



## WEBINAR ON

# THE IPO JOURNEY

Key Steps & Strategic Decisions



# EQUITY CULTURE IN INDIA

01

The equity culture in India is evolving rapidly, driven by economic growth, financial education, technological advancements, and favourable regulatory reforms

02

The number of Demat accounts in India surged by 32.25% year-on-year, reaching 15 crore (approx.) in March 2024, compared to 11 crore (approx.) in March 2023

03

In March 2024 alone, 0.3 crore new Demat accounts were opened, highlighting a consistent increase in investor participation

04

The total market capitalization of all listed companies on Indian stock exchanges (NSE) reached approximately \$5 trillion, with the latest \$1 trillion addition achieved in just six months

05

The equity segment's daily average turnover increased over 4.5 times, from INR 17,818 crore in FY15 to INR 81,721 crore in FY24

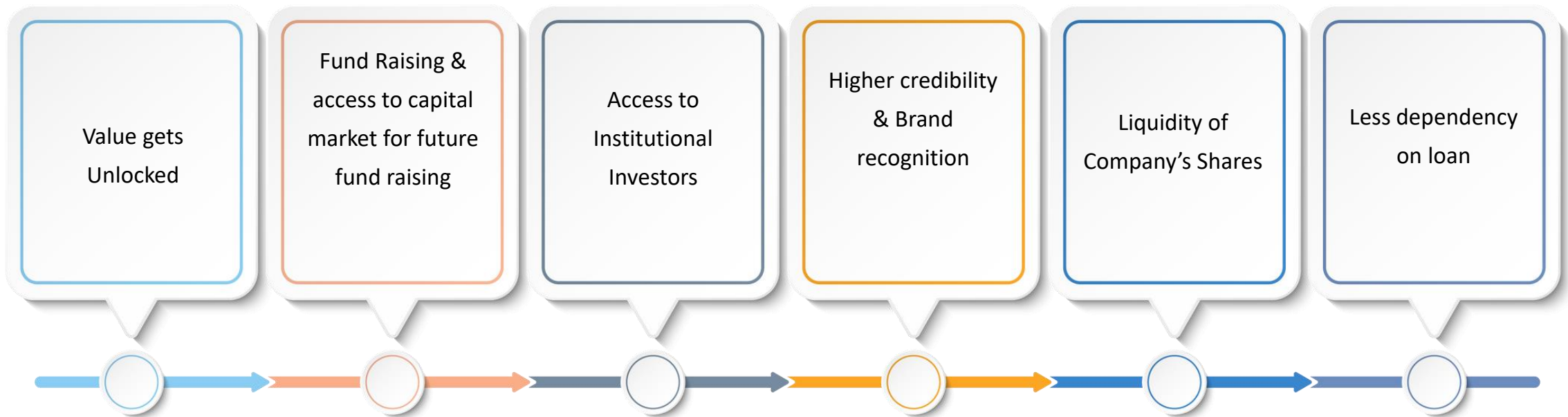


# IPO MARKET

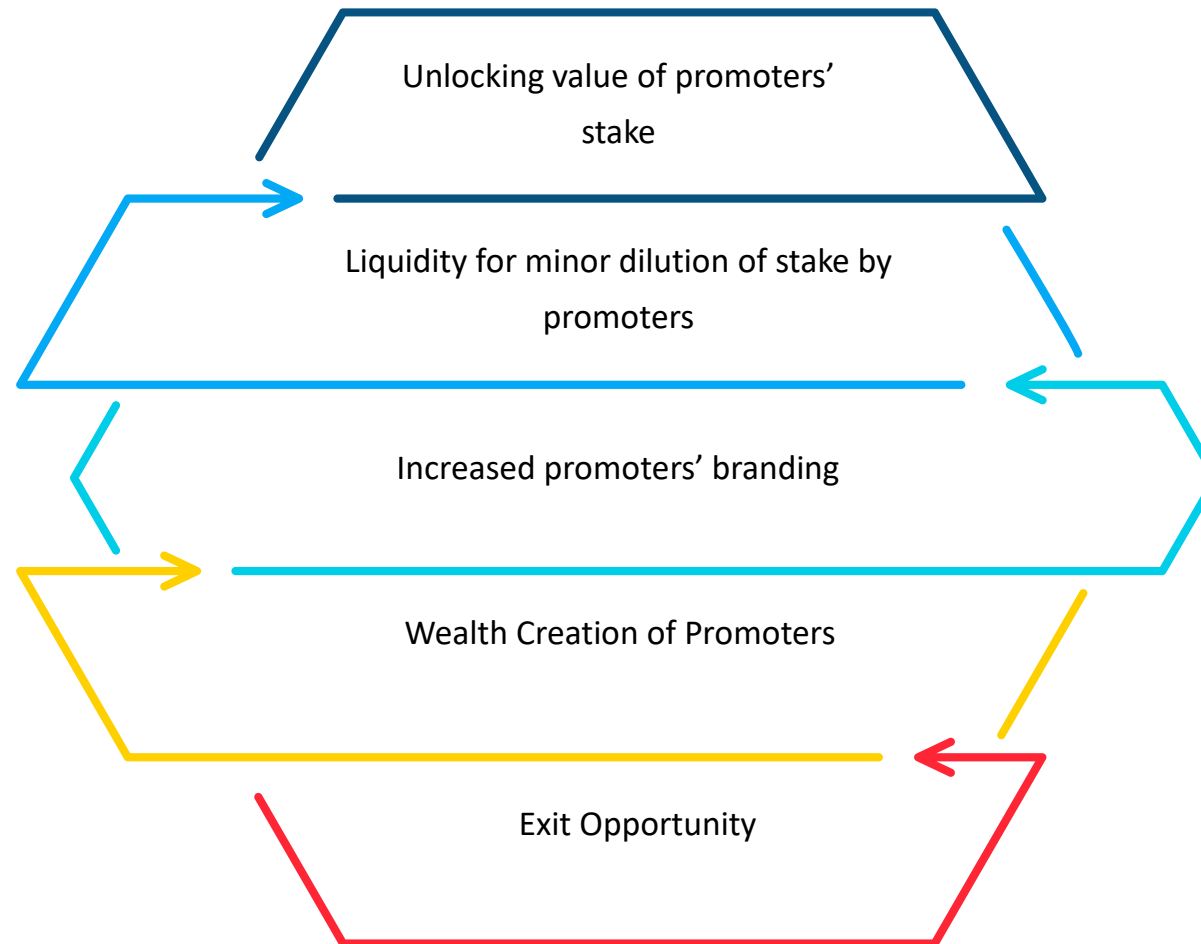
- An IPO is the process to raise capital from Public in a private company.
- Through IPO, the Company raises funds from public for growth and expansion.
- The IPO process involves detailed preparation, marketing, pricing, and launching shares on the stock exchanges.
- Companies face market volatility, increased regulatory scrutiny, and substantial costs associated with an IPO
- Going public enhances a company's credibility, market presence, and brand recognition.
- IPO provides a platform to establish market presence, enhance visibility, and attract investment for sustained growth



# BENEFITS OF IPO – FOR COMPANY



# BENEFITS OF IPO – FOR PROMOTERS



# BENEFITS OF IPO – FOR EMPLOYEES

Offering of IPO shares at discount to employees through differential pricing norms



Bond and incentivize key people with long term incentive plans through ESOPs

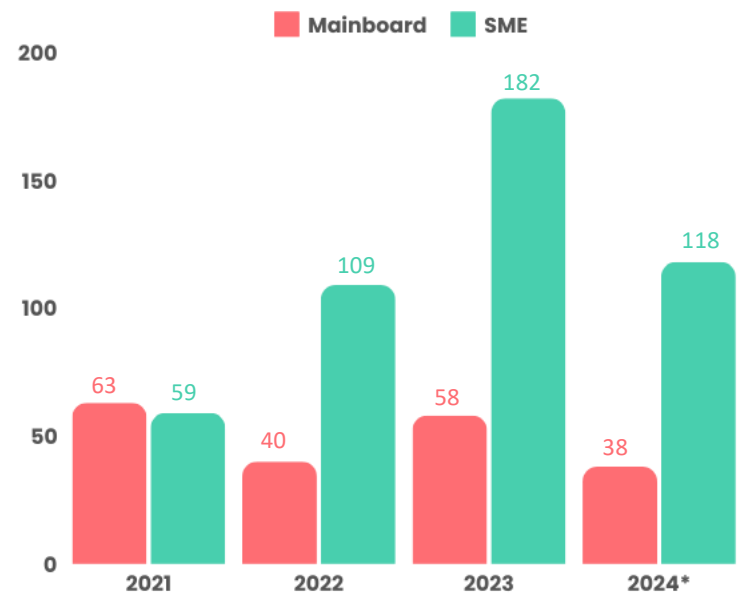
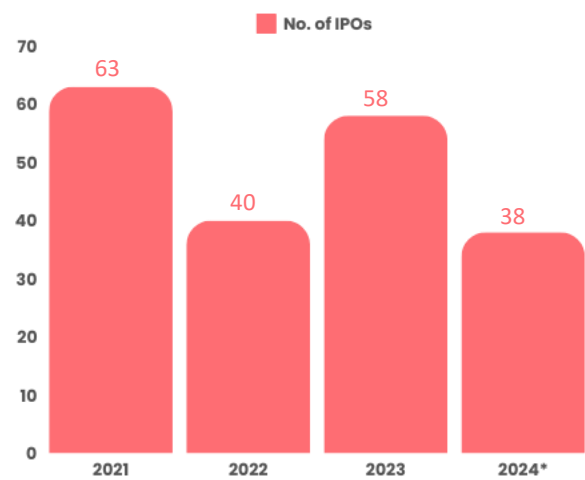
SEBI has taken several recent steps to promote investment in India and enhance the regulatory framework. Here are some notable initiatives:

- 01 Introduction of Accredited Investor Framework
- 02 Reforms in Mutual Fund Regulations
- 03 Framework for REITs and InvITs
- 04 Enhanced Disclosures and Governance Standards
- 05 Facilitation of Easier Listing and Fundraising.
- 06 Promotion of Investor Education and Awareness
- 07 Use of Technology and Digital Initiatives

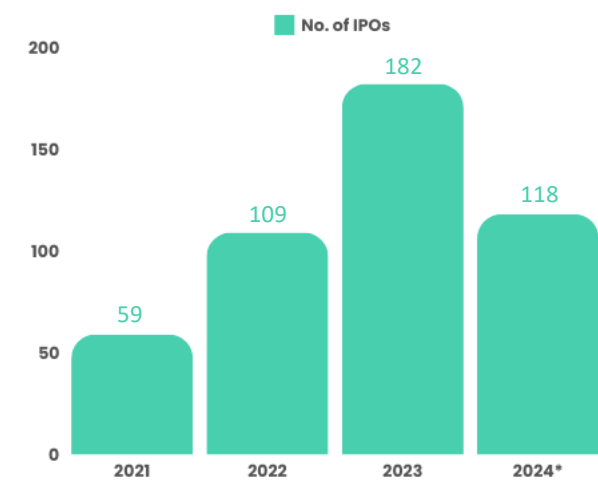
**STEP TAKEN BY  
SEBI FOR  
PROMOTION OF  
EQUITY CULTURE**

# IPO Trends – Total Number of IPOs

## MAINBOARD



## SME

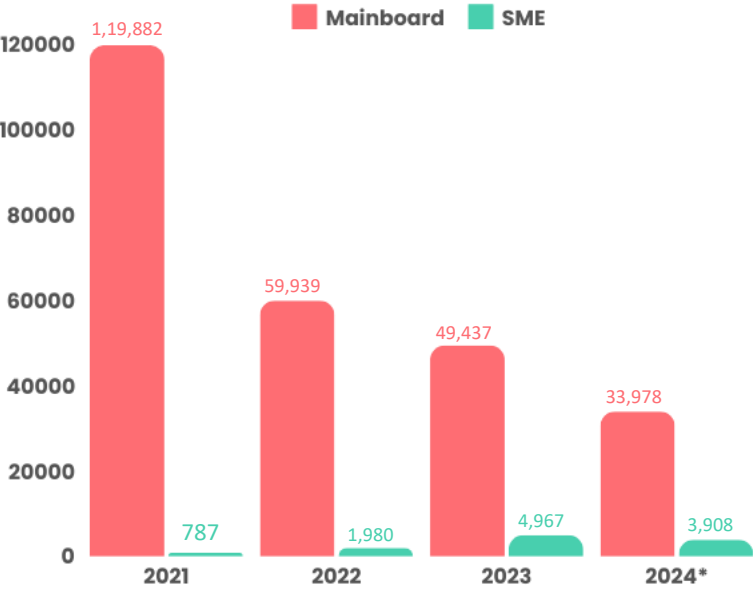
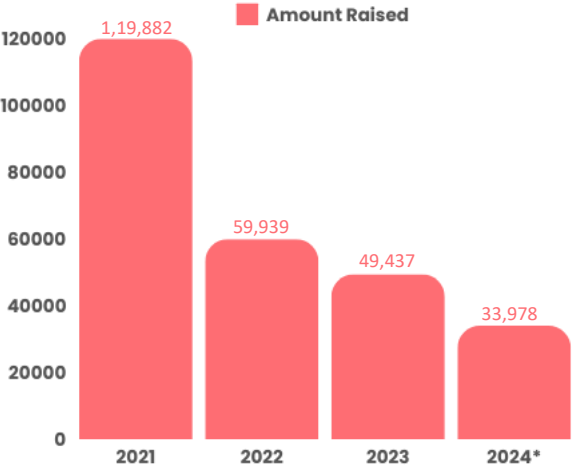


\*Till Date

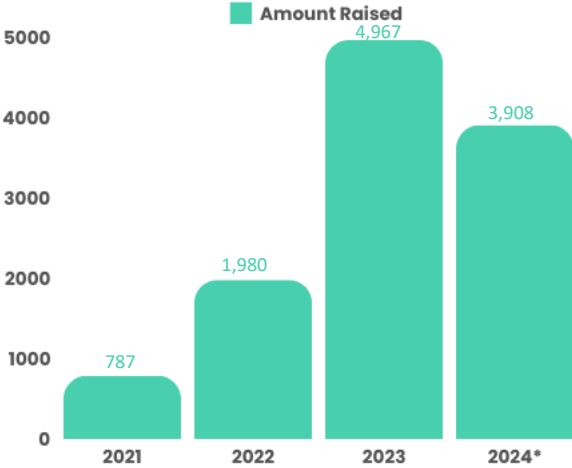


# IPO Trends – Total Amount Raised (In INR crores)

## MAINBOARD

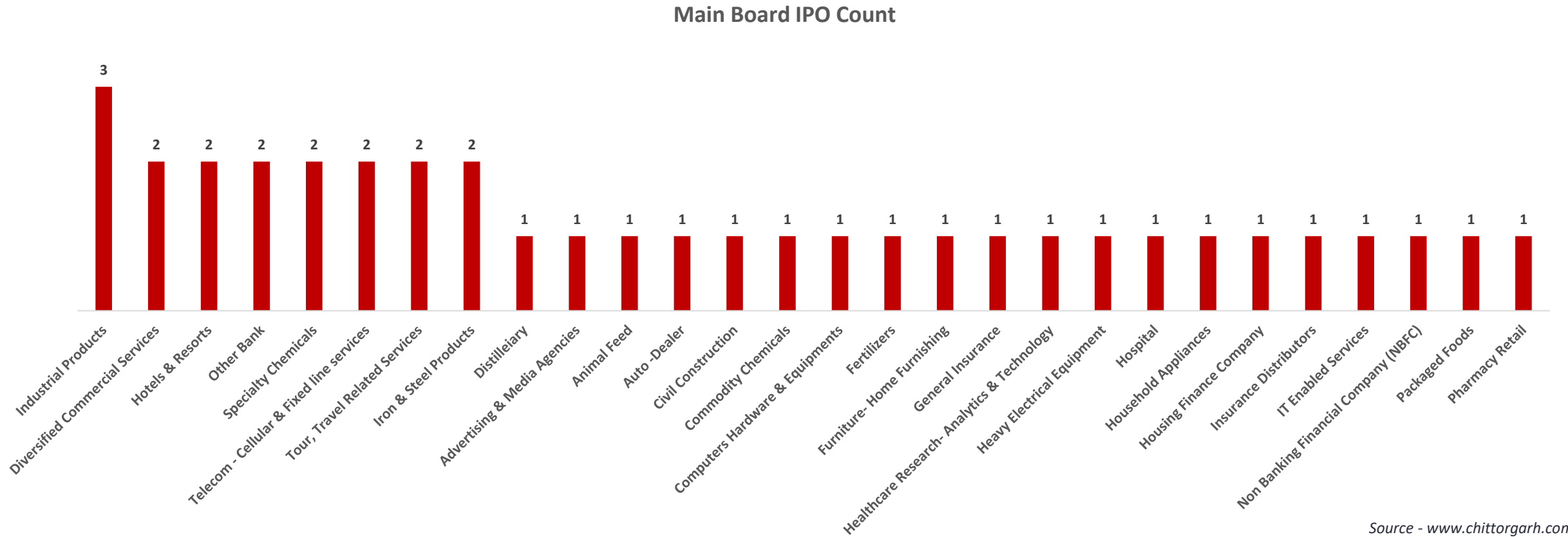


## SME



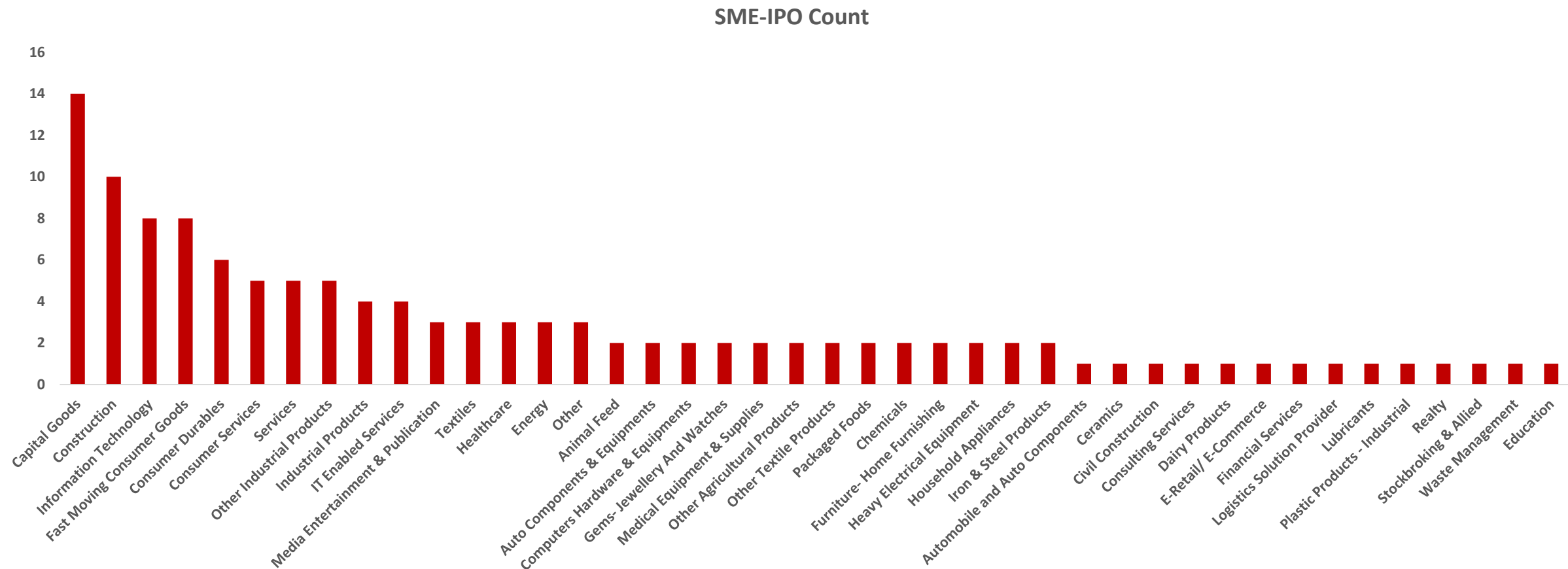
\*Till Date

# Industry-wise Mainboard IPO of 2024 (till now)



Source - [www.chittorgarh.com](http://www.chittorgarh.com)

# Industry-wise SME IPO of 2024 (till now)



Source - [www.chittorgarh.com](http://www.chittorgarh.com)

# Top 5 Mainboard IPOs of 2024 (Till now)

| Name                              | Listing Date | IPO (Rs.) | Listing Price(Rs.) | Listing Gain (%) | Current Price | IPO v/s Current Price(%) | PE Multiple IPO | Current PE |
|-----------------------------------|--------------|-----------|--------------------|------------------|---------------|--------------------------|-----------------|------------|
| Vibhor Steel Tubes Limited        | Feb 20, 2024 | 151       | 442                | 193              | 259           | 72                       | 16X             | 27X        |
| BLS E-Services Limited            | Feb 06, 2024 | 135       | 371                | 175              | 252.5         | 87                       | 60X             | 72X        |
| Le Travenues Technology Ltd       | Jun 18, 2024 | 93        | 162                | 74               | 161.56        | 74                       | 41X             | 293X       |
| JNK India Limited                 | Apr 30, 2024 | 415       | 694                | 67               | 870           | 110                      | 37X             | 77X        |
| DEE Development Engineers Limited | Jun 26, 2024 | 203       | 335                | 65               | 338.15        | 67                       | 73X             | 180X       |

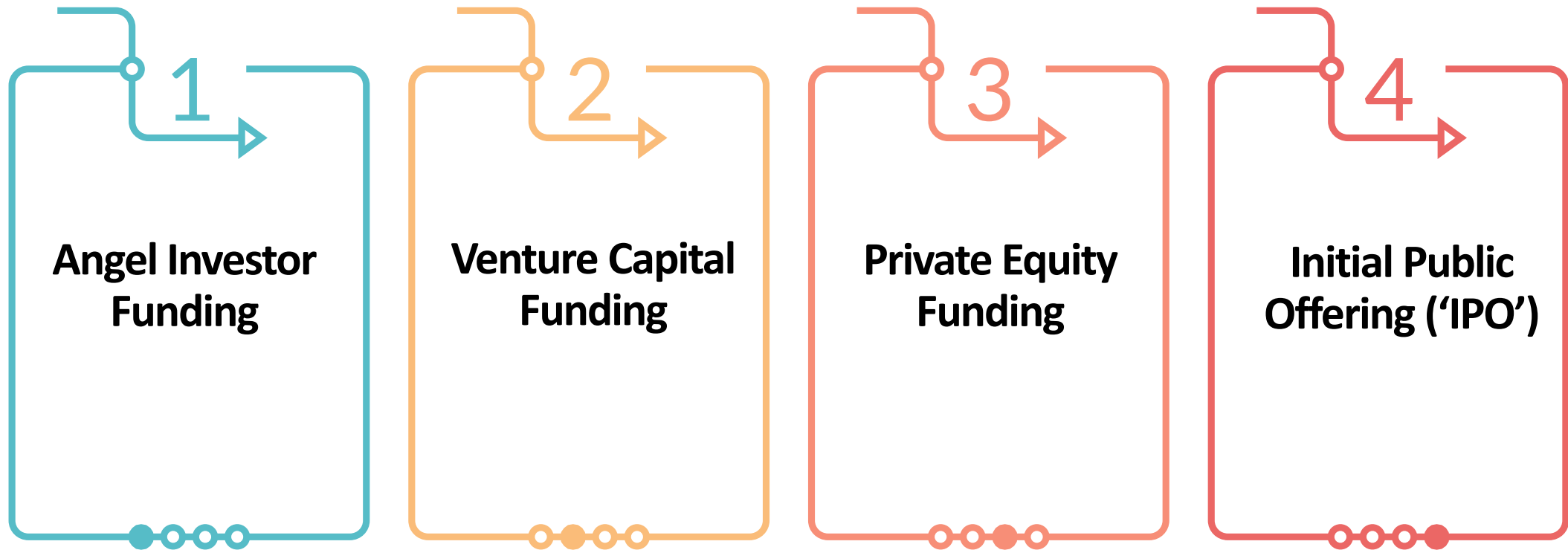
Source - [www.chittorgarh.com](http://www.chittorgarh.com)

# Top 5 SME IPOs of 2024 (Till now)

| Name                           | Listing Date | IPO Price(Rs.) | Listing Price(Rs.) | Listing Gain (%) | Current Price | Gain from IPO Price (%) | PE Multiple IPO | Current PE |
|--------------------------------|--------------|----------------|--------------------|------------------|---------------|-------------------------|-----------------|------------|
| Winsol Engineers Limited       | May 14, 2024 | 75             | 383                | 411              | 417           | 456                     | 9X              | 61X        |
| Kay Cee Energy & Infra Limited | Jan 05, 2024 | 54             | 239                | 343              | 363           | 572                     | 12X             | 64X        |
| Medicamen Organics Limited     | Jun 28, 2024 | 34             | 145                | 326              | 131.85        | 288                     | 15X             | 66X        |
| GP Eco Solutions India Limited | Jun 24, 2024 | 94             | 393                | 319              | 394.65        | 320                     | 17X             | 131X       |
| Maxposure Limited              | Jan 23, 2024 | 33             | 137                | 317              | 112           | 239                     | 10X             | 37X        |

Source - [www.chittorgarh.com](http://www.chittorgarh.com)

# Options for Fund Raising



# OPTIONS FOR LISTING



# Reverse Merger V/S IPO

## REVERSE MERGER

- Option for Listing without going for IPO
- Less stringent provisions
- Availed when fund raising is not the priority
- Longer process as order is passed by Hon'ble NCLT/ Regional Directors

What it is?

Regulatory Process

Object

Timing

## IPO

- Listing with fund raising through public
- Comparatively stringent process
- Availed when fund raising is the priority
- In SME cases, the IPO process gets completed faster



# Types of IPO

| Fresh Issue  | Offer for Sale  | Combination of<br>Fresh Issue & Offer for Sale  |
|--|---|---|
| Issuance of new equity shares to the investors                       | Sale of shares by an existing promoter/ shareholder of the company  | Some issuance of new shares and balance sale of shares by exiting promoter/ investor  |
| Money raised by the fresh issue of shares is received by the Company | Money raised will be received by the existing promoter/ shareholder | Some money raised by fresh issue of shares in the Company and some money will be received by the existing promoter/ shareholder |
| Fresh shares are being issued in the Company                         | It does not lead to issuance of any fresh shares                    | There will be equity dilution for fresh issue portion   |

# CHECKPOINTS BEFORE YOU PLAN FOR IPO



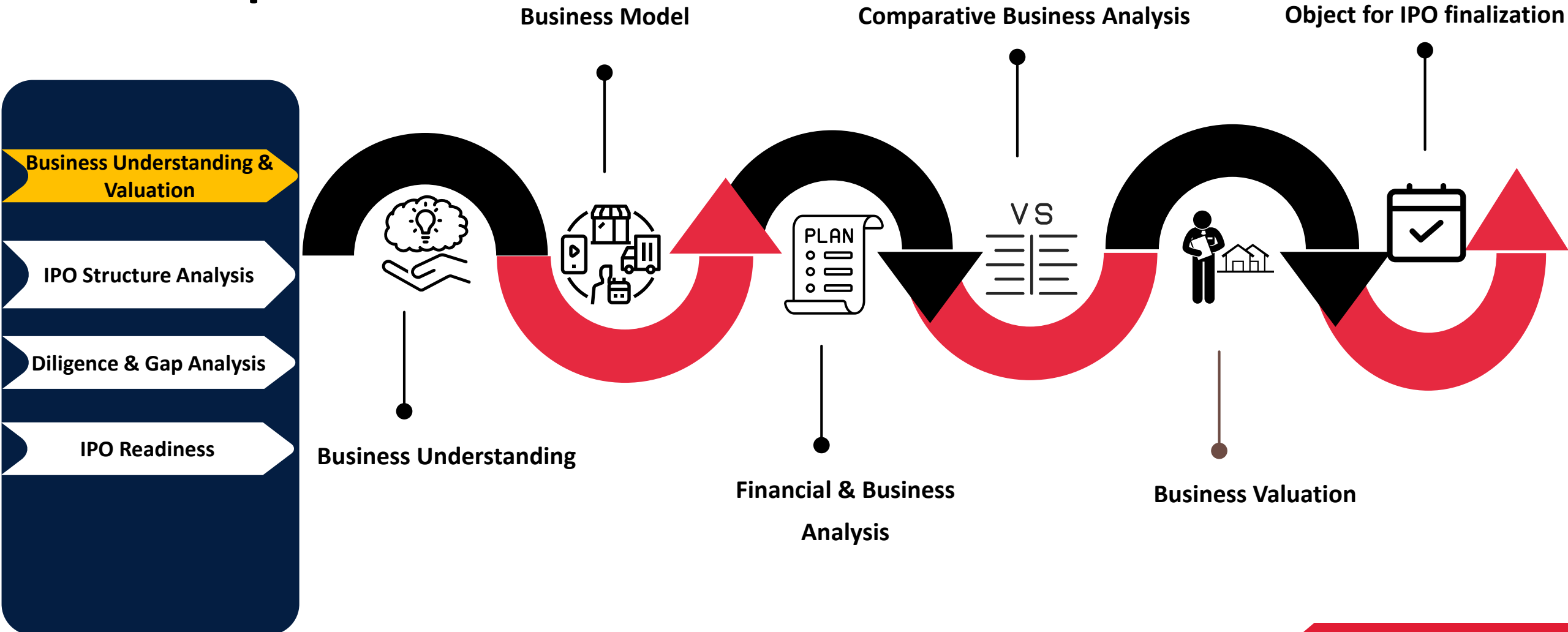
# Companies which can go for IPO



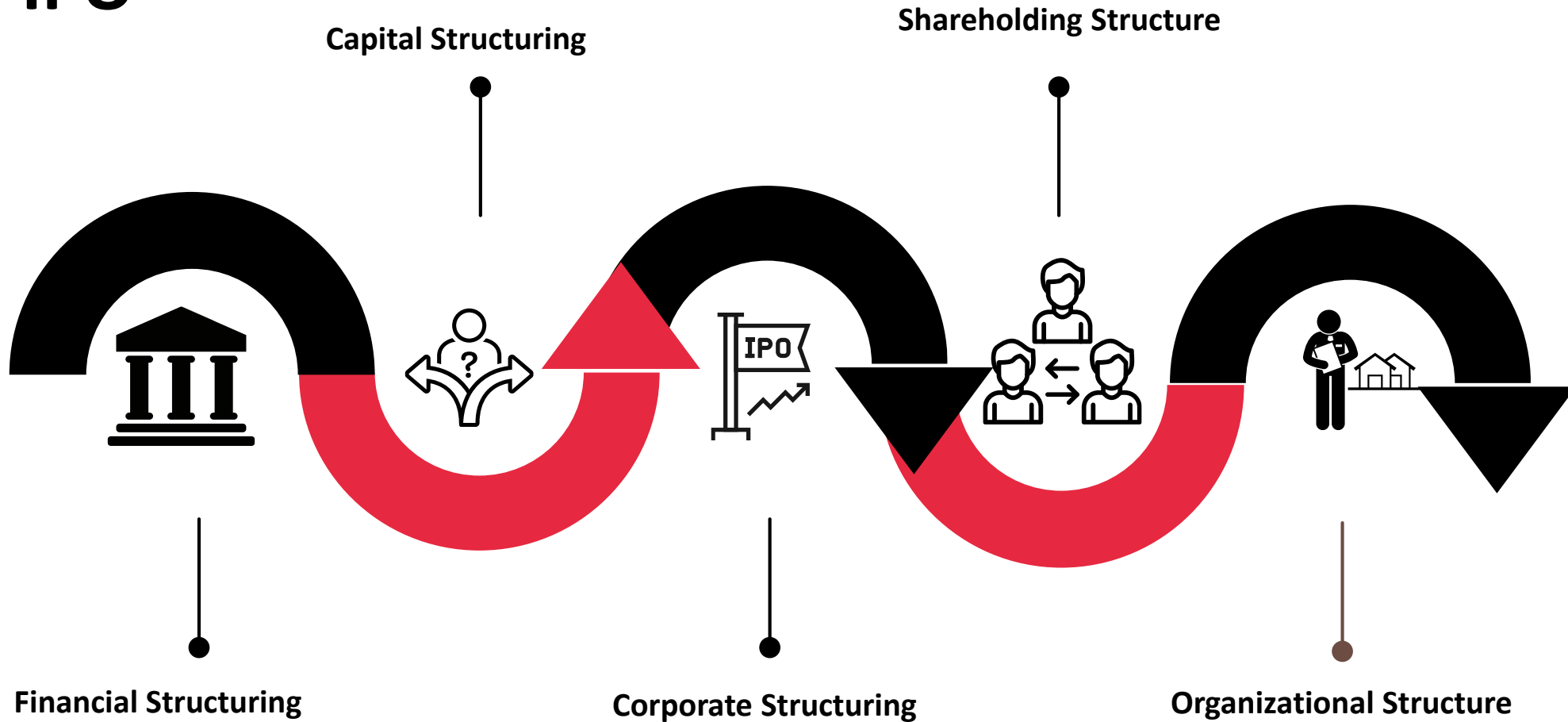
# PRE-IPO READINESS



# Roadmap to IPO



# Roadmap to IPO



# Roadmap to IPO



Legal Due Diligence

Secretarial Diligence

Financial Diligence

# Roadmap to IPO

**Business Understanding &  
Valuation**

**IPO Structure Analysis**

**Diligence & Gap Analysis**

**IPO Readiness**

**Suggesting changes for Building  
IPO Infrastructure**

**Suggesting and supporting  
Appointment of Intermediaries  
for IPO**

**Discussion and supporting in  
finalization of detailed  
Corporate/ Investor  
Presentation**



# Building IPO Infrastructure

## System & Processes



- Building strong systems and procedure for managing all the Legal and Financial processes in the Company
- Implementing sample-based tracking for effective functioning of the process adopted

## Financial



- An experienced financial team who would be responsible for implementing the operating process for accounting and financial reporting

## Accounting & Auditing



- Selection of suitable firm of auditors for the preparation and finalization of financial statements and certifications for IPO
- Appointment of Internal Auditors

## Legal & Secretarial

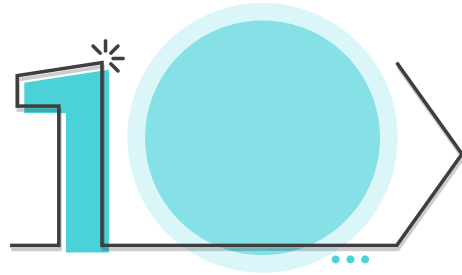


- Robust Compliance management system to be installed for managing all end-to-end compliances
- A strong and sizeable legal and secretarial team for managing all the legal processes as well as compliances applicable on the Company as Listed Company
- A third-party agency for quarterly legal and secretarial audit

# **CRITICAL POINTS TO BE KEPT IN MIND BEFORE GOING FOR IPO**

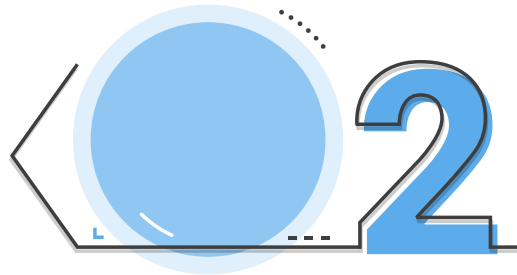


# Promoter Contribution [Mainboard & SME]

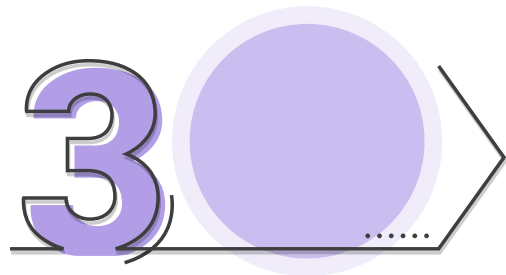


Promoter shall hold **at least 20% of Post issue capital**

(in case less AIF or FVCI or SCB or PFI or IC may contribute to meet the shortfall subject to maximum 10%).



The promoter shall satisfy the requirement at least one day prior to the date of opening of the issue.



# Securities Ineligible For Promoter Contribution (Mainboard & SME)

01

Specified securities acquired **during the preceding 3 years** if :-

- Consideration – other than cash and revaluation of assets or capitalization of intangible assets; or
- Bonus issue by utilization of revaluation reserves or unrealized profits or bonus issue against equity shares ineligible for minimum promoter contribution.

02

Specified securities acquired by AIF or FVCI or SCB or PFI or IC **during preceding 1 year at a price lower than the IPO price** subject to certain exceptions provided such as payment of difference, shares acquired pursuant to scheme, etc.

03

Specified securities allotted to AIF or FVCI or SCB or PFI or IC during preceding one year at a price less than the issue price, In case of an issuer formed by conversion of one or more partnership firm or LLP and there is no change in management.

04

Specified securities pledged with any creditor.

# Lock-in Requirements

## Mainboard

**Minimum Promoter Contribution** shall be locked in for a period of **18 months** from the date of allotment in IPO

**Excess promoter contribution** shall be locked in for a period of **6 months** from the date of allotment in IPO

Pre-issue capital held by persons **other than promoter** shall be locked in for a period of **6 month** from the date of allotment

### Exception

- Equity shares allotted to employee
- Equity shares held by an Employee stock option trust

*Note: Promoter Contribution shall include contribution by AIF or FVCI or SCB or PFI or IC or any non individual public shareholder holding at least 5% of the post-issue capital or any entity (individual or non-individual) forming part of promoter group other than the promoter(s)*

## SME

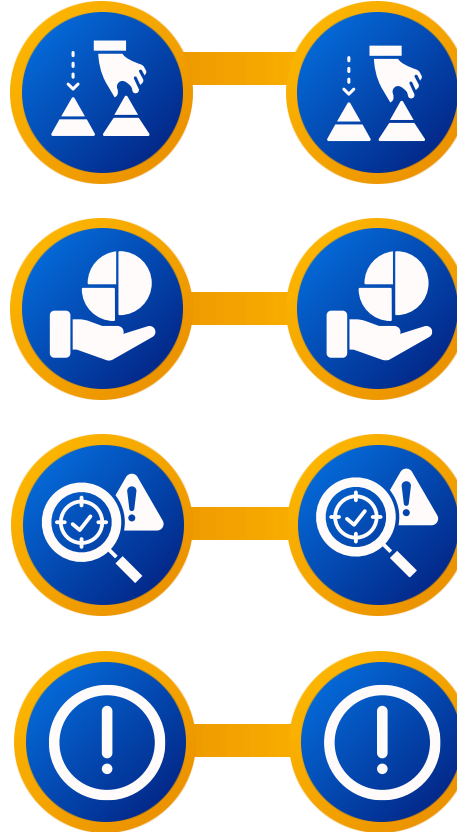
**Minimum Promoter Contribution** shall be locked in for a period of **3 Years** from the date of Commencement of commercial production or date of allotment in IPO whichever is later.

**Excess promoter contribution** shall be locked in for a period of **1 Year** from the date of allotment in IPO

Pre-issue capital held by persons **other than promoter** shall be locked in for a period of **1 Year** from the date of allotment

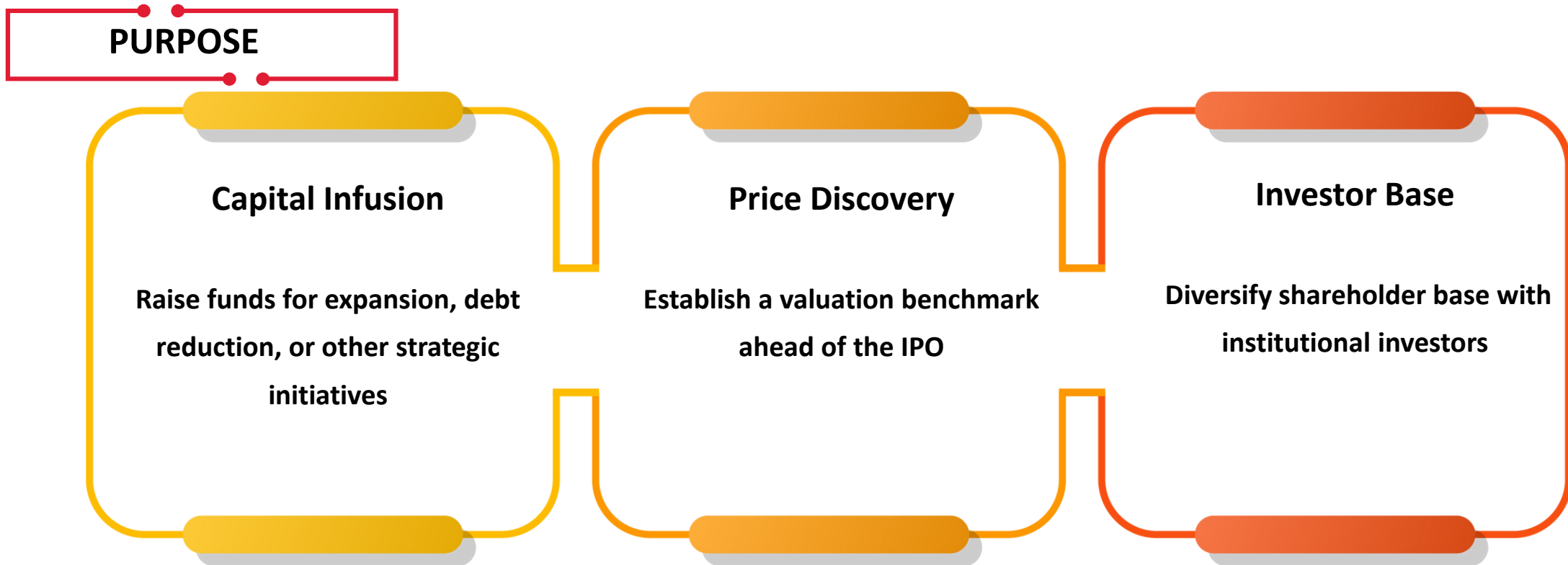
### Exception

- Equity shares allotted to employee
- Equity shares held by an Employee stock option trust
- Equity shares held by VCF or AIF (C-I) or (C-II) or FVCI



# Pre-IPO Placement

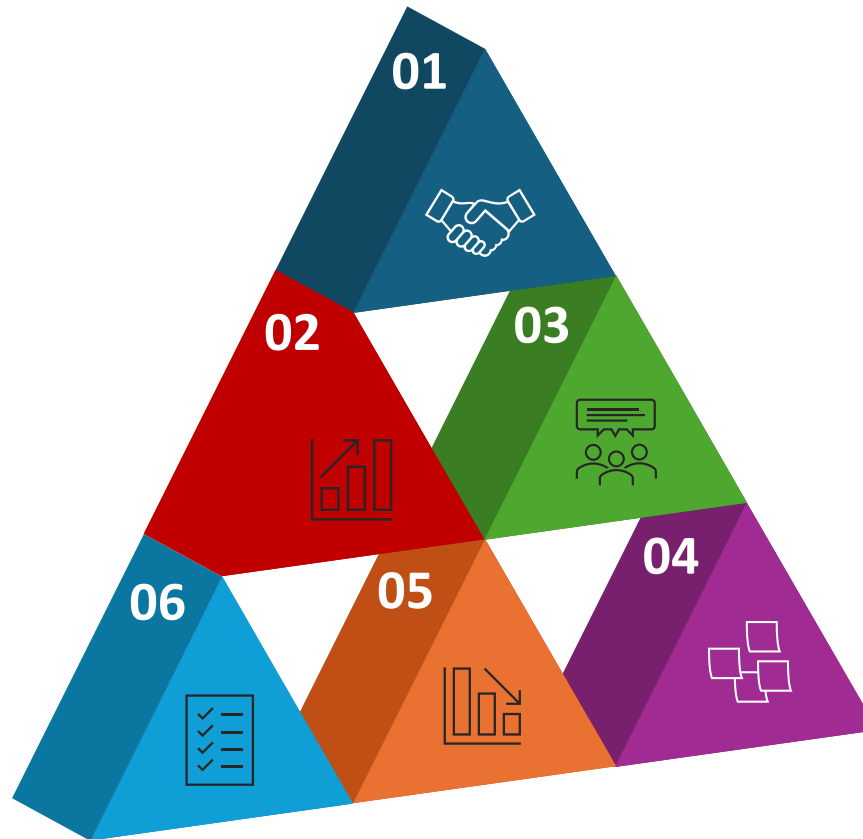
Pre-IPO placement refers to the private placement of shares to institutional investors or high-net-worth individuals before the company goes public



# Valuation Decision

## Internal Factor

- Financial Performance
- Business Model
- USP / Strengths of the business
- Experienced Promoters and Management Team
- Future business expansion plan



## External Factor

- Current Economic Scenario
- Industry Outlook
- Market Position
- Market PE
- Recent IPOs in our sector

# Risk Factors

ICDR Regulations Issuer company is required to disclose all the material risk factors in the offer document that will help the Investors to make an informed decision

The Risk factors are broadly categorized under the following categories:

- a) Internal Risk Factors: - Promoter and promoter group, Operational, Financial etc.
- b) External Risk Factors - Political, Regulatory etc.

## Consequences of Non-Disclosure of Risk factors by the issuer company in the Offer document

- Impact on Stock Price once the market becomes aware of undisclosed risks.
- Increased scrutiny and oversight from regulatory bodies in future filings and disclosures.
- Trust lose in the company, affecting its long-term reputation and investor relations



# Objects Allocation

Let’s understand the Allocation through an example

| S. No.                                | Particular     | Amount in Crores |
|---------------------------------------|----------------|------------------|
| 1                                     | Offer for Sale | 25               |
| 2                                     | Fresh Issue    | 75               |
| Total offer size                      |                | 100              |
| Gross Proceeds (A) (From Fresh Issue) |                | 75               |
| Issue Expenses (B) (For Fresh Issue)  |                | 5                |
| Net Proceeds (A-B)                    |                | 70               |

*Note: Only fresh issue proceeds can be utilized by the Company and the proceeds of the Offer for sale will be received by the selling shareholders after deduction of necessary issue expense*

Utilization of Net Proceeds for Main Board and SME Board

| S. No. | Particular                  | Capping (Individual)                       | Capping (Consolidated)                      |
|--------|-----------------------------|--|---|
| 1      | Identified Acquisition      | NA   | NA  |
| 2      | Capital Expenditure         | NA   | NA  |
| 3      | Working Capital             | NA   | NA  |
| 4      | Unidentified Acquisition*   | 25% of the Net proceeds, i.e., 17.5 crores | 35% of the Net proceeds, i.e., 24.5 crores. |
| 5      | General Corporate Purposes* | 25% of the Net proceeds, i.e., 17.5 crores |   |

# IPO Eligibility for NSE Emerge

## Post Issue Paid-up Capital

Post issue paid up capital of the company (face value) shall not be more than **INR 25 Crore**

## Track Record

Track record of at least **three years**

## Operating Profit

Operating profit (EBITDA) from operations for at least **any 2 out of 3 financial years** preceding the application

## Net Worth

Net worth should be **positive**

# IPO Eligibility for BSE SME

## Post Issue Paid-up Capital

Post issue paid up capital of the company (face value) shall not be more than **INR 25 Crore**

## Track Record

Track record of at least **three years**

## Operating Profit

Operating profit (EBITDA) from operations for at least **any 2 out of 3 financial years** preceding the application

## Net Worth

Atleast **INR 1 crore** for 2 preceding full financial year

## Net Tangible Assets

**INR 3 Crore** last preceding (full) financial year

# IPO Eligibility for BSE SME

## Leverage Ratio

Not more than **3:1**

## Name Change

At least 50% of the revenue calculated on a restated and consolidated basis for the preceding 1 full financial year has been earned by it from the activity indicated by its new name

## Net Tangible Assets

**INR 3 Crore** last preceding (full) financial year

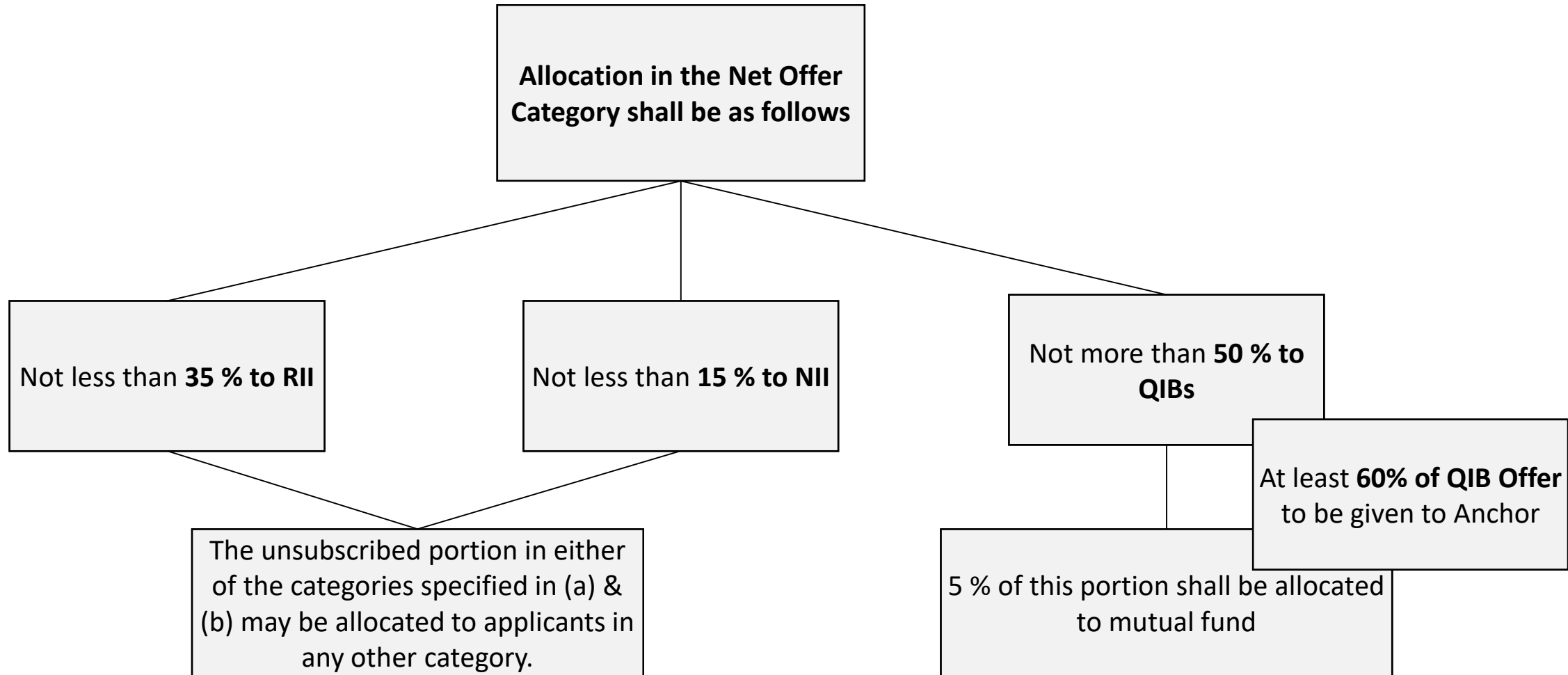
# General Conditions for Main Board and SME Board

- In-principal Approval
- Agreement with the depository
- Specified securities held by promoter in dematerialized form prior to filing offer document
- Existing partly paid-up equity shares have either been fully paid-up or have been forfeited
- Firm arrangement of 75%
- Amount for General Corporate Purpose < 25% of amount raise

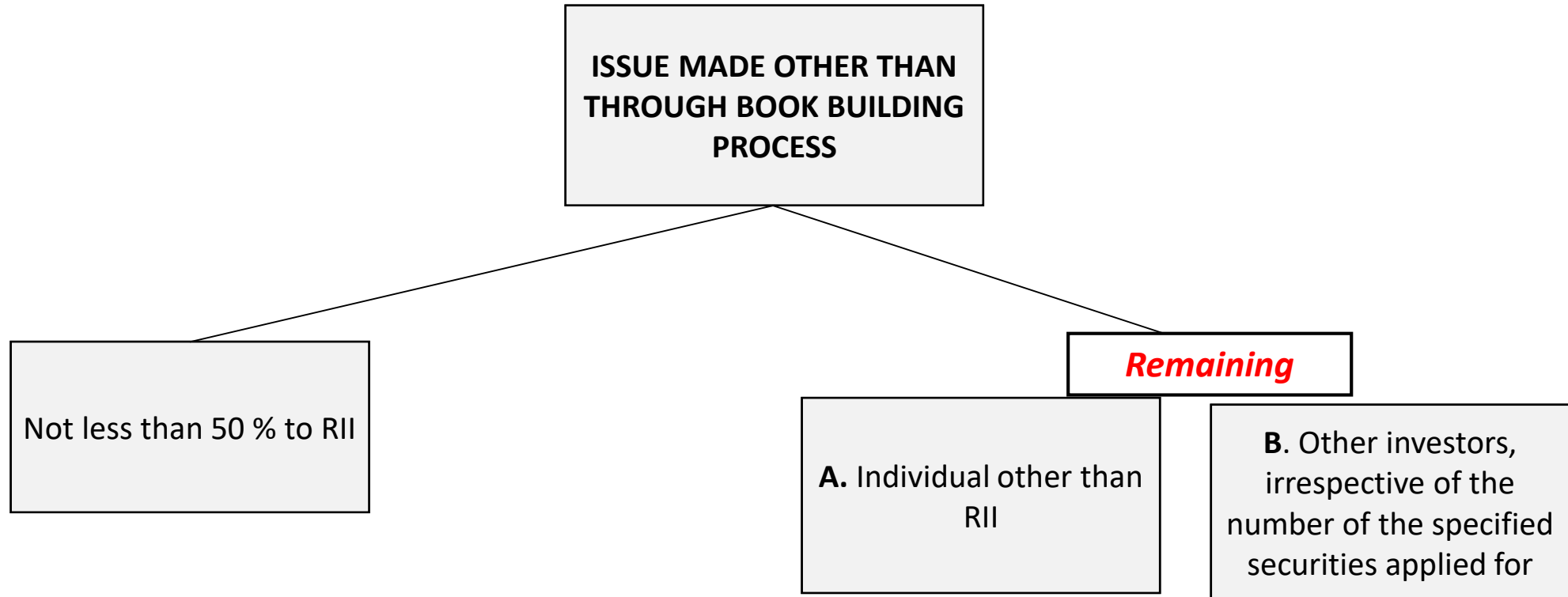
# ALLOCATION



# Allocation for SME – Book Building



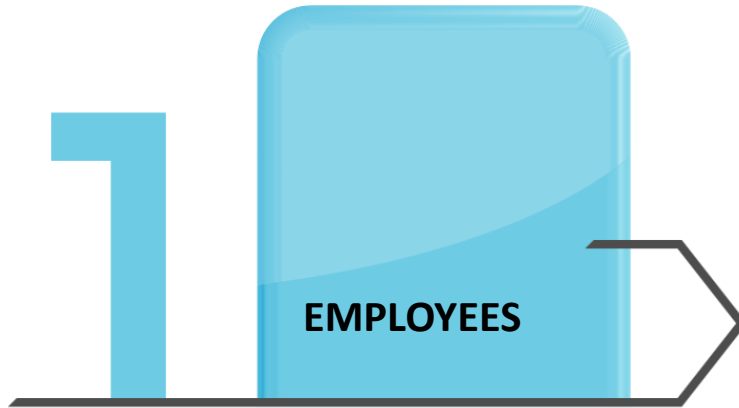
# Allocation for SME – Fixed Price





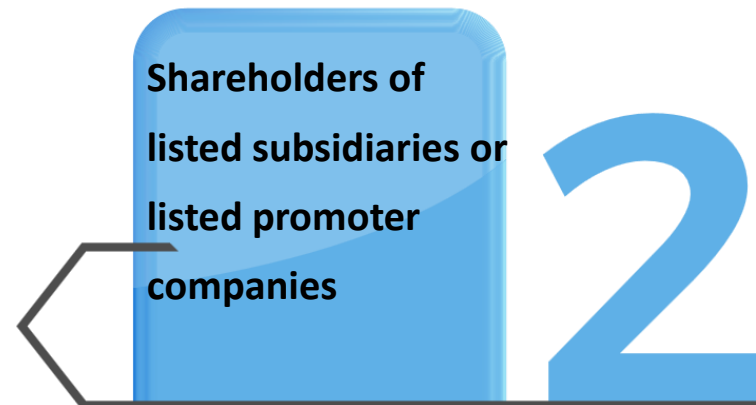
# Reservation on Competitive Basis

Reservation may be made to the following categories of persons



- **Employees: shall not exceed 5% of the post-issue capital.**
- The value of allotment to any employee shall not exceed Rs 2 Lacs.
- In case of under-subscription the unsubscribed portion may be allotted on a proportionate basis, for a value in excess of 2 lakhs rupees subject to the total allotment to an employee not exceeding 5 lakhs rupees
- Discount not more than 10%

- Reservation for shareholders shall not exceed 10% of the issue size
- Discount not more than 10%



# Lot Size Requirement in SME

| Price Band (in Rs.)    | Lot Size (No. of shares) |
|------------------------|--------------------------|
| Upto 14                | 10000                    |
| More than 14 upto 18   | 8000                     |
| More than 18 upto 25   | 6000                     |
| More than 25 upto 35   | 4000                     |
| More than 35 upto 50   | 3000                     |
| More than 50 upto 70   | 2000                     |
| More than 70 upto 90   | 1600                     |
| More than 90 upto 120  | 1200                     |
| More than 120 upto 150 | 1000                     |
| More than 150 upto 180 | 800                      |

| Price Band (in Rs.)     | Lot Size (No. of shares) |
|-------------------------|--------------------------|
| More than 180 upto 250  | 600                      |
| More than 250 upto 350  | 400                      |
| More than 350 upto 500  | 300                      |
| More than 500 upto 600  | 240                      |
| More than 600 upto 750  | 200                      |
| More than 750 upto 1000 | 160                      |
| Above 1000              | 100                      |

# MIGRATION TO MAINBOARD



# Migration to Main Board (BSE)

| Parameters            | Criterion  |
|-----------------------|--|
| Paid up Capital       | Not less than <b>INR 10 Crores</b>   |
| Market Capitalization | Not less than <b>INR 25 crores</b>   |
| Promoter Holding      | <b>At least 20%</b> of equity share capital of the company   |
| EBITDA and PAT        | <b>1. Positive EBITDA</b> from operations at least any <b>2 out of 3 financial years</b> preceding the migration application |
|                       | <b>2. The company should have positive PAT in the immediate Financial Year</b>   |
| Networth              | Net worth of <b>at least Rs. 15 crores for 2 preceding full financial years.</b>   |
| Listing Period        | The applicant should have been listed on SME platform of the Exchange for <b>at least 3 years</b>                            |
| Public Shareholders   | <b>Minimum 250</b>   |

# Migration to Main Board (NSE)

| Parameters            | Criterion  |
|-----------------------|--|
| Paid up Capital       | Not less than <b>INR 10 Crores</b>   |
| Market Capitalisation | Not less than <b>INR 25 crores</b>   |
| EBITDA and PAT        | 1. <b>Positive EBITDA</b> from operations for each of <b>the 3 financial years</b> preceding the migration application           |
|                       | 2. The company should have <b>positive PAT in the immediate Financial Year</b> of making the migration application to Exchange   |
| Net Worth             | <b>At least INR 75 crores</b> as per latest audited Financials   |
| Listing Period        | The applicant should have been listed on SME platform of the Exchange for <b>at least 3 years</b>                                |
| Public Shareholders   | Total number of public shareholders on the last day of preceding quarter from date of application should be <b>at least 1000</b> |

# Appointment of Intermediaries

**Book Runner Lead  
Managers (BRLMs)**

**IND AD Audit Firm/  
Statutory Audit Firm**

**Legal Counsel for  
Company**

**Industry Report  
Preparation Agency**

**Registrar & Share  
Transfer Agents  
(RTAs)**

**Investor Relations &  
Public Relations  
Agency**

**Cash Escrow &  
Sponsor Bank  
Appointment**

**Bankers to the Issue**

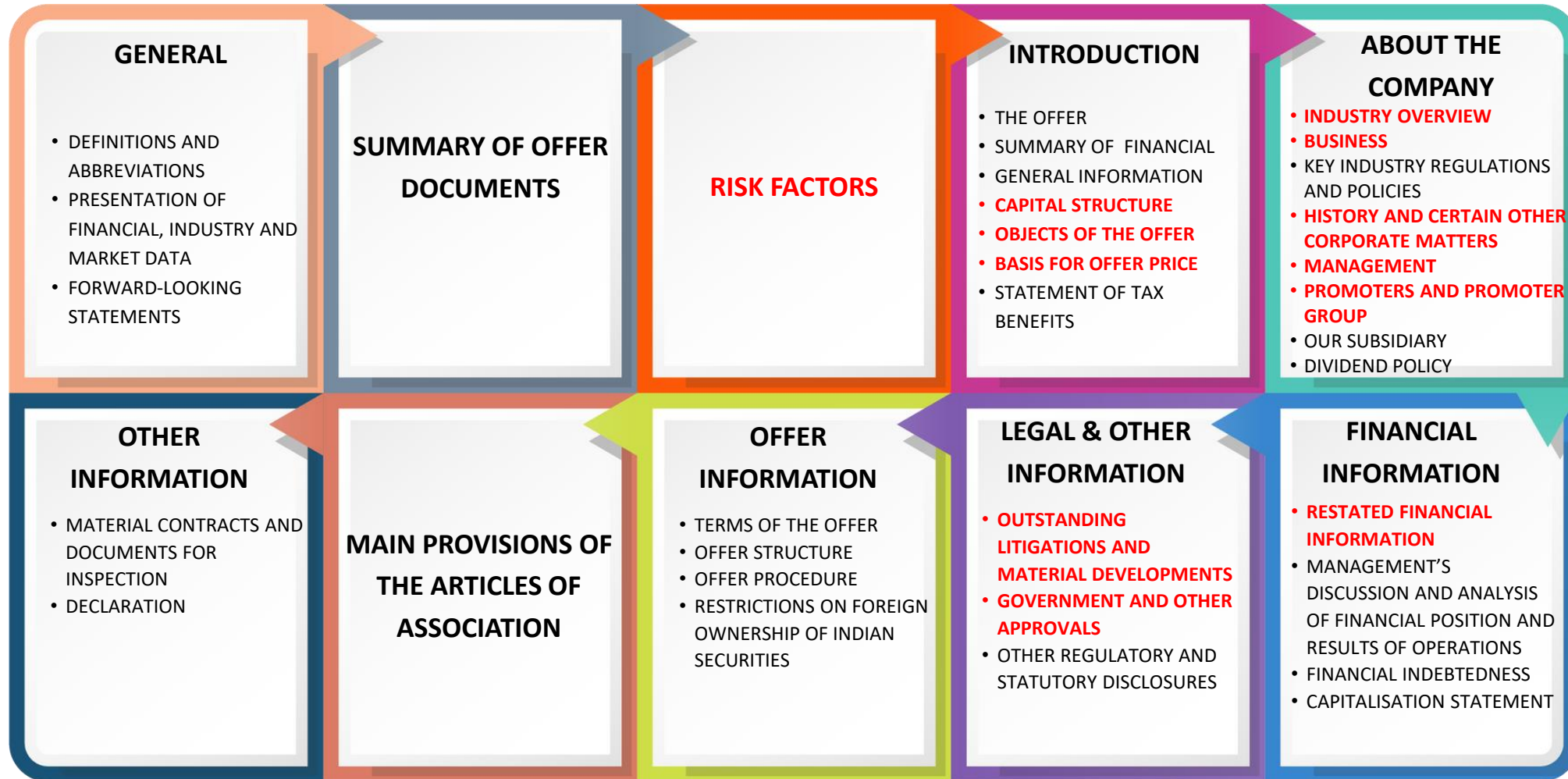
**Tax Advisors  
[If required]**

**Legal Counsel for  
Foreign Institutional  
Investors  
[If required]**

# DISCLOSURES IN PROSPECTUS

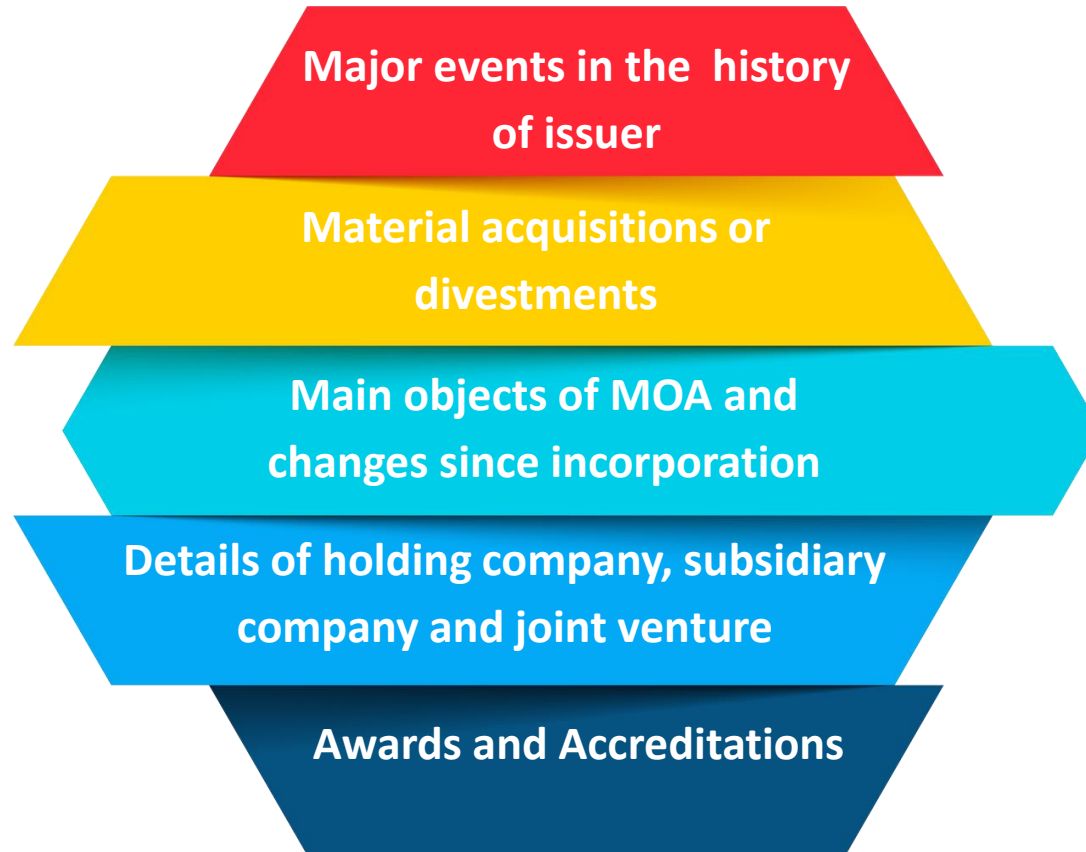


# INDEX OF DRHP





# History and Corporate Structure



# Industry and Business Chapters



# Capital Structure

01

Details of authorized, subscribed and paid-up share capital

02

Promoter build up

03

Detail of securities issued under employee stock option scheme

04

Details of securities issued at a price lower than the issue price during the preceding one year

05

Shareholding pattern of the company

# Promoter and Promoter Group

01

List of promoter and promoter group

02

In case of Individual, basic details of the promoters, their educational qualifications and past experiences

03

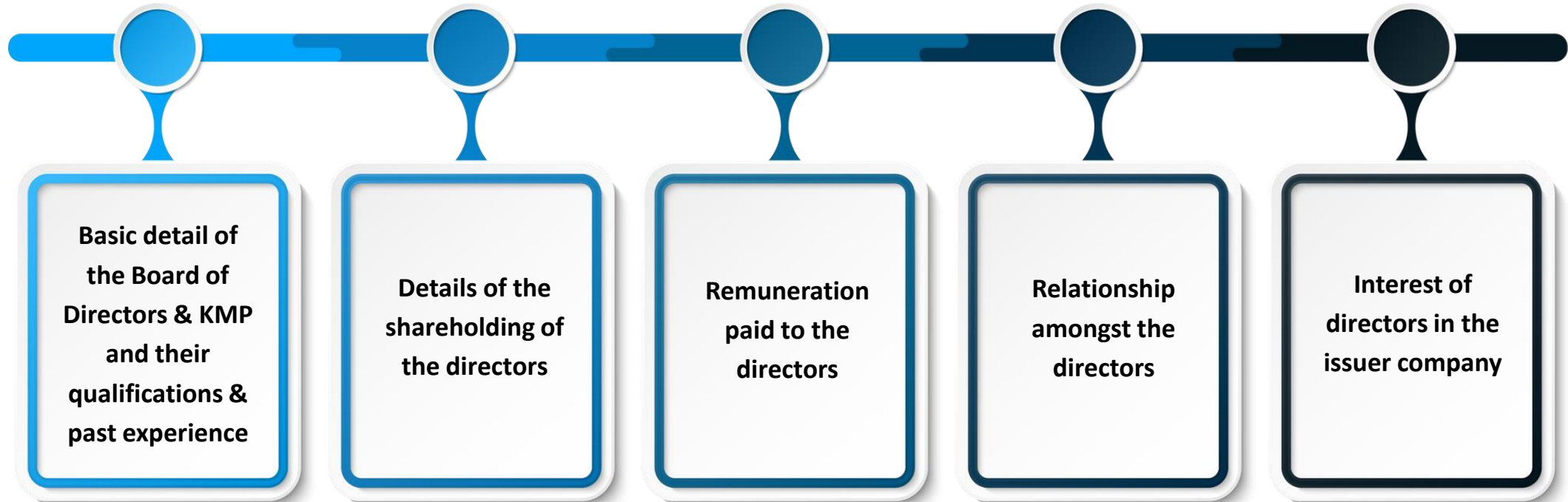
In case of body corporate, the brief history and the change in the management of the issuer

04

Disassociation by promoter in last 3 year

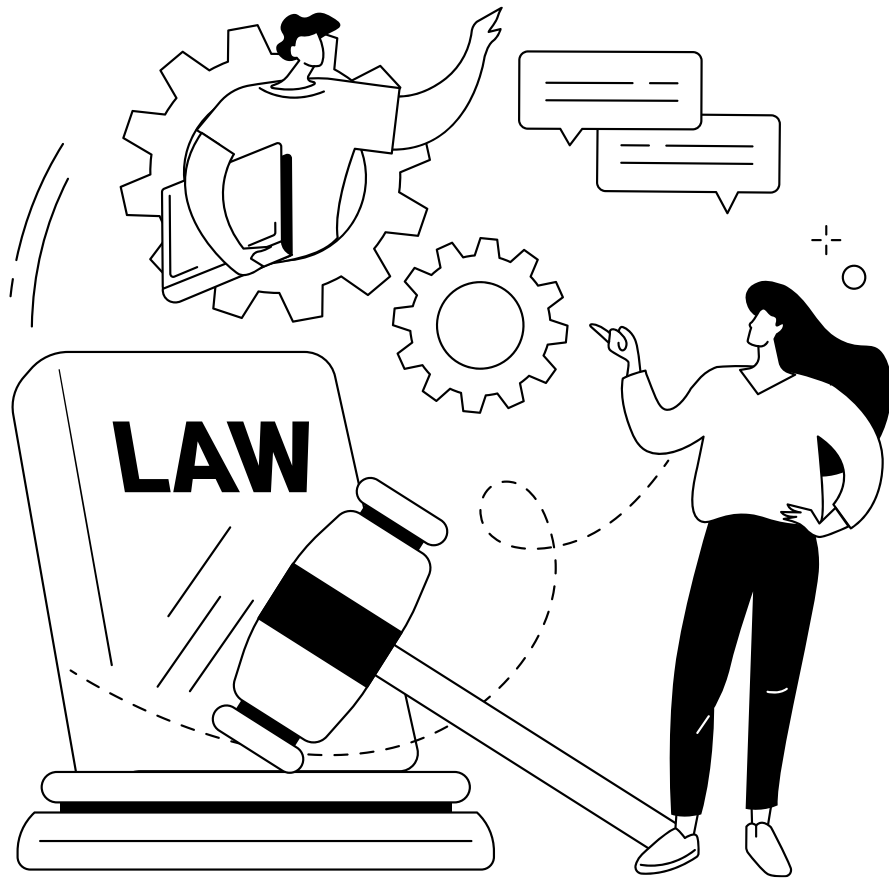


# Management



# Outstanding Litigation

Schedule VI mandates the disclosure of pending litigations involving the issuer/ its directors/ promoters/ subsidiaries



01

All criminal proceedings

02

All actions by regulatory authorities and statutory authorities

03

Disciplinary action including penalty imposed by SEBI or stock exchanges against the promoters in the last five financial years including outstanding action

04

Claims related to direct and indirect taxes, in a consolidated manner, giving the number of cases and total amount

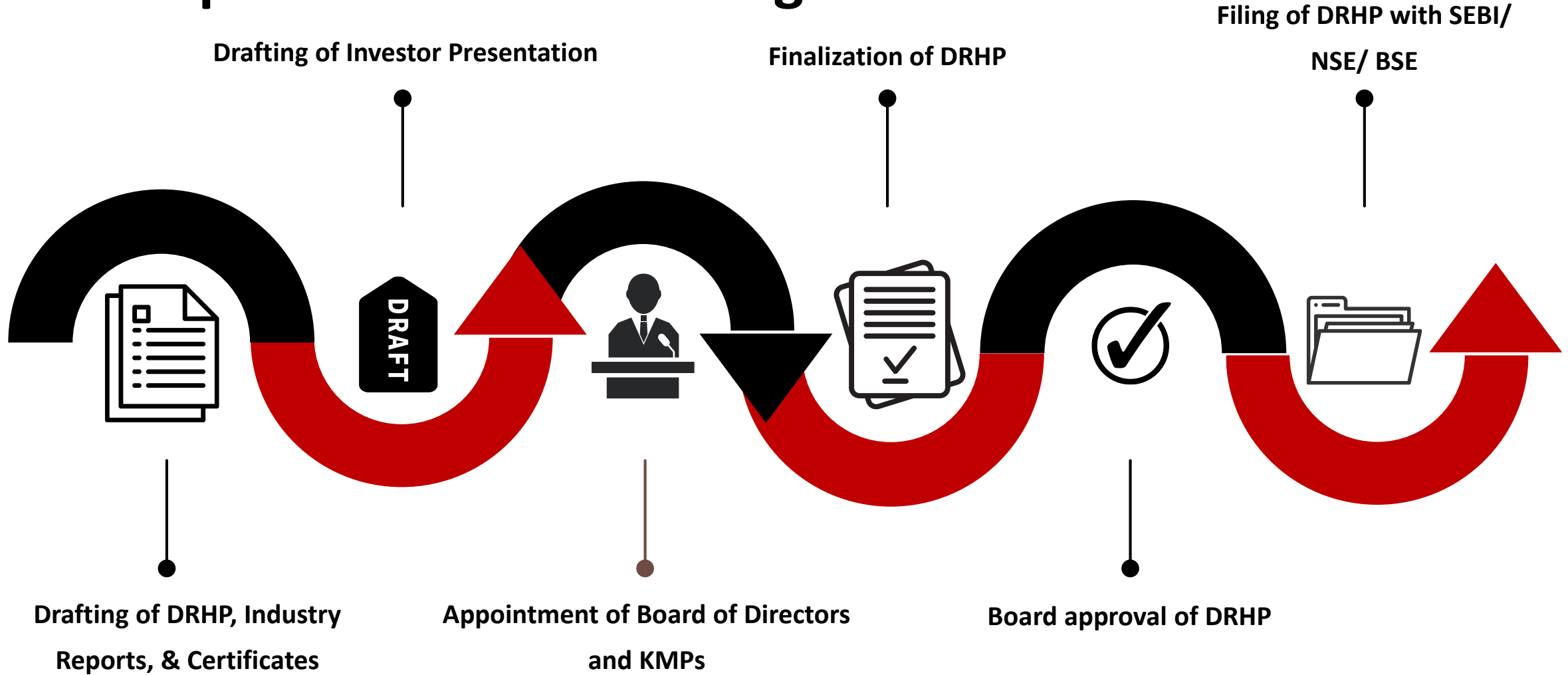
05

Other pending litigations -As per the policy of materiality defined by the board of directors of the issuer and disclosed in the offer document

# IPO PROCESS

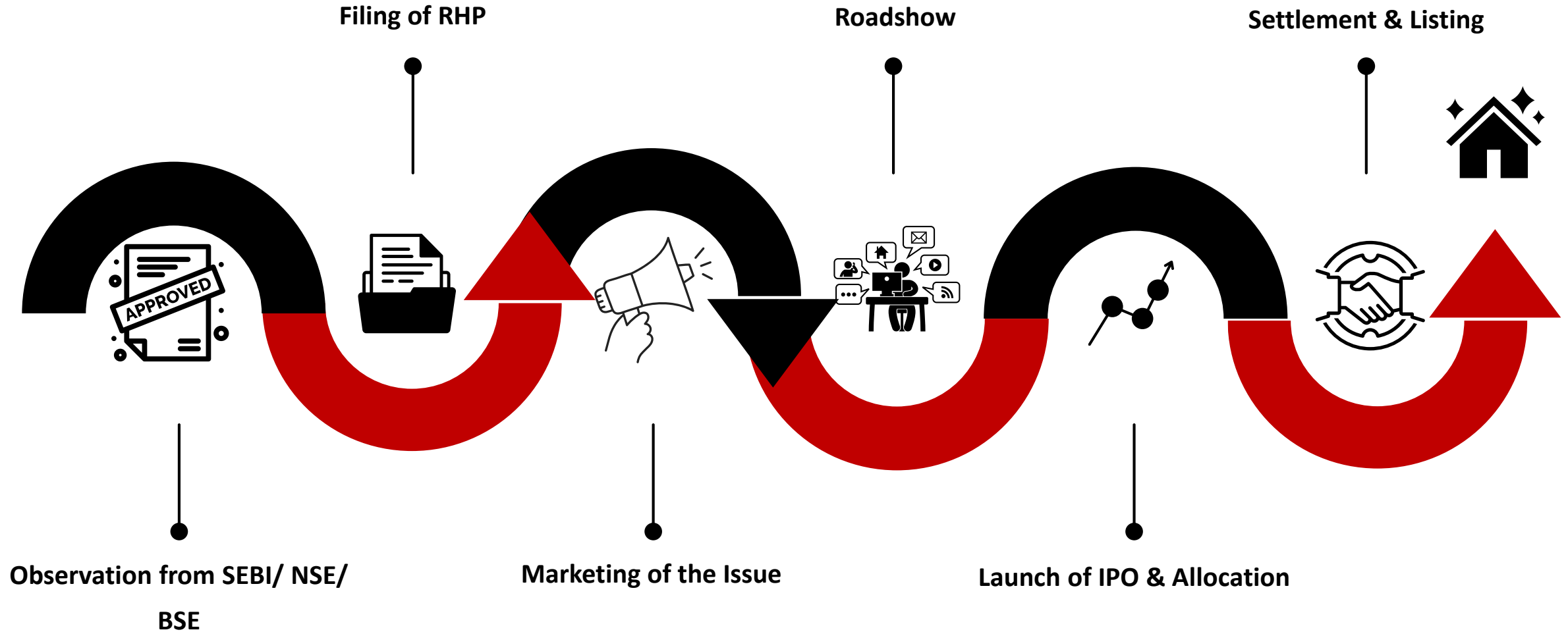


# Roadmap to IPO – Issue Management





# Roadmap to IPO – Issue Management



# Timeline for Completion of IPO

## Main Board

**9-12** Months taken for completion of the process

## SME Board

**4-6** Months taken for completion of the process



**Thank You!**