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EXAMINING THE RELATIONSHIP BETWEEN SUBSCRIPTION LEVELS AND IPO RETURNS: EVIDENCE FROM THE INDIAN MAINBOARD MARKET

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ABSTRACT
This study examines the relationship between subscription ratio and IPO listing performance in the Indian mainboard market for 2025. The study investigates the impact of investor demand on first-day returns using a sample of mainboard initial public offerings. The findings reveal a positive relationship, demonstrating that IPOs with higher subscription levels generally achieve better listing performance. The study also shows how subscription categories and issue size affect IPO results, with larger and more subscribed offers generally doing better. These insights contribute to understanding the demand-driven determinants of IPO performance and offer practical implications for investors, issuers, and market regulators.
KEYWORDS: *IPO, Subscription Ratio, Listing Gain, Issue Price, Mainboard IPOs, India*

INTRODUCTION

Initial Public Offerings (IPOs) represent an important source of capital for companies and a key investment opportunity for market participants. One of the most widely observed phenomena in IPO markets is the presence of listing gains, which are the percentage increase in a company's share price on the first day of trading relative to its offer price. These gains reflect short-term market performance and often indicate the level of investor interest and market sentiment surrounding the issue.

Among the various factors influencing IPO performance, the overall subscription ratio serves as a crucial demand-side indicator. The subscription ratio measures the extent to which the IPO shares are demanded relative to the number of shares offered. A higher subscription ratio, particularly in cases of oversubscription, signals strong investor confidence and heightened demand. According to demand–supply dynamics and signalling theory, stronger investor demand may exert upward pressure on the listing price, resulting in higher listing gains.

This study aims to examine the relationship between the overall subscription ratio and IPO listing gains. By analysing empirical data, the research seeks to determine whether investor demand significantly influences short-term IPO returns and contributes to explaining variations in listing performance.

REVIEW OF LITERATURE

The phenomenon of IPO under-pricing and listing gains has been widely studied in financial markets. Classic theoretical contributions, such as Rock's (1986) adverse selection model, explain under-pricing as a consequence of information asymmetry between informed and uninformed investors (Rock, 1986). Beatty and Ritter (1986) further argued that underwriters and issuers intentionally underprice IPOs to compensate uninformed investors, linking listing gains to market dynamics and investor behaviour. Demand-side indicators such as subscription ratios have been recognized as important determinants of IPO performance. Benveniste and Spindt (1989) emphasised the role of book-building and investor information revelation in IPO pricing, suggesting that demand signals influence short-term performance. Empirical evidence shows that higher subscription levels often translate into greater listing gains, indicating strong investor interest (Aggarwal, Leal, & Hernandez, 1993). This relationship has been affirmed in emerging markets, where oversubscription is frequently associated with higher first-day returns (Bansal & Khanna, 2012).

Recent studies continue to highlight the importance of investor demand and market factors in IPO outcomes. A comprehensive assessment of Indian IPO performance found that institutional participation and sector variations significantly influence subscription trends and subsequent returns from 2019 to 2022 (Agarwal, Arya, & Patil, 2025). Additionally, evidence from Indian markets shows that IPOs with high oversubscription exhibit stronger short-term gains, though long-term performance may vary (Mittal & Chahar, 2024). A study exploring the correlation between short-term and long-term returns in Indian IPOs reported that firms with higher subscription rates generally experienced greater listing gains, while consistent long-term performance depended on fundamental factors (Mittal & Chahar, 2025).

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RESEARCH METHODOLOGY

The present study adopts a quantitative and explanatory research design to examine the relationship between the overall subscription ratio and IPO listing gains. The study is based on cross-sectional data of IPOs listed in the year 2025. The sample comprises all Mainboard IPOs listed during 2025, while SME IPOs are excluded to maintain uniformity in regulatory requirements, issue size, and investor structure. Only those IPOs for which complete data on subscription ratio, issue price, and listing price are available are included in the final sample.

The study relies on secondary data collected from reliable sources such as the official websites of NSE and BSE, IPO prospectuses (RHP/DRHP), SEBI reports, and company disclosures. The dependent variable of the study is Listing Gain (%), calculated as the percentage difference between the listing price and the issue price. The independent variable is the Overall Subscription Ratio, measured as the total number of shares subscribed divided by the total shares offered.

For analysis, descriptive statistics are used to characterize the data distribution, followed by Pearson correlation to assess relationships between variables. Further, simple linear regression (OLS) is employed to examine the impact of subscription ratio on IPO listing gains. The analysis is conducted using statistical software such as Excel, SPSS, and Jamovi.

OBJECTIVE

To examine the relationship between the overall subscription ratio and IPO listing gains in the Indian mainboard market.

HYPOTHESIS

H_0: There is no significant relationship between the overall subscription ratio and IPO listing gains in the Indian mainboard market.
H_1: There is a significant relationship between the overall subscription ratio and IPO listing gains in the Indian mainboard market.

DATA ANALYSIS AND INTERPRETATION

Table 1: List of Mainboard IPOs in 2025

Company	Listing Date	Issue Amt. in ₹(cr.)	Subscription (x)	Listing Gain%
Tata Capital Ltd.	Oct 13, 2025	15,511.87	1.65	1.38
HDB Financial Services Ltd.	Jul 02, 2025	12,500.00	13.07	13.64
LG Electronics India Ltd.	Oct 14, 2025	11,607.01	38.03	48.24
ICICI Prudential Asset Management Co.Ltd.	Dec 19, 2025	10,602.65	28.19	19.44
Hexaware Technologies Ltd.	Feb 19, 2025	8,750.00	2.25	7.7
Lenskart Solutions Ltd.	Nov 10, 2025	7,278.02	16.01	0.27
Billionbrains Garage Ventures Ltd.	Nov 12, 2025	6,632.30	10.09	31.33
Meesho Ltd.	Dec 10, 2025	5,421.20	45.28	53.23
National Securities Depository Ltd.	Aug 06, 2025	4,010.95	28.84	17
Pine Labs Ltd.	Nov 14, 2025	3,900.17	1.81	13.52
Tenneco Clean Air India Ltd.	Nov 19, 2025	3,600.00	43.47	23.63
JSW Cement Ltd.	Aug 14, 2025	3,600.00	6.03	-0.63
Schloss Bangalore Ltd.	Jun 02, 2025	3,500.00	3.05	0.13
PhysicsWallah Ltd.	Nov 18, 2025	3,480.00	1.49	42.42
Anthem Biosciences Ltd.	Jul 21, 2025	3,395.00	47.37	28.13
Dr.Agarwal's Health Care Ltd.	Feb 04, 2025	3,027.26	1.39	-0.09
WeWork India Management Ltd.	Oct 10, 2025	3,000.00	1.09	-2.99
Ather Energy Ltd.	May 06, 2025	2,980.76	1.26	-5.83
Emmvee Photovoltaic Power Ltd.	Nov 18, 2025	2,900.00	1.02	1.11
Aegis Vopak Terminals Ltd.	Jun 02, 2025	2,800.00	1.66	2.98
Canara HSBC Life Insurance Co.Ltd.	Oct 17, 2025	2,517.50	1.9	5.11
Belrise Industries Ltd.	May 28, 2025	2,150.00	8.15	8.23
Vikram Solar Ltd.	Aug 26, 2025	2,079.37	39.73	7.35

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Travel Food Services Ltd.	Jul 14, 2025	2,000.00	2.4	-2.29
Urban Co.Ltd.	Sep 17, 2025	1,900.24	60.14	61.97
Orkla India Ltd.	Nov 06, 2025	1,667.54	34.25	-2.24
Kalpataru Ltd.	Jul 01, 2025	1,590.00	1.78	4.58
BlueStone Jewellery & Lifestyle Ltd.	Aug 19, 2025	1,540.65	1.94	5.61
Oswal Pumps Ltd.	Jun 20, 2025	1,387.34	24.93	1.85
Rubicon Research Ltd.	Oct 16, 2025	1,377.68	60.38	29.53
Canara Robeco Asset Management Co.Ltd.	Oct 16, 2025	1,326.13	7.09	12.95
Aditya Infotech Ltd.	Aug 05, 2025	1,300.00	58.82	60.39
Wakefit Innovations Ltd.	Dec 15, 2025	1,288.89	1.82	-1.39
Ajax Engineering Ltd.	Feb 17, 2025	1,268.93	4.84	-5.34
Jain Resource Recycling Ltd.	Oct 01, 2025	1,250.00	9.69	31.28
Aequs Ltd.	Dec 10, 2025	921.81	57.41	22.01
Park Medi World Ltd.	Dec 17, 2025	920	6.25	-8.67
Saatvik Green Energy Ltd.	Sep 26, 2025	900.2	5.09	-5.23
Sudeep Pharma Ltd.	Nov 28, 2025	895	65.56	30.55
Capillary Technologies India Ltd.	Nov 21, 2025	877.5	29.48	5.11
Nephrocare Health Services Ltd.	Dec 17, 2025	871.05	10.12	2.45
Crizac Ltd.	Jul 09, 2025	860	44.19	25.56
Quality Power Electrical Equipments Ltd.	Feb 24, 2025	858.7	1.05	-8.73
Ellenbarrie Industrial Gases Ltd.	Jul 01, 2025	852.53	16.04	33.65
Trualt Bioenergy Ltd.	Oct 03, 2025	839.28	52.69	7.05
Fujiyama Power Systems Ltd.	Nov 20, 2025	828	1.84	-8.58
Pace Digitek Ltd.	Oct 06, 2025	819.15	1.45	-0.46
Seshaasai Technologies Ltd.	Sep 30, 2025	813.28	48.93	-2.73
Sri Lotus Developers & Realty Ltd.	Aug 06, 2025	792	51.87	30.45
Vikran Engineering Ltd.	Sep 03, 2025	772	17.53	-1.33
Brigade Hotel Ventures Ltd.	Jul 31, 2025	759.6	4.26	-5.2
Anand Rathi Share & Stock Brokers Ltd.	Sep 30, 2025	745.64	15.55	7.62
Indiqube Spaces Ltd.	Jul 30, 2025	700	7.63	-8.03
Laxmi Dental Ltd.	Jan 20, 2025	698.06	63.1	28.63
Atlanta Electricals Ltd.	Sep 29, 2025	687.85	50.62	9.2
Corona Remedies Ltd.	Dec 15, 2025	655.37	101.01	35.44
M&B Engineering Ltd.	Aug 06, 2025	650	21.3	6.14
KSH International Ltd.	Dec 23, 2025	626.35	0.98	-7.55
Smartworks Coworking Spaces Ltd.	Jul 17, 2025	582.56	10.03	9.35
Ivalue Infosolutions Ltd.	Sep 25, 2025	560.29	1.59	-5.74
Sambhv Steel Tubes Ltd.	Jul 02, 2025	540	21.49	19.01
Epack Prefab Technologies Ltd.	Oct 01, 2025	504	2.53	-4.78
Excelsoft Technologies Ltd.	Nov 26, 2025	500	31.87	4.97
Arisinfra Solutions Ltd.	Jun 25, 2025	499.6	1.96	-21.45
Solarworld Energy Solutions Ltd.	Sep 30, 2025	490	37.97	-7.83

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GK Energy Ltd.	Sep 26, 2025	464.26	65.56	9.63
GNG Electronics Ltd.	Jul 30, 2025	460.43	107.66	40.67
Studds Accessories Ltd.	Nov 07, 2025	455.49	51.31	-4.22
Euro Pratik Sales Ltd.	Sep 23, 2025	451.31	1.29	0.56
Gem Aromatics Ltd.	Aug 26, 2025	451.25	21.55	-1.83
Midwest Ltd.	Oct 24, 2025	451.1	64.34	7.09
Jaro Institute of Technology Management & Research Ltd.	Sep 30, 2025	450	16.53	-16.38
Shreeji Shipping Global Ltd.	Aug 26, 2025	410.71	40.85	1.23
Standard Glass Lining Technology Ltd.	Jan 13, 2025	410.05	129.83	16.68
Ganesh Consumer Products Ltd.	Sep 29, 2025	408.8	2.23	-8.6
Shringar House of Mangalsutra Ltd.	Sep 17, 2025	400.95	42.24	12.05
All Time Plastics Ltd.	Aug 14, 2025	400.6	6.28	3.02
Mangal Electrical Industries Ltd.	Aug 28, 2025	400	7.27	-4.57
Shanti Gold International Ltd.	Aug 01, 2025	360.11	57.04	15.27
Glottis Ltd.	Oct 07, 2025	307	1.95	-35.12
Regaal Resources Ltd.	Aug 20, 2025	306	93.42	29
Vidya Wires Ltd.	Dec 10, 2025	300.01	19.99	2.25
Quadrant Future Tek Ltd.	Jan 14, 2025	290	108.05	53.1
Indo Farm Equipment Ltd.	Jan 07, 2025	260.15	159.23	29.21
Laxmi India Finance Ltd.	Aug 05, 2025	254.26	1.76	-15.12
Gujarat Kidney & Super Speciality Ltd.	Dec 30, 2025	250.8	3.42	-8.3
Patel Retail Ltd.	Aug 26, 2025	242.66	78.04	12.82
BMW Ventures Ltd.	Oct 01, 2025	231.66	1	-28.9
Fabtech Technologies Ltd.	Oct 07, 2025	230.3	2.01	-5.55
Denta Water & Infra Solutions Ltd.	Jan 29, 2025	220.5	154.4	16.07
Scoda Tubes Ltd.	Jun 04, 2025	220	40.52	5
Indogulf Cropsciences Ltd.	Jul 03, 2025	200	13.5	-0.59
Stallion India Fluorochemicals Ltd.	Jan 23, 2025	199.45	131.49	40
Advance Agrolife Ltd.	Oct 08, 2025	192.86	39.68	5.02
Prostarm Info Systems Ltd.	Jun 03, 2025	168	67.65	20
VMS TMT Ltd.	Sep 24, 2025	148.5	82.91	-4.38
Borana Weaves Ltd.	May 27, 2025	144.89	81.31	18.13
Dev Accelerator Ltd.	Sep 17, 2025	143.35	35.82	5
Highway Infrastructure Ltd.	Aug 12, 2025	130	256.33	72.5
Amanta Healthcare Ltd.	Sep 09, 2025	126	57.53	12.5
Om Freight Forwarders Ltd.	Oct 08, 2025	122.31	3.58	-33.45
Anlon Healthcare Ltd.	Sep 03, 2025	121.03	6.95	0.8
Globe Civil Projects Ltd.	Jul 01, 2025	119	60.06	33.04
Jinkushal Industries Ltd.	Oct 03, 2025	116.15	45.54	-4.49

Table 1 summarizes the mainboard IPOs in India for 2025, detailing the company name, listing date, issue size (₹ crores), subscription ratio, and initial listing gain (%). It highlights the level of investor demand for each IPO and the market's immediate response, providing insights into the relationship between subscription intensity and listing performance.

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Table 2: Distribution of IPO Listing Returns for Mainboard IPOs in 2025

	Number of companies	%
Positive (+ ve)	68	65.3846
Negative (- ve)	36	34.6154
	104	100.00

Chart 1: Distribution of IPO Listing Returns for Mainboard IPOs in 2025

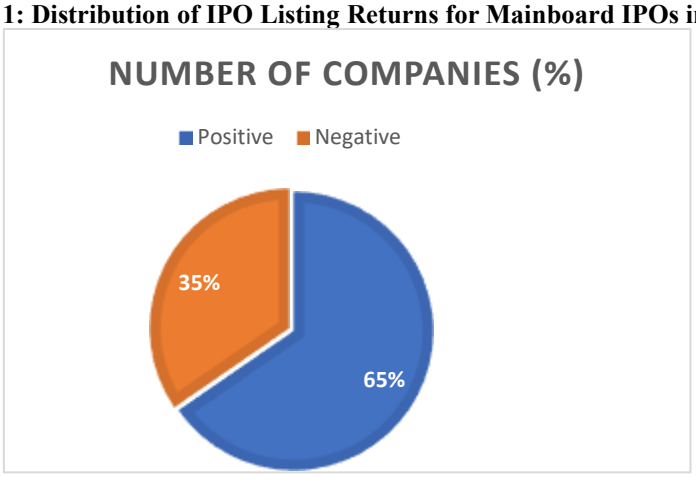


Table 2 shows the distribution of listing Returns among the 104 mainboard IPOs listed in 2025. Out of the total sample, 68 IPOs (65.38%) recorded positive listing gains, indicating that the majority of companies experienced gains on the first day of Listing. Conversely, 36 IPOs (34.62%) had negative listing gains, reflecting that a significant minority of IPOs underperformed relative to their issue price.

Table 3: Distribution of Positive IPO Listing Gains by Percentage Range (2025 Mainboard IPOs)

+ve listing gain range	Number of companies	%
more than 50%	5	7.35
25-50%	17	25.00
0-25%	46	67.65
Total	68	100.00

Chart 2: Distribution of Positive IPO Listing Gains by Percentage Range (2025 Mainboard IPOs)

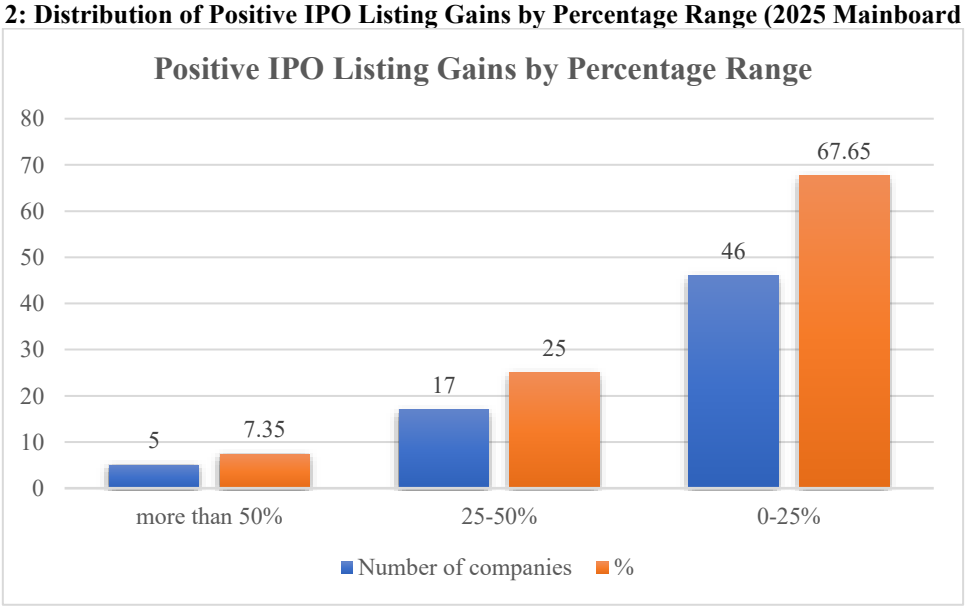


Table 3 presents the distribution of positive listing gains among 68 IPOs in 2025. The majority of IPOs (46 companies, 67.65%) experienced modest first-day gains ranging from 0% to 25%, suggesting that most IPOs were slightly underpriced. A smaller portion (17 companies, 25%) recorded gains between 25% and 50%, indicating a strong initial market response for a few offerings. Only 5 IPOs (7.35%) yielded exceptionally high listing gains of more than 50%, representing extreme under-pricing or unusually high investor demand.

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Table 4: Distribution of Negative IPO Listing Return by Percentage Range (2025 Mainboard IPOs)

-ve Listing return range	Number of companies	%
0-10%	30	83.33
11-20%	2	5.56
more than 20%	4	11.11
Total	36	100.00

Chart 3: Distribution of Negative IPO Listing Return by Percentage Range (2025 Mainboard IPOs)

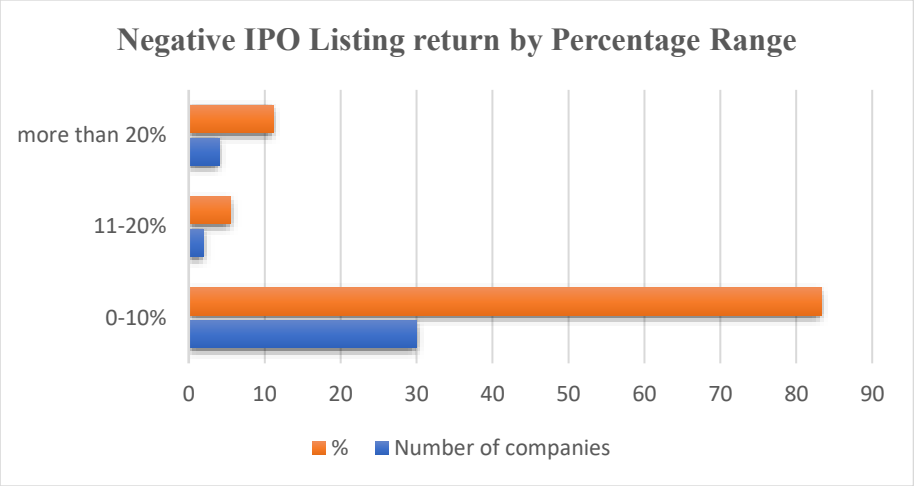
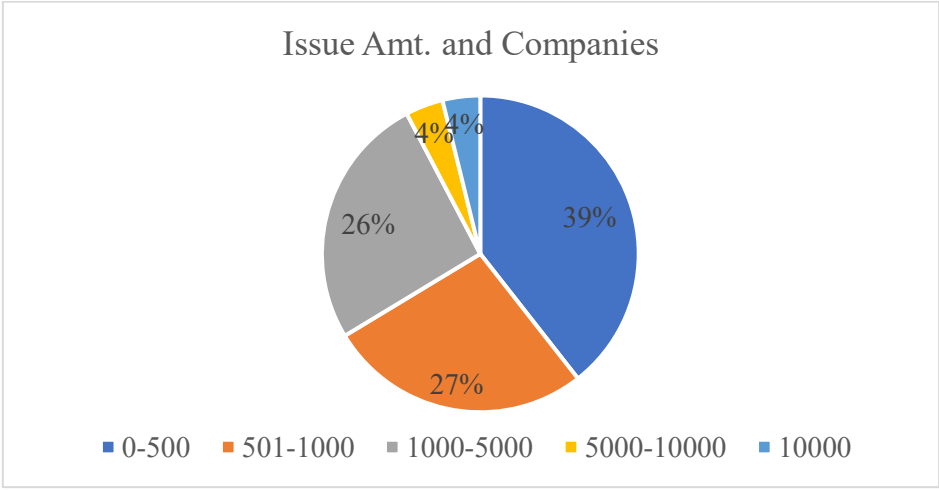


Table 4 shows the distribution of negative listing returns among 36 IPOs in 2025. The majority of IPOs with losses (30 companies, 83.33%) experienced relatively small declines of 0–10%, suggesting mild underperformance relative to their issue price. A very small proportion (2 companies, 5.56%) faced losses between 11% and 20%, while 4 IPOs (11.11%) suffered substantial first-day declines exceeding 20%, indicating significant under-pricing or weak investor demand.

Table 5: Distribution of IPOs by Issue Amt. and Listing Gain (2025 Mainboard IPOs)

Issue Amt.(crore)	Number of companies	%	+ve	-ve
0-500	41	39.42	25	16
501-1000	28	26.92	16	12
1000-5000	27	25.96	19	8
5000-10000	4	3.85	4	0
10000	4	3.85	4	0
	104	100.00	68	36

Chart 4: Distribution of IPOs by Issue Amt. and Listing Gain (2025 Mainboard IPOs)



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Table 5 presents the distribution of 104 mainboard IPOs in 2025 according to their issue Amount ranges and corresponding listing performance. The majority of IPOs (41 companies, 39.42%) were between ₹0–500 Cr, with 25 IPOs recording positive gains and 16 IPOs showing negative returns. IPOs in the ₹501–1000 Cr range accounted for 28 companies (26.92%), with 16 positive and 12 negative returns. For mid-range IPOs between ₹1000–5000 Cr, 27 companies were listed, and a larger proportion (19 IPOs, 70%) experienced positive listing gains, indicating stronger initial performance among moderately high-value IPOs. All IPOs in the higher issue categories (₹5000–10000 Cr and ₹10000+ Cr) recorded positive first-day gains, suggesting that very large IPOs tend to be priced attractively and attract strong investor demand.

Table 6: Distribution of IPOs by Overall Subscription Ratio and Listing Gain (2025 Mainboard IPOs)

Overall Subscription (Times)	Number of companies	%	+ve	-ve
0-10	42	40.38	16	26
010-50	34	32.69	26	8
50-100	20	19.23	18	2
more than 100	8	7.69	8	0
	104	100.00	68	36

Chart 5: Overall Subscription Ratio and Listing Gain (2025 Mainboard IPOs)

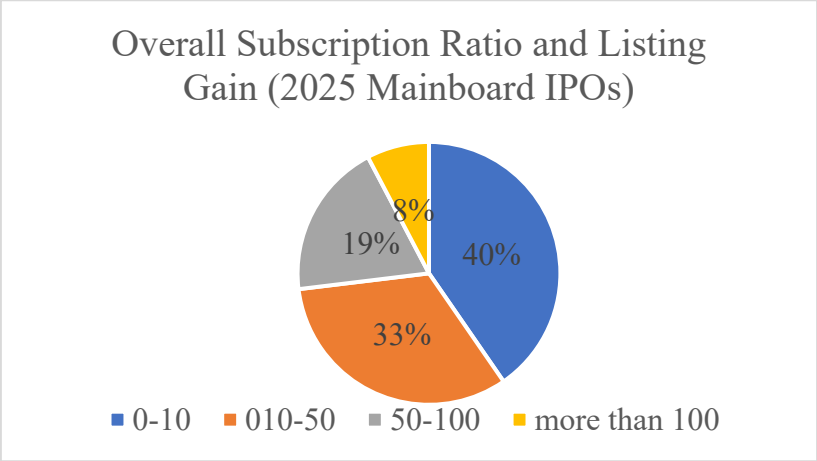


Table 6 shows the distribution of 104 mainboard IPOs in 2025 according to their overall subscription ratio and corresponding listing gains. A large proportion of IPOs (42 companies, 40.38%) had a low subscription ratio of 0–10 times, but most of these (26 IPOs) resulted in negative listing returns, indicating weak investor demand. IPOs with moderate subscription ratios of 10–50 times accounted for 34 companies (32.69%), of which 26 IPOs recorded positive gains, showing a stronger positive relationship between subscription and listing gain. For high subscription IPOs (50–100 times), 18 out of 20 IPOs experienced positive listing gains, further confirming that higher investor demand is linked to stronger short-term performance. All IPOs with subscription above 100 times (8 companies, 7.69%) recorded positive listing gains, indicating extremely strong demand and market confidence.

Table 7: Descriptive Statistics of Key Variables for 2025 Mainboard IPOs

	Subscription (x)	Issue Amount (Rs.)	Listing Return%
N	104	104	104
Missing	0	0	0
Mean	34.2	284	9.44
Median	18.8	230	5.01
Standard deviation	41.8	206	19.5
Minimum	0.98	1.06	-35.1
Maximum	256	890	72.5

Table 7 presents the descriptive statistics of the three key variables used in the study: Overall Subscription Ratio, Issue Amount, and Listing Gain (%). The subscription ratio shows a mean of 34.2 times, with a median of 18.8 times, indicating a positively skewed distribution (since mean > median) and a wide range from 0.98 to 256, reflecting high variability in investor demand across IPOs. The issue Amount averages ₹284 Cr with a median of ₹230 Cr, suggesting that the data is slightly right-skewed, with the amount ranging from ₹1.06 Cr to ₹890 Cr, representing both small and mega IPOs. The listing gain has a mean of 9.44% and a median of 5.01%, with a minimum of -35.1% and a maximum of 72.5%, showing that while most IPOs yielded positive gains, there were notable cases of substantial losses.

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Table 8: Pearson Correlation between Subscription Ratio and IPO Listing Gain (2025 Mainboard IPOs)

Variable	Subscription (x)
Subscription (x)	1
Listing Return (%)	0.617**

The Pearson correlation coefficient between subscription ratio and listing gain (%) is 0.617, which is positive and statistically significant at $p < 0.001$. This indicates a strong positive relationship, meaning that IPOs with higher subscription ratios tend to achieve higher first-day listing gains. The result aligns with previous empirical studies suggesting that investor demand is a key driver of IPO under-pricing and listing performance (Mittal & Chahar, 2024; Agarwal, Arya, & Patil, 2025). This finding justifies further analysis using regression techniques to quantify the effect of subscription ratio on IPO listing gains, controlling for other variables such as issue price, firm age, and market conditions.

Table 9: Linear Regression Analysis of Subscription Ratio on IPO Listing Gain (2025 Mainboard IPOs)

Model Fit Measures						
			Overall Model Test			
Model	R	R^2	F	df1	df2	p
1	0.617	0.381	62.7	1	102	<.001
Note. Models estimated using a sample size of N=104						

The correlation coefficient ($R = 0.617$) indicates a strong positive relationship between subscription ratio and listing gain. The coefficient of determination ($R^2 = 0.381$) shows that approximately 38.1% of the variation in listing gain is explained by the subscription ratio alone. The F-statistic ($F = 62.7$, $p < 0.001$) indicates that the model is statistically significant.

Model Coefficients - Listing Return				
Predictor	Estimate	SE	t	p
Intercept	-0.366	1.9542	-0.187	0.852
Subscription (Times)	0.287	0.0363	7.916	<.001

The regression analysis examines the impact of the overall subscription ratio on IPO listing gain (%) for 104 mainboard IPOs listed in 2025. The intercept (-0.366) is not statistically significant ($p = 0.852$), implying that when the subscription ratio is zero, the expected listing gain is not different from zero. The slope coefficient for subscription ratio ($\beta = 0.287$, $p < 0.001$) is positive and highly significant. This indicates that for every one-unit increase in subscription ratio, the IPO listing gain increases by 0.287% on average, holding all else constant. The p-value is less than 0.001, the null hypothesis (H_0) is rejected, and the alternative hypothesis (H_1) is accepted. This confirms that higher subscription ratios are significantly associated with higher IPO listing gains.

CONCLUSION

In conclusion, the study demonstrates that investor demand plays a crucial role in shaping IPO listing performance in the mainboard market. IPOs that attract higher subscription levels tend to experience stronger listing gains, indicating that market enthusiasm and investor confidence significantly influence first-day returns. The analysis suggests that the subscription ratio acts as an important signal of market sentiment, reflecting investors' expectations and perceived growth potential of newly listed firms. Strong demand prior to listing often translates into better initial market performance, while relatively lower demand may limit listing gains. The strong positive effect emphasizes the importance of investor demand as a key determinant of IPO under-pricing and short-term performance in the Indian mainboard market (Mittal & Chahar, 2024; Agarwal, Arya, & Patil, 2025). Overall, the findings emphasize the importance of demand-side dynamics in understanding IPO pricing behaviour and short-term performance in the primary market, offering useful insights for investors, issuing companies, and regulators. Future research may extend this analysis by incorporating additional determinants such as firm-specific characteristics, pricing strategies, and broader market conditions to provide a more comprehensive understanding of IPO performance.

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