



Indus Value Consulting

Exemplifying Talent, Amplifying Value™

India Market Entry – Overcoming Challenges and Finding Opportunities

– a webcast for CLA US and its clients

14th May 2024

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CLA GLOBAL INDUS VALUE CONSULTING – FIRM INTRODUCTION



Indus Value Consulting
Exemplifying Talent, Amplifying Value™

Speaker – Kartik Radia

CLA GLOBAL INDUS VALUE CONSULTING (CLA GLOBAL IN INDIA)

CLA Global in India is an Advisory – led full services firm that provides complete suite of Business Advisory and Consulting, Tax and Assurance Services to all types of Clients including private and public, Global MNCs, Global Member Firms and Government of India.

20+
PARTNERS

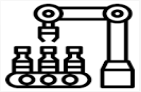
300+
TEAM
MEMBERS

10
KEY
SECTORS

9
SERVICE
LINES

4+
OFFICES

Industries We Serve



Manufacturing



Banking and
Financial Services



Pharma and Life
Science



Law Firms



Telecom



IT/ITES & GICs*



Public and Govt.
Advisory



Services



Real Estate &
Infrastructure



Centre of
Excellence

Service Lines

1. GRRCS
2. Forensics
3. Cyber Security and Data Protection
4. Corporate Finance and Deals
5. Government and Public Sector Advisory
6. India (CoE)
7. DATE (Digital Analytics & Tech)
8. Transformation, Automation & Outsourcing (Management Consulting)
9. Tax Advisory and Compliance Services

Accreditations & Empanelment's

- ✓ ISO 9001:2015
- ✓ ISO/ IEC 27001:2022
- ✓ CMMI Maturity Level 3&5
- ✓ Great Place to Work Certified (April 2024- April 2025 INDIA)
- ✓ Cert-In Empanelled



INTRODUCTION TO INDIA OPPORTUNITY



Global

Indus Value Consulting

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Speaker – Jinal Jatakia

MACRO ECONOMIC INDICATORS

**GDP OF US\$ 3.73 TRILLION IN
2023**

**5TH LARGEST ECONOMY IN THE
WORLD**

**FDI INFLOWS IN FY 2023-24
17.96 USD Bn**

**PE/VC INVESTMENTS FY 23
49.8 USD Bn**

**NET CORPORATE TAX
COLLECTION 2023 USD 109 Bn**

**5.2% INFLATION PROJECTED
FOR FY 24**

6.5% RBI REPO RATE FY 23

**GROSS TAX REVENUE IN 2023
2024 WAS 34.37 INR TRILLION**

**INDIA'S FOREIGN EXCHANGE
RESERVES HIT RECORD HIGH
OF USD 645.6 Bn ON 2024**

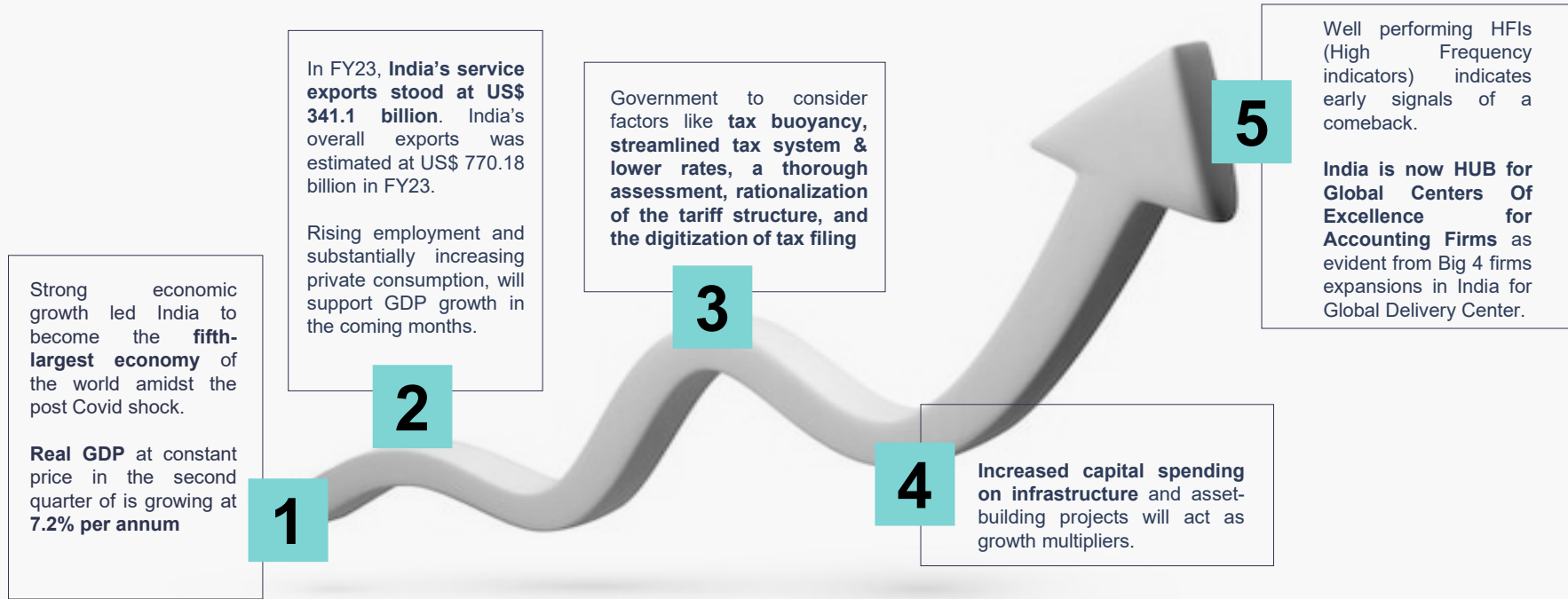
**INDIA'S SERVICE EXPORTS
GREW AT OVER 28% IN FY 23 IN
DOLLAR TERMS**

**BIG-DATA ANALYTICS WILL
CONTRIBUTE TO 62% OF JOB
CREATION IN INDIA**

**3000+ ENVIRONMENTAL TAXES
AND EXEMPTIONS**

Source: ORF Website, pib.gov.in, forbesindia, investindia

OVERVIEW OF INDIA ECONOMY AND KEY MARKET TRENDS



INDIAN ECONOMY GROWTH STATISTICS

KEY CONSIDERATIONS FOR BUSINESS EXPANSION TO INDIA

The annual World Competitiveness Index is released by the Institute of Management Development (IMD). India is on 37th as per World Competitiveness Yearbook (WCY).

India's Key attractiveness factor are as follows:

Skilled workforce & Organized Employability

Dynamism of the economy

High educational level

Pro Business and Stable Government

Increasing infrastructure and good standard of living

Extensive Trade Links

Well-Developed Financial System

Good International Level Work Ethics

Cost competitiveness

Competitive Tax System

Low Operational Cost

Business Friendly Policies



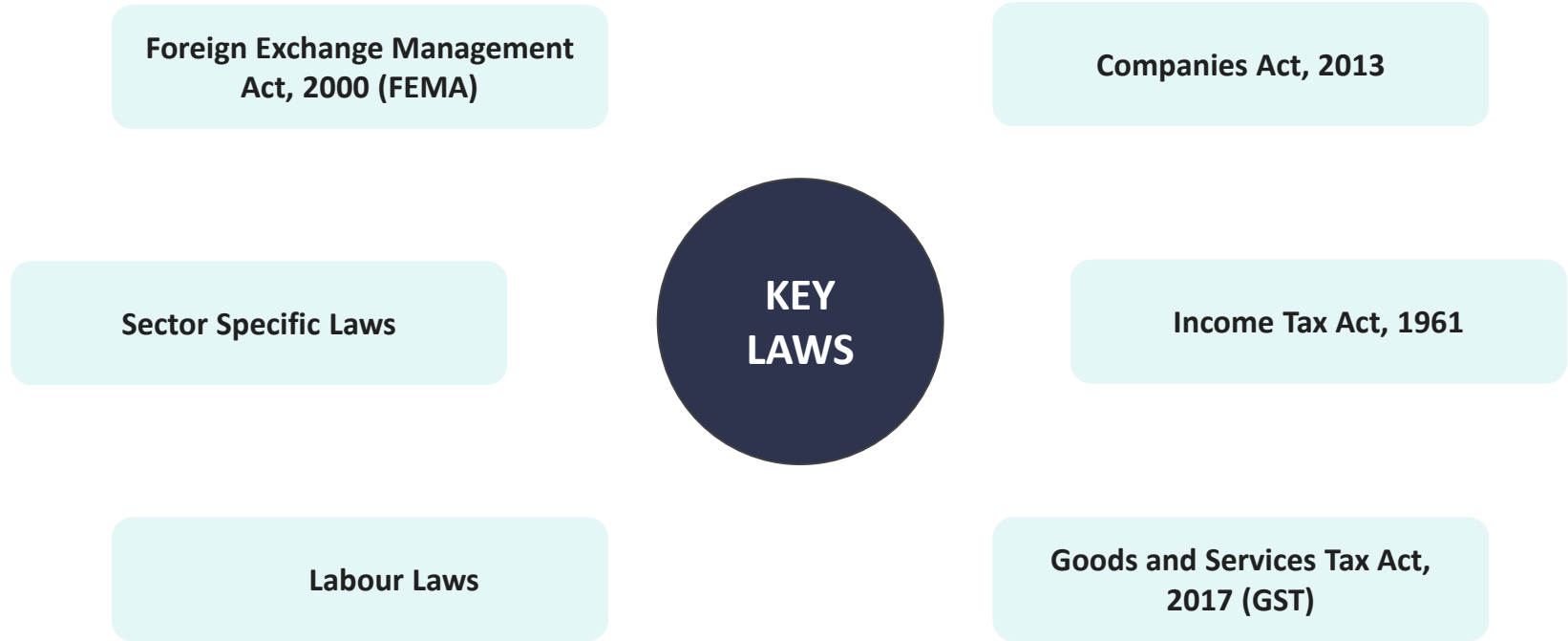
KEY CONSIDERATIONS FOR INDIA ENTRY



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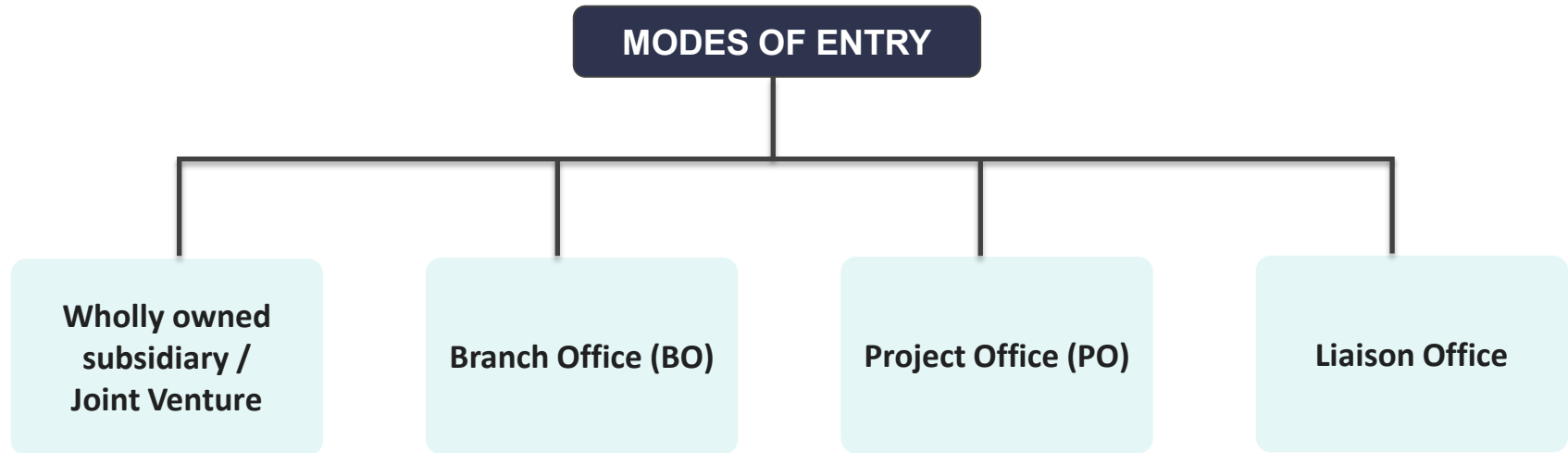
Speaker - Bijal S Doshi

INTRODUCTION – KEY APPLICABLE LAWS







INTRODUCTION – KEY INCENTIVES, BENEFITS, CONCESSIONS TO COMPANIES




- Various incentives are available depending on the economic activity, industry, location and size of the Company.
- Concessional corporate tax rate for companies engaged in specified manufacturing and which does not claim specified exemptions, deductions or incentives.
- Special Economic Zone (SEZ) developers and units can avail of tax exemption of their profit viz. 100% for the first 5 years and 50% for the next 5 years and in case of SEZ units, further 50% exemption on reinvested profits for the next 5 years.
- Production - linked incentives on incremental production for specified industries.
- Start ups – 100% tax rebate for 3 years in a block of 10 years.



FOREIGN DIRECT INVESTMENTS – KEY SECTORS (1/2)

	Sector	Cap	Entry Mode	Key Conditions
	IT and Business Process Management (IT/ITES/KPO/BPO)	100%	Automatic	<ul style="list-style-type: none"> Comply with relevant Indian laws and regulations such as data privacy laws, cyber security requirements, etc.
	Manufacturing (Food processing, engineering goods, textiles and apparel, electronics and consumer goods)	100%	Automatic	<ul style="list-style-type: none"> No specific conditions except compliance for specific industries
	Telecom Services	100%	Automatic up to 49%, Government approval beyond 49%	<ul style="list-style-type: none"> FDI is subject to observance of licensing and security conditions by the Department of Telecommunications
	Insurance Company	74%	Automatic	<ul style="list-style-type: none"> Approval from the Insurance Regulatory and Development Authority of India (IRDAI) is required

FOREIGN DIRECT INVESTMENTS – KEY SECTORS (2/2)

	Sector	Cap	Entry Mode	Key Conditions
	Single Brand product retail	100%	Automatic up to 49%, Government approval beyond 49%	<ul style="list-style-type: none"> The products sold must be of a single brand, sold under the same name internationally (At least 30% of the value of goods purchased must be sourced from India)
	Multi-brand Retail	51%	Government approval	<ul style="list-style-type: none"> Minimum amount of Investment – USD 100 mn and atleast 50% in the first tranche At least 30% of the value of procurement shall be sourced from Indian micro, small and medium industries
	Construction Development: Townships, Housing, Built-up Infrastructure (Residential/commercial premises, roads or bridges, etc.)	100%	Automatic	<ul style="list-style-type: none"> FDI is subject to a lock-in period of 3 years

Note: Some of the key sectors have only been mentioned above. Sectors under the Automatic route and Government have specific other conditions. It is advisable to refer to sector-specific conditions to determine eligibility before making any investments. Further, in certain sectors FDI is prohibited e.g. lottery, gambling, etc.

WOS / JV – KEY ASPECTS: INCORPORATION, REGISTRATIONS AND MANAGEMENT

Incorporation	<ul style="list-style-type: none"> • Obtain Director Identification Number and Digital Signature Certificate for directors • Obtain name approval • File incorporation forms along with Memorandum of Association and Articles of Association • Obtain certificate of incorporation
Registrations	<ul style="list-style-type: none"> • Permanent Account Number • Tax deduction and collection Account Number • GST Number • Profession Tax • Shops and Establishment • Import Export Code • Other necessary registrations
Management /Board of Directors	<ul style="list-style-type: none"> • Minimum 2 directors with at least 1 director who has resided in India for over 182 days in the previous calendar year and 2 shareholders • 1 meeting of the Board of Directors per quarter
Books of Accounts	<ul style="list-style-type: none"> • Books of accounts must be physically maintained and kept at the registered office or in electronic mode on servers located in India
Statutory Audit	<ul style="list-style-type: none"> • Financial statements should be annually audited by a Chartered Accountant

*The estimated time to set up a Company in India including key registrations is 2-3 months
WOS stands for Wholly Owned Subsidiary and JV stands for Joint Venture*

WOS / JV – KEY ASPECTS: DIRECT TAX ASPECTS (1/3)

Taxability				
	Types of company	Corporate Tax Rate	Surcharge on Income INR 1-10 Cr (~USD 0.12-1.2 mn)	Surcharge on Income >INR 10 Cr (~USD 1.2 mn)
	Domestic Company (turnover - INR upto 400 Cr i.e. ~USD 48 mn)	25%	7%	12%
	Any other domestic company	30%	7%	12%
	Foreign Companies (BO and PO)	40%	7%	5%
	<i>In addition to the above a 4% cess is levied</i>			
Presumptive Taxation	<ul style="list-style-type: none"> Income declared at a prescribed rate of turnover/gross receipts for certain businesses (e.g. Professionals) subject to conditions No detailed book-keeping required 			

WOS / JV – KEY ASPECTS: DIRECT TAX ASPECTS (2/3)

Withholding Tax	<ul style="list-style-type: none"> • Applicable on payments like interest, royalties, fees for technical services to residents and non-residents • Rates vary as per the Income Tax Act or Double Taxation Avoidance Agreements (DTAA) if applicable • Non-compliance can lead to disallowance of expenditure 				
	Country	Dividends	Interest	Royalties/Fees for technical services	Capital Gains on sale of shares
	USA	15%/25%	15% / 10%	15% / 10%	Each state
	UK	10%/15%	15% / 10%	15%	Each state
	Germany	10%	10%	10%	State in which the Company's shares are sold is resident
Advance Tax	<ul style="list-style-type: none"> • Taxpayer with tax liability more than INR 10,000 (~USD 120) in a financial year have to pay Advance Tax 				
Transfer Pricing	<ul style="list-style-type: none"> • Documentation and reporting requirements as per Transfer Pricing regulations. • Certain disclosures in tax returns • Safe harbour provisions • Advance Pricing Agreements 				

WOS / JV – KEY ASPECTS: DIRECT TAX ASPECTS (3/3)

Thin Capitalization	<ul style="list-style-type: none">• Prevent tax base erosion by capping interest deductions on excessive debt• Applies only to interest expenditures exceeding INR 1 Cr (~USD 0.12 mn)• Interest expense deduction cap at 30% of EBITDA or interest to associated enterprises, whichever is less• Excess interest over the cap can be carried forward to offset future taxable income
Minimum Alternate Tax (MAT)	<ul style="list-style-type: none">• Ensures companies in India pay a minimum tax despite deductions and exemptions• Current MAT is 15% (plus Surcharge & Cess) of book profit as per defined calculation• Provision for MAT credit and set off in later years
Place of Effective Management	<ul style="list-style-type: none">• Identify where key management decisions are made• Determines tax residency, influencing where a Company is taxed, and the rates applied
Faceless Assessment	<ul style="list-style-type: none">• No human interface• Ease of compliance for taxpayers• Transparency and efficiency

WOS / JV – KEY ASPECTS: GST

Rates	<ul style="list-style-type: none">• All the goods and services are classified based on the Harmonised System of Nomenclature and Services Accounting Code into 4 tax rates: 5%, 12%, 18% and 28%
Credit	<ul style="list-style-type: none">• Input Tax Credit available against GST liability, subject to conditions
Exemption for exports	<ul style="list-style-type: none">• Export of goods and services is exempt from GST if:<ul style="list-style-type: none">◦ The supplier is located in India, and the recipient is outside India◦ The place of supply is outside India◦ Payment is received in convertible foreign currency or Indian Rupees as allowed by the Reserve Bank of India◦ The supplier and recipient are distinct legal entities
Compliance and Audit	<ul style="list-style-type: none">• Regular monthly/quarterly and annual GST filings required (compliance discussed in detail in the later slides)• GST audits verify declared turnover, taxes paid, refunds claimed, and Input Tax Credit to ensure compliance accuracy (if turnover exceeds INR 5 crores i.e. ~US\$ 600,000)

WOS / JV – KEY ASPECTS: LABOUR AND OTHER LAWS

Professional Tax registration and compliances	<ul style="list-style-type: none">• Professional Tax registration and returns are essential processes for individuals and businesses to comply with state-level taxation requirements in India• Each state has its own defined income slabs and corresponding tax rates
Employee Provident Fund registration and compliances	<ul style="list-style-type: none">• Mandatory if employing > 20 persons• India has signed Social Security Agreements with 20 countries
Employees' State Insurance registration and compliances	<ul style="list-style-type: none">• Mandatory if employing > 10 persons
Shops & Establishment Act registrations and compliances	<ul style="list-style-type: none">• State regulations governing working conditions and operational norms for businesses in India
Companies should adhere to other laws (sector-specific, state specific, etc.), if applicable	



KEY CONSIDERATION RELATED TO REGULATORY COMPLIANCES



Speaker – Pritam Chowdhury

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FEMA COMPLIANCES

Reporting of Foreign investments is required to be done through the Single Master Form (SMF) available on the FIRMS platform of RBI.

Particulars	Form
Issue of capital instruments by an Indian company to a person resident outside India	Form FC-GPR
Transfer of capital instruments between a person resident outside India and a person resident in India	Form FC-TRS
Foreign direct investment in an LLP through capital contribution and profit shares	Form LLP-I
Disinvestment or transfer of capital contribution and profit shares in an LLP	Form LLP-II

Particulars	Form
Issue or transfer of convertible notes	Form CN
Issue of employee stock options by an Indian company to an employee resident outside India	Form ESOP
Issue or transfer of depository receipts	Form DRR
Reporting of downstream investment or indirect foreign investment in a company or an LLP	Form DI

Particulars	Form
Annual Return on Foreign Liabilities & Assets	FLA Return
Report on actual External Commercial Borrowings transactions	ECB 2 Return

COMPANIES ACT COMPLIANCE

- Businesses in India need to comply with secretarial matters specified under the Indian Companies Act and report to the concerned ROC.
- Board Meeting: Four meetings every year with a gap not exceeding 120 days between two such meetings.
- Annual General Meeting ('AGM') : Within 180 days of end of the financial year.

Particulars	Form
Declaration for commencement of business	INC-20A
Financial statement	AOC-4/ AOC4(CFS)
Annual Return	MGT-7
Return of Deposit	DPT-3
KYC form for all directors	DIR-3 KYC
Half-yearly return for informing outstanding payment to micro and small scale vendors	MSME-1
Declaration regarding Significant Beneficial Ownership	BEN - 2

Particulars	Form
Filing of Resolutions and agreement	MGT-14
Notice to Registrar by Company for appointment of Auditor	ADT-1
Form of intimation of appointment of Cost Auditor by the Company to Central Government	CRA-2
Form for filing Cost Audit Report to the Central Government	CRA-4
Form for Reconciliation of Share Capital Audit Report on half yearly basis	PAS-6
Annual Return of LLP	LLP-11
Statement of Accounts and Solvency	LLP-8

TAX PAYMENT

Withholding Tax	
Type of Form	Description of the Form
Form 24Q	TDS on salary payments.
Form 26Q	TDS on payments such as interest, professional fees,
Form 27Q	TDS on payments made to overseas firms or non-residents
Form 27EQ	Collection of tax at source

Advance Tax	
Advance Tax Payment	Due Date
15% of advance tax	On or before 15th June
45% of advance tax (-) advance tax already paid	On or before 15th September
75% of advance tax (-) advance tax already paid	On or before 15th December
100% of advance tax (-) advance tax already paid	On or before 15th March

- Specified categories of taxpayers are required to get their accounts audited under the IT Act, by an auditor who is a practicing member of the Institute of Chartered Accountants of India. The auditor has to furnish audit report Form 3CA/ 3CB and Form 3CD.

Particulars	Due Date
Taxpayer with domestic transactions	30th September of the subsequent year
Taxpayer with international transactions	30th November of the subsequent year

TAX RETURNS

- INCOME TAX RETURN**

Due Date

Individuals (including salaried individuals)	31 July of the subsequent year
Other companies/LLPs/individual who is required to submit tax audit	31 October of the subsequent year
A company/an LLP that is required to submit a transfer pricing certificate in Form 3CEB with respect to international transactions	30 November of the subsequent year

OTHER RETURNS**Particulars****Due Date**

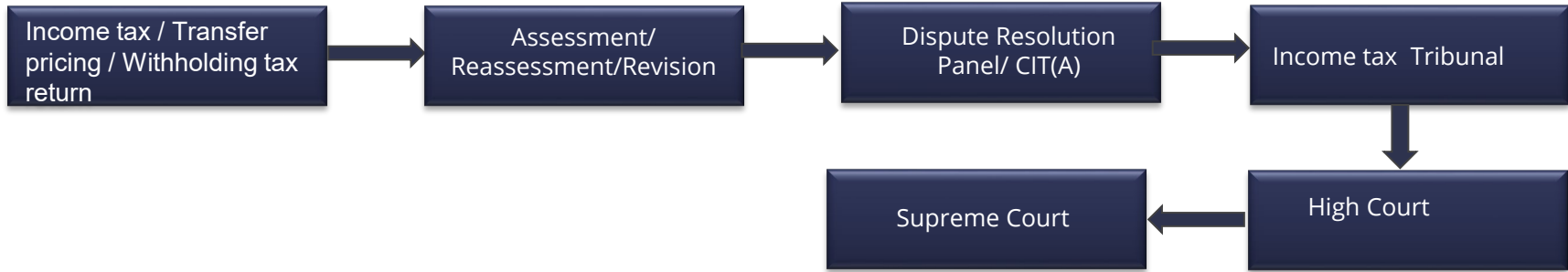
Form 15CA/15CB	Certification for foreign remittance	At the time of foreign remittance
Form 61A	Specified Financial transaction	31st May of the subsequent year

TRANSFER PRICING AND BEPS

- Tax payers with international transactions and specified domestic transaction are required to get their accounts audited under the IT Act, by an auditor who is a practicing member of the Institute of Chartered Accountants of India.

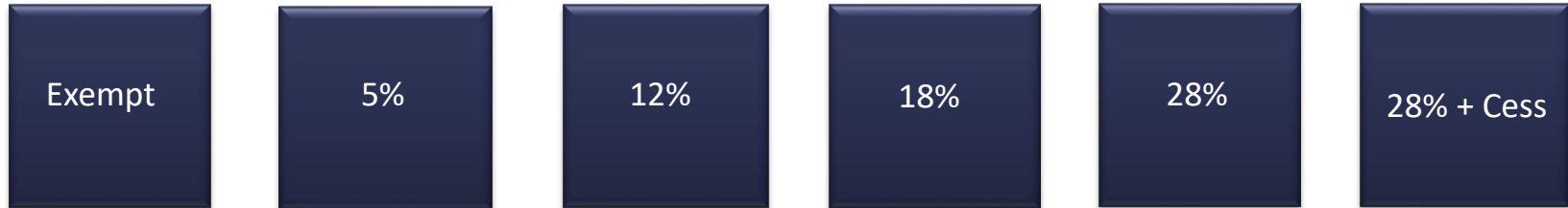
Particulars	Form
Taxpayer with International Transactions / specified domestic transactions	Form 3CEB
Master File	Form 3CEAA
Country-by-Country Report	Form no. 3CEAD
If there is more than one constituent entities resident in India	Form 3CEAB
Constituent entity resident in India, the parent entity of which is not resident in India	Form 3CEAC

DIRECT TAX LITIGATION



GST OVERVIEW

- Goods and Services Tax ('GST') was introduced in India on 1 July 2017 replacing the earlier central taxes and duties, such as central excise and a multitude of state levies like Value Added Tax ('VAT')/ Central Sales Tax ('CST'), on a majority of goods, entry tax, purchase tax, octroi, etc.
- The GST is based on a dual levy model. Both the center and the state are empowered to levy equal amounts of tax (in the form of Central Goods and Services Tax ('CGST') and State Goods and Services Tax ('SGST') on the same taxable base (supply of goods and services). In case of inter-state transitions, center has the authority to levy Integrated Goods and Service Tax ('IGST'), a part whereof is transferred by the central government to the destination state.



Electronic Invoicing

Electronic invoices are mandatory for GST registered persons with the aggregate turnover of INR 50 million in any of the financial years from 2017-18 onwards subject to certain exemption.

Electronic invoicing primarily involves reporting of an invoice generated by a tax payer to the central system (called Invoice Registration Portal) to ensure that a unique invoice reference number (IRN) is generated for each invoice.

Dynamic Quick Response Code

Dynamic Quick Response (QR) Code are mandatory for a tax invoice issued to an unregistered person by GST registered persons with annual aggregate turnover exceeding INR5 billion rupees in any of the financial years from 2017-18 onwards subject to certain exemption.

E Way Bill

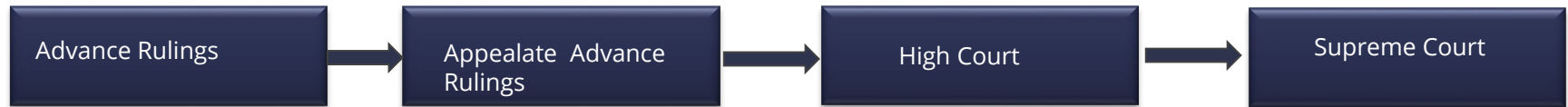
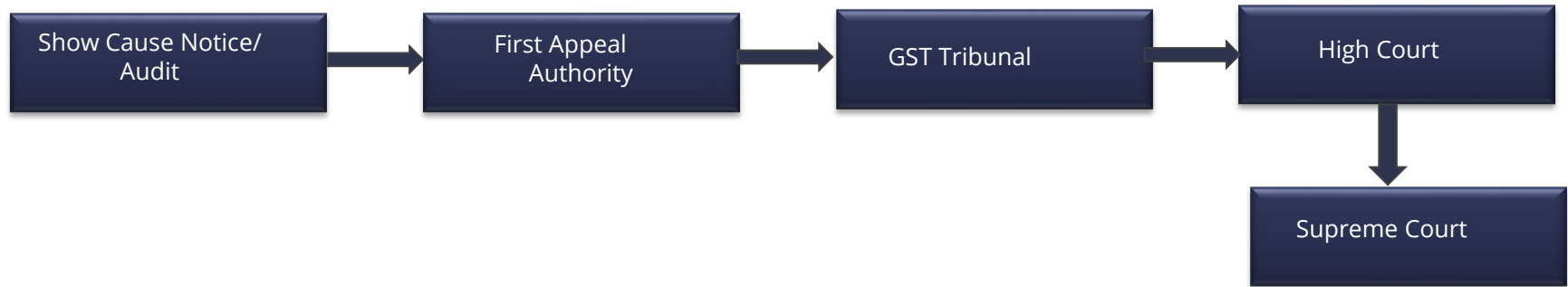
GST registered person are required to generate Electronic Way bill with unique Eway Bill Number (EBN) for transport goods in a vehicle whose value exceeds Rs.50,000(Single Invoice/bill/delivery challan) subject to certain exemptions.

GST RETURNS

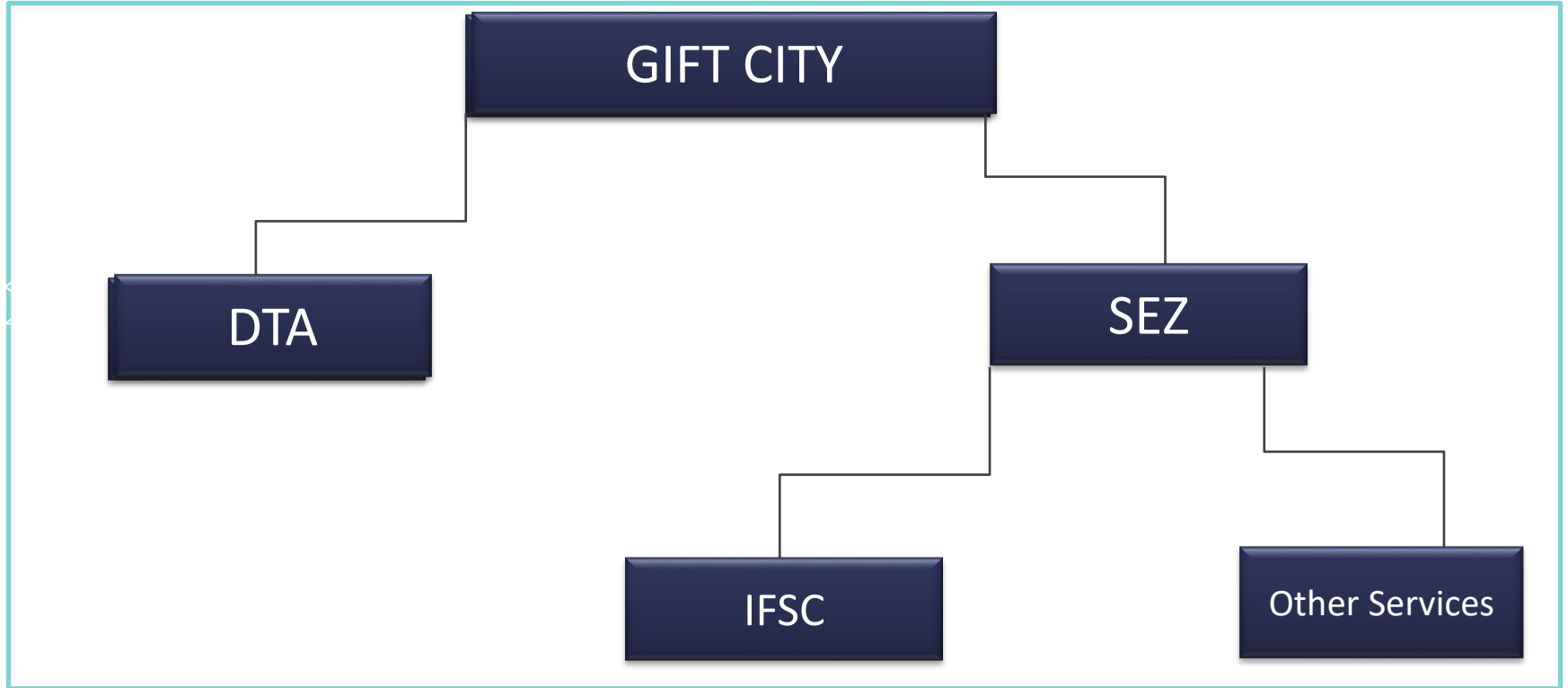
Particulars	Compliance
Form GSTR-1	Details of Outward supplies
Form GSTR-3B	Details of Outward supplies, Input tax , HSN Code, etc
Form GSTR-6	Return for Input service distributor
Form GSTR-4	Annual Return under Composition Scheme

Particulars	Compliance
Form CMP-08	Quarterly Return under Composition Scheme
Form GSTR-7	Return by Registered persons who are required to deduct tax
Form GSTR-8	Monthly Statement by E-Commerce Operator
GSTR-9	Annual Return
GSTR-9C	Annual Audit

GST LITIGATION



GIFT CITY OVERVIEW



**GIFT City Stands Gujarat International Finance Tech-city*

GIFT CITY OVERVIEW



GIFT CITY TAX AND REGULATORY ADVANTAGE

Particular	Tax and Regulatory Advantage
Tax holiday	100% tax deduction for its business income, for 10 consecutive years out of 15 years)
MAT/AMT	MAT / AMT at the rate of 9% of book profits. MAT is not applicable in IFSC if companies / other entities have opted for concessional tax regime (ie 22% tax rate)
Dividend Income	Dividend income distributed by a company in IFSC to be taxed in the hands of the shareholder
Interest Income	Regarding the interest income paid to non-residents: <ul style="list-style-type: none">• Monies lent to IFSC units not taxable• Long Term Bonds & Rupee Denominated Bonds listed on IFSC exchanges taxable at lower rate
Transfer of specified securities listed on IFSC Exchange	Transfer of specified securities listed on IFSC exchanges by a non-resident or Category III IFSC AIF not treated as transfer, provided the consideration is paid or payable in foreign currency / convertible foreign exchange

GIFT CITY TAX AND REGULATORY ADVANTAGE

Particular	Tax and Regulatory Advantage
Compliance relaxations	NR investors not required to file tax returns and obtain a PAN
Goods and Services Tax	No GST applicable on services: <ul style="list-style-type: none">• received by unit in IFSC• provided to IFSC / SEZ units or offshore clients• No GST on transactions carried out in IFSC exchanges
STT, CTT, Stamp Duty	Exemption from STT, CTT, stamp duty in respect of transactions carried out on IFSC exchanges
Others	Subsidies extended by the State of Gujarat- lease rental, provident fund contribution, electricity charges, etc.

GIFT CITY – INVESTMENT OPPORTUNITIES



Foreign Universities and Educational Institutions



Aircraft Leasing



IFSC Banking Units



Investment Advisers

GIFT CITY – INVESTMENT OPPORTUNITIES



Legal, Compliance and Secretarial



Auditing, Accounting, Bookkeeping and Taxation Services



Professional & Management Consulting Services



Administration, Assets Management Support Services and Trusteeship Services

PRACTICAL ISSUES FACED BY GLOBAL MNCs OPERATING IN INDIA

Permanent
Establishment

Claiming DTAA
Benefit- Form
10F

MFN Clause

Claiming GST
Input Tax Credit

GST on
Expatriate
Employee

Resident
Director

CONCLUSION

Our firm being a full services firm has end to end competencies and capabilities – right from setting up operations in India, ongoing regulatory and tax compliances, providing accounting and outsourcing support, providing managed compliances support, providing technology and digital consulting support, governance and risk management consulting support, forensic and cyber security consulting support and government and public sector related consulting support....

Questions & Answers

DISCLAIMER

This presentation is designed to provide a broad overview and is not exhaustive. The information contained herein focuses on primary aspects and key documents generally required for Company registration in India. It does not cover all possible processes, compliance obligations, or specific scenarios that may apply. This material should not be considered as legal or professional advice. For a comprehensive understanding and to address specific cases, we strongly advise engaging with professional consultants familiar with Indian corporate regulations.

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