



Avoiding Mistakes



Getting the....

A



Almighty

B



Bollywood

C



Cricket

....right in India

Avoiding Mistakes

- Why India
- Are you aware of the culture and the cultural gaps
- Who will be responsible for India
- Are you aware of the regulatory environment
- In what way can you have a business presence in India
- Have you determined the model of operating in India



- What are the costs involved in establishing a presence in India
- How do you lease real estate in India
- How do you hire people
- A check list to establish an entity in India
- Some key learnings

Why India ?

- Past sales in India – future predictions on market share
- Customer insistence –
 - Comfort
 - Lower costs by sourcing/assembly in India
 - Want to pay in Rupees
 - Better after-sales services
- Competitors have set up –so I must be in India
- Local market is saturated – key to survival is to enter newer markets
- I missed China
- Offer better pricing in India due to perceived lower costs of manufacturing



Are you aware of the business culture?

Indian Mindset today

- Consumerism Mindset, not only VFM anymore
 - Openness/ admiration for the Westerner
 - Strong Anglo-Saxon influence
- Very confident young Indians
 - Attitude change - proactive
 - Difficult to keep an educated Indian in a routine job
- Innovative mind vs. low innovation
 - Creative in problem solving, high flexibility and adaptability
 - But less original thinking



Governance and Work attitude

- Bad Governance
 - Bureaucracy can delay, complicate, raise costs of projects
- “Chalta hai” attitude
 - Constant follow up required – do things actually work?
 - Sense of time is different
 - Multi Tasking

Decision Making – family run business



**There is no “Average”
stereotypical Indian!!**



Who will be responsible for India ?

	Expat	Expat Indian	Indian
Strength	Influence with HQ	Bridge between HQ & India	Local understanding
Weakness	No local understanding	Not high enough in hierarchy	Unfamiliar with global practices

Are you aware of the Regulatory Environment ?

- Host of regulations applicable to foreign investment in India
- Understanding required on local compliances
- Awareness of some key regulations that are critical to the operations in India are :



- FEMA
- Company Law
- Income Tax
- Indirect Taxes
- Labor laws
- Sectors specific laws

In what way can you have a business presence in India ?

Non Equity Routes

- Branch Office
- Liaison Office
- Project Office



Equity Routes

- Company
- JV
- Acquisition

Have you determined the model of operating in India ?

- Take in to account the following :
 - Regulatory environment
 - Direct Taxes
 - Indirect Taxes
 - Transfer Pricing
 - Logistics
 - Industry practices



Understanding Costs of Establishing in India

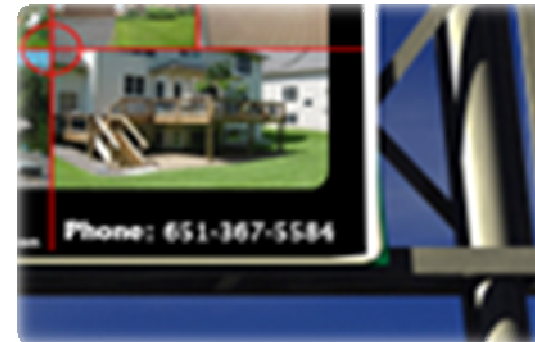
- ▣ Minimum cost to set up a 3 man operation:
 - ▣ Set up costs
 - ▣ Security deposits
 - ▣ Recruitment fees
 - ▣ Initial working capital
 - ▣ Interior fit out cost
 - ▣ Professional fees
 - ▣ Statutory registrations costs
 - ▣ Lawyers fees



Minimum budget of Rs.10 mn (~ € 150.000) will be required

Leasing Real Estate in India

- Requirement of office space
- Carpet area
- Lease period
- Security deposit
- Rental per month
- Lock in period
- Brokerage
- Furnished options



Recruiting in India

- Various modes available
 - News Papers
 - Web Portals
 - Recruitment Agencies
- Screening the resumes
- Costs depend on levels of staff to be recruited – 8.33% to 25%
- Finalization of Organization Chart for India



Salary Indicators

Sr. No.	Role	No. of Years Experience	Maharashtra Est. CTC		Gujarat Estimated CTC	
			In INR	In Euros	In INR	In Euros
1	CEO of a big Co	+20 Years	100 L	155 K	100 L	155 K
2	CEO of a medium sized Co	+20 Years	40 - 80 L	62 - 125 K	100 L	155 K
3	Head of Sales	+15 years	25 - 40 L	40 - 62 K	10% mark down	10% mark down
4	Head of Marketing	+15 years	25 - 30 L	40 - 46 K	10% mark down	10% mark down
5	Head of Finance	+15 years	25 - 35 L	40 - 55 K	10% mark down	10% mark down
6	Head of HR	+15 years	20 - 25 L	31 - 40 K	15% mark down	10% mark down
7	Head Supply Chain	+15 years	15 - 25 L	23 - 40 K	10% mark down	10% mark down
8	Sr Mgr/Manager Supply Chain	10 -12 years	10 -15 L	16 - 23 K	10% mark down	10% mark down
9	Sr Mgr/Manager HR	10 -12 years	10 -15 L	16 - 23 K	10% mark down	10% mark down
10	Sr Mgr/Manager Sales	10 -12 years	10 to 15 L	16 K to 23 K	10% mark down	10% mark down
11	Sr Mgr/Manager Marketing	10 -12 years	10 to 15 L	16 K to 23 K	10% mark down	10% mark down
12	Sr Mgr/Manager Finance	10 -12 years	10 to 15 L	16 K to 23 K	10% mark down	10% mark down
13	Engineer	6 - 10 years	5 L	8 K	5 L	8 K
14	Chartered accountants	6 - 10 years	8 to 12 L	12 K to 18 K	10% mark down	10% mark down

10 Point Check ListTick

1. FDI Compliant
2. Understood the regulatory framework
3. Entity chosen
4. Banker chosen
5. Aware of all local registrations to the business
6. Location finalized
7. Real estate options frozen
8. Recruiter chosen
9. Various suppliers identified
10. Accountants, tax advisors , lawyers and consultants on board.



India = a Paradox in this diversity



In Aurangabad, jet set buy 115 Mercs at one go

Frafulla Marpánwar | 194

Mumbai: Aurangabad, the city in the backward region of Marathwada represented by chief minister Ashok Chavan and heavy industries minister Vilasrao Deshmukh, is known for its poverty, acute water shortage and lack of industrial development. Last week, however, it achieved a different kind of distinction, when a group of its prominent citizens made what was possibly the single largest bulk booking of Mercedes Benz cars in India—an astounding 115 of them.

The feat was initiated and achieved when 115 industrialists, mediapersons, exporters, developers, medical professionals and lawyers, led by industrialists Rishi Darda and Kshil Dhoot, joined hands, set up what they called the 'Aurangabad group' and booked the swanky Mercs. "We have promised to deliver them in October, preferably before Dussehra," Pune-based Mercedes dealer Chandrasadan Bhandari told TOI.

Bhandari said the Aurangabad group had set up a seven-member team to negotiate with the manufacturers. "Since it was the highest ever bulk booking, their plea was considered and they were given a good offer," he said. "They accepted it and booked 115 cars."

Currently, there are five brands of Mercedes Benz available—C, E, M, S and GL—ranging from Rs 26 lakh to Rs 95 lakh. While the C-Class costs Rs 25 lakh, the S-Class sells for well over

MERCETOWN BEATS THE MELTDOWN



► The 115 buyers comprise industrialists, exporters, developers, mediapersons, doctors and lawyers

► They formed the 'Aurangabad group' specifically to fulfil their wish of owning a Merc and to bargain with the premium carmaker

► This is the single largest sale of Mercedes cars in India

► Last year, the company had sold 3,200 cars across India

Rs 95 lakh. Most of the cars booked by the Aurangabad group are at the lower end of the price scale.

Although not named as such, the Aurangabad group was active in the city in social work, organising medical camps, religious pilgrimages and so on. The proposal to acquire high-end cars was mooted a month ago. Several brands were discussed and ultimately, it was decided to go in for the Mercedes Benz.

► A big deal for Merc, P 11

Key Learnings

- Treat India as a distinct and new experience – come well prepared.
- Think innovatively: Can you do something in the marketplace which the others have not thought about?
- Use help from experienced partners from the beginning onwards – this cost will pay for itself.
- Review your plans at least on a quarterly basis. Have a defined person from HO responsible for delivery
- Involve your finance / legal executive in the initial set-up stage apart from technical personnel
- The regulatory environment is dense, but manageable.
- Don't expect too much too soon – India is a long term success story.
- Be aware of “Global India” and “Traditional India”.



About SKP

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- Over 400+ team members
- Offices in 5 major cities in India
- 200 + Clients from 35 countries
- Experience across 20 industry sectors
- Listed among top 10 Tax Firms in India by International Tax Review's - World Tax 2009-10
- Member of



The background of the slide is a blue-tinted photograph of two men in business suits shaking hands on a set of stairs. The scene is brightly lit, suggesting an indoor or well-lit outdoor environment.

Are you ready for India?

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