

**No. 14020/02/2014-SCD-IV**  
**Ministry of Social Justice and Empowerment**  
**Department of Social Justice and Empowerment**  
**SCD Bureau**

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**Scheme of 'Venture Capital Fund for Scheduled Castes'**

**OPERATIONAL GUIDELINES FOR FINANCIAL ASSISTANCE TO SCHEDULED CASTE ENTREPRENEURS**

**1. Background:**

The then Finance Minister in his Interim Budget Speech for FY 2014-15 made on 17<sup>th</sup> February 2014, inter-alia, announced the setting up of a Venture Capital Fund for Scheduled Castes as follows:

*“In order to promote entrepreneurship among the Scheduled Castes and to provide concessional finance to them, IFCI will set up a Venture Capital Fund for Scheduled Castes. I propose to provide an initial Capital of Rs. 200 crore, which can be supplemented every year”.*

The said allocation is under Social Sector Initiatives in order to promote entrepreneurship among the scheduled castes and to provide concessional finance to them.

**2. Objective of the 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:

- It is a Social Sector Initiative to be implemented nationally in order to promote entrepreneurship among the scheduled caste population in India.
- Promote entrepreneurship amongst the Scheduled Castes who are oriented towards innovation and growth technologies.
- To provide concessional finance to the scheduled caste 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.
- To increase financial inclusion for SC entrepreneurs and to motivate them for further growth of SC communities.
- To develop SC entrepreneurs economically.
- To enhance direct and indirect employment generation for SC population in India

### 3. Estimated SC Entrepreneur Population:

As per Census, 2011, the SC population is 20.13 crore, which constitutes 16.62% of the total population, in India. There is a huge potential in such a large economy like ours for such schemes out of which SC population can prosper and get opportunities to progress into the main stream.

Although, there is no reliable data on the profile of SC Entrepreneurs, but still, as per the rough estimates of various stake holders such as Dalit Indian Chamber of Commerce and Industry(DICCI) etc. there are 1000 Dalit entrepreneurs with combined turnover of Rs. Sixty thousand Crore. There are approx. 50 companies with turnover of Rs. 10 Crore or more. Hence, there is a huge demand for providing concessional finance to such companies which can uplift these businesses and such entrepreneurs.

(Source: DICCI)

### 4. Indicative features of the fund:

Sl. No.	Particulars	Details
1.	<b>Name of Sponsoring Agency</b>	Department of Social Justice and Empowerment, Ministry of Social Justice and Empowerment.
2.	<b>Size of the Scheme</b>	Initial Capital of Rs. 200 Crore, which can be supplemented every year.
3.	<b>Nature of Scheme</b>	Central Sector Scheme
4.	<b>Structure of the scheme</b>	The scheme would be setup as a fund registered under AIF regulations 2012 under SEBI with GoI as the Anchor investor and IFCI Ltd. as Sponsor investor. The process of setting up of the Scheme / Fund is placed at <b>Annexure I</b> .
5.	<b>Name of Asset Management Company (AMC) / Nodal Agency</b>	IFCI Venture Capital Funds Ltd.
6.	<b>Duration of the fund</b>	10 years from the date of implementation with provision of 2 years as extension.
7.	<b>Closings under the fund</b>	<i>Closing under the fund shall not be more than six months from the date of in-principal approval under AIF regulations of SEBI and before the registration of the Fund with SEBI. In case, some investors commit funds after the registration of fund, an amendatory Trust deed would be again submitted to the SEBI for approval for accommodating commitments of these investors.</i>
8.	<b>Drawdown period:</b>	<i>The capital contributions towards corpus of fund can be drawn upto 5 years from the date of Closing</i>

9.	<b>Investment Period</b>	<i>5 years from the date of Closing.</i>
10.	<b>Cost involved in the Scheme</b>	<p>1. <b>Expenses of fund:</b> 2% (<b>One time</b>) of the fund corpus, to be expended over the life of the fund.</p> <p>2. <b>Management fees to AMC:</b> A management fee @ 1.5 % p.a. of the aggregate Capital Commitment during the commitment period (upto drawdown period) and thereafter management fees will be @ 1.5% p.a. of the outstanding Capital Contributions.</p>
11.	<b>Return to the Investors of the fund</b>	<ul style="list-style-type: none"> <li>• 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.</li> <li>• Govt. of India with initial contribution of Rs.200 crore and the sponsor investor would be allotted Class B units.</li> <li>• Other Investors (such as LIC, GIC, other insurance companies and nationalized banks etc.), if they contribute, would be allotted Class A units.</li> <li>• Class A unit would have preference in redemption of units and also payment of returns over the Class B units.</li> <li>• Class A unit would get a hurdle rate of return of 10% p.a. the residual cash flow would go to Class B units.</li> </ul>
12.	<b>Approximate number of projects to be Financed</b>	<p>It is assumed that about 32* no. of projects shall be assisted out of Rs. 200 Crore. The above mentioned expenses and management fees shall also be drawn out of Rs. 200 Cr. The assumptions made for achieving the above no of deals is as below:</p> <ul style="list-style-type: none"> <li>• <b>Financial assistance upto Rs. 5 Crore - 12 deals*</b> ;</li> <li>• <b>Financial assistance above Rs. 5 Crore – 20 deals*</b>.</li> </ul> <p>• Further, the no of investee companies in case of fund corpus of Rs. 250 Cr., Rs. 350 Cr. And Rs. 500 Cr. Is enclosed at <b>Annexure II</b>. (*The figures may change &amp; vary depending on the quality and suitability/viability of cases)</p>
13.	<b>Alterations</b>	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 scheme will be implemented during 2014-15 throughout the country.

## 6. Indicative structure of the scheme

### 6.1 Eligibility Criteria:

- The projects/units being set up in manufacturing and services sector ensuring asset creation out of the funds deployed in the unit shall be considered;
- While selecting the SC entrepreneurs, women SC entrepreneurs would be preferred.
- Companies having at least 60% stake holding by Scheduled Caste entrepreneurs for the past 12 months with management control;
- Documentary proofs of being SC will have to be submitted by the entrepreneurs at the time of submitting the proposals;
- The SC promoters of Investee Company will not dilute their stake below 60% in the company till the exit under the scheme. However, in the event of any conversion of quasi-equity instrument under the scheme, strategic investments, buyouts etc, which result into dilution of stake of SC Entrepreneur, a prior written approval from Asset Management Company (AMC) would be required;
- *The companies applying for assistance of more than Rs. 5 Crore, shall preferably get their project appraised by the banks / FIs before approaching for assistance under the scheme.*
- *For Companies with sanctioned assistance of above Rs. 5 Crore, the money released by the Trust/Fund Manager would be in proportion to the loan tranche released by the Bank.*

### 6.2 Scheme details (Indicative):

Details of the financial assistance scheme are as below:

Sl. No.	Particulars	Details
1.	<b>Purpose of the Scheme</b>	To provide concessional finance to SC Entrepreneurs.
2.	<b>Investment focus</b>	Investments in projects / units being set up in manufacturing and services sector ensuring asset creation out of the funds deployed.
3.	<b>Nature of Financial Assistance</b>	<ul style="list-style-type: none"><li>➤ Equity/ Optionally/ Compulsorily convertible preference shares (maximum up to 25% of the corpus);</li><li>➤ Equity linked debt instruments such as:<ul style="list-style-type: none"><li>• Compulsorily convertible debentures;</li><li>• Optionally convertible debentures;</li><li>• Non-Convertible debentures, etc;</li></ul></li><li>➤ Debt / Subordinate Loans;</li></ul>
4.	<b>Tenure of Financial Assistance</b>	Up to 6 years in a company.
5.	<b>Moratorium on Principal</b>	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

		determined by the Investment Committee (defined at sr. no. 13).
6.	<b>Investment Size</b>	Rs. 0.50 Crore to Rs. 15 Crore. Aggregate assistance not more than two times the current net worth of the company
7.	<b>Expected Returns through Investment</b>	<ul style="list-style-type: none"> <li>• Equity instruments may yield returns at 15% p.a.</li> <li>• Debt/Convertible Instruments may carry returns at 10% p.a.</li> </ul>
8.	<b>Funding Pattern</b>	<p>Investment under the fund will be categorised as follows:</p> <p><b>i. Financial assistance upto Rs. 5 Crore-</b> 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;</p> <p><b>ii. Financial assistance above Rs. 5 Crore-</b></p> <p>a. Investment under this category shall be funded maximum upto 50% of the project cost. At least 25% of the project cost has to be financed by bank/other institutions. Balance 25% of the project cost will be funded by the promoters.</p> <p>b. The proposals forwarded by Banks or other financial institutions with sanction of 25% of the total project shall be considered. In this case, the projects shall have to be compulsorily appraised by the Banks or other financial institutions.</p>
9.	<b>Exit Mechanism</b>	<ul style="list-style-type: none"> <li>• Exit through payments out of operations, buyback/redemptions by promoters / companies, strategic investments, listing at Stock Exchanges or any other exit process.</li> </ul>
10.	<b>Security</b>	<p>The following securities may be envisaged during the investment:</p> <ul style="list-style-type: none"> <li>• The assets of the project being funded/ assisted under the scheme shall be charged for security. The project assets will include land, building, plant &amp; machinery and rights on licenses/ patents.</li> <li>• Pari-pasu charge on assets with the Banks/FIs in case of the companies applying for assistance of more than <b>Rs. 5 Crore.</b></li> <li>• 2<sup>nd</sup> charge of the assets created out of the investment where the 1<sup>st</sup> charge is held by the Bank/Fis.</li> <li>• In addition to the charge on assets, post-dated cheques and promissory notes shall be taken.</li> <li>• Personal guarantees of the promoters along with buyback agreement shall be entered.</li> <li>• 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</li> </ul>

		<p>shares would be decided on case to case basis.</p> <ul style="list-style-type: none"> <li>• In case no mortgage is available, the borrower may arrange collateral and corporate guarantees from family / friends / associates / group companies.</li> </ul>
10.	<b>Time limit for completion of the project</b>	<p>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.</p> <p>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.</p>
11.	<b>Selection process</b>	<ul style="list-style-type: none"> <li>• Any Proposal under the Scheme shall pass through two Committees and four stages: <ul style="list-style-type: none"> <li>a. <b>Screening Committee (Preliminary Stage):</b>The proposals shall be put up before the screening committee for initial analysis to see, whether the proposals are meeting the Eligibility Criteria &amp; Preliminary Appraisal Parameters as mentioned in <i>Annexure III</i>. After the clearance by the screening committee, the proposal shall be taken up for detailed appraisal, negotiations and structuring.</li> <li>b. <b>Investment Committee (Final Stage):</b> <ul style="list-style-type: none"> <li>✓ The detailed proposal as mentioned in <i>Annexure IV</i> prepared by the AMC shall be considered by the Investment Committee for sanction in case of eligible proposals.</li> <li>✓ The proposals appraised by the financing Bankers/Fis may also submit their appraised proposal for references to AMC.</li> <li>✓ The quantum of assistance shall be decided by this committee.</li> </ul> </li> <li>c. <b>Legal Documentation Stage:</b> 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.</li> <li>d. <b>Disbursement Stage:</b> 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 in tranches. For Companies with sanctioned assistance of above Rs. 5 Crore. The money released by the fund would be in proportion to the loan</li> </ul> </li> </ul>

		tranche released by the Bank. <ul style="list-style-type: none"> <li>The Screening Committee shall meet on monthly/regular basis to analyse the proposals received.</li> </ul>
12.	<b>Screening Committee / Investment Committee</b>	<ul style="list-style-type: none"> <li>Investment Committee / Screening Committee shall consist of representatives nominated by NSFDC, IFCI/IFCI Venture and one expert from outside having sufficient experience.</li> <li>None of the representative nominated in the screening committee shall be the representative at Investment Committee.</li> </ul>
13.	<b>Monitoring</b>	Periodic visits, inspection shall be carried out by the official of the AMC. The officials of AMC shall also be Nominee Directors on the board of these companies.
14.	<b>Alterations</b>	<ul style="list-style-type: none"> <li>On case to case basis, the above conditions terms/structure may vary and get modified /amended from time to time.</li> <li>The scheme is catering to various territories; the scheme can be modified, reviewed after 6 months to 1 year.</li> </ul>

## 7. Deal sourcing strategy

- Proposals shall be invited by way of Advertisements/ publications through Print & Electronic Media.
- Launch of the Venture Capital Fund for SC Entrepreneurs Scheme shall be brought to the knowledge of the other institutions/banks/Investment bankers/other VCs; so that they can inform and encourage their existing customers belonging to SC category.
- Proposal directly received by such entrepreneurs shall also be considered subject to the eligibility criteria.
- Approaching Dalit Indian Chamber of Commerce & Industry (DICCI) and its various chapters.
- Approaching institutions under Ministry of Social Justice and Empowerment such as [National Scheduled Castes Finance and Development Corporation \(NSFDC\)](#) and other State Finance Institutions for Schedule Castes.
- 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 entrepreneurs. They will also popularize the fund and help the entrepreneurs.

**8. Foreseeable constraints/ uncertainties:**

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

**9. Other Conditions:**

- *All the processes from the application stage to sanction 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 committees/ boards.



**Annexure – I**

<b>S. No.</b>	<b>STEPS FOR SETTING UP THE SCHEME / FUND</b>	<b>TIME</b>
<b>Setting up of Trust</b>		<b>3 – 4 Months</b>
1	Determine the Settlor of the Trust	
2	Determine the Sponsor of the Trust	
3	Appointment of Trustee	
4	Review and finalization of Trust Deed	
5	Review and finalization of Investment Management Agreement	
6	Registration of the Trust	
7	Obtaining Permanent Account Number for the Trust	
8	Opening a Bank Account of the Trust in India	
<b>Obtaining AIF Registration from SEBI (post registration of Trust)</b>		
9	Compiling the requisite information/ documents for preparing the AIF Application	
10	Preparing and finalizing the AIF Application	
11	Filing of AIF Application with SEBI	
12	Responding to queries raised (if any) by SEBI	
13	Having meetings and discussions, if required, with SEBI in connection with the AIF Application	
15	Obtaining the AIF Registration	
<b>Investor Documentation</b>		
16	Drafting of Private Placement Memorandum (‘PPM’)	
17	Review of PPM from a tax and legal perspective and finalizing the same	
18	Drafting and Review of Contribution Agreement	
19	Obtaining Firm Commitment Letter from the Investors	

**Deployment Plan of the fund for SC entrepreneurs****Case I: Fund Corpus – Rs. 250 crore**

<b>Funds Contribution</b>	<b>(Rs. Crore)</b>
Contribution of GoI (as Anchor Investor)	200.00
Contribution of IFCI Ltd.(as Sponsor)	5.00
<b>Total</b>	<b>205.00</b>
Contribution of IFCI Ltd.(as Investor)	45.00
<b>TOTAL FUND</b>	<b>250.00</b>
GoI%	80%
IFCI%	20%
<b>Fees and Charges By AMC:</b>	
One time Fees @2% of the fund	5.00
Management fees for first 5 years @1.50% p.a.	18.00
<b>Total Fees</b>	<b>23.00</b>
<b>Balance Fund for deployment</b>	<b>227.00</b>
GoIContribution	181.60
IFCI Ltd. Contribution	45.40
<b>Utilisation of Funding from GoI (Rs. 200 crore):</b>	
Financial assistance upto Rs. 5crore – (10% of the fund)	18.16
Financial assistance above Rs. 5crore – (90%of the fund)	163.44
No of companies (financial assistance upto Rs. 5 crore)	12
No of companies (financial assistanceaboveRs. 5 crore)	20
<b>Total Assisted Companies</b>	<b>32</b>
<b>Utilisation of Total fund (Rs. 250 crore):</b>	
Financial assistance upto Rs. 5crore – (10% of the fund)	22.70
Financial assistance above Rs. 5crore – (90%of the fund)	204.30
No of companies (financial assistance upto Rs. 5 crore)	15
No of companies (financial assistance above Rs. 5 crore)	26
<b>Total Assisted Companies</b>	<b>41</b>

**Case II: Fund Corpus – Rs. 350 crore**

<b>Funds Contribution</b>	<b>(Rs. Crore)</b>
Contribution of GoI (as Anchor Investor)	200.00
Contribution of IFCI Ltd.(as Sponsor)	5.00
<b>Total</b>	<b>205.00</b>
Contribution of IFCI Ltd.(as Investor)	45.00
Contribution of other investors	100.00
<b>TOTAL FUND</b>	<b>350.00</b>
GoI%	57%
IFCI%	14%
Other Investors%	29%

<b>Fees Charge By AMC:</b>	
One time Fees @2% of the fund	7.00
Management fees for first 5 years @1.50% p.a.	24.075
<b>Total Fees</b>	<b>31.075</b>
<b>Balance Fund for deployment</b>	<b>319.00</b>
GoI Contribution	182.29
IFCI Ltd. Contribution	45.57
Other Investors' Contribution	91.14
<b>Utilisation of Total fund (Rs. 350 crore):</b>	
Financial assistance upto Rs. 5 crore – (10% of the fund)	31.90
Financial assistance above Rs. 5 crore – (90% of the fund)	287.10
No of companies (financial assistance upto Rs. 5 crore)	21
No of companies (financial assistance above Rs. 5 crore)	36
<b>Total Assisted Companies</b>	<b>57</b>

**Case III : Fund Corpus – Rs. 500 crore**

Contribution of GoI (as Anchor Investor)	200.00
Contribution of IFCI Ltd.(as Sponsor)	5.00
<b>Total</b>	<b>205.00</b>
Contribution of IFCI Ltd.(as Investor)	45.00
Contribution of other investors	250.00
<b>TOTAL FUND</b>	<b>500.00</b>
GoI%	40%
IFCI%	10%
Other Investors%	50%
<b>Fees Charge By AMC:</b>	
One time Fees @2% of the fund	10.00
Management fees for first 5 years @1.50% p.a.	33.075
<b>Total Fees</b>	<b>43.075</b>
<b>Balance Fund for deployment</b>	<b>457.00</b>
GoI Contribution	182.80
IFCI Ltd. Contribution	45.70
Other Investors' Contribution	228.50
<b>Utilisation of Total fund (Rs. 500 crore):</b>	
Financial assistance upto Rs. 5 crore – (10% of the fund)	45.70
Financial assistance above Rs. 5 crore – (90% of the fund)	411.30
No of companies (financial assistance upto Rs. 5 crore)	30
No of companies (financial assistance above Rs. 5 crore)	51
<b>Total Assisted Companies</b>	<b>81</b>

**IFCI VENTURE CAPITAL FUNDS LTD.****Preliminary Appraisal**

**Name of the company** :  
**Location** :  
**(Regd. Office/Admin. Office)** :  
**Deal received through** :  
**Background** :  
**Proposed Project & location** :  
**Area of fund Utilization** :  
**Promoters** :  
**Present financial structure** :

Rs. in Crores

Particulars	2010-11	2011-12	2012-13	2013-14
Sales				
Profit after Tax				
Equity Capital				
Loan Funds				

**Projected profitability** :

Rs. in Crores

Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
Sales					
Profit after Tax					
Equity Capital					
PAT margin%					

**Offer to IVCF** :

Cost of the project	Means of Finance	Offer to IVCF

**Present valuation** :  
**Expected valuation** :  
**Expected IRR** :  
**Positive aspects** :  
**Negative aspects** :  
**Other observations** :  
**Suggestions** :

**Due Diligence Modules**

- I. Statutory documents of company**
  - a) Organization chart
  - b) Company contracts  
(ownership/rental/debt/consultancy/warranty/supplier/client/representation)
  - c) Shareholding 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, 13rganization 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 3  
years.
  - 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 3 yrs 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, cash flow)
- 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
  - \*\* Cross checking by bank statements and with ledger

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