



Corporate Intelligence Services
Identifying what's beneath the surface

Forensic 





Introduction

The pace and scope of globalization along with the growing opportunities, presented by emerging markets, have redefined investment strategies and aspirations of many investors and multinational organizations. However, every business faces critical threats and some of them can develop into crises, if the risks are not identified and mitigated before a transaction is completed or a relationship is established.

Business risks are mostly quantitatively defined and measured, and often one fails to understand and analyze the qualitative side. Numbers alone may not reveal the exact story and often qualitative aspects are overlooked while one concentrates more on what is self-disclosed. Understanding what a business relationship is truly worth can eventually assist you in taking that known and calculative risk for the right reasons.

Due diligence for value creation

The essential requirement of conducting a due diligence is to know one's partner and to provide valuable insights into the 'target'. It can eventually help to ensure the best strategic and cultural fit between two entities. While the effort towards a due diligence may lengthen the start-up time for a new business partner relationship, failing to do so can have considerable negative financial and operational repercussions.

At Deloitte, we provide due diligence services that helps to obtain qualitative information concerning the counterparty and assess the various risks involved in partnering with them. We further assist in obtaining on-consent, as well as, discreet information concerning specific issues related to the client (depending on the risk level involved) which can help avoid legal complications, costly mistakes and damage to reputation.

Providing information is not just about sourcing information but also entails an analysis of the information, corroboration from multiple sources and dovetailing with the underlying financial data. This assessment of information can be utilized for services beyond due diligence such as litigation support, fraud and business investigations, anti-bribery and corruption due diligence, in addition to any other business situation that merits obtaining additional information.

Need for Corporate Intelligence Services

Without adequate knowledge of backgrounds, track records and business practices, organizations frequently enter into engagements in unacquainted geographies with business partners, counterparties and third parties. The ambiguity, in terms of specific regulatory guidance and pressures of the business, may force these organizations to take a cursory swipe at due diligence. However, the need for transparency and stronger enforcement of varied laws globally, is growing. However, with growing needs of transparency and stronger enforcement of varied laws globally, ensuring the compliance of third parties with regulations such as the Prevention of Money Laundering Act (PMLA), US Foreign Corrupt Practices Act (FCPA), UK Bribery Act (UKBA), Prevention of Corruption Act (PCA), etc. is of paramount importance.

Conducting a due diligence can, thus, help probe to better understand the background and other business interests of the counterparties. It can help to reveal and identify hidden agendas, if any, and protect from potential association with disreputable entities.

Adverse impact of an embittered business relationship:

Regulatory actions

- Negative publicity and reputation damage
- Anti-Money Laundering concerns/ 'Know Your Customer' (KYC) violations
- Potential investigation by regulatory authorities following adverse news in the media
- Penalties/ financial implications for companies (as well as the management), including closure of a business
- Civil/ criminal charges and proceedings

Commercial costs

- Cost involved in recovery of unpaid amounts
- Liabilities related to unfulfilled contracts/ commitments
- Impact on reputation of individuals involved in lending/ partnering decision
- Full or partial write-off of amounts invested
- Loss on account of defaulting third party
- Cost of investigating background of individuals, post-event, and establishing legal ground to exit the relationship
- Cost incurred to minimize effects of negative publicity

How can we help?



Screening and Red-Flag identification

If you:

- Are checking an unfavorable profile of your investee company
- Are monitoring investments
- Are developing new clients and conducting a KYC exercise
- Need a quick and dirty check on new or existing third-party relationships

A Screening and Red-Flag report is an exception-based report that provides insight into potential risks emanating from dealing with third parties and other business associates. These risks can range from reputation damage to punitive and disciplinary action, and also provide

information on aspects such as corruption, bribery, money laundering, fraud and economic and trade sanctions. We can also identify if the target/ its key personnel are politically affiliated and/ or leveraging their affluent connections. The research is conducted through specialized databases and press archives. The information collated through this research is analyzed and presented in a succinct report.

Counter-party due diligence

If you:

- Are partnering in a business venture either directly or through service providers such as investment banks or a financial institution (FI)

- Are tying up with a third-party entity
- Are monitoring third-party relationships
- Want to know more about your new third-party entity

In order to stay competitive and enhance their market position, organizations are becoming increasingly dependent upon indirect sales channels and interaction with third party entities. Deloitte integrates traditional investigative techniques with technology-driven analytics to help organizations manage third party risk. It is a process through which data gathered from the client or through public sources is enriched, ranked, and prioritized for further analysis.



Beginning with the initial set of vendor information, our team cleans the underlying data, detects anomalies and removes duplicate entries. The remaining subject data is enriched with data sources, which can be used by law enforcement and money laundering professionals. Following this, the team works with the client to filter and rank subjects. The result of this exercise is a targeted set of potential high-risk vendors. Deloitte works with the client to prioritize this list of research subjects for further review and investigation. This analysis of vendor information can help determine whether these vendors actually exist and also whether they present potential financial crime or integrity issues such as corruption, economic and trade sanctions, money laundering and fraud.

Integrity due diligence

If you:

- Are making a medium to large-sized investment and want to know the detailed background, track record and reputation of your potential partner/ investee
- Want to know if the actual financial/ operational position of your partner/ investee is in line with claims made by the representatives.

We have extensive experience in assessing and analyzing the reputation/ integrity risks of companies, groups of companies and their principal shareholders and management. Using both publicly available information and a network of external sources, we look for background information on confirmed or alleged hidden affiliations of businessmen and opaque corporate structures, involvement with commercial bribery and kickbacks, links to organized crime or terrorist activity, tax evasion, defaults on obligations and other such reputation concerns.

Senior Management due diligence

If you:

- Are hiring a C-suite executive and want to understand the track record and reputation of the individual
- Want to ascertain the credentials and veracity of claims made by the potential hire.

Assessing the behavioral pattern and professional experience of a potential senior hire is important to align with the goals and policies of a company. 'C-suite' employees and other senior management manage sensitive information, which is critical to the reputation of the company. Senior Management due diligence is an effective tool to obtain valuable information concerning the potential senior management candidate to help evaluate the capabilities and integrity of the candidate. This tool can help identify the mannerisms of the candidate in unfavorable situations, in their past roles, and can also help to probe their background (which one may not obtain directly from the candidate).

Operational risk assessment

If you:

- Want to monitor the operational health of an investee or a specific project
- Need to ascertain the timeliness of the completion of projects
- Want to carry out a location specific evaluation of risk involved in carrying out business operations
- Need to ascertain the accuracy of claims or project update/ status made by the investee.

Stakeholders face several challenges whilst monitoring their investments and obtaining detailed information from their business partners on the progress of certain projects and business operations.

If the projects are at inaccessible locations or out of reach for investors due to lack of human network at projects (especially during the design, development and construction phase), these concerns can be heightened. Operational risk assessment is a technique, whereby investors can obtain an independent assessment of the truth against the claims made by project owners. This tool uses a combination of public records, human source enquiries and site visits to help evaluate the timeliness of delivery and ongoing health of the business operations.

Investigative due diligence

If you need to:

- Determine whether your employee/ investee has indulged in an unethical practice/ behavior
- Authenticate fraudulent allegations made against an employee/ investee
- Ascertain leakage(s) in revenue from conflict of interest between an employee and third party entity
- Ascertain manipulation or misrepresentation of facts by investee
- Conflicts of interests and diversion of funds by an employee/ investee.

In today's business environment, individuals and companies find multiple opportunities to circumvent laws, regulations and company policies. Despite strong internal and external controls, enforcement remains a challenge, which results in fraudulent activities being carried out by individuals and companies. Investigative due diligence is a unique methodology which uses multiple forensic tools, such as review of public records, human source enquiries, site visits, forensic technology and data analytics. This can help provide a 360 degree perspective and circumstantial evidence on the allegations made in a fraudulent scenario.

Political risk assessment

If you:

- Need to assess the political trend for a state or region where you are looking to invest
- Want to understand the potential impact on the investment outlook of a country in the event of a change in the political environment
- Want to ascertain in detail the political proximity of an investment partner with a political party or politician
- Need to assess the threat from regional or local militant organizations in the state of operation of your investee or business operation (having experienced political volatility in the past).

In every country, without exception, the nexus between business and politics exists. It varies in structure and thickness, depending on the political and economic system, and usually affects the various industries in different ways. A political risk assessment analyses reputation risks based on scenarios attached to changing political power structures. This includes a change of government, arbitrary regulation, political control of the judiciary, or populist measures undertaken at the expense of the free market. Such strategic changes in the political landscape can also strongly influence the acceptance of an investor

and potentially result in him/ her being embroiled in a social conflict. We, therefore, assist clients to assess their exposure to political risk, provide intelligence and analysis on politics, regulation and government stability; thereby assisting clients to navigate through India's dynamic political and security environment.

Asset tracing

If you are looking to:

- Gather information on the asset profile of an employee/ investee/ borrower
- Gather information on the wealth profile of management/ employee
- Gather information on tangible assets owned by an investee/ borrower/ employee.

Knowing the real worth of your investee partners, borrowers or senior employee(s) is becoming increasingly important today, in order to accurately assess the financial capability of an individual or financial position of the company. It becomes particularly relevant in a financial transaction, which involves large quantum of funds and to ensure if the funds provided are being used for the designated purpose. Using a combination of public records, corporate information, business interests, human source enquiries and on-site visits, asset tracing is a unique

methodology which assists clients in identifying and locating concealed assets. This technique pans across jurisdictions using a large vendor network and internal Deloitte research methodologies.

Anti-bribery and corruption due diligence

Recent government enforcement actions have made it clear that companies should consider FCPA/ UKBA (or other anti-bribery and corruption legislations) exposure as part of their diligence process. During the pre-transaction investigative due diligence phase, we focus not only on the risk profile of persons associated with the target, including key executives, owners, or agents, but also on whether these individuals are government officials or connected to government officials in any way. We can also help to analyze the risk profile of the countries and industries in which a target company operates.

Litigation intelligence

As part of our litigation support services, we assist by investigating opposing parties and their experts and find facts relevant to claims and defenses. This also includes identifying and locating witnesses. Such critical information can affect litigation strategy and the scope of the litigation.



The Deloitte Difference

Our Corporate Intelligence Services practice consists of highly trained investigators and intelligence specialists with extensive experience in due diligence, litigation support, fraud and/ or other investigations.

- Named a global leader in Forensic Investigation Advisory.¹
- Our work is conducted using a proven methodology, under strict confidentiality and within the laws of the countries in which we conduct our work, hence, being able to build market credibility through values such as discretion, trust and integrity.

Bespoke Diligence

We believe that the scope of carrying out a due diligence necessarily varies across sectors, organizations and situations. Therefore, we are able to tailor our due diligence needs on the basis of each of our clients.

Outbound capability and Global Delivery Model

We are one of the best in the market due to our outbound capabilities that eventually help us collate discreet and confidential information for Indian clients looking to acquire a global footprint. We have a proven global delivery model, working seamlessly across time zones and cultures to deliver high quality work on time. We can gather background information and corporate intelligence virtually anywhere in the world in a timely and cost-effective manner, including those jurisdictions where public records are sparse.

Ability to handle high volumes

We have the scalability to quickly ramp up resources and solutions to support large projects at short notice both virtually and on-site.

International reach and access to widest range of sources

We have the expertise to gather information from across 215 jurisdictions, in over 5 foreign languages and the multiple languages of India – thereby providing unparalleled reach to support your organization. We also have access to over 350 databases across other jurisdictions and 40 specialized subscribed databases in India extensively covering media and press, litigation records, sanction and watch-lists, and corporate filings.



Contacts

To know more, reach out to:

Nikhil Bedi

Partner | Leader - Forensic
Financial Advisory
Deloitte India
Tel: +91 22 6185 5130
Email: nikhilbedi@deloitte.com

Wilfred Bradford

Partner - Forensic
Financial Advisory
Deloitte India
Tel: +91 22 6185 5505
Email: wbradford@deloitte.com

Rohit Madan

Partner - Forensic
Financial Advisory
Deloitte India
Tel: +91 124 679 2857
Email: madanr@deloitte.com



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