

# A STUDY OF STOCK PERFORMANCE OF IPO's IN INDIA

## Abstract

It is an organization which is thinking to grow the business, expand and diversify and for the investor who is invested on the IPO it can be considered as highly speculative opportunity in short term and can earn the dividends in long term on capital appreciation.

In this researcher, studied the performance of IPO's from issue price to last trade price in India during 2018 to 2021 listed in National Stock Exchange (NSE), here the investor prefers to purchase the share at a lower price compared to the issue price & last trade price. Percentage return calculation displays the particular year returns. Investor done the investment only on the image of the company not on the fundamental analysis of the company. Next researcher evaluated the pricing on listing day and progressive growth of IPO return with the help of Wilcoxon Signed Rank Test, researcher compared the short-term performance with the long-term performance. The study considers the sample of 23 companies that are listed in the year 2018 and it consider the 3 years data from the date of issue for analysis i.e., 2018 to 2021. The study analyzed the return on listing day are more fluctuating. Eleven companies are given good return on the listing day. Study evaluated 23 IPOs for long term period and short-term period returns, in both the period some companies are given promising return, and some are not. The study acknowledges to hold the investment for the longer period that is more than one year to earn the higher return. At last, to minimize the loses investor can sell the overpriced share.

**Keywords:** Issue Price, Initial public offering, Wilcoxon Signed Rank Test, Last trading price, National Stock Exchange.

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## I. INTRODUCTION

Initial Public Offering is when a company sells its share for the public first time. In the earlier days new companies raise the money in the form of private funding, personal loans, family, and friends. Now a day's investor invest money for the new organization in the form of the IPO and helps the management in most of the issues. Through this company can develop their business in all form. IPO performance can be determined by various factor like issue size, market capitalization, age of firms, over subscription, delay in listing, ownership pattern, time lag, lead manager prestige, promoters holding, macro-economic factors, etc., SEBI is regular for Indian capital market. The main objective is to raise capital for the organization and tap wide range of investor for the large volume of capital to the company's growth.

The IPO trend came to India in the eighties, this triggered the growth in the primary market. Many companies in the eighties and nineties just vanished without a trace after listing, people lost all their income. Primary market reframed itself after 2003. But in India histrionic recovery in its IPO market in 2010, in this year follow on offering from state owned organization sector such as steel, oil and gas which helped government to raise funds for the infrastructure. The global IPO market got very good start in 2014. Energy, technology, and real estate sector raised capital globally. The present study focusses on the analysis of IPO's under NSE from issue price to last trading price and evaluate short term and long term performance.

## II. REVIEW OF LITERATURE

**Ramesh Chandra Babu and Aaron Ethan Charles Dsouza, (2021):** Researcher examined the Indian IPO'S in the short period and regulate the abnormal return of the IPOs in the short term and determines the abnormal return of IPOs and analyze the impact of over - subscription profit after tax, promoters holding. The regular share price and nifty -50 index price were occupied from NSE and they have used the market familiar shirt run representation model, wealth related model and also considered t-test and regression examination the analysis reveals that over subscription impact the performance of IPO's, issue price, profit after tax, promoters holding these factor wont impact the IPO's return.

**S. Manu1 and Chhavi Saini (2020):** The study carries out the performance of post IPO of the several companies. Using event study methodology in this study the analyzed the weather these IPO's where undersold in short term and finds the many factor that include that impact the IPO's and they found that out of the selected IPO's are underpriced in short run and this is not subjective by the age of the business, issue price of the IPO.

**Ms. Ashwini G K, Ms. Jyothi G H, September (2020):** The study examine the performance of the IPO's of the companies listed in NSE. Worldwide IPOs are important source of funds for the company's growth and implement innovative strategies and offer huge profits. Researcher analyzed the performance of IPO's based on the issue price and closing price on the day of issue. They consider the four years of data from national stock exchange. Observed that Indians will continuously prefer to invest at the minor issue price and with closing value they will compare. They have been used correlation for relationship exists between issue price and issue size also analyzed the relationship between subscription ratio and listed day gain ratio. Finally analyses that the performance of listed companies and helps in making

investment decision and this concluded that IPO's can be consider it has a long-term investment tool.

**Iqbal ThonseHawaldar, K.R. Naveen Kumar & T. Mallikarjunappa (2018):** This study investigates the performance of IPO's, fixed price and book-built post listing after market performance in the Indian market. This analyzes the pricing as well as long run performance study analysis the 15 years information. This research reveals that fixed price IPO's, book-built IPOs are underpriced up to five years a beyond book budding IPO are associated with (CAARs) and turns confident after one- and one-half year and remain too positive afterward. Main objective is to analyze the listing day measures and performance of book built and fixed value IPOs and post listing aftermarket performance, study concluded that investor must study the fundamentals and views of IPO companies somewhat then market feelings.

**Sridevi V., Torsa Sinha, Olipriya Mukherjee and Ankit Sharma, (2017):** Researcher studies on the drastic changes of the exchange board of India(SEBI). Study concluded for 16 years of date from 2001 to 2016. Here they have calculated the IPO's annual average and Nifty 50 return, here data was segregated into 3 parts. Number of IPO's issued by the companies is the first part, distribution of IPO's is the second part. They concluded that the investor would invest the money equally in all the IPO listed on Indian stock market. Investor will all sell the securities at the particular year and reinvest the money for upcoming IPO's. Finally founded that cumulative annual returns from IPO's is longer than than cumulative annual return of Nifty.

**Rishi S Saluja, Shikhar Dam, Pradeepta Kumar Samanta, Ph.D. (December, 2017):** In this study researcher analyzed and compared the price measure of IPOs in the long period and this performance is calculated the MAR (market adjusted return) of IPO's . The main objective is to measure the long run initial listing performance from the date of offering to the public to the first listing on NSE. Analyzing the independent factor and study the trends in infrastructure IPO's during study period. They conclude that in the secondary sector IPO investors incurred more loses then the territory sector and between the performance of infrastructure IPO's and other IPO's belonging having no difference.

**Zachary A. Smith (November 2017):** The purpose of the study is to know the most dominant method of abnormal performance and to relate that technique to analyze the performance of IPO. The study analyzes the IPO price performance. This is used by the event study approach along with the buy and hold abnormal returns. They founded that total of the matched firm techniques of abnormal performance and IPO generated important abnormal price performance arising in a short-term analysis, long period analysis & lock up and quick period.

**Muhammad Zubair Mumtaz,Zachary A. Smith, (June,2016):** The study examines the performance of IPO's issued in the Karachi stock exchange. This study is concentrating on the degree of underpricing used EBA technique to examine the fifteen explanatory variables. The study concluded that results of aftermarket risk level of the IPO, the oversubscription ratio, the offer price the return on asset.

**Dr. A. S. Ambily, Gayatri Krishna, Aswathy K and Deepa Balakrishnan (2016):** Researcher studied the IPO's measure the issue price to the last trade price, under NSE they have founded the average and some positive return and also investigated that investor invest

only on the source of the base of the business but not on the base of the fundamental analysis. They have purchased at the low price. Main objective is to find out the performance and the (%) percentage change of IPOs from the issue price to last trading price from the year 2013-2015. Finally, they concluded that IPOs are the best investment for a common man by analyzing the market and history of the company they can reduce the risk.

**Prof. Sweety Nishant Shah, Prof. Disha Harshadbhai Mehta (2014):** Researcher studies on the listing day performance of 113 IPO's in NSE India. Research founded that average, significantly positive profit on the listing day and they have observed initial IPOs are underpriced and they consider t- test to verify the returns and mean initial returns. Compared to historical returns average returns are significantly lower and to analyze the degree of underpricing with independent variable regression model has been used. The result of regression shows that there is no significant relationship between the degree of underpricing and explanatory. This study suggest that investors can do this investment in new issues.

**Himanshu Puri (April 2012):** Analyzed weather IPO market provides positive abnormal return to the investor. The basis of the short term and t- statistics are used in this study to know significance of the return and used wealth relative model for the analysis. The main objective is to measure the performance IPO on that the investor can earn positive return on the close of trading days finally with this research he concludes the initially IPOs are providing good returns, but it declaims as time passes.

**Soumya Guha Deb and Banikanta Mishra (December,2009):** Researcher studied the issues like performance of long term. They found that investor will get positive return but not annulled within 10 days. They have used excess return (ER) and used CAPM approach. They have grouped the firm into two groups based on negative absolute return or positive yield. They observed that positive group has nothing gained and this experience the significant intra-day volatility, but negative group relates to post - IPOs they have unrelated for the positive group.

**Saurabh Ghosh (2002):** This paper concentrates on the banking sector IPO's. in this paper they analyzed the underpricing and underperformance for the IPOs from the banking sector and examine the profitability and efficiency changed after listing and weather they have any stock return between public sector and private sector. In this research they have used the Buy and hold return. They concluded that new policy and market monitoring rules are helped to improve some of the key accounting parameter for the banking IPO's and identified no significant underperformed.

### III. OBJECTIVES FOR THE STUDY

1. To analyses the percentage change of IPOs from the issue price to last trading price in the year 2018-2021.
2. To study the performance of IPOs on Listing Day.
3. To evaluate and compare short - run and long run performance of IPO's.

#### IV. STATEMENT OF PROBLEM

The study analyzed the financial performance of IPOs listed in the National Stock Exchange. When the IPOs reaches to the large amount of investor by its performance, company can raise the capital easily. Company needs this capital to the boost the business-like research, expansion, or infrastructure. Analyzing the performance of IPO helps to see whether IPOs are better investment tool or not.

#### V. SCOPE OF THE STUDY

The research analysis will increase the knowledge of the investor about investment in IPOs. The price of IPO from the day of issue and data taken from the NSE and calculated monthly return and yearly return. Understanding the IPO can be a long-term investment tool or a speculative opportunity to earn booming profit.

#### VI. RESEARCH METHODOLOGY

The research study is descriptive and analytical in nature. The information for the study collected from the NSE and Yahoo Finance website. Analyze for the percentage change of the issue price to the Last trading price is based on firms listed under NSE during the year 2018-2021. From various source of website secondary data are collected.

The study of performance of IPOs data taken from NSE website. A total of 23 firms issued IPOs in the year 2018. To study the long-term performance, data considered for the period of 3 years from the data of issue. There force sample size for the study is limited 23 companies. The progressive growth of selected data was based on 1<sup>st</sup> day, one month, 2month, 3-month, six-month, one year, two year and 3 years returns. To analyses and compare the short term and long-term performance Wilcoxon signed rank test is used.

#### VII. PERCENTAGE CHANGE OF IPO'S FROM ISSUE PRICE TO LAST TRADING PRICE IN THE YEAR 2018-2021.

The **price** at which a new security will be distributed to the public prior to the new **issue** trading on the secondary market. The last trade price is just that, the last price the market traded at when it officially closed.

$$\text{Percentage Change} = \frac{LTP - \text{Issue price}}{\text{Issue price}} * 100$$

#### VIII. ANALYSIS AND INTERPRETATION

The below tables cover secondary data. The table display the IPO's listed under NSE during the period of 2018 to 2021 and its issue price and last trading price and the percentage change in issue price to last trading price

**Table 1: IPO's DURING 2018**

Sl. No.	Name of the issue	Issue Price	LTP	Percentage Change
1	Aavas Financiers Limited	821	773.15	-6
2	Garden Reach Shipbuilders & Engineers Limited	118	83	-30
3	Ircon International Limited	475	41.53	-91
4	CreditAccess Grameen Limited	422	420.8	0
5	HDFC Asset Management Company Limited	1100	1,815.95	65
6	TCNS Clothing Co. Limited	716	657.8	-8
7	Varroc Engineering Limited	967	1,041.10	8
8	RITES Limited	185	170.16	-8
9	Fine Organic Industries Limited	783	822.8	5
10	IndoStar Capital Finance Limited	572	585.5	2
11	Lemon Tree Hotels Limited	56	71.65	28
12	ICICI Securities Limited	520	444.9	-14
13	Mishra Dhatu Nigam Limited	90	90	0
14	Sandhar Technologies Limited	332	322.15	-3
15	Hindustan Aeronautics Limited	1215	1128.35	-7
16	Bandhan Bank Limited	375	477.2	27
17	Bharat Dynamics Limited	428	390.7	-9
18	H.G.Infra Engineering Limited	270	270.05	0
19	Aster DM Healthcare Limited	190	179.85	-5
20	Galaxy Surfactants Limited	1480	1698.1	15
21	Amber Enterprises India Limited	859	1237.25	44
22	Newgen Software Technologies Limited	245	253	3
23	Apollo Micro Systems Limited	275	454.1	65

**Interpretation:** From the table, it is detected that HDFC Asset Management Company Limited and Apollo Micro Systems Limited has highest percentage return of 65 percent. H. G. Infra Engineering Limited is not gained any returns. 4 percent is the average difference of the year 2018 and it shows the return for a particular period.

**Table 2: IPO's DURING 2019**

Sl. No.	Name of the issue	Issue Price	LTP	Percentage Change
1	Prince Pipes and Fittings Limited	178	662.9	272
2	Ujjivan Small Finance Bank Limited	37	17.05	-54
3	CSB Bank Limited	195	213	9
4	Vishwaraj Sugar Industries Limited	60	24.1	-60
5	Indian Railway Catering and Tourism Corporation Limited	320	752.9	135
6	SpandanaSphoorty Financial Limited	856	355	-59
7	Affle India Limited	745	1214.65	63
8	IndiaMARTInterMESH Limited	973	4419	354
9	Neogen Chemicals Limited	215	1660	672
10	Polycab India Limited	538	2339.4	335
11	Metropolis Healthcare Limited	880	1885	114
12	Rail Vikas Nigam Limited	19	32.7	72
13	MSTC Limited	120	317	164
14	Chalet Hotels Limited	280	266.5	-5
15	Xelpmoc Design and Tech Limited	66	283	329

**Interpretation:** From the table, it says that Neogen Chemicals Limited has highest percentage return of 672 percent. The highest negative return is Vishwaraj Sugar Industries Limited -60 %. The average difference of the year 2019 is 156 percent. The negative return shows that the company faces a loss.

**Table 3: IPO's during 2020**

Sr. No.	Name of the issue	Issue Price	LTP	Percentage Change
1	Antony Waste Handling Cell Limited	315	282	-10
2	Mrs. Bectors Food Specialities Limited	288	297.5	3
3	Gland Pharma Limited	1500	3300	120
4	Equitas Small Finance Bank Limited	33	52.8	60
5	Mazagon Dock Shipbuilders Limited	145	246.7	70
6	Likhitha Infrastructure Limited	120	309.55	158
7	UTI Asset Management Company Limited	554	975.3	76
8	ChemconSpeciality Chemicals Limited	340	282.25	-17
9	Computer Age Management Services Limited	1240	2458	98
10	Route Mobile Limited	350	1597.55	356
11	Happiest Minds Technologies Limited	166	1119.1	574
12	Yes, Bank Limited - FPO	13	12.75	-2
13	Rossari Biotech Limited	425	950	124
14	Antony Waste Handling Cell Limited - Issue Withdrawn	300	282	-6
15	SBI Cards and Payment Services Limited	755	816	8
16	ITI Limited FPO - Issue Withdrawn	77	96.7	26

**Interpretation:** It is analyzed that Happiest Minds Technologies Limited has highest percentage return of 574 percent. The highest negative return is Chemcon Speciality Chemicals Limited -17 %. The average difference of the year 2020 is 102 percent

**Table 4: IPO's during 2021**

Sr. No.	Name of the issue	Issue Price	LTP	Percentage Change
1	CMS Info Systems Limited	216	257	19.0
2	Supriya Life science Limited	274	447.5	63.3
3	HP Adhesives Limited	274	383	39.8
4	Data Patterns (India) Limited	585	650.8	11.2
5	MedPlus Health Services Limited	796	1008.9	26.7
6	Metro Brands Limited	500	540.2	8.0
7	C.E. Info Systems Limited	1033	1508.5	46.0
8	Shriram Properties Limited	118	79.8	-32.4
9	RateGain Travel Technologies Limited	425	291.25	-31.5
10	Anand Rathi Wealth Limited	550	571	3.8
11	Tega Industries Limited	453	464	2.4
12	Star Health and Allied Insurance Company Limited	900	634	-29.6
13	Go Fashion (India) Limited	690	870	26.1
14	Tarsons Products Limited	662	674.95	2.0
15	Latent View Analytics Limited	197	434.75	120.7
16	Sapphire Foods India Limited	1180	1288	9.2

17	One 97 Communications Limited	2150	680.4	-68.4
18	S J S Enterprises Limited	542	356.35	-34.3
19	Sigachi Industries Limited	163	305.9	87.7
20	PB Fintech Limited	980	691	-29.5
21	FINO Payments Bank Limited	577	283.55	-50.9
22	FSN Ecommerce Ventures Limited	1125	1383.9	23.0
23	Aditya Birla Sun Life AMC Limited	712	497	-30.2
24	Paras Defence and Space Technologies Limited	175	645.5	268.9
25	Sansera Engineering Limited	744	601.05	-19.2
26	Vijaya Diagnostic Centre Limited	531	413.25	-22.2
27	Ami Organics Limited	610	891	46.1
28	Chemplast Sanmar Limited	541	567	4.8
29	Aptus Value Housing Finance India Limited	353	366.95	4.0
30	Nuvoco Vistas Corporation Limited	570	399.5	-29.9
31	CarTrade Tech Limited	1618	546.7	-66.2
32	Devyani International Limited	90	156.1	73.4
33	Exxaro Tiles Limited	120	113.5	-5.4
34	Windlas Biotech Limited	460	238.6	-48.1
35	Krsnaa Diagnostics Limited	954	540.5	-43.3
36	Rolex Rings Limited	900	1217.35	35.3
37	Glenmark Life Sciences Limited	720	475.1	-34.0
38	Tatva Chintan Pharma Chem Limited	1083	2175	100.8
39	Zomato Limited	76	79.35	4.4
40	Clean Science and Technology Limited	900	2018	124.2
41	G R Infraprojects Limited	837	1445	72.6
42	India Pesticides Limited	296	273.9	-7.5
43	Krishna Institute of Medical Sciences Limited	825	1389	68.4
44	Dodla Dairy Limited	428	438.5	2.5
45	Sona BLW Precision Forgings Limited	291	612	110.3
46	ShyamMetalics and Energy Limited	306	311.9	1.9
47	Macrotech Developers Limited	486	1071	120.4
48	Barbeque-Nation Hospitality Limited	500	1259	151.8
49	Suryoday Small Finance Bank Limited	305	113.5	-62.8
50	Nazara Technologies Limited	1101	1756	59.5
51	Kalyan Jewellers India Limited	87	60.5	-30.5
52	Craftsman Automation Limited	1490	2001	34.3
53	Laxmi Organic Industries Limited	130	421	223.8
54	Anupam Rasayan India Limited	555	853.65	53.8
55	Easy Trip Planners Limited	187	283.45	51.6
56	MTAR Technologies Limited	575	2006	248.9
57	Heranba Industries Limited	627	604.45	-3.6
58	RailTel Corporation of India Limited	94	91.5	-2.7
59	Nureca Limited	400	1388	247.0
60	Stove Kraft Limited	385	677.95	76.1
61	Home First Finance Company India Limited	518	715	38.0
62	Indigo Paints Limited	1490	1621.9	8.9
63	Indian Railway Finance Corporation Limited	26	22.05	-15.2

**Interpretation:** From the above table, it is observed that Paras Defence and Space Technologies Limited has highest percentage return of 268.9 percent. The highest negative return is One 97 Communications Limited -68.4 %. The average difference of the year 2020 is 32 percent



Here the investor does the investment on the securities mainly on the image of the business but not the study of the fundamental analysis. When compared to the issue price and last trading price investors always prefer to buy at the lower price. The average difference regarding IPO performance from last trading price to the issue price in the year 2018, 2019, 2020 and 2021 are 4%, 156%, 102% and 32%.

## IX. PERFORMANCE OF IPOs ON LISTING DAY

The research analyzed the performance of IPO by considering the issue price and the listing day closing period and the result can be identified as underpricing or over-pricing based upon the increase or decrease of stock prices on the listing day

**The formula for calculating the Initial Return:**

$$IR_i = \frac{P_{i1} - P_{i0}}{P_{i0}}$$

Where,

IR<sub>i</sub> = IPO subscriber's initial return from security i.

P<sub>i1</sub> = Closing price of the IPO on the first day of trading.

P<sub>i0</sub> = Offer/issue price of the IPO scrip.

**TABLE 5: Performance of IPO on listing day**

Company Name	Issue Price	Closing price on listing day	IRi	Performance
Aavas Financiers Limited	821	773.15	-5.83	Over- Priced
Garden Reach Shipbuilders & Engineers Limited	118	83	-29.66	Over- Priced
Ircon International Limited	475	41.53	-91.26	Over- Priced
Credit Access Grameen Limited	422	420.8	-0.28	Over- Priced
HDFC Asset Management Company Limited	1100	1,815.95	65.09	Under- Priced
TCNS Clothing Co. Limited	716	657.8	-8.13	Over- Priced
Varroc Engineering Limited	967	1,041.10	7.66	Under- Priced
RITES Limited	185	170.16	-8.02	Over- Priced
Fine Organic Industries Limited	783	822.8	5.08	Under- Priced
IndoStar Capital Finance Limited	572	585.5	2.36	Under- Priced
Lemon Tree Hotels Limited	56	71.65	27.95	Under- Priced
ICICI Securities Limited	520	444.9	-14.44	Over- Priced
Mishra Dhatu Nigam Limited	90	90	0.00	-
Sandhar Technologies Limited	332	322.15	-2.97	Over- Priced
Hindustan Aeronautics Limited	1215	1128.35	-7.13	Over- Priced
Bandhan Bank Limited	375	477.2	27.25	Under- Priced
Bharat Dynamics Limited	428	390.7	-8.71	Over- Priced
H.G.Infra Engineering Limited	270	270.05	0.02	Under- Priced
Aster DM Healthcare Limited	190	179.85	-5.34	Over- Priced
Galaxy Surfactants Limited	1480	1698.1	14.74	Under- Priced
Amber Enterprises India Limited	859	1237.25	44.03	Under- Priced
Newgen Software Technologies Limited	245	253	3.27	Under- Priced
Apollo Micro Systems Limited	275	454.1	65.13	Under- Priced

The above table shows the performance of IPOs on the listing day issued in the year 2018. When the issue price is lesser than the closing stock price, it is understood as underpriced. In our research, **11 companies** have underpriced their issue on the listing day, It leads to rise in stock prices in case of underpricing which might outcome to positive yield on the listing day.

On the other hand, **11 companies** have over-priced. It shows lower yields on the listing day. It indicates reduction in the closing price of share when related with the issue price on the listing day. One company that is Mishra Dhatu Nigam Limited listing day closing price is equal to the issue price. Business's stock may fall on its first day because of an over prices issue. We can say that it is failure for the IPO.

The profits earned by the companies issuing IPO are HDFC Asset Management Company Limited, Varroc Engineering Limited, Fine Organic Industries Limited, IndoStar Capital Finance Limited, Lemon Tree Hotels Limited, Bandhan Bank Limited, H.G.Infra Engineering Limited, Galaxy Surfactants Limited, Amber Enterprises India Limited, Newgen Software Technologies Limited, Newgen Software Technologies Limited, Apollo Micro Systems Limited and the returns are 65.09 , 7.66, 5.08, 2.36, 27.95, 27.25, 0.02, 14.74, 44.03, 3.27 and 65.13 respectively. Among these, Apollo Micro Systems Limited has consider the highest positive yields.

Research finds that on the listing day return was high. With this opportunity investor can make purchase and sell IPO stock on the closing price to make better profit. This investment is one of the best opportunities to earn short run return. Therefore, it is advisable for the investor to gain returns on the companies which are underpricing.

## **X. PROGRESSIVE GROWTH OF IPO RETURN'S IN SHORT TERM AND LONG-TERM PERIOD**

To buy and hold strategy of an investor analyzed with the help of progressive growth. The study attends to analyze the Buy and hold returns with the help of progressive growth from the date of issue for next consecutive three years. The study taken data such as variation in stock returns over various time limits like Listing Day, 1 month, 3 months, 6 months, 1 year, 2 years and 3 years taking issue price as a base.

Progressive growth is defined in form of increase in profits. It is expressed as percentage, and it is measured by using the closing price at the end of the trading day divided by issue price. The issue price is base value for comparing purpose and fixed as 100 percent. The return of the particular IPO if it is lower 100 percent, it indicates the fall in price of stock. If the IPO return is more than 100 percent it indicated the increase in the price of stock, there four if it is more than 100 percent investor can expect more returns from particular IPO.

**Table 6: Progressive Performance of IPO in Short and Long Term (In %)**

Company Names	Issue price (in %)	Months			Years		
		1	3	6	1	2	3
Aavas Financiers Limited	100	81	103	139	195	176	330
Garden Reach Shipbuilders & Engineers Limited	100	83	76	83	153	170	188
Ircon International Limited	100	7	10	8	8	8	10
Credit Access Grameen Limited	100	69	87	112	161	166	156
HDFC Asset Management Company Limited	100	153	128	123	189	216	266
TCNS Clothing Co. Limited	100	93	84	100	101	46	82
Varroc Engineering Limited	100	101	81	76	48	48	37
RITES Limited	100	122	122	122	122	142	142
Fine Organic Industries Limited	100	102	131	154	183	183	376
IndoStar Capital Finance Limited	100	98	83	64	64	49	53
Lemon Tree Hotels Limited	100	129	130	125	140	32	63
ICICI Securities Limited	100	71	58	58	46	53	75
Mishra Dhatu Nigam Limited	100	160	136	127	154	215	215
Sandhar Technologies Limited	100	97	97	94	79	62	89
Hindustan Aeronautics Limited	100	87	87	63	55	43	79
Bandhan Bank Limited	100	135	135	152	131	67	90
Bharat Dynamics Limited	100	95	89	72	66	66	83
H.G.Infra Engineering Limited	100	123	115	91	102	79	110
Aster DM Healthcare Limited	100	88	95	95	81	88	79
Galaxy Surfactants Limited	100	101	101	83	70	111	153
Amber Enterprises India Limited	100	128	133	111	87	174	306
Newgen Software Technologies Limited	100	100	103	97	118	96	96
Apollo Micro Systems Limited	100	117	88	47	44	28	49

**1. Buy and hold for one Months:** The research help to analyses the performance of investors buy and hold strategy holding the investment for a period of one months from the date of issue. Among the 23 IPOs, 12 IPOs have gained positive returns by the end of one month, among high progressive growth returns of IPO are Mishra Dhatu Nigam Limited 160%, HDFC Asset Management Company Limited 153%, Bandhan Bank Limited 135%, Amber Enterprises India Limited 128%, RITES Limited 122%.

The performance of 11 IPOs have reduced by the end of one months, namely Ircon International Limited 7%, Aster DM Healthcare Limited 88%, Aavas Financiers Limited 81%, Garden Reach Shipbuilders & Engineers Limited 83%, Credit Access Grameen Limited 69%, TCNS Clothing Co. Limited 93%, IndoStar Capital Finance Limited 98%, ICICI Securities Limited 71%, Sandhar Technologies Limited 97%, Hindustan Aeronautics Limited 87%, Bharat Dynamics Limited 95%.

**2. Buy and hold for three Months:** The research help to analyses the performance of investors buy and hold strategy holding the investment for a period of three months from the date of issue. Among the 23 IPOs, 11 IPOs have gained positive yields by the end of three month, among high progressive growth returns of IPO is Mishra Dhatu Nigam Limited 136%.

The performance of 12 IPOs have reduced by the end of one months, Ircon International Limited 10% is the low progressive return.

**3. Buy and hold for Six Months:** The research help to analyses the performance of investors buy and hold strategy holding the investment for a period of six months from the date of issue. Among the 23 IPOs, 10 IPOs have gained positive yields by the end of three month, among high progressive growth returns of IPO is Fine Organic Industries Limited 154%.

The performance of 13 IPOs have reduced by the end of one months, Ircon International Limited 8% is the low progressive return.

**4. Buy and hold for One Year:** The research help to analyses the performance of investors buy and hold strategy holding the investment for a period of one year from the date of issue. 12 companies have gained progress from the date of issue, except firms such as Ircon International Limited 8%, Varroc Engineering Limited 48%, IndoStar Capital Finance Limited 64%, ICICI Securities Limited 46%, Sandhar Technologies Limited 79%, Hindustan Aeronautics Limited 55%, Bharat Dynamics Limited 66%, Aster DM Healthcare Limited 81%, Galaxy Surfactants Limited 70% ,Newgen Software Technologies Limited 87% , Apollo Micro Systems Limited 44%.

**5. Buy and hold for Two Years:** The research help to analyses the performance of investors buy and hold strategy holding the investment for a period of two year from the date of issue. Nine firms have gained positive returns by the end of two year, among high progressive growth returns of IPO is HDFC Asset Management Company Limited 216 %. The performance of 14 IPOs have decreased by the end of two year, Ircon International Limited 8% is the low progressive return.

**6. Buy and hold for Three Years:** The research help to analyses the performance of investors buy and hold strategy holding the investment for a period of three year from the date of issue. 10 firms have gained positive returns, among high progressive growth returns of IPO is Aavas Financiers Limited 330 %. The performance of 13 IPOs have reduced by the end of three year, Ircon International Limited 10% is the low progressive return.

## XI. COMPARISON OF SHORT TERM AND LONG-TERM RETURNS

Non-parametric statistical test is Wilcoxon Signed Ranks Test, and it is used to identify whether there is a significant difference in the short run and long run performance.

**Table 7: Ranks**

		<b>N</b>	<b>Mean Rank</b>	<b>Sum of Ranks</b>
<b>Returns in Long run - Returns in short run</b>	Negative Ranks	12 <sup>a</sup>	9.83	118.00
	Positive Ranks	11 <sup>b</sup>	14.36	158.00
	Ties	0 <sup>c</sup>		
	Total	23		
<b>a. Returns in Long run &lt; Returns in short run</b>				
<b>b. Returns in Long run &gt; Returns in short run</b>				
<b>c. Returns in Long run = Returns in short run</b>				

In a mean rank positive rank and Negative rank are defined as short and long run periods. From the above table state that positive rank points return in the long run is best compared to the short turn vice versa, and it is analyzed by Comparing data of the IPO return before and after 1-year. The study found that in overall 23 companies, 11 companies' performance better in long term and 12 companies earning is good in short run.

**Table 8: Results of Wilcoxon Signed Ranks Test**

	<b>Returns in Long run - Returns in short run</b>
Z	-.608 <sup>b</sup>
Asymp. Sig. (2-tailed)	.543
<b>a. Wilcoxon Signed Ranks Test</b>	
<b>b. Based on negative ranks.</b>	

The table 8 shows Z value is more than the P value. There four Ho is rejected that is there is no significant difference between the short term and Long-term returns.as a result researcher can declare than there is a significance difference between the short run return with long term return.

The investment in the IPOs is too risky because investor they don't know about the firm much since it is listing in the stock market. So, the investor cannot be measuring the performance. In the stock market it can be said that risky investment is done then it can get the higher return as well, because Firms are listed in the first stage in the primary market it is more unstable than the secondary market.

## **XII. CONCLUSION**

In the olden days investor invest only on the few companies but now a days people try to invest in wide range of the company's stock. IPO is one of the best guides for the common person to invest in stock market. If the investor analyzes the market and history of companies, it won't be risk in the investment. The IPO is chance for organization to raise the money from the primary market and can raise the large capital only by issuing share through IPO's.

The research founded that IPO which are underpricing are giving high return. It helps to increase the demand and continue the price stability in the secondary market.

Finally, the study says that investor can sell share when it is high-priced by the end of listing day to decrease the loses and investor can hold the share for the long run for good return. Compared to short run, long run return is more promising. Long run investment is a more possibility of making good return.

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