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IPO Eligibility Assessment: A Fun and Quirky Guide to Preparing Your Business for IPO

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Introduction: Your Business as "Captain Cool" Dhoni Ready for IPO

Your business is like MS Dhoni on the field—calm, strategic, and ready to deliver the winning shot. Before launching your IPO, assess if your company is truly match-fit to ensure success and avoid failure.

Analyze Company Financials to Determine IPO Readiness



Key Financial Metrics

Evaluate profits, revenues, debts, and cash flow to assess IPO readiness comprehensively.



IPO Eligibility Criteria

Maintain positive net worth for at least three consecutive years and profitability in three of the last five years.



Early Detection of Financial Risks

Identify issues like excessive debt or irregular profits early to avoid last-minute IPO complications.

Assess Business Model Sustainability for Public Markets



Evaluating Scalability, Profitability, and Resilience

Assess if the business can grow efficiently, maintain consistent profits, and withstand economic fluctuations for long-term sustainability.

Risks of Client Concentration vs. Diversified Revenue Streams

Analyze revenue sources to avoid overdependence on a single client, ensuring stability against market volatility and economic downturns.

Example

Food Delivery App's Discount-Dependent Model**: A model reliant on heavy discounts may drive initial growth but lacks durability, risking collapse once promotions cease.

Evaluate Corporate Governance Standards



Governance as the Ethical Core

Corporate governance is the heart of a company, ensuring ethics and transparency to protect integrity and build investor confidence.



Key Governance Components

Independent boards, audit committees, and anti-corruption policies provide objective oversight and safeguard against unethical practices.



Risks of Family-Run Boards

Boards dominated by family members risk regulatory issues and loss of investor trust; diversity and independence mitigate insider trading risks.

Identify Gaps in Financial Reporting Systems

Significance of Timely and Accurate Reporting

Timely, accurate, and compliant financial reporting is crucial to meet regulatory standards and build investor confidence by ensuring transparency and operational excellence.

Common Gaps in Financial Reporting Systems

Typical gaps include missing IFRS compliance, weak internal controls, delayed audits, and reliance on outdated tools, all of which can undermine the integrity of financial reports.





Review Promoter Shareholding and Lock-In Conditions

Promoter Shareholding Minimums and Lock-In Periods

Promoters must hold at least 20% shares post-IPO and lock them for typically 18 months to ensure long-term commitment and align interests with public investors.

Commitment and Fair Share Distribution Importance

Fair distribution among promoters without early sell-offs is crucial to maintain investor trust and market stability, preventing sudden share dumps.

Assess Sector-Specific IPO Requirements

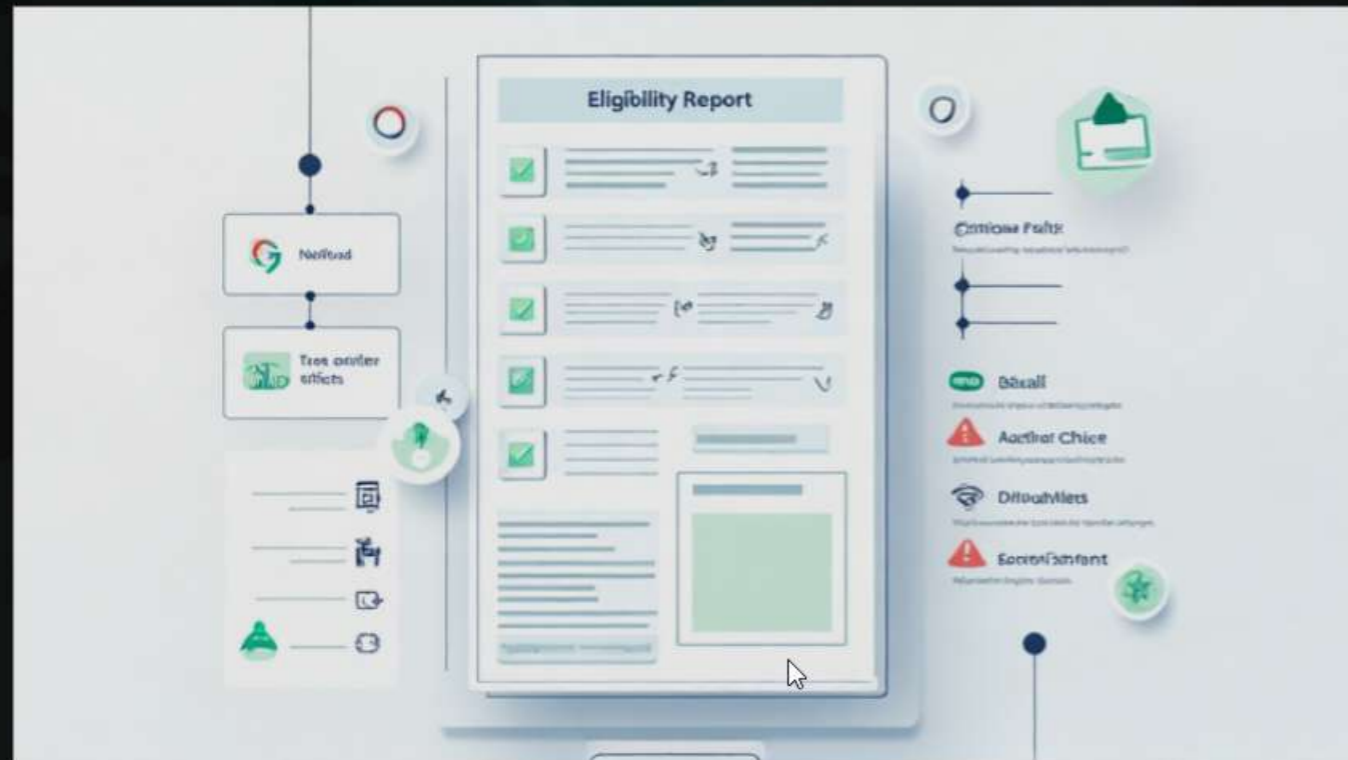
Tailoring IPO Readiness to Sector Rules

Each sector has unique IPO requirements, such as drug approvals for pharma, RBI clearance for banks, and green certifications for EV startups. Meeting these is essential for compliance and investor confidence.

Importance of Approvals and Certifications

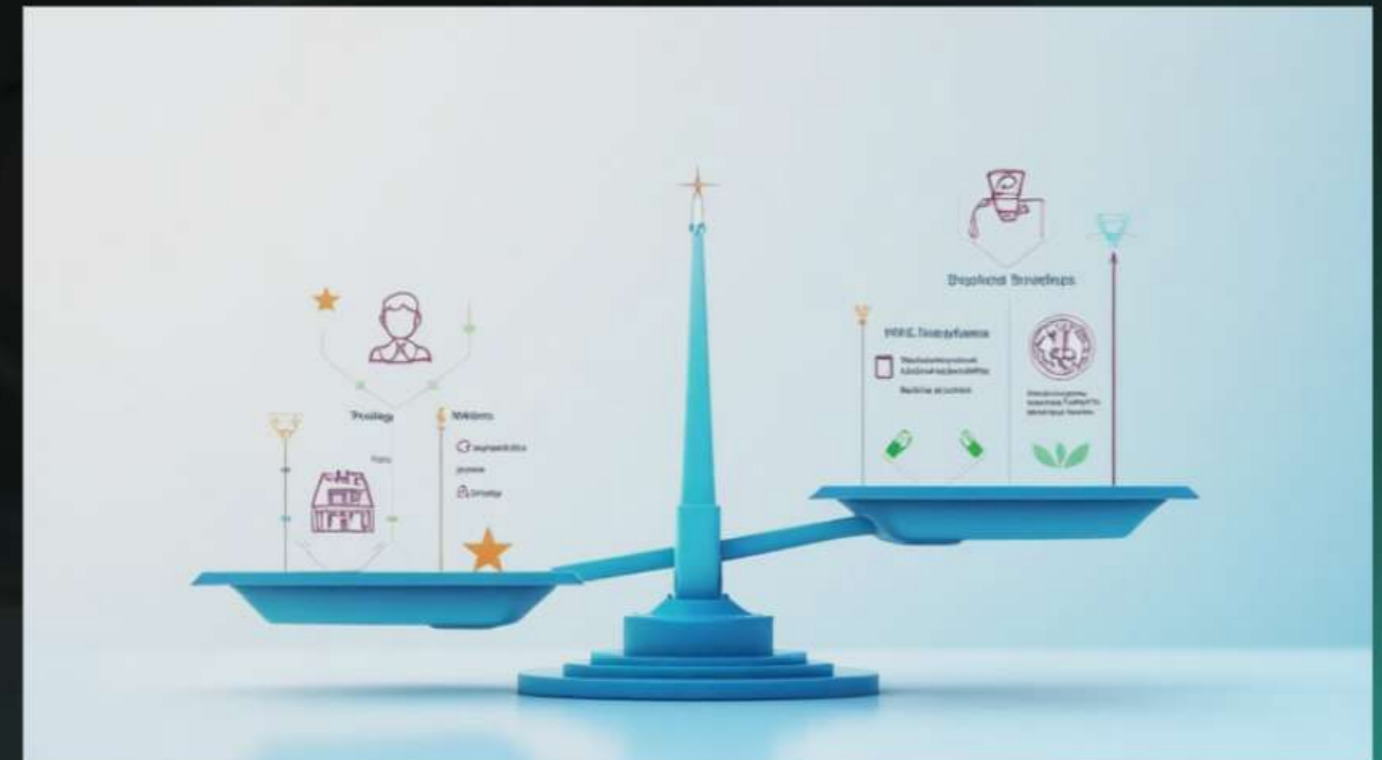
Securing necessary approvals and certifications is critical to avoid regulatory penalties and ensure a smooth IPO process, enhancing credibility in public markets.

Provide Detailed Eligibility Report with Recommendations



Clear and Actionable Eligibility Report

We compile a comprehensive report summarizing IPO eligibility findings, highlighting strengths and weaknesses for strategic improvements.



Highlighting Strengths and Weaknesses

The report identifies areas of excellence and critical gaps, providing prioritized recommendations to enhance IPO readiness.

Guide on Corrective Actions to Meet Eligibility Criteria

Step-by-step fixes with timelines and priorities

Prioritize key gaps identified in assessment, assign clear ownership, and set measurable, time-bound corrective actions to ensure focused and accountable progress.

Examples

cutting costs, adding independent directors^{**}: Implement specific actions such as cost reduction and appointing independent directors to strengthen governance and meet IPO eligibility requirements effectively.

Summary: The Ultimate IPO Readiness Checklist

Comprehensive IPO Readiness Checklist

Summarizes all key assessment criteria in a clear, actionable checklist to ensure thorough IPO preparation.

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Critical Importance of Each IPO Step

Highlights the necessity of each step for a successful IPO, emphasizing continuous improvement and compliance.

Case Study: From Startup to IPO Star with Bollywood Flair



FAQs: Common IPO Eligibility Questions Answered

Clarifying Common IPO Eligibility Doubts

Many companies face typical questions about IPO readiness, including financial criteria, promoter shareholding, and sector-specific requirements. This guide addresses these doubts with clear, culturally relatable explanations to simplify complex regulations.

Simple, Jargon-Free Answers with Cultural Analogies

Using familiar cultural references like cricket and Bollywood, the explanations demystify IPO eligibility rules, making them accessible and memorable. This approach helps stakeholders understand requirements such as SEBI criteria, profitability norms, and governance essentials.





Closing: Ready to Hit Your IPO Six? Let's Get Started!

Motivational Wrap-Up Encouraging Action

Embrace the journey of IPO preparation as a transformation, ready to face challenges with confidence and strategic planning to achieve your IPO success.

Reminder of the "izzat ka sawaal hai" Spirit

Remember the spirit of 'izzat ka sawaal hai'—treat your IPO as a matter of honor, stepping up like a true leader to make your company's public debut a grand success.

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