



cutting through complexity

PRIVATE EQUITY

Forensic services

Helping to protect your business
from fraud, misconduct and
non-compliance

ADVISORY

kpmg.com/in



Private equity firms looking to invest in Indian companies encounter a number of challenges. KPMG in India's Forensic team can provide assistance from the pre-transaction stage to the exit mechanism stage, thereby helping reduce or mitigate the risk of any financial or reputation loss.

KPMG Forensic

KPMG Forensic helps clients protect their business from fraud, misconduct and non-compliance, which in turn helps organisations reduce reputation risk and commercial loss. We do this by providing independent, proactive and responsive services through our investigative, accounting and technology capabilities. Our team has more than 680 professionals, each one bringing in not only rich and extensive experience but also competitive and specific skill sets.

Our services

Pre-transaction

Corporate Intelligence

- Background checks/integrity due diligence to assess integrity and reputation of a local management and promoter
- Assessment of their business practices
- Timely warning of inappropriate or potentially illegal activities and links

Environmental due diligence

- Help conduct environment due diligence reviews to ensure that investments are in clean companies.
- Highlight the gaps and risks of non-compliance to environmental regulations

Anti-bribery and Corruption Compliance

- Help assess the level of compliance with anti-bribery and corruption regulations
- Assist in determining any undisclosed anti-bribery and Corruption violations and hidden red flags

Post-transaction

- **Monitoring investor fund**
- **Fraud risk management**
- **Investigations**
- **Licensing reviews**

Exit process

Dispute advisory services and expert witness

- Quantum of loss
- Claim of wasted cost or excess expenditure
- Loss of market share
- Quantum of obligation / fees payable
- Claim for loss of profits
- Valuation of rights or goodwill



Pre-transaction

Integrity due diligence

Entering into any kind of relationship without an appreciation of the possible downside can expose organisations to financial and reputation risks. Our Corporate Intelligence team can assist private equity firms in identifying any hidden factors or red flags that may impact their business negatively and can help put them in a better position to make informed decisions when: investing in a business; acquiring or merging with a business or hiring senior management personnel. We gather public and nonpublic information to provide insights into the background, track record, reputation and associations of any potential business partner.

Environmental due diligence

One of the criteria for global corporations is to ensure that they do not invest in companies having historical (or even current) environmental and social liabilities. KPMG Forensic conducts environmental due diligence reviews to help these corporations ensure that their investments are in 'clean' companies and the estimation of the potential risks involved, if any. This includes, amongst others, compliance to regulations related to Environment, Health and Safety (EHS) practices at the invested/acquired units.

United States Foreign Corrupt Practices Act (US FCPA) / UK Bribery Act due diligence

Assessing a target's compliance with FCPA/ UK Bribery Act can be a potential challenge during a pre-deal due diligence process due to various factors including multiple suitors for a target, unwillingness by targets to open up for detailed scrutiny etc. However, companies need to focus on the threat of 'successor's liability', as one might inherit legal issues of the newly acquired company and may become liable for acts/ violations committed in the past. This makes it imperative for companies to conduct a due diligence process to determine any undisclosed violations. We help clients conduct FCPA/ UK Bribery Act due diligence on their target companies and third parties to help ensure that there are no hidden red flags.

Post transaction

Monitoring investor fund

Having invested in a project and providing continued financial support to their targets, private equity firms are concerned with the ongoing financial viability of these borrowers. They want to be sure that the continuing operations of the business are conducted in accordance with the representations or undertakings made. KPMG's Forensic team, with the consent of the target, can closely monitor the quality of the reporting to the investor. We can help in providing reports to the client on the current and projected financial position. We can also promptly alert the clients involved of any sudden and significant deterioration in a borrower's financial position and also bring to their notice any instances when the operations of the borrower are not being conducted in accordance with the business plan.

Fraud risk management

Organisations frequently fail to recognise their vulnerability to fraud and misconduct until they become victims. Our approach to fraud risk management helps investee companies assess where their organisation is vulnerable to fraud and how to cut fraud loss. We have assisted many clients to understand the fraud risks they face, evaluate existing counter-measures, train staff and develop effective anti-fraud policies, systems and controls. Our aim is to not only provide greater protection against the threat of fraud but also help reduce the losses due to fraud.

Fraud and misconduct investigation

Our Forensic team has undertaken some of the largest financial fraud investigations across industry sectors and assisted organisations in solving a range of fraud and misconduct situations. We are one of the largest investigative teams in the country and using our experience and the knowledge of your organisation's particular circumstances, we can conduct event-led investigations by gathering and analysing data to help identify instances of impropriety, the parties involved as well as uncover the modus operandi. We also help gather evidence that can be presented in a court of law and assist the client in litigation.

Exit Process

Licensing reviews

It is important for the investor to ensure that the investee company is not involved in any kind of noncompliance including infringement of any copyright/ patent issues as this may lead to regulatory action against the investee as well as the investor. Hence, it is important to ensure that the investee company has all the required entitlements to use various software and technology. KPMG's Forensic services can help monitor license compliance of the investee company to check for non-compliance and highlight gaps, if any.

Dispute advisory services

Often, disputes arise over completion of accounts or performance of the acquired business. We can advise you on the viability of the claim, and help present the case effectively, whether in settlement negotiations or in the dispute resolution process. Where we are independent of the parties, we can act as the accounting specialists, determining disputes without costly and time-consuming litigation.



Our value proposition

Vast experience

We have investigated over 850 cases of economic crime of various kinds including some of the most high profile cases featured in leading financial dailies. Our services are proactive and reactive, addressing a wide range of issues including kickbacks and bribes, financial misrepresentations, accounting frauds, fraud in malicious emails, data theft, internet fraud and funds siphoning.

Dedicated and trained resources

Our team comprises of management professionals with in depth experience in the financial industry, certified fraud examiners, former police officers, chartered accountants, certified public accountants, business ethics professionals, environment specialists, social workers, technology professionals and analysts. They are supported by our on-site investigation team that verifies facts in person, thereby increasing the credibility of our services.

Technology-backed solutions

We produce accurate and objective reports with fast turnaround time, by using Proprietary technology tools. Our dedicated forensic technology laboratory can mine and analyse large volumes of data in paper and electronic formats in minutes and effectively support on-site investigations.





Select credentials

Integrity due diligence

We have conducted over 700 engagements of integrity due diligence. We are the market leaders in providing such services to companies and entities across industries. Work carried out includes ascertaining the reputation and business practices followed, verifying the credentials and capability of company and its management as well as any negative information or red flags in the public domain.

Investigation

KPMG Forensic has investigated some of the most high profile cases that have also been followed closely by the media and featured in leading financial dailies. Our range of experience spreads across a wide range of industries and regions covering issues such as siphoning of funds; financial misstatements; kickbacks; bribery and corruption; data theft, and net fraud.

Environment due diligence

We have experience and specialisation in the complexities of multi-site and multi-company environmental due diligence analysis and reporting. We have worked on EHS due diligence engagements for a wide variety of industry segments that include automobiles, heavy engineering, F&B, petroleum, packaging, metals and mining and leather manufacturing industries.

FCPA due diligence

Our client, a multinational firm, was considering acquiring partnership firms and private companies in India to enter the Indian market and requested help in conducting the financial due diligence and FCPA risks assessment in the deal. KPMG Forensic reviewed the FCPA related policies and procedures and level of compliance with FCPA provisions or OFAC sanctions programmes. Based on our report, at the pre-acquisition stage the company was able to evaluate the risks involved in the transactions and was able to develop counter measures for the identified risks.

Fund monitoring

Our client was a funding agency giving grants to NGOs on various projects. The objective of the engagement was to conduct an investigation to confirm that the grants given by our client to partners and organisations had been used and reported according to the instructions given by our client. KPMG Forensic assisted in the monitoring the distribution of unused and used funds, valuations and recording of voluntary work and donation of goods. The areas covered included:

- How were the organisations recording and reporting the administrative costs?
- Has the development aid been performed according to the instructions given by the client?
- Do the activities carried out by the organisations prevent and restrict corruption?

Contact us

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Printed in India.