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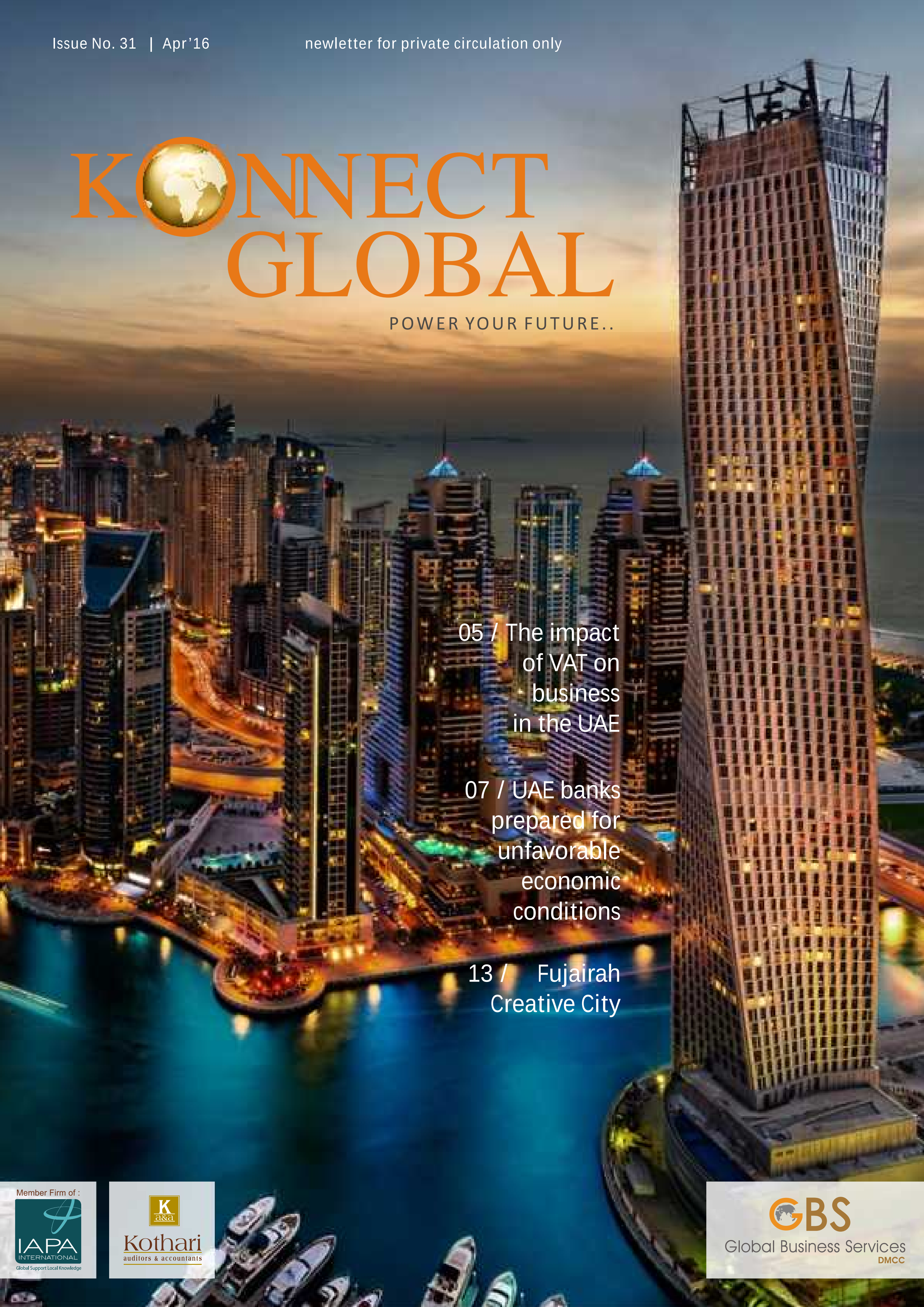

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THOUGHTS

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Director's Note

Persistent low oil prices and introduction of fiscal consolidation leads to slowdown in economic growth of GCC countries. Value Added Tax (VAT) of 5% is being introduced in the UAE and in GCC countries from 1st January, 2018.

According to February's PMI figures, dynamics in the non–hydrocarbon sector remains positive this year due to speedy growth in the output, new orders and a strong USD. Also, since the inflationary pressure was low, the firms could cut costs and resultant charges to a great extent and in turn secure new clients.

However, the rate of growth in the non-oil private sector remains weaker than a year ago, where the PMI registered was 58.1.

The UAE's fundamental structure remains strong due to its solid banking system, low debt and diversified economy that shields the UAE against sharp economic downturn. Analyst forecasted a 2.7% economic growth in 2016 and 3.1% of GDP growth by 2017.

Consumers in UAE remained positive with the confidence index standing at 108 as of the fourth quarter of 2015 with Middle East, Egypt, Saudi Arabia experiencing a decline in the consumer confidence.

Continuous decline in oil prices, slowdown in China, subdued economic outlook and broadening fiscal deficits is affecting the overall growth forcing many companies to rethink on the short term solutions and hold back investments needed to build their prosperity in the future.

Reforms in India are expected to propel the growth to 8% + which is an exception to the global growth outlook.

5% VAT to be implemented by UAE in near future

GCC (Gulf Cooperation Council) countries will implement Value Added Tax (VAT) at the rate of 5% from January 1, 2018 as a part of the government's efforts to diversify revenues in context to sharp decline in oil prices. Even with introduction of VAT at low tax rate of 5%, it will be easy for GCC states to generate tax revenues up to 2% of the gross domestic product. The framework agreement for same is expected in June this year across the GCC.

IMF recommends fiscal consolidation in GCC through diversification of government revenues and reduction of subsidies. For this, indirect taxation in the form of VAT is the most viable option for GCC states in the first stage of taxation as implementation of direct taxes requires a well developed institutional framework.

While exempting 100 food items, healthcare and education, the UAE will impose five percent VAT which is expected to generate Dh12 billion from tax revenue. The effort to diversify the economy away from oil while developing a knowledge based economy will make the country less susceptible to oil price cycles. Since government has limited options, public services need to be taxed.

There is no immediate agenda for implementation of Corporate Income Tax (CIT), so as to avoid creating challenges to the tax free branding that has been the country's attraction in the past.

The impact of VAT on business in the UAE

The introduction of value added tax (VAT) system in the UAE from January 1, 2018 will impact business and consumers on a large scale.

Entrepreneurs must now look at the suppliers for the goods and services that they use to run their businesses, in order to determine the impact of VAT. Also, companies need time to learn the procedures and policies before they can implement VAT.

Various concerns have been raised following the announcement that the UAE will go ahead with VAT.

- The cost of doing business and readiness of merchants.
- Loss of business due to VAT burden to customers.
- Hindrance for expansion of small and medium enterprises.
- Requirement of additional manpower to facilitate tax collection & deposit

The impact of VAT will be multifold, affecting virtually all functions within a business including information technology, human resources, procurement, finance and marketing. If not applied properly it may be an additional cost to the business. Also, non compliance with tax law attracts severe penalties. All businesses must undertake a review of their current contracts to determine if VAT has been properly addressed.

In 2018, the UAE will impose five percent VAT on certain goods and services which would generate additional revenue equivalent to about 1.5% of the UAE's gross domestic product.

Considering that the UAE economy is forecast to grow to $440 billion in 2019, the VAT contribution would be approximately $3.27 billion.

Essential measures for business owners:-

- For a more cost effective supply chain, proactive remedial measures can be taken to address deficiencies.
- Corporate re-organizations and restructures should be analyzed and IT system capabilities should be tested across the business functions with focus on education of personnel.
- UAE businesses having operations in other GCC member states, must examine the impact of special rules on intra-GCC supplies and acquisition and intra group transactions. This will help to ascertain whether the current organization model will remain effective post the new VAT system is implemented.
- To demonstrate to the tax authority if they have correctly applied the VAT rules, businesses and merchants will need to incorporate VAT into their accounting systems and will need to keep accurate records. IT systems will play a huge role in this process. Larger organization will need a fully automated tax engine.

UAE experiences inflection point in investment flows

Since investors tread back in the market to invest in some fixed income products, there has been an inflection point in investment flow.

A leading money manager in the country with 20 funds managing about $3 billion(Dh 11 billion) worth of assets under management, has delivered approximately 50 percent return to investors, with historical since inception average net cash annual dividends of over 6 percent.

Since banks have been providing good rates due to tight liquidity conditions, some investors have also preferred cash deposits. They have also been treading cautiously on equities to balance their portfolio. The real estate fund has over Dh 1.69 billion of assets under management.

Though in January, the sentiment was very negative, the fear has decreased and despite the caution and volatility, people are now seeing upside. Institutions are making long term (3-5 years) calls as they feel there is immense value due to depressed pricing. There have been huge flows in short duration high yield fixed income products. They have seen good growth as customers get comfortable with oil prices hovering at around $32-$35 per barrel. Share holders are also positive about real estate, though they are looking for diversified exposure.

On the positive side:

- The stability in crude oil prices and the proactive role played by the government have been contributing factors for investor's confidence.
- The important infrastructure projects are still continuing despite more than 72 percent fall in oil prices in the past two years.
- In spite of all the challenges, UAE's GDP is still expected to grow at 3 percent, slightly lower compared to last year.
- Moreover, unlike 2008's slowdown, the 2016 economy is more diversified and there are fewer speculations in the market.

Diversification is the key.

- Investors are advised to make a diversified portfolio unless they have a very specific investment mandate and have a combination of cash, gold, liquid funds and slight exposure to more risky illiquid assets such as private equity funds, mezzanine funds and hedge funds.
- While taking a view of 3 to 5 years, most of sovereign wealth funds, pension funds and insurance companies are taking bets on more illiquid assets to balance risk.
- In spite of the implicit and explicit risk built into the system, picking the right platform which is actively engaged can mitigate the risk.
- Caution rather than fear is advised.

FACTBOX: UAE INSTITUTIONS TALKING ABOUT PENSION PRODUCTS.

Large UAE institutions have been trying to do the fact finding and trying to understand about the pension market.

"Institutions are trying to understand what the (pension) market would be able to provide, if they were to set up these individual pension programs and what options would their employees have. There is a lot of conservation, and trying to understand what is their risk profile etc."

A more active conversation is expected over the next 12-18 months.

UAE banks prepared for current economic conditions

The UAE's banking sector is expected to cope well with the global and regional economic challenges like low oil prices, squeeze on liquidity and a potential growth slowdown.

Despite facing problems in asset quality in small and medium enterprise (SME) portfolios, deposits and loan growth, many of the banks gave positive results in 2015 which was supported by income growth, a modest increase in costs and lower impairment charges. The positive impact on the bank's profit was a result of their prudent provisioning policy in the past.

Moreover, whereas most banks are suffering from a surge in bad loans, some of the stronger banks have shown declining legacy bad debts.

Growth in the future:

Due to growth in stable funding sources such as current account and savings account deposits (CASA) which accounts for 57% of bank's total deposits, the bank's advances to deposit ratio boosted to 94.2%.

The value of the debts/sukuk maturing in 2016 is Dh 9.1 billion. The bank's liquidity to meet the load demand and the maturity profile will be managed by its strong local deposit base supported by funds raised from international deposits.

Banks have raised $10.6 billion last year from the market, a good enough figure to match its maturity profile.

FACTBOX: SME remains a lucrative business.

Due to a rise in non-performing loans (NPLs), some UAE banks have reduced their exposure to small and medium enterprises (SME) portfolio.

Late last year, the UAE Banks Federation estimated that the banking sector in the country could face NPLs in the range of Dh 5 billion to Dh 7 billion from SME exposures.

But for many banks SME business remains strong as they view these as opportunities to diversify, drive employment and GDP growth. A large number of SME's are involved in trade and many of them have imported goods in dollars. With dropping commodity prices for exports, currencies of many export destinations also have dropped resulting in a twofold set back.

Shortage of liquidity and cost of rising funds affect lending rates

Lending rates in the UAE will improve at a gradual pace as a result of tightening liquidity across GCC countries and an increase in interest rates.

The fed rate hikes is expected to be limited within a band of 25 to 50 basis points this year, hence tighter liquidity in the region will be strongly influencing the loan pricing. Banks need to explore stable and cheap funding from international markets as liquidity is quite tight with 101% lending to stable resources.

Since the liquidity shortage is a regional phenomenon, some of the banks have been raising international deposits in Asian markets such as Singapore and Hong Kong through time deposits. Liquidity is also abundant in the US and Europe. It is not a difficult task to raise deposits in the international markets as long as one has good credit rating, strong balance sheet and a recognized brand name.

In context of falling oil prices, regional banks fear the withdrawal of government deposits or deposits by sovereign wealth funds.

The banking sector liquidity is fairly fluid in the GCC region. As money tends to flow across the border chasing yield, shortage in any of the GCC countries is likely to have an impact on others. There is no escaping of regional linkages on liquidity depending on the rate differences. Also, as higher yielding government debt issues subscribe to government debt issuance; they are likely to drain liquidity from the regional banks.

China's economic growth target down to 6.5-7 percent

To lift the productivity and incomes, China's leadership will open its oil and telecom industries to private competitors as a part of sweeping reforms while reducing this year's growth target to 6.5 to 7%.

Market oriented reforms will be focused on opening telecoms, petroleum and public utilities industries. Private companies will be promised similar treatment as state owned enterprises in project approval, finance and tax policy.

China's slowdown especially in past two years is a self-imposed result of regulators nurturing retail, tourism and other service industries and clamping down on the building boom. This has raised the risk of politically dangerous job losses, prompting Beijing to shore up growth with mini-stimulus efforts.

Growth in 2015 declined to a 25-year low to 6.9% and is forecast to drift lower in 2016. The growth target is down from last year's approximate 7% and is less than half of 2007's peak of 14.2%

Self Sustaining Growth

Over the past 5 years, China's economy has cooled as efforts are being made to replace an outdated model based on trade and investment. Dominance of state companies that dominate banking, telecoms, oil and steel industries needs to be cut down.

China needs to transform into a middle–income economy with self sustained growth driven by consumer spending instead of investment, trade and heavy industry. Service and manufacturing industries need to be opened to foreign investors and regulations need to be made more fair, transparent and predictable to attract investment. There have been complaints that Chinese regulators are hampering access to promising sectors in violation of its free-trading pledges.

China also needs to fix problems related to the environment and more investment needs to be diverted to science, research and development with focus on advanced manufacturing and innovative technology.

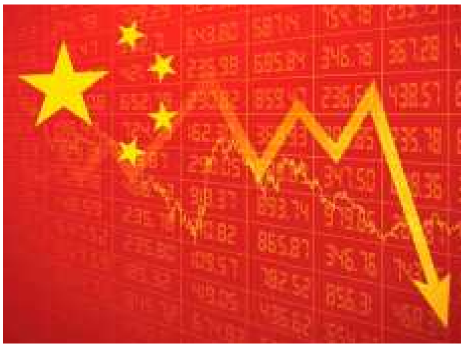
The Job Market

The slowdown and Beijing's reforms have wiped out jobs in mining, steelmaking and other industries. About 1.8 million coal mining jobs covering about 17 percent of the industry's workforce is expected to eliminate.

Though the economy created 13 million new jobs last year there is no record of the number of job lost in the same year. Few workers managed to get jobs in the growing industries of retail, e-commerce and other services but still the country needs to find more than 50 million new urban jobs in next five years for the ones who are struggling to find work.

Price cutting wars have driven companies into bankruptcy. The reaction of steel companies of exporting their surplus had been met with complaints by China's trading partners.

Mergers need to be promoted and “zombie enterprises”, the Chinese term for companies that are kept afloat by cheap loans from state banks need to be shut down.



Tough Challenges

The coal prices might drop another 10 percent in 2016 worsening the struggle for financial strapped miners.

With shipments of Chinese goods falling by up to 20 percent from a year ago and the manufacturing weakened in February, the trade figures are expected to show a contraction exports accelerated.

It is difficult to reassure Chinese public and the foreign investors,that growth is on track and in control due to currency and stock market turmoil.

Beijing is expected to debilitate its Yuan to boost sagging exports. This has driven a capital outflow spike to a record of $135 billion in December 2015.

Moody's Investors Service quoted China's credit rating to be negative due to rising debt, capital outflows and uncertainty about the authorities and capacity to implement the reforms. While the Xinhua news agency mentioned that the approach is shortsighted and the practice shall prove the decision wrong.

Yuan gets recognition in FX reserve database this October

International Monetary Fund will start identifying the yuan in its official foreign-exchange reserves database from October, pushing China for a bigger international role of its currency renminbi. This will enable IMF members to record as official reserves their holdings of renminbi-denominated external assets that are readily available for meeting balance of payments financing needs.

The change will be reflected in Cofer - the IMF's fourth survey on the currency composition of official foreign exchange reserves which will be published at the end of March 2017.

Growth:

A meeting of the Group of 20 held by China; showcased its position and prominence in the global market. However concerns have been raised over slowing Chinese growth due to steep stock market losses which occurred during start of the year.

In December, the IMF executive board approved the inclusion of the yuan in reserve currencies. From October, along with the Dollar, the Euro, the Japanese Yen and the British Pound; Yuan will be included in the Special Drawing Rights basket of reserve currencies.

Ras Al Khaimah Investment Authority – International Business Company

Ras Al Khaimah is a fast developing city and emirate, situated against the backdrop of the Al Hajar Mountain Range, in the north of the UAE.

In 2006, Ras Al Khaimah Investment Authority launched an offshore facility, by passing of Ras Al Khaimah Investment Authority's International Business Companies Regulations 2006 – also called RAK Offshore.

Characteristics of an offshore company registered in the RAKIA are as follows :

A - Shareholders
1. Minimum of one shareholder is required.
2. Corporate shareholders are permitted.
3. Shareholders will decide capital structure of the company.
4. Bearer shares are not permitted.

B - Directors
1. A minimum of one director is required and corporate directors are permitted.

C - Secretary
1. Every company must have a secretary.
2. Director can be secretary as well.

D - Restrictions on Name & Activity
1. Names must end with Limited or Incorporated.
2. The following words and their associated activities cannot be used : Assurance, Bank, Building Society, Chamber of Commerce, Chartered, Co operative, Fund, Imperial, Insurance, Municipal, Mutual Fund, Royal and Trust.

E - Local Requirements
1. Company must appoint an approved registered agent.
2. A registered agent's office in the UAE or in the RAKIA Free Zone can also be used as the registered office.

F - Timescale
1. Registration of the RAKIA Offshore will take 2-3 days.

G - Annual Reporting
1. Every company must keep accounting records.
2. Accounts must be approved by the directors and signed by one of them.
3. The accounts do not need to be filed with RAKIA Offshore Authority.

H - Limitations

RAKIA IBC cannot :
1. Carry out business (or provide services) with a UAE based customer / supplier.
2. Have a physical office in UAE.
3. Sponsor UAE residence visas for employees / directors / shareholders.
4. Not entitled to tax residency certificate.

I - Company Renewal
1. Renewals for RAKIA Offshore companies fall on every anniversary date of incorporation.
   Failure to do so will result in penalties.
2. In the event the company is not renewed within 6 months of the renewal due date, the company will be struck off from the registrar of the companies.
3. Latest valid passport copy and recent utility bill for address proof of shareholder/director are required to be submitted at every renewal as a part of enhanced due diligence.
4. If shareholder is a corporate entity, then latest certificate of incumbency and above stated docs of directors would be required.

J - Documents Required

Individual's KYC Docs :
1. Passport Copy (clear copy with clear photo)
2. UAE Visa Copy, if applicable
3. UAE Entry Stamp, if applicable
4. N.O.C. from UAE Sponsor, if applicable
5. Address Proof (original recent utility bill for residence)
6. Bank Reference letter (original)
7. CV / Profile

Corporate Shareholder's KYC Attested upto UAE Ministry:
1. Certificate of Incorporation
2. Memorandum / Articles of Association
3. Original Board Resolution
4. Original Power of Attorney
5. Certificate of Incumbency

Fujairah Creative City

About Fujairah & Fujairah Creative City :

Fujairah's strategic and unique location, as the UAE's only Emirate on East Coast, plays a key role in its development. Under the leadership and vision of His Highness Sheikh Hamed Bin Mohammed Al Sahrqi, the Ruler of Fujairah, the Emirates continue to grow. An amazing amalgamation of the traditional values of the East and modern technologies of the West, Fujairah offers a standard of living comparable to that of world's most developed nations. More than a quarter million people of various nationalities, including Emiratis, inhabit this Emirate of 1,450 sq. kms.

Since the company launch in 2007, Creative City has been providing thousands of clients with reliable services in a successful business environment. Creative City sets up professional environment for individuals and businesses working in a broad spectrum of business fields including media, events, consulting, education, communication and marketing, music and entertainment, design and technology complementing existing media clusters in the region and further facilitating creativity in all fields. Creative City provides licenses to individuals within a Free Zone economic environment. It regulates and process all government formalities, work permits and visas and simplifies the process of a business startup. Providing a complete one-stop solution, Creative City offers customized services and business packages and ensures professional assistance to its clients during every step of a company formation process.

Benefits offered by the Fujairah Creative City is just the same as other free zones such as 100% Foreign company ownership, 100% Repatriation of capital and profits, 100% exemption in corporate, personal income tax, import-export taxes and duties, no currency restriction, simple and speedy registration procedures and many other such benefits.

Location	Fujairah Creative City, Fujairah, (U.A.E.)
Proposed activity	Consultancy/Service/Import and Export (IT Related) activities can be carried out
License available	Service, Consultancy and Commercial License can be obtained
Types of entities	FZE (single shareholder), FZ LLC (2-5 shareholders) and Branch office
Shareholder	Can be Individuals or Corporate entity
Director	Individuals only (Minimum one, Shareholder can also be Director)
Share capital	AED 100,000/- in case of FZE/FZ LLC and AED Nil/- in case of Branch office (Required to be deposited in bank before or after incorporation) Do note that shares are deemed to be issued on incorporation of the company irrespective of whether share capital is deposited in bank pre or post incorporation
Audit	Not applicable
Estimated time	3-5 working days for incorporation and setting up company. Another 10-15 working days for immigration card, subject to security clearance and thereafter Visa may take approximately 7-10 working days on a normal basis.

Documents Required

Shareholder : Individual

A. Letter of authorisation
B. Application form to be duly filled and signed
C. Brief activity description
D. Passport copies with visa page of owners/manager
E. Tourist/visit visa copy of owners/manager
F. Entry stamp page for owners/manager
G. NOC for owners/manager if holding UAE visa
H. Degree certificate for owners/manager for certain activities
I. Latest utility bill for owners/manager

Shareholder : Corporate

A. Letter of authorisation
B. Application form to be duly filled and signed
C. Brief activity description
D. Passport copy with visa page of manager
E. Tourist/visit visa copy of manager
F. Entry stamp page for manager
G. NOC for manager if holding UAE visa
H. Degree certificate for manager for certain activities
I. Latest utility bill for manager
J. Following documents of corporate entity to be attested with UAE Consulate in country of corporate entity and MOFA in UAE: COI/MOA/AOA/POA/Board resolution

NOTE
All shareholders (or authorized attorney in case shareholder is a corporate entity) are required to personally visit and sign in presence of licensing authority before incorporation of the company. Alternatively they can issue a POA duly attested by UAE consulate in their country of residence and thereafter attested by UAE Ministry of Foreign Affairs (which may cost approx. AED 2,500/- per POA).

OTHER NOTES
A. Document legalisation cost (in case of corporate shareholders) with UAE Ministry is not included in above cost.

B. Each visa costs approximately AED 7,000/- in case the person is within UAE, and AED 6,000/- in case the person is outside of UAE, in addition to employee guarantee deposit (refundable).

C. Shareholder or directors wishing to have UAE residency visa on said company will need to revisit after issuance of license, immigration card and visa for stamping of visa on the passport and may need to stay in UAE from 5 to 7 working days as that process may take time.

D. In case if immigration card is rejected due to security reason, company can claim for refund. Application to be submitted within 3 months from the date of incorporation and liquidation procedures to be followed.

E. Post box renewal is required to be done on 31st December every year.

F. Company Immigration card to be renewed every year.

G. Investors to have family status. UAE visa should have share capital of AED 75,000/- and in order to be eligible for Owner / Investor / Partner visa should have share capital of AED 60,000/-

UAE Commercial Company Law 2015 (Federal Law No. 2 of 2015)

UAE enacted new Federal Law No. 2 of 2015 concerning Commercial Companies (CCL2015) which came into effect on 1st July 2015 and replaced Federal Law no. 8 of 1984 concerning Commercial Companies.

It is mandatory for all companies to amend Memorandum of Association before 30th June 2016 to reflect and comply with changes introduced by CCL2015. Failure to amend the MOA may result into penalties and the company may be deemed to be dissolved.

Key Changes Brought In By CCL2015 :

Subject Matter	Remarks
Applicability	A. Not applicable to : - Companies excluded by resolution of UAE Federal Cabinet - Companies wholly owned by federal or local governments if a provision to that effect is contained in the MOA - Companies operating in oil, gas and power sector in which government directly or indirectly owns 25% if the MOA contains special provision for same B. Free zone entities / companies if they are prohibited from operating outside free ones. However if free zone entities are permitted to operate outside free zones, then CCL2015 would be applicable to such companies.
UAE National Participation	Any transfer of shares reducing UAE national participation below 51% is invalid and not permitted
Min Shareholder	One shareholder (individual or a corporate entity) can form an LLC or one corporate entity can form a Private Joint Stock Company (Pr JSC)
Activities	A. LLC's or JSC's may be established as holding companies to conduct activities through subsidiaries B. Investment funds will have separate legal form and personality C. Joint venture companies provisions deleted
Companies Registrar	Ministry of Economy shall issue regulation setting out the functions of the Companies Registrar which shall also maintain trade names register, hold company records and facilitate inspection of records as stipulated by the regulations
Directors / Managers	Any clause in MOA exempting any director/manager from personal liability is void
Financial Year	First financial year shall be minimum of 6 months and maximum of 18 months. Subsequent financial years shall be of 12 month period.
Accounting & Audit	A. International accounting standards to be followed B. Accounting records shall be maintained at the head office for minimum period of 5 years C. Audit compulsory
Distribution Of Profits/ Losses	A. MOA may specify share of profit / loss in ratio other than share of capital (but cannot be 0%age for any shareholder) B. A shareholder's stake, if based on his work, he may be paid profit share for his work contribution C. If a shareholder has contributed share in cash or kind and also work contribution, he may have profit share %age for his contribution in cash / kind and another profit share %age for work contribution D. A shareholder who has contributed only by work may be exempted from sharing loss provided remuneration for such work is not determined
Offences	New offences and increased penalties for many existing offences as well as personal liability for directors

Key Changes For Limited Liability Companies (LLC's) :

Subject Matter	Remarks
Shareholder	One natural person or a corporate entity may be the sole shareholder of LLC
Shares For Non- Cash Consideration	Valuation of shares in kind to be assessed either by: - Agreement of all shareholders and duly approved by the Ministry of Economy or - By a financial consultant approved by the Ministry of Economy
Share Pledge	Shareholders may pledge shares in LLC's in accordance with the company's MOA. Such pledge has to be notarized and should be entered in the commercial register
Managers / Directors	A. No limit on maximum no. of managers / directors (as against earlier limit of 5 managers / directors) B. Managers / Directors may be removed by resolution at general assembly (simple majority unless a higher %age provided in the MOA)
No Compete By Managers /Directors	A manager / director not permitted to manage other competing entity except with consent of shareholders at the general assembly meeting
General Assembly – Invitation & Quorum	A. To have a general assembly meeting at least once a year and within 4 months of the end of the financial year B. 15 day notice period (instead of 21 days earlier) C. Quorum : - 1st meeting – shareholders holding 75% of the share capital - Reconvene within 14 days and quorum 50% of the share capital - Reconvene after 30 days and no min. quorum D. Resolution at general assembly shall be approved by simple majority of those represented at the meeting unless a higher %age provided in the MOA
Minutes Of Meeting	To maintain register of minutes of general assembly meeting at the head office of the company
Amendment Of MOA	Requires consent of 75% of the shares represented at the general assembly
Applicability Of JSC Provisions	Unless otherwise provided for, provision for JSC in CCL2015 shall also apply to LLC's

Changes Required In MOA Of LLC's :

1. Shareholders details
2. Definitions
3. Share transfer process or restrictions, share pledge, right of first refusal
4. Management, appointment of MD, powers, removal / appointment process / resolution
5. General meeting, notice period, quorum, resolution majority etc.
6. Profit / loss share
7. Variation of MOA and dissolution of company - %age shareholder approval
8. Misc provisions – dispute resolution, reserve fund utilization, liability of shareholders etc

Key changes for Joint Stock Companies (JSC's):

Subject Matter	Remarks
Share capital	A. Min AED 5 million for Pr JSC's and AED 30 min for PJSC B. Min 30% of shares may be offered to public in case of PJSC C. Authorized share capital in PJSC may not be more than twice the issued share capital D. Different classes of shares may be permitted by Federal Cabinet JSC's or their subsidiaries cannot provide financial assistance to shareholder to hold shares / bonds issues by the company
Minority protection	A. Transactions with related parties having a value exceeding 5% of the share capital require shareholder approval B. Resolution invalid if passed for or against certain class of shareholder or to bring special benefit to a related party without consideration of interest of the JSC
Management	By Board of Directors (min 3 and max 11 in case of PJSC) for max 3 year term. No limit on re-election.
General assembly	Notice period of 15 days
Bonds	Company may issue bonds for a value exceeding share capital
Corporate governance	Ministry of Economy may issue regulation for corporate governance of Pr JSC having more than 75 shareholders and Securities & Commodities Authority shall issue regulations for PJSC corporate governance
Auditor rotation	Rotation after every 3 years max.

More than 7.5% growth expected from India

According to International Monetary Fund (IMF), India's economic growth is the fastest among major economies with 7.3% in 2016, which is forecasted to grow 7.5% in FY17 and FY18. In latest update of the World Economic Outlook, IMF retained India's growth forecast for the next two years even as it pared the global estimate citing subdued demand and diminished prospects.

Global economic growth of about 3.4% and 3.6% is expected in 2016 and 2017 respectively, with a reduction of 0.2% for both the years from the October forecast. This growth depends on management of key challenges like generalized slowdown in emerging market economics, China's rebalancing, lower commodity prices and the gradual exit from an accommodative monetary policy by the US.

To reduce the risk, IMF has called for demand support and structural reforms. It has suggested to continue accommodative monetary policy where inflammation is still below the target rate. Fiscal stimulus programs and fiscal consolidation should be growth friendly & equitable and provided where needed.

Emerging markets and developing economies account for 70% of global growth despite facing growth reduction for the fifth consecutive year. Their policymakers will have to quicken structural reforms to ease infrastructure clogs, facilitate a dynamic and innovation friendly business environment and maintain human capital. Many emerging markets are tightening external financial conditions, declining capital flows and currency depreciations with a probability of gradual increase in US interest rates and financial market volatility.

With the Chinese economy struggling to stabilize itself, its growth is forecasted to slow down to 6.3% and 6.0% in 2016 and 2017 respectively. China's growth eased to 6.8% in the fourth quarter, the weakest since the first quarter in 2009.

There is less demand in many oil exporting countries, due to financial struggles reducing the positive impact of lower fuel prices. This has lead to a sharp fall in exports to these countries as they adjust budgets to sharply lower crude prices. Overall there is a negative impact on investment demand with the declination of investment in oil and gas.

Inflation is likely to weaken with a reduction in commodity prices and weakness in global manufacturing weighing on traded good's prices.

Indian Budget 2016

The Indian Union Budget for the year 2016-17 includes almost all the sectors giving more importance to pro poor and pro farmer fiscal policy.

Highlights of the Budget:-

- In less than 3 years, the growth rate increased to 7.6% in 2015-16 from the declining 6.5% in the year 2013-14.
- Current account deficit reduced from 18.4 billion dollars to 10.41 billion.
- Inflation reduced to 5.4% from 9.6%.
- Rs 35,000 crores allocated to the farming sector.
- Pradhan Mantri Krishi Sichayee Yojana to ensure irrigation to 28.5 lakh hectare land. Additional Rs 86,500 crores to be eased out for same over next 5 years.
- National Bank for Agriculture and Rural Development (NABARD) to provide dedicated irrigation fund worth Rs 20,000 crore.
- Focus on organic farming- about 5 lakh hectare of land to be used for same.
- Target to supply electricity to all villages by May 1, 2018, under Deen Dayal Upadhyaya Antyodaya scheme.
- Amount of Rs 2,000 crores allocated for extending LPG connection in rural households.
- Focus on water conservation projects-Rs. 38,500 crores pumped into MNREGA.
- Rs 500 crores assigned for Start up India and Stand up India schemes. Rs 87,765 crores allocated for rural development.
- Amount of Rs 3,000 crore allocated for providing insurance to 1 lakh households under Atal Pension Yojna.
- Rs 2.21 lakh crores allocated for infrastructure sector, Rs 97,000 crore for development of roads, Rs 55,000 crore for upgradation and the remaining amount for capitalization of Indian railways.
- 100% FDI permitted in the Food Processing and Supply sector.
- Pradhan Mantri Mudra Yojna provided with Rs 1,80,000 crore to complete the task of financial inclusion.
- Amount of Rs 25,000 crores set aside for recapitalization of banks reeling with the burden of non-performing assets.
- Tax duty lessened from Rs 5,000 to Rs 2,000 on those earning below Rs 5 lakh per annum.
- Instead of Rs 24,000, tax rebate of Rs 60,000 per annum offered on housing rent.
- Service tax increased to 15% and 13 additional cess have been eliminated to curb retrospective taxation.
- 10-15% addition of excise duty on all tobacco related products.

How do you measure how successful you are....
Is it through your bank balance or the fleet of cars ?

Is it through your villa or the jewelry on yourself....
Or is it through the trophies which adorn your drawing room shelf.

Is it through the number of people who work beneath you....
Or is it through the number of people ahead, if only a few.

Is it the number of years taken to reach where you are....
Or is it through the distance travelled, the better the far.

Is it through the relations sacrificed while moving ahead....
Or is it through the difficulties faced in earning the bread.

Is it through the smile which strikes on your face....
When you are the one to reach the finishing line in life's precious race.

What is your measure of success my dear friend....
Is it the happiness within or setting a new trend.

THOUGHTS BY DHAVAL ASHARA, AUDITOR

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