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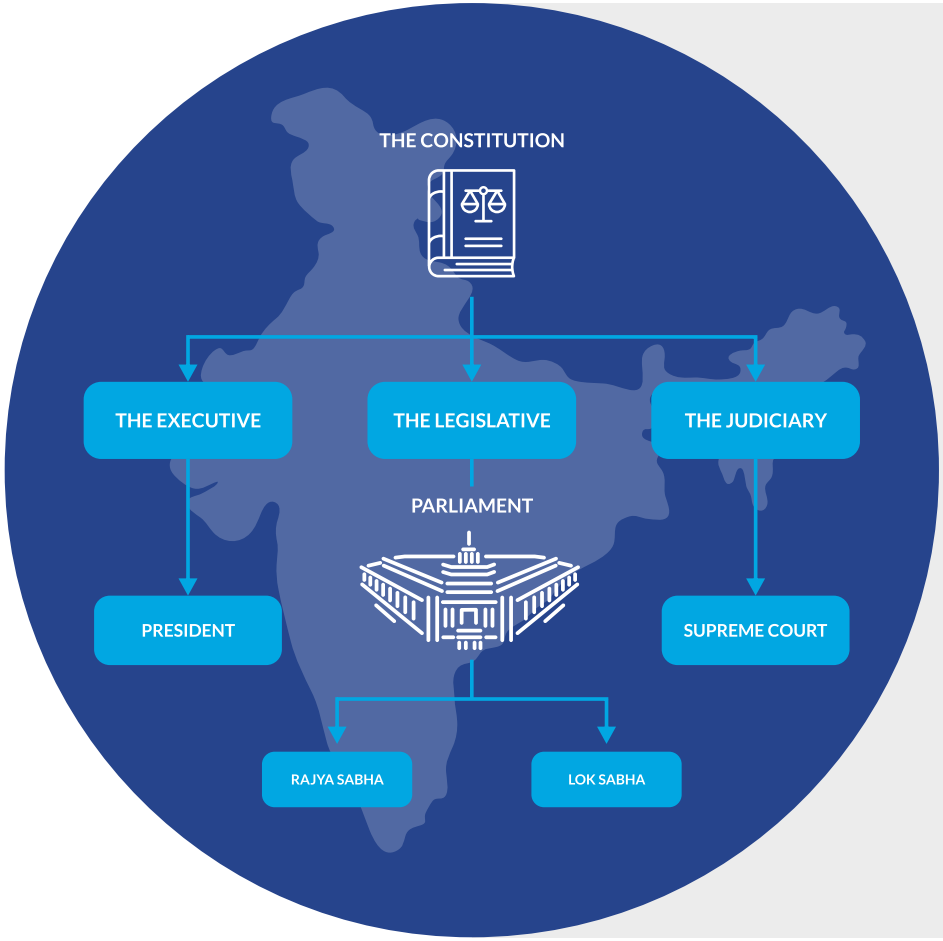


Brief facts about India:

- Over 1.4 billion people live in India.
- India has a young demographic profile, with a significant portion of its population under 35 years old.
- India has a literacy rate of approximately 76%.
- India is a country rich in diversity, with more than 120 languages being spoken. English and Hindi being the most dominant.
- The number of internet users in India reached 936.16 million at the end of December 2023.
- Indian general elections are the largest democratic exercise in the world.
- Total mutual funds asset base stood at US$ 705.29 billion as on May 31, 2024.
- Foreign exchange reserves stood at US$ 655.82 billion as of June 7, 2024.
- India could be the second largest economy in the world by 2050.
- Mauritius (25%), Singapore (23%), USA (9%), Netherland (7%) and Japan (6%) have emerged as the top 5 countries for FDI equity inflows into India during FY 2023-24.
- Top 5 sectors receiving FDI Equity Inflow during FY 2023-24 are: Services Sector (Finance, Banking, Insurance, Non Fin/ Business Outsourcing and Other) (16%), Computer Software & Hardware (15%), Trading (6%), Telecommunications (6%) and Automobile Industry (5%).
- Top 5 States receiving FDI Equity Inflow during FY 2023-24 are Maharashtra (30%), Karnataka (22%), Gujarat (17%), Delhi (13%), and Tamil Nadu (5%).



- The GDP purchasing power parity in 2023 was US$ 14.54 trillion.
- India ranked 63rd in Doing Business 2020: World Bank Report, jumping 79 positions from its rank in 2014.
- India is the 5th largest economy in the world by nominal GDP and the 3rd largest by purchasing power parity (PPP) as of recent rankings.
- India has been one of the fastest-growing major economies in the world, with average annual GDP growth rates of around 7% to 8% in recent decades.
- The Indian economy is diverse, with significant contributions from agriculture, manufacturing, services, and increasingly, the information technology and digital sectors.
- The services sector is the largest contributor to India's GDP, accounting for around 55% to 60% of the total output. This includes IT services, telecommunications, banking, finance, healthcare, and more.
- India's major exports include petroleum products, gems and jewelry, pharmaceuticals, textiles, and IT services. Imports primarily consist of crude oil, gold, electronics, and machinery.
- India has made significant strides in financial inclusion, with initiatives like Jan Dhan Yojana (financial inclusion program), Aadhaar (biometric identification), and UPI (Unified Payments Interface) driving digital financial services.



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Constitutional Background

Constitution of India sets out a parliamentary form of government with bicameral parliament and three independent branches:

- The Executive;
- The Legislative; and
- The Judiciary.

India also has a federal structure with elected governments in each state. Accordingly, India consists of legislatures at the Union Level (the Lok Sabha and the Rajya Sabha) and the State Level (the Vidhan Sabha and the Vidhan Parishad) with fresh elections being contested every 5 years at both the Union and the State levels.

Executive:

The executive branch consists of:

- The President of India (currently Ms. Droupadi Murmu, since July 2022) who is the head of the state;
- The Prime Minister (currently Mr. Narendra Modi, since May 2024) who is the head of the Union Government; and
- The Prime Minister's Cabinet of Ministers.

Legislative:

The legislative branch consists of the Lok Sabha (consisting of members directly elected by the people of India) and the Rajya Sabha (consisting of members elected by the respective state governments), together forming the two houses of the Parliament.

The current seat allocation of the Lok Sabha comprises of the Bhartiya Janata Party led National Democratic Alliance getting the majority votes to form the government at the central level. In the opposition is the INDI Alliance.

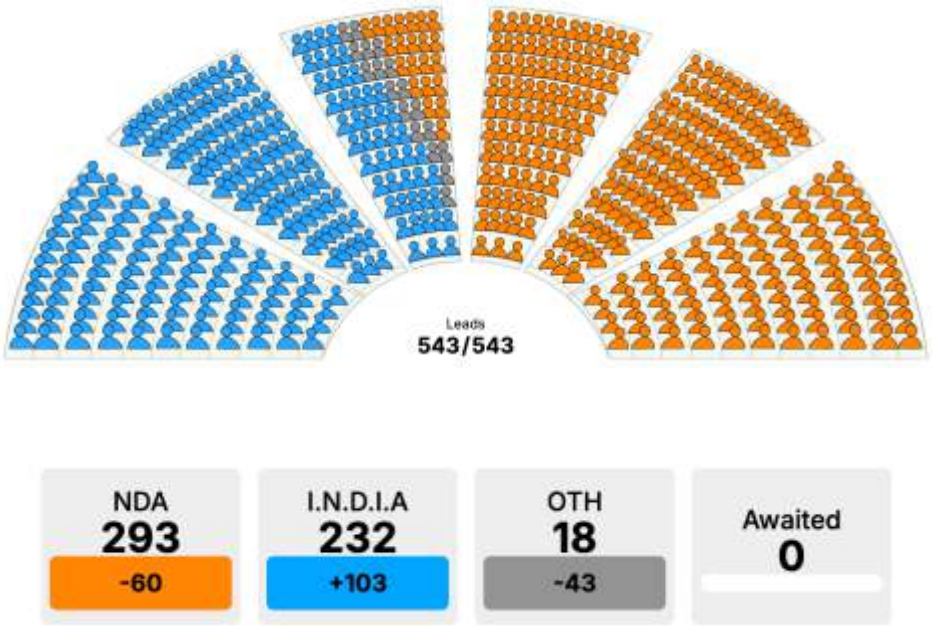
The Structure on the State Level is similar to the Union Level, with the Chief Minister and Governor (at the State Level) performing similar functions as the Prime Minister and President (at the Union Level) respectively.

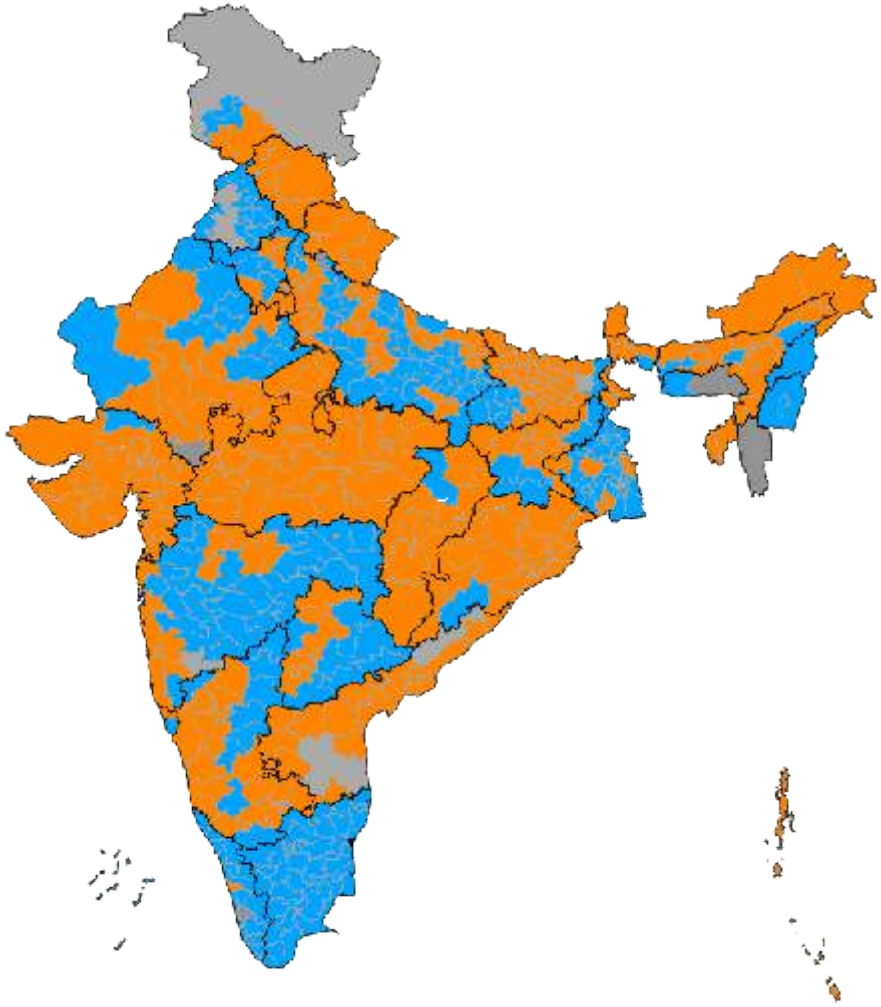
Judiciary:

The judicial branch consists of the Supreme Court of India, followed by the various High Courts of the states and the relevant subordinate courts.

Election Results

General elections were held in India from 19 April to 1 June 2024 in seven phases, to elect 543 members of the Lok Sabha. Votes were counted and the result was declared on 4 June, 2024 to form the 18th Lok Sabha. On 7 June 2024, Prime Minister Narendra Modi confirmed the support of 293 Ministers of Parliament to Droupadi Murmu, the president of India. This marked Modi's third term as prime minister and his first time heading a coalition government with the Telugu Desam Party of Andhra Pradesh and Janata Dal (United) of Bihar emerging as two main allies.





Representation of pan India seats won by NDA and I.N.D.I

Economic Background



Foreign Investment:

Brief Overview:

Successive governments have understood the importance of foreign investment and have enacted various reforms in order to liberalise the foreign investment policies. This is evident from the change in the government's stance on sectors requiring government approval for foreign investment, where the government has, in recent years allowed foreign investment to be made in more and more sectors without any government approval. Foreign investment in India can be made either through the automatic route or through the government approval route. Certain sectors such as defence and print media require the government approval.

Reforms of the government, along with the Reserve Bank of India ("**RBI**") (Central Bank of India) to promote business in India, has led to India becoming a global hub for foreign investments. This is evident from the recent report issued by RBI, which stated that India is expected to have a 15.2% share in the world remittances in the year 2024 and would continue to be the largest recipient of remittances globally. India is one of the most attractive destination foreign direct investment ("**FDI**") in the Asia Pacific region, with the gross FDI being US$ 71 billion and the net foreign portfolio investment inflow being US$ 41.60 billion. Further, there has been an increase in the net inflows of external commercial borrowings to India with the net inflows of US$ 3.50 billion during 2023-24. RBI has in June 2024, stated its intention to promote the Union Government's initiative for promoting ease of doing business in India by taking measures such as rationalising the guidelines for export and import of goods and services under the Foreign Exchange Management Act, 1999.

Government has recently liberalised the FDI threshold in the space sector from the earlier 74% (which was under the government approval route) to:

a. For (i) Satellites Manufacturing & Operation, (ii) Satellite Data Products and (iii) Ground Segment & User Segment - 100% (with 74% under automatic route and beyond 74% under government route).

b. For (i) Launch Vehicles and associated systems and subsystems and (ii) Creation of Spaceports for launching and receiving spacecrafts - 100% (with 49% under automatic route and beyond 49% under government route).

c. For Manufacturing of components and systems/ sub-systems for satellites, ground segment and user segment - 100% under automatic route.

Recent Developments in Cross Border Activity:

Cross-border activity	Deal Value (US$ B)			Deal Volume		
	2022	2023	△%	2022	2023	△%
Inbound	50	55	10%	529	425	-20%
Strategic	18	27	46%	225	239	6%
PE	32	28	-11%	304	186	-39%
Outbound	28	14	-49%	224	225	0%
Strategic	22	10	-54%	161	160	-1%
PE	6	4	-32%	63	65	3%
Total	**78**	**69**	-11%	**753**	**650**	-14%

Source: Mergermarket

Recent Legal Developments:



Data Protection:

The Digital Personal Data Protection Act, 2023, aimed at regulating the processing of personal data of individuals in India, is yet to be made effective. It seeks to establish a framework for the protection of personal data and defines obligations for entities processing such data.

Insolvency and Bankruptcy Code (IBC):

The IBC continues to evolve with amendments aimed at improving the efficiency of the insolvency resolution process and protecting the interests of creditors and stakeholders. Recent amendments have focused on addressing operational creditors' concerns and streamlining the resolution process.

Labour Code:

In 2019, the Government of India enacted 4 new labour codes, with an aim to streamline and harmonise the multiple labour laws that are currently prevalent in India. The codes, once made effective, would repeal and consolidate 29 labour laws of India that are currently in force.

Competition Law:

- Mergers & Acquisitions beyond certain financial thresholds require a prior approval from the Competition Commission of India. In March 2024, these financial thresholds were increased, allowing more M&As to proceed without the need of any approval, provided they fall below the revised thresholds.
- The time for the approval from the Competition Commission of India has been reduced from 210 days to 150 days.
- Regardless of any assets or turnover exemptions applicable to the target company, any transaction above a deal value of INR 20 billion (US$ 238 million*) and which has substantial business operations in India, would require prior approval from the Competition Commission of India.

*assuming the INR/ USD rate as 0.012.

Delisting:

In June 2024, the Securities and Exchange Board of India (SEBI) amended the delisting regulations to provide an alternative mechanism for calculation of the delisting price for a listed entity. Earlier, the method available was the reverse book building process, where the delisting price would be based on the price tendered by the current shareholders of the listed entity. Post the amendment, a fixed price method can also be used for the calculation of the delisting price, provided that the delisting price is at least 15% above the floor price, as determined in accordance with the regulations.

Rumour Verification:

From June 1, 2024, the top 100 listed companies and from December 1, 2024, the top 250 listed companies, would need to verify any market rumours that lead to a material price movement in its share price, within 24 hours. Material price movement will be determined in accordance with the relevant framework notified by the stock exchanges.

Mergers

Now a foreign parent can be merged with the Indian subsidiary with the prior approval of RBI.

Foreign Investment

Government intends streamlining the manner in which foreign investment is calculated by permitting investors to decide between FDI and Foreign Portfolio Investment in certain sectors.

The Securities and Exchange Board of India has recently introduced a new Foreign Portfolio Investor (FPI) Outreach Cell, which will serve as a single point of contact for foreign investors, providing assistance from the pre-application stage to resolving operational challenges for FPIs.

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Information contained is valid as of September 2024

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OUR STORY

We at Avyakta Law believe that legal advice must be clear, precise and certain. The firm is focussed on providing premium quality legal services across the corporate domain, with a specialization on investments across sectors and geographic corridors.

We distinguish ourselves by offering high grade legal, regulatory and advisory services, while remaining mindful of the commercial nuances. Our dedication to clarity, integrity, and client satisfaction, sets us apart.

Our team includes senior members with extensive market experience who have advised varied clientele, including domestic and international conglomerates, financial institutions, funds, private equity players, sponsors, promoter groups both in domestic and cross border transactions.

We combine the experience of Big Law, with the care and attention of a specialist law firm, to help our clients navigate the complexities of the corporate world, by providing clear and precise advice.

Our team members have been recognized by leading publications like Asia law Profiles, IFLR, Who's Who Legal, Legal Media, IBLJ and the RSG India Report.

The principal office of the Firm is based out of Mumbai, India.

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