

# Business wind down and liquidation support

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# When is the right time to let go?

Business wind down can be a complex and time consuming process. EY has a dedicated multi-disciplinary team that can help in smooth wind down of operations and liquidations.



The better the question. The better the answer.  
The better the world works.

## Business wind down or liquidation - key drivers

Large corporate groups may want to design and evolve their group structure to keep pace with changing business priorities. This could range from elimination of a small number of surplus subsidiaries to complete winding up of an entity or a business.



Closure of companies with stalled/delayed/completed purpose can lead to optimization and rationalization of group structure.



Capital and liquidity continue to be scarce. A sub-optimal organizational structure can trap these resources.



Simplifying organizational structure will reduce duplicate activities and aid cost reduction initiatives.



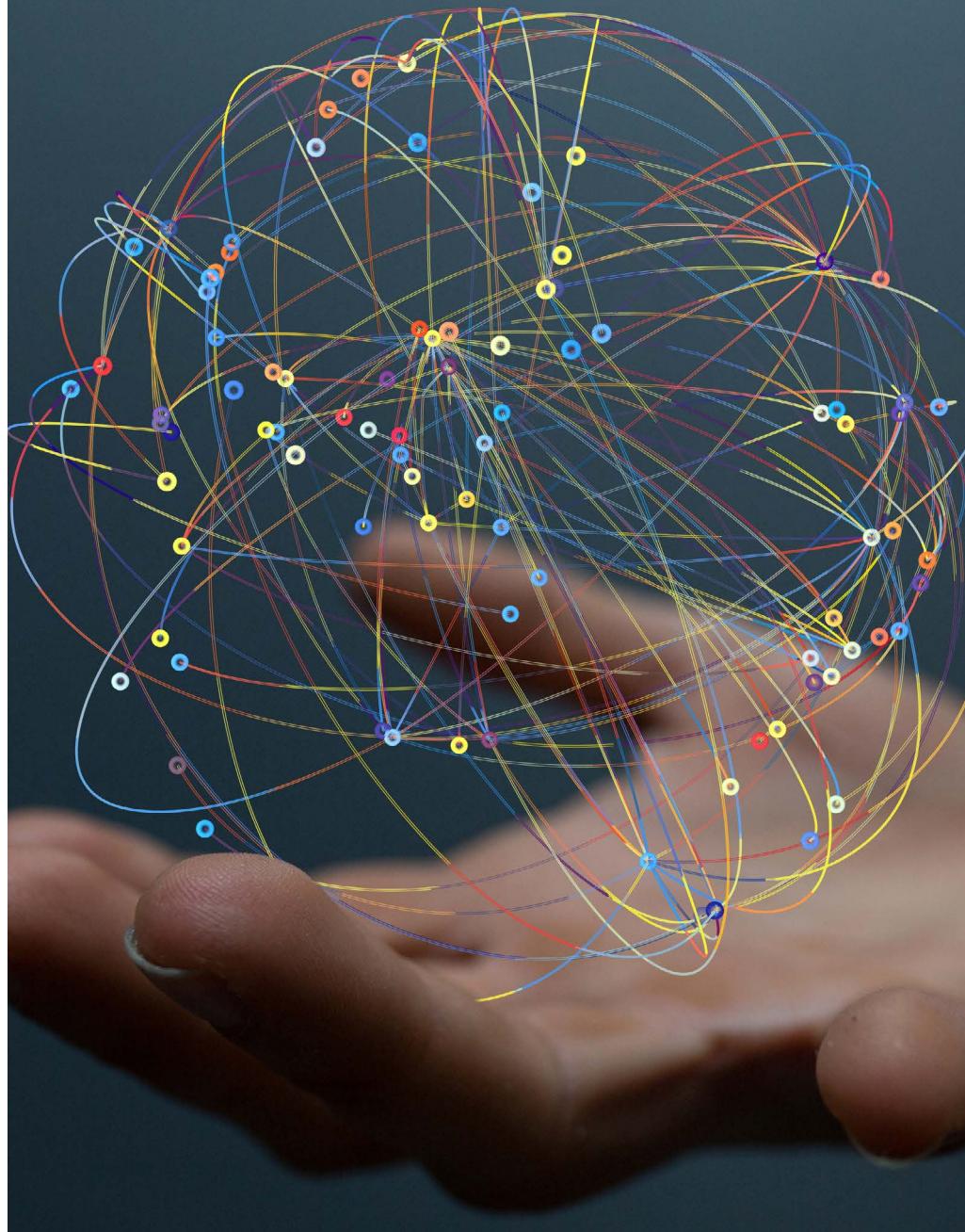
The scale and complexity of regulatory requirements have never been so demanding. A sub-optimal organizational structure can lead to complications. Personal liability of directors/key management personnel and increased complications due to failure/delay in compliances can be mitigated by putting an optimal group structure in place.



Evolving tax laws demand constant review and utilization of tax assets (such as accumulated losses, refunds, etc.) by the group.



A clear and transparent structure would help boost stakeholder confidence and facilitate accurate flow of information to reduce the risk of unknown.





## 10-point consideration for the leadership team before deciding on a winding down strategy

While a business wind down is a complex process and takes time to be completely successfully, proper planning can significantly improve the outcome

### Potential impact on brand

The plan should assess the impact on other businesses in India and globally. This should be appropriately factored in the overall strategy.

1

### Identify a team

A cross-functional team should be identified to carry out the wind down exercise.

2

### Communication strategy

Communication strategy for all stakeholders, including employees, vendors, customers, lenders, tax authorities and other business partners and service providers, should be designed in advance.

3

### Assessment of cash liabilities

Can the creditors be negotiated and settled at lower value? Have they been assessed for any off-books liability or claims?

4

### Maximize asset realization/cash conservation

The timing of announcements, prior review of legal terms and clear communication is essential. Any potential sale of operating business (part or full), should be explored.

5

### Taxation

Review of assessment status to estimate potential tax liability/refund.

6

### Settlement package

A broad or scenario based settlement package should be worked out for various categories of liability including vendors, lease contract, employees, other service contracts, etc.

7

### Information technology support and data protection

Data backup, data protection and uninterrupted access to historical information is critical for the wind down process.

8

### Timeline and cost of the wind down process

Estimate timelines and cost involved to identify a funding gap, if any.

9

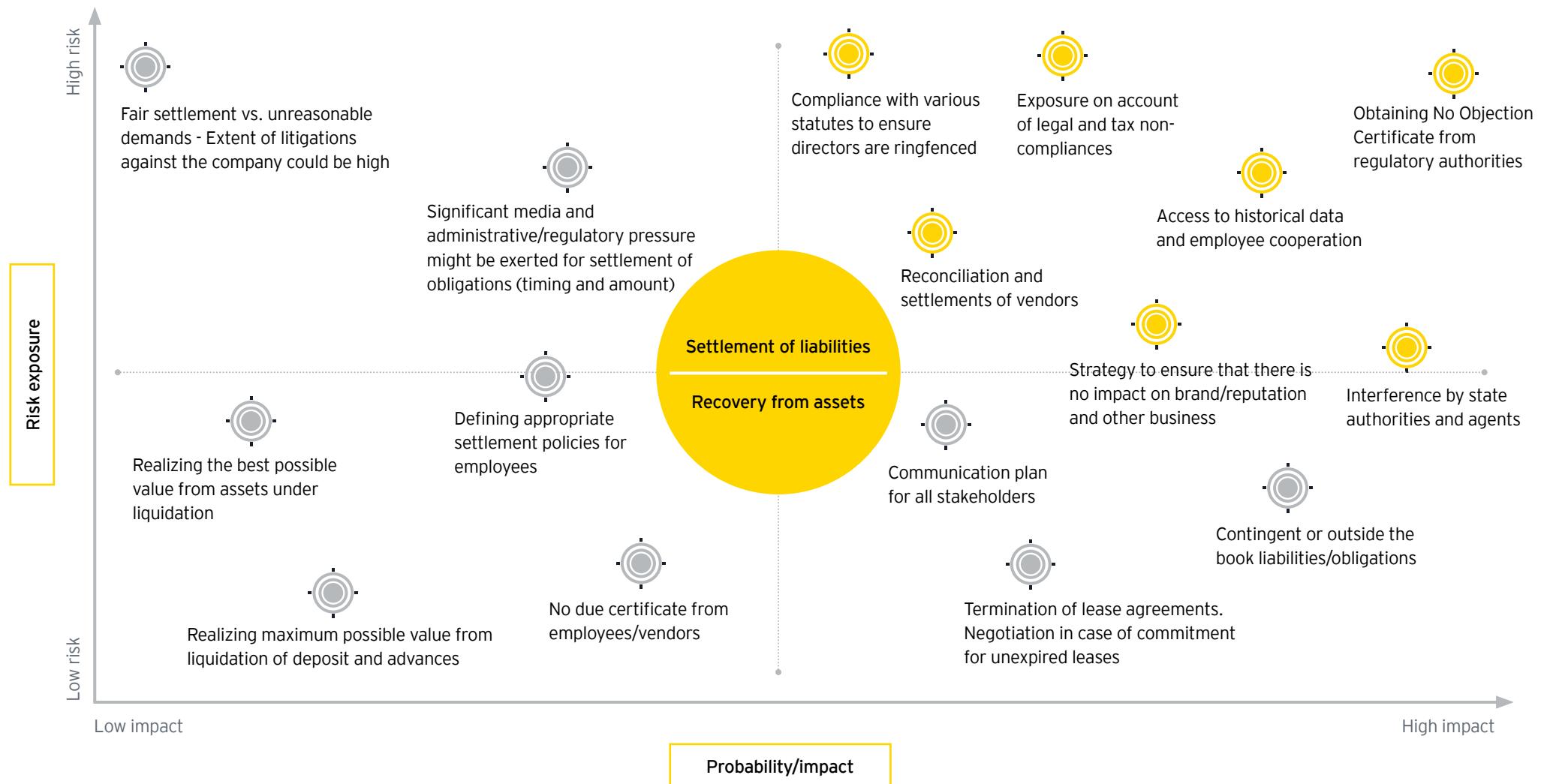
### Directors or key management personnel (KMP) exposure

Any potential liability that directors or KMP need to fulfil after non-compliance, etc. would also be critical for consideration.

10

## Basis EY's experience, potential challenges in the wind down and liquidation process

Business wind down and/or liquidation in India could be complex and time-consuming task. The process involves challenges ranging from getting pre-clearance from regulatory authorities and facing unrest from workers/suppliers or delay in realizing assets. EY has a dedicated multi-disciplinary team that provides support for winding down of operations or liquidation. We have a multiskilled and integrated team comprising of functional experts for assessment and planning, execution, project management, cash flow management, tax structuring, asset monetization, vendor settlement, compliances, etc. The following are some of the potential challenges basis our experience:



## Our differentiators

1. Experience of successfully advising clients for over 10 years in business wind down and liquidation strategy.
2. EY's partners are qualified and willing to take responsibility and act as a liquidator.
3. Assisted clients globally in the US, Europe, the UK, Japan, Singapore, Australia, Germany, France, etc.
4. EY India and EY Global team work together to provide seamless experience for clients.
5. Integrated and multiskilled team on ground acting as a one stop solution.
6. Interim management through an experienced team of ex-CXOs.
7. Independent advisors, keeping appropriate stakeholders interest as a priority

## We have a team to address your needs across the wind down and liquidation process



### Restructuring support

- ▶ Option analysis and scenario planning
- ▶ Control over cashflows
- ▶ Commercial settlement/negotiations



### Taxation and regulatory

- ▶ Surrendering all registrations
- ▶ Obtaining No Objection Certificate
- ▶ Ensuring regular compliance, assessments, filings, etc.



### Compliances and other aspects

- ▶ Assistance in filing with tribunals, responding to litigations and overall legal strategy
- ▶ Undertaking bookkeeping during the interim period



### Interim management

- ▶ EY partners to act as a liquidator
- ▶ Ex-CXOs for interim management
- ▶ Panel of experts to take up board appointments



### Human resource

- ▶ Drafting severance package - legal and operational
- ▶ Creating a communication strategy
- ▶ Setting up counselling or a grievance redressal desk



### Technology

- ▶ Help in data back up and storage
- ▶ Ensure cyber security and data protection to support business continuity
- ▶ Provide opportunistic hacking protection

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