

Welcome students.

In this session,

I'm going to cover unit 2.

That is Primary Market.

And the module name is

types of public issues.

That is IPO, FPO, Private Placement,

and Offer for Sale.

This is model number 12.

Outline of the module is IPO,

FPO, private placement,

and offer for sale.

Learning outcome of this module is.

students will be able to understand the

different types of issues in primary market,

and they will also be able to

describe the concept of IPO, FPO.

Private placement, and offer for sale.

There are different types of public issues.

First, I will explain the meaning of IPO.

Initial public offering or IPO

is the process by which new or

existing companies issue securities

to the public for the first time.

New issue of securities to the public

in the primary market is termed as IPO.

It is a very significant stage in

the growth of many businesses as it

provides access to the public capital.

It can be risky to investors also

since they don't have any track

record of the company in the public

domain to analyze before investing their money.

Next type of public issue is

Follow on Public Offer.

Or FPO

When an existing and already

listed company makes an issue of

additional securities to the public,

it is termed as Follow on Public

Offer or Further Public Offer.

Companies go for FPO during

expansion and growth stage for

diversifying its equity base,
especially when the company
wants more capital to be raised.

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It is less risky as compared to
IPOs as the investors can study
the past performance of the
company before investing
into the market.

Investors can look at market trends
and track their potential investment
before taking investment decisions.

The next type of issue is Private Placement.

It refers to the sale of securities to
pre selected investors and institutions.

The company will offer the securities to
the investors which they will choose from.

Investors may include wealthy individual
investors or mutual fund investors.

or banks, insurance companies,
pension funds etc.

The issuer can either be a public limited company or a private limited company.

Investors should evaluate the risk before investing in the company.

In the case of private placement.

There is no minimum amount an investor should subscribe to.

Next type of public issue is Offer for Sale. or OFS .

Offer for Sale is a method of sale of shares. through the exchange platform.

For this, Anyone, including retail investors, companies, foreign institutional investors, and qualified institutional buyers can bid on these shares.

Company sets the floor price of the shares and buyers have to provide a bid which can't be below the floor price.

The floor price is generally set at a discount to the prevailing price.

So that it can attract

more number of investors.

The allocation of shares remains

subject to final price discovery.

There is no guarantee that even

though an investor

bids for the shares

he's going to get his shares.

It is the decision of the company.

Whether to allocate the shares

to the investors or not.

To conclude we can say that Companies needs to raise capital in

order to meet their financial requirements.

Company can raise the capital.

With the help of different types

of issues in the primary market.

We have seen different types of public

issues that company can go in for,

like IPO, FPO,

Private Placement and Offer for Sale.

These are the types of

issues where investors can opt for.

Without the help and support

of the investors,

Companies cannot raise the capital from the market.

So this is one of the best way to

procure the capital from the market.

These are my references.

Thank you.