Lex Favios
Advocates & Solicitors

Understanding Due Diligence

Legal Due Diligence

- Due diligence involves analyzing and assessing risks in a business transaction. It ensures information accuracy and identifies factors affecting transaction outcomes.

- The purpose of conducting Due Diligence is to verify confidential legal, financial, and material information between parties. Conduct background checks on clients, customers, and suppliers to confirm disclose information.

- Potential risks and capabilities before forming relationships or transactions of the company are evaluated and investigated.

Stages of Due Diligence

Pre-Diligence

Initial investigation to understand risks and opportunities

During Diligence

In-depth analysis and assessment of current data.

Post-Diligence

Ensuring integration and monitoring of acquired information and sometimes result in rectification of non-compliances found during the course of due diligence.

Need For Due Diligence

- Functions as a tool to evaluate strengths, weaknesses, opportunities, and threats for informed decision-making.

- Detects misrepresentations and fraudulent disclosures, which may not be obvious. Crucial for major business decisions to mitigate significant risks.

- The ultimate object of the Due diligence is to protect the interests of the Company by providing reliable information on the target company before making any written commitments.

- Due diligence is conducted to provide the party proposing the transaction with sufficient information to make a reasoned decision as to whether or not to complete the transaction as proposed.

Scope

- Due diligence is tailored to the specific transaction and the needs of the stakeholders involved, focusing on uncovering risks, addressing concerns, and identifying opportunities.

- Covers financial, human resources, tax, environmental, legal, and intellectual property aspects of the target business.

- Includes assessment of debts, rights, obligations, lawsuits, leases, warranties, and high-impact contracts.

Types of Due Diligence

1. **Operational Due Diligence** - It is aimed at uncovering aspects on operational weakness, inadequacy of control mechanisms.
2. **Strategic Due Diligence** - analyses whether the deal is commercially viable.
3. **Financial Due Diligence** - it seeks to check whether the financials showcased is correct or not and provides a deep understanding of all the company's financials.
4. **Intellectual property Due Diligence** - aimed at valuation of intangible assets related to IP like Patents, Copyrights, Design, Trademarks, Brands etc.,
5. **Environment Due Diligence** - Analyses environmental risks and liabilities associated with an organisation.
6. **Human Resource Due Diligence** - Key managers and scarce talent are crucial to the company they can't be expected to leave unexpectedly.

7. **Labour** law **Due Diligence** - conduct a comprehensive review to identify gaps and minimize labour law and payroll deficiencies before any regulatory action.

8. **Information security Due Diligence** - it helps in identifying security gaps, as well as ensure that the company is acting with an acceptable standard of care elevate existing information security management system.

9. **Legal Due Diligence** - covers the legal aspects of a business transaction, liabilities of the target company, potential legal pitfalls and other related issues by analysing intra-corporate.

10. **Competition law Due Diligence** - to determine the extent of its compliance with the competition law

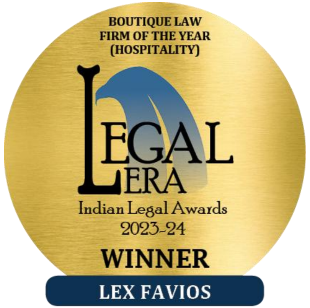
11. **Ethical Due Diligence** - measures ethical character of the company and identify. It relates to reputation, governance, ethical values etc.

FIRM CREDENTIALS

- Boutique Law Firm of the Year (Hospitality) by Legal Era Awards 2023- 2024;
- Rising Star and Promising Law Firm of the Year -New Delhi for the year 2022-23 by Legal Era Awards;
- Notable Law Firm by Asia Law in 2022 in Banking and Finance, Capital Markets and Corporate and M&A;
- Boutique Law Firm of the Year by Legal Era in 2021-2022;
- Lex Favios has been awarded Client Choice Award for the year 2019 and 2020;
- Lex Favios has been recognized as "Consultant of the Year 2018" by The CEO Magazine in its December Issue and Sumes Dewan Managing Partner;
- IFLR 1000 Financial And Corporate 2018 (The Guide to the World's Leading Financial Law Firms) has rated Sumes Dewan as a Notable Practitioner in Banking and Finance;
- IFLR 1000 Financial And Corporate (The Guide to the World's Leading Financial Law Firms) has rated Lex Favios as a Notable Firm in the IFLR 1000 in 2017 and 2018 edition;
- India National Bar Association (INBA) presented Capital & Finance Market Law Firm of the Year 2016 award to Sumes Dewan, Managing Partner, Lex Favios;
- Indian Law Firm Awards 2015 by India Business Law Journal;

LEX FAVIOS - AWARDS

- Awarded Rising Star Law Firm by India Business Law Journal
- Recommended Law Firm IN LEGAL 500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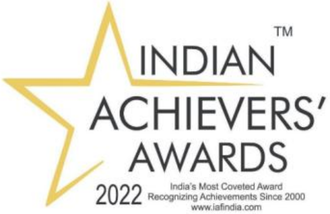
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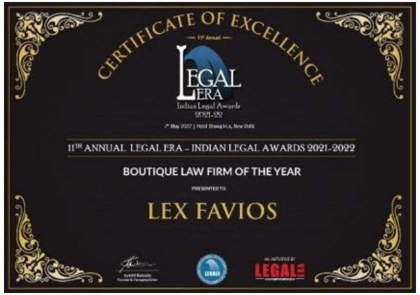
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THANK YOU