

A Practical Guide for Successful M&A Transactions

This **M&A Due Diligence Checklist** is designed to support investors, business owners, and advisors in evaluating target companies during **mergers and acquisitions (M&A) transactions**. It covers key legal, financial, operational, and commercial areas to help reduce risk and support informed decision-making.

1. Corporate & Legal Due Diligence

- Articles of Incorporation
- Shareholder structure and ownership breakdown
- Board resolutions and corporate governance records
- Subsidiaries and affiliated entities
- Existing **share purchase agreements (SPA)** or investment agreements
- Ongoing or past litigation
- Licenses, permits, and regulatory approvals
- Compliance with applicable laws and regulations

2. Financial Due Diligence

- Audited financial statements (3-5 years)
- Revenue, profit margins, and cash flow analysis
- Debt obligations and liabilities
- Tax filings and compliance status
- EBITDA and **enterprise value (EV)** assessment
- Financial forecasts and projections
- Working capital requirements

3. Commercial & Market Analysis

- Market position and competitive landscape
- Key customers and revenue concentration
- Supplier contracts and dependencies
- Pricing strategy and revenue model
- Industry risks and **market trends in mergers and acquisitions**

4. Operational Due Diligence

- Business model and core operations
- Key assets and infrastructure
- IT systems and data security
- Supply chain efficiency
- Operational risks and scalability
- Mergers & acquisitions operations readiness**

5. Human Resources

- Employee contracts and organizational structure
- Key management team and retention risks
- Compensation, benefits, and incentives
- Labor disputes or legal claims
- Employee turnover rates

6. Contracts & Agreements

- Customer and supplier agreements
- Lease agreements and real estate contracts
- Financing agreements
- Joint ventures and partnerships
- Non-compete and confidentiality agreements

7. Intellectual Property (IP)

- Trademarks, patents, and copyrights
- Licensing agreements
- IP ownership and disputes
- Brand value and protection

8. Regulatory & Compliance (VERY IMPORTANT)

- Compliance with **competition law**
- Industry-specific regulations
- Foreign Direct Investment (FDI)** restrictions (if cross-border)
- Approvals from relevant authorities
- Anti-corruption and AML compliance

9. Environmental & Risk Assessment

- Environmental liabilities
- Insurance coverage
- Risk management policies
- Pending regulatory investigations

10. Transaction-Specific Review

- Deal structure (asset vs share deal)
- Valuation assumptions and methodology
- Synergy analysis
- Integration risks
- Key conditions in Letter of Intent (LOI)

Why The M&A Checklist Matters?

Effective **M&A due diligence** is essential to minimize legal, financial, and operational risks. This checklist supports investors and companies in executing successful **cross-border M&A transactions** and achieving long-term value.

Need expert support?

Our team of **mergers and acquisitions lawyers** and **M&A consulting specialists** at TCMG provides end-to-end advisory from due diligence to deal closing.

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