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Subcontracts India

SUBCONTRACTS INDIA

FACILITATING SUBCONTRACTING BUSINESS IN INDIA

ALLIED SERVICES WING

SETTING UP BUSINESS IN INDIA BY FOREIGN COMPANIES

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| A foreign company planning to set up business operations in India has the following TWO options: | |
| 1. AS AN INDIAN COMPANY | |
|  | <p>A foreign company can commence operations in India by incorporating a company under the Companies Act, 1956 through:</p> <ul style="list-style-type: none"> a. Joint Ventures; or b. Wholly Owned Subsidiaries <p>Foreign equity in such Indian companies can be up to 100% depending on the requirements of the investor, subject to equity caps in respect of the area of activities under the Foreign Direct Investment (FDI) policy. Details of the FDI policy, sectoral equity caps & procedures can be obtained on a specific request.</p> |
| 1. a) Joint Venture With An Indian Partner | <p>Foreign Companies can set up their operations in India by forging strategic alliances with Indian partners.</p> <p>Joint Venture may entail the following advantages for a foreign investor:</p> <ul style="list-style-type: none"> • Established distribution/ marketing set up of the Indian partner • Available financial resource of the Indian partners • Established contacts of the Indian partners which help smoothen the process of setting up of operations |
| 1. b) Wholly Owned Subsidiary Company | <p>Foreign companies can also set up wholly owned subsidiary in sectors where 100% foreign direct investment is permitted under the FDI policy.</p> |
| REGISTERING A COMPANY IN INDIA | <p>For registration and incorporation, set of applications have to be filed with Registrar of Companies (ROC). Once a company has been duly registered and incorporated as an Indian company, it is subject to Indian laws and regulations as applicable to other domestic Indian companies.</p> |

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2. AS A FOREIGN COMPANY

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|  | <p>Foreign Companies can set up their operations in India through:</p> <ul style="list-style-type: none"> • Liaison Office/Representative Office • Project Office • Branch Office <p>Such offices can undertake any permitted activities. Companies have to register themselves with Registrar of Companies (ROC) within 30 days of setting up a place of business in India.</p> |
| <p>2. a) Liaison Office/ Representative Office</p> | <p>Liaison office acts as a channel of communication between the principal place of business or head office and entities in India. Liaison office cannot undertake any commercial activity directly or indirectly and cannot, therefore, earn any income in India. Its role is limited to collecting information about possible market opportunities and providing information about the company and its products to prospective Indian customers. It can promote export/import from/to India and also facilitate technical/financial collaboration between parent company and companies in India.</p> <p>Approval for establishing a liaison office in India is granted by Reserve Bank of India (RBI).</p> |
| <p>2. b) Project Office</p> | <p>Foreign Companies planning to execute specific projects in India can set up temporary project/site offices in India. RBI has now granted general permission to foreign entities to establish Project Offices subject to specified conditions. Such offices cannot undertake or carry on any activity other than the activity relating and incidental to execution of the project. Project Offices may remit outside India the surplus of the project on its completion, general permission for which has been granted by the RBI.</p> |
| <p>2. c) Branch Office</p> | <p>Foreign companies engaged in manufacturing and trading activities abroad are allowed to set up Branch Offices in India for the following purposes:</p> <ol style="list-style-type: none"> Export/Import of goods Rendering professional or consultancy services Carrying out research work, in which the parent company is engaged. Promoting technical or financial collaborations between Indian companies and parent or overseas group company. Representing the parent company in India and acting as buying/selling agents in India. Rendering services in Information Technology and development of software in India. |

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| | <p>vii. Rendering technical support to the products supplied by the parent/ group companies.</p> <p>viii. Foreign airline/shipping company.</p> <p>A branch office is not allowed to carry out manufacturing activities on its own but is permitted to subcontract these to an Indian manufacturer. Branch Offices established with the approval of RBI, may remit outside India profit of the branch, net of applicable Indian taxes and subject to RBI guidelines. Permission for setting up branch offices is granted by the Reserve Bank of India (RBI).</p> |
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Once the entity is set-up in India:

ASW provides complete, online back office operations. From recruitment of personnel, to general office maintenance, to pay roll and other legal & statutory formalities.

Bank account opening

Assistance and signatory services for opening and operating Bank account in India with all major international banks are also provided.

Growing Successfully

Indian Limited Companies are required by law to place on public record their statutory annual accounts, which must often be audited. These must comply with a range of detailed disclosure requirements set out in the Indian Companies Act. ASW ensure that all disclosure requirements are met, and employ fully authorized professionals to carry out independent statutory audits.

Whenever cross border intra group transactions arise, the difficult issue of transfer pricing is never far behind. ASW can help you to determine fair prices and ensure that the documentation required by the tax authorities is in place. Financial and tax planning for business owners and key employees is just as important – ASW's personal tax, financial planning and trust departments aim to maximize financial growth and minimize tax bills. ASW administrators can perform credit checks on potential customers, assist with customs and shipping documentation and arrange all the appropriate insurance..

The Advantages

ASW service list allows to pick and choose options to specifically match client's needs. Subcontract India's outsourcing capability allows client to achieve Indian fiscal compliance cost-effectively. ASW looks after the peripheral issues leaving the client time to concentrate on what's really important.