



COMMERCIAL/CORPORATE

REGULATORY

India Entry Structures: MCA Clarifies Registration and Compliance Requirements for Foreign Companies

The MCA's August 2026 FAQs clarify when a foreign business must register as a foreign company, how Forms FC-1 to FC-4 apply, and why the choice between a Liaison, Branch or Project Office and an Indian subsidiary comes first.

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When a foreign company looks at entering the Indian market, the first question is usually “What documents do we need?” The more basic question is “What legal structure should we use to do business in India?”

A foreign business can open a Liaison Office, Branch Office or Project Office in India, or it can set up an Indian subsidiary. Each option serves a different business purpose, and each carries its own corporate, foreign exchange and regulatory requirements.

In August 2026, the Ministry of Corporate Affairs (“MCA”) issued Frequently Asked Questions (“FAQs”) on the registration of foreign companies and Indian subsidiaries of foreign body corporates. The FAQs cover Forms FC-1 to FC-4, new projects, extensions of existing RBI approvals, authentication of foreign documents, name approval, corporate social responsibility (“CSR”), and the difference between a foreign company and an Indian subsidiary of a foreign body corporate.

The FAQs do not create a new regulatory structure. The procedure they describe has to be read with the existing framework under:

1. the Companies Act, 2013;
2. the Companies (Registration of Foreign Companies) Rules, 2014; and
3. the Foreign Exchange Management Act, 1999 (“FEMA”) and the regulations and directions of the Reserve Bank of India (“RBI”).

For foreign investors, this clarity matters. Choosing the wrong entry structure at the outset can cause compliance problems long after the business has started operating.

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Foreign Company or Indian Subsidiary?

The starting point is the definition of “foreign company” in Section 2(42) of the Companies Act, 2013. It means any company or body corporate incorporated outside India which has a place of business in India, whether by itself or through an agent, physically or through electronic mode, and conducts any business activity in India in any other manner.

This is different from foreign ownership. Suppose a US company sets up a wholly owned private limited company in India. That subsidiary is an Indian company. It is not a foreign company under Section 2(42) merely because its entire equity is held by a foreign company.

The MCA FAQs confirm this. An Indian subsidiary of a foreign body corporate is not required to register as a foreign company only because its owners are foreign entities.

The position is therefore straightforward: whether an entity is a foreign company depends on where it is incorporated and how it operates in India, not on who owns it. The distinction has real consequences for corporate governance, reporting, liability and regulation.

Choosing the Right India-Entry Structure

The principal structures can be broadly understood as follows:

Structure	Nature	Broad commercial purpose
Liaison Office	Office of the foreign company	Representation, communication and market exploration
Branch Office	Extension of the foreign company	Specified commercial and professional activities
Project Office	Project-specific establishment	Execution of a specific project in India
Indian Subsidiary	Indian legal entity, distinct from its parent	Long-term commercial activities

A Liaison Office is meant for representative and communication functions and cannot carry on commercial activity of its own. A Branch Office can undertake a limited range of permitted activities under the RBI framework. A Project Office is tied to a single project. An Indian subsidiary, by contrast, is a separate legal person under Indian law.

The choice should therefore follow the commercial activity the business intends to carry on in India, not convenience of filing.

FC-1: The First Registration Obligation

Under Section 380 of the Companies Act, 2013 and the Companies (Registration of Foreign Companies) Rules, 2014, a foreign company that establishes a place of business in India must file Form FC-1 with the Registrar within 30 days of establishing it. The form is filed with prescribed documents, including the company's constitutional documents, details of its directors and secretary, and the authorisation of the person resident in India who accepts service of process on its behalf.

The 30-day period is an important compliance milestone for any foreign company setting up an Indian presence. The more practical question is what happens after registration.

Does Each New Project Need a Fresh FC-1?

Not automatically. According to the MCA FAQs, new projects and other changes should ordinarily be reported in Form FC-2. A fresh FC-1 is required only where the new project involves establishing a separate place of business.

This is particularly relevant for foreign companies executing several projects in India at the same time. A new project does not, by itself, require a new foreign company registration.

FC-2 and Extensions of RBI Approval

Compliance does not end with FC-1. Form FC-2 is the format for reporting changes in the Indian operations of a foreign company to the Registrar.

The FAQs make a useful clarification for Liaison Offices: every extension of the RBI approval granted to a Liaison Office must be reported in Form FC-2. An extension granted under the FEMA and RBI framework is therefore not a standalone regulatory event. It also triggers a corporate filing with the MCA.

This reflects a broader principle of the foreign company regime in India: MCA compliance and RBI compliance run in parallel.

Annual Compliance: FC-3 and FC-4

A foreign company also has annual filing obligations, principally:

- **Form FC-3:** annual accounts and related statements; and
- **Form FC-4:** annual return.

The MCA FAQs reiterate these continuing obligations. Obtaining a Foreign Company Registration Number ("FCRN") and filing FC-1 is only the start. A foreign company has to keep track of its reporting obligations for as long as it maintains a place of business in India.

The FAQs also clarify that a foreign company meeting the thresholds in Section 135 of the Companies Act, 2013 is subject to the CSR provisions and must comply with the prescribed CSR reporting requirements.

Permitted Activities Depend on the Structure

The structure chosen also determines what the foreign enterprise can do in India.

A Liaison Office is mainly representative. A Branch Office can carry on certain activities, such as export and import of goods, consultancy, research, software development and technical support, within the RBI framework.

The Branch Office route is not a blanket permission to carry on any commercial activity. Retail trading, and manufacturing or processing activities, are significantly restricted. A Project Office's work is linked directly to the project for which it was established.

The practical point is that the corporate structure must fit the business model, not the other way round. Registration under FC-1 does not cure an activity that is otherwise not permitted.

Authentication of Foreign Documents

The FAQs also clarify how documents executed outside India are to be authenticated. The requirements depend largely on the country where the document is signed, not on the nationality of the person signing it.

Foreign investors should therefore establish early whether a document must be notarised, apostilled or consularised before it is submitted to Indian authorities. This matters most for incorporation and subscriber documents.

The practical takeaway: plan authentication before the documents are signed, not after.

Name Approval for Indian Subsidiaries

The FAQs also address incorporation of Indian subsidiaries and name reservation.

A foreign parent cannot assume that adding the word "India" to its existing name will make the proposed subsidiary's name distinctive. The proposed name must satisfy the name availability and similarity requirements under the Companies (Incorporation) Rules, 2014.

This is relevant where the Indian subsidiary wishes to use the foreign parent's brand or corporate name. Holding a foreign trademark, or an authorisation from the foreign parent, does not override the statutory rules on name reservation.

MCA Registration Does Not Replace Other Approvals

Perhaps the most practical point is that MCA registration is not a single-window approval to do business in India.

A foreign enterprise must also comply with FEMA, RBI regulations, India's FDI policy and any sector-specific requirements that apply to its structure and industry. For example, a business entering the GIFT IFSC ecosystem may require approval from the International Financial Services Centres Authority ("IFSCA") before the MCA filing.

India entry is therefore best approached in sequence:

1. Define the business purpose.
2. Choose the entry structure.
3. Identify the Companies Act requirements for that structure.
4. Address FEMA and RBI requirements.
5. Check sector-specific FDI conditions.
6. Plan for continuing compliance.

Following this order avoids treating any one approval as a substitute for another.

Conclusion

The MCA's 2026 FAQs are a welcome aid for foreign businesses working through India's corporate law framework. Their value lies less in creating new duties than in clarifying the questions to ask where the Companies Act and the FEMA and RBI framework meet.

The central question is whether the entity operating in India is a foreign company with a place of business in India, or an Indian company owned by a foreign investor. Only the first falls within the foreign company regime.

For a foreign company, the compliance roadmap is: FC-1 for initial registration, FC-2 for subsequent changes (including extensions of RBI approval), and FC-3 and FC-4 for annual compliance.

The most important decision, though, comes before any form is filed: what kind of presence does the business actually need in India? A Liaison Office, Branch Office, Project Office and Indian subsidiary are not interchangeable. Each represents a different relationship between a foreign enterprise and the Indian market.

The MCA's guidance gives foreign investors clearer directions, and a broader lesson: India entry should follow a sequence, with legal and commercial structuring first, and registration and compliance after.

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