



The Companies Act 2013

Ramifications for Foreign Businesses in India

Concept by:

Abroader Consultancy India Pvt. Ltd.
18th September, 2014

About Abroader Consultancy India Pvt. Ltd.

Your India Trade and Investment Services Partner

About us:

- Established in 2001
- Headquartered in **Bangalore**, New office in **Goa** (August, 2013), presence in **Mumbai, Pune and Dubai**.
- Proven Track record in Europe, Asia and North America.
- **Helped more than 150 clients to enter the Indian market.**
- Senior team of international Business Consultants (3 Consultants are Dutch speaking), experienced Indian team.
- Extensive Senior business network in India.



We accelerate your business and mitigate risks

- Market entry strategy & local implementation
- Partner search & selection
- Local management, interim management
- Business intelligence, market research
- Feasibility studies and pilot projects
- Due diligence on partners and projects
- Mergers & Acquisitions advisory
- Deal structuring & negotiation support
- Post investment local support & implementation

Why Work With Us?

Our added value for your ambitions in India

Flexibility

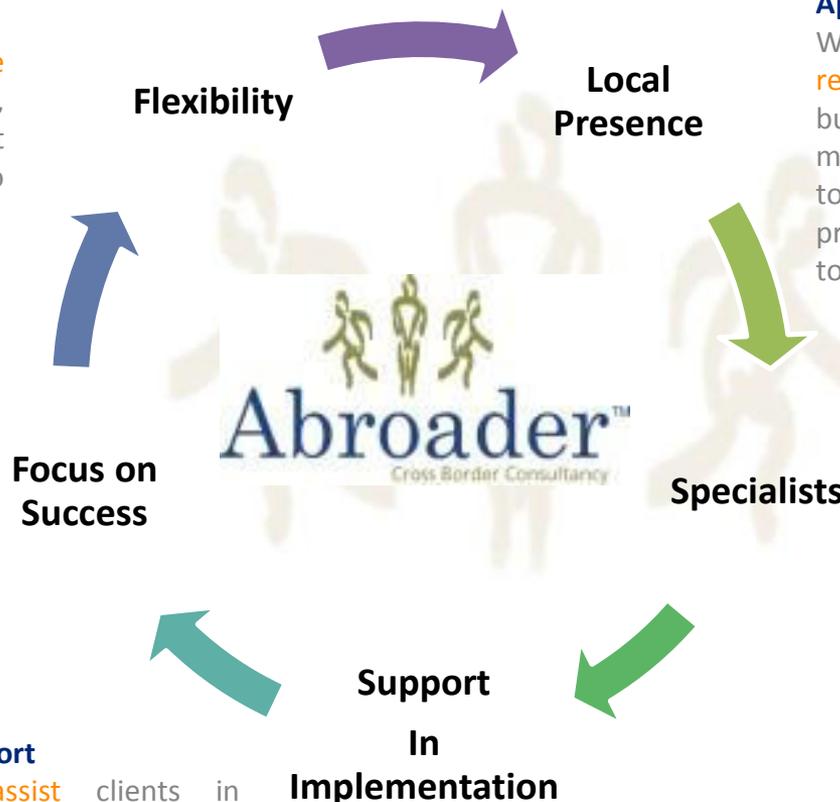
Our approach is fully **tailor-made** to individual client needs, providing an international contact point, yet local resources to support your activities.

Focus on success for our clients – objective and experienced

We provide an **unmatched track record** in supporting clients to establish and expand in India. Through our work in different sectors, we have accumulated a wealth of experience that we apply to our clients' benefit.

Implementation Support

We **operationally assist** clients in penetrating new markets. Our job is not telling clients what to do, but actually getting it done. From potential to reality, that's what we offer.



Local Presence

Local Presence, International Approach

We have the **local expertise** and **resources** to support clients from business intelligence, through market entry strategy development to local execution. Our local presence in emerging markets is vital to success.

Specialists

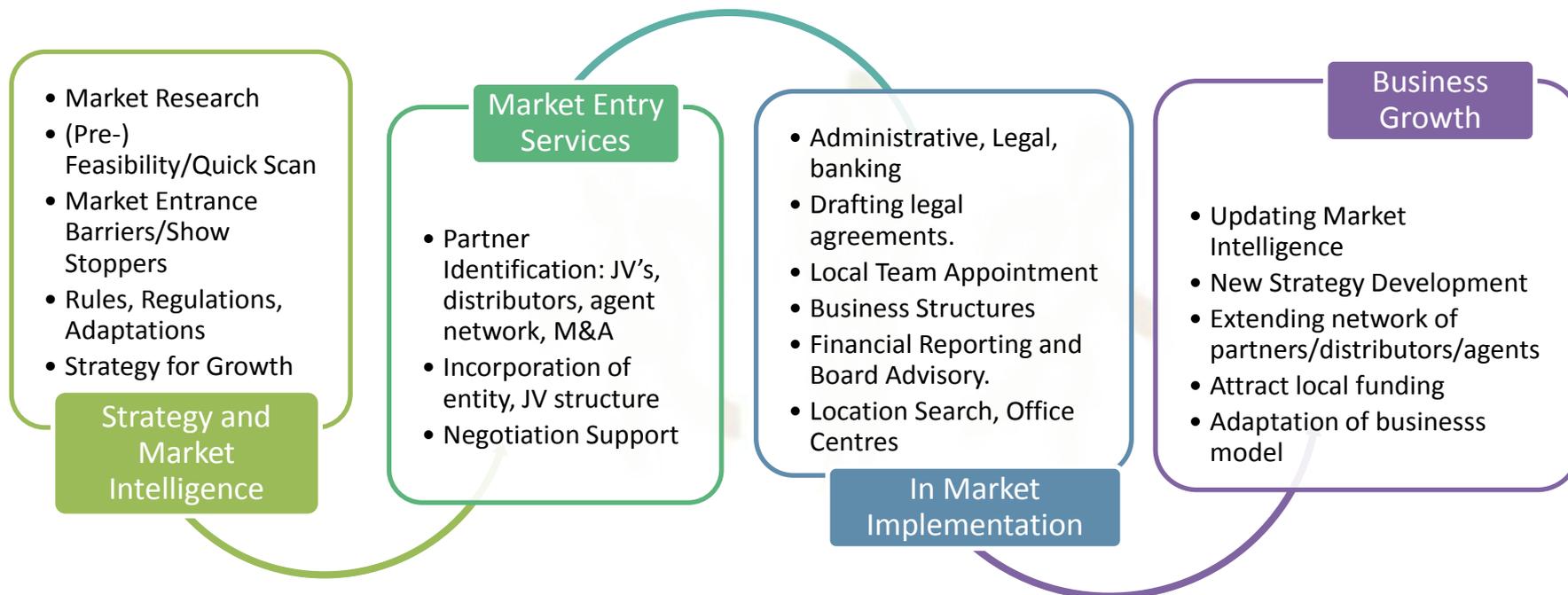
Market Entrance Specialist

We have a clear focus on emerging markets. Our local offices include sector experts with **extensive networks** that know what it takes to succeed in the respective country.

We pride ourselves on getting beneath the surface in emerging markets and understanding what is really happening.

Services in Detail

Our added value



In addition, we offer a complete package of services to set up your company, design financial reports, hire and train a local team, find business development partners, compliance and licensing, etc.

Our Directors



Carin Rustema – Director

Carin (MSc.) was born and raised in the Netherlands and holds a Master degree in Communication Science (University of Amsterdam) and 2 post-graduate degrees in Brand Management and Business Economics (University of Groningen, Netherlands). Carin has more than 17 years of experience in international business, both in India and abroad in more than 8 sectors.

She started her career in Europe (Netherlands, Italy) and worked in the food, human resources, telecom, travel and energy sectors, before moving to India in 2001 to co-found Abroader Consultancy. She has since initiated and lead many consultancy projects for foreign organisations in India in both the private and public sector.

Carin is the Founding Member of the India Netherlands Business Circle (Bangalore), member of the Bangalore Chamber of Commerce Food Expert Committee and author of various publications. She is Senior Visiting Lecturer at the biggest Tourism Management University in the world, with programmes in the Netherlands and Asia.



Pratap Raju – Director

Pratap (B.Tech, MBA), holds an Engineering Degree (JNTU, Hyderabad) and did his MBA at Symbiosis (Pune). He also holds a Post Graduate Diploma in marketing management (Maastricht, the Netherlands). Pratap has 3 decades of extensive international business and consultancy experience on 3 continents and in 9 different sectors.

He started his career in India and moved to Europe in 1991, where he held business development positions with international companies (Netherlands, Italy, US) in technology and food processing.

Since 2001, after co-founding Abroader Consultancy, he worked on investment, trade and partnership opportunities in India for foreign companies and governments. For three years (2009/12), he represented the Province of British Columbia (Canada) in India as their Trade and Investment Representative – with a focus on technology and innovation. In 2012, he chose to focus on Private Sector opportunities in India, offering services in investment, Mergers & Acquisitions and JV structuring. Pratap currently works with clients from Europe, Canada and the Middle East.

Countries we work with/in: The Netherlands, Belgium, UK,, Germany, Italy, Spain, Turkey, France, Denmark, UK, Israel, Dubai, Hong Kong, Thailand, Cambodia, Philippines, Indonesia, Singapore, Malaysia, USA and Canada.

Sr. Business Consultant: Kanishka Sharma

Kanishka, born and raised in Bangalore, studied at the Emerson College in Boston (Bachelors in Journalism & Publishing). She has more than 10 years of business experience in a variety of sectors, including Manufacturing, Food Processing, IT, HRM, Media and Entertainment.

Kanishka started her career in the US and moved to India where she worked for five years as an independent consultant for leading Indian IT organizations. After this, she became co-responsible for setting up a Green Field operation in the food processing industry in South India – financed by investors from The Netherlands and Belgium. She worked on the training of new teams, setting up the logistics and supply chain department and liaison with (local) governmental agencies.

She played a key role in international marketing and promoting the company, handled international and local investor relations. Kanishka has an extensive Indian business network and works across sectors to support foreign companies during their growth phase in India.

Investment Advisory Associate: Brian D'Souza

Brian was born in India and holds a Bachelor degree in Commerce and an MBA from Symbiosis Institute of Business Management, (Pune). He has over 25 years of finance and investment experience across 17 sectors in India and is exposed to a large network of Indian businesses (mid- to large scale), being based out of Mumbai – the financial capital of India.

Brian started his career with the Consumer Service Group of Citibank. After this, he joined the American Express Bank (Head Quarters, Mumbai) for 5 years, and helped setting up a boutique investment bank for one of the largest - cash rich - corporates in India. In 1995, Brian became an independent consultant, working on growth capital for scalable Indian businesses, raising capital from India and/or through overseas instruments. Till date, he has raised more than \$300 Million of funding for his clients and established a direct relationship with one of India's largest private individual investor – who is currently exposed to over a Billion Dollars of investment in India.

Principle Consultant: Edwin Katerberg

Edwin was born and raised in the Netherlands and completed his Bachelor of Business Administration (European Studies) at The Hague University (the Netherlands). He lived and worked in 6 different countries and has over 17 years of international work and management experience, including over 15 years in (South) India.

Edwin is specialized in establishing new (Indian) business ventures, setting up production units, (import and export) supply chains, international sales teams and agricultural companies (from farm extensions till actual processing). His main professional focus has been on India where he has spent 15 years on sharpening his skills in quality management, production management, international logistics, import and export regulations, international marketing, trade representation activities, licensing, general management of production units and service industries. He worked for various foreign investors and Indian firms in the Indian and foreign food industry.

Business Consultant: Akshara Walia

Akshara (BBA, Mtdm) was born and brought up in Delhi, India. She completed her Bachelors in Business Studies (BBA) from Delhi University (DU) and graduated in 2013 at the Breda University of Applied Science – The Netherlands (Tourism Destination Management). Akshara commenced her career in market research with Synovate Business Consulting (now part of Ipsos) in 2009 and was promoted to Associate Consultant within a year. She worked for Indian and global accounts (Middle East, Turkey, Japan and Australia) and was involved in all aspects of the market intelligence field including desk and primary based research, in-depth project analysis, competitive benchmarking, market entry and top line market analysis.

She conducted multi-stakeholder destination research in Australia, Thailand and Indonesia and prepared reports on destination development, marketing and tourism issues. She dealt with different components of the value chain to propose sector broad solutions for development. Akshara is fluent in English and Hindi and studied basic Spanish.

Our Consultants and Associates:

Our team of Senior Consultants and Associates have hands-on experience in promoting foreign investment and trade opportunities to businesses around the globe. They have extensive business experience in India and abroad and have worked for international investors throughout their careers.

As per Section 149(3) of the Companies Act:

“Every company shall have at least one director who has stayed in India for a total period of not less than one hundred and eighty -two days in the previous calendar year.”

With effect from 1st April, 2014.

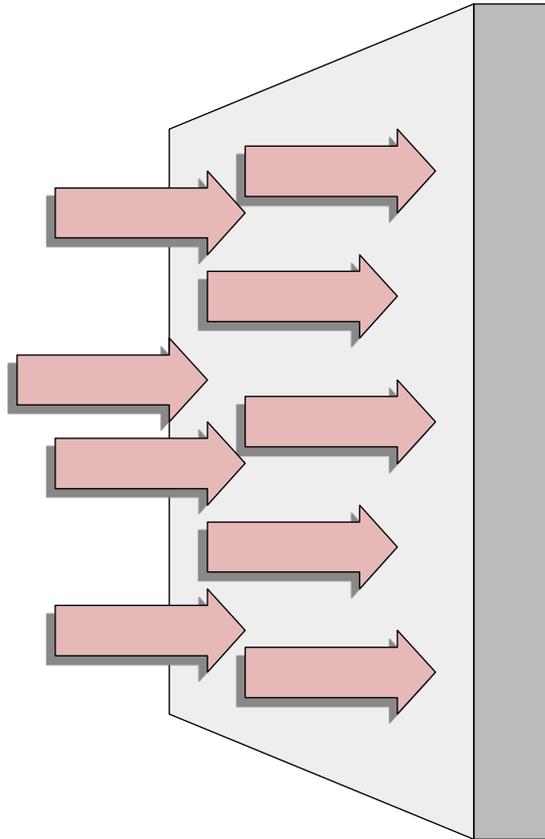
Resident Director



182 days in Indian in previous year, or more

With the implementation of the above, foreign companies doing business in India will be expected to appoint at least one (locally) resident director to act as director to comply with the new law.

There are certain challenges in execution of the new mandate:



- The immediate requirements of the Act have resulted in a **very short reactionary period for foreign firms.**
- The appointment of a resident director will require a **diversion from the more conventional and preferred** route of selecting a foreign citizen/non resident.
- It calls for an **immediate** (and potentially irregular) selection process and imparting considerable authority to the Resident Director for crucial company decisions.

There are a few added stipulations to the new mandate.

- With regard to companies set up **between April 1 and September 30, 2014**, those entities should have a resident director either at the incorporation stage itself or within six months from that date.
- Companies incorporated **after September 30, 2014** need to have the resident director from the date of incorporation itself
- Existing companies (those incorporated before 31 March, 2014) are given **one year to comply** with the new rule (**by 31 March, 2015**).
- The maximum number of directors that a company may have has been **increased from 12 to 15**.
- The maximum number of directorships an individual may hold has been **raised from 15 to 20**.

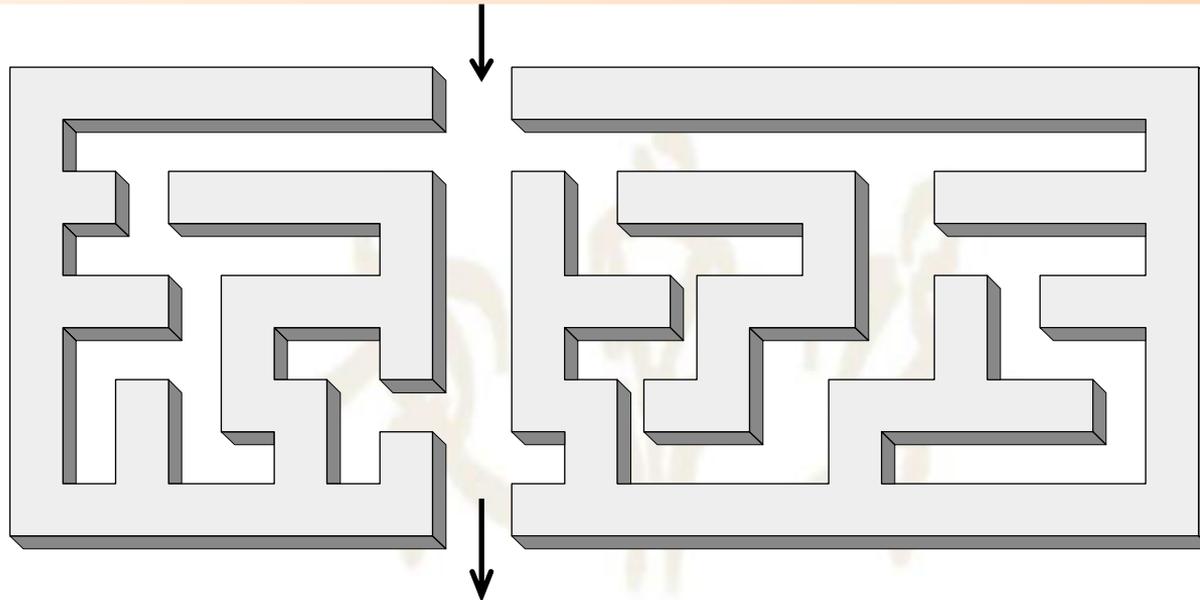
It has become extremely crucial to examine and understand the exact role of the Resident Director because:

- The Companies Act, 2013 has widened the **scope of responsibility** for corporate compliance and governance.
- The definition of the '**officer who is in default**' to include key managerial personnel (chief executive officer and chief financial officer) and shadow directors— including the Resident Director.
- This implies an **increased accountability for corporate operations**.
- **Compliance with Corporate Law** will therefore be the direct responsibility of the Resident Director.
- Thus, it is imperative that **due caution** be exercised.

The aim of these new guidelines is to foster beneficial corporate governance.

- To ensure that the Board will **directly monitor the management** of the company on a regular basis and shall be **held accountable** for the acts of the company.
- To define a **continued presence** will result in limited delay and enable timely corporate compliance requirements.
- To enhance **self regulation**, leading to less dependence on Government issues approvals.
- To facilitate **corporate regulation and governance**, transparency and protection of investor interests.

There are certain measures that can be taken to ensure smooth transition



Cautious screening and selection of the Resident Director at the appointment stage

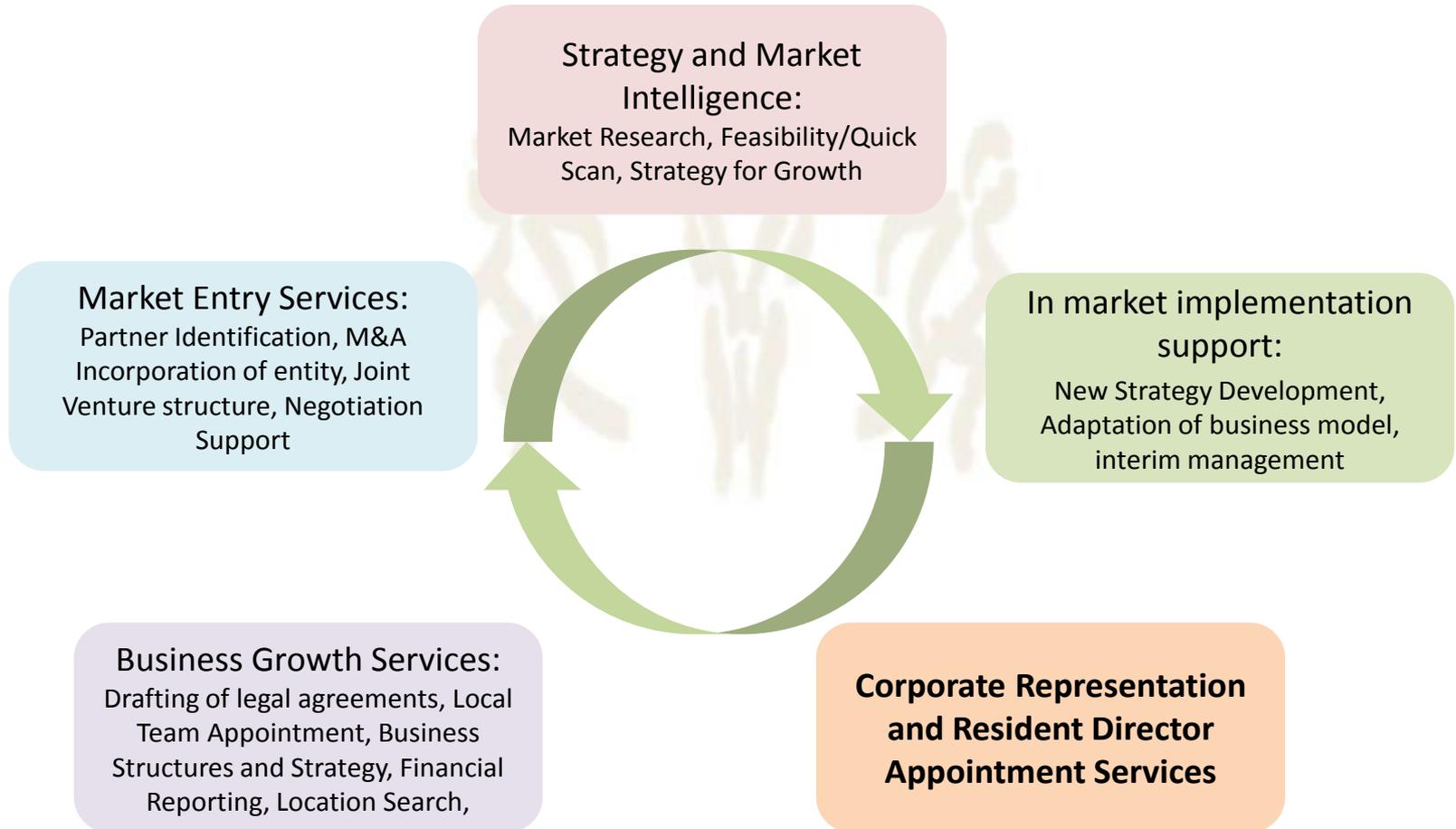
In-depth and exhaustive demarcation of the exact scope of authority of the appointed Resident Director with no ambiguity

Creation of a Joint Signing Authority with an existing Director for crucial company decisions

Liability insurance for the newly appointed Resident Director (approx 1,50,00,000 sans Retention)

- Abroader has **extensive and in-depth experience** with business in India on the Director level.
- We have **extensive international business experience**, aware of the gaps in understanding.
- We have extensive **experience with Joint Signing Authority** with an existing Director for crucial company decisions.
- Wide **network of Service Providers** (finance, law, compliance) in place to ensure quality of governance.
- **No Conflict of Interest**: we act as the extended arm of the foreign investor, making our position **very transparent and focused**. Combined with our business acceleration services, we offer a sustainable management solution.

For a monthly fee (negotiable with the client), Abroader can offer Resident Director Services in addition to a host of other business acceleration services:





GLOBAL CONSULTANCY SERVICES

Trade – Collaborate - Invest – Acquire
Distribute – Export - Grow >>>>



MARKETS



SECTORS



SERVICES

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