



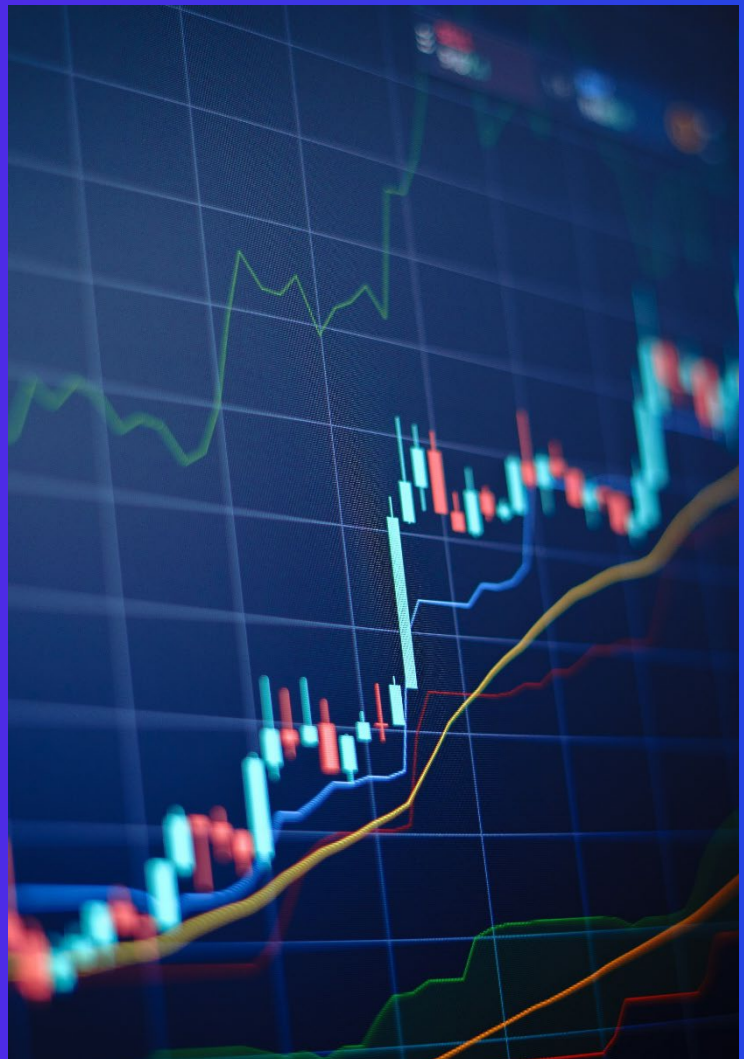
Capital Markets

IPO Advisory

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KPMG. Make the Difference.



Are you considering *going public?*



Embarking on an Initial Public Offering (IPO) journey and completing it successfully calls for strategic planning, sound advice, and understanding and addressing the potential risks.

A public offering is a significant event in the life cycle of a company. An IPO can improve your company's financial strength and opportunities for growth; however, the process can bring in a number of

management, financial, and process-related challenges. A public offering provides an opportunity to examine your company's internal operations, reporting processes, and culture.

As you evaluate whether an IPO is the right strategic option, consider the following potential benefits as well as the key challenges.

Potential *benefits* of an IPO



Improve company's ability to finance growth, expansion, and investment

Provide currency for acquisitions, liquidity for shareholders

Create a permanent capital source

Rationalise debt requirements

Attract and retain talented employees through equity participation

Improve the company's credibility with various stakeholders

Enhance the company's profile in the marketplace

Preparing for the *offering*

The IPO journey is long, complicated and requires intense, long-term planning and effective execution to avoid potential challenges that come with the responsibility of transitioning to a public entity. While market timing is outside a company's control, preparation is not.

Going public is a transformational event

requiring many different parts of the business to work together towards a common goal. You can expect multiple work streams, from drafting the registration statement, to preparing and auditing financial information, creating a new governance structure, running the road show and preparing the organisation for life as a public company.



Your key challenges

The road to an IPO requires intensive planning and sound project management skills that can help identify and address potential risk and challenges through the journey. Some of the key areas that need focus are discussed in the Steps to a successful

listing section.

While companies face several challenges in their going public process our experience tells us that the common themes include:



Bandwidth

The IPO process requires intensive efforts over extended periods with tight deadlines. You also need to keep your eyes on running the business. It is extremely important to have enough additional resources to be able to address the Business-As-usual requirements and the additional workload imposed by the IPO process.

Relevant skill sets

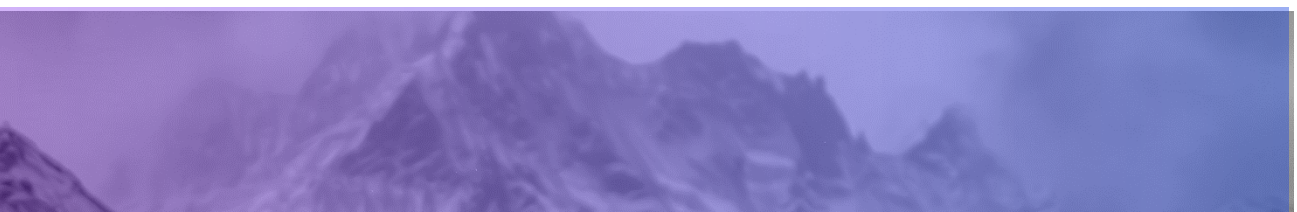
Given the complexities involved, you will require a range of skilled staff or professionals to support your IPO process including but not limited to financial reporting, taxation, legal, internal controls, investor relations etc. Hiring all these skill sets and building an in-house team may not be feasible in the short term.

Information

The IPO preparation process involves identifying, reviewing, processing a lot of information which needs to be provided to the relevant deal team and be part of the offering documents, all of which requires a lot of analysis and time. Your current teams may not have the bandwidth, or the necessary skill sets to be able to deal with this.

Coordination

Servicing the deal team and ensuring that the numerous work streams work in cadence is essential to ensuring a seamless preparatory process. Sound and diligent project management is a must to ensure successful and timely completion of all required tasks to identify and resolve roadblocks and avoid duplication.



Steps to a **successful listing**



Tax

- Selection of the right corporate structure and jurisdiction
- Ensure the structure is set up in a tax efficient manner
- Navigate uncertain tax positions
- Evaluate tax impact of shareholders/ promoter sale of shares.

Environment, Social and Governance (ESG)

- Evaluate the company's non-financial performance and integrate ESG considerations in the value creation story
- Assess quality of non-financial metrics to embellish the equity story
- Enhance overall vision, policies, governance, and strategic interventions on ESG.

Accounting and financial reporting

- Choice of generally accepted accounting principles (GAAP), accounting policies and disclosures considering peer company practices
- Period end book close process - ready to deliver financials in a time bound manner post going public, upskilling the team to be able to analyse, interpret and apply current and upcoming accounting standards.

Business Intelligence (BI)

- Adequate visibility on future projections and forecasting
- Effective MIS and BI to support the needs of the business and analysts/ investors
- Availability of good quality data (KPIs) to write the equity story.

Strategy and equity story

- Develop a cohesive equity story capturing relevant key performance indicators (KPIs)
- Coach promoters and others to convey the equity story.

HR and people related

- Review of organisation's pyramid, leadership and talent stability, alignment of performance and rewards
- Develop and implement an attractive and tax efficient employee compensation regime keeping in mind relevant regulations
- Evaluate and augment current skill sets and bandwidth.

Corporate governance

- Put in place the appropriate corporate governance processes including developing charters, code of conduct, Board framework etc. keeping in mind the requirements of key stock exchanges
- SEBI and Companies Act requirements including recent updates to listing requirements, enhanced corporate governance requirements, prevention of insider trading etc.

IT and process improvement

- Evaluate and implement necessary upgrades to current IT processes to support public company information needs
- Assess adequacy of the IT policies and processes from an IPO perspective
- Strengthen cyber security policy and framework to mitigate cyber risks.

Margin enhancement and Cost Rationalisation

- Assess opportunities for margin enhancement to enhance valuation
- Dipstick diagnosis on P&L expenditures and suggesting specific ideas to drive cost optimisation
- Hypothesis testing to suggest alternate methods to reduce redundancy.

Risk management

- Set up internal control processes and systems as required by local and global regulations, such as Companies Act, Sarbanes Oxley Act, etc.
- Set up processes and systems to comply with the requirements of Foreign Corrupt Practices Act/ Anti-Bribery Act and other relevant fraud risk management requirements.

KPMG in India - Your **independent** IPO advisors

Keeping in mind these challenges and complexities, you require a reliable independent IPO advisor who can handhold you through the entire process and support you in your IPO journey.

At KPMG in India, we have put together the relevant skill sets to provide you all the support and answers you need as you embark on the IPO journey. We provide a wide range of advisory services to assist with your public offering. Using our IPO methodology, we work with you through the offering process to implement the necessary requirements to help you meet the needs of a public company.

Our Capital Markets team comprises of some of our senior most professionals who bring together a diverse and cohesive set of relevant local and global experience and skill sets from the entire firm to provide you wide ranging support you need in order to:

- Evaluate alternatives to fund raising
- Analyse your readiness to go public including the right listing destination
- Assist you in your preparatory process
- Help you deal with the challenges of being a public company (post IPO).

If you are evaluating a public offering, we would recommend having a conversation with our Capital Markets team.



Why KPMG in India



Working together with you to deliver the best result with an experienced and senior team that you can trust and quality you can rely on. Our team will hit the

ground running to establish a “get-it-done” environment focusing on various processes for a successful IPO.

Global and Local Expertise

Leverage our specialists with expertise on similar engagements in Indian and overseas markets.

Streamlined Success, Strategic Focus

Our teams collaborate effectively with your staff to fulfill all information requirements for the transaction and coordinate the different work streams in order to free up your time to focus on strategic priorities.

Your Advisor, Our Firm's Power

By engaging with us, you have access to the entire firm's capabilities.

Navigating the Ecosystem

Our professionals regularly interact with the capital markets eco system including regulators, stock exchanges, bankers and lawyers which allows us to anticipate and effectively address their requirements.

Agile Teams, Rapid Deployment

We can deploy our teams of experienced professionals at short notice as per the requirements of the deal team and to supplement your bandwidth and skill set gaps.

Track record of delivering value to clients

Deliver deep expertise, timely insights and transformative strategies that prove critical for a successful listing and post listing compliances.

Our offerings (1/3)

1. Pre IPO-Offering

Listing destination

- Comparison of listing requirements, merits and demerits of alternative capital raising jurisdictions.

Tax

- Advise on corporate restructuring that may be required before the IPO
- Advise on restructuring of promoters' shareholding
- Compliance health check.

Accounting and financial reporting

- Identify the required financial reporting standards and the impact areas
- Assess accounting and financial information gaps and needs
- Evaluate existing processes and capabilities to prepare financial information in a reliable and timely manner.

Corporate governance

- Assess corporate governance and compliance gaps and needs.

Risk management

- Evaluate internal control systems and processes and identify gaps.

IT and process improvement

- Review efficiency of IT processes.

MIS and Business Intelligence

- Peer group analysis: high level strategy, operational levels, and financial performance
- Identify of relevant key performance metrics and developing necessary frameworks to prepare these in a reliable and timely manner.

HR and people related

- Assess current bandwidth and skill sets vis-a-vis public company requirements
- Evaluate alternative equity compensation structures.

Investor relations

- Assess Investor Relations (IR) needs
- Setting up IR function, policy and strategy
- Articulating equity story.

Prevention of Insider Trading (PIT)

- Preparation of policies and related procedures as per SEBI PIT Regulations
- Assist in identification of unpublished price sensitive

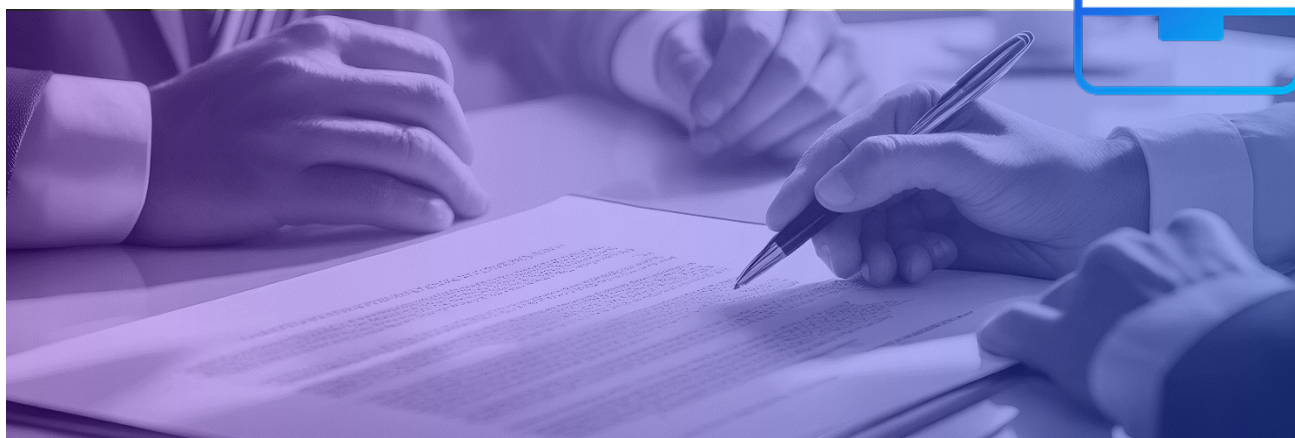
information along with possible leakages.

ESG

- Assessment of the current performance of the Company in terms of ESG across relevant parameters
- Develop an ESG plan considering the key issues and gaps based on materiality assessment
- Support in understanding and documentation for ESG disclosures.

Deal support and Project Management Office (PMO)

- Advise on the appointment of the appropriate legal counsel and merchant banker for distributing the offering
- Set up and manage the data room for the pre-IPO diligence.



Our offerings (2/3)

2. During IPO Offering

Tax

- Develop appropriate tax structure and strategy
- Implement/amend stock compensation plan.

Accounting and financial reporting

- Develop and execute a proper financial reporting strategy for the chosen market
- Assist in preparation of financial information in accordance with the identified reporting standards
- Prepare accounting position papers analysing technical accounting literature
- Assist with addressing regulatory comment letters relating to financial statements
- Augment financial reporting processes to ensure delivery of timely and reliable financial information.

Corporate governance

- Advice on Board/Committee requirements and composition
- Develop necessary charters, Code of Conduct, and a framework for Board evaluation and training
- Develop appropriate vigil/whistle blowing mechanisms

- Conduct Foreign Corrupt Practices Act/ Anti Bribery reviews.

Risk management

- Provide mitigating steps for process gaps and assist in implementation
- Establish appropriate internal audit frameworks.

IT and process improvement

- High level review for IT systems and processes
- Develop scalable business processes and implement enabling technologies.

MIS and Business Intelligence

- Develop MIS framework/ dashboards
- Prepare data book for key metrics/ inputs for equity story.

HR and people related

- Create appropriate compensation, benefit plans and agreements
- Support recruiting and reorganisation efforts of work streams throughout the organisation.

Investor relations

- Assist with drafting of the equity story, industry section, risk factors and Management Discussion and Analysis

(MD&A)

- Establish the IR function and protocols.

Prevention of Insider Trading

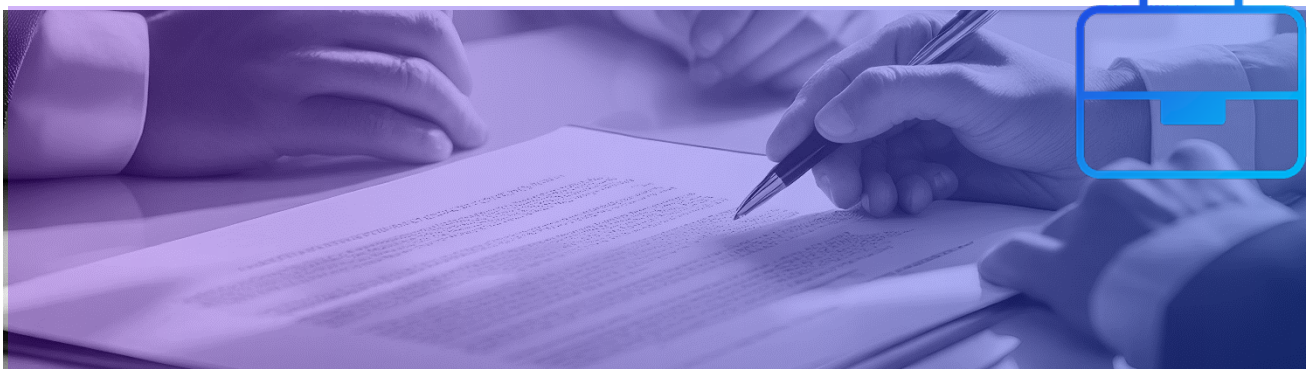
- Deployment of tool for maintenance of a structured digital database and automation of required workflows.

ESG

- Creation of effective, high-impact sustainability narrative supported by thoroughly analysed performance data
- Strategic communication to investors and other stakeholders
- Complete end-to-end support for integration of ESG recommendations – including ESG frameworks, policies, governance structure, process improvements and Standard Operating Procedures (SOPs).

Deal support and Project Management Office (PMO)

- Manage the PMO activities - project planning and execution including tracking and reporting of issue and risk logs
- Liaise with underwriters and attorneys; participate in meetings with auditors
- Set-up/manage data rooms.



Our offerings (3/3)

3. Post IPO Offering

Tax

- Continual support on tax planning basis changing business needs
- Execute tax strategic plan and enhancements.

Accounting and financial reporting

- Assist in preparation of quarterly and annual financial statements within reporting timelines
- Continue to enhance policies and procedures, budgeting and forecasting
- Evaluate impact of emerging accounting and reporting requirements.

Corporate governance

- Perform incremental compliance and transparency enhancements.

Risk management

- Enhance risk framework with changing business complexities.

IT and process improvement

- Implement advanced IT tools to support the business needs.

MIS and Business Intelligence

- Assist in streamlining the financial reporting process to produce quality financial information and insights in a time bound manner.

HR and people related

- Standardise talent acquisition process with focus on efficiency through automation, clear roles, strong processes and governance
- Behavioral competency framework aligned with organisation's culture and values to drive performance and retention
- Define HR dashboards for real time monitoring.

Investor relations

- Advise management to deal

with stakeholders including investors

- Perception study
- Post listing support, advise on preparation and presentation of quarterly financial results.

Prevention of Insider Trading

- Creating awareness by way of interactive and/or self learning modules.

ESG

- Support in effectively communicating the ESG story with investors, public and stakeholders
- Assist in ESG reporting and preparation of sustainability reports.



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