LEGAL DUE DILIGENCE
FOR
CORPORATE ENTITIES

1. INTRODUCTION

The present write-up on Due Diligence has been written with an object to give an introduction to the process of due diligence as it applies to all sectors and corporates. Due Diligence is a course of action through which one can know the actual assessment of the Company, what are the assets and liabilities of the Company and the exact condition of the Company or in other words it is a program of critical analysis/examination that companies undertake prior to making business decisions. It always begins with an overview of the circumstances in which a company will be subjected to due diligence and the reasons why it is necessary. It then goes on to outline the areas which will be the main focus of legal due diligence, with an emphasis on intellectual property rights.

ADVANTAGES OF DUE DILIGENCE:

The benefits of due diligence are accurateness of warranties and representations, vision and mission of the company and its future earnings, comprehensive scrutiny of the company, identification of deal-breaking issues and formulating business solutions to resolve them; and smooth conversion of the acquisition, amalgamation, merger and demerger.

NOW LET US ANALYSIS SUCH DUE DILIGENCE PROCESS IN DETAIL

2. METHOD OF PERFORMING DUE DILIGENCE:

Questionnaire method	Representations and warranties	Review method
method involves obtaining details about general and financial health, risks involved in the business of company	The seller can be asked to create a commercial contract	To review, the financial analysis of the vendor's business with detail analysis of the legal risks that are linked with the deal.

3. COMPULSORY AND TEAMS FOR DUE DILIGENCE:

Due Diligence is a mandatory for	Team for Due Diligence shall be consist off
Business firm and ventures, Vendor auditing and screening, Takeover, Mergers, demergers and amalgamations, Acquisitions, Divestitures.	Technical consultants, representatives of the acquirer, legal counsel, Attorney, valuation adviser, chartered accountants, merchant bankers etc.

4. VARIETIES OF DUE DILIGENCE:

Due Diligence can be done for several purpose; most among them were in order to establish whether the Company maintains proper registration, to categorize stock ownership and share holding pattern, for examination of Litigation examination (Civil, Criminal, Bankruptcy), to Investigation of Movable/immovable properties, foe Investigation of Media research, for history and track record of the company's business, to reclamation of Government record, for Investigation of Public record, to ascertain Credit value of a company and finally to analysis of group Companies.

SOME OF THE PROMINENT DUE DILIGENCE ARE AS FOLLOWS:

A. DUE DILIGENCE FOR ACQUIRING COMPANIES

A.1 BASIC CORPORATE CHARTER DOCUMENTS AND STATUTORY RECORDS:

Incorporation documents	**Board members**	**Members of Audit committee**	**details of Minutes**	**Filings made with the Registrar of Companies**
Memorandum and articles of associations with all amended thereafter. The details of subsidiaries, affiliates, branches, partnerships, joint ventures, sales offices together with the dates of acquisition / incorporation /	Details of the Board members as on date and changes in last five years details of the minutes of the meetings of the Board of Directors, and	Details of the Members of Audit committee / Remuneration committee/ any other committee and changes	Details of Minutes of the meetings of shareholders/ members from date of incorporation to date and Registers	All filings made with Registrar of Companies up to date and details of all cities and countries in which Company contemplates undertaking business operations, either

commencement, date of closure / disposal/ cessation etc.	committees of directors, including copies of notices of all such meetings.	in last five years must be verified.	maintained by Company must be verified.	directly or through other parties must be investigated.

A.2 AUDITS AND FINANCIAL STATEMENTS:

The Financial forecast and statements, recent proposed or contemplated changes in the accounting policies of the Company and the opinions and comments of the auditors with respect to general fairness of the accounting policies and financial statements of the company have to be considered before acquiring a company.

Audited and unaudited financial statements	**Internal controls and accounting methods**	**Oral or written supplementary financial or management reports**
Audited and unaudited financial statements and notes thereto and monthly or interim reports prepared by or for the Company for management concerning financial or operating matters relating to the business of the Company.	The Internal controls and accounting methods with respect to financial matters, including their internal reporting system, the recording of sales and expenses and other matters have to be examined	Further, any oral or written supplementary financial or management reports or letters to management prepared by or initiated from the auditors to the Company or its financial officers with respect to any aspect of the Company's system of accounting, financial reporting or record-keeping needs to be investigated.

A.3 MOVABLE AND IMMOVABLE PROPERTIES:

All the movable and immovable properties, leased or owned, with description of use of the company must be investigated. The opinions on owned property including reviewing reporting letters and opinions from Advocates/solicitors and others with respect to acquisition of such properties must be looked into. Physical examinations of principal plants and machineries properties have to be done. The particulars regarding commitment by the Company for fixed asset additions and particulars regarding proposed capital expenditure programs needs to be examined. Another important aspect is to be checked is whether there are any encumbrances persist over the properties.

A. 4 INTANGIBLES:

Intellectual Property Rights	Disputes or infringement claims	Contracts / Agreements
Patents, trademarks, copyrights and trade names so as to order searches have to be verified and examined.	Disputes or infringement claims regarding any of the foregoing or any intellectual property claims of other persons needs to be investigated.	Contracts / Agreements / deeds / arrangements granting or receiving licenses for intellectual property rights have to be investigated. Further the proprietary processes and development controlled by the Company have to be looked into.

A. 5 PRODUCTS, SERVICES AND CUSTOMERS:

Product Particulars	Details of product sales	Description of marketing	Current market	Customers
Products and its appearance, functions, design etc and its service plans and development progress of the Company have to be investigated	Details of product sales infrastructure, direct and indirect selling capabilities have to be examined	Description of marketing the products (eg. direct sales, internet, advertising initiatives / support), sales cycle by product line and strategy for long-term growth/new market penetration have to be verified and examined	Estimated current market share, projected market and share Marketing materials and product literature have to be taken to in account	The top customers and associated revenues for the last three years and details of customers which are lost recently, new customers, geographic location of customers and total numbers of customers have to be investigated.

A.6 LEGAL AND RELATED MATTERS:

Legal issues can be investigated into two parts such as	(1) Pending lawsuits against the Company initiated by others and (2) Pending lawsuits initiated by the Company against others.

Nature of Legal Issues / Litigations	which are currently pending or threatened by or against the Company / Group Companies and details of material prior litigation, claims, administrative proceedings, arbitration or investigation (including a copy of each judgment, decree) and order of court or regulatory agency, and settlement of any kindly by which the operation or assets of the Company and / or the business of the Company, or may be affected have to be investigated.

A.7 COMPETITION:

The details of the principal competitors, competitor market share estimates and other relevant competitive factors (including perceived intensity of competition and its potential impact on profitability) of the Company have to be taken in to account.

A. 8 EMPLOYMENT DETAILS:

The details of all the employees by position, employee turnover experience/retention, employee benefit plans and basic policies (include pensions, option plans, vacation, sick leave, average annual raise and other incentive programs and compensation) and use of external labour and contractors needs intensive examination.

A.9 CONTRACTS/AGREEMENTS ENTERED BY THE COMPANY:

Insurance policies	Contracts/deeds/agreements	Personal property
The Insurance policies hold by the company	Contracts/deeds/agreements/arrangements/ settlements/compromises entered into by the Company with its customers, distributors, customers, licensors and vendors needs intensive examination.	The details of the personal property lease or equipment, all liens, security interests, etc for the Company have to be examined.

B. DUE DILIGENCE FOR PURCHASING INTELLECTUAL PROPERTIES

B.1 IDENTIFICATION:

The Due diligence in Intellectual Property is a process to ensure that intellectual property rights exist and title is owned by a company or person, wishing to sell or otherwise deal with intellectual property.

Ownership of Rights	A seller must own the rights to be transferred to the other company or person has to be investigated and examined.
To Identify and locate	Intellectual property is to Identify and locate of the intellectual property assets of the company.
Particulars of Intellectual Property	The details of the nature and scope of the claimed rights in the intellectual property of the Company must have to be investigated and examined.

Deriving rights of Intellectual Property	The company's rights may be from ownership to a user license to utilize intellectual property, with many gradation in between, and which also includes the rights in intellectual property to be developed in future by the respective Company have to be investigated and examined.

B.2 INVENTORY:

Work in progress goods	Assets of the Company	Legitimacy in intellectual property
A detail inventory of the Company's intellectual property rights has to be determined with respect to work in progress goods and completely finished goods that are considered to be the portion of Company's assets those are ready or will be ready for sale have to be investigated and examined.	It represents one of the most important assets of the Company which most businesses possess, because the turnover of inventory represents one of the primary sources of revenue generation and subsequent earnings for the company's shareholders/owners.	The legitimacy of the company's rights in the intellectual property must be investigated. Whether the company's rights are consistent or not have to be investigated and examined.

Further the details with respect to established and up-and-coming intellectual property rights of the Company have to be thoroughly investigated and verified.

B.3 REGISTRATION OF RIGHTS:

Maintenance of Intellectual property	The payment details for renewal in the jurisdictions in which Intellectual property registration is maintained have to have to be investigated and examined.
The details of the registration	The particulars of the date of expiry with necessary certificates/documents must be verified and investigated.

B.4 ASSESSMENTS:

Protection for Intellectual property	Whether the company had adequately protected their processes and other patentable subject matter by obtaining patent protection have to be investigated and examined.
Fees Particulars	If patents are owned, by the company whether necessary fees have been paid by the Company to keep the patent in force have to be investigated and examined.
Infringing others patent	Whether the company infringing others patent or not needs to be investigated. This can be examined in two ways. First, is that whether a patent is being infringed outright, or whether company's patent infringes others. Patent is a negative right, not a positive right. The patent holders have the ability to keep others from making, using, selling, offering for sale, and importing. This does not mean that a patent holder has the right to make, use, sell, offer for sale, or import. The details of the legal measures

	taken by the company to protect trade secrets must be verified.
Confidentiality and nondisclosure Agreements	The details of the appropriate confidentiality and nondisclosure agreements signed by the employees of the Company have to be investigated and examined.

B.5 COMPETITION:

The details of the principal competitors, competitor market estimates and other relevant competitive factors must be looked into. The investigation must also include appraisal of the competitor's patents, trademarks, copyrights, designs and the trade secret rights of company.

B.6 CLAIMS AND LITIGATIONS:

Infringement of rights	Details of the infringement of rights in intellectual property or whether the company has a valid claim of infringement against a third party have to be investigated and examined.
Contracts /Agreements	The details of all Contracts / Agreements /deeds/arrangements granting or receiving licenses for intellectual property rights have to be investigated and examined.
Details of the Litigation(s)	which are currently pending or threatened by or against the Company / Group Companies and details of material prior litigation, claims, administrative proceedings, arbitration or investigation (including a copy of each judgment, decree and order of court or regulatory agency, and settlement of any kindly by which the operation or assets of the Company and / or the business of the

	Company, or may be affected have to be thoroughly examined and investigated.

B.7 WARRANTIES AND INDEMNIFICATIONS:

The act or an instance of warranting; assurance; authorization; warrant and indemnifications given by the company for their Intellectual Property has to be verified and examined.

B.8 CONFIDENTIALITY:

The confidentiality in know-how must be maintained by the company in order to affirm rights over it. If confidentiality has been lost, a licensee has no commercial reason to continue licensing the know-how as it forms part of the public domain. Hence the details of the disclosure of confidentiality with relevant agreements, contracts, deeds, arrangements must be verified and investigated.

B.9 VALUATION:

Valuation for the intellectual property	By performing proper Due Diligence, value for the intellectual property can be fixed and ascertained, which shall be constructive for the Company for dealing with its intellectual property**.**

C. DUE DILIGENCE FOR DEALING WITH A PROPERTY BY A COMPANY

C.1 DETAILS ABOUT THE SELLER MUST BE ASCERTAINED:

The details about the seller	whether the seller is a individual, a partnership firm, Trust, Company or other legally existing entity have to be investigated
Necessary proof	To show that the seller really owns the property. Further, the proposed property must be physically identified.

C.2 AUTHORITY TO SELL:

The seller must have the authority to convey the property.

If the Seller is a company incorporated under the Companies Act, 1956	Memorandum of Association must have a clause about sale of its properties. If the seller is a company then Board of Directors and Shareholders approval must be obtained. It should also be checked whether such property is covered in the fixed assets schedule of latest Balance Sheet of the Company and it should also be checked whether there is any contingent liability attached to the property and any other statutory dues which has got bearing with the marketability of the Property.

If the Seller is a Individual	He must have legal right to sell the property through a sale deed registered in his name or by inheritance.
Seller's obligations	Is to deliver to the purchaser true and complete information in his possession such as surveys, title policies, reports, appraisals, opinion, leases, permits, licenses, etc and any material adverse changes in the condition of the property, its permissible uses.

C.3 CLEAR TITLE OF THE SELLER:

The title of the seller must be clear and free from any encumbrance.

Detailed searches in the concern Sub Registrar Office, in which the proposed property is situated	Records at the Sub-Registrar's office have to be carried out for documents that possibly will influence the property and have been registered. The information will show the owner of title of the property and changes if any in the title of the property.
Charges created, modified or satisfied must be verified	If the Seller is a company incorporated under the Companies Act, 1956, then proper search report has to be obtained, to confirm any charges has been created, modified or satisfied touching the proposed property.

C.4 SCRUTINY OF TITLE DOCUMENTS:

Power of Attorney	If the Sale Deed is to be executed by a person as a power of attorney holder on behalf of the owner, the said power of attorney has to be properly scrutinized with due care.
Power of attorney	The power of attorney holder must not only possess the power to sell property, the power of attorney should also be validly executed before the appropriate Sub-

holder	Registrar. Further the Power of Attorney must have clearly mentioned a clause stating that the power attorney holder has not received any consideration for execution of power in his favour. Further the attorney shall keep all accounts relating to all monies received and render the same as and when required by the Principal.
Role of power of attorney holder	The power of attorney holder who sells the land and/or building is normally being a developer. The sale will be effected by the power of attorney holder on behalf of the owner. Such power of attorney must be dully executed and properly stamped and registered. It should also not be revoked as on the date of registration of sale deed in favour of the purchaser.
All parent original documents of the seller	All sale deeds, Powers of Attorney, Patta, Chitta, Adangal, Village Map, Settlement A Register extract, FMB sketch, Possession Certificate issued by VAO, Encumbrance Certificates must be carefully inspected. The schedule of the property with survey nos and extent must be verified and cross checked. All the documents must be carefully read and understand by the purchaser before signing the same. Always verify documents of title to check payment of stamp duty. If the ownership of Property has changed hands more than once, examine all the documents for payment of stamp duty by the predecessors. The carpet area of the building has to be verified by taking concrete measurement of the property.

C.5 SANCTIONS FROM THE CONCERNED AUTHORITY:

In case, the proposed property which is a building and the same is under construction, then plans to be verified that whether seller had obtained necessary sanctions from the concerned authorities.

Approval of the court	The approval of the court is necessary, if the property belongs to a minor. In case where the property is owned by a minor, prior approval of the court is required to enable the minor's father/natural guardian to sell the property. In the absence of such permission, the sale could be voidable at the option of the minor on attaining majority.
Whether any notice has been has been issued under	(1)Tamil Nadu Land Acquisition Act, (2) Urban Land (ceiling and regularization) Act,(now abolished) (3) under Tamil Nadu Land Encroachment Act, (4) Tamil Nadu Town & Country Planning Act, (5) Tamil Nadu Urban Land Tax Act, 1966, (6) Chennai City Municipal Corporation Act, 1919, (7) The Securitisation and Reconstruction of Financial Assets & Enforcement of Security Interest Act, 2002 and permission from the concerned authorities to use land for non agricultural purpose have to be verified.

C.6 REPRESENTATIONS AND WARRANTIES:

The details of the representations and warranties made by the Seller with respect to the knowledge and the condition of the property; its permissible uses; third party contracts; leases; permits and Seller's right among others.

C.7 BUILT ON A LAND WHICH IS GIVEN ON LEASE:

If the building that is being purchased is built on a land which is given on lease, lease rent would have to be paid for the land by the building owners. If the lease is to expire shortly, it is possible that the lease rent may increase substantially. Hence, the terms of the lease must be verified before buying the building.

C.8 CERTIFICATES:

All Certificates pertaining to the property	The certificates pertaining to the property must be verified and cross checked. The Completion Certificate issued by the concern authorities stating that the building has been constructed as per the approved plan and had complied with all rules and regulations to be verified. If the property is in the name of the Society, then no dues certificate and no encumbrance certificate has to be obtained from the concern society to confirm that all dues are paid and no mortgage is registered with the society with respect of the property being purchased.

D. DUE DILIGENCE FOR MERGER, DE-MERGER AND AMALGAMATION

Prior to any merger or acquisition, the management of the Company must perform the necessary due diligence to determine that the details, information about the company to be acquired is correct, accurate, and properly disclosed to the satisfaction.

D.1 Details of Ownership of the Company

The details of capitalization of the Company, including all outstanding capital stock, convertible securities, options, warrants and similar instruments have to examine. The list of shareholders of the Company, shareholder agreements, proxies, transfer restriction agreements, rights of first offer or refusal, preemptive rights, registration agreements or other agreements regarding the ownership or control of the Company have to be investigated and examined.

D. 2 Statutory records

The Corporate documents, in which the Company is qualified to do business and all other documents in which the Company owns or leases real property or maintains an office have to be investigated. Minutes for meetings of the Company's board of directors, board committees and shareholders and subsidiaries and other entities including partnerships in which the Company has an equity interest; organizational chart showing ownership of such entities; and any agreements relating to the Company's interest in any such entity have to be investigated and examined.

Particulars of Litigations of the Company:	The details of all litigation, arbitration and governmental proceedings relating to the Company to which the Company or any of its directors, officers or employees is or has been a party, or which is threatened against any of them, indicating the name of the court, agency or other body before whom pending, date instituted, amount involved, insurance coverage and current status have to be investigated. Information as to any past or present governmental investigation of or proceeding involving the Company or the Company's directors, officers or employees have to be investigated and examined. Further, all responses to audit inquiries, consent decrees, orders including applicable injunctions or similar documents to which the Company is a party, letters of counsel to independent public accountants concerning pending or threatened litigation, Reports or correspondence related to the infringement by the Company or a third party of intellectual property rights have to be investigated and examined.

D.3 Intellectual Property

The details of patents, trademarks, trade names, service marks and copyrights, trade secretes and designs owned or used by the Company must be investigated. The applications therefor and copies thereof, search reports related thereto and information about any liens or other restrictions and agreements on or related to any of the foregoing have to be investigated and examined.

Contracts / Agreements and commitments of the Company	All Contracts/Agreements relating to any completed (atleast during the past 5 years) or proposed reorganization, acquisition, merger, or purchase or sale of substantial assets including all agreements relating to the sale, proposed acquisition or disposition of any and all divisions, subsidiaries or businesses of or with respect to the Company have to be investigated and examined. Joint venture and partnership agreements and all material agreements encumbering real or personal property owned by the Company including mortgages, pledges, security agreements or financing statements have to be investigated. Real property leases relating to the Company (whether the Company is lessor or lessee), and all leasehold title insurance policies have to be examined. Details of personal property and fixtures relating to the Company (whether the Company is lessor or lessee) and Guarantees or similar commitments by or on behalf of the Company have to be investigated and examined. Loan agreements, lease financing arrangements, installment purchases, etc have to be examined. No-default certificates and similar documents delivered to lenders for the last five years evidencing compliance with financing agreement have to be examined. Contracts/Agreements involving cooperation with other

	companies or restricting competition needs to be examined. Samples or formats of all forms, including purchase orders, invoices, supply agreements, etc have to be investigated. Insurance and indemnity policies and coverages carried by the Company and all agreements/Contracts relating to marketing and advertising and Construction agreements and performance guarantees, Secrecy, confidentiality and nondisclosure agreements have to be investigated and examined.
Assets and Operations of the Company	The Annual financial statements with notes thereto for the past five financial years of the Company, and the latest interim financial statements since the end of the last financial year and product sales and cost of sales (including royalties) analysis for each product which is part of assets to be sold by the Company have to be investigated and examined. The details of current budgets and projections including projections for product sales and cost of sales auditor's internal and external letters and reports to management for the past five years and management's responses thereto have to be investigated. Inventory valuation, including turnover rates and statistics, gross profit percentages and obsolescence analyses including inventory of each product which is part of assets to be sold have to be investigated. The details of any real estate owned by the Company and related deeds, surveys, title insurance policies, title opinions, certificates of occupancy, easements, condemnation or eminent domain orders or proceedings, deeds of trust, mortgages and fixture lien filings have to be investigated and examined.

Employees, Benefits and Contracts of the Company	The details of Company's employee benefit plans as most recently amended, including all pension, profit sharing, thrift, stock bonus, health and welfare plans, bonus, stock option plans, direct or deferred compensation plans and severance plans, all employment contracts, consulting agreements, severance agreements, independent contractor agreements, non-disclosure agreements and non-compete agreements relating to any employees of the Company, employee handbooks and policy manuals have to be investigated.

D.4 Contingent liabilities

Particulars of Information regarding any material contingent liabilities and material unasserted claims and information regarding any asserted or unasserted violation of any employee safety and environmental laws and any asserted or unasserted pollution clean-up liability have to investigated and verified.

Details of Tax	The particulars of returns for the five tax years for the Company together with a work paper therefor wherein each item is detailed and documented that reconciles net income as specified in the applicable financial statement with taxable income for the related period, audit and revenue agents reports for the Company; audit adjustments proposed for any audited tax year of the Company or by any other taxing authority; or protests filed by the Company, settlement documents and correspondence for last five years involving the Company,

	agreements waiving statute of limitations or extending time involving the Company, particulars of state, local and foreign jurisdictions in which the Company pays taxes or collects sales taxes from its retail customers have to be investigated.
Studies, evaluation, reports, analysis of the Company	The details of studies, appraisals, reports, analyses or memorandum within the last five years relating to the Company (i.e., competition, products, pricing, technological developments, software developments, etc.) have to be investigated and examined. The details of any customer quality awards, plant qualification/certification distinctions, ISO certifications or other awards or certificates viewed by the Company as significant or reflective of superior performance have to be investigated and examined. The reports of analyst or other market reports concerning the Company known to have been issued within five years and all other information material to the financial condition, businesses, assets, prospects or commercial relations of the Company have to be investigated and examined.

Compliance with Laws by the Company:	The particulars of licenses, permits, certificates, authorizations, registrations, concessions, approvals, exemptions and other operating authorities from all governmental authorities and any pending contemplated or threatened changes have to investigated and examined. The details of pending or threatened proceedings or investigations before any court or any regulatory authority against the Company have to investigated and examined. Under any circumstance where the Company has been or may be accused of violating any law or failing to possess any material license, permit or other authorization have to be investigated. All the citations and notices from governmental or regulatory authorities have to examined. The particulars of all other studies, surveys, memorandum or other data on regulatory compliance including: spill control, environmental clean-up or environmental preventive or remedial matters, employee safety compliance, import or export licenses, common carrier licenses, problems, potential violations, expenditures, etc have to be investigated. The details of export, import or customs permits or authorizations, certificates, registrations, concessions, exemptions, etc., that are required in order for the Company to conduct its business and all approvals, etc. granted to the Company that are currently in effect or pending renewal have to be investigated and examined. Further, the details of correspondence with or complaints from third parties relating to the marketing, sales or promotion practices of the Company and the reply given by the Company have to be examined and verified.

Banking and credit relationships of the Company	The details of all principal banking and credit relationships of the Company, including the names of each bank or other financial institution, the nature, limit and current status of any outstanding indebtedness, loan or credit commitment and other financing arrangements have to be verified and examined.

5. CONCLUSION:

Most of the companies undertakes the process of due diligence with insufficient force. In some instances, the prevailing culture considers it as a mechanical exercise that has to be look into quickly. In some other instances, the out-come of the due diligence process may be stained either intentionally or unintentionally by owners, managers, and researchers who shall be stand to benefit personally or professionally from well planned activity.

All sectors and corporate should be vigilant against letting such casual or defective attitudes impact their own processes, for an efficient and competent due diligence process can save corporate from making expensive error that may have thoughtful consequences for the corporate other operational areas and/or its corporate reputation.

Due diligence in civil proceedings is the effort made by an ordinarily prudent or reasonable party to avoid damage to another party. Failure to make this effort may be considered negligence. This is theoretically distinct from investigative due diligence, involving a general obligation to meet a standard of behavior.

Quite often a contract will specify that a party is required to provide due diligence. There is famous quotation which is **“Let a Buyer beware”**; for he ought not to be ignorant of what they are when he buys the rights of another.

Place: Chennai
Date : 06/08/2009

S.Dhanapal
Practising Company Secretary

Disclaimer

This write-up has been prepared based on my bona-fide understanding of the provisions provided in the Act and the legal provisions as they exist. This write up would be an indicative expression of my personal understanding and thoughts about the provisions provided in the Act and need not be conclusive one and the same should not be construed as professional advise. This write up only provides basic and elementary knowledge to its readers. Independent professional advice should be sought from experts if there requires any further clarity in the provisions of law depending upon various circumstances.