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INDIA'S GCC LANDSCAPE

A STRATEGIC GUIDE TO ESTABLISHMENT, OPERATIONS, GOVERNANCE & GROWTH

OCTOBER 2026





SAS Partners Corporate Advisors Pvt. Ltd.

CONTENTS

Disclaimer	01
Preface	02
Chapter 1: Introduction	03
Chapter 2: India's GCC Story	05
Why South India Leads the GCC Wave ?	05
Chapter 3: State-wise Strategic Positioning	07
Tamil Nadu - Manufacturing-Integrated & Emerging Deep-Tech GCC Hub	07
Karnataka - India's Mature GCC Capital	09
Telangana - Speed-to-Market & Business-Friendly GCC Model	11
Andhra Pradesh - Cost Arbitrage & Emerging Alternative	14
Keralam - Human Capital-Led & Quality-of-Life Driven GCC Niche	16
Chapter 4: Comparative Matrix	18
Chapter 5: Talent & Cost Comparison	21
Real Estate Rental Differences	22
Talent Pool Size	22
Engineering Graduate Output	22
Takeaways for India-Entry Decisions	23
Chapter 6: Modes of Entry into India	24
Incorporation of a Company / LLP	25
Alternative Modes of Entry	27

CONTENTS

Chapter 7: Registration Process 29

Special Economic Zones 30

Chapter 8: Operational Activities of the Company 35

Chapter 9: Governance Structure 41

Chapter 10: Taxation 44

Chapter 11: Labour Law 48

Chapter 12: Stamp Duty Rates 51

Chapter 13: Intellectual Property Rights 52

Chapter 14: Visa Regulations 57

Chapter 15: Resolution of Disputes 61

Chapter 16: Our Perspective 64

Chapter 17: Future Outlook (Next 5–7 Years) 66

Chapter 18: Conclusion 68

Appendices & References 69

GCC Service Directory 71

About SAS Partners 72

DISCLAIMER



This report, India's GCC Landscape: A Strategic Guide to Establishment, Operations, Governance & Growth, has been compiled as part of continued knowledge-sharing efforts in support of South India's industry and investment ecosystem. The contents are intended for informational purposes only and aim to benefit a broad spectrum of industry stakeholders, partners, and decision-makers.

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PREFACE



This Knowledge Paper aims to provide a comprehensive overview of the Global Capability Centre (GCC) framework in South India. It seeks to familiarize prospective clients, especially those from abroad, with the nuances of South India's fiscal, trade, and compliance regimes. Special emphasis is placed on the unique offerings and incentives extended by the States of South India- Tamil Nadu, Karnataka, Andhra Pradesh, Kerala, and Telangana.

Furthermore, the paper endeavors to guide foreign investors and companies in developing a tailored business development toolkit and well-structured action pathways. These range from short-term market scans aimed at opportunity identification to mid-term facility setups and long-term strategies involving scaling localization, exports, and integrating into South India's research and development ecosystem.

By presenting a detailed yet accessible exposition of GCC policy and regulatory landscape, combined with practical guidelines for market entry and operational resilience, this document facilitates informed decision-making and strategic planning for successful engagement in South India's vibrant Industries and sectors.

INTRODUCTION



Over the past two decades, India has evolved from a cost-efficient outsourcing destination to the world's leading hub for Global Capability Centers (GCCs). Today, India hosts over 2100 GCCs, accounting for more than 50% of the world's total, making it the single largest concentration of offshore capability centers globally. What began as a trade-linked services arbitrage model has transformed into a strategic pillar of global enterprise operations, spanning technology, engineering, R&D, analytics, finance, and increasingly, core innovation functions.

The scale of this transformation is significant. India's GCC ecosystem employs about 2.36 million professionals and generates about US$98.4 billion in total market revenue in FY2025–26, according to the Nasscom–Zinnov GCC Landscape Report 2026. The market continues to expand at a steady pace, with projections indicating the number of GCCs will potentially reach 2400+ by 2030. This growth is no longer driven purely by labour cost advantages; it is powered by capability depth, digital transformation mandates, and the strategic centralization of global functions in India. Major tier I cities such as Bengaluru, Hyderabad, Chennai, Delhi NCR, Mumbai, Pune, etc., house 94% of India's GCCs as per IBEF, thanks to their strong talent base, progressive policies, and robust infrastructure. Industry experts say that the next phase of growth will come from tier II cities, like Jaipur, Bhubaneswar, Indore, Coimbatore, and Visakhapatnam, which are now being actively considered for new centers. In February 2026, Hyderabad emerged as a leading destination for new GCC establishments, supported by its growing technology ecosystem, infrastructure development, and competitive operating environment. However, Bengaluru continues to maintain the country's largest and most mature established GCC ecosystem.

Crucially, the GCC model itself has undergone a structural shift. The early 2000s were defined by cost optimization and transactional back-office operations. Today, enterprises are establishing high-value centers focused on artificial intelligence, cybersecurity, product engineering, semiconductor design, global finance transformation, and digital innovation. India's talent ecosystem, which produces one of the world's largest pools of STEM graduates annually, has enabled this pivot from cost arbitrage to value creation. Increasingly, India-based GCCs are becoming global decision-making and intellectual property hubs rather than satellite delivery centers.

Parallel to this evolution has been the geographic diversification of GCC investments. While established metropolitan hubs continue to dominate, Tier-2 cities are emerging as the next frontier, offering lower operating costs, improving infrastructure, and access to untapped talent pools. State governments have actively responded with targeted policies, single-window clearances, rental subsidies, employment incentives, and infrastructure investments to attract global firms. The competition has shifted from national positioning to state-level competitiveness.

Within this landscape, South India has emerged as the epicenter of India's GCC growth story. Cities such as Bengaluru, Hyderabad, and Chennai collectively host a significant share of the country's GCC base, supported by strong technology ecosystems, deep engineering talent, established MNC presence, and proactive state policies. At the same time, emerging hubs across Tamil Nadu, Karnataka, Telangana, and Andhra Pradesh are positioning themselves strategically to capture the next wave of investment. Kerala, traditionally known for its IT services parks in Thiruvananthapuram and Kochi, is now steadily strengthening its digital infrastructure, startup ecosystem, and innovation corridors, emerging as a niche but credible GCC destination, particularly for digital services, fintech, health-tech, and analytics-led operations. As global enterprises evaluate India as a long-term strategic destination, the choice of state has become as critical as the choice of country. Policy architecture, ecosystem maturity, talent availability, cost structures, infrastructure readiness, and long-term scalability all play a defining role. This document therefore examines and compares the GCC policies and ecosystem positioning of Tamil Nadu, Karnataka, Telangana, Keralam and Andhra Pradesh, offering a structured, decision-oriented perspective for global investors and corporate leadership teams considering India entry or expansion.

INDIA'S GCC STORY

India's Global Capability Centre (GCC) journey mirrors the broader transformation of its services economy. What began around the 1990's as captive back-office units for cost optimization has matured into a strategic ecosystem that anchors global innovation, product development, and enterprise transformation. Today, India hosts the world's largest concentration of GCCs, serving sectors ranging from technology and BFSI to automotive, life sciences, aerospace, and retail. Increasingly, these centers are no longer limited to transactional operations; they house global product teams, AI research labs, cybersecurity command centers, semiconductor design units, and advanced analytics functions.

Three structural shifts define India's GCC story:

1. **Capability Deepening** - Transition from support functions to core engineering, R&D, and innovation mandates.
2. **Leadership Migration** - Global roles and decision-making authority are increasingly based in India.
3. **Ecosystem Integration** - GCCs collaborating with startups, academia, and local suppliers, creating innovation networks rather than isolated captives.

This evolution has repositioned India from a cost center to a strategic growth engine for multinational corporations.

WHY SOUTH INDIA LEADS THE GCC WAVE ?

While GCCs are present across India, South India has emerged as the epicenter of this transformation. Karnataka, Telangana, Tamil Nadu, Kerala, and Andhra Pradesh collectively anchor a substantial share of India's GCC footprint.

- **Talent Density and Skill Depth:** South India houses one of the country's highest concentrations of engineering institutions, technical universities, and IT professionals. Bengaluru, Hyderabad, and Chennai collectively form one of Asia's largest technology talent corridors.
  - Strong STEM graduate output
  - Established IT and product engineering workforce
  - Growing pool of AI, cloud, semiconductor, and data science professionals
  - Higher participation of women in the technology workforce in certain states

This talent density provides scale, specialization, and resilience that are critical for large global operations.

- **MNC Familiarity and Ecosystem Maturity:** Bengaluru, Hyderabad, and Chennai have hosted multinational corporations for over two decades. This long-standing presence creates:
  - Established vendor networks
  - Legal, compliance, and advisory ecosystems
  - Experienced middle and senior management talent
  - Cultural familiarity with global corporate governance standards

For first-time entrants, ecosystem maturity lowers operational risk.

- **Urban Infrastructure and Business Readiness:** South Indian metros developed early as IT and industrial hubs, resulting in:
  - Mature Grade-A office supply
  - Dedicated IT corridors and special economic zones

- International airports with strong global connectivity
- Digital infrastructure readiness
- Growing plug-and-play campus ecosystems

Infrastructure maturity reduces entry friction and accelerates time-to-operations for global firms.

- **Innovation Clusters and Startup Integration:** South India hosts some of the country's most vibrant startup ecosystems, particularly in:
  - SaaS and deep tech (Karnataka)
  - Pharma and biotech (Telangana)
  - Automotive and electronics (Tamil Nadu)

GCCs increasingly integrate with these innovation clusters for:

- Co-development
- Technology partnerships
- Open innovation models
- Startup acquisitions and pilot programs

This strengthens value creation beyond captive operations.

- **Manufacturing and R&D Convergence:** A distinctive strength of South India, particularly Tamil Nadu and parts of Karnataka are the convergence between advanced manufacturing ecosystems and engineering R&D centers. Automotive, aerospace, electronics, and industrial manufacturing bases enable:
  - Design-to-production integration
  - Faster prototyping and validation
  - Closer supplier collaboration
  - Vertical integration of engineering functions

This convergence is increasingly relevant as global firms shift toward product-led GCC mandates.

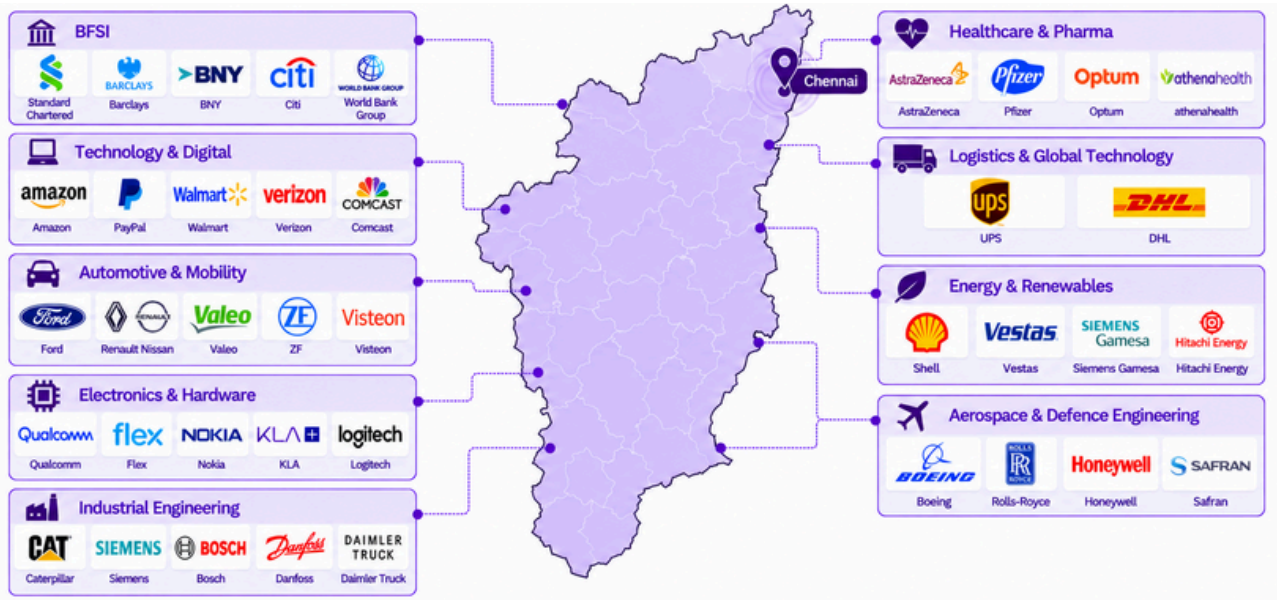
- **State-Level Strategic Insights:** From a competitive standpoint, each South Indian state offers a differentiated value proposition:
  - **Karnataka →** Mature Ecosystem, High Capability, Higher Cost. India's most established GCC hub with deep technology leadership and global credibility, but facing cost and saturation pressures.
  - **Telangana →** Speed-to-Market, Policy Agility, Strong Tech-Pharma Blend. Proactive governance and strong urban planning make Hyderabad highly attractive for first-time entrants and fast-scaling operations.
  - **Tamil Nadu →** Manufacturing-Integrated, Emerging Deep-Tech & Engineering GCC Hub. Strong industrial backbone supports engineering-heavy and product-centric GCC models.
  - **Andhra Pradesh →** Cost-Competitive, Infrastructure-Led Emerging Alternative. Attractive for cost-sensitive and large campus-based operations, with a growing but still maturing ecosystem depth.
  - **Kerala →** Stable, quality-of-life-driven alternative, best suited for cost-efficient, mid-scale digital and niche capability centers, with strong human capital fundamentals but limited hyper-scale readiness.

The Strategic Imperative: As GCC mandates become more complex and innovation-driven, the choice of location within India has become a strategic variable rather than a tactical decision. South India's dominance stems from structural advantages in talent, infrastructure, ecosystem maturity, and industrial depth but within the region, each state competes on differentiated strengths.
The following sections examine these competitive positions in detail, enabling global enterprises to align location strategy with long-term operational objectives.

STATE-WISE STRATEGIC POSITIONING

Each South Indian state competes for GCC investments through a distinct mix of policy design, ecosystem maturity, talent depth, and sector specialization. The following section evaluates Tamil Nadu's positioning through a strategic and investor-oriented lens.

TAMIL NADU - MANUFACTURING-INTEGRATED & EMERGING DEEP-TECH GCC HUB



Policy Vision

Tamil Nadu's GCC strategy is closely aligned with its broader industrial ambition of becoming a high-value manufacturing and innovation powerhouse. Through the Tamil Nadu Global Capability Centers (GCC) Policy and the wider industrial, IT, and research and development policy frameworks, the state aims to attract large global enterprises to establish engineering, R&D, digital, and product development centres, while leveraging Tamil Nadu's strong automotive, electronics, and industrial base.

The policy emphasizes:

- Diversification beyond Chennai into Tier-2 cities
- High-value employment creation
- Deep-tech and design-led capability development
- Integration of GCCs with manufacturing clusters

Incentive Architecture:

Under the Tamil Nadu GCC Policy 2024, incentives are structured around investment size, employment generation and location (higher benefits in Tier-2/3 cities):

- **Capital Subsidy:**
  - Investment-linked capital subsidy (structured in slabs based on eligible fixed capital investment).
  - Higher percentage support for GCCs established in non-metro/Tier-2 cities.

- **Payroll / Opex Incentives:**
  - Payroll subsidy linked to the number of employees hired.
  - Higher reimbursement percentage for employment generated in Tier-2 cities.
  - Additional incentive for high-skilled / specialised roles.
- **Rental Subsidy:**
  - Rental support for GCCs operating in leased Grade-A facilities, particularly in Tier-2 cities, for a defined initial period.
- **Employment Incentives:**
  - Incentives linked to minimum job creation thresholds.
  - Structured slabs for incremental employment.
- **Women Employment Incentive:**
  - Additional payroll support for women employees to promote workforce participation.
- **R&D Incentives:**
  - Additional incentives for design, engineering and product R&D centres.
  - Special focus on electronics, semiconductor design, EVs and aerospace-linked research units.

Note: For board-level documentation, exact % slabs can be cited from the official policy notification annexure once final disbursement guidelines are referenced.

Sector Strength: Tamil Nadu's GCC advantage is structurally linked to its industrial ecosystem:

- Automotive & EV - One of India's largest auto manufacturing clusters
- Electronics & EMS - Rapidly expanding electronics manufacturing ecosystem
- Aerospace & Defence - Growing aerospace manufacturing corridor
- SaaS & IT Services - Strong IT base in Chennai
- Industrial Manufacturing & Heavy Engineering

The convergence of manufacturing clusters with digital engineering capability makes Tamil Nadu especially attractive for product engineering and hardware-linked GCC mandates.

Talent Advantage:

- Large engineering graduate output annually
- Strong base of mechanical, electrical, and electronics engineers
- Mature IT workforce in Chennai
- Growing digital talent pool in Coimbatore and Madurai
- Established collaboration between industry and technical institutions

Tamil Nadu's strength lies particularly in core engineering talent, not just IT services.

Tier-2 City Push: A defining feature of Tamil Nadu's GCC strategy is geographic diversification.
Target cities include:

- Coimbatore
- Madurai
- Trichy
- Salem
- Hosur

These cities offer Lower operating costs than Chennai, Strong local talent retention, Dedicated state push for infrastructure and IT parks and Higher incentive intensity under the GCC policy, which reduces concentration risk and offers long-term cost stability.

Cost Positioning: Compared to Bengaluru and Hyderabad:

- Lower average real estate rentals (especially outside Chennai)
- Competitive salary benchmarks for engineering talent

- Lower attrition levels in Tier-2 cities
- Strong value proposition for large campus-based GCCs

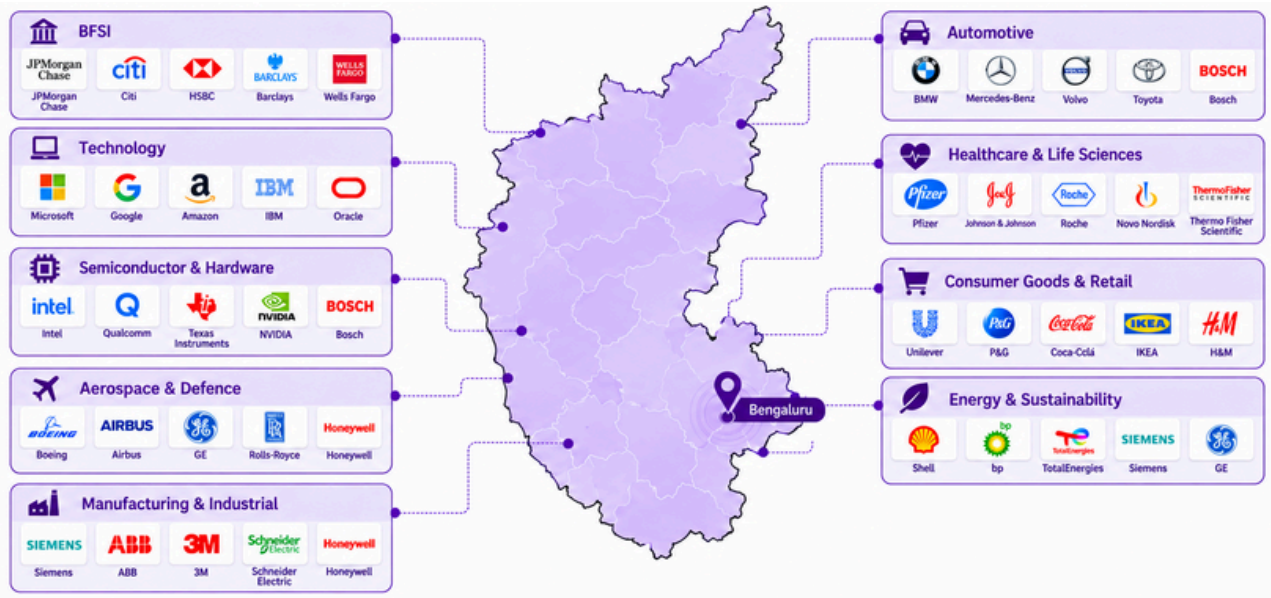
Tamil Nadu offers a balanced cost-to-capability ratio, particularly for engineering-heavy operations.

Ideal GCC Profile: Tamil Nadu is particularly suited for:

- Engineering R&D Centers
- Product Design & Development GCCs
- Manufacturing-Integrated Global Engineering Centers
- Automotive & EV companies
- Electronics & Hardware multinationals
- Aerospace & industrial technology firms
- Banking, Financial Services & FinTech

Strategic Positioning Summary: Tamil Nadu's competitive edge lies in the intersection of industrial depth and digital capability. Unlike purely tech-led ecosystems, it offers a manufacturing-linked GCC model, making it highly attractive for global enterprises seeking integrated engineering, product development, and production alignment.

KARNATAKA - INDIA'S MATURE GCC CAPITAL



Policy Vision:

Karnataka has long positioned itself as India's innovation and technology nucleus. With the launch of the Karnataka Global Capability Centers (GCC) Policy, the state formalized its ambition to consolidate Bengaluru's global leadership while expanding GCC investments into emerging cities.

The policy aims to:

- Strengthen Karnataka's position as India's leading GCC destination
- Attract high-value, innovation-driven global mandates
- Promote AI, semiconductor design, biotech, and deep-tech centers
- Encourage geographic diversification beyond Bengaluru

Unlike emerging states competing primarily on incentives, Karnataka's strategy is ecosystem-led, leveraging its mature corporate, startup, and research base.

Incentive Architecture

Under the Karnataka GCC Policy 2024–29 and the broader Karnataka IT/BT Policy, incentives are structured to support both new entrants and expansions.

- **Capital Subsidy**
  - Investment-linked incentives for eligible fixed capital investment.
  - Tailored packages for large and mega GCC investments.
  - Additional benefits for units established outside Bengaluru Urban district.
- **Payroll / Opex Incentives**
  - Employment-linked incentives are tied to the number of jobs created.
  - Structured support for high-skilled roles in advanced technologies.
  - Incentives for GCC expansions meeting employment thresholds.
- **Rental / Infrastructure Support**
  - Support through state-backed IT parks and technology clusters.
  - Infrastructure facilitation rather than high rental reimbursement (ecosystem strength offsets heavy subsidy dependence).
- **Employment Incentives**
  - Slab-based incentives linked to net new job creation.
  - Focus on high-value technology roles.
- **Women Employment Incentive**
  - Incentives for enhanced women workforce participation under IT/BT schemes.
  - Support for inclusive hiring and diversity initiatives.
- **R&D / Innovation Incentives**
  - Strong emphasis on AI, machine learning, semiconductor design, biotech, and deep-tech R&D.
  - Startup ecosystem integration and innovation cluster partnerships.

Sector Strength: Karnataka's GCC ecosystem is technology-dominant and innovation-heavy:

- AI, Cloud & SaaS
- Semiconductor Design & Electronics R&D
- BFSI, FinTech & Digital Payments
- Biotechnology & Life Sciences
- Global Engineering & Product Development
- Cybersecurity & Data Platforms

Bengaluru remains the largest GCC cluster in India, hosting a substantial share of the country's global technology centers.

Talent Advantage: Karnataka's core strength lies in deep, diversified, and leadership-level technology talent:

- One of India's largest IT workforce concentrations
- Strong availability of product managers, architects, and senior tech leadership
- Mature startup-to-GCC talent mobility
- Deep pool of AI, cloud, and semiconductor specialists
- Established global corporate leadership presence

This talent maturity allows Karnataka to host not just delivery teams but global decision-making functions.

Tier-2 City Push: To address urban congestion and cost escalation in Bengaluru, Karnataka, promote GCC expansion into:

- Mysuru
- Mangaluru
- Hubballi-Dharwad
- Belagavi

These cities offer:

- Lower real estate and wage benchmarks
- State-backed IT parks
- Improved connectivity
- Incentive enhancements under non-Bengaluru classification

However, ecosystem maturity in these cities remains developing compared to Bengaluru.

Cost Positioning

Compared to other South Indian states:

- Higher average salary benchmarks, particularly in advanced tech roles
- Higher Grade-A office rentals in Bengaluru
- Elevated attrition levels due to the competitive talent market

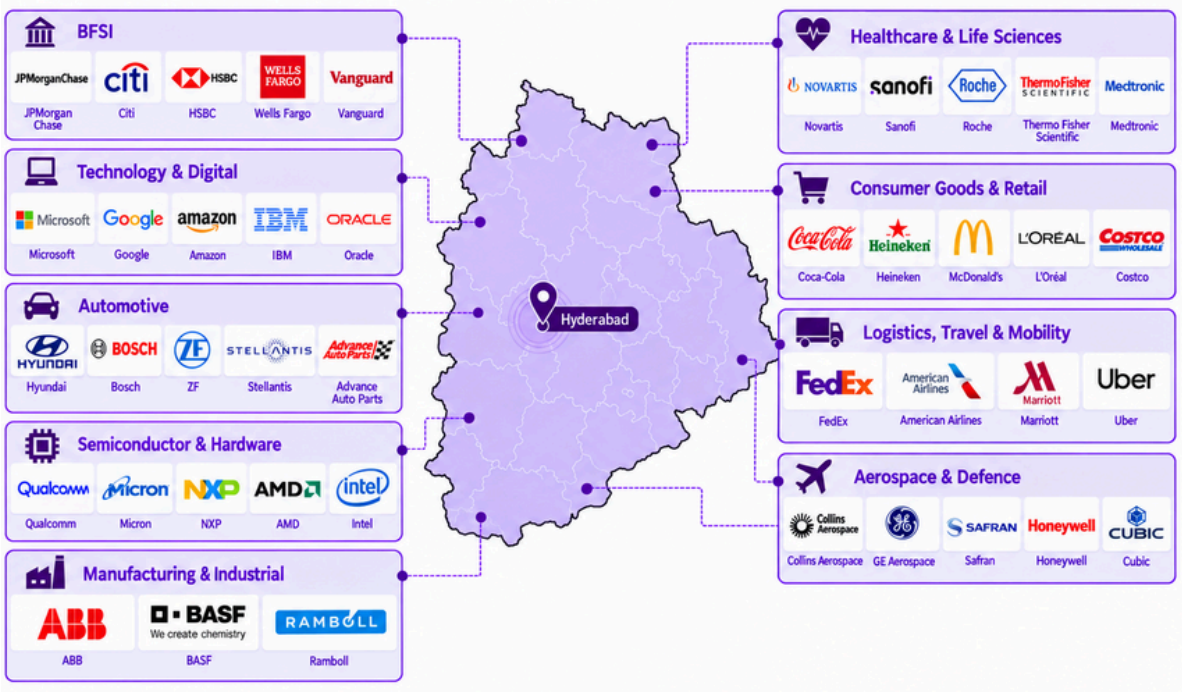
However, productivity, capability depth, and leadership availability often justify the premium for innovation-intensive mandates. Karnataka is best viewed as a high-capability, premium ecosystem rather than a low-cost destination.

Ideal GCC Profile Karnataka is particularly suited for:

- Advanced Technology & AI Centers
- Global Product Engineering Hubs
- Semiconductor & Chip Design GCCs
- SaaS & Cloud-native Enterprises
- Biotech & Digital Health Innovation Centers
- Large multinational tech expansions seeking ecosystem scale

Strategic Positioning Summary: Karnataka's advantage lies in its ecosystem density and global credibility. It offers scale, depth, and innovation leadership unmatched in India, albeit at a higher cost base. For enterprises prioritizing capability maturity, advanced R&D mandates, and global leadership integration, Karnataka remains India's most established GCC capital.

TELANGANA - SPEED-TO-MARKET & BUSINESS-FRIENDLY GCC MODEL



Policy Vision:
Telangana has emerged as one of India's leading Global Capability Centre (GCC) destinations, with Hyderabad serving as a major hub for technology, financial services, life sciences, and enterprise innovation. The state's strategy combines an established multinational ecosystem, skilled workforce, modern office infrastructure, and proactive investment facilitation.

Under the Telangana Rising 2047 vision, the government has outlined plans for a dedicated Telangana GCC Policy 2025–2030, aimed at strengthening the state's competitiveness through targeted incentives, skill development, infrastructure expansion, and innovation-led investment.
The proposed framework emphasises:

- Attraction of high-value GCCs in AI, cloud, cybersecurity, life sciences, and engineering R&D.
- Development of specialised talent through industry–academia partnerships.
- Expansion of Grade-A office infrastructure and emerging GCC clusters.
- Promotion of GCC investments beyond Hyderabad into Tier-2 cities.
- Strengthening of administrative facilitation and long-term operational scalability.

Incentive Architecture:
Telangana's GCC incentive framework is evolving through its existing ICT policies, targeted sectoral measures, and proposed GCC-specific support under Telangana Rising 2047.

- **Capital Subsidy:**
  - Proposed capital expenditure reimbursements to attract new GCC establishments.
  - Proposed operational expenditure subsidies to support long-term GCC operations.
  - Subsidy rates, eligibility thresholds, and disbursement conditions; subject to final policy notification.
- **Skill Development & Employment Support:**
  - Workforce development initiatives focusing on AI/ML, cloud computing, cybersecurity, data analytics, and life sciences.
  - Industry–academia collaborations and subsidised internship initiatives envisaged under Telangana Rising 2047.
  - Targeted skilling programmes to strengthen availability of specialised technology professionals.
- **Infrastructure & Investment Facilitation:**
  - Proposed development of 15 million sq. ft. of additional Grade-A office space by 2030.
  - Plans for a dedicated GCC investment facilitation mechanism and streamlined approvals.
  - Development of emerging technology clusters in Warangal, Karimnagar, and Nizamabad.
- **Life Sciences GCC Incentives:**

Under the Telangana Next-Gen Life Sciences Policy 2026–2030, qualifying Global Value Centres (GVCs) and Global Innovation Centres (GICs) can access targeted incentives:

  - Skilling reimbursement: 20% of eligible expenditure, capped at ₹1 crore within HMDA areas; 40%, capped at ₹2 crore outside HMDA areas.
  - Power support: ₹1/unit for three years, capped at ₹1 crore within HMDA areas; ₹2/unit, capped at ₹2 crore outside HMDA areas.
  - Research collaboration: 50% reimbursement of qualifying research grants for joint projects with Telangana universities, capped at ₹1 crore per project.
  - Innovation and acquisition support: 20% reimbursement of qualifying investments or acquisitions involving eligible Telangana-based enterprises, capped at ₹1 crore per transaction.
  - These sector-specific benefits are subject to workforce limits, project conditions, eligible expenditure definitions and other policy restrictions. They are not automatically available to all GCCs.

Sector Strength: Telangana's GCC ecosystem is diversified and increasingly high-value:

- IT / ITES and Digital Services

- Data Analytics, Cloud & Cybersecurity
- Life Sciences & Healthcare Innovation Centers (Hyderabad is among the top global life sciences clusters)
- FinTech, Analytics & Emerging Technologies
- Product Engineering and R&D operations

Talent Advantage: Telangana's talent ecosystem is robust and increasingly specialisation-ready:

- Hyderabad hosts 350+ GCCs employing over 300,000 professionals, one of India's fastest-growing GCC labour pools.
- Strong engineering graduate output enhanced by local universities and research institutions.
- Deep talent availability in cloud computing, AI, data analytics, cybersecurity, and digital services.
- Growing linkage with skills programs (e.g., TASK) to support up-skilling and GCC workforce readiness.

Tier-2 City Push: While Hyderabad remains the dominant hub, Telangana is progressively widening its capability footprint. Target cities include

- Warangal
- Nizamabad
- Karimnagar
- Khammam

These Tier-II locations are being developed with improved broadband, infrastructure links, and support systems to extend GCC reach, enhance workforce distribution, and reduce metro concentration risk.

Cost Positioning: Compared to other South Indian hubs:

- Competitive real estate and operational costs relative to Bengaluru and Chennai.
- Supportive incentives for tax, duty, and power costs significantly lower the first-year effective cost of operations.
- Scholarships and training partnerships help reduce workforce onboarding and training costs.

Telangana's cost proposition blends fiscal support with operational efficiencies and rapid execution differentiators for first-mover GCC investments.

Ideal GCC Profile:

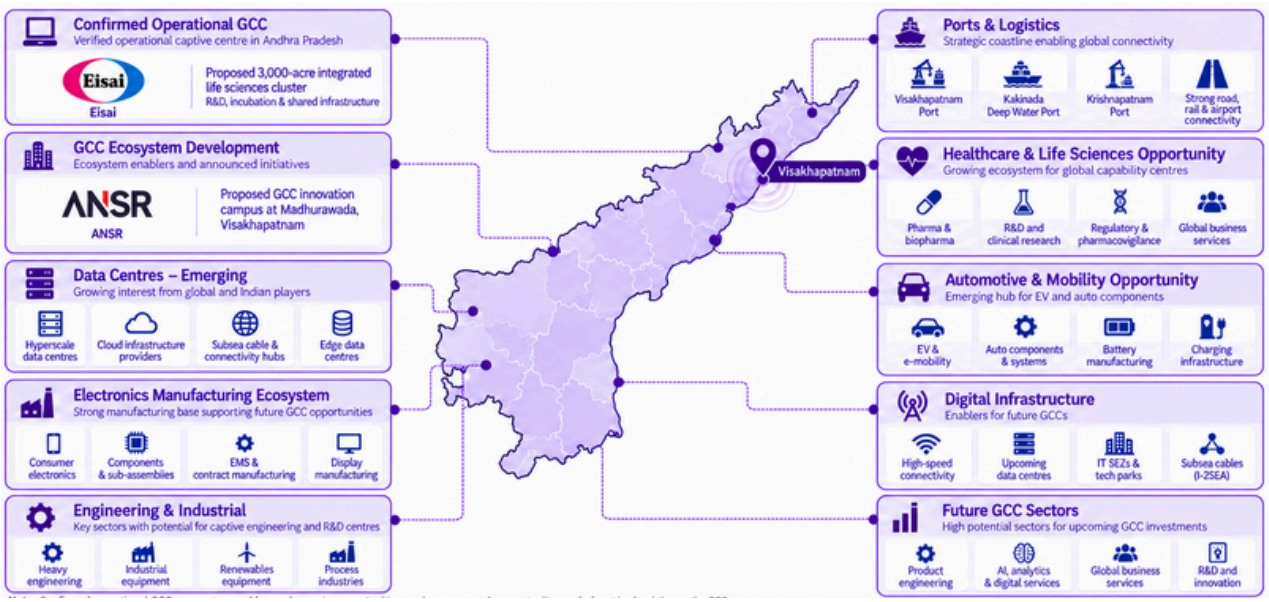
Telangana is particularly suited for:

- Life Sciences & Healthtech Innovation Centers
- Digital Services & IT Transformation Centers
- Data Analytics, Cloud & Cybersecurity Hubs
- FinTech & Emerging Tech Capabilities
- Product Engineering GCCs for global operations

Strategic Positioning Summary:

Telangana's GCC model is defined by policy agility, fast approvals, strong fiscal support, and expanding industry clusters. The state's emphasis on inclusive growth, combining innovation, talent development, and ease-of-business, enables companies to establish and scale GCC operations with high speed-to-market outcomes.

ANDHRA PRADESH - COST ARBITRAGE & EMERGING ALTERNATIVE



Policy Vision

Andhra Pradesh has positioned itself as a cost-competitive, infrastructure-led destination for Global Capability Centers (GCCs) under the Andhra Pradesh Information Technology & GCC Policy (4.0). The policy aims to accelerate the state's transition into a knowledge economy by attracting IT, digital services, and capability-driven global mandates, while leveraging land cost advantage and fiscal incentives to attract first-wave investment. The state government has instituted a dedicated GCC advisory council to chart a strategic roadmap and accelerate execution.

Incentive Architecture:

- **Capital Subsidy:**
  - 50% capital subsidy for IT campus developers, capped at ₹2,000 per sq. ft. of developed space, disbursed over five years once at least 30% of seats/land are committed.
- **Job Creation / Employment Incentives:**
  - Job creation subsidy: Six months of CTC paid once an employee completes 18 months of employment.
    - ₹1.5 lakh for hires from Andhra Pradesh colleges
    - ₹3 lakh for graduates from top-ranked institutions or experienced hires
    - 100% EPF share for six months for women/BC/SC/ST/transgender hires
- **Rental Support:**
  - ₹2,000 per seat per month rental subsidy for 24 months based on committed seating numbers.
- **Power Incentive:**
  - Industrial tariff with a discount of ₹1 per unit for five years.
- **Employee Benefits & Allowances**
  - Housing Rent Allowance or children's education allowance of up to ₹1 lakh per employee for three years (subject to minimum employment duration and eligibility).
- **Tailor-Made & Mega Incentives:**
  - Custom incentives for firms creating 2,000+ jobs or 1 million+ sq. ft. of office/infrastructure.
- **Land Facilitation:**
  - Priority allocation of land for IT & GCC campuses; additional land incentives under the Land Incentive for Tech (LIFT) policy, including nominal pricing (e.g., ₹0.99 per acre for qualifying investments) in designated corridors such as Visakhapatnam and Amaravati regions.

Sector Strength:

Andhra Pradesh is building a diversified but cost-advantaged digital and industrial ecosystem:

- IT/ITES and Shared Services
- Data Centres, Digital Services & Analytics
- Electronics & Semiconductor Assembly
- Defence & Aerospace Clusters (with specific incentives for these sectors)
- Manufacturing-adjacent tech operations

Talent Advantage:

- Growing pool of engineering graduates from state universities and technical institutes.
- Initiatives to strengthen talent pipelines through partnerships with institutions such as IIT Tirupati and IIM Visakhapatnam.
- Emphasis on hybrid work models and neighborhood workspaces to distribute talent across the state, reducing dependence on singular urban hubs.

While the depth of senior tech leadership talent may be lower than in more mature GCC hubs, Andhra Pradesh's talent strategy focuses on scalability, cost advantage, and inclusive workforce development.

Tier-2 City Push

In line with its cost-led positioning, Andhra Pradesh is promoting multiple cities as emerging GCC destinations:

- Visakhapatnam- Strategic port city with infrastructure advantages and a relatively lower cost base.
- Vijayawada - Central connectivity and a growing commercial ecosystem.
- Tirupati - Cultural and economic hub with emerging IT participation.

These cities offer lower real estate costs and are being developed with dedicated plug-and-play infrastructure and master plans to attract large-scale operations.

Cost Positioning:

Andhra Pradesh's GCC and IT incentives are anchored in cost arbitrage:

- Heavy capital subsidy support for infrastructure developers reduces upfront project costs.
- Rental support and discounted power tariffs significantly lower operating expenses.
- Land pricing and facilitation policies, including the LIFT policy offering land at a nominal rate, enhance cost competitiveness compared with other South Indian states.

This makes Andhra Pradesh particularly attractive to global firms seeking a low-cost GCC setup with scalable growth potential.

Ideal GCC Profile:

Andhra Pradesh is especially suited for:

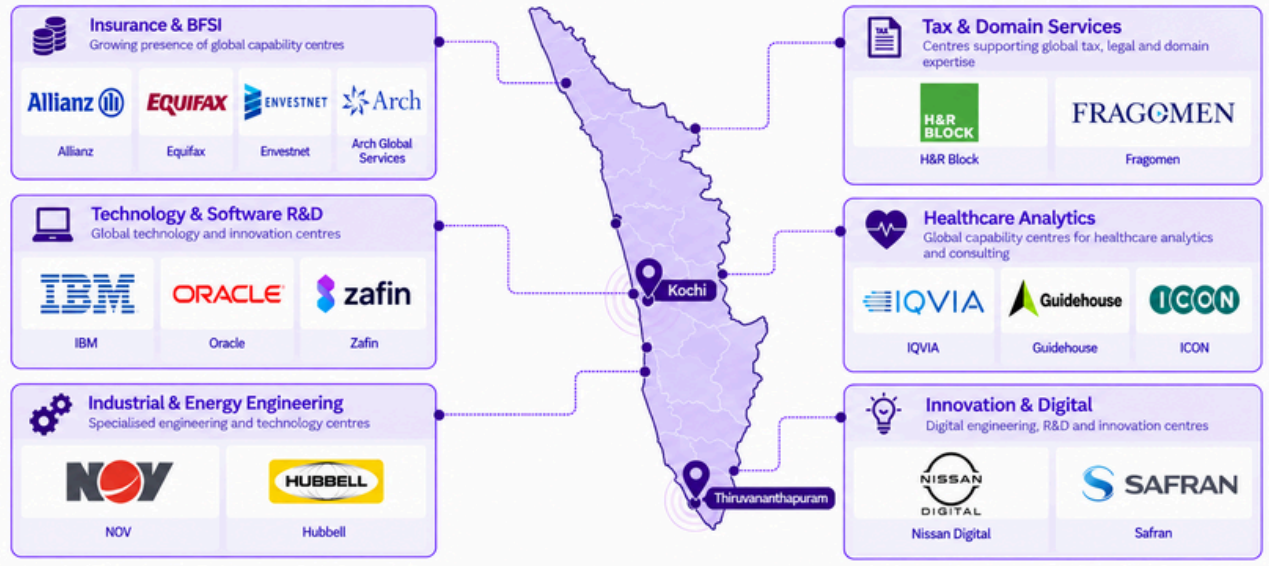
- Cost-efficient Shared Services & Back-Office GCCs
- Data Centre, Cloud Infrastructure Operations & related GCCs
- IT Enablement, Analytics & Digital Services Operations
- Hybrid Work & Distributed Talent Models
- Large Campus GCCs with employment thresholds
- Manufacturing-linked tech operations in emerging corridors

The state's cost-directed incentives blend scale with affordability, making it an appealing alternative for enterprises considering expansion into India with cost containment as a priority.

Strategic Positioning Summary:

Andhra Pradesh is positioned as India's emerging cost-arbitrage GCC destination, offering substantial fiscal incentives, land cost advantages, and a supportive infrastructure build-out. While its ecosystem is still evolving compared with more mature hubs, its proactive policy architecture, emerging city focus, and aggressive cost proposition make it an attractive, alternative choice for global capability investments.

KERALAM - HUMAN CAPITAL LED & QUALITY OF LIFE DRIVEN GCC NICHE



Policy Vision

Keralam is positioned as a knowledge-economy and digital services destination, supported by high human development indicators, strong social infrastructure, and a focus on IT, emerging technologies, and innovation-led growth. Through agencies such as Kerala IT Parks and Kerala Startup Mission, the state promotes IT/ITeS, fintech, health-tech, AI, animation & gaming, and deep-tech startups.

Rather than competing purely on scale, Keralam's policy direction emphasizes:

- Sustainable urban planning
- High digital literacy
- Startup-led innovation
- Tier-2 technology corridor development (Kochi–Thiruvananthapuram axis)

Incentive Architecture:

Under the state's IT and industrial promotion frameworks (implemented via Keralam State Industrial Development Corporation):

- **Capital Subsidy:** Investment-linked incentives for IT/ITeS units in notified parks (percentage-based, subject to caps and project classification).
- **Stamp Duty & Registration Exemptions:** Concessions for IT and knowledge-sector projects.
- **Electricity Duty Exemptions:** Available for eligible units in IT parks/industrial estates.
- **Startup & Innovation Grants:** Seed funding, R&D grants, and incubation support through Kerala Startup Mission.
- **Rental Support:** Competitive lease structures within Technopark, Infopark, and Cyberpark ecosystems.
- While incentive quantum may be lower than aggressive packages in larger states, Keralam competes on operational stability, talent retention, and quality-of-life advantages rather than upfront subsidies alone.

Sector Strength:

Keralam's GCC potential is strongest in:

- IT services & digital engineering
- Fintech and banking technology
- Health-tech and med-tech analytics
- Animation, gaming, and design studios
- AI-enabled services and data operations

Thiruvananthapuram (Technopark) and Kochi (Infopark) anchor the state's IT ecosystem, hosting multinational firms and mid-sized technology companies. Keralam's diaspora linkages also provide an indirect advantage in global connectivity and cross-border collaboration.

Talent Advantage:
Keralam's human development indicators consistently rank among the highest in India, creating a stable and educated workforce base suitable for analytics, design, and digital services GCCs.

- High literacy rate and strong English proficiency
- Strong STEM graduation output relative to population size
- Lower attrition rates compared to high-churn metro markets
- High female workforce participation potential in knowledge sectors

Tier-2 & Corridor Push:
Unlike other states that emphasize multiple Tier-2 cities, Keralam's model is more of a dual-city digital corridor:

- Thiruvananthapuram (established IT base)
- Kochi (fast-growing commercial and tech hub)
- Kozhikode (emerging technology ecosystem via Cyberpark)

Cost Positioning:

- **Real Estate Costs:** Lower than Bengaluru and Hyderabad across both office and residential segments.
- **Salary Levels**: Generally below Tier-1 metro averages, particularly outside niche product roles.
- **Living Costs:** Competitive and attractive for mid-career professionals seeking work-life balance.

Keralam does not offer the lowest wage base nationally, but it offers a high quality-to-cost ratio, which can improve long-term retention economics.

Ideal GCC Profile:
Keralam is best suited for:

- Digital services and analytics GCCs
- Fintech & health-tech capability centers
- Design, UI/UX, and product support teams
- Shared services with moderate-to-high skill intensity
- ESG-aligned and sustainability-focused enterprises

Strategic Positioning Summary:
Keralam represents human capital depth combined with livability and operational stability. It may not yet match the scale of larger southern states, but as GCC strategies evolve toward distributed, resilient, and talent-retention-focused models, Keralam stands as a credible niche contender in South India's expanding capability landscape.

COMPARATIVE MATRIX

Parameter	Tamil Nadu	Karnataka	Telangana	Andhra Pradesh	Keralam
Policy Name	Tamil Nadu Global Capability Centres (GCC) Policy 2024; Tamil Nadu IT Policy 2021; TN Industrial Policy 2021	Karnataka Global Capability Centres (GCC) Policy 2024–2029; Karnataka IT/BT Policy 2022–27	Telangana Second ICT Policy 2021–26; Next-Gen Life Sciences Policy 2026–30; Telangana Rising 2047	Andhra Pradesh IT & GCC Policy 4.0 (2024–29); AP Industrial Development Policy 2020-23 (extended)	Kerala IT Policy 2023; Kerala Industrial & Commercial Policy 2023; The Kerala GCC Policy 2025-30
Capital Subsidy	Capex support linked to investment size; additional incentives for Tier-2/3 cities	Investment-linked incentives for large and mega projects; customized packages	Capital investment subsidy; enhanced support for anchor projects	Capital subsidy; higher % support in backward districts	Additional incentives in non-metro IT parks (Kochi, Thiruvanantha puram, Kozhikode)
Opex Incentives	Payroll-linked incentives; higher for Tier-2 cities	Payroll reimbursement; skilling support linked to employment	Opex reimbursement tied to employment and investment thresholds	Reimbursement of power cost, stamp duty, operating reimbursements	Limited direct opex subsidy; payroll and employment-linked incentives under IT policy; focus on sustainability incentives
Rental Support	Rental subsidy in non-metro locations; plug-and-play support	Limited rental subsidy; strong tech park ecosystem	Rental subsidy for early years; emerging locations focus	Rental reimbursement support in IT parks	Plug-and-play infrastructure via Technopark, Infopark & Cyberpark; limited rental subsidy but lower base rentals

Employment Incentives	Incentives linked to jobs created; higher for high-skilled roles	Employment-linked incentives; state skilling partnerships	Structured slabs for job creation incentives	Employment generation subsidy; higher incentives in notified districts	Strong IT skilling ecosystem (Kerala Digital University, ASAP Kerala); focus on knowledge jobs
Women Employment Incentives	Additional incentives for women workforce participation	Incentives for women hiring under IT/BT schemes	Additional benefits for women employees	Incentives for women employment under IT policy	Strong women workforce participation programs; supportive urban social infrastructure; incentives for inclusive hiring
R&D / Innovation Incentives	Strong push for deep-tech, electronics, auto & aerospace-linked GCCs	Deep-tech, AI, biotech, semiconductor ecosystem incentives	Innovation labs; pharma & biotech R&D support	Innovation & electronics focus; manufacturing clusters	Incentives for emerging tech, AI, blockchain & cybersecurity; startup ecosystem integration via Kerala Startup Mission
Sector Focus	Automotive, Electronics, Aerospace & Defence, IT/ITES, Deep Tech	IT, AI, SaaS, FinTech, Semiconductor Design, Biotech	IT/ITES, Pharma, Life Sciences, Data & Analytics	IT/ITES, Electronics, FinTech, Shared Services	IT/ITES, Digital Services, AI, Cybersecurity, HealthTech, Maritime & Logistics tech
Target Cities	Chennai; Coimbatore; Madurai; Trichy; Hosur; Salem	Bengaluru; Mysuru; Mangaluru; Hubballi-Dharwad	Hyderabad; Warangal; Karimnagar	Visakhapatnam; Amaravati region; Tirupati; Vijayawada	Thiruvanantha puram; Kochi; Kozhikode

Ease of Approvals	Single-window clearance (Guidance TN)	Single-window (Karnataka Udyog Mitra)	TS-iPASS (time-bound statutory clearances)	Single Desk Portal; time-bound approvals	K-SWIFT single-window system; digital approvals with defined timelines
Special Incentives for Mega GCCs	Customized packages for large anchor GCCs	Tailor-made packages for global anchor investments	Anchor investor incentives; fast-track approvals	Customized mega project packages	Case-by-case customized packages for large IT/GCC investments; emphasis on sustainability & long-term campus development



TALENT & COST COMPARISON

Note: The values given below are an approximate value as per estimates.

BENGALURU: THE PREMIUM HUB

- **Average Salary:** Levels.fyi reports an average annual package of approximately ₹34.98 Lakhs for software engineers.
- **Senior Roles:** Senior tech roles (5–10 years) in product-based companies or Global Capability Centers (GCCs) frequently exceed ₹42–45 LPA.
- **Freshers:** At top-tier firms, entry-level salaries can range from ₹15 LPA to ₹23 LPA, though the broader market average (including service-based firms) is closer to ₹6–10 LPA.

HYDERABAD: COMPETITIVE CHALLENGER

- **Average Salary:** Levels.fyi reports, Hyderabad's average software engineer salary is approximately ₹30.26 LPA, placing it just below Bengaluru but ahead of Chennai in overall pay packages.
- **Senior Roles:** Mid-senior professionals with 5–8 years of experience in Hyderabad are often reported to earn around ₹69.7 k/month (~₹8.4 LPA) on average across tech roles, competitive with other metros but reflective of mixed GCC/service employment profiles.
- **Freshers:** Entry-level compensation in Hyderabad typically ranges from about ₹4.8 LPA to ₹7 LPA in established employers, with top campus placements and GCC recruiters offering higher packages (₹11–₹15+ LPA) in recent cycles.

CHENNAI: STABILITY OVER AGGRESSION

- **Average Salary:** Levels.fyi data indicates that Chennai's average software engineer annual compensation is around ₹18.29 LPA, lower than Bengaluru and Hyderabad.
- **Senior Roles**: Senior engineers and mid-career professionals in Chennai typically earn less than comparable roles in premium hubs; senior software roles often range from ₹16–28 LPA across mid-sized product and services employers.
- **Freshers:** Entry-level software engineer salaries in Chennai span a wide range, from approximately ₹3.5 LPA to ₹8 LPA based on experience level and employer type, with some market surveys showing early career salaries averaging closer to typical national norms.

KOCHI: COST-EFFICIENT, EMERGING CAPABILITY HUB

- **Average Salary:** Levels.fyi data indicates that Kochi's average software engineer annual compensation typically ranges between ₹10–14 LPA, materially lower than Chennai, Bengaluru, and Hyderabad.
- **Senior Roles**: Senior engineers and mid-career professionals in Kochi generally earn between ₹12–22 LPA, depending on whether the employer is a global MNC, a GCC unit within Infopark/Technopark-linked networks, or a mid-sized IT services firm. Compensation tends to be lower than Tier-1 metros but is balanced by lower living costs and reduced wage inflation pressure.
- **Freshers:** Entry-level software engineer salaries in Kochi typically range from ₹3–6.5 LPA, with higher packages offered by select product firms, fintech startups, and multinational captive units. For most service-oriented and mid-sized firms, fresher compensation aligns with national entry-level norms but remains below Chennai and significantly below Bengaluru.

REAL ESTATE RENTAL DIFFERENCES

Office Space (Grade-A, per sq. ft/month)

- **Bengaluru:** about ₹120–₹150+ in prime tech corridors.
- **Hyderabad:** about ₹80–₹100, providing a notable cost advantage.
- **Chennai:** about ₹65–₹90 range, competitive for engineering-lean operations.
- **Kochi:** About ₹45–₹65 in key IT parks such as Infopark and SmartCity

Sources: *Knight Frank Research, Cushman & Wakefield Research and Ciril's H1 2025 Indian Real Estate Market Report.*

Rent for Professionals (1-BHK Apartments)

- **Bengaluru:** ₹20,000–₹40,000 monthly.
- **Chennai:** ₹12,000–₹25,000 monthly, generally more affordable than Bengaluru.
- **Hyderabad:** ₹12,000–₹25,000 (city) or even ₹8,000–₹18,000 (suburbs)
- **Kochi:** ₹10,000–₹20,000 monthly in central areas; ₹8,000–₹15,000 in suburban zones

Globally, companies often find that Hyderabad and Chennai offer lower real estate costs than Bengaluru, translating to meaningful savings, especially for large GCC footprints.

Sources: *Magic Bricks and No Brokers.*

TALENT POOL SIZE

The sheer volume of available skilled professionals impacts hiring speed and depth:

- **Bengaluru** is widely recognised as India's largest tech talent magnet, with estimates suggesting over 2 million+ IT and software professionals fueling GCCs and product firms.
- **Hyderabad** has a rapidly growing skilled workforce, with hundreds of thousands in IT and related functions and strong year-on-year expansion linked to GCC and tech investments.
- **Chennai** and other South Indian urban hubs have sizeable talent bases but generally smaller tech workforce concentrations compared to the top two. Traditional engineering and manufacturing skills are a notable strength.
- **Kochi** has a smaller but steadily expanding IT workforce anchored by Infopark, SmartCity, and the broader Technopark ecosystem. While its talent base is more limited than Bengaluru or Hyderabad, Kerala's high literacy, strong STEM output, and growing digital and cybersecurity talent make Kochi well-suited for mid-scale, cost-efficient, and niche capability centers rather than hyper-scale operations.

Larger talent pools benefit scale hiring, leadership bench strength, and continuity planning for GCC operations.

ENGINEERING GRADUATE OUTPUT

India produces large numbers of engineers annually, with regional hubs contributing significantly:

- South India overall (including Tamil Nadu, Karnataka, Telangana, Kerala and Andhra Pradesh) is known for high engineering graduate output due to dense networks of technical universities and institutes.
- Tier-2 cities like Trichy have reported 55,000+ graduates per year from local institutions, demonstrating the untapped potential beyond major metros. *(Source: The Hindu)*

This graduate pipeline is critical for GCCs targeting entry-level hiring and long-term local talent ecosystem development.

City	Average Annual (LPA)	Entry-Level Range (LPA)
Bengaluru	₹34.98	₹6 – ₹23
Hyderabad	₹30.26	₹5 – ₹18
Chennai	₹18.29	₹3.5 – ₹9
Kochi	₹12 – ₹14	₹3 – ₹6.5

City	Relative Compensation	Office Cost	Talent Pool	Strategic Positioning
Bengaluru	Highest among Indian cities	High	Very Large	Innovation & deep-tech GCC leadership
Hyderabad	Competitive, slightly lower	Moderate	Growing rapidly	Cost-effective GCC scaling
Chennai	Moderate	Relatively lower	Large multidisciplinary	Strong engineering + manufacturing linkage
Kochi	Comparitively Lower	Low (among lowest in major hubs)	Small but steadily expanding	Cost-efficient, stable mid-scale GCCs & niche digital capabilities
Tier-2 (Coimbatore, Trichy, Visakhapatnam, etc.)	Lower (About 25-30% less)	Much lower (~50–60% less)	Emerging	Cost-advantage and work-life balance focus

TAKEAWAYS FOR INDIA-ENTRY DECISIONS

Talent Scale vs Cost Premium

- Bengaluru offers unmatched talent density but at a cost premium.
- Hyderabad provides near-comparable compensation at a lower cost base.
- Chennai and tier-2 cities offer better cost efficiency with access to solid engineering pools.

Operational Cost Impact

- Lower office rentals and living costs can reduce the total cost of ownership (TCO) for GCCs by up to 20–30% when choosing Hyderabad/Chennai or tier-2 locations over Bengaluru.

Talent Pipeline Sustainability

- Large engineering graduate outputs across South India support long-term GCC scaling, particularly for entry-level and mid-level hiring.



MODES OF ENTRY INTO INDIA



India, possessing vast natural and human resources and being among the fastest-growing economies in the world with a large market, provides immense opportunities for foreign companies to grow and diversify their business.

Depending on the chosen sector, foreign investment can be done through incorporated and unincorporated vehicles, keeping in mind the business objective of the foreign company in India. The right selection will ensure legal, financial, and regulatory feasibility for the entity.

There are mainly two types of strategies for entering the Indian markets for foreign businesses in India:

(i) registration of a company or limited liability partnership or

(ii) establishing a branch, liaison, or project office.

INCORPORATION OF A COMPANY/LIMITED LIABILITY PARTNERSHIP

It is the easiest and fastest type of India entry strategy for foreign nationals and foreign companies. Foreign direct investment of up to 100% into a private limited company or limited company is permitted under the automatic route, wherein no Central Government permission is required.

Private Limited Company

- This vehicle shall be incorporated under the Companies Act, 2013, as a company limited by capital, subject to FDI guidelines.
- All legal activities set out in the charter documents, bylaws of the company, and within the purview of the act, rules, and regulations are allowed to be undertaken by the company.
- Exit can be through sale, including buyback of shares or liquidation; there are procedural complications, depending on the strategy adopted.

Limited Liability Partnership

- A limited liability partnership is a partnership in which some or all partners have limited liabilities.
- Every LLP shall be required to have at least two designated partners who shall be individuals, and at least one of the designated partners shall be a resident of India. In the case of an LLP in which all the partners are bodies corporate or in which one or more partners are individuals and bodies corporate, at least two individuals who are partners of such LLP or nominees of such bodies corporate shall act as designated partners.
- This vehicle possesses independent status on its own, set up based on FDI guidelines
- Exit can be through a sale of interest or dissolution, depending on the strategy adopted.



ESTABLISHMENT OF A BRANCH OFFICE, LIAISON OFFICE OR PROJECT OFFICE

Branch offices, liaison offices, or project offices are unincorporated places of business of foreign companies in India and are regulated by the Companies Act as well as under FEMA. It requires RBI and/or government approval for set-up. Therefore, the cost and time taken for registration of a branch office, liaison office, or project office for a foreign company are higher than the cost and time associated with the incorporation of a private limited company. Further, foreign nationals cannot open a branch office, liaison office, or project office. Hence, this option is limited to being an India entry strategy only for foreign companies. Such offices require prior approval of authorized dealer banks and ROC authorities for exit.

Branch Office (BO)

- * BO can be set up by foreign companies. The permitted activities include the export/import of goods; rendering professional or consultancy services; (other than practice of legal profession in any matter) carrying out research work in which the parent company is engaged; promoting technical or financial collaborations between Indian companies and parent or overseas group companies; representing the parent company in India and acting as buying/selling agents in India; rendering services in information technology and development of software in India; rendering technical support to the products supplied by the parent/group companies and representing a foreign airline/shipping company. There is a general permission for non-resident companies to establish BO in the Special Economic Zones (SEZs) to undertake manufacturing and service activities, subject to the following conditions:
  1. BOs are functioning in those sectors where 100% FDI is permitted.
  2. BOs comply with Chapter XXII of the Companies Act, 2013.
  3. BOs function on a stand-alone basis.
- **Eligibility**: Profit-making track record during the immediately preceding five financial years in the home country and net worth of not less than USD 100,000 or its equivalent.
- ** Liable to tax on income earned in India at 35%.
- A BO is permitted to remit post-tax profits outside India upon fulfilling procedural compliances.

Liaison Office (LO)

- LO cannot undertake any commercial activity; however, they will be acting as a channel of communication between the principal place of business or head office abroad and entities in India. Its role is limited to collecting information about possible market opportunities and providing information about the company and its products to prospective Indian customers. It can promote export/import from/to India and also facilitate technical/financial collaboration between parent companies and companies in India. It cannot earn any income in India.
- **Eligibility:** Profit-making track record during the immediately preceding three financial years in the home country and net worth of not less than USD 50,000 or its equivalent
- **Validity:** Generally for 3 years, * except in the case of NBFCs and those entities engaged in construction and development sectors, for whom the validity period is two years only
- **Repatriation:** Not applicable, as LO is not permitted to undertake any business activity.

Project Office (PO)

- * PO can be set up to execute specific projects in India; however, this vehicle cannot undertake or carry on any activity other than the activity relating to and incidental to the execution of the project.
- **Income Tax:** ** Liable to tax on income earned in India at 35%.
- A PO is permitted to remit post-tax profits outside India upon fulfilling procedural compliances.

* Activities listed by RBI are only allowed to be undertaken.
** Rates mentioned above need to be increased by the applicable surcharge rate as well as by the health and education cess of 4%.

Note—An applicant that is not financially sound and is a subsidiary of another company may submit a Letter of Comfort (LOC) (Annex A) from its parent/group company, subject to the condition that the parent/group company satisfies the prescribed criteria for net worth and profit.

ALTERNATIVE MODES OF ENTRY

Joint Venture
A joint venture is a combination of two or more body corporates *(generally characterized by shared ownership, shared returns and risks, and shared governance)* that pool resources for the purpose of accomplishing a specific task or carrying out business activities.

These parties to a joint venture enter into a contractual agreement, and they are governed by such agreement. The agreement specifies the terms and conditions of the joint venture, like their obligations, the rate at which they will share profits or losses, their rights and liabilities towards each other, etc.

Insights

- **Shared investment—**Each party in the venture contributes a certain amount of initial capital to the project, depending upon the terms of the partnership arrangement, thus alleviating some of the financial burden placed on each company.
- **New market penetration—**A joint venture may enable companies to enter a new market very quickly, as all relevant regulations and logistics are taken care of by the local player.
- **New revenue streams—**Small businesses often face having limited resources and access to capital for growth projects. By entering into a joint venture with a larger company with more financial resources, the small business can expand more quickly. The larger company's extensive distribution channels may also provide the smaller firm with larger and/or more diversified revenue streams.
- **Synergy benefits—**It lowers the cost of capital, or operational synergy, and increases operational efficiency.
- **Enhanced credibility—**It typically takes a significant period of time for a young business to build market credibility and a strong customer base. For such companies, forming a joint venture with a larger, well-known brand can help them achieve enhanced marketplace visibility and credibility more quickly.

Acquisition

An acquisition is a corporate transaction in which one company purchases a significant part or all of another company's shares to exercise control over that company. An acquisition is a mutual agreement between a purchasing or acquiring company and a target company, where both companies cooperate and the target company agrees to surrender its assets to the purchasing company, which gains control of the majority of its shares or assets. Acquisitions increase the market reach of the purchasing company and increase its customer base, which can also lead to an increase in revenue.

Insights

- **Obtain funds for development—**By entering into an acquisition, a business can have access to funds or other valuable assets that may not be at the disposal of a standalone business. An acquisition can help you acquire these assets with ease. Since the development of the business is the ultimate goal, joining forces with a company that has adequate funds can be beneficial for the business and its employees.
- **Gain access to quality staff with adequate skills—**An acquisition can help increase the quality and quantity of staff with sound knowledge of the business demands. After executing an acquisition, the experienced staff continues to remain on the company's payroll so they can integrate.
- **Diversify the Business—**Through the acquisition, there can be diversification of the products and services the company offers. You can produce varying products and have them distributed or spread out to different target customers. An acquisition typically helps a business grow and evolve.
- **Reduction of training costs—**With an acquisition, you can use resources from the other acquired company to decrease internal training expenses within the organization.
- **Increase company's competitiveness—**Due to the rise in technological advancements, an acquisition can address the need to conform to higher standards. This way, a larger company can retain its competitive stance by uniting with a smaller business that has the necessary technologies. This can benefit both companies in the long term.
- **Reduce Production Costs—**Merging with another company that has the production centers, facilities, and storage space can reduce your production costs if you're able to use these resources.



REGISTRATION PROCESS

HOW TO REGISTER A COMPANY IN INDIA?

Prerequisites of Registration

The following are the prerequisites for incorporating a company in India.

Key Requisites	Statutory Requirements	Document Requirements (To be notarized & apostilled if originating from outside India/Non- Indians)
Shareholders/ Subscribers to Charter Documents (Memorandum of Association and Articles of Association[1])	2 – Body Corporates / 2 Individuals	• Functioning Bank Account • Charter documents • Address proofs • ID proofs • Approval Resolution from Holding Company
Directors	A minimum of 2 Directors out of which 1 shall be a Resident Director (residing in India for a period of 182 days)	• Digital Signature Certificates (Can be arranged) • Director Identification Number (Can be applied for) • ID proofs • Address proofs • Approval Resolution from Holding Company
Name	To be a unique name not resembling that of an existing Indian Company	• Approval Resolution from Holding Company • Trademark Registration Certificates, if any
Registered Office	To have a physical office space in the proposed location for setting up	• Rental Agreement with Owner • Address Proofs of the property in the name of the owner

The Memorandum of Association is a document that lays down the powers and objects of the company as well as the scope of operations at the company beyond which it cannot operate.

Articles of Association prescribe the rules, regulations, and bylaws for the internal management of the company and the conduct of its business.

Based on the area of operations and objectives of the company, the company can choose to have its registered office at any place in India. However, setting up a registered office in some specified areas as detailed below attracts certain benefits and incentives.



Special Economic Zones

A special economic zone (SEZ) is an area in a country that is designed to generate positive economic growth. An SEZ is normally subject to different and more favorable economic regulations compared to other regions in the same country, including tax incentives and the opportunity to pay lower tariffs. There are 368 notified SEZs in India, as of 28th February, 2026. SEZ economic regulations tend to be conducive to attracting foreign direct investment (FDI). FDI refers to any investment made by a firm or individual in one country into business interests located in another country.

Incentives to SEZ

The incentives and facilities offered to the units in SEZs for attracting investments into the SEZs, including foreign investment, include:

- Duty-free import/domestic procurement of goods for the development, operation, and maintenance of SEZ units
- Supplies to SEZ developers or units for authorised operations of goods or services will be considered to be a zero-rated supply. That means these supplies attract a zero tax rate under GST and are considered as exports, including eligibility for refund of input taxes.
- Additional incentives and concessions may be applicable under the policies of the respective State Governments.
- Single window clearance for Central and State-level approvals

Export-Oriented Units

Export-oriented units are units undertaking to export their entire production of goods. EOUs can engage in manufacturing, services, development of software, repair, remaking, reconditioning, and re-engineering, including the making of gold/silver/platinum jewelry and articles. Further, units involved in agriculture, agro-processing, aquaculture, animal husbandry, biotechnology, floriculture, horticulture, pisciculture, viticulture, poultry, sericulture, and granites can also obtain the status of EOU. However, trading units are not covered under the EOU scheme.

Special facilities for EOU

An EOU enjoys the following benefits:

- An EOU can purchase raw materials or capital goods duty-free either through imports or domestic sources.
- It is also eligible for applicable domestic reimbursement of GST on raw materials or capital goods.
- It can claim reimbursement of duty paid on fuels obtained from domestic oil companies subject to applicable government schemes and conditions.
- It is eligible to claim Input Tax Credit (ITC) on goods and services used to manufacture goods used for export.
- It can avail exemption from industrial licensing for items reserved for Small Scale Industries.

Documents requiring Specific Formalities

All documents originating from outside India/signed outside India are to be notarized and apostilled/legalized based on the country of origin.

The specifics are as follows:

(i) Subscriber from a Member Country of the Commonwealth Nations: Signatures on the incorporation documents, including charter documents, proof of identity, and proof of address, shall be notarized by a notary (public) of that country or such other person as prescribed by law.

(ii) Subscriber from a Member Country of the Hague Apostille Convention, 1961: Signatures on the incorporation documents, including charter documents, proof of identity, and proof of address, shall be notarized by a notary (public) of that country of his origin or such other person as prescribed by law and be duly apostilled in accordance with the said Hague Convention.

(iii) Subscriber from a country outside the Commonwealth that is not a party to the Hague Apostille Convention, 1961: Signatures on the incorporation documents, including charter documents, proof of identity, and proof of address, shall be notarized by a notary public of such country or such other person as prescribed by law, and the certificate of the notary public shall be authenticated by a diplomatic or consular officer empowered in this behalf.

(iv) Where subscribers to the memorandum are foreign nationals residing outside India and visit India and intend to incorporate a company, the incorporation shall be allowed if he/she has a valid business visa.

STEPS FOR INCORPORATION

Step 1: Digital Signature Certificate (DSC)

As the registration process of the company is completely online, digital signatures are required to file the forms on the MCA portal. DSC is mandatory for all the proposed directors. DSC can be obtained from government-recognized certifying authorities.

Step 2: Director Identification Number (DIN)

The Director Identification Number (DIN) is an identification number for a director, and it has to be obtained by anyone who wants to be a director in a company. The DIN of all the proposed directors of the company, along with the name and the address proof, is to be provided in the company registration form. DIN can be obtained while filing the SPICe+ form, i.e., the company registration form, for a maximum of three directors. If there are more directors in the company and they do not have a DIN, the company can be incorporated with three directors, and it has to appoint new directors later on, after incorporation, on obtaining a DIN by filing Form DIR-3.

Step 3: Registration on the MCA Portal

As part of the Government of India's Ease of Doing Business (EODB) initiatives, the Ministry of Corporate Affairs has launched an online application form named SPICe+, which is to be filled out and submitted electronically either through a single application or phased in different applications.

Through this application, the government of India offers the following bouquet of services:

1. Issuance of unique DIN for each of the Directors;
2. Issuance of Permanent Account Number (PAN);
3. Issuance of Tax Account Number (TAN);
4. Issuance of Employee Provident Fund Registration;
5. Issuance of Employee State Insurance Registration;
6. Issuance of Profession Tax Registration only if the proposed office business is located in Maharashtra, Karnataka, or West Bengal;
7. Opening of Bank Account;
8. Allotment of Goods and Service Tax Identification Number (GSTIN) only if applied;
9. Allotment of Shops and Establishment Registration Number only if the proposed office of business is located in Delhi.

Step 4: Certificate of Incorporation

Once the registration application is filled and submitted along with the required documents, the Registrar of Companies will examine the application. Upon verification of the application, the Certificate of Incorporation of the Company will be issued.



HOW TO REGISTER AN LLP IN INDIA?

Step 1: Procure DSC: Before starting the registration process, a Digital Signature Certificate (DSC) must be obtained for the designated partners of the proposed LLP, as all LLP documents are filed online and requires digital signatures.

Step 2: Designated Partner Identification Number (DPIN): The next step is to obtain DPIN for the individuals proposed to act as the Designated Partners of the LLP. An application for allotment of DPIN for up to two Designated Partners, can be made in e-form FiLLiP (Form for incorporation of Limited Liability Partnership). Procurement of DPIN shall not be required if the individual already holds a valid Director Identification Number (DIN).

Step 3: Name reservation: There are two ways of reserving name of the proposed LLP:

1. File an application under LLP-RUN for ascertaining availability and reservation of the name of the LLP;
2. Propose the name directly in e-form FiLLiP during the incorporation process.

Step 4: Filing of the Incorporation form: The applicant should then file e-form FiLLiP along with the required documents. On approval of the form, the RoC will issue the certificate of incorporation.

Step 5: File the LLP Agreement

LLP agreement governs the mutual rights and duties amongst the partners and also between the LLP and its partners. LLP agreement must be filed in Form 3 within 30 days from the date of incorporation.

Note: Some registrations would be applicable based on the state in which the company / LLP is incorporated and the nature of the business activity.

HOW TO ESTABLISH A BRANCH OFFICE, LIAISON OFFICE, OR PROJECT OFFICE IN INDIA?

1. Submit an application in Form FNC through a designated AD Category - I bank to the Reserve Bank of India, along with prescribed documents.
2. The applications are processed via the RBI's centralized approval route or under the automatic route depending on the sector. Hence, the RBI will scrutinize the application and grant approval and allot Unique Identification Number (UIN) if all conditions are met.
3. The AD Category 1 bank issues the approval letter to the non-resident entity for establishing BO/ PO / LO in India.

Note 1: In case the BO/LO/PO for which approval has been granted is not opened within 6 months from the date of the approval letter, the approval shall lapse. In cases where the non-resident entity is not able to open the office within the stipulated time frame due to reasons beyond its control, the AD Category-I bank may consider granting an extension of time for a further period of 6 months for setting up the office. Any further extension of time shall require the prior approval of RBI.

Note 2: There is a general permission for non-resident companies to establish POs in India, provided:

- They have secured a contract from an Indian company to execute a project in India
- The project must have secured the necessary regulatory clearances;
- The project is funded directly by inward remittance from abroad, or the project is funded by a bilateral or multilateral International Financing Agency, or a company or entity in India awarding the contract has been granted a term loan by a public financial institution or a bank in India for the project.



4. March 31 – Submit Annual Activity Certificate (AAC) to AD Category 1 Bank

Applicants from Bangladesh, Sri Lanka, Afghanistan, Iran, China, Hong Kong, Macau, or Pakistan desirous of opening a BO/LO/PO in India shall have to register with the State Police authorities.

- Registration with RoC is required as per the Companies Act, 2013
- BO/LO to obtain a Permanent Account Number from income tax authorities.

5. A foreign company, after establishment of its place of business in India, ought to get itself registered with the Ministry of Corporate Affairs (MCA) for it to be registered as an establishment of a foreign company in India. Necessary documents as prescribed by the Act shall be filed with the Registrar of Companies (RoC) within 30 days of establishment. Form FC-1 is to be supported with an attested copy of approval from the Reserve Bank of India under the Foreign Exchange Management Act and the rules and regulations thereunder or a declaration from the authorized representative of such foreign company that no such approval is required.

Exception: Prior RBI approval is required in the following cases:

- Applicant is a citizen of or is registered/incorporated in Pakistan;
- The applicant is a citizen of or is registered/incorporated in Bangladesh, Sri Lanka, Afghanistan, Iran, China, Hong Kong, or Macau, and the application is for opening a BO/LO/PO in Jammu and Kashmir, the Northeast region, and Andaman and Nicobar Islands;
- The principal business of the applicant falls in the four sectors, namely Defence, Telecom, Private Security and Information and Broadcasting (subject to certain relaxations) and
- The applicant is a Non-Government Organization (NGO), a Non-Profit Organization, or a body/agency/department of a foreign government.

OPERATIONAL ACTIVITIES OF THE COMPANY

UPON INCORPORATION

The following are the immediate post-incorporation activities that are required to be undertaken:

Bank Account	A bank account needs to be opened in the name of the company immediately upon incorporation
Inflow of Funds	The share capital as subscribed by the shareholders needs to be transferred from their bank accounts to the Company's bank account
Share Certificates	Share Certificates indicating the name of shareholders and the number of shares held needs to be issued by the Company within two months of incorporation
Commencement of Business	A company needs to make sure that the inflow of funds from the shareholders has been received in its bank account within 180 days of its incorporation and file a report relating to that to the ministry. Only after the reporting can the company commence its business activities and borrow monies if required.
Statutory Auditor	Every Company in India needs to appoint a Statutory Auditor within 30 days from its incorporation through the Board or within 90 days from incorporation through the Shareholders. The first term of Auditors will be till the first Annual General Meeting.
First Board Meeting	A Company needs to conduct its 1st Board Meeting within a period of 30 days from its incorporation. The Directors can participate in a meeting through Video Conferencing (VC). The VC Meeting is to be duly recorded and the recording needs to be retained by the Company. The Board meetings may also be conducted in physical mode, with the Directors attending in person and in this case there is no requirement to record the meeting.
Wholly Owned Subsidiary	If the holding company intends to have the Indian company as a wholly owned subsidiary, the beneficial ownership of shares held by the second shareholder can be transferred to the holding company so that the necessary reporting can be done to ensure that the Indian company becomes a wholly owned subsidiary.

ROUTINE ACTIVITIES

The company, after complying with the above-mentioned activities, shall ensure to perform the routine activities as indicated under the Indian Law:

Requirement	Details	Timeline
Board of Directors	The Company needs to have a valid Board, comprising of a minimum of 2 directors at any time, one of whom should be a resident in India [who stays in India for a total period of not less than 182 days during the financial year].	Throughout the Company's existence.
Financial Year	A private limited company is expected to follow the financial year of April to March of every year. In case a different financial year is followed by the holding company /at the group level, an application can be made to the Ministry of Corporate Affairs seeking a different period as financial year for consolidation purposes.	Throughout the Company's existence.
Board Meetings	A private limited company is required to conduct the board meeting once in every 120 days and at least 4 meetings should have been conducted in a year. The quorum for the meeting is two directors or 1/3rd of the strength of Board, whichever is higher. Meetings can be conducted through physical mode or through video conferencing mode. A director on the Board is required to attend at least one meeting in a span of 12 months. In case of failure to attend at least one meeting, his office would be deemed to be vacated on the expiry of 12 months. Certain key decisions relating to raising funds from existing shareholders, borrowings, investments, granting of loans and guarantees, approval of financial statements, and declaration of interim dividends can only be taken with the prior approval of the Board. Mode of approval differs for each item.	Within 120 days from the previous meeting of the Board

Requirement	Details	Timeline
General Meetings	Every company in India is required to conduct an Annual General Meeting (AGM) of the shareholders to take up the ordinary items prescribed in CA 2013. The quorum for the meeting is 2 shareholders for private companies. Proxies are not counted for the purpose of quorum. The AGM is required to be convened within 6 months of closure of every financial year. If the shareholders are body corporates, they have to be represented by authorised representatives at the AGM.Other than the ordinary items transacted at the AGM, a company can undertake activities like increase in authorized capital, issue of equity to new shareholders, alteration of charter documents, shifting of registered office from one state to another, change in financial year, change of name only after the prior approval of the shareholders. These approvals can be taken up as special items in the AGM or through an Extraordinary General Meeting (EGM) convened for this purpose.	Conduct the AGM within 6 months of fiscal year-end
Appointment of Auditors	A private limited company is required to appoint a Chartered Accountant in practice or an audit firm to undertake the audit of the financials of the Company for a period of 5 years.At the first AGM, upon recommendation of the Board, the auditors are eligible to be re-appointed. The return of appointment of statutory auditor is to be filed in Form ADT-1 with the MCA.	Within 15 days of AGM.

Requirement	Details	Timeline
Beneficial Ownership	If the shareholders of a company are non-individuals, the company must undertake an exercise to obtain a beneficial ownership declaration by following the provisions of CA 2013 and the Significant Beneficial Owner (SBO) needs to be identified and reported to the Ministry. In case there are changes in the SBO, this has to be reported within the prescribed timelines.	Within 30 days of receipt of the declaration from SBO
Declaration of interest by Directors	The directors will have to update the Board regarding the details of companies in which they hold directorship and / or shareholding in Form MBP-1. Any transactions with such companies where the directors are associated will be considered as related party transactions. The Board is required to be aware of the interest of the directors in other companies before undertaking any transactions.	At the first meeting of the Board in which he participates as a director, at the first Board meeting of every financial year and the Board meeting which happens after the change in interest
Financial Statements	The audited financial statements adopted by the shareholders at the AGM along with the audit report, Board's report and other disclosures are to be filed in Form AOC-4. Form AOC-4 is to be certified by a practicing professional (Company Secretary / Chartered Accountant / Cost Accountant) to confirm compliance with CA 2013.	Within 30 days of the AGM
Annual Return	Annual return in Form MGT-7 is to be filed where the details of directors, shareholders, and meetings of directors are provided in detail. A certification in Form MGT-8 is to be provided by a practicing Company Secretary in case of companies that cross the threshold limits.	Within 60 days from the AGM

Requirement	Details	Timeline
Directors' KYC	To be eligible to continue as Directors in a company, a Director is required to confirm their identity and address including contact details every year through the prescribed KYC process.	Every individual holding a Director Identification Number as on 31 March of a financial year must file Form DIR-3 KYC on or before 30 June of the immediately following every third consecutive financial year. Additionally, any change in the KYC information such as mobile number, email address, or residential address must be updated within 30 days of such change, along with the prescribed fee
Dues to Micro and Small Enterprises	Companies are required to pay their vendors who qualify as micro and small enterprises, as defined in the MSMED Act, 2006 within the prescribed 45 days timeline. Any delays in the timeline is to be reported through a half-yearly return filed with the Ministry of Corporate Affairs.	By 30 October of every year for the half year period of April to September. By 30 April of every year for the half year period of October to March
Return of Deposits	A private limited company is not allowed to accept any deposits from the public or unrelated parties without following the procedure given in the CA 2013. There are deposits which have been classified as 'exempted deposits' for which there are no procedural requirements for acceptance. The details relating to outstanding exempted deposits is to be filed in form DPT 3 every year.	Within 30 June of each year
Event based compliances	Any infusion of capital by a shareholder needs to be planned properly so that the Board and the shareholders can give the necessary approvals to do so. Funds cannot be transferred to the Indian Company's bank account without following the procedural requirements. Any corporate action taken by the company relating to the appointment of a director to the Board, special resolutions passed by the shareholders and the offer of further shares to raise funds are to be reported in prescribed forms under CA 2013.	Within 30 days of the event

Requirement	Details	Timeline
Statutory Registers and Books	The company is required to maintain its books of accounts, minutes, and statutory registers in the manner prescribed in the CA 2013. The statutory registers are to be authenticated by one of the Board of Directors as required under the law.	Promptly throughout the Company's existence



GOVERNANCE STRUCTURE

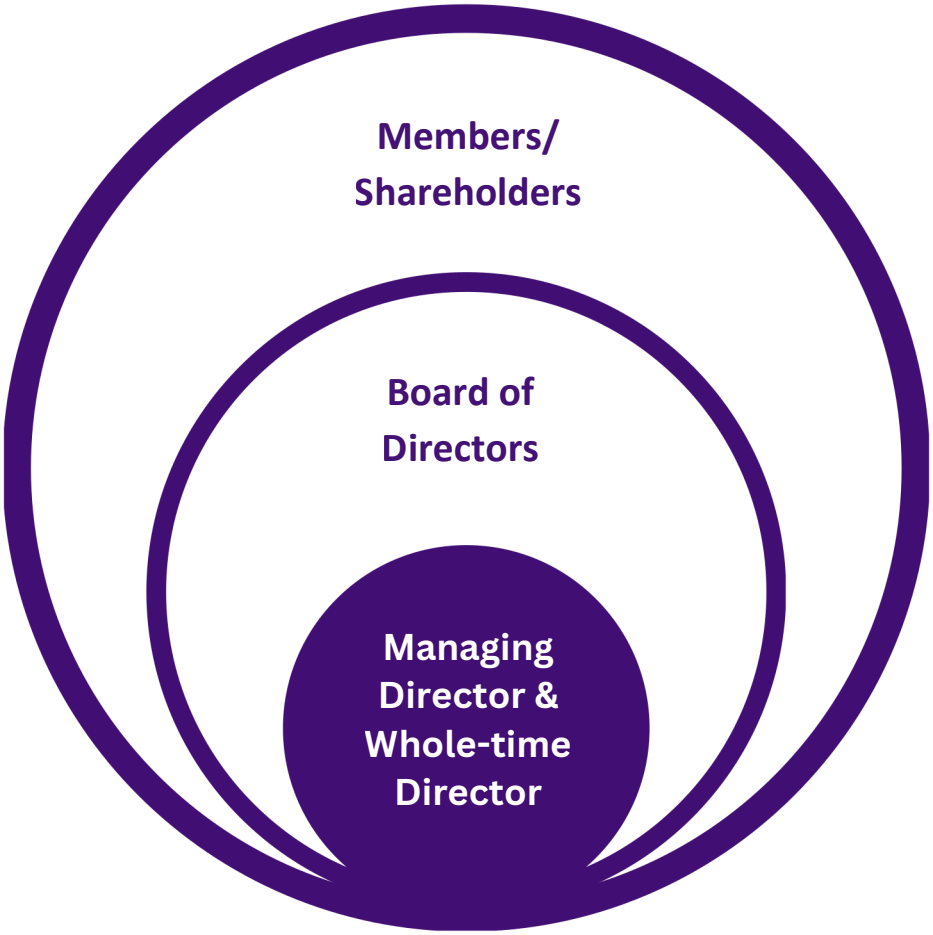


A private company needs to have at least two directors, and a public company must have at least three directors. A company can have a maximum of 15 directors. A company can have more than 15 directors provided a special resolution has been passed. A person appointed as a director will perform all the duties and functions of a director as per the provisions of the Companies Act, 2013 ("Act").

TYPES OF DIRECTORS ON BOARD IN A PRIVATE LIMITED COMPANY

- Managing Director—With substantial powers of Management
- Whole Time Director—Executive Capacity | Involved in Day-to-day operations of the Company
- Non-Executive Director—Director in non-executive Capacity

LEVELS OF DECISION MAKING IN A COMPANY



DUTIES, LIABILITIES AND ROLES OF DIRECTORS

Duties of Directors

The duties of directors have been listed in the Companies Act, 2013, as follows:

- to act in accordance with the articles of association of the company;
- to act in good faith in order to promote the objectives of the company and in the best interest of stakeholders;
- to exercise his duties with due and reasonable care, skills, and independent judgment;
- to not be involved in a situation in which his interest conflicts with the interest of the company;
- to not achieve or attempt to achieve any undue gain or advantage, either himself or through his relatives, partners or associates;
- to not assign his office, and any assignment so made shall be void.

It may be noted that if a director fails to perform his duties as mentioned above, he shall be punished with a fine of INR 100,000 to INR 500,000. Further, every director of a company who is aware of a contravention of the Companies Act or has consented to any such contravention shall be liable for the punishment prescribed for the contravention.

Liabilities of Directors

The directors, being officers of the company, are charged with liabilities in case they fail in fulfilling their duties that may have been spelled out in various legislations. Procedural non-compliance may result in civil liability, and in certain non-compliances where the intent of the individuals is of a criminal nature, criminal liability gets attracted, resulting in imprisonment. The liabilities of a civil nature include certain procedural non-compliances under the Companies Act where there may be a penalty/fine levied on the director individually. This will have to be paid for by the director from his own funds. Other legislation on the tax and labour laws also has penal provisions that may extend to the directors also.

Roles of Directors

Agent: A company is an artificial person and needs people on the board to run the business of the company on behalf of and for the welfare of the shareholders of the company. The director acts as an agent of shareholders and promotes the objectives of the company so that the company can earn profits and increase the intrinsic value of the share and the earnings of the company.

Employee: Any full-time director appointed by the Board of Directors and approved by the shareholders of the company acts as an employee of the company by managing the day-to-day affairs of the company. All the directors operate the company in the contours of employment letters issued by the Board of the Company.

Officer: The director is treated as the main officer of the company and shall be liable for penal consequences under various statutes if affairs of the company are not in compliance with the Companies Act, Income Tax Act, FEMA provisions, and other applicable legal statutes defined for various industries.

Trustees: The director is treated as a trustee of the company, and the money and property of the Company are entrusted to and vested in them only as trustees.



TAXATION



OVERVIEW OF THE INDIAN TAX FRAMEWORK

Tax is one of the key considerations for any business establishing operations in India. It affects not only the legal structure through which the business enters the country, but also pricing, cash flows, cross-border remittances, employee costs, vendor payments, inter-company arrangements and overall compliance management.

From a business perspective, India's tax system can broadly be divided into two categories: (i) direct taxes, which primarily include income-tax on business profits, capital gains and withholding tax obligations; and (ii) indirect taxes, primarily Goods and Services Tax (GST), which applies to the supply of goods and services.

In addition to these, foreign businesses operating in India must also evaluate cross-border tax issues such as transfer pricing, permanent establishment (PE) exposure, tax treaty relief, and the tax treatment of payments made to overseas group entities. Accordingly, taxation in India should not be viewed merely as a year-end return filing exercise. It is closely connected with the business's entry model, contractual arrangements, supply chain, funding structure, payroll setup and repatriation strategy.

India's new Income Tax Act, 2025 marks a major shift towards a simpler and more modern direct tax regime. It replaces the earlier framework with a more streamlined structure, clearer compliance provisions, and a stronger focus on ease of doing business, digital administration, and reduced litigation.

CORPORATE INCOME-TAX

Indian incorporated company

Where a foreign investor establishes business through an Indian incorporated company, such company is generally taxed in India as a domestic company. A domestic company is taxable in India on its global income, although in most practical cases the main taxable income would be profits earned from Indian operations. The tax rate applicable to an Indian company depends on the type of company and whether it has opted for a concessional tax regime. Broadly, domestic companies may be subject to the standard corporate tax rate, the 22% concessional regime for eligible domestic companies, or the 15% concessional regime for certain eligible new manufacturing companies. In addition to the base tax rate, surcharge and health and education cess may apply.

Foreign company / branch office taxation

If the business is carried on directly by a foreign company through a branch office, project office or other form of taxable presence in India, the foreign company may be taxed in India on income that accrues, arises or is deemed to accrue or arise in India. In such cases, the Indian tax exposure depends on the nature and extent of activities carried on in India. A foreign company may be taxable where it has a business connection or a permanent establishment in India and profits are attributable to such Indian operations. This is a key issue for foreign businesses that initially enter India without incorporating a subsidiary but still perform contracts, deploy personnel or maintain some form of operational presence in India.

WITHHOLDING TAX / TAX DEDUCTION AT SOURCE (TDS)

India has an extensive withholding tax system under which the payer is required to deduct tax at source on specified payments. This is one of the most important recurring compliance obligations for businesses in India. TDS applies not only to employee salaries, but also to a range of payments such as professional and consultancy fees, contractor payments, rent, interest, commission and brokerage, and certain payments to non-residents such as royalties, technical service fees, interest and other sums chargeable to tax in India.

From a business standpoint, withholding tax is a critical area because failure to deduct or deposit tax correctly can lead to interest and penalties, disallowance of expenditure for income-tax purposes in certain cases, delays in vendor or overseas remittances, and tax disputes with the authorities.

Payments to residents

For payments to resident vendors, professionals, contractors and employees, the Indian payer must determine whether the payment attracts TDS, the relevant withholding section, the applicable rate and threshold, the timing of deduction, the due date for deposit of tax, and the return filing or reporting requirement. This means that TDS should be embedded into the company's payroll and accounts payable process rather than handled as an afterthought.

Payments to non-residents

Cross-border payments require a separate layer of tax analysis. Payments from the Indian entity to the foreign parent or overseas group companies—such as management fees, royalties, software charges, interest, technical service fees or reimbursements—must be examined to determine whether the payment is taxable in India and whether withholding tax is required.

In these cases, the Indian payer must evaluate whether the amount is chargeable to tax in India under domestic law, whether the applicable tax treaty provides relief or a reduced rate, whether documents such as a Tax Residency Certificate (TRC), Form 10F or other declarations are required, and whether the payment could be characterised differently by the Indian tax authorities.

GOODS AND SERVICES TAX (GST)

Overview

GST is India's principal indirect tax and applies to the supply of goods and services. It is a destination-based tax and has replaced multiple earlier indirect taxes such as service tax, excise duty and most state VAT levies.

For a business operating in India, GST has a direct impact on customer invoicing, vendor procurement, contract pricing, working capital, recoverability of input taxes, and monthly or periodic compliance. GST should therefore be treated as an operational tax and not merely a return-filing requirement.

GST registration

Businesses making taxable supplies in India must evaluate whether GST registration is required. Registration may arise based on turnover thresholds, nature of supplies, inter-state operations, import of services, reverse charge obligations, or specific business models such as e-commerce or non-resident taxable supplies.

One practical feature of GST is that registration may be required state-wise. Accordingly, a business operating from multiple states may need separate GST registrations depending on where supplies are made from and how the business is structured.

Input tax credit and GST compliance

A key feature of GST is the input tax credit (ITC) mechanism, which allows businesses to offset eligible GST paid on procurements against GST payable on outward supplies. This is important because it directly affects the effective tax cost of doing business.

However, ITC is subject to conditions. The business must ensure that valid tax invoices are available, the supplier has complied with GST reporting requirements, the goods or services have been received, the credit is not blocked under GST law, and internal reconciliations are carried out on a timely basis. Accordingly, GST compliance in India requires not only correct invoicing and return filing, but also strong vendor management and reconciliation processes to protect credits and avoid disputes.

TRANSFER PRICING

India has a detailed transfer pricing regime applicable to transactions between associated enterprises, including transactions between an Indian company and its overseas group entities. The objective of transfer pricing rules is to ensure that related-party transactions are undertaken at arm's length, i.e., on terms that would have applied between unrelated parties.

Transfer pricing commonly becomes relevant where the Indian entity provides services to the foreign parent or affiliate; receives management, technical or support services from overseas group entities; pays royalty, licence fees or technology charges; buys or sells goods to related parties; borrows from or lends to group entities; or participates in cost-sharing or recharge arrangements.

This is one of the most important tax risk areas for multinational groups because it directly affects how much profit is reported in India. From a compliance perspective, transfer pricing generally requires identification of all covered related-party transactions, maintenance of supporting documentation and benchmarking, consistency between inter-company agreements and actual conduct, and prescribed reporting and certification where applicable.

PERMANENT ESTABLISHMENT (PE) AND BUSINESS CONNECTION EXPOSURE

A foreign company may become taxable in India even without incorporating a subsidiary if its activities in India create sufficient taxable nexus. This is generally analysed through the concepts of business connection under Indian domestic law and permanent establishment (PE) under an applicable tax treaty.

A PE may arise, depending on the facts, where the foreign enterprise has a fixed place of business in India, foreign personnel render services in India for a sufficiently long duration, a dependent agent in India habitually concludes contracts or plays the principal role leading to their conclusion, or a project or installation activity continues beyond the prescribed period under the relevant treaty.
This issue is particularly important for foreign businesses that send employees or senior management to India frequently, negotiate and execute Indian customer contracts through overseas personnel, operate in India initially through a branch-style model, undertake long-term project execution in India, or rely heavily on overseas personnel while maintaining a limited legal presence in India.

TAX TREATY RELIEF

India has entered into a wide network of Double Taxation Avoidance Agreements (DTAAs) with various countries. These treaties are relevant because they can reduce withholding tax rates on dividends, interest, royalties and fees for technical services; limit India's right to tax business profits unless the foreign enterprise has a PE in India; and provide relief from double taxation.
In practice, treaty relief is often important where the Indian company makes payments to the foreign parent or where the foreign company derives income from India directly. However, treaty benefits are not automatic and generally require satisfaction of documentation and eligibility conditions.

OTHER IMPORTANT TAX CONSIDERATIONS FOR FOREIGN BUSINESSES

Repatriation of profits

Once the Indian business becomes profitable, the foreign investor will usually look to repatriate funds to the parent group. Common repatriation routes include dividends, interest on shareholder or group debt, royalty or licence fees, management or technical service fees, and other inter-company charges or reimbursements. Each route has different tax implications in India from the perspective of withholding tax, transfer pricing, deductibility and treaty relief.

Capital gains and exit tax

Tax implications may also arise at the time of exit or internal restructuring. Share transfers, capital reduction, business transfer, offshore restructuring involving Indian assets and other exit events should be reviewed from an Indian capital gains tax perspective.

Funding structure

Where the Indian business is funded through a mix of equity and debt, the business should review the tax treatment of interest payments, deductibility limitations, transfer pricing implications and the withholding tax consequences of repayments to overseas group entities.

CONCLUSION

Taxation is a critical component of doing business in India because it affects entity structuring, pricing, cross-border remittances, procurement, payroll, profit repatriation and long-term compliance management. For foreign investors, the Indian tax framework should be evaluated not only from the perspective of corporate tax rates, but also with reference to withholding tax, GST, transfer pricing, PE exposure and treaty access.

A well-planned tax structure at the set-up stage can significantly reduce future tax disputes, avoid unnecessary cash leakages and support smoother business operations in India. Businesses entering India should therefore align their legal structure, inter-company arrangements, vendor processes and finance systems with the intended Indian tax position from the outset.

LABOUR LAW



LABOUR LAW LANDSCAPE IN INDIA

India's labour and employment framework is a key legal and operational consideration for any business setting up in the country. It governs the employment relationship, wages, social security, working conditions, employee welfare, industrial relations and certain establishment-level registrations. Labour is a subject in the Concurrent List of the Constitution of India, which means that both the Central Government and State Governments can legislate on labour matters. Accordingly, employers in India must assess not only central labour legislation but also state-specific laws, rules, notifications and local compliance requirements applicable to the location of their offices, warehouses, factories or other establishments.

India's labour law regime historically consisted of a large number of separate central statutes dealing with wages, provident fund, employee state insurance, industrial disputes, factories, contract labour, gratuity, maternity benefit and other employment matters. To simplify the framework, 29 central labour laws have now been consolidated into four Labour Codes. As per the Ministry of Labour & Employment, these four Labour Codes were made effective from 21 November 2025. The Codes are intended to rationalise definitions, reduce fragmentation in compliance and create a more modern labour law architecture, while continuing to protect employee rights and welfare.

THE FOUR LABOUR CODES

The principal central labour law framework comprises the following four Labour Codes:

- Code on Wages, 2019
- Industrial Relations Code, 2020
- Code on Social Security, 2020
- Occupational Safety, Health and Working Conditions Code, 2020

Together, these Codes regulate wages, social security, industrial relations and working conditions. However, in practice, businesses must continue to monitor subordinate rules, implementation notifications and state-level requirements, since labour compliance in India remains partly decentralised.

KEY LABOUR LAW THEMES RELEVANT FOR BUSINESSES

From a 'Doing Business in India' perspective, labour law compliance should be viewed across the entire employee lifecycle rather than as a payroll-only exercise. The principal areas relevant to an employer are summarised below.

Employment documentation and workforce structuring:

Employers should issue clear appointment letters or employment contracts to employees in India. These typically set out designation, compensation structure, probation, leave entitlements, working hours, confidentiality, intellectual property, code of conduct expectations, termination provisions and other service conditions. Businesses should also consider whether they will engage employees, fixed-term employees, consultants, secondees or contract labour, as the legal and compliance consequences may differ depending on the nature of engagement.

Wages and payroll compliance

The Code on Wages, 2019 governs minimum wages, payment of wages, bonus and equal remuneration principles. Employers are required to ensure that employees are paid at least the applicable minimum wage, where relevant, and that wages are paid within the prescribed timelines. Salary structures should be reviewed carefully because the statutory definition of 'wages' can affect not only minimum wage compliance but also the base for certain social security and terminal benefit calculations. Payroll processes should also address overtime, authorised deductions, payslips and maintenance of wage records.

In India, minimum wages are not uniform across the country. They may vary depending on the State, skill category, scheduled employment, nature of work and type of establishment. As a result, a company with operations in more than one State may need to evaluate different wage thresholds and compliance requirements for different employee categories.

Social security and employee benefits

The Code on Social Security, 2020 consolidates major social security legislation and is one of the most important compliance areas for employers in India. The social security framework typically covers provident fund, employee state insurance, gratuity, maternity benefits and employee compensation. For businesses commencing operations in India, these obligations should be factored into payroll design and employment cost planning from the outset.

Key social security items generally include:

- **Provident Fund (PF):** Monthly employer and employee contributions for covered establishments and eligible employees, together with registration, deduction, deposit and filing obligations.
- **Employee State Insurance (ESI):** Medical and related social security coverage for eligible employees within the prescribed wage threshold, along with employer registration and contribution requirements.
- **Gratuity:** Statutory terminal benefit payable to eligible employees upon separation, subject to completion of the prescribed period of continuous service and other legal conditions.
- **Maternity benefits:** Paid maternity leave and related protections under applicable law, along with ancillary obligations such as crèche requirements where prescribed.
- **Employee compensation / injury-related protections:** Compensation obligations may arise in certain cases, especially where ESI coverage is not available.

Working conditions, health and safety

The Occupational Safety, Health and Working Conditions Code, 2020 is particularly relevant for factories, warehouses, logistics operations, project sites and other establishments where safety, welfare facilities and working condition standards are critical. The Code covers matters such as working hours, weekly rest, leave, welfare provisions, cleanliness and ventilation, occupational safety, contract labour and certain registration or licensing requirements. Businesses with manufacturing or labour-intensive operations should specifically

review whether additional obligations are triggered in relation to workplace safety, contractor engagement, welfare facilities or operational approvals.

Industrial relations and employee exits

The Industrial Relations Code, 2020 deals with trade unions, standing orders and industrial disputes. It becomes especially relevant for businesses with a large workforce, unionised operations or significant blue-collar / worker populations. This area of law can affect disciplinary processes, layoffs, retrenchment, closure of undertakings, negotiation with employee representatives and dispute resolution. Workforce restructuring and termination exercises in India should therefore be reviewed carefully to determine whether special procedural requirements apply.

STATE-SPECIFIC LABOUR LAW COMPLIANCE

Although the central Labour Codes are now the primary federal framework, state-level compliance remains highly relevant. For commercial establishments such as offices, service centres, consulting entities, trading businesses and back-office operations, one of the most important local laws is the relevant State Shops and Establishments legislation. These laws typically regulate registration of the establishment, opening and closing hours, weekly holidays, leave, maintenance of records, display requirements and certain employment conditions for commercial establishments.

Because each State has its own Shops and Establishments law and related rules, compliance requirements can differ across locations. For example, a business operating in Maharashtra, Karnataka and Tamil Nadu may need to separately review establishment registration requirements, leave rules, notice displays and working-hour related conditions in each State.

OTHER IMPORTANT EMPLOYMENT COMPLIANCES

Prevention of sexual harassment at the workplace

Separate from the Labour Codes, employers in India must also comply with the law on prevention of sexual harassment at the workplace (commonly referred to as the POSH law). Depending on the size and structure of the workforce, this may require constitution of an Internal Committee, adoption of a POSH policy, awareness programmes, complaint-handling procedures and annual reporting compliance.

Contract labour and vendor management

Where manpower is engaged through third-party staffing vendors or contractors, the principal employer should not assume that all labour law exposure rests solely with the contractor. Indian labour law may place obligations on the principal employer in relation to contract labour engagement, licensing, welfare and monitoring of statutory remittances. Businesses should therefore maintain appropriate contracts, indemnities and periodic compliance checks for labour vendors and staffing agencies.

CONCLUSION

India's labour law regime is broad and compliance-intensive, but it is manageable with proper planning and implementation. For businesses setting up in India, labour compliance should be viewed as a combination of employment structuring, payroll and social security compliance, establishment-level registrations, workplace policy implementation and ongoing governance. While the four Labour Codes have streamlined the central legislative framework, employers must continue to account for state-specific rules, local establishment laws and practical implementation requirements. A well-planned labour compliance framework at the start of operations will support smoother scale-up and reduce legal and operational risk. Therefore, a business entering India should therefore take an integrated approach involving HR, payroll, legal and finance teams. Early-stage review of employment models, benefit structures, statutory registrations and local policies can significantly reduce implementation risk and help avoid corrective action later.

STAMP DUTY RATES



CENTRAL RATES

Activity	Percentage of Stamp Duty	How/Where to pay
On issue of Shares and Debentures – Issue of Share Certificates to Subscribers to Memorandum and on further allotments	0.005%	Collecting Agents (RTA/STA) to be notified by the Govt.
Transfer of Shares	0.015%	Collecting Agents (RTA/STA) to be notified by the Govt.

STATE RATES

Registration & Stamp Duty

- Stamp duty and registration charges play a significant role in property registration. It is a charge that is to be paid when the property is bought. The state government imposes the stamp duty and registration charges at the property transaction. This value varies from one state to another.
- In India, the governing law for the control of rent and the protection of the rights of landlords and the rights of tenants isthe Rent Control Act.
- In addition, a rental agreement in writing shall be executed by the two parties enumerating all the terms and conditions of tenancy and shall be duly stamped and registered.

INTELLECTUAL PROPERTY RIGHTS



Intellectual property protection is highly critical for companies in the formation stage and in business activities —be it manufacturing or trading activities.

Intellectual property rights allow the creators or owners to benefit from their works when these are exploited commercially. These rights are statutory rights governed in accordance with the provisions of the corresponding legislation. It rewards creativity and human endeavour, which fuel the progress of humankind.

Intellectual property is classified into seven categories, i.e.,

- Patent
- Industrial Design
- Trademarks
- Copyright
- Geographical Indications
- Lay out designs of integrated circuits
- Protection of undisclosed information/trade secrets according to TRIPs agreements.

TRADEMARKS

- Trademarks help protect the distinctive identification that makes up the marketing identity of a brand.
- They can be registered by their founder/user nationally as well as internationally, thus enabling him to use such marks on his products along with the symbol "®," which reflects the registration status of the symbol.
- Trademark rights can be enforced through court proceedings wherein relief in the form of injunction and/or damages is available.
- Trademarks can be registered for a period of 10 years at a time and further extended by 10 years as part of renewal.
- The trademark law is framed to protect 'words,' 'symbols,' etc. that help the consumers identify and distinguish the goods and services of different manufacturers and service providers.

Registration of Trademark

Step 1: Trademark Search: This step is very crucial before filing for trademark registration because conducting a detailed search will help a trademark owner to know whether their trademark is unique and distinct in nature and also check whether there is any similar or identical mark already existing or not.

Step 2: Filing an Application: After conducting a search comes the process of filing the application for registration. The application must be filed in Form TM-A either online from IP India's official website or physically at the Trademark Registry Office according to one's jurisdiction.

Step 3: Examination Process: Once the application is filed, it will be thoroughly examined by the Registrar, who will prepare an examination in writing and will send a copy of it to the applicant within 30 days to let them know whether the Registry wants to refuse or conditionally accept the application and shall also include the materials by which he came to such a decision. The applicant, within 30 days of receiving the examination report, must file a reply, stating all the defenses along with evidence against the objection raised by the trademark office.

Step 4: Post-Examination Procedures: Once the applicant files the reply to the examination report, the examiner, if he/she wants, can arrange a hearing if for any reason he/she is not satisfied with the reply sent by the applicant or if the reply is not able to fulfil the purpose of the objection stated in the report. After the hearing process, if the examiner is fully satisfied, they can accept the mark and forward it for publication in the Trademark Journal or can refuse the application if any objection is still there.

Step 5: Publication of the Trademark Application: After the examiner has accepted the application, it will be published in the Trademark Journal, which will remain there for 4 months. Advertisement of such an application is done so that within the time period stated above, any third party can see it and, if they want, can file an opposition against the applicant. Every Monday the Journal is updated with new accepted trademark applications.

Step 6: Registration: The last step in the registration procedure is to get the certificate of registration.

PATENTS

- Patents are conferred in order to grant protection to certain new products, processes, apparatus, etc., provided the invention involved in it is non-obvious in nature in light of what already exists or has already been done before, it is not in the public domain, and it has not been disclosed anywhere in the world at the time of the application for grant of patent.
- The invention involved must have a utility, i.e., a practical purpose. Patents are territory-specific and thus are registrable nationally. However, the patents granted by the European Patent Office are regarded as a 'bundle' of national patents.
- Also, there is not yet any single EU-wide patent system that exists to date. Registration of a patent provides its owner the right to prevent anyone else (other than the licensed user) from making, using, selling, or importing the invention for 20 years from the date of the grant of the patent. Patents are enforced by court proceedings.

Registration of Patent

Step 1: Patent Search: This is the first step of the patent filing procedure in India and is conducted worldwide to determine the novelty of an invention.

Step 2: Drafting Patent Specification: After conducting thorough searches worldwide, the specification of the invention is written in techno-legal language. The specification outlines the field of invention, a detailed description of the invention with working examples, and the best method to use the invention.

Step 3: Patent Application Filing: The drafted provisional or complete specification is filed in Form 2, while the patent application form is filed in Form 1 as prescribed by the Indian Patent Act. If a provisional patent specification is filed, then within 12 months of its filing, a complete specification has to be filed with the inventor's claims.

Step 4: Patent Publication for Public Opposition: Once the patent application process is complete, then after the expiry of 18 months from the date of patent filing or date of priority, whichever is earlier, the patent is published in an official journal and is open for public viewing and inspection. This provides an opportunity for the general public to raise an objection to the patent on valid grounds.

Step 5: Requesting Patent Examination: The request for examination has to be filed within 48 months of the patent filing date or date of the priority. The patent examiner examines a patent application and issues an examination report.

Step 6: Grant of a Patent: After all objections to the examination report have been replied to and the examiner is satisfied with the reply of the applicant, the application is put in order for a grant of patent registration.

INDUSTRIAL DESIGNS

Design means only the features of shape, configuration, pattern, ornament, or composition of lines or color or a combination thereof, applied to any article, whether in two-dimensional or three-dimensional or in both forms, and by any industrial process or means, whether manual, mechanical, or chemical, separate or combined, which in the finished article appeal to and are judged solely by the eye, but does not include the following:
any mode or principle or construction or anything that is in substance a mere mechanical device, any trademark as defined in the Trademark Act, 1999, any property mark as defined in the Indian Penal Code, or any artistic work as defined by the Copyright Act of 1957.

- A few examples of design will include the design of the iPod, Tetra Paks for juices and milk, etc.
- Registration of a design helps in protecting the products, which can be distinguished by their mere novel shape or pattern.
- However, the requirement for registration is that such a design itself must be new, and thus the element of novelty is of the essence for design registration.
- Design is registrable both nationally and under the EU-wide single registration.
- The duration of the registration of a design is initially 10 years from the date of registration. This initial period of registration may be extended for a further period of 5 years on an application made in the prescribed form accompanied by prescribed fees to the Controller before the expiry of the said initial period of ten years.

COPYRIGHTS

The original creators of products and anyone they give authorization to are the only ones with the exclusive right to reproduce the work. The term of copyright in India is, in most cases, the lifetime of the creator plus 60 years thereafter. Under Indian law, registration is not a prerequisite for acquiring a copyright in a work.

No assignment of copyright shall be valid unless such assignment is in writing and signed by the assignee and the assignor. Such an assignment ought to identify:

- the work and the rights assigned,
- the territorial extent and,
- the duration of the assignment.
- When the territorial extent and the duration of the assignment have not been specified, it is deemed that the assignment extends to the territory of India and the duration of the assignment is for a period of five years.
- A few examples of copyrights are literary works, music works, sound recordings, and cinematographic films.

TRADE SECRETS

A trade secret is considered confidential business information that offers a competitive commercial advantage to the business. A trade secret can be a manufacturing or commercial secret. Trade secret can be in the form of a process, formula, design, practice, pattern, instrument, or compilation of info.

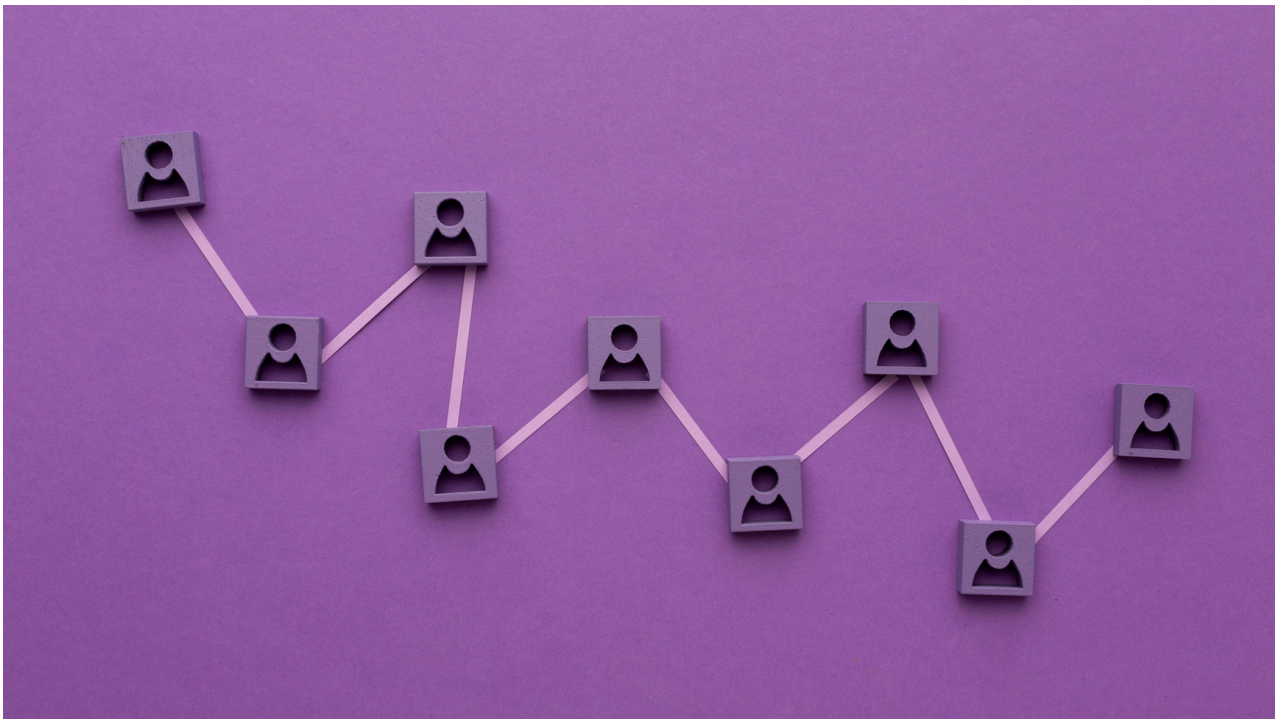
Confidential information and trade secrets are protected under common law, and there are no statutes that specifically govern the protection of the same. In order to protect trade secrets and confidential information, watertight agreements should be agreed upon, and they should be supported by sound policies and procedures.

To be qualified as a trade secret, an information should possess the following:

- The information should be valuable commercially, and people externally are unaware of it.
- Only a limited group of people have the authorization to know about it.
- The respective authority takes reasonable steps to conceal the information by using non-disclosure agreements and other confidentiality agreements for business partners and employees.

There is no such specified law for the protection of trade secrets in India, but agreements can be made to sign so that the potentially important information cannot be leaked out. A person can be contractually bound to not disclose any information that is told to him in confidence. But also, confidential information cannot be defeated by the fact that it is known and open to the public at large. A person can be sued for violating the non-disclosure agreement for damages.

In cases where the trade secret is in a physical form like blueprints, secret files, etc., a strict security system should be in place so that this kind of information never leaves the custody of the actual holder of such information. Electronic security checks like firewalls, viruses, and all kinds of protection should be used so that any secret information in the form of a soft copy does not get leaked anywhere else, which affects the working of the firm.



VISA REGULATIONS



BUSINESS VISA

Eligibility

A Business visa is granted to a foreigner for the following purposes:

- Foreign nationals who wish to visit India to establish an industrial/business venture or to explore possibilities to set up an industrial/business venture, other than proprietorship firms and partnership firms, in India.
- Foreign nationals coming to India to purchase/sell industrial products, commercial products, or consumer durables. Foreign nationals coming to India for technical meetings/discussions, attending board meetings, or general meetings for providing business services support.
- Foreign nationals are coming to India for recruitment of manpower.
- Foreign nationals who are partners in the business and/or functioning as directors of the company. Foreign nationals coming to India for consultations regarding exhibitions or for participation in exhibitions, trade fairs, business fairs, etc.
- Foreign buyers who come to transact business with suppliers/potential suppliers at locations in India, to evaluate or monitor quality, give specifications, place orders, negotiate further supplies, etc., relating to
- goods or services procured from India.
- Foreign experts/specialists on a visit of a short duration in connection with an ongoing project with the objective of monitoring the progress of the work, conducting meetings with Indian customers, and/or providing technical guidance.

- Foreign nationals coming to India for pre-sales or post-sales activity do not amount to the actual execution of any contract or project.
- Foreign trainees of multinational companies/corporate houses coming for in-house training in the regional hubs of the concerned company located in India.
- Foreign nationals coming as tour conductors and travel agents and/or conducting business tours of foreigners or business relating to it, etc.
- Foreign academicians/experts coming under GIAN (Global Initiative for Academic Networks).
- Crew members of scheduled/non-scheduled flights operated by scheduled airlines, non-scheduled and chartered flights operated by non-scheduled airlines, and special flights.
- Foreign nationals intending to visit India to participate in cultural events/activities with remuneration. [Such foreign nationals intending to visit India to participate in cultural events/activities for short duration without remuneration may be granted Entry (X-Misc.) Visa.]
- Foreign nationals who are engaged in commercial sports events in India on contract (including coaches), like the Indian Premier League, the Indian Soccer League, etc., with remuneration. They may be granted a 'B-Sports' Visa with a multiple-entry facility for an appropriate period. Such a foreign national shall comply with all the statutory obligations, like payment of taxes, etc.

Conditions for grant of Business Visa

- The foreign national should be a person of assured financial standing (sufficient proof of his/her financial standing and expertise in the field of intended business will be checked thoroughly while granting the visa).
- The foreign national should not be visiting India for the business of money lending, for running a petty business or petty trade, for full-time employment in India, etc.
- The foreign national shall comply with all other requirements, like payment of tax liabilities, etc.

Validity of Business Visa

The validity of a business visa varies from country to country.

Registration

All business visa holders are required to register themselves with the FRRO/FRO concerned in case the aggregate stay in India on a business visa exceeds 180 days during a calendar year.

EMPLOYMENT VISA

Eligibility

An employment visa is granted to a foreigner who is a highly skilled and/or qualified professional. Employment Visa shall not be granted –

- for jobs for which qualified Indians are available and
- for routine, ordinary, or secretarial/clerical jobs.

An employment visa is not granted to a citizen of Pakistan. The foreign national being sponsored for an employment visa in any sector should draw a gross salary in excess of USD 25,000 per annum. However, this condition of an annual floor limit on income will not apply to such persons as prescribed in the law.

The salary threshold limit of USD 25,000 per annum will be worked out taking into account the salary and all other allowances paid to the foreign national in cash and also perquisites, which are included in the salary for the purpose of calculating income tax. Such perquisites should be quantified and indicated in the employment contract.

Note: (1) In case of foreign nationals coming on employment visas for a period of less than one year, the minimum salary requirement will be worked out on a pro rata basis. (2) Foreigners employed in BPO/ITES are not eligible for exemption from the annual threshold income limit.

Other foreign nationals eligible for employment visas

- Foreign nationals coming to India as consultants on contract for whom the Indian company pays a fixed remuneration (this may not be in the form of a monthly salary).
- Foreign artists are engaged to conduct regular performances for the duration of the employment contract given by hotels, clubs, and other organizations.
- Self-employed foreign nationals coming to India to provide engineering, medical, accounting, legal, or other highly skilled services in their capacity as independent consultants, provided the provision of such services by foreign nationals is permitted under law.
- Foreign engineers/technicians coming to India for installation and commissioning of equipment/machines/tools in terms of the contract for the supply of such equipment/machines/tools.
- Foreign nationals deputed to provide technical support/services and transfer of know-how/services for which the Indian company pays fees/royalties to the foreign company.
- Foreign journalists, who intend to travel to India to work in Indian media organizations.
- Employees/managers coming to India for non-journalistic activities within media organizations.
- Such other persons as prescribed by law.

Duration of Employment Visa/ Registration requirements / extension of Employment Visa (Other than Japanese nationals)

(a) Duration of Employment Visa

Category	Duration of Employment Visa
(i) A foreign technician/expert coming to India in pursuance of a bilateral agreement between the Government of India and the foreign government, or in pursuance of a collaboration agreement that has been approved by the Government of India	Duration of the agreement or for a period of five years, whichever is less, with multiple entry facilities
(ii) Highly skilled foreign personnel being employed in the IT software and IT enabled sectors	Up to three years or term of assignment, whichever is less, with multiple entry facilities
(iii) Foreigner coming for employment not covered in (i) or (ii) above	Up to 2 (two) years or the term of assignment, whichever is less, with multiple entry facility

Registration

If the employment visa is valid for a period of more than 180 days, the foreign national concerned should register with the FRRO/FRO concerned within 14 days of arrival. In the case of an Employment Visa issued for a period of 180 days or less, registration is not required with FRRO/FRO.



RESOLUTION OF DISPUTES



Dispute Resolution Mechanisms

As is the practice worldwide, India also prescribes judicial and quasi-judicial as well as other alternate dispute resolution methods. Besides courts, in certain cases, other forums such as tribunals and administrative bodies are approached for the resolution of disputes. Arbitration is also a well-settled mode for resolving commercial disputes in India.

TRADITIONAL DISPUTE RESOLUTION MECHANISMS –JUDICIAL FORUMS

The judicial forums for dispute resolution in India comprise primarily traditional courts and tribunals.

India has a unified judicial system with the Supreme Court of India as the apex judicial authority in India. The High Courts of each state or group of states follow the Supreme Court in the hierarchy of courts. Beneath the High Courts are the subordinate courts that are classified based on the location, subject matter, and value involved in the disputes that such courts can adjudicate upon.

To increase the efficacy of commercial dispute resolution, 'commercial disputes' of a 'specified value' are to be heard by such special courts. The Commercial Courts shall have the jurisdiction to adjudicate upon all commercial disputes related to general commercial contracts, intellectual property rights, shareholder agreements, joint venture agreements, contracts relating to movable and immovable property, etc.

In addition to traditional courts and special courts, the Indian judicial system also has dedicated tribunals, set up under specific domains, to facilitate the speedy dissemination of justice by individuals qualified in such fields. These include the National Company Law Tribunal, the Income Tax Appellate Tribunal, the Copyright Board, the Securities Appellate Tribunal, the Competition Commission of India, and others.

Various Remedies Sought

As part of the dispute resolution process in India, there are several reliefs that can be sought by an aggrieved party depending upon the facts and circumstances of each matter. Here is a brief overview of the common remedies available under Indian law:

Interim Relief

Due to heavy caseload and other factors, legal proceedings initiated before courts can often take inordinate amounts of time before final resolution. Thus, it is common for the plaintiff to apply for urgent interim relief. Interim orders are those orders that are passed by the court during the pendency of a suit or proceeding and that do not determine the substantive rights and liabilities of the parties in respect of the subject matter of the suit or proceeding. However, the grant of an interim order is a matter of discretion of the court.

Specific Relief

Specific relief is provided to an aggrieved party through an order of 'specific performance.' Specific performance is an order of the court that requires a party to perform a specific act in accordance with the concerned contract. The aggrieved party may approach a court for specific performance of a contract. The Court will direct the party in breach to fulfill, as per the contract, their part of the obligations that are capable of being specifically performed.

Damages

Apart from the relief of specific performance, parties can choose the remedy of damages upon a breach of contract. The goal of seeking damages is to provide reparation to the injured party through the remedy of money to compensate for tangible and intangible losses caused by a breach.

ALTERNATIVE DISPUTE RESOLUTION MECHANISMS

In addition to the traditional courts, Alternate Dispute Resolution ("ADR") mechanisms are also extensively relied upon in India, especially with respect to commercial disputes. The various ADR mechanisms in India are:

Dispute Resolution by Arbitration

Due to the huge pendency of cases in courts in India, there was a dire need for effective means of alternative dispute resolution. India is also party to the New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards, 1958 ("NYC"), which means that an arbitral award given in India can be enforced in any of the NYC countries and vice versa.

Under the Arbitration & Conciliation Act, an arbitral award will be final and binding on the parties and can be challenged only on limited grounds and in the manner prescribed. The mediator/conciliator shall attempt to facilitate the voluntary resolution of the dispute(s) by the parties, communicate the view of each party to the other, assist them in identifying issues, reduce misunderstandings, clarify priorities, explore areas of compromise, and generate options in an attempt to solve the dispute(s), emphasizing that it is the responsibility of the parties to take the decision that affects them; he shall not impose any terms of settlement on the parties.

Mediation and Conciliation

Mediation is a process of resolving issues between parties wherein a third party assists them in arriving at an agreement. The third party acts as a facilitator, and the agreement between the parties will be enforced by law. Conciliation is an alternate dispute resolution method in which an expert is appointed to settle the dispute by persuading parties to reach an agreement.

Certain government bodies and government companies also have in-house dispute redressal systems where certain disputes may be referred for adjudication. With constantly evolving and improving judicial machinery, any apparent loopholes are being plugged at the earliest by India.

OUR PERSPECTIVE

From an India-entry and long-term GCC strategy standpoint, the South India comparison reveals a clear inflection point in India's GCC evolution. The region is no longer competing purely on cost arbitrage but rather on ecosystem maturity, execution speed, sector depth, and long-term scalability. Below is our analytical view of the landscape.

TALENT WARS IN BENGALURU: SCALE VS SUSTAINABILITY

Bengaluru remains India's most mature and innovation-dense GCC ecosystem. However, maturity has triggered intensity:

- Escalating compensation benchmarks in AI, data, product engineering, and semiconductor design
- Higher attrition rates due to lateral movement across 1,500+ GCCs and startups
- Leadership hiring premiums

For advanced engineering and global mandate roles, Bengaluru remains unmatched. But for large-scale transactional or cost-sensitive GCC expansions, the talent competition environment materially impacts long-term cost predictability. In February 2026, Hyderabad has overtaken Bengaluru to become the leading destination for GCCs in India, supported by cost advantage, infrastructure, and a pro-business ecosystem, according to a study by UnearthIQ.

Our view: Bengaluru is ideal for capability-led GCCs; cost-led GCCs must adopt a hub-and-spoke model.

INFRASTRUCTURE SATURATION VS EXPANSION CAPACITY

Urban infrastructure stress, like traffic congestion, longer commute times, pressure on utilities, etc., is most visible in Bengaluru, and to a growing extent in Hyderabad. In contrast, Chennai benefits from:

- Established industrial corridors
- Port connectivity
- Manufacturing-linked infrastructure

However, Chennai faces periodic climate resilience challenges (flooding risks), which global firms now factor into risk assessments.

Our view: Infrastructure readiness is no longer just about metro lines; it is about urban resilience, transport efficiency, and scalability headroom. Hyderabad and Chennai currently offer more expansion elasticity than Bengaluru.

POLITICAL STABILITY & POLICY CONTINUITY

South India, broadly, offers stronger policy continuity compared to several other Indian regions. However, differentiation matters:

- **Telangana** has positioned itself around speed-to-market governance and investor responsiveness.
- **Tamil Nadu** demonstrates policy depth tied to manufacturing and industrial continuity across administrations.
- **Karnataka** benefits from ecosystem inertia. GCC momentum sustains investment flows irrespective of short-term policy changes.
- **Andhra Pradesh** presents emerging ambition but requires stronger ecosystem reinforcement to compete with established hubs.
- **Kerala** represents a stable and niche capability centers, with strong human capital fundamentals.

Our view: For global boards evaluating geopolitical and policy risk, South India scores favorably. The differentiator is not stability, it is administrative efficiency.

URBAN CONGESTION & QUALITY OF LIFE AS A STRATEGIC VARIABLE

Workforce decisions are increasingly lifestyle-driven. Congestion in Bengaluru is influencing:

- Hybrid work adoption
- Satellite office strategies
- Tier-2 hiring pilots

Hyderabad currently offers a better commute-to-compensation balance. Chennai provides affordability advantages. Emerging cities like Coimbatore and Visakhapatnam offer superior livability but require ecosystem deepening.

Our view: Quality of life is becoming a competitive differentiator in GCC location strategy, especially for mid-career talent retention.

THE TIER-2 READINESS QUESTION

Tier-2 expansion across South India (Coimbatore, Madurai, Mysuru, Visakhapatnam, Warangal) is strategically attractive, but execution varies.

Strengths:

- Lower real estate and wage costs
- Engineering graduate pipelines
- Lower attrition rates

Constraints:

- Limited leadership talent pools
- Smaller vendor ecosystems
- Air connectivity limitations in certain cities

Our view: Tier-2 is not a replacement strategy; it is a portfolio diversification strategy. Mature GCCs should adopt a dual-location model: Tier-1 for strategic functions, Tier-2 for scalable delivery and cost optimization.

THE STRUCTURAL SHIFT: FROM COST TO CAPABILITY

The most important insight from this document is structural:
South India's GCC landscape is transitioning from:
Cost Arbitrage → Capability Ownership → Global Mandate Leadership

- Karnataka leads in innovation depth.
- Tamil Nadu integrates manufacturing and engineering R&D.
- Telangana optimizes for execution speed and business friendliness.
- Andhra Pradesh competes on emerging cost advantage.
- Kerala positions itself around cost stability, digital talent quality, and sustainable mid-scale growth with strong human development fundamentals.

This is no longer a binary cost comparison, it is a strategic portfolio decision.

STRATEGIC CONCLUSION

From a thought leadership standpoint, we believe:

- Bengaluru remains the capability capital, but with rising cost and congestion premiums.
- Hyderabad offers the best balance of cost, speed, and scale today.
- Tamil Nadu presents a differentiated manufacturing-R&D convergence model that is under-appreciated globally.
- Andhra Pradesh is a watch-list market with cost upside, but ecosystem build-out is pending.
- Kerala represents a stable, quality-of-life-driven alternative

FUTURE OUTLOOK (NEXT 5-7 YEARS)

GOALS & MISSION SOUTH INDIA: FROM BACK-OFFICE TO GLOBAL CAPABILITY NERVE CENTRE

Over the next five to seven years, South India's GCC landscape will undergo structural transformation. The region is no longer positioned as a cost-efficient support destination; it is steadily becoming a global capability nerve centre, anchoring design, AI, engineering R&D, and end-to-end product ownership for multinational enterprises.

Below is our forward-looking view.

TIER-2 CITIES: FROM COST ARBITRAGE TO STRATEGIC EXTENSIONS

The next GCC growth wave will not be confined to metros like Bengaluru, Hyderabad, and Chennai. Tier-2 cities such as Coimbatore, Kochi, Mysuru, Visakhapatnam, Madurai, Kozhikode, and Warangal are likely to see:

- Satellite GCC centres and delivery hubs
- Engineering services and digital operations scaling
- Higher retention-driven hiring strategies
- University-linked talent development models

As congestion and wage inflation intensify in Tier-1 cities, companies will adopt hub-and-spoke operating models, with Tier-1 for strategic leadership and Tier-2 for scalable execution. Tier-2 cities could account for 20–30% of incremental GCC hiring in South India by 2030.

AI & DEEP-TECH GCC EVOLUTION

India's GCC narrative is shifting decisively toward AI, data science, semiconductor design, and cybersecurity.

- Bengaluru will consolidate its leadership in AI research, product innovation, and semiconductor R&D.
- Hyderabad is positioning itself as a fast-scaling AI and cloud services hub.
- Chennai is emerging in automotive electronics, embedded systems, and hardware-linked deep tech.
- Kerala (Kochi–Thiruvananthapuram corridor) is building momentum in cybersecurity, AI applications, digital public infrastructure integration, and niche deep-tech services, well-suited for specialized, high-skill capability centres.

Over the next 5–7 years, more GCCs will transition from analytics support roles to:

- Proprietary AI model development
- Global data governance centres
- Advanced simulation and digital twin labs
- Cyber resilience command centres

India will host not just AI implementation teams, but AI product and platform ownership mandates.

MANUFACTURING-GCC CONVERGENCE

South India holds a unique structural advantage: strong manufacturing clusters.

- Automotive and EV ecosystems in Tamil Nadu
- Aerospace and electronics clusters across Karnataka and Telangana
- Emerging electronics and industrial corridors in Andhra Pradesh

This will drive a new operating model where GCCs integrate:

- Manufacturing analytics
- Industrial IoT and smart factory systems
- Supply chain digitalization
- Design-to-production engineering

The convergence of factory floors and digital engineering centers will make South India a global hub for industry 4.0 command functions. Manufacturing-linked GCCs will grow faster than pure IT-BPM centers in the next cycle.

RISE OF DESIGN & IP CENTERS

The next evolution is intellectual property ownership. South India is expected to see:

- Patent-generating R&D centers
- Chip design and embedded systems labs
- Global product lifecycle ownership
- Advanced materials and aerospace design units

This shift from services to IP creation will strengthen India's role in global value chains.

Outlook: By 2030, a significant share of new GCC investments will be engineering-heavy and IP-centric rather than process-driven.

ESG & SUSTAINABILITY-LINKED POLICIES

State governments are increasingly embedding sustainability in industrial policy frameworks:

- Renewable energy procurement incentives
- Green building norms in IT parks
- Electric mobility ecosystem support
- Climate resilience infrastructure

Cities like Chennai and Hyderabad are integrating sustainability planning into infrastructure expansion, while Karnataka's renewable ecosystem strengthens green energy access.

For global enterprises under ESG mandates, South India offers:

- Access to renewable energy corridors
- Lower carbon intensity manufacturing clusters
- Government support for green industrial parks

Outlook: ESG compliance will move from optional to strategic, influencing site selection decisions materially.

STRATEGIC POSITIONING: SOUTH INDIA 2030

By the end of this decade, South India is poised to transition from Back-Office Delivery Hub to:

→ Engineering Powerhouse

→ Global Capability Nerve Centre

The region's differentiators will be:

- Deep technical talent density
- Manufacturing + digital convergence
- Tier-2 expansion scalability
- Increasing policy sophistication
- Growing IP ownership

For global enterprises, the opportunity lies not merely in entering India, but in designing India as a core innovation geography within the global operating model.

CONCLUSION

South India's GCC landscape is entering a more competitive, capability-driven phase. While fiscal incentives and policy announcements play an important role in early-stage decision-making, long-term success is increasingly determined by ecosystem strength, scalability, and strategic alignment.

KEY TAKEAWAYS:

Incentives Diminish in Importance Beyond the Initial Setup Phase:

Capital subsidies and rental reimbursements may influence the first 24–36 months. However, beyond year three, ecosystem variables that are talent depth, leadership availability, A few more like, vendor maturity, infrastructure resilience, and innovation density have become far more decisive in driving total cost of ownership and operational stability.

First-Mover Advantage in Emerging Cities Can Create Structural Cost Benefits:

As congestion and wage inflation intensify in Tier-1 hubs, early entrants into Tier-2 cities can secure:

- Lower long-term real estate lock-ins
- Stronger employer branding dominance
- Lower attrition environments
- Early partnerships with universities and state governments

Organizations that enter emerging cities ahead of the curve may lock in multi-year structural cost advantages while shaping the local talent ecosystem.

Each State Has a Distinct Strategic Identity

Rather than competing on identical value propositions, South Indian states are differentiating:

- Karnataka represents scale, innovation density, and global mandate maturity.
- Telangana stands for speed-to-market and administrative responsiveness.
- Tamil Nadu delivers manufacturing integration and engineering depth.
- Andhra Pradesh offers cost arbitrage and emerging expansion potential.
- Kerala represents a stable, quality-of-life-driven alternative with niche capability centers.

For global enterprises, this enables portfolio-style decision-making rather than single-location dependency.

Competitive Federalism is Strengthening the GCC Proposition

Inter-state competition ultimately benefits global investors by improving execution speed and policy responsiveness. Healthy competitive intensity between states is driving:

- Faster approval mechanisms
- More targeted sector incentives
- Infrastructure upgrades
- Policy innovation

The Strategic Question Has Shifted

The decision is no longer "Why India?" rather it is "How should India be structured within the global operating model?" South India is no longer a back-office extension. It is evolving into a multi-node, innovation-capable, manufacturing-linked, AI-enabled capability engine. Over the next decade, South India will not simply host GCCs, it will shape global capability architecture. The states that combine talent depth, infrastructure scalability, and policy agility will anchor the next wave of AI, engineering R&D, and IP-led centers. For global boards, the strategic imperative is clear: design India as a multi-city capability portfolio and not a single-location cost center.

APPENDICES & REFERENCES

- India houses more than half of the world's Global Capability Centres (GCCs): Report - **IBEF**
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Integrated Advisory & Operational Support for Global Capability Centres in India

SAS Partners Corporate Advisors Pvt. Ltd. provides integrated legal, regulatory, financial and operational advisory services to multinational enterprises establishing, managing and expanding Global Capability Centres (GCCs) in India. Our services are tailored to captive support centres, multi-functional GCCs, independent operating hubs and specialised capability centres.

01

STRATEGIZE

Vision & India-entry strategy

- Operating model and market-entry strategy
- Location assessment and establishment planning
- Entity structuring, funding and FDI/FEMA advisory

02

DESIGN

Structure & operating framework

- Legal entity, governance and intercompany agreements
- Transfer pricing and regulatory framework
- Finance, HR, payroll and compliance planning

03

ESTABLISH

Setup & operational readiness

- Incorporation, office setup and registrations
- Accounting, HR and payroll system implementation
- Employment, SEZ/STPI and initial compliance

04

OPERATE

Governance & ongoing compliance

- Secretarial, FEMA and cross-border reporting
- Tax, accounting, transfer pricing and payroll
- Labour, POSH, DPDPA, ESG, CSR and risk support

05

SCALE & TRANSFORM

Expansion & strategic transactions

- GCC expansion and multi-entity structuring
- M&A, carve-outs, joint ventures and due diligence
- Restructuring, integration and exit advisory

From GCC Establishment to Operational Excellence:

SAS Partners combines strategic advisory with on-the-ground execution, helping global enterprises navigate India's regulatory environment, establish robust governance frameworks, and build scalable capability operations. Strategy & Structuring → Establishment → Compliance & Operations → Expansion & Transformation

ABOUT SAS PARTNERS

SAS Partners has been at the forefront of promoting and facilitating cross-border investments with India as the focal point since 2008. Over the years, we have partnered with governments, businesses, and entrepreneurs to transform path-breaking business ideas into successful organizations.

Leveraging our deep legal, regulatory, tax, finance, and HR expertise, SAS Partners has emerged as a one-stop advisory partner for companies looking to set up, manage, and scale their businesses in India. Our interventions span the establishment of sales and marketing offices, warehouses, global captive centers, and manufacturing projects, as well as guiding clients through strategic restructurings, Joint Ventures, and M&A initiatives.

With a growing focus on GCCs, SAS Partners brings clarity and confidence to companies navigating India's licensing, compliance, and policy environment. Through strong linkages with ecosystem partners, chambers, and industry clusters, we facilitate collaborations that help companies integrate seamlessly into India's supply chain and innovation ecosystem.

Today, SAS Partners stands as an end-to-end advisory partner for Indian and foreign enterprises, bridging global aspirations with local execution. We are ISO/IEC 27001:2022 certified for our Information Security Management System, with offices in Chennai, Bengaluru, Hyderabad, Germany, and Nantes, France.

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We are also present in **Bengaluru** and **Hyderabad,** with a representative office in **France** and **Germany,** supporting clients across multiple regions through our local and international network.

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