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ANALYSIS OF IPO MARKET BEHAVIOR: POST LISTING PRICE PERFORMANCE**VARSHA GUPTA****ASST. PROFESSOR****BADDI UNIVERSITY OF EMERGING SCIENCES & TECHNOLOGY****BHUD****DR. HIMANSHU JOSHI****ASST. PROFESSOR****GOVERNMENT DEGREE COLLEGE****NARENDRA NAGAR****ABSTRACT**

Any investor willing to buy new securities of any company enters into market via Initial public offers, which is considered as one of the most important tool for raising money for corporate houses. Since long there had been vital requirement to strength the capital market by bringing more disclosures and transparency in the system. Earlier there was a time when majority of the public issues coming through the fixed price method were either under-priced or over-price so Security Exchange Board of India introduced Book building mechanism for demand and price discovery and to protect interest of investors in 1995. Along with Demand and Price, there had been many other factors which affect Initial public offer's performance in both short term and long term. These factors are market trend, Initial public offer grading, issue size, stock correlation with the Index etc. so to study the relation of various factors influencing Initial public offer's returns, issues floated in between 2011-2014 has been taken up for study. We have observed that the grading has a great impact on demand schedule of Qualified Institutional buyers and Non Institutional Buyers, but still the issues with high subscription could offer only listing day return. Their returns have fallen in long run.

KEYWORDS

Book Building, Correlation, IPO Grading, Subscription and Volatility.

INTRODUCTION

IPO (Initial Public Offer): An offer of new equity shares made to public for first time is called Initial public offer (IPO). It is a process by which any company can sell its shares in general public to raise long term finance. Companies can raise money by issuing equity shares to the public or the existing shareholders can sell their shares to the public without raising any fresh capital (Disinvestment). It is the most favoured and popular source of finance for most of the companies. Moreover retail investors also show their interest in buying IPO. Although investing in IPO is considered to be one of the most risky option but still very few IPOs has been cancelled due to under subscription in previous years in spite of market volatility. "Performance of the IPO varies in accordance with the market i.e. bullish to bearish. Interests of the investors are influenced by the market trend and thus the performance of the IPO. IPOs can be a risky investment. For the individual investor, it is tough to predict the performance of stock or share on its initial day of trading and in the near future since there is often little historical data for the technical analysis of the stock (K Hema Divya)"

When new company floats shares it is called IPO and when any existing company who is already listed floats new shares in the market, it is called FPO (further public offer). Once public subscribe for the shares company allot shares in their respective De-mat account after the complete process and then these shares get listed on any of the stock exchange for further buying and selling by investors. This Initial Public Offering can be made through the fixed price method, book building method or a combination of both.

THERE ARE TWO TYPES OF PUBLIC ISSUES

ISSUE TYPE	OFFER PRICE	DEMAND	PAYMENT	RESERVATIONS
Fixed Price Issues	Price at which the securities are offered and would be allotted is made known in advance to the investors	Demand for the securities offered is known only after the closure of the issue	100 % advance payment is required to be made by the investors at the time of application.	50 % of the shares offered are reserved for applications below Rs. 1 lakh and the balance for higher amount applications.
Book Building Issues	A 20 % price band is offered by the issuer within which investors are allowed to bid and the final price is determined by the issuer only after closure of the bidding.	Demand for the securities offered, and at various prices, is available on a real time basis on the BSE website during the bidding period.	10 % advance payment is required to be made by the QIBs along with the application, while other categories of investors have to pay 100 % advance along with the application.	50 % of shares offered are reserved for QIBS, 35 % for small investors and the balance for all other investors.

Source: (www.bseindia.com)

NEED FOR BOOK BUILDING

Before establishment of SEBI in 1992, the quality of disclosures in the offer documents was very poor. Fixed price system was being followed for IPO issuance. But the main problem with this system was that the prices of issue were fixed 2-3 months before IPO actually enters into the market.

The traditional fixed price method of tapping individual investors suffered from two defects: (a) delays in the IPO process and (b) under-pricing of issue. In fixed price method, public offers do not have any flexibility in terms of price as well as number of issues. Individual investors (i.e. retail investors), as such, are unable to distinguish good issues from bad one. This is because the issuer Company and the merchant banker as lead manager do not have the exact idea on the fixed pricing of public issues. That's why, Book Building mechanism, a new process of price discovery, has been introduced to overcome this limitation and determine issue price effectively (Mukeshkr)

BOOK BUILDING

Book Building is essentially a process used by companies raising capital through Public Offerings-both Initial Public Offers (IPOs) or Follow-on Public Offers (FPOs) to aid price and demand discovery. It is a mechanism where, during the period for which the book for the offer is open, the bids are collected from investors at various prices, which are within the price band specified by the issuer. The process is directed towards both the institutional as well as the retail investors. The issue price is determined after the bid closure based on the demand generated in the process.

PROCESS

- The Issuer who is planning an offer nominates lead merchant banker(s) as 'book runners'.
- The Issuer specifies the number of securities to be issued and the price band for the bids.
- The Issuer also appoints syndicate members with whom orders are to be placed by the investors.
- The syndicate members input the orders into an 'electronic book'. This process is called 'bidding' and is similar to open auction.
- The book normally remains open for a period of 5 days.
- Bids have to be entered within the specified price band.
- Bids can be revised by the bidders before the book closes.
- On the close of the book building period, the book runners evaluate the bids on the basis of the demand at various price levels.
- The book runners and the Issuer decide the final price at which the securities shall be issued.
- Generally, the number of shares is fixed; the issue size gets frozen based on the final price per share.
- Allocation of securities is made to the successful bidders. The rest get refund orders.

LITERATURE REVIEW

Mittal, Gupta and Sharma (2012) studied 90 IPOs for 2001-10, where in there was high positive relation between IPO grading and Subscription status of IPOs. As per their study QIBs had highest positive correlation with IPO grading.

Further Triveni and Soni (2012) had studied 243 IPOs (2006-10) and proved that 80% of IPOs had been underpriced considering their Listing day open price but only 65% out of them could sustain their performance till the day end.

Khurshed et al. (2008) studied 251 IPOs inclusive of 47 graded IPOs listed on BSE and NSE from 1999 until August 2008. They concluded that grading is most useful to institutional investors rather than for retail investors. Another conclusion given by this study was that the book building process itself offers stronger signals for retail investors as compared to IPO grading. There are many other studies which talked about performance of IPOs with special reference to their under pricing and listing day return.

With respect to the IPOs listed on BSE in the year 2007-08, Gupta (2011) highlighted that during the boom period, the under pricing depended on the market conditions. Most of the investors gain by investing on the first day of the IPO, but in the study of 2008-09 Gupta (2011) highlighted that during the period of downturn, pessimism and slump, there was no under pricing, and on the contrary it showed overpricing. Bansal and Desai's (2012) study showed that in the Indian market during 2007-10, the listing day average volatility was 37.4% which steeply dropped down to 8.7% on the sixth day (including the listing day). The peak of volatility was found on the day of listing. The dwindling interest of the investors was clearly represented by a fall in the volume from the listing day onward. So with this literature view the purpose of my paper is to study the factors that are related with IPO and its subscription and their impact on the performance of IPOs after their listing. Year 2008, Jan when market was at 21206.77 (approx) and the within months till October 2008 it was being registered at the lowest point of 7697.39. So high market variations forced investors to stay away from market for long. Then in 2011, market revived again and started moving around 16000-19000. But gaining investor's confidence was not easy and so on it had affected IPO market performance a lot.

RESEARCH PROBLEM

One major source of business financing is through Initial Public Offerings (IPOs). Historically, IPOs have been listed on premium prices but later on a few of them could provide a hike over their listing price and maximum of the investors putting their money into IPO suffers losses in long term. So study focuses on finding out various factors having impact on IPO performance

OBJECTIVES

1. To assess the present state of the IPO market.
2. To analyze the performance of the IPO's issued in the market during the financial year April 2011- March 2014 and till 2nd quarter June 2014.
3. To ascertain the factors contributing to Positive and negative performance of IPO and its subscription.
4. Studying the correlation between the IPO return and Market Index
5. Studying the impact of IPO grading on IPO listing

RESEARCH METHODOLOGY**DATA COLLECTION**

Study is based on IPO data of 43 companies that were being offered in The financial year April 2011- March 2014 and 2nd quarter till June 2014.

All the IPOs were listed on BSE stock exchange, where in 42 out of 43 were graded by either of the credit rating agency.

The secondary data was collected from the various sources available like websites mainly SEBI, BSE and NSE, magazines, journals etc. wherever necessary Listing day return has been calculated by using $P_x - P_o / P_o * 100$ where in P_x stands for Listing day opening price and P_o indicate offered price of IPO

SCOPE OF STUDY

Status of All IPOs offered in market during last 5 years

Profit/Loss Status of IPOs listing in between April 2011- June 2014

Subscription status of Cancelled IPOs

Subscription status of successful IPOs

Status of IPO Grading

Correlation of IPO prices with Market Movement and Impact of Volatility on IPO return and Subscription

RESULTS AND DISCUSSION: (OBSERVATIONS FOR IPO DURING APRIL 2011-JUNE 2014)

IPOS ANALYSES OVER LAST FIVE YEARS STARTING FROM 1/04/2009 TO 31ST MARCH 2014 AND 2ND QUARTER OF 2014

TABLE 1

YEARS	FPO (A)	IPO (A)	CANCELLED (C)	TOTAL (A+B+C)	AMOUNT (ISSUE SIZE) (IN CRORES)	AVERAGE AMOUNT(IN CRORES), PER ISSUE
2 nd Quarter 2014	0	1	0	1	181.25	181.25
2013-14	2	1	2	5	8383.18	2794.4
2012-13	0	9	3	12	6284.47	698.3
2011-12	1	32	3	36	10415.55	315.62
2010-11	5	50	2	57	44962.28	847.3
2009-10	4	40	0	44	46663.5	1060.5
Total	12	133	10	155	116890.23	806.14

Note: *Issue size includes amount raised through Successful IPOs and NFOs in different financial years. It does not consist of issue size of cancelled IPOs

*Number of IPOs and FPOs consist of those issues which were issues through book building process. It does not include any offer for sale and Fixed price Issue.

*Data Source for all the issues has been taken from NSE and BSE websites only.

Highest numbers of issues were floated in 2010-11 while least numbers of issues were floated in 2013-14. Only one company could successfully issue shares via book building process which got listed on National stock exchanges like NSE and BSE.

Total amount raised: Since April 2011 till July 2014 is 25264.21 crores with average of 549.222 crore for 43 IPOs and 3 FPOs.

Issue size ranged from 23.25 crore to 6958.64 crore wherein Power grid FPO raised highest money and Timbor Home IPO was the smallest IPO. Total 11 issues out of 46 (24%) floated issue for more than 500 crores in market through Book Building Process.

IPO ANALYSIS (FROM APRIL 2011- MARCH 2014 AND 2ND QUARTER OF YEAR 2014)

TABLE 2

NAME OF COMPANY	LISTING DATE	ISSUE SIZE	SUBSCRIPTION DETAILS	LISTING DAY OPENING PROFIT/ LOSS	LISTING DAY CLOSING PROFIT/ LOSS	ONE YEAR PROFIT/ LOSS	IPO GRADE
Wonderla Holidays Ltd	9/5/2014	181.25	38.06	31.8	26.1		4
Just Dial Ltd	5-Jun-13	919.14	11.63	11.3	15.4	126.14	5
Recco Home Finance Ltd	1-Apr-13	270.39	1.65	-4.1	-6.5	93.55	3
V-Mart Retail Ltd	20-Feb-13	94.42	1.2	2.9	-2.3	28.30	3
Bharti Infratel Limited	28-Dec-12	4155.8	1.3	-9.1	-13.1	-23.60	4
PC Jeweller Ltd	27-Dec-12	609.3	6.85	0.4	10.4	-34.25	3
CARE Ltd	26-Dec-12	539.98	40.98	26.5	23.2	-1.50	
Tara Jewels Limited	6-Dec-12	183.49	1.98	5.2	-0.02	-62.85	3
VKS Projects Ltd	18-Jul-12	55	1.03	1.5	1.1	-90.22	1
Speciality Restaurants Ltd	30-May-12	176.09	2.54	2.0	7.1	19.40	4
TBZ Ltd	9-May-12	200	1.15	-4.2	-7.3	91.38	3
NBCC Ltd	12-Apr-12	127.2	4.93	-5.7	-8.4	22.81	4
MT Educare Limited	12-Apr-12	35	4.8	7.6	12.9	5.81	4
Olympic Cards Ltd	28-Mar-12	25	0.993	-0.2	-5.0	96.90	1
MCX of India Ltd	9-Mar-12	663.31	54.13	34.4	25.7	-2.32	5
Indo Thai Securities Limited	2-Nov-11	29.6	1.18	1.4	-68.9	-83.96	2
M & B Switchgears Ltd	20-Oct-11	93	1.57	-3.2	70.7	-11.27	2
Flexituff International Ltd	19-Oct-11	104.63	1.17	0.0	7.4	22.94	3
Onelife Capital Advisors Ltd	17-Oct-11	36.85	1.53	4.5	32.6	644.76	1
Taksheel Solutions Limited	19-Oct-11	82.5	2.99	4.9	-62.8	-91.91	2
RDB Rasayans Limited	7-Oct-11	35.55	1.5	7.6	-66.5	-82.65	2
Prakash Constrowell Limited	4-Oct-11	60	2.21	5.1	66.3	13.12	2
PG Electroplast Limited	26-Sep-11	120.65	1.34	-4.8	96.0	6.50	3
SRS Ltd	16-Sep-11	203	1.25	-5.2	-42.0	-20.74	3
TD Power Systems Ltd	8-Sep-11	227	2.92	-1.7	7.3	0.85	4
Brooks Laboratories Limited	5-Sep-11	63	1.6	10.0	-39.8	-83.67	2
Tree House Edu. & Acc. Ltd	26-Aug-11	113.83	1.85	-1.6	-13.7	81.01	3
L&T Finance Holdings Ltd	12-Aug-11	1245	5.34	-1.9	-3.9	-14.02	5
Inventure Growth & Sec.Ltd	4-Aug-11	81.9	4.58	1.7	77.7	-82.65	2
Bharatiya Global Infomedia	28-Jul-11	55.1	2.06	2.4	-62.3	-92.52	2
Readymade Steel India Ltd	13-Jul-11	34.75	1.68	6.5	-38.5	-28.19	2
Birla Pacific Medspa Limited	7-Jul-11	65.18	1.18	1.0	153.5	-50.50	2
Rushil Decor Limited	7-Jul-11	40.64	2.62	12.8	66.2	184.03	2
Timbor Home Limited	22-Jun-11	23.25	5.78	14.3	44.8	-60.30	1
VMS Industries Ltd	14-Jun-11	25.75	1.36	9.9	-28.8	40.00	1
Aanjaneya Lifecare Limited	27-May-11	117	1.11	-1.9	33.0	135.33	2
Sanghvi Forging&Engineering	23-May-11	36.9	1.3	0.0	31.5	-18.82	3
Vaswani Industries Limited	20-Sep-11	115.1	4.16	-31.7	-63.8	-91.37	2
Innoventive Industries Ltd	13-May-11	219.58	1.24	-6.0	-20.0	-2.32	3
Servalakshmi Paper Limited	12-May-11	60	1.47	3.4	-34.5	-83.52	2
Future Ventures India Limited	10-May-11	750	1.52	-5.0	-17.0	-15.20	3
Paramount Printpackaging Ltd	9-May-11	45.83	3.92	0.0	-23.9	-84.46	2
Muthoot Finance Ltd	6-May-11	901.25	24.55	2.9	0.7	-33.55	4

*Source of Information: www.bseindia.com and www.chittorgarh.com

* IPO of CARE has not been assigned any rating as it is a credit rating agency itself.

* Last working day has been taken up for calculation at end of each period (e.g. 1 month, 1 year etc)

* Bonuses, dividends or other actions are not considered while calculating Profit / Loss

LISTING DAY ANALYSIS

PROFIT/LOSS OVER OFFERED PRICE OF IPO (USING OPENING PRICE AND CLOSING PRICE):

As per table 3: Total 58% IPOs could gain premium value at the time of listing where as 7% IPOs had not provided any gain/loss and 35% IPOs inflicted losses.

Highest return (153.5%) till the end of trading session was given by script Birla Pacific Med spa.

LISTING AT PREMIUM: Total 25 IPOs were listed on premium. It has been observed that Only 3 out of 43 IPOs has shown consistency (15-35%) gain starting from opening till end) in gain throughout the day. 12 IPOs ended with premium returns. Rest 10 IPOs were being traded in losses due to high sales volume at the end of the day.

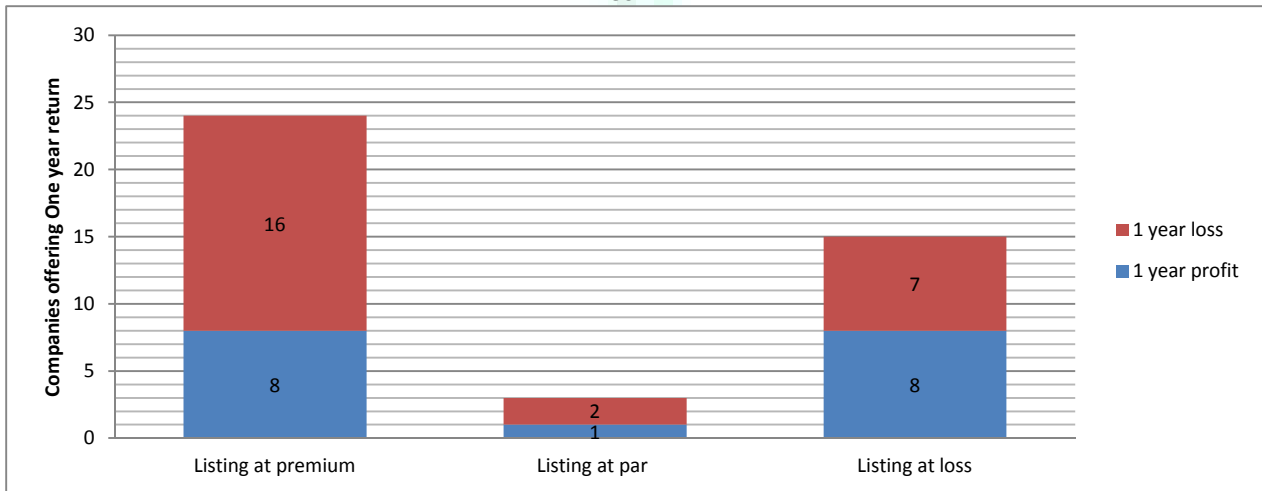
LISTING WITH NEGATIVE RETURNS: 11 IPO listed at discounted value could not revive throughout the day and ended with losses. Only 2 IPO later on due to high trading volume and presence of speculators and arbitragers had been traded at high premium value (more than 55%) till the end of trading session out of which PG Electro-Plast IPO had given 96% returns.

TABLE-3: LISTING DAY PROFIT/LOSS STATUS

CLOSE (IN PERCENTAGE)	OPEN (IN PERCENTAGE)						TOTAL
	CLOSE/ OPEN	NEGATIVE	ZERO	0-5	5-15	15-35	
NEGATIVE	11	1	5	5	0	22	
ZERO	0	0	0	0	0	0	
0-5	0	0	2	0	0	2	
5-15	1	1	2	1	0	5	
15-35	1	1	1	1	3	7	
35-55	0	0	0	1	0	1	
ABOVE	2	0	2	2	0	6	
TOTAL	15	3	12	10	3	43	

ONE YEAR RETURN ANALYSIS (PROFIT AND LOSS)

FIGURE: 1



SUBSCRIPTION STATUS OF SUCCESSFUL IPOs

TABLE 4

SUBSCRIPTION (LIST OF IPOs OVERSUBSCRIBED)	NO OF COMPANIES	COMPANIES OFFERING LISTING DAY RETURN	COMPANIES OFFERING RETURN UP TO ONE YEAR(AFTER LISTING)
More than 10 times	5	5	1
5-10 times	3	2	0
2-5 times	11	7	6
less than 2 times	24	11	10
Total	43	25	17
Pearson's product of correlation		0.707	-0.041

(Source: bseindia.com)

Note: *IPO of Wonderla Holidays Ltd has been listed in May 2014, so calculation on one year return is not possible

Table-4 indicates that issues which were oversubscribed by more than two times has responded well in market for short term as compared to those which were oversubscribed by less than 2 times. Around 74% stocks were listed on premium with high subscription whereas just 45 % stocks responded well who were not subscribed by more than 2 times.

There is high correlation between subscription of IPOs and listing day return i.e. 0.707 which indicates that higher subscription results in positive return on the day of listing. But comparing same with one year Return/ Loss, correlation proved to be (-0.041) which almost indicate neutral behavior of IPOs. During last three years, 42 out of 43 IPOs were oversubscribed in totality where in only 25 IPOs were listed on premium value at the day of listing. We have observed that out of these 25 scripts only 8 stocks have shown consistency in their return till one year.

Further 17 (40%) stocks out of 42 listed on various dated could offer returns to investors for their long term holdings.

21/43 IPOs were oversubscribed by QIBs (Based on shares offered to them) and 35 out of 43 were oversubscribed by RIIs. Data in case of NII/HNIs is 35/43 again. But in totality 12 IPOs were being subscribed beyond shares offered by all three categories.

IPO GRADING AND SUBSCRIPTION ANALYSIS

TABLE 5

Grading	No of Companies	Total Subscription	QIBs	NIIs	RIIs	Listing Day Return	One year Return
5	3	23.7	20.39	59.62	12.42	2	1
4	7	11.3	9.83	33.22	3.24	4	4
3	12	1.875	1.615	3.95	1.421	3	6
2	15	2.255	0.27	3.224	4.67	11	3
1	5	2.1386	0.567	1.816	4.525	4	3
Correlation (r)=		.867	.896	.901	.539		

(Source: nseindia.com, bseindia.com)

Note:* Contains detail of 42 IPOs as IPO of CARE has not been rated by any company because CARE itself is one of the rating companies

*IPO of Wonderla Holidays Ltd has been listed in May 2014, so calculation on one year return is not possible

Table-5 indicates that 22 IPOs has been rated Average and Above average based on their fundamental factors but 9 IPOs out of 22 had been listed on premium value and only 11 scripts continues to give returns till the end of one year from their date of listing. Further 20 IPOs were rated below average and 15 out of them were listed on premium but only 6 could offer return for long term.

While studying the impact of IPO grading on IPO subscription, Table -5 indicated that IPO grading has direct positive relation with IPO subscription i.e. +0.867 which shows very high degree of correlation between factors. Further study proves that IPO grading has highest impact on demand pattern on NIIs (Non

institutional Investors) followed by QIBs. But RILs had least positive correlation with IPO grading, Many IPOs having grade 1 and 2 which are considered as fundamentally poor have been subscribed well by investors and these IPOs were being floated in market in between May 11 to July 2012.

SUBSCRIPTION STATUS OF CANCELLED IPOs

TABLE 6

Name of the issue	Grade assigned	Overall Subscription
Loha Ispaat Limited	3	78%
Scotts Garments Limited	3	27%
Sai Silks (Kalamandir) Limited	2	93%
Plastene India Limited	3	29%
Samvardhana Motherson Finance Limited	4	23%
Goodwill Hospital and Research Centre Limited	3	1%
Swajas Air Charters Ltd IPO	2	1.72%
Galaxy Surfactants IPO	4	30%

(Source: nseindia.com, bseindia.com)

From above table it has been observed that 6 out of 8 IPOs were undersubscribed so company had to withdraw them. Even High IPO grading (4/5 for two IPOs) couldn't have any positive impact on shares Subscription

Swajas Air Charters Ltd withdrew its IPO in spite of being fully subscription because of bad Market sentiments. Moreover Sai Silks% subscribed but due to "safety net Arrangement" Promoters decided to withdraw the same also. Otherwise he may have to pay a heavy sum of money back to original allottee in case of price fall more than 20 % than the Index.

As per Regulation 44 of SEBI (ICDR) Regulations, 2009 "An issuer may provide for a safety net arrangement for the specified securities offered in any public issue provided that any such arrangement shall provide for an offer to purchase up to a maximum of one thousand specified securities per original resident retail individual allottee at the issue price within a period of six months from the last date of dispatch of security certificates or credit of De-mat account."

Subject to Disclosures specified in this regard in Part A of Schedule VIII of SEBI (ICDR) Regulations, 2009.

TABLE 7: CORRELATION OF IPO PERFORMANCE WITH STOCK MARKET INDEX

NO OF COMPANIES	CORRELATION	RESULT
11	$r > 0.5$	High Positive Relation
22	$-0.5 < r < +0.5$	Average/ Neutral
8	$r < -0.5$	High Negative Relation

(Source: bseindia.com)

TABLE 8: AVERAGE MEAN RETURNS OF LDR (LISTING DAY RETURN) AND ONE YEAR HOLDING

Year	Open	Close	% change	IPOs in market	Listing day mean return	One year mean return	Mean(Subscription) in times
April, 2011-March, 2012	19463.11	17404.2	-10.58	30	2	6.4	4.68
April, 2012-March, 2013	17429.96	18835.77	8.07	10	2.7	-4.5	6.52
April, 2013-March, 2014	18890.81	22386.27	18.50	2	3.6	109.8	11.63
April, 2014-June, 2014	22455.23	25413.78	13.18	1	31.8	NA	38.06

Note *closing price of every month has been taken since launch of IPO in market

*closing price of Sensex for each month parallel to IPO listing month has been taken from bseindia.com

* Data include 41 IPOs excluding 2 IPOs, (Taksheel solution- as prices are not available after Dec 2013 and Wonderland Holidays-As listed in the month of May 2014 itself)

As we know that r (correlation) value fall in between -1 to 1 ($-1 < r < 1$). More the value is near to +1 indicate highly positive correlation between factors and more the value is near to -1, there is highly negative correlation. In my study if $r > +0.5$ is taken as highly positive and if $r < -0.5$ is considered as highly negative and value falling in range of $-0.5 < r < +0.5$ are considered as average relation. Based on the following table no 7 shows that Out of all the IPOs only 27% IPOs performance is highly correlated with market while around 20% IPOs are highly negatively correlated with index. Rest 54 % have average relation with market and further it has been observed that majority of the IPOs had negative correlation with the market Index. **Table no 8** compare the return of market and IPOs. Market Volatility has a major impact on IPO subscription and returns so on. In 2011-12 when market was little volatile and return of Sensex for the financial year was negative (-10.58%), mean subscription for IPOs was 4.68 times which was quite less than year 2010-11, where it was 11.82 times and approx 17 times for year 2009-10 where in market had shown 79% positive movement. Market revived drastically from 2009 to 2011 (96.35% movement) where in the movement was just 15% approx in between 2011-14 and so on the subscription of IPOs were quite less as compared to 2009-11 IPO's subscription.

FINDINGS

- Highest no. of IPOs was being floated in year 2010-11 in last five years.
- Total amount mobilized through Book Building process of IPOs since last three years is 25264.21 crores. Bharti Infratel IPO mobilized highest amount through their IPO i.e 4155.8 crore other than two major IPOs of Power grid and Power Finance Corporation.
- Majority of the IPOs (58%) were listed on premium prices but only 1/3 out of them could sustain this return till the end of one year whereas 35% IPOs listed on loss and half of them could revive and provide returns to investors at the end of 1st year.
- Only 19% of the IPOs were highly oversubscribed by the investors' i.e. more than 5 times. Although they all performed well at the time of listing but in long term they could not offer any return.
- IPO grading indicating fundamental value of company had its impact on returns offered by IPOs in long run along with on subscription status of IPO. During last three years IPO grading had highly positive relation with Demand schedule of QIBs and NIIs.
- Market Index movement has direct impact on demand schedule of investors (subscription status) and listing day return (profit/loss) is positively correlated with subscription of IPO so whenever Market offers return, IPOs also has the same tendency to offer return but during market slump and downturn, investors sentiments get affected and so on demand for IPO subscription decreases which in turn affects the listing day return.

CONCLUSION

Capital market has seen many ups and downs in last decades. IPOs had been used by many investors for investing into market. Although IPOs are quite risky because their stock prices for previous years are not available so one had to go for Fundamental Analysis by studying their financial analysis. But one cannot totally after studying few factors can make fair judgment about IPOs post listing price movement. A detailed study along with market movement and impact of market variations on new stocks need to be considered.

SCOPE OF FURTHER RESEARCH

Many other factors like volume of trading, other companies of same sector and Market Tangible and Intangible factors have impact on performance of any IPO which can be covered in future study.

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