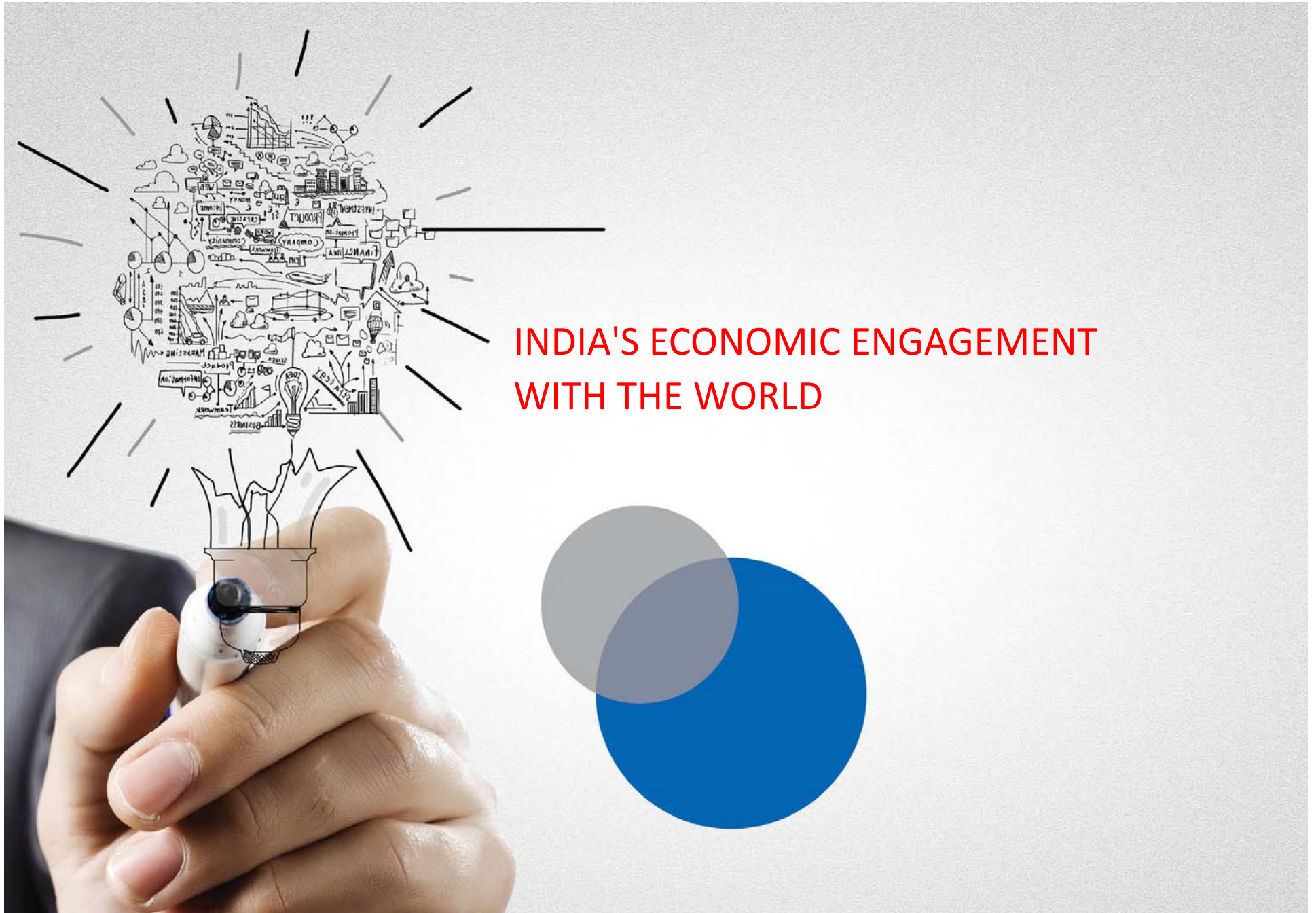




THE INDIA OPPORTUNITY

AJAY SETHI
MANAGING PARTNER

ASA & ASSOCIATES LLP
CHARTERED ACCOUNTANTS













INDIA'S ECONOMIC ENGAGEMENT WITH THE WORLD



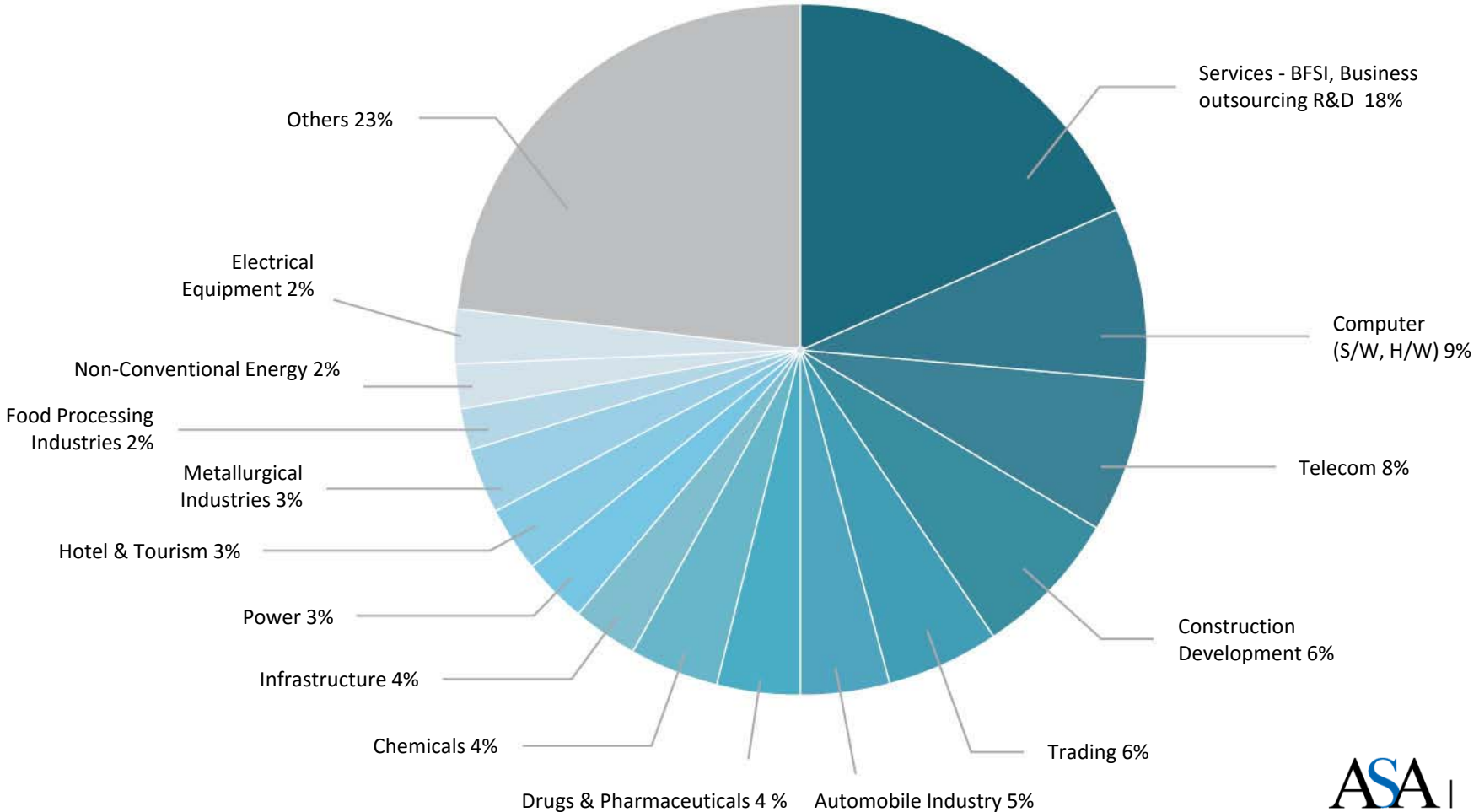
FOREIGN DIRECT INVESTMENTS (FDI)

Amounts in US\$ Million

Rank	Country	2016-17 (April to March)	2017-18 (April to March)	2018-19 (April to March)	Cumulative Inflows (April, 00 to March, 19)	Proportion of total Inflows %
1	 Mauritius	15,728	15,941	8,084	134,469	32%
2	 Singapore	8,711	12,180	16,228	82,998	20%
3	 Japan	4,709	1,633	2,965	30,274	7%
4	 Netherlands	3,367	2,800	3,870	27,352	7%
5	 UK	1,483	847	1,351	26,789	6%
6	 U.S.A	2,379	2,095	3,139	25,556	6%
7	 Germany	1,069	1,124	886	11,708	3%
8	 Cyprus	604	417	296	9,869	2%
9	 UAE	675	1,050	898	6,652	2%
10	 France	614	511	406	6,643	2%
	TOTAL	43,478	44,857	44,366	420,142	-



FDI INFLOWS BY SECTOR





OUR TRADING EQUATION

Top Exports To (in USD million)				Top Imports From (in USD million)			
Country	Apr-Mar 2018	Apr-Mar 2019	Share %	Country	Apr-Mar 2018	Apr-Mar 2019	Share %
USA	47,878	52,406	34.9	CHINA	76,381	70,320	26.2
UAE	28,146	30,127	20.1	USA	26,611	35,549	13.2
CHINA	13,334	16,752	11.2	UAE	21,739	29,785	11.1
HONG KONG	14,690	13,002	8.7	SAUDI ARAB	22,070	28,479	10.6
SINGAPORE	10,203	11,572	7.7	IRAQ	17,616	22,372	8.3
GERMANY	8,688	8,902	5.9	HONG KONG	10,676	17,987	6.7
SAUDI ARAB	5,411	5,562	3.7	KOREA	16,362	16,759	6.2
INDONESIA	3,964	5,276	3.5	SINGAPORE	7,467	16,282	6.1
KOREA	4,461	4,705	3.1	INDONESIA	16,439	15,850	5.9
IRAQ	1,462	1,789	1.2	GERMANY	13,296	15,161	5.6

Source: Ministry of Commerce and Industry



INDIA AND UK

- Since 2000, the UK has been the largest G20 investor in India, investing £17.5 billion
- The UK has over 270 British companies operating in India employing around 800,000 people in India
- There are around 842 Indian businesses operating in the UK, employing around 105,000 people and paying close to £700 million in Corporation Tax
- India is consistently one of the top 5 countries investing in the UK every year with 120 FDI projects in 2017-18 that created and safeguarded over 6000 jobs in the UK. The UK will be investing £160 million across 75 start-up enterprises, apart from an additional £20million for a Start-Up India Venture Capital Fund
- Bilateral trade between the two countries stands at USD 25 billion and is growing at close to 17% per annum. Key sectors include technology, finance and renewable energy.

INDIA'S GAME PLAN

Ease of Doing
Business

Rout Corruption

Inclusive Growth



ROUT CORRUPTION



Increase Tax-Payer Base

- **GST a game changer**
- Identify people with high value assets
- Digitization, e-wallets, e-assessments - to track transactions with over 5.35 billion UPI-based transactions
- The number of tax returns filed increased to **68.6mn in 2018** from 38mn in 2014

Technology

- Self Attestation of certificates
- Increase online transactions replacing the use of cash; RBI to make online payment system NEFT available 24x7 from December.
- **Utilization of technology** (geotagging, drones, dashboards) to track execution of social welfare schemes in real time

Direct Benefit Transfer (DBT) Scheme

- Number of DBT beneficiaries reached 635mn by December 2018
- **Over 3 bn transactions** have been carried out this financial year. 88mn fake beneficiaries weeded out
- **Estimated Rs 1.4trn in savings** since the inception of DBT. Currently covers 436 schemes from 56 ministries

Source: Government of India disclosures



INCLUSIVE GROWTH



Roads and Highways

- **10,800 km** of highways constructed during 2018-19, adding **30 km per day** with a **target of 13,630 km** length
- NHA heavily laden with debt, expect a slow down in highway development

24*7 Power for All

- **100%** public facilities in **villages** connected to the grid by April 2018.
- **26.02 mn households** electrified out of 26.04 mn targeted
- Discom losses in H1FY19 rose to ₹150 bn versus ₹110 bn the previous year
- **Quality of supply and grid connectivity needs improvement**

Renewable energy

- Installed renewable energy capacity of **75GW**, 28GW auctioned and 37GW in bidding stage **227GW capacity planned by March 2022**
- 25.21 GW Solar and 35.14GW Wind
- **Industry seeing slowdown due to policy and investor issues**

Affordable Housing

- Target reduced to **40 million** houses to be built by 2022
- Delays due to allotment of land to landless rural, slow disbursement of funds
- Sector given infrastructure status and “Global Housing Technology Challenge” launched

Railways

- **March 2019 targets for commissioning and electrification of tracks missed**
- Increased focus on increasing safety and cleanliness of trains, redevelopment of stations
- **Dedicated Freight Corridor**, high speed trains
- **Railway Modernisation Program** to be launched this year

MRTS

- **585 km operational** by Feb 2019 in 10 cities
- 622 km at various stages of implementation
- **1000 km** of metro rail and **373 km** of Rapid Rail Transit under planning



EASE OF DOING BUSINESS IN INDIA RANKING

Topics	DB 2019 Rank	DB 2019 Score	DB 2018 Score	Change in Score (% points)
Overall	63	71	68	3.5
Starting a Business	136	82	81	0.6
Dealing with Construction Permits	27	79	72	6.6
Getting Electricity	22	89	89	0.2
Registering Property	154	48	48	0.3
Getting Credit	25	80	80	--
Protecting Minority Investors	13	80	80	..
Paying Taxes	115	68	66	2.2
Trading across Borders	68	82	78	5
Enforcing Contracts	163	41	41	..
Resolving Insolvency	52	62	41	21.2

Source: The World Bank, Ease of Doing Business in India



EASE OF DOING BUSINESS - KEY REFORMS

Goods and Service Tax

- 17 laws consolidated into GST (Simplicity)
- Input tax credit claim efficient (Cost Reduction)
- Common Law across the country (*Standardization*)
- Common Taxes on a single product across states (Supply Chain Efficiency)
- Manual Paper Elimination (Controls Corruption)
- E-Way Bill (Movements of goods will be faster)

Current Status

- Tax base increasing
- 30% savings in time and fuel for logistics firms
- Rationalization of price differential between organized and unorganized players
- Proactive approach of government in ironing out difficulties
- Large and increasing database with government for future analytics



EASE OF DOING BUSINESS - KEY REFORMS

Insolvency and Bankruptcy Act

- 6 laws consolidated into 1
- New authority Insolvency and Bankruptcy Board of India
- Control shifts to creditors versus earlier with debtors
- Earlier pay out under liquidation had government dues on top while now shareholders and
- Allows quick and transparent revival / liquidation
 - > Time frames clearly defined versus open ended earlier
 - >> Liquidation (1 year)
 - >> Revival (Scheme within 6 months)
 - > Small companies shut down possible through fast track (90 days)
 - > Identified Information Utility
- False charges by debtors/employees can result in penalty/prosecution government dues have been put at the very end

Benefits

- Clearing up Non Performing Assets
- Reviving stalled projects



EASE OF DOING BUSINESS - KEY REFORMS

Real Estate Regulatory Act

- Controlling builders from using buyers' money in other projects
- Projects to be time bound
- Money from buyers to be kept in an escrow account and utilized in the specified project
- Projects can only be put up for sale only after receiving required govt clearances
- Real time monitoring of project progress
- Severe punishment for builders found breaking the rules

Current Status

- Builders to pay penalties to buyers for delayed projects. Some builders taken to task
- Only 23 states have notified rules and only 4 have permanent regulators. Websites either incomplete or non-existent
- Positive impact - 8% hike in housing demand. Home sales registered a 33% rise in the top 9 cities in Q1 2018
- PE investments grew 17% in 2017 to INR 428 bn

OPPORTUNITIES





INDIA REMAINS A FAVOURITE

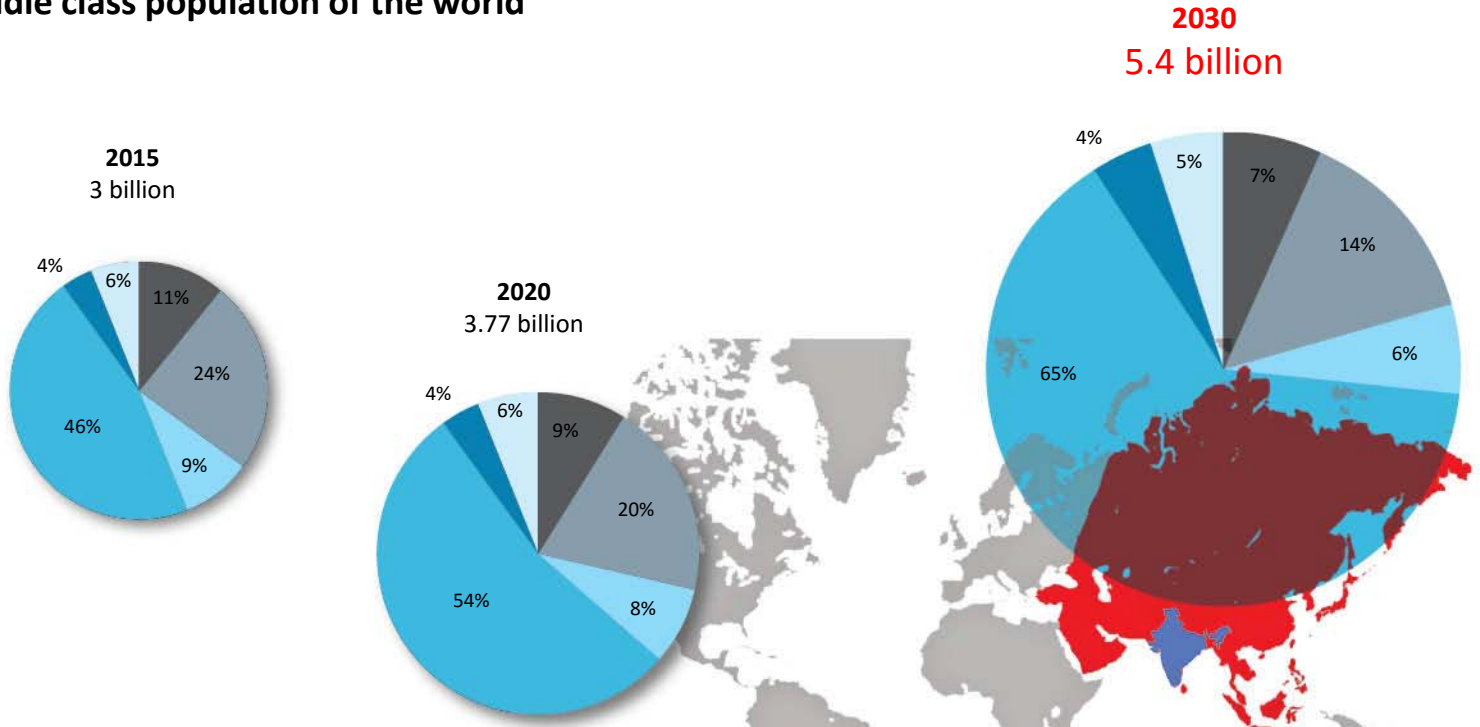
- Economic trends favorable viz. low inflation, import bill down, investor confidence rising
- India to become 5th largest consuming economy by 2025 (McKinsey)
- Corporate earnings expected to grow by over 20% in FY 2017-18 supported by normalization of profits, especially in sectors like automobiles and banks (Bloomberg Consensus)
- Urban spending predicted to reach 62% by 2025 (McKinsey)
- The Indian middle class expected to touch 500 million by 2025 (McKinsey)
- Domestic consumption to grow to a \$6 trillion opportunity by 2030 supported by income growth, favorable demographics, urbanization, technology and innovation and evolving consumer attitudes (Bain & Co)
- Government thrust on infrastructure and smart cities to create mass opportunities
- Demand for credit cards and financial products to systematically grow





MIDDLE CLASS IS MOVING EAST...

Middle class population of the world



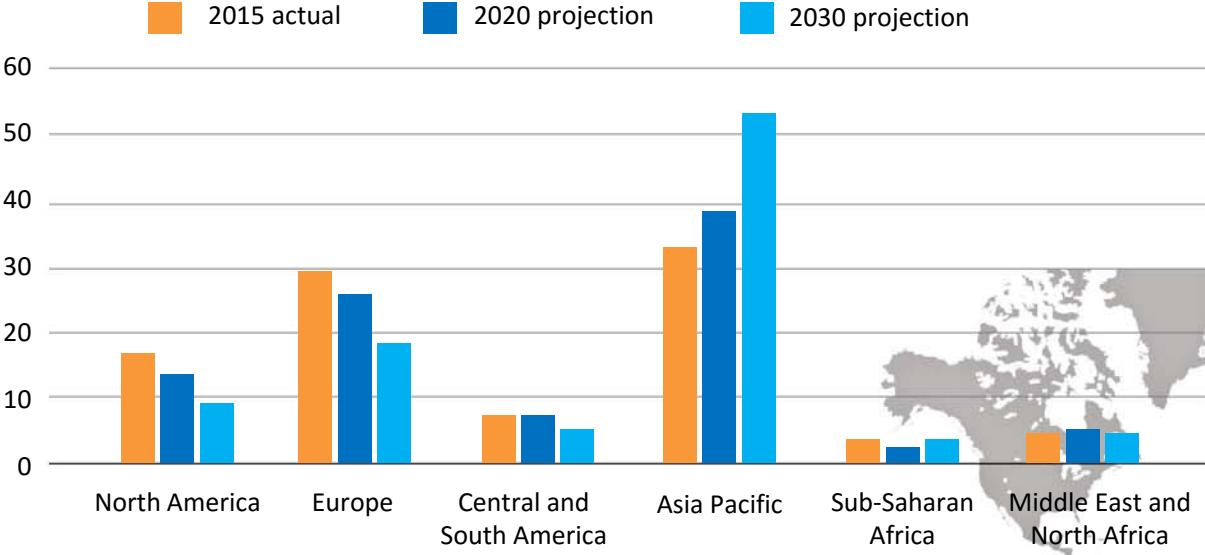
- North America
- Europe
- Central and South America
- Asia Pacific
- Sub-Saharan Africa
- Middle East and North Africa

Note: The middle class includes people earning or spending \$11-\$110 a day in 2011 purchasing power parity terms.
Source: Brookings institution 2017.



... AND MIDDLE CLASS SPENDING FOLLOWS

\$64 trillion by 2030 (Constant 2011 dollars, adjusted for purchasing power)



57% of the global middle class consumption will be in ASIA by 2030.

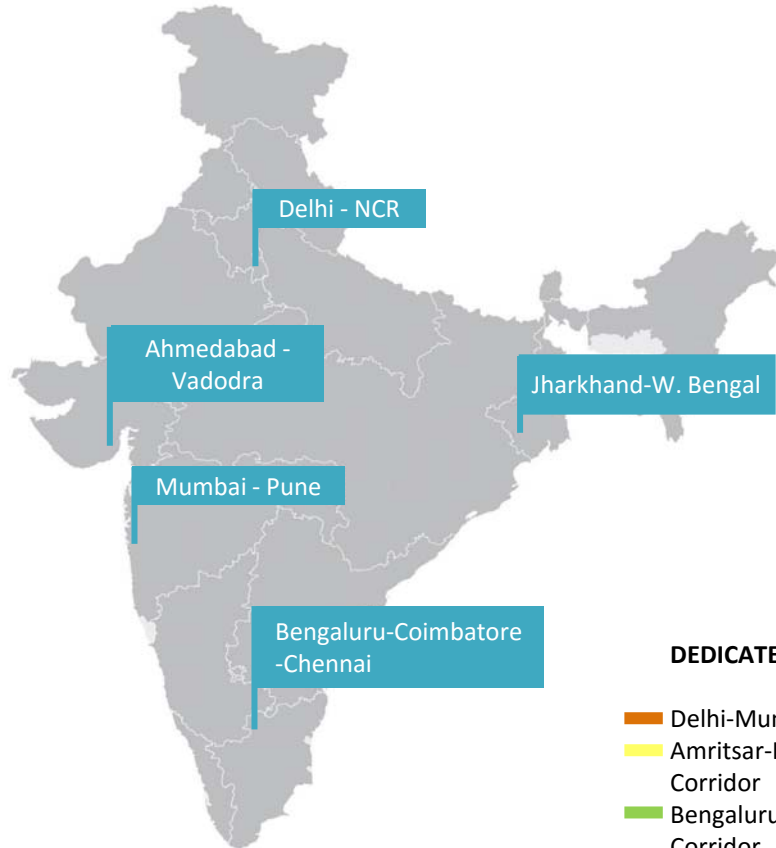


Source: Brooking institution 2017.



OPPORTUNITY CREATION

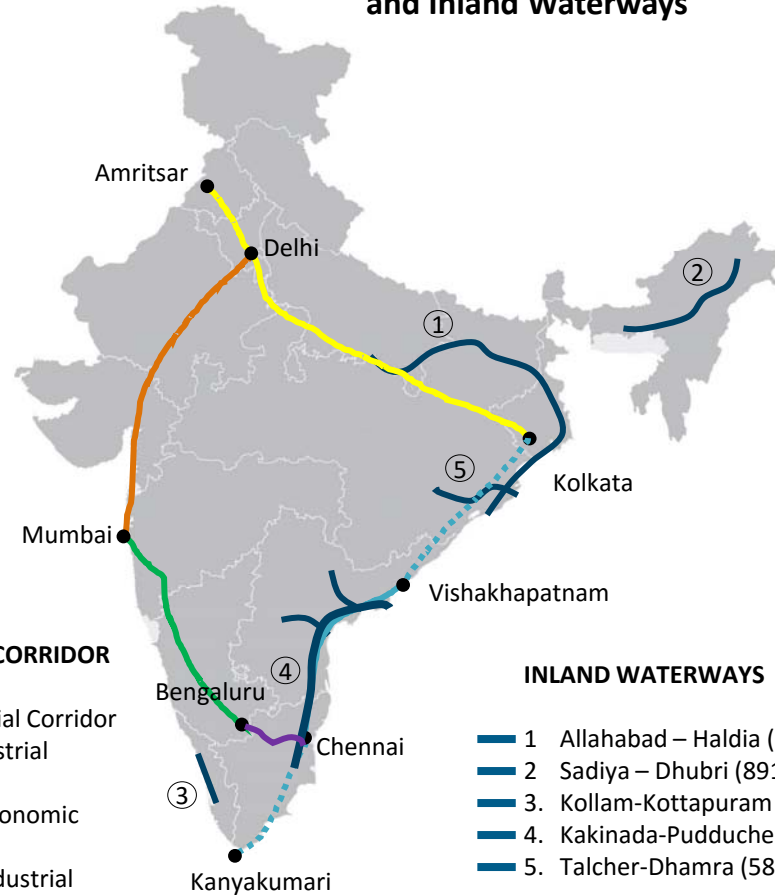
Major Industrial Clusters



5 Industrial Corridors and Inland Waterways

DEDICATED FREIGHT CORRIDOR

- Delhi-Mumbai Industrial Corridor
- Amritsar-Kolkata Industrial Corridor
- Bengaluru-Mumbai Economic Corridor
- Chennai-Bengaluru Industrial Corridor
- East Coast Economic Corridor

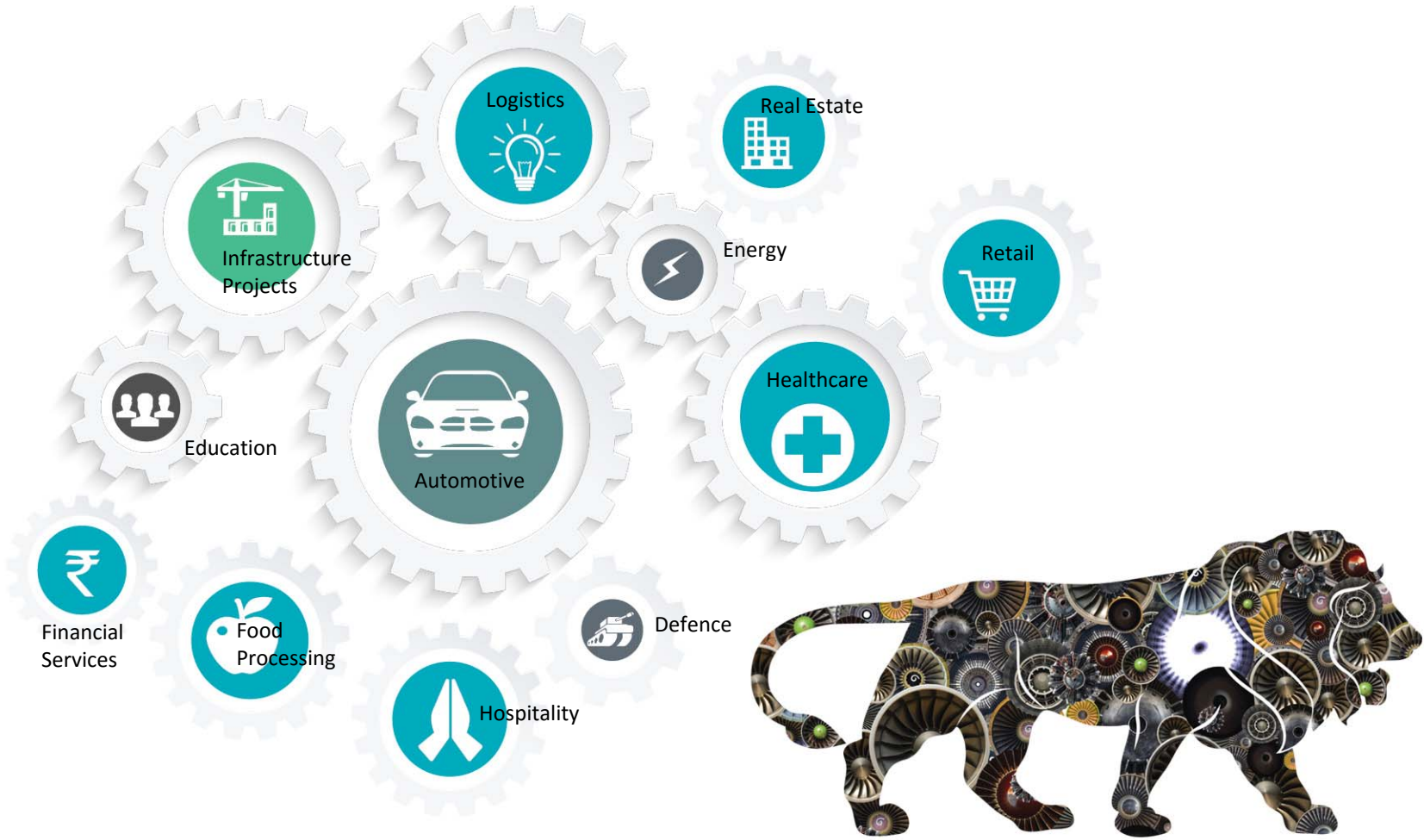


INLAND WATERWAYS

- 1 Allahabad – Haldia (1620 km)
- 2 Sadiya – Dhubri (891 km)
- 3 Kollam-Kottapuram (205 km)
- 4 Kakinada-Puducherry (1078 km)
- 5 Talcher-Dhamra (588 km)



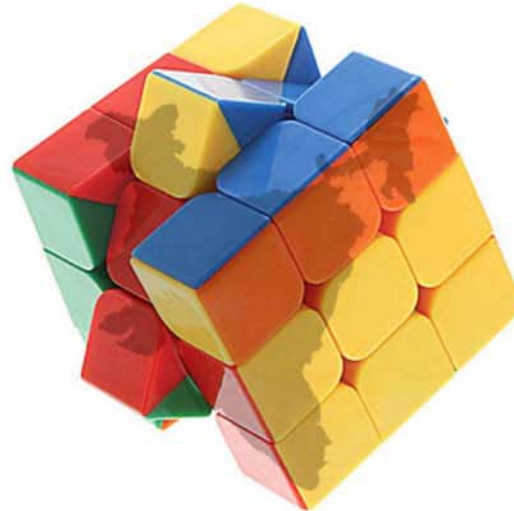
OPPORTUNITY SECTORS





CHALLENGES OF DOING BUSINESS IN INDIA

- GST issues settling down but another 2 years would close all gaps
- Insolvency Law requires attention if Non Performing Assets are to be controlled
- Fast tracking projects in industrial corridors
- Technological disconnect between states and centre
- Labour Laws

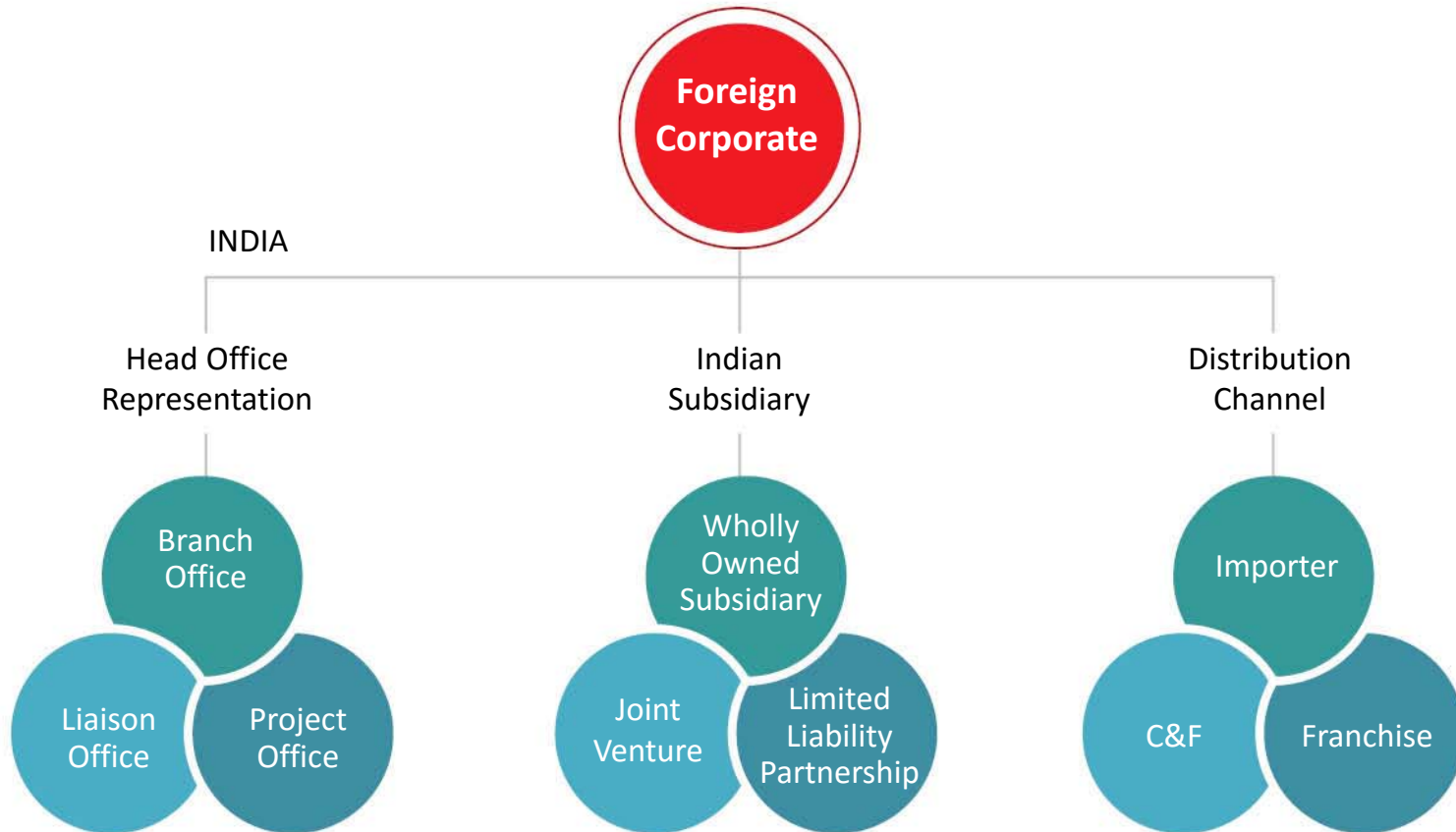


INDIA ENTRY STRATEGY





ROLLING OUT YOUR INDIA PLAN





ENTITY STRUCTURES - COMPARISON

	Company	Limited Liability Partnership (LLP)	Liaison Office [LO]	Project Office [PO]	Branch Office [BO]
Characteristics	Share capital owned by parent company	Commercial activities allowed	No commercial activities allowed	Temporary site office, specific projects	Commercial activities allowed
Status	Domestic Company	Partnership	Foreign Company	Foreign Company	Foreign Company
Tax on Profits	25% ++	30% ++	Non Taxable	40% + +	40% + +
Tax on Dividend Distribution	20% ++	NA	NA	NA	NA
Control	Board of Directors	Partners	Parent Company	Parent Company	Parent Company
Set-up	Approval / Automatic Route (8-12 weeks) (4 to 6 weeks)	ROC Approval (3 to 4 weeks)	RBI approval (8 weeks) (4 weeks)	RBI approval (8 weeks) (4 weeks)	RBI approval (8 weeks) (4 weeks)
CLOSURE	ROC (6 - 12 months)	(15-18 months)	RBI (3-6 months)	RBI (3-6 months)	RBI (6-8 months)

RBI – Reserve Bank of India, ROC – Registrar of Companies, FIPB – Foreign Investment Promotion Board

AT A GLANCE

6000+ CLIENTS
700+ EMPLOYEES
60+ LOCATIONS
30 PARTNERS & DIRECTORS

ASA & ASSOCIATES LLP
CHARTERED ACCOUNTANTS
SINCE 1991

Our strengths are our
**people, processes and
professionalism.**



PRESENTLY POSITIONED IN THE
TOP 10 ACCOUNTING FIRMS

Well structured teams with domain specialization are guided by leaders who possess expertise and experience and are present PAN India to ensure excellent client service.



PARTNER LED OFFICES IN 8 KEY LOCATIONS ACROSS INDIA

18 INDIAN LOCATIONS AND 6 FOREIGN DESKS COMBINED WITH **INTERNATIONAL AFFILIATIONS** ENSURES GLOBAL STANDARDS WITH REGIONAL EXPERTISE.