



CASE STUDY

Financial Due Diligence

Background of the case:

Our client is a French company which was planning to acquire the transformer manufacturing business unit of another company in India. The transformer division clocked revenues of \$ 40 million per year for last three years and had promising deals in the pipeline. Our client wanted to conduct a thorough financial due diligence to understand the financial risks and probable exposures on acquiring the division.

How did Warpdrive assist?

- A comprehensive due diligence of financial statements and customer and vendor contracts was undertaken.
- Financial statements analysis was conducted and the key performance ratios were compared with industry standards. The transformer division has DSO (days sales outstanding) more than the industry average by a substantial number of days.
- Lease agreements and other contractual documents were analysed and anticipated cash outflow were tabulated for further analysis.
- Our due diligence report documented all the financial metrics and the key strengths and weakness of the target company division. We also highlighted few contracts that the Client should renegotiate with the customers and vendors before completion of takeover. Finally we provided recommendations on various steps to be taken prior to takeover of the division for seamless integration.

Result

Warpdrive Labs through its industry experts were able to provide guidance to Client for seamless acquisition of the business unit in India.