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## ***Analysis of Short-Term Performance of IPOs Listed on NSE***

*Initial Public Offering (IPO) is the process of issuing shares to the public for the first time by issuing company to the public directly (McDougal et al., 2019). To raise the required capital for the business, most of the organizations go for public issues and IPO is an important source among them. But sometimes there will be a huge difference between the issue price and listing price like it happened in a recent LIC IPO, post listing on stock exchanges, and one-month performance, two-month performance, and three-month performance of IPOs. Therefore, this paper aims to study the short-term performances of IPO listed on the NSE. The data has been collected from NSE official website from 01-04-2021 to 31-03-2022. The Listing Day return, One month, Two Months, and Three months, Six months, One-year average returns are calculated for analysis. This paper found that most of the IPOs are mispriced, and it was found there was a massive difference between the Issue price and the listing price. Thus, this paper suggests that before investing in any IPOs investors should evaluate the past performances of a company and should be cautious enough to decide on investments in IPOs. This paper is helpful for investors, stock broking houses, QIBs, etc., in making proper investment decisions.*

*Key Words: IPO, Initial Return, NSE, QIBs, Short-term Performances, Investors, Issue Price, Listing Price, etc.*

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## **Introduction**

Indian financial system includes Banks, Insurance companies, stock exchanges, etc. that deal with economic activities. The financial system helps to mobile funds between investors, lenders, borrowers, etc. A major part of the financial system is financial markets. This deals with securities, capital markets, money markets, primary & secondary markets, and so on. The financial market includes the Capital market, Money market, Primary market, Secondary market, etc. financial market plays a very important role in providing finance to corporate companies. In India corporate business houses can raise the required capital from the financial market, through various ways viz., Initial Public offerings (IPO), Follow on public offerings (FPO), Issuing debentures, taking loans from commercial banks, etc.

When the company issue shares to the public directly for the first time that is known as the initial public offerings IPO. When a firm issues a share for a second time directly to the public that is known as a Follow-on public offerings FPO. Normally, the primary market fluctuates more than the secondary market. While investing in IPOs investors should be aware of all the factors affecting primary markets.

## **Factors affecting on the IPOs**

Several factors affect on the short-term performance of IPOs. Some are listed below.

1. The number of shares issued by the company.
2. Past performance of the company in terms of sales, cost, profit, etc.
3. Debt owned by the company.
4. The promoters of the organization
5. Demand for the product or services offered by issuing company.
6. Demand for and supply of the shares.
7. Overall performance of the organization in recent years etc.

In most of the IPOs, some are underpriced, and some are overpriced. Investors should think and take decisions about whether to invest in an IPO or not. there are some IPOs

which volatile in a short-term period. There are some IPOs which volatile in a long-term period. But when we compare volatility between long-term and short-term. The fluctuations of IPOs in short term are higher than in the long term. Thus, this paper is objected to the study short-term performances of IPOs. This research paper will help investors, merchant bankers, QIBs, and all the participants of the primary market.

### Review of Literature

Most of the IPOs gave more than 30% initial return and it also shows that three out of five signals reported a statistically significant relationship with the initial return; the signals are shareholder retention ratio, auditor reputation, and board reputation. among these shareholders retention ratio impact more on initial return. (Albada *et al.*, 2018) The impact of institutional investors' and insiders' earnings is not consistent, they vary according to time. Initially, these variables impacted positively on earnings and later they impacted negatively on the returns of IPOs. (Hsu & Wen, 2015) Most of the IPOs operating performance indicators, except cash flows from operations over total assets, declined the IPOs. It further exhibits that agency problems, and window dressing impacted on the decline of the operating performance of the IPO firms. (Arik & Mutlu, 2015)

Venture capital-backed firms are capable of attracting high-reputation underwriters, this is not the case for angel-backed IPO firms. further, it also suggests that these two sets of investors are not substitutes, but rather serve different investment purposes in the market for firms needing equity financing. (Johnson & Sohl, 2012) Negative news impacts more than positive news on IPOs initial returns. (Seng *et al.*, 2017) IPOs of Russian companies with venture capital turned out to be more successful than IPOs of domestic companies without venture capital (Bystryakov *et al.*, 2019)

IPO and FPOs have given lower returns in the short run compared to the long run. (Kaur *et al.*, 2017) A women director has insignificant effects on a company's financial performance, either linearly or non-linearly and gender variation does not impact on company performance like on ROA, and ROEs. (Ming & Earn, 2016) Return on Equity (ROE) and Underwriter Reputation has a negative significant effect on under-pricing, while Debt to Equity Ratio (DER) and Percentage of Stocks Offering don't have a

significant effect on under-pricing. (Yuliani et al., 2019) The result shows that there is a positive impact of IPO factors (firm size, reputation of issue manager, subscription rate, and market condition) on initial return. The study also indicates that there is a negative relationship between issue size and initial return which implies that the greater the issue size, the lower would be the initial return. (Radhe S. Pradhan<sup>1</sup> and Kushal Shrestha, 2016)

Normally companies go public because of various reasons. The most important reason is to expand their business and provide finance for acquisitions. This paper also suggests that the most important reason to stay private is to have control over the business and ownership. (Brau & Fawcett, 2006) compared to fixed-price IPOs, book-built IPOs are underpriced by a lesser magnitude. Moreover, book-built IPOs are associated with negative cumulative average abnormal returns (CAARs) for up to five years. the negative CAARs associated with fixed-price IPOs turn positive after one and one-half years and continue to be positive thereafter. (Hawaladar et al., 2018)

Indian IPOs are under-pricing and the explanatory variable like Issue oversubscription has an impact on it. Thus, this study suggests that investors should invest in IPOs for short-term returns. Issue price, Issue size, and Market returns are not impacting much on the initial return. (Shah & Harshadbhai Mehta, 2018) (Batool, 2018) Indian IPOs are underpriced during the long term and there is a positive relationship between the issue size (number of shares) at the time of the IPO issue. However, other variables like age, time lag, and company size do not influence much on the long-run IPO performance. (A K. Mishra, 2010). There are 5 variables i.e. number of times an IPO issue subscribed, number of uses of IPOs' proceeds, Listing Delay, Industry PE ratio, etc. are positively related to the short-run initial return on IPOs, while 4 variables, i.e. company size, investors' sentiment, investment banks' reputation have the negative relationship with the initial return. IPO mispricing impact negatively on Investment banks' reputation. (Sehgal & Sinha, 2013)

Offer price fixed and Listing delay has a positive impact on underpricing. Whereas the reputation of BRLM, Issue size, IPO grading, age of firm, internal risk, etc. does not impact much on the underpricing of the IPOs. (Wadhwa, 2015) Retained holdings of non-executive directors have a significant impact on IPO subscription rate and equity

retention by institutional investors and dual leadership has a significant impact on IPO underpricing. Overall, the results show that corporate governance attributes play a limited role in explaining underpricing in the Indian context. (*Corporate Governance and Listing Returns of Indian IPOs: An Empirical Investigation, 2020*)

This study revealed that underpricing was more during the financial crisis and it also suggests variables like issue proceeds, delay in the listing, issue price, and age of the firm impacted on underpricing of IPOs. (Matharu, 2021) Most of the IPOs gave higher returns in short term. This study suggests that investors should study the company's variables and take an investment decision. (Imrozuddin & Ramesh, 2021) this paper reveals that Initial returns of manufacturing were the highest while construction provided the lowest returns whereas banking and healthcare provided positive returns. (Management, 2021)

### **Statement of the Problem**

Investment in IPOs is riskier than investment in the secondary market because investors can analyze particular stock performance in the secondary market. The literature on the performance of IPOs reveals that IPOs are providing highly volatile returns in short term. Hence, an investor should understand factors affecting on IPOs' performances and should understand the relationship between the Issue price, and the Listing price and with average price. Thus, studying of factors affecting on IPOs and finding out the relationship between IPOs' issue price and the listing price is relevant and opt.

### **Objectives**

- 1) To study factors affecting on IPOs' Performance in the Short term.
- 2) To study the short term performances of IPOs in short term listed on NSE

### **Research Methodology**

#### **Research Design**

Descriptive research is used to analyze the performance of IPOs in short term. This study compares issue prices with listing prices, with the first month's average price, with the second-month average price, with the third month, with six-month and one-year average prices to find out the gain or loss of IPOs.

## Scope of the Study

This study includes the IPOs which are listed on NSE during 2020 & 2021. The study analyses the short-term performances of IPOs that are listed on NSE and this study checks the relationship existing between the Issue price and Listing price, one month, second month and third month, six months, and one-year average price.

## Study Period and Sample Size

The study covers a period from 1st April 2021 to 31st March 2022 as the study period. A total number of 51 IPOs were taken from the NSE Website for the study period.

## Data Collection and Calculation

This study was purely based on secondary data. the data is collected from official websites like NSE & Chittorgarh. The daily stock prices were collected from the official website of NSE (www.nseindia.com) from the date of the listing day. The collected data is analyzed by calculating Listing Day Return, one month, Two Months, Three Months, six months, and one-year Average returns calculated using MS- Excel.

The short-term returns are calculated for the listing day using the traditional method of calculating returns, i.e. The difference between the closing price on the first day of trading and the offer price divided by the offer price. For one month, two months, three months, six months, and one-year return average price minus issue price divided by issue price multiplied by a hundred, this formula is used to calculate the returns.

## Results and Discussion

**Table No: 1**

### IPOs Issue Size is Rs 100 Crores to Rs 500 Crores

S. No	Company Name	Issue Price (₹)	Listing Day		1 <sup>st</sup> Month		2 <sup>nd</sup> Month		3 <sup>rd</sup> Month		6 <sup>th</sup> Month		12 <sup>th</sup> Month	
			Clg Price (₹)	Gain or Loss (%)	Average Price (₹)	Gain or Loss (%)	Average Price (₹)	Gain or Loss (%)	Average Price (₹)	Gain or Loss (%)	Average Price (₹)	Gain or Loss (%)	Average Price (₹)	Gain or Loss (%)
1	HP Adhesives Limited IPO	274.00	334.95	22.24	419.58	53.13	401.38	46.49	394.43	43.95	387.71	41.50	396.89	44.85

S. No	Company Name	Issue Price (₹)	Listing Day		1 <sup>st</sup> Month		2 <sup>nd</sup> Month		3 <sup>rd</sup> Month		6 <sup>th</sup> Month		12 <sup>th</sup> Month	
			Clg Price (₹)	Gain or Loss (%)	Average Price (₹)	Gain or Loss (%)	Average Price (₹)	Gain or Loss (%)	Average Price (₹)	Gain or Loss (%)	Average Price (₹)	Gain or Loss (%)	Average Price (₹)	Gain or Loss (%)
2	Sigachi Industries Limited	163.00	603.75	270.40	473.71	190.62	435.25	167.03	410.64	151.92	356.59	118.76	311.60	91.17
3	Paras Defence and Space Technologies Limited	175.00	498.75	185.00	811.57	363.75	783.94	347.97	763.71	336.40	715.80	309.03	683.26	290.44
4	Exxaro Tiles Limited	120.00	132.25	10.21	136.64	13.87	145.01	20.84	145.03	20.86	142.06	18.38	127.99	6.66
5	Windlas Biotech Limited	460.00	406.70	-11.59	378.14	-17.79	369.94	-19.58	351.71	-23.54	310.55	-32.49	273.04	-40.64
6	Barbeque Nation Hospitality Limited	500.00	590.40	18.08	636.20	27.24	694.77	38.95	755.02	51.00	887.23	77.45	1133.48	126.70

Source : Output derived from MS Excel by Researcher

Table No: 1 reveal that six companies raised capital between Rs 100 Crores to Rs 500 Crores. Among these “Sigachi Industries Limited” has given the highest listing day return i.e., 270.40%, and “Windlas Biotech Limited” has provided a negative listing day return of -11.59%. Likewise, “Paras Defence and Space Technologies Limited” gave 363.75% of the one-month average return which is the maximum among these six companies, and “Windlas Biotech Limited” gave a negative return of -17.79 for one month which is the minimum among them. In addition to this, “Paras Defence and Space Technologies Limited” recorded the highest return i.e., 347.97%, and “Windlas Biotech Limited” recorded a negative return i.e., -19.58 for two months average. Further, it was found that “Paras Defence and Space Technologies Limited” provided the highest return and “Windlas Biotech Limited” provided a negative return i.e., 336.40% & -23.54% respectively in three months. In six months and 1 year period again “Paras Defence and Space Technologies Limited” recorded the highest return i.e., 309.03% in six months and 290.44 in one year, and “Windlas Biotech Limited” has given a negative return of -32.49% and -40.64% in six months and one year respectively. The remaining IPOs have provided moderate positive return in the first three months.

Table No: 2

## IPOs Issue Size is Rs 500 Crores to Rs 1000 Crores

S. No	Company Name	Issue Price (₹)	Listing Day		1 <sup>st</sup> Month		2 <sup>nd</sup> Month		3 <sup>rd</sup> Month		6 <sup>th</sup> Month		12 <sup>th</sup> Month	
			Clg Price (₹)	Gain or Loss (%)	Average Price (₹)	Gain or Loss (%)	Average Price (₹)	Gain or Loss (%)	Average Price (₹)	Gain or Loss (%)	Average Price (₹)	Gain or Loss (%)	Average Price (₹)	Gain or Loss (%)
1	Supriya Lifescience Limited IPO	274	390.35	42.46	496.74	81.29	468.57	71.01	462.46	68.78	423.53	54.57	366.34	33.70
2	Data Patterns (India) Limited IPO	585	754.85	29.03	760.92	30.07	719.77	23.04	704.28	20.39	726.12	24.12	907.28	55.09
3	Shriram Properties Limited IPO	118	99.4	-15.76	93.39	-20.85	92.15	-21.9	88.2	-25.25	80.23	-32.00	78.24	-33.69
4	Anand Rathi Wealth Limited IPO	550	583.5	6.09	599.29	8.96	592.54	7.73	587.06	6.74	609.16	10.76	639.82	16.33
5	Tega Industries Limited IPO	453	725.5	60.15	597.55	31.91	561.09	23.86	525.55	16.01	494.97	9.26	512.65	13.17
6	Latent View Analytics Limited IPO	197	488.6	148.02	601.24	205.2	579.43	194.12	554.33	181.38	493.29	150.40	431.51	119.04
7	S.J.S. Enterprises Limited IPO	542	509.85	-5.93	444.45	-18	413.85	-23.64	410.33	-24.29	403.99	-25.46	428.48	-20.95
8	Ami Organics Limited IPO	610	934.55	53.20	1261.63	106.82	1184.21	94.13	1112.52	82.38	1037.51	70.08	1010.61	65.67
9	Rolex Rings Limited IPO	900	1166.55	29.62	1103.24	22.58	1084.13	20.46	1098.53	22.06	1149.58	27.73	1271.39	41.27
10	Tatva Chintan Pharma Chem Ltd IPO	1083	2310.25	113.32	2155.05	98.99	2142.83	97.86	2197.65	102.92	2388.67	120.56	2341.17	116.17
11	G R Infracore Limited IPO	837	1746.8	108.7	1685.74	101.4	1643.51	96.36	1736.77	107.5	1793.47	114.27	1608.18	92.14



12	India Pesticides Limited IPO	296	343.15	15.93	338.2	14.26	328.61	11.02	324.67	9.69	321.67	8.67	298.46	0.83
13	Dodla Dairy Limited IPO	428	609.1	42.31	596.59	39.39	589.92	37.83	584.2	36.5	582.41	36.08	537.91	25.68
14	Shyam Metalics and Energy Limited IPO	306	375.85	22.83	406.93	32.98	408.35	33.45	403.25	31.78	371.76	21.49	350.79	14.64
15	AGS Transact Technologies Ltd IPO	175	161.3	-7.83	134.89	-22.92	120.02	-31.41	117.39	-32.92	100.78	-42.41	89.45	-48.89

Source : Output derived from MS Excel by Researcher

Table No: 2 exhibits that fifteen companies raised capital between Rs 500 Crores to Rs 1000 Crores. Out of these fifteen IPOs, eleven IPOs have given positive returns, and four IPOs have given negative returns. In these IPOs, "Latent View Analytics Limited IPO" has given the highest listing day return i.e., 148.02%, and "Shriram Properties Limited IPO" has given a maximum negative listing day return i.e., -15.76%. Further, it was found that "Latent View Analytics Limited IPO" has given a maximum positive return in one month i.e., 205.20%, and "AGS Transact Technologies Ltd IPO" has given a negative return of -22.92% in one month. In addition to this, it was observed that "Latent View Analytics Limited IPO" has recorded a maximum positive return of 194.12% and 181.38% in the second and third months respectively. it was found that "AGS Transact Technologies Ltd IPO" recorded a negative return of 31.41% and 32.92% in the second and third months respectively. The "Latent View Analytics Limited IPO" recorded a positive return of 150.40% and 119.04% in six months and one year respectively. Likewise, "Tatva Chintan Pharma Chem Ltd IPO" and "G R Infra Projects Limited IPO" has given positive return of 120.56%, 116.17%, 114.27 and 92.14% in six months and one year respectively. The "Shriram Properties Limited IPO", "S.J.S. Enterprises Limited IPO" and "AGS Transact Technologies Ltd IPO" gave negative returns of -32.00 & -33.69, -25.46 & -20.95%, -42.41 & -48.89% in six months and one year respectively. Among the rest of the IPOs, twelve of them provided positive returns in all one year and three IPOs have given negative returns in one year study period.

Table No: 3

## IPOs Issue Size is Rs 1000 Crores to Rs 2000 Crores

S. No	Company Name	Issue Price (₹)	Listing Day		1 <sup>st</sup> Month		2 <sup>nd</sup> Month		3 <sup>rd</sup> Month		6 <sup>th</sup> Month		12 <sup>th</sup> Month	
			Clg Price (₹)	Gain or Loss (%)	Average Price (₹)	Gain or Loss (%)	Average Price (₹)	Gain or Loss (%)	Average Price (₹)	Gain or Loss (%)	Average Price (₹)	Gain or Loss (%)	Average Price (₹)	Gain or Loss (%)
1	CMS Info Systems . Limited IPO	216	237.4	9.91	271.03	25.48	263.26	21.88	259.84	20.3	250.90	16.16	269.73	24.87
2	Medplus Health Services Limited IPO	796	1180.85	48.35	1103.08	38.58	1095.71	37.65	1064.14	33.69	976.94	22.73	830.94	4.39
3	Metro Brands Limited IPO	500	493.55	-1.29	519.43	3.89	539.11	7.82	545.39	9.08	552.88	10.58	671.11	34.22
4	Rategain Travel Technologies Limited IPO	425	340.5	-19.88	403.31	-5.1	382.92	-9.9	363.19	-14.54	342.30	-19.46	317.32	-25.34
5	Go Fashion (India) Limited IPO	690	1252.6	81.54	1152.9	67.09	1097.97	59.13	1057.52	53.26	1025.51	48.63	1088.72	57.79
6	Tarsons Products Limited IPO	662	840	26.89	634.51	-4.15	657.46	-0.69	654.26	-1.17	668.90	1.04	720.16	8.79
7	Fino Payments Bank Limited IPO	577	545.27	-5.5	440.22	-23.71	419.32	-27.33	410.33	-28.89	351.63	-39.06	295.42	-48.80
8	Sansera Engineering Limited IPO	744	818.7	10.04	795.21	6.88	784.82	5.49	779.32	4.75	734.89	-1.22	722.52	-2.89
9	Vijaya Diagnostic Centre Limited IPO	531	619.31	6.63	582.16	9.63	575.86	8.45	576.06	8.49	537.21	1.17	458.14	-13.72
10	CarTrade Tech Limited IPO	1618	1500.1	-7.29	1473.85	-8.91	1403.97	-13.23	1322.35	-18.27	1048.75	-35.18	840.60	-48.05
11	Krsnaa Diagnostics Limited IPO	954	990.75	3.85	912.65	-4.33	846.16	-11.3	793.23	-16.85	734.41	-23.02	640.11	-32.90

12	Devyani International Limited IPO	90	123.15	36.83	119.99	33.32	117.99	31.1	124.25	38.05	148.43	64.92	155.84	73.16
13	Glenmark Life Sciences Limited IPO	720	748.2	3.92	703.13	-2.34	692.04	-3.88	675.32	-6.21	639.56	-11.17	552.94	-23.20
14	Clean Science and Technology Ltd IPO	900	1585.2	76.13	1614	79.33	1642.74	82.53	1794.81	99.42	2057.56	128.62	1946.26	116.25

Source : Output derived from MS Excel by Researcher

Table No: 3 reveals that fourteen IPOs raised capital between Rs 1000 crores to Rs 2000 crores from 01-04-2021 to 31-03-2022. Among these IPOs, four IPOs recorded negative returns, and ten IPOs recorded positive returns. It was detected that "Go Fashion (India) Limited IPO" has provided 81.54% listing day return which is the highest among all of them and "Rategain Travel Technologies Limited IPO" has provided -19.88% listing day return which is the minimum among all of them. It was found that "Clean Science and Technology Ltd IPO" offered 76.13% in one month, which is the maximum return among them, and "Fino Payments Bank Limited IPO" offered -23.71% in one month, which is the minimum return among all. Further, it was observed that "Clean Science and Technology Ltd IPO" has recorded returns of 82.53%, 99.42%, 128.62%, and 116.25% in the second and third month, six months, and in one year respectively, and "Fino Payments Bank Limited IPO" has recorded a negative return of -27.33%, -28.89%, -39.06%, -48.80% in the second and third month, sixth month and one year respectively. "CarTrade Tech Limited IPO" recorded a negative return of -35.18% in six months and 48.05% in one year. Among the remaining IPOs, most of them i.e., ten IPOs has given positive return and four IPOs have given negative returns on listing day, and six IPOs given negative return in one year period.

**Table No: 4**  
**IPOs Issue Size is Rs 2000 Crores to Rs 4000 Crores**

S. No	Company Name	Issue Price (₹)	Listing Day		1 <sup>st</sup> Month		2 <sup>nd</sup> Month		3 <sup>rd</sup> Month		6 <sup>th</sup> Month		12 <sup>th</sup> Month	
			Clg Price (₹)	Gain or Loss (%)	Average Price (₹)	Gain or Loss (%)	Average Price (₹)	Gain or Loss (%)	Average Price (₹)	Gain or Loss (%)	Average Price (₹)	Gain or Loss (%)	Average Price (₹)	Gain or Loss (%)
1	Sapphire Foods India Limited IPO	1180	1216.05	3.06	1146.8	-2.81	1216.24	3.07	1258.41	6.64	1264.57	7.17	1255.44	6.39
2	Aditya Birla Sun Life AMC Ltd IPO	712	699.65	-1.73	649.5	-8.78	619.68	-12.97	593.01	-16.71	552.74	-22.37	504.93	-29.08
3	Aptus Value Housing Finance India Ltd IPO	353	346.5	-1.84	356.04	0.86	339.69	-3.77	340.77	-3.46	343.87	-2.59	324.41	-8.10
4	Chemplast Sanmar Limited IPO	541	534.9	-1.13	568.4	5.07	631.89	16.8	634.61	17.3	595.72	10.11	558.06	3.15
5	Krishna Institute of Medical Sciences Limited IPO	825	995.9	20.72	1161.31	40.76	1214.42	47.2	1223.21	48.27	1226.41	48.66	1270.36	53.98
6	Adani Wilmar Limited IPO	230	265.2	15.3	353.49	53.69	402.34	74.93	475.37	106.68	557.70	142.48	611.04	165.67
7	Vedant Fashions Limited IPO	866	934.85	7.95	890.3	2.81	871.41	0.62	956.29	10.43	992.01	14.55	1172.41	35.38

Source : Output derived from MS Excel by Researcher

Table No: 4 explores that seven companies raised capital between Rs 2000 Crores to Rs 4000 Crores. Out of these seven IPOs, four IPOs gave positive returns, and three IPOs have given negative returns. Among these IPOs, "Krishna Institute of Medical Sciences Limited IPO" has given the highest listing day return i.e., 20.72%, and "Aptus Value Housing Finance India Ltd IPO" has given the highest negative listing day return i.e., -1.84%. Further, it was found that "Adani Wilmar Limited IPO" has given a maximum positive return in one month i.e., 53.69%, and "Aditya Birla Sun Life AMC Ltd IPO" has given a negative return of -8.78% in one month. In addition to this, it was observed that

"Adani Wilmar Limited IPO" has recorded a maximum positive return of 74.93%, 106.68%, 142.48%, and 165.67% in the second month, third month, six months, and in one year respectively. It was found that "Aditya Birla Sun Life AMC Ltd IPO" recorded a negative return of -12.97%, -16.71%, -22.37%, and -29.08% in the second month, third month, the sixth month, and one year respectively. Among the rest of the IPOs, five of them provided positive returns and two of them has given negative returns in one year period.

**Table No: 5****IPOs Issue Size is Rs 4000 Crores to Rs 8000 Crores**

S. No	Company Name	Issue Price (₹)	Listing Day		1 <sup>st</sup> Month		2 <sup>nd</sup> Month		3 <sup>rd</sup> Month		6 <sup>th</sup> Month		12 <sup>th</sup> Month	
			Clg Price (₹)	Gain or Loss (%)	Average Price (₹)	Gain or Loss (%)	Average Price (₹)	Gain or Loss (%)	Average Price (₹)	Gain or Loss (%)	Average Price (₹)	Gain or Loss (%)	Average Price (₹)	Gain or Loss (%)
1	Star Health and Allied Insurance Company Ltd IPO	900	906.85	0.76	810.29	-9.97	794.17	-11.76	749.98	-16.67	731.42	-18.73	701.63	-22.04
2	PB Fintech Limited IPO	980	1202.92	2.74	1211.79	23.65	1082.83	10.49	1012.06	3.27	862.67	-11.97	692.83	-29.30
3	FSN E-Commerce Ventures Limited IPO	1125	2206.7	96.15	2257.02	100.62	2165.47	92.49	2074.49	84.4	1838.18	63.39	1586.61	41.03
4	Nuvoco Vistas Corporation Ltd IPO	570	531.3	-6.79	548.01	-3.86	542.5	-4.82	538.39	-5.54	504.08	-11.56	420.12	-26.29
5	Sona BLW Precision Forgings Limited IPO	291	362.85	24.69	393.78	35.32	426.81	46.67	465.52	59.97	579.74	99.22	604.63	107.78
6	POWERGRID Infrastructure Investment Trust InvIT	100	102.98	2.98	111.6	11.6	112.28	12.28	114.42	14.42	117.96	17.96	123.11	23.11
7	Macrotech Developers Limited IPO	486	463.15	-4.7	612.81	26.09	635.12	30.68	664.15	36.66	829.39	70.66	1013.31	108.50

Source : Output derived from MS Excel by Researcher

Table No: 5 reveals that seven IPOs raised capital between Rs 4000 Crores to Rs 8000 Crores from 01-04-2021 to 31-03-2022. Among these IPOs, three IPOs recorded negative returns, and four IPOs recorded positive returns. It was detected that "FSN E-Commerce Ventures Limited IPO" has provided a 96.15% listing day return which is the highest among all of them and "Nuvoco Vistas Corporation Ltd IPO" has provided -6.79% listing day return which is the minimum among all of them. In addition to this, it was found that "FSN E-Commerce Ventures Limited IPO" has offered a positive return of 76.13% in one month, which is the maximum return among them, and "Star Health and Allied Insurance Company Ltd IPO" has offered negative -9.97% in one month, that is minimum return among all the IPOs. Further, it was observed that "FSN E-Commerce Ventures Limited IPO" has recorded returns of 92.49%, 84.40%, 63.39%, and 41.03% in the second, third month, the sixth month, and one year respectively. Likewise, "Sona BLW precision Forgings limited IPO" recorded a positive return of 99.22% and 107.78% in six month and one-year period. "Star Health and Allied Insurance Company Ltd IPO" has recorded a negative return of -11.76%, -16.67%, -18.73%, and -22.04% in the second, third month, the sixth month, and one year respectively. In addition, "PB Fintech Limited IPO" and "Nuvoco Vistas Corporation Ltd IPO" recorded a negative return of -11.97% and -11.56% in six months and -29.30% and -26.29% in one year. Among the remaining IPOs, most of them i.e., four IPOs has given positive return, and three IPOs have given negative return in the study period.

**Table No: 6****IPOs Issue Size is Rs more than 8000 Crores**

S. No	Company Name	Issue Price (₹)	Listing Day		1 <sup>st</sup> Month		2 <sup>nd</sup> Month		3 <sup>rd</sup> Month		6 <sup>th</sup> Month		12 <sup>th</sup> Month	
			Clg Price (₹)	Gain or Loss (%)	Average Price (₹)	Gain or Loss (%)	Average Price (₹)	Gain or Loss (%)	Average Price (₹)	Gain or Loss (%)	Average Price (₹)	Gain or Loss (%)	Average Price (₹)	Gain or Loss (%)
1	Zomato Limited IPO	76	125.85	65.59	133.54	75.71	135.45	78.22	136.15	79.14	136.84	80.06	104.37	37.33
2	One 97 Communications Limited IPO	2150	1564.15	-27.25	1553.67	-27.74	1399.66	-34.9	1250.22	-41.85	947.46	-55.93	819.38	-61.89

Source : Output derived from MS Excel by Researcher

Table No: 6 reveals that there are only two IPO that raised capital of more than Rs 8000 Crores and it was found that “Zomato Limited IPO” has given a positive listing day return of 65.59% and “One 97 Communications Limited IPO” has given negative listing day return of -27.25. further, it was observed that “Zomato Limited IPO” has offered the positive return of 75.71%, 78.22%, 79.14%, 80.06%, and 37.33% in the first, second, third month, sixth, and one-year periods respectively and it was also found that “One Communications Limited IPO” has recorded a negative return of -227%, 34.90%, 41.85%, -55.93% and -61.89% in first, second, third, sixth months and one year respectively.

### **Findings and Suggestions**

- 1) It was found that there is much difference exists between the Issue price of IPOs and their Listing price, First, Second- and Third-month average price. As it was observed that out of six IPOs that raised capital between Rs 100 Crores to Rs 500 Cores, five IPOs has provided positive return and only one IPO has given negative return in all three months.
- 2) It was observed listing prices, one-month, two-month, three-month, six months and twelve month's average prices are different from the Issue price of IPOs because it was found that out of fifteen IPOs that raised the fund between Rs 500 crores to Rs 1000 Crores, eleven IPOs have offered positive return in one year and only three IPOs have offered negative return in one year.
- 3) There is a massive difference observed between the Issue prices of IPOs and their listing prices, the First month's average price, second month's, third month's, six month, and twelve month's average prices. As it was seen that out of fourteen IPOs that raised capital between Rs 1000 crores to Rs 2000 Corers, Ten IPOs recorded higher prices than the issue price and offered positive returns, and only four IPOs recorded lower prices than Issue prices and offered a negative return.
- 4) It was observed that there is much difference exists between the issue price and listing price and first, second, third month's, six month's, and twelve month's average prices. Because it was seen that out of seven IPOs that raised capital between Rs 2000 Crores to Rs 4000 Crores, five IPOs have given around 100% positive return, and two IPOs given around -50% negative return.

- 5) It was found that seven companies raised the fund between Rs 4000 Crores to Rs 8000 Crores among these IPOs, it was observed that much difference exists between listing prices, first, second, third month's, six month's and twelve month's average prices, and its issue prices. Because it was found that three IPOs' prices are lower than the issue prices and gave negative returns and four IPOs' prices are higher than the issue prices and have given positive returns in all one year.
- 6) It was observed there that were not many IPOs that raised funds of more than Rs 8000 Crores as it was found that only two companies raised capital of more than Rs 8000 Crores. Among them, Zomato Limited gave a positive return in one year, and One 97 Communications Limited gave a negative return in one year.

### **Suggestions**

- 1) It is suggested to investors study the issue size and issue price before investing in any IPOs.
- 2) It is advised to investors that understand the past performance of companies like turnover, net profit, growth opportunities, etc., that are going for public issue and take an investment decision.
- 3) It is suggested to investors know the information about companies in terms of past profit, nature of business, promoters of a company, etc. before investing.
- 4) It is advisable for investors that understand IPO-related information like underwriters, price band, subscription rate, issue size, demand, etc., before investing their money.

### **Conclusion**

Initial Public Offering is the process of raising required capital from the public by issuing shares directly by the company. The initial public offering is a major avenue for private companies to raise the required capital. Most of the IPOs are mispriced at the time of issue and may be underpriced or overpriced. Hence, investors need to study and understand the IPOs' post-listing performance. Thus, this study aimed to study the short-term performance of IPO that are listed on NSE from 01-04-2021 to 31-03-2022.



In this study, data has been collected from the official website of NSE ([www.nseindia.com](http://www.nseindia.com)) and the returns were calculated by comparing the issue price with the listing price, first, second, and third-month average prices. This study found that most of the IPOs are underpriced and that have given positive returns in all three months and very few IPOs given negative returns in all three months. Thus, this study ends by suggesting that IPO is the best investment avenue for investors to invest their savings. But, at the same time, investors have to study various parameters like issue price, company past performance, price band, nature of the company, underwriters, information about promoters, demand for and supply of the IPOs, etc., before investing in any IPOs.

### Limitations of the Study

- 1) This study covers only one year of data on IPOs listed only on NSE.
- 2) This study analyses only the short-term performances IPOs.

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