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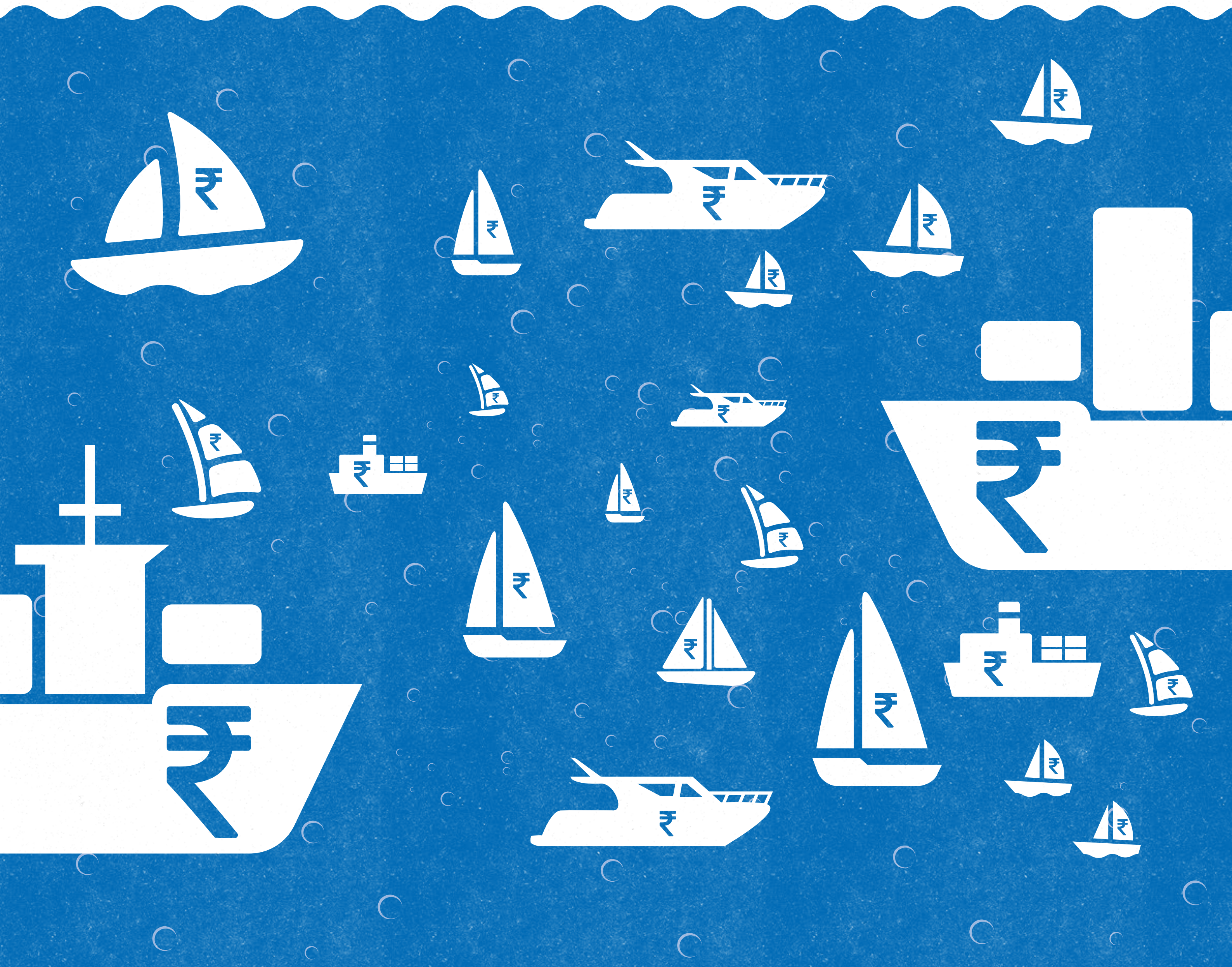
INDIA

Startups India - An Overview



Foreword

D.S. Rawat
Secretary General
ASSOCHAM

In recent years, the Indian startup ecosystem has taken off and has matured. Driven by factors such as availability of funding, consolidation activities by a number of firms, evolving technology space and a burgeoning demand within the domestic market has led to the emergence of startups.

The numbers on startups speak volumes about the emergence of startups — it is projected that by 2020 there will be 11,500 firms from 3,100 startups in 2014. The trend is revolutionary! And it's going to change the way the markets are working today in India.

Between 2010 and 2014, the infusion of VC and PE increased from US$ 13 mn to US$ 1,818 mn. Angel investment too has multiplied almost eight times from US$ 4.2 mn to US$ 32.2 mn.

There are a number of factors that attract foreign investors to India. However, the biggest factor is the consumer growth backed by the mobile revolution. Also, the focus of New York based Tiger Global Management (TGM) has given confidence to other global private equity and hedge funds to come to India. Making big bets on Indian innovation has become a global point of interest. ASSOCHAM, India's Apex Chamber for Commerce and Industry, also popularly known as the "Knowledge Chamber," has taken the initiative of organising the STARTUP INDIA 2016, Annual Meet of Entrepreneurs & Startups on 20th January, 2016 in New Delhi.

Some of the prominent global Startups such as Uber, Cisco, Gram Power and leading private equity firms including Bessemer Venture Partners, Seedfund and IvyCap Ventures have confirmed their participation at this annual meet.

I would like to thank Grant Thornton to be the 'Knowledge Partner' for the event, and ASSOCHAM led by Ajay Sharma, Senior Director for this background paper. I congratulate them for successfully organising the STARTUP INDIA 2016, Annual Meet of Entrepreneurs & Startups.

Wishing you a very Happy New Year 2016,

Sunil Kanoria
President
ASSOCHAM

I compliment ASSOCHAM for bringing this well-researched document on promoting startups in India. ASSOCHAM's theme this year is creating employment through entrepreneurship and I firmly believe that we must become a nation of job creators rather than job seekers. This also supports the Prime Minister's vision of "Startup India".

The report addresses many important issues such as financing, IPR, ease of doing business, etc. All of these are important to foster more startups in our country.

We must also spread the message and the culture of entrepreneurship across all our states and cities. I would like to see every medium and large city of India having as thriving a startup scene as do some of our leading metros. I also believe that we must promote startups in all areas of business, not just in technology.

This report is a welcome step towards promoting ease of doing business especially for "Startup India". I urge all readers to profit from its points and join us in this great mission.

Harish HV

Partner, India Leadership Team, Grant Thornton India LLP and member policy group of Ispirit which engages actively with Govt. of India, RBI, SEBI etc on startup policy issues.

Grant Thornton India LLP

Last week the Prime Minister Narendra Modi launched an ambitious program called Startup India Standup India. This was aimed at revolutionising and accelerating the startup revolution in India, which is already witnessing strong traction.

We had an earlier era where we had manufacturing startups in the 70s and 80s, and these were supported through seed capital and soft loans by the development financial institutions (DFIs) both at the centre and the state level. Entrepreneurs who were keen to setting up factories were supported in their endeavours and several companies which are today household names were beneficiaries of this ecosystem. To name a few Reliance, Biocon, Infosys etc are some of the big names. However, the DFIs supported predominantly through loans and earned healthy returns when a company did well. Otherwise they ended up writing off the loans – a model that was unsustainable. While they did not make significant gains on successful companies, they lost money on failed ventures. As a result of this and subsequent economic liberalisation since mid-90s, we did not have a startup ecosystem.

In the past decade, we have seen the rebirth of the startup ecosystem with a more sustainable business model in the form of venture capital. This is now taking strong root in the tech related areas and we are now seeing the results of this in cities such as Bengaluru and Gurgaon.

We need a similar ecosystem to develop in the manufacturing space to help accelerate the 'Make in India' programme and I believe the government must focus on this area rather than technology driven startups, within the funds they are seeking to create. Of course for both we need significant improvements in ease of doing business, certainty and liberalisation in taxation policies and simplification of regulatory procedures including encouraging government to procure from startups.

We believe that India's economic future lies in encouraging startups which will bring dynamism, new thinking and create jobs to the Indian economy.

We are pleased to present this special report on startups covering an overall view on this space, with key focus on providing the reader a kind of a ready reckoner highlighting the current space, the potential for growth, the challenges, the regulatory environment and the kind of deals that have been executed in the space.

We look forward to your feedback.

Contents

1. Introduction

Prashant Mehra
Partner
Grant Thornton India LLP

Startups have been the flavour of the season over the last few years for the Indian markets. This has resulted into the emergence of a number of home grown unicorns across the country. One of the major contributors leading to this development has been the mega funding that has been ploughed into most of these unicorns between the period 2007 and 2015. This has been in line with the global trend dominating the space. Even the aspiring unicorns have had a decent run during this period, where managing to find investors is usually considered a tough task. The trends of investments suggest that investors want to enter as an early investor, even before the start of the firm.

From an overall viewing, India comes across as a thriving under-penetrated consumer driven market with a scope for exponential growth. Internet penetration and its increasing importance will drive most of the businesses. On account of the consumer demographics, with China being out of bounds, India offers the largest pie of investment opportunity that the world is eyeing. This is despite the multitude of operational, regulatory and taxation issues that surround the business running environment in India. However, 2015 has turned out to be a year offering a bit of a reality check to one and all and redefined the dynamics to a great extent. The year also set the tone for the next stage in the evolution of the startup ecosystem. The maturity in decision making that should ideally come in at this stage would be a step in the right direction taking the startup space in India towards greater heights, as it deserves.

The larger problems plaguing the businesses, such as the unorganised and fragmented Indian market, lack of clear and transparent policy initiatives, lack of infrastructure, lack of knowledge and exposure, complications in doing business, etc. are at least now being identified as issues that need to be addressed. The framework and course of regulations need to be updated and adopted as per the times. The right policy matter announcements by lawmakers can be a push. In times like these, pro-reforms announcements are required to provide the much needed impetus to the general business environment in the country in the startup space.

To create awareness and building an entrepreneurial environment, a lot of emphasis should now be given to creating infrastructure for mentoring startups. Various stakeholders such as the government, corporates, educational institutions and others are and should join hands to build a better ecosystem for young people. We understand that the Commerce Ministry is planning to build an online portal for information sharing among various stakeholders including incubators/accelerators, angel investors, VC funds and government departments. We also understand that other such initiatives are in the pipeline and are expected to be rolled out in due course.

This report has been compiled in the form of a handbook with the intention of providing the reader key insights into this space, covering various aspects mentioned above. I am hopeful that the report will serve the purpose of addressing the concerns. I look forward to this exciting space in 2016.

2. Evolving definition

a. What is a startup?

Currently a clear definition of a 'Startup' does not exist in the Indian context due to the subjectivity and complexity involved. Considering various parameters pertaining to any business such as the stage of their lifecycle, the amount and level of funding achieved, the amount of revenue generated, the area of operations, etc, some conceptual definitions are available in the public domain. These have been sourced and enumerated below to provide an indicative understanding on the space to the reader. The Department of Industrial Policy and Promotion (DIPP) is also working around a clear definition for startups and is expected to make it public in due course.

What is a startup?

A startup is a young company that is beginning to develop and grow, is in the first stages of operation, and is usually financed by an individual or small group of individuals

A startup is a young company which could be an entrepreneurial venture or a new business, a partnership or temporary business organisation designed to search for a repeatable and scalable business model

A startup is a young company that searches for a an unknown business model in order to disrupt existing markets or create new ones

A startup is a young, dynamic company built on technology and innovation wherein the founders attempt to capitalize on developing a product or service for which they believe there is a demand

Definitions of startups

A startup business is defined as an organisation:

- Incorporated for three years or less
- At a funding stage of Series B or less
- An entrepreneurial venture/a partnership or a temporary business organisation

A startup is defined as a business that:

- Engages in development, production or distribution of new products, processes or services
- New and existence for not more than five years
- Revenue of up to INR 25 cr.
- Not formed through splitting or restructuring
- Formed through splitting or restructuring

According to an Infosys Co-founder, a startup is defined as a business:

- Within the first three years of its existence
- Employing 50 people or less
- Revenue of INR 5 cr. or less

Source: NASSCOM Startup India report 2015, Secondary sources, New articles

b. Stages of the startup lifecycle

PRE-STARTUP

Discovery
Identify a potential scalable product/service idea for a big enough target market

Validation
The service or product discovered hits the market, looking for the first clients ready to pay for it

STARTUP

Efficiency
The entrepreneur begins to define his/her business model and looks for ways to increase customer base

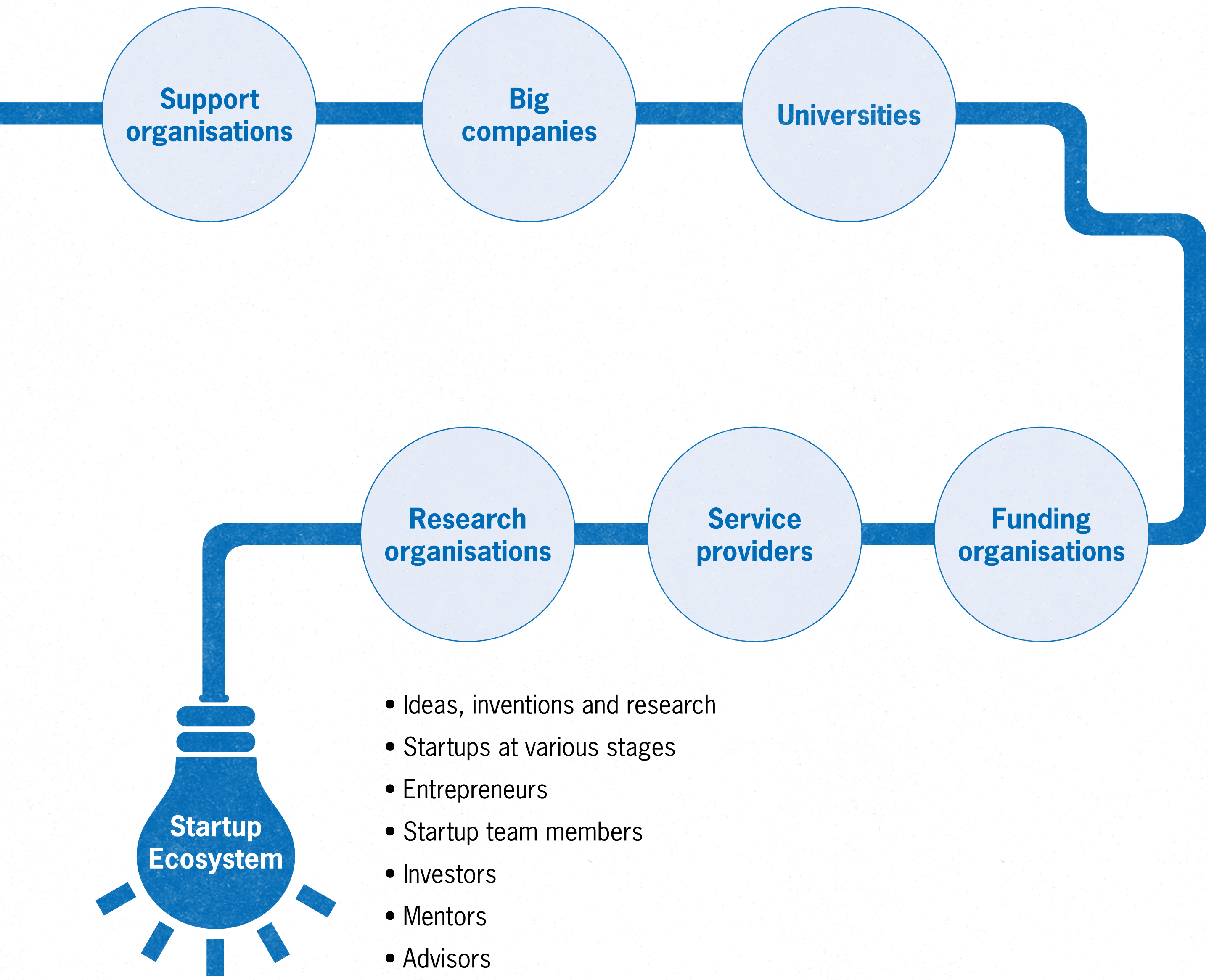
Scale
Pushing the growth of the business aggressively while increasing its capacity to grow in a sustainable manner

GROWTH

Maintenance
Maximising benefits and facing problems derived from the global dimension that the business has achieved

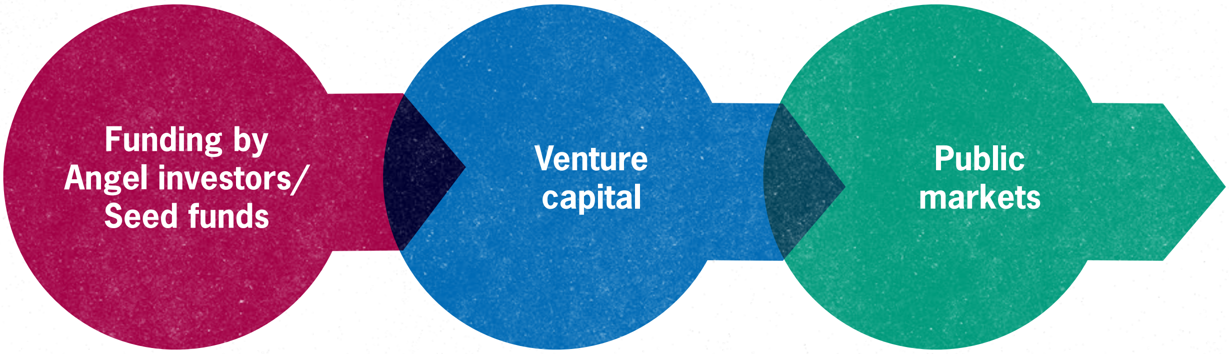
Sale or Renewal
The decision to sell the startup to a giant or acquire huge resources that the brand will need to continue growing

c. Startup ecosystem



- Ideas, inventions and research
- Startups at various stages
- Entrepreneurs
- Startup team members
- Investors
- Mentors
- Advisors
- Other entrepreneurial people
- People from related organisations

d. Startup financing lifecycle

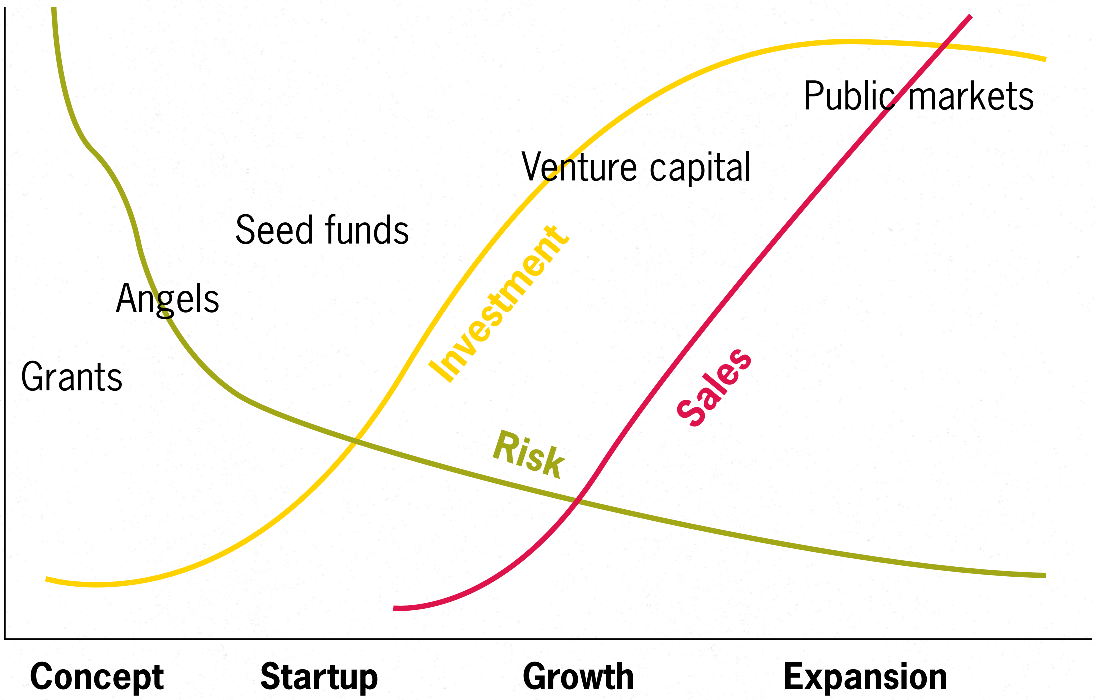


- Early stage startups rely on angel investors and seed funding
- Invest solely into the entrepreneur with an idea
- Does not encumber the entrepreneur with any corporate governance formalities

- Used to scale the company's business model
- Comes from larger institutional funds
- Focus is on building the sales force and establishing a global presence

- Late stage startups can feel the need to expand more aggressively or actively innovate the product
- Private equity funds together with public markets provide large amounts of liquidity to late stage startups

Startup funding process



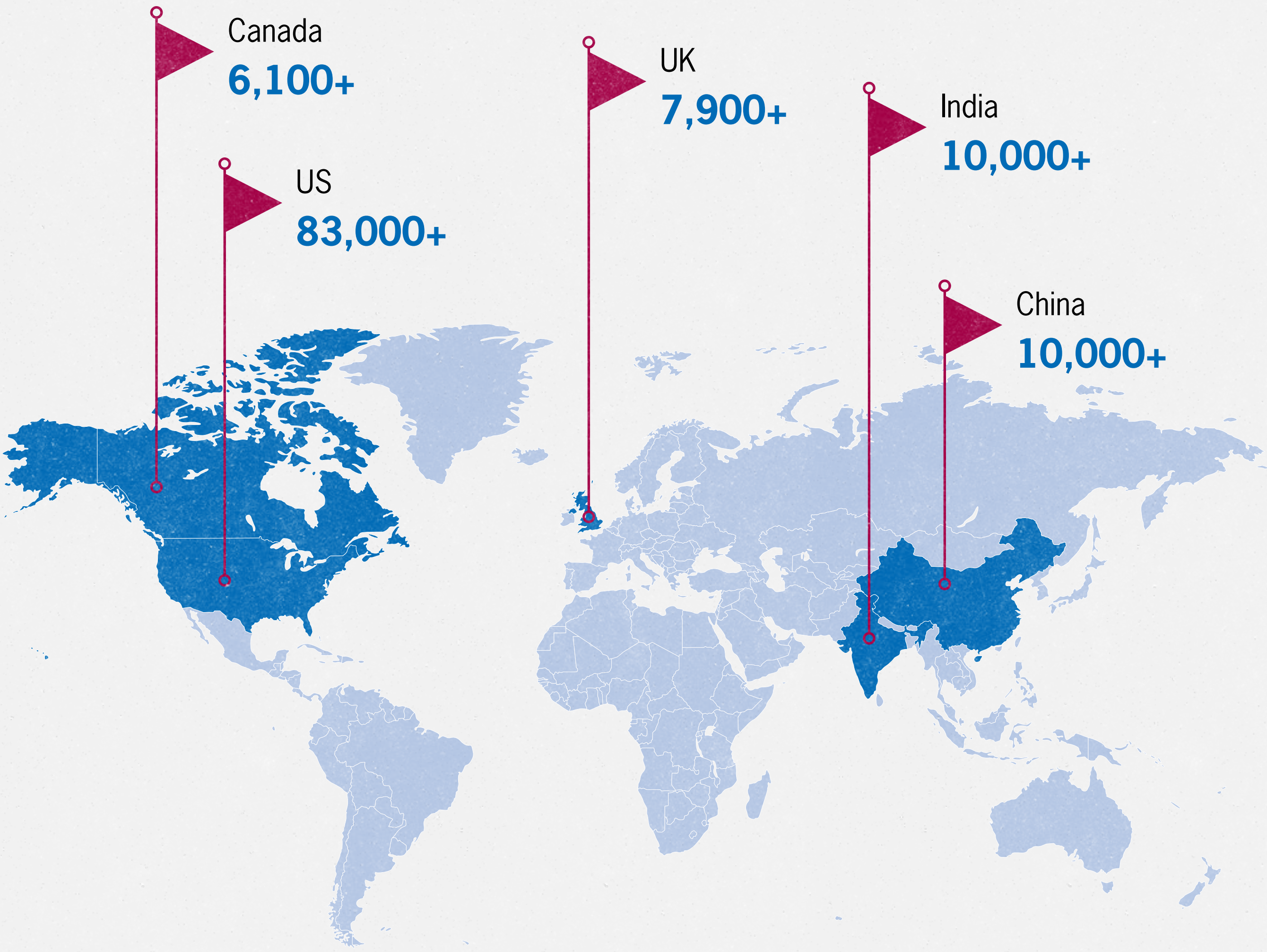
Effective operational management for startups

- Planning and Budgeting
- Customer Retention and Brand Loyalty
- Product Profitability

- Working Capital Management
- Operational process
- Financial management
- Database management

- Business partnering
- Shared services and outsourcing
- Financial design

India is amongst the top five countries in the world in terms of startups. US ranks number one on the list with 83,000+ startups.



Source: Microsoft Ventures, Zinnov, NASSCOM Startup India report 2015

Indian startup industry composition

Total startups

10,000 (approx.)

Startups	% Share	New startups annually
4,300 | 5,700	43% | 57%	800 | N.A

Sector concentration

E-commerce - 33%
B2B - 24%
Consumer internet - 12%
Mobile apps - 10%
SaaS - 8%
Other – 13%

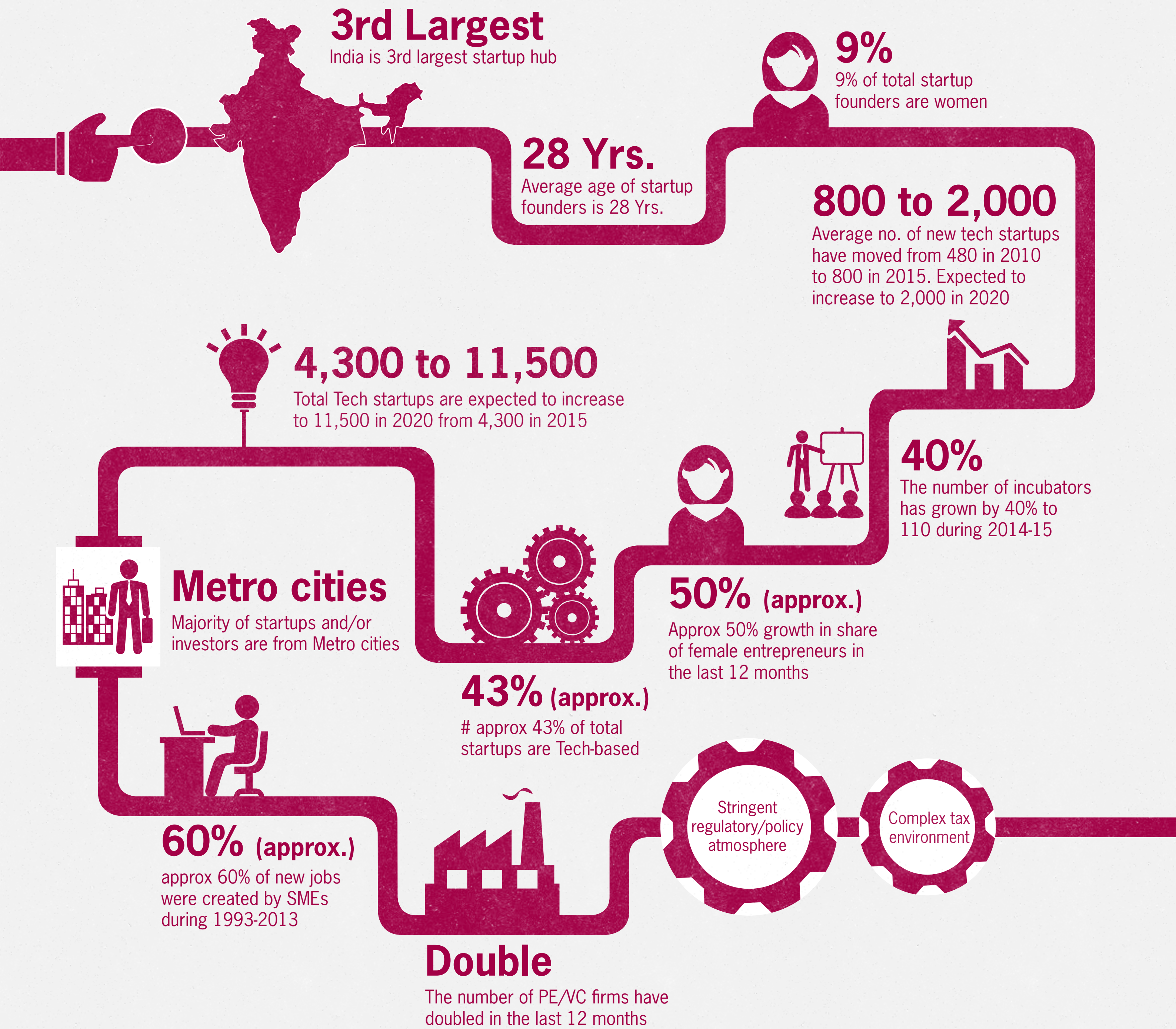
Engineering - 17%
Construction- 13%
Agri products- 11%
Textile - 8%
Printing & packaging – 8%
Transport & logistics - 6%
Outsourcing & support – 5%
Other – 32%

Technology based startups

Non-Technology based startups

Note: Non-tech based startups sector concentration is an outcome of a survey conducted by CRISIL on ~20% sample of micro, small, and medium enterprises 2013-14
Source: NASSCOM Startup India report 2015, Microsoft Ventures, Secondary sources, News article

Current state of Indian startups



Source: NASSCOM Startup India report 2015, Startup India-Momentous Rise of the Indian Startup Ecosystem, CII report on a snapshot of India's Startup Ecosystem, Secondary sources, News article

India comparison

	India	China	Israel	Singapore	Japan	US
Total no. of startups (~)	10,000	10,000	4,750	N.A.	N.A.	83,000
Tech-based startups	4,300	3,400	4,000	N.A.	N.A.	48,500
Non-tech based startups	5,700	6,600	750	N.A.	N.A.	34,500
Set up a new business (Days)	30 – 60	30	13	2	10	4
Corporate tax rate	34%	25%	26%	17% (100% tax exemption for startups)	34%	39%
No. of Tax payments by businesses (p.a.)	33	9	TBD	TBD	TBD	11
Bank lending rate	10.3%	5.6%	3.9%	5.4%	1.2%	3.3%
R&D spending % of GDP (Est. 2014)	0.85%	1.90%	4.20%	n/a	3.40	2.80%

Source: World Bank, News articles, Gov. sites

3. Scope for Growth

a. Policy initiatives

Indian government aims to build an ecosystem that promotes entrepreneurship at the startup level and has taken a number of initiatives to ensure that the startup businesses get appropriate support

Make in India

In September 2014, Prime Minister Narendra Modi introduced a big initiative "Make in India" to promote the manufacturing sector by promoting companies to invest in the sector. The intent of the campaign is to attract foreign investments and encourage domestic companies to participate in the manufacturing thereby contributing to the growth story. The government also took various steps to build a favourable environment to do business in the country. For example, an online system for environment clearances, filling income tax returns and extension of validity of industrial licenses to three years have been put in place.

1. The government increase the foreign Direct Investment limits for most of the sectors
2. Protection of the intellectual property rights of innovators and creators by upgrading infrastructure, and using state-of-the-art technology

Standup India

The Prime Minister also aims to build systems for enabling startups and wants to make the country as a number one destination for startups. In August 2015, he announced a new campaign **"Standup India"** to help startups with bank funding and encourage entrepreneurship among the young Indians. He also requested all 1.25 lakh bank branches to fund at least one startup founded by tribals and dalits.

Standup India: On 6th January 2016, the Union Cabinet has given approval to Standup India campaign which aimed at promoting entrepreneurship among women and scheduled castes and tribes. Some of the salient features include:

- Loans under the scheme would be given for greenfield projects in the non-farm sector,
- Intention of the scheme is to facilitate at least two such projects per bank branch,
- The scheme is expected to benefit at least 250,000 borrowers in 36 months from the launch of the Scheme.

It also plans to ease out the existing regulatory regime for startups and is considering extending tax incentives to them. The Department of Industrial Policy and Promotion (DIPP) is currently working around a clear definition for startups to ensure that the regime is available to businesses

Digital India

This is an initiative led by the Indian government to ensure that government services are made available to every citizen through online platform. In July 2015, the PM announced the Digital India initiative that aims to connect rural areas by developing their digital infrastructure. This translates into a huge business opportunity for startups. E-Commerce companies in India are planning to break into India's rural market as a part of the government's Digital India initiative.

In September 2015, PM Modi visited Silicon Valley, US and had meetings with a number of founders of technology firms and industry leaders such as Satya Nadella and Sundar Pichai to talk about his ambitions of developing a better startup ecosystem

According to NASSCOM startup report 2015, every year more than 800 tech startups are being set up in India. By 2020, a projected 11,500 tech-startups are going to emerge and will employ around 250,000 people.

Source: NASSCOM Startup India report 2015 Secondary sources, New articles

Financial assistance

In his Union Budget speech for 2015-16, Finance Minister Arun Jaitley announced government's plan to set up Micro Units Development Refinance Agency (MUDRA) Bank and a Credit Guarantee Fund with a refinance capital of INR 20,000 cr and INR 3,000 cr.

- In April 2015, the government launched Mudra Bank to boost the growth of small businesses and manufacturing units
  - The newly Bank would provide a credit facility of up to INR 50,000 to small businesses, loan of up to INR 5 lakh to little bigger businesses and loan of up to INR 10 lakh to the MSME sector

MUDRA Scheme: On 6th January 2016, the Union Cabinet has given approval to the following proposals:

- The cabinet has approved the creation of a Credit Guarantee Fund for MUDRA loans
  - It is expected that the fund will guarantee loans of over INR 1,00,000 cr to micro and small businesses in the first instance
  - According to the finance minister, the MUNDRA scheme is expected to provide benefits to 1.73 cr. people
  - The fund will guaranteeing loans sanctioned under Pradhan Mantri Mudra Yojana w.e.f. 08th April'15
- The cabinet also given its go ahead to convert MUDRA Ltd. into MUDRA Small Industries Development Bank of India (SIDBI) Bank as a wholly owned subsidiary of SIDBI

Additionally, the government has set a target to provide a total loan of INR 1.22 Lakh cr. to promote new entrepreneurs and fund the unfunded businesses with the help of banks

India Aspiration Fund: The finance minister also announced the India Aspiration Fund to encourage the startup ecosystem and allocated INR 400 cr. to various venture funds. He also launched another program called SMILE (SIDBI Make in India Loan for Small Enterprises) with an allocation of INR 10,000 cr. The objective of the scheme is to offer soft loans in the form of quasi-equity and term loans on soft terms to MSMEs.

Startup Exchange

The SEBI announced a new set of listing norms for startups, including e-Commerce ventures, planning to raise funding from listing on stock exchanges. These new norms will provide relaxations in disclosure related requirements, takeover and Alternative Investment Fund regulations for IT, data analytics, intellectual property, bio-technology or nano-technology companies.

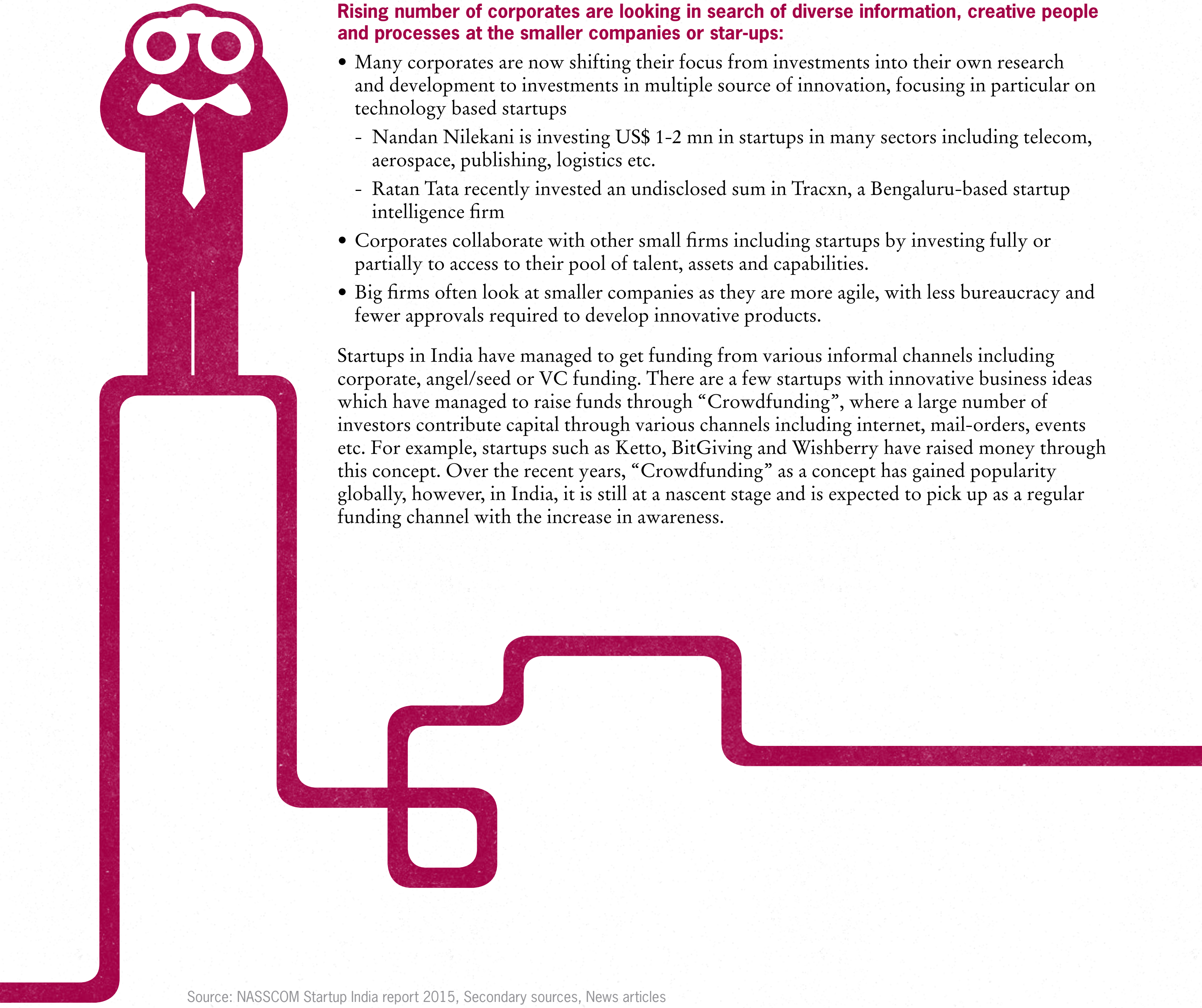
Self-utilisation and Talent Utilisation (SETU)

The government is planning to set up a mechanism called SETU, under the newly formed NITI Aayog, to provide technical assistance and incubation to startups. In 2015 Union Budget, Finance Minister, Arun Jaitley, has set aside INR 1,000 crore for support startups.

Source: NASSCOM Startup India report 2015 Secondary sources, New articles

b. Role of large businesses

Big corporates generally focuses on innovation, performance excellence and risk management in order to compete in the dynamic global business environment. Issues related to tightening of research and development budgets, increasing digital disruption and organisational bureaucracy make it difficult for large companies to innovate on their own.



Rising number of corporates are looking in search of diverse information, creative people and processes at the smaller companies or star-ups:

- Many corporates are now shifting their focus from investments into their own research and development to investments in multiple source of innovation, focusing in particular on technology based startups
  - Nandan Nilekani is investing US$ 1-2 mn in startups in many sectors including telecom, aerospace, publishing, logistics etc.
  - Ratan Tata recently invested an undisclosed sum in Tracxn, a Bengaluru-based startup intelligence firm
- Corporates collaborate with other small firms including startups by investing fully or partially to access to their pool of talent, assets and capabilities.
- Big firms often look at smaller companies as they are more agile, with less bureaucracy and fewer approvals required to develop innovative products.

Startups in India have managed to get funding from various informal channels including corporate, angel/seed or VC funding. There are a few startups with innovative business ideas which have managed to raise funds through “Crowdfunding”, where a large number of investors contribute capital through various channels including internet, mail-orders, events etc. For example, startups such as Ketto, BitGiving and Wishberry have raised money through this concept. Over the recent years, “Crowdfunding” as a concept has gained popularity globally, however, in India, it is still at a nascent stage and is expected to pick up as a regular funding channel with the increase in awareness.

Source: NASSCOM Startup India report 2015, Secondary sources, News articles

c. Possible impact of startup incubators

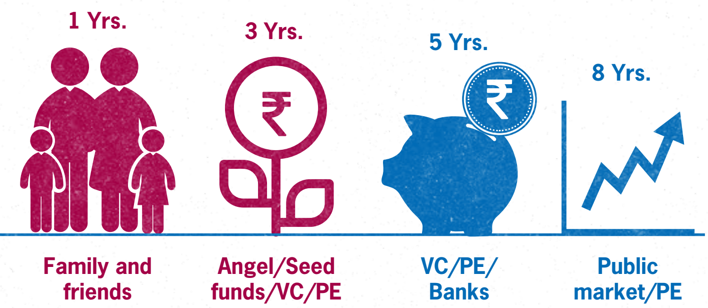
Startup incubators are companies that assist new startups in their initial phase of development by providing various services. Incubators share both tangible and intangible resources such as equipment, office space, services such as accounting, computing and legal services. They also assist startups in raising startup capital and perform various networking activities to reduce the financial burdens and resource issue. Incubators help entrepreneurs in building sustainable business environment while benefitting the broader corporate communities.

- According to NASSOCM report, there is a 40 percent growth in the number of incubators to reach to approximately 110 in 2015 as against around 80 in 2014.
- Approximately 50 percent of total incubators are set up in non-metro cities i.e. outside NCR, Bengaluru and Mumbai to offer.
- Growing number of educational institutes have started setting up incubator programmes independently or jointly. Shri Ram College of Commerce, New Delhi for example has set an incubator to help their student in their own starups, VESIT college of engineering has set up an incubation centre with the same objective.
- Big corporates are also setting up incubator programmes to help startups. Tata Group launched T-Hub, Google, Microsoft Ventures etc.
- Tata has come up with country's largest technology incubator centre 'T-Hub' in Hyderabad
- Google has come up with a Launchpad accelerator programme for specific to mobile startups in India, Brazil and Indonesia with training and developmental support and upto US$ 50,000 in equity-free funding
- Y-Combinator, a popular incubator in the San Francisco Bay Area has designs to make investments in India in the near future.

Startup funding in India

Funding based on age of company

Average Age of a firm (in years)



Early stage

Growth stage

Venture capital invests in both stages of company based on the following criteria:

Early stage:

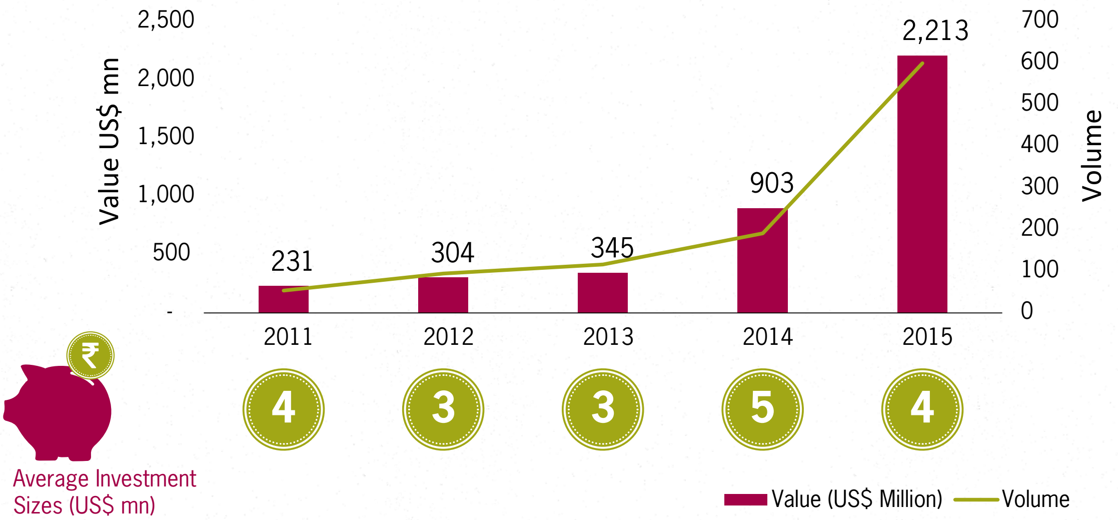
Includes first or second round of institutional investments into companies:

- Average of less than five years old
- Not a part of big corporates
- Investment amount <US$ 20 mn

Growth Stage:

- Usually third or fourth round of funding
- First or second round of investments for firms with 5-10 years age
- Spinouts/carve outs from big corporates
- Investment amount <US$ 20 mn

d. Startup investment round up

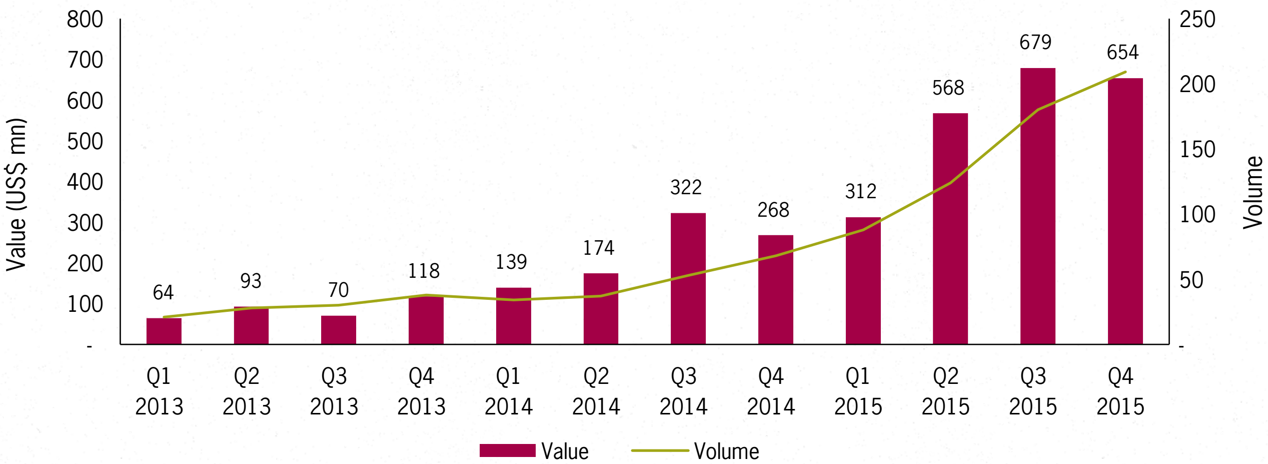


During 2011-13 (CAGR growth)

- Yearly growth of 22 percent in number of investment
- Yearly growth of 47 percent in total value of investment

During 2013-15 (CAGR growth)

- Yearly growth of 153 percent in number of investment
- Yearly growth of 127 percent in total value of investment



Note: The criteria used to define startups include: a) The Company should have been incorporated for three or less than three years as at the end of that particular year. b) The Company is a player in a non-traditional service industry c) The Company has received funding only upto Series B

Source: Grant Thornton Analysis

e. Approvals and other regulatory processes

Single online clearance system

Prime Minister Narendra Modi plans to bring an online approval window which will provide over 200 permits required by different industries from various government divisions

- This new system for clearance approval for new entrepreneurs would allow them to apply for and track the status of their applications/license permits online
- Currently, 81 state-level clearances, including land acquisition, setting up a factory are being digitised
- 133 clearances that are being granted by other central government divisions, including the home, defence and railway ministry, will come online

PM is working on taking the online governance systems on the fingers of public through the introduction of mobile phones channel

Simplification of regulatory regime

The Prime Minister aims to bring India ranking on the ease of doing business to 50 from the current ranking of 142 on the World Bank's index, and is working on to simplifying business processes and regulations

According to a DIPP official, a government panel is working on a policy that proposes exempting startups from a 22 federal rules and regulations such as:

- Proposal includes exemption from company and labour laws until a startups revenue touches to certain level,
- Certain tax exemptions for a specified period and
- Easing norms for raising capital globally.

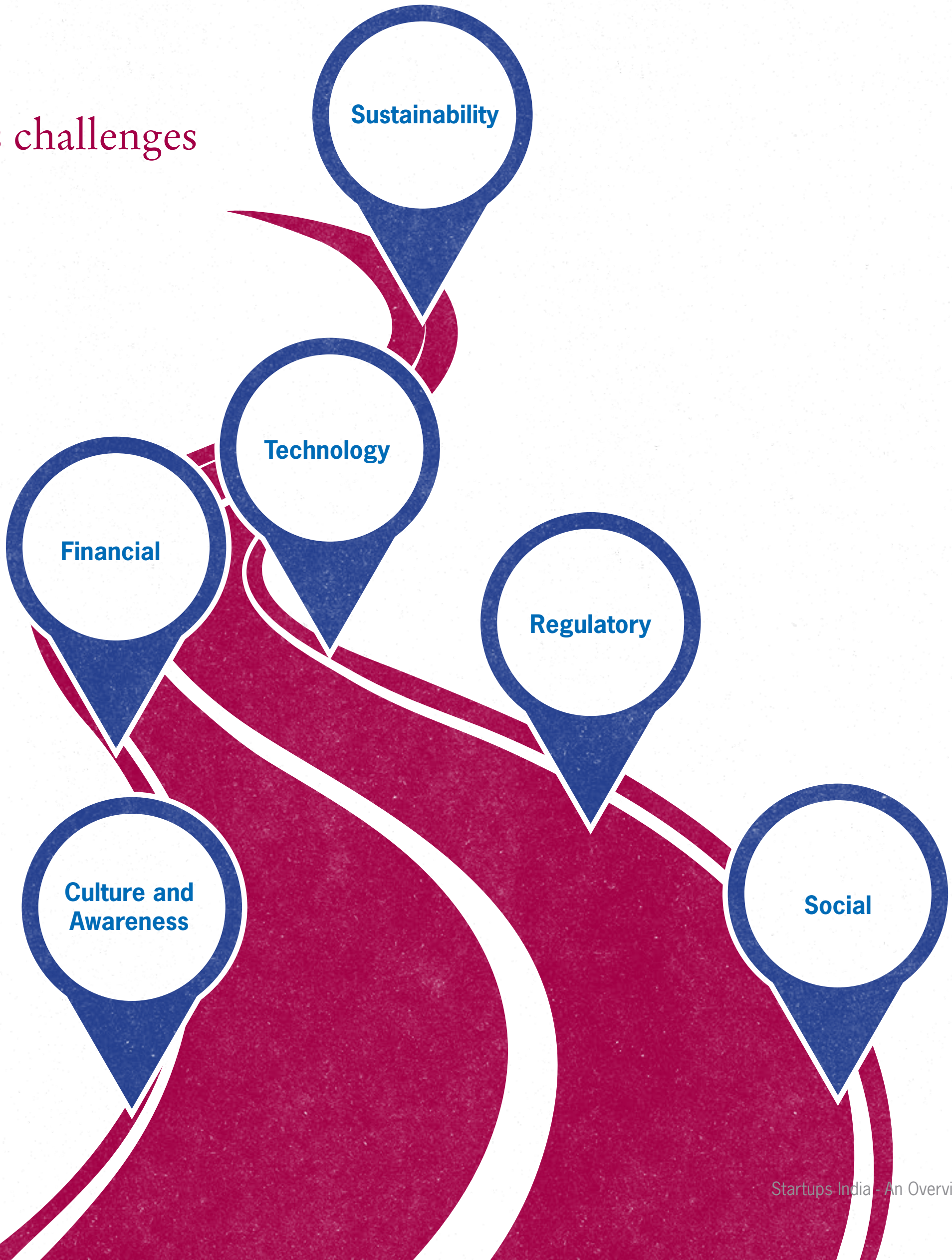
Source: News articles, Secondary sources

4. Challenges

World Bank's Report: Doing Business 2016

- India is ranked 130th out of 189 economies on the ease of doing business, 133rd on the ease of trading across borders and 157th on the ease of paying taxes.
- India is ranked 155th in case of starting a business
- On an average, Indian businesses need to make 33 tax payments annually with around 243 hours spent to prepare and pay taxes in a year
- In contrast, China requires just nine tax payments annually, while the US doesn't trouble its taxpayers more than 11 times annually for tax payments
- Among South Asian economies, India made the biggest improvement in business regulation, increasing its distance to frontier score

a. Startup business challenges



Culture and Awareness

- The Indian culture has conditioned people to look down upon failure. For failures, opinions do come by but encouragement rarely so. Entrepreneurship is often about failing and learning from those failures and starting all over again. People need to start accepting failures and allow second chances.
- Most common questions for anyone to become an entrepreneur
  - What to do: problem related to creating a business idea, finding business opportunity or having a vision
  - Why to do: issues related to reward/incentive analysis, risk evaluation or any other benefits
  - How to do: issues related to legalities and requirements such as clearances, licenses, approvals required. Issues related to resource availability including finances, technology and manpower supply
- Most people think that having a domain name, setting up a website, moving to social media are complex, costly and time consuming
- People are conscious about risk and rewards, and India is referred to as a price sensitive market
- People at large are unaware about how can they contribute to economic growth, generate employment, contribute to social development.

Social Issues

- Mentorship/Guidance: Most founders of failed startups feel that the lack of proper guidance and mentorship is a major reason behind their failure. An important factor behind failures and slow growth of some organisations is the lack of quality mentorship, especially in terms of industry knowledge/support.
- Market structure: Indian markets are largely unorganised and fragmented that create a roadblock for a startup to succeed
- Consumer behaviour: Behaviour of Indian consumer changes in every 30-50km that makes it really difficult for a startup to create business or market strategy for their products or services. Most startups generally get stuck in stagnancy and gradually shut down.
- Location: An important problem faced by startups is related to location of their business. India is a place of varied culture and taste and thus every product might not be welcomed equally in every region.

Technology

- Technology infrastructure
  - Appropriate IT-infrastructure has become a need for Indian businesses given the growing number of consumers online
  - It is absolutely vital for new startups to train their employees for handling critical customer information such as that of credit card numbers and related data
- Cyber security
  - Most startups have a B2B business model. This is where cyber risk may rise as they are not aware of potential risks that might exist for their startup business
  - No back-up plan to keep the startup company running when an accident destroys some key equipment in their data centre.

Financial Issues

- Operational finance:
  - Most startups are self/family funded with limited workforce which makes it difficult to maintain records both financial and operational.
  - Flawed business models and lack of innovative revenue strategies have led to the failure of many startups and they are forced to shut down operations
  - Overcoming unnecessary business steps to manage business operations
- Funding/Capital Deficiencies:
  - Capital and access to capital has been a perennial problem for startups
  - Government and private sector investors have set aside funds through investment channels but they are not available for all forms of business. The biggest problem for such organisations has been to attract investors and gain their trust with regard to their mode of operations
  - In the initial phase of operations, startups do not get funding from banks given no credit history of the firm. In addition, there is limited number of credit rating firms for small and medium sized enterprise.
  - Despite having raised good investments, startups struggle to survive the competition. Startups are unable to mitigate the gap between burn rate and revenue.
- Cash flow management
  - Effective cash management is an important factor to achieve objectives both short term and long term. Cash is still a preferred option for payments owing to the fact that electronic payment has not achieved complete penetration to Tier 2 and Tier 3 cities
  - Gap between burn rate and revenue: Given rising competition from peers both from big as well as small, it becomes imperative for startups to scale up the business and require external funding for the sustainability/growth in the market.
  - Evolution on the basis of funding: Mega funding and mega announcements have become a thing of the past, post consolidation on a large scale across the sector over the alst few years. Both the investor and the entrepreneur are now more consciously focussing on innovation, capital efficiency and client/customer satisfaction, a view which is bound to impact the funding scenario hence-forth.

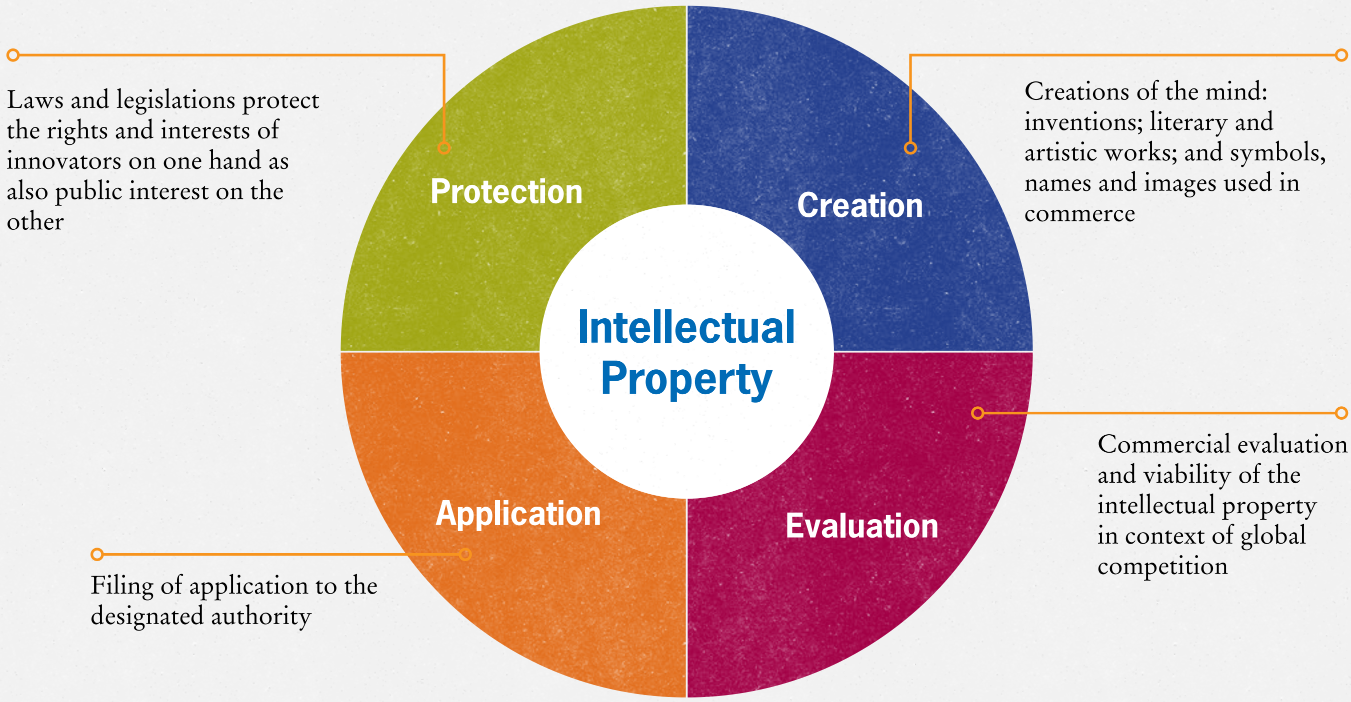
Sustainability Issues

- The level of knowledge that business advisers have about ecological issues and their willingness to discuss this with their clients is important in creating business ventures.
- Lack of information - provision of more information directly to business founders could help in the adoption of more sustainable business practices.
- Not aware of potential that might exist for their startup business.
- Role of public funding in promoting sustainable enterprises is often overlooked.

Regulatory Issues

- Multi window clearances: Budding entrepreneurs have to make multiple trips to government offices to register and seek clearances. Urgent need to scrap multiple regulatory clearances
- Taxation issue:
  - Taxes like octroi, VAT, excise create problems for entrepreneurs while starting up a business. NASSCOM has batted for the exemption of both direct and indirect taxes for all startups in India
  - Taxation is a barrier for technology adoption and proves to be an immense hurdle for budding entrepreneurs
  - With taxation out of the way, startups will be able to stem the cash outflow

b. IPR management



INDIAN GOVERNMENT INITIATIVES TO PROTECT IPR

India Patents Act 1970 has experienced corrections to adjust to the Trade Related Aspects of Intellectual Property Rights (TRIPS). This has been done to ensure enthusiasm around innovations.	The Department of Electronics and Information Technology (Deity) IPR cell has planned a strong IPR community for startups to accelerate documentation of IPR applications which incorporates licenses, trademarks, copyrights, etc.	Digital India initiative: Indian government's initiative to transform India as an innovation hub by designing Rs. 1.13 crore programs

5. Procedure for starting a business

Regulatory and Tax-related procedures

- Application for Director Identification Number(DIN)
- Registration of company name
- Apply for Certificate of Incorporation
- Obtain a Permanent Account Number (PAN) and Tax Account Number (TAN)
- Other tax related requirements i.e. service tax, VAT, excise tax

- Ministry of Corporate Affairs

Environmental and pollution-related clearances

Except for 17 critically polluting sectors, all SSI units need to file an application and obtain acknowledgement

- Ministry of Environment and Forests

Product-specific clearances are required based on the industry sector under which the product falls. Approvals are given by the respective Central/State Ministry/Department.

The process

S.No.	Procedure	Offices involved	Completion time (days)	Cost
1	Apply online for director identification number (DIN) by filing application Form DIN-1	Ministry of Corporate Affairs (MCA)	1	100
2	Obtain online digital signature certificate	MCA	3	1,500
3	Apply and reserve your business name online (Max 6 suggested names)	Registrar of Companies (ROC)	2	500
4	Stamp the company documents (MoA, AoA, Declaration of compliance)	State Treasury (State) or authorised bank	1	1,300 (200 for MOA + 1,000 for AOA for every 500,000 of share capital or part thereof + 100 for stamp paper for declaration Form 1)
5	Apply for the Certificate of Incorporation	MCA and ROC	5	14,133* (Depends on authorised capital)
6	Make a seat (not mandatory)		1	350 (depends on the number of seals required and the time period for delivery)
7	Obtain a Permanent Account Number (PAN)	NSDL/Authorised Agents/ UTI Investors Services Ltd	7	67
8	Obtain a Tax Account Number (TAN)	Income Tax Department	7	57
9	Register with the Office of Inspector, Shops, and Establishment Act	State/Municipal office	2	uptp 6,500
10	Register for Value-Added Tax (VAT) at the Commercial Tax Office	State wise	12	5,100
11	Register for Profession Tax	Profession Tax Office (State)	2	No cost
12	Register with Employees' Provident Fund Organisation	EPFO	12	No cost
13	Register for medical insurance	Regional office of the Employees' State Insurance Corporation	9	No cost

There are a number of statutory requirement that a company needs to follow to run a business under various laws such as direct tax, indirect tax, Company Law, Fema, etc..

Direct Tax	Indirect Tax
Income tax is chargeable on taxable income computed in accordance with the provisions of the IT Act. Key direct tax applicable for Corporates are as follows: • MAT: It is applicable in cases where the income tax liability, determined under the normal tax provisions, is lower than 18.5% of book profits. • Taxation of dividend: Indian Company paying dividend needs to pay 15% as dividend distribution tax • Taxation on income distributed by way of buy-back of unlisted shares: Tax is levied @ 20% (plus applicable surcharge and cess) on the 'distributed income' paid by unlisted companies to their shareholders via buy-back. • Capital gains tax: Capital gains are generally not taxed at the general corporate tax. Instead, different rates have been specified for the taxation of different kinds of capital gains. • Security Transaction Tax (STT) : Security Transaction Tax (STT) is levied on security transactions that are carried out through a recognised stock exchange in India • Computation of business income: Business income is generally taxable on the net basis i.e. gross income less allowable tax deductions. • Withholding Tax: The IT Act casts an obligation on each taxpayer to withhold tax on specified payments and deposit the same on or before the dates specified in the law. For details regarding tax payment date and filing the return schedule please refer to Appendix	India has a dual taxation structure, which results in the levy of multiple indirect taxes by the Federal and State government(s). Key indirect taxes applicable are as follows: • Customs duty: Federal levy on import of goods into India • Central excise: Federal levy/duty on manufacture/production of goods in India • Service tax: Federal tax leviable on services delivered • R&D cess: Federal cess on import of technology to India • Value Added Tax (VAT): State-based tax on intra-state sales of goods • Central Sales Tax (CST): Federal tax on inter-state sales of goods, administered and controlled by the appropriate State(s) • Entry tax/Octroi: State-based tax on the entry of goods into a State/municipality for use, consumption or sale therein • Other State taxes: Include professional tax, luxury tax, property tax, entertainment tax, etc. • Professional tax: State-based tax leviable on professions, trades, callings and employments • Luxury tax: State-based tax on specified luxuries and certain facilities, services, enjoyment, utilities, etc. • Property tax: Leviable by a government on a person's real or personal property • Entertainment tax: State-based levy on entertainment activities such as cinema, video shows, cable TV operators, amusement, exhibitions, performance, pageant and game/ sports and horseraces, etc.

For indicative detail on filings please refer to Appendix

Goods and Service Tax (GST): The Government of India has proposed that the indirect tax regime in India be replaced with a comprehensive dual GST, to be levied concurrently by the Centre (CGST) and the States (SGST). Integrated GST (IGST) is also proposed to be levied, which will replace CST. It aims to tax both goods and services traversing between states. The following key taxes are proposed to be included in GST.

Foreign Exchange Management Act (FEMA): FEMA is a regulatory mechanism that enables the Reserve Bank of India and the Central Government to pass regulations and rules relating to foreign exchange in tune with the Foreign Trade policy of India. In indicative submission details has been highlighted in the Appendix.

Secretarial Compliance: An entity has to comply with a number of regulatory norms, which has been indicated in the Appendix.

6. Deal analysis in startup ecosystem

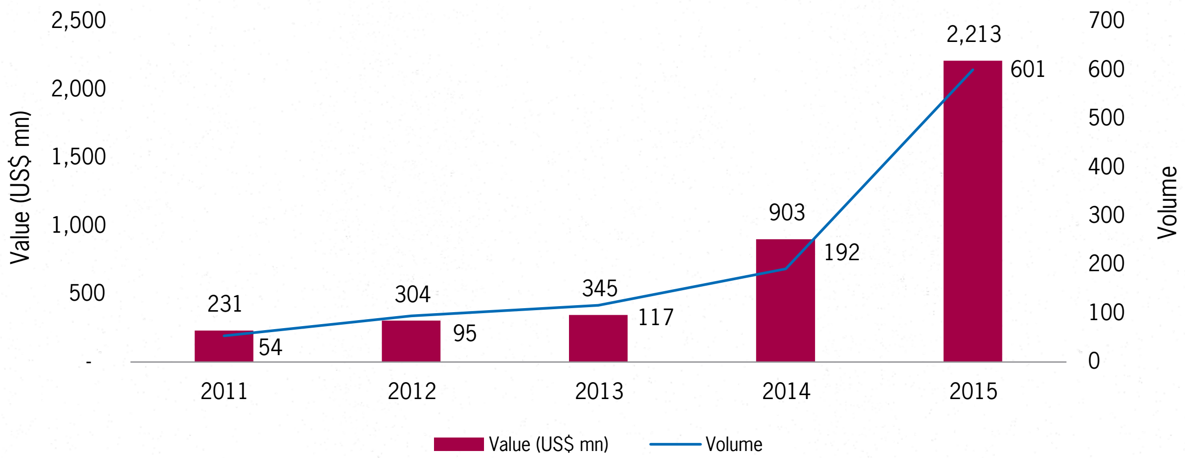
Startup Investment Round up

There has been a flurry of new start-ups and innovations in India in recent years. The Indian start-up ecosystem has evolved, being driven by factors such as growth in number of funds/angels, evolving technology, higher smart phone and social media penetration, growth in incubators and accelerators, younger demographics etc. Recent government initiatives like 'Start up India, Stand up India' India will only result in additional momentum in this space.

2015 witnessed the maximum traction in this space with over 600 companies getting funding; more than US$ 2 bn being deployed by PE and VC funds. Some of the top deals were Warburg Pincus' investment in Ecom Express, Rocket Internet AG and Goldman Sacs investment in Foodpanda and Tiger Global and SAIF Partners' investment in Little Internet.

Over and above the US$ 2 bn deals in the start-up space, other top deals in the overall tech space in 2015 include the usual suspects i.e. investment of US$ 700 mn in Flipkart by Sequoia Capital & Steadview Capital, US$ 500 mn in Snapdeal by Alibaba, Softbank & others, over US$ 1100 mn in Olacabs by a group of investors including Tiger Global, Softbank, DST Global etc. Other fairly large transactions include investment in Quikr, Jabong, Grofers, Shopclues, Pepperfry and Oyorooms who have received funding of more than US$ 100 mn.

Investment momentum in start-ups have increased rapidly over the last five years with investment values increasing at a CAGR of more than 75% between 2011 and 2015 while investment volumes have increased at a CAGR of over 80% in the same period.



Methodology and Disclaimer: The deal data for this report has been sourced from Grant Thornton's Dealtracker report. This report includes views from experts. Please note that the views of the experts are personal and may not necessarily reflect the views of the organisation. The criteria used to define start-ups include: a) The Company should have been incorporated for three or less than three years as at the end of that particular year. b) The Company is a player in a non-traditional service industry c) The Company has received funding only up to Series B.

Deals have been classified by sectors and by funding stages based on certain assumptions, wherever necessary.

In the earlier years start up sectors which were attracting funding was limited to IT and Consumer & Retail. However recently there has been a huge influx of start-ups in other verticals like discovery platforms, payment gateways, hyper local services, e-com logistics, healthcare, food tech, cab aggregators etc. All these in some way or other being allied to the consumer technology sector enabling e-commerce.

Out of the total deals in this period, two start-ups have received funding above US$ 100 mn each while there have been five startup investments above US$ 50 mn each. The above US$ 100 mn transactions have occurred in 2015 which include Warburg Pincus' investment in Ecom Express (US$ 133 mn) and two rounds of funding (cumulatively US$ 290 mn) in Foodpanda.com (Pisces EServices Private Limited) by investors like Rocket Internet, Goldman Sacs Falcon Edge and Phenomen Ventures

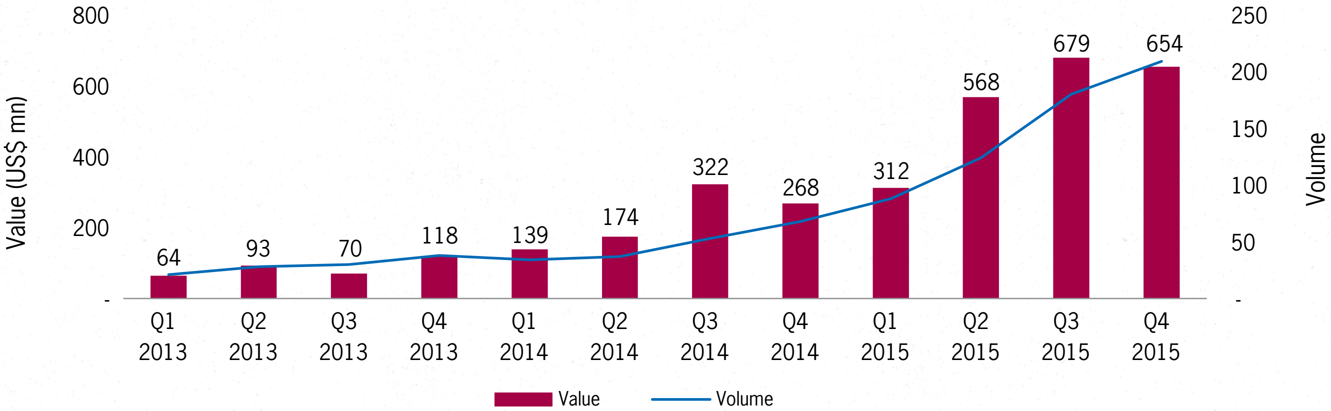
Investments above US$ 50 mn include popular names like Housing.com (US$ 90 mn from Softbank), Hike Technologies (US$ 65 mn from Tiger Global and Bharti Softbank Pte Ltd), Little Internet (US$ 50 mn from Tiger Global, SAIF Partners and angel investors) and Netmeds (US$ 50 mn from OrbiMed and MAPE Advisory Group).

According to our criteria, companies which have received investment at funding stages over and above Series B, have not been considered as start-ups. Since transactions at and below Series B funding typically have smaller ticket sizes, the number of high value investments in this period is subdued.

Average investments over the years 2011 to 2015 have been fairly stable ranging from US$ 3 to 5 mn.Therefore, even though deal volumes seen an extraordinary increase from 2011 to 2015, since the increase has been more pronounced in the seed/angel investments, it hasn't contributed to significant increase in average deal-sizes in start-up investments.

Quarterly Startup Trends

Momentum in startup investments has seen unprecedented increase in 2015, in terms of value and volume. During the period from 2013-2015, both investment values and volumes have maintained a steady CAGR above 20% quarter on quarter.



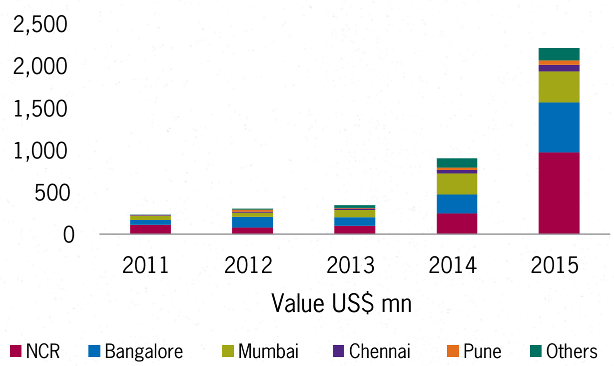
Geographies 2011-2015

The start up ecosystem continues to be concentrated in regions like NCR, Bangalore and Mumbai which together contribute to 87% of total investment value and 84% of total investment volume in 2015.

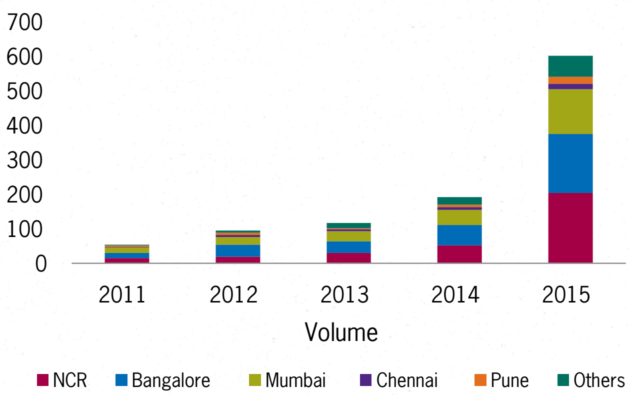
The national capital region (NCR) witnessed the highest investment activity which gradually increased from 15 investments in 2011 to above 200 investments in 2015. As compared to 2014 which witnessed investment activity of US$ 245 mn (across 52 deals), this year showed a 300% increase with investments of US$ 972 mn (across 204 deals). Key start-ups that witnessed investments in 2015, in this region include Ecom Express (ECom Logistics), Foodpanda (FoodTech), Peppertap (Hyperlocal), Rivigo (Ecom Logistics) and UrbanClap (On-demand services). NCR contributes to 27 % of the total value and volume of investments in 2014 where as in 2015 NCR contributed to 44 % of the total value and 34% of the total volume of investments.

Investment activities have also been on the rise in the IT hub of the country – Bangalore, where investment values in 2015 have grown by over 160% y-o-y. While the number of transactions have been fairly high (59 deals in 2014 and 171 deals in 2015) investment values have been at US$ 596 mn due to the absence of any big-ticket investments (above US$ 100 mn). Key start-ups that attracted investor attention in 2015 from this region include Little Internet (Discovery platform), Portea Medical (Consumer HealthTech), Blackbuck (Ecom Logistics), HouseJoy (On-demand services) and Swiggy (Food Tech). Bangalore contributes to 25 % of the total value and 31% of the total volume of deals in 2014 where as in 2015 Bangalore contributed to 27% of the total value and 28% of the total deal volumes.

Geographic Break-up Values (US$ mn)



Geographic Break-up Volumes



Mumbai has also seen significant traction in the investment activity in Mumbai where investment volumes grew by almost 200% y-o-y to about 130 investments in 2015. Growth in investment value to US$ 366 mn in 2015 from US$ 253 in 2014, however, was not as substantial (45% y-o-y) as growth in volumes. In 2015, the city witnessed much fewer big-ticket transactions compared to the other regions with the top companies like Culture Machine (US$ 18 mn), TinyOwl (US$ 16 mn), CredR (US$ 15 mn), GOQii (US$ 13 mn) and Coverfox (US$ 12 mn) receiving investments of less than US$ 20mn each. Mumbai contributed to 28% of the total value and 23% of the total volume of deals in 2014 where as in 2015 Mumbai contributed to 17 % of the total value and 21% of the total volume of deals

2015 witnessed renewed traction in upcoming regions like Chennai, Pune, Jaipur (Major deals in these geographies across the last five years include Netmeds - Chennai (US$ 50 mn in 2015), ZoRooms - Jodhpur (US$ 30 mn in 2014),VeloCloud - Chennai (US$ 21mn in 2014), Allygrow – Pune (US$ 20 mn in 2015) and Arkin Net Inc- Pune (US$ 15 mn in 2015).

Top 10 Startup Deals: 2011 - 2015

Year	City	Investor	Investee	Startup Sector	Startup Sub Sector	Deal value (in US$ mn)
2015	Gurgaon	Warburg Pincus	Ecom Express Pvt Ltd	Logistics	Ecom Logistics	132.70
2015	Gurgaon	Unnamed investors and Rocket Internet AG	Pisces EServices Private Limited - Foodpanda.com	Consumer	Food Tech	110.00
2015	Gurgaon	Rocket Internet and Goldman Sachs	Pisces EServices Private Limited - Foodpanda.com	Consumer	Food Tech	100.00
2014	Mumbai	SoftBank Corp	Housing.com - Locon Solutions Private Limited	Consumer	Real Estate	90.00
2014	Kanpur	Tiger Global and Bharti Softbank Holdings Pte. Ltd.	Hike Technologies Private Limited	Consumer	Apps and Tech	65.00
2014	Gurgaon	Falcon Edge Capital and Rocket Internet AG	Pisces EServices Private Limited - Foodpanda.com	Consumer	Food Tech	60.00
2015	Bangalore	Tiger Global and SAIF Partners & Angel investors	Little Internet Pvt Ltd -Little	Consumer	Discovery platforms	50.00
2015	Chennai	OrbiMed and MAPE Advisory Group	Net-Meds Marketplace Pvt Ltd- Netmeds.com	Health	Consumer Health Tech	50.00
2011	Bangalore	Intel Capital,Canaan Partners, Soota and other founders	Happiest Minds Technologies Pvt Ltd	Enterprise Infrastructure	Data Analytics, Management and Infrastructure	45.0
2011	Gurgaon	Norwest Venture Partners, Intel Capital, Sequoia Capital India, Nokia Growth	FashionAndYou - Smile Group	Consumer	Retail	40.0

Top 10 Startup Deals: 2015

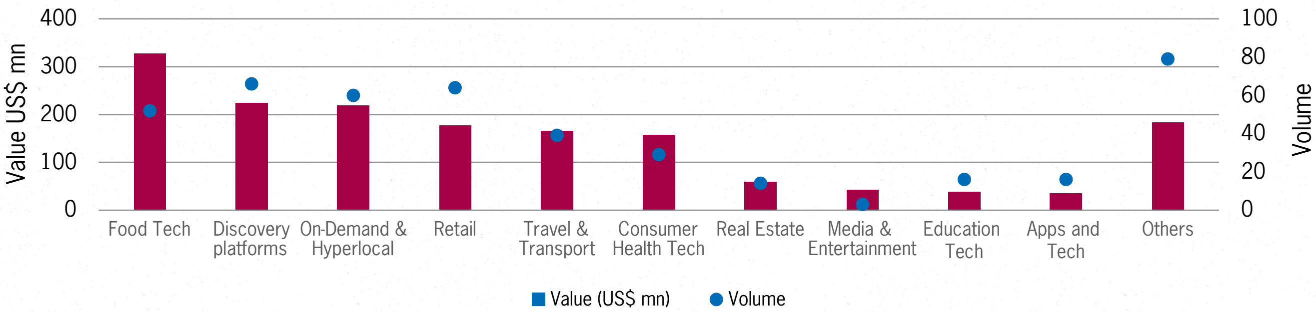
Investor	Investee	City	B2B/B2C	Startup Sector	Startup Sub Sector	Investment Value in US$ mn
Warburg Pincus	Ecom Express Pvt Ltd	Gurgaon	B2B	Logistics	Ecom Logistics	132.70
Unnamed investors and Rocket Internet AG	Pisces EServices Private Limited - Foodpanda.com	Gurgaon	B2C	Consumer	Food Tech	110.00
Rocket Internet and Goldman Sachs	Pisces EServices Private Limited - Foodpanda.com	Gurgaon	B2C	Consumer	Food Tech	100.00
Tiger Global and SAIF Partners & Angel investors	Little Internet Pvt Ltd -Little	Bangalore	B2C	Consumer	Discovery platforms	50.00
OrbiMed and MAPE Advisory Group	Net-Meds Marketplace Pvt Ltd- Netmeds.com	Chennai	B2C	Health	Consumer Health Tech	50.00
Accel Partners, International Finance Corp, Qualcomm Ventures and Ventureast	Portea Medical Pvt. Ltd.	Bangalore	B2C	Health	Consumer Health Tech	37.50
Snapdeal, Sequoia India, SAIF Partners, Ru-net, JAFCO, and BeeNext	Nuvo Logistics Pvt Ltd - Peppertap	Gurgaon	B2C	Consumer	Hyperlocal Delivery	36.00
Tiger Global, Orios Venture Partners.	Zostel Hospitality Pvt Ltd- Zo Rooms	Jodhpur	B2C	Consumer	Travel & Transport	30.00
SAIF Partners	TrucksFirst Services Pvt Ltd- Rivigo	Gurgaon	B2B	Logistics	Ecom Logistics	30.00
SAIF Partner, Accel Partners and Bessemer Venture Partners	UrbanClap Technologies India Pvt	Delhi	B2C	Consumer	On-demand services	25.00

Start-up Year 2015: Unprecedented Deal Activity

2015 ended on a high-note with start-ups driving investment activity in the PE space. Of the total 1049 investments in 2015 in PE/VC space, more than 50% was driven by start-up activity compared to 2014 where start-ups contributed to only 32% of the overall investment activity. The year kicked off on a relatively slower pace but around Q2-2015, investment activity (volume) increased substantially by around 200% and sustained this pace throughout the year.

Investors showed significant interest in B2C start-ups in 2015 which was driven by higher smart phone & internet penetration, customer convenience, ability of e-comm companies to offer competitive pricing because of elimination of middle men etc. More than 400 numbers of start-ups/investments received a cumulative funding of US$ 1.6 bn

B2C: Startup Verticals



B2C verticals that have had the maximum traction are food tech, on demand & hyperlocal services, discovery platforms and retail and accounted for around 50% of the total investment flow in the consumer start up space in 2015.

Foodtech: Transactions in foodtech was dominated primarily by Foodpanda (restaurant aggregator) which had two back to back rounds of funding (cumulatively US$ 210 mn) in 2015.

Several food tech companies (which were startups) like Tinyowl, Zomato, Dazo, Spoonjoy etc. had to downsize in 2015 which brings concerns over sustainability and scalability of such companies going forward.

Ondemand & Hyperlocal services -There were about 64 companies in the on demand/hyperlocal vertical which got investments amounting to more than US$ 200 mn. Some of the top deals in this space include Peppertap, Urbanclap, Housejoy, and Opinio which accounted for around 50% of the total investment value. This segment is attracting increased focus with even Mr. Ratan Tata showing interest in this space with his recent investment in Urbanclap.

India's top e-commerce firms like Snapdeal, Flipkart, Paytm are preparing for entry into the hyperlocal delivery space which will significantly impact the smaller players in this space.

Discovery Platforms: In 2015, this space has seen significant investment activity of over US$ 200 mn spread across 66 investments. This segment primarily helps users identify buyers and sellers of various products and services. Key investments in this segment include Little Internet, Droom and Roposo which accounted for over 36% of total investments in 2015.

In the B2C space one will also need to watch out for the ambiguity around FDI & tax laws and its impact going forward Focus in the consumer space will shift to scalability, profitability, operational metrics, cost of consumer acquisition etc.

M&A Activity continues to rise in this space in 2015 with Alibaba acquiring stake in Paytm, OlaCab's acquisition of TaxiFor sure, Jasper's acquisition of Freecharge.com, Zomato's acquisition of IAC-Urbanspoon etc.

The B2B segment witnessed increased activity in key verticals like Logistics, Enterprise Applications and Enterprise Infrastructure.

Funding Patterns

The general trend is that the seed/angel rounds s are getting bigger year after year, and large Series A is becoming more common. Investors are willing to fund companies with no revenue but they should have users and traction. While companies are attracting angel and series A at pre revenue stage, series B gets tougher as only few business models will continue to show the ability to execute and scale up. There will be serious concerns of raising additional rounds of funding beyond Series A & B if the fundamentals are not in place which will ultimately lead to consolidation, shut down and retrenchment.

Of the total 600 starts up in 2015, more than are 450 have received seed/angel funding and the others have received either series A/Series B.

Not many startups get more than US$ 50 mn (up to the Series B funding)investment in India, in 2015, only 4 startsup companies (Foodpanda, Ecomexpress, Little Internet, Netmeds) have received a funding above US$ 50 mn.

We observed angel/seed rounds to be as low as US$ 10000 and they went up to US$ 5-6 mn.Series A ranges between US$ 1 mn and US$ 50 mn while Series B ranges between US$ 3 mn to more than US$ 100 mn.

Top investors 2011-2015

Investors such as Accel Partners, Blume Ventures, Tiger Global, Kaalari Capital, SAIF Partners, Sequoia Capital, IDG Ventures, Helion Ventures, Kae Capital, Nexus Ventures and the Indian Angel and Mumbai Angel Network dominate the start-up investment space.

Growing interest in India globally has led to foreign companies and funds like Tiger Global (New York), DST Global (Russia), Alibaba (China), Softbank (Japan) deploying funds to the new generation entrepreneurs.

Last couple of years saw a new class of investors which were attracted to this asset class. Corporate honchos like Mr. Ratan Tata's, Mr. Narayanamurthy and Mr. Aziz Premji's interest in the consumer tech space is very encouraging and benefitting, as firstly it lends the much needed credibility to a start-up business for it to not just attract other investors but it also strengthens their customer and vendor relationships. Corporate czars are expected to have a long term horizon for their start-up investments which will give the companies the required space and opportunity to grow without undue pressure on early exits. Corporate houses Companies are now setting aside funds to invest in high-risk, early-stage tech start-ups like Reliance, Wipro, Infosys, RPG, Jindal etc. are setting up their own venture capital arm. Another key reason for this interest by large corporates and corporate honchos is to engage with start-ups in different sectors to identify innovative work, technology and ideas.

Also successful start-up entrepreneurs like Snapdeal's Kunal Bahl and Rohit Bansal, Flipkart's Sachin Bansal and Binny Bansal are playing angel investors; they bring valuable experience & network apart from the financial support to the start-up community.

7. Overview - Startup India - the next big theme for economic growth

	2015		2025	
Total no. of Start (~)	10,000		1,00,000	
Employment generups ation ('000)	n/a		3,500	
Expected contribution (US$ b)	n/a		500	
Global startup ranking	3rd (Behind the US and the UK)		Aims to be No. 1	
Driving factors	• An emerging economy • Young population • Easing FDI norms	• Growing middle class • Rise in discretionary spending • Focus on standard of living	• Increasing internet users • Urbanisation • Increasing domestic consumption	
Challenges for startups	• Lack of awareness • Multiple clearance requirement • Multi-tax existence (Octroi, VAT, Excise, ST etc.)	• Unorganised market • Infrastructure in Tier II & III cities • Lack of early stage funding • Lack of mentoring	• Stringent Exit policies • Ease of doing business • Corruption/red tape • Technological risk	
Government Initiatives (including upcoming)	• Startup Ecosystem • Digital India • Online clearance portal	• Tax exemption • MUDRA Bank • India Aspiration Fund	• Easing fund raising • Other funding initiatives • Setting of SETU	• Focused sectors • Awareness initiatives • Setting up incubators

Key steps proposed to change the dynamics for the startup space

Startup – Key Steps

- Define a Startup
- Offer tax concessions
- Introduce policy measures to improve operating environment

- Infrastructure support
- Financial support
- List of checks and balances with easy accessibility of resources

- Address practical issues pertaining to running a business (inspector raj etc.)
- Regulatory hurdle management
- Simple and transparent systems

- Support and promote creativity and innovation
- Incubator support
- Mentoring

8. Industry speak

Government launched initiative that is conducive for startups or there is need for a new initiative:
"I am not sure much about startup initiative by government but I feel there is a need for training for budding entrepreneurs. I could not find any initiative from government which offers basic knowledge of entrepreneurship, about policies of government, finance, taxations, compliance and jargons used in industry." — Amit Gupta, CEO, NCR Eduservices Pvt. Ltd
"Subsidy reforms (JAAM trinity), campaigns such as Digital India, Make in India, setting up of the National Skill Development Corporation (NSDC) and the more recent 'fund the unfunded initiatives of Startup India, Standup India' are great initiatives that will go a long way in creation of a larger customer base, improve vocational skill sets, promote digital adoption and provide accessible capital to boost our startup Eco System. Startups could benefit with tax reforms and exemptions, simpler business licensing and single a transparent regulator to meet their needs." — Rashmi Guptey, Principal (Legal), Lightbox India Advisors Private Limited
"The 'Make in India' initiative has laid renewed new emphasis on the core sector and on fostering true innovation. Probably, the government could work in tandem with startups on projects which might be beneficial to both parties." — Kae Capital
"An initiative was in the form of launching the 'India Aspiration Fund' - a Fund of Funds vehicle to provide capital to the startup ecosystem. Another encouraging change has been the automatic route for FDI allowed to AIF 1 vehicles, which will enable an easier flow of foreign money into the startups. The government has shown the intent to make the processes less cumbersome. Prime Minister Narendra Modi seems to be directly involved in the same - initiatives such as Startup India and Make in India show that the PMO is taking an active interest in the same." — Vikram Gupta, Managing Partner, IvyCap Ventures
"The Modi Government has rolled up its sleeves to make INDIA stand out in this booming startup world, though late but definitely they are doing there bit. The upcoming Startup INDIA initiative is a live example with investors, founders and stakeholders flying down for the event. However, government should see its role as a catalyst of change and not a driver of change. It should look at create an enabling environment that creates an ecosystem of taking risks rather than averting risks. The iCreate institution by Government of Gujarat is doing wonderful job by incubating many startups at its centre and assisting lot others by its mentoring programmes." — Vinay Jain, Co-Founder, FabStorey.com
"Too early to make a judgement here. Initiatives are just about getting started." — Arvind Pani, Reverie Language Technologies Pvt. Ltd
"This year government is launching its ambitious Startup India initiative which is a clear indication that government is recognising the importance of startups." — Adarsh Somashekar, Director, Ovum Hospitals
"Over the last few years, the startup industry has witnessed a huge growth in the country. The Prime Minister's Startup India campaign is a great initiative to boost entrepreneurship in India. This initiative will play a very important role in further facilitating startups and provide a new dimension to entrepreneurship in the country. In order to create an environment that is conducive for growth of startups, the government should enable of regulatory compliance in the country. Single door for all the regulatory requirements will ease a lot." — Vikas Jain, TheCabwala.com
"The startup environment boom is limited to two locations – Bangalore and Gurgaon. This should spread out. The government can encourage this by having startup events organised in other large cities of India such as Pune. Jaipur. Cochin, Kolkata, Lucknow etc. This will provide exposure to local entrepreneurs. The startup environment boom is also limited mostly to consumer technology and there is enough venture capital funds chasing them. This boom again should spread out. This can be done by instituting startup awards in some sectors such as Medtech and Biotech. Also National Centres of Excellence should have startup incubators for these specific segments." — Fresh Menu

“Startup ecosystems around the world are in different stages - early, developing and developed. India already has a startup ecosystem with two amazing features - tremendous potential because of market size and lack of developed services and rapid increase in people attempting startups. Initiatives of the government should be to ease people’s effort to launch startups from their ideas. For this the most important aspects are the following:

a. Ease of starting, selling and shutting down of business

b. Easy availability of seed capital

Initiatives such as THub and Startup Village are commendable. Government’s efforts to make available seed capital to startups from IIT students has resulted in spawning a number of successful startups - this can be made available to a wider section of deserving population. Kerala government (KSSEDM) and Karnataka government, as I know have made some attempts in similar lines. The steps have been lauded. However, there is a need to make an extra effort to obtain good utilisation of the money reserved for these activities.”

— Shameel Abdulla, Co-founder & CEO, Jiffstore

Impact of ease of doing business strategy initiated by the government last year:

“While it may take some time for the changes to permeate in the system, I think the more immediate changes can be experienced by the startups. Today, even the processes for formation and winding up of companies are quite tedious. The government seems to be actively working out measures to address these gaps. It may take a while for these efforts to bear fruit, but the intent is there in the right direction. Excessive and long-drawn processes is a known flaw in the Indian system, so yes I believe that the focus on ease of doing business will impact all parties positively.”

— Vikram Gupta, Managing Partner, IvyCap Ventures

“Now online filing of business tax, services tax, TDS submission, PF and ESIS makes things quite easy for us, otherwise it is a very tough job to do it offline.”

— Amit Gupta, CEO, NCR Eduservices Pvt. Ltd

“We believe that the Ease of Doing Business initiative by the government to improve the business conditions over the long term and this is something we are very optimistic about. But it would be very difficult to judge the impact of this program over the short term.”

— Kae Capital

“While it may take some time for the changes to permeate in the system, I think the more immediate changes can be experienced by the startups. Today, even the processes for formation and winding up of companies are quite tedious. The government seems to be actively working out measures to address these gaps. It may take a while for these efforts to bear fruit, but the intent is there in the right direction. Excessive and long-drawn processes is a known flaw in the Indian system, so yes I believe that the focus on ease of doing business will impact all parties positively.”

— Vikram Gupta, Managing Partner, IvyCap Ventures

“The general ease of doing business in India is not yet in place. The pace at which startups operate is very fast whereas government processes are lengthy and often take a long time for clearance formalities and paperwork. Government should address challenges faced by startup companies and set up proper compliance and redressal forums for addressing these issues. There should be an easy and hassle free way to wind up and exit. The burdens of forming a company and meeting our regulatory requirements did affect our pace in certain manner which should be really looked upon by government with a simple and single window clearance system.”

— Vinay Jain, Co-Founder, FabStorey.com

“Not in a noticeable fashion. Now also it is a popular advice in Bangalore to register company in the US if some one is starting a tech company.”

— Shameel Abdulla, Co-founder & CEO, Jiffstore

Challenges faced by startups in India

"Unclear taxation policy is the biggest challenge. We have been adversely impacted due to lack of clarity on VAT and service tax applicability, especially for software product and SaaS related areas. The payment of advance tax is a challenge as it is difficult to predict revenue patters with accuracy in startups. Lack of availability of quality funds for early stage startups, especially the ones seeking seed money is another challenge. The quantum of income tax (30 percent) is a burden for startups that are still working to get their business/revenue models and predictability isn't there into the projections. Income tax for startups could be a lower slab (about 10 percent) flat for a certain period of time before the startup matures. Lack of lucrative exits, especially by global companies trying to acquire Indian companies remains a challenge."

— Arvind Pani, Reverie Language Technologies Pvt. Ltd.

"Lack of knowledge continues to be the biggest challenge. Every other day we get to know one or the other government policy; there is no one to guide or mentor startups. There are couple of issues related to compliance."

— Amit Gupta, CEO, NCR Eduservices Pvt. Ltd

"Hiring and retaining high quality talent, especially in the areas of product and technology remains a key challenge. Infrastructure challenges that get in the way of both day-to-day execution, as well in terms of providing great customer experiences digitally (e.g. low bandwidth, low penetration of digital payments, etc.) While there has been a massive expansion in the VC funding ecosystem (10x growth from 2013 to 2015), I still feel not much risk capital is available for startups innovating in terms of core technology or India-specific problems without any global parallels. The regulatory requirements in terms of documentation (during closing of fundraises as well as filings on an ongoing basis) are too onerous and take a significant amount of time for management teams. Having been a venture capitalist both in the U.S. and in India, I can definitely see it being much harder here."

— Nitin Sharma, Principal & Founding member, Lightbox India Advisors Private Limited

""Unavailability of local capital, regulatory and tax uncertainty, lack of reforms keeping pace with the fast evolving market changes and red tape are some of the challenges."

— Rashmi Guptey, Principal (Legal), Lightbox India Advisors Private Limited

"It varies across industries and sectors. They can range from fund raising to finding product market fit to differentiation from competitors to achieving scale."

— Kae Capital

"The challenges faced by the startups are manifold, some of which are listed below:

- Lack of adequate mentoring/guidance. Access to capital - While the amount of capital available for startups have increased, the number of startups coming up have increased by a much larger multiple
- An education system conducive to preparing/supporting budding entrepreneurs
- Long drawn processes - though the indications are there that these are being addressed
- Access to the right human resources - due to lack of network connects, resources and societal constraints (though this is changing rapidly)
- Still largely unproven India exit story"

— Vikram Gupta, Managing Partner, IvyCap Ventures

"The biggest challenges are multiple corporate related statutory requirements. Either government should give a waiver of 12 months for a very small company to file various filings or make it extremely simple for the first 12-24 months – much like the Sahaj form in Income Tax."

— Fresh Menu

"The next things which most of the startups struggle is on availability of loans. Easy availability of loans across the country by banks and other financial institutions will help."

— Vikas Jain, TheCabwala.com

"Indian startups face its own set of challenges seeing the cultural and social diversity of the country which at the same time provides some stellar opportunities. The major problems faced by startups can be summed up as:

- Lack of Mentorship: A right idea is beginning but to nurture and grow it into a product is challenging thing and every startup needs right mentorship at this time. A well-funded startup, might find mentor in there investors but otherwise finding right mentor becomes an uphill task.
- Right Talent Acquisition: Getting right talent is lifeline for any company be it a startup or any corporate giant. Hiring becomes real difficult while starting up as the startup is not able to match up the salaries being offered by larger companies. Also, job seekers are reluctant to join startup seeing the unsteady nature of it.
- Infrastructure deficit: Being a home to 125 crore people, India is a huge market but owing to lack of infrastructure startups are not able to penetrate in rural areas, be it because of roads or internet or electricity or telecom penetration.
- Availability of funding to scale up: Money is an important ingredient for almost everything including a startup and getting it handful at right time is important. With 95 percent of funding in INDIA coming from overseas it is yet not so stress-free to get money even the product is worth it."

— Vinay Jain, Co-Founder, FabStorey.com

"Many approvals needed – these are time consuming and delay launch of services. Failure to look at hospital industry on par with manufacturing industries is another challenge. We have to pay commercial charges for electricity with no rebate. Patients are exempted from service tax, as the medical services are excluded. But hospital has to pay service taxes for rental space leading to additional burden of 14.5 percent (rent will be 15 percent of total expenses). No tax rebates for Health startups unlike tech companies is a hurdle. There should be incentives if health care startups set up services in under-privileged and rural areas."

— Adarsh Somashekar, Director, Ovum Hospitals

"a) Ease of starting, selling and shutting down of business, b) Easy availability of seed capital, c) Relevant mentorship as education system is far behind in aiding entrepreneurship"

— Shameel Abdulla, Co-founder & CEO, Jiffstore

Factors that will drive M&A environment in India over the next 2-3 years

"Ease of acquisition process and procedural/statutory formalities that could encourage acquisitions by companies not based in India but trying to acquire Indian companies."

— Arvind Pani, Reverie Language Technologies Pvt. Ltd.

"Availability of collateral free loans/equity and reduced rate of interest since health is a priority sector with a longer payment window (7 to 10 years) rather than the existing 3 to 5 years."

— Adarsh Somashekar, Director, Ovum Hospitals

"As per my opinion if we can give startups an incubation period for some time, relaxation of some policies (if possible) so entrepreneurs can focus only on business."

— Amit Gupta, CEO, NCR Eduservices Pvt. Ltd

"I think there are two aspects to this: domestic M&A and foreign inbound M&A. For the latter, one of the challenges historically has been around the lack of discovery compared to ecosystems like Israel; however, several platforms and industry bodies such as ISpirt or Nasscom are now far more active in showcasing Indian startups to corporates abroad, and creating the right networking avenues. This is especially key to increase visibility for our product startups (beyond IT services) many of whom are operating with world-class quality and user experiences. Secondly, greater clarity around the tax policy would definitely help. We have seen that measures such as retroactive taxation can severely dent the confidence of foreign acquirers. The current government is doing some laudable work simplify investment procedures, but there's a long way to go. Third, I think labour market reforms in general will also give far more comfort since most scaled businesses in India will involve thousands of employees."

— Nitin Sharma, Principal & Founding member, Lightbox India Advisors Private Limited

"We've always seen the trend of M&As and think that this tends to happen in markets which are in the consolidation phase. Case in points being the acquisition of redBus, Myntra, Taxi For Sure, Qickwell, CommonFloor, and we expect this trend to continue in 2016 and into the future too."

— Kae Capital

"Allow an easier flow of foreign capital into India. Maybe a re-look at the period for which STCG tax is applicable. Increased acquisition by Unicorns is a going trend, can improve further. Improved strategic buy-outs/synergistic acquisitions and acquisition for talent is another upcoming trend."

— Vikram Gupta, Managing Partner, IvyCap Ventures

"The government must help startups promote themselves, not just in India but across the globe, as well as create policies that are startup friendly so that Indian startups get a major boost and they can further create better employment opportunities for the youth of the nation."

— Vikas Jain, TheCabwala.com

a. "The Government can look for providing 1-3 years of tax and compliance holiday for investors, venture capitalist and foreign funds.
b. Government should also look into Automatic FDI route for E-commerce sector, which is otherwise creating difficulties for startups to raise funds and many of them have to put up there notional offices outside the country.
c. The government should invest in building startup incubators and provide easy access to various other resources that a new business needs when starting out.
d. Relaxed taxation policies, faster regulatory approvals, an increase in infrastructural support are some of the immediate measures that the government must address. Given these sops, it is only a matter of time and India will catapult into the league of best startup countries of the world."
e. Lastly, even before the launch of Startup India, it must be clear that the criteria's and parameters are different in startup environment. It is not essential to exponentially grow the number of startups instead to identify the high potentials one in strategic areas and assist them in scaling up and scripting a fab-story by providing right infrastructure support. "Even one success can have a surprisingly stimulating effect on an entrepreneurship ecosystem," writes Daniel Isenberg in the Harvard Business Review, coining this effect the 'law of small numbers'."

— Vinay Jain, Co-Founder, FabStorey.com

"a) Ease of laws regarding transfer of legal entity, assets, IP, b) Awareness, ease, speed of IP filing, c) Avenues to facilitate strategic partnerships and mergers"

— Shameel Abdulla, Co-founder & CEO, Jiffstore

9. Appendix

Indian Company (Direct Tax Filing Dates)

January						
S	M	T	W	T	F	S
				1	2	3
4	5	6	**7**	8	9	10
11	12	13	14	**15**	16	17
18	19	20	21	22	23	24
25	26	27	28	29	**30**	31

07. Last date for withholding tax payment for the month of December
15. Last date for filing withholding tax return for the third quarter
30. Last date for furnishing withholding tax certificate to the payee for 3rd quarter

February						
S	M	T	W	T	F	S
1	2	3	4	5	6	**7**
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28

07. Last date for withholding tax payment for the month of January

March						
S	M	T	W	T	F	S
1	2	3	4	5	6	**7**
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30	31				

07. Last date for withholding tax payment for the month of February
15. Last date for advance tax payment for the fourth quarter

April						
S	M	T	W	T	F	S
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	**30**		

30. Last date for withholding tax payment for the month of March

May						
S	M	T	W	T	F	S
					1	2
3	4	5	6	**7**	8	9
10	11	12	13	14	**15**	16
17	18	19	20	21	22	23
24	25	26	27	28	29	**30**
31						

07. Last date for withholding tax payment for the month of April
15. Last date for filing withholding tax return for the fourth quarter
30. Last date for furnishing withholding tax certificate to the payee for the 4th quarter
31. Last date for furnishing withholding tax certificate to the employee in Form 16

June						
S	M	T	W	T	F	S
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	**15**	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30				

07. Last date for withholding tax payment for the month of May
15. Last date for advance tax payment for the first quarter

July

S	M	T	W	T	F	S
			1	2	3	4
5	6	**7**	8	9	10	11
12	13	14	**15**	16	17	18
19	20	21	22	23	24	25
26	27	28	29	**30**	31	

07. Last date for withholding tax payment for the month of June
15. Last date for filing withholding tax return for the first quarter
30. Last date for furnishing withholding tax certificate to the payee for the first quarter

August

S	M	T	W	T	F	S
						1
2	3	4	5	6	**7**	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30	31					

07. Last date for withholding tax payment for the month of July

September

S	M	T	W	T	F	S
1		1	2	3	4	5
6	**7**	8	9	10	11	12
13	14	**15**	16	17	18	19
20	21	22	23	24	25	26
27	28	29	**30**			

07. Last date for withholding tax payment for the month of August
15. Last date for advance tax payment for the second quarter
30. Last date for filing Income tax return if the company is not required to submit a report u/s 92E

October

S	M	T	W	T	F	S
				1	2	3
4	5	6	**7**	8	9	10
11	12	13	14	**15**	16	17
18	19	20	21	22	23	24
25	26	27	28	29	**30**	31

07. Last date for withholding tax payment for the month of September
15. Last date for filing withholding tax return for the second quarter
30. Last date for furnishing withholding tax certificate to the payee for the second quarter

November

S	M	T	W	T	F	S
1	2	3	4	5	**6**	**7**
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	**30**					

06. Last deposit date for TDS for the month of October
07. Last date for withholding tax payment for the month of October
30. Last date for filing Income tax return if the company is required to submit a report u/s 92E

December

S	M	T	W	T	F	S
		1	2	3	4	5
6	**7**	8	9	10	11	12
13	14	**15**	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30	31		

07. Last date for withholding tax payment for the month of November
15. Last date for advance tax payment for the third quarter

Indian Company (Indirect Tax Filing Dates)

January						
S	M	T	W	T	F	S
				1	2	3
4	5	**6**	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	31

06. Last deposit date for Service Tax for the month of December

February						
S	M	T	W	T	F	S
1	2	3	4	5	**6**	**7**
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28

06. Last deposit date for Service Tax for the month of January

March						
S	M	T	W	T	F	S
1	2	3	4	5	**6**	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30	**31**				

06. Last deposit date for Service Tax for the month of February
31. Last deposit date for Service Tax for the month of March

April						
S	M	T	W	T	F	S
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	**24**	25
26	27	28	29	30		

24. Last date for filing return for Service tax for the period October - March

May						
S	M	T	W	T	F	S
					1	2
3	4	5	**6**	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30
31						

06. Last deposit date for Service Tax for the month of April

June						
S	M	T	W	T	F	S
	1	2	3	4	**5**	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30				

05. Last deposit date for Service Tax for the month of May

July						
S	M	T	W	T	F	S
			1	2	3	4
5	**6**	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30	31	

06. Last deposit date for Service Tax for the month of June

August						
S	M	T	W	T	F	S
						1
2	3	4	5	**6**	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30	31					

06. Last deposit date for Service Tax for the month of July

September						
S	M	T	W	T	F	S
1		1	2	3	**4**	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30			

04. Last deposit date for Service Tax for the month of August

October						
S	M	T	W	T	F	S
				1	2	3
4	5	**6**	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	**23**	24
25	26	27	28	29	30	31

06. Last deposit date for Service Tax for the month of September
23. Last date for filing return for Service tax for April - Sep

November						
S	M	T	W	T	F	S
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30					

December						
S	M	T	W	T	F	S
		1	2	3	**4**	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30	31		

04. Last deposit date for Service Tax for the month of November

Compliance requirements for Indian Indirect taxes (Indirect tax compliances are state specific and these are indicative parameters)

S. No.	Legislation	Registration		Tax payment and Return filing		Tax payment		
		Application for Registration	Timeline for Registration	Periodicity of filing	Due date of filing	Periodicity of Payment	Due date of payment of tax	E Payment
1	VAT	Within 30 days of following (whichever is earlier): a. Annual Taxable turnover exceeds Rs 5 Lakhs b. Inter-state sale/purchase or import/ export of goods However, a dealer may voluntarily register himself from inception if he anticipates that the taxable turnover is likely to exceed Rs 5 Lacs	2-3 Weeks from submission of application	Quarterly	Hard copy return within one month from end of the quarter	Monthly	By 15th of the following month	No
2	Central Sales Tax	Within 30 days of Inter-state sale/ purchase of goods (Please note that there is no basic exemption limit)	Same as VAT	Quarterly	Hard copy return within one month from end of the quarter	Monthly	By 15th of the following month	No
3	Service Tax	Within 30 days from the date when turnover of taxable services exceeds INR 900,000. Alternatively, he may voluntarily register himself with the authorities from inception. Please note that online application for registration needs to be submitted	1-2 Weeks from submission of application 4-5 Weeks in case of centralised registration	Half-yearly	Within 25 days from the end of the six monthly tax period a. April - September - 25th October b. October - March - 25th April	Monthly	By 5th of month following (6th in case of e-payment) Liability for March needs to be deposited by March 31.	Yes
4	Central Excise	Within 30 days from the date when turnover of exciable goods exceeds INR 9,000,000. Please note that SSI exemption is available upto INR 15,000,000. In other words, a manufacturer need not levy excise and discharge output duty unless tunover of excisable goods exceeds INR 15,000,000. Alternatively, he may voluntarily register himself with the authorities from inception. Please note that online application for registration needs to be submitted	3-4 Weeks from submission of application	Monthly	E Return within 10 days of month following	Monthly	By 5th of month following (6th in case of e-payment) Liability for March needs to be deposited by March 31.	Yes
5	Customs - Importer Exporter Code ('IEC')	Prior to Import/Export, application needs to be submitted with Directorate General of Foreign Trade ('DGFT'). Please note that online application for registration can be submitted	2-3 Weeks from submission of application	There are no periodic compliances under the said legislation. At the time of Import of goods into India, Bill of Entry is processed by the Customs authorities and the importer needs to discharge appropriate duties in accordance with Customs Act read with various rules and regulations.				

* Please note that for availing any benefits under Foreign Trade policy (available to an exporter), the benefit i.e. scheme/license shall be applied at least 30-45 days in advance

* Please note that for availing any benefits under Foreign Trade policy (available to an exporter), the benefit i.e. scheme/license shall be applied at least 30-45 days in advance

** Further, Compliance under SVB (Special Valuation Branch) proceedings under Customs laws also needs to be complied within 30 days from the date of first import from related party. The SVB proceedings aim at establishing the arm's length price between related party imports and usually take about 5-6 months for obtaining an order. The order is valid for 3 years, post which the same needs to be renewed

VAT Compliances for the period ending December 2015

S. No.	State				Return			
		Frequency	Due Date (Next Month)	Payment mode	Due Date (From end of tax period)	Frequency	E Filing	Manual Hard Copy
1	Orissa	Monthly	21-Jan-16	E payment	21-Jan-16	Quaterly	Yes	No
2	Bihar	Monthly	15-Jan-16	E payment	30-Jan-16	Quaterly	Yes	No
3	Rajasthan	Monthly	14-Jan-16	E payment	14-Feb-16	Quarterly	Yes	No
4	West Bengal	Monthly	21-Jan-16	E payment	31-Jan-16	Quarterly	Yes	Yes
5	Karnataka	Monthly	20-Jan-16	E payment	20-Jan-16	Monthly	Yes	No
6	Kerala	Monthly	10-Jan-16	E payment	15-Jan-16	Monthly	Yes	Yes
7	Gujarat	Monthly	22-Jan-16	E payment	30-Jan-16	Monthly	Yes	No
8	Tamil Nadu	Monthly	20-Jan-16	E payment	20-Jan-16	Monthly	Yes	Yes
9	Telengana	Monthly	20-Jan-16	E payment	20-Jan-16	Monthly	Yes	No
10	Maharashtra	Monthly	21-Jan-16	E payment	21-Jan-16	Monthly	Yes	No
11	Punjab	Monthly	28-Jan-16	E payment	30-Jan-16	Quaterly	Yes	Yes
12	Uttar Pradesh	Monthly	20-Jan-16	Manual payment	20-Jan-16	Monthly	Yes	Signed return to be uploaded again as confirmation
13	Delhi	Monthly	21-Jan-16	E payment	25-Jan-16	Quarterly	Yes	Yes
14	Haryana	Monthly	15-Jan-16	Manual payment	30-Jan-16	Quarterly	Yes	

Due Date for Annual Return and VAT Audit for FY 2014-15

S.No.	State	Annual Return	VAT Audit
1	Rajasthan	31-Dec-15	31-Dec-15
2	Uttar Pradesh	30-Oct-15	30-Sep-15
3	Haryana	30-Nov-15	NA
4	Kerala	30-Apr-15	31-Dec-15
5	Gujarat	31-Dec-15	31-Dec-15
6	Orissa	NA	30-Sep-15
7	Bihar	31-Dec-15	31-Dec-15
8	Punjab	20-Nov-15	20-Nov-15
10	Tamil Nadu	NA	31-Dec-15
11	Maharashtra	NA	15-Jan-16
12	Karnataka	31-Dec-14	31-Dec-15
13	West Bengal	NA	31-Dec-15

Compliance calendar (FY 2015-2016)

	Particulars & Responsibilities	Compliances	Timelines
Corporate Secretarial	Disclosure of interests 1. Director Director to submit details with the Company disclosing their interest or concerns in the various entities as prescribed in the form.	Form MBP-1	From 1 April of each year till date of first board meeting of Financial year
	2. Company The Company has to file with the Registrar of Companies ("ROC")[1] a resolution taking note of disclosures made by the director in Form MBP-1.	Form MGT-14	Within 30 days of the 1st Board meeting of the financial year

	Particulars & Responsibilities	Compliances	Timelines
Corporate Secretarial	**Deposits** Company has to file the return of the existing deposits as on the 31st March each year in the prescribed form.	Form DPT -3	By 30th June each year.
	Board Meetings The Company has to conduct minimum 4 meetings during the year.	To take up the agenda items as may be required by the business of the company.	Time gap between 2 consecutive Board meetings shall not exceed more than 120 days.
	General Meetings The Company has to conduct an Annual General Meeting during the year and such other general meetings in case of any event.	To take up the ordinary and special businesses of the company.	To be held within 6 months of close of relevant financial year
	Statutory Registers The Company is required to maintain the following list of mandatory statutory registers: 1. Register of directors 2. Register of members 3. Register of charges 4. Register of contracts in which directors are interested 5. Register of directors' shareholding **Other event based filings** - Change of directors/Change in their designation - Change of Auditors - Shifting of registered office - Allotment of shares etc. - Any exception/non-routine transaction.	Following details would be required to fill the registers: 1. Information relating to any charge created by the company on any of its assets. 2. Details of any such contract entered into by the company in which director is also interested. 3. Name of such other companies in which directors hold shares. Please provide the details of any corporate transaction to enable us to ascertain whether any document/form to be filed with ROC	Based on events only. Practice is to update registers on quarterly basis Based on the event occurred
	Filing of intimation regarding appointment of Statutory Auditor		Within 15 days of General meeting
	Filing of audited financial statements with ROC1- Every company is required to file annually its audited financials within due time with ROC as adopted in Annual General Meeting (AGM)		Within 30 days of EGM
	Filing of Annual Return		Within 60 days of AGM
FEMA[2] related policies	Filing of intimation of receipt of funds received as an advance for purchase/transfer of shares from foreign holding company/investor		Within 30 days of receipt of funds
	Filing of Form FC GPR (Part A) with relevant annexure- After Board's confirmation as to allotment of shares, every company is required to file form FC GPR (Part A) with Reserve Bank of India		Within 30 days of allotment of shares
	Filing of Annual Return of Assets and Liabilities with relevant annexure- This form is required to be filed by every company which has received any remittances from abroad during any previous year relating to share purchase etc.		15th July every year

1 "ROC" refers to the Registrar of Companies

2 "FEMA" refers to the Foreign Exchange Management Act,1999

About ASSOCHAM

ASSOCHAM

The Associated Chambers of Commerce and Industry of India (ASSOCHAM), India's premier apex chamber, initiated its endeavour of value creation for Indian industries in 1920. Having in its fold more than 400 chambers and trade associations, and serving more than 4.5 lakh members from all over India, it has contributed significantly to the economy by playing a catalytic role in shaping up the trade, commerce and industrial environment of the country. It has significantly contributed in the emergence of new-age Indian corporates, characterised by a new mindset and global ambition for dominating the international business.

Known as the fountain-head of knowledge for the Indian industries, ASSOCHAM has emerged as forceful, proactive, forward looking institution that is equipped to meet the aspirations of corporate India in the new world of business.

Ready to redefine the dynamics of growth and development in the technology driven cyber age, it aims empower Indian enterprises by inculcating knowledge that will prove to be the catalyst of growth in the technology driven global market. ASSOCHAM aims to help and guide businesses to upscale, align and emerge as formidable players in their respective business segments. Its mission is to impact the policy and legislative environment so as to foster balanced economic, industrial and social development.

ASSOCHAM is working towards creating a model business environment in India that is at par with the rest of the world and that of a developed economy. It derives its strength from its promoter chambers and other industry/regional chambers/associations spread all over the country.

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