

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

DISCLAIMER

The contents of this hotline should not be construed as legal opinion. View detailed disclaimer.

This Hotline provides general information existing at the time of preparation. The Hotline is intended as a news update and Nishith Desai Associates neither assumes nor accepts any responsibility for any loss arising to any person acting or refraining from acting as a result of any material contained in this Hotline. It is recommended that professional advice be taken based on the specific facts and circumstances. This Hotline does not substitute the need to refer to the original pronouncements.

This is not a Spam mail. You have received this mail because you have either requested for it or someone must have suggested your name. Since India has no anti-spamming law, we refer to the US directive, which states that a mail cannot be considered Spam if it contains the sender's contact information, which this mail does. In case this mail doesn't concern you, please unsubscribe from mailing list.

Research Papers

Evolution of Generative AI

July 11, 2024

From Capital to Impact: Role of Blended Finance

June 15, 2024

Opportunities in GIFT City

June 14, 2024

Research Articles

Private Client Insights - Sustainable Success: How Family Constitutions can Shape Corporate Governance, Business Succession and Familial Legacy

January 25, 2024

Private Equity and M&A in India: What to Expect in 2024?

January 23, 2024

Emerging Legal Issues with use of Generative AI

October 27, 2023

Audio

Pursuing Remedies against Non-signatories in Investment Agreements

July 03, 2024

Why is the ad industry unhappy with MIB's self-declaration mandate?

June 18, 2024

Incorporation of arbitral clause by reference: Position in India and other Asian Jurisdictions

June 12, 2024

NDA Connect

Connect with us at events, conferences and seminars.

NDA Hotline

Click here to view Hotline archives.

Video

Self Declaration Certificate For Ads: Decoding The Complexities Of Ad Regulations

July 08, 2024

**Future of India-Mauritius tax treaty –
Impact of new Protocol on M&A
deals and Private Equity structures**

April 23, 2024

**Q&A 2024 Protocol to the Mauritius
India Tax Treaty**

April 22, 2024