

# Corporate & Financial Due Diligence Report

*[Name of the company]*

## I. Executive summary

- Summary of the report, which should basically be the summary of the observations of the team, highlighting the key concerns, positive as well as negative.
- Minimum of a couple of pages.
- Students are required to list major concerns or positive attributes of the company, which may be the deal maker or deal breaker for the proposed transaction.

## II. Disclaimer

- Students may add the disclaimer section to the DDR, in their own words.
- Limitations and challenges in drafting the DDR may be mentioned under this section with an appropriate heading.

## III. Name & details of the Company

- Name, registered address, Industry type.
- Incorporation Year.
- Stock Exchange(s) on which its Securities are listed.
- Chairman and Managing Director of the Company.
- Company Secretary and Auditor of the Company along with their remuneration.
- Directors (Executive, Non-Executive, Independent Directors) with the date of joining, resignation (if any) in last year, along with their remuneration.
- Registrar Details.
- Last Annual General Meeting (AGM) Date.

**Note:** Students should keep in mind that application of legal provisions (including Securities Regulations) and analysis of the same is important.

Merely putting the facts and figures won't fetch even a decent mark.

## IV. Company Business and business model

- Summary of Main & other business.

- Main Products/ Services rendered by the Company.

**Note:** Students should only mention the broad area of business. This part should be as brief as possible.

The competitive & strategic aspects of the business and its relevance in the supply chain should be highlighted, which may be crucial in your opinion in the transaction.

#### **V. Balance Sheet Overview [Recent audited Balance Sheet]**

- Authorised and Paid-up Share Capital.
- Sources of Finance i.e. Equity, Preference, Debt, or any other Hybrid Instruments.
- Shareholding Patterns i.e. Promoter's, QIBs, Public Holdings etc.
- Reserves & Surpluses.
- Secured and Unsecured Loans.

**Note:** Students are expected to apply legal provisions (such as Companies Act 2013, Indian Accounting Standards, applicable Securities Laws such as SEBI (LODR) Regulations etc.) and lead an academic discussion and explain each and every input briefly.

#### **VI. Main source of income [Recent audited profit & loss account]**

- Gross Income.
- Profit Before Tax (PBT).
- Profit After Tax (PAT).
- Long-Term and Short-Term Investment by the Company.

**Note:** Students are expected to apply legal provisions (such as Companies Act 2013, Indian Accounting Standards, applicable Securities Laws such as SEBI (LODR) Regulations etc.) and lead an academic discussion and explain each and every input briefly.

#### **VII. Market Cues**

- Price (Unit. Curr.)
- Earnings Per Share (EPS)
- Cash Earnings Per Share (CEPS)
- Enterprise Value
- Dividend Yield %

## VIII. Important Ratios

### Operational & Financial Ratios

- Book NAV
- Adjusted Book Value
- Dividend Pay Out Ratio (%)

### Performance Ratios

- ROA (%)
- ROE (%)
- ROCE (%)
- Working Capital/Sales

### Financial Stability Ratios

- Total Debt/Equity
- Current Ratio
- Quick Ratio

**Note:** For VI, VII & VIII – students should explain the concepts involved in cues and ratios in detail. Academic and market-oriented discussion is expected in this regard.

Students are expected to mention - how the company performs regarding those cues and ratios. Comparison with peers in the same or similar industry may be beneficial to establish and highlight the important aspects.

The inputs should be strictly in your own words and not plagiarised, else will attract a penalty.

## IX. Report [Recent Reports]

- At least 2-3 important financial highlights of the Directors' Report (“**DR**”), if any.
- At least 2-3 important financial highlights of the Management Discussion and Analysis Report (“**MDAR**”), if any.
- At least 2-3 important financial highlights of the Auditors' Report (“**AR**”), if any.

**Note:** Students are expected to give a brief explanation of the legal provisions involved for a better understanding of non-law executive(s).

**Note:**

- i. This DDR is intended to generate learning outcomes in the students. This exercise shall not be treated and undertaken as simply copying and pasting the available information. Rather, to understand the different financial aspects of the company.
- ii. Students will be marked on the basis of discussion & analysis of applicable laws (i.e. acts, rules, regulations, standards etc.). Non-compliance of the above aspects should be highlighted separately in *italics*.
- iii. The applicable year shall be the financial year 2021 – 22. Comparisons may be made with the past financial year of the company.
- iv. For the purpose of this DDR, only standalone financial statements should be considered. Practical implications and impact should also be discussed.
- v. There is no upper word limit for this DDR. The idea is to give students the freedom to express themselves. However, repetition of inputs/ discussion/ analysis should be avoided.
- vi. Under different aspects/ provisions/ sections, a **box should be added** to highlight the following aspects.

**Applicable Legal Provisions:** ..., if any.

**Discussion about the concept:** ..., if any.

**[Individual Students Name]'s Observations:** ..., if any.

**Note:** All the laws and observations should be in the words of the students, preferably in the form of 'narration' reflective of your understanding. Cut, copy and paste approach should be avoided at all cost.

More than one student can mention their comment(s) in a box, if the input is substantial and independent analysis. Repetition of inputs should be avoided.

- vii. The company under consideration is a listed company. Hence, all the relevant information(s) are either publicly avail or are available on the website of the listed company, stock exchange(s) and SEBI.
- viii. Students may visit - <http://jguelibrary.informaticsglobal.com:2147/Analyser.aspx?MenuCode=C3> for information too. JGU has access to the aforementioned resource through the e-library of JGU. Students may refer to Money Control or other similar websites.
- ix. Individual or Group Comments are required against every heading. Marks will be depended on the comments section, which will add value to the Financial DDR.
- x. This assignment is an academic exercise and hence academic discussion is crucial.

- xi. Format, visuals, presentation and graphics will also carry marks. Therefore, the students should be mindful of how the DDR is drafted, coherence & flow of information, highlighting, analysis, discussion of crucial aspects of inputs, design & visual effect of the DDR etc. The DDR must be presented in a professional manner.
- xii. Please mention, N.A (not applicable) if some headings/particulars are irrelevant for certain kinds of companies. However, the related concepts should be discussed, even if a particular heading is irrelevant to your company. The broad format of this DDR cannot be modified/changed.