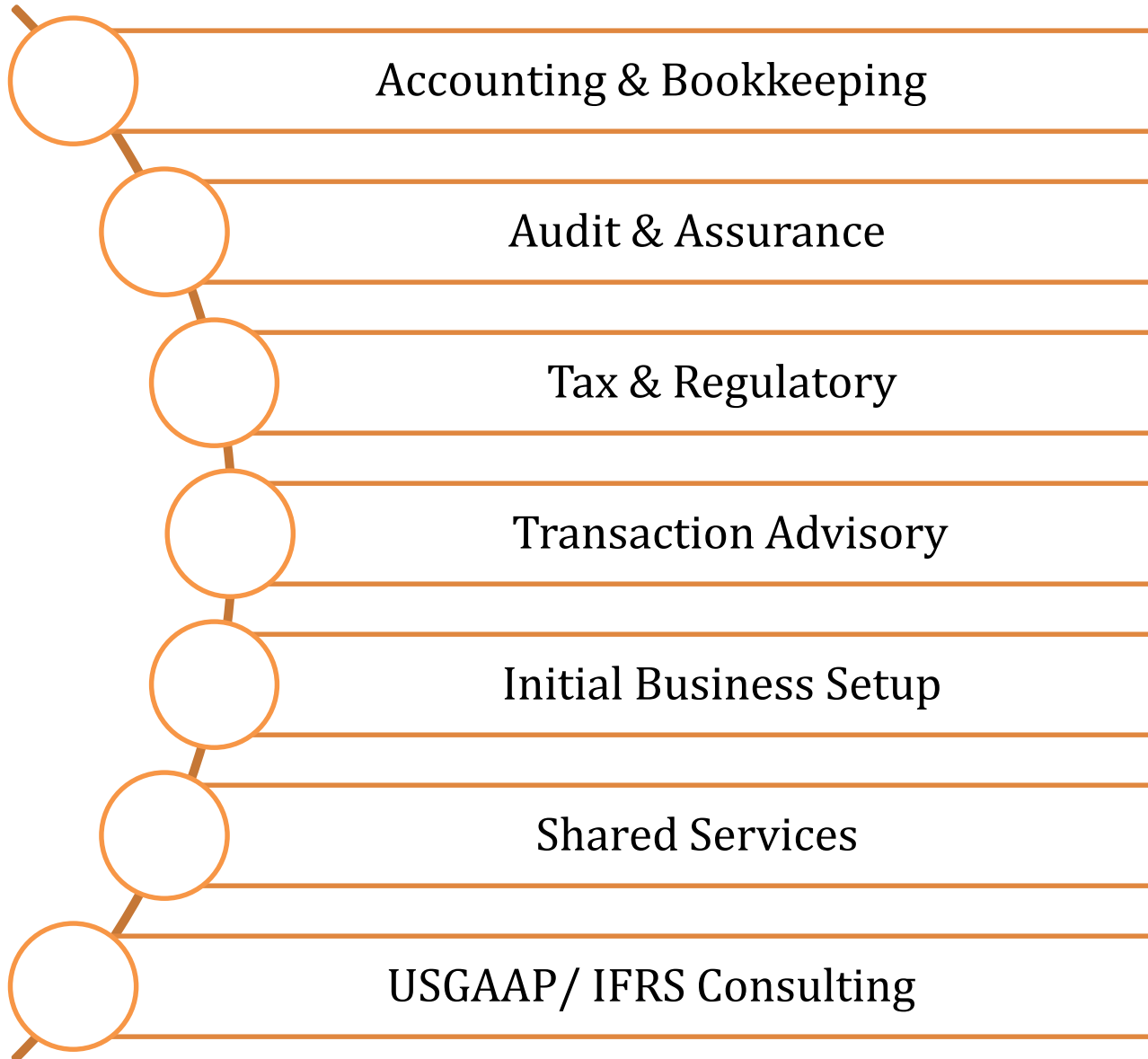
No of clients: 300+ satisfied clients across the globe

Key Client's Location: India, USA, Africa, Australia and Europe, Hong Kong, China, Malaysia

Head Office: New Delhi, India

Partners: Ankit Jain, Siddhartha Havelia, Manvi Arora, Chandramani Goel, Gautam More, Mehak Taneja and Rajeev Ranjan

What we do



Our Services

- ✓ **Accounting & Bookkeeping Services:** We offer comprehensive accounting services to companies who wish to outsource their accounting functions. We can help you with:
 - Statutory bookkeeping
 - Accounting reconciliations
 - Monthly closing of books
 - Accounting system implementation
 - Cash flow management
 - Financial reports

- ✓ **Audit & Assurance Services:** We provide assurance services to our clients for ensuring the best practices and compliance with the regulatory requirements. Our assurance services include:
 - Statutory audit & certifications
 - Internal & Concurrent audits
 - Tax audits
 - Process / Transaction audit
 - Management / Operational audit
 - Stock audit
 - Due diligence
 - Forensic / Risk audit
 - Fraud investigation & dispute services
 - Propriety audits

- ✓ **Tax & Regulatory Services:** We offer wide array of regulatory services ranging from advisory to compliance services.
 - Direct tax
 - Indirect tax
 - International tax
 - Tax planning

Our Services

- ✓ **Transaction Advisory Services:** We can provide support and advisory services to an entire corporate finance project or undertake projects for specific elements. Our services include:
 - Partner/target identification
 - Business & equity valuation
 - Financial & tax due diligence
 - Transaction structuring
 - Transactions support, negotiation & closing issues
 - Mergers & acquisitions
 - Financial modeling

- ✓ **Initial Business Setup:** We provide services to help our clients for the initial setup and formation of the business entities. Our services include:
 - Formation of business entities
 - Registrations with various authorities
 - Business entry advisory services
 - Preparation & filing of incorporation
 - Identifying the suitable form of business
 - Drafting of charter documents
 - Secretarial & administrative support
 - Post incorporation services

- ✓ **Shared Services:** AJSH help organizations to outsource their non primary functions so as to reduce their operating costs while improving focus on the key issues of running the business. We can assist our clients with bookkeeping, payroll processing, data entry, financial and analytical support.

Our Services

- ✓ **US GAAP / IFRS Consulting:** AJSH is registered with PCAOB, United States of America to perform audits for SEC (Securities Exchange Commission) filings. Our team is highly experienced and knowledgeable in IFRS & US GAAP standards. We can assist you with:
 - First time adoption of US GAAP / IFRS
 - Preparation of financial statements in accordance with US GAAP / IFRS
 - SOX 404 audit & compliance
 - Audit of financial statements prepared under US GAAP / IFRS
 - Accounting guidance for specific transaction

- ✓ **Others:** Other important services provided by AJSH include:
 - Physical Verification & Reconciliation
 - Primary Research (surveys & market study)
 - Human Resource Support
 - Assets Management
 - Virtual office
 - Resident directors

Our Credentials

More than 10 SEC listings / FINRA Broker Dealer / PCAOB Audits

Extensively worked in Africa in more than 16 countries

Over 200 clients in shared services division from US, UK, Australia, Singapore and many other countries

Worked for 5 SPAC transactions

FDI transactions with cumulative value of \$200 million

Working with all the major telecom giants (12) in India

Covered telecom audits for over 800 thousands locations over last 10 years

Expertise in all major accounting packages used across the globe



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Thank You!!

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