



Foreign Direct Investment FDI

Tuesday, 21 February 2017

LEGAL ASPECTS – FDI

Foreign direct investment (FDI) is an investment made by a company or individual in one country in business interests in another country. It can be in the form of either establishing business operations or acquiring business assets in the other country such as ownership or controlling interest in a foreign company. FDI is distinguished from portfolio investments in which an investor merely purchases equities of foreign-based companies. The key feature of FDI is that it is an investment made that establishes either effective control of, or at least substantial influence over the decision making of a foreign business.

This process is governed by regulations and requires approvals of various kinds where the role of lawyers comes into place. Following are the ways in which they help companies:

1. Consultation on FDI in the country and how to go about it including entry strategies
2. Advise on choosing the right kind of investment plan so that they get maximum and sustainable results out of it
3. Assistance in setting up a business unit like a branch office, liaison office, project office and so on so that the working is easier and as per the business requirement
4. Making the business plan including threats and risks identified so that it is easier to function and progress
5. Preparing applications for procuring approvals from the Regulators so that the business can be run successfully
6. Ensuring other filings with regulators and compliance with various regulations that need to be done in the process in stipulated time periods
7. Arranging for certificates from Company Secretaries, Chartered Accountants and auditors so that businesses can continue working smoothly
8. Drafting various agreements like Memorandum and Articles of association, Share purchase agreements, Shareholders' Agreement, Joint venture agreement and so on

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9. Identifying the most suitable method and facilitating for payment of consideration by doing valuations and other procedures
10. Assistance in raising capital by way of FCCB's (Foreign Currency Convertible Bonds), ADR/GDR (American Depository Receipts / Global Depository Receipts).

11. Assistance in tax related issues so that the company can run without hindrances.

Thus, the role of lawyer starts from providing regular consultation both before the setting up of the business and also after it so that it can continue functioning progressively.

Astrea Legal is a full service Law firm. It offers a comprehensive range of legal services in the areas of Civil, Constitutional, Corporate, and Criminal law. The firm extensively focuses on to address industry wise Legal & Consultancy services. The firm always keeps in mind to address every legal service requirements of the business transactions under one roof service strategy.

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