

Case Study

A subsidiary of US-based company involved in data processing and analytics

Service(s) offered: **F&A function and pre-winding up support**

Sector/Industry: IT



F&A function and pre-winding up support

The client has an establishment in the US and took over its competitor's operations in the US and India. They incorporated a new company in India and shut down the acquired company's Indian function through voluntary winding-up.

The client approached Nexdigm to take over the acquired company's finance functions and support the pre-winding up activities.

Challenge

Although, they overtook the operations from the earlier management, it lacked a Finance team to look after the daily F&A and compliance functions.

The company had several non-compliances under the Companies Act and other taxation laws and needed assistance in understating the repercussions of non-compliances.

They also had to close the operations and surrender all the registrations that were obtained by them under various laws before the voluntary winding up.

Case Highlights

- Identifying non-compliances and taking necessary measures to correct them.
- Analyzing the impact of the non-compliances.
- Carrying out the day-to-day F&A activities, including compliances, and assisting with the audit closure.
- Preparing a plan for the end-to-end winding up process; shutting down the company's operations, discharging liabilities and realizing the assets, surrendering registrations under various applicable laws.

Solution

Taking over the complete F&A function

Our team took over the entire F&A function of the acquired company. Further, we ensured compliance under applicable laws including –

- Direct Tax
- Indirect Tax
- Employee Compliances
- Secretarial Compliances

We identified all the legacy non-compliances and ensured its ratification.

The books of accounts were regularly updated.

We also assumed payment function by maintaining proper controls around it, including coordinating with the bank for necessary documentation.

Preparation of financials and audit support

Our team prepared the financial statements and performed all the necessary year-end procedures, ensuring the books were compliant with applicable accounting standards. They coordinated with the Auditors for closure of statutory, tax and transfer pricing audits.

We also ensured that there were no adverse remarks and the activity was completed within statutory deadlines.

Projected cash flows and weekly updates

Our team prepared regular cash flow projections based on the anticipated income and payments. While preparing the cash flows, we also ensured that the applicable FEMA regulations were adhered to and communicated well in advance.

The client was weekly updated about the regular functions of the company to ensure a smooth closure. All the actionable were detailed in these updates to obtain necessary approvals and documentation.

Pre-winding up activities

We initiated the pre-winding up process, which included drafting the entire plan of action activity-wise and coordinating with multiple teams for closure of books, closures and surrenders related to various statutory registrations, repatriation of excess funds by way of dividend, secretarial compliances, pre-requisites for filing of voluntary winding up resolution, and any additional requirement that came by during the course.

Clearances and surrender of the registrations under various laws

We initiated the surrender of all the registrations according to the applicable procedures. This included coordinating with multiple teams, providing relevant data, preparing necessary documents required to conclude the process.

Initiation of winding up activities

We carried out all the pre-winding up activities as planned and handed over the company to the winding up team for further procedures under the Companies Act's relevant provisions. We were continuously involved in coordinating with the team as per the demands raised by the liquidator and the regulatory authorities.

Impact

Our support helped the company meet all the requirements and enter the pre-winding up process within nine months of ceasing its business activities. The company's reliance and confidence in all the processes and operations had remarkably increased and they entrusted us with the key decisions, cash flow projections, reporting, and compliance requirements.

For more information on this case study, please write to us at:

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You can also visit our website to know how our services resulted in tangible business benefits:

www.nexdigm.com