

EVOLVING TRENDS IN INDIA'S IPO MARKET INSIGHTS FROM ICICI SECURITIES

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ABSTRACT: The impact of ICICI Securities on the Indian initial public offering (IPO) business is the focus of this research. The current state of the market, factors impacting the number of initial public offerings (IPOs), their effects on the economy, and how investors behave are all examined. Looking at ICICI Securities' marketing, consulting, and screening operations through the lens of their IPO management strategy, this report delves into the impact on market performance. This research aims to shed light on the methods used by ICICI Securities to reduce market volatility, increase public engagement with capital markets, and promote the expansion of the initial public offering (IPO) industry in India.

Keywords: Indian IPO market, IPO Process, Market dynamics, Economic conditions, Investor behavior, Capital market participation.

1. INTRODUCTION

IPO (INITIAL PUBLIC OFFERING)

An "initial public offering" (IPO) is the first time a company sells shares to the public. Before investors can purchase company shares, they must be listed on a stock exchange. This needs to be completed prior to the IPO. Through an initial public offering (IPO), private limited corporations can list their shares on stock markets. Investors are drawn to initial public offerings (IPOs). Following an IPO, investors may profit from growing dividends and share prices.

COMPONENTS OF AN IPO

An initial public offering (IPO) is the first time a company makes its shares available to the general public. At this juncture, the company is at a crossroads. Gaining a thorough comprehension of the initial public offering (IPO) process can help investors make better decisions. These are the main points:

Prospectus:The prospectus is an extensive document outlining the background, current financial situation, and future goals of the company. The IPO's justification is also covered. Anyone curious about the business can learn more about its advantages and disadvantages by reading the proposal.

Underwriters:A financial institution's role in overseeing an IPO is known as an underwriter. Underwriting is frequently the purview of investment banks. Their actions impact the share price because they buy shares, put money into the company, and



then sell those shares. The role of underwriters in promoting an initial public offering is substantial.

Offer Price: Shares in an initial public offering (IPO) can be bought by individuals at a set price. The decision is based on a number of considerations by the company and its insurers, including the current state of the market, the value of the business, and customer preferences.

Issue Size: Indicating the quantity of shares that are available for purchase during the first public offering (IPO). Potential purchasers can think about how the offer will change the company's stock structure and how big it is.

Listing Date: The first trading day of a company's stock on the stock market is the listing date. The company has gone public and is now traded on stock exchanges, meaning it is no longer privately owned.

Lock-Up Period: Major shareholders and insiders are barred from selling their shares for a certain period, which typically ranges from 90 to 180 days. As a result, the stock price remains unchanged after the IPO.

Book Building Process: Prior to the final price being determined, investors offer share price proposals. Using these suggestions, the company and underwriters determine the offering's price and demand.

2. LITERATURE REVIEW

Sanjay Agarwal (2024) Sanjay Agarwal breaks down the IPO market in India by industry, looking specifically at the tech, healthcare, and renewable energy sectors. In particular, he delves into how the banking and software industries have been profoundly affected by digital disruption and its effects on technology-driven initial public offerings (IPOs). This book takes a look at the growing interest in green

energy and sustainability-focused businesses in India as well as the country's efforts to reach net-zero emissions. In order to find new investment opportunities, Agarwal looks at how these companies are making money from both local and foreign sources. In his final section, he discusses the industries that are expected to see the most initial public offerings (IPOs) in the future years, as well as the possible difficulties that may arise from these changes in the market.

Radhika Mehta (2024) The quick rise of the Indian IT industry and its growing impact on the IPO market are topics covered by Radhika Mehta. A look at how the IPO market has been affected by India's rapidly growing internet sector is the focus of this book. Software as a service, online marketplaces, and new financial technologies are to blame for this. Zomato and Nykaa are examples of tech startups that Mehta thinks are essential for luring investment from around the world and at home. Her research looks at the factors, like growth rate and the effectiveness of business strategy, that lead to successful IPOs. This research shows that niche tech industries like AI, cybersecurity, and cryptocurrencies will see a rise in upcoming initial public offerings (IPOs).

Meenal Joshi (2024) Meenal Joshi looks at the rising tide of first-time public offerings by Indian family-owned businesses. Based on her findings, these businesses are looking to the public for help in planning for the future, becoming more professional, and increasing their profits. Before going public, family-owned businesses face unique obstacles, which this book delves into. These problems, which the government is supposed to fix, make it hard to meet the needs of families



and investors. Joshi examines how the market has responded to the highly publicized IPOs of family-owned companies. As long as investors are looking for well-established businesses to put their money into, she thinks this industry will keep growing.

Aarti Mehta(2023)The growing role of individual investors in India's IPO market is studied by Aarti Mehta. She takes a look at how general people can now take part in IPOs thanks to digital trade platforms, better financial education, and easier access to financial data. The effects on the market of regular people taking part in initial public offerings (IPOs) are covered in the book. Oversubscription could happen if demand increases. Customers need to know about the risks and have the right knowledge to make decisions, according to Mehta. She also thinks about how laws passed to clarify things and protect private property owners could play out. The essay wraps up with some forecasts about the future of retail investing, with a focus on the younger generation of investors.

Nisha Agarwal (2023)The growing role of foreign investors in India's initial public offering (IPO) market is investigated by Nisha Agarwal. Her research focuses on IPO analysis, the market, and the impact of foreign capital on investor demand. This book takes a look at the roles played by FIIs and initial public offerings (IPOs) in India. We look at how these things affected the enrollment numbers and market stability. Trustworthy investors' views on the dependability of foreign investment and its effect on company valuation are investigated by Agarwal. She concludes by talking about how changes in investor mood and the international

financial scene impact the growth of India's initial public offering market.

Arvind Chawla (2023)The influence of recent economic shifts on the Indian IPO market is examined by Arvind Chawla in this essay. He takes a look at how several economic reforms (such as the Insolvency and Bankruptcy Code (IBC) and the Goods and Services Tax, or GST), that were enacted in India in the 1990s made it easier to launch initial public offerings (IPOs). Protecting investors, running a company, and regulating the market are all topics covered in this book. According to Chawla, improved infrastructure and looser rules on foreign investment are to blame for the surge in initial public offers (IPOs). In its last section, the essay delves into possible improvements that could make the IPO market even better.

Singh (2023)"Unicorn" IPOs in India are the subject of Rishi Singh's research. Companies with market valuations above \$1 billion are his primary focus. Using Paytm, Zomato, and OYO as case studies, the book delves into the history and dynamics of the IPO market. Singh investigates the causes of unicorn IPOs' high post-IPO values and the length of time those IPOs last. He takes into account the viewpoints of investors in addition to elements like media coverage and prospective expansion that impact public interest in these businesses. In order to avoid a market crash, the article finishes with a prediction regarding unicorn IPOs, stating that businesses need to show continuous profitability.

Rajesh Kumar (2022)Market value and volatility are the primary concerns highlighted by Rajesh Kumar in his examination of the challenges encountered by Indian IPOs. Market mood swings,

political unrest, and the inherent unpredictability of the global economy are just a few of the many factors that can impact initial public offerings (IPOs). There are a lot of moving parts in an initial public offering (IPO), and Kumar takes a look at things including the company's finances, growth potential, and public opinion. Concerning underpricing, initial public offering pricing, and performance following an IPO, the book goes into great detail. Ultimately, he guides market participants over these obstacles, showing them how to take advantage of IPO opportunities in a market that is getting more and more complicated.

Karan Desai (2022)The supply and demand dynamics of the Indian stock market are evaluated by Karan Desai through the analysis of data on initial public offerings (IPOs) and investor interest. To achieve this, he studies the success of Indian IPOs and the market liquidity in that country. He takes a look at how IPO price, subscription rates, liquidity, and success after listing are all connected. This book takes a look at investor behavior, namely how they tend to oversubscribe when liquidity is excellent and how bad aftermarket performance is when liquidity is bad. Desai looks at the capital input and outflow in initial public offerings (IPOs) from the perspectives of institutional, private, and foreign investors. His last words would focus on making the Indian IPO market more trustworthy and liquid for investors.

Sujit Rao (2022)Initial public offerings (IPOs) in India are correlated with government stability, according to Sujit Rao. He delves into the ways shifts in political climate, electoral procedures, and

government policies impact public opinion on the market and investor faith. Political stability, according to the book, is a key factor in attracting investors and allowing businesses to grow. Both of these things have a major impact on how well initial public offerings (IPOs) do. The connection between bad initial public offerings (IPOs) and changes in leadership or political unrest is demonstrated by Rao's examples. He argues that when deciding whether to launch an IPO, it is essential to keep an eye on any changes to policy.

Priya Verma (2021)The Indian initial public offering (IPO) market has grown substantially over the past decade, according to Priya Verma, who highlights the dramatic growth in the number of IPOs and total capital raised. She cites a number of reasons for this uptick, including better market conditions, an increase in small-scale buyers, and regulatory actions taken by SEBI. The present boom in initial public offerings (IPOs), according to Verma, is largely caused by financial institutions and online businesses. First and foremost, the book looks at how IPO prices and investor behavior have changed throughout the years. At the end, she predicts what's to come, touching on topics like the worldwide economy's influence and the rise of niche initial public offerings (IPOs).

Ankit Sharma (2021)The Indian initial public offering (IPO) market has changed since the Securities and Exchange Board of India (SEBI) made some changes. Ankit Sharma looks at these changes. Significant measures to improve corporate governance, transparency, and investor protection are examined in the book. Sharma lists a number of improvements to the IPO process, including as new

transparency rules, an optimized listing method, and agreements with anchor investors. He looks at how it affects market size and investor confidence. Finally, Sharma delves into the potential effects of upcoming legislative changes on the Indian initial public offering (IPO) market, including stricter environmental, social, and governance (ESG) regulations. Ramesh Soni (2020) The sophisticated process of Indian initial public offers (IPOs) is studied by Ramesh Soni, who looks at how market behavior affects price determination. He explains how, in India's initial public offering (IPO) pricing process, market-driven procedures and innovative valuation approaches have grown in importance over the years. An equitable pricing range and the alignment of company objectives with investor preferences are two of investment bankers' primary functions, according to the article. In this essay, Soni delves into the difficulties that IPOs encounter while trying to keep their stock prices high, especially in areas that have a lot of unrealized potential. He looks at how investor confidence is affected by IPOs that are undervalued. To make sure that initial public offering (IPO) valuations are accurate and to increase market transparency, the essay concludes with some suggestions.

Vikram Kumar (2020) The performance of initial public offerings (IPOs) in India after they are listed on stock markets is examined by Vikram Kumar. Newly listed stocks are the main subject of the book because of the large price swings that these stocks often undergo in the first few months after listing. When assessing a company's performance since its initial public offering (IPO), Kumar takes into

account a number of factors, such as investor attitude, market performance, and the firm's operational success. Notable examples of successful and unsuccessful initial public offerings (IPOs) are covered in this article. Kumar gives investors important advice on how to evaluate initial public offerings (IPOs) after the subscription period ends and crucial insights into asset management after an IPO. In conclusion, it is critical for investors to constantly track their performance.

3. IPO PROCESS

The sale of shares in a privately held company to the general public is known as an initial public offering (IPO). It usually takes nine months to a year to finish the process. You should be able to understand how initial public offerings (IPOs) work on the stock market if you follow these guidelines to the letter.



Step 1: Selecting an Investment Bank

Initial public offerings (IPOs) mainly aim to raise capital. The business receives assistance from a bank and an underwriter. The responsibilities of an underwriter are laid forth. Assuring the distribution of shares is the responsibility of the broker. An investment bank will charge fees for its legal representation when a company goes public. They compile essential information for evaluating the business's financial

health and making suggestions on how to allocate capital to meet future goals. There are two sorts of guarantees that the underwriter might offer the company. A definitive commitment is issued when an underwriter tells a corporation that a specific amount will grow.

The buyer approaches potential investors, buys stock in the business, and then sells it. Under a best-efforts agreement, the underwriter helps the firm sell its securities but doesn't promise to pay back the whole amount. Both parties have signed the insurance contract. The agreed-upon conditions and expected return on investment from the sale of shares are detailed in this agreement. A lot of investment companies are concentrating on important things.

Step 2: Registration with the Securities Exchange Board of India

The Indian securities regulator, SEBI, receives a request from the business and finance group. The report explains why the company is asking the government for help. Through this report, the company's history is examined by the Securities and Exchange Board of India (SEBI). The degree to which the data complies with SEBI's requirements will determine the narrative's acceptability.

Step 3: Red Herring Prospectus is Prepared

Insurance companies start writing as they wait for SEBI's approval. Included are specifics about the company, such as

- Financial statements
- Capable of carrying certain duties.
- The corporation had to deal with in terms of law.
- Employees and other insiders control a disproportionate amount of the company

- A stock market indicator has been created by the company.

Potential backers of the business would do well to take note of this advice. We registered a cooling-off period with SEBI (India's Securities and Exchange Board of Investment) after notifying them of our plans. The relevant regulatory bodies have stated that the company has been forthright in providing all of the necessary information. After this draft is approved, the company may think about going public. It is recommended that you read the Five Crucial Elements of a Red Herring Prospectus.

Step 4: Go on a Road Show

The executives of the firm put in a lot of time and effort to get ready for the initial public offering (IPO) before the company goes public. They travel the country in search of potential investors and qualified institutional buyers (QIBs) to let them know about the upcoming IPO. Before going public, several companies use promotional events called "roadshows" to get the word out.

Step 5: Shares are Made Available to the Public

The company will offer shares for purchase to individuals on the specified date. Three to five business days is the usual timeframe for the application process to finish. Investors can speed the IPO application procedure with the Application Supported by Blocked Amount (ASBA). Interested parties are welcome to submit proposals that specify their financial constraints. There is a termination payment that the private investor must submit if the application is related to the book creation process.

Step 6: Issue Price is Decided & Share are Allotted

The insurance company will wait to take any kind of action until the subscription period ends. After that, they get in touch with the company to find out how much a share costs. How much money investors are ready to put into the stock depends on how many shares they want to buy. Investors get their hands on shares once the initial public offering price is set.

Step 7: Listing and Unblocking of Funds

The listing of shares on the stock exchange is the last stage. Investors exchange a certain amount of money for shares during an initial public offering (IPO) by transferring the same amount to their Demat account. When demand is high, not everyone who tries to buy shares ends up with any. A return of investment funds is guaranteed in the event that an investor does not get a share. On that day, the name-giving ceremony known as "Ring the Bell" takes place. This is the fault of the company's founders. Trading on the secondary market is facilitated by the site.

4. TRENDS IN INDIA IPO MARKET

Surge in Retail Participation

Initial public offerings (IPOs) are becoming more popular among individual investors because of the low entry barriers, widespread availability through digital platforms, and high publicity of these offerings. Investors have a lot of faith in initial public offerings (IPOs), thus many people are buying them at retail right now. The rise of dematerialized accounts is a prime example of this pattern. Less stringent investment requirements have made initial public offerings (IPOs) more accessible. Because of this, individual investors, rather than institutional

investors, have become more active participants.

Focus on Tech and Startups

The initial public offering (IPO) market is dominated by startups and tech companies since these sectors are home to a large number of businesses that are growing quickly and require funding. The enormous development potential and vast market of these enterprises entice investors. The software as a service (SaaS), financial, and online retail industries might greatly benefit from this. Tech startups like Zomato, Nykaa, and Paytm attract huge crowds during their first public offerings. Their promising future as industry frontrunners is what draws investors to these businesses. This trend is likely to continue as investors show increasing interest in fast-growing companies.

Rise of 'Offer for Sale' (OFS)

An increasingly common technique in IPOs, the "Offer for Sale" allows current investors to sell their shares. By using this method, founders and early investors can avoid having to sell their shares after the IPO in order to raise more money. Because they promise a more direct and quick sale procedure, Offer for Sale (OFS) Initial Public Offerings (IPOs) usually draw a larger pool of investors. It meets the financial needs of the company without causing its equity to be significantly eroded. Private companies will keep driving up the demand for liquidity solutions.

Growth of ESG-focused IPOs

The Indian IPO market is seeing an uptick in the importance of ESG factors, which stand for environmental, social, and governance. More people are inclined to put their money into businesses that are

actively working to lessen their negative effects on the environment. Companies that put an emphasis on ESG principles attract a growing number of ethical investors. A trend that is likely to continue for quite some time is the creeping endorsement of such conduct by legislation. As the world's stock markets continue to reward companies with strong ESG credentials, this trend is likely to continue.

Increased IPO Valuations

Initial public offerings (IPOs) in India have seen substantial price increases in the past several years. Because investors are looking for companies with good future prospects, prices have skyrocketed. As a result of the expected expansion of the Indian market, a number of initial public offerings (IPOs) have amassed significant market value. However, a number of experts are worried about the risks of overvaluation. Initial public offerings (IPOs) continue to have widespread support, especially from retail investors, notwithstanding these reservations. Excessive valuations are anticipated to endure as the Indian economy grows and more and more companies consider going public.

Improved Regulatory Oversight

The Securities and Exchange Board of India (SEBI) has made rules more strict to protect clients and make sure everything is clear. The new rules state that before starting a public offering, companies must provide more detailed information about their financial situation and operational activity. Reducing market manipulation and increasing investor trust are two goals of these programs. The market requires more restrictions to safeguard the initial public offering (IPO) sector as it grows.

As these legislative changes make initial public offerings (IPOs) less risky, individuals are watching them closely.

Increase in Pre-IPO Funding

The practice of seeking funds before going public, known as pre-IPO fundraising, is becoming more common among businesses. Investments in businesses still in the pre-IPO stage are coming from a growing number of VC and PE organizations. Using this method, businesses can boost their bottom line and improve their chances of an initial public offering (IPO). An IPO's timing and pricing strategy are matters that investors can offer advice on before the offering goes public. With more institutions showing interest and the IPO market continuing to grow, this trend is likely to continue.

IPO Clusters in Tier-II Cities

The number of initial public offers (IPOs) has been higher in Bengaluru and Mumbai, but businesses in tier-II towns are also thinking about going public. Small, independent enterprises' growth and the internet's ability to rebalance economic power toward rural areas are the main forces propelling this shift. A number of areas' initial public offerings (IPOs) have become more appealing as a result of government programs meant to boost regional economies. Investors are interested in many different types of markets. The growth of India's economy is expected to hasten this tendency.

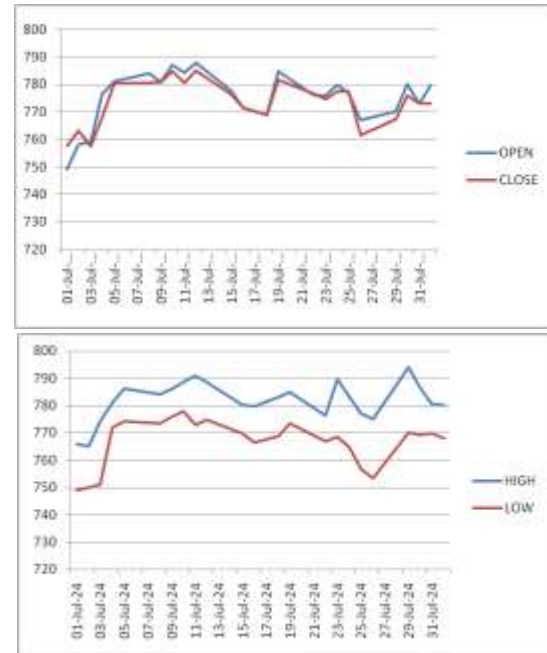
Post-IPO Performance and Market Volatility

The success of companies after their IPOs has been the subject of a great deal of research. The stock values of several companies have experienced huge swings since going public, which is the reason

behind this. Stock values may rise and fall because of the general air of uncertainty. Nonetheless, some IPOs may offer instant access to capital. Success or failure for businesses after an initial public offering (IPO) is heavily dependent on factors such as market mood, investor views, and the general economic climate. As a result, a lot of investors have switched to a safer approach. Initial public offerings (IPOs) keep drawing investors, and many companies have bright futures.

5. RESULTS AND DISCUSSION
ICICI SECURITIES Historical Data
for the Period : 01-july-2024 to 01-aug-2024 on NSE:

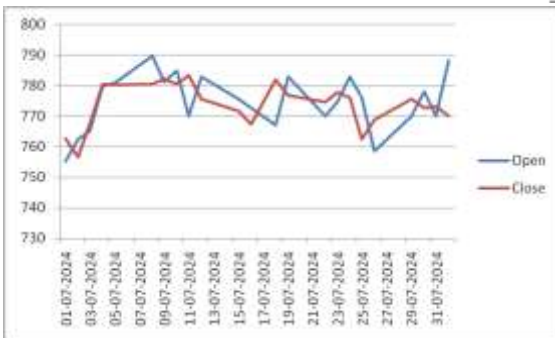
DATE	OPEN	HIGH	LOW	CLOSE
01-Jul-24	749.1	765.75	749.1	757.55
02-Jul-24	758.25	765	750.05	762.95
03-Jul-24	759.1	774.1	751.3	757.35
04-Jul-24	776.5	781	772.1	767.9
05-Jul-24	781	786	774.4	780.3
08-Jul-24	784	784	773.55	780.6
09-Jul-24	780.9	785.85	776	780.9
10-Jul-24	787.1	788.55	778	784.65
11-Jul-24	784.3	790.85	773.05	780.4
12-Jul-24	787.9	788.55	774.75	784.95
15-Jul-24	777.7	780	770	776.3
16-Jul-24	771.45	779.6	766.65	771.45
18-Jul-24	769	783	769	768.85
19-Jul-24	784.9	784.9	773.5	781.5
22-Jul-24	776.1	776.1	767.05	776.7
23-Jul-24	776	789.5	768.5	774.6
24-Jul-24	779.8	782.9	764.8	777.45
25-Jul-24	777	777	757	777.45
26-Jul-24	767	775	753.5	761.5
29-Jul-24	770.3	793.95	770.3	767.35
30-Jul-24	780	786	769.5	775.75
31-Jul-24	773.05	780.4	770	773.05
01-Aug-24	779.8	780	768.1	773.1



INTERPRETATION:The stock as a whole rose in July 2024. On the 29th, the prices reached 793.95, up from 757.55 at the start of the month. A number of changes occurred over the month. Its all-time high was 781 on July 4. The overall trend is strong, reversing prior decreases; nonetheless, there have been small losses, such as a July 26 closing value of 761.5. With a value of 773.1 on August 1, the stock has stabilized to some extent. But if everything else stays the same in the market, the rising trend might last.

ICICI SECURITIES Historical Data
for the Period : 01-july-2024 to 01-aug-2024 on BSE:

DATE	OPEN	HIGH	LOW	CLOSE
01-07-2024	755	765.25	752.35	762.6
02-07-2024	762.35	763	753.4	756.65
03-07-2024	765	773.95	754.35	767.65
04-07-2024	779.75	781.05	773.2	780.3
05-07-2024	781	786	774.4	780.2
08-07-2024	789.8	789.8	773.85	780.3
09-07-2024	781.3	785.95	778.1	782.1
10-07-2024	785	786.95	778.35	780.25
11-07-2024	770	791.5	770	783.25
12-07-2024	783	787.95	775.35	775.6
15-07-2024	775.6	779.95	770.95	771.7
16-07-2024	772.6	779	765.65	767.25
18-07-2024	767	783.7	767	781.9
19-07-2024	783.05	783.05	773.05	776.6
22-07-2024	770	775.55	761.1	774.6
23-07-2024	774.6	789.55	768.05	777.8
24-07-2024	783	783	765	776
25-07-2024	776	776	756.65	762.35
26-07-2024	758.35	774.6	753	768.65
29-07-2024	770	793.45	770	775.5
30-07-2024	778	785.95	770.45	772.65
31-07-2024	770	780.25	770	773
01-08-2024	788.45	788.45	768.7	769.95



INTERPRETATION:The price of the stock went up a lot in July 2024. On July 29, the month's value peaked at 793.45, having started the month at 762.6. On July 4 and 5, one of the first days of the month, the closing figures were more than 780. The figure dropped to 771.7 by July 15th, following a change that started in the

middle of the month. But the stock had a huge comeback in the last few days of the month, topping out at 769.95 on August 1. Durability and a good trajectory have been shown in July, suggesting that there may be future development.

6. CONCLUSION

The development of this financial industry in India can be better understood by looking at trends in the country's initial public offering market. As more and more Indian businesses have chosen to join the stock market, the initial public offering (IPO) sector has grown substantially over the past few years. A strong economy that encourages entrepreneurial endeavors, supportive legislative reforms, and a dramatic increase in the demand for equity investments from individuals and institutions are the main reasons for this growth. As more and more businesses want to become public through initial public offerings (IPOs), a sea change is taking place.

The market has been heavily impacted by the financial and technology sectors on a constant basis. In recent times, consumer goods, renewable energy, and healthcare have all become more important. The changes in the economy and the global financial system have prompted this diversification. As a result, numerous types of investors are drawn to developing markets.

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