



The 10-Point "Invest-Check" List

STRATEGIC DUE DILIGENCE FOR MODERN INVESTORS

By Asim Mateen

01 Circle of Competence

THE LOGIC The "Napkin Test"

SIMPLER TERMS Can you explain to a 10-year-old how this company makes money in 2 minutes? If it's a "black box," you don't know the risks. Never invest in what you don't understand.

02 Solvency

THE LOGIC Owning vs. Owing

SIMPLER TERMS Think of a household earning ₹50k but owing ₹50 Lakhs. One bad month = bankruptcy. We want companies that own more than they owe.

Target: Debt-to-Equity < 0.5.

03 The Economic Moat

THE LOGIC The "Castle Wall"

SIMPLER TERMS What stops a rival from stealing their customers? Look for a powerful brand (Apple), patents, or a network effect. No wall = No long-term profit.

04 Revenue Velocity

THE LOGIC Is the cake getting bigger?

SIMPLER TERMS Look at 3-5 year trends. Are they actually selling more products? Beware of companies cutting costs to "look" profitable without real growth.

05 Skin in the Game

THE LOGIC Does the Chef eat his cooking?

SIMPLER TERMS You want the CEO to own shares so they win/lose with you. If they are selling their own stock while telling you to buy, run away.

06 Valuation Reality

THE LOGIC Price vs. Value

SIMPLER TERMS A Ferrari is great, but not for \$10M. Great companies can be bad investments if overpaid. Compare P/E to history. Don't buy hype.

07 Free Cash Flow

THE LOGIC Real Cash vs. Paper Profit

SIMPLER TERMS "Profit" is an opinion; Cash is a fact. Ensure they have cash left over after paying all bills. If Profit is high but Cash is zero, it's a red flag.

08 Diversification

THE LOGIC Don't Double Down

SIMPLER TERMS Buying a 6th Bank stock doesn't make you safer; it makes you vulnerable to a banking crash. Ensure this isn't just a copy of what you already own.

09 Exit Strategy

THE LOGIC Know When to Fold

SIMPLER TERMS Emotions kill returns. Write down "Sell if..." rules before buying. If you don't have a plan, fear will make the decision for you.

10 Macro Climate

THE LOGIC The Weather Report

SIMPLER TERMS Look outside the company. War? High Rates? Identify the one "storm" that could sink the ship, no matter how good the captain is.