

Companies issuing IPOs Eligibility Norms

U Shivakumar, Research Scholar, Department of Commerce, SunRise University, Alwar, Rajasthan (India)

Abstract

An Initial Public Offering (IPO) represents a significant stage in the growth of a company, enabling it to raise capital from the public while transitioning from private ownership to a publicly listed entity. This study examines the eligibility norms applicable to companies seeking to issue IPOs, with particular emphasis on the regulatory framework governing public offerings in India. The study reviews key requirements relating to company structure, financial performance, disclosure standards, minimum public shareholding, promoter and management responsibilities, and compliance with securities-market regulations. It also considers the role of regulatory authorities and stock exchanges in ensuring transparency, investor protection, and orderly functioning of the capital market. Particular attention is given to eligibility conditions concerning profitability, net tangible assets, operating history, ownership, and alternative routes available to companies that may not satisfy conventional financial criteria. The study further explores the importance of accurate disclosure of financial information, material risks, business operations, and corporate governance practices in the IPO process. By examining these requirements, the study highlights how eligibility norms seek to balance companies' access to public capital with the need to protect investors from inadequate disclosure and financial risks. The study concludes that a clear and effective IPO eligibility framework can promote transparency, market confidence, and responsible capital formation while enabling eligible companies to access broader sources of finance for expansion and development.

Keywords: Initial Public Offering, IPO, Eligibility Norms, SEBI, Stock Exchange, Public Issue, Capital Market, Investor Protection, Disclosure Requirements, Corporate Governance, Listing Requirements, India.

