

## STARTUP GOVERNANCE SERIES · PART 3 COMPANION

# Founder's Pre-Diligence Checklist

Work through this before you open a data room. Every 'no' is a diligence gap to close now — far cheaper than under a signed term sheet with a clock running.

## BOOKS & RECONCILIATIONS

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- Last 24 months of monthly management accounts exist and are finalised
- Books reconcile to bank statements for every month
- Revenue in MIS ties to GST returns and income-tax filings
- No unexplained manual journal entries near period-ends

## GST / TDS / INCOME-TAX RECORDS

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- All GST returns filed; ITC reconciled (GSTR-2B)
- TDS deducted, deposited and returns filed on time
- Income-tax returns filed; no open demands undisclosed
- Advance tax paid; provisioning current

## ROC & FEMA FILINGS

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- Annual ROC filings (AOC-4, MGT-7) up to date
- Board resolutions and statutory registers maintained
- FC-GPR / FLA filed for any foreign investment
- Director KYC current

## CAP TABLE & ESOPS

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- Cap table reconciles to board resolutions and share certificates
- Every allotment / transfer backed by the correct filing
- ESOP grants approved by board with a documented scheme
- No undocumented equity understandings with past founders/employees

## CONTRACTS, REVENUE & COLLECTIONS

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- Signed customer contracts on file for material revenue
- Revenue-recognition policy documented
- Customer-wise collection history available
- Vendor agreements signed and retained

## PAYROLL, PF/ESI & PEOPLE

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**FOUNDER'S PRE-DILIGENCE CHECKLIST (CONT.)**

# Founder's Pre-Diligence Checklist

**PAYROLL, PF/ESI & PEOPLE (CONT.)**

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- Payroll register reconciles to headcount and the deck
- PF / ESI / PT registered and filings current
- Offer letters and key employee agreements on file

**RELATED PARTIES, LITIGATION & DATA ROOM**

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- Related-party transactions disclosed, approved and at arm's length
- Litigation, notices and contingent liabilities summarised
- Data room structured with a document index
- Investor-ready financial pack prepared

*When diligence begins, the investor should be verifying records — not discovering gaps.*

Need help closing the gaps? [phanibharadwaz.com/services/startup-controls-due-diligence-readiness/](https://phanibharadwaz.com/services/startup-controls-due-diligence-readiness/)