



Asset tracing and recovery services

How can we help you?

Private and confidential
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The world's debt is growing and legal advisors have an opportunity to curb this



The world's total debt has increased by US\$20 trillion since the third quarter of 2019. Economists expect the global debt to reach US\$277 trillion, or 365 percent of world GDP at the end of 2020.¹



The Gross Non-performing Assets (GNPA) of banks in India was likely to rise up to 9.6-9.9 percent, compared with 9.3 percent until the December quarter given the impact of the pandemic.



Only 9.2 percent of bad debts are due because of the genuinely wrong business decisions taken. The rest can be attributed to mal-intention, money laundering, and other financial crime motives.

The role of legal advisors in debt management is fairly nascent in India. Until a decade ago most legal advisors interfaced with specialist law firms who worked on stressed assets and other critical transactions. But now, that is changing with legal advisors playing an active role in debt management and resolution (through the Insolvency and Bankruptcy Code (IBC) route, as well as through active involvement in deals).

Source:

¹Chart: Debt-to-GDP Continues to Rise Around the World ([visualcapitalist.com](https://www.visualcapitalist.com/chart/debt-to-gdp-continues-to-rise-around-the-world/))





Why is it difficult to recover debt and what can legal advisors do about it?

The reliance on self-disclosures/KYCs at the time of loan disbursement is part of the reason. This makes it challenging to ascertain the true wealth/antecedents of the debtor. However, with increased scrutiny on balance sheets and lending practices, given below are some considerations for legal advisors while ascertaining a deal partner or prospective debtor:



Analysis of corporate records

To map family tree and layer off disclosed/undisclosed entities structure to understand potential owners of assets



Reverse directorship checks

To identify other undisclosed business interests leading towards asset ownerships or investments



Multi-level corporate research

To conduct multi-level research of nexus of entities to identify assets and ownership



Due diligence to identify disputed properties

To retrieve records to identify disputed properties



Intelligence, public records, and document review

To identify funds and quantum of wealth. Employing proprietary technology tools to mine volumes of data and present, where possible, heat map of transactions showcasing end-use of money being invested in assets



Charges and defaults

To study credit defaults and charges registered against assets



Document review

To try and obtain documents related to the assets' ownership



Multi-level forensic review of financials

To understand movements of advances towards purchase of assets or investments in facilities. Analyse investments in fixed assets and investment pattern in subsidiaries, if any. To obtain assets leads of the subjects, of its key affiliates and subsidiaries, and of the other entities



How can Deloitte's asset tracing services help you?



Understand the request/identify relevant areas to focus investigations

Check background, reputational, and lifestyle checks

Recognise identified interests and assets

Map the potential owners of identified and undisclosed assets

Collate and analyse the findings through public domain and corporate intelligence

Analyse financial statement

Undertake corporate intelligence with knowledgeable sources of the target's financial and professional interests to ascertain the undisclosed assets

Provide quality controls and reporting

Situations where asset tracing can be of immense assistance



Pre-investment due diligence



Contractual negotiations



Distressed investment for private equity/equity holders



Dispute circumstances



Stressed asset management



Assisting in recovery of assets



Our methodology

- Identify additional tangible and intangible assets associated with the target across jurisdictions and verify ownership either through source enquiries or documented evidence, where available
- Verify ownership of assets identified
- Provide the current market value of all identified assets through publicly available information
- Provide corporate and business interest of target, identification of companies and business concerns promoted by the target including companies and trusts
- Prepare family tree and layering of disclosed/undisclosed entities structure to understand potential owners of assets
- Identify whether the target has created a nexus of entities or multi-layered corporate structures with the objective of ring-fencing assets or to obfuscate ultimate ownership
- Share additional details of the personal, social, business, political profile to understand the lifestyle and types of assets in which target seek interest; and to understand indebtedness of the target
- Provide credit defaults or charges registered against assets, where possible



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