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## **ANALYSING RECENT IPOs IN INDIA: ARE THEY JUSTIFIED BY THE WEALTH THEY GENERATE FOR INVESTORS?**

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### **ABSTRACT**

A study has initiated to analyse the recent IPOs in India. Investors have various options to invest like mutual funds, stock market, gold and bank deposits so on so forth. IPO means the primary market or the chance to invest directly to the companies before reaching the stock market. Here the research made an attempt to investigate whether the IPOs happening in India has the nature of giving return or not. In order to find the answer, out of 393 IPOs happened during the period 2022-2023, 68 companies were chosen based on the issue size 500 Crore and above during the period. The study focuses on understanding the performance of IPO and whether it creates wealth on investors or not. It aims to determine whether investing in these IPOs has been a financially sound decision for investors. The analysis was done both short-term and long-term returns, companies were classified based on their returns and a comparative analysis also done based on their performance relative to bond yields and benchmarks index returns. The study found that there are 22 companies recorded above average return of 67.8% till April 30, 2024. A notable correlation was observed between the level of subscription and subsequent wealth creation for the immediate one month, suggesting that highly subscribed IPOs tend to perform better in near future. 73.5% companies exceed the bond yield of 7.1%. This suggest that the investors can expect more than the risk-free rate of return from the IPO investment. 66% companies exceed the bench mark return of 17.6%. This suggest that the investors can expect more than the bench mark return from the IPO investment.

**KEYWORDS:** Stock market, Capital market, Investment, Return, wealth creation, Equity market, Indian IPO trends

## **1. INTRODUCTION**

An Initial Public Offering (IPO) occurs when a private company becomes publicly listed by offering its shares to the public. Companies typically use IPOs to raise funds for expansion, while giving early investors a chance to sell their shares. Going public, however, brings regulatory obligations and scrutiny. While IPOs can offer high returns, they are also risky investments with unpredictable long-term performance. The volatility of IPO stock prices can lead to both significant gains and losses. Investors should assess each IPO carefully, considering the company's financial health, growth strategy, and their own risk tolerance. Despite inherent risks, investing in stocks can create long-term wealth.

### **1.1 Background of the Study**

The study looks into recent Initial Public Offerings (IPOs) and how they affect investors' wealth. IPOs happen when a private company decides to sell shares to the public for the first time. This study aims to understand if these IPOs are good for investors, meaning if they help investors make more money. The study wants to figure out if it's worth it for people to invest their money in companies that are just starting to sell their shares to the public. It will look at whether these investments actually help people grow their wealth.

### **1.2 Need and Significance of the Study**

This study tries to understand whether investors make money or lose money when they invest in these newly public companies. It is a big deal because IPOs can be exciting opportunities for investors to get in on the ground floor of a potentially successful company, but they can also be risky. So, by studying the wealth creation of investors in recent IPOs, researchers can help investors make smarter decisions about where to put their money. This study could provide valuable insights for both investors and companies thinking about going public.

### **1.3 Statement of the Problem**

Investment opportunities include stocks, which offer the potential for both capital gains and dividends; bonds, which provide fixed income and lower risk compared to equities; mutual funds, which offer diversified exposure to various asset classes managed by professionals; and real estate, which can provide rental income and long-term appreciation. Each investment type has its risk and returns profile, catering to different investor needs and financial goals. IPOs can be a great move for investors. But not every IPO is a good opportunity. Investing in an Initial Public Offering (IPO) is fraught with several problems that can pose significant risks to investors. The unpredictability associated with the return on IPO was a major issue. It is to be identified whether investing in IPO creates wealth among investors. A study can be carried out to check whether the recent IPOs in India given a reasonable amount of return shareholders or not.

### **1.4 Objectives of the Study**

- To evaluate the performance of companies post-IPO in terms of stock price appreciation.
- To classify the IPOs on the basis of high, low and average return.
- To investigate the correlation between subscription and wealth creation.

### **1.5 Scope of the Study**

This research aims to provide valuable insights into the performance of recent IPOs and their ability to generate returns for investors, which can aid in formulating sound investment strategies. By examining the short-term and long-term returns, the study can shed light on the potential for wealth creation and help investors assess the risks and rewards associated with IPO investments. Additionally, the findings may contribute to a better understanding of the factors that influence the success or failure of IPOs, ultimately promoting transparency and informed decision-making in the IPO market. This research seeks to inform investors about the potential financial outcomes of their IPO investments and to contribute to the broader understanding of IPO market dynamics in the context of recent economic conditions.

### **1.6 Limitations of the Study**

- Only the recent IPOs have been considered for the study.
- IPO size above 500 Crores and above were considered for the study.
- The return from the stock market is driven by various factors, those factors were ignored in this study.

## **2. LITERATURE REVIEW**

Neeta Jain and C. Padmavathi (2012) explore the under-pricing of Initial Public Offerings (IPOs) in the Indian capital market, providing key theoretical and empirical insights. The Underwriter's Monopsony Power hypothesis links under-pricing to information asymmetry between issuers and bankers, while the Winner's Curse Hypothesis attributes it to disparities among investors. The Signalling Hypothesis views under-pricing as a marker of firm quality, and the costly information acquisition hypothesis ties it to premarket interest disclosures. Globally, IPO under-pricing is significant, with Indian IPOs between 2004 and 2009 averaging 28%, some reaching 242%. The shift from fixed pricing to book-building, advocated by the Malegam Committee, sought to align pricing with market perceptions. Factors like company size, market conditions, and investor interest further elucidate the dynamics of IPO under-pricing in India.

K. S. Manu and Chhavi Saini (2020) analyse the factors and patterns influencing under-pricing and performance of Initial Public Offerings (IPOs) in India. Studies like Hawaldar et al. (2018) indicate that book-built IPOs are undervalued less than fixed-price IPOs. Under-pricing, common globally,

often results from information asymmetry among issuers, bankers, and investors. Sahoo and Rajib (2010) report an average under-pricing of 46.55% on listing day for Indian IPOs, while Malhotra and Premkumar (2017) highlight prolonged underperformance irrespective of company age, size, or time lag. SEBI's 1995 introduction of the book-building mechanism aimed to reduce under-pricing by incorporating market sentiment. Despite such reforms, IPOs remain high-risk investments, requiring cautious investor participation due to volatile returns and market behavior.

Avdhesh Kumar Shukla and Tara Shankar Shaw (2023) examine the under-pricing and long-term performance of IPOs in the Indian market. Research shows that under-pricing, driven by information asymmetry among issuers and investors, is a common phenomenon. While IPOs often yield high immediate returns, their long-term performance tends to decline, especially in periods of high IPO activity. The adoption of the book-building method in 1995 aimed to address information asymmetry but has not eliminated under-pricing. Market conditions at the time of issuance significantly influence IPO performance. Studies using models like the Fama-French Five-Factor model reveal that IPO firms often engage in above-average capital expenditures, affecting long-term outcomes.

The article by S. Das, (2014) provides a comprehensive overview of the legal and regulatory framework governing the issuance of Initial Public Offerings (IPOs) in India. It lays the foundation for understanding the structural and procedural mechanisms that ensure transparency, investor protection, and market stability in the Indian capital market. This review evaluates the article's relevance and insights in the context of recent IPOs and wealth creation.

Ajay Pandey and G. Arun Kumar (2001) analyze the effectiveness of various signals in IPOs within Indian capital markets from 1993 to 1995. The study examines signals such as insider equity, institutional and mutual fund reservations, project evaluator type, involvement of foreign partners, and company attributes like size and sector. It aims to understand the role of these signals in explaining investor reactions (oversubscription) and under-pricing in a market characterized by weak corporate governance.

Deepa Mangala and Mamta Dhanda (2019) examine earnings management and its impact on the long-term performance of companies going public through IPOs in India. The study identifies motivations for earnings management, including reducing information asymmetry, securing higher issue prices, and meeting regulatory requirements. Using the Modified Jones Model to measure discretionary accruals, the research finds significant income-boosting earnings management during IPO years, with levels exceeding those in developed markets. It also shows that elevated IPO-year earnings decline in subsequent years as managed accruals unwind. Regression analysis reveals a negative relationship between IPO-year discretionary accruals and post-IPO earnings performance, highlighting the need

for stricter oversight of accounting practices during public offerings.

Saurabh Ghosh (2004) The investigation in this study pertains to the examination of the under-pricing phenomenon within initial public offerings (IPOs) in the Indian market spanning from 1993 to 2001. In contrast to prior research that emphasized ex-ante risk factors, this scholarly article focuses on the volatility of stock returns immediately post-listing as a proxy for ex-ante uncertainty. In contrast to what is anticipated by existing theories, a contrary relationship between under-pricing and post-listing volatility is identified within the paper. The author posits a hypothesis suggesting that this discrepancy could be attributed to investor optimism during the offering period and subsequent adjustment of expectations following the influx of new information across the extended offer-to-listing timeframe. The analysis reveals that the average risk was elevated during the "hot" phase characterized by heightened IPO activity, with the inverse correlation between risk and under-pricing being particularly pronounced during this period, indicating that certain issuers capitalized on investor optimism to raise more capital. The paper ultimately infers that the observed patterns of under-pricing may stem from information asymmetry, therefore advocating for regulatory interventions, judicious investment strategies, and responsible conduct by issuers to address this irregularity in the Indian IPO market.

Saurabh Ghosh (2004) examines under-pricing in Indian IPOs from 1993 to 2001, focusing on post-listing stock return volatility as a proxy for ex-ante uncertainty. Contrary to established theories, the study identifies an inverse relationship between under-pricing and post-listing volatility. The author attributes this to investor optimism during the offering period and subsequent expectation adjustments as new information emerges over the offer-to-listing timeframe. During "hot" IPO phases, characterized by high activity, risk was elevated, and the inverse correlation between risk and under-pricing was more pronounced, suggesting issuers leveraged optimism to raise capital. The study links under-pricing to information asymmetry and calls for regulatory measures, informed investment strategies, and ethical issuer practices to address this issue.

Ajay Yadav, Jaya Mamta Prosad, and Sumanjeet Singh (2023) analyze the relationship between pre-IPO financial performance and IPO offer prices in the Indian market. Using a multiple linear regression model, the study examines companies listed on the National Stock Exchange from 2015-2016 to 2020-2021. Key financial metrics like Net Asset Value (NAV), Return on Assets (ROA), Profit after Tax (PAT), and Return on Net Worth (RONW) are identified as significant determinants of IPO pricing. The findings highlight the impact of pre-IPO performance on offer prices, helping issuers set competitive prices and aiding resource-constrained investors in making informed decisions. The research aims to reduce pricing inconsistencies and speculative risks by providing a robust IPO evaluation framework.

Manas Mayur (2018) study investigates whether Indian companies strategically scheduled their initial public offerings (IPOs) to coincide with advantageous market conditions. The author examines the fluctuations in IPO activity and initial returns within the Indian stock market between 2002 and 2012. In order to determine if companies timed their IPOs to coincide with periods of heightened market activity, the author differentiates between "hot" and "cold" market phases based on monthly IPO volume. Through the utilization of a multivariate regression model where the total IPO proceeds serve as the dependent variable and a hot market indicator acts as the primary independent variable, the research reveals that companies that went public during hot market phases were able to generate substantially higher total proceeds. This suggests that these companies strategically planned their equity offerings to capitalize on favourable investor confidence and market valuations. Moreover, the positive impact of hot markets persists even after adjusting for various company-specific factors such as size, profitability, growth, leverage, and market-to-book ratio. This paper adds to the scarce empirical literature available on the market timing strategies of IPOs within emerging markets such as India.

Sayee Harshiny S., Divya Pusa, and Dr. Amalanathan (2022) analyze the performance of 121 IPOs listed on the National Stock Exchange from 2018 to 2021, focusing on listing-day performance. The study evaluates average market returns and market-adjusted abnormal returns (MAAR), revealing that the chemicals, petrochemicals, and finance sectors were the most active during this period. A significant increase in IPOs occurred post-COVID-19 in 2021. The findings show that MAAR was not zero, indicating favorable listing-day performance despite pandemic-induced market volatility.

### 3. Data Analysis

**Table 1 Companies with return above 50%**

<b>Issuer Company</b>	<b>1 Month</b>	<b>2 Month</b>	<b>3 Month</b>	<b>Till Date (30.4.24)</b>
Tata Technologies Limited IPO	141.78%	128.55%	131.35%	113.51%
Indian Renewable Energy Development Agency Ltd IPO	243.28%	365.31%	419.84%	456.88%
DOMS Industries Limited IPO	92.41%	100.87%	81.06%	132.80%
Netweb Technologies India Limited IPO	62.93%	63.11%	76.08%	236.27%
Cyient DLM Limited IPO	92.55%	109.77%	165.77%	161.47%
Utkarsh Small Finance Bank Limited IPO	103.40%	89.96%	122.72%	128.96%
Adani Wilmar Limited IPO	66.22%	136.24%	239.24%	55.41%

The data reflects a diverse set of companies that launched Initial Public Offerings (IPOs) and delivered remarkable returns exceeding 50% in recent time frames. Out of the total companies listed IPOs, the

study considers only the 68 companies having issue size above 500 Crore, of which 7 (10%) companies gained a return above 50% consistently. Notable highlights include Indian Renewable Energy Development Agency Ltd, which witnessed staggering gains of over 400% within three months, indicating strong investor confidence and market performance and Adani Wilmar Limited, which saw a substantial increase of around 239% in the third month after its listing. Other companies also demonstrated strong performances, with returns ranging from around 60% to over 160% at various points in time. The data reflects a favourable market environment for well-received IPOs, where investors recognized the potential growth prospects and value propositions of these companies.

**Table 2 Companies with consistent above average return**

Issuer Company	1 Month	2 Month	3 Month	Till Date (30.4.24)
Tata Technologies Limited IPO	141.78%	128.55%	131.35%	113.51%
JSW Infrastructure Limited IPO	47.98%	73.15%	85.63%	109.87%
Indian Renewable Energy Development Agency Ltd IPO	243.28%	365.31%	419.84%	456.88%
Concord Biotech Limited IPO	32.69%	51.19%	53.85%	123.70%
Inox India Limited IPO	30.93%	78.16%	75.28%	104.75%
DOMS Industries Limited IPO	92.41%	100.87%	81.06%	132.80%
Azad Engineering Limited IPO	29.57%	131.97%	142.16%	153.39%
Signatureglobal (India) Limited IPO	43.08%	93.60%	109.79%	226.66%
Netweb Technologies India Limited IPO	62.93%	63.11%	76.08%	236.27%
Cyient DLM Limited IPO	92.55%	109.77%	165.77%	161.47%
Zaggle Prepaid Ocean Services Limited IPO	37.38%	53.54%	49.66%	83.63%
Utkarsh Small Finance Bank Limited IPO	103.40%	89.96%	122.72%	128.96%
Electronics Mart India Limited IPO	63.31%	42.63%	40.08%	255.51%

The data represents the performance of various Initial Public Offerings (IPOs) from the companies delivered above average returns throughout the time frames. Out of the total companies listed IPOs, the study considers only the 68 companies having issue size above 500 Crore, of which 13 (19%) companies show above average return till consistently. Some standout performers include Indian Renewable Energy Development Agency Ltd, which achieved remarkable gains of over 400% within three months, and Signature Global (India) Limited, which saw a staggering 226.66% return till April 30, 2024. The overall data reflects the potential for carefully executed IPOs to generate substantial

returns for investors.

**Table 3 Companies with below average return on 30.4.2024**

Issuer Company	Till Date (30.4.24) Return
Jupiter Life Line Hospitals Limited IPO	67.17%
Dreamfolks Services Limited IPO	66.86%
Paradeep Phosphates Limited IPO	66.33%
Archean Chemical Industries Limited IPO	60.09%
Five Star Business Finance Ltd IPO	59.89%
R R Kabel Limited IPO	59.81%
Landmark Cars Limited IPO	57.21%
Adani Wilmar Limited IPO	55.41%
DCX Systems Limited IPO	55.12%
SAMHI Hotels Limited IPO	54.84%
SBFC Finance Limited IPO	53.46%
Sula Vineyards Limited IPO	52.94%
Yatharth Hospital and Trauma Care Services Limited IPO	48.33%
Fusion Micro Finance Limited IPO	40.99%
Cello World Limited IPO	39.58%
Gandhar Oil Refinery (India) Limited IPO	39.38%
Nexus Select Trust REIT	33.55%
Honasa Consumer Limited IPO	33.16%
Harsha Engineers International Ltd IPO	29.85%
Aether Industries Limited IPO	29.78%
Keystone Realtors Limited IPO	27.57%
India Shelter Finance Corporation Limited IPO	19.80%
Avalon Technologies Limited IPO	18.41%
Blue Jet Healthcare Limited IPO	12.43%
Happy Forgings Limited IPO	10.81%
Vedant Fashions Limited IPO	10.16%
ASK Automotive Limited IPO	9.65%
Updater Services Limited IPO	7.57%
IRM Energy Limited IPO	6.07%
Innova Captab Limited IPO	5.55%
Yatra Online Limited IPO	4.93%
IKIO Lighting Limited IPO	3.95%

Life Insurance Corporation of India (LIC) IPO	3.06%
ideaForge Technology Limited IPO	2.59%
Flair Writing Industries Limited IPO	-1.37%
Uniparts India Limited IPO	-4.33%
Tamilnad Mercantile Bank Limited IPO	-4.67%
Adani Enterprises Limited FPO	-6.77%
Sai Silks (Kalamandir) Limited IPO	-7.68%
Delhivery Limited IPO	-7.81%
Fedbank Financial Services Limited IPO	-8.29%
TVS Supply Chain Solutions Limited IPO	-9.24%
Campus Activewear Limited IPO	-15.36%
Muthoot Microfin Limited IPO	-17.85%
Credo Brands Marketing Limited IPO	-34.71%
AGS Transact Technologies Ltd IPO	-56.81%

The table provides an analysis of companies with IPOs that have yielded below-average returns as of April 30, 2024. Out of the 68 companies which have issue size 500 Crore and above, which is considered for study, 46 (68%) companies show a below average return till date. The returns vary widely, with some companies still showing positive gains, even if they are below the expected average, while others have incurred significant losses. Companies like Jupiter Life Line Hospitals Limited and Dreamfolks Services Limited managed returns above 60%, reflecting some level of investor confidence and market performance. However, a notable number of companies, such as Flair Writing Industries Limited, Uniparts India Limited, and Tamilnad Mercantile Bank Limited, have experienced negative returns, indicating substantial market challenges and potentially unmet investor expectations. The most severe declines are observed in companies like Credo Brands Marketing Limited and AGS Transact Technologies Ltd, with returns plummeting as low as -34.71% and -56.81%, respectively. This wide range of performance highlights the inherent risks associated with IPO investments and underscores the variability in market reception and post-IPO performance across different sectors and companies.

**Table 4 Classification of companies' return on the basis of bench mark return (17.6%, bond yield Risk free rate: 7.1%)**

Issuer Company	Till Date (30.4.24) Return
Indian Renewable Energy Development Agency Ltd IPO	456.88%
Kaynes Technology India Ltd IPO	353.16%
Global Health Limited IPO	330.03%
Electronics Mart India Limited IPO	255.51%
Netweb Technologies India Limited IPO	236.27%
Signatureglobal (India) Limited IPO	226.66%
Cyient DLM Limited IPO	161.47%
Rainbow Children's Medicare Limited IPO	153.59%
Azad Engineering Limited IPO	153.39%
Prudent Corporate Advisory Services Limited IPO	145.79%
DOMS Industries Limited IPO	132.80%
Utkarsh Small Finance Bank Limited IPO	128.96%
Concord Biotech Limited IPO	123.70%
Inox Green Energy Services Limited IPO	121.00%
Mankind Pharma Limited IPO	119.07%
Syrma SGS Technology Ltd IPO	114.39%
Tata Technologies Limited IPO	113.51%
JSW Infrastructure Limited IPO	109.87%
KFin Technologies Limited IPO	105.05%
Inox India Limited IPO	104.75%
Zaggle Prepaid Ocean Services Limited IPO	83.63%
Bikaji Foods International Limited IPO	77.62%
Jupiter Life Line Hospitals Limited IPO	67.17%
Dreamfolks Services Limited IPO	66.86%
Paradeep Phosphates Limited IPO	66.33%
Archean Chemical Industries Limited IPO	60.09%
Five Star Business Finance Ltd IPO	59.89%
R R Kabel Limited IPO	59.81%
Landmark Cars Limited IPO	57.21%
Adani Wilmar Limited IPO	55.41%
DCX Systems Limited IPO	55.12%
SAMHI Hotels Limited IPO	54.84%
SBFC Finance Limited IPO	53.46%
Sula Vineyards Limited IPO	52.94%

Yatharth Hospital and Trauma Care Services Limited IPO	48.33%
Fusion Micro Finance Limited IPO	40.99%
Cello World Limited IPO	39.58%
Gandhar Oil Refinery (India) Limited IPO	39.38%
Nexus Select Trust REIT	33.55%
Honasa Consumer Limited IPO	33.16%
Harsha Engineers International Ltd IPO	29.85%
Aether Industries Limited IPO	29.78%
Keystone Realtors Limited IPO	27.57%
India Shelter Finance Corporation Limited IPO	19.80%
Avalon Technologies Limited IPO	18.41%
Blue Jet Healthcare Limited IPO	12.43%
Happy Forgings Limited IPO	10.81%
Vedant Fashions Limited IPO	10.16%
ASK Automotive Limited IPO	9.65%
Updater Services Limited IPO	7.57%
IRM Energy Limited IPO	6.07%
Innova Captab Limited IPO	5.55%
Yatra Online Limited IPO	4.93%
IKIO Lighting Limited IPO	3.95%
Life Insurance Corporation of India (LIC) IPO	3.06%
IdeaForge Technology Limited IPO	2.59%
Flair Writing Industries Limited IPO	-1.37%
Uniparts India Limited IPO	-4.33%
Tamilnad Mercantile Bank Limited IPO	-4.67%
Adani Enterprises Limited FPO	-6.77%
Sai Silks (Kalamandir) Limited IPO	-7.68%
Delhivery Limited IPO	-7.81%
Fedbank Financial Services Limited IPO	-8.29%
TVS Supply Chain Solutions Limited IPO	-9.24%
Campus Activewear Limited IPO	-15.36%
Muthoot Microfin Limited IPO	-17.85%
Credo Brands Marketing Limited IPO	-34.71%
AGS Transact Technologies Ltd IPO	-56.81%

The table reflects the companies that went public during 2022 and 2023, comparing their performance against bench mark of 17.6% till date. Out of the 68 companies considered for the study, 45 (66%) companies, which are coloured green have a return above the bench mark and 23 (34%) companies

have return below the bench mark. Out of the 23 companies below bench mark, 11 (16%) companies, which are coloured yellow shows a positive return and 12 (18%) companies, which are coloured red shows a negative return.

**Table 5 One Month Return and Subscription**

Issuer Company	1 Month Return	Subscription Times
Adani Enterprises Limited FPO	-50.96%	1.12
Mankind Pharma Limited IPO	22.52%	15.32
Nexus Select Trust REIT	7.05%	5.45
Tata Technologies Limited IPO	141.78%	69.43
JSW Infrastructure Limited IPO	47.98%	39.36
Indian Renewable Energy Development Agency Ltd IPO	243.28%	38.8
R R Kabel Limited IPO	37.63%	18.69
Cello World Limited IPO	22.79%	41.69
Honasa Consumer Limited IPO	23.35%	7.61
Concord Biotech Limited IPO	32.69%	24.87
Inox India Limited IPO	30.93%	61.28
SAMHI Hotels Limited IPO	17.14%	5.57
Sai Silks (Kalamandir) Limited IPO	17.82%	4.47
DOMS Industries Limited IPO	92.41%	99.34
India Shelter Finance Corporation Limited IPO	13.28%	38.59
Fedbank Financial Services Limited IPO	0.75%	2.24
SBFC Finance Limited IPO	52.49%	74.06
Happy Forgings Limited IPO	10.67%	82.63
Muthoot Microfin Limited IPO	-20.64%	12.3
TVS Supply Chain Solutions Limited IPO	12.21%	2.85
Jupiter Life Line Hospitals Limited IPO	57.05%	64.8
Avalon Technologies Limited IPO	-15.68%	2.34
Blue Jet Healthcare Limited IPO	8.14%	7.95
ASK Automotive Limited IPO	-1.67%	51.14
Yatra Online Limited IPO	-0.85%	1.66
Azad Engineering Limited IPO	29.57%	83.04
Signatureglobal (India) Limited IPO	43.08%	12.5
Yatharth Hospital and Trauma Care Services Limited IPO	30.83%	37.28
Updater Services Limited IPO	-13.03%	2.96
Netweb Technologies India Limited IPO	62.93%	90.55

IKIO Lighting Limited IPO	44.02%	67.75
Flair Writing Industries Limited IPO	18.59%	49.28
Cyient DLM Limited IPO	92.55%	71.35
Innova Captab Limited IPO	15.38%	55.26
ideaForge Technology Limited IPO	71.05%	106.06
Zaggle Prepaid Ocean Services Limited IPO	37.38%	12.86
Credo Brands Marketing Limited IPO	-4.93%	51.85
IRM Energy Limited IPO	-11.45%	27.05
Gandhar Oil Refinery (India) Limited IPO	66.78%	65.63
Utkarsh Small Finance Bank Limited IPO	103.40%	110.77
Life Insurance Corporation of India (LIC) IPO	-22.23%	2.95
Delhivery Limited IPO	6.54%	1.63
Adani Wilmar Limited IPO	66.22%	17.37
Vedant Fashions Limited IPO	1.78%	2.57
Global Health Limited IPO	38.62%	9.58
Five Star Business Finance Ltd IPO	19.17%	0.7
Rainbow Children's Medicare Limited IPO	-9.08%	12.43
Paradeep Phosphates Limited IPO	-7.38%	1.75
KFin Technologies Limited IPO	-8.62%	2.59
Archean Chemical Industries Limited IPO	28.26%	32.23
Campus Activewear Limited IPO	22.00%	51.75
Fusion Micro Finance Limited IPO	3.48%	2.95
Sula Vineyards Limited IPO	-8.84%	2.33
Bikaji Foods International Limited IPO	28.35%	26.67
Kaynes Technology India Ltd IPO	25.20%	34.16
Syrma SGS Technology Ltd IPO	30.77%	32.61
Uniparts India Limited IPO	-0.48%	25.32
Aether Industries Limited IPO	19.07%	6.26
Tamilnad Mercantile Bank Limited IPO	-6.48%	2.86
Harsha Engineers International Ltd IPO	31.79%	74.7
Inox Green Energy Services Limited IPO	-16.08%	1.55
AGS Transact Technologies Ltd IPO	-29.11%	7.79
Keystone Realtors Limited IPO	-5.20%	2.01
Dreamfolks Services Limited IPO	19.10%	56.68
Landmark Cars Limited IPO	11.74%	3.06
Prudent Corporate Advisory Services Limited IPO	-7.25%	1.22
DCX Systems Limited IPO	25.34%	69.79
Electronics Mart India Limited IPO	63.31%	71.93

### 3.1 Correlation and Regression

**Table 6 Relationship of One-month return of IPO and subscription**

<i>Regression Statistics</i>	
Multiple R	0.543098405
R Square	0.294955878
Adjusted R Square	0.284109045
Standard Error	0.354648328
Observations	67

**Table 7 ANOVA**

	<i>df</i>	<i>SS</i>	<i>MS</i>	<i>F</i>	<i>Significance F</i>
Regression	1	3.420187767	3.4202	27.193	2.05E-06
Residual	65	8.175403376	0.1258		
Total	66	11.59559114			

	<i>Coefficients</i>	<i>Standard Error</i>	<i>t Stat</i>	<i>P-value</i>	<i>Lower 95%</i>	<i>Upper 95%</i>	<i>Lower 95.0%</i>	<i>Upper 95.0%</i>
Intercept	0.0271243	0.062577	0.4335	0.6661	-0.097851	0.152	-0.098	0.1521
1.12	0.007256	0.001391	5.2147	2E-06	0.0044771	0.01	0.0045	0.01

The values indicate the relationship between the dependent variable (IPO return) and independent variable (Individual subscription). The positive coefficient indicates a positive relationship and the level of significance being more than 0.05 indicates the relationship is statistically significant.

**Table 8 Relationship between Two-month return of IPO and subscription**

<i>Regression Statistics</i>	
Multiple R	0.368914
R Square	0.136098
Adjusted R Square	0.122807
Standard Error	0.526398
Observations	67

**Table 9 ANOVA**

	<i>df</i>	<i>SS</i>	<i>MS</i>	<i>F</i>	<i>Significance F</i>
Regression	1	2.837453	2.837453	10.24	0.002126219
Residual	65	18.01117	0.277095		
Total	66	20.84862			

	<i>Coefficients</i>	<i>Standard Error</i>	<i>t Stat</i>	<i>P-value</i>	<i>Lower 95%</i>	<i>Upper 95%</i>	<i>Lower 95.0%</i>	<i>Upper 95.0%</i>
Intercept	0.12695	0.09288	1.367	0.1763	-0.059	0.312	-0.059	0.312
1.12	0.0066	0.00206	3.2	0.0021	0.002	0.011	0.002	0.011

The values indicate the relationship between the dependent variable (IPO return) and independent variable (Individual subscription). The positive coefficient indicates a positive correlation between the variables. The R value is 0.36 indicates a very weak correlation between subscription and two-month return. The level of significance being less than 0.05 indicates the relationship is statistically significant.

**Table 10 Relationship between Three-month return of IPO and subscription**

<i>Regression Statistics</i>	
Multiple R	0.297969
R Square	0.088786
Adjusted R Square	0.074767
Standard Error	0.652676
Observations	67

**Table 11 ANOVA**

	<i>df</i>	<i>SS</i>	<i>MS</i>	<i>F</i>	<i>Significance F</i>
Regression	1	2.69793	2.69793	6.333371	0.01432571
Residual	65	27.68912	0.425986		
Total	66	30.38705			

	<i>Coefficients</i>	<i>Standard Error</i>	<i>t Stat</i>	<i>P-value</i>	<i>Lower 95%</i>	<i>Upper 95%</i>	<i>Lower 95.0%</i>	<i>Upper 95.0%</i>
Intercept	0.17630335	0.115164	1.5309	0.13065	-0.054	0.4063	-0.054	0.406
1.12	0.0064445	0.002561	2.5166	0.01433	0.001	0.0116	0.0013	0.012

The values indicate the relationship between the dependent variable (IPO return) and independent

variable (Individual subscription). The positive coefficient indicates a positive correlation between the variables. The R value is 0.30 indicates a very weak correlation between subscription and three-month return. The level of significance being less than 0.05 indicates the relationship is statistically significant.

## CONCLUSION

The purpose of every investment is to give return to the investors. The difficult question needs to addressed here is how much return is sufficient. Different investment avenues give different levels of return. There are some investments which gives low return but the risk associated with the same will be very low. For example, investment in post office saving, bank fixed deposits, bond etc. Other forms of investments like equities, mutual funds, gold and real estate will give more return to investors. But the risk associated here also very high. Investors always looks for high return winning situations. Normally, stock market gives higher return on an average 17.6%. In order to participate in the stock market there are different ways like mutual funds, demat account, ETF. There is one more option called IPO as an investment option in equities. So, the researcher made an attempt to figure out how much would be the return if they invest in recent IPO. A study was conducted to know the return from recent IPOs. The study found that there are 22 companies recorded above average return of 67.8% till April 30, 2024. A notable correlation was observed between the level of subscription and subsequent wealth creation for the immediate one month, suggesting that highly subscribed IPOs tend to perform better in near future. 73.5% companies exceed the bond yield of 7.1%. This suggest that the investors can expect more than the risk-free rate of return from the IPO investment. 66% companies exceed the bench mark return of 17.6%. This suggest that the investors can expect more than the bench mark return from the IPO investment.

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#### **Author Profile**

An expert in Accounting and Finance with a deep passion in teaching all facets related to finance which includes practice and application of the fundamentals into corporate. Skilled at explaining a variety of complex financial theories and practices clearly and accessible to professional and non-professional audiences. Dr.Sreenish S R has more than 15 years of experience in industry and academia. He holds a PhD in Management from Pondicherry University. He possesses bachelor degree in Commerce and Masters in Business Administration from MG University. He is a certified Microsoft Excel Specialist and certified in IFRS (International Financial Reporting Standard) IAAP from UK. He has presented research papers in various national and international conferences and published several articles in refereed/indexed national and international journals. His area of interest include accounting, costing, capital market, equity valuation and financial derivatives. During his tenure in Geojit as Senior Manager, Stock research analyst, his roles were Economic, Industry and Company Analysis, work on financial models and Bloomberg Terminal for ensuring correct and up-to-date information for preparing research reports, company valuations, review business and trade publications, annual reports, responsible for writing research reports as well as communicating recommendations to the marketing team.

