

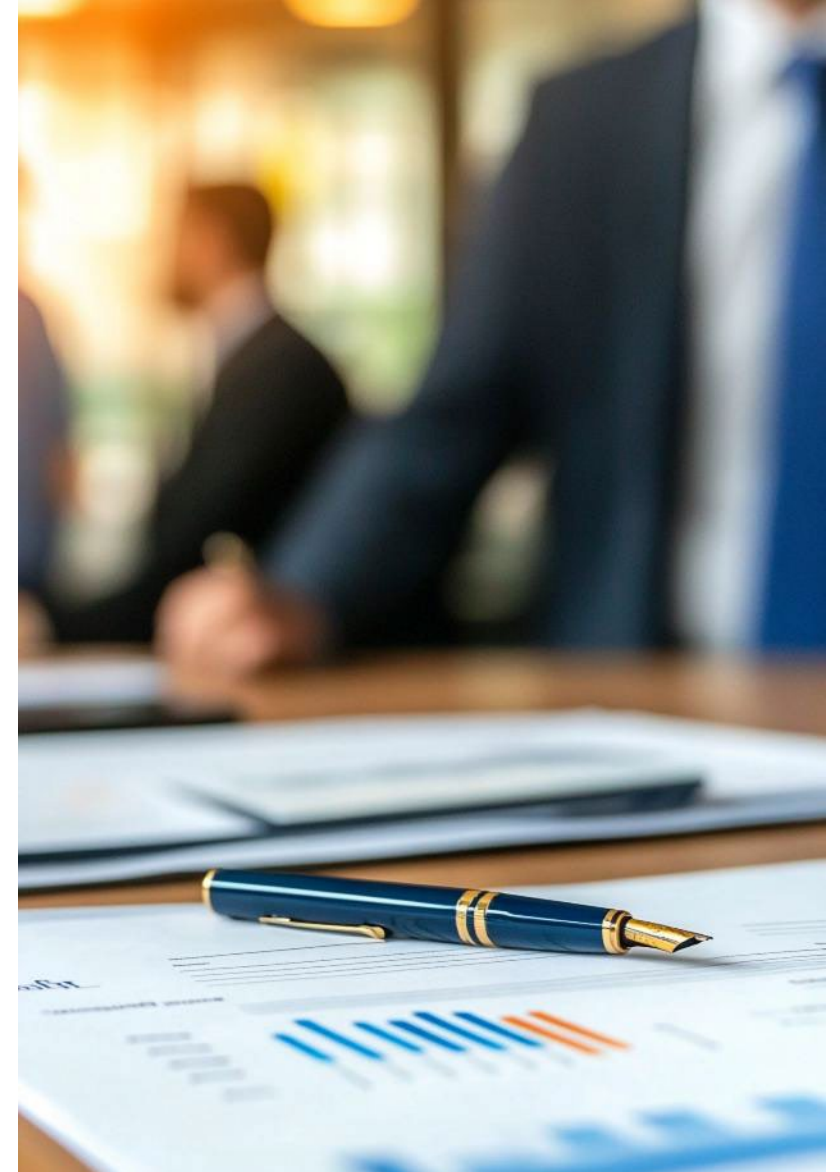


INSIGHTS ON M&A TRANSACTIONS



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- Strategic Thesis of a Transaction
- Understanding the Target Company
- Achieving Synergies
- Key Phenomena during M&A Transactions
- Cultural Context
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STRATEGIC THESIS OF AN M&A TRANSACTION

The fundamental premise of an M&A transaction is contained in the strategic thesis. This should be clear, as it becomes the reference point for the post-acquisition approach and actions. If the management is distracted and loses focus on the original thesis, then the success of the transaction may be jeopardised.

An M&A transaction may expect to achieve one of the following objectives:

Scale for one
or both players

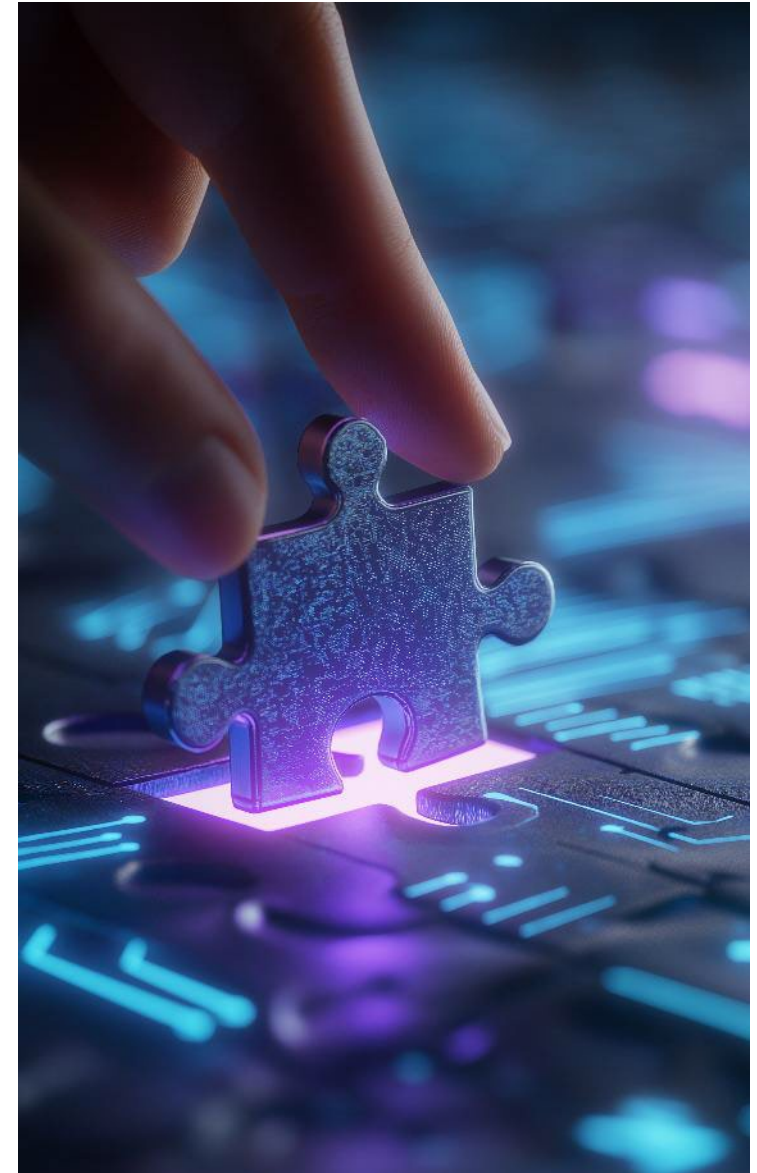
Access to a new
market (geography or
segment)

Access to new
technologies or
products which reduce
the R&D cycle

Acquire a new
capability like an
established
distribution network

Significant cost
synergies; especially
true in mature
industries

Pre-empting
competition in any of
the above



STRATEGIC THESIS OF AN M&A TRANSACTION

- The strategic thesis can be quantified to show the desired impact on the financial performance of the combined entity.
- Each of the factors behind a transaction needs a deep understanding of the company being acquired. For example, if the intent is to gain access to new technology, then it should be ensured that the technology is tested and well developed. If the intent is to gain access to a new market, then the company being acquired must have unfettered access to that market.

- There may be regulatory roadblocks which may prevent the strategic intent from being realized. A good example of a high value accretive deal which wasn't allowed by regulators was General Electric's proposed acquisition of Honeywell in the early 2000's and Halliburton's proposed takeover of Baker Hughes. Both were rejected as the regulators were concerned that the merger in each case would create a monopoly.
- The management must keep its focus on the strategic thesis and have mechanisms to monitor the progress, especially in the early post-acquisition period.

UNDERSTANDING THE TARGET COMPANY AND ITS CUSTOMER BASE

Case Study

Marico's Acquisition of 'New Age' Digital Businesses

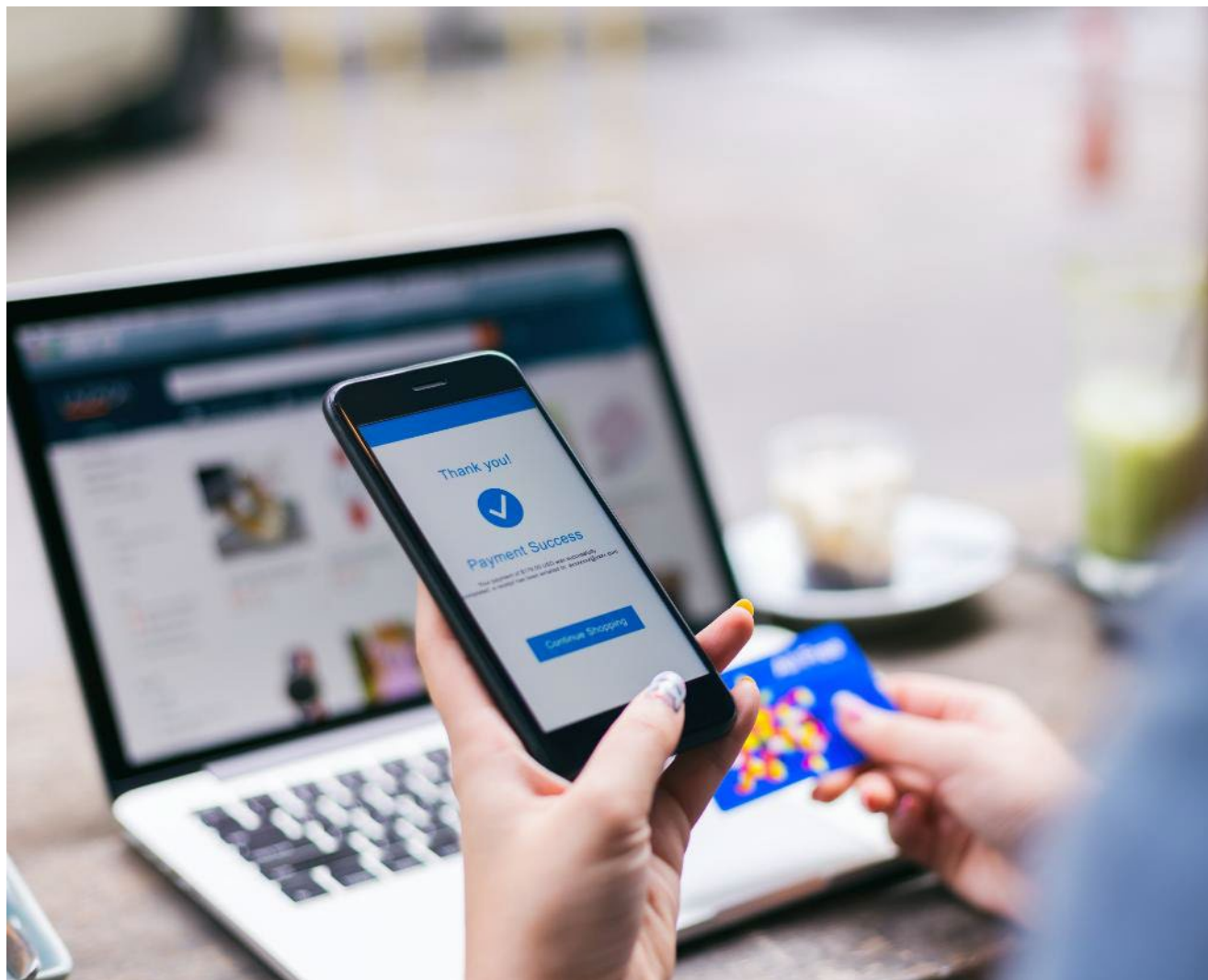
Marico is a large and well-established company in the FMCG space. It acquired four digital-first (D2C) brands in the last few years. These were Beardo (Mens Grooming), True Elements (Health Foods), Just Herbs (Ayurvedic Beauty), and Plix (Neutraceuticals). These acquisitions were a part of Marico's strategic push into premium, health-oriented, and digitally native consumer segments.



UNDERSTANDING THE TARGET COMPANY AND ITS CUSTOMER BASE

Identifying the Need to Preserve the Different DNA of the Organisations

Digital-first brands represent not just new categories, but a fundamentally different DNA of consumer engagement, rapid innovation, and data-driven brand building. Instead of absorbing them into traditional corporate structures, the philosophy should be to preserve their entrepreneurial agility and unique culture, while enabling scale through the institutional strengths of a larger organization.



UNDERSTANDING THE TARGET COMPANY AND ITS CUSTOMER BASE

Marico treated these acquisitions distinctly, instead of absorbing them into the main organisation. This approach creates value in three ways:



Enables future-ready portfolio expansion: early investment in high growth segments through the acquisition of digital-first brands helps to build a portfolio that stays relevant with evolving consumer trends.



These businesses have strength in consumer engagement, data-driven decisions, agile product development and disruptive models such as digital marketing, social commerce, and D2C. Preserving their entrepreneurial DNA allows these capabilities to enrich the acquirer's broader portfolio and raise its digital quotient.



Mutual Value Creation: founders retain autonomy to drive agility and authenticity, while benefiting from the acquirer's distribution, governance, supply chain, and capital discipline. This creates a win-win outcome.

IN ESSENCE, THIS M&A PHILOSOPHY IS NOT ABOUT ABSORPTION, BUT ABOUT CREATING AN ECOSYSTEM WHERE ACQUIRED BUSINESSES RETAIN THEIR UNIQUENESS, SCALE FASTER, AND COLLECTIVELY FUTURE-PROOF THE PORTFOLIO.

UNDERSTANDING THE TARGET COMPANY AND ITS CUSTOMER BASE

Cultural Context



There is a degree of governance which will be put in place by the acquirer, even when the acquiree business operates distinctly post - acquisition. This is essential to build assurance.



Start-ups scale through agility and experimentation; this must be retained, while agreeing to a cadence of information sharing and consultation processes between the acquired business and the acquiring organisation.



To retain the key talent from the acquired business of this nature, much of the incentivisation mechanism and working style may have to be continued. Keeping the businesses separate would help in this.



The risks arise from the acquired business feeling the drag of processes, of consultation and caution. A lean framework of information sharing would be critical to establish a rhythm where much of the decision making continues the way it was.

UNDERSTANDING THE TARGET COMPANY AND ITS CUSTOMER BASE

Case Study

Company C's Acquisition of an Integrated Solutions Company

A large American conglomerate manufactured and supplied equipment to sectors like Oil & Gas, Utilities, etc.

Company C was a projects business specialized in providing engineered solutions across multiple sectors; Oil & Gas, Power and Marine being the three major sectors. In Oil & Gas, Company C manufactured large induction motors and integrated them with compressors made by others including the large American conglomerate referred to. The wing-to-wing solution of providing a compression system for Natural Gas resided with Company C while equipment manufacturers acted solely as suppliers to Company C. Similarly in the Power sector, Company C had multiple engineered solutions like Wind Turbine, Generator and Converter solutions. In Marine, Company C supplied the electric propulsion systems for Naval and merchant ships.



UNDERSTANDING THE TARGET COMPANY AND ITS CUSTOMER BASE

The American Conglomerate found that the end customers (like Utilities, O&G Pipeline transportation/pipeline companies) wanted end to end solutions rather than products. Seeing this trend, the conglomerate acquired Company C to acquire its integration capabilities. The strategic thesis was that the long-term trend in the market being buying integrated solutions rather than equipment, a company which could provide integrated solutions would be able to win more customers than one who was only supplying equipment.

Company C had a revenue of \$1B with an EBIT of about 10%. The expectation was to more than triple the revenues and consequently the profitability.

The First Phase

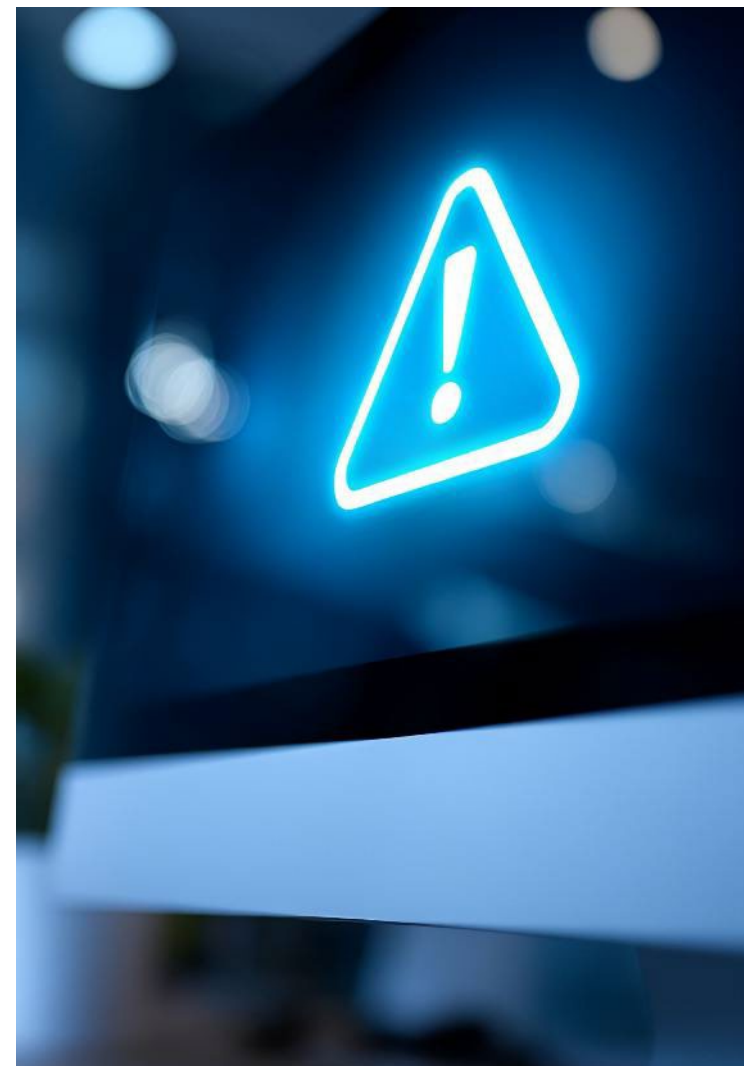
In a few years, Company C was a \$2B business but was losing money and had an EBIT of negative 7%.



UNDERSTANDING THE TARGET COMPANY AND ITS CUSTOMER BASE

What Went Wrong

- Too much emphasis was put on equipment pull through. The critical differentiator for Company C was that it was an effective integrator, agnostic to the equipment being used. By forcing the acquirers' equipment, Company C's expertise was lost over time.
- Company C's ability to scale up was not assessed well. It didn't have the people, process and systems required to be able to support a business double its size. As a result, the business had major quality issues and started losing customers.
- Adding a small motors business (with almost no synergies) deviated from the original business case. It was a distraction for the management.
- Too many new areas were entered into to try and grow the business without understanding the risks involved. As an example, the business entered Solar converters in a big way. This was a low margin low differentiation space.
- Company C had operated as Centre of Excellence (COE) for products. The acquiring company changed it to industry verticals and made products as secondary focus. This confused the product organizations as they were getting pulled in different directions.



UNDERSTANDING THE TARGET COMPANY AND ITS CUSTOMER BASE

Course Correction

- Going back to the basics helped the business turnaround over time.
- Revisited the original business case to understand what was assumed. Reassessed whether those assumptions could be realized.
- The company went back to its roots; focus on the Power, O&G and Marine verticals where its expertise was.
- Processes were redesigned to be scalable and systems were put in place. This enabled the focus to be back on quality.
- The business is ultimately smaller than originally envisaged but is profitable and operating well.



ACHIEVING SYNERGIES

Acquisitions have objectives, which are based on certain assumptions, which are in turn based on the understanding and expectation of the acquired and combined businesses. There can be dissonance however, between the due diligence in the pre-acquisition stage and the reality post-acquisition. We learn from the cases above, that:

- **The scope for due diligence should include a deeper understanding of customers and the value proposition of the company in the eyes of the customer**
- **Due diligence should also focus on operational capability and stay true to the original thesis of the acquisition.**



WE DISCUSS SOME NUANCES HERE, WHICH CAN BE CRITICAL IN THE ACHIEVEMENT OF SYNERGIES AND THE OVERALL OBJECTIVES OF AN ACQUISITION. THESE ARE ILLUSTRATIVE AND NOT EXHAUSTIVE.

ACHIEVING SYNERGIES

Diligence on stakeholders like channel partners, critical vendors, etc

- **Channel Partners:** There is a need to validate exclusivity agreements, margins, and dependency on key distributors. Assess territorial restrictions and compliance with competition laws. Check for informal, un-documented arrangements.
- **Vendors:** Assess single-source suppliers and evaluate switching costs. A detailed review of long-term contracts is also necessary to understand commitments.

Diligence on Systems, Talent, IP

- While a system integration roadmap would normally be made, the Cybersecurity framework must be understood as there could be vulnerable periods during the transition.
- To secure critical talent, the cultural integration must start at the earliest. Parities in pay and incentivisation can be addressed before the transition.
- Assess pending IP litigations or expirations that could impact product synergies.
- A validation of tax holidays, state level incentives and transfer pricing risks, that may have an impact on cost synergies, is required.

KEY PHENOMENA DURING M&A TRANSACTIONS

Staggered Acquisitions

A staggered acquisition (also known as a tranching acquisition) refers to a deal structure where the acquirer purchases the target company's shares in multiple phases or tranches, rather than acquiring 100% ownership upfront. This approach is increasingly common in Indian M&A transactions, especially in deals involving strategic partnerships (where the acquirer wants to test synergies before full integration) or private equity investments (where the investor gradually increases stake based on performance) or founder-led businesses (where promoters wish to retain partial control before full exit) or in the case of cross border deals (where regulatory approvals or foreign exchange constraints may require phased execution).

In a staggered acquisition, the acquirer and seller agree to a pre-defined schedule or performance-linked milestones for transferring ownership. The initial tranche may involve acquiring a minority or majority stake, with subsequent tranches generally tied to business performance (e.g., revenue or EBITDA targets) or regulatory approvals or continued involvement of promoters or key management. The final tranche typically results in full ownership and control.

This structure is often supported by shareholder agreements, escrow arrangements, and affirmative voting rights to balance control and protect both parties during the interim period.

KEY PHENOMENA DURING M&A TRANSACTIONS

Advantages of Staggered Acquisitions

- Risk mitigation: Allows the acquirer to assess the business over time before committing full capital.
- Alignment of interests: Keeps promoters or founders engaged during the transition period.
- Valuation flexibility: Enables linking part of the consideration to future performance.
- Negotiation leverage: Offers flexibility in structuring consideration and control rights.

Challenges of Staggered Acquisitions

- Complex documentation: Requires detailed agreements covering tranches, conditions, and governance rights.
- Control ambiguity: Shared control during the interim period can lead to operational friction.
- Accounting and consolidation: Under Ind AS 110, consolidation is only permitted once the acquirer gains effective control.
- Uncertainty of completion: future tranches may be delayed or disputed due to unmet conditions.
- Tax and regulatory complexity: Must comply with pricing guidelines, capital gains tax implications, and foreign investment norms.

As Indian M&A continues to mature, staggered structures are likely to remain, so it is pertinent to prepare for some of the challenges mentioned above.

KEY PHENOMENA DURING M&A TRANSACTIONS

Lag between Signing and Closing a Transaction



Signing is the date when the parties formally agree to the terms of the transaction by executing definitive agreements like share purchase agreement or asset transfer agreement. Closing is the date when all the “conditions precedent” are fulfilled and the transaction is consummated. Ownership is transferred, payment is made and operational control shifts.

The time lag between signing and closing is attributable to the following factors:



- Regulatory approvals (from CCI, SEBI, RBI or sector specific regulators) can take significant time.
- Fulfilment of contractual conditions (like third party consent or board or shareholder approvals).
- Completion of due diligence and pre-closing covenants.
- Closing of financing arrangements.
- Tax and structuring requirements. Tax clearances or structuring steps often require additional documentation and filings.
- Operational readiness.



KEY PHENOMENA DURING M&A TRANSACTIONS

Lag between Signing and Closing a Transaction



- The signing-to-closing gap can serve as a “testing ground” for synergy assumptions:
- Operational visibility: During the interim period, the buyer can get observer rights or limited access to management reports. This allows the buyer to validate revenue, cost, and working capital assumptions that were part of the synergy model.
- Integration planning: The gap provides time to design integration plans and identify practical challenges. Early integration teams (under ‘clean room’ policy) can simulate combined operations and refine synergy estimates.
- Performance tracking: If the target’s performance during this period aligns or deviates from projections, it signals whether expected synergies are realistic.
- Cultural & process fit: Interim covenants often require joint decision-making on major actions. This interaction helps assess cultural compatibility, which is critical for realizing people-driven synergies.
- Risk identification: Any regulatory delays or operational disruptions during this period can highlight hidden costs



KEY PHENOMENA DURING M&A TRANSACTIONS

Considering De-synergies

It is pragmatic to build in certain de-synergies in the plan, while preparing for their prevention.

Key Areas of De-synergy:

- Channel & Customer Conflicts can lead to sales cannibalization.



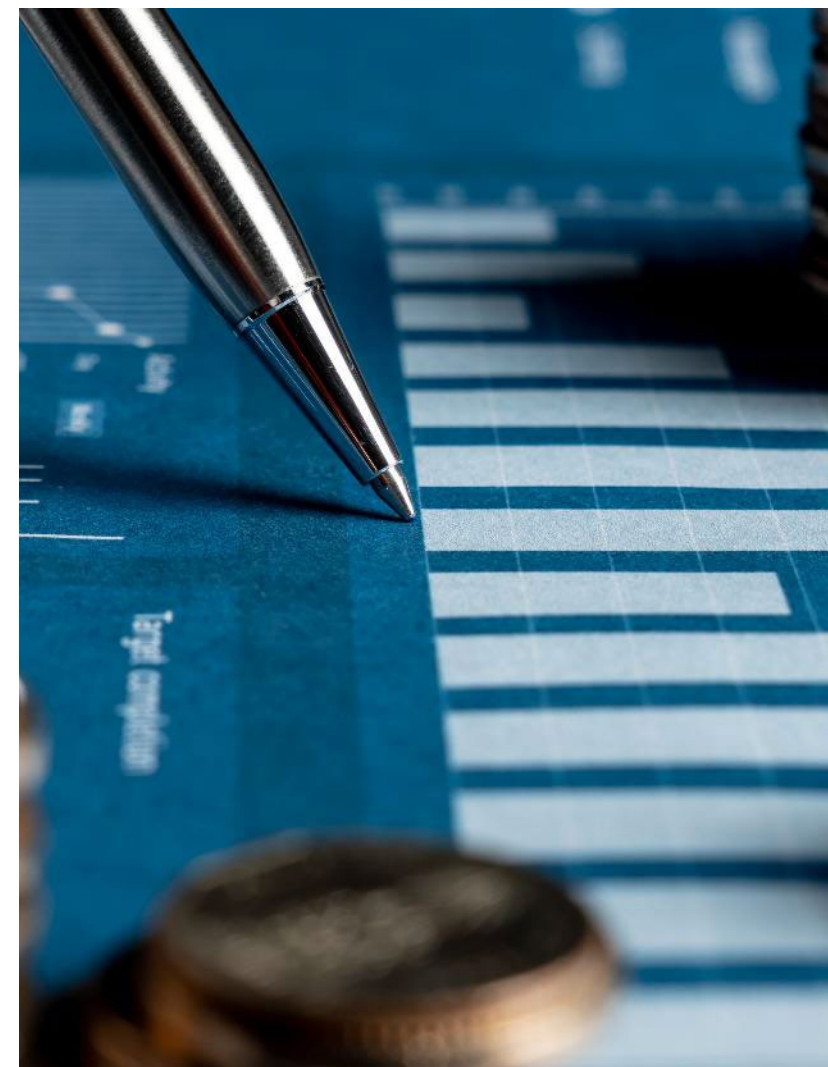
- Integration may dilute the unique identity of the acquired brand, alienating its core consumer base.



- Costs can increase in the first phase, before actions are put in place to realise synergies.



- Cultural differences between the organisations, perception about how the acquired talent is being valued, may lead to loss of key talent.



THE CULTURAL CONTEXT

A global study has shown that 83% of M&A transactions do not meet their objectives. For a transaction to achieve its objectives, teams of the combined enterprise must execute to achieve the synergies, the market advantages, tech integration and whatever else was envisaged at the time of entering into the transaction.

As we deliberated on the success of M&A in the small group of CFOs and knowledge partners who have worked on this paper, the issue of culture came up at every stage. Experience shows that there is a conscious process of cultural integration necessary, for the combined team to deliver on the objectives.

Execution is by people, so it is about people agreeing to common objectives, settling in changed organization structures, adopting different processes and collaborating to find solutions.



Firstly, the goals of the transaction must become the common goals of the combined team. Setting the right KPIs is important, but that is only the mechanics. There would be a process of alignment with the teams, which may go through a storming phase before the common objectives are accepted. Then there would be deliberations on the paths to achieve the objectives. Here is where “what’s in it for me” may kick in. Perceptions about whose role is becoming more, or less meaningful, how much does one have to change from the earlier ways, whether there is a good chance of success – all come into play.



THE CULTURAL CONTEXT

We have found that integration processes which involve the teams from the acquired and the acquirer, coming together to discuss each other's positives and lag areas, help in creating mutual respect and transparency. This forms the basis for creating trust, which is integral to working and achieving together.

It must be said that when organisations in a transaction are culturally very different and there is merit seen in preserving the different cultures, it may make sense to operate them with a certain degree of separation. It is a tested approach, though it comes with its own cultural challenges which the acquirers' leadership must be conscious about.

A Degree of Separation in Post-Merger Integration

A large European multinational operating in India in energy Management and Industrial Automation acquired the switchgear division of a large Indian conglomerate in 2020.

Objectives of the Acquisition were stated to be:

Market Expansion:

Strengthen the footprint in India's fast-growing electrical and automation sector



Portfolio Diversification:

Enhance offerings in low-voltage (LV), medium-voltage (MV), automation, and software solutions



Local Manufacturing & Innovation:

Leverage the acquired division's strong domestic manufacturing base to support the "Make in India" initiative.



Global Competitiveness:

Position India as a global innovation hub for energy management and automation



THE CULTURAL CONTEXT

As an integration strategy, it was decided to adopt an approach of “Two Brands, Two Sales Teams”.

This meant that the two would operate as distinct brands in India.

Separate Sales Forces: Each brand retained its own dedicated sales team to preserve customer relationships and market positioning.

The Strategic Rationale of this was:

Maintain the acquired division's distinct brand focused on domestic and legacy industrial segments. Position the acquirer's brand for premium, global, and digital-first solutions.



Avoid brand dilution and leverage existing customer loyalty.



Offer differentiated solutions tailored to varied segments (infrastructure, industry, homes, agriculture).



Accelerate innovation and responsiveness by maintaining agile, focused teams.



This strategy exemplifies a blend of global scale and local depth, with the multinational in India leveraging the Indian business's legacy and infrastructure to drive innovation and growth in India's energy and automation landscape.

THE CULTURAL CONTEXT

The Organization Design Principle for this is based on Differentiated Value Proposition and Platform Synergies.

The structure was:

- Independent sales teams aligned to each brand's customer base and product portfolio.
- Shared backend functions (e.g., supply chain, finance, HR) for cost efficiency.
- Common manufacturing infrastructure and R&D centers
- Integrated digital platforms for CRM, ERP, and analytics.

Benefits would be: Economies of scale, faster product development, and unified customer insights. To make this work however, it needed focused cultural orientation between the two teams, as the backend teams were being integrated, front end teams were not but had to undergo certain changes in which markets were to be approached and performance was measured. Workshops designed to bring out issues, appreciate each other and find solutions collectively, became the planks for the post-integration approach to ultimately become effective and deliver results.



INSIGHTS ON FUNDING CHOICES FOR M&A IN INDIA

Overall Landscape

The M&A landscape in India has experienced robust growth in recent years; as deal volumes continue to rise, understanding the funding choices available for M&A transactions becomes increasingly critical.

Funding choice in Indian M&A typically involves a mix of debt (including private debt, AIFs, listed NCDs and more recently, Indian banks), and equity financing, sourced either domestically or offshore. However, in the past, regulatory constraints, particularly those imposed by the Reserve Bank of India and foreign exchange control laws, significantly shaped the structure and feasibility of these funding routes. This effectively led to a higher cost of capital for Corporates while considering acquisition transactions.

THE SHARE OF FINANCIAL BUYERS (INCLUDING PRIVATE EQUITY AND VENTURE CAPITAL) HAS RISEN SHARPLY, NOW CONSTITUTING ALMOST HALF OF ALL INDIAN M&A ACTIVITY, IN CONTRAST WITH THE PAST WHEN STRATEGIC BUYERS DOMINATED THE LANDSCAPE.

INSIGHTS ON FUNDING CHOICES FOR M&A IN INDIA

Buyout Transactions by PEs are on the Rise

Buyout investments by PE firms are a growing trend, with buyouts gaining traction as a preferred PE strategy due to increased capital availability, greater opportunity for value creation, sectoral tailwinds, exit flexibility, and a maturing deal ecosystem.

In 2025, buyouts have accounted for 51% of total PE deal value, up from 37% three years ago. PE funds are aggressively targeting high-quality, scalable companies, and shifting focus from minority investments to control-led buyouts for greater operational influence and opportunity for value creation.

PES HAD THE ABILITY TO ACCESS LOW-COST FUNDS, BUT THIS COMPETITIVE ADVANTAGE MAY WANE

Recently, the Reserve Bank of India has decided to allow Indian banks to finance acquisitions by Indian corporates. This move is expected to provide a level playing field to Indian Corporates vis-à-vis foreign buyers and large PE Funds from the perspective of cost of capital.

KEY FUNDING OPTIONS

Cash and Subsequent Earnout

One of the primary sources of M&A financing is paying with cash and with or without a subsequent earnout. An earnout is a financing mechanism in M&A where part of the purchase price is paid upfront, with the remainder contingent on the target achieving agreed performance metrics. This structure bridges valuation gaps between buyers and sellers, allowing buyers to defer part of the payment and reduce risk if future earnings fall short.

The key advantage of this method is the ease of transaction. Cash transactions are instant, mess-free and not as complicated when compared to other methods of M&A financing. Provided of course that the acquirer has adequate cash reserves or can raise capital.

Exchanging Stock or Using Equity as a Currency

Using equity as currency is a common M&A financing method, where the acquirer issues its own shares to purchase the target company. This approach preserves cash, aligns shareholder interests, and can facilitate larger transactions that may be difficult to fund with debt alone. Equity-based deals may also offer tax efficiency and signal market confidence, but they can dilute existing ownership and are sensitive to valuation and market volatility. Regulatory compliance, particularly with SEBI norms in India, adds complexity to such transactions.



KEY FUNDING OPTIONS

Leveraged Buyout



A leveraged buyout (LBO) is an M&A financing strategy where the acquirer uses debt to fund a significant part of the purchase consideration, with the debt secured against the target's assets and cash flows. Key advantages include capital efficiency, high return potential, operational control and tax benefits from interest deductibility. Risks include high financial leverage and stakeholder uncertainty.

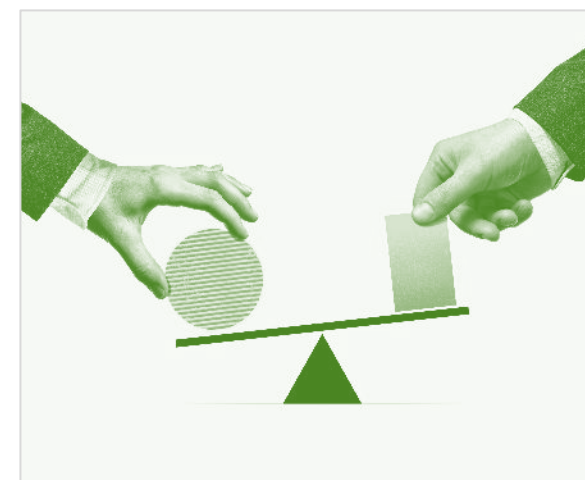
LBOs are typically suited for targets with strong cash flows, established products, capable management, and clear exit strategies as the acquired company's cash flows are used to service debt post-acquisition.

In India, transactions involving LBOs were generally restricted to PEs, given regulatory barriers and the ability of PEs to raise funds at lower costs. The RBI's move to allow Indian banks to fund acquisitions is expected to change this.

Assuming the Sellers Existing Debt



Assuming a seller's debt is an alternative M&A financing method to cash or stock payments, often used when the target company faces financial distress. This approach allows acquirers to preserve equity ownership, benefit from tax-deductible interest, and pursue larger or more flexible transactions. However, it increases financial risk, requires thorough due diligence for hidden liabilities, and must comply with regulatory constraints such as RBI and FEMA rules. High net debt can complicate valuation and integration post-merger.



KEY FUNDING OPTIONS

High Yield Debt like Private Credit, Mezzanine Financing and Non-Convertible Debentures



Private credit is rapidly becoming a key source of capital in India, primarily provided by institutional investors through Category II AIFs regulated by SEBI.

Unlike traditional bank loans or public bonds, private credit is privately negotiated, tailored to specific needs, and can be executed quickly, often secured by equity or assets. In M&A, private credit is crucial for acquisition financing, especially when banks face regulatory restrictions or when flexible structuring is required. Typical use cases involve promoter buyouts (where there are succession challenges in family-owned businesses), leveraged buyouts by private equity, and acquisitions requiring swift, adaptable funding.

This comes with high costs, increased credit risk, regulatory compliance requirements, and limited liquidity. Despite these challenges, India's M&A landscape is increasingly adopting high-yield debt, particularly for mid-market and distressed deals.



KEY REGULATORY ISSUES

Key regulatory issues in Indian M&A span exchange control, competition, securities, sectoral, employment, real estate, IP/data and other specialized regimes.

Foreign investment and exchange control (FEMA/NDI)

- Check sectoral caps, entry routes (automatic/government), pricing guidelines and conditionalities under FEMA and the Foreign Exchange Management (Non-Debt Instruments) Rules. Downstream investments by FOCCs in other Indian entities need to adhere to the same norms as that of foreign investors.
- Transfers/issuances between non-residents and residents must adhere to floor/ceiling pricing based on any internationally accepted pricing methodology on an arm's length basis (merchant banker/CA).
- Deferred consideration is subject to caps and timelines; ensure permitted structures.
- Reporting: FC-GPR (issuance), FC-TRS (transfer), ODI filings for outbound legs, and FLA returns (for FDI & ODI).
- Press Note 3 regime requires government approval for investments from countries sharing land borders with India (e.g., China) or where beneficial ownership is so situated.



KEY REGULATORY ISSUES

Competition/merger control (Competition Act)

- Combinations exceeding specified asset/turnover thresholds require CCI approval (unless otherwise exempt); gun-jumping is penalized.
- India has also introduced a deal-value threshold of INR 2000 Crore for transactions with substantial business operations in India. Parties should assess both asset/turnover and deal-value tests and the expanded “control/material influence” standard.
- Clean team protocols for competitively sensitive diligence, and standstill obligations until closing should be appropriately considered.

Securities law for listed targets

- Takeover Code (SEBI SAST) triggers an open offer on acquiring 25% or more voting rights or “control,” and for creeping acquisitions (beyond specified thresholds). Offer size is at least 26%; pricing and escrow rules apply.
- Insider Trading (PIT) regime: sharing UPSI requires ‘legitimate purpose’, NDA, and board approval; no trading while in possession. Maintain insiders’ lists, trading window controls and fair disclosures.
- Additional SEBI rules: LODR for disclosure, governance and shareholder approvals.

KEY REGULATORY ISSUES

Sectoral and licensing approvals

- Regulated sectors may require additional approvals/intimations/compliances, such as banking and NBFCs (RBI), insurance (IRDAI), telecom (DoT), aviation (MoCA/DGCA), exchanges and intermediaries (SEBI).
- Many sectors have specific fit-and-proper, lock-in, ownership and board composition norms. Early in-depth regulatory analysis, regulator engagement and sequencing with other conditions precedent is essential.

Employment

- For 'workmen', retrenchment/transfer triggers under the Industrial Disputes Act can require notice/compensation.
- PF/ESI, gratuity and other labour law compliances to be ensured on a continuous basis.
- Key management retention, non-solicits/non-competes (reasonable), ESOP rollovers and bonus/earn-out alignment should be planned.

KEY REGULATORY ISSUES

Real estate and environmental

- Verify title, encumbrances, land-use permissions, coastal/SEZ restrictions, and consents for transfer/assignment of leases.
- Environmental clearances, consents to establish / operate, hazardous waste handling authorization, Environmental law non-compliance related liabilities may transfer to the buyer; assess legacy contamination and ongoing compliance.

IP, technology and data

- IP ownership, chain of title, licensing and assignment consents are core diligence items.
- India's Digital Personal Data Protection Act imposes consent/notice, purpose limitation, security safeguards, breach reporting and cross-border transfer conditions (rules yet to be notified).

Anti-corruption, sanctions and AML

- Compliance with anti-corruption laws/sanctions laws/money laundering laws, and anti-bribery policies should be diligenced;
- Screen for sanctions/export controls implications, especially with cross-border counterparties and sectoral sensitivities.
- KYC/UBO checks, beneficial ownership disclosures, and prevention of money laundering (PMLA) obligations.
- Robust anti-money laundering and anti-corruption policies are required to be put in place coupled with periodic training of employees to ensure compliance.

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