

Deal Destination

May 31, 2017

DESIGNING EARNOUTS AND WORKING CAPITAL ADJUSTMENTS IN INDIA

The keenness to get the deal done and defer valuation discussions to a later stage often results in parties sweeping latent post-closing disputes under the carpet. However, these disputes often come back to haunt the deal at a later stage, if not understood and drafted properly. Disputes relating to valuation and payment of earnouts and working capital adjustments is an increasingly common feature in the Indian M&A market, so much so that earnouts and other deferred consideration strategies are often termed as 'deferred pre-closing disputes'.

In this issue of Deal Destination titled "*Designing Earnouts and Working Capital Adjustments in India*", we discuss negotiation strategies, the regulatory and tax environment concerning earn-outs in India and how NOT to draft your earnout/ working capital adjustment provisions. Please click [here](#) to read more.

On a related note, we also reattach our earlier Deal Destination discussing 'Indemnities v. Damages'. These terms are often used interchangeably in the Indian context, but have enormous differences when it comes to enforceability. Please click [here](#) to read more.

— Supratim Guha & Ruchir Sinha

You can direct your queries or comments to the authors

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