

Roadmap to IPO

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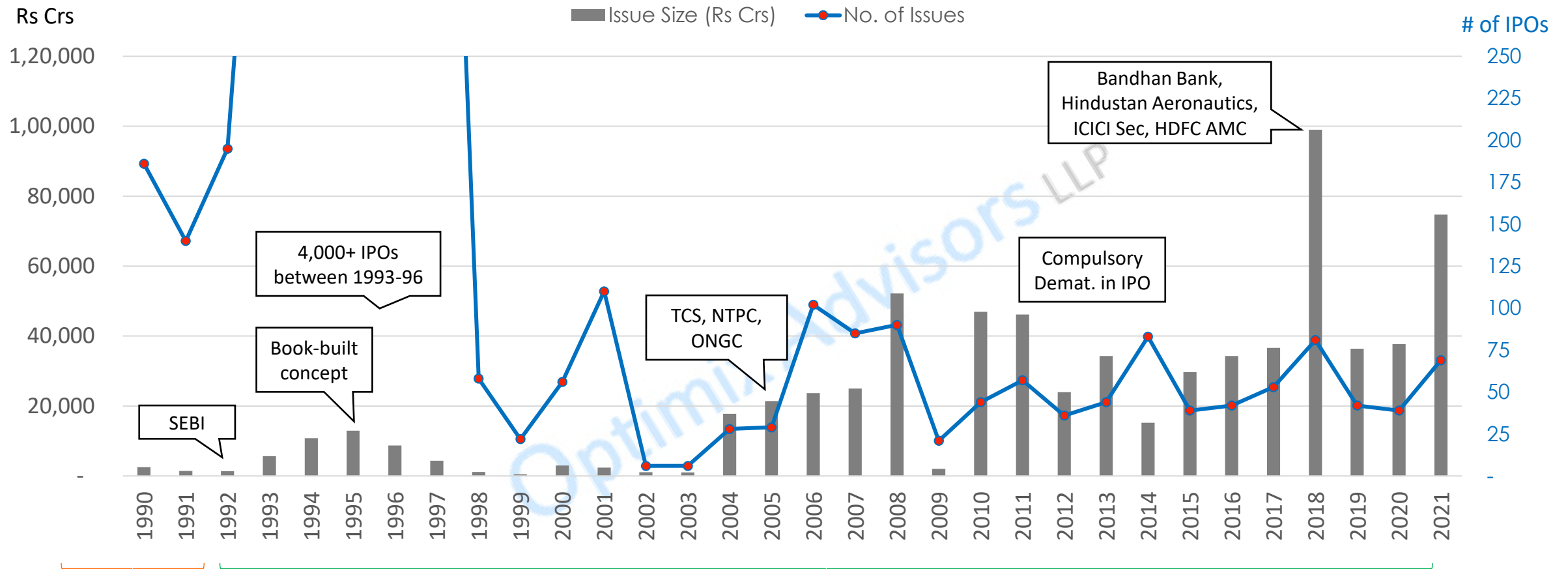
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1. Background

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History of Last 3 Decades



Capital Issue Control Act, 1947
Controller of Capital Issues

Issue of Capital And Disclosure Requirements (ICDR) Regulations, 2018
Securities and Exchange Board of India

2. Why IPO

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Vision – Think Big, Be Bold (1/2)



**Small
Company**

D Mart

**D-Mart of
India**

Walmart

**Walmart of
the World**

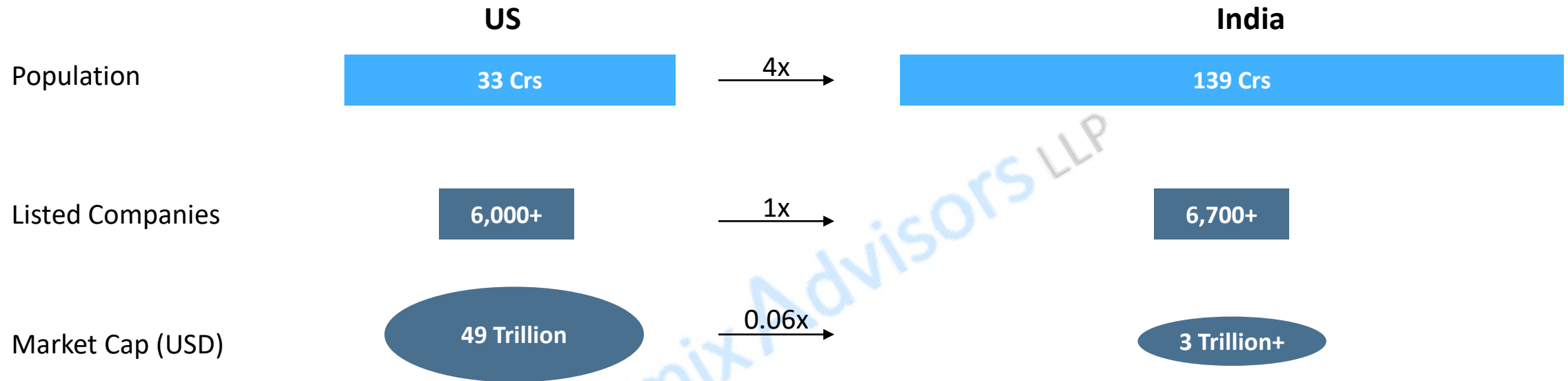
IPO is a Milestone and not the Destination
Shareholder Mindset -> Stakeholder Mindset

Vision – Think Big, Be Bold (2/2)

Rank by Market Cap	Company	Market Cap (USD Bn)	Market Cap (Rs Crs)	
1	Reliance	189	14 lac+	
5	HUL	76	5.7 lac+	
6	HDFC	60	4.5 lac+	Jio Platforms: ~USD 68 Bn / Rs 5 lac crs
12	Asian Paints	40	2.9 lac+	Flipkart: ~USD 25 Bn / Rs 1.8 lac crs
23	Nestle	23	1.7 lac+	
33	Tata Steel	18	1.3 lac+	
36	Bajaj Auto	16	1.1 lac+	Paytm: ~USD 16 Bn+ / Rs 1.2 lac crs Byju: ~USD 16Bn+ / Rs 1.2 lac crs
54	Dr. Reddy's	12	87k+	
62	Eicher Motors	10	73k+	Ola Cabs: ~USD 10 Bn / Rs 74k crs

Very Few Companies have Bold Vision

Capital Market needs you



Indian Capital Markets are highly under penetrated and have tremendous growth opportunity

Sala Mai To Sahab Ban Gaya, Sahab Ban ke ...



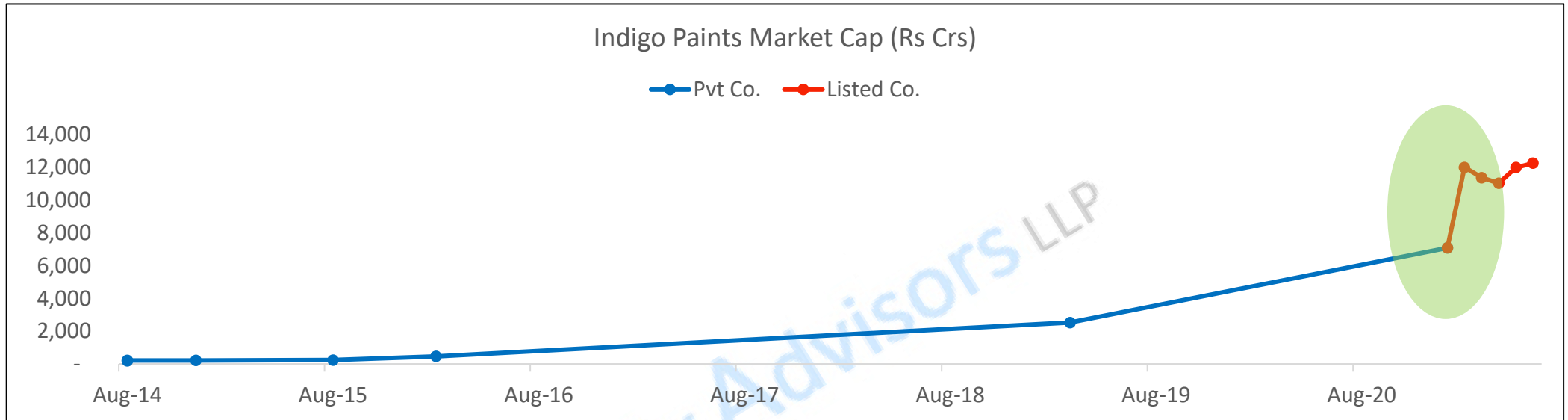
Objective of IPO

- Source of capital for future expansion
 - Further Fund Raise – QIP, Preferential Allotment, Rights Issue, FPO
 - Time Frame – Less (raise at an opportune time)
- Liquidity to existing shareholders in a tax efficient manner - OFS
- Unlock value
- Continuous price discovery
- Acquisition Currency
- Positively impacts perception in the market and increase business volumes

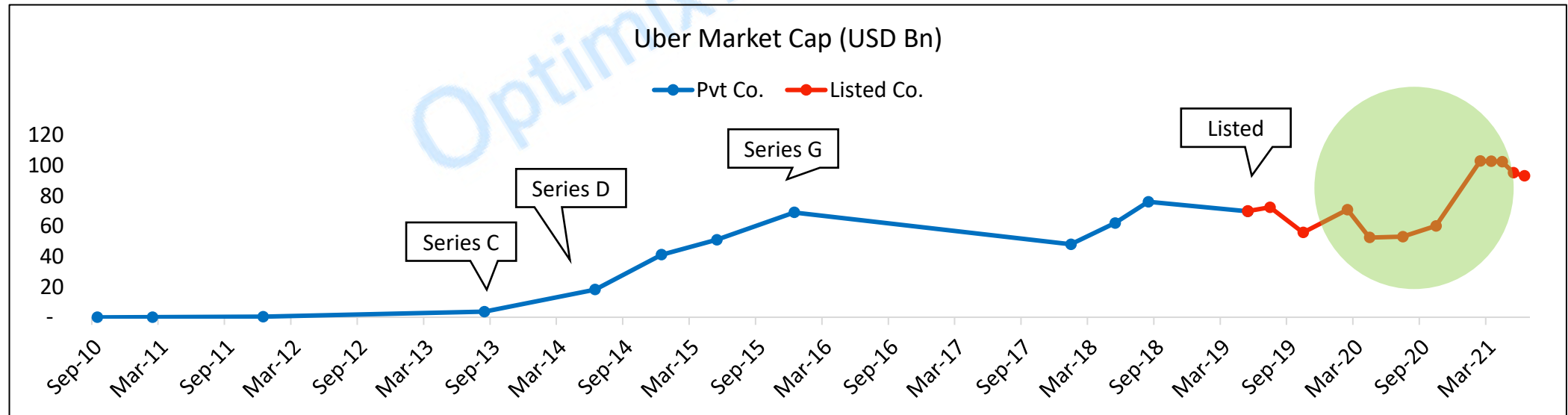
Liquidity to Existing Shareholders

Listing Year	Company	Selling Shareholders	Issue Size (Rs Crs)	OFS Component %	Primary Component %
Apr-21	Barbeque Nations	Promoter, CX Partners	453	60%	40%
Mar-21	Kalyan Jewellers	Promoter, Warburg Pincus	1,175	32%	68%
Feb-21	Indigo Paints	Promoter, Sequoia	1,170	74%	26%
Dec-20	Burger King	Promoter	810	44%	56%
Nov-20	Gland Pharma	Promoter, Investor	6,480	81%	19%
Sep-20	Happiest Minds	Promoter, JPM Invt. Mgmt	702	84%	16%
Mar-20	SBI Cards & Payment Services	Promoter, Carlyle	10,355	95%	5%
Jul-19	IndiaMart	Promoter, Investor	476	100%	0%

Unlock Value



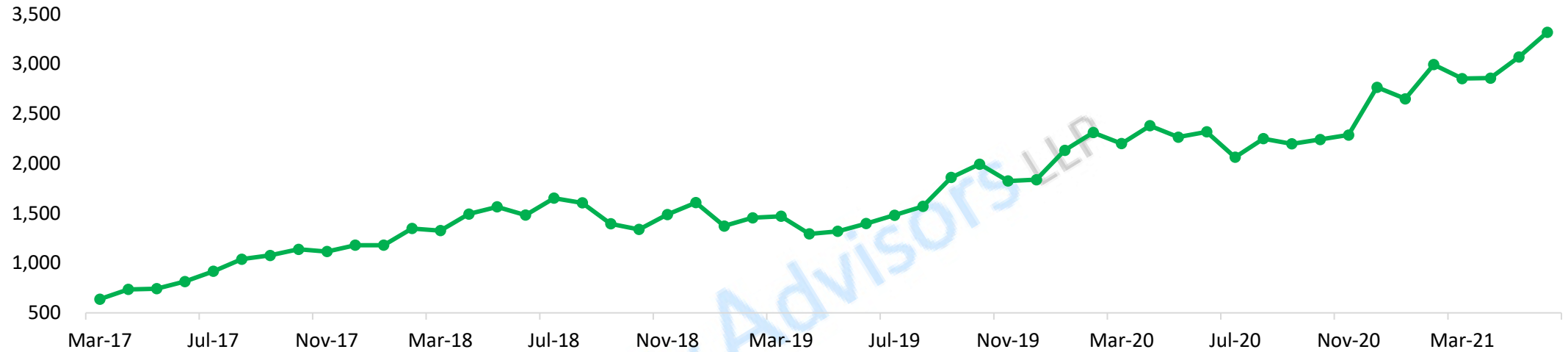
Uber



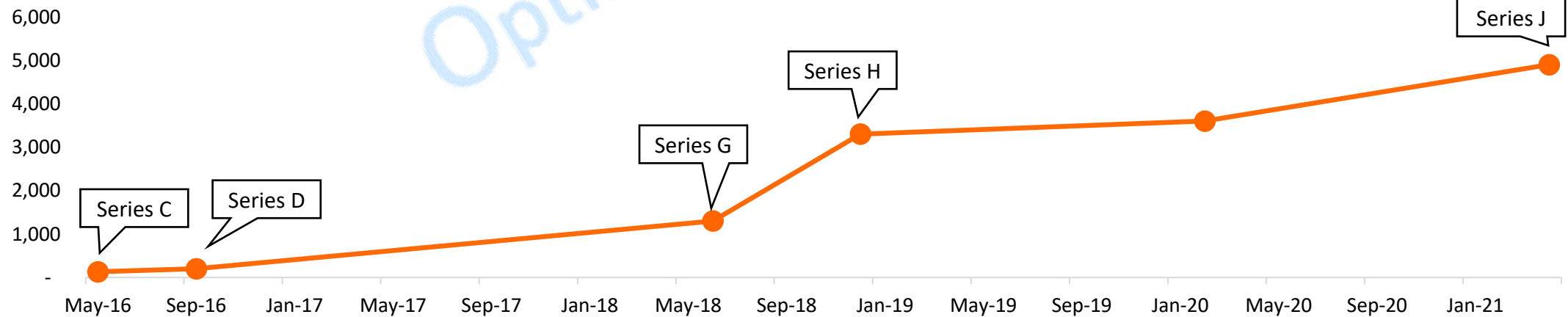
Continuous Price Discovery



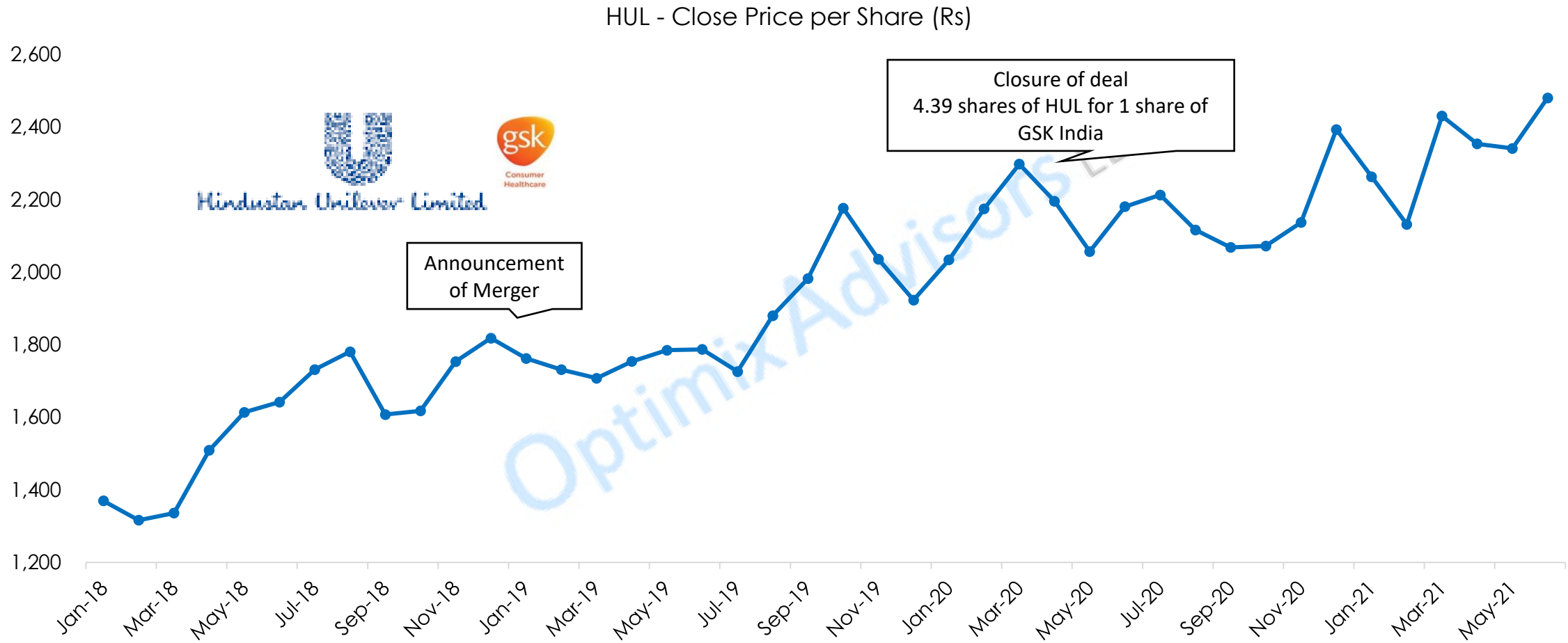
D-Mart - Closing Price per Share (Rs)



Swiggy Valuation (USD Mn)



Acquisition Currency



3. Eligibility Criteria & Timelines

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Myth # 1: I cannot do it...



Ashok Soota

Age at the time of incorporation: ~70 yrs

Age at the time of listing: 77 yrs



Rajni Bector

Age at the time of incorporation: ~55 yrs

Age at the time of listing: ~80 yrs



Dhirubhai Ambani

Modest Background









Sunder Genomal

Page Industries: Exclusive licensee of Jockey International in India, Sri Lanka, Nepal, Bangladesh, the UAE, Oman and Qatar

Even the word "Impossible" says I'M POSSIBLE – Believe in Yourself

Myth # 2: I am not eligible for an IPO...

Geography	Company	Status	Y1 / Y2 / Y3	Revenue (Rs Crs)			PAT (Rs Crs)			PAT Margin %			Networth (Rs Crs)		
				Y1	Y2	Y3	Y1	Y2	Y3	Y1	Y2	Y3	Y1	Y2	Y3
Indian		Private	FY18 / FY19 / FY20	487	1,398	2,743	-104	-965	-2,367	-21.3%	-69.0%	-86.3%	1,208	2,597	2,083
Indian		Listed	FY18 / FY19 / FY20	590	743	851	6	-38	-33	1.0%	-5.2%	-3.9%	145	132	6
Indian		Listed	FY18 / FY19 / FY20	389	644	847	-82	-38	-77	-21.2%	-5.9%	-9.0%	287	250	275

Geography	Company	Status	Y1 / Y2 / Y3	Revenue (USD Mn)			PAT (USD Mn)			PAT Margin %			Networth (USD Mn)		
				Y1	Y2	Y3	Y1	Y2	Y3	Y1	Y2	Y3	Y1	Y2	Y3
International		Listed	CY17 / CY18 / CY19	2,562	3,652	4,805	-70	-17	-674	-2.7%	-0.5%	-14.0%	NM	NM	NM
International		Listed	CY16 / CY17 / CY18	3,845	7,932	11,270	-370	-4,033	997	-9.6%	-50.8%	8.8%	NM	NM	NM
International		Listed	CY95 / CY96	1	16	NA	-0	-6	NA	-59.3%	-36.7%	NA	NA	3	NA

Where there is a WILL, there is a WAY
Investors look at Scale, Sustainability and Path to Profitability

Myth # 3: I am too small to bring an IPO...

Date of Listing	Company	Issue Size (Rs Crs)	Issue Price (Rs)	Current Price (Rs)	Current Price / Issue Price	Current Market Cap (Rs Crs)
Feb-21	Nureca	100	400	1,551	3.9x	1,552
Oct-20	Likhitha Infra	61	120	409	3.4x	809
May-19	Neogen Chemicals	132	215	826	3.8x	1,919
Mar-19	MSTC	212	120	258	2.2x	1,815
Apr-18	Karda Construction	77	36	175	4.9x	1,058
Sep-17	Apex Frozen Food	152	175	264	1.5x	822
Jun-17	PSP Projects	212	210	425	2.0x	1,572

Myth # 4: There is not enough liquidity in the market...

Listing Date	Company Name	Issue Size (Rs Cr)	Subscription (x)
Mar-21	MTAR Technologies Limited	596	200.79
Apr-21	Nazara Technologies Limited	583	175.46
Mar-21	Easy Trip Planners Limited	510	159.33
Feb-21	Indigo Paints Limited	1,176	117.02
Mar-21	Laxmi Organic Industries Limited	600	106.81
Mar-21	Heranba Industries Limited	625	83.29
Mar-21	Anupam Rasayan India Limited	760	44.06
Feb-21	RailTel Corporation of India Limited	819	42.39

India is still "SONE KI CHIDIYA"

Eligibility Criteria

Not Eligible
[Reg 5.1]

- Company, Promoters, Promoter Group Directors or Selling Shareholders - **debarred from accessing the capital market**
- Promoters or Directors - **Promoter or Director of any other company which is debarred** from accessing the capital market
- **Company, Promoters or Directors - wilful defaulter**
- **Promoters or Directors - fugitive economic offender**

Eligible
[Reg 6]

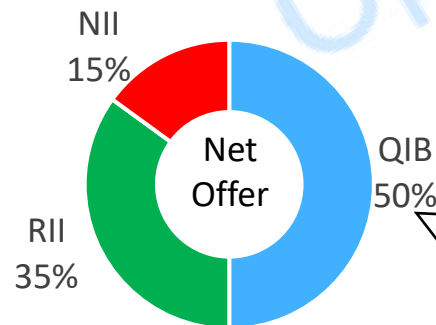
Regulation 6(1)

- **Net Tangible Assets \geq Rs 3 Crs** in each of the preceding 3 years
- **Average Operating Profit \geq Rs 15 Crs** during preceding 3 years with **+ve operating profit** in each of the 3 years
- **Networth \geq Rs 1 Cr** in each of the preceding 3 years
- If there is a **name change** within the last 1 year, **atleast 50% of Rev.** for preceding 1 year has been earned from activity indicated by the new name

Regulation 6(2)

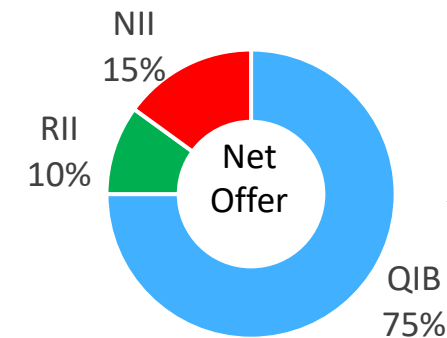
- Not satisfying conditions as specified in Reg. 6(1)
- Compulsory Book Building

- Minimum Paid up Capital Post Issue \geq Rs 10 Crs & Post Issue Market Cap of Rs 25 Crs



Anchor Investor: 60% of QIB

MF: 5% of QIB (excl. anchor book)



Anchor Investor: 60% of QIB

MF: 5% of QIB (excl. anchor book)

Acronym: QIB – Qualified Institutional Buyer; RII – Retail Institutional Investor; NII – Non Institutional Investor

Note: Financials should be on a restated and consolidated basis; Net Offer = Offer less Reservation and Promoter’s Contribution

Pricing – Fixed vs Book Building

Fixed Price

- Fixed Price

Price Band

- Maximum spread between floor price and cap price
- Can the price band be changed during an IPO?

Listing Year	Company	Price Band (Rs)	Allotment Price (Rs)	Variation %	Listing Year	Company	Price Band (Rs)	Allotment Price (Rs)	Variation %
Sep-99	Hughes Software	480 – 630	630	31%	Mar-21	Nazara Tech	1,100 – 1,101	1,101	0.09%
Dec-99	HCL Technologies	500 – 580	580	16%	Mar-21	Suryoday	303 – 305	305	0.66%
Jun-04	TCS	775 - 900	850	16%	Mar-21	Kalyan Jewellers	86 - 87	87	1.16%

Minimum Public Offer

Sr. No.	Post Issue Market Cap (Rs Crs)	Minimum IPO Size
1	Less than or equal to Rs 1,600 Crs	Atleast 25% of Post Issue Market cap
2	More than Rs 1,600 Crs Less than or equal to Rs 4,000 Crs	Atleast Rs 400 Crs [Increase public shareholding to 25% within 3 years from the date of listing]
3	More than Rs 4,000 Crs Less than or equal to Rs 1,00,000 Crs	Atleast 10% of Post Issue Market cap [Increase public shareholding to 25% within 3 years from the date of listing]
4	More than Rs 1,00,000 Crs (one trillion)	Atleast Rs 10,000 Crs + 5% of Incremental Post Issue Market cap of Rs 1 trillion [Increase public shareholding to 10% within 2 years and 25% within 5 years from the date of listing]

SEBI PR Dated Feb 17, 2021:
SEBI has **recommended** changes in the SCRR

Timelines

1-2 years

6-9 months

Before IPO Preparatory Phase

- Private Equity Round
- Financial
- Legal & Compliance
- HR
- Marketing & Branding
- ESG
- Corporate Grooming

IPO Preparatory Phase

- **Till DRHP**
 - Form core team & appoint intermediaries
 - Complete DD
 - File DRHP with SEBI
- **Till RHP**
 - SEBI approval
 - Market the deal to investors
 - File RHP
- **Till Listing**
 - Price Band
 - Bids
 - File Prospectus
 - Allotment & Listing

Post IPO Phase

- LODR (Listing Obligations and Disclosure Requirements)
- Quarterly & Annual filings

4. Preparatory Phases

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Pre Work



Put the house in order

Promoter & Promoter Group Definition

Promoter:

- i) who has been named as such in a **DRHP** or is identified by the issuer in the **annual return**; or
- ii) who has **control** over the affairs of the issuer, directly or indirectly whether as a shareholder, director or otherwise; or
- iii) in accordance with whose advice, **directions** or instructions the board of directors of the issuer is accustomed to act (shall not apply to a person who is acting merely in a professional capacity)

Promoter Group:

- i) Promoter
- ii) **Immediate relative** of the promoter (spouse of that person, or any parent, brother, sister or child of the person or of the spouse); and
- iii) in case promoter is a **body corporate**:
 - A) **subsidiary or holding** company of such body corporate;
 - B) **body corporate in which the promoter holds $\geq 25\%$; and/or any body corporate which holds $\geq 25\%$ of equity share capital of promoter;**
 - C) body corporate in which a group of individuals or companies or combinations thereof acting in concert, which hold $\geq 25\%$ of equity share capital in that body corporate and such group of individuals or companies or combinations thereof also holds $\geq 25\%$ of equity share capital and are also acting in concert; and
- iv) in case the promoter is an **individual**:
 - A) **body corporate in which $\geq 25\%$ of equity share capital is held by the promoter or an immediate relative** of the promoter or a firm or HUF in which promoter or any one or more of their relative is a member;
 - B) body corporate in which a body corporate as provided in (A) above holds $\geq 25\%$ of equity share capital; and
 - C) any HUF or firm in which the aggregate share of the promoter and their relatives is $\geq 25\%$ of the total capital;

Lock-in Condition

Promoter Lock In

- Atleast 20% of Post Issue Capital shall be locked in for 3 years from the date of allotment (Minimum Promoter contribution)
- Share capital in excess of Minimum Promoter contribution shall be locked in for 1 year from the date of listing
- Inter-se transfers are allowed among the Promoter / Promoter Group

Person other than Promoter Lock In

- Entire Pre-Issue Capital is locked in for 1 year from the date of allotment
- Exemptions: Equity shares allotted to employees pursuant to ESOP/ESPS, Equity shares held by VCF, Cat I/II AIF and FVCI – Provided such shares shall be locked for 1 year from the date of purchase
- Inter-se transfers are allowed among Persons other than Promoters whose shares are locked in

Objects of Issue – Primary Capital raised in IPO

- Primary capital can be raised for various purposes including **expansion plans, acquisitions, repayment of debt, general corporate purpose**, etc.
- General corporate purpose shall not exceed 25% of the amount raised
- Objects mentioned in the offer document has to be **backed up by relevant quotations**, etc.
- **Monitoring Agency** has to be appointed for fund raise of more than Rs 100 Crs
 - Monitoring agency shall **submit its report** to the issuer in the format specified in Schedule XI on a **quarterly basis**, till at least 95% of the proceeds of the issue, excluding the proceeds raised for general corporate purposes, have been utilised



- To meet long term **working capital** requirement (Rs 101 crores)
- **General corporate purposes** (Rs 3 crores)



- To finance the project cost towards expansion of the Rajpura Manufacturing Facility by establishing a **new production line for biscuits** (Rs 40 crores)

Key Regulations, Intermediaries & Chapters of Offer Document

Key Regulations

Issue of Capital and Disclosure Requirement (ICDR) Regulations, 2018 [SEBI]

Securities Contracts (Regulation) Rules, 1957

Companies Act, 2013 [MCA]

Foreign Exchange Management Act, 1999 (FEMA) [RBI]

Listing Obligations and Disclosure Requirements (LODR) Regulations 2015 [SEBI]

Substantial Acquisition of Shares and Takeovers (SAST) Regulations, 2011 [SEBI]

Key Intermediaries

BRLM

Legal Counsel

Underwriters

Bankers

Registrar

Advertising Agency

Printing Agency

Monitoring Agency

Statutory Auditor

Stock Exchange

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Thank You

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