

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

UNSTARRED QUESTION NO:1640  
ANSWERED ON:22.08.2012  
IPOS SHOWING NEGATIVE RETURNS  
Premajibhai Dr. Solanki Kiritbhai

**Will the Minister of FINANCE be pleased to state:**

- (a) The details of the Initial Public Offerings (IPOs) approved by Securities and Exchange Board of India (SEBI) during the last five months, company-wise;
- (b) The details of such IPOs showing negative returns and also whose share offer price has gone down, company-wise;
- (c) Whether the Government/ SEBI has conducted monitoring of the same; and
- (d) If so, the details thereof and if not, the reasons therefor?

**Answer**

MINISTER OF THE STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA)

(a) SEBI does not approve prospectuses for Initial Public Offers (IPOs). SEBI processes the draft prospectuses for IPOs filed with it in accordance with the SEBI (Issue of Capital & Disclosure Requirements) Regulations and makes observations with a view to ensuring that there are adequate disclosures in the draft prospectus to enable the investor to make a well-informed investment decisions in the IPOs. During the period March 2012 to July 2012, SEBI has made observations in a total 16 draft offer documents for IPOs filed with SEBI. The details of these IPOs are at Annex A.

(b) Out of the 16 cases for which the observations were made as in (a) above, only one IPO namely National Building & Construction Corporation Limited (NBCCL) has accessed the capital market and got its shares listed on BSE & NSE. This was done on April 12, 2012. The Issue price for the said IPO was Rs. 106 per share and as on August 14, 2012, the closing price of the said share was Rs. 94.20 in BSE and Rs.95.00 in NSE.

(c) & (d) Movements of stock prices depend on economic factors, domestic and international events, market sentiments, corporate performance and perception of future economic growth. The stock market capitalises the present and future values of growth opportunities while evaluating the growth of all sectors in the economy.

To check abnormality in movement of stock prices, SEBI maintains constant vigil in the market and takes appropriate action against the erring entities. The authorities have put in place systems and practices to promote a safe, transparent and efficient market and to protect market integrity. The systems instituted include advanced risk management mechanisms comprising on-line monitoring and surveillance, various limits on positions, margin requirements, circuit filters, etc. The systems and practices are reviewed continuously and modified to meet emerging needs.