

Scheme of 'Venture Capital Fund for Backward Classes'

OPERATIONAL GUIDELINES ON SCHEME FOR FINANCIAL ASSISTANCE TO BACKWARD CLASSES ENTREPRENEURS (01.04.2021 to 31.03.2026)

1. Background:

A Venture Capital Fund for Scheduled Castes (SCs) has been under implementation in the Department of Social Justice and Empowerment from 2014-15 under the IFCI Venture Capital Funds Ltd. There had been an increasing demand for a similar fund for the OBCs. Also the Group of Secretaries on Education and Social Development had recommended the setting up of a Venture Capital Fund for Backward Classes (BCs). In the SFC meeting held on 22.12.2017 under the Chairmanship of Secretary, SJ&E it was decided to include Backward Classes component under the Venture Capital Fund for SCs. Operational Guidelines for Venture Capital Fund for Backward Classes Entrepreneurs (VCF-BC) was notified on 05.02.2018.

The main objective of the Scheme is to promote entrepreneurship among the Backward Classes and to provide concessional finance to them.

2. Objective of the Sub-Scheme:

“**Entrepreneurship**” relates to entrepreneurs managing businesses which are oriented towards innovation and growth technologies. The spirit of the above mentioned fund is to support those entrepreneurs who will create wealth and value for society and at the same time promoting profitable business.

The objectives of the Scheme are as below:

- a. It is a Social Sector Initiative to be implemented nationally in order to promote entrepreneurship among the Backward Classes (BC) population in India.
- b. To promote entrepreneurship amongst the Backward Classes (BC) who are oriented towards innovation and growth technologies.
- c. To provide concessional finance to the BC entrepreneurs, who will create wealth and value for society and at the same time will promote profitable businesses. The assets so created will also create forward/ backward linkage. It will further create chain effect in the locality.
- d. To increase financial inclusion for BC entrepreneurs and to motivate them for further growth of BC communities.
- e. To develop BC entrepreneurs economically.
- f. To enhance direct and indirect employment for BC population in India.

3. Demand of BC Entrepreneurs:

It is estimated that there is a huge demand for providing concessional finance to such companies which can strengthen the businesses of such entrepreneurs.

4. Indicative features of the fund:

Sl. No.	Particulars	Details
1.	Name of Sponsoring Agency	Department of Social Justice & Empowerment, Ministry of Social Justice & Empowerment.
2.	Size of the Scheme	Initial Capital of the Fund was Rs. 200 crore, which is to be supplemented annually. Present contribution by IFCI and those in future will be aligned with proportionate to GOI share in the background of increasing budgetary support to corpus by GOI. IFCI will make a provision in its Books of Accounts towards corpus contribution. However, actual release/disbursal may happen only after the disbursal from the fund reaches a threshold level. Considering that sizable corpus funds are available from contributions made by GOI/IFCI, the threshold limit will be Rs. 500 crore or when the total disbursals from the fund reaches 80% mark, whichever is more.
3.	Nature of Scheme	Central Sector Scheme
4.	Structure of the scheme	The Fund has been set up and registered under AIF regulations 2012 under SEBI, with GoI as the Anchor investor and IFCI Venture as Sponsor investor.
5.	Name of Asset Management Company (AMC)/Nodal Agency	IFCI Venture Capital Fund Ltd.
6.	Duration of the fund	14 years from date of Final Closing with extension of 2 additional years upon approval of Government of India. Effective Dates: 31st March 2039; Extendable up to 31st March 2041.
7.a.	Initial Closings under the fund	1 st October 2019 with minimum corpus of Rs. 20 Cr.
7.b.	Final Closings under the fund	31 st March 2025
8.	Drawdown period:	The capital contributions towards corpus of fund can be drawn upto 31st March, 2026
9.	Investment Period	31st March, 2026
10.	Cost involved in the Scheme	Management Fee to AMC: A management fee @ 1.5 % p.a. of the aggregate capital commitment during the commitment period (up to drawdown period) and thereafter management fees will be @ 0.5 % p.a. of the outstanding Capital Contributions. Linkage of the fee structure to the success of the units and disbursal of funds is waived till March 2024. During this period the Ministry will ensure that the outputs (as stated in Annexure-III) are achieved.

		The Ministry shall make an assessment of the disbursement of balance funds available out of the corpus till FY 2020-21 and additional corpus made available till FY 2023-24 in April, 2024 and forward the same to Ministry of Finance (Department of Expenditure). An assessment of the success of the VCF-BC funds will also be done.
11.	Return to the Investors of the fund	<ul style="list-style-type: none"> • To obtain contribution from investors other than Govt. of India, two types of investible units in the fund would be issued i.e. Class A units and Class B units. • Govt. of India and the sponsor investor would be allotted Class A units. • Class A unit would have preference in redemption of units and also payment of returns over the Class B units. • Class A unit would get a hurdle rate of return of 8% p.a. for BC. The residual cash flow would go to Class B units.
12.	Alterations	On any suggestions from GOI, requirements of SEBI, legal and tax related issues etc. The above conditions terms/structure may vary, may get modified/ amended from time to time.

5. **Indicative implementing period and area of operation:**

The Venture Capital Fund for Backward Classes has been implemented from 2017-18 throughout the country.

6. **Indicative structure of the Scheme**

Eligibility Criteria:

The eligibility criteria for seeking assistance under the fund is as follows:

- The projects/units being set up in manufacturing, services and allied sector, including startups, ensuring asset creation out of the funds deployed in the unit shall be considered.
- At least 30% of the beneficiaries assisted under the fund should preferably be women entrepreneurs;
- **For Companies applying for assistance up to Rs. 50 lakh:** Companies having:
 - a. at least 51% shareholding by Backward Classes entrepreneurs for the past 6 months with management control, OR
 - b. a new Company provided that the new Company is a successor entity of a Proprietary Firm or Partnership Firm or One Person Company (OPC) or Limited Liability Partnership (LLP) or any other establishment incorporated under any

law in force with sound business model which has been in operation for over 6 months, and the predecessor entity had at least 51% shareholding of the Backward Classes entrepreneurs with management control.

- **For Companies applying for assistance above Rs. 50 lakh:** Companies having:
 - a. at least 51% shareholding by Backward Classes entrepreneurs for the past 12 months with management control, OR
 - b. a new Company provided that the new Company is a successor entity of a Proprietary Firm or Partnership Firm or One Person Company (OPC) or Limited Liability Partnership (LLP) or any other establishment incorporated under any law in force with sound business model which has been in operation for over 12 months, and the predecessor entity had at least 51% shareholding of the Backward Classes entrepreneurs with management control.

- Documentary proofs of being BC will have to be submitted by the Entrepreneur at the time of submitting the proposals. Documentary proofs/certificate from the incubation centers/corporates or documents w.r.t patent/copyrights in the name of BC entrepreneur need to be submitted at the time of submitting the proposal. Sanction letter of department of Government of India to be submitted. E-documents will also be accepted.

- For Companies with sanctioned assistance of above Rs.5 crore, where Bank /FI sanction is there, the money released by the Trust/ Fund Manager would be in proportion to the loan tranche released by Bank/FI/Department of Government of India.

Scheme details (Indicative):

Details of the financial assistance scheme are as below:

Sl. No.	Particulars	Details
1.	Purpose of the Sub-scheme	To provide concessional finance to BC Entrepreneurs. Women/Disabled BC Entrepreneurs will be given priority.
2.	Investment focus	Investment in projects/units being set up in manufacturing, services and allied sector, including startups, ensuring asset creation out of the funds deployed in the unit shall be considered.
3.	Nature of Financial Assistance	A. Shares (CCPS) (maximum up to 25% of the corpus) can be invested subject to the following: Such investment may be limited to innovative Technology-oriented projects/start-ups fulfilling the conditions mentioned under Eligibility Criteria; The maximum equity investment in a company can be 49%, subject to maximum investment of Rs.5 crore; Such investment shall be at face value of shares in every company, subject to applicable laws; In every investment under the Fund, minimum 25% investment shall be in the form of debentures.

		<p>B. Compulsorily Convertible Debentures (CCDs), Optionally Convertible Debentures (OCDs), Non-Convertible Debentures (NCDs), etc. These instruments shall be considered for all companies who are not falling under the category A above.</p> <p>C. Out of total financial assistance maximum upto 20% of assistance should be earmarked for working capital gap funding required by the Company for the next 10 years. Such assistance shall not be of revolving nature. Quantum of such assistance shall be approved by Investment Committee as per the requirement of the project, on case-to-case basis.</p> <p>Such assistance may also be extended to the existing beneficiaries under the Fund subject to the following conditions:</p> <ol style="list-style-type: none"> i. The account should be standard. ii. The beneficiary company should have applied to nationalized / private / cooperative Banks for working capital assistance and the assistance sanctioned is either less than the required as per the project cash flow estimates or such banks have denied the assistance on any ground other than the feasibility. <p>This assistance shall be within the overall funding pattern of the Fund.</p>
4.	Tenure of Financial Assistance	<p>Up to 10 years including moratorium period in case of debentures.</p> <p>In case of equity, decision for exit would be taken on case-to-case basis with maximum tenure up to 10 years.</p>
5.	Moratorium on Principal	<p>In case of debentures, on case to case basis but not more than 36 months from the date of investment. Interest payment shall commence from date of investment in the Company at a regular interval as determined by the Investment Committee.</p>
6.	Investment Size	<p>Rs. 20 lakhs to Rs. 15 Crore.</p> <p>Aggregate assistance not more than two times the current net worth of the Company.</p>
7.	Expected Return through Investment	<ol style="list-style-type: none"> a. In Equity investment - return at the time of exit by way of buyback / strategic investment / IPO shall be 8% p.a. or as per the valuation whichever is higher. b. In Debt/Convertible Instruments - 8% p.a. (For women*/disabled** BC entrepreneurs - 7.75% p.a.) [*For considering a company owned by BC woman/women entrepreneur(s), the BC woman/women entrepreneur(s) should hold at least 51% of the shareholding in the company and should be the Managing Director(s) of the Company;**In the case of disabled BC entrepreneurs, guidelines issued by the Department of Empowerment of Persons with Disabilities for qualifying as disabled would be followed.]

8.	Funding Pattern	<p>Investment under the fund will be categorised as follows:</p> <ul style="list-style-type: none"> • Financial assistance upto Rs. 5 crore - Investment under this category shall be funded maximum upto 75% of the project cost and the balance 25% of the project cost will be funded by the promoters or through Government subsidy/grants under various schemes of central or state Government. <p>In cases where Government subsidy is available, the promoters will have to contribute at least 15% of the project cost.</p> • Financial assistance above Rs. 5 crore– Investment under this category shall be funded maximum upto 50% of the project cost. At least 25% of the project cost shall be funded by promoters or through Government subsidy/grants under various schemes of central or state Government, and balance 25% of the project cost can be funded either by promoters or by the bank or any other Financial Institutions as the case may be. <p>In cases where Government subsidy is available, the promoters will have to contribute at least 15% of the project cost.</p> <p>* The synergy of co-investment by private sector VC funds can be explored during expansion stage of first generation entrepreneurs in future.</p>
9.	Exit Mechanism	<p>Exit through payments out of operations, buyback/ redemptions by promoters/ companies, strategic investments, listing on stock exchanges or any other exit process.</p> <p>Exit process shall be determined on case to case basis depending on the nature of financial assistance and performance of the company.</p>

10.	Security	<p>The following securities may be envisaged during the investment:</p> <ul style="list-style-type: none"> • The assets of the project being funded/assisted under the scheme shall be charged for security. The project assets will include land, building, plant & machinery and rights on licenses/ patents. • Pari-pasu charge on assets with the Banks/FIs in case of the companies applying for loan with banks/FIs on case to case basis. • 2nd charge of the assets created out of the investment where the 1st charge is held by the Bank/FIs. • Pledge of Shares held by promoters and forming at least 26% stake and upto 51% of the Issued and Paid up capital shall be taken. However, the percentage of pledged shares would be decided on case to case basis. • In addition to the charge on assets, Post-dated Cheques (PDCs)/ Electronic Clearing Service (ECS) and promissory notes shall be taken. • Personal guarantees of the promoters along with buyback agreement shall be entered. • In case no mortgage in the form of project land is available, the borrower may arrange collateral securities.
11.	Time limit for completion of the project	<ol style="list-style-type: none"> a. The time for completion of the project would be as envisaged at the sanction stage, subject to maximum of 24 months period from the date of disbursement of the first instalment of assistance under the scheme, which may be extended by a further period of 3 months, if reasons for delay are considered justified by the AMC. b. In case of non-compliance to the implementation schedule, the further balance disbursements of sanctioned amount would be subject to approval by Investment Committee.

12. Selection process

- Any Proposal under the Scheme shall pass through two Committees and four stages:
 - a. **Screening Committee (Preliminary Stage):** The proposals shall be put up before the screening committee for initial analysis to see, whether the proposals are meeting the Eligibility Criteria & Preliminary Appraisal Parameters as mentioned in Annexure-II. After the clearance by the screening committee, the proposal shall be taken up for detailed appraisal, negotiations and structuring.
 - b. **Investment Committee (Final Stage):**
 - i. The detailed proposal as mentioned in Annexure prepared by the AMC shall be considered by the Investment Committee for sanction in case of eligible proposals.
 - ii. The proposals appraised by the financing Bankers/FIs may also submit their appraised proposal for references to AMC. The quantum of assistance shall be decided by this committee.
 - c. **Legal Documentation Stage:** After the sanction by the Investment Committee, Letter of Intent along with the terms and conditions of sanction shall be issued to the investee company. The necessary legal documentations shall be prepared and executed by the AMC.
 - d. **Disbursement Stage:** After the completion of above process, the disbursement shall be made as per the terms and conditions of the sanction. The disbursement to the investee companies would be done in one lot, if the beneficiary so chooses. Further the fund shall be released direct into the account of the beneficiary, and the implementing agency (IFCI) shall have nothing to do with the operational matters such as selection of the vendors, etc.

The Screening Committee shall meet on monthly/regular basis to analysis the proposals received.

13.	Screening Committee/ Investment Committee	<ul style="list-style-type: none"> • MD of NBCFDC would be members in the Investment Committee in the VCF-BC fund respectively. • Nominees of MD (at the level of GM) of the NBCFDC would be representative in the Screening Committee in the VCF-BC fund. • One expert from outside having sufficient experience will be member of Investment Committee/Screening Committee to be nominated by Govt. • None of the representative nominated in the Screening Committee shall be the representative at Investment Committee.
14.	Monitoring	<ul style="list-style-type: none"> • Periodic visits, inspection shall be carried out by the official of the AMC. The AMC may appoint Nominee Directors on the board of these companies. • Regular monitoring will be done of the assisted projects by IFCI Venture and Ministry for assessing the implementation and impact of the Scheme.
15.	Alterations	<ul style="list-style-type: none"> • On case to case basis, the above conditions terms/structure may vary and get modified /amended from time to time. • The scheme is catering to various territories; the scheme can be modified, reviewed after 6 months to 1 year.

7. Deal sourcing strategy:

- Proposals shall be invited by way of Advertisements/ publications through Print & Electronic Media.
- From other Institutions/Banks/Investment bankers/other VCs;
- Other Industry associations at national and state levels,
- National Backward Classes Finance and Development Corporation (NBCFDC) and other State Finance Institutions for Backward Classes. Scheme of other Ministries of Govt. of India.
- Trade Fair/ Exhibitions/ Seminars.
- The Technical Consultancy Organizations (TCO) promoted by IFCI and other institutions, whose primary objective is to give Technical consultancy to new entrepreneurs, shall also be advised and engaged to source the proposals from the SC/BC entrepreneurs. They will also popularize the fund and help the entrepreneurs.
- Entrepreneurs can also submit applications directly.

8. Foreseeable constraints/ uncertainties:

S. No.	Constraints	Impact
1	Deal Sourcing	Selecting eligible BC entrepreneurs may be challenging task
2	Investment risk	<ul style="list-style-type: none"> • Delay in implementation of the project • Any non-payment of returns/ principal by the invested company
3	Exit	Exit from unlisted companies would be challenging
4	Enforcing of Security	In case of default, enforcing immovable securities belonging to BC entrepreneurs would be a constraint.

9. Grievance Redressal Mechanism:

For Grievance Redressal Mechanism in respect of complaints of VCF-BC scheme, there will be an Inter-Ministerial Committee as under:

- i. Director/Deputy Secretary (In charge of VCF-BC), D/o MOSJE,
- ii. CMD, NBCDC
- iii. Director/Deputy Secretary (Vigilance), D/o MOSJE,
- iv. Director/Deputy Secretary (In charge of IFCI), D/o Financial Services,
- v. Head/MD, IFCI Venture Capital Funds Limited.

This is outside the Internal grievance redressal mechanism in the implementing agency (IFCI) level.

10. Other Conditions:

- All the processes from the application stage would be online, and proper tracking system of the application would be implemented by the IFCI.
- The estimated time period required for an investment proposal to mature from application stage to sanction stage (i.e. final decision of investment committee) would be approximately 3-4 months for equity proposals and 2-3 months for equity linked debt proposals.
- Maintaining and keeping inventory of all deals.
- Performance / other reporting to GOI; as and when required.
- Necessary audit procedures to be carried out in the scheme annually.
- Post monitoring activities and regular updates to be shared with the committee/ boards.
- The receipt of UC wherever applicable should be as per prescribed forms as per GFR, 2017.

11. Penal Provision: A penal interest of 2% above the existing interest rate will be charged in case of projects where there is non-implementation of projects/misappropriation of funds etc. by the entrepreneurs.

12. Time-frame for submission of proposals to Screening Committee/Investment Committee :

The Screening Committee will meet on fortnightly basis to examine all the cases received till the end of the preceding month. It is also proposed that Investment Committee will meet on monthly basis to examine/recommend the proposals received from the Screening Committee.

The MD of Venture Capital Fund for Backward Classes will prepare the media plan for wide publicity of the scheme. Regular conference/meeting with the entrepreneurs will be held at least two times in a quarter in different States/UTs.

IFCI VENTURE CAPITAL FUNDS LTD.**FORMAT FOR SUBMITTING THE DETAILS OF THE PROJECT****1. SALIENT FEATURES OF THE PROJECT: Write the details.**

Particulars	Description
Name of the company	
Date of Incorporation	
CIN Number	
PAN Number	
Registered Office/ Corporate Office	
Manufacturing Unit/ Factory Location	
Proposed Project	
Proposed Installed Capacity	
Promoter	
Sector	
Industry	
Existing Banker	
Auditors	

2. DETAILS OF THE COMPANY

2.1 Background:-Background of the company, objective, experience, achievements, etc

2.2 Promoters:-Details of the promoters, educational background, experience, achievements, etc.

2.3 Any Awards and certifications: Write the details.

2.4 Key Management Persons: Write the details.

2.5 Capital Structure & Shareholding Pattern

- Capital Structure as on date : Write the details.

A. Authorized Capital	Amount (In Rs.)
Equity Shares of Rs.10/- each	
B. Issued, Subscribed & Paid Up Capital	
Equity Shares of Rs.10/- each, fully paid up	

- Shareholding pattern as on date : Write the details.

Name of Shareholder	No. of Share	Amount of Capital (Rs.)	Shareholding (%)
TOTAL			

Note: The Company is% held by Backward Classes promoters. Caste Certificates to be submitted.

2.6 Details of Net-worth of Promoters/Guarantors: Write the details.

Sl. No.	Name	PAN	DOB	Net-worth as on (in Rs.)
1				
2				
	Total			

Note: Submit the latest CA certified Net-worth certificates of the promoters

2.7 Present financial position of the company

- **Profit & Loss statement for last 3 years: Write the details**

Particulars	<i>In Rs. Lakhs</i>		
	FY__ (Audited)	FY__ (Audited)	FY__ (Audited)
Revenue / Sales			
Expenditure			
Other Expenses			
Interest Payment			
Depreciation			
PBT			
Taxes			
PAT			

- **Balance sheet for last 3 years: Write the details.**

Particulars	<i>In Rs. Lakhs</i>		
	FY__ (Audited)	FY__ (Audited)	FY__ (Audited)
Liabilities			
Total Sources of Funds			
Assets			
Total Application of Funds			

2.8 Stake of Banks / Borrowing Arrangement: Write the details.

The company has availed facilities from The details are as below:

Name of Inst/Banks	Facility (Year)	Amount Sanc. (Rs. in Lakh)	Int. Rate (%)	Amt. Disb. (Rs. in Lakh)	O/s Loan Amt. as on date	Security Created
	TOTAL					

3. PROPOSED PROJECT, LOCATION AND IMPLEMENTATION SCHEDULE:

3.1 About the Proposed Project: Write the details.

3.2 Installed Capacity: Write the details.

Production Capacity	Details
Full / 100% operating Capacity	
Operating Capacity	

3.3 Product: Write about the details and descriptions of the Products.

3.4 Raw Material and its supply:

- Write about the Raw material details and descriptions;
- Write about the List of raw material suppliers in the location;

3.5 Manpower: Write about the details of the manpower requirement.

3.6 Project Location: Submit Details of land including land documents, area, etc.

Connectivity	Approx. Distance (in Km.)
Railway	
Airport	

3.7 Utilities: Brief details of the utilities are as follows:

- Power Requirement and Source: Write the details.
- Water Requirement and Source: Write the details.

3.8 Permissions and approvals: Details of the required permissions and approvals from concerned authorities:

3.9 Implementation Schedule: Write the details.

Activity	Completion Period
Land & Development	
Building construction and Prefab shedding works	
Machine Ordering	
Supply of Machinery	

Installation/Testing at site/ Erection & Commissioning	
Pilot Run/Raw Material Sourcing	

4. **PROJECT COST:** Write the details.

<i>In Rs. lakh</i>		
Particulars	Project Cost	Amount already spent in the project
Land / Land Development		
Technical Civil Work (Building)		
Plant and Machinery (Compete Unit set up)		
Electrification cost		
Furniture's, Fixtures, Computers, etc.		
Any other Costs (marketing, etc)		
Total Fixed Cost		
Pre- Operative Expenditure		
Working Capital Margin		
Interest During Construction Period		
Total Cost of Project		

Note: The above project cost format is for the manufacturing unit proposals. You may change the format as per the specified project. For service / any other allied projects the format may get changed as per the project details.

5. **COMPLETE LIST AND DETAILS OF PROJECT COST ITEMS (Along with quotations):** Write the details.

6. **MEANS OF FINANCE:** Write the details.

<i>In Rs. lakh</i>			
Particulars	Fund Raising Amount	% sharing	Amount already raised in the project
Promoter's Contribution in Equity			
Requested Financial Assistance under VCF-BC			
Total			

7. **MARKET, COMPETITION AND INDUSTRY OVERVIEW:** Write the details.

8. **MARKETING STRATEGY:** Write the details.

9. **SWOT ANALYSIS:** Write the details.

10. **PROJECTIONS (for 10 years) – Submit Excel Sheet of Financial Projections:** Write the details.

- **Profit & Loss Statement:**
- **Balance sheet:**

- **Calculation of DSCR:**

11. **RISK ANALYSIS:** Write the details.

12. **DETAILS OF SECURITY TO BE OFFERED FOR THE FINANCIAL ASSISTANCE:** Write the details of the

Due Diligence Modules

I. Statutory documents of company

- a. Organization chart
- b. Company contracts (ownership/rental/debt/consultancy/warranty/supplier/client/representation)
- c. Share holding pattern
- d. Information on subsidiaries/branch offices
- e. JVs, collaborations, tie-ups
- f. MOA, AOA
- g. Certificate of registration
- h. Certificate of commencement of business
- i. Latest telephone bill of company

II. Market & Competition

- a. Product description
- b. Technology
- c. Market/Industry analysis
- d. Competition analysis
- e. Clients
- f. Marketing strategy, distribution network, organization of sales efforts, sales statistics

III. Business model & Strategy

- a. Target-performance comparison & evaluation
- b. Company profile/history/business model & business divisions
- c. Sourcing/purchasing (raw material), supplier information
- d. Product process, R&D activities, subcontractors
- e. Export rate, quoted currency, currency risk

IV. Management & Organization

- a. Management/board profile & remuneration/contracts
- b. Directors board profile/ Promoters' Background & Remuneration/ Dependencies/contracts, PAN No. of

promoters, identification proof, IT returns of promoters for past 3years.

- c. Mindset/team dynamics
- d. Corporate governance, MIS
- e. Controlling, internal reporting
- f. Project Management, Product management, employee Involvement(TQM/TPM/CIP)
- g. Risk management & Mitigation plans /Quality Standards
- h. Equity, corporate actions, dormant partners

V. Annual reports & Financial Data

- a. Accounting software, flowcharts, processes for liquidity planning, depreciation method & process tools
- b. Annual Reports of last 3yrs including group companies
- c. Assets schedule, depreciation intangible assets
- d. IP rights, licenses, NDA, disputes
- e. Property rights, major assets
- f. List of debtors, volume of debt, credit ratings
- g. Cash pooling agreements
- h. List of accruals, pension liabilities
- i. P&L-statement (re-products, clients, business units, regions)
- j. Activity Based Costing/Management(ABC/M)
- k. Contingent Liabilities
- l. Revaluation of Land, If any
- m. Dividends paid
- n. Basis of valuation
- o. Internal audit reports

VI. Business Plan review

- a. Projected Financial plan(P&L, balance sheet, cashflow)
- b. Sales plan(products, markets)
- c. Product plan
- d. HR plan
- e. Investment plan
- f. Liquidity plan
- g. Other, underlying assumptions
- h. Time frame for funds mobilization and utilization.

VII. Workforce & Employee Benefits

- a. List of employees & remuneration
- b. Detailed list of employees with highest level of earnings
- c. List of employees with access to company accounts
- d. HR contracts

- e. Employee benefits programs & costs
- f. Downsizing measures of previous yrs

VIII. Others

- a. Suppliers, Partners, MOU if any, exclusive rights etc.
- b. Insurances
- c. Product liability
- d. Environment issues/Pollution level
- e. Communication with authorities
- f. Important Business Developments
- g. Legal disputes/Allegation/Charges against company/promoters if any
- h. Land lease papers
- i. Undertakings on the ongoing legal suits, if any or not
- j. Contact references of two people/clients using same technology
- k. Any other information, if any

IX. Accounts Inspection

1. System of Accounting (Manually, Tally, SAP etc.).
2. CA Certificate for sources and utilization of funds.
3. Check source/receipt of funds with bank statement and books of accounts.
4. Receipt of Share application money with bank statement and ledger/CA certificate.
5. Share capital accounts (Ledger) to check with Minute book/ROC return and check share register.
6. Sanction and disbursement of loan: from letter of intent of institution/bank and disbursement with bank statement/CA certificate.
7. Bank Reconciliation statement.
8. Check cash payment systems.
9. Loan from promoters: secured or not secured.
10. Any other major receipt in the books of accounts.
11. Expenses on land : source, if paid in cash or in lieu of share capital, if share capital whether share allotted or otherwise.
12. Expenses on land development, expenses on building, boundary wall, road, etc.
13. Paid in advance or in full for purchase of plant & Machinery.
14. Expenses from 9 to 11 to verify from bills/invoices/purchase orders and payment to verify from books of accounts/bank statement including for purchases of fixed/moveable assets.
15. Fixed assets Register to verify/check entries for fixed assets.
16. Check preoperative expenses from ledgers, bank statements, vouchers, supports,
17. Insurance cover for all fixed/moveable assets.

18. Check deduction and payment of all statutory dues, Returns (Income Tax for 3 years, PF, ROC, VAT, Service Tax etc.) (Take a certificate from Company).
19. Internal audit report if available.
20. Balance Sheets of 2/3 previous years, if available.
21. Appointments of Board of Director (for payment of salary/perks to MD, Whole time Directors).
22. Contingent liabilities, Guarantee given by the company.
23. Suits filed by the company and against the company and Director.

*CA certificate for Sources & utilization of funds will be required

**Crosschecking by bank statements and with ledger

Annexure-III

Output and Outcome Monitoring details:

Venture Capital Fund for Backward Classes (VCF-BC) (CS)						
FINANCIAL OUTLAY (Rs in Cr)	OUTPUTS			OUTCOMES		
	Output	Indicators	Targets	Outcome	Indicators	Targets
Q1= Q2= Q3= Q4=	Financial assistance to Other Backward Classes Entrepreneurs	No. of Other Backward Classes Entrepreneur benefitted under the scheme		No. of Entrepreneur who availed financial assistance under the scheme	Increase in number of Other Backward Class Entrepreneurs who availed financial assistance	Q1= Q2= Q3= Q4=

Annexure-IV

Projections under VCF-BC for next 5 years

Year	Proposed No. of companies to be assisted with financial assistance Upto Rs. 5 Crore:	Proposed No. of companies to be assisted with financial assistance above Rs. 5 Crore:
2021-22	10	3
2022-23	10	3
2023-24	10	3
2024-25	10	3
2025-26	10	3