



KINDUZ

Preliminary Due-diligence Checklist

KINDUZ Consulting

1. Global Organization Holding Structure (Holding company, subsidiaries) and their shareholding pattern
2. Board of Directors (BODs) and their Credentials
3. Civil and Criminal cases against Shareholders and Directors
4. Credit Rating(s) of Organization (across rating agencies)
5. Credit Score(s) of Promoting Shareholders
6. Political connections of BODs and Shareholders
7. Amount of Funds to be Raised
8. Instruments of raising Funds (if there is a point of view on this)
9. Application of Funds to be Raised (How you intend to use the funds to be raised)
10. Corporate Presentation
11. Business Plan / Expansion Plan / Project Report (if available)
12. Unique Selling Proposition (USP) i.e. Differentiators
13. Is a Virtual Data Room (VDR) already maintained?
14. Last 3 Financial Years (as available)
 - Audited Cash Flow Statements
 - Audited Profit and Loss Accounts
 - Audited Balance Sheets
13. Current Financial Year
 - Provisional Cash Flow Statements
 - Provisional Profit and Loss Accounts
 - Provisional Balance Sheets
14. Next 3 Financial Years (as available)
 - Projected Cash Flow Statements
 - Projected Profit and Loss Accounts
 - Projected Balance Sheets
15. Are promoters open for arranging the following for security:
 - Personal Guarantee
 - Collateral security
 - Hypothecating company shares
 - Increasing Equity investment
 - Debt contribution
 - Shifting the corporate headquarters to a different country
16. Key Organizational risks, mitigation and contingency plans

- **Regarding Bank Transactions**

- What financing facilities have been sanctioned from banks, from when, and in which regions? What is the current outstanding?
- What securities have been hypothecated to the banks for providing these facilities?
- In the last 36 months, have there been any **defaults** in the repayment of financing facilities obtained? Please provide details of number of instalments overdue
 - Have there been any rescheduling of financing facilities sanctioned
- In the last 36 months, has there been any debt restructuring done?
- Is the organization classified as a Non-Performing Asset (NPA)? If yes, what is the status (Possession Notice, One-time Settlement (OTS), Appeal in Debt Recovery Tribunal / NCLT, Auction of Company)? Please provide details

- **Secretarial Assessment**

- Has a secretarial audit been conducted in the last 36 months? If yes, please share details
- What laws are specifically applicable for your organization?
- What is your compliance against these applicable laws?
- Have you raised any deposits from public? If yes, please provide details

- **Statutory Assessment**

- Has there been a change in the accounting policies followed by the company in the last 36 months? If yes, what is effect of the same on the financial statements?
- Which accounting standards are applicable? (IND-AS / GAAP)
- What are the related party transactions in the last 36 months?
- What inter-corporate deposits / loans have been given? Have any loans been given to key-managerial persons?

- **Regarding Income Tax (including Transfer Pricing), Goods and Service Tax (GST), VAT**
 - In the last 12 months, did you receive any **notices** from any of the above authorities?
 - In the last 12 months, have there been any **penalties** levied on the late / non-payment of any kind of taxes?
 - In the last 12 months, have there been any **interest paid** levied on the late / non-payment of any kind of taxes?
 - What is the **outstanding** tax to be paid as on today, and this is related to which month?
 - Are there any **pending cases** with any taxation authorities?
- **Regarding Labour Department, Employee State Insurance (ESI), Provident Fund (PF), Professional Tax, Gratuity, Bonus and Leave Wages**
 - In the last 12 months, did you receive any **notices** from any of the above authorities?
 - In the last 12 months, have there been any **penalties** levied on the above items?
 - In the last 12 months, have there been any **interest paid** levied on the late / non-payment of any of the above?
 - What is the **outstanding** tax, ESI, PF to be paid as on today, and this is related to which month?
 - Are there any **pending cases** with any of the above authorities?
- **Regarding Reserve Bank of India (RBI), Foreign Exchange Management Act (FEMA), Registrar of Companies (at a central level), SEBI and Shops and Establishments Act**
 - In the last 12 months, did you receive any **notices** from any of the above authorities?
 - In the last 12 months, have there been any **penalties** levied by any of the above authorities?
 - Are there any **pending cases** by any of the above authorities on:
 - the company
 - any of the Board of Directors
 - any of the Shareholders

- **Pollution Board**

- In the last 12 months, did you receive any **notices** from any of the above authorities?
- In the last 12 months, have there been any **penalties** levied on the above items?
- Are there any **pending cases** with any of the above authorities?

- **Fire Department**

- In the last 12 months, did you receive any **notices** from any of the above authorities?
- In the last 12 months, have there been any **penalties** levied on the above items?
- Are there any **pending cases** with any of the above authorities?

- **Insurance and Claims**

- What **Insurances** have been taken by the company thus far?
- In the last 12 months, how many insurance **claims** have been raised and for what amount?

- **Legal litigations and Jurisdictions**

- How **many** legal mediations, arbitrations and litigations are outstanding and what is the **status**?
- Where are these legal mediations, arbitrations and litigations being **pursued**?

- **Contingent Liabilities**

- Have you made any provisions for Contingent Liabilities?

- **Other**

- Have any other **notices** of non-compliance been received from any other regulatory agencies in the last 12 months? If yes, what is their status as on date?

- **Forensic disclosures; are there any:**

- Inflation of revenues
- Potential diversion of funds
 - As consultancy and agency fee
- Noncore investments
- Existence of accommodation transactions
- Non-existent vendors/customers
- Issues of conflict of interest
- Anomalies in related party transactions
 - Focus on procurement process
- Undisclosed related parties
- Revenue streams and supplies that may be predicated on bribery
- Bribes paid or received
 - Including corruption charges and cases
- Anticorruption compliance programs, including areas such as culture, policies, training, implementation and compliance
- Financial statement irregularities
- Inter-company trades, loans, receivables, Transfer Pricing
- Sexual-Harassment and Discrimination Cases

- **Forensic disclosures; are there any:**

- Tracing shareholder acquisitions to the beneficiary, source of funds and accounting treatment
- Fraud cases identified in the organization in the last 12 months
- Restrictions on trade and export
- Non-compete clauses signed with other parties
- Exclusivity clauses signed with other parties
- Liability, Limitation of Liability, Guarantee, Warrantee clauses signed with other parties
- Personal travel, gift and entertainment expenses for Directors / Shareholders
- Cash Transactions for personal use
- Political and Charitable donations
- Transactions that may give rise to potential exposure to criminal persecution, regulatory fines and civil litigations
- Physically non-existent employees
- Obtaining, analysing and assessing findings of the audit committee investigations



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