

The Advanced Guide to Due Diligence Services

Buy Side Due Diligence Process for acquiring a business involves investigation of company's affairs from all aspects i.e. financial, legal, secretarial, intellectual property rights, past litigations, contracts and transactions occurred in the past which may have bearing in future in form of financial, criminal or civil liability on buyers or new promoters who will be joining existing business.

The need to acquire any running business arises because it would give you immediate positioning in the market and also save the gestation period. In this way, acquirer can get benefit from the good will of the existing business as well as he can immediately grab the available opportunity to continue a running business. But along with the acquisition there comes the fear whether the promoters' have shown all those things to buyers or the darker side of business is smartly manipulated.

Therefore, before getting into acquisition transaction following questions need to be addressed:-

- Is the title of ownership of Equity Shares of promoters genuine?
- Are the expenses treated in the right manner in the financials which may come up for scrutiny in future by Income Tax Department?
- Whether the proper disclosures made in the balance sheets and whether they are prepared in accordance with Accounting Standards and Companies Act provisions?
- Whether all the entries in bank statements entered in financials?
- Is there any violation or non compliance of any law by promoters in the past that may lead to any civil or criminal liability or may initiate any legal proceedings against the company or new promoters and directors/KMPs?
- Whether capital gain related matters treated properly in financials?
- Whether actions that may result in monetary loss or initiation of any legal proceeding in future assessed properly by new management?
- Is the title to Intellectual Property Rights associated with the proposed company genuine?
- Whether the title to assets or property acquired legitimate in the eyes of law?
- Are the legal contracts/ agreements reviewed properly?

We, B2C Eventures Private Limited assures our clients to close due diligence assignments by giving answer to the above mentioned questions with the help of our team of professionals comprises of Advocates, Chartered accountants, Company Secretaries and MBAs having exposure of carrying out due diligence services in India. The team of professionals would assist to avoid the above mentioned problems by rendering following services:-

1. Our Secretarial Compliance team would review the
 - Regular as well as event based corporate compliances in line with the Companies Act along with Secretarial Standards and government filings related thereto;
 - secretarial records which would inter alia include board meetings and general meetings, ROC files, minute binders and etc;
 - financial interpretation with respect to checking the compliance of CSR contribution, dividend declaration, borrowings limit, deposits taken and etc.
 2. Review of Contractual Obligations entered by the company and/or by old promoters/KMPs on its behalf and to determine whether obligations associated with it. This would include contacts, agreements, indemnities, charges, financial documents like letter of credit, supplier contracts, purchase agreements, vendor contracts etc.
 3. Legal Due Diligence Services by our Legal Team that would overview the Pending Litigations against the company or its offices before any court or regulatory authority and assessment of risk associated with it.
 4. Financial Due Diligence services by our Accounts team which would check
 - balance sheets,
 - taxation regulatory compliance,
 - returns filed for GST and TDS
 - customs related compliance,
 - books of accounts along with bank statements, vouchers, ledgers etc.
 5. Title search with respect to the ownership of the Property or land or any other asset shown in balance sheets of the Company;
 6. Review of all the Labour Laws applicable on the company by professionals which would be related to compliance of gratuity, provident fund, employee state insurance etc;
 7. Intellectual Property Due Diligence to assess the true owner of IPR and exclusiveness of transfer of rights associated with it;
 8. Ascertainment of hidden liabilities or liabilities which are not accounted in the books of accounts by making public announcement to ensure that no new party come up in future and demand anything from new management
 9. Assessment of Promoters and directors credentials in detail in order to assess overall authenticity of them
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Above list is not exhaustive but is inclusive of further 150-200 checkpoints which B2C Eventures team checks before giving assurance to the acquirer that the proposed Company is fit for acquisition.

Our Due Diligence Law Firm facilitates the acquirer to have “Right Acquisition for Right Price”.