

Paytm IPO

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In news- Paytm's parent company One97 Communications Ltd has received approval from SEBI to go ahead with its initial public offering (IPO), which the company claims will be India's largest public debut.

Examples of companies that have opted for IPO-

Several Indian companies operating in the consumer internet space have gone public, including food-tech firm Zomato, its early investor Info Edge, online travel agencies MakeMyTrip.com and yatra.com, which listed in the US, and e-commerce firms Infibeam and Indiamart and online travel agency Easy Trip Planners.

What is an initial public offering (IPO)?

- **When an unlisted company makes either a fresh issue of shares or convertible securities** or offers its existing shares or convertible securities for sale or both **for the first time to the public**, it is called an IPO.
- This **paves way for listing and trading of the issuer's shares or convertible securities on the Stock Exchanges.**
- In simple words, an IPO is the **process by which a private company can go public by sale of its stocks** to the general public.
- **It could be a new, young company or an old company** which decides to be listed on an exchange and hence goes public.
- **Companies can raise equity capital with the help of an IPO** by issuing new shares to the public or the existing shareholders can sell their shares to the public without raising any fresh capital.
- **The company which offers its shares, known as an 'issuer'**, does so with the help of investment banks.

- After the IPO, the company's shares are traded in an open market.

Different kinds of issues (as per SEBI)

Primarily, issues made by an Indian company can be classified as-

- Public issue.
 - Initial Public offer (IPO).
 - Further Public offer (FPO).
- Rights issue.
- Composite Issue.
- Bonus issue.
- Private placement.
 - Preferential issue.
 - Qualified institutional placement.
 - Institutional Placement Programme.