

IPOs in India – Why Founders Should Think Like a Listed Company, 18 Months Ahead



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The decision to go public is often viewed as a funding milestone. In reality, an IPO is not just a transaction — it is a transformation. It reshapes how a company thinks, behaves, and operates. For founders in India's rapidly evolving capital markets, preparing for an IPO isn't about ticking compliance boxes a few months before filing a prospectus. It's about thinking, acting, and building like a listed company well before any investment banker walks into the company.

As we all would know, India has emerged as the world's most active IPO market, leading in deal count and outpacing China and the U.S. in the number of listings. In the previous year, over 325 Indian IPOs raised nearly \$20 billion, a third of global activity. High valuations, deep retail participation, and record mutual fund inflows are fuelling this momentum. There is a robust pipeline of Draft Red Herring Prospectus (DRHP) signalling continued strength, supported by regulatory reforms and investor appetite.

The IPO journey in India is a multi-stage process that demands early planning and organizational readiness. It begins with the preparation of the DRHP, which may be filed publicly or confidentially, and includes detailed disclosures on business, financials, risks, and use of proceeds. SEBI and stock exchanges then conduct rigorous reviews, often through multiple iterations, requiring companies to respond with updated drafts that reflect complete regulatory compliance. Once cleared, the company launches investor communications, undertakes roadshows, and files the final prospectus (RHP) before allotment and listing. While the regular route mandates listing within 12 months of SEBI's observation letter, the confidential filing option extends this window to 18 months, offering flexibility but requiring even greater internal alignment.

For founders, this IPO boom comes with a rising bar — governance, transparency, and readiness. The 18-month runway to an IPO, is not arbitrary benchmark. It reflects the real lead time required to institutionalize governance, sharpen financial discipline, elevate stakeholder trust, and build internal maturity, all of which markets value.

As India increasingly positions itself as a destination for quality IPOs on par with the United States in ambition, and moving beyond China in disclosure and governance, the expectations from companies listing here are rising fast.

The Flip-Back Era: Why India is the New Global Listing Destination

Over the past two decades, Indian companies looked

to the U.S. and Singapore, in search of deeper capital and global validation. Legacy names like ICICI, HDFC, Infosys, tapped U.S. markets through ADRs, while tech unicorns like Freshworks, MakeMyTrip, followed later. But the playbook has shifted. With strong domestic liquidity, competitive valuations, and simplified regulatory pathways including confidential filings and extended timelines, India has emerged as the destination of choice for going public. Founders now recognize that strategic relevance in India is best demonstrated by listing in India. This is reflected in the growing wave of "flip-backs," where many companies are restructuring their entities to access Indian markets. A growing number of companies are flipping their holding structures back to India, especially from Singapore and the U.S., where many were originally incorporated to cater to global VC/PE investors.

These aren't procedural flips — they are strategic resets that acknowledge the depth, maturity and relevance of India's investor ecosystem. Re-domiciling enables them to strengthen board structures, comply fully with Indian listing norms, and build sustained trust with their core stakeholders — the Indian public markets.

But while the opportunity is immense, the challenge is clear: many IPO-bound companies remain underprepared. For founders, the message is clear: the market is ready — but only for those who are. IPOs in India are no longer about access. They're about execution, governance, and maturity. And increasingly, the companies that succeed are the ones that start thinking like a listed company long before they become one.

Thinking Like a Listed Company — What It Really Means

"Thinking like a listed company" isn't a philosophical mantra. It has very real, operational consequences across multiple dimensions:

1. Governance Must Lead the Strategy

Institutional investors, both domestic and global now scan governance frameworks even as they understand revenues and business models of a company. The structure of the board, the quality of independent directors, the functioning of audit committee, and the tone of leadership are foundational and not necessarily a post listing process. Many IPO-bound companies struggle to assemble a credible board late in the process. In reality, one need at least 12–18 months for independent directors to understand the business, build trust with management, and start shaping boardroom culture.

2. The CFO and Finance Function Must Professionalize

Most growth-stage companies have a lean finance function that's good at managing cash flow, MIS, and investor decks. But public companies require a different breed of CFO — one who can sign off on public numbers with full confidence, defend them under scrutiny, and interface with investors, analysts, regulators, and rating agencies.

Quarterly reporting, SEBI's financial disclosure norms, audit committee reviews, earnings calls, and continuous disclosure obligations demand an institutional-grade finance organization. The shift from "Excel-led" to "automated & audit-ready" takes a lot to change - people, process and technology.

3. Pre-DRHP Preparation: More Strategic Than Tactical

Filing the DRHP is a visible milestone. But what is often invisible is the groundwork that precedes it. A well-prepared DRHP reflects not just business facts, but strategic clarity. The choice of KPIs to disclose, the segmental breakdowns, the way risks are articulated — these aren't legal exercises. They're strategic narratives that will define market perception.

Companies that treat the DRHP as a templated legal document miss the opportunity to tell their story compellingly. And those who enter the drafting phase without clean financials, restated numbers, or audit comfort often end up in extended timelines and delayed filings.

Smart founders use the 12–18 month window to get ahead of this: cleaning up financial statements, resolving legacy issues, benchmarking disclosures, and aligning with merchant bankers on investor positioning.

SEBI Regulations: Not Just Rules, But Readiness Signals

India's regulatory regime — led by SEBI — has become more nuanced and investor-centric. That's good for long-term market credibility. But it also raises the bar for issuers.

Founders must internalize that SEBI's requirements are not just checkboxes. They signal how seriously a company takes transparency, governance, and risk management.

Here's what the company should prepare itself for:

- **Post-listing obligations are heavier than pre-listing requirements.** Quarterly results, stock exchange filings, prompt disclosures of material events, insider trading restrictions — these become part of daily life.
- **Unpublished Price Sensitive Information (UPSI) needs a clear framework.** It's not enough to restrict trading. You need a defined UPSI policy, insider lists, and controls on information access. Leaks can trigger investigations, even unintentionally.
- **Related Party Transactions (RPTs) are no longer "family office" matters.** Every transaction will

be judged not only for legality, but optics. Clean governance here requires audit committee oversight and fully documented approvals.

- **SEBI's LODR norms on board composition, whistleblower policies, and material subsidiaries demand structural changes.** These aren't things a promoter can patch together weeks before listing.

IPO as an Organisational Transformation - A Cultural Shift

Founders often ask: "When should we start IPO readiness?" The truthful answer is — before you need to access public capital.

An IPO, done right, professionalizes not just your balance sheet — but the organisation's mindset. It forces every part of the company to scale up:

- **The CEO must become a communicator-in-chief.** Vision alone isn't enough. The public markets reward clarity, predictability, and discipline. Founders need to navigate analyst calls, explain quarter-on-quarter variances, and set credible guidance — all while running the business.
- **The CFO becomes a gatekeeper.** No number goes public unless it's audit-proof. The finance function becomes central to board discussions, risk decisions, and investor relations.
- **Middle management must rise.** Unlike private companies where founders take all the weight, public companies require second-tier leadership to deliver on plans. This creates a real test of organizational bench strength.
- **The culture changes.** Informal decision-making gives way to process. Intuition is supplemented by data. Governance becomes embedded, not episodic.

Final Thoughts: Preparation is Valuation

In public markets, perception is built before the first share trades. Investors assess readiness, not just ambition.

A company that thinks like a listed company — before it's required to — signals maturity. It tells the market: "We're ready to be held accountable." And that confidence translates into better pricing, stronger subscription, and higher-quality shareholders.

The IPO is not the finish line. It is a new beginning. And founders who prepare for it like a transformation, not a transaction are the ones who build great corporates long after the bell rings.