



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

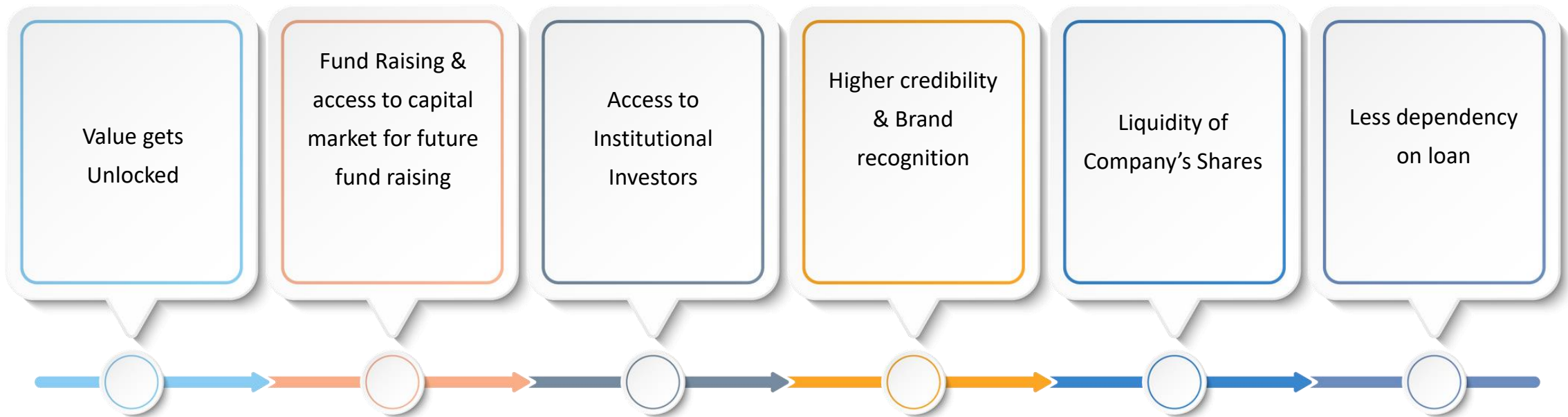


IPO MARKET

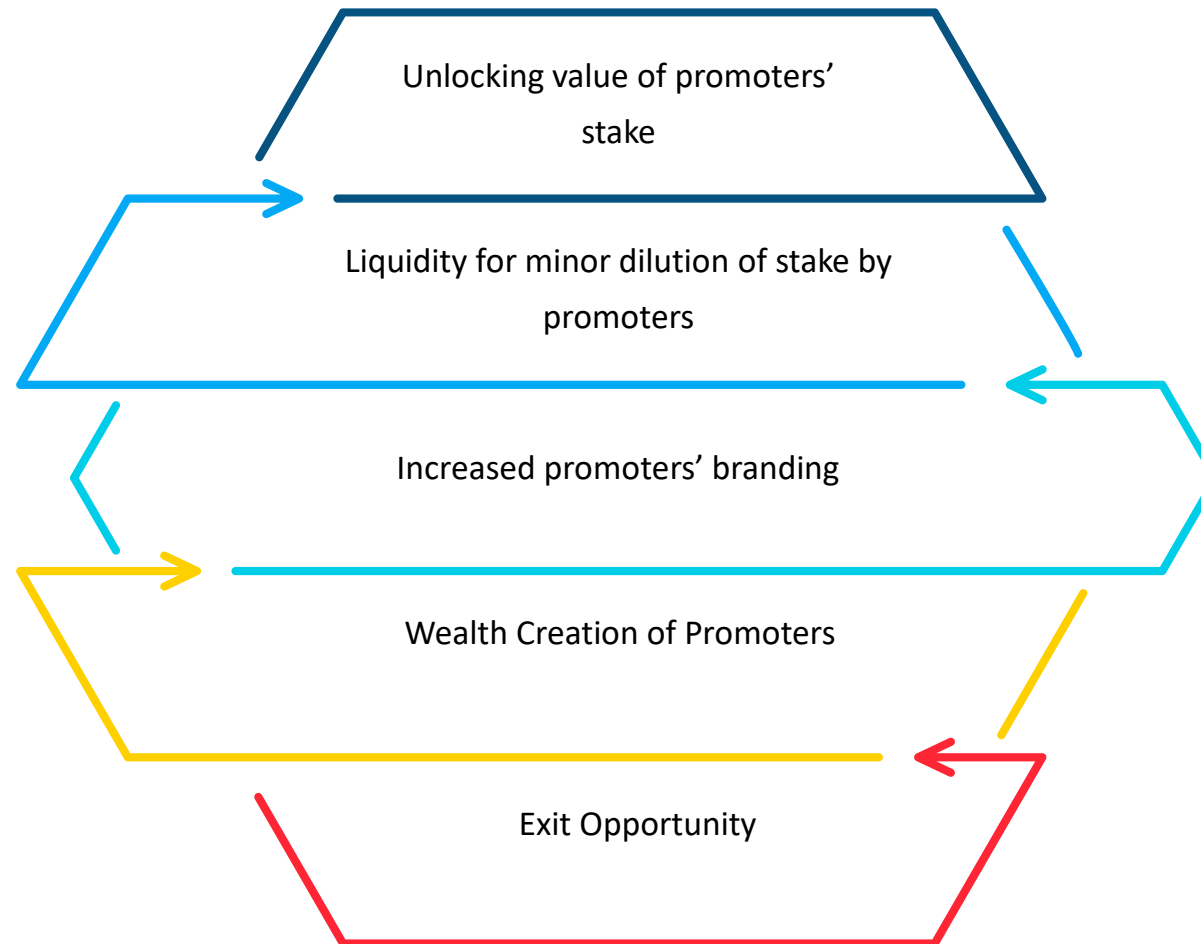
- An IPO is the process to raise capital from Public in a private company.
- Through IPO, the Company raises funds from public for growth and expansion.
- The IPO process involves detailed preparation, marketing, pricing, and launching shares on the stock exchanges.
- Companies face market volatility, 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

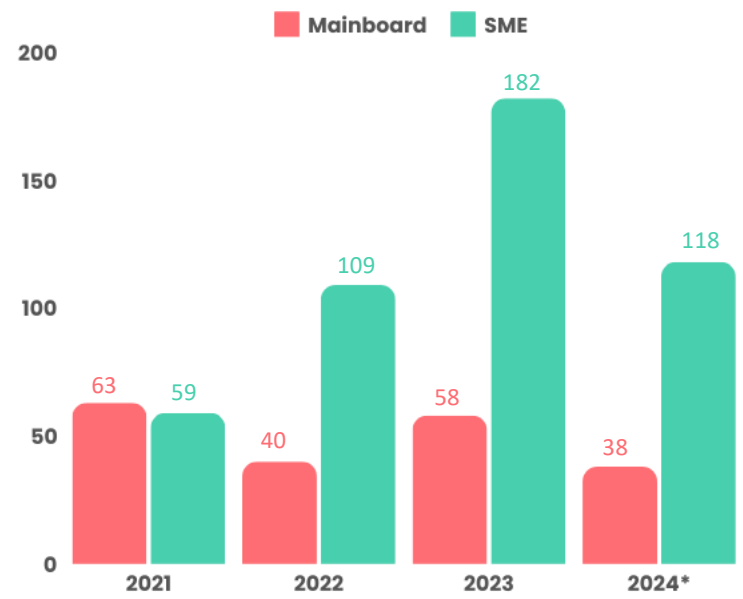
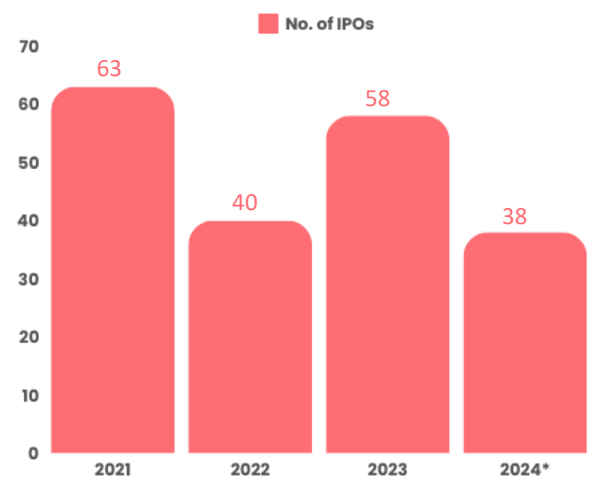
SEBI has taken several recent steps to promote investment in India and enhance the regulatory framework. Here are some notable initiatives:

- 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

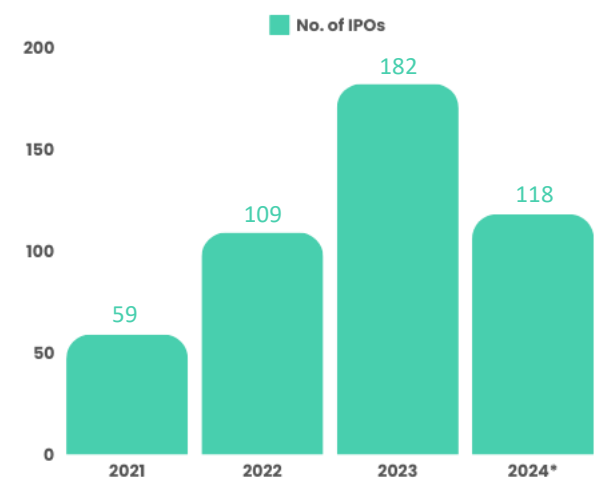
**STEP TAKEN BY
SEBI FOR
PROMOTION OF
EQUITY CULTURE**

IPO Trends – Total Number of IPOs

MAINBOARD



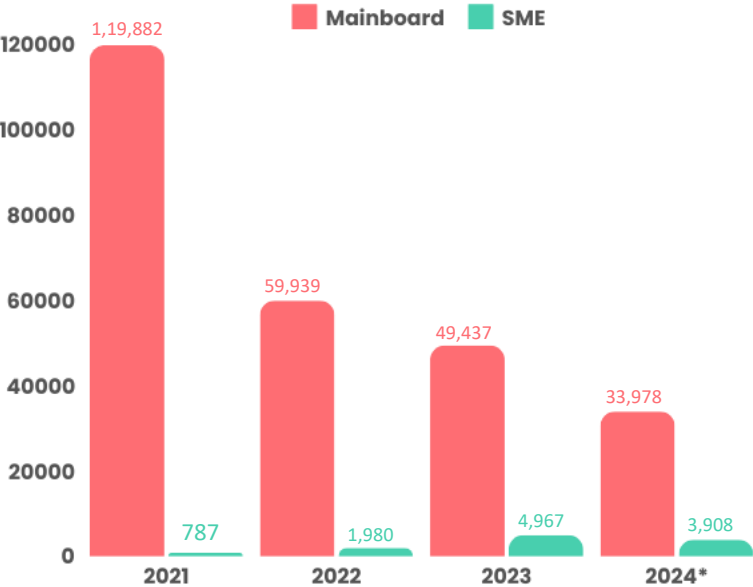
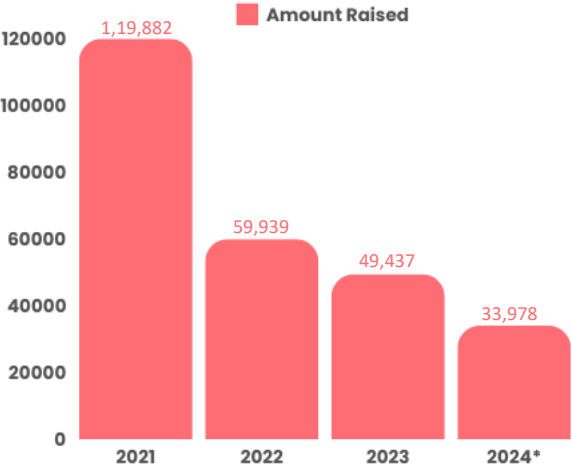
SME



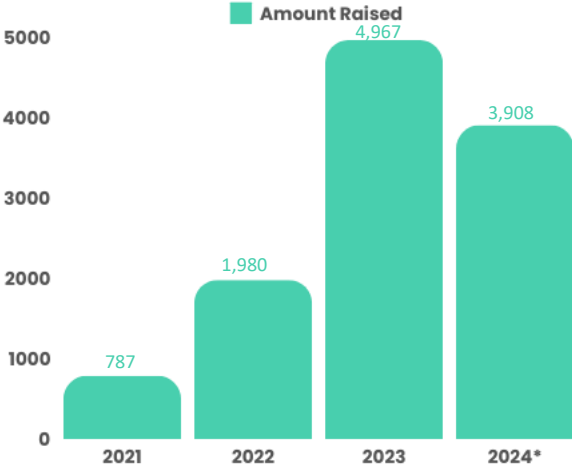
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IPO Trends – Total Amount Raised (In INR crores)

MAINBOARD

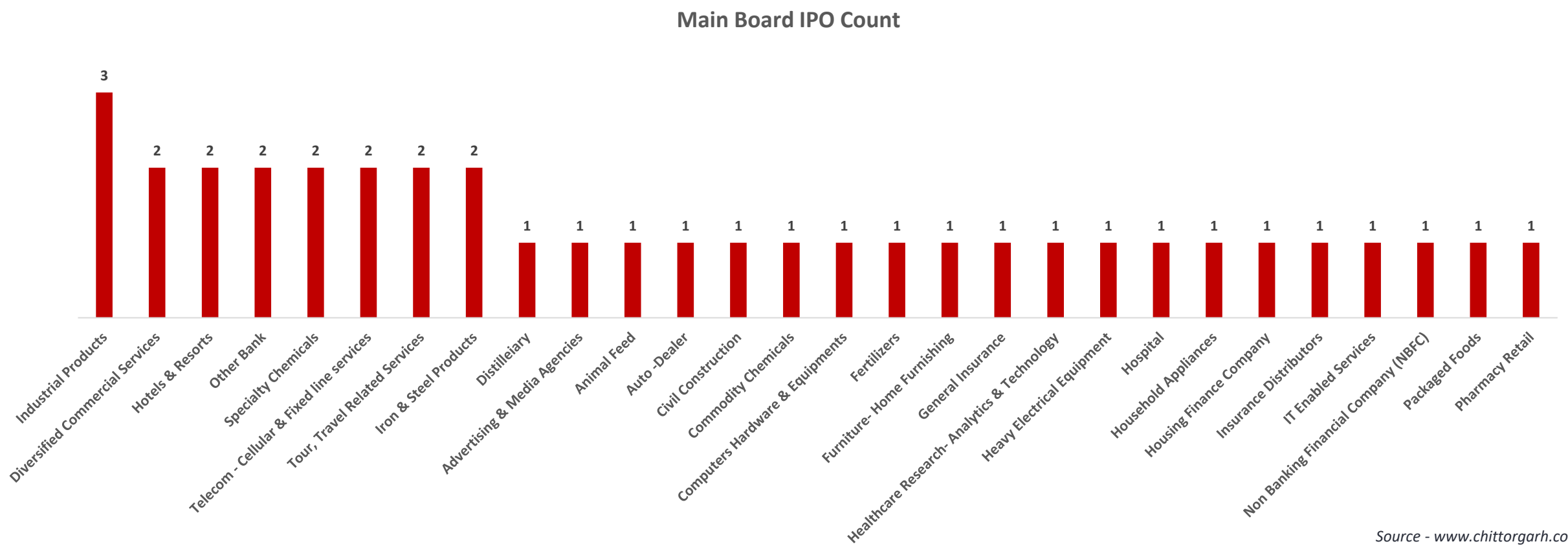


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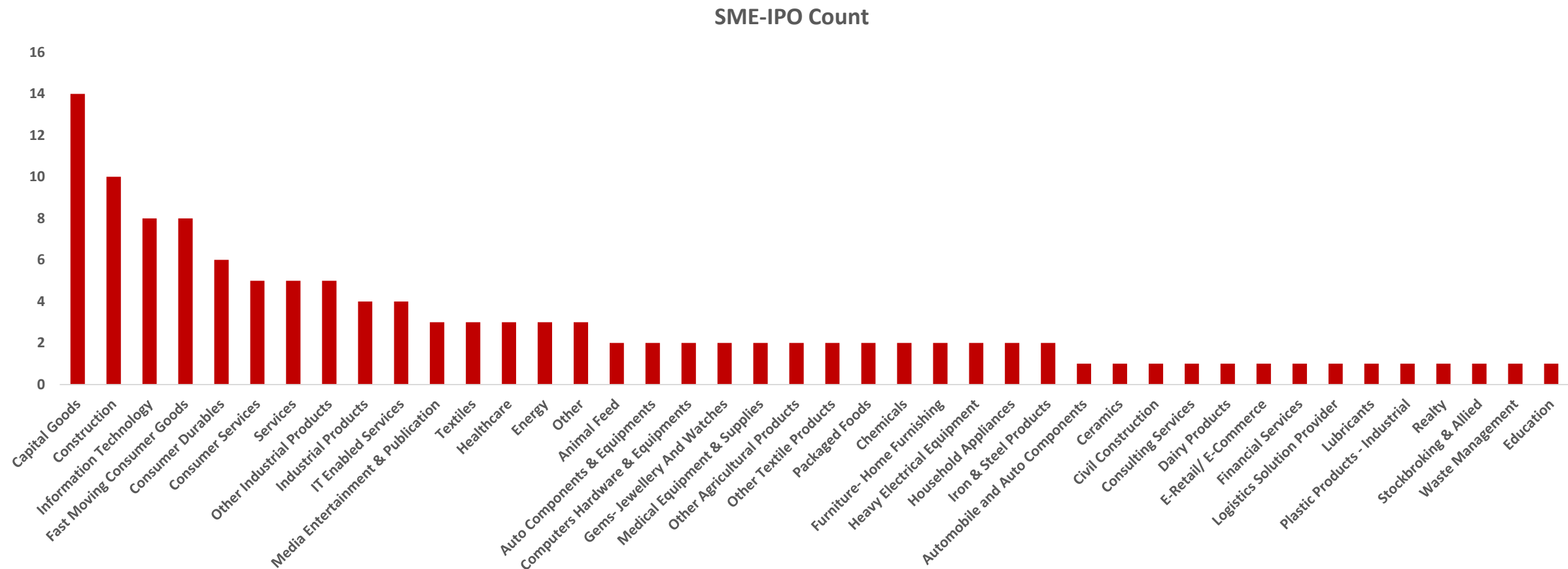


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Industry-wise Mainboard IPO of 2024 (till now)



Industry-wise SME IPO of 2024 (till now)



Source - 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

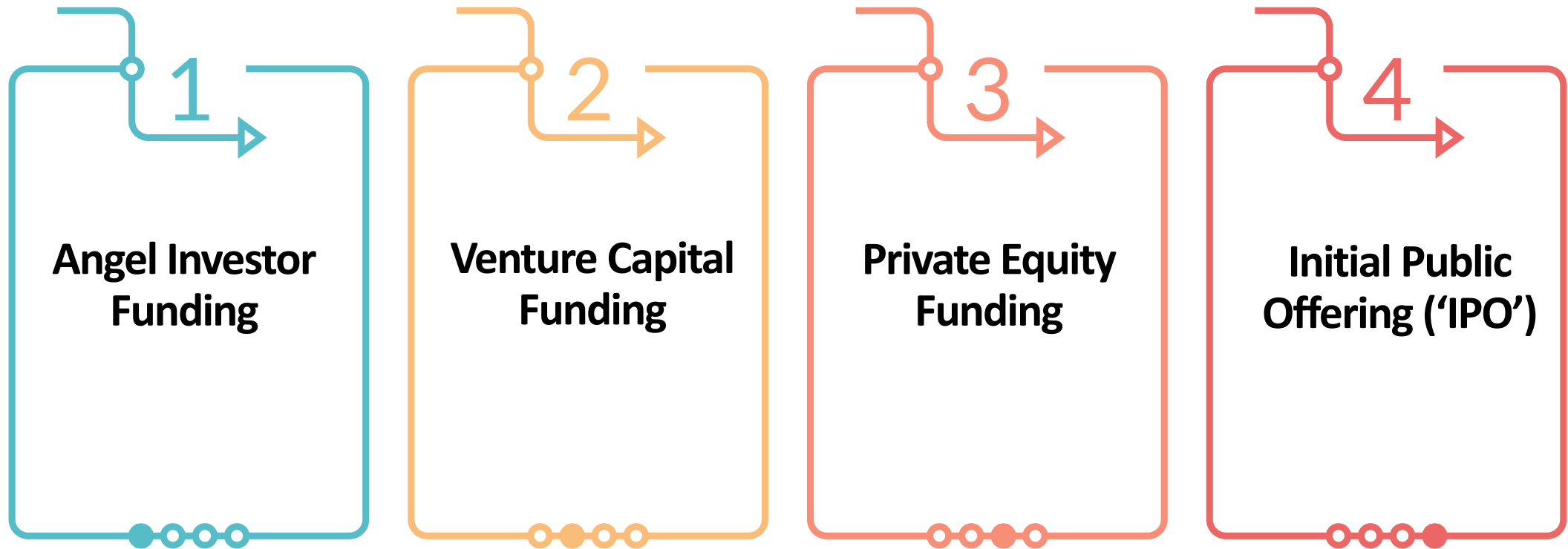
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Top 5 SME IPOs of 2024 (Till now)

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

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Options for Fund Raising



OPTIONS FOR LISTING



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REVERSE MERGER

- Option for Listing without going for IPO
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IPO

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- Comparatively stringent process
- Availd when fund raising is the priority
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Fresh Issue	Offer for Sale	Combination of 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



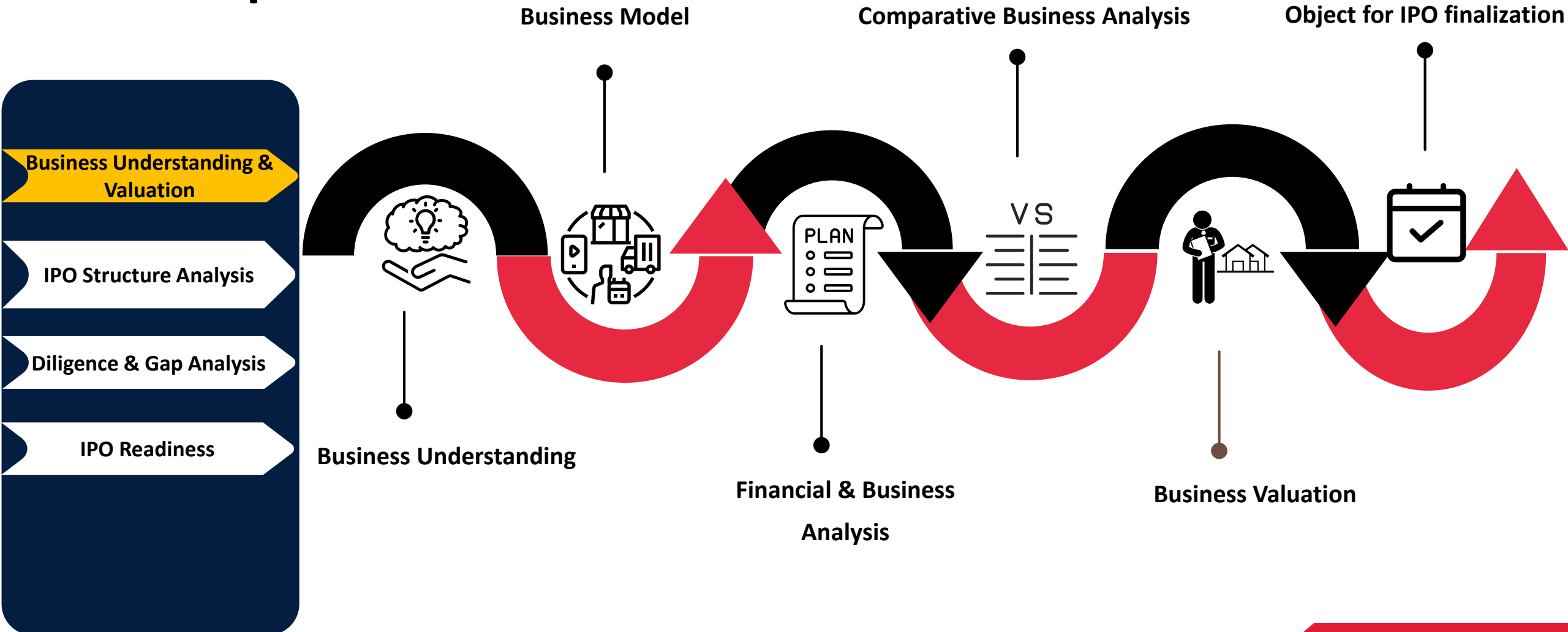
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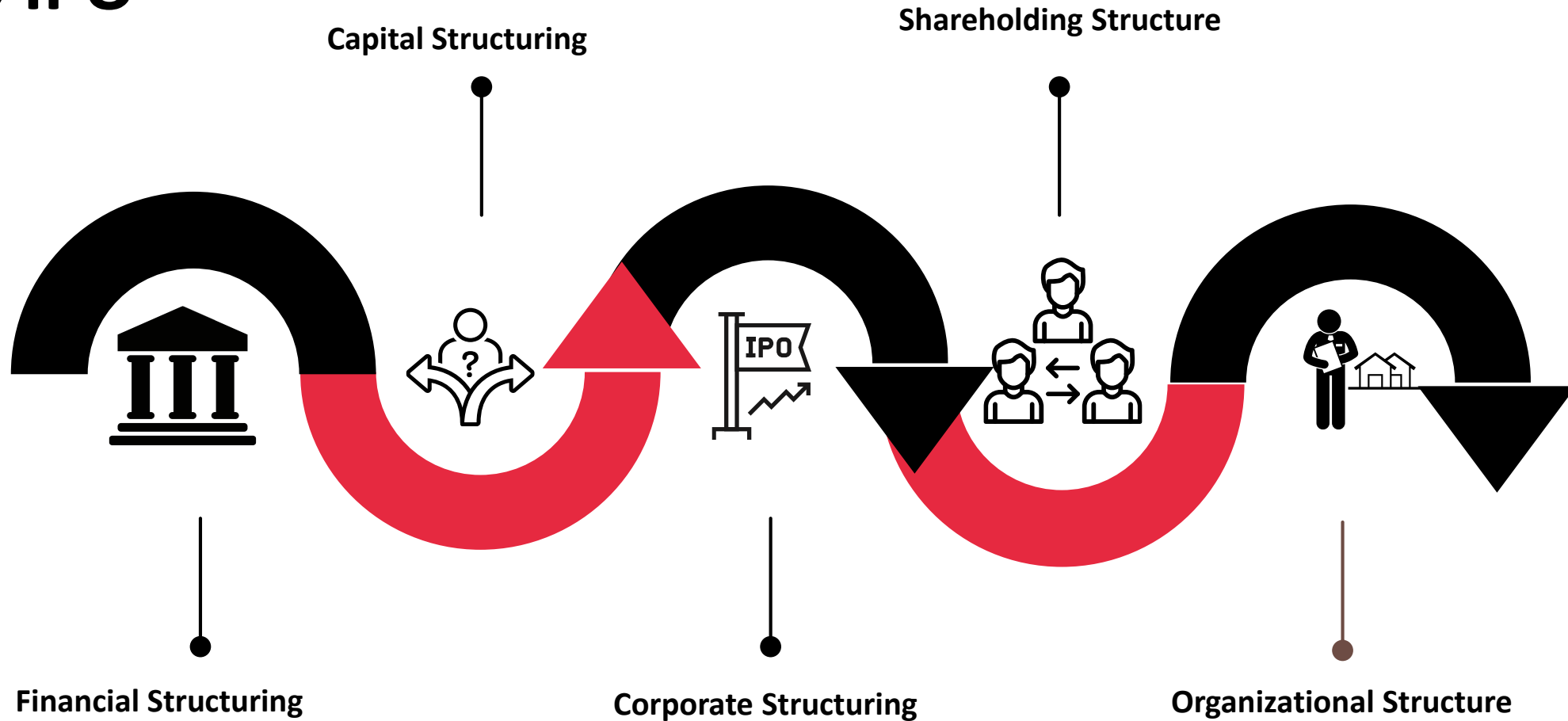
PRE-IPO READINESS



Roadmap to IPO



Roadmap to IPO



Roadmap to IPO

Business Understanding &
Valuation

IPO Structure Analysis

Diligence & Gap Analysis

IPO Readiness

Legal Due Diligence

Secretarial Diligence

Financial Diligence

Roadmap to IPO

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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

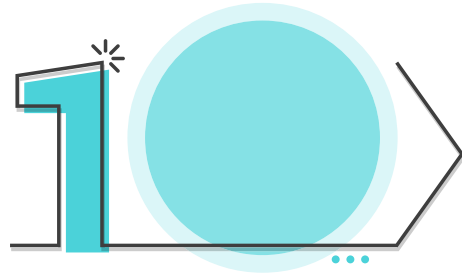


- Robust Compliance management system to be installed for managing all end-to-end compliances
- A strong and sizeable legal and secretarial team for managing all the legal processes as well as compliances applicable on the Company as Listed Company
- A third-party agency for quarterly legal and secretarial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

CRITICAL POINTS TO BE KEPT IN MIND BEFORE GOING FOR IPO

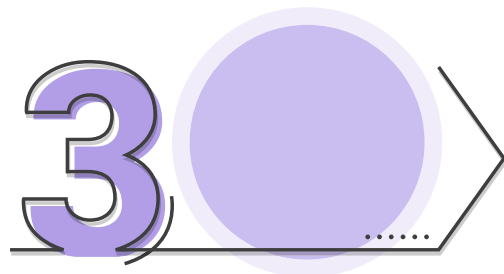
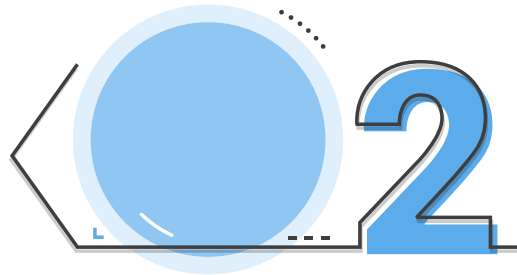


Promoter Contribution [Mainboard & SME]



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)

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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

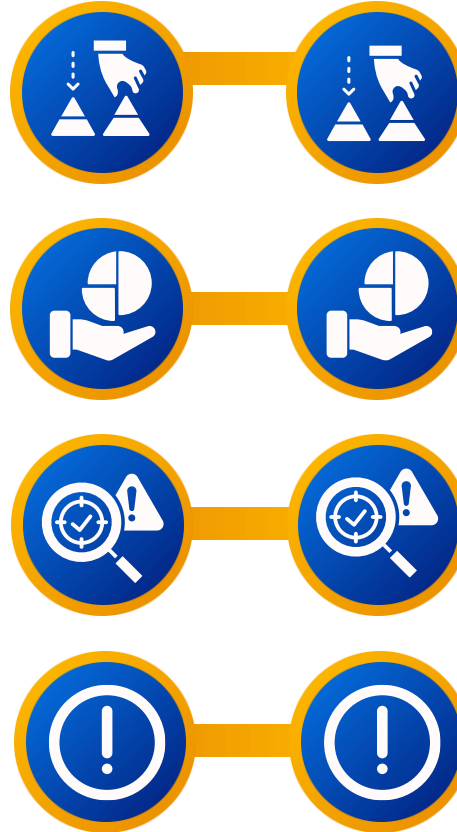
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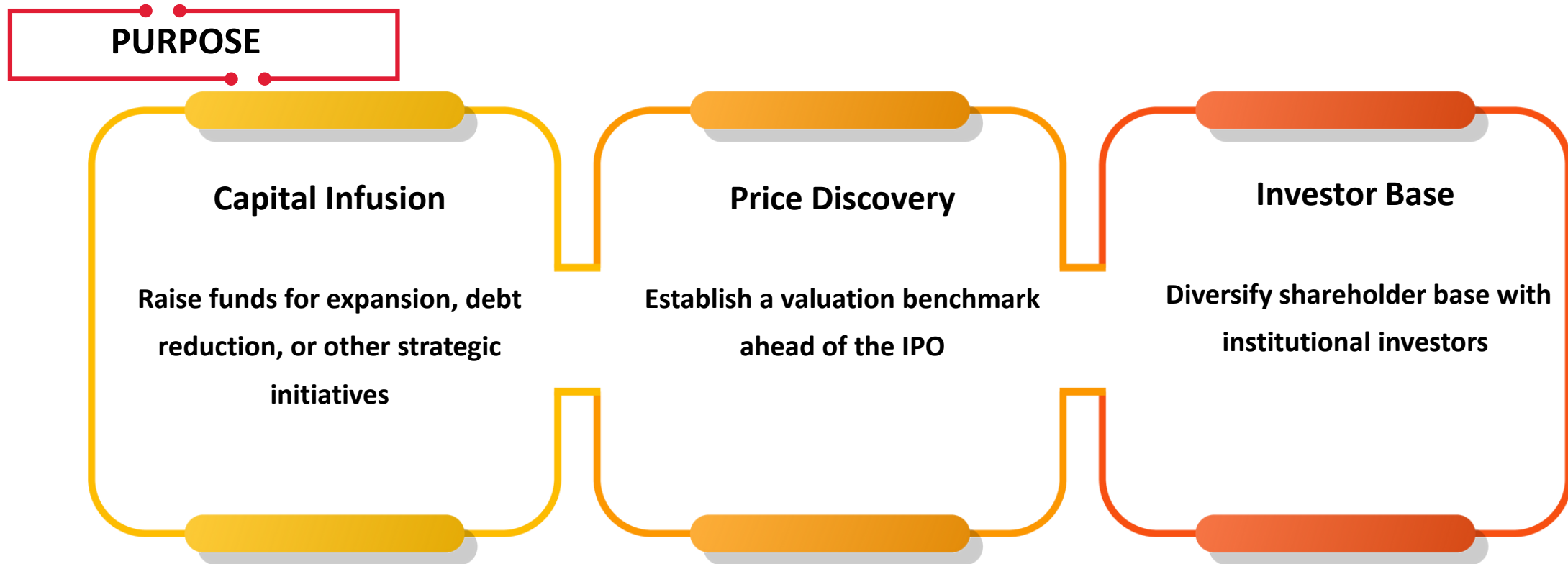
Exception

- 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

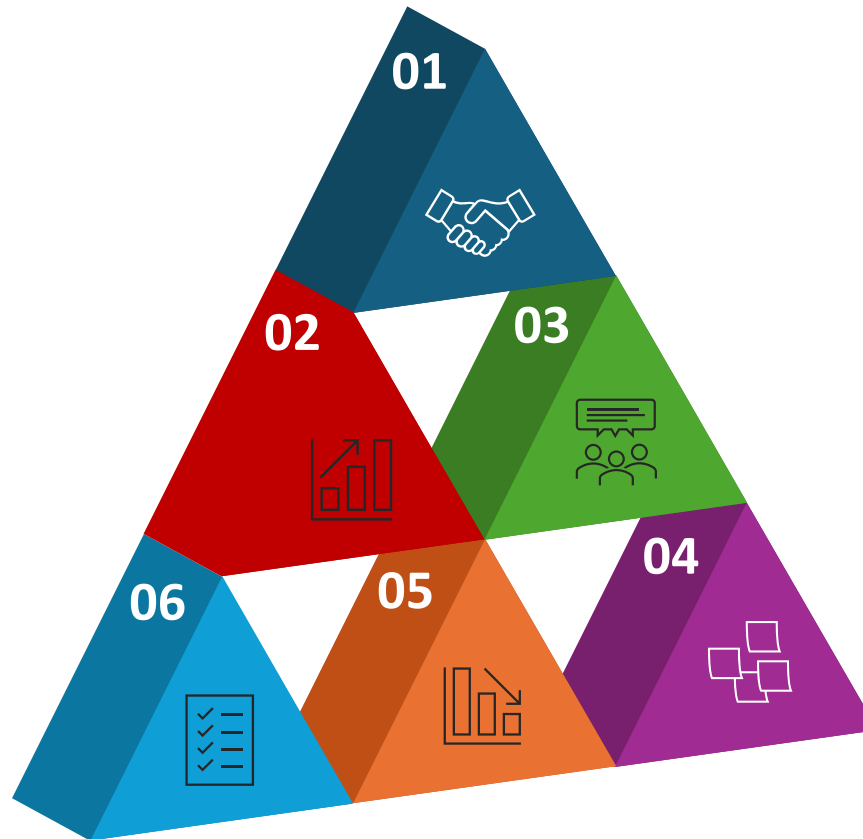
Pre-IPO placement refers to the private placement of shares to institutional investors or high-net-worth individuals before the company goes public



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

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Track Record

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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

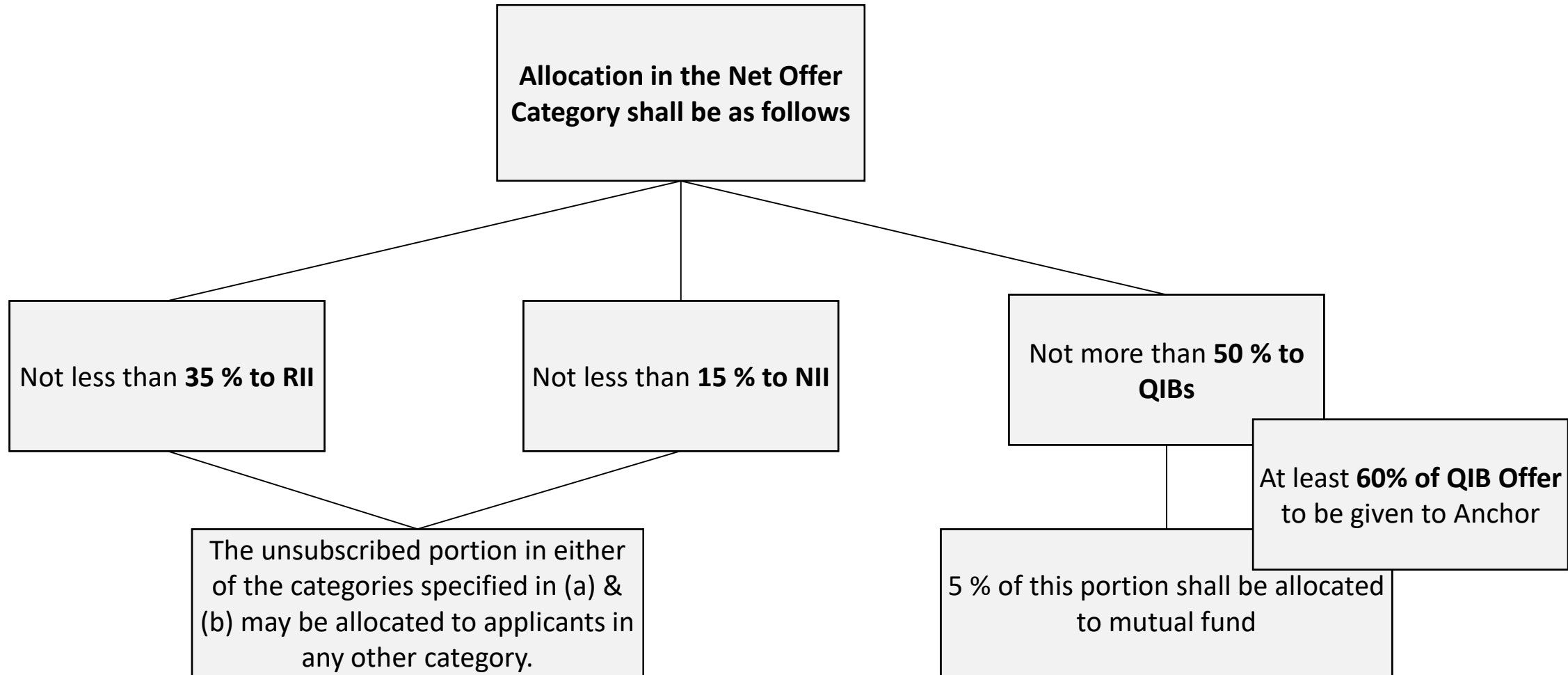
General Conditions for Main Board and SME Board

- 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

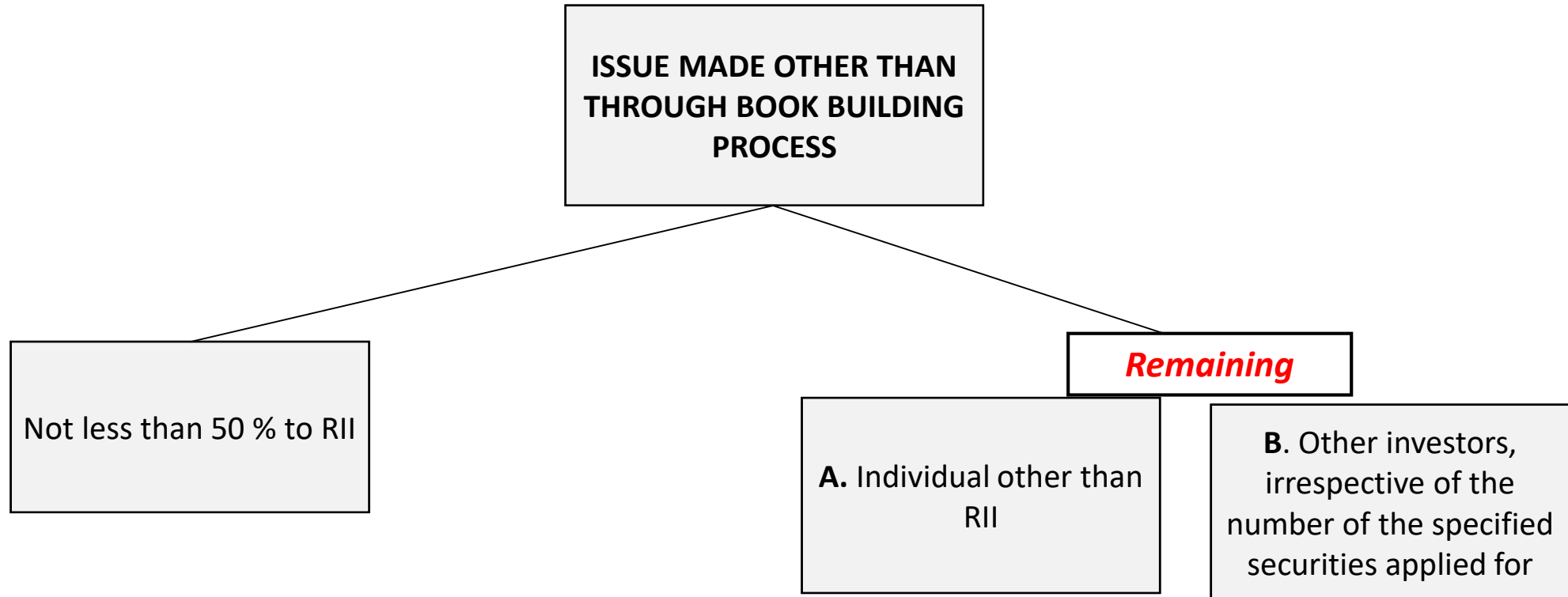
ALLOCATION



Allocation for SME – Book Building

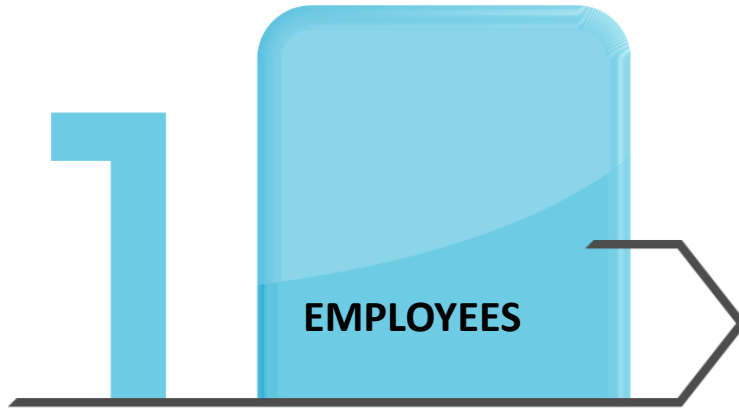


Allocation for SME – Fixed Price



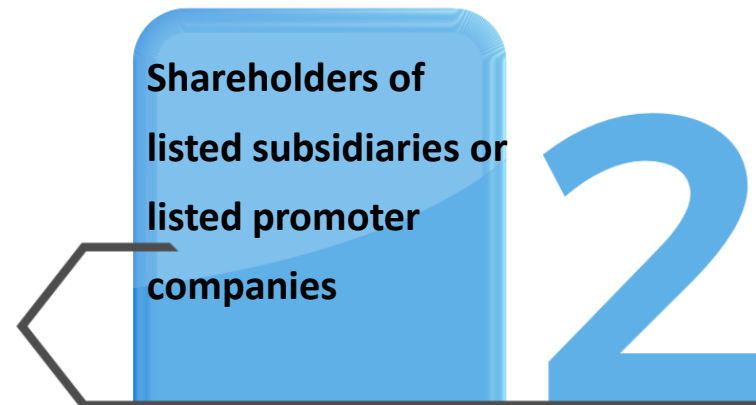
Reservation on Competitive Basis

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



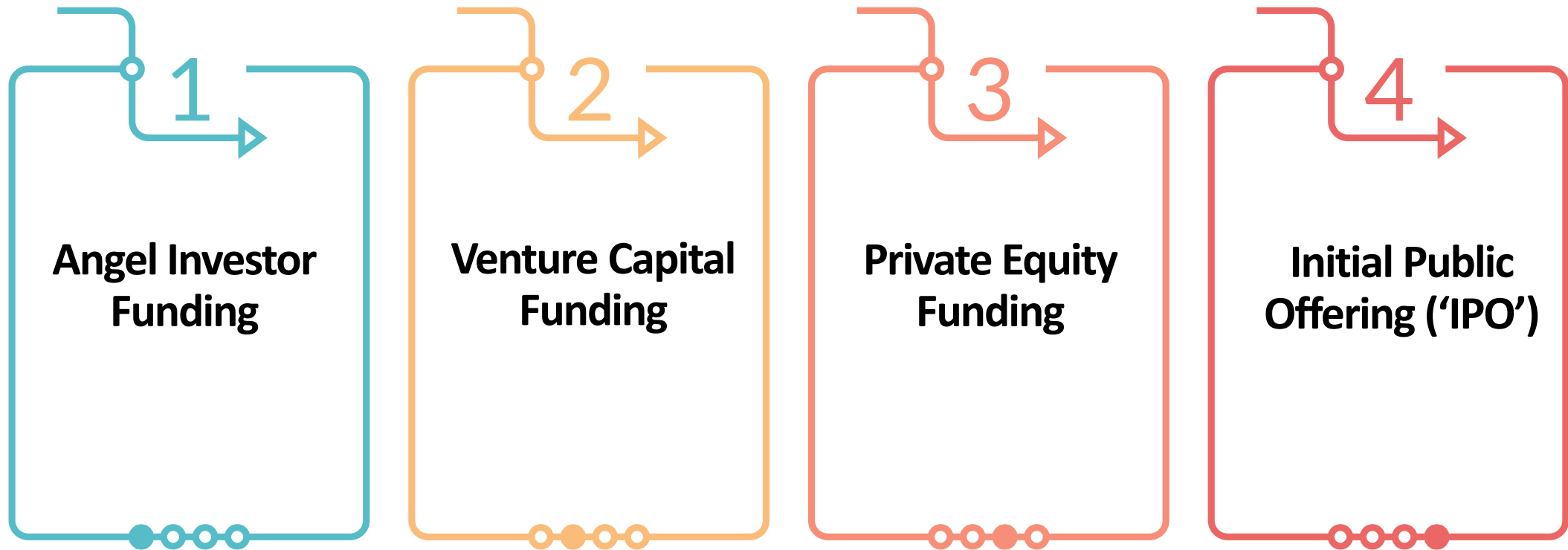
Migration to Main Board (BSE)

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

Migration to Main Board (NSE)

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

Options for Fund Raising



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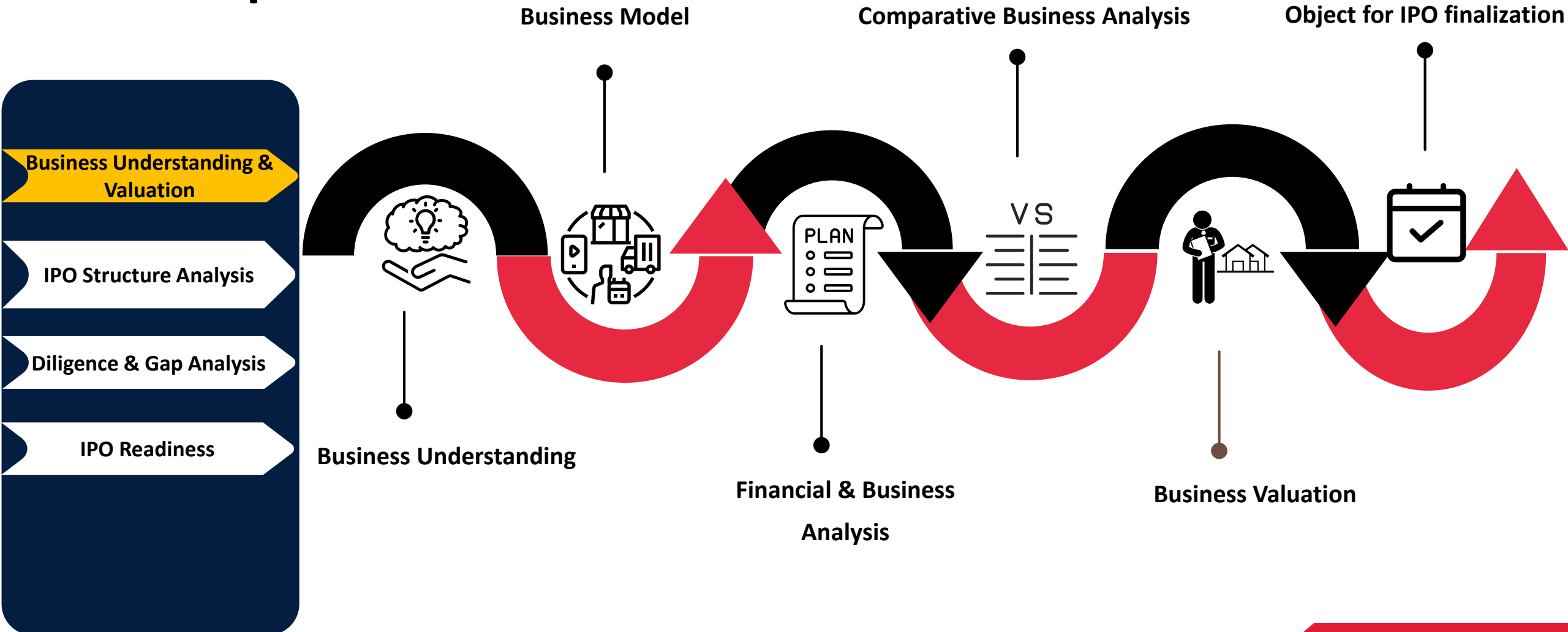
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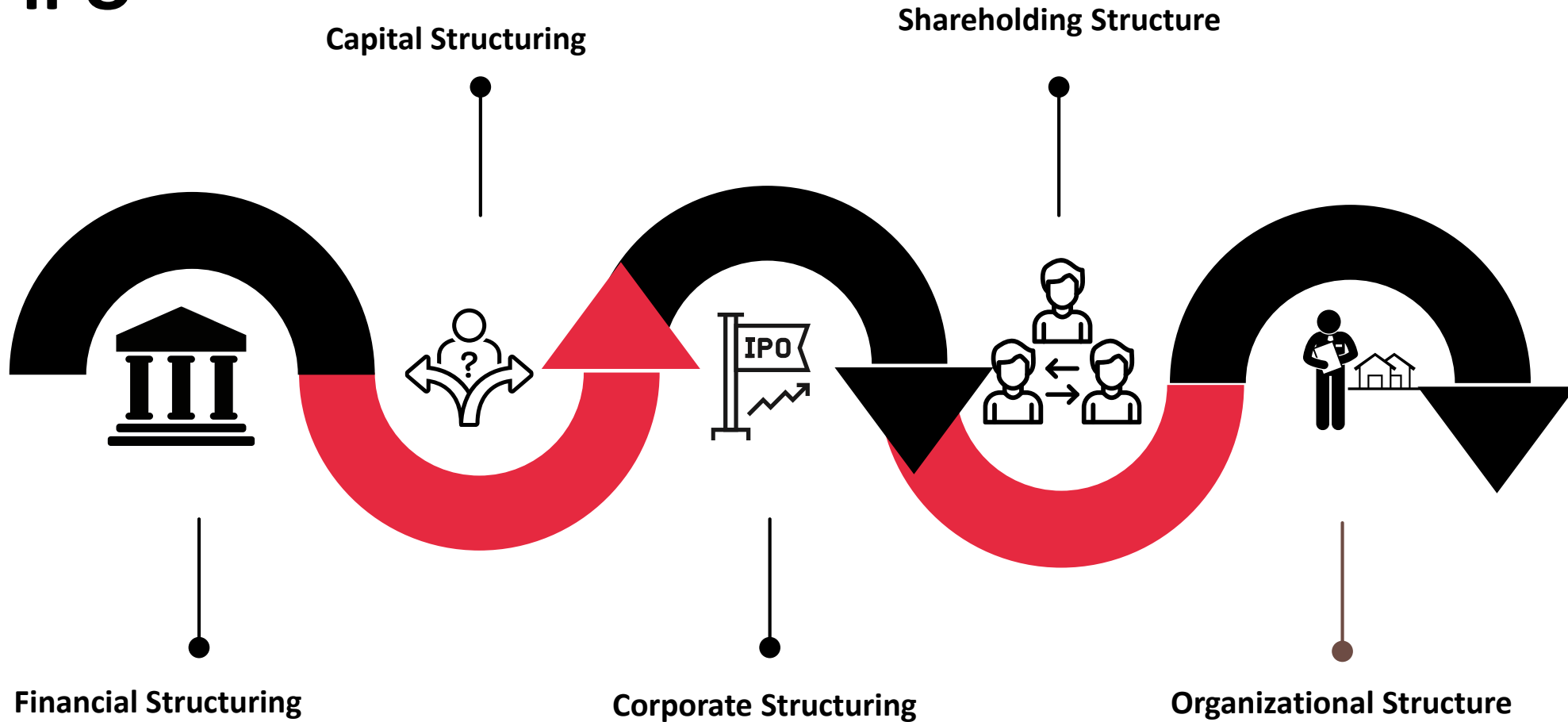
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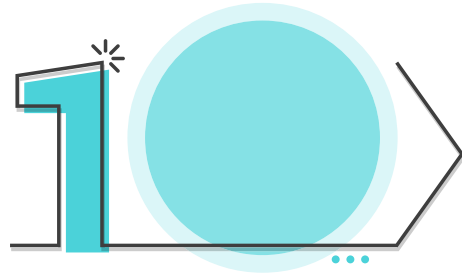


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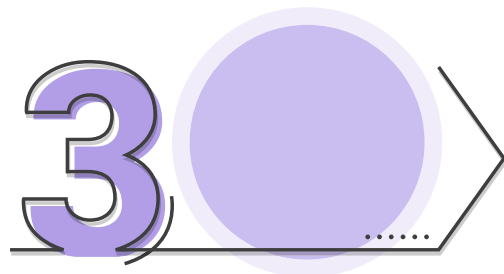
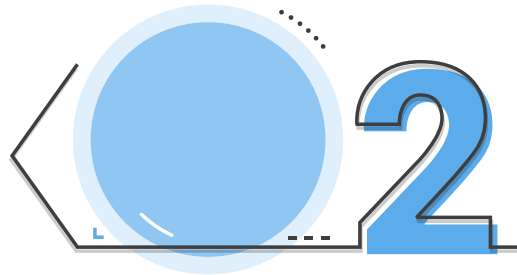


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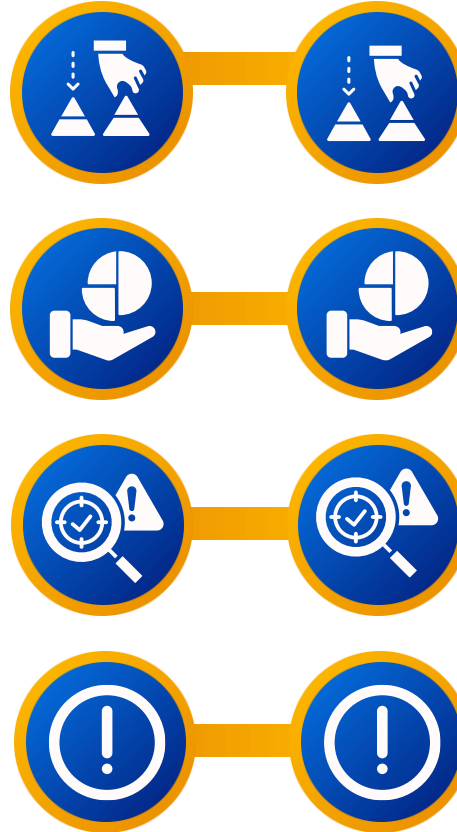
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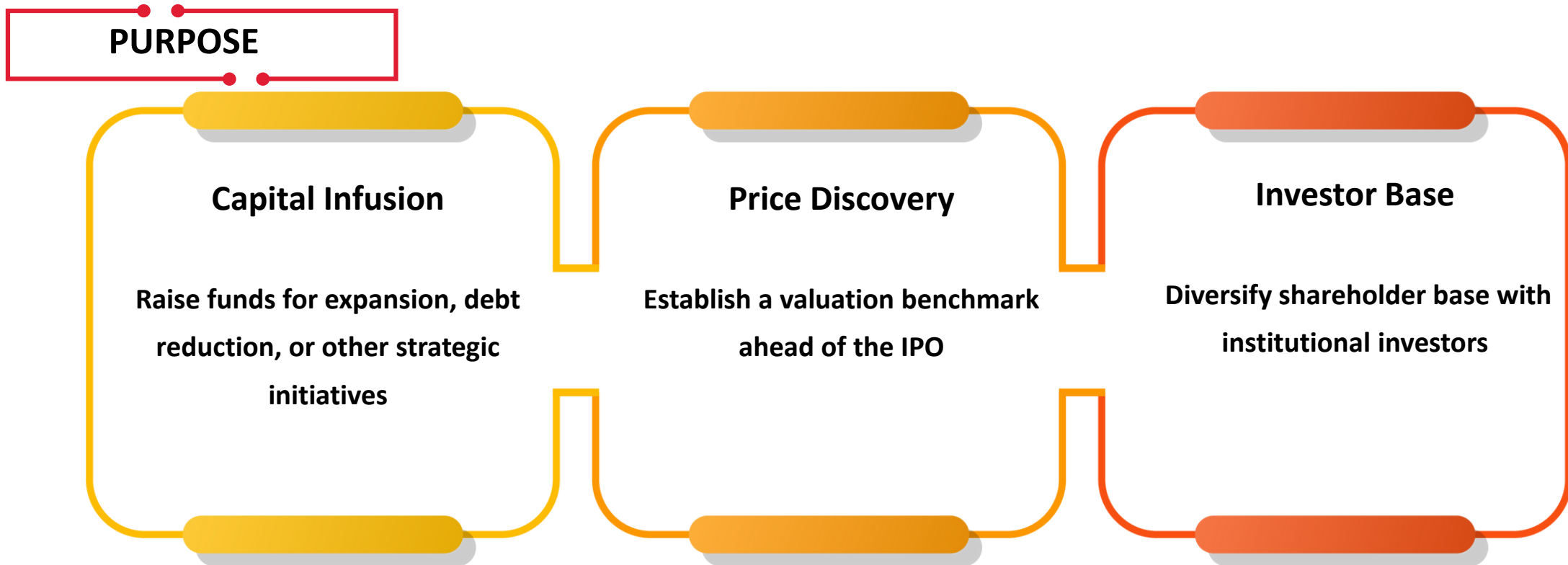
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- Equity shares held by VCF or AIF (C-I) or (C-II) or FVCI



Pre-IPO Placement

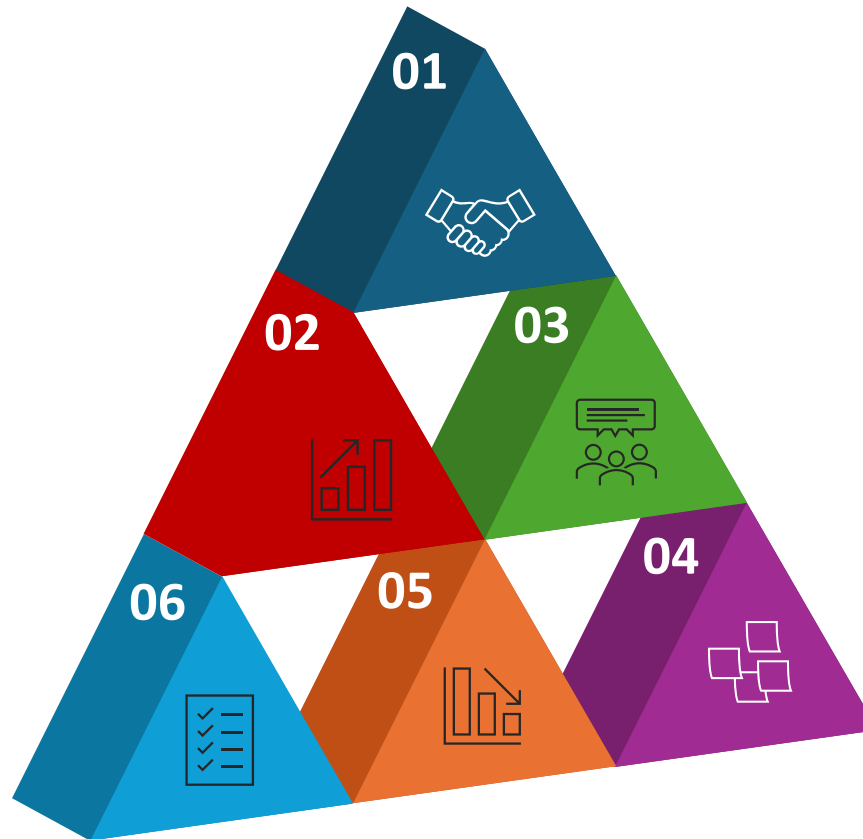
Pre-IPO placement refers to the private placement of shares to institutional investors or high-net-worth individuals before the company goes public



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	