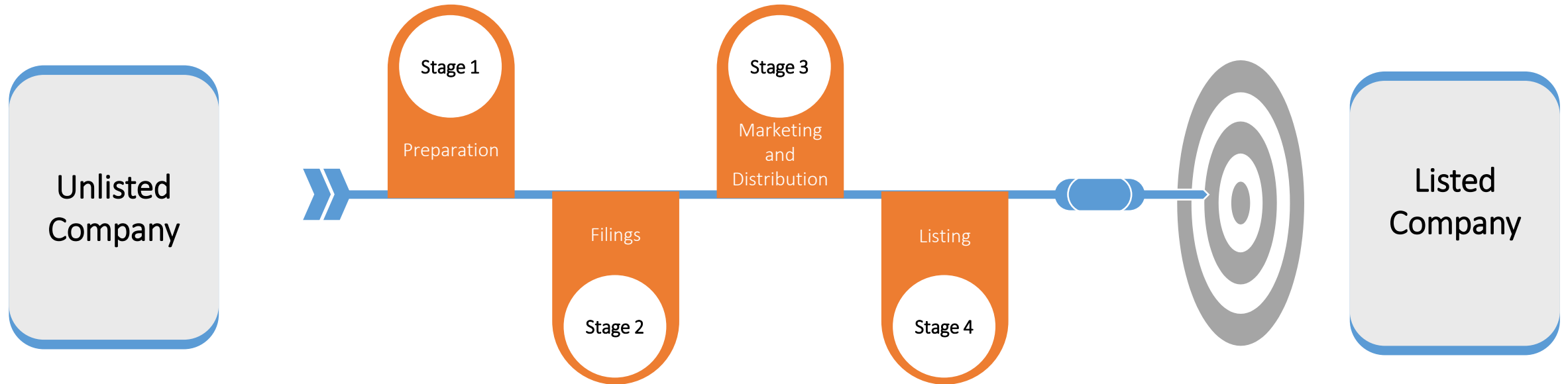
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IPO Process

Role of Company Secretary

Rahul Ranjan
Company Secretary
Date: March 5, 2022

IPO | ROAD MAP



Stage 1

- **Compilation of Information**
- Appointment of Merchant Bankers & other Advisors
- Due Diligence
- Review of Offer Document
- Preparation of restated financial statements including Auditors Report, Capital Structure & other Certificates.

Stage 2

- Filing of Draft Offer Document (DRHP) with SEBI
- Uploading of Offer Document with Exchanges.
- Respond to SEBI Comments
- Updation of Offer Document
- Filing of RHP with Registrar of Companies in India

Stage 3

- Pre Deal Investor Education
- Information for Road Shows
- Getting Anchor Investors
- Launch of IPO
- Receiving bids / applications
- Closure of IPO

Stage 4

- Allocation and Allotment
- Obtain Listing Approvals
- Listing on stock Exchanges

Primary

- Contains only Issuance of new shares.
- Eg: Adani Wilmar

OFS

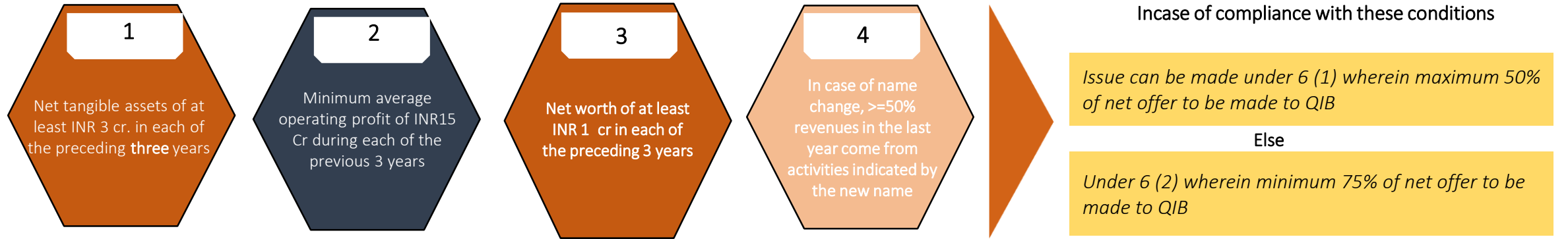
- Contains only offer by existing shareholders.
- Eg: LIC

Mixed

- Mix of both primary and OFS
- Eg: Nykaa, Paytm, Rategain

In 2021, the fresh issuances worth ₹44,146 crore constituted 36.82 % of the total money raised (only 4 out of 63 issues were 100% fresh issue without OFS component)

ELIGIBILITY CRITERIA



Stock exchange requirements

BSE

- Minimum post issue paid-up capital of INR **10 cr**;
- Minimum issue size of INR 10 cr and market capitalization of INR 25 cr

NSE

- Minimum post issue paid-up capital of INR 10 cr and market capitalization of INR 25 cr
- No disciplinary action by stock exchanges and regulatory authorities in last 3 years
- Details of litigation of Issuer, promoters, group companies, companies promoted by the promoter, for the last 3 years
- Track record of directors and redressal mechanism

Minimum public dilution as per SCRR

- 25%; **or**
- Atleast 10% if the post issue capital is >4000 cr (issuer to meet MPS within 3 years)

OFS requirement


- Shares should have been held for more than 1 year (In case of bonus the original shares must be held for >1 year)
- Convertible securities have to be converted before issue opening. Major shareholder (20% or more) can offer only upto 50% of their holding.


Variation in Issue Size


- Fresh Issue : For variation upto 20% in each object no fresh filing will be required
- Offer for Sale: For variation upto 50% in either the number of OFS shares or the issue size no fresh filing will be required

KEY INTERMEDIARIES & ROLE

Intermediary	Key Activities
BRLM	<ul style="list-style-type: none"> Overall transaction management, due diligence, regulatory interface, investor interface and marketing (Inter se allocation of role)
Domestic Legal Counsel	<ul style="list-style-type: none"> Due diligence, drafting of offer document, adviser on Indian legal and regulatory issues, drafting of agreements and issue of opinion. (of the Company & BRLM)
Selling SHS Legal Counsel	<ul style="list-style-type: none"> Agreement, disclosure in the document, certificate, opinion, consents among others (of the Selling Shareholders; Non Mandatory)
Auditors	<ul style="list-style-type: none"> Responsible for preparing restated financial statements and other auditor related deliverables. (Appointment of ICA & PCS)
International Legal Counsel	<ul style="list-style-type: none"> Legal adviser on international legal/ regulatory issues and international wrap of selling restrictions and legal opinion
Registrar	<ul style="list-style-type: none"> Post issue co-ordination, collation and reconciliation of information and assistance in allotment and process of listing and trading
Advertising/ PR Agency	<ul style="list-style-type: none"> Formulation and execution of the Media and PR Strategy, organizing roadshows and coverage of IPO & positive news flow
Printers	<ul style="list-style-type: none"> Bulk printing of the RHP, final Prospectus and application forms and ensure timely dispatch & distribution of stationery
Industry Report Agency	<ul style="list-style-type: none"> Publishing an updated industry report; extracts from the report to be used in the industry section of the DRHP
Escrow Banks / Monitoring Agency	<ul style="list-style-type: none"> Collection of funds for the Anchor Issue portion and remittance to overseas Selling Shareholders in case of OFS by non-residents

 Appointed before kick-off

 Appointed prior to DRHP filing

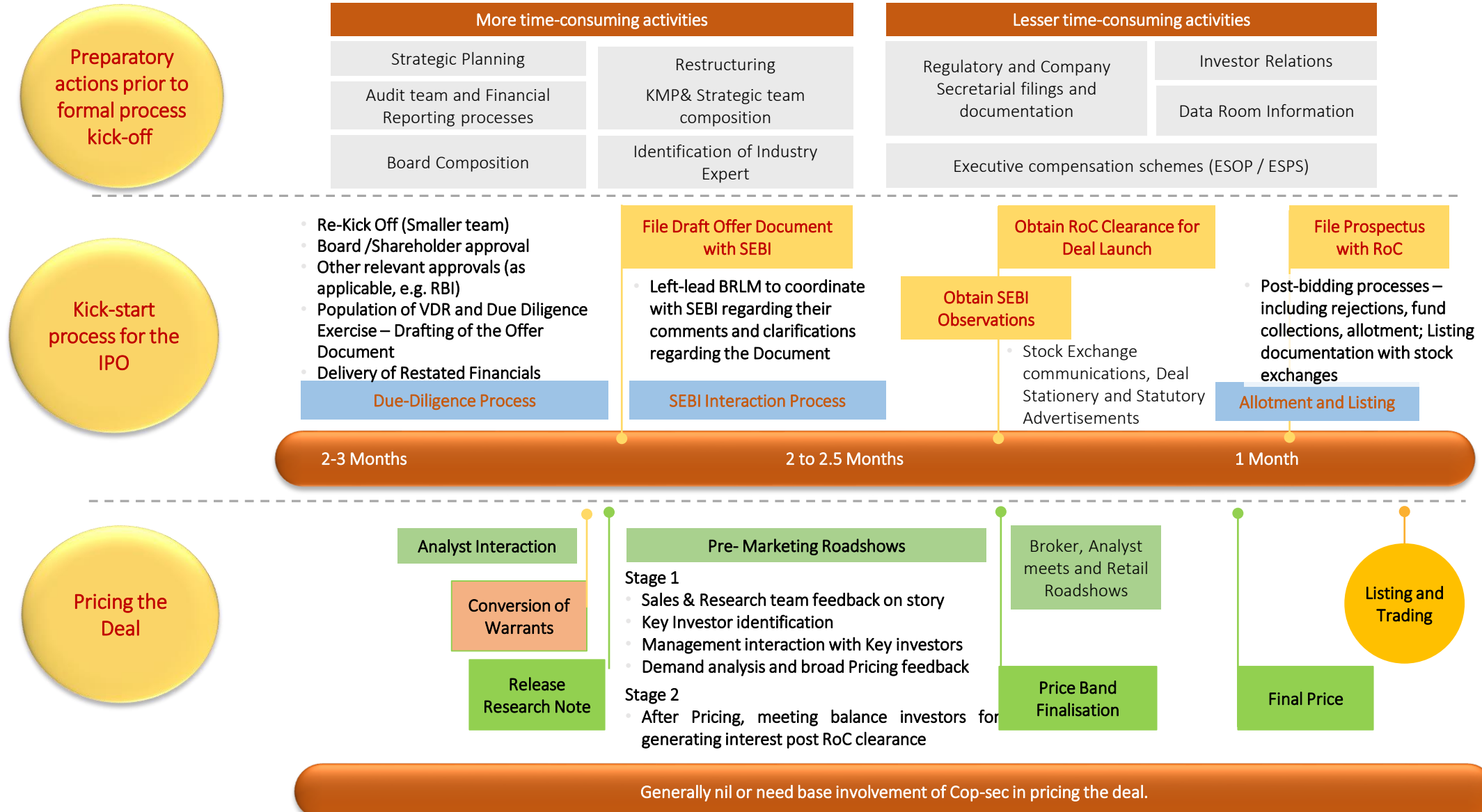
 Appointed after DRHP Filing

IPO | BUILDING BLOCKS

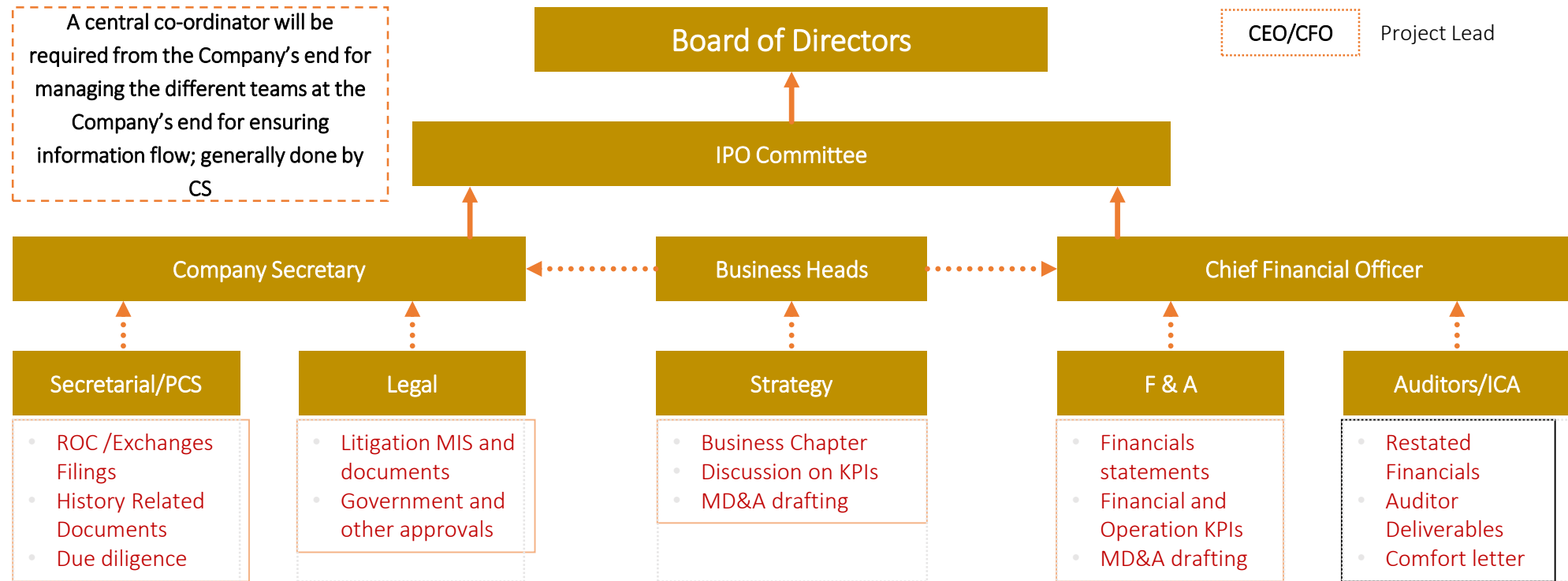
		Cop-Sec Role
Drafting a convincing business plan	<ul style="list-style-type: none"> Formulate a focused business plan for the next 3 to 5 years, identifying clearly the expansion opportunities demonstrating the company's growth potential and future plans Financials projected over the next few years need to flow from the business plan 	To prepare full history of Capital raise and transfers, if any.
Corporate Governance	<ul style="list-style-type: none"> Appointment of requisite Independent Directors/other Directors. Formation of audit, compensation & investor grievance committees 	To identify the promoter and Promoter Group.
Capital Structuring	<ul style="list-style-type: none"> Pre-IPO share split / bonus to arrive at appropriate price range and decide on composition of primary & secondary portions of the issue 	To suggest optimal Board structure and mandates of various Committees
Approvals	<ul style="list-style-type: none"> Taking Board and Shareholder approval for IPO and authorizing Committee of Directors to take necessary steps Depending on offering structure and intended use of proceeds, additional approvals may be required on case to case basis 	To formulate various policies of the company
Facilitate Due Diligence	<ul style="list-style-type: none"> Data Room to be setup : Documents / details to be provided according to the checklist provided by the Legal Counsel Review of all important legal agreements and litigations against the company, directors and promoter group 	To facilitate due diligence and ensure availability of requisite documents in the data room in coordination with other departments.
Restrictive Clauses	<ul style="list-style-type: none"> Any special rights held by Promoters / Financial Sponsors would have to be surrendered at the time of filing the RHP Necessary alterations must be made in AoA / MoA of the Issuer Company 	To arrange KMPs, Promoters, Directors, Group Companies, Promoter Group and Company Certificates.

IPO PROCESS INDICATIVE TIMELINES

A clearly planned IPO strategy ensures readiness to quickly time the market and derive optimal valuations



IPO TEAM | ISSUER COMPANY



- Team of 4 – 5 personnel for the purpose of IPO
- Chief coordinators (main contacts for the Lead Managers & the Legal Counsel): Chief Financial Officer and the Company Secretary of the Issuer with 2 personnel under him/ her from the Secretarial & Legal Department
- Team of 1-2 personnel dedicated for the purpose of IPO from the Finance/Accounts Department including active involvement of the CFO with respect to the financials and 1 representative from each Business vertical
- Formation of an **IPO Committee** constituting some of the Executive Directors authorized by the Board of Directors - rights to appoint intermediaries, making changes in the offer documents, co-ordination with regulatory bodies, etc.

CHAPTERS IN DRHP



Introduction and Particulars of the Issue

- ✓ Summary of the Offer Document
- ✓ Capital Structure
- ✓ General Information
- ✓ Basis for Issue Price
- ✓ Issue Details

- Chapters are related to the summary of the overall IPO and provides an overview of the Company and the proposed offer
- A summary chapter is include which includes salient features of the Offer document
- Capital Structure is also part of this section

DLC/CS



Business Sections

- ✓ Business Section
- ✓ Risk Factors
- ✓ Industry Section
- ✓ Management Discussion & Analysis

- Business, Industry and MD&A are used to highlight the positive aspects related to the company and the Industry
- Risk Factor section is used to disclose the possible factors which may adversely impact the operations and financial performance of the Company

ILC/CEO



Financial Information

- ✓ Restated Financials
- ✓ Summary of Financial Information
- ✓ Statement of Tax Benefits
- ✓ Financial Indebtedness

- These chapters are directly derived from the auditor deliverables
- The financials disclosed in this section are used for marketing during the roadshow presentations

Statutory Auditor/CFO



Non-Business Section

- ✓ Management
- ✓ Promoter and Promoter Group
- ✓ Outstanding Litigations
- ✓ Licenses and Approvals
- ✓ History and Corporate Matters

- The Non-Business includes a large number of chapter which are required to complete the disclosures as per SEBI ICDR requirements
- Apart from major chapters stated above, chapters like regulations and policies, Issue structure, Issue Procedure, etc. are also part of this section

DLC/CS

KEY ACTIVITIES - BUSINESS SECTIONS

Particulars	Key Activities	Key Considerations	Corp-sec Support
Detailed Business Plan	Finalize the Business Plan for the next 3-5 years in consultation with the BRLMs	<ul style="list-style-type: none"> Formulate business plan with long term objectives and aligned with investor expectations 	<ul style="list-style-type: none"> Ensure enabling and aligned object clause of the MOA
Overview Strengths and Strategies	To identify key strengths and strategy of the Company from positioning perspective	To initiate discussion on strengths and strategies with aim of closing the headlines by the first drafting session	<ul style="list-style-type: none"> Ensure these things are well noted/approved by Board.
Industry Report	To prepare Industry Report through credible agency to showcase/ give an idea about industry and market share	<ul style="list-style-type: none"> Industry section to be drafted based on the final report 	<ul style="list-style-type: none"> Ensure that % share in any market segment is not dominant else consult CCI.
Financial and Operational KPIs	To identify key operational metrics to strengthen the Company's positioning points	<ul style="list-style-type: none"> Discussion with statutory auditor to agree on the list of operational metrics they can confirm Balance to be obtained from a peer reviewed independent CA 	<ul style="list-style-type: none"> Ensure that KPIs as shown here are in conformity with regular updates given to the Board.
Management Discussion and Analysis	<ul style="list-style-type: none"> To identify factors affecting business operations Comparison of financials for last three years and stub period to be provided 	<ul style="list-style-type: none"> Discussion on MD&A for comparative period to commence after receipt of restated financials and stub period financials (including comparative for stub period, if required) 	<ul style="list-style-type: none"> Check relevant notes such as RPT schedule, Capital Structure
Objects of the Issue	<ul style="list-style-type: none"> Identification of Objects for the fresh issue Collation of appropriate backups and finalization of working for 	<ul style="list-style-type: none"> One of the most scrutinized disclosure Detailed disclosure with comprehensive backup requirements and limited flexibility to change 	<ul style="list-style-type: none"> Ensure conformity with ICDR requirement.

KEY ACTIVITIES – NON-BUSINESS SECTION (1/2) –CORP-SEC LEAD

Particulars	Key Activities	Key Considerations
Due Diligence	<ul style="list-style-type: none"> To set up Data Room (Virtual Data Room) Documents / details to be provided according to the checklist provided by the legal counsels Counsels to circulate publicity and research guidelines 	<ul style="list-style-type: none"> Company to involve dedicated team for setting up a data room as its extensive exercise to complete due diligence. Publicity guidelines to be circulated to the Board and Management.
Decide on the Issue Structure and seek regulatory approvals	<ul style="list-style-type: none"> Decide on overall dilution level and issue structure <ol style="list-style-type: none"> Changes in MoA and/or AoA, Examine eligibility under 6(1) of ICDR Regulations Examine eligibility of Offer for Sale shares, if any Examine outstanding convertible instruments, if any Allotment of shares, if any, prior to filling of DRHP Employee reservation, if any 	<ul style="list-style-type: none"> Consider optimum bonus ratio and split to reduce the per share value for optimal pricing Examine compliance with Promoter contribution norms Formulate ESOP schemes if needed De-materialization of shares to be checked Examine compliance for lock in of securities for a period of 18 months.
Legal and Regulatory	<ul style="list-style-type: none"> Review and modify Memorandum and Articles of Association to incorporate provisions in compliance with the Stock Exchange requirements Appointment of Compliance Officer Update Secretarial, Litigations and Legal records 	<ul style="list-style-type: none"> Amendment / Termination Agreement to give effect to the AoA amendments Increase authorised share capital (for fresh issue) Examine issues, if any, related to Company logo/ IPRs General threshold for litigation disclosures based of last restated annual financials
Compliance with corporate governance requirements under SEBI LODR Regulations	<ul style="list-style-type: none"> Compliance with Corporate Governance <ol style="list-style-type: none"> 50% of the Board to comprise independent in case of non-independent / executive Chairman Induction of reputed Independent Directors Setting up of Audit, Shareholder Grievance Committee and such other Committees 	<ul style="list-style-type: none"> At least One Woman Director will need to be inducted on the Board as per Companies Act Ensure compliance with Corporate Governance norms of the Listing Agreement prior to filing of the DRHP with SEBI Review the existing employment terms of executive directors.

KEY ACTIVITIES – NON-BUSINESS SECTION (2/2)

Particulars	Key Activities	Key Considerations
Promoter and Promoter Group Structure	Examine and identify the Promoter(s) of the Company Identify Finalize Promoter Group in terms of the ICDR Regulations	Examine if Promoter(s) / Promoter Group has been defined in any document / agreements
Group Companies	Identification of Group Companies in terms of ICDR Regulations Companies forming part of related party transactions during last three financials years or stub period will be classified as Group Companies	Examine consents required, if any, for making disclosure of Companies in which the Company and/ or Promoter(s) may be an investor
Subsidiaries	Examine the disclosure required to be made by Subsidiary Companies	Availability of restated Audited financial statements of Subsidiary Companies for the purposes of consolidation If objects include investment in subsidiaries, then financials of subsidiaries need disclosure in DRHP.
Internal / Shareholder Approvals	Seek Board and Shareholders' approval for the IPO and corporate actions, if applicable Constitute IPO committee, if required	Availability of consents for shorter notice, proof of attendance and approval and filing with ROC
Appointment of intermediaries	Appoint key intermediaries involved in the IPO such as Registrar, Industry Expert, Independent CA, Ad Agency, Printers, PCS etc.	Industry Expert to be appointed on priority basis to initiate preparing a report on Industry. Intermediaries to be appointed in consultation with Management.
Consents for the Offer	Consents of vendors to include their name in the DRHP Lender consents (including confirmations), if any Consents/ certificates from Directors, Promoters, KMPs, Promoter group, Group Companies, Selling Shareholders, Statutory Auditors, etc.	Historically a time consuming activity. To be initiated early on in the process
Identification of KMPs	To identify KMPs as required under the Companies Act, 2013 and SEBI ICDR Regulations	TO be done carefully for future compliance re-NRC/Insider Trading

PROMOTER AND PROMOTER GROUP IDENTIFICATION

- **Promoter Group** includes
 - the promoter, immediate relative of the promoter (i.e., spouse, parent, brother, sister or child of the promoter or spouse)
- **In case the promoter is a body corporate:**
 - a subsidiary or holding company of such body corporate
 - body corporate in which the promoter holds 20% or more of its equity share capital or which holds 20% or more of the equity share capital of the promoter
 - body corporate in which a group of individuals or companies or combinations thereof which hold 20% or more of its equity share capital also hold 20% or more of the equity share capital of the issuer company and are also acting in concert
- **Group Companies** include such companies (other than promoter(s) and subsidiary/subsidiaries) with which there were related party transactions, during the period for which financial information is disclosed, as covered under the applicable accounting standards, and also other companies as considered material by the board of the issuer

Lock-in	<ul style="list-style-type: none"> • At least 20% of post IPO paid up capital to be locked-in for 18 months from the date of IPO allotment by Promoters, towards Promoters' Contribution (if capital expenditure = 3 yrs) • Entire pre-issue holding in addition to promoters' contribution to be locked in for 6 months from allotment under IPO.(if capital expenditure = 1 yr) • In case such shares have resulted pursuant to conversion of fully paid-up compulsorily convertible securities, the holding period of such convertible securities be considered for the purpose of calculation of said period • Shares allotted to employees under an ESOP scheme or ESPS prior to the IPO, along with requisite disclosures shall be free from lock in.
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Disclosures related to Promoters	<p>Incorporation details, Registered Office, Nature of Business, Shareholding pattern, Board of Directors, if promoter is body corporate</p> <p>Capital Build up and average cost of acq. of promoter, selling shareholders, shareholders having right to nominate and other shareholders need disclosure.</p> <p>Disclosure related to Promoter Group (as per SEBI ICDR regulations, 2018)</p> <p>PAN, bank account number and registration details to be shared with the stock exchange</p> <p>Identification of Group Companies based on Related party transactions & disclosures of information for the same</p> <p>Identification of 20% shares for lock in (along with other promoters)</p>
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Key Learning from Group IPO's

1

Identification of Promoter Group

For entities exceeding the regulatory threshold of 20%, a case can be made to the regulator to exclude un-related, non-controlling investments

2

Litigation Disclosure

Given the size of the Promoter and Group Companies, a policy setting out threshold limit for disclosure Of litigation details and creditors

3

Identification of the Group Companies

Due to the change in regulations, this needs to be closely identified

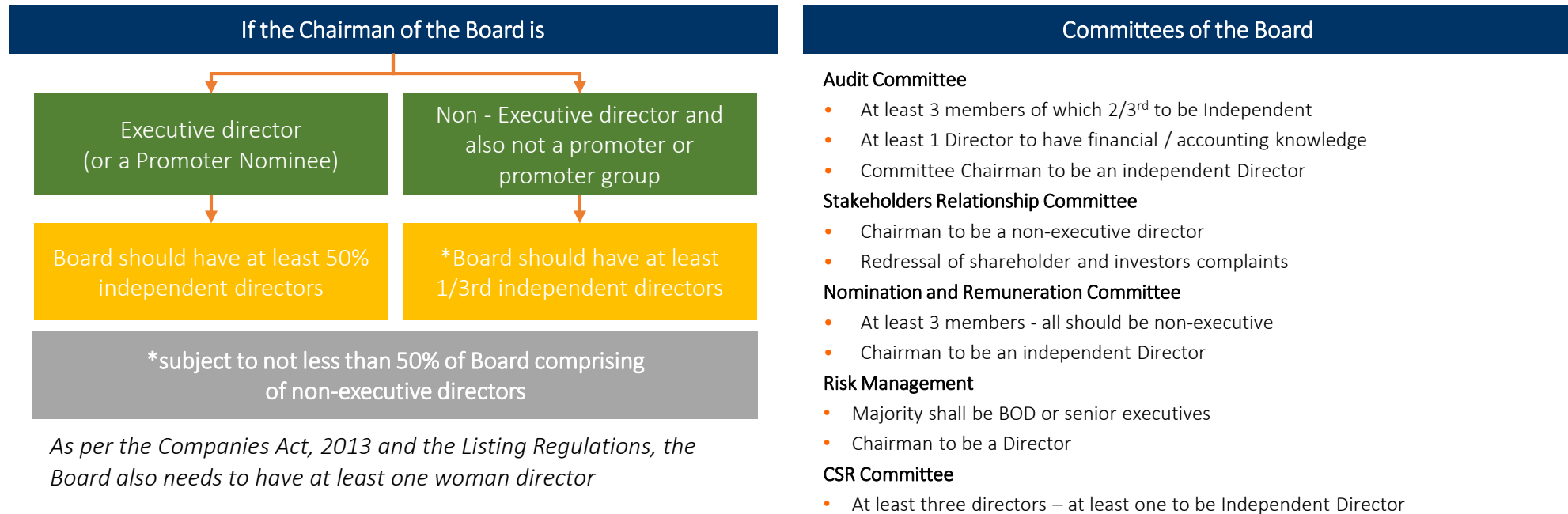
POTENTIAL LONG LEAD ITEMS

Activity	Timeline
1 Appointment of Intermediaries – Left Lead Bank and Legal Counsels for the IPO	Before Kick Off
2 Identification of Board of Directors and their appointment	Before Kick Off
3 Collation of documentation related to Directors and KMPs for their profile as disclosed	Before Kick Off
4 SEBI compliant ESOP scheme to be implemented before filing of DRHP with SEBI	Before Kick Off
5 Identification of Promoter Group and receipt of certifications from each of the entities	After Kick Off
6 Engagement with Industry report agency	After Kick Off
7 Finalization of Offer Structure between Primary & Secondary & receipt of back ups for Primary fund raise	After Kick Off
8 Identification of KPIs and their collation	After Kick Off
9 Receipt of restated consolidated financial statements from the auditors	After Kick Off
10 Discussion and finalization of on auditor deliverables	After Kick Off

Apart from these the ROC & Regulatory Filings can be compiled in advance to reduce turn around time at the time of Kick Off

CORPORATE GOVERNANCE CONSIDERATION

Corporate Governance Requirements



As per the Companies Act, 2013 and the Listing Regulations, the Board also needs to have at least one woman director

Other Corporate Governance Considerations

- All independent directors to be appointed / re-appointed in terms of the Companies Act, 2013 (including through issue of appointment letters)
 - Compliance with norms of related party transactions under the Listing Regulations
 - All related party transactions to be approved by audit committee
 - High value related party transactions to be approved by shareholders resolution
- Policy on vigil mechanism, insider trading, disclosure norms other policies as per SEBI LODR.

OTHER DELIVERABLES AND DISCLOSURES

		Cop Sec Role	
Financials and Certificates	1	Three year (& stub period) restated consolidated financials for the Company along with Examination Report	<ul style="list-style-type: none"> Review of the draft financials viz Important Schedules Highlight points of compliance with ICDR Review of examination report to see any discrepancy
	2	Statement of Special Possible Tax Benefits available to the Company and Shareholders and material subsidiary(ies)	
	3	Certificate for eligibility under Regulation 6(1) of SEBI ICDR, 2018	
	4	Peer review from ICAI (should be valid as on date of filing of Offer Document)	
	5	Consent Letter from the Auditor for naming them in the Offer Document	
	6	Corporate Governance Certificate for composition of Board and Committees	
	7	Certificate that the ESOP scheme is in compliance of SEBI Regulations	
	8	Certificate on post-Issue Capitalization after discovery of Issuer Price.	
Agreements	1	Review and finalization of Agreements with RTA	<ul style="list-style-type: none"> Review and comment on the drafts Finalize the drafts (along with DLC) Review and negotiate the commercial with RTA and Escrow Agent.
	2	Review and commenting on other agreements such as Offer Agreement, Monitoring Agency Agreement, Escrow Agreement, Sponsor Bank Agreement etc.	
	3	Execution of engagement letters of all intermediaries	
Website Uploads	1	3 years Standalone audited financials of the Company and material subsidiaries to be uploaded on the website of the Company	
	2	Policies/ mandates and other disclosures as required under SEBI LODR	

Required at DRHP, RHP and Prospectus Stages

OTHER DELIVERABLES AND DISCLOSURES

Financials related

- Consent letter
- Certificate on avg. cost of acquisition & weighted avg. price of acquisition of shares in the last year, three years, 10 days prior to filing.
- Certificate on related party transactions
- Certificate on rejection criteria under the SEBI General Order, 2012
- Peer review certificate issued by the 'peer review board' of the ICAI
- Certificate on no material developments since the last audit date
- Certificate on outstanding dues to MSMEs and other creditors together with overdues to material creditors, if any
- Certificate on group companies
- Certificate on dividend
- Certificate on financial indebtedness (as at the agreed cut-off date)
- Certificate on insurance
- Certificate on bonus / split of shares
- Certificate on share capital build up
- Certificate on changes in accounting policies
- Certificate on details related to ESOP related disclosure in the Offer Document
- Certificate on promoter contribution (*if applicable*)
- Certificate on basis for offer price
- Certificate on STT and/or Withholding taxes;
- Certificate on Issue expenses;
- Certifying that the allotment is as per the basis of allotment

Cop Sec Role

- Review and negotiate the draft certificates
- Comment on Agreed upon Procedures for providing the certificates
- Review their reproduction in the document

KPI Certificates

- 1 Certificate on Financial KPIs used in MD&A and Business section along with procedure
- 2 Certificate on Operational KPIs used in MD&A and Business section along with procedure

These Deliverables needs to be taken from the Auditors of the Company. Alternatively, these needs to be provided by Peer Reviewed Independent Chartered Accountant

Required at DRHP, RHP and Prospectus Stages

A businessman in a dark suit and tie is pointing his right index finger towards a large, bright cyan arrow that points upwards and to the right. The background is a light blue grid with several white line graphs showing fluctuating data trends. A prominent cyan line graph starts from the bottom left, moves up, then right, then up again, and finally right towards the top right corner. A blue rounded rectangle is centered in the middle of the image, containing the text 'THANK YOU' in white, bold, uppercase letters.

THANK YOU