

Special Purpose Acquisition Companies (SPACs)

Lifecycle solutions for 'the express IPO'

Implications for SPAC transactions

While the government has indicated its intent to allow Indian companies to directly list overseas, the increased market acceptance and investor interest in SPAC IPOs provide an exciting opportunity for Indian businesses to access global markets. While the process of listing through a SPAC may be faster than traditional IPO, Indian companies also need to be cognizant of the disclosures and preparation required.



At the ready to help with pre- to post-transaction

Grant Thornton is a leader in preparing companies for a seamless transition to going public via a SPAC with robust service offerings across the SPAC lifecycle. Our specialists move at the speed of your need to meet accelerated timelines while acting as a bridge to coordinate amongst the key players of the deal.



HOW DOES A SPAC WORK?

- A SPAC is a newly formed company with no assets or operations
- The SPAC registers with the Securities and Exchange Commission the offer and sale of stock and warrants
- It does an IPO selling shares and warrants for cash; the cash is then invested in short-term money market type instrument
- The SPAC's business plan is to find an operating company to buy using IPO proceeds

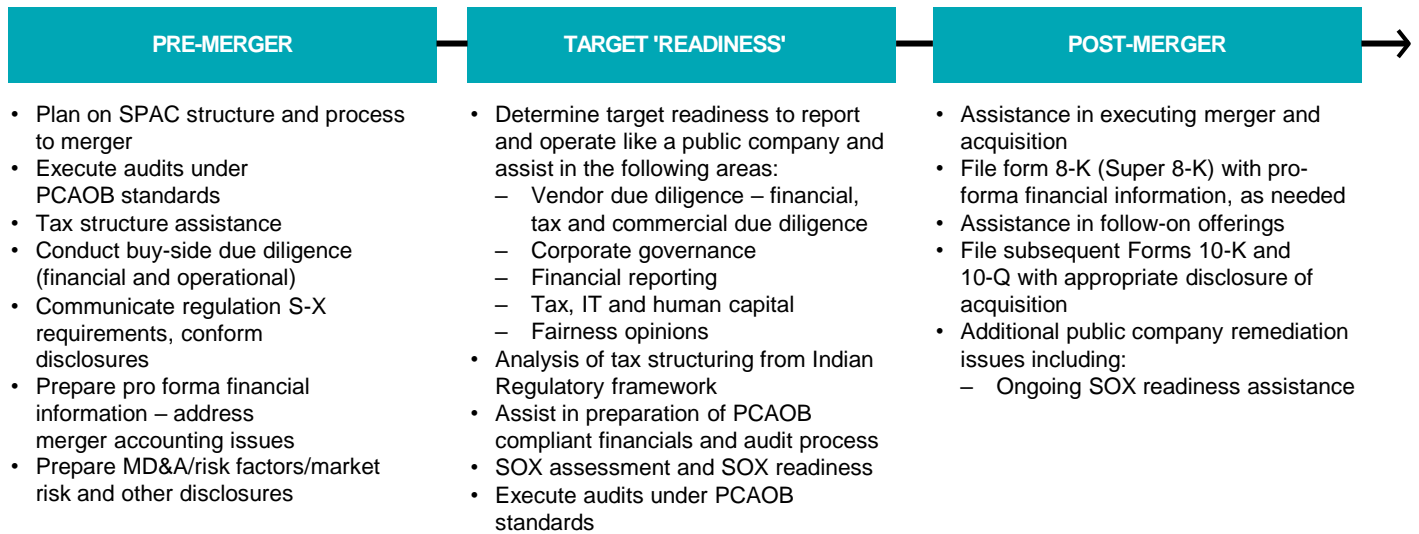
BENEFITS OF A SPAC

- Does not limit the initial group of public shareholders to only the IPO underwriters and their clients
- May provide investors the opportunity to co-invest with sponsor firms
- May permit a shorter time to liquidity for investors in a private company
- Offers investors some downside protection through redemption rights until acquisition consummated

RISKS OF A SPAC

- SPAC sponsors are entitled to various financial incentives (e.g., founder's shares, management fees)
- There is a higher risk of not closing compared with an IPO
- Investors may reject a proposed business combination
- Redemption rights create inherent uncertainty about available funds
- More parties have access to diligence materials than just underwriters counsel
- If a SPAC fails to find a target within the specified time, it is forced to liquidate, capital is returned to investors and warrants expire worthless

How an integrated Grant Thornton Team can help you across the SPAC lifecycle



Success story: Global company achieves a SPAC IPO in four months

SITUATION	SOLUTION	CLIENT BENEFIT
<p>A global IT services company had been planning to go public but wanted to first generate additional growth. They were presented with an opportunity to go public through a merger with a SPAC. The timeline to complete the SPAC IPO was short (approximately four months) and challenging due to international entities involved across different time zones.</p>	<p>Grant Thornton professionals worked quickly to perform audits under the PCAOB standards of multiple periods. Professionals in technical areas, professionals standards and the SEC group collaborated seamlessly with international member firm offices of Grant Thornton to press the process forward without delay. To meet the needs of those involved overseas, our team was flexible in hours of availability and communicated directly and efficiently with technical specialists and the SEC group.</p>	<p>The SPAC IPO was completed on time and the company had a strong stock share price the day of the IPO. The client was very pleased at Grant Thornton's quick work and noted the difference from their experience working with a larger firm where partner reviews and national technical office consultations take much longer.</p>

Contact



Raja Lahiri

Partner,
Growth and Overseas Listing Leader
M +91-9886056465
E Raja.Lahiri@IN.GT.COM



Sridhar R

Partner,
Tax
M +91-9940083183
E Sridhar.R@IN.GT.COM



Prashant Mehra

Partner,
Growth
M +91-9811024129
E Prashant.Mehra@IN.GT.COM



Amit Kumar Bajaj

Partner,
Audit
M +91-9619709016
E Amit.Bajaj@IN.GT.COM

