

WHAT GOES INSIDE A SUCCESSFUL IPO?



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BDO

FOREWORD

An IPO (Initial Public Offering) is essentially a public issue of shares, through which an unlisted company offers its shares to the public for the first time and seeks listing on a recognised stock exchange. For many companies, going public can represent the pinnacle in their long history, provide access to growth capital, strengthen market visibility and create liquidity for existing shareholders. For others, an IPO marks the beginning of a new stage and a catalyst for growth.

Listing brings prestige, exposure, financial reward and stakeholder engagement. At the same time, becoming a listed company changes the way you operate: reporting becomes more demanding, governance expectations increase, decisions face greater scrutiny, and management must engage with a much wider stakeholder group.

If you are considering an IPO, the best advice we can offer is to start early.

The right advisers, a clear execution plan and early attention to governance, controls and investor expectations can materially improve your readiness. This publication lends a practical overview of the Indian IPO journey and the areas you should consider before, during and after listing. It is intended for general information and should not replace specific legal, accounting, tax or financial advice.

BDO India





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01

PRIMARY CAPITAL MARKETS AT A GLANCE



India's capital markets have been underpinned by a strong and evolving regulatory framework anchored by the Securities and Exchange Board of India (SEBI). Its proactive and adaptive approach has helped India become one of the most trusted and well-regulated capital markets among emerging economies, reinforcing investor confidence and supporting wider participation by domestic and international investors.

Access to capital market products has increased meaningfully, supported by growth in demat accounts, expansion of digital broking platforms, rising mutual fund folios and higher retail participation across equity and derivative segments. The increasing integration of capital markets within the broader financial inclusion framework indicates a structural deepening of India's financial ecosystem, with households gaining greater access not only to banking services but also to market-linked investment avenues.

Another catalyst is India's entrepreneurial ecosystem. India had over 2.23 lakh recognised start-ups as of March 2026, making it the third-largest start-up ecosystem globally, with 120 unicorns at a combined valuation exceeding ~USD 350bn¹. With more than half of start-ups now originating from Tier II and Tier III cities, the investment opportunity set is widening geographically, strengthening India's positioning as a hub for investment-led growth.

The Bombay Stock Exchange (BSE) stands as the oldest stock exchange in Asia and a cornerstone of India's financial landscape. The National Stock Exchange (NSE), established subsequently, quickly gained prominence through the electronic stock market.

NSE is integral to India's journey for capital formation²

1st globally

multi-asset class exchange, number of trades in cash equities and equity derivatives

INR 411tn

market capitalisation of listed equities/ units

~ 2,900

listed entities

INR 4.8tn

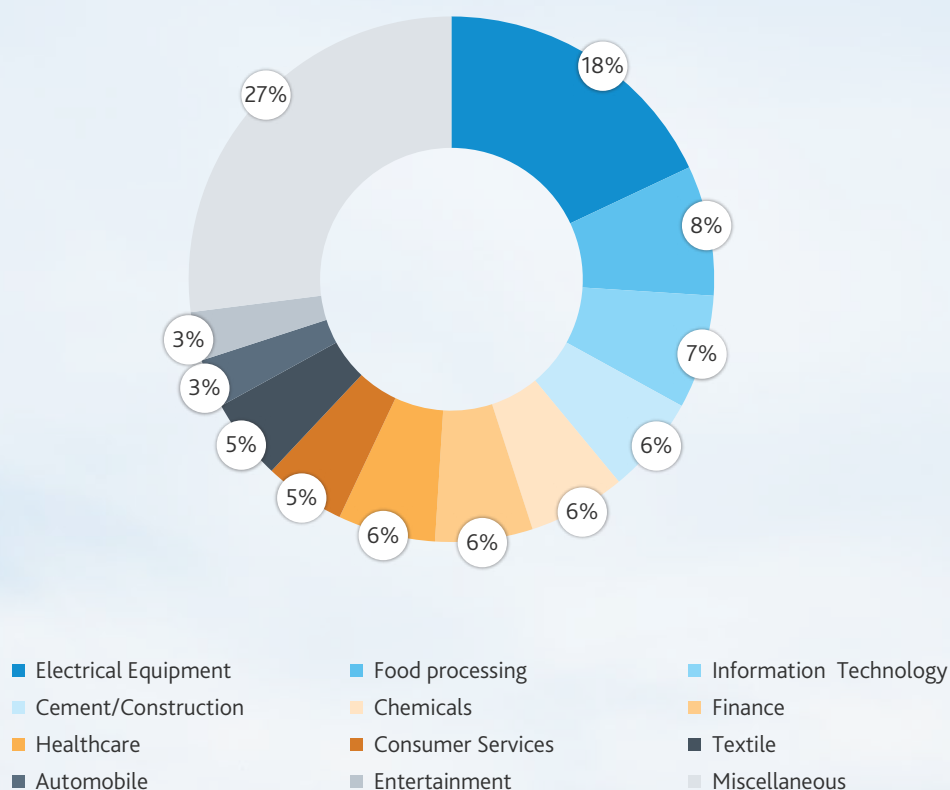
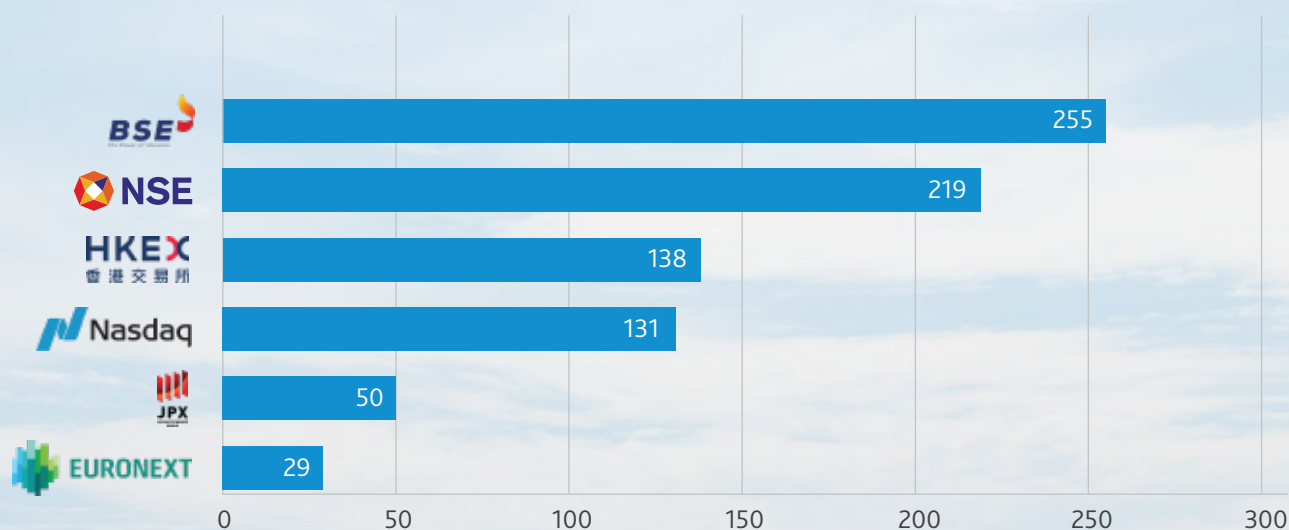
total equity raised including IPO

~INR 1tn

average daily trading volume in cash market

¹ Press Information Bureau 23 September 2025 and 17 April 2026

² As at 31 March 2026. Draft Red Herring Prospectus of NSE

Sector wise split of IPOs in fiscal 2026³Number of listings in fiscal 2026⁴³ Draft Red Herring Prospectus of NSE⁴ Draft Red Herring Prospectus of NSE

The SEBI (Issue of Capital and Disclosure Requirements Regulations, 2018 - [SEBI ICDR](#)) is the rulebook for how an Indian company raises equity capital from the public or from specified categories of investors, and what information must be disclosed to investors. [SEBI Master Circular](#) prescribes further requirements about certain operational aspects of SEBI ICDR.

Continuing compliance framework for listed entities is prescribed under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ([SEBI Listing Regulations](#)). Key requirements relate to corporate governance such as composition of the board and its committee, transparency of information through submission of periodic financial results and disclosure of material events to the stock exchange and a tiered approval mechanism for related-party transactions.



SEBI's regulatory philosophy continues to follow a calibrated approach: upholding investor protection, actively removing regulatory friction and achieving simplification without weakening safeguards. The following recent policy-related interventions are noteworthy:

- ▶ Restructuring the minimum public offer framework and calibrating public float requirements to issue size.
- ▶ Extending the timeline for achieving minimum public shareholding to ten years, ensuring large enterprises can access public capital without facing challenges of dilution post the listing.
- ▶ Allowing founders of new-age companies to retain stock options granted prior to an IPO to maintain the alignment of long-term incentives while preserving transparency for public shareholders.



02

SITUATIONS AND MOTIVATIONS FOR GOING PUBLIC



WHY WOULD YOU CONDUCT AN IPO?

Companies evaluate an IPO in many situations as a strategic option. Following mix of situations and motivations generally lead to an IPO:



The decision to go public is based on a company's medium- to long-term objectives and clear understanding of the listing process and post-listing implications. Companies should weigh the benefits of going public against the drawbacks, as well as against the company and shareholders' objectives. Therefore, understanding some of the key pros and cons is key in the decision to list:

PROS

- ▶ Access to growth capital at IPO and future fund-raises
- ▶ Broader visibility and a diversified shareholder base
- ▶ Greater credibility with customers, lenders, employees and business partners
- ▶ Potential liquidity and partial exit opportunities for existing shareholders
- ▶ Ability to use listed equity in employee incentive plans and, where appropriate, acquisitions

CONS

- ▶ Greater scrutiny from investors, regulators and the market
- ▶ Dilution of control by promoters; less flexibility for certain decisions due to regulatory requirements
- ▶ More demanding periodic reporting and disclosure obligations
- ▶ Significant transaction costs plus continuing costs of being listed
- ▶ Pressure to meet market expectations while maintaining a long-term strategic focus

IS THE MARKET RIGHT FOR YOU?

Your IPO outcome will be influenced not only by the quality of your business but also by the environment in which you enter the market. Investor appetite can shift with equity-market performance, interest rates, economic conditions, sector sentiment, technology trends and the volume of competing offerings.

When a bull market is booming, the market window for an IPO tends to open, and IPOs enjoy bursts of popularity. When volatility rises, or confidence weakens, the same transaction may face lower demand, valuation pressure or delays. You should therefore build flexibility into your timetable rather than treating a target listing date as immovable. A company must consider the importance of timing and be prepared to alter its timetable. However, an IPO window may always remain open for companies within certain favoured industries.

You should monitor both your sector and the broader market before committing to launch. A strong business can sometimes access the market even when conditions are selective, but missing a favourable window can affect timing, investor appetite and valuation. Your readiness should therefore allow you to move when market conditions and your own preparedness align.

WHAT WOULD MAKE YOUR IPO A SUCCESS?

Once you decide that an IPO is the right strategic path, treat preparation as a transformation programme. Start early, establish clear ownership for each workstream and address the areas that investors, regulators and advisers will scrutinise before the transaction reaches the market.

Corporate and management structure

With the help of advisers, the company should evaluate and change the governance and management structure as necessary. Capital structures should be appropriate for a listed company and be adaptable. Typically, most companies preparing to list need to align their governance structures as per the requirements of SEBI Listing Regulations.

Additionally, selecting appropriate independent and executive directors, and an experienced board is essential. It can take time to find the right people for a balanced, diverse and suitably experienced Board. Investing in this process early will help you find the right people to drive the company forward through an IPO and beyond, with expertise that can be leveraged to promote long-term success of the company. **A high-level analysis shows that most companies had a board strength of six to eight directors.**

Company vision and equity story

Management and their advisers must decide on how to present the company being offered to public investors. It is essential to communicate the history of the business, clearly define and explain the business model, current operations and performance, the key risks inherent in the business and the future vision and strategic plan. This review will form the basis for preparing the offer documents for investors.

A robust investment case should be constructed for future investors and to maximise value at IPO and beyond. The equity story must sell the business, giving investors an understanding of the financials, growth, sector, markets and possible returns, with a key focus on how the business will

benefit from the IPO and its future prospects thereafter. Communicating this equity story to potential investors (considering the type of investor) is vital for a successful IPO and for retaining investors. Build your investment case around evidence.

Your equity story should connect your history, business model, operating performance, competitive strengths, key risks and strategic priorities in a way that an investor can understand and evaluate. Be explicit about the purpose of the capital you raise, the outcomes you expect and the measures you will use to track delivery. Your equity story should use language that focuses on readability, and presents complex issues and relationships in a way that is clear, understandable and accurate.

Environmental, Social, and Governance (ESG) must be carefully considered, as it is now an increasingly important part of the equity story. Whether your business has sustainability at its core, or it wants to provide useful information for potential investors, there is an increasing focus on what ESG means for every listed company. Companies that can show they are market leaders in assessing and acting on ESG risks and opportunities have this reflected in their valuation.

An equity story is usually developed in preparation for an IPO. Lawyers and Book Running Lead Managers (BRLMs) would generally guide you, subject to strict compliance with the applicable regulations. This gives rise to **"hard factors"** dominated by descriptions of the strategy, structures, processes and systems, supplemented by figures and factual information.

Next, your equity story should also include the sell, which only works in combination with **"soft factors"**. These include corporate culture, management quality, employee treatment, and proximity to the customer. Although none of these factors is easily quantified, their value is undisputed and must be conveyed.



The equity story of a recent IPO was built around benefits that can potentially arise from exposure to India's defence and manufacturing-led growth themes, while recognising the customer concentration and valuation risks inherent in the story. Investors capitalised on the opportunity to participate in the expanding Indian defence and aerospace ecosystem. The investment thesis was supported by its differentiated product portfolio, defence indigenisation, import substitution and strong revenue and earnings growth. The IPO was subscribed 130 times.

Build an experienced IPO team

Taking a company public requires an experienced IPO team with specialised expertise. Extensive planning, including an IPO strategy, is essential for a company to navigate the listing process. Multiple specialists need to be brought together, and their roles need to be coordinated from the outset. Your core team may include the BRLMs, legal advisers, auditors, tax specialists, accounting and reporting advisers, valuation professionals and project-management resources. Select advisers for relevant sector experience, capital-markets expertise, availability and their ability to work as an integrated team. [See [Advisers and their key roles](#)].

Readiness assessment

You should expect a formal and highly structured readiness assessment exercise. It would help you identify issues early enough to remediate them before they become disclosure or execution risks. Consider establishing an IPO or due-diligence committee with clear responsibilities, escalation protocols and documentation standards. The process would generally involve assessment of:

Eligibility conditions

The entry norms under SEBI ICDR are meant for protecting investors by restricting fund-raising by companies if they do not satisfy the entry requirements. The following quantitative thresholds create a filter to ensure that only entities with a proven track record can raise money from the public:



PROFITABILITY ROUTE*

- ▶ Net tangible assets: At least INR three crores in each of the preceding three years, of which not more than 50% are held in monetary assets[#]
- ▶ Average operating profit: At least INR 15 crores during the preceding three years, with operating profit in each of these preceding three years
- ▶ Net worth: At least INR one crore in each of the preceding three years
- ▶ Name change in the last one year: At least 50% revenue should be from the activity under the new name



QIB ROUTE (IF CONDITIONS FOR PROFITABILITY ROUTE ARE NOT MET)

- ▶ Book-building process mandatory
- ▶ Qualified Institutional Buyers (QIBs): At least 75% of the net offer to be allotted; refund the full subscription money if it fails to do so
- ▶ Additional conditions (for an offer for sale): Restrict existing shareholders' dilution

*Restated and consolidated basis

[#]Additional conditions if threshold is breached. This condition will not be applicable for an offer for sale.



Strength of the management team

Your CEO, CFO and other senior leaders will be central to the investor engagement process. They should understand the business in depth, be aligned on the equity story and know the key numbers and risks. In addition to understanding the business and its performance, senior management should be prepared to answer challenging investor questions, explain strategic choices and demonstrate how the organisation will deliver against its stated objectives. Your CEO/ CFO must be ready for a higher level of external visibility.

Strengthen IT infrastructure

IT is a critical enabler for the company to create value and achieve financial reporting and regulatory compliance. Companies that have not adequately invested in technology and tools for financial reporting and business operations may struggle with technology and system limitations in meeting their needs. This may require additional resources to ensure business processes are adapted to meet IT system needs. Additionally, the company may need to implement new technology and systems or customise existing systems and reports. IT plays a large role within the internal control structure. A systems-embedded approach to the financial reporting process can include automated key controls to reduce the overall number of controls.

Timeline and process framework

An IPO involves many interdependent workstreams. You should establish a detailed milestone plan, assign accountable owners, define decision points and use a central project-management mechanism to track dependencies and issues. This discipline helps you control the process while continuing to run the underlying business.

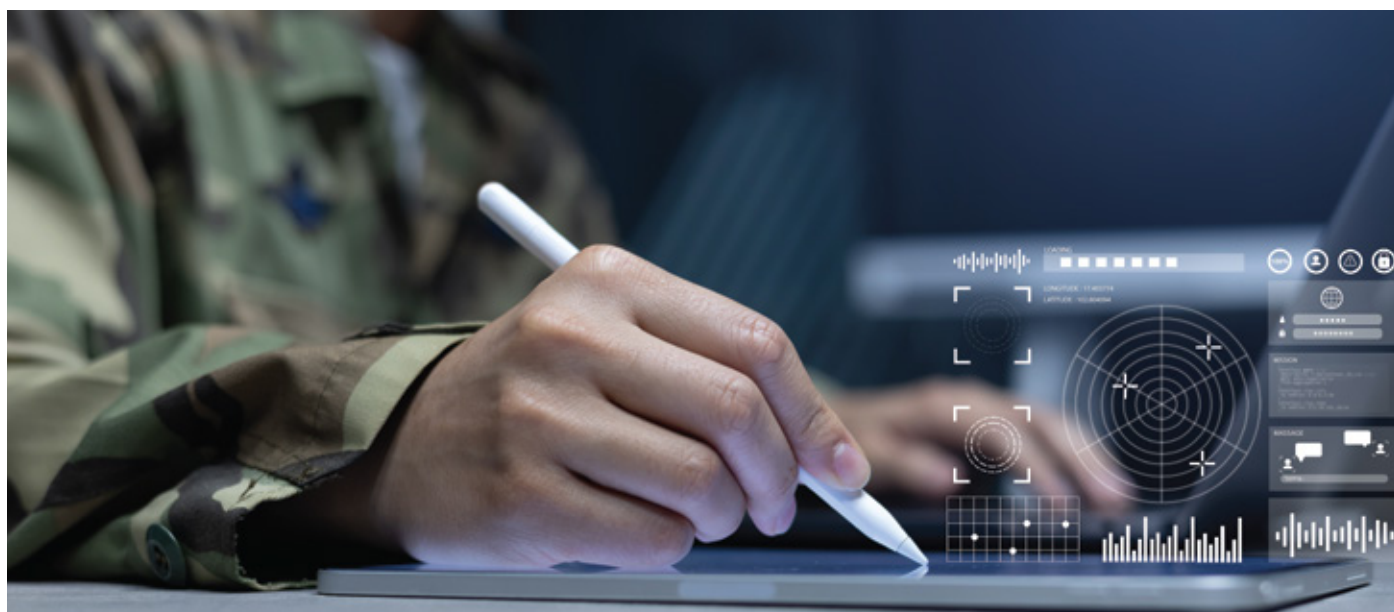
Operating like a listed company

Before the IPO, you should make your financial reporting, internal controls, information systems, governance processes and management routines capable of meeting the demands of a listed environment and:

- ▶ Strengthen financial reporting, controls and information systems
- ▶ Review remuneration and long-term incentive arrangements for key employees
- ▶ Establish and document the governance framework, committee responsibilities and key policies



Enhancing the framework for dealing with related party transactions can be an important consideration. The legal and regulatory landscape governing related parties and related party transactions in India has evolved significantly in recent times, resulting in enhanced scrutiny, increased disclosure requirements and more rigorous regulatory expectations. As companies prepare for an IPO, it becomes imperative to establish a robust framework for the identification, assessment, and approval, ensuring completeness and monitoring of related parties and related party transactions.



HOW MUCH DOES AN IPO COST?

The amount of IPO expenses varies significantly depending on the size and complexity of the issue, the markets in which the offering is undertaken, the company's readiness and the regulatory and reporting requirements applicable to the issuer. A key determinant of issue expenses is the issue size; hence, such expenses are often categorised as issue expenses. Larger offerings generally involve higher absolute transaction costs because they require greater involvement of BRLMs and other professional service providers.

In particular, the quantum of expenses can differ materially depending on whether the offering is undertaken in the international capital markets in addition to being offered in India such as following offerings:



If an Indian company wants to raise capital from international investors outside the U.S., it may structure the offering under Regulation S of the U.S. Securities Act of 1933

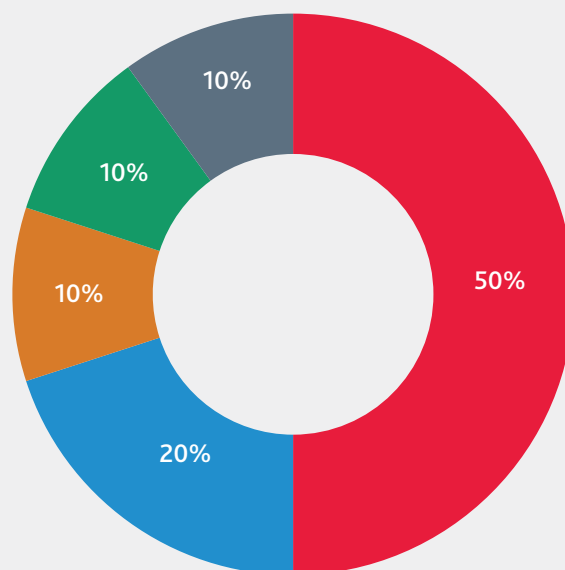


A Rule 144A offering, on the other hand, permits resale of securities to Qualified Institutional Buyers in the United States, subject to the requirements of Rule 144A under the U.S. Securities Act of 1933

Where an offering combines Regulation S and Rule 144A tranches, you may incur additional costs for transaction structuring, US and international counsel, enhanced due diligence, offering documentation, comfort procedures and other professional services.

For planning purposes, you should, therefore, develop a detailed IPO expense budget early in the transaction. A realistic expectation of these costs can improve budgeting, limit surprises and ensure alignment among the management team, board of directors and other key stakeholders.

Issue expenses*



- BRLM fees
- Fees for auditors, lawyers and other professionals
- Listing fees
- Advertisement and marketing fees
- Miscellaneous fees

It is important to understand which of the above expenses are relatively fixed or controllable. Generally, legal expenses and listing fees are fixed, and other expenses can be fully or partly variable.

*Based on top 10 IPOs (in terms of size) in 2026



Accounting of IPO expenses requires application of management judgement. Only those costs that are incremental and directly attributable to issuing or acquiring new equity should be deducted from equity, net of any related income tax benefit and the remaining expense should be recognised in profit or loss as incurred. The [Standard Stance edition](#) by BDO India deals with the key considerations for accounting of IPO expenses.



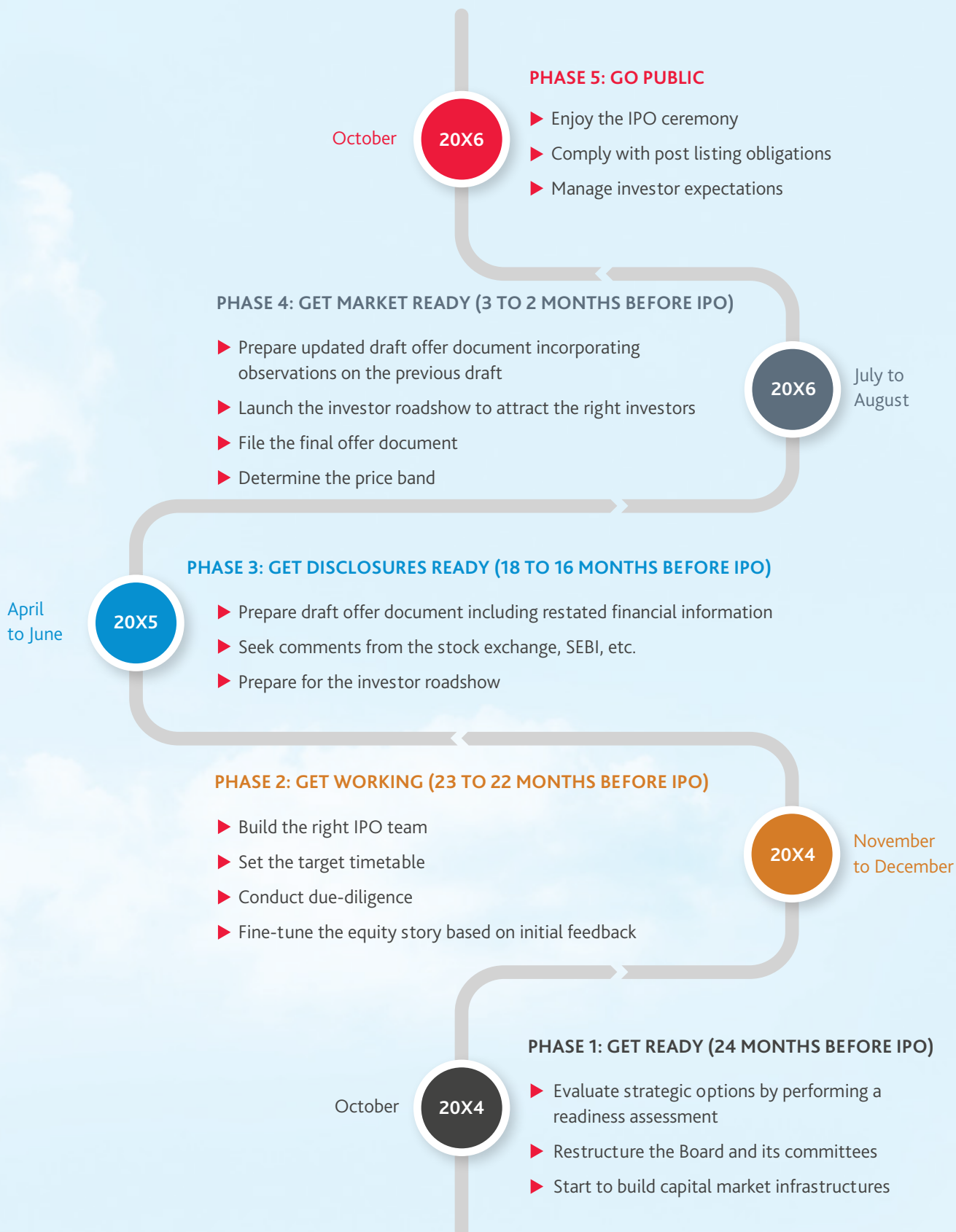
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THE ROAD TO LISTING: IPO COUNTDOWN



THE COUNTDOWN BEGINS

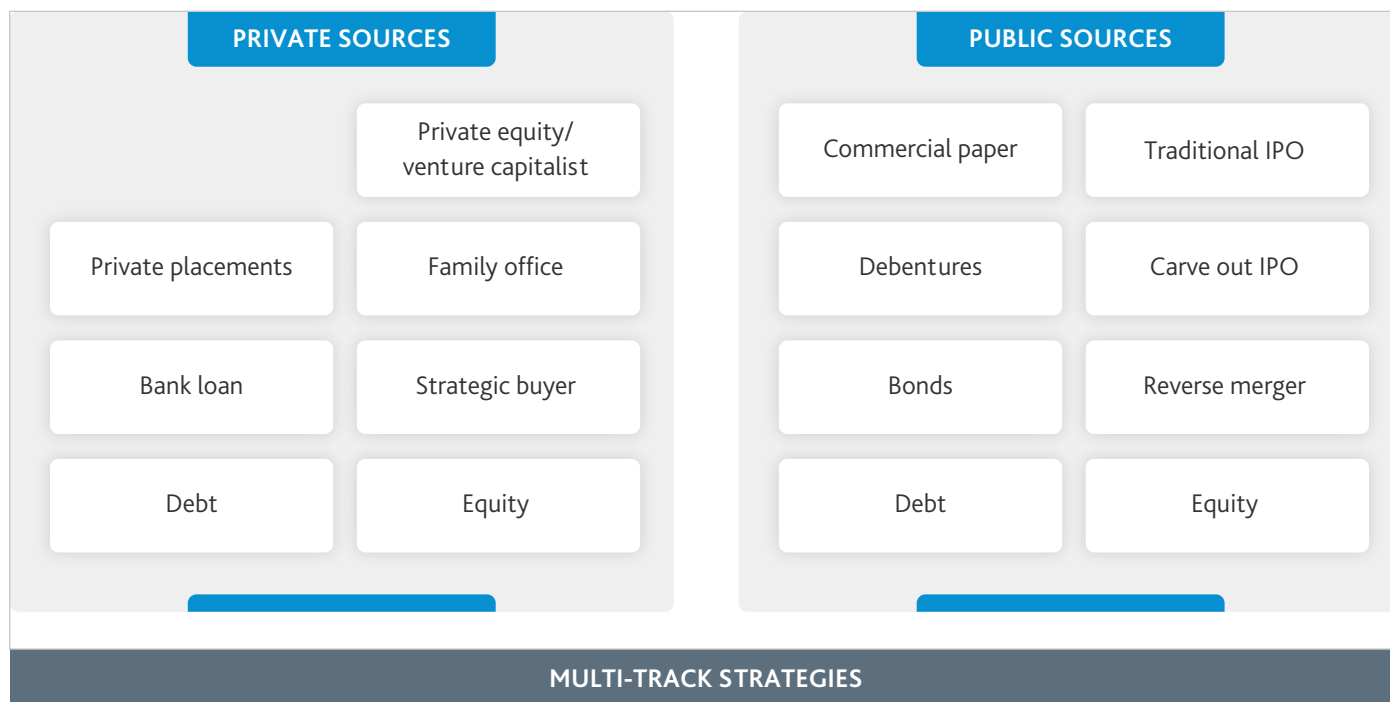
The time required to complete an IPO varies with the company's readiness, transaction complexity, regulatory review, financial reporting requirements and the effectiveness of the adviser team. You should therefore build a realistic timetable with sufficient contingency rather than relying on a single fixed completion date. Following is an illustrative timeline for a company which went public in October 20X6:



PHASE 1: GET READY

24 months before IPO

While an IPO may be your favoured approach to raising capital, it's important to evaluate all possible transactions that could serve as stepping stones or attractive alternatives to a public listing in the context of shareholder and corporate objectives. The alternatives may include a combination of the following:



Given the range of potential alternative transactions, you need to have a clear idea of what's involved, how long the process will take, what it's likely to cost and whether two or more routes need to be run in parallel. For each option, map the likely process, decision points, costs, tax implications and stakeholder impact. Successful companies have a Plan B and often a Plan C. It is imperative that you have the flexibility to execute alternate financing strategies, in case the IPO does not happen or needs to be delayed. Meanwhile, if funds raised from other sources can be used to increase the company's growth potential, the value of the company may rise.

Restructures to simplify or optimise the current corporate structure, spin-off of activities or other initiatives to prepare the company for the IPO will often be required. Such restructures or changes must be carefully considered as they can have significant tax impact on the company or its shareholders. Furthermore, such restructures or changes can be time-consuming and therefore need to be identified early in the process to help ensure they can be implemented before the IPO. The tax implications can alter the structure of the IPO and often change how commercial transactions are approached.



Governance changes (key)

Your governance architecture should clearly define the responsibilities of the Board and relevant committees. There is a long list of formal policies to be drafted, updated or aligned with the regulatory requirement before IPO, including those relating to code of conduct, related party transactions under SEBI Listing Regulations and insider trading norms prescribed under SEBI (Prohibition of Insider Trading) Regulations, 2015. While some of these policies may already exist, your company must review and update the same as per the specific regulatory requirements.

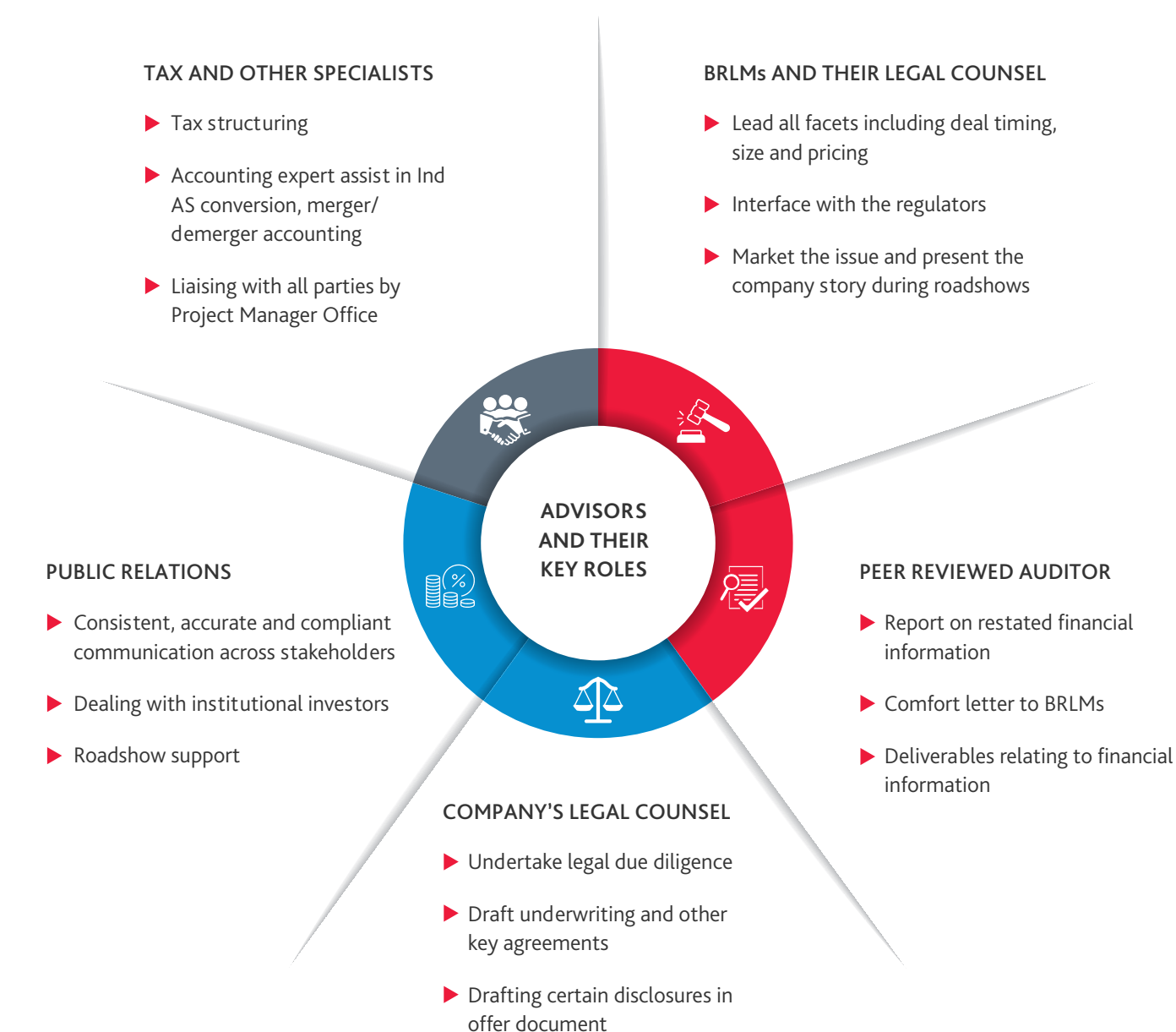
Governance structure	Composition under SEBI Listing Regulations (Key)
Board of Directors	▶ At least 50% of the Board must comprise non-executive directors ▶ Where the chairperson is a non-executive director: At least 1/3rd of the board of directors should comprise of independent directors Where the listed entity does not have a regular non-executive chairperson or the regular non-executive chairperson is a promoter or is related to any promoter or person occupying management positions at the level of board of director or at one level below the board of directors: At least 1/2 of the board of directors should comprise of independent directors ▶ At least one woman director (Larger entities: At least one independent woman director)
Audit Committee would oversee financial reporting, internal controls, etc	▶ Minimum 3 directors ▶ Chairperson must be an independent director ▶ At least 2/3rd of members must be independent directors ▶ All members must be financially literate ▶ At least one member must have accounting or related financial management expertise
Risk Management Committee would oversee the identification, assessment, mitigation and monitoring of key enterprise risks	▶ Minimum 3 directors ▶ Majority of members must be members of the Board of Directors ▶ At least one independent director must be a member
Nomination and Remuneration Committee would oversee the appointment, succession, performance evaluation and remuneration of directors and senior management	▶ Minimum 3 directors ▶ Chairperson must be an independent director ▶ All members must be non-executive directors ▶ At least 2/3rd of members must be independent directors
Stakeholders' Relationship Committee would oversee investor and security-holder relations and address their grievances	▶ Minimum 3 directors ▶ Chairperson must be a non-executive director ▶ At least one member must be an independent director

PHASE 2: GET WORKING

23 to 22 months before IPO

With inputs from key stakeholders, turn your strategy into an executable business plan with clear operational, financial and strategic milestones. Your plan should provide a realistic view of the business before and after the IPO, support the valuation discussion and give stakeholders a common reference point for measuring progress.

On your journey to become a public company, your success depends a great deal on the coordinated team efforts by the internal management and the external advisory team. **Get this right and the IPO will still be hard work, but a cohesive team can help yield optimal results.** Your internal team and external advisers need to operate as one programme team. When choosing advisors, look for firms with relevant, recent experience working with other businesses in your sector, as well as deep experience with the nuances and challenges of capital markets transactions. You should also look for people that you can build a rapport with, where you will have short, direct lines of communication to facilitate effective working relationships throughout the IPO process. Define responsibilities, establish a decision-making cadence and make sure the right people are available when critical deliverables are due.



Mandatorily involved

Typically involved

Involved case to case basis

Companies preparing to go public have much to consider: the strength and buoyancy of the capital markets, current economic indicators and the company's performance. Even in a challenging economy, companies that outperform the overall market prepare early for their transformational IPO journey, so that they are ready to launch quickly when IPO windows are open.

Companies must communicate realistic timeline expectations to the entire IPO team — management, board members, external advisors and others. Outperforming companies explore alternative exit strategies to an IPO, especially in uncertain markets, although IPOs are generally seen as providing better access to capital, visibility and credibility.

Defining the object of the issue

One critical decision is identifying the specific purposes for which IPO proceeds will be deployed. You would need to define in the offer document exactly why the company is raising capital and how it intends to deploy the IPO proceeds. Clearly defined objectives enhance the company's reputation, accountability, and investor confidence and further align expectations between the issuer and investors. Following are the most common objects of IPO:



DEBT REPAYMENT

Retire high-cost debt and create a compelling arbitrage opportunity: companies with legacy debt carrying higher interest rates could strategically refinance obligations through equity issuance at significantly lower all-in costs.



STRATEGIC CAPITAL EXPENDITURE

Investments in fixed assets, technology, or infrastructure designed to scale capacity and enhance operational efficiency.



WORKING CAPITAL OPTIMISATION

Funding the operating cycle, specifically inventory and receivables, to support increased business volume and scale up the operations.



INORGANIC GROWTH AND GENERAL CORPORATE PURPOSES

Funds earmarked for potential acquisitions, brand equity building, and administrative flexibility.



SEBI ICDR caps the funds that may be raised for general corporate purposes and unidentified acquisitions to 25% of the total amount being raised. Further, the aggregate amount allocated towards general corporate purpose and unidentified acquisitions combined shall also not exceed 35% of the issue size.

PHASE 3: GET DISCLOSURE READY

18 to 16 months before IPO

An offer document is the principal disclosure document you provide to prospective investors regarding your business, financial information, risks, the securities being offered, objects of the issue, promoters, management, litigation, material contracts and other matters relevant to an investment decision. At this stage, the company would prepare a draft red herring prospectus (DRHP). DRHP contains the disclosures necessary for investors to evaluate the risks, the securities being offered, and objects of the issue. Many particulars in the DRHP will be left blank and would be updated while filing the red herring prospectus or prospectus.

SEBI ICDR permits a confidential filing route, allowing a company to submit its draft offer document to SEBI and the stock exchanges for review without immediately making it publicly available. This provides greater flexibility to companies still evaluating the optimal timing and structure of their IPO. A key benefit is that the company can obtain regulatory feedback and address potential disclosure issues before publicly launching the IPO process, thereby reducing the risk of prolonged market scrutiny or adverse investor reaction at an early stage

Risk Factors section

The DRHP blends law, finance, strategy, and reputation, with the Risk Factors section being the most demanding test - a fundamental component of the offer document. This section is intended to identify material risks associated with a company and should be entity-specific rather than consisting of generic or boilerplate statements. Risks may relate to the company's business model, concentration of customers or suppliers, dependence on key personnel, regulatory environment, litigation, indebtedness, technology, competition or other circumstances that could materially affect the company's performance. It is the point of entry for potential investors to become aware of existing as well as future problems, vulnerabilities, and functional complexities being faced by the issuer entity. Significantly, your company should prioritise and identify the most material risk factors in the top 10 of the Risk Factors.

Objects of the Issue section

The Objects of the Issue section is also central to the investor's assessment. Your IPO may involve a fresh issue of shares, an offer for sale by existing shareholders, or a combination of both. In case of a fresh issue, investors are particularly interested in understanding how the capital raised will be deployed. The disclosure should provide sufficient information for investors to understand the intended deployment of funds and assess whether the proposed use of proceeds is consistent with the company's business strategy.

Basis for the issue price section

An important disclosure relates to the basis for the issue price. Investors need to understand the factors considered in determining the valuation of the securities, including earnings, book value, return on net worth, industry multiples and other relevant parameters, where applicable. Since the issue price represents a forward-looking economic proposition for investors, transparent disclosure of the relevant valuation parameters is essential.

Financial information section: Restated financial information

SEBI ICDR would also require inclusion of the restated consolidated financial information as part of the financial information section of the offer document. The company must prepare restated financial information for each of the three financial years immediately preceding the filing of the offer document. The restated financial information in the offer document should not be more than six months old from the date of filing the offer document, else financial information for the stub period should be presented. The statutory financial statements (or the stub period financial statements) need to be restated to give effect to:

- ▶ Change in accounting policy
- ▶ Prior-period error
- ▶ Non-provisioning, regrouping and other adjustments
- ▶ Audit modifications.

(See 180-day test)



Financial information section: Pro forma financial information

Pro forma financial information must be prepared if you have made a material acquisition or divestment, including deemed disposal, after the latest period for which financial information is disclosed in the offer document but before the date of filing of the offer document. The acquisition or divestment would be material if acquired/ divested business or subsidiary contributes, in aggregate, 20% or more to the pre-acquisition/pre-divestment total income or total assets on a consolidated basis.

The issuer company may voluntarily choose to provide pro forma financial statements for acquisitions/ divestments are immaterial, have been completed prior to the latest period(s) for which financial information is disclosed in the offer document, or for such financial periods as determined by the company.



If the company needs to move from the existing accounting framework to Ind AS, you should begin the assessment early. Identify GAAP differences, data requirements, transition decisions at the first-time adoption of Ind AS, additional disclosures and allow enough time for audit.

IPO roadshows

Every company approaching an IPO is competing in a crowded marketplace for institutional investors' attention and money. To maximise your company's selling price, you need to stimulate interest in your company. Institutional investors rarely visit the companies they invest in, preferring instead to rely on information presented at the roadshow meetings and other sources.

The roadshow gives your senior management team an opportunity to explain the business directly to potential investors. Prepare your team for repeated discussions with institutional investors and make sure the presentation, supporting data and responses to likely questions are consistent with the offer document. The roadshow consists of numerous intensive meetings in many cities over a one- to two-week period. Your management must introduce the company to key investment audiences and prospective institutional investors. Your underwriters should provide you with background information on your audience and their investment criteria. Your "elevator pitch" needs to convince investors to buy your IPO shares. You will need an organised presentation and comprehensive selling points.

Investor perception of risk directly affects the return they will demand and, ultimately, the price they may be willing to pay. A well-prepared management team, transparent disclosures and a good roadshow are crucial to the success of an IPO. A coherent equity story can strengthen confidence and support the valuation discussion.



A critical component of the IPO timeline is the waiting period for SEBI's/ stock exchange review and observations on the DRHP. The duration of this phase can vary depending on the complexity of the issue, the quality and completeness of the initial submission, and the extent of comments raised. Companies should therefore build sufficient contingency into the IPO timetable rather than treating the regulatory review period as a fixed-duration activity.

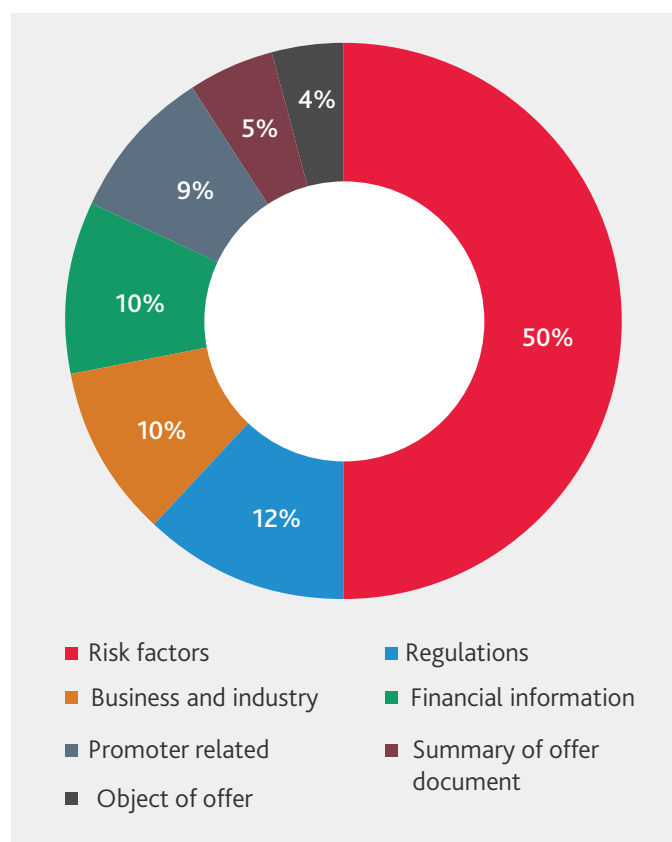
PHASE 4: GET MARKET READY

3 to 2 months before IPO

Once observations are received, the company, BRLMs, legal counsel and other advisors typically undertake an intensive review to evaluate each comment, determine the required changes to disclosures or underlying documentation, and prepare responses within the prescribed timelines. This may involve additional due diligence, updating financial information, obtaining revised confirmations, and filing an updated draft red herring prospectus or red herring prospectus.

Common observations by SEBI and stock exchanges

The issuer company should note that SEBI is moving from mere compliance with prescribed disclosure requirements to being meaningful and investor-oriented. This is also consistent with the SEBI ICDR framework, which requires material disclosures to be true, adequate, and relevant to enable investors to make informed decisions, and requires information and claims to be appropriately sourced and substantiated.



In a recent IPO, SEBI highlighted the need to disclose criminal or regulatory proceedings against the promoter with complete details, including potential exposure to the company, and required the matter to be included under Top 10 risk factors in the Offer Document. This demonstrates SEBI's expectation that material litigations/criminal proceedings should be prominently reflected under the Risk Factors for enhanced investor decision-making.



Glide path of updated offer documents

After observations are addressed, the IPO moves from the market-launch phase. The document sequence is broadly as follows:



UPDATED RED HERRING PROSPECTUS

Disclosure updated with responses to observations continues to exclude certain particulars



RED HERRING PROSPECTUS*

Filed immediately before the public issue, incorporating the latest available information



PROSPECTUS*

Final offer document capturing the final issue price and other finalised particulars

*Additionally filed with Registrar of Companies

The 180-day test

Where the gap between the latest audited financial statements and the issue opening date exceeds the 180-day threshold prescribed under SEBI ICDR, additional financial information becomes relevant. The underlying principle is that investors should not be making an investment decision based on financial information that is too old.

This can significantly impact the IPO timetable, as it generally requires additional audit work, management time, updating the offer document, and consequential revisions to financial disclosures, Management's Discussion and Analysis, KPIs, and other sections based on the underlying financial information.

Finalising issue price

Pricing is one of the most consequential decisions in your IPO. The success or failure of an IPO is greatly determined by correct pricing. Valuation and pricing are complex and are hugely important parts of the IPO process. Given the divergent interests of the issuer and the BRLM, and that valuation and pricing do not necessarily go hand in hand, companies considering an IPO need to fully understand how the process works and how to best defend their interests each step of the way. You should understand how the valuation range has been developed, the assumptions behind it and how investor demand, market conditions and comparable companies may influence the final price. Your valuation should be tested using more than one lens.

- ▶ **Income approach:** Assess the value of the future cash flows or earnings your business can generate.
- ▶ **Market approach:** Benchmark your business against relevant listed peers and comparable transactions.

A good valuation will always consider both approaches — for example, discounted cash flow, dividend-based approaches, trading multiples or transaction multiples, depending on the nature of your business. You should understand the assumptions, peer selection and sensitivities behind the analysis rather than relying on a single headline number. SEBI ICDR Regulations would require disclosure of Key Performance Indicators (KPIs) in the offer document that are relevant for determining the basis of the Issue Price including the following key provisions:



- ▶ KPIs disclosed to investors at any time during the three years preceding the filing of the DRHP or Red Herring Prospectus (RHP)
- ▶ The period of KPIs disclosure must be co-terminus with the restated financial information
- ▶ Certification of KPIs by the peer-reviewed auditor or a peer-reviewed chartered accountant
- ▶ Comprehensive explanation about how these KPIs have been used by the management historically to analyse, track or monitor the operational and/or financial performance
- ▶ Comparison with Indian listed peer companies and/ or global listed peer companies, as the case may be (wherever available)

Industry Standards on KPI address key aspects including the definition and classification of KPIs, the process for their identification, approval, and certification, the indicative format and presentation of KPIs across offer documents. These standards apply to disclosures in the offer document and ongoing disclosures following the listing.



The company must continue monitoring financial information ageing, subsequent events, material developments, litigation, related party transactions, changes to KPIs, indebtedness and other disclosures. Consequently, a delay at this stage can still result in a significant refresh of the offer document, even though SEBI has already completed its substantive review.



PHASE 5: GO PUBLIC

Life as a listed company

The IPO is a major milestone, but it marks the beginning of a different operating model. Your focus should shift from completing the transaction to consistently delivering the strategy, meeting reporting obligations, maintaining governance standards and building long-term investor confidence.

Companies must not be blinded by the euphoria of the IPO and ringing the bell ceremony for the first trade and price at the stock exchange. Issuers are often well supported until the IPO, and then once they are public, things may get more complicated as there are higher expectations from investors and less support from external advisors. Management needs to be well prepared for what follows post-IPO. With the transaction out of the way, it might be tempting to relax. **But in our experience, if the company wants to excel in the market, it should keep moving forward with a consistent, if not amplified, pace.**

Once your company completes its IPO, the focus shifts from IPO-stage disclosure to continuous disclosure, transparency and corporate governance. SEBI Listing Regulations specifically require disclosures to be adequate, accurate, explicit, timely and in simple language, with equal and cost-efficient access to relevant information. You should maintain a disciplined disclosure calendar covering annual and periodic financial reporting, material and event-based disclosures, governance matters, management transactions where applicable, shareholder communications and meetings. Consistency, timeliness and transparency are essential to sustaining market confidence.



EVENT-DRIVEN

- ▶ Disclosure relating to unpublished price-sensitive information such as merger/ amalgamation, appointment/ resignation of directors, rating action, fraud, confirm/ deny market rumours (if applicable)



QUARTERLY

- ▶ Reviewed financial results
- ▶ Corporate governance report
- ▶ Shareholding pattern
- ▶ Deviation/variation in utilisation of issue proceeds



ANNUALLY

- ▶ Audited financial results
- ▶ Statement on Impact of Audit Qualifications
- ▶ Corporate Governance Report
- ▶ Business Responsibility and Sustainability Reporting (if applicable)



A newly listed company has to deal with an entirely new set of risks. You would need to keep shareholders, regulators and the capital market informed of corporate developments. While an unlisted company may endure negative publicity without major repercussions, a listed company's stock price will suffer unless it can file its periodic financial information accurately and on time, without fail.

04

BDO INDIA – WITH YOU ALL THE WAY



At BDO India, our team of cross-functional experts handholds businesses through this significant journey, right from the initial planning stage to the final filing of the offer document and even thereafter, providing complete assistance and guidance through each phase of the process.

PHASE	DEAL ADVISORY	ACCOUNTING & FINANCIAL REPORTING	TAX & RESTRUCTURING	RISK MANAGEMENT, INTERNAL PROCESSES, SYSTEMS & CONTROLS	PROJECT MANAGEMENT OFFICE (PMO)
Readiness	▪ SWOT analysis of various capital raising jurisdictions ▪ Preparation of the business plan taking into consideration industry analysis and financial ratios to pitch to I-Bankers ▪ Assess investor relations needs ▪ Assess working capital needs and advise on efficient working capital management	▪ Assess accounting & financial information gaps & needs ▪ Help identify, analyse, and implement the required financial reporting conversion impact areas ▪ Develop project plan & position papers ▪ Analyse the reporting and restatement requirements for the Offer Document in compliance with SEBI ICDR ▪ Identify the basis of preparation of pro forma financial statements and related technical accounting issues in compliance with SEBI ICDR ▪ Evaluate existing processes to prepare financial information in a reliable and timely manner	▪ Corporate governance/Compliance gap analysis ▪ Assess & advise on corporate/promoter's shareholding restructuring ▪ Tax cost optimisation and compliance ▪ Tax Technology: Process digitisation and automation ▪ Prepare policies on related party transactions ▪ Evaluate alternative equity compensation structure	▪ Internal Financial Control framework ▪ SOX readiness ▪ Internal audit planning ▪ Business process design / SOP ▪ Operational functions MIS design ▪ IT process and control design	▪ Assist in identifying the stakeholders ▪ Guide/insights on the appointment of the appropriate legal counsel and merchant banker ▪ Assist in drawing up a project plan
During listing	▪ Assist with drafting of the equity story, industry section, risk factors and MD&A in the offer document ▪ Perform independent business valuation, valuation of ESOPs ▪ Inputs on communications needs and investor relations protocols	▪ Assist in preparing financial information and disclosures in accordance with the identified reporting standards required for prospectus in compliance with ICDR & CA 2013 ▪ Prepare the Accounting Policy Manual, accounting position papers by analysing technical literature ▪ Assist in responding to SEBI comments	▪ Tax benefits certification for DRHP ▪ Develop an appropriate tax structure and strategy ▪ Help develop employee benefit & compensation plans and agreements ▪ Support in recruiting and reorganisation	▪ Advise on board/committee composition and requirements in compliance with SEBI LODR ▪ Develop necessary charters, code of conduct and a framework for board evaluation and training	▪ Liaise with BRLM and lawyers; participate in meetings with auditors ▪ Set up/manage data rooms

PHASE	DEAL ADVISORY	ACCOUNTING & FINANCIAL REPORTING	TAX & RESTRUCTURING	RISK MANAGEMENT, INTERNAL PROCESSES, SYSTEMS & CONTROLS	PROJECT MANAGEMENT OFFICE (PMO)
Post listing	- Advise the management to deal with stakeholders, including investors - Conduct perception study - Provide advice on presentation of quarterly financial results - Review of capital structure and debt financing alternatives	- Assist in preparing quarterly and annual financial statements within reporting timelines in accordance with SEBI LODR & CA 2013 - Evaluate the impact of emerging accounting standards - Update Financial Statement Closing Process as applicable to a listed entity - Update Accounting Policy Manual - Staff Loaning – Finance team augmentation; HR team augmentation; Secretarial team augmentation	- Perform corporate governance compliance (ongoing & incremental) and transparency enhancement - Global tax management - Transfer pricing support - Tax technology – Tax process digitisation and automation; Tax litigation management	- Enterprise risk management framework - Internal Audit - Operating cost efficiency, working capital cycle and treasury improvement - Anti-bribery & corruption/Ethics framework - Digital transformation and robotic process automation - Network and data security - IFC testing - Analytics and business intelligence	



ABOUT BDO

BDO GLOBAL

BDO is an international network of independent public accounting, tax and advisory firms. We support organisations with an unwavering focus on quality, industry expertise, and the innovative use of technology to deliver impactful solutions. Our commitment to people, clients, and communities is at the core of everything we do. With our people-first culture, we foster an environment where diversity thrives, growth is nurtured, and continuous learning drives lasting progress for a sustainable future.

BDO INDIA

BDO India offers Assurance, Tax, Advisory, Technology Products & Solutions, Digital Transformation, and Managed Services & Outsourcing to domestic and international clients across various industries. Bringing together expertise, innovatively driven and delivered through technology, we empower businesses to navigate their unique challenges with transformative, impactful, client-centric solutions. Helping people thrive is at our core, underpinning our commitment to building a sustainable future for our clients, people and communities.



*AS OF SEPTEMBER 2025

*Includes employees from BDO RISE and BDO EDGE

LET'S START A CONVERSATION

AMIT AGARWAL

Partner & Practice Leader
Accounting Advisory and Actuarial Services

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For any other queries or feedback, kindly reach out to us at marketing@bdo.in

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