Paytm IPO

October 25, 2021

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.