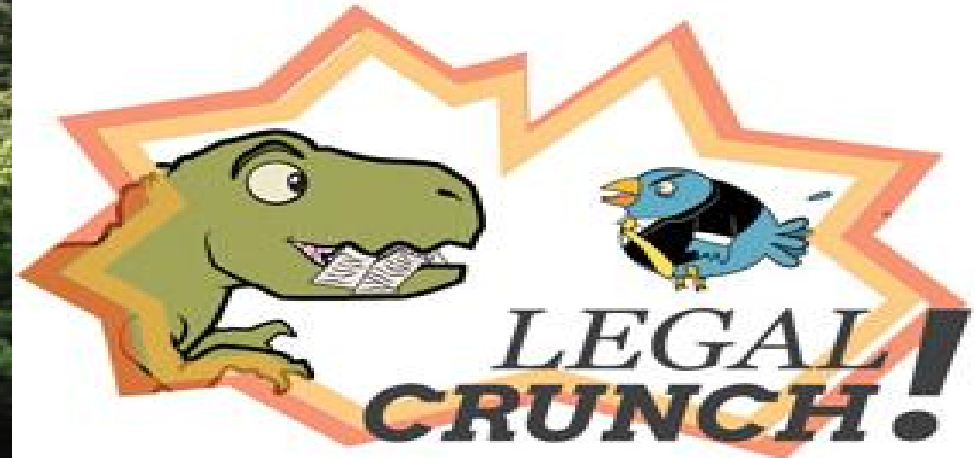




Equi Corp Associates
Advocates & Solicitors

Law & Startups in India



Start Ups & Small Business

www.equicorplegal.com



Basic Question which every Startup face.....

- ◆ **Legal Aspects for Starting Up:** What are the basic forms of doing business and their relative benefits? Essential procedures and prerequisites of each form of business.
- ◆ **Contractual safeguards:** How do we limit contractual liability? Relevant stakeholders (promoters/co-founders; employees; consultants; clients and vendors) and the respective contract liability mitigating strategies.
- ◆ **Employees and workplace regulations:** When are we subject to employee benefits? With increasing international focus on workplace regulations, employees have many legal rights that must not be neglected. Basic criteria for applicability of such regulations and their implications shall be discussed.
- ◆ **Data Protection:** How do we protect the competitive value of data in our business? Data protection is distinct from IPRs, and therefore, we must understand the legal framework of protecting data and the relevant international trends in this regard.



Understanding the Options

It is important to explore and understand the full range of options available to an entrepreneur. The choice of legal structure in India can either be a for-profit entity (i.e. a sole proprietorship or a company or a partnership firm or a limited liability partnership etc.) or not-for-profit entity (i.e. a society or a trust or a company registered under Section 25 of the Indian Companies Act, 1956/2013 etc.) or even a hybrid structure (i.e. affiliate for-profit and not-for-profit entities functioning together as a cohesive business unit and interacting with each other on an arm's length basis while leveraging their respective synergies).



Nature of the Company and Context

The choice of legal structure, whether it should be a stand-alone entity or a hybrid structure, or whether for-profit entity or not-for-profit entity, should reflect the business plan of the entrepreneur, and not necessarily vice versa. Entity structures are intended to foster and facilitate entrepreneurship and factors such as business operational model, regulatory and tax considerations, transaction costs, sector specificity of activities (e.g. microfinance, agriculture etc.), type of funding sought, dynamics between and amongst the various promoters and funders, proposed mechanism for profit sharing or distribution, governance considerations, limited liability aspects etc. collectively govern the choice of legal entity.



Source of Funding/ Raising capital

Both long term funds and working capital – is one of the biggest issues and challenges for any startup looking towards scale, sustainability and success. Depending on the business model and regulatory considerations, choice of entity will play a key role in determining the options of capital available (i.e. grant capital vs. commercial capital), source of capital available (i.e. domestic capital vs. foreign capital) and manner of engagement with the funders – therefore, choice of legal entity should also be made through the lenses of the proposed sources of capital.



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Don't Confuse Goals with Structure

One of the common knee-jerk reactions that we have often noticed in the start-up space is that social good can be done only through not-for-profit models. However, it is indeed possible to do good by doing well. An entrepreneur who is looking for a double or even triple bottom-line does not have to necessarily incorporate a not-for-profit entity as there are successful for-profit models that balance their social mission with financial sustainability and long-term viability. For instance, as start-up enterprises scale, attracting and retaining talent is a huge challenge, which can be addressed through ESOPs, profit sharing arrangements etc., which is possible in a for-profit model.



Legal Risk - Prologue

- ▲ Legal risk refers to risk from uncertainty due to legal actions or uncertainty in the applicability or interpretation of contracts, laws or regulations.
- ▲ Legal risk can be a particular problem for institutions who transact business across borders with exposure to uncertainty relating to the laws of multiple jurisdictions, but also ambiguity as to which jurisdiction will have authority over any particular legal issue (as applicable).
- ▲ Legal risk in a common-law system might arise out of almost any aspect of international or national public, private or formal law. The source of the legal risk could be any aspect of the law applicable to a institution.
- ▲ Its the risk associated with the impact of a defect in the documentation on cash flow or debt service within financial services rendered.
- ▲ Legal risk is a form of enterprise risk in which a organization is exposed to legal action where the offence can be either civil i.e. compliance defaults, breach of contract etc or criminal i.e. cheating, breach of trust, deceit etc.



Understanding Legal Risks ~ Non Compliances - Business Impact

Compliance Areas	Risks of Non-Compliance
Direct Tax Compliance	<ul style="list-style-type: none">• Imposition of penalty• Prosecution of directors
Indirect Tax Compliance	<ul style="list-style-type: none">• Cancellation of licenses• Withdrawal of tax benefits• Stoppage of operations
Labour law Compliance	<ul style="list-style-type: none">• Imposition of penalty• Prosecution of directors/occupier• Employee dissatisfaction
Environment, Health & Safety laws	<ul style="list-style-type: none">• Stoppage of operations• Imposition of penalty
Corporate Law Compliance	<ul style="list-style-type: none">• Imposition of penalty• Vacation /Prosecution of directors/senior management

Legal Risk Management Services Overview

Expertise of Indian laws and Regulation

Legal Structuring & Advisory

Negotiation & Documentation

Government Approvals & Liaisoning



Failure of Legal Compliances

Employees fails to understand the standards & obligations towards company & customers

Failure to keep pace with the frequent changes in compliance matters

Lack of transparency in company results in violation of laws and compliance matters

Lack of standards & uniformity for dealing with customers and within the organization

Lack of Risk Management



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Our Services

Legal Risk Advisory Services

Completion:

Board & Shareholder Resolutions
Statutory filings
Monitoring Compliance with Agreements

Structuring:

Determine the tax efficient & legal compliant structure for grants and funds
Market Entry Strategy
Instruments for the implementation of the agreed terms

Due Diligence:

Investor's Perspective
Risk Assessment
Legal & commercial affairs of the company

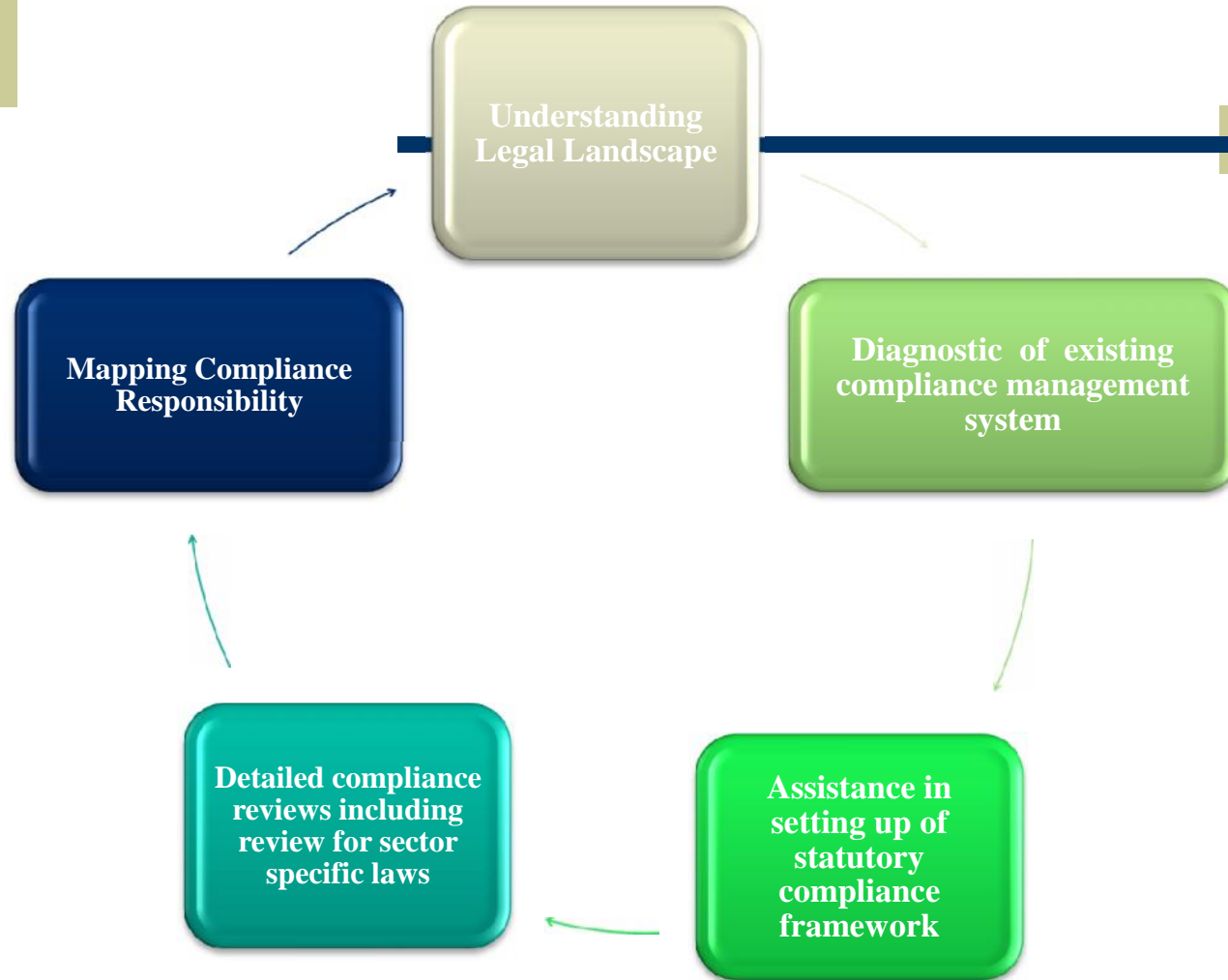
Documentation:

Term Sheet
Agreements

Legal Advisory and Opinion



Compliance Management Services



Consult the Experts



Since there are significant regulatory compliance and tax implications arising from the business intent and choice of legal structure, consulting one's business lawyer for final approval and overall structural stress-testing, after communicating all key aspects of the business model, is extremely important before one undertakes any concrete commitment.



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Who? What? When? Where? Why? How?
Ask the expert



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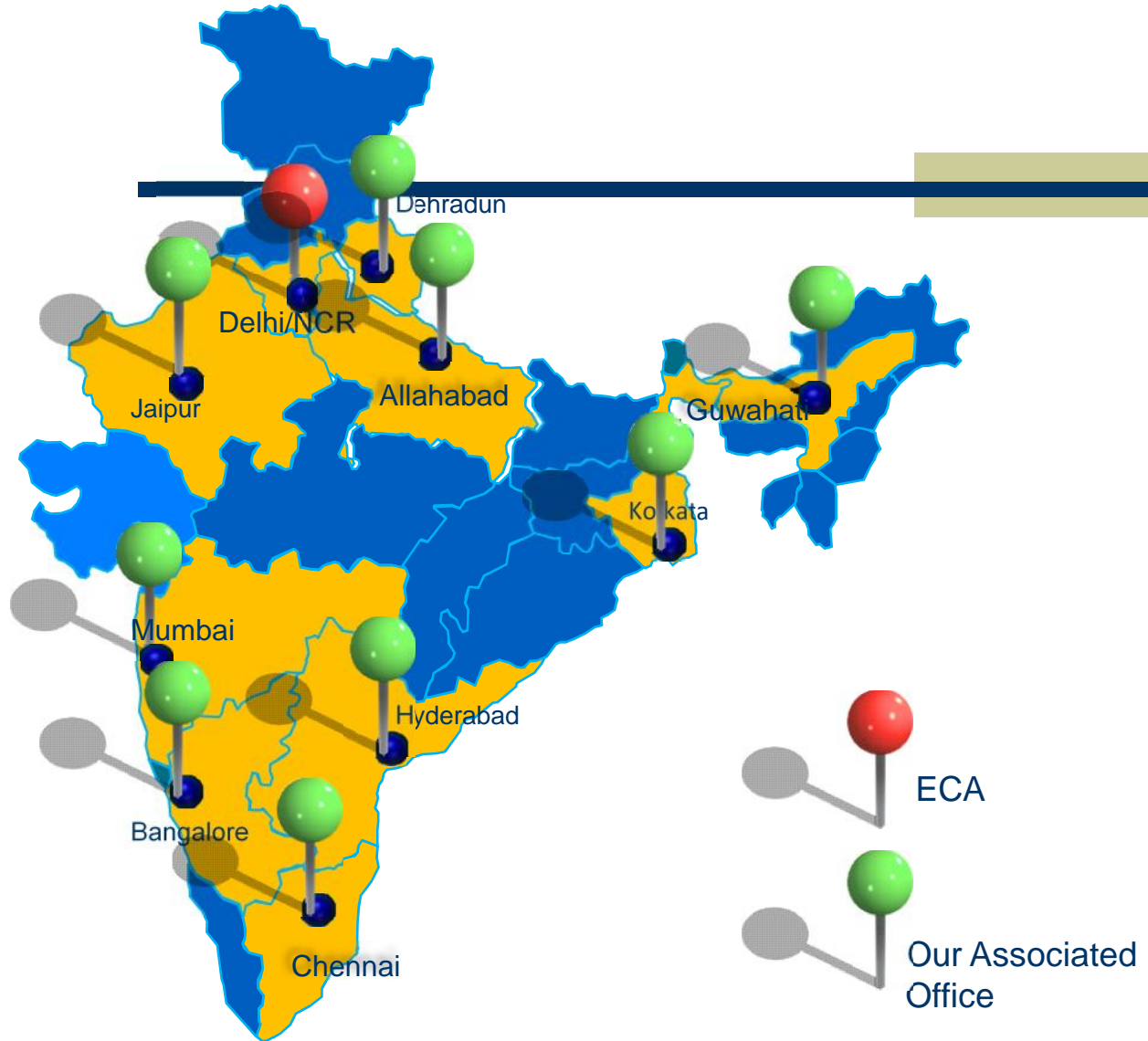
About Us

- ◆ **Equi Corp Associates (ECA) is a mission driven, start-up law practice based in New Delhi, India and founded in 2012 for providing affordable access to legal counsel benefitting start-ups, small and growing businesses, social business enterprises, impact investors and non-profit organizations. Our boutique service offerings are primarily at the intersection of start-up, sustainable development, social enterprise and investment sectors, designed to help clients wade through laws that were not originally designed with them in mind.**
- ◆ **The basic idea behind starting ECA was to be a part of India's growth by reaching out to novel start-ups and established businesses, and helps them adapt best global practices/technologies in local conditions and in advising them about legal aspects involved in modern markets in order to keep our clients in pace with the dynamic competitive environment.**
- ◆ **ECA is instrumental in advising various social enterprises and start ups in setting up their business in India.**
- ◆ **ECA not only having some of the best legal minds, but the best business minds too: lawyers are intimately familiar with the business environment, and know the emerging risks and opportunities of their industries and practice groups.**



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ECA's Network Presence





WHY Equi Corp Associates??

- ECA is a multispecialty law firm, with its founding partners having a vast experience for providing legal services to a variety of domestic & international clients, corporations, financial entities & government agencies.
- Our respected clients - from individuals to small businesses to Fortune 500 companies -- turn to us for trusted legal counsel.
- ECA is equipped with required professional setup of Qualified, Experienced and Knowledgeable members.
- We advise and assist NRI's/PIO's, Foreign Investors and Indian entrepreneurs with legal services that enables them to compete with best in world in the modern economy characterised by technology based, venture capital funded, futuristic businesses governed by complex and ever evolving legal and statutory framework.
- ECA is also effective in providing match making partner/locating strategic alliance, follow up and representation with Government of India or any other incidental work related to investment or legal guidance in India.



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The Verticals

- **Corporate & Commercial**
- **Banking & Finance**
- **Real Estate**
- **Infrastructure & Project Finance**
- **Employment & Labour**
- **Media, Sports & Entertainment**
- **Litigation & Arbitration**
- **Tax & Consulting**
- **Intellectual Property**

The Firm also offers specialised audit services in IP, Tax, Labour, etc.



The Firm specializes in verticals such as IT, ITES, Bio-tech, Power, Water, Retail Trade, Education, Mining, Aviation, Tourism, Insurance, Telecom, Media & Entertainment



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Corporate & Commercial Services

- **Foreign Investment in India / Abroad**
- **Drafting and vetting of Joint Venture Agreements, Corporate Agreements, Management Agreement, Cross border transaction agreements etc.,**
- **Compliance Audit, Due Diligence & Transaction Advisory;**
- **Formation & structuring of business entities;**
- **Mergers & Acquisitions & Private Equity;**
- **Competition & Fair Trade Practice;**
- **Corporate Governance & Restructure;**
- **Venture Fund, Mutual Fund, RE Trust Funds.**



Banking & Finance Services

- Credit Co-operative & Financial Institutions;
- Quasi Banks & Nidhi Companies;
- Urban Credit Co-operative Banks;
- Micro Finance Institutions;
- Banks & NBFCs and other Financial Intermediaries;
- Alternative Investment Funds;
- Real Estate Finance including Collective investment Schemes;
- Structured & Asset Finance;
- National Pension Scheme
- Securitization;
- Debt recovery



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Real Estate Services

- **Title Search & Property transactions**
- **Joint ventures in Real Estate**
- **Build to suit campuses**
- **Development of Technology Parks, Integrated Townships, Warehouse & Logistics Parks, SEZ, Hotels, Multiplexes Entertainment Centres, Slum Developments, Rehabilitation Projects etc.**
- **Sale deeds**
- **Lease, Leave and License Agreements**
- **Gift deeds**
- **Mortgage & Finance Agreements**



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Infrastructure & Project Finance Services

- **Transaction Advisory: Energy, Oil and Gas, Highway, Road, Airport, Ports, Water & Sanitation and Telecommunications**
- **Drafting, negotiations and review of financing & security documents**
- **Tender Documents, Bidding process, PPP, Concession Contracts, PPA, EPC Contracts**
- **Government Approvals & Liaisoning with statutory authorities**
- **Structuring, negotiation & documentations of projects**



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Employment & Labour Services

- **Appointment/Offer letters, Termination practices**
- **Employee Stock Option Plan**
- **Employee Handbook**
- **Labour Compliance**
- **Service Bonds**
- **Standing Orders & Service Rules**
- **Migration & Emigration of Employees**
- **Country specific employment relation**
- **Grievance Settlement Procedures**



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Media, Sports & Entertainment Services

- **Television & News Channel;**
- **Media & Production Houses;**
- **Endorsements, Distribution, Event Sponsorship, Venue, Marketing Rights, Merchandise Agreements;**
- **FM Radio Channels;**
- **Publishing House;**
- **Studios;**
- **Sports Club**



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Litigation & Arbitration Services

- **Commercial Litigation**
- **Recovery/Enforcement**
- **Civil Litigation**
- **Medical Negligence**
- **IP Litigation**
- **Arbitration**
- **White Collar Crimes**
- **Economic Offences**
- **Bankruptcy/Insolvency**
- **Criminal Litigation**



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Tax & Consulting Services

➤ **Company Secretarial Services:**

- *Incorporation of companies/branches/liaison office/representative office*
- *Maintenance of Secretarial Record and recurring secretarial services*
- *Registration with Statutory Authorities including Income Tax, RBI, EoU, STPI, Custom Bonding, Central Excise etc.*

➤ **Accounting & Payroll Services**

➤ **Tax and Regulatory Services**

➤ **Advising on Customs & Excise matters**

➤ **Immigration Services**



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Intellectual Property Services

- **IP Portfolio Management**
- **IP Auditing**
- **IP Strategic Alliances**
 - ✓ **Collaboration**
 - ✓ **Licensing**
 - ✓ **Technology Transfer Agreements**
- **Search, drafting, filing and prosecution in :**
 - ✓ **Patents**
 - ✓ **Trademarks**
 - ✓ **Copyrights**
 - ✓ **Industrial Designs**



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Our Commitment

Value

- ❖ One stop legal boutique where assignments carried out at a fraction of the cost of clients staff
- ❖ Reduce client staff management time and overhead costs, and increase clients profitability
- ❖ Enable clients staff to concentrate on more interesting and value-added work

Service

- ❖ Robust management and procedures to ensure delivery on time and on budget
- ❖ Dedicated one-to-one communication with client, to ensure every project is right first time
- ❖ Full service delivery is achieved by synergies of subject matter expertise of our in-house Lawyers, Chartered Accountants, Company Secretaries and Tax Consultants

Quality

- ❖ Two-level file review and signoff by expert Lawyers, even for the smallest assignment



Our Core Strengths

- ❖ **Dedicated team of legal professionals with strong deal exposure and knowledge of regulations of various sectors.**
- ❖ **Proactive and structured approach**
- ❖ **Well defined processes**
- ❖ **Well defined Project methodology tailored to suit the needs of clients for service delivery**
- ❖ **Talented team with experience of working with some of the largest companies in India exposure to leading cross border transactions in India**
- ❖ **Experience & proven capabilities to handle Diversified Multi-national Clients i.e. Information Technology, Energy, Manufacturing, Consultancy, Oil & Gas Sector, Retail Trading, Hospitality, Restaurant and related sectors.**
- ❖ **Competitive advantage of costing by virtue of expertise and experienced resources.**



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For further information

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