

Financials

- **Projected EBITDA:** The company forecasts its EBITDA to have a 15.9% CAGR for Year A to C. While the company reports in the CIM that the growth in EBITDA in Year B is due to the revenue growth and reduction in SGB&A costs, however, there are no strategies provide for the Years B to C. It would be interesting to understand the key assumptions behind the forecasted EBITDA for the Years B to C (i.e. due to increasing revenue, foreseeable drop in certain costs, etc.)
- **Cost Breakup:** The breakup of the various costs is only reported for the Year A. In order to analyze trends and perform analysis it would be important to get these figures for the historical and projected period. For the Year A: *(request for information)*
 - a. 'Warehousing – Dedicated' cost accounts for 55.6% of the total operating expense, does the management foresee this cost to go down with the increasing scale of the business?
- **Balance Sheet & Cash Flow:** There was very limited information on the balance sheet and cash flow statements. It would be important to analyze these statements, especially to understand: *(request for information)*
 - a. The cash level trends and other operating, investing and financing activities historically
 - b. How much bad debt is written off, historically?
 - c. What are the different liabilities for the company?
 - d. How much cash flow is projected for next four years?
- **Pre-Paying Clients:** The company has two large Dedicated segment 1 client that prepay monthly revenue with the majority paying within x-y days
 - a. How much do these 2 clients contribute to the total segment 1 revenue?
 - b. Does the management foresee an increase in the number of clients prepaying monthly revenues?
- **Lease Obligations:** Operating lease payments have been estimated to fall in between the years A-C when ~45.0% of the company's warehouse spaces are rented. It would be interesting to gather more details on the lease structure *(request for information)*

Operations

- **Omni Channel:** The company has made historical investments and strategic decisions to develop deep omni channel capabilities that meet complex client demands where competitors cannot
 - a. It would be great to get a detailed sense on the investments made by the company (i.e. infrastructure development, talent acquisition, etc.) as the company reports its omni channel capabilities to be one of the key growth factors
- **Ecommerce Market:** The company's growth strategies capitalize on its early leadership in Ecommerce with a significant addressable market of \$10.0 bn and rapid +19.0% year-over-year growth as commerce increasingly migrates online
 - a. Is there any strategy developed/implemented to capture the high growing e-commerce segment?
 - b. How much does the management foresee its revenue and EBITDA growing directly due to the impact of the growing Ecommerce market?

Request and Guidelines Provided

- Prepare a Due Diligence Questionnaire (DDQ) highlighting the potential areas of due diligence based on the information reported on company's Confidential Information Memorandum (CIM)
- Analyze the financial trends of the company to identify any discrepancies

Methodology and Final Deliverable

- Identified gaps in the company's projected growth data
- Performed financial analysis to reveal revenue volatility in one of the segments
- Identified missing information regarding the loss of a major account
- Created a document presenting all the questions around the company's financial metrics, operational performance, segment breakdowns, growth strategies, customers, and competitors

Documented a questionnaire for the management team post analysing the company's CIM and highlighting key due diligence touch points