



AZVIZORY

# A Comprehensive Guide For IPO Readiness

Transitioning from private to public requires careful preparation. This guide outlines key risks and proven mitigation strategies across finance, operations, compliance, and strategy for a smooth public listing journey.



# Key Elements For IPO Readiness



## Financial Excellence

Robust financial reporting systems, audited financial statements, and clear forecasting capabilities that meet public company standards and investor expectations.



## Internal Controls

Comprehensive internal controls over financial reporting with documented processes and testing procedures.



## Investor Relations

Compelling equity story, robust investor materials, and established communications protocols for managing market relationships.



## SEBI-registered Intermediaries

Appoint qualified merchant bankers, registrars, legal advisors, and other intermediaries registered with SEBI to guide the IPO process and ensure regulatory compliance.



## Governance Structure

Independent board with appropriate committees, documented policies, and decision-making frameworks that demonstrate strong corporate governance.



## Leadership Team

Experienced C-suite executives and functional leaders with public company experience and clear succession planning.



## Regulatory Compliance

Systems to ensure ongoing compliance with stock exchange, and industry-specific regulations post-IPO.

# IPO Readiness Roadmap

## Year 1

### Form the IPO Project Team & Initial Readiness Assessment

#### Team & Governance Setup

- Establish governance frameworks
- Conduct readiness assessments
- Align financial reporting with public standards

#### Structural Foundations

- Build corporate governance foundation
- Evaluate organizational structure
- Appoint SEBI-registered intermediaries

## Year 2

### Strengthening Financial Reporting & Controls

#### Systems & Processes

- Implement risk management systems
- Enhance operational processes
- Upgrade financial infrastructure

#### Compliance & Forecasting

- Address compliance requirements
- Develop market-ready financial forecasting

## Year 3

### Investor Engagement & Public Market Transition

#### Pre-IPO Activities

- Finalize investor communications
- Complete regulatory filings
- Execute roadshows

#### Public Company Operations

- Transition to public reporting cadence
- Establish investor relations protocols

# Form the IPO Project Team & Initial Readiness Assessment

1

## Develop IPO Readiness Timeline

Establish a detailed 12–24 month project plan with key milestones, dependencies, and critical paths to the target IPO date. Include buffer periods for regulatory reviews and market adjustments.

2

## Assemble Expert Team

Combine internal C-suite leaders, financial and legal experts with external advisors including investment bankers, auditors, and board members experienced in successful public offerings.

3

## Conduct Comprehensive Audit

Evaluate internal processes, financial controls, and reporting systems against public company standards. Review recent financial statements for compliance with public reporting requirements.

4

## Perform Gap Analysis

Compare current state to public company requirements and document deficiencies in policies, controls, staffing, and infrastructure. Create a prioritized remediation roadmap with clear ownership and deadlines.

5

## Establish Governance Structure

Create an IPO steering committee with regular meetings, progress metrics, and escalation protocols. Implement confidentiality measures while keeping appropriate stakeholders informed throughout the process.

# Strengthening Financial Reporting & Controls



## Ind AS Compliance

Implement Indian Accounting Standards (Ind AS), prepare 3-year restated financial statements as per SEBI ICDR regulations, establish proper revenue recognition policies aligned with Ind AS 115, and create transparent segment reporting for SEBI disclosures



## Internal Controls Framework

Design controls aligned with the Companies Act 2013 requirements, implement segregation of duties, establish clear approval hierarchies as per SEBI LODR guidelines, and develop comprehensive documentation for all financial processes



## Technical Accounting Considerations

Address ESOP valuation per Ind AS 102, GST implications, related party disclosures per Ind AS 24, and consolidation accounting requirements mandated by SEBI for Indian IPO filings



## Quarterly Reporting Readiness

Develop accelerated close processes meeting SEBI timeline requirements, implement XBRL reporting capabilities, establish disclosure committees for materiality assessment, and create standardized reporting templates compliant with SEBI formats



## Internal Audit Framework

Establish Internal Audit function per Companies Act requirements, implement risk-based audit approach covering financial reporting, internal controls, corporate governance, SEBI compliance, and IT systems. Prepare for additional scrutiny by SEBI, stock exchanges (NSE/BSE), and statutory auditors during the IPO process.

# Operational Risk Identification and Process Enhancement

## Risk Mapping

Identify operational vulnerabilities across business units

- Conduct comprehensive risk assessments for each department
- Prioritize risks based on potential impact and likelihood
- Create visual risk heat maps for executive review

## Performance Monitoring

Establish reliable forecasting systems

- Develop key performance indicators for operational processes
- Implement real-time monitoring dashboards
- Create protocols for addressing performance variances

## Process Standardization

Document and optimize critical workflows

- Develop detailed standard operating procedures
- Implement consistent documentation formats
- Eliminate redundancies and improve efficiency

## ERM Framework

Implement enterprise-wide risk management

- Establish risk governance structure and policies
- Define risk appetite and tolerance thresholds
- Create integrated risk reporting mechanisms



# Compliance, Governance & Regulatory Preparation

## SEBI & Exchange Requirements

Ensure compliance with SEBI ICDR Regulations and NSE/BSE listing prerequisites. Develop tracking mechanism for ongoing adherence to SEBI LODR requirements.

## DRHP/RHP Filing Preparation

Prepare comprehensive disclosures with legal counsel. Anticipate and address potential SEBI observations on offer documents proactively.

## Board Structure

Establish qualified board with independent directors per Companies Act 2013. Form audit, nomination & remuneration, and stakeholder relationship committees.

## Ethics & Compliance

Implement robust policies including insider trading prevention. Create vigilance mechanisms per Companies Act whistleblower provisions and SEBI guidelines.

## Appoint SEBI-registered Intermediaries

Partner with seasoned merchant bankers, registrars, legal advisors, and auditors well-versed in successful IPO ventures. Verify that all intermediaries are SEBI registered and possess the required qualifications.

# Strategic Risk Management & Scenario Planning

## Business Model Risk Assessment

Identify material risks to revenue streams and growth forecasts. Conduct comprehensive analysis of changing market dynamics, disruptive technologies, and potential regulatory shifts that could impact business sustainability.

- Evaluate competitive landscape changes
- Assess capital market access risks
- Review customer concentration vulnerabilities

## Risk Mitigation Planning

Develop specific strategies to address each significant risk. Create detailed contingency plans with assigned ownership, implementation timelines, and resource requirements.

- Establish risk response protocols
- Develop financial buffers and reserves
- Create alternative business strategies

## Scenario Analysis

Prepare for market volatility, competitor actions, or operational disruptions. Model multiple stress-test scenarios with quantified financial impacts to ensure resilience under various conditions.

- Develop best/base/worst case models
- Simulate supply chain disruptions
- Test financial projections against market shocks

## Oversight Framework

Establish board and management monitoring for ongoing risk management. Implement formal reporting cadence and clearly defined escalation paths for emerging risks.

- Create risk dashboards for leadership visibility
- Schedule quarterly risk committee reviews
- Develop investor communication strategy for risk disclosure

# Investor Engagement & Public Market Transition

Successfully transitioning to public markets requires strategic investor engagement and organizational readiness. Companies must develop compelling narratives that resonate with potential investors while preparing internal teams for increased scrutiny.



## Investor Roadshows

Develop and execute compelling presentations that clearly articulate your company's value proposition, competitive advantages, and growth strategy to potential investors. Prepare executives thoroughly for challenging questions about business model sustainability and market positioning.

- Craft tailored investment narratives
- Prepare Q&A response frameworks
- Rehearse executive presentations



## Public Communication Training

Equip leadership teams with the skills needed to navigate increased public scrutiny and disclosure requirements. Establish clear communication protocols for earnings releases, material events, and crisis management situations.

- Conduct media training sessions
- Establish disclosure committees
- Create crisis communication playbooks



## Executive Compensation Alignment

Restructure executive incentive programs to align with public company objectives and shareholder expectations. Ensure complete transparency in compensation disclosures to build trust with potential investors and regulatory bodies.

- Design performance-based equity structures
- Benchmark against industry standards
- Develop clear disclosure policies



## Post-IPO Stabilization

Implement mechanisms to maintain share price stability during the initial trading period. Develop comprehensive compliance monitoring systems to ensure ongoing regulatory adherence and market confidence.

- Structure lock-up agreements
- Establish investor relations functions
- Implement continuous disclosure systems

# Key Takeaways

## 1 IPO Readiness is Multi-Dimensional

Success requires strong governance, compliance, operations, and investor perception. Early preparation prevents delays and regulatory issues.

## 3 Governance Forms the Foundation

A professional Board with qualified Independent Directors is mandatory. Transparent systems enhance investor confidence.

## 5 Strong Intermediary Partnerships Are Critical

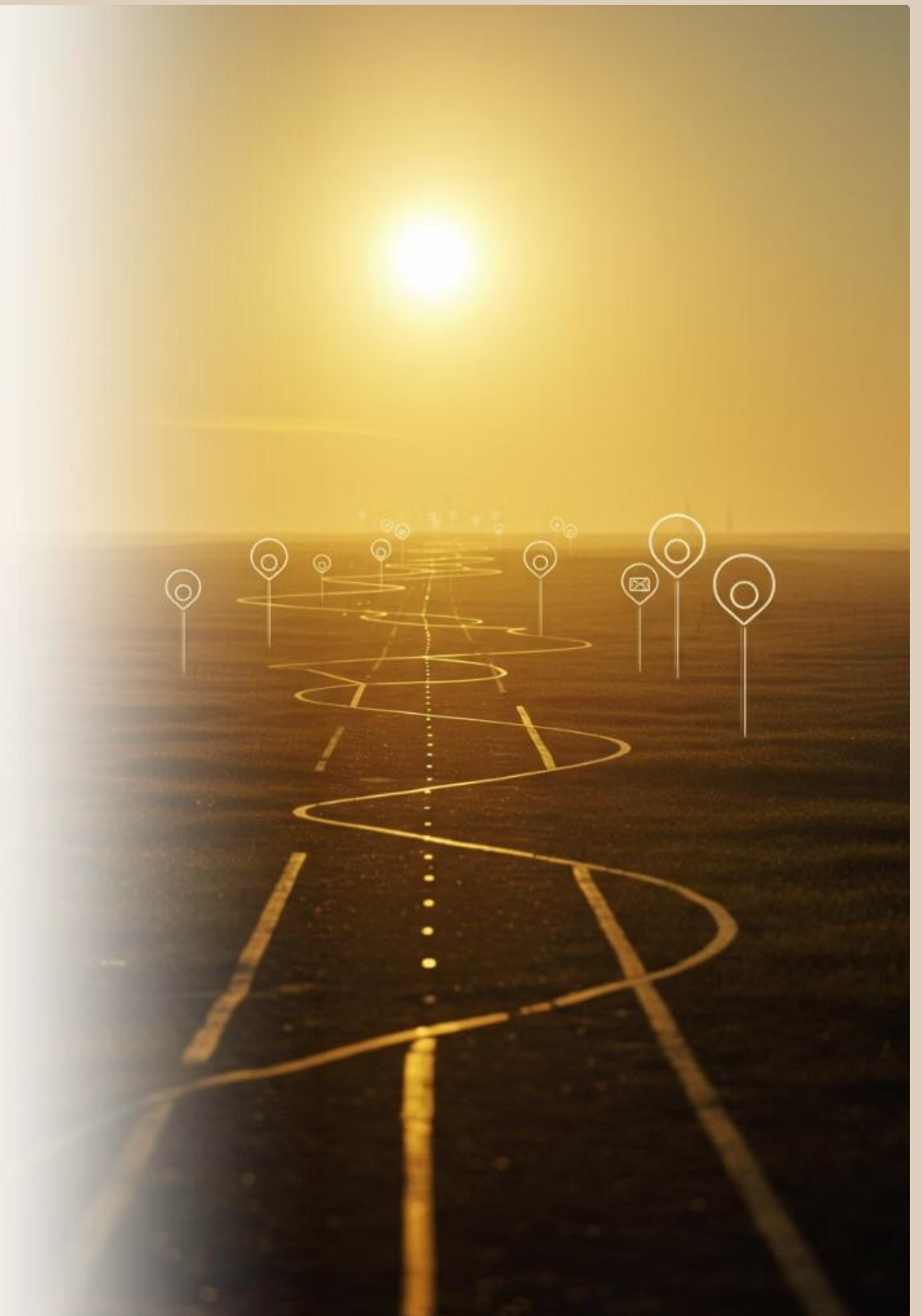
Experienced managers, auditors, legal advisors, and registrars provide essential expertise for structuring, marketing, and navigating regulations.

## 2 Eligibility Requirements Are Non-Negotiable

Companies must meet SEBI's financial criteria for profitability, net worth, and public shareholding. Restated financials and a clean legal structure are essential.

## 4 Timeline Requires Strategic Planning

The IPO process typically spans 18–36 months from planning to listing. This accommodates regulatory compliance, financial alignment, and stakeholder preparation.





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