



Abhay Nevagi & Associates

ISO 9001:2008 & ISO 27001:2013 Certified

Thorough Due Diligence leading to Better & Faster Negotiations

BACKGROUND

- A company from Bangalore intended to acquire 100% stake of the target company engaged in food industry and having a manufacturing facility near Pune.
- Before commencing the due diligence, both the parties had already initiated negotiations on the transaction points.
- Acquiring company had sent first draft of the Share Purchase Agreement (SPA) to the target company.
- The target company had expressed reservations of the lengthy draft of SPA and on those grounds, had almost rejected the entire SPA.

CHALLENGES

- The target company did not support the due diligence.
- Certain critical information was held back and not revealed in the first draft.
- To draft a simple, crisp yet comprehensive SPA
- Important documents were not made available at the due diligence.

STRATEGY

- Various relevant documents were obtained through online research, from government websites and from the Registrar's office.
- Through an interaction with the top management officials of the target company, the expectations regarding language and style of drafting the SPA were vigilantly noted.
- A clear, concise and brief draft was prepared as per the expectations of the target company.

IMPACT

- Certain unrevealed compliances were discovered by adopting an independent search strategy.
- The acquiring company was able to gain a holistic view of the target company.
- It became possible to envisage the cost and time involved in meeting the recently discovered compliances.
- The SPA that conformed to the expectations was approved immediately by both the companies.