Jordensky

Guide to Doing Business in India

The Ultimate Guide to India Entry for Foreign Company

Dear Founders,

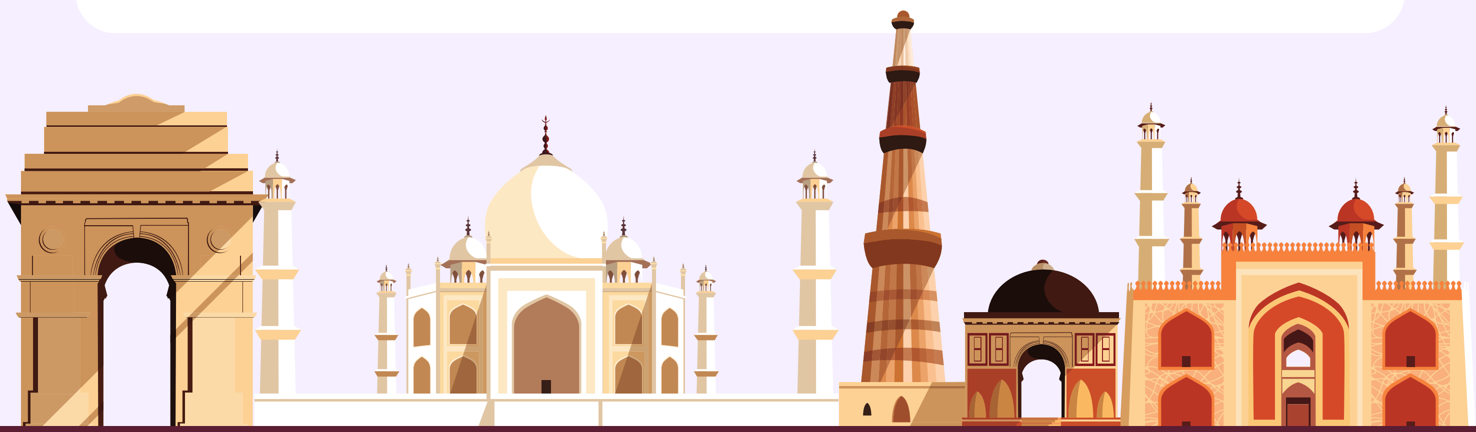
India is a vibrant and rapidly growing economy that presents a wealth of opportunities for businesses looking to expand globally.

As one of the world's largest and most diverse markets, India offers a unique blend of challenges and rewards for those willing to navigate its dynamic business landscape.

In this guide, we will explore the key considerations and strategies for successfully establishing and growing a business in India. From understanding the regulatory environment and navigating cultural nuances to identifying lucrative market segments and building effective partnerships, this guide will equip you with the knowledge and insights necessary to thrive in the Indian business ecosystem.

We trust that you will find this guide beneficial, and remember, Jordensky is always available to support you. For more details on how Jordensky can assist you in navigating the India Entry process, please visit jordensky.com or reach out to us via email at info@jordensky.com.

Best,
Akash Bagrecha
Partner, Jordensky

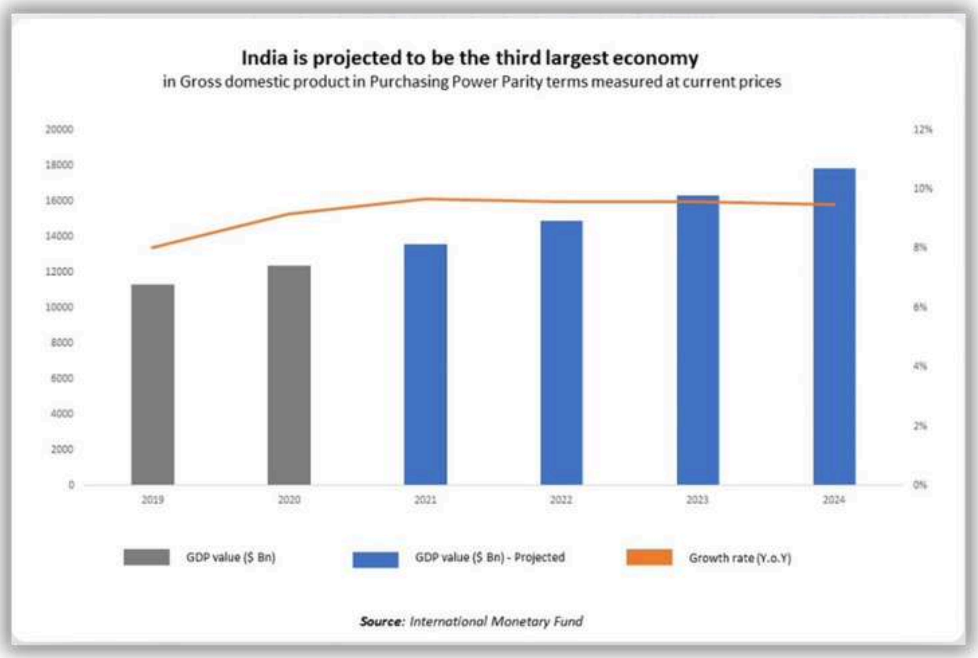


01

Why Start Operations in India

India - Land of Unlimited Opportunities

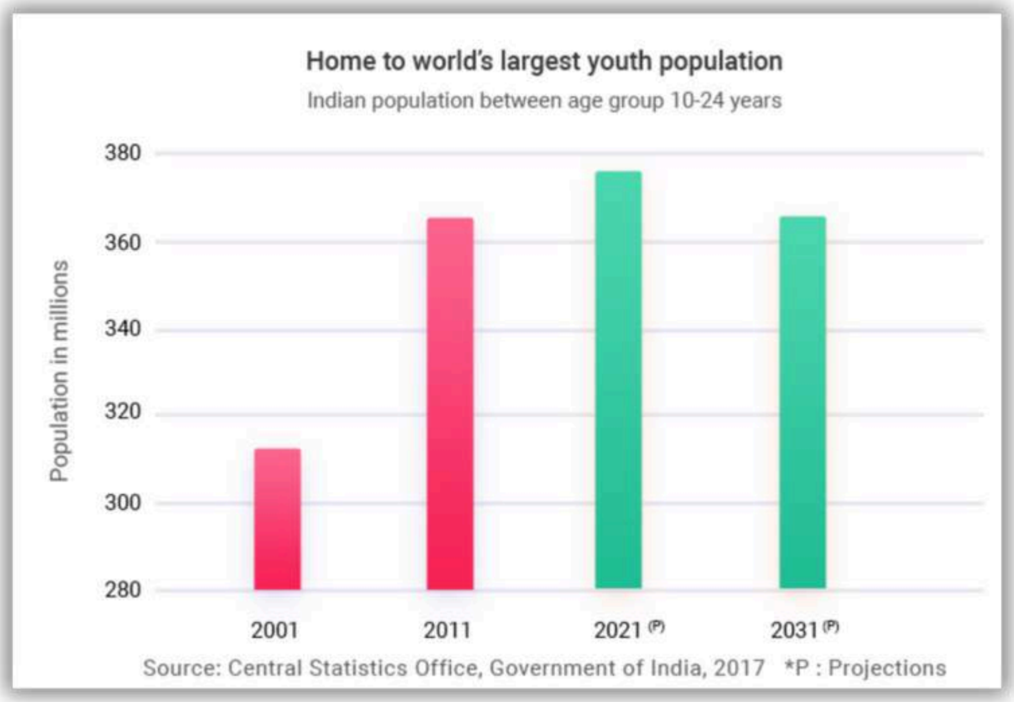
Reason 01 - One of the fastet growing economy in world



Total FDI inflows in the FY 2023-24 is $990.97 Bn (Apr 2000 to Mar 2024) and total FDI equity inflows stands at $678.86 Bn (Apr 2000 to Mar 2024)

India - Land of Unlimited Opportunities

Reason 02 - Largest youth and working population in the world



- India has its largest ever youth population and will continue to have till 2030.
- India has the third-largest group of scientists and technicians in the world.

02

How to enter India ?

Choose right legal structure

01	**Liability Protection** Choose right structure to protect your personal assets from corporate defaults	✓
02	**Various Tax Implication** Understanding the tax implications of is crucial when choosing the best option for your business.	✓
03	**Cost and Complexity** Understanding various cost of registration and ongoing compliances is important.	✓
04	**Legal and Regulatory Compliance** Understanding the regulatory and complying with laws to avoiding penalties.	✓
05	**Exit Strategy** it is important to choose right structure to ensure there is smoother exit stragy	✓

Various ways to Enter into India (1/2)

India stands out as an appealing destination for foreign investors owing to its expansive consumer market, cost-effective labor, and increasing global competitiveness.

Foreign companies aiming to establish a presence in India should carefully select an entity structure that aligns with their business objectives and investment requirements.

Wholly Owned Subsidiary (WOS)

Foreign companies can set up WOS by making 100% FDI in India through an automatic route subject to the provisions of the RBI, FEMA.

Joint Ventures

It enables the foreign investor to profit from the established market and consumer base, distribution networks, regional expertise, and management of the Indian partner.

Limited liability partnership (LLP)

A (LLP) is a hybrid between partnership firms and a company (private or public). LLP has limited liability for its partners, and it receives tax benefits like a partnership firm.

Branch Office

Businesses keen on setting up a branch office should meet the certain conditions as prescribed by RBI.

Various ways to Enter into India (2/2)

Liaison Office

For any liaison-related activities in India, a foreign company may open a liaison office. They are not allowed to undertake any business activity in India

Project Office

A foreign company can set up a project office in India to execute projects assigned to them by the Indian companies. However, to establish such a project office, foreign company is required to obtain approval from RBI.

03

India Company Registration and Governing Laws

How to Register a Company in India

Registration and incorporation in India involves several steps and compliance requirements.

- Obtaining a Digital Signature Certificate (DSC) and Director Identification Number (DIN) for the proposed directors.
- Applying for the name approval of the company with the Registrar of Companies (ROC).
- Filing the incorporation documents, including the Memorandum and Articles of Association, with the ROC.
- Obtaining a Certificate of Incorporation from the ROC.
- Applying for a Permanent Account Number (PAN) and Tax Deduction and Collection Account Number (TAN) for the company.
- Obtaining any necessary licenses or permits required to conduct business in India.

Timeframe

The time required for company incorporation varies on several factors, such as the availability of documents and the time taken for approval. However, the process can generally be completed within 1-2 months.

Applicable Taxation Laws

Foreign subsidiary companies in India are subject to various tax obligations, including compliance with income tax, goods and services tax (GST), and transfer pricing regulations. These includes:

Taxation

1

Income Tax

Foreign subsidiary companies are required to pay income tax on their profits earned in India. The tax rate for foreign companies is 40%, plus a surcharge and education cess.

2

Goods and Services Tax (GST)

Foreign subsidiary companies that are engaged in the supply of goods or services in India are required to register for GST.

3

Transfer Pricing Regulations

Transfer pricing regulations in India require that transactions between a foreign subsidiary company and its related parties (including the parent company) be conducted on an arm's length basis.

Employment and Labour Laws

Foreign subsidiary companies operating in India must adhere to a range of employment and labor laws that dictate the responsibilities and entitlements of both employers and employees. These areas encompass:

01

Minimum Wages

The Minimum Wages Act, 1948, sets out the minimum wage rates that must be paid to employees engaged in various industries and occupations.

02

Employee Benefits

The Employees' Provident Funds Act, 1952, requires employers to contribute a percentage of their employees' salary to the Employees' Provident Fund (EPF) and other social security schemes.

03

Workplace Safety

The Factories Act, 1948, and other related laws require employers to provide a safe and healthy working environment for their employees.

04

Anti-Discrimination and Harassment

Employers are required to provide equal opportunities to all employees and prohibit sexual harassment at the workplace under the Sexual Harassment of Women at Workplace (Prevention, Prohibition, and Redressal) Act, 2013.

Corporate Governance

Foreign subsidiary companies operating in India are required to comply with corporate governance regulations that oversee the composition of the board of directors, shareholder meetings, and annual filings. These regulations are outlined as follows:

Board Composition

Foreign subsidiary companies are required to have a board of directors with at least 2 directors, one of whom must be a resident of India. The board must meet at least four times a year.

Shareholder Meetings

Foreign subsidiary companies must hold an annual general meeting (AGM) of shareholders to present the annual financial statements and to appoint or reappoint directors

Annual Filings

Foreign subsidiary companies must file various documents with the Ministry of Corporate Affairs, such as the annual financial statements, the director's report, and the auditor's report. The annual financial statements must be audited by a qualified auditor.

04

Post Incorporation process and governing compliances

Post Incorporation Compliance Checklist

Compliance	Form	Due Dates
Declaration of Commencement of Business	INC-20A	Within 180 days of incorporation.
Statutory Auditor Appointment	ADT-1 Filing	Within 30 days of incorporation
Holding First Board Meeting	-	Within 30 days of incorporation
Company Merchandise	-	As soon as the PLC is incorporated
Labour & Other Laws	-	-

Director KYC & Disclosures

Compliance	Form	Due Dates
KYC Filing for Directors	DIR-3 KYC / Web KYC	Before 30th September of every year (Annual)
Disclosure of Directors' Interest	MBP-1	Every First Board Meeting of the Financial Year (Annual)
Disclosure of Non-Disqualification by Directors	DIR-8	At the time of appointment or reappointment

Financial Statements & Filings

Compliance	Form	Due Dates
Financial Statements & Audit Report	AOC-4 / AOC-4 XBRL	Within 30 days of AGM
Annual Return	MGT-7	Within 60 days of AGM.

Meetings & Resolutions

Compliance	Form	Due Dates
Board Meetings	Internal	Minimum 4 meetings per year with max 120 days gap between meetings
Notice of AGM	Internal	21 clear days before AGM
Circulation of Financial Statements & Reports	Internal	21 clear days before AGM
AGM (Annual General Meeting)	Internal	Within 9 months from the first financial year-end
Appointment/Resignation/Change in Designation of Director	DIR-12	Within 30 days of appointment
Filing Special Resolutions (Board Report & Annual Accounts)	MGT-14	Within 30 days of AGM

Tax Compliances

Compliance	Form	Due Dates
Advance Tax Calculation and Payment	-	Quarterly
Income Tax Returns	-	The deadline for filing these returns typically falls on October 31st of the assessment year (following the financial year ending March 31st)
Tax Audit (Only if Turnover exceeds Rs. 10 Crore)	-	Deadline 30th September
GST filing (if applicable)	-	Monthly Filing (for Turnover exceeding Rs. 1.5 crore) Quarterly filing for less than 1.5 Cr turnover
TDS/TCS (if any)	-	Quarterly

Other Compliances

Compliance	Form	Due Dates
Delay in Payment to MSME Vendor	MSME-1	Half-yearly (April-Sep: Oct 1st; Oct-Mar: April 30th)
Return of Deposits	DPT-3	Every year on or before 30th June
Significant Beneficial Owner (SBO) Declaration (if applicable)	BEN-1 & BEN-2	BEN-1: To be filed with the Company within 30 days of acquiring any significant beneficial ownership or any change therein
Appointment of Company Secretary (if applicable)	DIR-12	Within 30 days of appointment of Company Secretary.
Maintaining Employee related Compliances like ESI, PF	-	Annual

Annual Compliance Caledner

Download Annual Compliance Calender Here

Obtaining all required registrations

GST Registration

GST registration is mandatory if your turnover exceeds 20 lacs in case of services and 40 lacs in case of business. Ensure to get registered for the same.

Profession Tax

Profession tax registration is mandatory in many states like Maharashtra, West Bengal, etc. Ensure to check the same and get registered

MSME Registration

Entities with an investment below Rs. 50 crore and annual turnover below Rs. 250 crore are eligible to apply for MSME registration.

Shop & Establishment Registration

It is mandatory to obtain (Gumastha) in some states like Maharashtra for doing any business

Employee’s State Insurance Corporation (ESIC)

ESIC and Provident Fund (PF) registration is Mandatory if your employee count exceeds 10 and 20 employees respectively

Compliance with Audit Requirement

Type of Audit	Scope of Audit	Who Conducts the Audit	Reported to ?
Statutory audit	Audit of the financial records and statements of the company	A chartered accountant (CA)	Members
Internal audit	Audit of the functions and activities of the company	A chartered accountant (CA)	Board of Directors
Secretarial audit	• Reporting on the compliance of secretarial standards • Monitoring and ensuring compliance with general laws, such as labor laws, competition law, environmental laws	A practicing company secretary (CS)	Members
Cost audit	Audit of the cost records of the company	A practicing cost accountant	Board of Directors

05

Scale with Virtual CFO

Setting up Finance Department

01 Setup an Accounts and Finance Department or outsource the same to experts

02 Ensure to choose the right accounting software for Accounting. Some of the widely used software’s are Tally, Zoho Books, ERP, Oracle, SAP

03 Appoint an Finance head or CFO or Virtual CFO to manage and track your books of accounts

04 Create system to ensure monthly closure of books of accounts and accessing monthly P&L BS to assist in taking the correct business decisions

05 Preparation of Monthly P&L Statement and Budgets

CFO towards Growth

India is an attractive destination for foreign investors due to its large consumer market, low labour costs, and rising global competitiveness.

When setting up in India, foreign companies should choose an entity structure that best caters to their business scope and investment commitments.

Financial Planning and Analysis

- Budgeting and forecasting
- Financial modeling and scenario analysis
- Performance and KPI Management
- Cash flow management

Strategic Financial Guidance

- Investment Planning
- Right Business Structure
- Capital structure optimization
- Evaluating Investment Opportunity

Financial Reporting and Control

- Monthly and annual financial reports
- Financial risk management:
- Compliance and regulatory oversight

Business and Operational Insights

- cost analysis and reduction strategies
- pricing and profitability analysis
- Setting up the SOP in the org
- Building Annual Operating Plan (AOP)
- Budget-to-actual reporting

06

How Jordensky Can Help

Jordensky Services

Jordensky's team is well-prepared to efficiently guide you with India Entry Strategy and Post registration compliances. Leveraging our expertise in financial backoffice functions and adeptness in handling complex procedures, the team can address any uncertainties that may arise.

They will ensure the India operations stays on schedule and help you navigate any unfamiliar obstacles. By doing so, the expert team eases the burden for clients and optimizes time management.

Dedicated Experts at Your Service

When you partner with Jordensky CFO Services, rest assured that your India Entry process will be led by top-notch expert, and a forward-thinking approach. This collaboration will set targets that propel your business growth and enable you to reach sustainable success.

Disclaimer:

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Jordensky is the trusted choice for accounting services among numerous startups and founders.

Specializing in bookkeeping, tax preparation, and CFO services for high-growth startups from pre-seed to Series C, Jordensky offers the expertise of a finance team that handles the workload, allowing you to concentrate on your business.

Learn More at **Jordensky.com**