

Investee due diligence Checklist

The Investee firm prepares all these documents for due diligence & additional documentation based on findings. All of this to be available both as soft copy & hard copy. The investor has the right to ask for more documentation to evaluate the Investee firm better.

Corporate / Company Information

- **Registration Documents**

- Certificate of Incorporation
- Memorandum of Association (MOA)
- Articles of Association (AOA)

- **Shareholding Pattern and Agreements**

- Current Company
- Subsidiaries
- External Investments where the Company or the Promoters owns stockholding & business interest
- Related Party Transactions & Arms-length Pricing with Subsidiaries or promoter co-owned companies
- Existing Investors / Bond holders of the current company
- Any share pledge / mortgage by the promoters or equity holders

- **Statutory Registers** (maintain records of directors, shareholders, meetings etc.)

- Last 12 Months' Board Meetings / Resolutions list

- **Moveable & Immovable Assets Information**

- Properties / Assets owned by the company
- Vehicles / Land Bank owned by the company

- **Utility Bills**

- Electricity Bills
- Rental Agreement if the office is in Rental Premise
- Ownership deed if the office is in own asset
- Corporation / Panchayat Tax Bill

- **Employee Records**

- PF / EPF Registry
- ESI Registry & Upto date Information
- Salary Outstandings (if any)

- **Operational Records** (contracts, agreements, business licenses etc.)

- **Organizational Chart**

- Decision Makers / CXOs / Founders
- Top Management
- Middle Management
- Lower Management
- Key signatories on financial & strategic agreements / operations

Financial Information

- **Past Financial Details – Direct Taxes**

- FY22, FY23, FY24 Audited Statements / Provisional
- FY22, FY23, FY24 ITR Filing / Provisional
- FY22, FY23, FY24 ITR discrepancies / charges / refunds
- FY22, FY23, FY24 ITR Cases (if any)

- **Past Financial Details – Indirect Taxes**

- FY22, FY23, FY24 GST Filings

- FY22, FY23, FY24 GST discrepancies / charges / Input Tax Credit Claims
- FY22, FY23, FY24 GST Cases (if any)

- **Current Financial Performance**

- Operational Revenue & Projections for FY 25
- Cash flow statement for FY 25 / Q1FY25 Revenue & Cashflow
- Q1FY25 P&L

- **Accounting Policies**

- Accounting System & Standards. Financial Numbers available in Ind-AS format

- **Debt and Liabilities**

- Company liabilities (not project liabilities)
- Loans from Financial Institutions
- Loans from Non-Banks & NBFCs
- Loans from Directors / Promoters
- Trade Credit – Payables
- Customer Receipts / Obligations
- Any reserves to be set as a contingency payment (Compensation, Accidents, Employee/Vendor litigation)

- **Monthly Fixed Expenses**

- Salaries & HR related expenses
- Rent, Electricity, Internet & other fixed infrastructure costs
- EMIs (if any) for company owned vehicles

- **Banking & Operations**

- Primary Bank – Bank account details, tenure, facilities currently being enjoyed

- Secondary Bank/s – Bank account details, tenure, facilities currently being enjoyed
- Deposits / FDs – Government Institutions viz., India Post, PSU Bonds, Govt. Bonds, Banks, NBFCs, BSE/NSE Shares, Mutual Funds, Corporate Bonds
- Reserves in Liquid Funds or other liquid assets
- Last 12 Month's Bank statement – Primary & Other Banks
- **Financial Disputes**
 - ITR Cases – On-going / Closed
 - GST Cases – On-going / Closed
 - Customs / Import Cases – On-going / Closed
 - Vendor / Management / Employee Financial Disputes – Civil / Criminal – On-going / Closed
 - Any Government violations / penalties paid – On-going / Closed

Legal and Regulatory Compliance

- **FDI Regulations:**

Ensure the investment complies with relevant Foreign Exchange Management Act (FEMA) and Reserve Bank of India (RBI) regulations for your industry sector. (Recommendation: Real Estate Investment comes under automatic route of FDI. The primary bank of the company must have all the formats, pre-requisites for the Investee/Investor KYCs and fund flows. Do check on that beforehand)

- **Labour Laws:**

Compliant with labour laws, labour disputes, labour court cases (if any)

- **Pollution & Environmental Clearance:**

Certificates, Approvals, Permission as required by both State and Central Government

- **Regulatory Complaints / Issues**

RERA, Urban Planning Authority, Electricity Board, Corporation for Water & Sewage – On-going / Closed

- **Certifications & Compliance**

Any ISO/IEC certifications, industry specific certifications, Industry Association memberships, Awards & others

Promoters / Founders / Leadership Information

- Key Promoters & Founders Profile
- Key Promoters – PAN, Aadhaar, Passport, DIN and personal Assets (if any)
- Key Promoters – ITR for last 3 years / provisional FY25
- Key Promoters – Auditor signed Net worth Statement
- Key Promoters – CIBIL Report, Personal Guarantee for projects or others, Civil / Criminal cases (if any)
- Key Promoters – Directorship, Financial Interest, Stakeholding in other firms incl. unregistered partnerships – Current, Past, Suspended
- Key Promoters – Any previous companies which went into strikethrough
- Other Directors – Removed, Suspended, Deceased of the company/subsidiaries
- Key Promoter's any blood relatives, family bonds within the company
- Leadership & Execution Team
 - Leadership Member Profile

- Experience, Education & Industry
- Tenure with the current company
- Any industry specific certifications

Project based Requirements (An Example)

- **Project Name/s (Give all details for each Project separately)**

- Overview of the Project – Land Area, Constructed/Proposed No. of Units, Average Selling Price, Amenities, Location advantage, Prime target buyers
- Land Ownership
- All Land documents & Approvals
- Project Approvals – Corporation, Permissions, RERA & extensions
- RERA Certificate & Extensions if anyl
- Location & Market Intelligence – Other Projects in the vicinity, Comparable pricing, Sold & Unsold units of the location
- Property Inventory split – JV Owner, Promoter Group & Company
- Sold & Unsold Inventories of – JV Owner, Promoter Group & Company
 - Customer base – with financial numbers – receivables
 - Customer Agreements – Schedules – Sample 2 – 3 Actual customer agreement
 - Current Receivables from pre-sold inventory
- Projections for unsold Inventory & timeline
 - List of unsold units – financial value
- Sales and Marketing Team – Previous projects, Timelines of full closure, No. of cancellations and Payment outstanding from previous closed sales

- GTM Strategy for Selling unsold inventory
- Current Investments of the project by the company/promoters
- Funds Infusion & Completion of the project - Projections
- Top 5 Vendor / Supplier relationships – Key to the project - % of project cost with them
- Indian / Overseas Partnership / Collaboration (if any) – with financial interests

- **Unsold Inventory from previous projects**

- Builder / Promoter's reserve units
- Saleable unsold inventory
- Sold but under disputes

If additional documents are required, the investee can provide them during the scheduled meeting. It is important to ensure that all relevant documentation is prepared and available to facilitate a smooth and efficient discussion.

The document list provided is specific to real estate promoters and serves as an example only.

- **VSJ ASSOCIATES**