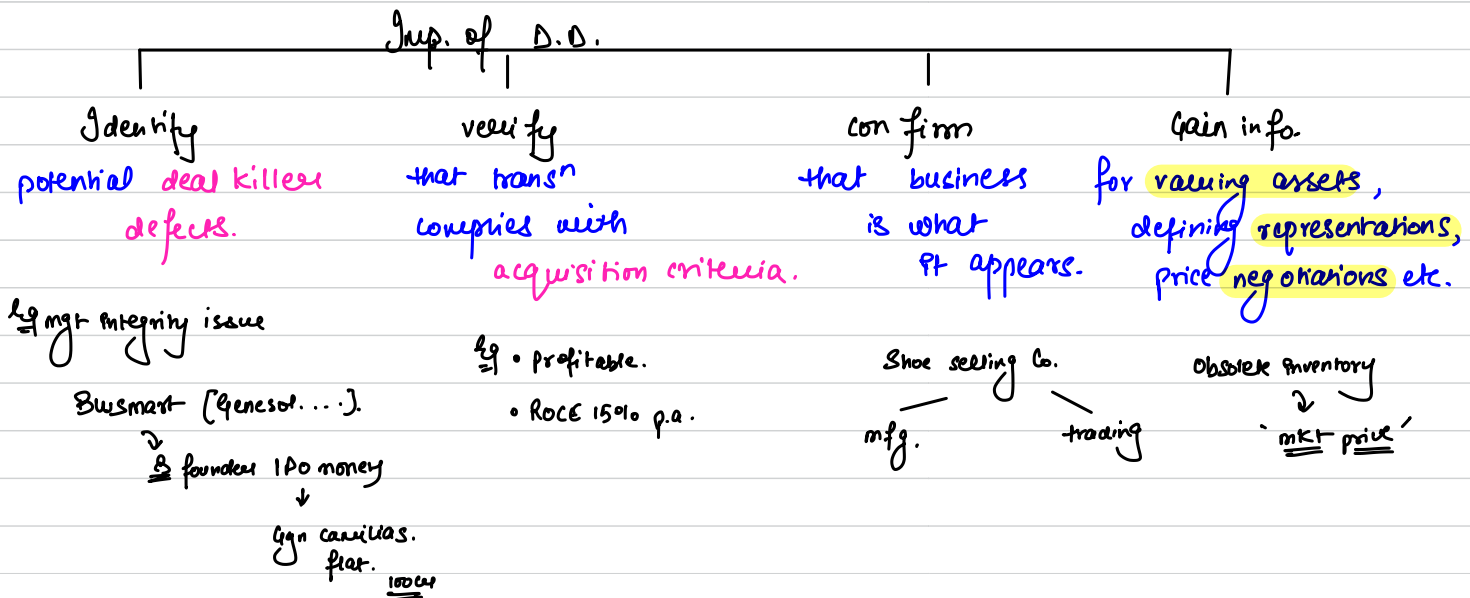


Due Diligence.

- Measure of prudence activity by a reasonable prudent person under particular circumstance
 - Process of investigation by investors into details of investments.
 - Involves - Inquiries for disclosing material info eg LICs, Revenue
 - offline
 - online
 - mfg
 - owneal
 - hire.
 - IAS - Study of financial & non-financial possibilities.
 - owneal/mgr → Integrity/Ethics.
 - Analysis before acquiring controlling intt → to confirm business cond?
- Q Who can do DD? Any person.

Q Areas where DD can be done?

- Corporate Restructuring } Internal
- Venture capital finance } External
- Public offering. ^{Public} IPO



Hidden Liabilities.



1. Show cause notice [^{x matured into demand} contingent Liab.].
2. letters of comfort (guarantee → banks IFJ.).
3. Tax Liab. $\begin{cases} D.T \\ DT \end{cases}$
4. long pending sales tax assessment.
5. custom duty • final assess. pending.

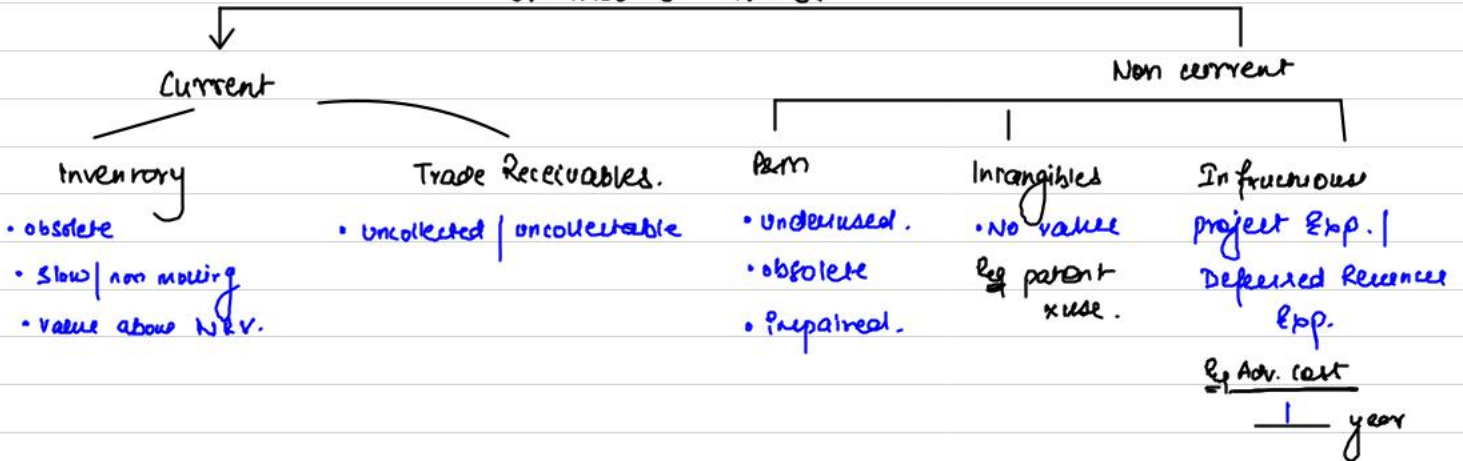
BB

6. Agreement to Buy Back shares.

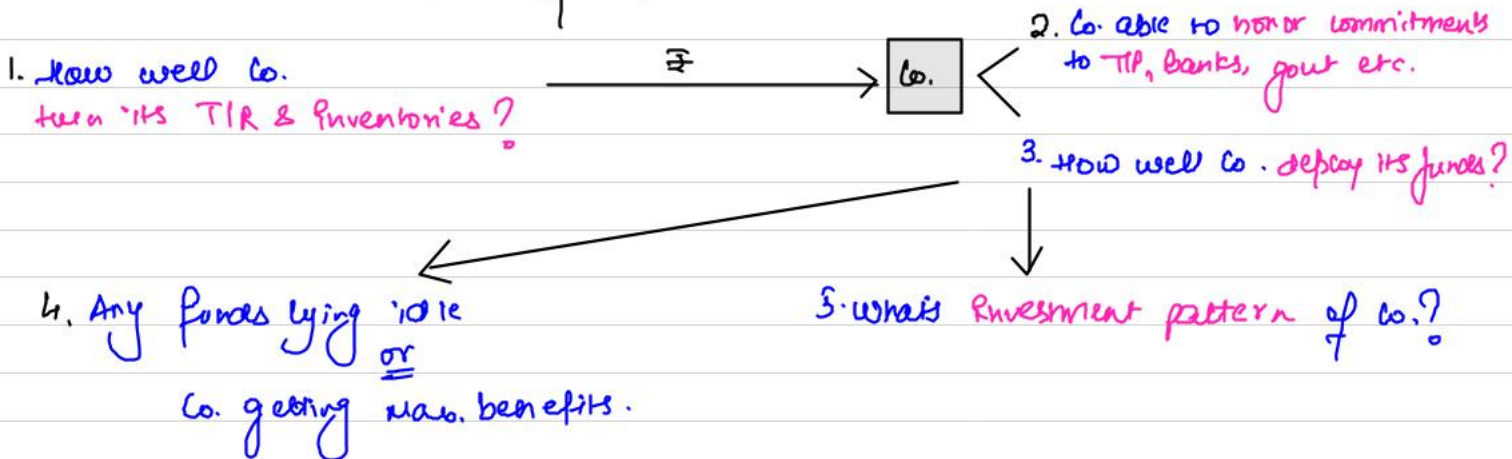
LL

7. Future Lease Liabilities
8. Unresolved labour litigation.

Overvalued Assets.



Cash flow



Work Approach to D.D.

1. Review & report on **financials** submitted by target Co.
eg CWIP
- 2. Assess Business first hand, **Site visit** (if applicable).
-

3. working through DD process with Investor **defining key areas.**
- ↓
4. helping prepare an offer on completion of DD.
- C
 - F
 - Info system
 - HR
 - Legal ITab