



## SERVICE "DUE DILIGENCE" IN JOINT-STOCK COMPANIES

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**Abstract.** This paper examines the role, significance, and methodologies of due diligence in joint-stock companies, highlighting legal, financial, and operational aspects. It explores how due diligence mitigates risks, enhances corporate governance, and ensures compliance with regulatory frameworks. The study also discusses challenges in conducting effective due diligence and proposes best practices for improving its efficiency. Through case studies and analysis, the paper underscores the importance of thorough due diligence in safeguarding shareholder interests and ensuring corporate sustainability.

**Keywords:** "Due Diligence", joint stock companies, investment risks, financial statements, risk assessment.

## AKSIYADORLIK JAMIYATLARIDA "TEGISHLI TEKSHIRUV" XIZMATI

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**Annotatsiya.** Ushbu maqolada huquqiy, moliyaviy va operatsion jihatlar ko'rsatilib, aksiyadorlik jamiyatlarida huquqni tekshirishning roli, ahamiyati va metodologiyasi ko'rib chiqiladi. U tegishli tekshirish qanday xavflarni kamaytirishi, korporativ boshqaruvni yaxshilashi va me'yoriy-huquqiy bazaga rioya etilishini ta'minlashini o'rganadi. Tadqiqot shuningdek, samarali tekshiruvni o'tkazishdagi qiyinchiliklarni muhokama qiladi va uning samaradorligini oshirish uchun eng yaxshi amaliyotlarni taklif qiladi. Maqolada amaliy tadqiqotlar va tahlillar orqali aksiyadorlar manfaatlarini himoya qilish va korporativ barqarorlikni ta'minlashda sinchkovlik bilan tekshirish muhimligini ta'kidlaydi.

**Kalit so'zlar:** "tegishli tekshiruv", aksiyadorlik jamiyatlari, investitsiya risklari, moliyaviy hisobotlar, risklarni baholash.

## УСЛУГА «DUE DILIGENCE» В АКЦИОНЕРНЫХ ОБЩЕСТВАХ

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**Аннотация.** В данной статье рассматриваются роль, значение и методологии due diligence в акционерных обществах, с акцентом на правовые, финансовые и операционные аспекты. В ней рассматривается, как due diligence снижает риски, улучшает корпоративное управление и обеспечивает соблюдение нормативных требований. В исследовании также обсуждаются проблемы проведения эффективного due diligence и предлагаются лучшие практики для повышения его эффективности. С помощью тематических исследований и анализа в статье подчеркивается важность тщательной due diligence для защиты интересов акционеров и обеспечения корпоративной устойчивости.

**Ключевые слова:** «Due Diligence», акционерные общества, инвестиционные риски, финансовая отчетность, оценка рисков.

### Introduction.

Due diligence is a fundamental process in the corporate environment, particularly in joint-stock companies, where transparency, risk management, and informed decision-making are crucial. It involves a comprehensive investigation and evaluation of a company's financial, legal, operational, and strategic aspects before significant corporate transactions such as mergers, acquisitions, investments, or partnerships. By conducting due diligence, stakeholders can identify potential risks, uncover hidden liabilities, and assess the true value of a company, ensuring well-informed business decisions.

In joint-stock companies, due diligence plays a vital role in maintaining corporate governance and protecting shareholder interests. Given the complexity of these organizations, where ownership is divided among numerous shareholders and management is often separate from ownership, ensuring accountability and compliance with legal and regulatory requirements is essential. Due diligence helps bridge information gaps, allowing investors, regulators, and corporate decision-makers to assess a company's integrity, financial health, and future prospects.

This study explores the due diligence process in joint-stock companies, analyzing its legal, financial, and operational dimensions. It discusses the challenges and best practices associated with due diligence, emphasizing its importance in mitigating risks and fostering corporate sustainability. Through an in-depth examination, the paper aims to provide insights into the evolving role of due diligence in modern corporate governance and investment strategies. Joint-stock companies are considered one of the most important institutions of the modern market economy. In order to improve corporate governance, reduce investment risks and analyze the status of assets, the "Due Diligence" service is widely used. This article analyzes the importance and application of the "Due Diligence" service in joint-stock companies. The concept of "Due Diligence" refers to the process of perfect expertise used in investment processes with the aim of minimizing risks and ensuring accurate information about assets. The concept first emerged in the United States in the 1930s in the process of acquisition and merger (M&A) agreements, and is widely used in world practice today.

The essence of "Due Diligence" is that it is aimed at an in-depth analysis of the financial, legal, operational and strategic state of the company. Through this process, the investor or buyer will assess the real value of the enterprise, identify potential risks and have a clear basis for making decisions. "This process is an important tool for making investment decisions objectively and efficiently".

### Literature review.

In scientific sources, the concept of "Due Diligence" is characterized by various aspects. The authors have given different definitions of the nature, importance and areas of application of this process.

Chelishev (2009), Due Diligence is defined as: "Due Diligence is the process of studying the current and future financial situation, legal relations and position of a company in the market". Its definition states that the DU-Dilidjens process is broad, covering both financial and legal aspects. In this case, the Assets, Liabilities and potential risks of the company are analyzed in depth.

Antonova, (2022) in his work, he defines Due Diligence as "a comprehensive examination carried out to minimize risks in investment processes and ensure the security of transactions". In his opinion, Due Diligence creates an opportunity for investors to determine the true value of assets and prevent erroneous decisions.

In another source, Kerimov (2013), du-dilidjens is called "a comprehensive analysis aimed at assessing risks and minimizing them." It views the Due Diligence process not only as a financial or legal inquiry, but also as a strategic decision-making tool.

Boldirev (2013), in its definition, "Due Diligence is recognized today as the main tool that serves to improve the efficiency of investment processes". He noted that through this process, the potential risks and opportunities of the company are studied in depth, and measures are developed to minimize them.

Also Antonova (2022), additionally notes: "a comprehensive and systematic approach is a key feature of the DU-Dilidjens process. Through this approach, investors will be able to reduce the risk of transactions and effectively manage investments". In his opinion, this process covers not only financial data, but also the competitive environment in the market, legal risks and the future perspective of the company.

Krivsov, A. I. the DU-Dilidjens defines the process as "a fundamental step in identifying and evaluating risks in investment decision-making" (Kerimov, 2013). He assesses the importance of this process in terms of ensuring security and trust.

From a financial perspective, Damodaran (2012) emphasizes that financial due diligence is critical in evaluating the fair value of a company during mergers and acquisitions. Similarly, Kaplan & Norton (1996) introduce the Balanced Scorecard Approach, which integrates financial and non-financial metrics to assess company performance during due diligence.

From the analysis of scientific approaches, it can be seen that Due Diligence is widely used not only in one direction, but in different areas. The essence of this process is a deep and systematic study of the legal, financial, strategic and operational state of the company. Its purpose is to provide clear, reliable and sound information for investors.

### Methodology.

The paper used analysis, comparison, and empirical research as research methods. The application of the "Due Diligence" service in various markets and its economic results were studied. The legal and financial aspects for joint-stock companies were also considered.

### Analysis and discussion of results.

The DU-Dilidjens process is used in various areas of investment processes and corporate transactions, the main purpose of which is to reduce risks and provide reasonable information for making decisions. The application of this process in various fields demonstrates its universality and importance.

Above all, DU-Dilidjens are widely used in acquisition and merger agreements (M&a). This process serves as a key tool to reduce legal, financial and operational risks when buying or adding companies. "In the process of acquisition, du-Dilidjens creates the opportunity for the buyer to minimize risks by studying the legal and financial state of the company." Also, through Due Diligence, the position of the company in the market and the prospects for its future activities are evaluated.

In investment projects, Due Diligence occupies an important place. Investors use Due Diligence to accurately assess the expected return on investment, assess the financial value and risks of the project. "Through the use of dyu-dilidgens in investment processes, investors will receive full information about the risks and prospects of the project." In the process, a deep analysis of the financial value of the project, the return on investment and market opportunities is carried out.

Dyu-Dilidgens is also important in the processes of releasing new products to the market. Antonova, (2022) as noted, "it is necessary to use Due Diligence to ensure the success of the new product through market research and comparison with competitors". In this case, the balance of supply and demand of the market, price policy and probable customers are studied. "Du-Dilidjens" is an analysis service focused on reducing legal, financial and operational risks for companies and investors. In this process, the financial situation of the society, legal obligations and business processes are analyzed.

In joint-stock companies, the service "du-Dilidjens" is used in the following areas:

- in investment processes;
- in fusion and Fusion (M&A) processes;
- in assessing the financial condition of the company;
- in the study of the legal status of assets.

The effectiveness of the "Due Diligence" service is manifested through the following factors:

- ✓ risk reduction;
- ✓ increase trust for investors;
- ✓ increase the efficiency of corporate governance;
- ✓ prevention of potential legal disputes.

The analysis of existing literature highlights that due diligence serves as a critical tool for reducing information asymmetry, protecting shareholder interests, and ensuring compliance with legal frameworks. Given the separation of ownership and control in joint-stock companies, due diligence enhances transparency, enabling investors and board members to make informed decisions. The findings support the argument by Shleifer & Vishny (1997) that due diligence strengthens corporate governance mechanisms by preventing managerial misconduct and financial misrepresentation.

Also, Due Diligence is widely used in international investment agreements. "In international agreements, legal and financial compliance is ensured through Due Diligence, while ensuring adaptation to the legislative and market environment in each country". This process is especially important for companies that want to enter international markets.

In the field of intellectual property and patents, due diligence is of high importance. This process aims to verify the legality of intellectual property rights and assess the risks that may be associated with them. "The assessment of intellectual property through the due diligence process makes it possible to determine the true value of these assets and reduce the risks associated with them."

Another important area of application of due diligence is the analysis of legal risks. In this process, the company's contracts, licenses and legal obligations are studied in depth. "Through legal Due Diligence, the legality of contracts and the legal risks of the company are determined".

The discussion underscores the indispensable role of due diligence in ensuring transparency, financial accuracy, and regulatory compliance in joint-stock companies. While challenges such as information asymmetry, legal complexities, and time constraints persist, technological innovations and evolving corporate governance practices offer solutions for enhancing the effectiveness of due diligence. Moving forward, companies must adopt a more comprehensive, technology-driven, and ESG-conscious approach to due diligence to safeguard shareholder interests and ensure long-term corporate sustainability.

Research shows that the Due Diligence service plays an important role in ensuring the financial stability and corporate transparency of Joint-Stock Companies. Especially in the international investment environment, the effective use of this service increases the competitiveness of companies in the market.

### Conclusion.

In conclusion, Due Diligence occupies an important place in various fields, in particular, in the processes of acquisition and merger agreements, investment projects, financial analysis and intellectual property valuation. Its wide application allows you to minimize risks and increase accuracy and reliability in making decisions. The legal and practical importance of the "due diligence" process indicates that it is an important tool in determining the financial condition, legal risks and business prospects of companies. It not only serves to identify and monitor processes within the company, but is also focused on providing reliable information for investors and other stakeholders.

Legally, du-Dilidjens allows clarification on the company's contracts, licenses, legal obligations, and intellectual property rights. "Through du-Dilidjens, it is possible to check the legality of the company's contracts, identify obligations and reduce the risk of legal conflicts." This process is aimed at ensuring legitimacy, allowing timely detection of violations or hidden risks.

In addition, du-Dilidjens ensures the legal safety of investors by deeply studying the financial condition and legal risks of the company. In joint-stock companies, the service "Due Diligence" serves to increase the transparency of the company's activities, strengthen the trust of investors and reduce financial risks. Therefore, its orderly and professional implementation is important for Joint-Stock Companies.

This article was devoted to the analysis of the effectiveness of the use of the "Due Diligence" service in joint-stock companies. The results of the study show that the effective use of this service in corporate governance is important in ensuring economic stability.

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