"A STUDY ON ANALYSIS OF PRICING AND PERFORMANCEOF IPOs LISTED IN INDIAN STOCK MARKET"

A project submitted to the Alliance University in partial fulfilment of the requirement for the award of the degree of

MASTER OF BUSINESS ADMINISTRATION

OF

ALLIANCE UNIVERSITY

BY

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2023MMA01ASB046

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ALLIANCE UNIVERSITY

Private University established in Karnataka State by Act No.34 of year 2010
Recognized by the University Grants Commission (UGC), New Delhi

Alliance School of Business

MASTER OF BUSINESS ADMINISTRATION

DECLARATION

I hereby declare that "A STUDY ON ANALYSIS OF PRICING AND **PERFORMANCE OF IPOs LISTED IN INDIAN STOCK MARKET"** This project represents the culmination of my research conducted under the supervision of Dr. Nusrathunnisa, fulfilling part of the requirements for obtaining a master's degree in Bangalore from Alliance University.

I hereby affirm that this project is the product of my independent work and has not been previously submitted to any other university or institution for consideration of any degree, diploma, or certificate.

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GUIDE CERTIFICATE

This is to certify that Mr. Dhanush Gowda bearing Reg No: 2023MMBA01ASB046 of fourth semester of MBA has successfully completed project report titled "**A STUDY ON ANALYSIS OF PRICING AND PERFORMANCE OF IPOs LISTED IN INDIAN STOCK MARKET**" during the academic year 2021-2023 in partial fulfilment of the requirement for the award of degree of Master of Business Administration of Alliance university.

Signature of the faculty guide:

Name of the faculty guide: Dr. Nusrathunnisa

ACKNOWLEDGEMENT

I have been fortunate enough to receive much-needed advice and assistance from many people to whom I shall forever be grateful. I would like to first say ‘thank you’ to the following people, without whose support and help at every level this project would never have been achieved.

It is my great pleasure to express my utmost appreciation to my guide, Dr. Nusrathunnisa, Alliance University Bangalore, for her leadership role and endless support and collaboration in executing the project work.

Last but not least, I would like to thank all faculty members, family members and friends for their understanding and support, which have made this work possible.

BM DHANUSH GOWDA

2023MMA01ASB046

ABSTRACT

Since the Growth of the Indian capital market, Indian start-ups, new business firms andcompanies have got a lot of potential to expand and have a growth in their business andpeople have started to invest more in these business through IPO’s, post covid people have started to believe and invest more in these start-ups and new businesses to have a good returns and growth of their investment.

The main objective of this study is to evaluate the initial returns from the IPO’s and post listing performance of these stocks and to know the factors affecting the IPO’sperformance in the Indian stock market with respect to National Stock Exchange.

The approach used for this study is descriptive study, and the information obtained for primary data study is through survey with the help of a questionnaire method and forsecondary data study from the respective organization’s official website and from the official NSE website. The results and suggestions are drawn with the help of analysis and interpretation, which involves the investors opinions towards IPO and the measurement of varying returns in IPO.

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CHAPTER 1

INTRODUCTION

INTRODUCTION

INITIAL PUBLIC OFFERINGS (IPO)

When a company’s share is listed for the first time in the stock exchange platform that is known as initial public offering. This allows the company to raise money by trading its shares on the stock market. Usually, an investment banker manages the whole process for the company.

IPO can be used for various purposes as noted below:

- Help in raising the equity capital available to the firm.
- Funding private shareholder investment, like that of a private equity investor or a firm founder.
- To enable the future raising of capital or easy trading of current interests by becoming listed businesses.

Even though IPOs have many advantages, they are also very expensive. These areconnected.

PROCESS OF IPO

The underwriting process becomes formal when the company files its declaration of registration with SEBI. The Indian underwriting system comprises seven different phases.

- ***Work with an Investment Banker***

When a company wants to raise funds from the market, it approaches experts such as insurance companies or investment banks that specialize in IPO procedures. Underwriters conduct a thorough analysis of the entire company's financial position and act as a liaison between the company and potential investors.

- ***Registration of IPO***

At this stage, a draught DRHP and registration statement ought to be delivered. This is a requirement of the Companies Act. The company's financial situation, strengths and limitations, justifications for seeking funding, and plans for using the money are all included in the DRHP. Banks chosen as key managers collaborate with the firm to develop this document, which aids investors in making decisions. Insurance firms also use this document to advertise their first public offering.

- ***SEBI Certification***

The SEBI evaluates the prospectus once it has been submitted. It guarantees that all significant company-related details have been revealed. Only when the document complies with the specified requirements does SEBI let the firm continue with the procedure; otherwise, if it considers that enough disclosures are not made or that any errors exist, it is returned for revision. The business won't be permitted to reapply for registration until it has made the necessary adjustments. The Red Herring Prospectus (RHP) must be submitted by the firm filing for an IPO at least three days before the offer is made open to the public for bidding.

- ***Take Advantage of Stock Exchange***

The business then put in a request to list the security on the stock exchange.

- ***Road Show***

The investment bankers and underwriters chosen at this stage promote the IPO as the next step. They promote the IPO to draw in or grab the interest of potential investors. Additionally, they conduct Q&A sessions, small group meetings, online presentations, etc.

- ***Pricing of the IPO***

The firm in this case has the choice to either choose for a "Fixed Price IPO," in which case the price of the company's shares is predetermined and made public, or a "Book Building Issue," in which case the company establishes price range within which investors may bid. In this case, the firm establishes an IPO Floor price (minimum price) and an IPO Cap price (highest price) at which investors may bid. This information is used to calculate the greatest price at which the shares may be sold.

Occurrence of Underwriting and Assignment

The final prospectus and application forms are made publicly accessible both online and offline for a period of five working days. During this time, investors must submit applications for the IPO. The firm and the underwriterswill decide how many shares to allot to each investor after the price has been set in stone. Within ten days after the closing date for bids, this must be completed. At this point, it is made sure that no shares are given to employeesor family members.

FACTORS TO BE CONSIDERED WHILE GOING PUBLIC

Before deciding whether to go public a company must decide whether it is ableto support a successful IPO. Here are some "key factors" to consider when deciding; These components also help to make the service successful.

- ***Possible***

  Companies with a proven track record of steady growth over time are the best prospects for profitable public offerings. As a result, a company with a recent financial history is of interest to investors by showing a significant growth trend in sales and earnings, as well as identifying potential growth potential and gaining competitive advantage.

- ***Measuring***

  The company's market capitalization should be high enough following the sale to draw in institutional investors.

- ***Sources***

  The company must have healthy equity with physical assets or if technology oriented, it should be a healthy intellectual property company with good business prospects. It is critical that the company's patent portfolio and otherintellectual property are protected and of high quality.

- ***A Business Plan***

  When deciding whether to offer its shares to the public, a company should consider its long-term business goals and the best ways to finance its expansion. Underwriters and potential investors should have a detailed strategy on how they intend to benefit from the proceeds of the company's issue.

- ***Market***

  Precedents often have a significant impact on the IPO process. Making a strong case with insurers and potential investors requires a solid understanding of the company's industry, target market and SWOT analysis.

- ***Board of Directors and Management***

  A successful IPO requires depth and experience of company management. Company management must be able and willing to undertake the duties associated with a public offering. Boards of directors have significant influence over how public companies are run and how they are perceived by the public.

- ***Corporate governance and structure***

  If a company wishes to become a public corporation, it must determine whether its current corporation, capital, management and governance structures are adequate and appropriate. You should also ensure that all company documents and contracts are in good order.

- ***Internal rules***

  According to SEBI rules, a company should have all internal controls, systems and processes capable of meeting the demands associated with the public offering process as well as reliable financial commitments to inform investors.

- ***Accounting***

  The company should ascertain in advance whether any accounting issues need to be addressed and whether it meets all the financial disclosure requirements of the prospectus.

- ***Undertakers***

  Successful underwriting depends on selected insurers as they bring the case to the public market. Therefore, it is important for them to have a good reputation. In addition, they must have a large national and, if necessary, global distribution network. It is important to consider the capabilities of research teams and analysts.

- ***Other experts***

  The success of an IPO also depends on the early involvement of knowledgeable legal advisors and auditors. A company must consider its experience with securities laws and complex listing procedures in India andother countries.

CRITERIA FOR FILING IPO

The following are the requirements laid down by SEBI for companies wishing to filean IPO.

- In the last 3 years, the company should have at least 3 crores in net tangible assets. (excluding virtual assets of volatile value like equities).

- In the last five years, the business has spent at least three years at least Rs. 15 degrees of operating profit.

- The IPO size should not be more than five times the value of the company.

Even if these requirements are not met by submitting an IPO license application to SEBI, a company can still apply for an IPO. However, to obtain these permissions, the IPO can proceed only in book-building mode, which requires selling at least 75% of the shares to qualified institutional investors (QII). To maintain the validity of the sale of shares under the IPO, this must be done. If the IPO is not cancelled, the money raised must be returned.

SEBI's main objective is to protect the interests of investors and ensure that regulations are not too burdensome to prevent potential companies from generating growth.

PRICING OF AN IPO

Since the stock has never been listed on an exchange before, it might be difficult for an investor to analyze a firm whose stock is preparing to list for an IPO. However, wise investors will attempt to ascertain the company's value by examining its registration paperwork and evaluating its financials to ascertain if the stock is priced correctly.

We now know that the investment bankers and underwriters are responsible for the IPO. The preparation of documents, registrar filing, marketing, issuance, appraisal of financial statements, sufficient disclosure of the material information in the prospectus, as well as the setting of the IPO share price are all activities in which they are engaged. Additionally, it is said that the merchant must handle every aspect of the IPO process.

These prices are often referred to depending on when they occurred, namely The Listing Price and issue price in IPO stocks were sold.

LISTING PRICE

When referring to an IPO, the listing price is the share's first trading price on the stock market. The share price for an initial public offering (IPO) when it first enters the stock market is known as the "listing price."

A few elements that may affect a company's IPO listing price include,

- ***Demand***

  Based on the share's demand on the stock market, the listing price is chosen. High demand may emerge from a variety of factors, including firm history, crucial future objectives, and so on. As a result, strong demand causes oversubscription, which raises the listing price.

- ***Supply***

  There is supply when there is demand. As a result, to compete on the stock market, a firm must offer a fair discount and a smaller price range to attract more investors. Therefore, before determining the price ofthe shares in an IPO listing, the supply of shares is considered.

- ***Current Market Conditions***

  The listing price of a share in an initial public offering is significantly influenced by the country's current market and economic situation. In the stock market, this is accomplished by comprehending the NIFTY and Sensex market conditions, which indicate whether the market has adequate money. Therefore, it's crucial to assess a company's success beforesettling on its IPO price.

- ***Investor's Sentiments***

  Investor emotions have a role in determining an IPO's pricing, particularly when the underwriters are involved. According to the underwriter's assessments, if pre-IPO investor sentiment is strong, the offer price will be strong as well, and vice versa. As a result, we may conclude that investor interest and mood have a real influence on IPO prices.

- ***Global Conditions***

  Global circumstances are taken into consideration when determining an IPO's listing price. The price of a share when it is listed on the Indian stockmarket is determined by the general state of the world and the interests of international institutional investors.

ISSUE PRICE

The issue price in an IPO is the price at which the shares are offered in the stock market investors. Although the face value (list price) and the issue price are not necessarily the same, the issue price may differ from the list price.

The following variables can affect the issue price of a company's initial publicoffering (IPO):

- It affects the amount of dilution experienced by existing shareholders.
- The amount the IPO will generate for the company. The more money a company raises at a higher rate, the lower the dilution.
- The issue of price is largely influenced by demand from potential investors. Theprice at which a company sells its shares in the market depends on how strong the demand is.
- The underwriters of the IPO collaborate in pricing based on their assessment of investor demand and their own objectives for the transaction.
- The financial condition of the company continues to be another important factor. A company can command a higher price for its shares if the business is growing and financially strong.
- This type of offer also has a real impact on prices.

THE PRICING TECHNIQUES

Before we even judge whether the shares are rightly priced, overpriced or underpriced we need to understand the concepts and the techniques that are used by the investment bankers in fixing the price of a share of a company. The following are ways that they are employed.

- ***Fixed Price Method***

  Before obtaining specifics on what is needed, this method establishes pricing and allowance parameters. After then, stock is distributed based on the predetermined parameters. If the underwriters and providers have little to no discretion in terms of discussion proportion, this method may provide some flexibility in allocating shares across categories, such as favoring small purchases over large ones (as is done in many countries), but it does not classify promotions as being set by the cost community.

- ***Book Building Method***

  By soliciting bids from institutional investors like fund managers and others, an underwriter or investment banker might compile a book of potential buyersfor a company's shares. Book building is a common process used by corporations to set the price of their initial public offerings (IPOs) and is widely regarded as the best approach to do so by the world's main stock exchanges.

- ***Auction***

  Investment bankers executing an initial public offering (IPO) may employ a variety of auction formats. All the successful investors in a "Uniformed auction," for instance, place identical bids. The highest price paid by bidders is known as the "Market clearing price" (MCP).

  It is believed that buyers' private information is covertly leaked to other bidders during the bidding process, thus the term "dirty auction" to describe situations when shares are sold for less than the MCP.

  'Pay what you bid' auctions are the other option. The victorious bidders will pay the amount they have bid on. Here, anybody may participate in an auctionif they want, however investors are excluded from a select number.

OVERPRICING AND UNDERPRICING

Pricing a stock higher than its estimated market value is called overstating. In business terms, overpricing refers to charging a higher price for a company's stock, goods, or services than the market will accept. Overpricing is often accompanied by poor sales volumes. As a result, price planning is often not recommended.

Underpricing is the practice of issuing an initial public offering (IPO) at a price below its market value. If the first trading day (of issue) ends below the pre-determined IPO price, the new share price will be lower. A low price often ends quickly becauseinvestor demand lowers the price to its market value.

According to stock market theory, every initial public offering (IPO) sees a price spike on the first day of trading that is undervalued, whether by accident or not. The underwriters in the underwriting may have overestimated investors' demand for the shares or deliberately lowered the price of the shares to increase demand.

However, overcharging is much worse than undercharging. A stock is considered a failure if it closes its first trading day below the predetermined subscription price.

If the sponsors of the IPO are truly concerned about how the shares will be received in the stock market, the IPO price may be underestimated. After all, in the worst-case scenario, the share price rises to what investors believe it is worth. Investors are rewarded for taking a chance on a new topic.

That's a lot better than seeing the company's share price fall on the first day and being criticized as an IPO failure. Overvalued or not, the company becomes a publicly traded entity controlled by its shareholders when the IPO begins. Further, the open market price of the shares is determined by the demand of the shareholders.

VALUATION OF IPO

Valuation of IPO is a game of demand and supply. The theory is, the higher the demand, the higher the valuation for the respected stock and vice versa. To perform IPO valuation,there are various methods used by the merchants or investment bankers to value an IPO,and this depends on the type of company and to the extent to which the company is ready to unveil information to the public. The following are the few methods followed by investment bankers for the purpose of valuation of IPO.

- ***Relative Valuation***
  Comparative valuation method is another name for comparative value method. The value of the initial public offering is determined using the values of other companies and the investment banker uses these values to calculate the best price. Here, factors such as cash flow, earnings per share and price-to-earnings ratio are taken into consideration.

- ***Absolute Valuation***

  Investment bankers assess the company's strength and financial condition while valuing the IPO in absolute terms. They use the DCF method to estimate the company's value. However, the absolute value of a corporation is very different from its relative value. In contrast to the absolute value technique, which considers a company's value using the time value of money and compounding interest, the relative value approach measures a company's wealth by comparing it to the wealth of its competitors.

- ***Discounted Cash Value Based Valuation***

  In this method, a group of financial professionals makes several judgments relating to anticipated cash flows, future performance, company investment, potential income sources, etc. Even if it takes a lot of work and time to understand how the company is doing, every assessment must be adequately supported. But since an erroneous assessment might cause the company's price to increase or drop, this technique poses greater difficulties than relative or absolute valuation methods.

- ***Economic Valuation***

  Investment bankers evaluate several business financial aspects as part of the financial evaluation of an IPO to determine the true value of the offering. The true value of an IPO is determined by using this method with the help of residual company returns, debt situation and net asset value.

ADVANTAGES OF IPO

- ***Fundraising***

  The most frequently cited objective of an IPO is to raise capital for expanding. Even without considering other benefits, the money from an initial public offering can be incentive enough for many companies to go public, especially considering and appreciating the many investment opportunities that additional money might make possible. The company will benefit greatly from this money. Companies can use

IPO to support research and development, hire new employees, set up facilities, pay off debt, finance capital expenditures, purchase new technology,and many other things. An IPO can raise significant funds and change the course of a company's development.

- ***Opportunity to Quit***

  Every business has stakeholders who invest significant amounts of money, time and resources in hopes of building a successful business. These are entrepreneurs and investors, although they sometimes wait years before they see significant financial returns. One of the main exit strategies for investors is an initial public offering (IPO), which provides an opportunity to get huge pay-outs or liquidate invested capital.

- ***Popularity and Fame***

  For a company to continue to expand, it needs more exposure to potential customers who are familiar with and trust its products. This exposure can be gained through an IPO, which puts the company in the public eye. Each IPO is covered by analysts worldwide so that their clients can decide whether to invest or not. In addition, many news organizations highlight many companiesgoing public.

  When companies decide to go public, they not only attract a lot of attention but also gain credibility. A company must undergo rigorous due diligence to ensure they are accurately representing themselves before completing an offer.The company and its goods can gain more credibility as a result.

- ***Low Total Cost of Capital***

  The cost of financing is a major drawback for any business. Companies often must give up ownership to obtain bank loans or pay higher-than-normal interest rates before an IPO. Getting more financing after an IPO is easy.

  A company must undergo a SEBI-compliant audit before starting the formal IPO preparation process. Auditing is more comprehensive than previous audits and increases confidence in the reliability of corporate reporting. Lower borrowing rates on bank loans are a result of this improved confidence as the company is perceived as less risky or safer.

- ***Inventory as Payment Method***

  Being a publicly listed company, shares can be used as a form of payment. Public stock, which is used to pay workers and buy other companies, is basically money that can be bought and sold at market prices.

  Even if the base cash salary is lower than what competitors pay, the ability to pay workers with stock options allows a company to remain competitive in seeking first-rate talent because it keeps employees who are part of the company as shareholders. In the case of acquisitions, the key strategy is often to continue the company's growth and market share. But buying from other companies is very expensive.

  When a business is publicly traded, it has the option of accepting shares of its stock as payment instead of real money.

- ***Improved Public Image***

  A company's reputation will undoubtedly increase after going public. This attracts investors from all over the world, especially banks, who are more likely to invest in a publicly traded company.

  Since then, company operations have been conducted more professionally and transparently, as you are required to submit regular reports to SEBI. In addition, the media covers IPOs more, giving the public company an opportunity to make themselves known. Thus, organization appears normal.

- ***Liquidity***

  Everyone who is a part of the business, including workers, shareholders and project investors, will benefit greatly from going public. An IPO is the perfect opportunity to get rich for the shareholders who have worked hard to make the company a success.

Shareholders benefit by creating a liquid market for the company's shares. Unlike sole proprietorship where the business owner keeps all the profits,the shareholders of a publicly traded company split the profits equally.

- ***Motivating workers***

  A company may decide to offer benefits to its workers after going public and having an IPO, such as stock incentive packages. It improves employee retention because it gives incentives to workers in the form of shares, which those who work for the company become a part of. As stated earlier, this remuneration system recruits better and brighter staff and motivates the existing workforce to manage successfully.

CHAPTER 2

INDUSTRY PROFILE

INDUSTRY PROFILE

STOCK MARKET

The stock market, often called the secondary market, is where shares of publicly traded companies are bought, sold, and issued. It allows various buyers, investors andsellers to connect, share, learn and complete transactions. The stock market serves two main purposes: liquidity, which allows various buyers and sellers to transact; and price discovery, which occurs when many participants demand shares andsellers supply those shares to the market, setting a price per share based on supply and demand. As different players compete for the best price, the stock market often ensures strong liquidity and fair prices.

Generally, stock markets are consulted to get a sense of the state and performance ofa country's economy. An economy is measured using stock market indices as a benchmark.

In India, the Securities and Exchange Board of India (SEBI) primarily manages and regulates the stock market, which is a highly regulated and regulated market. The primary objective of SEBI, which monitors the stock market and tracks all market activities, is to protect the interests of investors.

India's first stock market was established in Bombay in 1875, making it one of the oldest stock exchanges in Asia. There is mostly commodity exchange, and the Ahmedabad Stock Exchange was established in 1894 to trade agricultural commodities. Subsequently, many stock exchanges were formed in India.

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PURPOSE OF STOCK MARKET

There are two important functions that are performed by the stock market. The first function is a vehicle through which businesses can raise money and expand. The second function of the stock market is to allow the shareholders to benefit from the profits of these publicly traded companies. There are two ways that stock investors may make money.

- The other way is by selling their stock for a profit.
- The purchased stocks pay regular dividends.

CHARACTERISTICS OF STOCK MARKET

- A stock market is a market for buying and selling securities of companies, government and semi-government bodies.
- Stocks, bonds, debentures and other instruments already issued by companies are transacted in the stock market. Also called secondary market because securities may be new or used.
- The stock market provides necessary infrastructure and facilities to brokers andmembers to conduct trading activities.
- To maintain free and fair trade, the stock market acts as the governing body for all business activities.
- Exchanges can be a registered or unregistered body of individuals or group of individuals.
- Only authorized brokers and exchange members are allowed to transact there. As a result, investors can only use authorized brokers to buy and sell shares on the stock exchange. Foreigners or direct investors are not allowed in the upper levels of the stock exchange.
- The stock market is used only for trading in NSE and BSE listed securities. Sharesor securities not listed on the two Indian stock exchanges (NSE and BSE) are not traded.

- The stock market is a regulated and regulated market that requires permission from the federal government.
- The Securities and Exchange Board of India (SEBI) supervises all trading activities in the stock market. Its laws and regulations must be followed in all dealings.
- The stock market operates during certain hours or working days. Any trade in the stock exchange can be done only during trading hours; After hours, it closes.
- All stock market transactions are managed and monitored by computers and electronic systems, which make it easy to track all trading data.

FUNCTIONS OF STOCK MARKET

The following are the few important functions of a stock market.

- The Stock market helps in evaluating (pricing) shares based on supply and demand. These ratings help consumers, investors, government and lenders understand the value of their investments, the creditworthiness of the underlying securities and the tax implications of those investments. Since they reflect every major change that occurs in the economy, stock markets are considered the pulse of the economy that indicates the financial state of the country.
- The stock market is a useful indicator for assessing the economic health of a country, as the resources of the economy can be mobilized through the stock markets. Through these investments, companies can easily get funds for expansion and development and investors can get a return on their investment through the profits earned by the business.
- The stock market ensures that investors can liquidate their assets at any time according to their needs or convert their long-term investments into medium-investments. There is a market ready to buy and sell securities.

- Investors in the stock market could buy and sell shares in a highly successful business or idea. They can create more money through divestment and reinvestment, which increases company capital and investor returns and promotes economic growth.

- Promotes the stock market and provides attractive investment options. These opportunities encourage consumers to increase their savings and investments in these products.

- Only listed securities can be traded in the stock market. Only after verifying the facts and statements provided by the company as per the requirements of SEBI, will the name of the company be listed. It ensures safety and security for stock market transactions.

NATIONAL STOCK EXCHANGE (NSE)

The National Stock Exchange of India Limited (NSE) is regarded as the foremost financial market in India. The leadership team is made up of the Managing Director and Chief Executive Officer, Vikram Limaye and Chairman Girish Chandra Chaturvedi.

NSE has been engaging in business activities such as trading in wholesale equity, trading in debt, trading in derivatives, etc. There's the NIFTY-50 index which is popular as it represents a barometer of the most key stocks in Indian equity market. This NIFTY index is available to investors around the world, including US investors via overseas exchange-traded funds such as the iShares India 50 ETF (INDY).

NSE is considered a new exchange but has quickly attracted companies wishing to mainstream in primary stock and top international exchanges. The trend improves the level of market exposure, and it raises the investors' confidence. The use of sophisticated technology facilitates speedy execution of orders, which in turn brings about improved rates and enhanced liquidity.

HISTORY OF NSE

The NSE is now the world's fourth-busiest equities trading exchange, having evolved into a sophisticated computerized market. Although it was established in 1992, trade did not begin until 1994, with the introduction of the wholesale debt market and the cash market sector following closely after.

BOMBAY STOCK EXCHANGE (BSE)

The Bombay Stock Exchange (BSE), founded in 1875, is one of the earliest and most important stock markets in India. It was first referred to as the Association of Stock and Stockbrokers and was established in Mumbai. The BSE implemented change in October of 1995 by introducing an electronic trading system and doing away with manual market transactions.

The New York Stock Exchange (NYSE), NASDAQ, London Stock Exchange Group, Japan Stock Exchange Group, and Shanghai Stock Exchange all consider the BSE to be among the largest exchanges in the world. Trading activities include purchasing and selling of a variety of financial instruments which include approximately 6,000 listed stocks, mutual funds, derivatives, and other debt securities as well as currencies.

History of BSE

In the heart of Mumbai, India, on Dalal Street you will find the Bombay Stock Exchange (BSE). In front of Mumbai City Hall, in the 1850s, stockbrokers used totrade under a banyan tree. The Association of Stock and Stockbrokers, the body that eventually evolved into the BSE, chose Dalal Street as its official meeting place in 1874 after holding meetings at various locations for several decades.

CHAPTER 3

RESEARCH METHODOLOGY

RESEARCH DESIGN

STATEMENT OF THE PROBLEM

In the aftermath of the COVID-19 pandemic, public attitudes toward the stock market have shifted, with Initial Public Offerings (IPOs) gaining popularity as an investment option. Recent IPOs have been oversubscribed, proving beneficial for both investors and companies. This study aims to examine the success of IPOs launched in recent years.

RESEARCH RATIONALE

Becoming a public company through an IPO places significant pressure on management regarding company performance and decision-making. This may lead to potential embellishment of facts to attract investors, which is closely monitored by growth-seeking speculators. This research seeks to assist investors in selecting appropriate IPOs by evaluating set rates and the company's long-term prospects.

STUDY SCOPE

This research concentrates on analyzing IPO performance, specifically those issued between January 1, 2020, and December 31, 2022. The analysis aims to provide comprehensive information to potential IPO investors, utilizing financial data from listed companies to guide them in identifying the most profitable investment opportunities.

RESEARCH OBJECTIVES

1. To comprehend the IPO process.
2. To study the pricing structure used to attract investors in an IPO’s.
3. To evaluate the long-term performance of Indian IPOs.
4. To identify factors contributing to IPO underpricing or overpricing in India.

RESEARCH TYPE

This study employs Descriptive Research methodology. This approach was chosen to examine the post-market performance of IPOs in the Indian stock market, based on stock evaluation using current data from listed companies.

RESEARCH SAMPLE

The study focuses on companies that have raised equity capital through their first listing on the National Stock Exchange (NSE), specifically IPOs listed from 2020 to 2022.

DATA COLLECTION

Secondary data sources are referred for this paper on IPO pricing and performance in the Indian stock market. Various websites, Journals, and articles published by academic professionals and researchers form reference material. Furthermore, data taken from NSE and SEBI is used to examine and evaluate the three-year financial position of listed securities over in the Indian Stock Market.

RESEARCH METHODOLOGY

The evaluation of the study and analysis phase includes two interrelated phases as well as phases of listing and selling. Such an analysis identifies the differences between listing and current gains, and their causes. First, we obtain initial returns by listing prices and current prices for calculating gains. This approach enables a comprehensive examination of the differences between the two gains and their reasons.

Listing Gain = (Listing price – Issue price)/Issue price*100
Current Gain = (Current price – Listing price)/Listing price*100

After that, we make use of the MAER model to evaluate the present earnings of a single IPO and make comparisons for market performance.
MAER = Return on stock ‘I’ at time ‘t’ (Current gain) – Index other than the current market at the specified time ‘t’

Here is the given IPO and ‘t’ is the time chosen for the evaluation of that IPO.
This computation is done for all the equity IPOs that were listed in the years 2020, 2021 and 2022 spanning over a three-year period. The outcomes show roughly the top and bottom IPOs that investors would like to study during price change from the time it issued to the listing price and from the listing price to present prices.

STUDY LIMITATIONS

• The research is based only on secondary data which can have some level of distortion or may be untrustworthy altogether.

• Only external factors affecting the performance of IPO are taken into consideration, other organizational constructive elements are left out.

• The research is restricted to the case studies of IPOs that have been placed in the stock exchanges in India.

• There are limitations with respect to the collection of data from outside countries, as not all data regarding IPOs is present in the public domain.

• The scope of the research is limited as it tends to concentrate on the price and the performance of companies already listed, neglecting the processes involved in the IPO stage.

• Due to time limitation, it would not be possible to conduct detailed examination of the researched all IPOs in the case of Indian stock market.

• The data available on the internet from secondary sources may be exceedingly old and may not reflect the current state of the world which in turn will affect the financial figures negatively.

LITERATURE REVIEW

Pradeepta Kumar Samanta

In 2019, Pradeepta Kumar Samanta conducted a study titled "Performance Analysis of IPOs in the Indian Market." He used MAER- which is known as Market Anomalous Excess Returns- to analyze long-term performance of IPOs. This will help to depict how well the IPOs did in terms of their prices over time.

The study revealed a strong positive relation between the initial trading price of an IPO and how many times the stock has been oversubscribed. So, if an issue has been 'oversubscribed', then the 'initial trading price' tends to be higher. An observed pattern in this context was across sectors and industries.

Mohammed Arshad Khan, Md Faiz Ahmad, Md Rashid Farooqi (2021)

In 2021, they published a paper titled "Study of Stock Performance of Selected IPOs in India." In that paper, they used the statistical method called the Wilcoxon Signed Rank Test to understand how the returns from IPOs have increased over time.

Their findings indicated that the medium-to-long term performance of IPOs listed on the exchange is higher than their short-term performances. Meaning, the value of such IPOs, and more so, their share premium and initial trading price on the day it lists on the exchange increases much more in the long run. The study implies the possibility of increased returns to an investor if they hold on to their investments for more than a year.

Deepak Agrawal, Yogeshwari Phatak (2009)

In India Universe Sanabil Naim and Salman Moin Shinwari studied the determinants of IPO pricing in their work titled “An Empirical Analysis to Understand Factors Affecting Budgeting, Pricing and Performance of IPOs in India”. They focused on the process around the actual pricing of IPOs and classed the main approaches into two biases: overpricing and underpricing.

Overpricing is predicted to happen when the initial offering price of the shares during the IPO is greater than the price at which the shares are traded on the stock market.

Underpricing is expected to occur when the price at which the shares are issued during an IPO is lower than the opening share price after the IPO has concluded.

The survey stated that these differences in the price at which the shares are issued and the price of the market first quote are caused by, among other things, the general difference in anticipation of the IPO price and that after it starts trading. The price that was set at the qualified pre-IPO stage can either be too high or too low as measured against the price at the close of the first day of trading.

Pardeep Kumar (2013)

In 2013, Pardeep Kumar conducted a study entitled, 'IPO Performance in India.' His objective was to know whether investing in IPOs (Initial Public Offerings) would give better profits than the investment made in purchasing stocks available in the secondary market.

To do this, he analyzed the performance of Indian IPOs over both the short and the long period. He employed two approaches to evaluate this performance:

Wealth Relative (WR): This approach analyses ends wealth earned through IPO investments above and the wealth earned from other activities.

Market Adjusted Abnormal Rate of Return (MAAR): This technique values the returns of IPOs after factoring the returns of the entire market.

His research is intended to be used as a tool to demonstrate that IPOs, if issued, can be anticipated to earn higher returns than any other equity market-based investments.

K. S. Manu, Chhavi Saini (2020)

This paper on the Indian stock market with regard to the pricing and performance of initial public offerings referred to secondary sources of data. Websites, Journals, and articles published by various academic professionals and researchers form a reference material. Also, data taken from NSE and SEBI are used to analyze and assess the three-year financial position of listed securities over in the Indian Stock Market.

Dr. Rajesh Kumar Agrawal, Ms. Vaishali Bakliwal (2015)

In the year 2015, Dr. Rajesh Kumar Agrawal and Ms. Vaishali Bakliwal completed their work titled as “IPO in India.” Shinyei Yoyi, the registration process with its Issuer Acquisition Advertising for Indian companies along with showcasing their struggles of availing the opportunity within the market is an aim which needs to be achieved through research movement undertaken by the authors.

Their study conducted a qualitative, survey-type investigation of various trends and factors that even lead to share issuance through IPO:

Market Conditions: What unpredictability of changes in the market prospects, how can they serve/talk over n IPOs?

World crises: Crises including the above-mentioned possibilities within the World market, any trust in these IPO's launching possibilities would exist.

Merchant bankers: Do they influence the involvement of foreign offshore clients’ cash within the target firm?

Dr. K B Nalina, Dr. Rakesh H M (2021)

Dr K. B. Nalina and Dr. Rakesh H. M. have carried out what they have called — “A Study on Under-Pricing of Initial Public Offering (IPO) in Indian Capital Market” in the year two thousand twenty-one. The central aim of this study was to investigate the reasons for the prevailing trend of underpricing of Initial Public Offerings in India and the performance of this stock on its first trading day on the stock exchange’s.

Underpricing has to do with a situation where the IPO is priced at a figure lower than the market value. One of the interesting findings of this study is that perhaps one of the causes of IPO underpricing in India is the scarcity of information concerning these IPOs by the investors.

The researchers also examined some of the explanations and theories given in other research works in a bid to shed more light into the problem. It was established by their studies that, because of the low awareness, the investors are likely to miscalculate the worth of the IPO leading to its underpricing.

Iqbal Thonse Hawaldar, K.R. Naveen Kumar, T. Mallikarjunappa (2018)

In 2018, these researchers published a research paper titled "Pricing and Performance of IPOs: Evidence from Indian Stock Market." They studied the pricing mechanism of the IPO and how it performs at the time of trading and after that. The study covered a period of 15 years; it began in 2001 and went up to 2015.
They compared two different methods of IPO pricing:

Book-built IPOs: The basis for determining the price is the investor's demand.
Fixed price IPOs: Price is fixed before the IPO is offered to investors.

Findings indicated that book-built IPOs are less underpriced than the fixed-price IPOs. In other words, the initial price of book-built IPOs is closer to its actual trading price on the first day of trading while fixed-price IPOs tend to be priced lower than their trading price. This leads to a difference in terms of IPO performance in the market.

Aloysius Edward J (2019) In 2019,
Aloysius Edward J conducted his research on the performance of Indian IPOs in 2018-2019. In this specific study, the target was to focus on a specific issue of distribution of IPOs. SEBI has altered the mode of IPO allotment to the retail investors from the pro-rata system into a lottery system since the year 2012.

The study considered 14 companies from 132, which floated money by raising IPOs, chosen on the size of issues they raised. The study reveals that those companies, whose listing gains were high (initial price increase at listing), went on to record an increase in market value overtime. It was also observed that the companies which had been grossly oversubscribed witnessed increases both in listing price and the current market value.

CHAPTER 4

FRAMEWORK OF ANALYSIS

TABLE 4.1

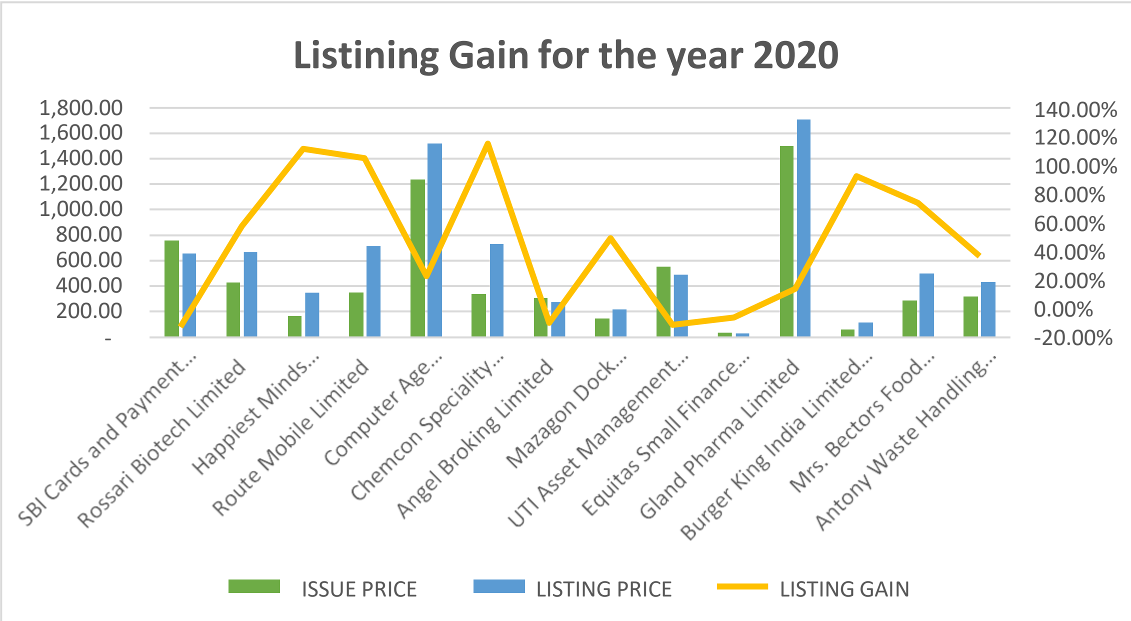
CALCULATING THE IPO'S LISTING GAINS FOR THE YEAR 2020

SI NO	COMPANY NAME	ISSUE PRICE	LISTING PRICE	LISTING GAIN
1	SBI Cards and Payment Services Limited	755.00	658.00	-12.85%
2	Rossari biotech ltd.	425.00	670.00	57.65%
3	HMTL	166.00	351.00	111.45%
4	Route mobile limited	350.00	717.00	104.86%
5	CAMSL	1,240.00	1,518.00	22.42%
6	Chemcon Speciality Chemicals Limited	340.00	730.95	114.99%
7	Angel Broking Limited	306.00	275.00	-10.13%
8	Mazagon Dock Shipbuilders Limited	145.00	216.25	49.14%
9	UTI Asset mag com ltd	554.00	490.25	-11.51%
10	Equity small fin ltd	33.00	31.00	-6.06%
11	GPM	1,500.00	1,710.00	14.00%
12	BKIL	60.00	115.35	92.25%

13	Mrs. BFSL	288.00	501.00	73.96%
14	AWHCL	315	430.00	36.51%

GRAPH 4.1

DIAGRAM ILLUSTRIATING THE IPO'S LISTING GAINS FOR THE YEAR 2020



Analysis and Interpretation

From the above charts and calculations, it is clear that at time of listing issue price four companies were writing losses which are SBI Services Ltd., AB Ltd., UTI Asset Management Company Limited and Equites Small Finance Bank Ltd. The remaining firms still showed profits worth millions.

Chemo Specialty Chemicals Limited had the highest listing gain of 114.99%, and SBI Cards Limited experienced a maximum dip at -12.85%.

These findings suggest that most IPO participants have effectively played the stock market - but there are a handful of notable exceptions. Those companies that didn't make it might have failed to push their IPO in the stock market or overshot of good market demand for them.

TABLE 4.2

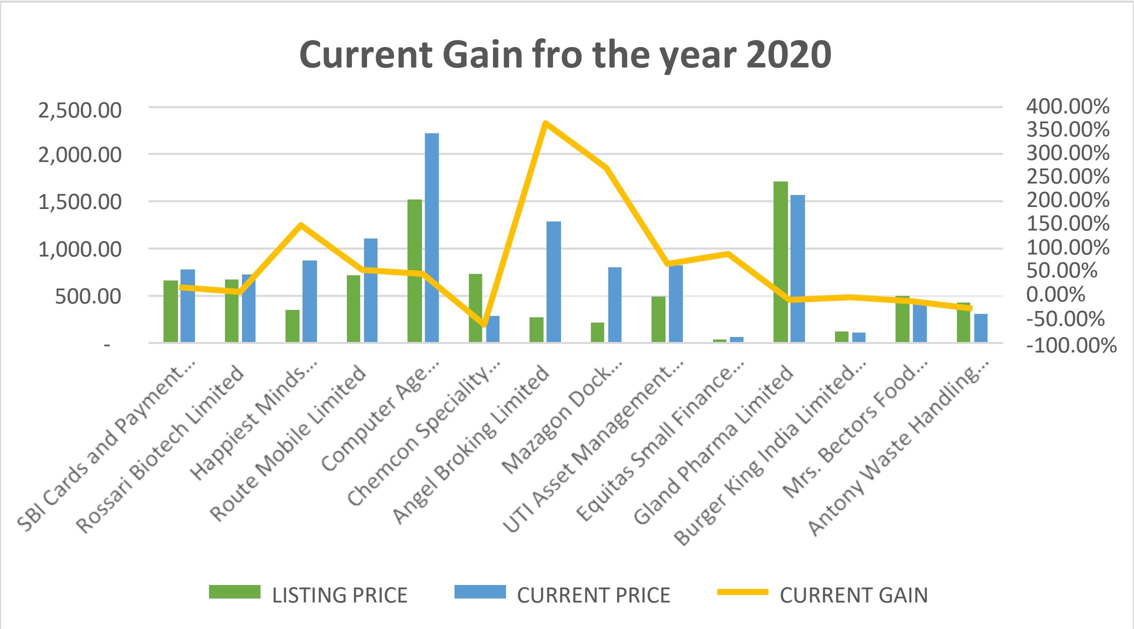
CALCULATION OF THE PRESENT IPO GAINS FOR 2020

SL NO	COMPANY NAME	LISTING PRICE	CURRENT PRICE	CURRENT GAIN
1	SBI Cards and Payment Services Limited	658.00	774.20	17.66%
2	Rossari Biotech Limited	670.00	722.25	7.80%
3	Happiest Minds Technologies Limited	351.00	873.45	148.85%
4	Route Mobile Limited	717.00	1,104.95	54.11%
5	Computer Age Management Services Limited	1,518.00	2,220.75	46.29%
6	Chemcon Speciality Chemicals Limited	730.95	283.85	-61.17%
7	Angel Broking Limited	275.00	1,280.70	365.71%
8	Mazagon Dock Shipbuilders Limited	216.25	802.85	271.26%
9	UTI Asset Management Company Limited	490.25	823.55	67.99%

10	Equitas Small Finance Bank Limited	31.00	58.70	89.35%
11	Gland Pharma Limited	1,710.00	1,565.15	-8.47%
12	BKIL	115.35	111.05	-3.73%
13	Mrs. Bectors Food Specialities Limited	501.00	441.85	-11.81%
14	Antony waste ltd	430.00	310.75	-27.73%

GRAPH 4.2

CHART ILLUSTRATING THE PRESENT IPO GAINS FOR 2020



Analysis and Interpretation

We have calculated the numbers from the data provided above and it is clear that out of these 15 IPOs only 5 are trading below their issue price, giving gains in rest all.

In Current time the best performing IPO in Market is Angel Broking Limited having a huge gain of 365.71%. Chemcon Speciality Chemicals Limited is the worst performer with a loss of -61.70%.

Chemcon Speciality Chemicals Limited has the highest listing gain originally at 114.99%, now trading in negative territory, is one of these interesting things about it… In contrast, Angel Broking Limited that suffered a negative listing gain, has emerged as the best performer in the market.

TABLE 4.3

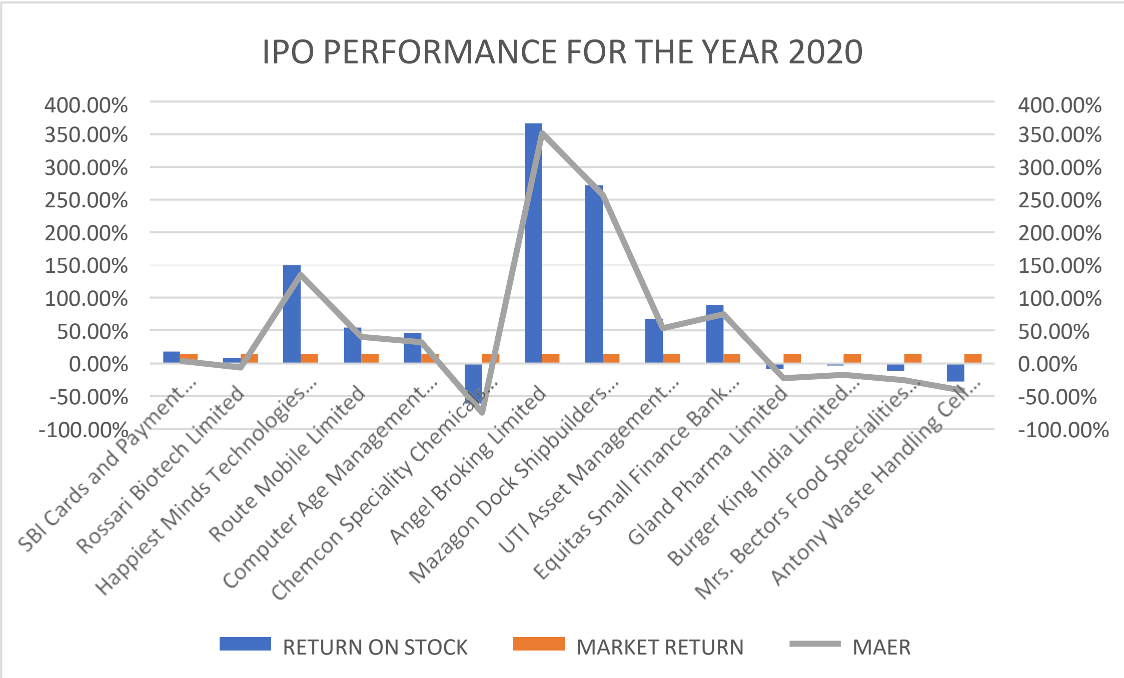
CALCULATION OF MAER FOR THE YEAR 2020

SL NO	COMPANY NAME	RETURN ON STOCK IN(%)	MARKET RETURN IN (%)	MAER IN (%)
1	SBI Cards and Payment Services Limited	17.66	14.16	3.49
2	Rossil Bio Ltd	7.80	14.16	-6.37
3	HMTL	148.85	14.16	134.68
4	Routine Mob Ltd	54.11	14.16	39.94
5	CAMSL	46.29	14.16	32.12
6	Chem spec chem ltd	-61.17	14.16	-75.34
7	ABL	365.71	14.16	351.54

8	MDSL	271.26	14.16	257.09
9	UTI AMCL	67.99	14.16	53.82
10	ESFBL	89.25	14.16	75.19
11	GPL	-8.47	14.16	-22.64
12	BKIL	-3.73	14.16	-17.90
13	Mrs. BFSL	-11.81	14.16	-25.98
14	AWHCL	-27.73	14.16	-41.90

GRAPH 4.3

DIAGRAM FOR THE YEAR 2020



Analysis and Interpretation

When the data is analyzed that, most of 2020 IPO issues and listing exhibited positive market adjusted excess returns (MAER) contrary to only six issues had negative MAER. While other companies which underperformed the stock benchmark were down in negative rates, Chemcon Speciality Chemicals Limited bore the maximum brunt with a -75.34% return fighting against them for 16 days during this period of testing times as per our back testing script written on Python to track its movement based on list headlines from r/analytics vidarabine Components On the other hand, eight of 14 IPO companies had a positive MAER and performed well. Angel Broking Limited is the biggest gainer for 2020 with returns of nearly 351.54%.

Although COVID-19 battered India in 2020, IPOs here were largely insulated from the adverse effects of the pandemic. These recent public firms also earned substantially higher positive returns than those that reported losses. It shows how well things have swung their direction because of the pandemic

TABLE 4.4

CALCULATING THE IPO'S LISTING GAINS FOR THE YEAR 2021

SL NO	COMPANY NAME	ISSUE PRICE	LISTING PRICE	LISTING GAIN
1	Indian Railway Finance Corporation Limited	26.00	24.90	-4.23%
2	IPL	1,490.00	2,601.50	74.60%
3	HFFCIL	518.00	619.80	19.65%
4	Stove Kraft Limited	385.00	498.00	29.35%
5	RCIL	94.00	109.00	15.96%
6	Heranba Industries Limited	627.00	900.00	43.54%
7	MTAR Technologies Limited	575.00	1,050.00	82.61%
8	Easy Trip Planners Limited	187.00	212.25	13.50%
9	Anupam Rasayan India Limited	555.00	520.00	-6.31%
10	CAL	1,490.00	1,359.00	-8.79%
11	Laxmi Organic Industries Limited	130.00	155.50	19.62%

12	Kalyan Jewellers India Limited	87.00	73.95	-15.00%
13	SSFBL	305.00	292.00	-4.26%
14	NTL	1,101.00	1,990.00	80.74%
15	Barbeque-Nation Hospitality Limited	500.00	489.85	-2.03%
16	Macrotech Developers Limited	486.00	436.00	-10.29%
17	Sona BLW Precision Forgings Limited	291.00	301.00	3.44%
18	SMEL	306.00	380.00	24.18%
19	Dodla Dairy Limited	428.00	550.00	28.50%
20	Krishna Institute of Medical Sciences Limited	825.00	1,009.00	22.30%
21	India Pesticides Limited	296.00	360.00	21.62%
22	Clean Science and Technology Limited	900.00	1,775.00	97.22%
23	G R Infraprojects Limited	837.00	1,715.85	105.00%
24	Zomato Limited	76.00	125.85	65.59%
25	TCPCL	1,083.00	2,111.85	95.00%

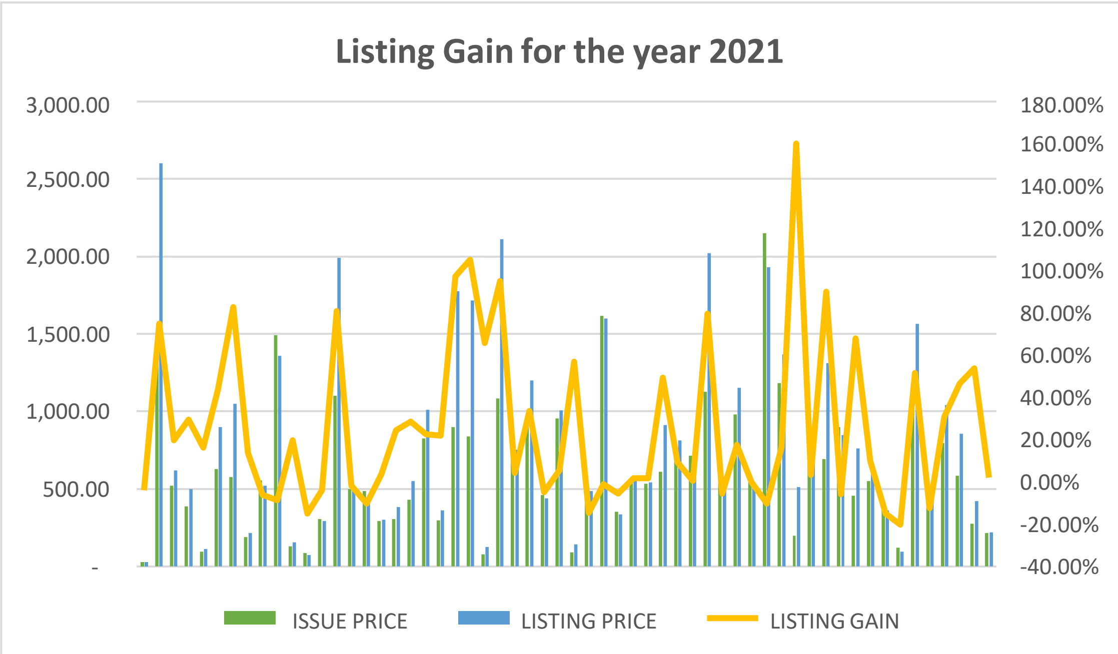
26	Glenmark Life Sciences Limited	720.00	750.00	4.17%
27	Rolex Rings Limited	900.00	1,200.00	33.33%
28	Windlas Biotech Limited	460.00	437.00	-5.00%
29	Krsnaa Diagnostics Limited	954.00	1,005.55	5.40%
30	Devyani International Limited	90.00	141.00	56.67%
31	Nuvoco Vistas Corporation Limited	570.00	485.00	-14.91%
32	CarTrade Tech Limited	1,618.00	1,599.80	-1.12%
33	Aptus Value Housing Finance India Limited	353.00	333.00	-5.67%
34	Chemplast Sanmar Limited	541.00	550.00	1.66%
35	Vijaya Diagnostic Centre Limited	531.00	540.00	1.69%
36	Ami Organics Limited	610.00	910.00	49.18%
37	Sansera Engineering Limited	744.00	811.50	9.07%
38	Aditya Birla Sun Life AMC Limited	712.00	715.00	0.42%
39	FSN Ecommerce Ventures Limited	1,125.00	2,018.00	79.38%

40	FINO Payments Bank Limited	577.00	544.00	-5.72%
41	PB Fintech Limited	980.00	1,150.00	17.35%
42	S J S Enterprises Limited	542.00	540.00	-0.37%
43	One 97 Communications Limited	2,150.00	1,929.00	-10.28%
44	SFIL	1,180.00	1,368.00	15.93%
45	Latent View Analytics Limited	197.00	512.20	160.00%
46	Tarsons Products Limited	662.00	682.00	3.02%
47	Go Fashion (India) Limited	690.00	1,310.00	89.86%
48	SHAICL	900.00	845.00	-6.11%
49	Tega Industries Limited	453.00	760.00	67.77%
50	Anand Rathi Wealth Limited	550.00	603.00	9.64%
51	RateGain Travel Technologies Limited	425.00	360.00	-15.29%
52	Shriram Properties Limited	118.00	94.00	-20.34%
53	C.E. IFL	1,033.00	1,565.00	51.50%

54	Metro Brands Limited	500.00	437.00	-12.60%
55	MedPlus Health Services Limited	796.00	1,040.00	30.65%
56	Data Patterns (India) Limited	585.00	856.05	46.33%
57	Supriya Lifescience Limited	274.00	421.00	53.65%
58	CMS Info Systems Limited	216.00	220.20	1.94%

GRAPH 4.4

DIAGRAM ILLUSTRIATING THE IPO'S LISTING GAINS FOR THE YEAR 2021



Analysis and Interpretation

2021 was a good year for IPOs (equity) as compared to 2020. Negative listing gains were recorded for 18 among the total of 58 IPOs launched while positive gain was observed in all other issues.

Latent View Analytics Limited led the list of listing gains with 160% (approx.) and Shriram Properties Library limited faced a major blow over others posting -20.34 %).

While 2021 saw a higher number of participants, it was also one of the least expensive years in history with few failed IPOs. Despite strong competition, most of the companies managed to list with substantial gains.

TABLE 4.5

CALCULATION OF THE PRESENT IPO GAINS FOR 2021

SL NO	COMPANY NAME	LISTING PRICE	CURRENT PRICE	CURRENT GAIN
1	Indian Railway Finance Corporation Limited	24.90	32.70	31.33%
2	Indigo Paints Limited	2,601.50	1,290.00	-50.41%
3	HFFCIL	619.80	734.95	18.58%
4	Stove Kraft Limited	498.00	547.00	9.84%
5	RCIL	109.00	126.00	15.60%

6	Heranba Industries Limited	900.00	490.00	-45.56%
7	MTAR Technologies Limited	1,050.00	1,625.55	54.81%
8	Easy Trip Planners Limited	212.25	52.50	-75.27%
9	Anupam Rasayan India Limited	520.00	687.15	32.14%
10	Craftsman Automation Limited	1,359.00	3,514.50	158.61%
11	Laxmi Organic Industries Limited	155.50	293.00	88.42%
12	KJIL	73.95	120.95	63.56%
13	SSFBL	292.00	112.80	-61.37%
14	Nazara Technologies Limited	1,990.00	574.80	-71.12%
15	Barbeque-Nation Hospitality Limited	489.85	949.00	93.73%
16	Macrotech Developers Limited	436.00	1,053.50	141.63%
17	Sona BLW Precision Forgings Limited	301.00	417.50	38.70%
18	Shyam Metalics and Energy Limited	380.00	303.50	-20.13%
19	Dodla Dairy Limited	550.00	504.40	-8.29%

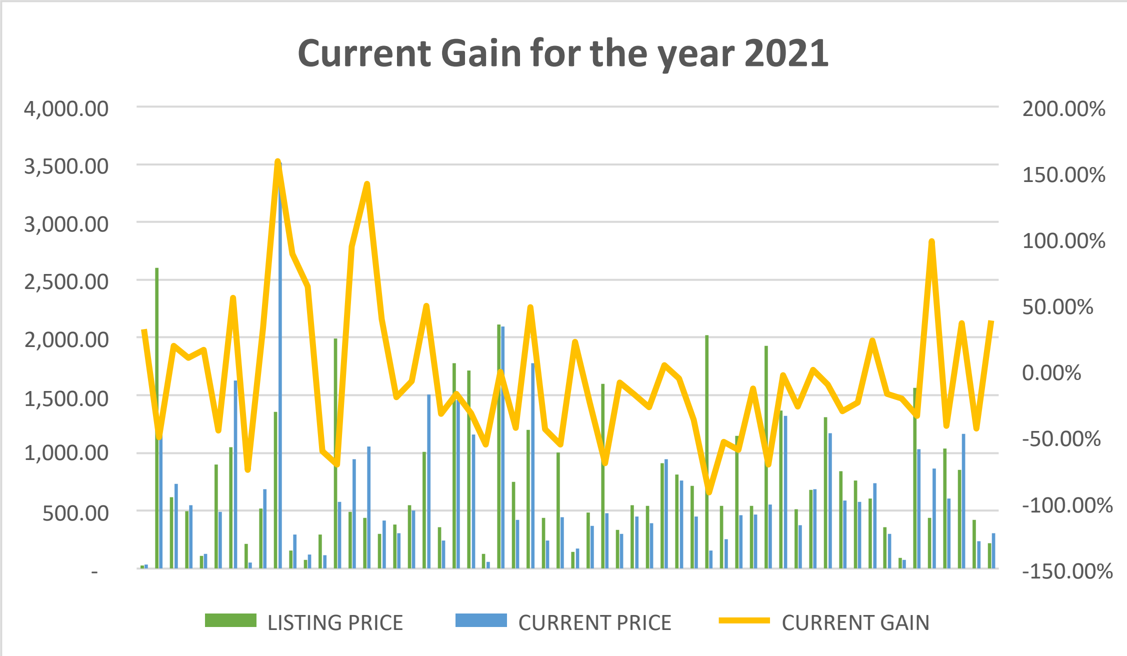
20	Krishna Institute of Medical Sciences Limited	1,009.00	1,505.00	49.16%
21	India Pesticides Limited	360.00	241.50	-32.92%
22	Clean Science and Technology Limited	1,775.00	1,460.65	-17.71%
23	G R Infraprojects Limited	1,715.85	1,159.00	-32.45%
24	Zomato Limited	125.85	55.45	-55.94%
25	Tatva Chintan Pharma Chem Limited	2,111.85	2,093.00	-0.89%
26	Glenmark Life Sciences Limited	750.00	423.00	-43.60%
27	Rolex Rings Limited	1,200.00	1,778.00	48.17%
28	Windlas Biotech Limited	437.00	241.90	-44.65%
29	Krsnaa Diagnostics Limited	1,005.55	443.00	-55.94%
30	Devyani International Limited	141.00	171.40	21.56%
31	Nuvoco Vistas Corporation Limited	485.00	367.00	-24.33%
32	CarTrade Tech Limited	1,599.80	478.00	-70.12%
33	Aptus Value Housing Finance India Limited	333.00	302.45	-9.17%
34	Chemplast Sanmar Limited	550.00	450.00	-18.18%

35	Vijaya Diagnostic Centre Limited	540.00	390.90	-27.61%
36	Ami Organics Limited	910.00	947.95	4.17%
37	Sansera Engineering Limited	811.50	763.95	-5.86%
38	Aditya Birla Sun Life AMC Limited	715.00	449.00	-37.20%
39	FSN Ecommerce Ventures Limited	2,018.00	152.60	-92.44%
40	FINO Payments Bank Limited	544.00	250.60	-53.93%
41	PB Fintech Limited	1,150.00	460.30	-59.97%
42	S J S Enterprises Limited	540.00	465.55	-13.79%
43	One 97 Communications Limited	1,929.00	555.00	-71.23%
44	SFIL	1,368.00	1,320.00	-3.51%
45	Latent View Analytics Limited	512.20	372.00	-27.37%
46	Tarsons Products Limited	682.00	684.80	0.41%
47	Go Fashion (India) Limited	1,310.00	1,170.00	-10.69%
48	Star Health and Allied Insurance Company Limited	845.00	585.50	-30.71%

49	Tega Industries Limited	760.00	576.10	-24.20%
50	Anand Rathi Wealth Limited	603.00	740.60	22.82%
51	RateGain Travel Technologies Limited	360.00	297.10	-17.47%
52	Shriram Properties Limited	94.00	74.25	-21.01%
53	C.E. ISL	1,565.00	1,030.35	-34.16%
54	Metro Brands Limited	437.00	865.95	98.16%
55	MedPlus Health Services Limited	1,040.00	604.50	-41.88%
56	Data Patterns (India) Limited	856.05	1,164.00	35.97%
57	Supriya Lifescience Limited	421.00	236.00	-43.94%
58	CMS Info Systems Limited	220.20	303.75	37.94%

GRAPH 4.5

CHART ILLUSTRATING THE PRESENT IPO GAINS FOR 2021



Analysis and Interpretation

If you noticed the above data closely, compared to previous listing gain data a lot of companies seemed down so far. As the data suggests, all companies have lost their market when it comes to listing prices vs the current price of shares out 89, only rest 39 has gain.

IPO wise, Craftsman Automation Limited secures the top spot with a year-to-date current gain of 158.61% and FSN Ecommerce Ventures Limited closing on a negative note -92.44%.

The above display might be the outcome of it as 2021 is when we experienced a COVID-19 second wave.

TABLE 4.6

MAER FOR THE YEAR 2021

SL NO	COMPANY NAME	RETURN ON STOCK (%)	MARKET RETURN (%)	MAER (%)
1	Indian Railway Finance Corporation Limited	31.33	25.13	7.21
2	Indo paint ltd	-50.41	25.13	-74.53
3	Home First FCIL	18.58	25.13	-5.54
4	SKL	9.84	25.13	-14.28
5	Retail Corporation Ltd	15.60	25.13	-8.52
6	Herbal industry ltd	-45.56	25.13	-69.68
7	MTAR TL	54.81	25.13	30.69
8	ETPL	-75.27	25.13	-99.39
9	ARIL	32.14	25.13	8.02
10	CUL	158.61	25.13	134.49
11	Laxmi Organic Industries Limited	88.42	25.13	64.30
12	KJIL	63.56	25.13	39.44
13	SSFBL	-61.37	25.13	-85.49
14	NTL	-71.12	25.13	-95.24

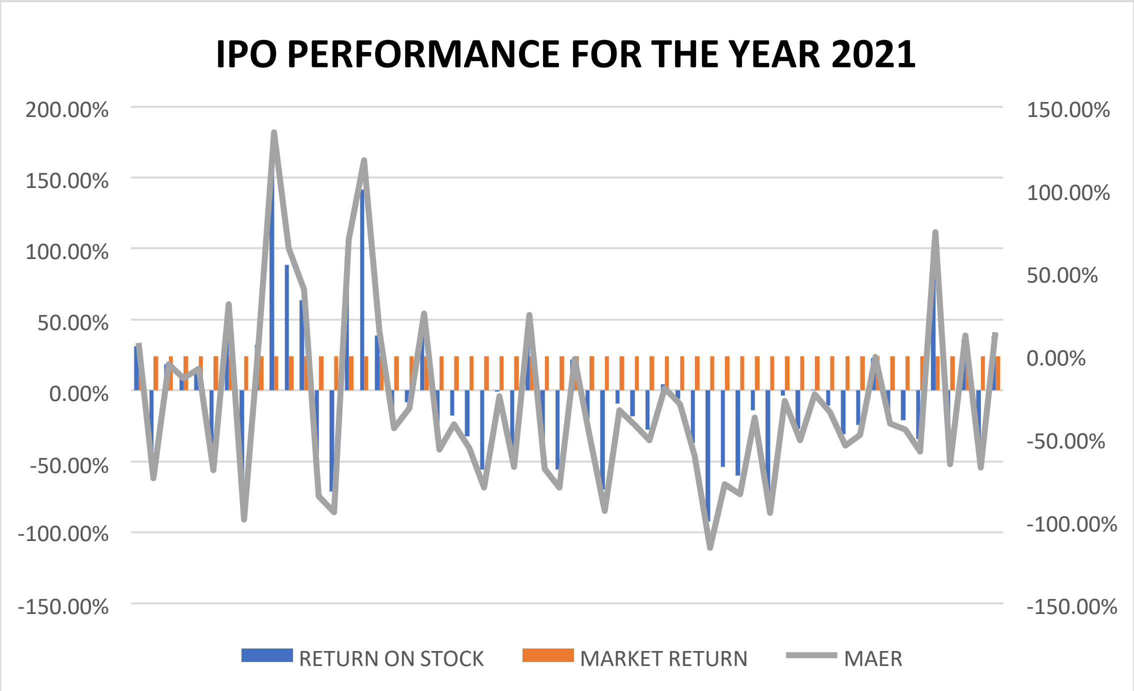
15	BNHL	93.73	25.13	69.61
16	Macro Develop Ltd	141.63	25.13	117.51
17	Sona BLW Precision Forgings Limited	38.70	25.13	14.58
18	SM and EL	-20.13	25.13	-44.25
19	Doda Daily Ltd	-8.29	25.13	-32.41
20	KIMSL	49.16	25.13	25.04
21	India Pestsides ltd	-32.92	25.13	-57.04
22	CS & TL	-17.71	25.13	-41.83
23	G R IL	-32.45	25.13	-56.57
24	Zomata Ltd	-55.94	25.13	-80.06
25	TCPCL	-0.89	25.13	-25.01
26	GLSL	-43.60	25.13	-67.72
27	Rolex R Ltd	48.17	25.13	24.05
28	Wind Bio Ltd	-44.65	25.13	-68.77
29	KDL	-55.94	25.13	-80.06
30	Dev Int Ltd	21.56	25.13	-2.56
31	Nuvoco Vistas Corporation Limited	-24.33	25.13%	-48.45
32	CarTrade Tech Limited	-70.12	25.13	-94.24

33	Aptus Value Housing Finance India Limited	-9.17	25.13	-33.29
34	Chemplast Sanmar Limited	-18.18	25.13	-42.30
35	Vijaya Diagnostic Centre Limited	-27.61	25.13	-51.73
36	Ami Organics Limited	4.17	25.13	-19.95
37	Sansera Engineering Limited	-5.86	25.13	-29.98
38	Aditya Birla Sun Life AMC Limited	-37.20	25.13	-61.32
39	FSN Ecommerce Ventures Limited	-92.44	25.13	-116.56
40	FINO Payments Bank Limited	-53.93	25.13	-78.05
41	PB Fintech Limited	-59.97	25.13	-84.09
42	S J S Enterprises Limited	-13.79	25.13	-37.91
43	One 97 Communications Limited	-71.23	25.13	-95.35
44	Sapphire Foods India Limited	-3.51	25.13	-27.63
45	Latent View Analytics Limited	-27.37	25.13	-51.49
46	Tarsons Products Limited	0.41	25.13	-23.71
47	Go Fashion (India) Limited	-10.69	25.13	-34.81
48	Star Health and Allied Insurance Company Limited	-30.71	25.13	-54.83
49	Tega Industries Limited	-24.20	25.13	-48.32
50	Anand Rathi Wealth Limited	22.82	25.13	-1.30

51	RateGain Travel Technologies Limited	-17.47	25.13	-41.59
52	Shriram Properties Limited	-21.01	25.13	-45.13
53	C.E. Info Systems Limited	-34.16	25.13	-58.28
54	Metro Brands Limited	98.16	25.13	74.04
55	MedPlus Health Services Limited	-41.88	25.13	-66.00
56	Data Patterns (India) Limited	35.97	25.13	11.85
57	Supriya Lifescience Limited	-43.94	25.13	-68.06
58	CMS Info Systems Limited	37.94	25.13	13.82

GRAPH 4.6

DIAGRAM INDICATES THE IPO PERFORMANCE FOR THE YEAR 2021



Analysis and Interpretation

To put it simply, only 14 companies have given good returns in the year, that is looking at MAER, which is low considering how many got listed gain or current gains on a yearly basis. (+) 1 = The remaining 44 companies with a negative number of shuttles have done poorly. Top performing IPOs of 2021: Craftsman Automation Limited (134.49%). The one that came in with the largest percentage gain on a current basis was 5%. The ytd worst in the space thus far would be FSN Ecommerce Ventures Limited (-116.56%) – which implies they also had a poor day regardless of measuring one-year performance on an absolute basis…

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TABLE 4.7

CALCULATE LISTING GAIN FOR 2022

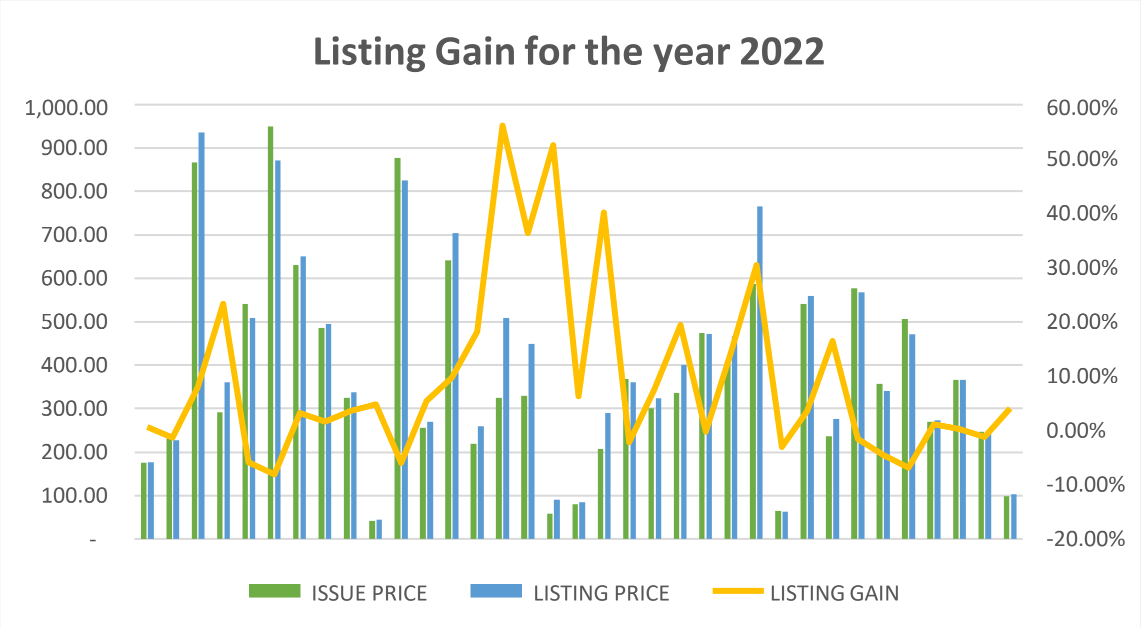
SL NO	COMPANY NAME	ISSUE PRICE	LISTING PRICE	LISTING GAIN
1	AGS Transact Technologies Limited	175.00	176.00	0.57%
2	Adani Wilmar Limited	230.00	227.00	-1.30%
3	Vedant Fashions Limited	866.00	935.00	7.97%
4	Campus Activewear Limited	292.00	360.00	23.29%
5	Rainbow Childrens Medicare Limited	542.00	510.00	-5.90%
6	LIC	949.00	872.00	-8.11%
7	PCASL	630.00	650.00	3.17%
8	Delhivery Limited	487.00	495.00	1.64%
9	VP and TL	326.00	337.50	3.53%
10	Paradeep Phosphates Limited	42.00	44.00	4.76%
11	ETHOS Limited	878.00	825.00	-6.04%

12	eMudhra Limited	256.00	270.00	5.47%
13	Aether Industries Limited	642.00	704.00	9.66%
14	Syrma SGS Technology Limited	220.00	260.00	18.18%
15	Dreamfolks Services Limited	326.00	509.00	56.13%
16	Harsha Engineers International Limited	330.00	450.00	36.36%
17	EMIT	59.00	90.00	52.54%
18	TTL	80.00	85.00	6.25%
19	DCX System limited	207.00	290.00	40.10%
20	Fusion Micro Finance Limited	368.00	360.00	-2.17%
21	Bikaji Foods International Limited	300.00	323.00	7.67%
22	Global Health Limited	336.00	401.00	19.35%
23	FiveStar Business Finance Limited	474.00	473.00	-0.21%
24	Archean Chemical Industries Limited	407.00	466.00	14.50%
25	Kaynes Technology India Limited	587.00	766.00	30.49%
26	Inox Green Energy Services Limited	65.00	63.00	-3.08%

27	Keystone Realtors Limited	541.00	560.00	3.51%
28	Dharmaj Crop Guard Limited	237.00	276.00	16.46%
29	Uniparts India Limited	577.00	568.00	-1.56%
30	Sula Vineyards Limited	357.00	341.00	-4.48%
31	Landmark Cars Limited	506.00	471.00	-6.92%
32	Abans Holdings Limited	270.00	273.00	1.11%
33	KFin Technologies Limited	366.00	367.00	0.27%
34	Elin Electronics Limited	247.00	244.00	-1.21%
35	Radiant Cash Management Services Limited	99.00	103.00	4.04%

GRAPH 4.7

DIAGRAM ILLUSTRIATING THE IPO'S LISTING GAINS FOR THE YEAR 2022



Analysis and Interpretation

Out of the 35 IPOs in the data above, only on a total of eleven occasions has an IPO ended with selling shareholders booking losses when comparing issue price to listing price. Dream folks Services Limited recorded the largest growth of 56.13% and Life Insurance Corporation of India sunk as much -8.11%.

This implies that while the proportion of hit plays shrunk in 2022 versus its predecessor not all companies failed to generate market interest with their arsenal.

2022 has not been easy for IPOs so far, the rebound of growth rates driven by COVID-19 remains to be dodged.

TABLE 4.8

CALCULATION OF CHART ILLUSTRATING TH PRESENT IPO GAINS FOR 2021

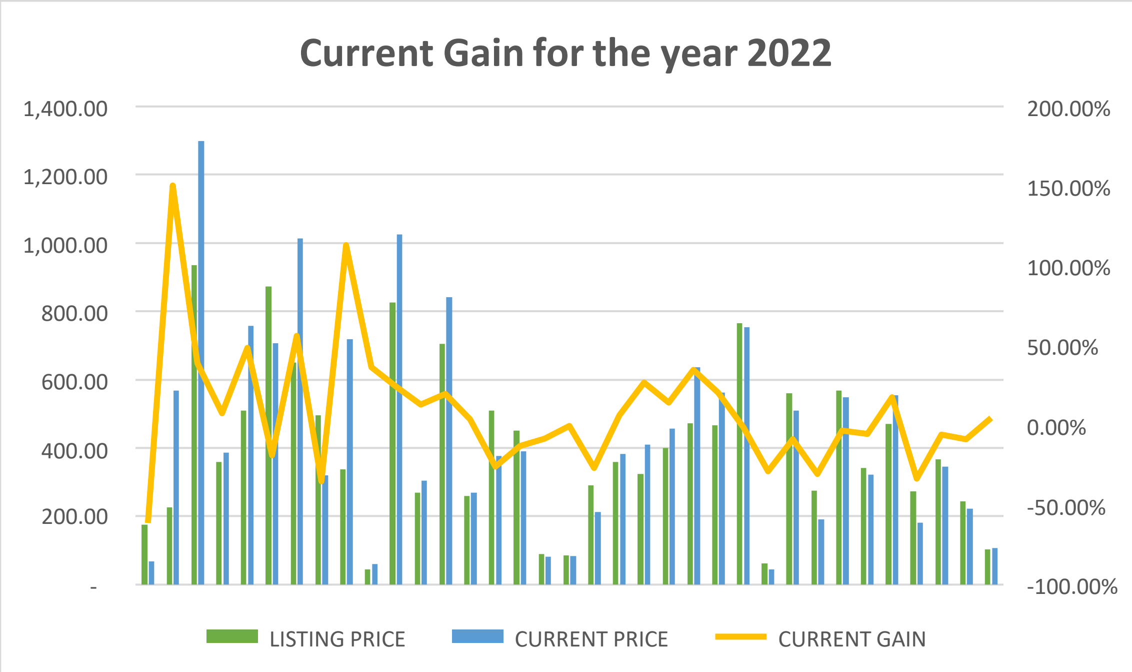
SL NO	COMPANY NAME	LISTING PRICE	CURRENT PRICE	CURRENT GAIN
1	AGS Transact Technologies Limited	176.00	68.05	-61.34%
2	AWL	227.00	568.35	150.37%
3	Vedant Fashions Limited	935.00	1,299.40	38.97%
4	Campus Activewear Limited	360.00	386.95	7.49%
5	Rainbow Childrens Medicare Limited	510.00	758.00	48.63%
6	LIC	872.00	707.30	-18.89%
7	PCASL	650.00	1,013.75	55.96%
8	Delhivery Limited	495.00	320.80	-35.19%
9	Venus Pipes and Tubes Limited	337.50	719.05	113.05%
10	Paradeep Phosphates Limited	44.00	59.95	36.25%

11	ETHOS Limited	825.00	1,025.95	24.36%
12	eMudhra Limited	270.00	305.40	13.11%
13	Aether Industries Limited	704.00	842.25	19.64%
14	Syrma SGS Technology Limited	260.00	270.15	3.90%
15	Dreamfolks Services Limited	509.00	377.45	-25.84%
16	Harsha Engineers International Limited	450.00	390.85	-13.14%
17	Electronics Mart India Limited	90.00	82.50	-8.33%
18	Tracxn Technologies Limited	85.00	84.50	-0.59%
19	DCX System limited	290.00	212.70	-26.66%
20	Fusion Micro Finance Limited	360.00	382.25	6.18%
21	Bikaji Foods International Limited	323.00	409.20	26.69%
22	Global Health Limited	401.00	457.30	14.04%
23	FiveStar Business Finance Limited	473.00	637.25	34.73%

24	Archean Chemical Industries Limited	466.00	562.30	20.67%
25	Kaynes Technology India Limited	766.00	754.60	-1.49%
26	Inox Green Energy Services Limited	63.00	44.70	-29.05%
27	Keystone Realtors Limited	560.00	509.80	-8.96%
28	Dharmaj Crop Guard Limited	276.00	191.25	-30.71%
29	Uniparts India Limited	568.00	547.85	-3.55%
30	Sula Vineyards Limited	341.00	322.05	-5.56%
31	Landmark Cars Limited	471.00	554.00	17.62%
32	Abans Holdings Limited	273.00	180.95	-33.72%
33	KFin Technologies Limited	367.00	345.30	-5.91%
34	Elin Electronics Limited	244.00	222.10	-8.98%
35	Radiant Cash Management Services Limited	103.00	107.85	4.71%

GRAPH 4.8

CHART ILLUSTRATING THE PRESENT IPO GAINS FOR 2022



Analysis and Interpretation

Consequently, we can see from the numbers that merely 14 IPOs have fallen in terms of stock market growth. While 21 companies, on the other hand, successfully maintained their brand name and have met market demand. Note that these might not be the same firms, which saw a cut in their listing gains.

The current high for the year came to Adani Wilmar Limited, which registered a gain of 150.37%, and AGS Transact Technologies had the low at -61.34%.

When all the years are taken into account, this proportion of IPOs which have seen their listing. gains disappear in current prices rise only by 3 bn. This is a positive indicator.

TABLE 4.9

CALCULATION OF MAER FOR THE YEAR 2022

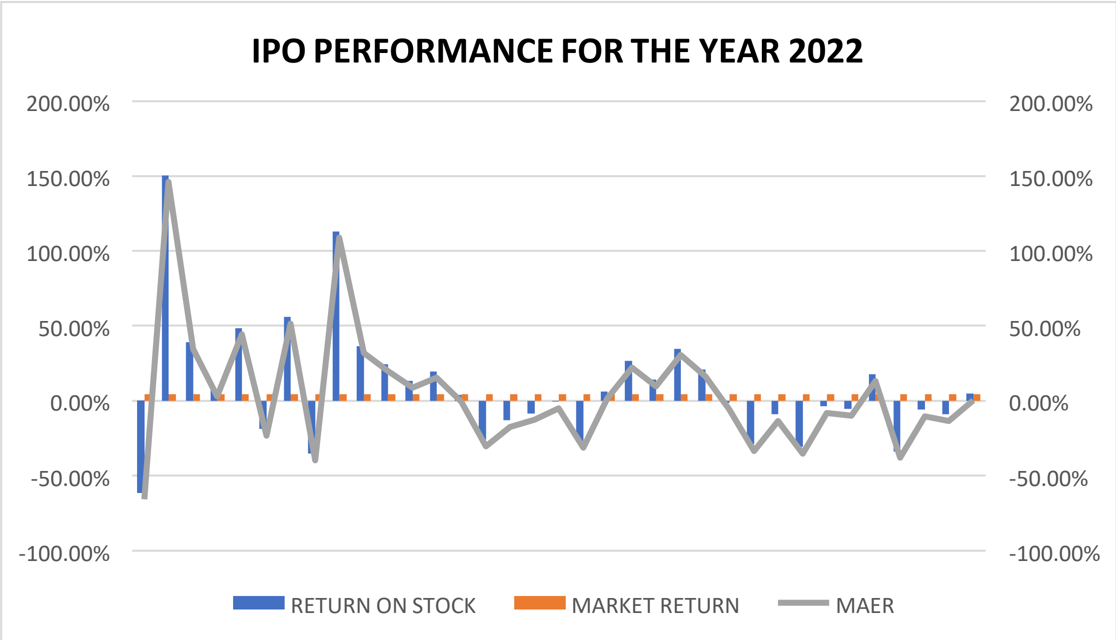
SL NO	COMPANY NAME	RETURN ON STOCK (%)	MARKET RETURN (%)	MAER (%)
1	AGS Transact Technologies Limited	-61.34	4.32	-65.66
2	AWL	150.37	4.32	146.05
3	Vedant Fashions Limited	38.97	4.32	34.65
4	Campus Activewear Limited	7.49	4.32	3.17
5	Rainbow Childrens Medicare Limited	48.63	4.32	44.31
6	LIC	-18.89	4.32	-23.21
7	Prudent Corporate Advisory Services Limited	55.96	4.32	51.64
8	DL	-35.19	4.32	-39.51
9	Venus Pipes and Tubes Limited	113.05	4.32	108.73
10	PPL	36.25	4.32	31.93
11	ETHOS Limited	24.36	4.32	20.04
12	eMudhra Limited	13.11	4.32	8.79
13	AIL	19.64	4.32	15.32

14	Syrma SGS Technology Limited	3.90	4.32	-0.42
15	Dream folks ServicesLimited	-25.84	4.32	-30.16
16	Harsha Engineers International Limited	-13.14	4.32	-17.46
17	EMIL	-8.33	4.32	-12.65
18	Tracxn Technologies Limited	-0.59	4.32	-4.91
19	DCX System limited	-26.66	4.32	-30.98
20	FMFL	6.18	4.32	1.86
21	Bikaji Foods International Limited	26.69	4.32	22.37
22	GHL	14.04	4.32	9.72
23	FiveStar Business Finance Limited	34.73	4.32	30.41
24	ACIL	20.67	4.32	16.35
25	Kaynes Technology India Limited	-1.49	4.32	-5.81
26	IGESL	-29.05	4.32	-33.37
27	Keystone Realtors Limited	-8.96	4.32	-13.28
28	DCGL	-30.71	4.32	-35.03
29	UIL	-3.55	4.32	-7.87

30	Sula Vineyards Limited	-5.56	4.32	-9.88
31	Landmark Cars Limited	17.62	4.32	13.30
32	Abans Holdings Limited	-33.72	4.32	-38.04
33	KFin Technologies Limited	-5.91	4.32	-10.23
34	Elin Electronics Limited	-8.98	4.32	-13.30
35	Radiant Cash Management Services Limited	4.71	4.32	0.39

GRAPH 4.9

GRAPH SHOWING THE PERFORMACE OF IPO FOR THE YAER 2022



Analysis and Interpretation

By the end of the year, 18 companies will have performed less well. Each of the 17 companies that have fared well in this published list — aim to increase their stock performance. That said, its performance may not hold as well over the full year calendar.

While the IPO that gave the best return this year is Adani Wilmar Limited up from 146.05% and on another side worse-performing stock by end of years AGS Transact Technologies Limited down to -35.66%.

Viewing the overall results, it seems like there have been almost as many IPOs with positive returns as those that turned into negative ones.

For the most part, companies maintained themselves quite sturdily during 2020 — serving demand while also meeting investor expectations of returns.

CHAPTER 5

SUMMARY OF FINDINGS, SUGGESTIONS AND CONCLUSION

FINDINGS

- During the calendar year 2020, only four companies suffered weak listing gains, and most others made significant profits.

- The class of 2020 already includes several huge returns — at the time they went public, several of these companies were up more than 50% since their listings.

- Going into 2021, a vast majority of companies that went public in the year have already produced positive returns.

- The MAER in the same chart indicates IPO performance from 2020 ranged between -75.34% and 351.54%.

- All but six of them have done exceedingly well in the market; or at least met their targets, if not surpassed them.

- In 2021, close to 40 companies recorded positive listing gains and about half a dozen firm's losses during the process of initial public offering.

- 2021 drew a rallying cry more people loudly chorused than in 2020.

- Meanwhile, the price volatility in stocks currently remains large since 39 companies are now operating at losses.

- But fewer companies are performing above the market from 39 to only fourteen in terms of current gains when comparing with MAER figures for 2021.

- According to the MAER, returns in 2021 varied from -116.56% (above) to as high as 134.49%.

- Most of the participants ended 2022 at listing gains.

- But just seven companies were able to clock a profit increase of more than 50% at the time of the listing.

- So, for the profits made up till now only 21 out of a total of 35 reporting companies have reported earning profits. The difference between gains at the end of IPO listing and current rise have narrowed to 3% compared with previous years, which is a good sign.

- It appears that the percentage of companies with positive returns and those with negative ones is approximately equal in 2022, resulting in balanced MAER conduct.

SUGGESTIONS

When you invest in an IPO the risk attributable to the investment is less when compared to purchasing shares from the secondary market.

Investing in companies roughly a span away from their IPO can be more profitable and generally are oriented to provide a higher return.

When enquiring in any country, it is worth considering economic indicators, GDP, the level of inflation and the level of the economy in general.

Studies indicate that only a minuscule number of them sustained a loss from the venture in the surrounding.

Enterprises going public should develop appropriate pricing and planning policy and productivity culture to plug in the expected market power requirements.

CONCLUSION

This study has been conducted in all the companies that have issued equity for the first time from 2020-2022, i.e., 3 years. This study highlights their pricing, gains/loses, performance and returns. It is easier to analyses these stocks (IPOs) usingthe given statistical models in the study. As per the figures, more than 50% of the companies that are part of the sample of the study have generated up to 150%-300% inthe long run, though their short performance was minimal.

It seems like IPOs are always safer than other stocks that are available in the stock market because they tend to have potential of generating highreturns as they grow and capture the market share.

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