

Financial Due Diligence

A	Financial statements and MIS information	
1	Financials for last 3 years, Provisional financials and financials for stub period*	The stub period refers to the short period of time between a company's financial year-end and the date when its financial results are reported or audited. It typically occurs when a company is preparing for an IPO or other major financial event and needs to provide interim financial data.
2	Accounting Data (Tally, Zoho or any other) for the Historical Period that matches the audited and unaudited financials as provided above.	
3	Detailed Trial balance expanded at all levels in PDF and excel (Opening - Transactions - Closing) for IPO year and provisional year.	
4	Detailed MIS for IPO year and provisional year.	
5	Projections for next 2 Financial years.	
6	Details of any subsidiary Financials for IPO year and provisional financials along with Tally	
B	Revenues	
1	Agreements with chanel partner/distributors/Top 10 customers If Agreements are not entered, PO from Customer and sales/work order issued and Invoices for the year	
2	Sales Register with line item wise breakup along with classification of domestic and export sales, if any (including Sales Return)	
3	Sample Invoices-based on Sales Register	
4	Order Book of the Company for the next Financial Year with classification of the Order received and /Open Orders	
5	Ledger Confirmation of Top 10 Customers	
6	Top 7 Customerwise Breakup-Govt(if any) /Private customers	
C	Purchases and Inventory	
1	Purchase Register for last 3 Financial Years	

2	Working of COGS on monthly/quarterly basis with breakup of major factors of COGS for last 3 Financial Years	
3	Reason to be given for no closing and opening stock	
4	In case of any closing and opening stock, then ageing analysis of inventories - bifurcated into slow moving, obsolete and normal.	
D	Expenses	
1	Salary register containing details of all salaries paid for employees for the last 3 Financial Years. The salary register should have all details like salary breakup in components (Basic, DA, Allowances), PT, TDS, Reimbursements amongst others. The details should match with the accounting records of the Company.	
2	Details of properties on rent agreement, rent schedule and working for the last 3 Financial Years.	
3	Ledger of top 10 expense heads and quarterly trend	
4	Details of Cash Salary expenses	
E	Borrowings	
1	Schedule of borrowings (secured and unsecured) segregated into short term and long term debt like term loan, working capital, letter of credit etc. indicating lender, limit, drawdown to date, repayment terms, interest rates, security etc. Details of default in repayment of loans and interest, if any.	
2	Copies of sanction letters and statement of account (for IPO year) from Bank/NBFC	
3	Repayment schedules for each loan	
4	Purpose for which loan is taken and utilized.	
5	Director/Related parties loan account ledger in our books.	
6	Loan agreement with directors/related parties	
7	NOC from all secured lenders	
F	Debtors and Creditors	

1	i. Details of Debtors/advances received ii. Ageing of accounts iii. Status of receipt of debtors and expected realisation of balance amount iv. details internal system of follow up for collection	
2	i. Details of Creditors/advances given ii. Ageing of creditors and advances given to suppliers - 0-45, 46-90, 91-180, more than 180 days iii. Expected payments in upcoming months and process of payment cycle iv. Bifucation of Creditors in MSME and Non MSME	
3	List of suppliers (amount wise and % wise of total purchase) and please separately mentioned if any of the suppliers are related to the present shareholders **	Certified by Statutory Auditor at later stage
4	List of customers and (amount wise and % wise of total sales) and please separately mentioned if any of the suppliers are related to the present shareholders alongwith detailed ageing schedule **	Certified by Statutory Auditor at later stage along with detailed Aging Schedule
5	List of Sundry Creditors (amount wise and % wise of total purchase) and please separately mentioned if any of the suppliers are related to the present shareholders **	Certified by Statutory Auditor at later stage
6	List of Sundry Debtors and (amount wise and % wise of total sales) and please separately mentioned if any of the suppliers are related to the present shareholders alongwith detailed ageing schedule **	Certified by Statutory Auditor at later stage along with detailed Aging Schedule
G	Cash and bank	
1	Details of all the bank accounts, bank statements (in excel and PDF) for the last 3 Financial Years.	
2	Details of cash expense and cash receipts for the Company.	
3	Bank reconciliation for the last 3 Financial Years.	
4	Details of Bank Guarantees as on date	
5	Breakup and copies of security deposits and FD Receipts (Non current Assets)	
H	Loans and Advances given by the Company	

	Details of secured and unsecured loans advanced by the Company to any third party or partnership firm or private company along with copies of all the relevant agreements, loan agreements and security agreements	
I	Fixed Assets and Intangible Assets	
1	Full address of all the Offices/ Factories/ Showrooms of the Company along with contact details and authorized person.	
2	Fixed Asset Register with Depreciation schedule along with copies of title documents.	
3	List of properties occupied on leasehold basis or on together with copies of documents of title, if any	
4	Details of Company whether it has applied/ received all the approvals pertaining to land acquisition or conversion etc.	
5	Mortgages and charges affected the properties	
6	Breakup of intangible assets and additions during the year for intangible assets (if any) and depreciation policy for intangible assets	
7	Details of any intangible assets, if any (also in-house development expenses) and any expenses capitalized during the historical period along with valuation report for acquiring various properties.	
8	Breakup and underlying expenses incurred for intangible assets(if any) under development	
J	Compliance with laws	
1	Registrations, Returns filed, Challans for last 3 Financial Years	
	i. Income Tax (ITR, Tax Audit Report)	
	ii. GST (GSTR 1 and GSTR 3B)	
	iii. Provident Fund (Payment Challans)	
	iv. ESIC (Payment Challans)	
	v. Labour Welfare Fund if applicable (Payment Challans)	
	vi. Bonus payable working under compliance with Payment of Bonus Act	
	vii. TDS - TCS returns (Payment Challans)	
	viii. Professional Tax (Payment Challans)	

2	Download from GST portal - comparison between GSTR 3B and GSTR 1 (Gst.gov.in>services>returns>tax liabilities and ITC comparison)	
3	GSTR 9 and 9C for FY IPO year	
4	Screenshot for proceedings, grievances and demand outstanding from - - GST portal (Gst.gov.in>services>user services> View notices and order) - IT portal (Incometax.gov.in>pending actions> response to outstanding demand) - TRACES portal (Tdscpc.gov.in>defaults>view default summary)	
5	Electronic Credit ledger	
K	FOREIGN EXCHANGE TRANSACTIONS, IF ANY	
	Particulars of all Foreign exchange Transactions entered into by the Company (investment related - since incorporation; trading related - for last 5 years)	
L	CAPITAL STRUCTURE	
1	Details of All Allotments/Transfers of the company	
2	Self Certified Copy of Valuation Reports taken for allotment/ transfer of shares	
3	Capital Contribution in the Company	
4	Letter of Offer of all Allotments	
5	Gift deed for share transfer, if any	
6	soft copies of all share certificates since incorporation	
7	Details of all Increase in authorized Share Capital & Sub-division/ Consolidation of Shares	
8	Share transfer forms since incorporation	
9	Final scheme of arrangement along with court order pursuant to which shares have been allotted	
10	PCS Search report	
11	Bank statement of company for all the allotment and Bank statement of Promoter for transfer of shares & Allotment of Shares	

M	GROUP COMPANIES Note: Group Company is any Group Companies (i.e. HUF, Firm, LLP, Company) promoted by the Promoter & as per AS-18	
1	Charter Documents	
2	Last 3 years financials for Group Company alongwith ITR	
3	Shareholding Pattern of Group Companies	
4	RoC Forms along with attachments and RoC Challans	
5	Cibil of all group companies	
6	Income tax outstanding, tax demand and e-proceedings, Traces screenshot of group companies	
N	Other Specific Requirement	
1	Any changes in accounting policies during the historical period?	
2	Contingent Liability declaration as per prescribed format	

*** What is Stub period?**

The stub period refers to the short period of time between a company's financial year-end and the date when its financial results are reported or audited. It typically occurs when a company is preparing for an IPO or other major financial event and needs to provide interim financial data.

**** Certified by Statutory Auditor at later stage**