

## **Startup Due Diligence Readiness Checklist**

This **self-assessment checklist** helps startup founders see if they are prepared for investor due diligence. Each item can be **scored as follows**:

- **2 points:** Fully ready / well-documented / clear
- **1 point:** Somewhat ready / needs improvement
- **0 points:** Not ready / missing

### **1. Product / Service Due Diligence**

S.N	Checkpoint	Score (0/1/2)
1	Do you have a clear, simple explanation of your product/service and how it works?	
2	Does your product/service solve a clear problem in the Nepali market (e.g., for Nepali youth, rural areas)? Are you able to show proof that the product solves a real problem?	
3	Can you explain how your solution fits with Nepali habits or culture?	
4	Have you tested your product/service with real users or customers?	
5	Do you have a working demo, prototype, or a video demonstration?	
6	Are you able to show proof that the product solves a real problem?	
7	Have you collected feedback from customers (testimonials, reviews)?	
8	Do you have a clear plan for improving your product over time?	

### **2. Market Due Diligence**

S.N	Checkpoint	Score (0/1/2)
1	Do you have a defined target customer (by location, income, age, etc.)?	
2	Can you estimate the size of your Nepali market (TAM, SAM, SOM)?	
3	Did you research or list local competitors (including the informal sector)? Can you name your main competitors?	
4	Do you know what sets you apart from competitors (competitive advantage)? Or Do you know what makes your product/service unique compared to competitors?	
5	Can you describe your current traction in the market (sales, downloads, users, or growth)?	

6	Do you have a pricing strategy?	
7	Do you have a go-to-market strategy designed for the Nepali context?	

### **3. Financial and Tax Due Diligence**

S.N.	Checkpoint	Score (0/1/2)
1	Do you maintain proper financial records / Book keeping using tools, spreadsheet, or software?	
2	Are all your expenses verifiable with receipts/invoices, as per Nepali standards?	
3	Do you have up-to-date financial statements (income, expense, cash flow)?	
4	Are you registered for PAN/VAT ?	
5	Do you keep up-to-date with tax filings?	
6	Can you show a simple budget or financial projections for the next 1-3 years?	
7	Do you keep records of your past funding, loans, or grants?	
8	Are you clear about your revenue model and how you make money?	
9	Is your personal and business finance clearly separated?	

### **4. Legal Due Diligence**

S.N.	Checkpoint	Score (0/1/2)
1	Is your business properly registered (Private/Ltd/Partnership/Cooperative) in Nepal?	
2	Do you have updated business licenses and permits?	
3	Are all founder agreements formalized, ideally notarized or registered?	
4	Are employee contracts and NDAs in place?	
5	Is your intellectual property protected locally (trademark/patent registration if needed)?	
6	Are there any ongoing or past lawsuits (if yes, documents ready)?	
7	Are all supplier and customer contracts written and available for review?	
8	Are your board and shareholder meeting minutes up-to-date and properly recorded?	
9	Is your business insured (property, liability, health) as needed operations?	

### **5. Operational Due Diligence**

<b>S.N.</b>	<b>Checkpoint</b>	<b>Score (0/1/2)</b>
1	Do you have an organizational chart or list of team members and their roles?	
2	Are your core business processes (sales, delivery, customer support) mapped out / documented?	
3	Do you have key local suppliers/partners documented with agreements/MOUs?	
4	Do you use any tools/software to track operations (CRM, project management)?	
5	Do you have clear SOPs (standard operating procedures) for hiring, sales, or customer queries?	

### **6. Technical / Intellectual Property (IP) Due Diligence**

<b>S.N</b>	<b>Checkpoint</b>	<b>Score (0/1/2)</b>
1	Is your technology documented (e.g., architecture diagrams, how it works) for non-technical staff?	
2	Do you own the source code, patents, trademarks, or other IP needed for your business?	
3	Have you done an IP search to confirm you are not infringing on others? Or have you checked that you are not violating Nepali copyright or IP laws?	
4	Do you own and control your website, apps, social media pages?	
5	Are your digital assets (website, code, data) backed up and secure?	
6	Does your IT/technical system comply with data protection and privacy rules (if dealing with user data, health, or financial info) in Nepal?	

### **7. Personnel / Social Due Diligence**

<b>S.N</b>	<b>Checkpoint</b>	<b>Score (0/1/2)</b>
1	Do you have founder and key team member CVs/profiles?	
2	Does your team have a mix of skills needed for success?	
3	Are team roles, responsibilities, and equity (if any) clearly defined?	
4	Are there basic HR or staff policies (work hours, leave, code of conduct) in place?	
5	Have you assessed the risks of employee turnover and identified critical team members?	

6	Do you have a simple emergency or succession plan if a key person leaves or is unavailable?	
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**Total Number of Questions: 50**

**Total Points: 50 \* 2 = 100**

$$\text{Readiness Percentage} = \left( \frac{\text{Total Score}}{\text{Maximum Possible Points}} \right) * 100$$

$$=$$

## **How to Use the Checklist**

To calculate the percentage score for evaluating readiness based on the checklist, follow these steps:

- 1. Score honestly** for each item.
- 2. Count only applicable questions:**
  - Go through the checklist and cross out all questions that do not apply to your company (for example, if you are a solo founder, questions about team equity might not apply).
  - Count the total number of questions that are relevant to your startup.
- 3. Calculate the maximum possible points.**
  - Multiply the number of applicable questions by 2 (since each question can get a maximum score of 2).
- 4. Score your total**
  - Add up your actual score based only on the applicable questions.
- 5. Calculate your readiness percentage:**

$$\text{Readiness Percentage} = \left( \frac{\text{Your Total Score}}{\text{Maximum Possible Score (Applicable Questions Only)}} \right) * 100$$

**6. Compare your score percentage with the readiness levels:**

- **0% to 50%:** High risk; do more homework before talking to investors.
- **50% to 75%:** Somewhat ready, but needs improvement.
- **75% or higher:** Good shape, but still check for gaps.

**Example**

- Suppose 5 out of 50 questions do not apply to you, so you have 45 applicable questions.
- Maximum possible score = 45 questions × 2 points = 90 points.
- Your score (from the 45 applicable questions): 68.

So, calculate percentage:

$$\text{Readiness Percentage (\%)} = (68 / 90) \times 100 = 75.6\%$$

Interpretation:

- 75.6 % falls in the **50-75% or higher** range → Good shape, but still check for gaps.