

Financial Parameters and Listing Day's Performance of the Initial Public Offering (IPO): An Empirical Study of the Select Pharmaceutical Company during Covid Period in India

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Abstract

An initial public offering (IPO) is the listing of the stock in the recognized stock exchange for trading in secondary market. Logical investors should consider the fundamentals of the company before investing in a stock. An attempt has been made in this paper to check whether the financial parameters affect the IPO performance or not. For this study, we have selected 7 IPOs that belong to the pharmaceutical sector and all the selected IPOs are launched after the covid outbreak. The financial parameters such as ROCE, RONW, ROGNS, and EPS have been used as financial parameters in this study. Three dependent variables such as issue price, listing gain, and closing price on day of listing are used in the study. No significant statistical relationship is found among the IPO performance in terms of the issue price, listing gain, the closing price of the day of listing, and the fundamentals of the company. It implies that investors are not always rational while investing in IPO.

Keywords: IPO, ROCE, RONW, EPS, Issue Price, Listing Gain

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