



KrayMan

Demystifying Complexities

Unleashing Startups in India

Fostering Indian Startup Environment



Indian Startup environment has kicked-off in the recent years by young Entrepreneurs unleashing a wave of private equity investments and evolving technology.

In order to nurture and set a simple path for the innovative ideas to bloom, the Government has initiated **Startup India**. This initiative intends to empower Startups to grow in the Country thereby contributing to GDP and generate employment opportunities.

Recently, Hon'ble Prime Minister, Shri Narendra Modi has announced an Action Plan to promote and address all aspects of the Startup ecosystem.

Definition of Startup by the Government:

- ❖ Startup means an entity, incorporated or registered in India not prior to 5 years, with annual turnover not exceeding INR 25 crore in any preceding financial year
- ❖ Should be working towards innovation, development, deployment or commercialization of new products, processes or services driven by technology or intellectual property
- ❖ Such entity is not formed by splitting up, or reconstruction, of a business already in existence
- ❖ A Startup shall be eligible for tax benefits only after it has obtained Certification from the Inter-Ministerial Board, setup for such purpose

Government Action Plan - Highlights

- ❖ Self-certification based compliance
- ❖ No inspection for the first 3 years
- ❖ Includes self-certified environmental regulation
- ❖ Startup India Hub. A single point of contact to guide Startups
- ❖ A mobile app to be launched for e-registrations of Startups. The app will have a small application form that can be easily filed for registration
- ❖ Patent applications by Startups to be fast-tracked with 80% reduction in filing fee
- ❖ Relaxed Norms of Public Procurement for Startups
- ❖ Open up ways to new ideas
- ❖ Faster exit – winding up process of 90 days for Startups
- ❖ INR 10,000 crore corpus fund for Startups
- ❖ A credit guarantee fund for Startups
- ❖ Tax exemption on capital gains
- ❖ Income tax exemption for initial 3 years
- ❖ Relaxed Income tax norms for investment by investors at value higher than Fair Market Value of the Startup
- ❖ Launch of Atal Innovation Mission (AIM) with Self-Employment and Talent Utilization (SETU) Program
- ❖ Organizing Startup Fests for Showcasing Innovation and providing a collaboration Platform
- ❖ Promoting Startups in the Biotechnology Sector
- ❖ Launching of Innovation Focused Programs for Students



Pre-conditions for Startup Incentives

1. It must be an entity registered/incorporated as a:
 - ❖ Private Limited Company under the Companies Act, 2013; or
 - ❖ Registered Partnership firm under the Indian Partnership Act, 1932; or
 - ❖ Limited Liability Partnership under the Limited Liability Partnership Act, 2008.
2. 5 years must not have elapsed from the date of incorporation/registration.
3. Annual turnover (as defined in the Companies Act, 2013) in any preceding financial year must not exceed INR 25 crore.
4. Startup must be working towards innovation, development, deployment or commercialization of new products, processes or services driven by technology or intellectual property.
5. The Startup must aim to develop and commercialize:
 - ❖ a new product or service or process; or
 - ❖ a significantly improved existing product or service or process, that will create or add value for customers or workflow.
6. The Startup must not merely be engaged in:
 - ❖ developing products or services or processes which do not have potential for commercialization; or
 - ❖ undifferentiated products or services or processes; or
 - ❖ products or services or processes with no or limited incremental value for customers or workflow
7. The Startup must not be formed by splitting up, or reconstruction, of a business already in existence
8. The Startup has obtained certification from the Inter-Ministerial Board, setup by DIPP to validate the innovative nature of the business and
 - ❖ be supported by a recommendation (with regard to innovative nature of business), in a format specified by DIPP, from an Incubator established in a post-graduate college in India; or
 - ❖ be supported by an incubator which is funded (in relation to the project) from Gol as part of any specified scheme to promote innovation; or
 - ❖ be supported by a recommendation (with regard to innovative nature of business), in a format specified by DIPP, from an Incubator recognized by Gol; or
 - ❖ be funded by an Incubation Fund/Angel Fund/ Private Equity Fund/ Accelerator/Angel Network duly registered with SEBI* that endorses innovative nature of the business; or
 - ❖ be funded by Gol as part of any specified scheme to promote innovation; or
 - ❖ have a patent granted by the Indian Patent and Trademark Office in areas affiliated with the nature of business being promoted.

*DIPP may publish a 'negative' list of funds which are not eligible for this initiative.



How KrayMan can support Startups!

Role of a Professional Expert

Given the complex yet progressive Indian regulatory environment, it is extremely important for early stage companies to have the right compliance systems in place since inception to avoid the hassles of disputes with Government authorities in future

It is important that the new companies should focus on critical business aspects like strategy, branding, product development, sales & marketing, financing, supply chain, IT infrastructure, banking etc. and outsource regular compliance activities to a professional expert which is both time and cost effective

The dedicated service of a Consultant coupled with specialized experience reaps multiple benefits such as:

- ❖ appropriate compliances and statutory reporting to claim Government incentives for Startups
- ❖ more time to focus on top line and business expansion to lighten your administrative burden and ensure you are compliant with Indian laws
- ❖ advantage of having trusted business partner at an early stage is a great source of strategic advice as the evolving business ensures smart and calculated decisions
- ❖ appropriate financial information entrusts Investor's confidence



How we can assist

At KrayMan we offer one stop - shop for Startup business for their regulatory and compliance needs viz. Accounting, Assurance, Tax, Secretarial, Human Resources and other business support services

Our experienced team of Chartered Accountants, Company Secretaries, MBAs with relevant expertise and experience of Big4 Consulting and Industry background cater to a wide range of professional services at a nominal fee. ***Our service offering for Startup business provides expert services of a professional Firm at a cost less than a full-time employee***

We also assist as business partners by formulating business plans, suitable organization structure, optimum capital mix, MIS reporting for various stake holders, vendor and customer management etc.

Expand your business...

Enhance products...

Develop relationship....

Embrace change....

We handhold young business navigate through the demanding necessity of compliances!!!!

Our Startup Service Offerings

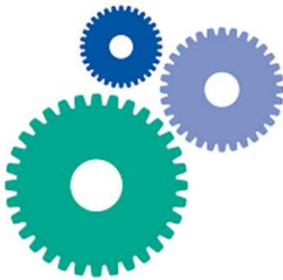
Our areas of services to Startups at various stages of their business cycle:

Stage 1 - Starting up:



- ❖ Assistance in identifying the right business structure
- ❖ Obtaining Business licenses
- ❖ Incorporation filings
- ❖ System implementations
- ❖ Setting up Policies and procedures
- ❖ Setting up HR infrastructure
- ❖ Expense tracking
- ❖ Financial planning
- ❖ CFO services

Stage 2 - Operational:



- ❖ Month-end accounting
- ❖ Revenue accounting
- ❖ Preparation and Filing of Corporate Income Tax Return
- ❖ Contracts administration
- ❖ Payroll
- ❖ AR/AP (accounts payable/accounts receivable)
- ❖ Tax preparation
- ❖ Financial reports
- ❖ Fixed assets tracking

Stage 3 - Growth:



- ❖ Pricing
- ❖ Cash flow analysis
- ❖ Audit support and preparation
- ❖ Financial forecasting
- ❖ Budget creation

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