



Investment Banking | Equity Capital Markets | Fund Raising

**Merchant
Banking
(IPO/Pre-IPO)**

**Fund Raising
(QIP, etc)**

**Corporate
Advisory**

Valuation



INITIAL

PUBLIC

OFFERING

IPO Overview & Readiness

IPO Performance Tracker



(Amount in Crore)

Particulars	Mainboard IPO		SME IPO	
	Number	Value Raised	Number	Value Raised
CY 22-23	56	49,436	182	4,968
CY 23-24	91	1,59,784	95	6,380
CY 24-25	93	1,54,063	225	10,296

Industries in which major listings has happened in last three calendar years

Auto Components

Healthcare

Financial Services

Capital Goods

Consumer Goods

FMGC

Textiles

Construction

Healthcare

Water Supply
Management

Aerospace &
Defence

Real Estate

Major Upcoming listings in coming year

● ICICI Prudential AMC – 10,000 Cr

● Meesho – 6,500 Cr

● Clean Max Enviro– 5,000 Cr

● Fractal Analytics –3,900 Cr

● Hiro Fincorp –3,000 Cr

● Juniper Green –3,000 Cr

● Milky Mist – 2,000 Cr

These are approx. figures based on market data

Why IPO?



Benefits for the company

- Value Unlocking
- Image enhancement
- Lower Cost of Capital
- Corporate Governance & Discipline
- No Personal guarantees
- Listed securities as collateral for Borrowing
- Succession Planning

IPO leads to value unlocking by providing a transparent market valuation of the company, reflecting its true worth unlike bookvalue in case of pvt ltd company or other types of organizational structures

Listed company gains credibility, boosting brand perception, attracting business opportunities & strengthening market positioning

Listed companies can raise capital quickly & cost-effectively through FPOs, rights issues, preferential allotments, with greater flexibility and assurance.

Listing enforces robust governance, transparency, and accountability, fostering long-term sustainability & shareholder trust.

No personal guarantees required for promoters, reducing personal financial risk

Listed shares are commonly accepted as collateral, allowing promoters to borrow against their holdings and access low-cost capital without selling equity

An IPO adds public oversight, helping ensure sustainable, independent management while also encouraging second-generation participation in the family business.

Why IPO?

Benefits for the Investors

- Early entry in good deals
- Possible listing gains
- Diversification

Investors get opportunity to invest early in potentially high-growth companies.

Investors get possible listing gains if the stock lists above issue price

Investors have diversified portfolio into new sectors or emerging companies.

Benefits for the Market and Ecosystem

- Transparency
- Enhanced Economic Activity

Increases transparency due to regulatory and reporting requirements.

Boosts economic activity and improves capital market depth.

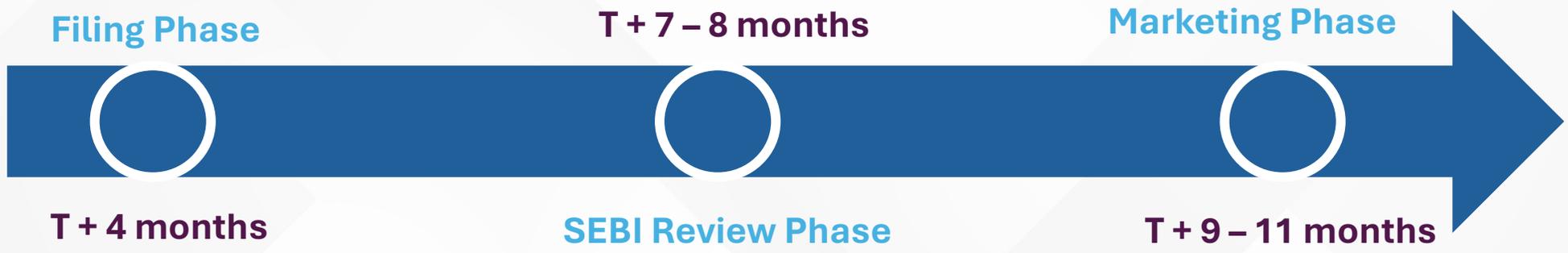


Overview of IPO Process (Mainboard)



- Appointment of Intermediaries
- Business & Legal Due Diligence
- Preparing Financials
- Finalize all DRHP stage agreements
- Drafting of DRHP
- File DRHP with SEBI & stock exchanges

- RHP filing
- Roadshows
- Finalize underwriting agreement
- Prospectus filing
- Listing & Trading of Equity shares

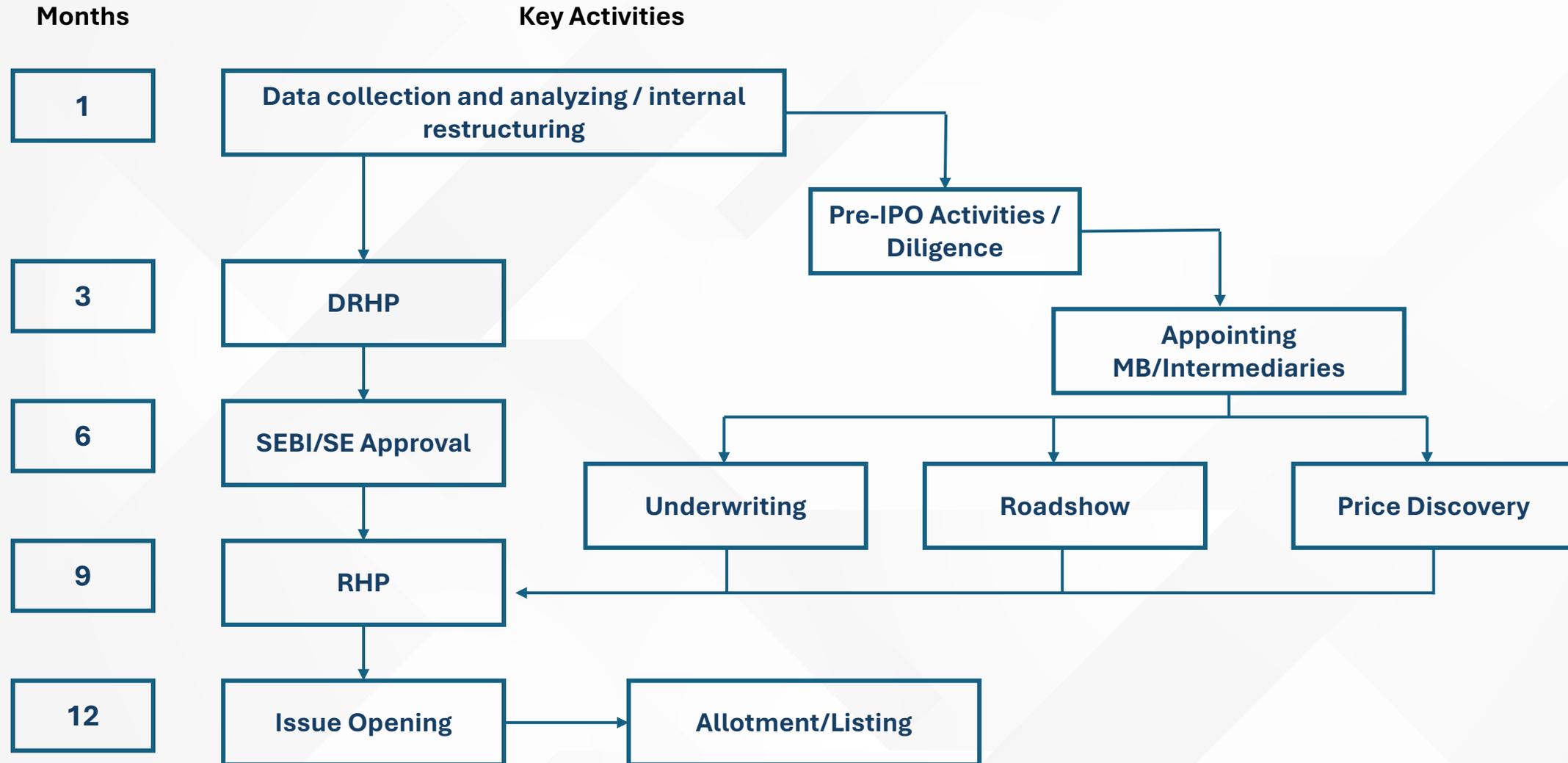


- Respond to SEBI observations
- File updated DRHP with SEBI
- Finalize all RHP Stage agreements
- Finalize Roadshow presentation

In case of SME IPO, since SEBI approval is not taken the timeline is significantly reduced from 12 months to 4 months.

“T” denotes date of kick off

Key Activities involved in a Mainboard IPO

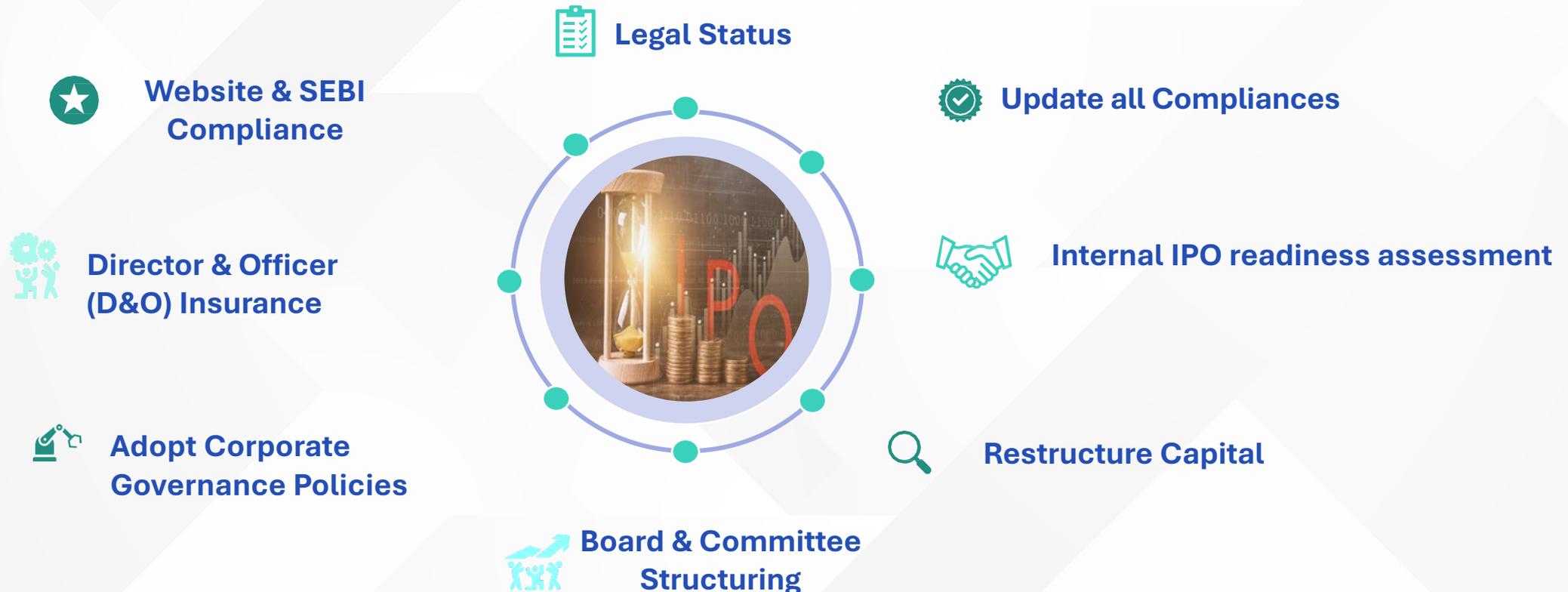


Comprehensive End-to-End Process for an IPO



An Initial Public Offering (IPO) is a pivotal milestone for any company, marking its transition from a Private Entity to a Publicly listed one. The IPO process is multi-layered, involving strategic planning, regulatory compliance, and coordination with various stakeholders. Below is a detailed, step-by-step guide to the end-to-end IPO process, including both major phases and the critical small steps that ensure a smooth and successful listing.

1. Pre-IPO Planning and Internal Readiness



1. Pre-IPO Planning and Internal Readiness

Legal Status

Convert the company from a Private Limited to Public Limited Company, as only public companies are eligible for listing.

Update all Compliances

Ensure all statutory records, registers & regulatory filings are current & compliant with the Companies Act, SEBI regulations, & other applicable laws. Appoint a peer reviewed auditor, get 3 years financial restated as per Ind AS (for main board) & as per I-GAAP (for SME), ICFR Assessment, appointment for KMPs including an employee Company Secretary, CFO, etc. Ensure related party transactions are adequately recorded.

Internal IPO readiness assessment

Evaluate financial health, operational efficiency, & corporate governance to ensure readiness for public scrutiny, dematerialise physical shareholding and receive ISIN activation letter.

Restructure Capital

Structure the capital, undertake Pre-IPO round of fund raising, if necessary ESOP to employees & KMP.

1. Pre-IPO Planning and Internal Readiness

Board & Committee Structuring

Reconstitute the board to meet independence requirements to establish key committees (audit, nomination, compensation, risk management, CSR (if applicable) with formal charters, have a diversified board, appoint Woman Director. Obtain written declarations from all independent directors confirming compliance with provisions of SEBI Listing obligation & Disclosure requirements (LODR) & Companies Act, 2013.

Adopt Corporate Governance Policies

Implement policies such as code of conduct, insider trading policy, whistleblower policy, & disclosure controls.

Director & Officer (D&O) Insurance

Secure appropriate D&O insurance to mitigate new public company risks.

Website & SEBI Compliance

As per companies Act & SEBI LODR, Company website must contain:

- Investor section with all IPO disclosures.
- Document Repository for DRHP/RHP, Key policies & financials.
- Redressal mechanism contract

Ensure listing on SEBI's document portal for all required forms.

2. Appointment of Key Intermediaries

Engage Market Intermediaries

Appoint essential intermediaries including:

- 1 Merchant Banker (MB)
- 2 Registrar & Transfer Agent (RTA)
- 3 Depository Participant (DP)
- 4 Underwriters to the offer (UW)
- 5 Legal advisors to the offer (LA)
- 6 Market Makers (MM)
- 7 Bankers to the offer /Sponsor Bank (Bank)
- 8 Independent CA for issue of SEBI mandated certificates
- 9 Industry Research Agency (IRA)
- 10 IPO Advisors
- 11 PR Agencies (PR)

3. Due Diligence & Documentation



Due Diligence by Merchant Banker

The MB conducts comprehensive due diligence (may also add support of law firm), reviewing financials, legal standing, business operations, and compliance history.



Engagement & Agreements with Intermediaries, Agencies & advisors

Engage with the Advisors & agencies as stated above & enter into various agreement like issue agreement, RTA agreement, tripartite agreement with depositories, underwriting agreement, share escrow agreement etc.



Preparation of Offer Document

Draft the offer document(Draft Red Herring Prospectus or DRHP) with inputs from experts such as Chartered Accountants (CA), Company Secretaries(CS), lawyers, and technical consultants.



Eligibility Verification

Confirm the company & promoters are not debarred from accessing capital markets



Key Financial Certifications from Statutory Auditors

Various certificates and comfort letters that are mandated to be obtained from statutory auditor, like Statement of Tax Benefits, Capitalisation Statement, Dividend Declaration Certificate (if dividend declared in past 3 years), Working Capital Requirements Certificate, Accounting Ratios Certificate, No Default Certificate for existing borrowings.

3. Due Diligence & Documentation



Financial Statement Audits

Prepare & audit financial statements for the required period, ensuring compliance with accounting standards. Peer reviewed statutory auditor shall also prepare Restated Financial Statements.



Legal and commercial Due Diligence

Review contracts, litigation, intellectual property and business model viability



Secretarial Audit & Statutory Filing Reconciliation

Ensure compliance & accuracy of disclosures, the company must undertake a comprehensive reconciliation of all filings made with MCA, SEBI etc. Compare & reconcile shareholding, directorships, capital changes & related party disclosures across- MCA e-filings, DRHP, Auditor's report and any other statutory document.



Related Party Transactions (RPTs) & Internal Controls

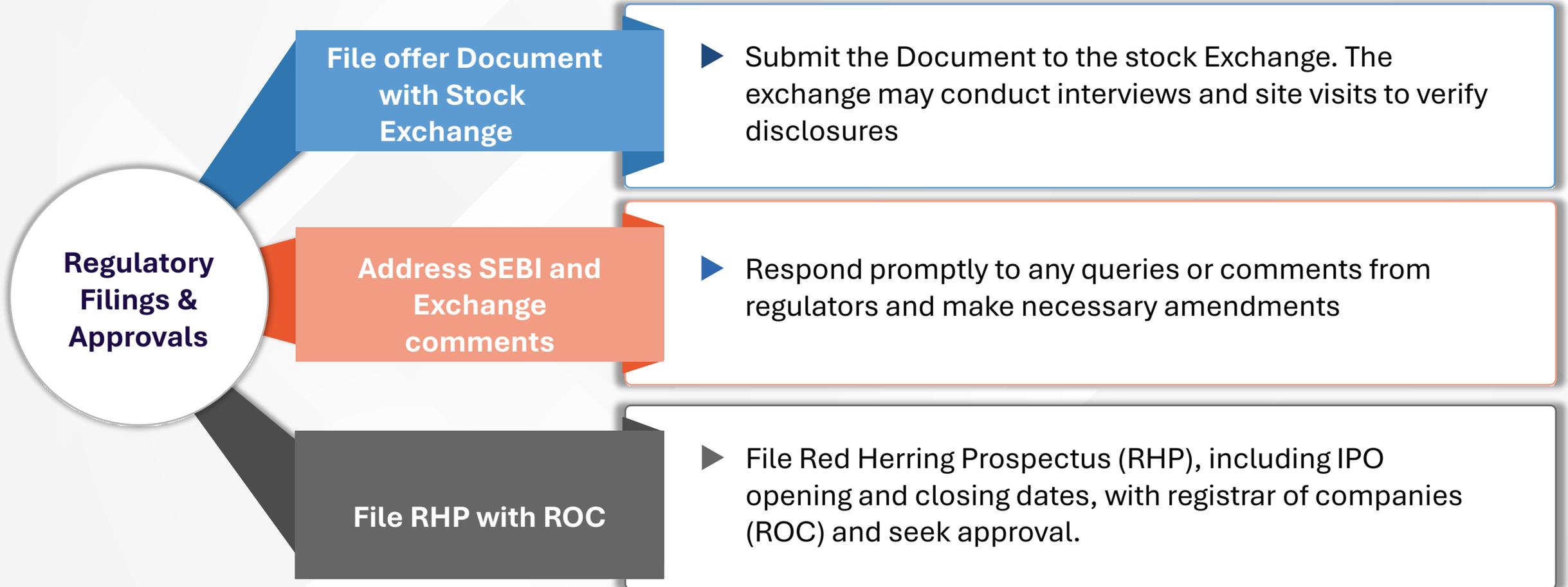
Tracking of Related Party Transactions and Internal Controls in line with SEBI(LODR) regulations & ICAI Guidance Note.



KPI and determination of offer size

Evaluate ratio analysis, industry analysis, identification of comparable peers/listed peers, collate feedback from select investor groups, Determine key risk factors.

4. Regulatory Filings & Approvals



5. Marketing and Investor Outreach



Roadshows & Investor Meetings

Conduct Roadshows & meetings with Qualified Institutional Buyers (QIBs), Non-Institutional Investors (NIIs), Foreign Investors (FIs), and other stakeholders to generate interest.

Prepare and Review marketing materials

Create consistent marketing materials, presentations and press releases.

Investor Education

Educate potential investors about the company's value proposition and growth prospects.

Anchor Investor

Develop anchor investor strategy, including timing of anchor book, anchor allocation, and post-anchor lock-in analysis.

6. IPO Launch, Allotment and Listing

Structure and Price the IPO

Calculate the fair issue price of the IPO using book-building structure by setting an IPO Price Range.

Open IPO for Subscription

Launch the IPO for public subscription during the specified window.

Monitor subscription and address issues

Closely monitor the subscription process & resolve any technical or investor issues promptly. Prepare media guidance and communication protocol to avoid speculative commentary pre-listing.

Share Allotments & Refunds

Allot share (mandatorily in dematerialised form) to successful applications and process refunds for unsuccessful ones.

Credit Shares to Demat Accounts

Ensure shares are credited to investors demat account before listing

File Listing & Trading Applications

Submit Listing & Trading applications to the stock exchanges and obtain final approval.

Commencement of Trading

Upon approval, the company's shares are officially listed and commence trading on the stock exchange.

7. Post-IPO Compliance and Lock-in Requirements



Lock-in of Promoters Shares

- At least 20% of the post-issue capital held by promoters is locked in for three years from the date of allotment or commencement of commercial production, whichever is later
- The balance of the promoter's shareholding is locked-in for one year.

Other Lock-in Provisions

- Implement lock-in for other pre-IPO shareholders as per SEBI rules

Ongoing Compliance

- Continue to comply with listing regulations, periodic disclosures and corporate government standards. Prepare utilisation reports of funds raised every quarter. Disclose deviation if any, from objects of the offer with explanations in the board reports and investor disclosures.

Establish Investor Relation

- Set up a dedicated investor relations function with dedicated officer to handle queries and maintain transparent communication with shareholders. Include investor grievance redressal contact (SEBI Mandate).

Summary Table: Key steps & small but Important actions



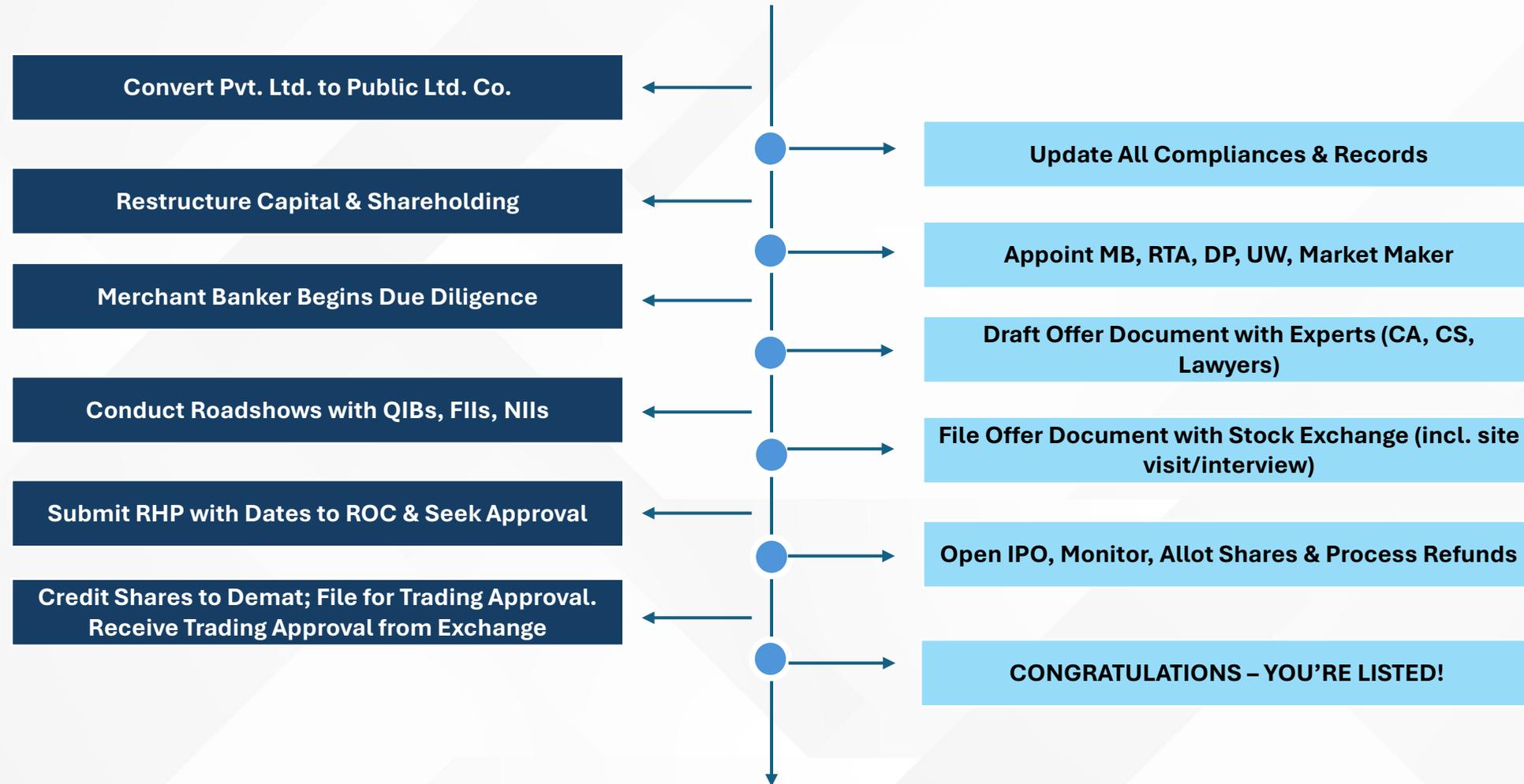
Stage	Key Actions
Pre-IPO Planning	Capital/legal restructuring, compliance updates, board structuring, D&O insurance
Appointment of Intermediaries	Appoint MB, RTA, DP, UW, Market Makers, conduct organizational meetings
Due Diligence & Documentation	MB due diligence, offer document drafting, audits, legal review, eligibility checks
Regulatory Filings	File with exchange, respond to comments, file RHP with ROC
Marketing & Outreach	Roadshows, investor meetings, marketing materials, investor education
IPO Launch & Listing	Open IPO, monitor subscription, allot shares, refunds, credit demat, file for listing
Post-IPO Compliance	Lock-in enforcement, ongoing compliance, investor relations

Eligibility Criteria for Listing



Criteria	BSE SME Platform	NSE Emerge Platform (SME)	BSE Main Board	NSE Main Board
Incorporation	Incorporated under Companies Act, 1956/2013, India	Incorporated under Companies Act, 1956/2013, India	Incorporated under Companies Act, 1956/2013, India	Incorporated under Companies Act, 1956/2013, India
Track Record	3 years of operations (not always strictly required for all sectors)	3 years of operations	Minimum 3 years of operations	Minimum 3 years of either company or promoters / promoting company
Post-Issue Paid-Up Capital	₹1 crore to ₹25 crore	≤ ₹25 crore	≥ ₹10 crore	≥ ₹10 crore (existing or post-issue)
Net Worth	Positive net worth	Positive net worth in 2 of last 3 years, min. ₹3 crore assets	₹3 crore minimum	≥ ₹10 crore in each of last 3 years
Profitability Requirements	Operating profit, positive net worth and EBITDA of at least ₹1 crore in 2 of last 3 years	Operating profit, positive net worth and EBITDA of at least ₹1 crore in 2 of last 3 years	3 years of profitability	Positive EBITDA in 3 preceding years, net worth ≥ ₹75 crore in each year
Minimum Public Shareholding (%)	25% post-IPO	25% post-IPO	25% post-IPO	25% post-IPO
Market Capitalization	Not specified	Not specified	≥ ₹25 crore market capitalization post-issue	Average daily market capitalization ≥ ₹1,500 crore over previous 6 months
Promoters' Contribution	Min. 20% post-issue, unchanged for preceding year	Min. 20% post-issue	Typically 20% (as per SEBI; subject to lock-in)	Typically 20% (as per SEBI; subject to lock-in)
Promoter Experience	At least 3 years in same industry	At least 3 years in same industry	Required	Required

Process and Procedures



Structuring Considerations



- Conversion of Firm to company
- Slump Sale
- Scheme of Arrangement
- Stamp Duty
- Intellectual Property Arrangement
- Consolidation of all entities in the Group
- Private company to public company conversion
- Ideal Price Band
- Pre-IPO issuance to promoters or employees
- Existing Shareholder agreement
- Convertible Securities
- MoA/AoA Amendment-object, Authorised Capital
- Special Rights

Learning from mistakes

SEBI may return draft offer documents if:

- Disclosures lack clarity, simplicity or visual representation
- Language is complex, ambiguous, or overly technical
- Risk factors are not clearly articulated
- Substantial revisions or regulatory clarifications are needed
- Information is not understandable without referring to regulations
- Other regulators raise material concerns
- Pending litigation affects eligibility under ICDR Regulations

Role of Merchant Banker in IPO



PRE IPO STAGE

A) IPO Readiness Assessment

- Merchant banker evaluates business model, governance standards, internal controls, and financial reporting systems.
- Identifies gaps that must be fixed for SEBI and stock exchange compliance.

B) Corporate Restructuring

- Conversion into a public limited company, reclassification of promoters, Implementation of ESOP schemes, capital reorganization, or group restructuring.

C) Due Diligence

- Financial, legal as well as business and management due diligence.

D) Drafting of IPO Documents.

- Drafting of DRHP and Agreements with intermediaries (RTA, bankers, legal counsel)

E) Valuing Issue Structure.

- Peer comparison, DCF/market multiples-based valuation, Decide issue size, price band, and category allocation

IPO STAGE

A) Filling & SEBI Review

- DRHP is filed with SEBI and stock exchanges, SEBI reviews and issues observations (questions/clarifications) and Company responds through merchant banker, after approval, final RHP is filed.

B) Marketing & Roadshows

- Domestic & international roadshows, Investor education sessions and analyst meets and Building investor confidence and explaining business strategy.

C) Book Building

- Price band announced, Bidding opens for QIBs, NIIs, and retail investors, Merchant banker collects bids, analyses demand and market sentiment.

D) Price Discovery & Allocation

- Final price determined based on bid book. Allocation done category-wise as per SEBI rules

E) Issue Closure and Listing

- Confirmation of Shares to demat account and refunds initiated to unallotted shares then Shares are listed on Stock exchange

POST IPO STAGE

A) Post issue Monitoring

- Merchant banker submits post-issue monitoring reports to SEBI within prescribed timelines. And ensures funds raised are used for the stated objects.

B) Compliance with Listing Obligations

- Merchant banker ensures that company is following all listing obligations like Quarterly financial results with limited review, shareholding pattern filing etc.

C) Investor Relations

- Regular communication with shareholders, analysts, and institutional investors as well as handling investor grievances with the RTA

D) Lock in Compliance

- Monitoring promoter lock-in periods and shareholder lock-ins.

E) Utilisation of IPO Proceeds.

- Auditor certificates on use of funds and disclosure in annual reports and exchange filings.

Thank YOU!

Contact Us



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Investment Banking | Equity Capital Markets | Fund Raising

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