

A report card of selected IPOs in India

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Abstract -An initial public offering (IPO) is a process through which an unlisted company can be listed on a stock exchange by offering its securities to the public. **Objective** To study and measure the performance of IPOs in the Indian market and to measure the initial underpricing or overpricing of IPOs in India. From the research, it was found that Zomato has the highest risk (4.53592) and GR Infraprojects has the lowest risk (1.43869). From the research it is found that IRCTC has the highest yield (127.422) and Suryoday Small Finance Bank has the lowest yield (-8.91803). IPO listing gains are 17 out of 30 IPOs that perform very well on listing days than other IPOs. An initial public offering (IPO) can be a fantastic way for the average person to learn how to invest in the stock market. By researching the market and the history of the companies, there will be no risk of investing.

Index Terms - Capital Markets, Initial Public Offering, Overpriced, Underpriced.

INTRODUCTION

An initial public offering (IPO) is a process by which a private company can list itself on the stock exchange by offering its securities to the public. The purpose of an IPO may vary from company to company. It may be to expand the company's existing activities or launch a new project, or it may be a sales proposal or a company proposal document. An initial public offering (IPO) is a public offering when a private company issue shares to foreign investors for the first time.

An IPO is a process by which a company accesses capital from the market through the sale of various securities such as common stocks, bonds, and preferred stocks. Of course, companies have other ways to raise capital, such as deducting profits. Stocks are the main source of financing, although there are bank loans, overdrafts, etc. IPOs often come from smaller companies.

A young company looking for financing to expand its business. Investing in IPOs is very risky. SEBI, the capital market regulator established to protect investors and regulate the capital market, has issued

several guidelines and introduced structural reforms to increase efficiency in the market. A code that companies must follow before entering the capital market.

INITIAL PUBLIC OFFERING

A major offering of shares to the public by a private company is known as an IPO. IPOs are often issued by small and young organizations seeking capital for growth but are also terminated by large monopolies that ultimately aim to trade on the open market. In addition, most IPOs are from organizations that have experienced short development periods, which are usually highly uncertain in terms of future quality. IPO issuing methods are like fixed price method and book building method.

The concept of under-pricing

Under valuation means that the IPO's valuation is lower than its estimated value. This means that the cost of the offer is lower than the cost of the first exchange and we believe the stock is undervalued. IPOs are regularly undervalued due to liquidity concerns and volatility in share trading levels.

Under-pricing is calculated as: Closing Price – Offer price

Offer price

Concept of Over Pricing:

Over pricing is the point at which the offer cost is more than the end cost or when the offer cost is more than the posting cost. The overvaluation of IPOs indicates that IPOs drive a large portfolio. It is not carried out in multiple evaluations or multiple evaluations.

LITERATURE REVIEW

Dr. A.S. A study from the execution price of the initial public offering to the final exchange price in the NSE was the most important factor investigated. When the issue price and the final exchange price are considered, the majority of financial contributors prefer to buy at

the lower price. price volatility shows the rate of return over a period of time. The result of the analysis is that the final exchange rate will be greater than the exchange rate.

"Analysis and Implementation of IPO in Indian Market" by Rishi S Saluja, Shikhar Bendi and Pradeepta Kumar Samanta. Calculate the IPO placement in time from the date of the initial public offering to the date of the initial public offering on the National Stock Exchange. A sample size of 117 IPOs from 2009 to 2013 was used. The researcher considers that the cost of delivery of the day and the time of acquisition are always related, regardless of the company or the region.

Dr. Ravi Kiran is working on a research where he wants to examine the price performance of Indian IPOs listed on the NSE using a sample of IPOs that hit the NSE market between 1999 and 2008. The analysis shows that there is room for appreciation in Indian stocks. An overview of India's administrative system for monitoring initial public offerings. Research based on additional information. The National Stock Exchange of India provides additional information. Short-term assessments are more serious and may be issued.

Thomson Reuters is working on a project to explore and implement new social propositions in the Indian market. In this analysis, the short-term performance of the company is broken down abnormal return variance as well as long-term performance to analyze the long-term performance of IPOs. NSE, CMIE prove and CAPITAL LINE. This report was used to create this report. The current analysis focuses primarily on additional data. The purpose of this analysis is to break down IPO exposure in the primary and secondary markets.

Iqbal (2018) investigated the performance of Indian stock exchange IPOs, book-made and fixed-price IPOs, and seller IPOs, book-ordered and fixed-price IPOs Thonse Hawaldar and Naveen Kumar. They examine the performance and valuation of 464 Indian initial public offerings (IPOs) between 2001 and 2011. They estimate that book-backed IPOs are associated with abnormal returns up to 5 years, and then, negative CAARs associated with book-backed IPOs become positive after half year and become positive thereafter. Ms. Ashwini G. K. and Jyothi G. H. reviewed the list of Initial Public Offerings (IPOs) in NSE India database. For analysis, information was obtained from

NSE and BSE websites. Initial public offerings (IPOs) are studied in this study based on a comparison of closing costs and closing costs after issuance. According to data from the National Stock Exchange (NSE) of India from 2015 to 2019, the majority of financial contributors always prefer to buy securities at a lower price after the final costs are reviewed. The exposure of IPOs listed on the Indian NSE file is analyzed using a correlation model. Research shows that initial public offerings (IPOs) can be long-term investment vehicles or potential opportunities for explosive rewards.

Vaidyanathan (2007) looked at the price performance of NSE's IPOs. According to the results, the interest granted during the book-building period and the placement delay have a significant effect on the base day price, while the amount of money spent on the IPO promotion has little effect. The researchers looked at data from 2004 to 2006 and targeted 55 organizations for further research. Experts confirmed that the interest generated during the book-building period and the delay in placement significantly affected the first day. Although the impact of the money spent on IPO promotion is small, it is not underestimated.

Lowry and Schwert (2000) decomposed the behavior of the entire IPO market and analyzed the state returns at the firm level. This study considered extreme cycles in the volume of IPOs from 1960 to 1997 by determining typical initial returns known by financial backers. The actual measures used in the test are mean, median, standard deviation, and autocorrelation. The results show that the IPO cycle occurs and consistently affects returns and inefficiencies.

Madhuri Malhotra and N. Premkumar, An Indian financial exchange attempts to recognize the climate shows that the long-term IPO performance is poor. IPO issues from 2004 to 2008 were obtained from the National Stock Exchange. This study also includes variables that can affect the price response around IPOs by firms. The performance of the first public offering is determined by the Buy and Hold Adjusted Return. It has been observed that an Indian stock market shows IPO performance and that there is a positive correlation between the number of offers per hour of IPO and performance.

Prof. The main purpose of this study is to determine the day-to-day performance of IPOs and to find out how much abnormal changes the market returns on the first day of the exchange. The sample used in this test

includes all Indian firms that were public between January 2010 and December 2014. Data was collected from 113 organizations for the test. The researchers try to find out the main day's results and the components that affect the price cut. Dr. Satish Mittal, Seema Verma, researched "Early Community Contribution and Long-Term Performance." The purpose of this test is to illuminate the findings of previous studies that aim to differentiate and disrupt the long-term performance of IPOs. Factors responsible for the terrible event for a long time. The survey consisted of 42 experimental and theoretical tests distributed from 1991 to 2014. Suppose there is a level of research to investigate since the implementation of IPOs some time ago.

Sanjay Desai is trying to determine the "post-listing index of initial public offerings in the Indian market". The purpose of this study is to evaluate the market value of IPOs offered between July 2010 and June 2013 for a period of six to thirty-six months. In this study, sampling is done through BSE, issue price, industry and market value of IPOs obtained from BFB and money watchdog website. Research shows that despite the fact that the Sensex has risen from 10,000 to 20,000 in 3 years the total IPOs have been negative for 3 years.

Deb and Marisitty (2011) An Attempt at "Introduction of IPO in the Indian Market". Determining the performance of Indian IPOs and barring entry costs. Additional data were used in this analysis. Data collected through NSE etc. Those evaluating IPOs found that IPOs are undervalued and affected the interest of retail financial backers.

Nurwati A. Ahmad-Zaluki, Lim Boon Kekt (2012) conducted an experiment on "Performance Trading in

the Indian Market" to investigate whether additional divisions will lead to additional or superior performance in the short term. Short-term return area section is a common method of combining returns calculated for inventory day operations. Data collected from NSE, CMIE Excellence, CAPITAL LINE. The analysis is mainly limited to secondary data. The results show that buyers of Mesdaq UN trading stocks can generate high positive returns in the short term, but not in the long term.

Batool K. Asiri and Aalaa J. Hadji (2014) "Effects of Initial Public Offerings of Firms Listed in NSE, India and Gulf Base GCC Index". to gain exposure to Indian IPOs quickly, their last public listing date before the first exchange date. In this analysis, the age of the firm and the size of the contract are large and each underestimated on average, and special findings are used to show that there is a relationship between financial and commercial efforts.

RESEARCH METHODOLOGY

Research topic "Exploration and Implementation of IPO in Indian Market". The objective of the study is to measure the performance of IPOs in the Indian market and to measure the initial price or valuation of IPOs in India. Descriptive research design is used in this research. Data for this study was collected mainly from secondary sources like NSE and Monetary Authority. The sample size is 30 IPOs and the period covers 3 years of data, which is August 2019 to August 2021. Various statistical tools are used to evaluate the performance of an IPO, especially standard deviation, return, beta and regression.

DATA ANALYSIS AND INTERPRETATION

Under price/Over price Analysis

S.No	Company Name	1st Day Gain
1	Anupam Rasayan India Ltd	-5.08108108
2	Clean science and technology Ltd	76.1388889
3	Craftsman Automation Ltd	-3.65100671
4	Dodla Dairy Ltd	42.5
5	Home First Finance company India Ltd	1.84362934
6	Indigo Paints Ltd	109.204698
7	Macrotech Developers Ltd	-4.26954733
8	Laxmi Organic Industries Ltd	26.5
9	Nureca Ltd	-4.21977674
10	Rolex Rings Ltd	29.6666667
11	Suryoday Small Finance Bank Ltd	-8.91803279
12	Tatva Chintan Pharma Chem Ltd	113.499538

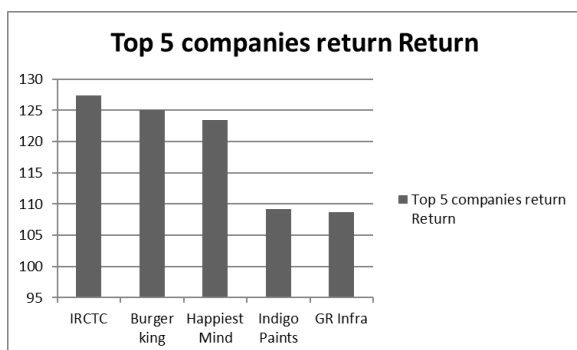
13	Zomato Ltd	65.7894737
14	Angel Broking Ltd	-9.86928105
15	Computer Age Management Services Ltd	-0.01426941
16	Exxaro Tiles Ltd	-0.76335878
17	Happiest Minds Technologies Ltd	123.463855
18	IRCTC	127.421875
19	Krishna Institute of Medical Sciences Ltd	20.8424242
20	Prince Pipes and Fittings Ltd	-6.23595506
21	Rossari Biotech Ltd	74.5058824
22	Route Mobile Ltd	86.0857143
23	Rail Vikas Nigam Ltd	-0.6
24	SBI cards and Payment Services Ltd	-9.74834437
25	Windlass Biotech Ltd	-11.4891304
26	Glenmark Life Sciences Ltd	3.95833333
27	Burger King India Ltd	125
28	G R Infraprojects Ltd	108.733572
29	Kalyan Jewellers India Ltd	-13.5632184
30	Shyam Metalics and Energy Ltd	22.9248366

17 out of 30 IPOs viz (Murni Munri, Susu Dodla, Imah Kehtu, Indigo Dyes, Lakmi Organik, Rollex Cingcin, Tatwa Chintan, Zomato, Pikiran Happiest, IRCTC, KIMS, Rossari Biotéh) have been found in the table above. Rute Mobile, GLS, Burger King, G R Infraprojects, Shyam Metalics) high cost.

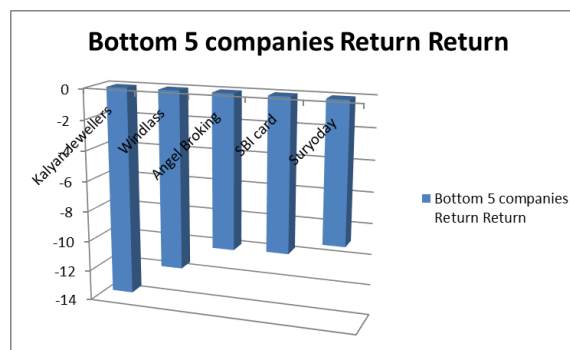
Although 13 IPOs (Anupam Rasayan, Artisan, Iodha, Nureca Ltd, Suryoday microfinance bank, Angel broking, CAMS, Kotak Exxaro, Shahzada pipe, RVNL, SBI card, Windlass, Kalyan jewelers) are undervalued; . This shows that the current market price is not in line with the earnings outlook or supported by the company's financial strength, so the price is expected to rise in the future.

RETURN ANALYSI

Top 5 companies return	
Name	Return
IRCTC	127.4219
Burger king	125
Happiest Mind	123.4639
Indigo Paints	109.2047
GR Infra	108.7336



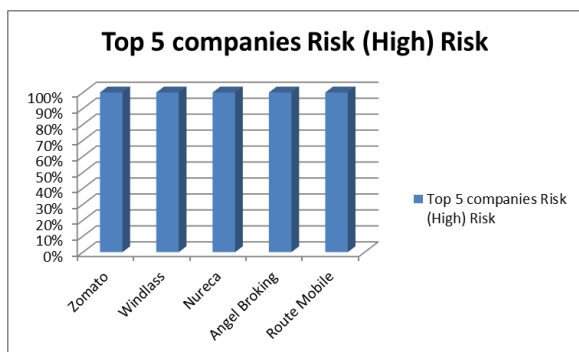
Bottom 5 companies Return	
Name	Return
Kalyan Jewellers	-13.5632
Windlass	-11.4891
Angel Broking	-9.86928
SBI card	-9.74834
Suryoday	-8.91803



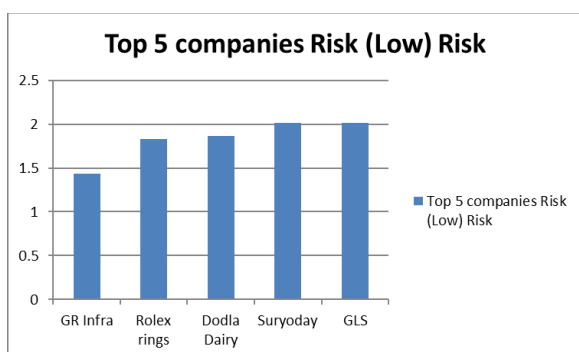
From the above table and graph it can be explained that the top 5 IPOs (IRCTC, Burger King Ltd, Happiest thoughts, Indigo Paints, G R Infraprojects Ltd) have high returns compared to other IPOs. This means that the IPO performance is very good. IRCTC's highest IPO revenue is from 30 IPOs (127,422). Return on Suryoday Small Finance Bank is low (-8.918) (negative) compared to other IPOs.

Risk Analysis

Top 5 companies Risk (High)	
Name	Risk
Zomato	4.53592
Windlass	4.447505
Nureca	4.091139
Angel Broking	4.088561
Route Mobile	3.925301



Top 5 companies Risk (Low)	
Name	Risk
GR Infra	1.438694
Rolex rings	1.831271
Dodla Dairy	1.867856
Suryoday	2.010429
GLS	2.012477



Above table and graph can explain the risk of top 5 IPOs (Zomato ltd, Windlass biotech Ltd, Nureca Ltd, Angel Broking Ltd, Route Mobile Ltd) compared to other IPOs. Top 5 IPOs means their performance is better than others. Zomato risk is high (4.5352) compared to other IPOs. From the table and graph above, the top 5 IPOs (G R Infra-project, Rolex Ring, Dodla Milk, Suryoday Microfinance Bank, Glenmark Life Science) can explain their low risk compared to other IPOs. The risk of GR Infra-projects Ltd is low compared to other IPOs (1.43869).

CONCLUSION

Investing in India has become a security necessity rather than a lifestyle. When rates fall, people switch to other routes that yield greater returns. The existing risk zone has loosened and people are looking for new and better things. In the past, only a few businesses could be invested in, but today's technology allows consumers to try a large number of businesses. An

initial public offering (IPO) can be a great way to learn how to invest in common stocks. By studying the market and company history, there is no risk to invest

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