

Do Higher Subscription Levels Lead to Better Listing Returns?

Evidence from Indian SME IPOs

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Abstract:

This study examines the relationship between the subscription ratio and listing-day returns of SME Initial Public Offerings (IPOs) listed in India during January–May 2026. The study is based on a sample of 59 SME IPOs listed on the NSE and BSE SME platforms. Descriptive statistics, Pearson correlation, and simple linear regression techniques were employed to analyze the data. The results suggest that higher investor demand, reflected by stronger subscription levels, is associated with superior listing-day performance of SME IPOs. The study contributes to the IPO literature by providing recent empirical evidence from the Indian SME market and offers useful insights for investors, issuers, and policymakers regarding the role of subscription demand in predicting listing-day returns.

Introduction:

Initial Public Offerings (IPOs) for Small and Medium Enterprises (SMEs) have become a major source of funding for growing companies in India. These IPOs let companies to raise equity capital from a larger pool of investors, promoting growth, innovation, and long-term viability. The number of individual and institutional investors participating in SME platforms on stock exchanges like the NSE and BSE has significantly expanded in recent years.

Listing-day return, which shows the percentage difference between the issue price and the closing price on the first trading day, is frequently used to assess the immediate market success of initial public offerings (IPOs). Another important indicator is the subscription ratio, which reflects investor demand by comparing the number of shares applied for with the number of shares offered. A higher subscription ratio is generally considered a signal of strong investor confidence. In this context, the present study analyses the relationship between subscription ratio and listing-day returns of SME IPOs listed in India during January–May 2026 using statistical tools such as correlation and regression analysis.

Review of Literature

Rock (1986) explained IPO under-pricing through information asymmetry, where uninformed investors require compensation for participating in uncertain issues. Ritter (1991) documented long-run underperformance of IPOs, showing that initial gains may not sustain over time. Loughran and Ritter (2004) further analysed behavioural and market-based explanations for IPO under-pricing, emphasizing investor sentiment and market cycles. Aggarwal and Rivoli (1990) found that IPOs often generate significant listing gains due to excess demand in the primary market. According to Lowry and Schwert (2002), market conditions and investor demand variations have an impact on IPO pricing and initial returns.

Subscription levels and market mood have a major impact on IPO listing performance, according to Sehgal and Singh (2012). According to Tripathi and Kumar (2014), issue-specific characteristics and demand conditions are the main causes of IPO underpricing in India. Investor subscription serves as a potent signal of market interest and is favorably correlated with listing-day gains, according to Sehgal et al. (2018). Subscription ratio and investor mood continue to be important factors in determining IPO performance in India, according to more recent studies like Agarwal et al. (2025) and Oraon (2025). Additionally, Singh et al. (2025) highlight how governance and firm-specific elements influence IPO results.. A substantial correlation between subscription levels and IPO returns was established by Dadresha (2026), who specifically looked at Indian mainboard IPOs. Overall, the literature consistently shows that market conditions, business characteristics, and demand factors like subscription ratio impact IPO listing performance, which supports the necessity for additional empirical research in the SME IPO segment.

Research Methodology

This empirical study explores the association between listing-day returns and subscription ratio for SME IPOs listed in India between January and May of 2026. The analysis is based on secondary data obtained from authenticated sources such as stock exchange websites, IPO prospectuses, and financial market databases. The data collected relates to IPO subscription levels, issue price, and listing-day closing prices.

The sample comprises 59 SME IPOs listed on the NSE SME and BSE SME platforms during the study period. The subscription ratio is treated as the independent variable, while listing-day return is considered the dependent variable. Issue size is included as a supporting variable for descriptive understanding of IPO characteristics. The study excludes IPOs with incomplete or unavailable data to ensure consistency and accuracy in analysis.

To examine the relationship between the variables, descriptive statistics are first applied to understand the distribution and pattern of data. Pearson correlation analysis is then used to measure the strength and direction of association between subscription ratio and listing-day returns. Further, simple linear regression analysis is conducted to determine the impact of subscription ratio on listing performance.

Objective

To examine the relationship between the overall subscription ratio and listing-day returns of SME IPOs listed in India during January–May 2026.

Hypothesis

H₀: There is no significant relationship between the overall subscription ratio and the listing-day returns of SME IPOs listed in India during January–May 2026.

H₁: There is a significant relationship between the overall subscription ratio and the listing-day returns of SME IPOs listed in India during January–May 2026.

Data Analysis and Interpretation

Table 1: List of SME IPOs Listed in India from January to May 2026

Company	Listing Date	Issue Amount (Rs.cr.)	Subscription (x)	Listing Day Return
E to E Transportation Infrastructure Ltd.	02-Jan-2026	84.00	368.17	88.39
Modern Diagnostic & Research Centre Ltd.	07-Jan-2026	37.00	263.37	5.54
Gabion Technologies India Ltd.	13-Jan-2026	27.70	573.45	15.32
Yajur Fibres Ltd.	14-Jan-2026	114.38	1.24	-23.99
Victory Electric Vehicles International Ltd.	14-Jan-2026	32.83	1.00	-20.12
Defrail Technologies Ltd.	19-Jan-2026	13.07	73.74	21.96
Avana Electrosystems Ltd.	20-Jan-2026	33.45	92.76	36.1
Narmadesh Brass Industries Ltd.	21-Jan-2026	42.52	1.25	-8.69
GRE Renew Eneritech Ltd.	21-Jan-2026	37.55	11.93	-13.14
INDO SMC Ltd.	21-Jan-2026	87.34	77.38	3.89
Armour Security India Ltd.	22-Jan-2026	25.17	1.45	-23.95
Aritas Vinyl Ltd.	23-Jan-2026	35.63	1.86	-5
Digilogic Systems Ltd.	28-Jan-2026	76.94	1.23	-23.99
KRM Ayurveda Ltd.	29-Jan-2026	69.74	52.19	33.85
Shayona Engineering Ltd.	30-Jan-2026	14.11	5.38	4.86
Hannah Joseph Hospital Ltd.	02-Feb-2026	39.90	1.47	-2.5
Kasturi Metal Composite Ltd.	03-Feb-2026	16.73	12.92	-1.31
Kanishk Aluminium India Ltd.	04-Feb-2026	27.74	1.04	-24
Msafe Equipments Ltd.	04-Feb-2026	62.75	116.77	22.2
Accretion Nutraveda Ltd.	04-Feb-2026	23.53	1.62	48.22
CKK Retail Mart Ltd.	06-Feb-2026	83.56	1.55	5
Brandman Retail Ltd.	11-Feb-2026	81.78	80.10	9.18
Grover Jewells Ltd.	11-Feb-2026	32.13	13.73	14.55
Biopol Chemicals Ltd.	13-Feb-2026	29.63	22.26	-2.31
PAN HR Solutions Ltd.	13-Feb-2026	14.08	8.88	0.01

Marushika Technology Ltd.	19-Feb-2026	25.61	12.89	-2.56
Fractal Industries Ltd.	24-Feb-2026	46.54	4.08	0.72
Yashhtej Industries (India) Ltd.	25-Feb-2026	84.43	1.35	-24
Manilam Industries India Ltd.	27-Feb-2026	37.94	4.68	-23.99
Kiaasa Retail Ltd.	02-Mar-2026	66.24	1.76	-7.99
Mobilise App Lab Ltd.	02-Mar-2026	19.08	70.29	-15.88
Accord Transformer & Switchgear Ltd.	02-Mar-2026	24.29	248.47	14.13
Yaap Digital Ltd.	05-Mar-2026	76.05	3.29	-8.03
Striders Impex Ltd.	06-Mar-2026	34.47	1.25	-7.64
Acetech E-Commerce Ltd.	09-Mar-2026	46.49	1.14	5
Elfin Agro India Ltd.	12-Mar-2026	23.77	1.35	1.28
Srinibas Pradhan Constructions Ltd.	13-Mar-2026	19.30	1.13	6.53
Apsis Aerocom Ltd.	18-Mar-2026	33.95	91.24	46.05
Novus Loyalty Ltd.	25-Mar-2026	56.79	1.46	0.45
Speciality Medicines Ltd.	30-Mar-2026	27.28	1.35	1.53
Tipco Engineering India Ltd.	01-Apr-2026	51.46	1.50	-4.73
Highness Microelectronics Ltd.	02-Apr-2026	20.58	135.39	8.12
Vivid Electromech Ltd.	07-Apr-2026	123.94	1.06	1.45
Emiac Technologies Ltd.	13-Apr-2026	30.11	2.59	11.01
Safety Controls & Devices Ltd.	13-Apr-2026	45.57	1.27	-1.26
Mehul Telecom Ltd.	24-Apr-2026	26.32	31.82	12.18
Adisoft Technologies Ltd.	30-Apr-2026	70.38	54.30	25.15
Amba Auto Sales & Services Ltd.	05-May-2026	61.86	1.17	0.11
Value 360 Communications Ltd.	11-May-2026	39.60	1.17	-16.02

Recode Studios Ltd.	12-May-2026	42.31	160.62	41.61
Simca Advertising Ltd.	15-May-2026	55.13	68.94	-10.49
Goldline Pharmaceutical Ltd.	19-May-2026	11.02	598.69	32.02
RFBL Flexi Pack Ltd.	19-May-2026	33.56	21.46	10.2
NFP Sampoorna Foods Ltd.	25-May-2026	23.30	1.50	-5.82
Teamtech Formwork Solutions Ltd.	26-May-2026	47.63	5.29	15.48
Vegorama Punjabi Angithi Ltd.	27-May-2026	36.44	24.92	61.04
Bio Medica Laboratories Ltd.	29-May-2026	49.80	2.23	-16.69
Autofurnish Ltd.	29-May-2026	13.86	1.25	10.12
Q-Line Biotech Ltd.	29-May-2026	203.74	71.75	38.37

Table 1 shows 59 SME IPOs listed in India between January and May 2026, indicating significant variance in issue size, subscription levels, and listing-day returns. Kanishk Aluminium India Ltd. & Yashhtej Industries (India) Ltd. posted the lowest return of -24.00%, while E to E Transportation Infrastructure Ltd. recorded the best listing-day return of 88.39%. A number of initial public offerings (IPOs) with high subscription levels, such as Gabion Technologies India Ltd. (573.45x) and Goldline Pharmaceutical Ltd. (598.69x), produced significant listing gains, suggesting a favorable correlation between investor demand and first market performance. Overall, the data shows conflicting investor opinion, with highly subscribed IPOs typically outperforming less subscribed ones.

Table 2: % Distribution of SME IPOs by Listing-Day Return (January–May 2026)

	Number of companies	%
Positive (+ ve)	35	59.32
Negative (- ve)	24	40.68
	59	100.00

Chart 1: % Distribution of SME IPOs by Listing-Day Return (January–May 2026)

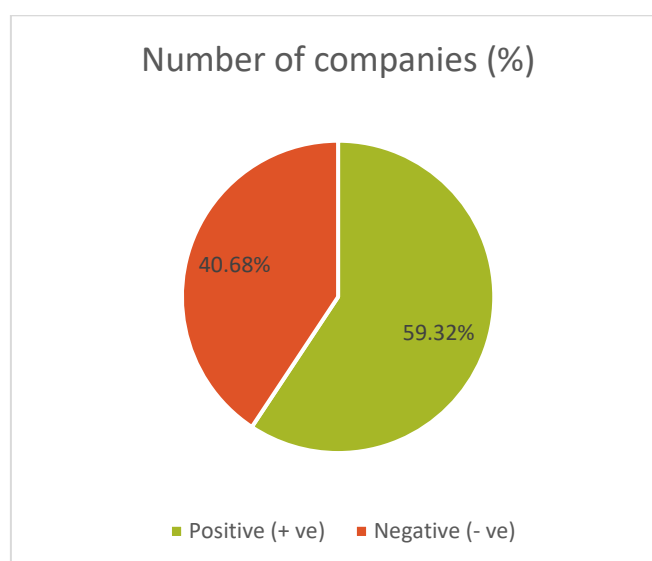


Table 2 shows that out of 59 SME IPOs listed during January–May 2026, 35 companies (59.32%) delivered positive listing-day returns, while 24 companies (40.68%) recorded negative returns. This indicates that a majority of SME IPOs generated gains for investors on their listing day.

Table 3: Range-wise Distribution of Positive Listing Gains of SME IPOs (January–May 2026)

+ve listing gain range	Number of companies	%
more than 50%	2	5.71
25-50%	8	22.86
0-25%	25	71.43
Total	35	100.00

Chart 2: Range-wise Distribution of Positive Listing Gains of SME IPOs (January–May 2026)

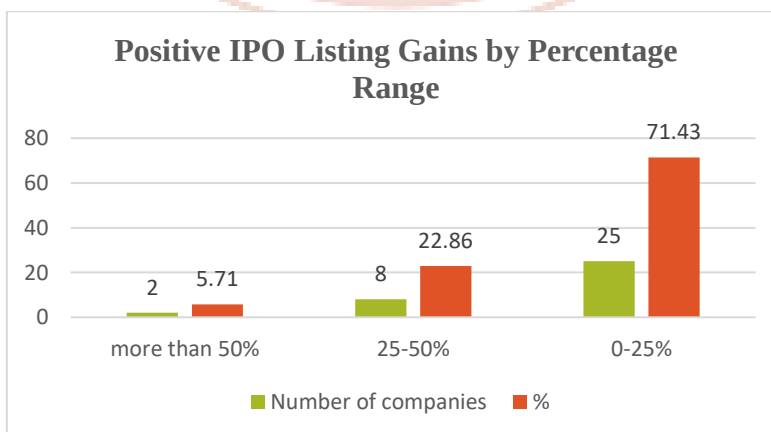


Table 3 shows that among the 35 SME IPOs with positive listing-day returns, the majority (71.43%) earned gains between 0% and 25%. Eight IPOs (22.86%) recorded returns between 25% and 50%, while only two IPOs (5.71%) generated gains exceeding 50%, indicating limited exceptional performers.

Table 4: Range-wise Distribution of Negative Listing Gains of SME IPOs (January–May 2026)

-ve Listing return range	Number of companies	%
0-10%	12	50.00
11-20%	5	20.83
more than 20%	7	29.17
Total	24	100.00

Chart 3: Range-wise Distribution of Negative Listing Gains of SME IPOs (January–May 2026)

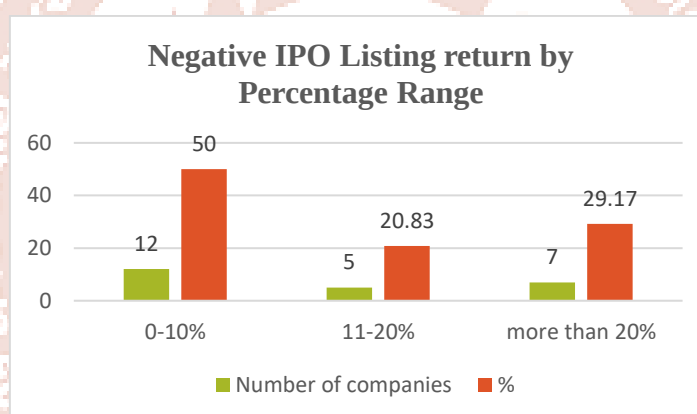


Table 4 indicates that of the 24 SME IPOs reporting negative listing-day returns during January–May 2026, 12 IPOs (50.00%) recorded losses between 0% and 10%. Five IPOs (20.83%) declined by 11–20%, whereas seven IPOs (29.17%) experienced losses exceeding 20%, reflecting considerable variation in the extent of negative listing performance.

Table 5: Distribution of SME IPOs by Issue Size and Listing-Day Return (January–May 2026)

Issue Amt.(crore)	Number of companies	%	+ve	-ve
0-20	8	13.56	6	2
21-40	26	44.07	14	12
41-60	10	16.95	5	5
61-80	7	11.86	4	3
81-100	5	8.47	4	1

Above 101	3	5.08	2	1
	59	100.00	35	24

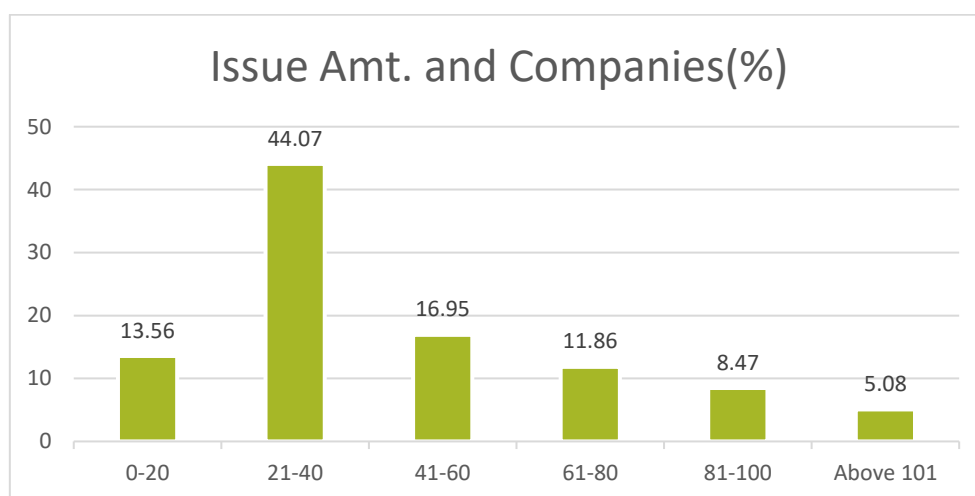


Chart 4: Distribution of SME IPOs by Issue Size and Listing-Day Return (January–May 2026)

Table 5 shows that most SME IPOs (44.07%) raised between ₹21 crore and ₹40 crore, followed by 16.95% in the ₹41–60 crore category. Positive listing-day returns outnumbered negative returns across most issue-size groups. Overall, 35 IPOs generated positive returns, while 24 recorded negative returns, indicating generally favorable initial market performance.

Table 6: Distribution of SME IPOs by Subscription Ratio and Listing-Day Return (January–May 2026)

Overall Subscription (Times)	Number of companies	%	+ve	-ve
0-10	33	55.93	15	18
11-50	8	13.56	4	4
51-100	10	16.95	8	2
more than 101	8	13.56	8	0
Total	59	100.00	35	24

**Chart 5: Distribution of SME IPOs by Subscription Ratio and Listing-Day Return
(January–May 2026)**

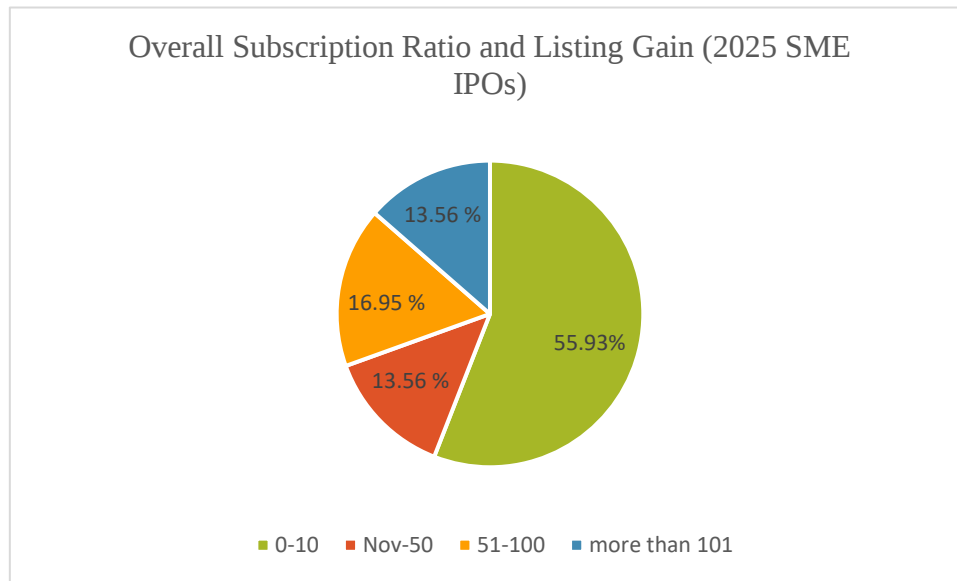


Table 6 indicates that most SME IPOs (55.93%) were subscribed up to 10 times, of which 15 recorded positive and 18 recorded negative listing-day returns. The majority of IPOs with subscription levels more than 50 times had favorable returns. Interestingly, all initial public offerings (IPOs) that were subscribed more than 101 times had positive listing-day gains, indicating a clear correlation between improved listing performance and more investor demand.

Table 7: Summary Statistics of Key Variables for SME IPOs (January–May 2026)

Descriptive			
	Subscription (x)	Issue Amount (Rs.cr.)	Return
Mean	58	46.6	6.06
Median	4.68	37	1.45
Standard deviation	123	32.6	22.4
Minimum	1	11	-24
Maximum	599	204	88.4

The overall statistics of 59 SME IPOs that were listed between January and May of 2026 are shown in Table 7. A few highly subscribed issues caused a highly skewed distribution, with an average of 58 subscriptions and a median of 4.68 subscriptions. The average listing-day return was 6.06%, and the average issue size was ₹46.6 crore. Significant variance in IPO success is reflected in the large standard deviations and return range of -24% to 88.4%.

Table 8: Pearson Correlation Analysis between Subscription Ratio and Listing-Day Return of SME IPOs (January–May 2026)

Variable	Subscription (x)
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Subscription (x)	1
Listing Return (%)	0.488

Table 8 presents the Pearson correlation between subscription ratio and listing-day return for SME IPOs listed during January–May 2026. The correlation coefficient of 0.488 indicates a moderate positive relationship between the two variables. The relationship is statistically significant ($p < 0.001$), implying that higher subscription levels are associated with higher listing-day returns. This suggests that stronger investor demand positively influences the initial market performance of SME IPOs, although other factors may also affect listing gains.

Table 9: Linear Regression Analysis of Subscription Ratio on Listing-Day Return of SME IPOs (January–May 2026)

Model Fit Measures						
			Overall Model Test			
Model	R	R ²	F	df1	df2	p
1	0.448	0.2	14.3	1	57	<.001

Table 9 demonstrates that the regression model is statistically significant ($F = 14.3$, $p < 0.001$). The subscription ratio explains 20% of the variation in SME IPO listing-day returns, indicating that higher investor demand is associated with improved initial market performance.

Model Coefficients					
Predictor	Estimate	SE	t	p	
Intercept	1.3245	2.913	0.455	0.651	
Subscription ratio	0.0817	0.0216	3.778	<.001	

According to the model results, SME IPO listing-day returns are positively and statistically significantly impacted by the subscription ratio ($\beta = 0.0817$, $t = 3.778$, $p < 0.001$), but the intercept is not significant ($p = 0.651$). As a result, the alternative hypothesis (H_1) is accepted and the null hypothesis (H_0) is rejected, showing a strong positive correlation between the listing-day returns of SME IPOs listed in India between January and May 2026 and the overall subscription ratio.

Conclusion

The analysis finds that the listing-day returns of SME IPOs listed in India between January and May 2026 are significantly positively impacted by the overall subscription ratio. Correlation and regression analysis demonstrate that higher subscription levels lead to better listing performance. However, only 20% of the difference in returns can be explained by the regression model, suggesting that other factors, such as market circumstances and company fundamentals, also have an impact on SME IPO listing gains.

Recommendations

Investors should evaluate the overall subscription ratio when evaluating SME IPOs, as well as company fundamentals and current market conditions, before making investment decisions.

To further explain and forecast SME IPO listing-day returns, future research should take into account additional factors such the grey market premium, financial performance, issue price, and industry characteristics.

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