M&A Deal Assessment POC

{HDFC (SEBI Financials)}

~Shreya Singh

1. What this POC is about

We wanted to test if we could automate reviewing a company's financial health before thinking about an M&A deal. So, I built a small pipeline using SEBI financial filings of HDFC to extract, analyse, and get a clear, structured view on their financials.

This POC uses three lightweight agents:

- **PDF Extractor Agent**: Reads financial PDFs and pulls out structured text.

- **Red Flag Detector Agent**: Checks for financial anomalies and red flags.

- **Report Generator Agent**: Generates a clean M&A readiness report.

The idea is to save time while reviewing financials and catch anything weird before we move ahead with detailed due diligence.

2. What data we used

I downloaded official **HDFC filings from SEBI**, including:

- Quarterly and annual financial statements

- Investor updates

- Detailed SEBI disclosures

These were fed into the pipeline to extract key financial metrics and any areas that need a deeper look.

3. How it worked

1. **PDF Extractor Agent** pulled readable text from three to four 60+ page SEBI PDFs cleanly using **PyMuPDF**.

2. **Red Flag Detector Agent** used GPT-3.5 to check for missing data, sudden swings in financial metrics, and any textual hints on penalties or governance issues.

3. **Report Generator Agent** pulled these flagged findings and summarised them clearly, outputting them into a readable report (and a PDF if needed).

All of this ran locally using lightweight LLM calls and could handle multiple PDFs.

4. <u>Key findings</u>

- No major red flags in the extracted HDFC financial data.

- Found areas with limited data on contingent liabilities, flagged for manual follow-up.

- Revenue growth consistent, but some expenses spiked in certain quarters, flagged to cross-check with notes.

- Governance and compliance sections clear, with no hidden risks detected.

Overall, based on the SEBI financials, HDFC looks stable from a high-level M&A readiness perspective, but detailed financial due diligence will still be needed before moving forward.

5. <u>Why this matters</u>

- Helps reduce **manual sifting and people craming** through hundreds of pages of PDFs.

- Highlights areas to double-check before proceeding with a deal.

- Generates a **clean, manager-readable report** without wasting hours.

- Keeps our M&A pipeline light and automated.

<u>Next steps</u>

- Add simple financial ratio checks to get clearer quantitative signals.

- Set up an easy trigger so the system auto-runs when new SEBI filings are available.

- Connect outputs with our NDA and SPA checks so when we move forward with a deal, we already know the financial red flags.

<u>Conclusion</u>

This POC shows we can automate initial M&A readiness checks using SEBI data reliably, making it faster to decide if a company is worth deeper evaluation without spending hours upfront.