

“Sectoral Dynamics of Initial Public Offerings: A Comparative Analysis of Technology and Healthcare Companies”

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Abstract:

The research paper provides an in-depth examination of the IPO performance of ten firms within the technology and healthcare industries. The study investigates the initial return and abnormal return for each IPO, aiming to provide insights into market dynamics, investor sentiment, and sector-specific trends. Using a detailed methodology involving the calculation of initial returns, estimation of expected returns, and subsequent computation of abnormal returns, the research compares the IPO performance within and across sectors. The study contributes valuable insights for investors, analysts, and policymakers seeking to understand sectorial differences in IPO performance, the study offers insightful information. Although the comparative analysis highlights fundamental variability and the impact of other factors Future studies should examine the implications for market behavior and go deeper into the factors influencing the trends of initial public offerings (IPOs) in various sectors.

1. Introduction

Initial public offerings (IPOs) represent significant milestones for businesses as they move from being privately held to publicly traded. IPOs not only enable companies to acquire funding but also reflect the overall market mood and the interest of investors.

In their seminal work, Ritter (1991) and Loughran and Ritter (2004) emphasized the role of underpricing in attracting investor interest and facilitating aftermarket trading liquidity. They found evidence of significant underpricing in IPOs, indicating that companies tend to leave money on the table to ensure successful market debuts. Subsequent studies have delved deeper into the determinants of underpricing, including information asymmetry, signaling effects, and investor sentiment.

This research paper adds to the current literature by performing an in-depth examination of ten companies within the technology and healthcare industries. The study employs a rigorous methodology to evaluate the initial return and abnormal return, aiming to uncover sectorial differences and provide actionable insights for investors, analysts, and policymakers. As initial public offerings (IPOs) change over time, it is crucial to know how companies in different industries handle going public. This helps investors make smart decisions and helps markets grow better and work more effectively. Understanding how companies in various sectors handle their IPOs can give us valuable insights for making good investment choices and making sure markets are strong and efficient.

2. Review of literature

In this research, **Jay R. Ritter (1991)** examined the short-term under-pricing trend and the "hot issue" phenomenon in the market, along with their effects on the long-term outcomes of initial public offerings (IPOs). The sample comprised 1,526 IPOs that were issued between 1975 and 1984 and were evaluated using cumulative average adjusted returns (CAR), abnormal returns, and initial returns methodologies. The findings indicated that, on average, IPOs tend to underperform, which implied that the costs incurred by these companies for raising external equity capital are not excessively high. The elevated transaction costs are associated with the public equity capital offering of an IPO.

Tim Loughran and Jay R. Ritter (2002) analysed the return-to-turnover ratio across various sub-periods. They investigated three overlapping theories: the hypothesis of the issuer's objective function, the re-alignment of incentives hypothesis, and the hypothesis concerning changes in risk composition. The study primarily utilized multiple regression-based IPO data from 1980 to 2000. Findings indicated a significant positive relationship between turnover and first-day returns in each sub-period. Additionally, it was observed that uncertainty regarding value increases with each set of physical characteristics. However, the cross-sectional relationship between first-day returns and the valuation measure, $\ln(\text{market}/\text{sales})$, does not possess sufficient sensitivity to account for the extent of the under-pricing that was observed.

Dr. Vinod Kumar Adwani (2020) conducted a study to evaluate the performance of IPOs listed on the BSE and NSE from April 1, 2013, to March 31, 2020, focusing on the sector of the issuing companies (manufacturing sector and services sector) over the seven financial years covered. By employing the student's T-test, mean, and weighted average returns, the findings revealed that IPOs from service sector companies outperform those from manufacturing sector companies. Moreover, the study indicated that public sector unit IPOs struggle to attract investors due to their benefits being largely nominal.

3. Objectives of the study

- To analyse the initial profits that companies experience when they go public.
- To examine the abnormal return experienced by companies during their IPOs.
- To Compare IPO performance across sectors to understand sector-specific dynamics and investor Sentiment.

4. Methodology

4.1. Period of the Study: Duration of the Study: This research extends from January 2023 to December 2023

4.2. Source of Data: The study relies on secondary data obtained from sources such as the NSE (National Stock Exchange). Specifically, the research focuses on 10 IPO companies from healthcare sectors and 11 IPO companies from the technology sector, all of which are listed on the NSE.

4.3. Tools of Analysis:

Tools of Analysis:

- **Initial Return:** The initial return is calculated as the closing price on the day of listing minus the offer price, divided by the IPO offer price.
$$IR = (\text{Closing Price on Listing Day} - \text{Offer Price}) / \text{Offer Price} * 100$$
- **Abnormal Return:** Abnormal Return = Initial Return - Expected Return

4.4. Limitations of the study:

1. The evaluation relies on a restricted dataset, which might not adequately represent the diversity of the larger population.
2. The study only considers mean and standard deviation values, which may overlook important data characteristics such as skewness, kurtosis, or outliers.
3. The findings may not be entirely representative of all potential scenarios or groups.

5. RESULT AND DISCUSSION

5.1. Examine the initial return experienced by companies during their IPOs.

Initial Return

Initial return refers to the percentage change in stock price from the IPO (Initial Public Offering) price to the closing price on the first day of trading in the public market. It measures the immediate market reaction to a company's IPO and indicates whether investors perceive the IPO as underpriced, overpriced, or appropriately priced.

The formula for calculating the initial return is:

$$IR = (\text{Closing Price of the Stock on the Listing Day} - \text{Offer Price}) / \text{Offer Price} * 100$$

Closing Price on First Trading Day: The price at which the stock closes at the end of the first day of trading after the IPO.

IPO Price: The price at which the company's shares are initially offered to the Public during the IPO.

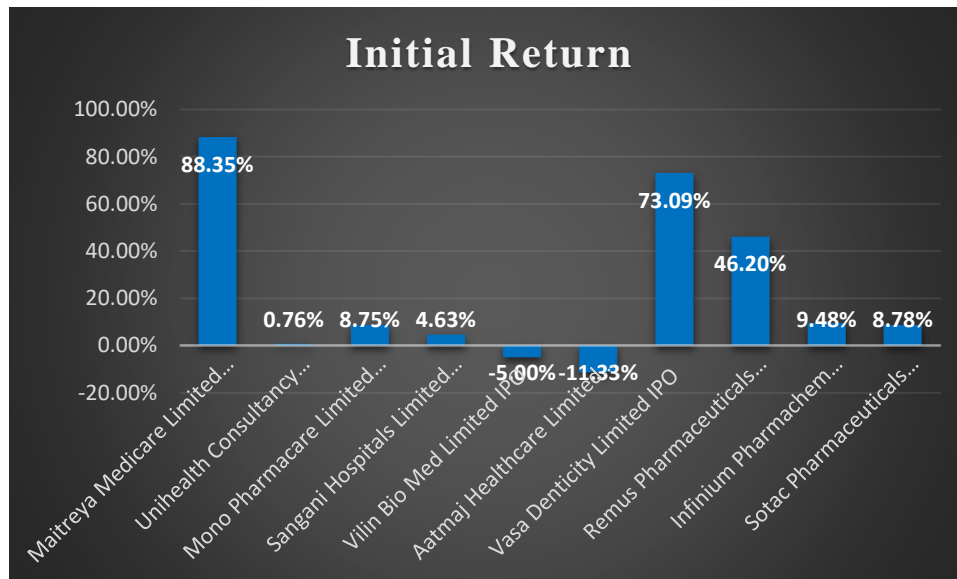
A positive initial return indicates that the closing price on the first trading day is higher than the IPO price, suggesting that the stock was underpriced and experienced an immediate price increase. Conversely, a negative initial return implies that the closing price is lower than the IPO price, indicating that the stock may have been overpriced or that there was less demand than expected.

Initial return is a key metric used by investors, analysts, and underwriters to assess the success and market reception of an IPO. It provides insights into investor sentiment, market dynamics, and the effectiveness of pricing strategies employed during the IPO process.

5.1.1. Healthcare

Initial Return

Sr. No.	Company Name	Initial Return
1	Maitreya Medicare Limited IPO	88.35%
2	Unihealth Consultancy Limited IPO	0.76%
3	Mono Pharmacare Limited IPO	8.75%
4	Sangani Hospitals Limited IPO	4.63%
5	Vilin Bio Med Limited IPO	-5.00%
6	Aatmaj Healthcare Limited IPO	-11.33%
7	Vasa Denticity Limited IPO	73.09%
8	Remus Pharmaceuticals Limited IPO	46.20%
9	Infinium Pharmachem Limited IPO	9.48%
10	Sotac Pharmaceuticals Limited IPO	8.78%
S.D.		34.48%
MEAN		22.37%



The chart analyses the initial return for a set of companies that have recently undergone initial public offerings (IPOs). The initial return is expressed as a percentage and represents the change in stock price from the IPO price to the closing price on the first day of trading in the public market. Here is an interpretation of the data:

1. Positive Initial Returns:

- Maitreya Medicare Limited IPO: 88.35%
- Mono Pharmacare Limited IPO: 8.75%
- Sangani Hospitals Limited IPO: 4.63%
- Vasa Denticity Limited IPO: 73.09%
- Remus Pharmaceuticals Limited IPO: 46.20%
- Infinium Pharmachem Limited IPO: 9.48%
- Sotac Pharmaceuticals Limited IPO: 8.78%

2. Near Zero/Negative Initial Returns:

- Unihealth Consultancy Limited IPO: 0.76%
- Vilin Bio Med Limited IPO: -5.00%
- Aatmaj Healthcare Limited IPO: -11.33%

Interpretation:

Companies with positive initial returns experienced an increase in stock price on the first day of trading post-IPO, with notable outliers like Maitreya Medicare and Vasa Denticity showing substantial gains.

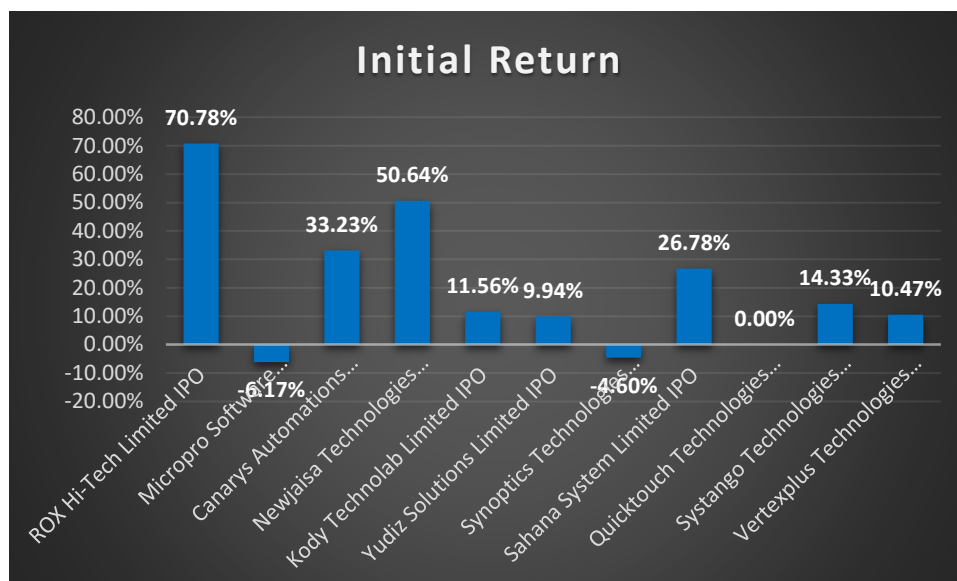
Companies with near zero or negative initial returns, such as Unihealth Consultancy, Vilin Bio Med, and Aatmaj Healthcare, either had minimal change or a decrease in stock price on the first trading day.

This analysis provides insights into the market's immediate response to these companies going public. Positive initial returns may suggest strong investor interest and confidence, while near zero or negative returns may prompt further examination into factors influencing market reception and performance.

5.1.2. TECHNOLOGY

Initial Return

Sr.	Company Name	Initial Return
1	ROX Hi-Tech Limited IPO	70.78%
2	Micropro Software Solutions Limited IPO	-6.17%
3	Canarys Automations Limited IPO	33.23%
4	Newjaisa Technologies Limited IPO	50.64%
5	Kody Technolab Limited IPO	11.56%
6	Yudiz Solutions Limited IPO	9.94%
7	Synoptics Technologies Limited IPO	-4.60%
8	Sahana System Limited IPO	26.78%
9	Quicktouch Technologies Limited IPO	0.00%
10	Systango Technologies Limited IPO	14.33%
11	Vertexplus Technologies Limited IPO	10.47%
S.D.		23.92%
MEAN		19.72%



The chart analyses the initial return for a set of companies that have recently undergone initial public offerings (IPOs). The initial return is expressed as a percentage and represents the change in stock price from the IPO price to the closing price on the first day of trading in the public market. Here is an interpretation of the data:

1. Positive Initial Returns:

- ROX Hi-Tech Limited IPO: 70.78%
- Canarys Automations Limited IPO: 33.23%
- Newjaisa Technologies Limited IPO: 50.64%
- Kody Technolab Limited IPO: 11.56%
- Yudiz Solutions Limited IPO: 9.94%
- Sahana System Limited IPO: 26.78%
- Systango Technologies Limited IPO: 14.33%
- Vertexplus Technologies Limited IPO: 10.47%

2. Near Zero/Negative Initial Returns:

- Micropro Software Solutions Limited IPO: -6.17%
- Synoptics Technologies Limited IPO: -4.60%
- Quicktouch Technologies Limited IPO: 0.00%

Interpretation:

Companies with positive initial returns experienced an increase in stock price on the first day of trading post-IPO, with significant gains seen in companies like ROX Hi-Tech, Newjaisa Technologies, and Canarys Automations.

Companies with near zero or negative initial returns, such as Micropro Software Solutions and Synoptics Technologies, either had minimal change or a decrease in stock price on the first trading day.

This analysis provides insights into the market's immediate response to these companies going public. Positive initial returns may suggest strong investor interest and confidence, while near zero or negative returns may prompt further examination into factors influencing market reception and performance.

5.2. Examine the abnormal return experienced by companies during their IPOs.

Abnormal return

Abnormal return refers to the difference between the actual return on an investment and the expected return. In the context of initial public offerings (IPOs), abnormal return is often used to assess how well a stock performs on its first day of trading compared to what was anticipated.

For IPOs, abnormal return is calculated as follows:

$$\text{Abnormal Return} = \text{Initial Return} - \text{Expected Return.}$$

Where:

Actual Initial Return is the percentage change in stock price from the IPO price to the closing price on the first day of trading.

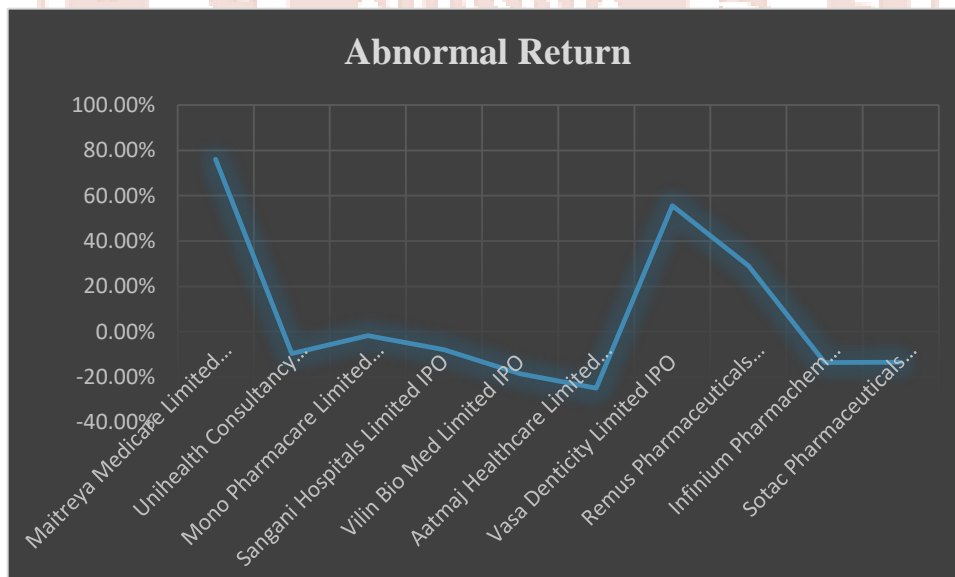
Expected Initial Return is the anticipated or average return based on factors like market conditions, industry trends, and comparable IPOs.

A positive abnormal return suggests that the stock performed better than expected, while a negative abnormal return indicates underperformance compared to expectations.

Abnormal return analysis provides insights into investor reactions and market efficiency. It is a valuable tool for evaluating the success of an IPO, understanding investor sentiment, and identifying factors influencing stock performance beyond general market trends.

5.2.1. Healthcare

Sr. No.	Company Name	Abnormal Return
1	Maitreya Medicare Limited IPO	76.10%
2	Unihealth Consultancy Limited IPO	-9.59%
3	Mono Pharmacare Limited IPO	-1.68%
4	Sangani Hospitals Limited IPO	-7.87%
5	Vilin Bio Med Limited IPO	-18.53%
6	Aatmaj Healthcare Limited IPO	-24.86%
7	Vasa Denticity Limited IPO	55.54%
8	Remus Pharmaceuticals Limited IPO	29.07%
9	Infinium Pharmachem Limited IPO	-13.55%
10	Sotac Pharmaceuticals Limited IPO	-13.41%
S. D.		34.47%
MEAN		7.12%



The chart analysis the abnormal return for a set of companies that have recently undergone initial public offerings (IPOs). The abnormal return is expressed as a percentage and represents the difference between the actual initial return and the expected return. Here is an interpretation of the data:

1. Positive Abnormal Returns:

- Maitreya Medicare Limited IPO:76.10%
- Vasa Denticity Limited IPO: 55.54%
- Remus Pharmaceuticals Limited IPO: 29.07%

2. Negative Abnormal Returns:

- Unihealth Consultancy Limited IPO: -9.59%
- Mono Pharmacare Limited IPO: -1.68%
- Sangani Hospitals Limited IPO: -7.87%
- Vilin Bio Med Limited IPO: -18.53%
- Aatmaj Healthcare Limited IPO: -24.86%
- Infinium Pharmachem Limited IPO: -13.55%
- Sotac Pharmaceuticals Limited IPO: -13.41%

Interpretation:

Companies with positive abnormal returns, such as Maitreya Medicare, Vasa Denticity, and Remus Pharmaceuticals, outperformed the expected return on the first day of trading post-IPO. Investors may have had more favourable reactions than anticipated.

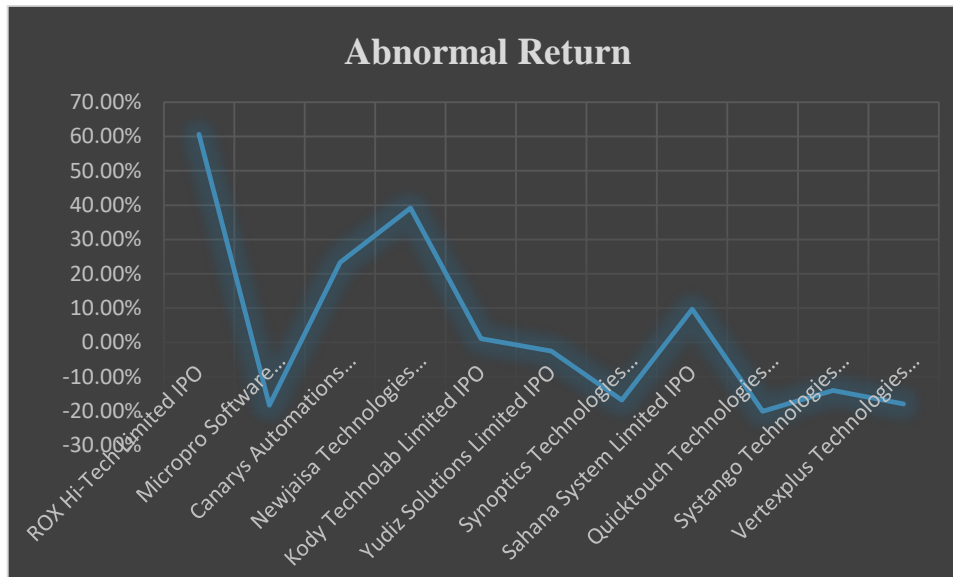
Companies with near zero or negative abnormal returns, such as Aatmaj Healthcare and Vilin Bio Med, either met or underperformed market expectations. Negative abnormal returns may indicate that these companies did not perform as well as anticipated by the market. This analysis provides insights into how the actual performance of these companies on the first trading day compared to what was expected. Positive abnormal returns may suggest positive market sentiment, while negative abnormal returns may prompt further investigation into factors influencing market reception and performance.

Abnormal Return

5.2.2. Technology

Sr. No.	Company Name	Abnormal Return
1	ROX Hi-Tech Limited IPO	60.58%
2	Micropro Software Solutions Limited IPO	-18.31%
3	Canarys Automations Limited IPO	23.28%
4	Newjaisa Technologies Limited IPO	39.19%
5	Kody Technolab Limited IPO	1.08%
6	Yudiz Solutions Limited IPO	-2.54%
7	Synoptics Technologies Limited IPO	-16.80%

8	Sahana System Limited IPO	9.68%
9	Quicktouch Technologies Limited IPO	-20.03%
10	Systango Technologies Limited IPO	-14.01%
11	Vertexplus Technologies Limited IPO	-17.87%
S.D.		26.84%
MEAN		4.02%



The provided chart analyses the abnormal return for a set of companies that have recently undergone initial public offerings (IPOs). Abnormal return, expressed as a percentage, represents the difference between the actual initial return and the expected return. Here's an interpretation of the data:

1. Positive Abnormal Returns:

- ROX Hi-Tech Limited IPO: 60.58%
- Canarys Automations Limited IPO: 23.28%
- Newjaisa Technologies Limited IPO: 39.19%
- Sahana System Limited IPO: 9.68%

2. Near Zero/Negative Abnormal Returns:

- Kody Technolab Limited IPO: 1.08%
- Yudiz Solutions Limited IPO: -2.54%
- Synoptics Technologies Limited IPO: -16.80%
- Quicktouch Technologies Limited IPO: -20.03%
- Systango Technologies Limited IPO: -14.01%
- Vertexplus Technologies Limited IPO: -17.87%
- Micropro Software Solutions Limited IPO: -18.31%

Interpretation:

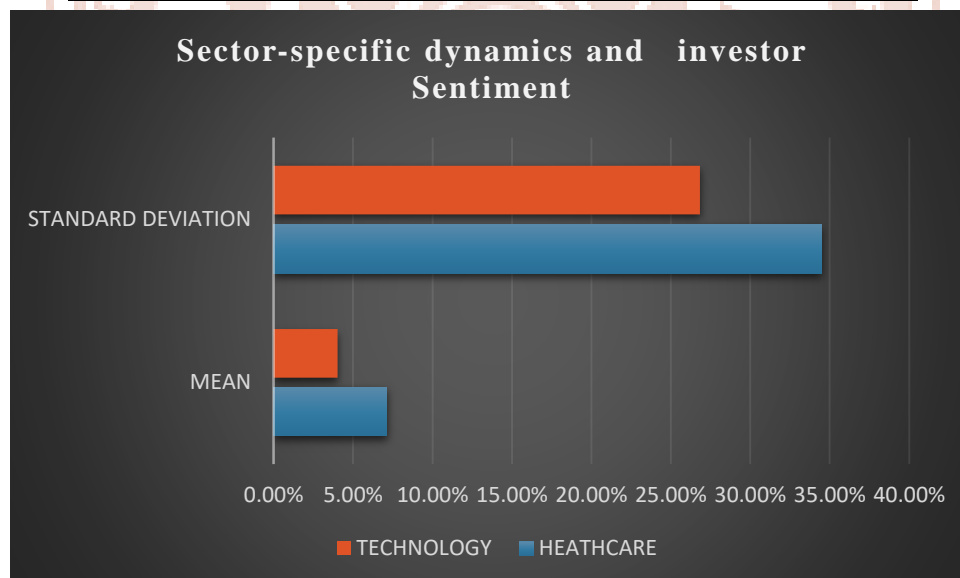
Companies with positive abnormal returns, such as ROX Hi-Tech, Canarys Automations, Newjaisa Technologies, and Sahana System, outperformed the expected return on the first day of trading post-IPO. Investors may have had more favorable reactions than anticipated.

Companies with near zero or negative abnormal returns, such as Quick touch Technologies, Systango Technologies, Vertex plus Technologies, Yudziz Solutions, Synoptics Technologies, Kody Technolab, and Micropro Software Solutions, either met or underperformed market expectations. Negative abnormal returns may indicate that these companies did not perform as well as anticipated by the market.

This analysis provides insights into how the actual performance of these companies on the first trading day compared to what was expected. Positive abnormal returns may suggest positive market sentiment, while negative abnormal returns may prompt further investigation into factors influencing market reception and performance.

5.3. Compare IPO performance across sectors to understand sector-specific dynamics and investor Sentiment.

Sr.no.	Sector	Mean	Standard deviation
1	Healthcare	7.12%	34.47%
2	Technology	4.02%	26.84%



Observations:

1. Average Initial Return:

The average initial return in the healthcare sector (22.37%) is slightly higher than that in the technology sector (19.72%).

On average, healthcare sector IPOs experienced a higher percentage change in stock price from the IPO price to the closing price on the first trading day compared to technology sector IPOs.

2. Average Abnormal Return:

The average abnormal return in the healthcare sector (7.12%) is higher than that in the technology sector (4.02%).

On average, healthcare sector companies outperformed market expectations to a greater extent compared to technology sector companies. **5.1. Examine the initial return experienced by companies during their IPOs.**

Initial Return

Initial return refers to the percentage change in a stock's price from the Initial Public Offering (IPO) price to the closing price on its first day of trading in the public market. This measure reflects the immediate reaction of the market to a company's IPO, indicating whether investors view the IPO as being underpriced, overpriced, or fairly valued.

The formula for calculating the initial return is:

$$IR = ((\text{Stock's Closing Price on the Listing Day} - \text{Offer Price}) / \text{Offer Price}) * 100$$

Closing Price on the First Trading Day: The final price at which the stock is traded at the end of the initial day following the IPO.

IPO Price: The price at which the company's shares are first made available to the public during the IPO process.

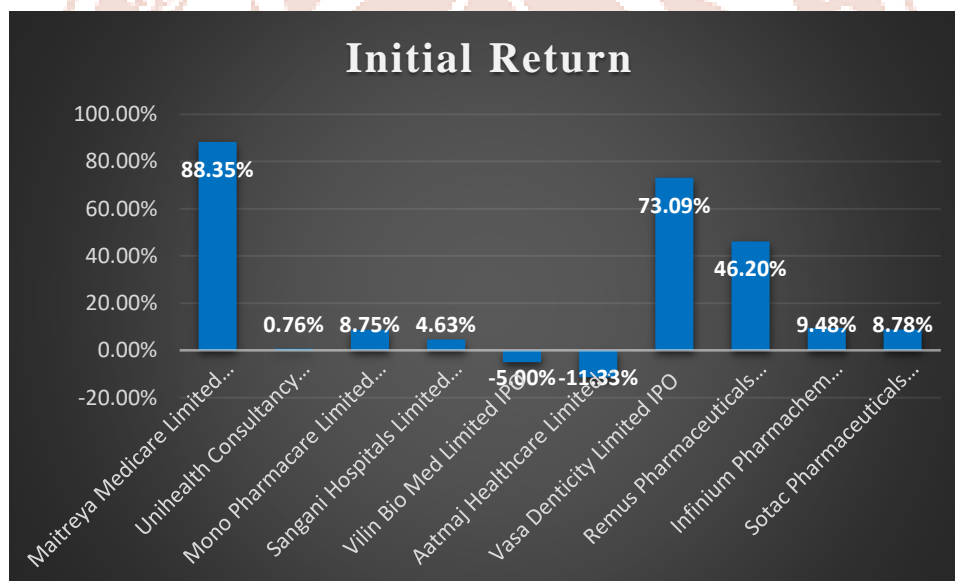
A positive return on the first day of trading signals that the closing price is greater than the IPO price, which implies that the stock was undervalued and experienced a rapid price rise. In contrast, a negative return indicates that the closing price fell below the IPO price, suggesting that the stock might have been overvalued or that demand was lower than anticipated.

Initial return is a key metric used by investors, analysts, and underwriters to assess the success and market reception of an IPO. It provides insights into investor sentiment, market dynamics, and the effectiveness of pricing strategies employed during the IPO process.

5.1.1. Healthcare

Initial Return

Sr. No.	Company Name	Initial Return
1	Maitreya Medicare Limited IPO	88.35%
2	Unihealth Consultancy Limited IPO	0.76%
3	Mono Pharmacare Limited IPO	8.75%
4	Sangani Hospitals Limited IPO	4.63%
5	Vilin Bio Med Limited IPO	-5.00%
6	Aatmaj Healthcare Limited IPO	-11.33%
7	Vasa Denticity Limited IPO	73.09%
8	Remus Pharmaceuticals Limited IPO	46.20%
9	Infinium Pharmachem Limited IPO	9.48%
10	Sotac Pharmaceuticals Limited IPO	8.78%
S.D.		34.48%
MEAN		22.37%



The graph examines the early returns for a group of companies that have recently completed initial public offerings (IPOs). The early return is represented as a percentage and indicates the variation in stock price from the IPO price to the closing price at the end of the first trading day in the public market. Here is an interpretation of the data:

1. Positive Initial Returns:

- Maitreya Medicare Limited IPO: 88.35%
- Mono Pharmacare Limited IPO: 8.75%
- Sangani Hospitals Limited IPO: 4.63%

- Vasa Denticity Limited IPO:73.09%
- Remus Pharmaceuticals Limited IPO: 46.20%
- Infinium Pharmachem Limited IPO: 9.48%
- Sotac Pharmaceuticals Limited IPO: 8.78%

2. Near Zero/Negative Initial Returns:

- Unihealth Consultancy Limited IPO: 0.76%
- Vilin Bio Med Limited IPO: -5.00%
- Aatmaj Healthcare Limited IPO: -11.33%

Interpretation:

Companies that saw positive initial returns witnessed a rise in their stock prices on the first day of trading following IPO. Noteworthy exceptions, such as Maitreya Medicare and Vasa Denticity, reported significant increases.

Companies such as Unihealth Consultancy, Vilin Bio Med, and Aatmaj Healthcare, which experienced nearly zero or negative initial returns, saw either little change or a decline in their stock prices on the first day of trading.

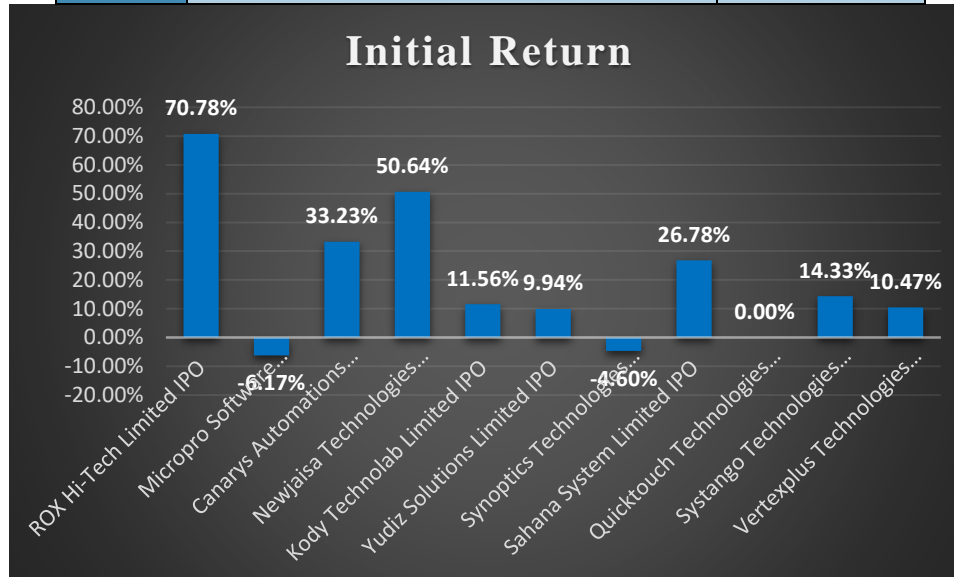
This analysis provides insights into the market's immediate response to these companies going public. Positive initial returns may suggest strong investor interest and confidence, while near zero or negative returns may prompt further examination into factors influencing market reception and performance.

5.1.2. TECHNOLOGY

Initial Return

Sr.	Company Name	Initial Return
1	ROX Hi-Tech Limited IPO	70.78%
2	Micropro Software Solutions Limited IPO	-6.17%
3	Canarys Automations Limited IPO	33.23%
4	Newjaisa Technologies Limited IPO	50.64%
5	Kody Technolab Limited IPO	11.56%
6	Yudiz Solutions Limited IPO	9.94%
7	Synoptics Technologies Limited IPO	-4.60%
8	Sahana System Limited IPO	26.78%
9	Quicktouch Technologies Limited IPO	0.00%

10	Systango Technologies Limited IPO	14.33%
11	Vertexplus Technologies Limited IPO	10.47%
S.D.		23.92%
MEAN		19.72%



The chart examines the initial returns for a group of companies that have recently completed initial public offerings (IPOs). These initial returns are indicated as a percentage, reflecting the change in stock price from the IPO price to the closing price at the end of the first day of trading on the public market. Here is an interpretation of the data:

1. Positive Initial Returns:

- ROX Hi-Tech Limited IPO:70.78%
- Canarys Automations Limited IPO: 33.23%
- Newjaisa Technologies Limited IPO: 50.64%
- Kody Technolab Limited IPO: 11.56%
- Yudiz Solutions Limited IPO: 9.94%
- Sahana System Limited IPO: 26.78%
- Systango Technologies Limited IPO: 14.33%
- Vertexplus Technologies Limited IPO: 10.47%

2. Near Zero/Negative Initial Returns:

- Micropro Software Solutions Limited IPO: -6.17%
- Synoptics Technologies Limited IPO: -4.60%
- Quicktouch Technologies Limited IPO: 0.00%

Interpretation:

Companies that saw favourable initial returns witnessed a rise in their stock prices on the first trading day after their IPO, with notable increases observed in firms such as ROX Hi-Tech, Newjaisa Technologies, and Canarys Automations.

Companies with near zero or negative initial returns, such as Micropro Software Solutions and Synoptics Technologies, either had minimal change or a decrease in "share price during the inaugural day of trading."

This analysis provides insights into the market's immediate response to these companies going public. Positive initial returns may suggest strong investor interest and confidence, while near zero or negative returns may prompt further examination into factors influencing market reception and performance.

5.2. Examine the abnormal return experienced by companies during their IPOs.

Abnormal return

Abnormal return is the distinction between the actual return of an investment and its anticipated return. When it comes to initial public offerings (IPOs), abnormal return is frequently utilized to evaluate a stock's performance on its debut trading day in relation to expectations.

For IPOs, the calculation of abnormal return is done as follows:

$$\text{Abnormal Return} = \text{Initial Return} - \text{Expected Return.}$$

Where:

Actual Initial Return is the percentage change in stock price from the IPO price to the closing price on the first day of trading.

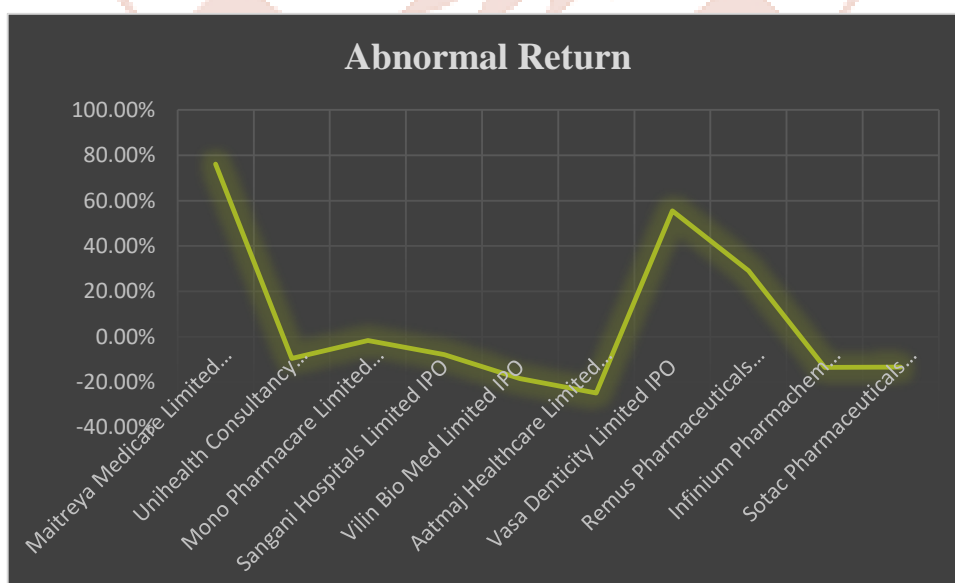
Expected Initial Return is the anticipated or average return based on factors like market conditions, industry trends, and comparable IPOs.

A positive abnormal return suggests that the stock performed better than expected, while a negative abnormal return indicates underperformance compared to expectations.

Abnormal return analysis provides insights into investor reactions and market efficiency. It is a valuable tool for evaluating the success of an IPO, understanding investor sentiment, and identifying factors influencing stock performance beyond general market trends.

5.2.1. Healthcare

Sr. No.	Company Name	Abnormal Return
1	Maitreya Medicare Limited IPO	76.10%
2	Unihealth Consultancy Limited IPO	-9.59%
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9	Infinium Pharmachem Limited IPO	-13.55%
10	Sotac Pharmaceuticals Limited IPO	-13.41%
S. D.		34.47%
MEAN		7.12%



The abnormal return for a group of companies that recently went through initial public offerings (IPOs) is analysed in the chart. The difference between the actual initial return and the expected return is known as the abnormal return, and it is represented as a percentage. This is how the data is interpreted.

1. Positive Abnormal Returns:

- Maitreya Medicare Limited IPO: 76.10%
- Vasa Denticity Limited IPO: 55.54%
- Remus Pharmaceuticals Limited IPO: 29.07%

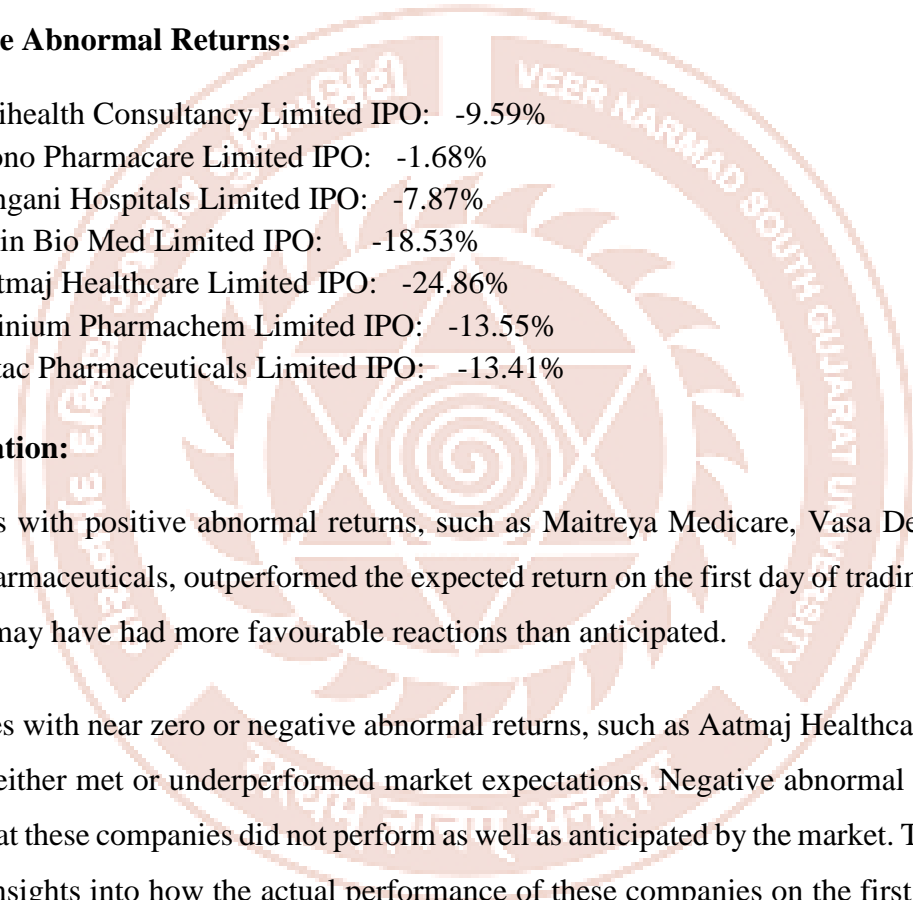
2. Negative Abnormal Returns:

- Unihealth Consultancy Limited IPO: -9.59%
- Mono Pharmacare Limited IPO: -1.68%
- Sangani Hospitals Limited IPO: -7.87%
- Vilin Bio Med Limited IPO: -18.53%
- Aatmaj Healthcare Limited IPO: -24.86%
- Infinium Pharmachem Limited IPO: -13.55%
- Sotac Pharmaceuticals Limited IPO: -13.41%

Interpretation:

Companies with positive abnormal returns, such as Maitreya Medicare, Vasa Denticity, and Remus Pharmaceuticals, outperformed the expected return on the first day of trading post-IPO. Investors may have had more favourable reactions than anticipated.

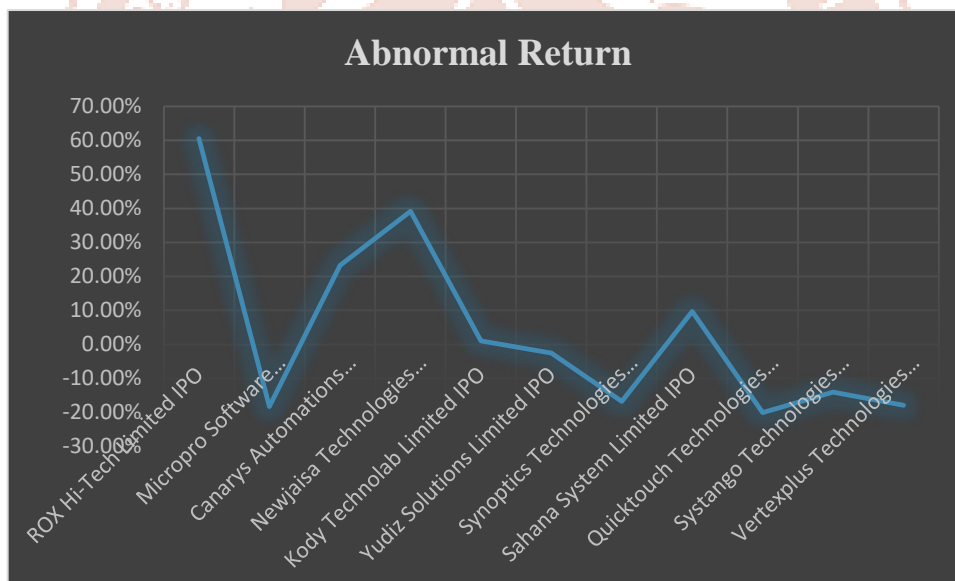
Companies with near zero or negative abnormal returns, such as Aatmaj Healthcare and Vilin Bio Med, either met or underperformed market expectations. Negative abnormal returns may indicate that these companies did not perform as well as anticipated by the market. This analysis provides insights into how the actual performance of these companies on the first trading day compared to what was expected. Positive abnormal returns may suggest positive market sentiment, while negative abnormal returns may prompt further investigation into factors influencing market reception and performance.



Abnormal Return

5.2.2. Technology

Sr. No.	Company Name	Abnormal Return
1	ROX Hi-Tech Limited IPO	60.58%
2	Micropro Software Solutions Limited IPO	-18.31%
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10	Systango Technologies Limited IPO	-14.01%
11	Vertexplus Technologies Limited IPO	-17.87%
S.D.		26.84%
MEAN		4.02%



The abnormal return for a group of companies that recently underwent initial public offerings (IPOs) was examined in the provided chart. The difference between the actual initial return and the expected return is known as the abnormal return, and it is represented as a percentage. This is how the data is interpreted.

1. Positive Abnormal Returns:

- ROX Hi-Tech Limited IPO: 60.58%
- Canarys Automations Limited IPO: 23.28%
- Newjaisa Technologies Limited IPO: 39.19%

- Sahana System Limited IPO: 9.68%

2. Near Zero/Negative Abnormal Returns:

- Kody Technolab Limited IPO: 1.08%
- Yudiz Solutions Limited IPO: -2.54%
- Synoptics Technologies Limited IPO: -16.80%
- Quicktouch Technologies Limited IPO: -20.03%
- Systango Technologies Limited IPO: -14.01%
- Vertexplus Technologies Limited IPO: -17.87%
- Micropro Software Solutions Limited IPO: -18.31%

Interpretation:

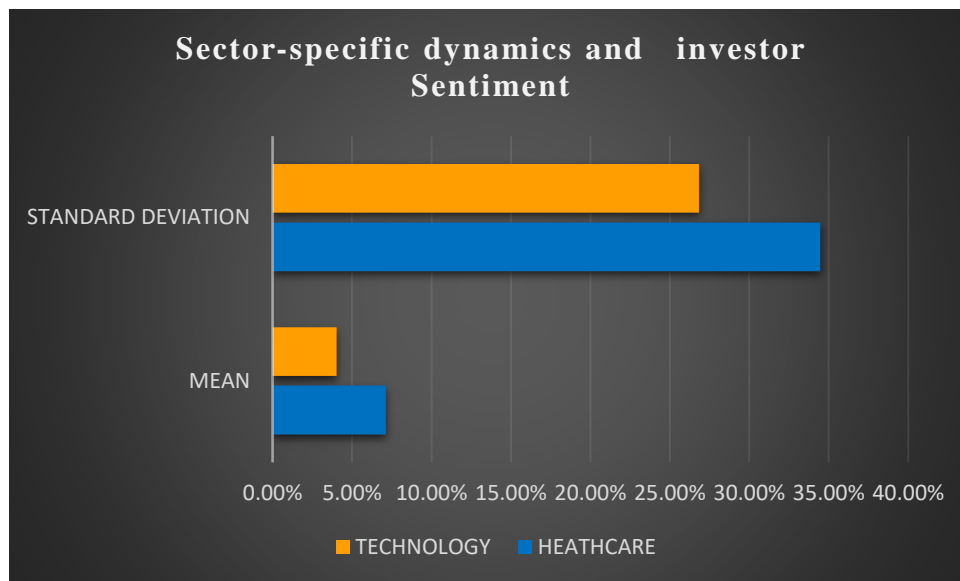
Companies with positive abnormal returns, such as ROX Hi-Tech, Canarys Automations, Newjaisa Technologies, and Sahana System, outperformed the expected return on the first day of trading post-IPO. Investors may have had more favorable reactions than anticipated.

Companies with near zero or negative abnormal returns, such as Quick touch Technologies, Systango Technologies, Vertex plus Technologies, Yudiz Solutions, Synoptics Technologies, Kody Technolab, and Micropro Software Solutions, either met or underperformed market expectations. Negative abnormal returns may indicate that these companies did not perform as well as anticipated by the market.

This analysis provides insights into how the actual performance of these companies on the first trading day compared to what was expected. Positive abnormal returns may suggest positive market sentiment, while negative abnormal returns may prompt further investigation into factors influencing market reception and performance.

5.3. Compare IPO performance across sectors to understand sector-specific dynamics and investor Sentiment.

Sr.no.	Sector	Mean	Standard deviation
1	Healthcare	7.12%	34.47%
2	Technology	4.02%	26.84%



Observations:

1. Average Initial Return:

The mean initial return in the healthcare sector (22.37%) is slightly higher than that in the technology sector (19.72%).

Comparing IPOs in the healthcare and technology sectors, the former typically saw a larger percentage change in stock price between the IPO price and the closing price on the first trading day.

2. Average Abnormal Return:

The mean anomalous return in the healthcare sector (7.12%) is higher than that in the technology sector (4.02%).

On average, healthcare sector companies outperformed market expectations to a greater extent compared to technology sector companies.

6. Conclusion

Based on the provided data, the healthcare sector, on average, exhibited higher initial and abnormal returns compared to the technology sector.

Investors and analysts may interpret this as an indication of potentially stronger market interest, positive sentiment, or better-than-expected performance among healthcare sector IPOs during the time frame under analysis.

Notably, these observations are predicated on the particular businesses and information that were supplied. The relative performance of the sectors would be better understood with more research and consideration of other elements, such as market conditions, industry trends, and company-specific data.

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