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Research Article

A Study on Performance Evaluation of Initial Public Offering (IPO)

Jeelan Basha V,[1] Bhadrappa Haralayya,[2] Nitesh S Vibhute[3]

[1]Dean and Professor of Commerce , Vijayanagara Sri Krishnadevaraya University, Bellary, India.
[2]HoD and Associate Professor, Department of MBA, Lingaraj Appa Engineering College Bidar, India.
[3]Assistant Professor Faculty Of Business Studies Mba, Sharnbasva University Kalaburagi, India.

INFO

Corresponding Author:
Bhadrappa Haralayya, Department of MBA, Lingaraj Appa Engineering College Bidar, India.
E-mail Id:
bhadrappabhavimani@gmail.com

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ABSTRACT

Michelacci and Suarez (2004) showed that when an industry is growing rapidly more start-up firms try to enter and vie with one another for financing their projects. Under these circumstances VC find greater opportunities. The increased demand for VC funding could increase the cost of funds to the start-ups and they tend to go public.

Initial Public offerings (IPO) has been one of most popular routes chosen for raising funds by any growing company. It is a common experience that many IPOs are underpriced. These study attempts find out the factors which influence the under pricing decision. Earlier researchers had found the influence of financial factors like ownership retention, size of the issue, age of the firm, debt-equity ratio, NAV and non- financial factors like underwriter's reputation, venture capital funding.

Keywords: IPO, Financial leverage, Institutional Investorsare, NAV, Ownership Retention

Introduction

Choosing Initial Public Offering (IPO) route to acquire funds is a remarkable turning point in the history of any growing company. When the company is need of huge amount of fund to handle the growing business, the existing capital contributed by the promoters would not be enough, nor can it borrow funds with specific commitment of paying competitive interest rate. The most suitable route preferred is raising equity capital from public. Through this route existing promoters or the venture capitalists (VC) get an opportunity to diversify their investments and to book capital gains. The act of going public itself creates a colorful feather in the cap of the company and the consequential publicity could bring indirect benefits like hiring capability and talented executives, increased market image, etc. prior to going public, the promoters are accountable to themselves, but now after going public and procuring funds from a larger public, new obligations befall the company in terms of being more transparent and meeting disclosure requirements; thus becoming more accountable to larger public.

Michelacci and Suarez (2004) showed that when an industry is growing rapidly more start-up firms try to enter and vie with one another for financing their projects. Under these circumstances VC find greater opportunities. The increased demand for VC funding could increase the cost of funds to the start-ups and they tend to go public.

When companies go public, they tend to under price their shares; a phenomenon established when the share price jumps substantially on the first day of listing. Researchers had lot of material and data to explore this area of IPOs. Earlier researchers like logue (1973) and Ibbotson (1975) found that IPOs were underpriced. Under pricing of IPOs has always been an interesting area of research for the scholars has many theories have been proposed for explaining this phenomenon. This theories show the evidence of under pricing of the new IPOs by the companies going public due to the choice of different ownership structures by the management. In these study, the under pricing as on the first day of listing has been taken as the basis of study for the manufacture sector which is quite different from the other sectors.

Importance of the Study

Initial Public offerings (IPO) has been one of most popular routes chosen for raising funds by any growing company. It is a common experience that many IPOs are underpriced. These study attempts find out the factors which influence the under pricing decision. Earlier researchers had found the influence of financial factors like ownership retention, size of the issue, age of the firm, debt-equity ratio, NAV and non- financial factors like underwriter's reputation, venture capital funding. An attempt is made to find out if Net-worth to total assets, Qualified Institutional Buyers allotment, Earnings per share, Return on Net-worth and IPO Grading, Green shoe option also would influence the degree of IPOS in the Indian context. Data relating to 2010 to 2018 have been studied with reference to the manufacturing sector.

Scope of the Study

Scope of a study is confined to only Indian manufacturing sector. The criterion for determining manufacturing sector is based on the conversion of inputs into outputs. It covers the IPOs from 2010 to 2017. The companies which are covered during the study period are 20 companies. These have been selected from the sources of http://sebi.gov.in and http://moneycontrol.com.

Statement of the Problem

Although lots of research studies relating to under pricing of IPOs in terms of first-day of listing in various markets across the world have been done, as can be seen from the review of literature, in the Indian context a comprehensive study on the various financial and non-financial factors affecting the under pricing of Indian IPOs has not been done.

Researchers in India like Madhusoodanan and Thiripalraju (1997), and Ranjan and Madhusoodanan (2004), studied the effect of size of the issue on the under pricing. However their study pertained to data of 1992 to 1995 and was not comprehensively done using the financial and non- financial factors. Similarly, Sehgal and Singh (2007), studied the effect of size on the under pricing of IPOs in India. Sahoo and Rajib (2010), studied effect of offer-size, age of the firm, ownership retention also called Post Issue Promoters group Holdings (PIPH), times subscribed and used data relating to 2002 -2006.

The earlier researchers did not study the impact of Net Worth to Total Asset (NWTA), Qualified Institutional Buyers' (QIB) allotment, Earning per Share (EPS), Retention on Net-worth(RONW), IPO Grading (introduced by SEBI in 2007) and Green- shoe option on the under pricing of IPO in the Indian context. Analysts on IPO would expect lower under pricing if the NWTA, EPS and RONW prior to the IPO are higher. Since the SEBI made IPO Grading mandatory, those IPOs with good grading need not under price more.

Similarly Green-Shoe option will enable price stability for the shareholder and hence IPOs with such option need not under price more. When the QIB participate under special allotment, this has signaling effect saying that the IPO firm could be a better performer and hence the need for under pricing reduces.

None of these researchers studied the comprehensive impact of financial factors like ownership retention, size of issue, age of the firm, Financial leverage, NAV per Share, NWTA,EPS,RONW, and non-financial factors like IPO grading, green-shoe-option, underwriter's reputation and the venture capital backing, QIB simultaneously and that too data relating exclusively to manufacturing sector IPOs.

This study relates to the data from 2010 to 2017 relating to manufacturing sector IPOs which has not been done by earlier researchers. The data relating to the variable NWTA, EPS, and RONW are taken as the average of three years (prior to the year of the IPO issue). This paper discusses the manufacture sector IPO with reference to the under pricing on the first- day of listing under various factors. Manufacture sector constitutes nearly 28% of our GDP. Further manufacture sector in India has emerged as one of the prominent sector in terms of contribution to the national and states' income, trade flows, FDI flows and employment.

Objectives of the study

- To study the financial and non- financial factors simultaneously influencing the under pricing of IPOs issue under manufacture sector in terms of the first-day of listing in the Indian Capital Markets.
- To find out factors if they influence the under pricing of IPOs in the manufacture sector.

Hypothesis of the Study

For t-test

H_0- There is no significance difference between Under pricing and all concerned variables.

H_1- There is a significance difference between Under pricing and all concerned variables.

For Multi-regression analysis

H_0- Dependent variable has on impact on the Independent variable.

H_1- Dependent variable has no impact on the Independent variable.

For F-statistic

H_0- There is no significance influence of all the variables for determines the under pricing.

H_1- There is a significance influence of all the variables for determines the under pricing.

Data Source

Data has been collected mainly from the secondary data. While collecting secondary data, journals, magazines, books and websites. Data relating to all the IPOs from February2010 to February 2018 have been collected from the SEBI website (http://sebi.gov.in) and www.moneycontrol.com. The website provided the details of IPOs through the Red herring prospectuses during this period. Applying the method of calculating the degree of under pricing as(listing price- Offer price)/Offer price, the IPOs which were underpriced were culled out.

Statistical tools

In this study, descriptive statistics namely Ratios, Percentage, Average, Median, Minimum Value, Maximum Value, Standard deviationand inferential statistics like parametric and non-parametric tests have been used to find out the variables influencing the under pricing of IPOs in this category.

Using median as the separator, the independent Sample. t-statistic has been generated using SPSS.

History of IPOs

Financial history of the Dutch Republic and Dutch East India CompanyCourtyard of the Amsterdam Stock Exchange (Beurs van Hendrick de Keyser in Dutch) by Emanuel de Witte, 1653. Modern-day IPOs have their roots in the 17th-century Dutch Republic, the birthplace of the world's first formally listedpublic company, first formal stock exchange and market.

Figure 1

The Dutch East India Company (also known by the abbreviation "VOC" in Dutch), the first formally listed public company in history,In 1602 the VOC undertook the world's first recorded IPO, in its modern sense. "Going public" enabled the company to raise the vast sum of 6.5 million guilders.

The earliest form of a company which issued public shares was the case of the publicani during the Roman Republic. Like modern joint-stock companies, the publicani were legal bodies independent of their members whose ownership was divided into shares, or partes. There is evidence that these shares were sold to public investors and traded in a type of over- the-counter market in the Forum, near the Temple of Castor and Pollux.

The shares fluctuated in value, encouraging the activity of speculators, or quaestors. Mere evidence remains of the prices for which partes were sold, the nature of initial public offerings, or a description of stock market behavior. Publicani lost favor with the fall of the Republic and the rise of the Empire.

In the early modern period, the Dutch were financial innovators who helped lay the foundations of modern financial system. The first modern IPO occurred in March 1602 when the Dutch East India Company offered shares of the company to the public in order to raise capital. The Dutch East India Company (VOC) became the first company in history to issue bonds and shares of stock to the general public. In other words, the VOC was officially the first publicly traded company, because it was the first company to be ever actually listed on an official stock exchange.

While the Italian city-states produced the first transferable government bonds, they did not develop the other ingredient necessary to produce a fully-fledgedcapital market: corporate shareholders. As Edward String ham (2015) notes, "companies with transferable shares date back to classical Rome, but these were usually not enduring endeavors and no considerable secondary market existed (Neal, 1997, p. 61)."

In the United States, the first IPO was the public offering of Bank of North America around 1783.

Background Framework of IPOs

What is IPO?

An IPO (initial public offering) is referred to a flotation, which an issuer or a company proposes to the public in the form of ordinary stock or shares. It is defined as the first sale of stock by a private company to the public. They are generally offered by new and medium sized firms that are looking for funds to grow and expand their business.

It is also referred to as "public offering"

An initial public offering (IPO) is the first time that the stock of a private company is offered to the public. IPOs are often issued by smaller, younger companies seeking capital to expand, but they can also be done by large privately owned companies looking to become publicly traded. In an IPO, the issuer obtains the assistance of an underwriting firm, which helps determine what type of security to issue, the best offering price, the amount of shares to be issued and the time to bring it to market.

Basics of private and public

Companies fall into two broad categories:

- Private
- Public

A privately held company has fewer share holders and its owners don't have to disclose much information about the company. Most small businesses are privately held, with no exceptions that large companies can be private too, like Domino's Pizza and Hallmark Cards being privately held Shares of private companies can be reached through the owners only and that also at their discretion. On the other hand, public companies have sold at least a portion of their business to the public and thereby trade on astock exchange. This is why doing an IPO is referred to going public.

Why go public?

The main reason of going public is to raise good amount of cash through the various financial avenues that are offered. Besides, the other factors include:

- Public companies usually get better rates when they issue debt due to increased scrutiny.
- As long as there is market demand, a public company can always issue more stock.
- Trading in the open markets meansliquidity.
- Being Public makes it possible to implement things likeemployee stock ownership plans,which help to attract top talent of the industry.

Factors to be considered before applying for an IPO:

There are certain factors which need to be taken into consideration before applying for Initial Public Offerings in India:

- Historical record of the firm providing the Initial Public Offerings.
- Promoters, their reliability and past records.
- Products offered by the firm and their potential going forward.
- Whether the firm has entered into a collaboration with technological firm.
- Project value and various techniques of sponsoring the plan.
- Productivity estimates of the project.
- Risk aspects engaged in the execution of the plan.

Process involved in IPO

Underwriting

IPO is done through the process called underwriting. Underwriting is the process of raising money through debt or equity.

The first step towards doing an IPO is to appoint an investment banker. Although, theoretically a company can sell its shares on its own, but on realistic terms, investment bank is the prime requisite. The underwriters are the middlemen between the company and the public. There is a deal negotiated between the two.

E.g. of underwriters: Goldman Sachs, Credit Suisse and Morgan Stanley to mention a few.

The different factors that are considered with the investment bankers include:

- The amount of money the company will raise
- The type of securities to be issued
- Other negotiating details in the underwriting agreement

The deal could be a firm commitment where the underwriter guarantees that a certain amount will be raised by buying the entire offer and then reselling to the public, or best efforts agreement, where the underwriter sells securities for the company but doesn't guarantee the amount raised. Also to off shoulder the risk in the offering, there is a syndicate of underwriters that is formed led by one and the others in the syndicate sell a part of the issue.

Filing with the Sebi

Once the deal is agreed upon, the investment bank puts together a registration statement to be filed with the SEBI. This document contains information about the offering as well as company information such as financial statements, management background, any legal problems, where the money is to be used etc. The SEBI then requires acooling off period, in which they investigate and make sure all material information has been disclosed. Once the SEBI approves the offering, a date (the effective date) is set when the stock will be offered to the public.

Red Herring

During the cooling off period the underwriter puts together thered herring. This is an initial prospectus that contains all the information about the company except for the offer price and theeffective date. With the red herring in hand, the underwriter and company attempt to hype and build up interest for the issue. With the red herring, efforts are made where the big institutional investorsare targeted (also called the dog and pony show).

As the effective date approaches, the underwriter and the company decide on the price of the issue. This depends on the company, the success of the various promotional activities and most importantly the current market conditions. The crux is to get the maximum in the interest of both parties.

Finally, the securities are sold on the stock market and the money is collected from investors.

How does IPO work in India

The IPO process starts when the company lodges a registration declaration in accordance with SEBI. The entire listing declaration is then studied by the SEBI. This is followed by the prelude brochure proposed by the sponsor and then an authorized catalog prior to the share offering. The value and time of the IPO are then determined.

Applying for an IPO in India

When a firm proposes a public issue or IPO, it offers forms for submission to be filled by the shareholders. Public shares can be bought for a limited period only. The submission form should be duly filled up and submitted by cash, cheque or DD prior to the closing date, in accordance with the guidelines mentioned in the form.

Advantages and Disadvantages of coming up with an IPO:

Table 1

Advantages	Disadvantages
Stronger capital base	Short-term growthpressure
Increases other financing prospects	Disclosure and confidentiality
Better situated form a king acquisitions	Costs-initial andongoing
Owner diversification	Restrictions onmanagement
Executive compensation	Loss of personal benefits
Increase company and personal prestige	Trading restrictions

Largest IPO markets

Prior to 2009, the United States was the leading issuer of IPOs in terms of total value. Since that time, however, China (Shanghai, Shenzhen and Hong Kong) has been the leading issuer, raising $73 billion (almost double the amount of money raised on the New York Stock Exchange and NASDAQ combined) up to the end of November 2011. The Hong Kong Stock Exchange raised $30.9 billion in 2011 as the top course for the third year in a row, while New York raised $30.7 billion.[47] Indian Stock Markets are also emerging as a leading IPO market in the world. As many as 153 initial public offers hit the Indian stock market in 2017 and raised USD 11.6 billion.

The Risk of Investing in an IPO

IPOs can be a risky investment. For the individual investor, it is tough to predict what the stock will do on its initial day of trading and in the near future because there is often little historical data to use to analyze the company. Also, most IPOs are for companies that are going through a transitory growth period, which means that they are subject to additional uncertainty regarding their future values.

NSE Guidelines

For Initial Public Offerings (IPOs)

Qualifications for listing Initial Public Offerings (IPO) are as below:

Paid up Capital

The paid up equity capital of the applicant shall not be less than 10 crores and the capitalization of the applicant's equity shall not be less than ₹ 25 crores.

Conditions Precedent to Listing

The Issuer shall have adhered to conditions precedent to listing as emerging from inter-alia from Securities Contracts (Regulations) Act 1956, Companies Act 1956, Securities and Exchange Board of India Act 1992, any rules and/or regulations framed under foregoing statutes, as also any circular, clarifications, guidelines issued by the appropriate authority under foregoing statutes.

Atleast three years track record of either

The applicant seeking listing or

- The promoters/promoting company, incorporated in oroutside India or
- Partnership firm and subsequently converted into a Company (not in existence as a Company for three years) and approaches the Exchange for listing. The Company subsequently formed would be considered for listing only on fulfillment of conditions stipulated by SEBI in this regard

For this purpose, the applicant or the promoting company shall submit annual reports of three preceding financial years to NSE and also provide a certificate to the Exchange in respect of the following:

- The company has not been referred to the Board for Industrial and Financial Reconstruction (BIFR).
- The net worth of the company has not been wiped out by the accumulated losses resulting in a negative net worth. (Provided this criteria shall not be applicable to companies whose proposed issue size is not less than Rs.500 crores)
- The company has not received any winding up petition admitted by a court.

Promoters mean one or more persons with minimum 3 years of experience of each of them in the same line of business and shall be holding at least 20% of the post issue equity share capital individually or severally.

Table 2.Services Sector

Services sector				
Year	**Amount**	**Number**	**Under pricing**	**Over pricing**
2010	8979.89	15	6	9
2011	120.28	2	1	1
2012	181.96	1	0	1
2013	950	1	0	1
2014	301.25	2	0	2
2015	3157	5	3	2
2016	2122	3	2	1
2017	4350.91	5	4	1
2018	424.62	1	0	1
2019	9503.84	3	1	2
Total	30091.75	38	17	21
Average	3009.175	3.8	1.7	2.1
Standard Deviation	3575.085681	4.21109645	2.05750658	2.46981781
Consistency/ Stability	1.188061738	1.10818328	1.21029799	1.17610372
Growth	0.006320814	-0.163749	-0.1805193	-0.1539017

Data Analysis and Interpretation

Initial public offering is the process by which a private company can go public by sale of its stocks to general public. It could be a new, young company or an old company which decides to be listed on an exchange and hence goes public.

Descriptive statistics are brief descriptive coefficient that summarizes a given data set, which can be either a representation of the entire population or a sample of it through numerical calculations or graphs or tables.

Descriptive statistics can be used to determine measure of central tendency (mean), measure of dispersion(range, standard deviation, variance, minimum, maximum), and measure of kurtiosis and skewness.

Under Pricing

Under pricing is the difference between the issue price of a new share and the listing price on the first day in secondary market.If the issue became underpriced, it is benefited to the investor because they are able to earn more return on their equity shares.

The scientific literature distinguishes between ex-ante under pricing and the ex-post under pricing. While the ex-ante under pricing is the difference between the expected price on the secondary market and the issue price, the ex-post under pricing means the difference between the realized first trading price and the issue price.

Formula:

Listing price on the first day (closing price)- Issue price

Under pricing (%) = × 100

Issue price

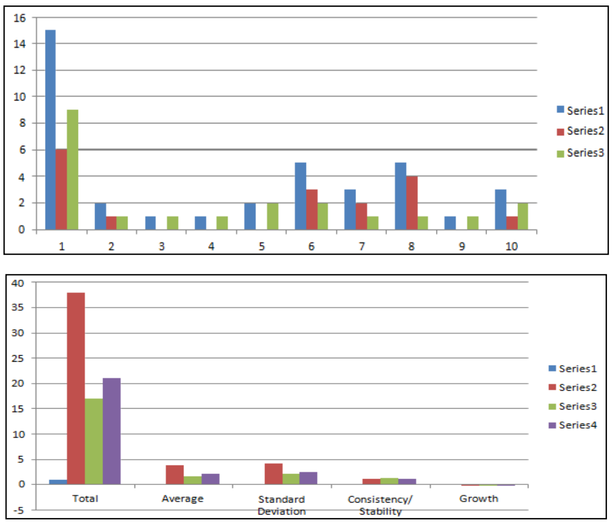
Sector Wise of IPOs Anova calculation

Amount Anova

The f-ratiovalueis1.83599. Thep-value is.178811. The result is not significant at p<.05.

Number Anova

The f-ratio value is 0.33439. The p-value is .718695. The result is not significant at p <.05.



Graph 1

Table 3.Bankand Finance Sector

Year	Amount	No.	Under pricing	Over pricing
2010	2611.47	4	1	3
2011	2737.36	6	4	2
2012	663.31	1	0	1
2013	270.38	1	1	0
2014	0	0	0	0
2015	0	0	0	0
2016	6617.16	4	0	4
2017	5921.51	4	2	2
2018	8715.64	4	3	1
2019	1159.68	2	0	2
Total	28696.51	26	11	
Average	2869.651	2.6	1.1	1
Standard Deviation	3138.211764	2.065591118	1.449137675	1.3540064
Consistency/ Stability	1.093586559	0.794458122	1.317397886	0.9026709
Growth	-0.086248453	-0.074125288	-1	-0.0440519

Table 4.Manufacturesector

Year	Amount	No.	Under pricing	Over pricing
2010	3460.97	11	7	4
2011	671.64	7	3	4
2012	0	0	0	0
2013	0	0	0	0
2014	342.28	1	1	0
2015	153.19	1	1	0
2016	1546	4	1	3
2017	268.83	2	1	1
2018	2013.96	3	2	1
2019	0	0	0	0
Total	8456.87	29	16	13
Average	845.687	2.9	1.6	1.3
Standard Deviation	1151.645771	3.604010112	2.118699811	1.702938637
Consistency/ Stability	1.361787246	1.242762108	1.324187382	1.309952797
Growth	-1	-1	-1	-1

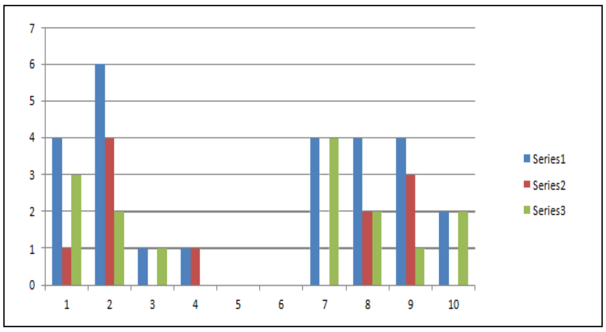
Interpretation

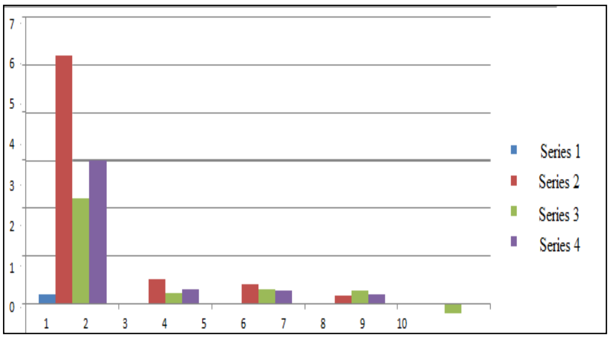
Graph 1, shows any amount of the IPOs in Services sector is Rs 3009.175 during the study period. No of IPOs Issued on average during the study is 3.8 or 4 IPOs are more over priced then those of under pricing during study priced. There is on growth and major variation in no of IPOs and amount of IPOs.

Bank and Finance Sector

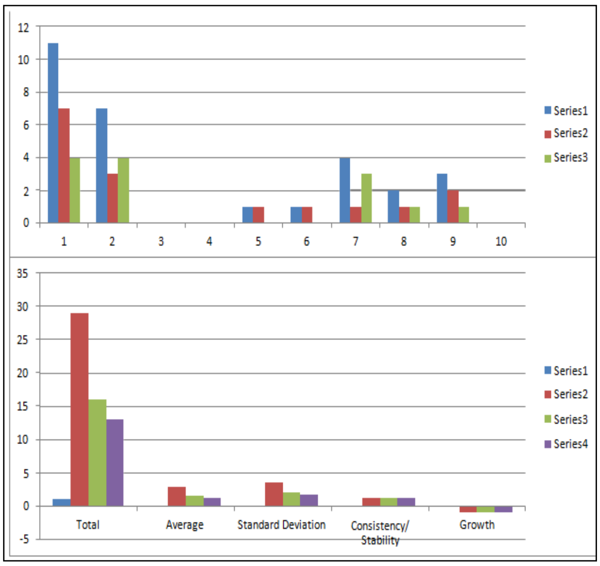
Interpretation

Graph 2, shows amount and no of IPOs in Bank and Finance Sector is an average 2869.651 and 2.6 respectively. There are more under pricing of IPOs than those of over pricing. Growth these is consistency in IPOs, these is a negative growth during the study period.





Graph 2



Graph 3

Interpretation

Graph 3, shows IPOs of Manufacture sector is an average 845.687 and registering on annul average of 3.60 IPOs during the study period. Under pricing of IPOs are more than those of over pricing of Manufacture sector during the study period. These is on growth in the amount and no IPOs over the study period.

State-wise of IPOs

Anova calculation Amount anova

f-ratio value is 0.55955. The p-value is .644156. The result is not significant at $p < .05$.

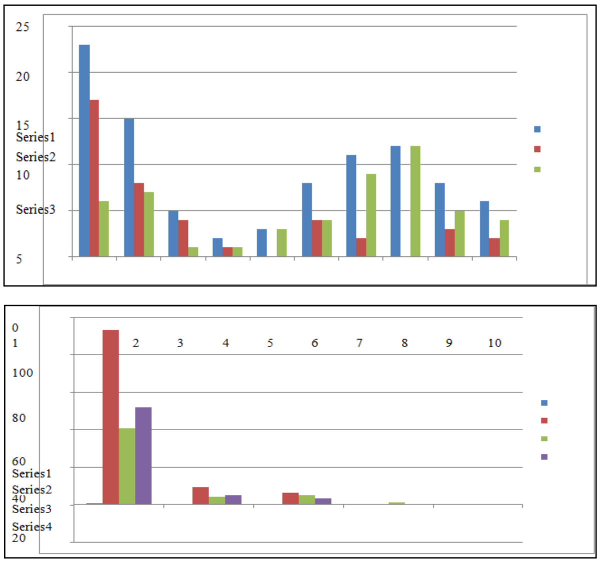
Number wise

The f-ratio value is 4.43105. The p-value is .015235. The result is significant at $p < .05$

IPOs issued in South India

Interpretation

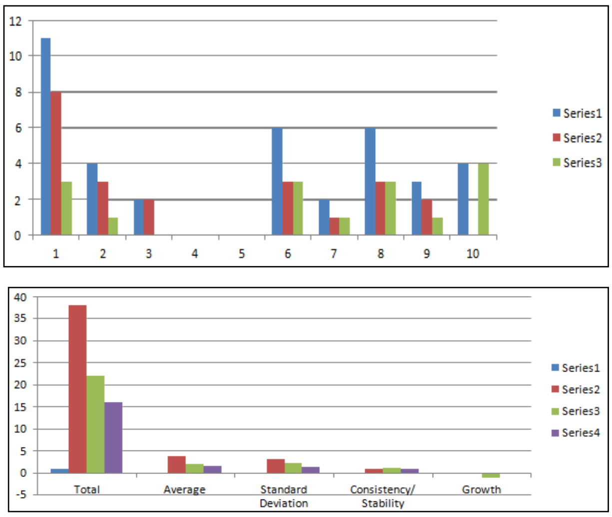
Graph 4, shows amount and on average no of IPOs issued in south India is Rs 9239.295 and 9.3 it respectively during the study period. Under pricing of IPOs in south India are almost 1.5 times of the over pricing. Inepter of consistency of amount and no of IPOs, these is no growth during the study period.



Graph 4

Interpretation

Graph 5, shows north India as on average amount of 2536.569 and no of 3.8 IPOs. Under pricing of IPOs in this reason are neasly 1.5 folds of the er pricing.



Graph 5

Table 5.IPOs issued in South India

Year	Amount	Numbers	Under pricing	Over pricing
2010	8,949.92	23	17	6
2011	2,554.63	15	8	7
2012	953.31	5	4	1
2013	1,220.38	2	1	1
2014	653.25	3	0	3
2015	4,220.01	8	4	4
2016	14,469.85	11	2	9
2017	30,327.95	12	0	12
2018	18,185.15	8	3	5
2019	10,858.50	6	2	4
Total	92392.95	93	41	52
Average	9239.295	9.3	4.1	5.2
Standard Deviation	9611.235565	6.290204024	5.10881591	3.457680661
Consistency/ Stability	1.040256379	0.676366024	1.24605266	0.664938589
Growth	0.021710493	-0.13869264	-0.2116279	-0.04405192

Table 6.North India

Year	Amount	Numbers	Under Pricing	Over Pricing
2010	3,719.20	11	8	3
2011	648.11	4	3	1
2012	5,142.90	2	2	0
2013	0.00	0	0	0
2014	0.00	0	0	0
2015	5,666.00	6	3	3
2016	1,292.50	2	1	1
2017	4,606.74	6	3	3
2018	2,000.20	3	2	1
2019	2,290.04	4	0	4
Total	25365.69	38	22	16
Average	2536.569	3.8	2.2	1.6
Standard Deviation	2123.972735	3.293090409	2.394437999	1.505545305
Consistency/ Stability	0.837340808	0.866602739	1.088380909	0.940965816
Growth	-0.052456227	-0.106313379	-1	0.032481032

Table 7.East India

Year	Amount	Numbers	Under pricing	Over pricing
2010	862.79	3	3	0
2011	0	0	0	0
2012	181.96	1	0	1
2013	0	0	0	0

2014	0	0	0	0
2015	0	0	0	0
2016	0	0	0	0
2017	493.06	1	1	0
2018	0	0	0	0
2019	0	0	0	0
Total	1537.81	5	4	1
Average	153.781	0.5	0.4	0.1
Standard Deviation	295.1719329	0.971825316	0.966091783	0.316227766
Consistency/ Stability	1.919430443	1.943650632	2.415229458	3.16227766
Growth	-1	-1	-1	#DIV/0!

Table 7.West India

Year	Amount	Numbers	Under pricing	Over pricing
2010	616.6	2	1	1
2011	62.65	2	1	1
2012	0	0	0	0
2013	0	0	0	0
2014	0	0	0	0
2015	825	2	1	1
2016	0	0	0	0
2017	786.48	3	2	1
2018	0	0	0	0
2019	0	0	0	0
Total	2290.73	9	5	4
Average	229.073	0.9	0.5	0.4
Standard Deviation	358.7868416	1.197219	0.707106781	0.516397779
Consistency/ Stability	4.484835521	0.014965237	0.008838835	0.006454972
Growth	-1	-1	-1	-1

Table 7.Lead manager wise of IPOs

lead manager Name	Number	Under Pricing	Over Pricing
SBI Capital Markets Ltd	9	4	5
HDFC Bank Limited	10	4	6
Axis Bank Limited	35	14	21
ICICI Securities Limited	17	9	8
IDFC Capital Limited	4	2	2
JM Financial Consultants Pvt Ltd	7	3	4
Kotak Mahindra Capital Company Ltd	12	6	6
Total	94	42	52
Average	13.42857143	6	7.428571429
Standard Deviation	10.34177842	4.203173404	6.267831705
Consistency/ Stability	0.770132436	0.700528901	0.843746576
Growth	0.015560633	0.005520231	0.025428203

Interpretation

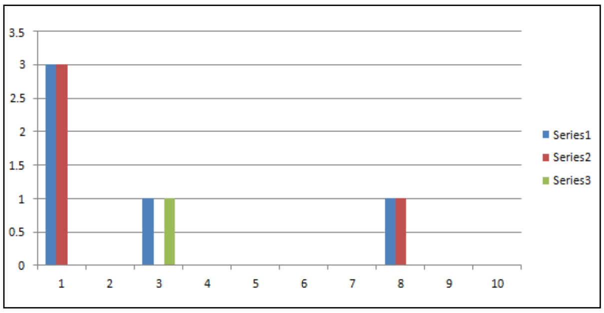
Graph 6 shows east India on average amount and no of IPOs in east India is Rs 153.781 and 0.5 respectively during the study period the under piecing of IPOs are almost triple of over pricing. Over the study period.

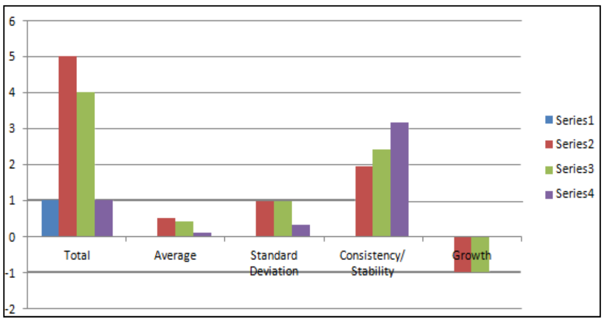
Interpretation

Above graph shows IPOs of west India has on average amount of Rs 229.073 and IPOs. Issued during the study period. The under piecing and over pricing of IPOs in the reason are almost the same these is no growth during the this period.

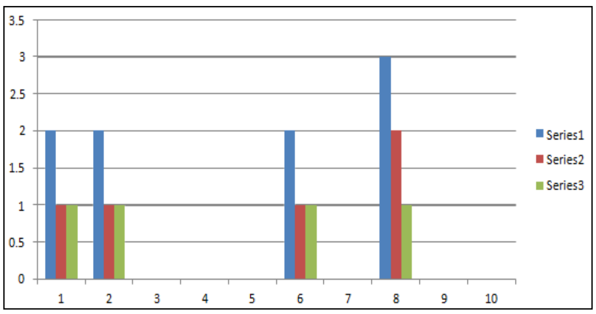
Interpretation

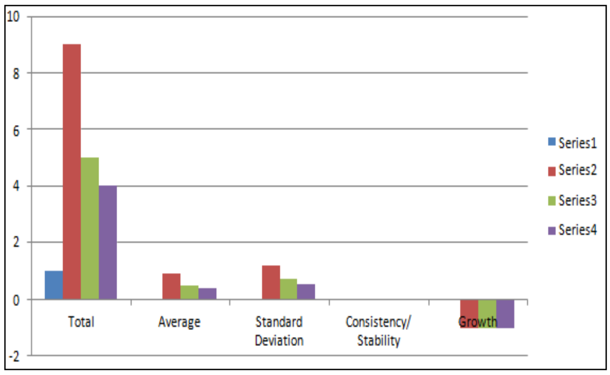
Above graph show Axis Bank Limited Lead manager of IPOs secures the highest no of 35 IPOs followed by 17 of ICICI Securities Limited,12 of Kotak Mahindra Capital Company Ltd,10 of HDFC Bank Limited,9 of SBI Capital Markets Ltd,7 of JM Financial Consultants Pvt Ltd, and 4 of IDFC Capital Limited respectively only IPOs of Axis Bank Limited Lead manager are more under pricing than that of over pricing rest of the lead manager IPOs are more over pricing than those of under pricing.



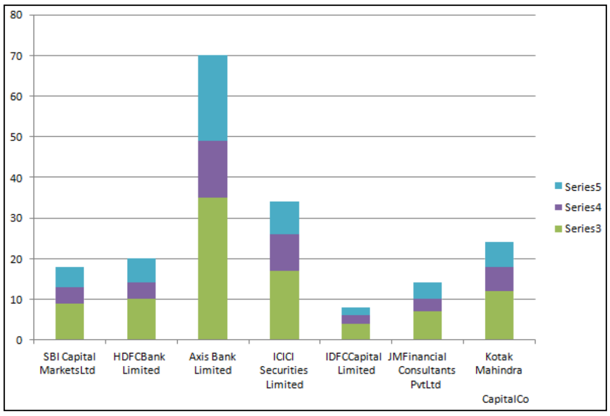


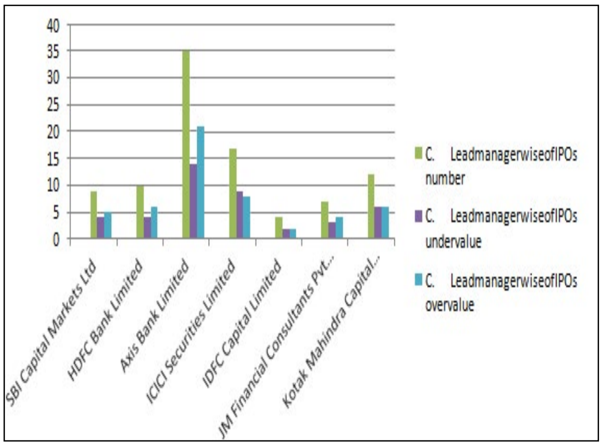
Graph 6

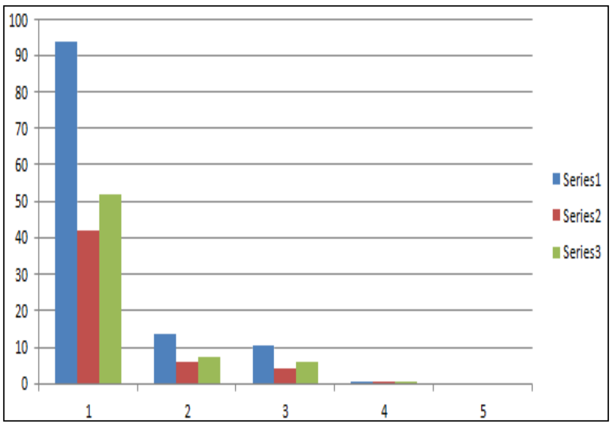




Graph 7



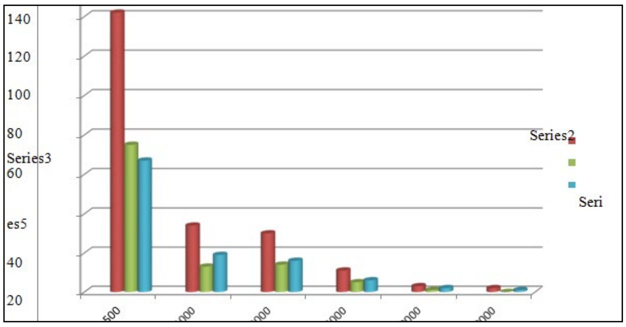


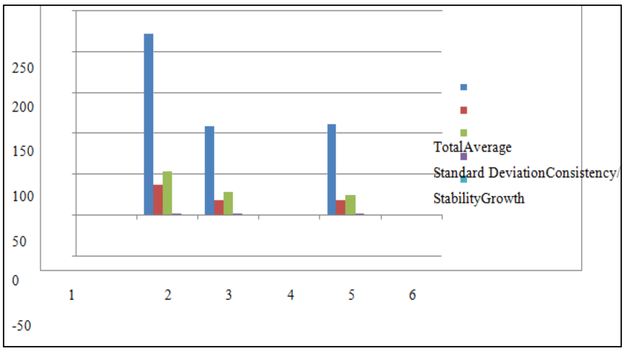


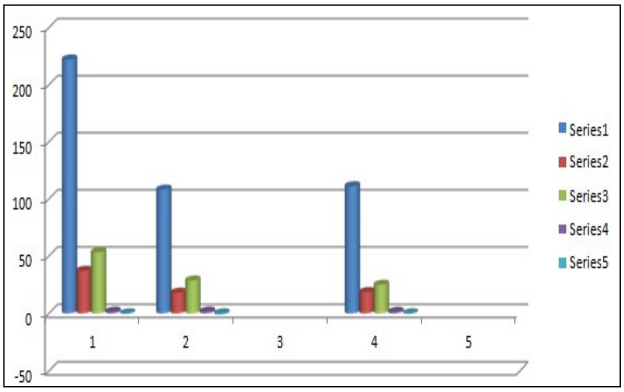
Graph 8

Table 8.Size-wiseof IPOs

Amount	Number	Under Pricing	Over pricing
0-500	142	75	67
500-1000	34	13	19
1000-2000	30	14	16
2000-5000	11	5	6
5000-10000	3	1	2
Above 10000	2	0	1
Total	222	108	111
Average	37	18	18.5
Standard Deviation	53.1789432	28.53769437	24.87368087
Consistency/Stability	1.437268735	1.585427465	1.34452329
Growth	-0.377263061	-1	-0.373237795



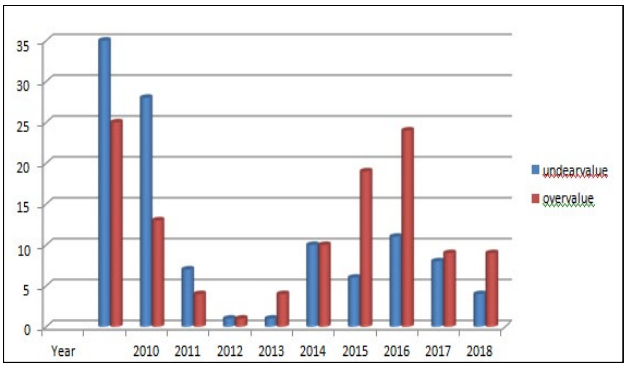


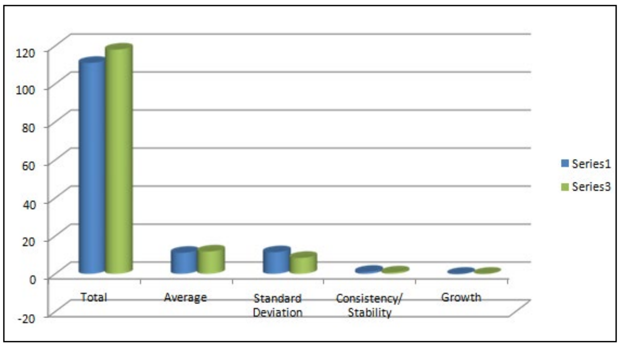


Graph 8

Table 8.UnderPricing/ Over Pricing of IPOs

Year	Under Pricing	Over Pricing
2010	35	25
2011	28	13
2012	7	4
2013	1	1
2014	1	4
2015	10	10
2016	6	19
2017	11	24
2018	8	9
2019	4	9
Total	111	118
Average	11.1	11.8
Standard Deviation	11.37687713	8.390470785
Consistency/ Stability	1.024943886	0.711056846
Growth	-0.214163062	-0.107310806





Graph 9

Interpretation

Graph 8 shows less then 500cr amount of IPOs have line shoes during the study period. Only IPOs of less than 500cr are more under pricing than that of over pricing.34,30,11,3,and 2 IPOs are of more than 500 less than 1,000, more than 2,000 less than 1,000, more than 5,000 less than 2,000, more than 10,000 less than 5,000,and above 10,000 are received respectively during the study period.

Dint the increase in amount of IPOs more than 500cr these is a decrease in no of IPOs.

Interpretation

Above graph shows under pricing of IPOs are more than these of over pricing during the first 4 years of the study period. Over pricing are more than these of under piecing during the last 6 years.

Findings

- Services sector amount of the IPOs in Rs;3009.175 during the study period.
- Bank and Finance Sector amount and no of IPOs in the an average 2869.651 and 2.6 respectively. There are more under pricing of IPOs than those of over pricing
- IPOs of Manufacture sector is an average 845.687 and registering on annul average of 3.60 IPOs during the study period
- South India Inepter of consistency of amount and no of IPOs,these is no growth during the study period.
- North India as on average amount of 2536.569 and no of 3.8 IPOs.
- East India on average amount and no of IPOs in east India is Rs 153.781 and 0.5 respectively during the study period
- West India has on average amount of Rs 229.073 and IPOs. Issued during the study period.
- Axis Bank Limited Lead manager of IPOs secures the highest no of 35 IPOs
- Dint the increase in amount of IPOs more than 500cr these is a decrease in no of IPOs.
- Under pricing of IPOs are more than these of over pricing during the first 4 years of the study period. Over pricing are more than these of under piecing during the last 6 years.

Suggestion

- Manufacture sector should be encouraged to for highs amount of IPOs which is the most important and backbone of sector of any country.
- The garment of India should take initiative to develop the backward reason of east India though indeshialistion and raise more amount though IPOs.
- All land managers except axis bank have to improve in price discovery system.
- Mega issues should be encouraged to raise more amount through IPOs.
- During the last 6 years land manages have faith in preps fixing the price of a share ,lance flesh have to improve the suitable skills in fixing the right issue prices.

Conclusion

Initial Public Offerings (IPO) has been one of most popular routes chosen for raising funds by any growing company. It is a common experience that many IPOs are underpriced. These study attempts find out the factors which influence the under pricing decision. Earlier researchers had found the influence of financial factors like ownership retention, size of the issue, age of the firm, debt-equity ratio, NAV and non- financial factors like underwriter's reputation, venture capital funding. An attempt is made to find out if Net-worth to total assets, Qualified Institutional Buyers allotment, Earnings per share, Return on Net-worth and IPO Grading, Green shoe option also would influence the degree of IPOS in the Indian context. Data relating to 2010 to 2018 have been studied with reference to the manufacturing sector

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