IPO PREPARATION & DUE DILIGENCE CHECKLIST

Comprehensive Pre-Filing Readiness & Statutory Hygiene Roadmap (SME & Mainboard)

Mandated under SEBI (ICDR) 2018, Companies Act 2013, and NSE/BSE Stock Exchange Listing Criteria.

COMPANY / ENTITY NAME: _____ **TARGET LISTING: [ ] NSE Emerge [ ] BSE SME [ ] Mainboard**

LEAD PROMOTER / CFO: _____ TARGET ISSUE TIMELINE: _____

1. PILLAR 1: CORPORATE & CONSTITUTIONAL RECORDS

Statutory RoC & Secretarial Clean-Up

☐ 1.1 MOA / AOA (Memorandum & Articles of Association)

- Articles of Association harmonized for Public Limited company status (removal of private restrictions).
- Authorized Share Capital clause expanded to accommodate proposed public issue (Form SH-7).
- Statutory borrowing powers (Sec 180(1)(c)) and inter-corporate loans (Sec 186) duly sanctioned by special resolutions.
- Compulsory dematerialization clauses for 100% of equity shares aligned with NSDL / CDSL bylaws.

CRITICAL RED FLAG: Restrictive transfer clauses or outdated Private Ltd provisions remaining in AOA.

Action Items & Notes: _____

Statutory Reference: Companies Act 2013 Sec 13 & 14 **Status: [ ] Verified & Ready [ ] In-Progress [ ] Action Required**

☐ 1.2 Incorporation Documents & Secretarial Filings

- Certificate of Incorporation (Original) and fresh Certificate upon conversion to Public Limited (INC-27).
- CIN verification, registered office proof, and Master Data confirmation on MCA portal.
- RoC filings repository: MGT-14 (EGM approvals), PAS-3 (Allotments), AOC-4 & MGT-7 (Past 3-5 years).
- Statutory registers maintained up to date: Members (MGT-1), Directors/KMP, Charges, Contracts (MBP-4).

CRITICAL RED FLAG: Gaps in historical MCA filings or unrectified defect notices from Registrar of Companies.

Action Items & Notes: _____

Statutory Reference: RoC & MCA Portal Master Data **Status: [ ] Verified & Ready [ ] In-Progress [ ] Action Required**

☐ 1.3 Shareholding Records & Cap Table Audit

- Complete chronological equity allotment history from incorporation to present date with bank credits.
- Bonus issue approvals, rights issues, and share split documentation verified with bank realization.
- 100% Promoter shareholding dematerialized and free from unapproved liens/pledges.
- ESOP scheme alignment with SEBI (Share Based Employee Benefits and Sweat Equity) Regulations.

CRITICAL RED FLAG: Untraced historical cash subscriptions or un-dematerialized promoter share certificates.

Action Items & Notes: _____

Statutory Reference: SEBI ICDR 2018 Regulation 7 & 15 **Status: [ ] Verified & Ready [ ] In-Progress [ ] Action Required**

☐ 1.4 Board Resolutions & Committee Constitutions

- Board of Directors resolution formally approving IPO exploration, issue size, and appointing BRLMs.
- Shareholders Special Resolution passed in EGM approving public issue and fresh share dilution.
- Board reconstitution: 50% Independent Directors and at least 1 Independent Woman Director.
- Statutory committees formally chartered: Audit Committee, NRC, Stakeholders Relationship Committee.

CRITICAL RED FLAG: Lack of quorum in historic board meetings or failure to meet LODR independent board quotas.

Action Items & Notes: _____

Statutory Reference: SEBI LODR 2015 & Companies Act Sec 149 **Status: [ ] Verified & Ready [ ] In-Progress [ ] Action Required**

2. PILLAR 2: FINANCIAL & DEBT INFORMATION

IndAS Restatements, Tax Records & Lender Approvals

☐ 2.1 Audited Financial Statements & IndAS Restatement

- Audited Balance Sheet, Profit & Loss, and Cash Flows for preceding 3 to 5 full financial years.
- Restated Financial Statements prepared strictly under IndAS / SEBI ICDR with Auditor Examination Report.
- Statutory Auditor holds valid Peer Review Certificate issued by ICAI (Mandatory SEBI criteria).
- Elimination and adjustment of non-recurring, exceptional, or related-party transactions in restatements.

CRITICAL RED FLAG: Auditor qualification, adverse disclaimer, or non-peer-reviewed historical audit reports.

Action Items & Notes:

Statutory Reference: SEBI ICDR Schedule VI & IndAS

Status: [ ] Verified & Ready [ ] In-Progress [ ] Action Required

☐ 2.2 Tax Records & Statutory Reconciliations

- Income Tax Returns (ITR acknowledgements) and Tax Audit Reports (Form 3CD) for preceding 5 years.
- GST annual returns (GSTR-9) and audit reconciliations (GSTR-9C) matching reported financials.
- Status of pending direct and indirect tax assessments, show-cause notices, and tax demand registers.
- Transfer pricing audit reports (Form 3CEB) for international and domestic inter-company trade.

CRITICAL RED FLAG: Unreconciled revenue turnover differences between GST portals and audited P&L accounts.

Action Items & Notes:

Statutory Reference: Income Tax Act 1961 & CGST Act 2017

Status: [ ] Verified & Ready [ ] In-Progress [ ] Action Required

☐ 2.3 Bank Statements & Cash Flow Verification

- Bank statements for all current, CC/OD, and deposit accounts for preceding 12 to 24 months.
- Direct bank confirmation letters certifying account balances, drawing power, and credit compliance.
- Reconciliation of cash book entries against bank debits/credits without unexplained entries.
- Sanction terms compliance: Working capital limits, LC/BG facilities, and non-fund-based limits.

CRITICAL RED FLAG: Frequent bounce records, delayed EMI/interest servicing, or undisclosed dormant accounts.

Action Items & Notes:

Statutory Reference: Forensic Cash Flow Verification

Status: [ ] Verified & Ready [ ] In-Progress [ ] Action Required

☐ 2.4 Debt Information, Charges & Lender NOCs

- Comprehensive schedule of secured and unsecured borrowings: Principal, rate, tenor, and covenants.
- RoC Register of Charges (Form CHG-1) and Certificates of Satisfaction (CHG-4) for repaid loans.
- Written No Objection Certificates (NOCs) from principal lending banks and financial institutions for IPO.
- Personal guarantee schedules of promoters and plans for release/substitution post listing.

CRITICAL RED FLAG: Negative debt covenants prohibiting equity dilution or change in management without lender prior consent.

Action Items & Notes:

Statutory Reference: RoC Register of Charges & Covenants

Status: [ ] Verified & Ready [ ] In-Progress [ ] Action Required

3. PILLAR 3: LEGAL & STATUTORY CLEARANCES

Material Contracts, Litigation Registry & IP Rights

3.1 Material Commercial Contracts & Agreements

- Executed agreements with Top 10 customers and Top 10 suppliers (accounting for majority turnover/spend).
- Long-term commercial leases and registered title deeds for manufacturing plants, warehouses, and offices.
- OEM agreements, exclusive distributorship pacts, franchise licenses, and key equipment supply deals.
- Material vendor contracts verified for assignability, termination clauses, and indemnity liabilities.

CRITICAL RED FLAG: Informal or unexecuted verbal arrangements with major customers exceeding 10% of revenue.

Action Items & Notes:

Statutory Reference: SEBI ICDR Materiality Threshold

Status: [ ] Verified & Ready [ ] In-Progress [ ] Action Required

3.2 Litigation Information & Dispute Registry

- Comprehensive litigation search across District Courts, High Courts, Supreme Court, NCLT, and Tribunals.
- Material civil, criminal, arbitration, labor, and economic offense proceedings involving the company.
- Litigation audit of Promoters, Directors, and Group Entities as mandated by SEBI ICDR materiality policy.
- Contingent liabilities schedule with quantified exposure estimates and legal counsel opinions.

CRITICAL RED FLAG: Undisclosed winding-up petitions, willful defaulter tags, or criminal charges against promoters.

Action Items & Notes:

Statutory Reference: SEBI Material Litigations Policy

Status: [ ] Verified & Ready [ ] In-Progress [ ] Action Required

3.3 IP Documents (Intellectual Property Rights)

- Registered trademark certificates for corporate brand name, logos, product names, and taglines.
- Patents, industrial design registrations, and software copyrights registered in company's legal name.
- Assignment deeds transferring IP created by founders/employees to the corporate entity.
- Domain name ownership certificates, SSL registrations, and software license compliance records.

CRITICAL RED FLAG: Core company trademark registered under personal promoter name rather than company legal entity.

Action Items & Notes:

Statutory Reference: Trade Marks Registry & Patent Office

Status: [ ] Verified & Ready [ ] In-Progress [ ] Action Required

3.4 Regulatory Approvals & Operating Licenses

- Valid industrial licenses, Factories Act licenses, and local municipal corporation trade licenses.
- Pollution Control Board Consent to Establish (CTE) and Consent to Operate (CTO) for all manufacturing units.
- Industry-specific statutory clearances: FSSAI, CDSCO, RBI NBFC licenses, PESO, BIS, or DGFT IEC code.
- Fire and life safety certificates, labour welfare registrations (EPF, ESI, Gratuity Trust deeds).

CRITICAL RED FLAG: Expired environmental consents or operating industrial units without valid municipal occupancy NOC.

Action Items & Notes:

Statutory Reference: State & Central Statutory Authorities

Status: [ ] Verified & Ready [ ] In-Progress [ ] Action Required

4. PILLAR 4: BUSINESS & PROMOTER DILIGENCE

Market Viability, Objects of the Issue & Promoter Dossier

☐ 4.1 Comprehensive Business Plan & Objects of the Issue

- Detailed 3 to 5-year financial model with projected capacity utilization, revenue, EBITDA, and working capital.
- Itemized Objects of the Issue: Detailed capex schedule with independent engineer quotations and appraisals.
- Working capital requirement justification certified by statutory auditors or lending bankers.
- Strategic rationale for debt retirement, technology investments, or inorganic acquisition reserve.

CRITICAL RED FLAG: Vague, unitemized "General Corporate Purposes" allocation exceeding statutory 25% SEBI limit.

Action Items & Notes: _____

Statutory Reference: SEBI ICDR Objects of the Issue

Status: [ ] Verified & Ready [ ] In-Progress [ ] Action Required

☐ 4.2 Independent Industry Analysis & Market Research

- Independent industry research report commissioned from accredited agency (e.g., CRISIL, CARE, Technopak).
- Total Addressable Market (TAM), Serviceable Addressable Market (SAM), and CAGR growth forecasts.
- Competitive landscape analysis benchmarking market share, entry barriers, and technological moats.
- Peer group financial benchmarking matrix: Revenue growth, EBITDA margins, RoCE, RoNW, and P/E multiples.

CRITICAL RED FLAG: Absence of credible third-party market data supporting business growth projections in DRHP.

Action Items & Notes: _____

Statutory Reference: DRHP Industry Section Compliance

Status: [ ] Verified & Ready [ ] In-Progress [ ] Action Required

☐ 4.3 Customer & Supplier Concentration Analysis

- Customer revenue concentration: Breakdown of Top 5 and Top 10 clients over past 3 financial years.
- Supplier procurement concentration: Single-source vendor dependency and supply chain contingency plans.
- Historical client retention rates, average contract tenors, and order book backlog value certified by management.
- Aging analysis of trade receivables and provisioning policy for bad debts exceeding 180 days.

CRITICAL RED FLAG: Over 65% revenue dependency on a single customer without long-term multi-year contractual lock-in.

Action Items & Notes: _____

Statutory Reference: DRHP Operational Risk Factors

Status: [ ] Verified & Ready [ ] In-Progress [ ] Action Required

☐ 4.4 Promoter Information & KYC Verification

- Complete KYC dossier for all individual and corporate promoters: PAN, Passport/Aadhaar, DIN, and CIBIL score.
- Statutory net worth certificates issued by practicing Chartered Accountants for individual promoters.
- Promoter Group mapping: Disclosures of all group companies, cross-holdings, and Related Party Transactions (RPTs).
- Written affidavits confirming promoters are not classified as Wilful Defaulters or Fugitive Economic Offenders.

CRITICAL RED FLAG: Promoter involvement in past SEBI debarment, stock exchange penalties, or unresolved loan defaults.

Action Items & Notes: _____

Statutory Reference: SEBI ICDR Promoter Group Disclosures

Status: [ ] Verified & Ready [ ] In-Progress [ ] Action Required

GLOCAL 14-DAY FORENSIC READINESS DIAGNOSTIC
Before engaging Merchant Bankers, Glocal Consultants conducts an exhaustive 14-day forensic audit across all 16 criteria above.
We eliminate secretarial gaps, optimize IndAS restatements, and structure your DRHP for smooth, observation-free SEBI clearance.

ISSUER DUE DILIGENCE AUDIT SIGN-OFF

Managing Director / Promoter Signature: _____ Date: _____

Glocal Capital Markets Lead Partner: _____ Readiness Score: _____ / 100

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