

# FOCUS



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### Hi All,

It was a IPO frenzy week. And I got several calls from our clients on why there is no update about them from our side so that they can participate. We track and recommend stocks in the secondary market only as we don't research on the companies coming for IPO. But henceforth, we will come up with a brief analysis on the IPOs that are coming and other market opportunities on a weekly basis. This will help our clients to see the opportunities available and grab them up if it fits their risk profile after a consultation with us.

As we investigate the IPOs, lets understand what these IPOs are all about.

**IPO (Initial Public Offering):**

An Initial Public Offering (IPO) is the process by which a private company becomes a public company by offering its shares to the public for the first time.

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This is often done to raise capital for business expansion, debt repayment, existing share sale by current investors or other corporate purposes. In an IPO, the company works with investment banks to underwrite and issue its shares to the public, allowing investors to buy and trade those shares on a stock exchange.



## IPO Cycle:

The IPO cycle typically involves several stages:

1. **Preparation:** The company decides to go public, and preparations are made, including financial audits, regulatory compliance, and drafting a prospectus.
2. **Selection of Underwriters:** The company selects investment banks as underwriters to help determine the IPO price and distribute shares to investors.
3. **SEBI Filing:** The company files a red herring prospectus with the SEBI, providing details about its business, financials, and the proposed terms of the IPO.
4. **Roadshow:** Company executives and underwriters embark on a roadshow to promote the IPO to potential investors.
5. **Pricing:** The underwriters and the company set the final offering price based on investor demand.
6. **Trading Debut:** The company's shares start trading on a stock exchange, marking its transition from a private to a public company.
7. **Post-IPO:** The company is now subject to public reporting requirements, and its shares are traded freely on the stock market.

## Grey Market Impact:

The grey market refers to a market where a financial instrument, such as IPO shares, is traded outside the formal exchange before the official listing. It is essentially a market where investors can buy and sell shares before they are officially available for trading on the stock exchange.

The impact of the grey market on an IPO can vary. Some investors use the grey market to speculate on the potential opening price of the stock when it officially lists. The price in the grey market can be influenced by factors such as investor sentiment, demand, and overall market conditions.

However, it's essential to note that grey market trading is not regulated, and it involves a higher level of risk. The prices in the grey market may not accurately reflect the eventual market value of the shares when they officially start trading on the exchange.



## MACRO TALK



Inflation eased to 4-month low, and this is a breather for the equities. Though the inflation is not in the target zone of RBI, at least the pause in interest rates by MPC of RBI may continue. This will help lessen the volatility in the context of various events to come.

Elections to come is the relevant factor for next 4 months in dictating the volatility of the markets. But we haven't seen yet the real dominance of volatility in the markets.

Ease in inflation and fall in oil prices may push US Fed to take up cuts in the first half of next year. This will be start of relief in interest rates after a very long time. This will be new start for US to bolster their equity valuations.

Geopolitical tensions like Russia – Ukraine and Israel – Palestine will keep a strong tab on the markets. Any truce may help the positive impact on markets.



## OUR FOCUS



A month back, markets were in a nervous state hinting a short-term bear trend but after a month, we have seen a highest monthly rise across all indices. Any exit actions taken on such sensitive moves would have made us non-participants in this quite a good rally. That's why we emphasize on holding game rather than shuffling game. All the assets we hold today are fundamentally capable to create wealth. They all have enough ability to take a chunk in the Indian consumption story and make a margin from the same.

So, as we emphasize on the long-term holding, let the time tick, let consumption happen, let our companies make more revenues, more profits and the valuations are bound to come in and make us wealthier.

Happy Investing





**NAG MUNAGAPATI WEALTH ADVISORS**

## **OPERATIONAL CONTACT**



**"We serve our clients alike with the passion we have for the markets".**

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**Cheers**  
**Nag Munagapati**

*\*Investments are subject to market risk\**