



INITIAL PUBLIC OFFERING (IPO) ENABLER

7151CEM – Computing Individual Research Project



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September Intake

Supervised by

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Section – A

✓	I submitted my ethics application and my application has been approved. I include my ethics certificate in the appendix as evidence.
	I submitted my ethics application and my application is currently under review.
	I have not submitted my ethics application.

IPO(Initial Public Offerings) Enabler

P158774



Certificate of Ethical Approval

Applicant: Roopesh Vajragiri
Project Title: IPO(Initial Public Offerings) Enabler

This is to certify that the above named applicant has completed the Coventry University Ethical Approval process and their project has been confirmed and approved as Low Risk

Date of approval: 08 Jun 2023
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Section - B

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1. Research Question, Problem Statement or Topic for Investigation

- A successful initial public offering (IPO) involves intensive planning and effort to execute the transaction and sustain value. The expected level of preparation and due diligence required for an IPO is higher than ever. As such, it is critical that companies act and perform like a public company prior to entering the public markets. The application will help companies in getting ready to go public.
- Our goal is to assist businesses in making educated decisions by discussing issues like the benefits and drawbacks of going public as well as its expenses, timing, and alternate options. It addresses the registration procedure and continuous reporting requirements of a public corporation, including determining filer status, and it describes the process for going public.
- There are many reasons why businesses would desire to go public, but it is not obvious that I have a strong knowledge of what factors predominate in this choice. This has paramount significance. The answer to this question is significant in and of itself, but it can also provide light on related issues like why companies are undervalued at IPO time and when businesses decide to go public. My research project will provide a solution to this question.
- There is little empirical study on the reasons behind company IPOs. Only Pagano, Panetta, and Zingales (1998) used a proprietary database of private Italian enterprises and compared it to public Italian firms to directly test for factors that contribute to a firm's decision to go public. Brau, Francis, and Kohers (2003) compare companies that opt to perform an IPO against private companies that prefer to be purchased by a public company in a less direct manner.

1.1 Tools

Visual Studio Code, Visual Studio 2022 and SSMS.

1.2 Programming Languages

C#, ASP .NET Web API, Angular and SQL.

2. Intend User or Group of Users and Their Requirements

The application aims at the companies that are ready to transform from private companies to public enterprise.

2.1 Requirement

Businesses thinking about going public require thorough coaching and assistance all the way through.

Needs:

- Understanding the legal, regulatory, and financial requirements associated with the IPO process.
- Assistance with the creation of prospectuses, financial statements, and other disclosure papers.
- Availability of knowledgeable underwriters and investment banks for advice on pricing, allocation, and underwriting agreements.
- Market research and suggestions for the best IPO timing.
- Information on investor expectations and methods to improve market acceptance.
- Understanding of post-IPO compliance requirements and corporate governance procedures.

3. Systems Requirements, Project Deliverables and Final Project Outcome

The top 16 milestones from the going public stages to the being public stages are described in this IPO value path. Starting with the preliminary strategy planning and IPO preparation stages, moving on to the IPO transaction and post-IPO stages, and finally the IPO transaction itself.

3.1 Strategic Factors and Planning for IPO

- Assess strategic choices and carry out a health check, ideally an evaluation and diagnostic of IPO preparation.
- Select your desired course of action, create a backup plan, and set up your IPO project office.
- Create group systems, new roles, and tax-saving measures at the corporate and shareholder levels.
- Begin constructing capital market infrastructures and/or making structural changes to become IPO ready.

3.2 Preparation for IPO

- Prepare presentation materials for banks, analysts, and investors, and make any necessary adjustments to the business plan and IPO fact book.
- Create the ideal external IPO team, including the appropriate bankers, attorneys, auditors, investor relations, and other consultants.
- Establish the desired IPO timeline, begin the due diligence process, and develop the offering concept.
- Adjust the equity story and valuation approach due to early investor reaction.

3.3 Deal in an IPO

- Create the initial draught of the offering prospectus, including financial data and other significant content.
- Manage the filing procedure, complete the prospectus, and request regulatory and stock exchange approvals.
- Begin the investor road show to draw in the ideal investors at the ideal time to capitalize on the market.
- Create the IPO order book, choose the offering price, and distribute orders to investors.

3.4 Being Public

- Take pleasure in the IPO ceremony and keep your word as a public firm that garners greater media exposure.
- Utilize the IR calendar to mobilize investor relations and investor marketing.
- Control investor expectations by using IPO funds and accurate forecasts.
- Provide excellent corporate governance, external reporting, and disclosures.

Based on the answers responded by the team, it generates a report. The report will say whether the company is ready for being public or not.

4. Primary Research Plan

4.1 Why would you run a public offering?

An initial public offering (IPO) is the public selling of a company's shares and the listing of those shares on a stock exchange. It enables a corporation to create newly issued shares and sell existing shares to raise funds to expand its business.



Figure 1: Motivations for Being Public

4.2 Why “Go Public”?

The question "Why go public?" is the most crucial one that business stakeholders should ask.

The following are a few potential motives:

- To gain access to public capital markets and raise funds to expand operations;
- To purchase other businesses using publicly traded stock as the medium of exchange;
- To recruit and retain talented employees;
- To diversify and lower investor holdings;
- To provide liquidity for shareholders; and
- To improve a company's reputation.

Other motives could be private and individual. Specific objectives must always be kept in mind during the going public process.

4.3 What are the keys to preparing for an IPO?

Consider your choices for raising finance:

- In an assessment of the preparation for an IPO, start early with a comprehensive discussion of the strategic possibilities provided by the IPO and M&A markets.
- Consider a multitrack strategy and the growing number of capital-raising techniques, such as an IPO, a sale to a strategic buyer, or a financial investor (PE/VC).
- Preserve optionality by making early preparations for IPO readiness to become IPO ready, acquire flexibility in timing and pricing, and get ready for more constrained IPO windows.

Organize early:

- Approach the IPO as a transformational process rather than just a fundraising event; as a first step, ideally within a 12- to 24-month window, conduct a comprehensive IPO readiness evaluation.
- Start the IPO readiness process far enough in advance so that at least a year before the IPO, your pre-listed firm behaves and runs like a public company.
- Put together the ideal group of outside consultants and devote significant internal resources to the IPO team and procedure. Create a strong corporate governance framework, a top-notch management team, and an investor relations (IR) strategy to draw in the proper investors.

Superiority over rivals on important metrics:

- Financial criteria, including debt to equity ratios, EPS (Earnings Per Share) growth, sales growth, ROE (return on equity), profitability, and EBITDA growth, are the main considerations for investors when making IPO investment selections.
- On non-financial considerations, such as management quality, business strategy.
- Be able to develop a compelling equity story that distinguishes your company from competitors while maximizing value for owners, supported by a solid record of accomplishment of growth.

Address the current worries of investors:

- Acknowledge the need for improved corporate governance, particularly in terms of appointing non-executive board members who are competent, enhancing internal controls, and creating a capable audit committee.
- Streamline internal business processes, paying specific attention to working capital management, regulatory risk, and business structure rationalization.
- Address current accounting issues, particularly segment reporting and accounting adjustments.

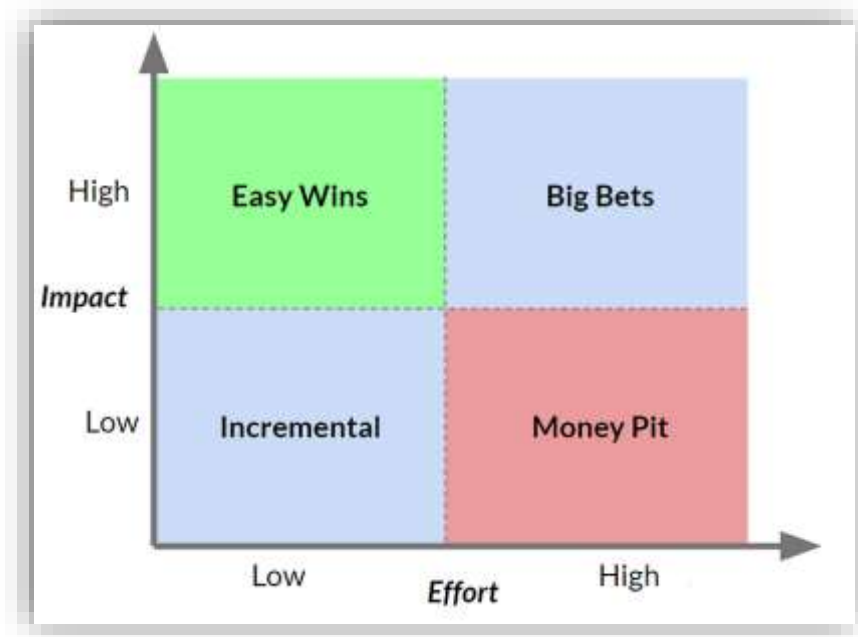


Figure 2: How the Impact and Effort are interrelated

Note: The Higher the impact and the lower effort will make companies ready to go to public enterprises.

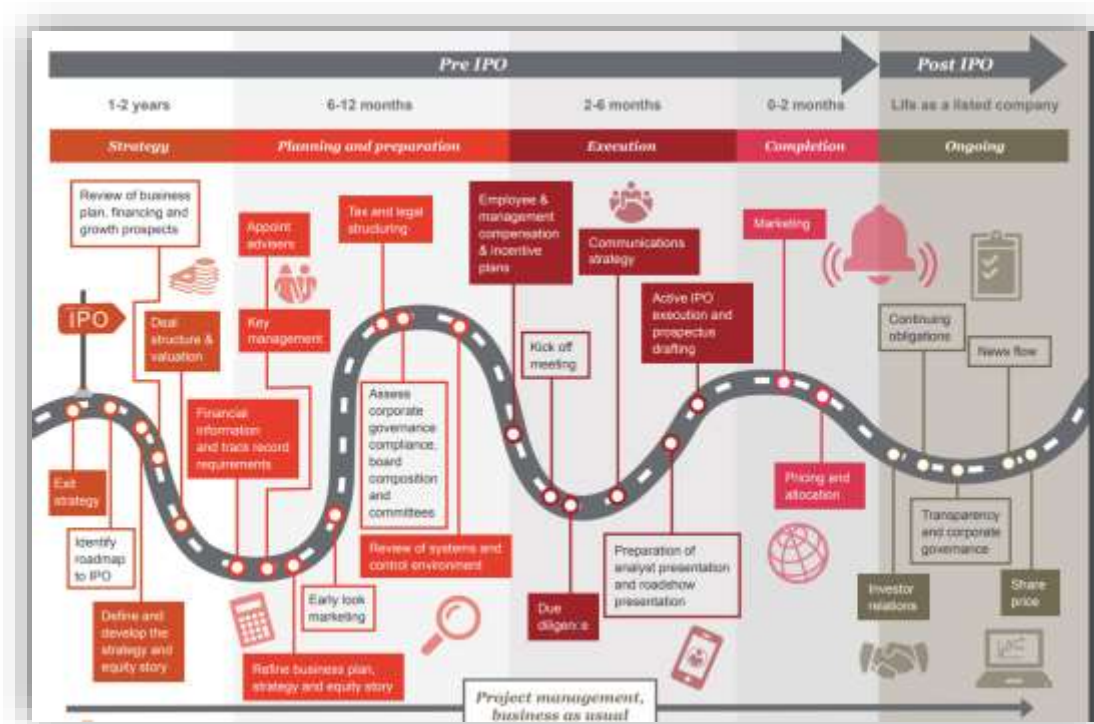


Figure 3: Road Map for Being Public

5. Initial/Mini Literature Review

According to academic theory, there are four reasons to go public. In this report, we will be discussing only three academic theories. First, according to the cost of capital literature (e.g., [Scott \(1976\)](#) and [Modigliani and Miller \(1963\)](#), corporations should issue stock to the public when doing so will reduce their cost of capital and increase the company's value. [Myers and Majluf \(1984\)](#) and [Myers \(1984\)](#) further argue for a pecking order of financing that includes internal equity, debt finance, and then external equity based on asymmetric knowledge and potential stock market misevaluation.

Second, it is asserted by [Zingales \(1995\)](#) and [Mello and Parsons \(2000\)](#) that insiders can profit from an IPO. Insiders sell IPO shares opportunistically for personal gain, as shown by [Ang and Brau \(2003\)](#). Furthermore, according to [Black and Gilson \(1998\)](#), the IPO allows VCs the chance to depart, offering an alluring harvest strategy.

Third, IPOs might make takeover activity easier. According to [Zingales \(1995\)](#), an IPO might be the first step in having a firm acquired at a competitive price. According to [Brau et al. \(2003\)](#), initial public offerings (IPOs) may be crucial because they allow corporations to issue publicly traded shares that can be used as "currency" to buy or sell other businesses.

6. Gantt Chart

Initial Public Offering (IPO) Enabler

Gantt Chart

TASK	May	June	July	August
Planning	60%	30%	100%	100%
Research	35%	35%	30%	100%
Design	20%	50%	30%	100%
Implementation	10%	50	40%	100%
Follow up				100%

7. Conclusion

A complicated and dynamic process, the initial public offering process presents opportunities and difficulties for businesses, investors, financial institutions, regulators, and researchers. Stakeholders may maximize the benefits and navigate the dangers associated with IPOs by comprehending the nuances of IPOs, taking into account the needs and expectations of various stakeholders, and utilizing best practices, eventually resulting in robust and vibrant capital markets.

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