

Transformation and value creation through an IPO





Thinking about an IPO? Grant Thornton Bharat can help your company go public

An initial public offering (IPO) is one of the most exciting, rewarding and yet, one of the most challenging processes for companies. Going public comes with many benefits covering brand visibility and prestige, business and customer growth and valuations, but it also means the start of a new life in the public spotlight.

While there may be multiple reasons to consider a listing, an IPO is a long-term project, which requires commitment by various stakeholders and senior management. The IPO event requires significant planning and execution strategy by the company to navigate multiple challenges.

Challenges include regulatory compliances, complex accounting rules and reporting requirements, pressures on time and resources, creating governance structure and boards and management of all stakeholders including employees, customers, board and shareholders.

At Grant Thornton Bharat, we bring our experienced team of cross-functional experts and we work with our clients to help examine whether going public is the right choice for their company. If the company has decided to list, we help them through the entire IPO process and post-listing as well.

We have advised several companies through their listing journey, whether listing in India or listing at overseas stock exchanges. Our integrated, collaborative and partner led-approach is distinctive and provides you with high-quality services throughout the IPO journey.

IPO journey cycle



Going public is filled with the excitement of achieving a major milestone, and this also comes with major challenges, risks and responsibilities to all the key stakeholders. In my view, the IPO journey is one of transformation of business, process, governance and culture to create sustainable value for all stakeholders by creating a strong foundation of trust and highest standards of governance.

Raja Lahiri
Partner, Growth and Leader IPO Advisory

Key considerations

The key to a successful IPO and life as a public company is extensive preparation and meticulous planning at every stage of the process to effectively showcase the merits of your business to potential investors. However, the actual process and schedule of an IPO varies substantially based on factors such as jurisdiction, exchange and state of preparedness of a company.

Evaluating IPO readiness and IPO plan

Assessing IPO readiness

Launching an IPO is a journey of transformation from being a private company to a public company. You would need to enhance corporate governance, (i.e., the organisation's systems and processes), evaluate external forces (i.e., compliance needs for a listed company) and create a plan of action (i.e., a step-by-step allocation of responsibilities against timelines).

Creating a compelling equity story

Your brand is as big as your story! Create a credible growth story, detailing the long-term vision of your business through a detailed and robust business plan.

Culture transformation

Change from private to a public company is significant in terms of disclosures, financial reporting, analyst calls, corporate governance and dealing with stakeholders and the public. Hence, this involves the transformation of culture within the senior management and employees in terms of accountability and trust. Preparing and educating your team for this change would need to be enabled by proper change management and culture transformation journey to prepare the company well in advance for the IPO.

Building the project management team and choosing right advisers

You must gauge whether the right resources are involved to deliver the IPO and comply with listing requirements. It is imperative to build a separate IPO team with the necessary skillset, experience and credible track record pertaining to the industry, sector, operations, strategic planning, financial reporting and control, public listing and choosing the right set of advisers, including investment bankers, lawyers, accountants and investor relations firm.

Choosing the right place to list

With increasing globalisation, you can now list in the domestic market or choose to go global. The selection of an exchange is a long-term strategic decision and is driven by factors such as regulatory framework, investor and customer base, valuation and liquidity. Eventually, your choice is dependent on which exchange can enhance the investment proposition given your company's strategy and objectives of listing.

Executing the IPO Plan

Getting your house in order

IPO is not just a milestone. It involves adapting to a new post-IPO normal, with focus on long-term sustainability and viability as well as increased scrutiny and perception by the market. Hence, you must build upon your IPO readiness study and work on the identified areas.

Enabling financial reporting

One of the most critical requirements for an IPO is the audited restated historical financial information in compliance with applicable standards - Ind AS, IFRS or US GAAP. Complexity in accounting treatment and contentious judgmental areas should be pre-cleared between auditors and management teams to avoid last minute surprises.

Robust internal controls and management reporting framework

Listed companies are subject to a higher degree of scrutiny by auditors and stakeholders. It is important to define the internal control framework, fill the gaps therein and set up an environment where the operating effectiveness of controls are tested regularly as per a plan.

Similarly, for the purpose of writing prospectus and during a company's life as a listed entity, there will be a heightened need for time-bound, good quality analytical information. At this stage, an IPO-bound company must evaluate need for robust MIS structures.

Ensuring corporate governance

A strong and transparent corporate governance structure is critical to create investor confidence and provide comfort over safety and growth of the funds invested. The key to building investor confidence is to have an experienced, strong, credible and independent board with a broad range of expertise. This board can guide the management of your company in achieving its corporate strategy whilst identifying, mitigating and managing risks.

Creating capital and legal structure

For the IPO, your company may be required to create a capital structure which will not deter investors from investing in the proposition. You may need to reorganise your company's group structure prior to the IPO and make changes in the holding company and legal entity structure. Many of the activities may involve incorporation of companies and re-entering of contracts and other legal matters. It is essential that any restructuring is investigated in advance as it would have a direct impact on financial reporting.

Engaging anchor investors, including PE/VCs and brand positioning

It is important to engage with institutional investors early on in the process. Right set of anchor investors not just lend more credibility to the issue, but also help in setting valuation benchmarks for the company.

Companies should try to bring in the right investment banker and advisers early on in the process who can suitably advise on valuation and engage with institutional investors.

Further, an effective communication strategy around your company's brand positioning is critical to attracting stakeholders such as investors, analysts, media, industry associations and financial institutions. Therefore, planned public relations (PR) activity and appropriate PR firm can help in amplification through the three phases –pre-IPO, price discovery and marketing and listing.

Pricing of the issue and valuation

One of the most critical elements of the IPO process is the pricing of the issue and valuation of the company. Existing PE/VC investors and board along with the investment bankers and advisers need to work together to do a detailed valuation analysis and study based on comparable industry benchmarks and market multiples. IPO pricing is only start of the journey, and the real test for the company, is post IPO, in terms of company performance as well as stock price. Therefore, key is to set a sustainable price of the issue keeping in mind wider investor interests, and long term view and value creation for all stakeholders.



Listing on the capital markets

Filing prospectus and engaging with regulators

Capital markets regulators across the globe have specialist teams who review every word of the prospectus with a fine lens. An IPO expert will be able to guide a listing aspirant based on experience of undergoing comment letter process.

Investor relations and communication strategy

After obtaining all the regulatory approvals, the IPO day is truly one of the key milestones of the company. Once listed, the responsibility and accountability of senior management and the board of directors increases significantly, to create trust accountability and transparency to investors and wider stakeholder community. Hence, building a strong investor relations (IR) team and appointing an IR firm would be key to set up to establish a robust and regular communication strategy and channel of the company's business trends, financial performance and key events with the wider public.



An integrated Grant Thornton Bharat team to help you through the IPO journey

IPO Services



Pre-IPO planning

IPO Readiness Assessment

- Evaluation of IPO considerations, why public?
- Evaluate IPO destination – India or overseas?
- Understand current state and IPO plan
- Perform diagnostic and gap assessment around financial statements, accounting policies, corporate governance and IT systems
- Tax structure assessment
- Formulate IPO calendar and responsibility matrix
- Assist management to be 'IPO ready'
- Review of compliances required under Securities and Exchange Board of India's (SEBI) Issue of Capital and Disclosure Requirements Regulations (ICDR) and LODR Regulations (Listing obligations and disclosure requirements)
- Digital and business transformation assessment
- Conduct workshops and training sessions with IPO team



IPO preparation and execution

- Project management office (PMO) services of the IPO process including setting up of PMO, setting timelines and workstreams, data-room management, co-ordination with various external and internal stakeholders, monitoring various work-streams and creating IPO dashboard
- Assistance in preparation of historical financial statements as per appropriate accounting standards
- Assistance in enterprise risk management, policies and corporate governance frameworks
- Benchmarking analysis with competitors
- Assistance in validating business plans and market assessment
- Management information system design and integration with IT systems
- Assistance in creating Cyber risk management framework
- Assistance in implementation of digital transformation strategy
- ESOP Advisory and implementation assistance
- Assistance in preparation of prospectus document including business, financial and other



Post-IPO support

- Support in preparation and presentation of quarterly financial results
- Support in regulatory and tax reporting and filings
- Internal audits and ongoing reviews of corporate governance policies
- Support to management in monitoring the use of IPO proceeds as per the prospectus
- Related party transactions review

IPO services team



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