

# Let the Countdown Begin



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Everyone is dressed up to the nines—the promoter, key management, their families, and stakeholders gathered beneath the lights of the BSE International Convention Hall on Dalal Street. There is celebration, recognition, and a sense of achievement. For most companies, this is a once-in-a-lifetime occasion.

Yet what the market sees that morning is only the final scene of a journey that began long before the DRHP was filed.

An IPO may appear to culminate with the ringing of the opening bell, but in reality, the real work starts much earlier. Listing day is simply the visible outcome of hundreds of decisions taken in boardrooms, auditor meetings, legal reviews, and strategy sessions. It is the result of preparing a business not just to raise capital, but to withstand the scrutiny that comes with being public.

The bell rings, the shares begin trading, and the headlines are written. But the companies that enjoy successful listings are rarely those that prepared for six months. They are the ones that started the countdown well in advance.

## Put on Your Running Shoes

Once the decision to go public is made, the countdown has truly begun. While an IPO is often viewed as a transaction, it is more accurately a marathon that unfolds over many months. The formal process typically moves through three broad phases—preparation, execution, and marketing and pricing—but long before the filing begins, management must ensure that the business itself is ready for public markets.

## Phase One: Preparation

This is where the foundation is laid.

The company begins by engaging with merchant bankers, evaluating advisors, and refining its equity story. Early discussions focus on investor positioning, valuation expectations, dilution, transaction structure, and the overall feasibility of the offering.

At the same time, the company prepares itself for rigorous due diligence. Restated financial statements are finalised, reporting systems are strengthened, a legal data room is established, and corporate governance frameworks are enhanced through an independent board and its committees.

Much of this work happens behind the scenes, but it often determines the success of everything that follows. None of it, however, can be achieved through the efforts of the founder alone. IPO readiness is a team sport. A company secretary ensures compliance and governance standards are maintained. A capable CFO takes ownership of the financial narrative and reporting framework. Auditors bring credibility to the numbers through detailed scrutiny of the financials and key metrics. Lawyers guide the company through diligence and documentation while helping resolve issues before they become obstacles.

Together, these professionals form the core team that transforms IPO readiness from an aspiration into a structured and executable plan.

## Phase Two: Execution — Where IPOs Are Won or Lost

By this stage, the advisory team should already be in place. Lawyers do more than identify issues—they help solve them. Merchant bankers coordinate the process, advise on structure, valuation and timing, and ultimately lead execution. Engage them early; once the filing clock starts, every unresolved issue becomes more expensive to fix.

With the team assembled, attention turns to the long-lead items that often determine whether an IPO proceeds smoothly or becomes a scramble.

### Capital Structure

The capital structure of a private company is rarely built with a public listing in mind. Shares issued decades ago to relatives, former directors, employee trusts, or dormant entities often remain unnoticed until due diligence brings them into the spotlight. Missing share certificates, disputed transfers, untraceable shareholders, and undocumented allotments suddenly become matters requiring explanation in the prospectus—and potentially to regulators.

Addressing these issues early is critical. Promoter-group classification, lock-in requirements, and minimum public shareholding norms all depend on a clean and clearly defined capital structure. In some cases, the company may need to undertake a bonus issue, stock split, consolidation, or other restructuring exercise before filing. These actions require approvals, consume valuable time, and must ultimately flow through the restated financial statements.

### Deep Dive into the Business and the KPIs

Before drafting the prospectus, management should view the company through the eyes of a public-market investor.

Every key operating metric should be benchmarked against industry peers—not only to highlight areas of leadership but also to understand where the company trails the competition. The KPIs selected for the offer document become

the scorecard against which the market judges performance quarter after quarter. Strengths must be defensible; weaknesses should be accompanied by a credible plan for improvement.

The financial narrative must be equally robust. Return ratios such as ROCE, ROE, and asset turnover demonstrate capital efficiency and often reveal more about business quality than headline growth rates. Revenue quality should be supported by customer diversification, marquee client relationships, and evidence of recurring demand rather than concentration risk.

Equally important is a clear articulation of how the IPO proceeds will be used. Investors respond more favourably when capital is being raised to fund growth and strengthen the business rather than simply facilitate an exit.

### Arrangements and Agreements

What may have worked informally in a private company often becomes a liability under public-market scrutiny. Verbal understandings and handshake arrangements with suppliers, customers, distributors, and service providers should be formalised through written agreements that can withstand legal and financial diligence. Similar discipline should apply to employment contracts and management compensation structures, particularly where remuneration is linked to profitability or performance.

Related-party transactions deserve special attention. Services provided between group companies should be documented and priced on arm's-length terms, with a clear rationale that can withstand external review. Companies should begin operating like listed entities long before they become one.

Ownership of key assets should also be reviewed carefully. Trademarks, brands, licences, permits, intellectual property, and other critical rights should reside with the company itself rather than promoters, family members, or affiliate entities. Resolving such matters after filing is invariably more difficult than addressing them beforehand.

### **Phase Three: Marketing and Pricing**

Once the filings with SEBI and the stock exchanges are substantially complete, the focus shifts from preparation and execution to what ultimately determines the success of the offering—meeting investors and building demand.

By this stage, the equity story has already been developed through months of diligence and analysis. It is now distilled into an investor presentation and financial model that institutional investors use to evaluate the business, its growth prospects, competitive positioning, and valuation. The objective is not merely to market the company, but to discover the right price at which the market is willing to participate in its future.

At this stage, the founder and CFO become the face of the offering. Investors are assessing more than the numbers; they are evaluating the credibility of the management team, the clarity of the strategy, and the ability of leadership to execute against the opportunities being presented.

The BRLMs coordinate the marketing process through investor meetings, roadshows, and anchor investor discussions. Feedback from these interactions helps shape the final valuation and price band, while institutional demand ultimately determines how the order book is built.

Preparation is critical. Management should expect rigorous questioning on financial performance, margins, competitive risks, governance standards, capital expenditure plans, and future growth assumptions. Well-structured mock sessions and comprehensive FAQs help ensure that management presents a consistent, confident, and credible message throughout the marketing process.

Once the book is built and pricing is finalised, the IPO moves into allocation, regulatory completion, and ultimately listing. By then, the market has already formed its first view of the company.

### **Celebrations Last a Day. Scrutiny Lasts for Years.**

The bell at the listing ceremony is not a finish line; it is the starting gun. From the moment a company lists, every quarter becomes a report card, every investor call a test of credibility, and every strategic decision is judged in the public domain.

The companies that navigate this transition successfully are not the ones that prepare the fastest. They are the ones that prepare the earliest. A clean capital structure, strong governance, credible KPIs, disciplined reporting, and a management team ready for public-market scrutiny are not built during the IPO process. They are built long before the filing begins. The promoter who starts early enters the process prepared. The one who waits enters it exposed.

Put on your running shoes.

The countdown begins long before the IPO.