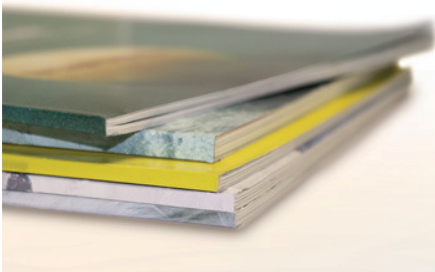


India Goes West

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BY JAMES GAUDIN

Revolutionary. That was the word used by analysts to describe the decision by Tata Group - India's largest multinational conglomerate to look for a replacement for Rajan Tata, the group's charismatic Chairman who is due to retire after 19 years at the helm. Nothing revolutionary in that?

For the first time in its 142 year history the group is looking beyond the founding family for a leader and says that it will consider all candidates for the post - non family members, Indians from outside the Chairman's caste and even a foreigner. Whether such a radical appointment eventually occurs remains to be seen but what is clear is that Tata, along with much of India, has started a debate about change and is looking outward to see what a 21st century corporate India might look like.

That external focus extends far beyond corporate structuring. For some time now doubts about the US economy and fears of double dip recessions in

Europe have fuelled a surge of foreign investment into India and the other BRIC economies. The Bombay Stock Exchange's benchmark Sensex Index hit a 32 month high in September and growth in the Indian economy for the fiscal year ending March 2011 is forecast to be 8.5% - outstripping Brazil, Russia and China. Whether or not you believe the world's fourth largest economy is now overdone, what is clear is that, currently, Indian companies still have a huge appetite for investment and are increasingly looking to the international equity capital markets to fulfil their requirements.

Using Jersey companies as listing vehicles on international exchanges is nothing new. There are now Jersey companies listed on many of the world's leading stock exchanges, including all markets of the LSE, Euronext, the Hong Kong Stock Exchange, the New York Stock Exchange, Nasdaq and the Toronto Stock Exchange. Jersey has established a strong reputation with investors as a stable, tax neutral jurisdiction in which to incorporate a listed

holding company. It is no surprise that Indian corporates are starting to recognise the benefits too.

Tax Considerations

Jersey is a highly regulated tax neutral jurisdiction. There is no corporation tax, capital gains tax or capital transfer tax. There is no requirement for a Jersey company to make any withholding or deduction on account of Jersey tax in respect of dividend or interest payments. No stamp duty or similar taxes are payable on the issue or transfer of a Jersey company's shares (nor is UK stamp duty payable where the relevant Jersey company is listed on any of the LSE markets).

International Reputation and Recognition

Jersey has a long history of economic, political and financial stability and was designated from the outset by the OECD as a “*white listed*” jurisdiction, meeting agreed international tax standards for information exchange and co-operation. The IMF report on Jersey's anti-money laundering and countering of financial terrorism regime indicated that Jersey complies with all of the core principles for effective banking supervision and complies with 44 of the 49 general FATF recommendations. Jersey currently has more than 40 bilateral memoranda of understanding and 16 international tax information exchange agreements in place and is in the process of finalising such an agreement with India. Jersey is also the current vice-chair of the OECD peer view review group and the highest rated Offshore International Finance Centre in the latest Global Financial Centres Index. In

addition, Jersey Finance (the body responsible for the promotion of Jersey's finance industry) have advised that the Reserve Bank of India have confirmed they are willing to enter into informal cooperation with the Jersey Financial Services Commission on supervisory matters.

Responsive Political, Legislative and Regulatory Regime

Jersey recognises the importance of developing and maintaining strong links with political, regulatory and legislative bodies in India. Jersey has sent a number of delegations to India establishing links with both the Central bank of India and the Securities and Exchange Board of India. As a result of those initiatives, Jersey Finance, in conjunction with the relevant Jersey political, legislative and regulatory bodies are pursuing the following developments specifically to facilitate IPO activity:

- the introduction of cross border merger regulations which will allow Indian companies to merge with a Jersey company providing potentially significant tax advantages in restructuring scenarios;
- a waiver to the controlling foreign ownership index policy for Jersey companies listed on the main market of the London Stock Exchange to facilitate listing of groups with large foreign controlling interests.

Familiar and Flexible Corporate Regime

Jersey's principal corporate statute, the **Companies**

(Jersey) Law 1991 (the “Companies Law”), is to a large extent like India’s, and uses many of the same concepts as previous English Companies Acts. In addition, the Companies Law provides a greater degree of flexibility particularly in relation to pre-emption rights, distributions and repurchases of shares. Shares in Jersey companies can be traded in uncertificated form and are eligible for admission into the CREST trading system where there are no foreign exchange controls which limit a Jersey company's ability to hold foreign funds or securities. Jersey now has the provisions of the UK takeover code enshrined in its legislation.

Appleby's Advantage?

Inward and outward Indian investment has tended to flow through Mauritian vehicles because of the favourable double tax agreements between the two jurisdictions. It is common for Jersey listed holding companies of Indian groups to have a Mauritian subsidiary which in turn holds Indian assets. Appleby is the only global offshore legal services provider with offices in both Jersey and Mauritius capable of servicing all legal and company administration requirements for both. Our global network also means we can service client needs at any time and from any time zone.

Author: JAMES GAUDIN
Partner – Jersey
jgaudin@applebyglobal.com

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