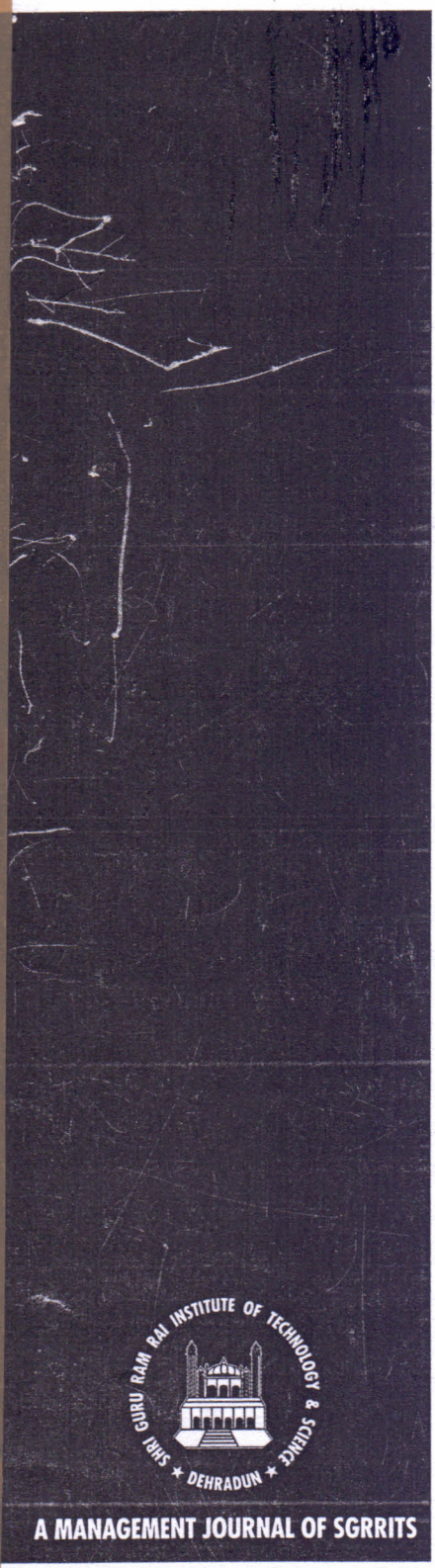
Vedaang

Redefining excellence

Volume 1 | Number 2 | July - December 2010 ISSN 09757961

78

65



2010

SHRI GURU RAM RAI INSTITUTE OF TECHNOLOGY & SCIENCE ★ DEHRADUN ★

A MANAGEMENT JOURNAL OF SGRRITS

SHARE PRICE REACTIONS DURING THE POST IPO PERIOD WITH SPECIAL REFERENCE TO INDIA

Dr.M.Selvam*, Dr.M.Babu, Dr.G.Indhumathi*****

*Associate Professor and Head,
Department of Commerce and Financial Studies, Bharathidasan University, Tiruchirappalli- 620 024,
Tamil Nadu. E-Mail: drmselvam@yahoo.co.in

**Assistant Professor,
Department of Commerce and Financial Studies, Bharathidasan University, Tiruchirappalli- 620 024,
Tamil Nadu. E-Mail: babuphd@gmail.com

***Guest Lecturer,
Department of Commerce and Financial Studies, Bharathidasan University, Tiruchirappalli- 620 024,
Tamil Nadu. E-Mail: indhu_nila@rediffmail.com

ABSTRACT

The increasing presence of large investors and the attraction of small investors to the capital market have widened the domain of the primary market operations in India. The IPO is one of the major milestones in the development of Indian Capital Market. Similarly firms tapping the market for capital have come from various industries. With the enlargement of the field for various players, the efficiency of the market becomes essential for the sustenance of the primary market. In an efficient market, if the price of IPO is set against their intrinsic values, then the firm should be able to raise the quantum of funds whereas underpricing would result in the flow of too little capital into the firm. This would be reflected in after market high returns for IPO investors consequent upon price discovery in the secondary market. Hence the present study is an attempt to study the share price behavior of IPO companies during the long run during the post IPO period.

INTRODUCTION

The Indian primary market segment of the stock market witnessed an unprecedented growth since 1992. The changes in the economy and the accompanying shifts in the institutions governing the capital market have facilitated the entry of a number of new players into the primary market. Therefore the pricing of equity assumes special importance. The process of pricing becomes a complex exercise as several factors affect the intrinsic values of securities. The investing public normally gets excited if the issue is offered below its intrinsic value. At the same time, the issuer may be happy to get a good response to his issue at a price greater than the intrinsic value. The increasing presence of large investors and the attraction of small investors to the capital market have widened the domain of the primary market operations in India. Similarly firms tapping the market for capital have come from various industries. Thus the playing domain for IPOs has increased tremendously. With the enlargement of the field for various players, the efficiency of the market becomes essential for the sustenance of the primary market. Hence the present study of IPO market proposes to throw some light on the state of efficiency of the Indian IPO market.

STATEMENT OF THE PROBLEM

The IPO is one of the major milestones in the development of Indian Capital Market. In an efficient market, if the price of IPO is set against their intrinsic values, then the firm should be able to raise the quantum of funds whereas underpricing would result in the flow of too little capital into the firm. This would be reflected in after market high returns for

IPO investors consequent upon price discovery in the secondary market. Hence the aftermarket performance of Initial Public Offerings (IPOs) has received increased attention. A number of studies conducted across the world confirm that IPOs are underpriced. It is significant that the ultimate sustenance of the IPO market in the long run largely depends on correct pricing and long term post performance of issuing companies. Hence the present study is an attempt to study the share price behavior of IPO companies during the long run during the post IPO period.

OBJECTIVES OF THE STUDY

The present study is carried out to evaluate the share price behavior of IPOs during the post IPO period.

HYPOTHESES OF THE STUDY

The present study aims to test the following hypotheses.

1. Ho1: There is a significant relationship between Market Returns and Abnormal Returns of Entertainment Industry, Information Technology Industry, Pharmaceutical Industry, and Other Industry.

2. Ho2: The average Abnormal Returns of all the sample companies belonging to Entertainment Industry, Information Technology Industry, Pharmaceutical Industry, and Other Industry are equal.

Ho : $\mu_1=\mu_2=\mu_3=\mu_4=\mu_5=\mu_6$

Ho : $\mu_1=\mu_2=\mu_3=\mu_4=\mu_5=\mu_6=\mu_7=\mu_8=\mu_9=\mu_{10}=\mu_{11}$

Ho: $\mu_1=\mu_2=\mu_3=\mu_4$

Ho : $\mu_1=\mu_2=\mu_3$

METHODOLOGY OF THE STUDY

I. Sample Selection

The present study attempts to study the share price reaction and financial performance of all IPO companies listed in the NSE. While drawing the sample companies for this study, the availability of financial data, share price etc. were taken into account. On perusal, it was found that out of 29 companies, only 24 companies had all the required data for the purpose of this study. Therefore only 24 companies were selected. The selected sample companies (24) come under Entertainment, Information Technology, Finance, Pharmaceuticals, Optifibre and Power Industries listed in the National Stock Exchange (NSE) during the period from 01.01.2000 to 31.12.2000.

II. Period of Study

For evaluation of share price performance during the post IPO period, the financial data were collected for a period from the listing date of IPOs on NSE to December 2005. The listing date varies from companies to companies.

III. Sources of Data

The present study mainly depends on secondary data. The information regarding adjusted monthly closing share price of the sample companies were obtained from capitaline data base software of Capital Market Magazine. The values of S& P CNX 500 were collected from NSE website, (www.nseindia.comhttp://www.nseindia.com). The other relevant information was obtained from books, journals, magazines, and various websites.

IV. Statistical Tools used for Analysis

As stated earlier, this study analyzed the share price reaction during the post IPO period. In order to analyze the share price reaction, following tools were used.

a) Monthly Average Market Index Returns (RM)

The monthly average market return of S & P CNX 500 during the period is found by using the following formula.

$$R_{mt} = \frac{P_{mt} - P_{m\,t-1}}{P_{m\,t-1}} \times 100$$

Where,

P_{mt} = Value of market index at time t

P_{mt-1} = Value of market index at time $_{t-1}$

b) Monthly Average Returns of Security

The return on a stock is calculated by using the following equation.

$$R_{i\,t} = \frac{P_{it} - P_{it-1}}{P_{i\,t-1}} \times 100$$

Where,

P_{it} = Price of the stock i in period t

$P_{i\,t-1}$ = Offer price of stock i.

c) Cumulative Market Returns (CRM)

The CRM is calculated with the help of the following formula.

$$CRM_i = \sum_{t=1}^{k} RM_t$$

d) Abnormal Returns (AR)

Abnormal Returns under market adjusted returns is calculated by using the following equation.

$AR_{it} = R_{it} - R_{mt}$

Where,

AR_{it} = Abnormal Returns on security i at time t

R_{it} = Actual Returns on security i at time t

R_{mt} = Actual Returns on market index m, which is proxied by S & P CNX 500, a weighted average index of 500 companies published by NSE, at time t.

Mean

Mean, also known as the arithmetic average, is the most common measure of central tendency and may be defined as the value which we get by dividing the total of the values of various given items in a series by the total number of items.

$$\text{Mean } (X) = \frac{\Sigma X_i}{N}$$

Where,

X = represents mean.

Σ= Symbol of summation

X_i = Value of the i_{th} item x, i= 1, 2, 3, 4... n

N= total number of items.

e) Correlation

To know the relationship between S&P CNX 500 and IPO returns, correlation is used with the following equation.

$$r = \frac{n(\Sigma xy) - (\Sigma x)(\Sigma y)}{\sqrt{\left(n\Sigma x^2 - (\Sigma x)^2\right)\left(n\Sigma y - (\Sigma y)^2\right)}}$$

Where,

N = Number of observations

ΣX = Dependent Variables

ΣY = Independent Variables

f) t-Test

The 't' statistics has been computed to examine the significant difference between Market Returns and Abnormal Returns of the IPO sample companies.

g) One way Analysis Of Variance (ANOVA)

The one way ANOVA has been administered to examine the significant difference among the mean values of Abnormal Returns.

ANALYSIS OF SHARE PRICE REACTION DURING THE POST IPO PERIOD

One of the objectives of the present study is to examine the share price reaction during the post IPO period. Events like IPO, M&A are associated with changes in the distribution of security returns at the

time or even after announcement. The market is said to be efficient if the prices reflect all the publicly available information quickly and without bias. Therefore the security prices are expected to fully reflect the information content of relevant events like IPO and Mergers and Acquisitions etc. on the day of announcement or even earlier to its announcement or even later to its announcement. The delayed reaction is tantamount to inefficient market. It is believed that security prices too vary or respond to the information content of IPO announcement. Hence an attempt is made in this study to examine the reaction of security prices of sample companies during post IPO period.

The reaction of security prices during the post IPO period has been examined by comparing Abnormal Returns with Market Returns and Cumulative Abnormal Returns with Cumulative Market Returns. The S & P CNX 500 was selected as it is India's first broad based Benchmark of the Indian Capital Market for comparing Portfolio Returns vis-a- vis Market Returns. For the purpose of this study, the Industry wise analysis has been undertaken.

1) Entertainment Industry
2) Information Technology Industry
3) Finance Industry
4) Pharmaceuticals Industry
5) Optifibre Industry
6) Power Industry

1) Entertainment Industry

The Entertainment Industry includes six sample companies such as Balaji Telefilms Ltd, Cinevista Communications Ltd, Creative Eye Limited, Pritish Nandy Communications Limited, Tips Industries Limited and Television Eighteen India Limited.

Table-1 shows the result of mean, standard deviation, Karl Pearson Coefficient Correlation and "t" test of sample companies in the Entertainment Industry. It is to be noted from the Table that the mean values of the abnormal returns of all the sample companies belonging to Entrainment Industry were negative except for Balaji Telefilms Ltd. In the case of market returns, the average values were higher than that of abnormal returns of all the sample companies. Balaji Telefilms Ltd, on an average, earned the highest market returns of 1.80 and abnormal returns of 1.29. The standard deviation of all the sample companies assumed higher risk than the market.

During the study period, Tips Industries Limited has shown the highest risk since its standard deviation for abnormal returns happens to be the maximum (23.91) among all the sample companies. The correlation was also calculated between market returns and abnormal returns for each sample company. It is understood from the study that the coefficient of correlation between market returns and abnormal returns for all the sample companies in the category of Entrainment Industry were positive except Tips Industries Limited. The Television Eighteen India Limited gave highest positive correlation (0.315472) among other sample companies. For Tips Industries limited, the correlation was negative (– 0.06432). It indicates that there was no significant linear relationship between market returns and abnormal returns. The above observation made it clear that the average of market returns was better than the average of abnormal returns of the sample companies.

In order to study the overall relationship in the Entertainment Industry, the linear correlation was calculated between Market Returns and Abnormal Returns as $r = 0.92754$ with $t = 4.963771$ and $P = 0.007685$. This reveals a significant relationship between the two variables. Hence it may be concluded that the RM is correlated with AR of

Table- 1

Mean, Standard Deviation, Correlation and "t" test of Entertainment Industry

S. No	Company Name	Mean		Standard Deviation		Karl Pearson Coefficient Correlation Between Rm and AR	"t" test for correlation	Probability of Significance (P)	Equality of Mean "t" test	Probability of Significance (P)
		Rm	AR	Rm	AR					
1	Balaji Telefilms	1.80	1.29	6.42	12.28	0.015425	0.118496	0.906077	0.29	0.772
2	Cinevista Communications Ltd	1.59	-3.37	6.62	13.38	0.147829	1.205076	0.232985	2.89*	0.005
3	Creative Eye Limited	1.74	-3.38	6.46	14.62	0.165767	1.280155	0.205501	2.65*	0.010
4	Pritish Nandy Communications Limited	1.74	-1.11	6.46	19.87	0.113068	0.866658	0.38964	1.67	0.27
5	Tips Industries Limited	1.80	-2.47	6.42	23.91	-0.06432	0.495076	0.622385	1.32	0.18
6	Television Eighteen India Limited	0.90	-1.67	7.40	12.56	0.315472	2.741441*	0.008084	1.73	0.08

Source: Computed from Capitaline Database
* indicates significant 't' value at 0.05 level

Entertainment Industry as a whole. However, as per the equality of means test, two individual companies, namely, Cinevista Communications Limited and Creative Eye Limited, showed significant differences in their returns. Further, the variables RM and AR are positively correlated in these two companies. The rest of the companies have not shown any significant relations in all respects.

TESTING OF HYPOTHESES

The equality mean test shows only two sample companies (Cinevista Communications Limited and Creative Eye Limited) had significant relationship in all aspects. But all other sample companies did not have significant relationship between Market Returns and Abnormal Returns. The Karl Pearson Coefficient of Correlation "t" value shows that only one sample company, namely, Television Eighteen India Limited, had significant relationship in all aspects. The other sample companies did not evidence any significant relations in all aspects. Hence the hypothesis, namely, there is no significant relationship between Market Returns and Abnormal Returns in the Entertainment Industry is rejected.

2) Information Technology Industry

The sample companies belonging to Information Technology Industry are Aztec Software and Technology Services Limited, Dynacons Systems and Solutions Limited, Flextronics Software Systems Limited, Geometric Software Solutions Company Limited, HCL Technologies Limited, i Gate Global Solutions Ltd, Melstar Information Technologies Limited, MRO- TEK Limited, Softpro System Limited, Visesh Info Systems Limited and Zenith Infotech Limited.

The result of mean, standard deviation, Karl Pearson coefficient correlation and "t" test of sample companies in the Information Technology Industry are given in

Table-2. It is clearly seen from the Table that the mean values of abnormal returns of majority of the sample companies in the Information Technology Industry attained negative returns. In the case of market returns, its values were higher than the abnormal returns. The standard deviation of all the sample companies assumed higher risk than the market risk. During the study period, Dynacons Systems and Solutions Limited experienced higher risk (27.86) than all other sample companies. It is understood from the study that all the sample companies in the Information Technology Industry acquired positive correlation except Flextronics Software Systems Limited.

The Zenith Infotech Limited obtained a positive correlation 0.305589, higher than other sample companies. This indicated the fact that there was no significant relationship between market returns and abnormal returns of Flextronics Software Systems Limited. Further, the above observations clearly indicated that the average of market returns was better than the average of abnormal returns. At the same time, risk was also higher in abnormal returns than in the market returns. In order to study the overall relationship in the Information Technology Industry, the linear correlation was calculated between Market Returns and Abnormal Returns as r = 0.165258 with t = 0.502686 and P = 0.6416. This reveals an insignificant relationship between the Market Returns and Abnormal Returns of the sample companies in the Information Technology Industry.

It may be concluded that the RM is not correlated with AR of Information Technology Industry as a whole. However, as per the equality of mean test, one individual company, namely, Melstar Information Technologies Limited showed significant returns. Further, the variables RM and AR were positively correlated in the above company. The rest of the companies have not shown any significant relations in all respects.

Table-2

Mean, Standard Deviation, Correlation and "t" test of Information Technology Industry

S. No	Company Name	Mean		Standard Deviation		Karl Pearson Coefficient Correlation Between Rm and AR	"t" test for correlation	Probability of Significance (P)	Equality of Mean "t" test	Probability of Significance (P)
		Rm	AR	Rm	AR					
1	Aztec Software and Technology Services Limited	1.80	0.55	6.42	15.29	0.218403	1.719086	0.090842	0.64	0.52
2	Dynacons Systems and Solutions Limited	1.59	-1.69	6.63	27.86	0.291358	1.756009	0.084106	0.97	0.33
3	Flextronics Software Systems Limited	1.84	-0.99	6.38	14.69	-0.01468	0.113723	0.909837	1.38	0.17
4	Geometric Software Solutions Company Limited	1.02	0.97	7.39	18.53	0.049573	0.406272	0.685838	0.019	0.98
5	HCL Technologies Limited	1.14	-1.12	7.62	8.71	0.194377	1.646011	0.104309	1.83	0.07
6	i Gate Global Solutions Ltd	1.45	0.33	6.57	20.27	0.140175	1.132582	0.261615	0.44	0.65
7	Melstar Information Technologies Limited	1.02	-3.19	7.39	17.23	0.179055	1.489703	0.140995	1.99*	0.04
8	MRO- TEK Limited	1.80	-0.64	6.42	15.28	0.119781	0.926727	0.357844	1.20	0.23
9	Softpro System Limited	1.48	0.33	6.72	24.72	0.118884	0.950352	0.345565	0.37	0.71
10	Visesh Info Systems Limited	1.14	-0.67	7.62	21.98	0.25923	2.229542*	0.029035	0.71	0.47
11	Zenith Infotech Limited	0.90	-0.51	7.40	18.10	0.305589	2.646553*	0.010095	0.68	0.49

Source: Computed from Capitaline Database

* indicates significant 't' value at 0.05 level

Testing of Hypotheses

The equality mean test shows that only one sample company (Melstar Information Technologies Limited) had significant relationship in all respects. But all other sample companies did not have significant relationship between Market Returns and Abnormal Returns. The Karl Pearson Coefficient of Correlation "t" value shows that only two companies, namely, Visesh Info Systems Limited and Zenith Infotech Limited had significant relationship in all respects. The rest of the sample companies belonging to Information Technology Industry did not demonstrate any significant relationship between Market Returns and Abnormal Returns in all respects. Hence the null hypothesis, namely, 'there is no significant relationship between Market Returns and Abnormal Returns in Information Technology Industry', is accepted.

3) Pharmaceutical Industry

The four sample companies under the category of Information Technology are Ajanta Pharma Limited, Cadila Healthcare Limited, Elder Pharmaceuticals Limited and Glenmark Pharmaceuticals Limited.

The result of mean, standard deviation, Karl Pearson Coefficient correlation and "t" test of sample companies under Pharmaceutical Industry are depicted in **Table-3.** It is to be noted from the Table that the mean values of the abnormal returns of all sample companies in the Pharmaceutical Industry attained negative returns except Elder Pharmaceuticals Limited. In the case of market returns, all the sample companies attained positive returns at a decreasing rate. The standard deviation of all the sample companies assumed higher risk than the market risk.

During the study period, Elder Pharmaceuticals Limited obtained higher risk (13.22) than all other companies. All the sample companies attained negative correlation except Elder Pharmaceuticals Limited. The above Table clearly indicates that the average of abnormal returns was high compared to

Tabel-3

Mean, Standard Deviation, Correlation and "t" test of Pharmaceutical Industry

S. No	Company Name	Mean		Standard Deviation		Karl Pearson Coefficient Correlation Between Rm and AR	"t" test for correlation	Probability of Significance (P)	Equality of Mean "t" test	Probability of Significance (P)
		Rm	AR	Rm	AR					
1	Ajanta Pharma Limited	1.45	-1.82	6.57	12.84	-0.11524	0.928103	0.356841	1.76	0.08
2	Cadila Healthcare Limited	1.39	1.21	6.77	10.27	-0.22986	1.918769	0.05934	0.10	0.91
3	Elder Pharmaceuticals Limited	1.39	2.16	6.77	13.22	0.076388	0.622398	0.535825	-0.44	0.66
4	Glenmark Pharmaceuticals Limited	0.90	2.76	7.40	12.76	-0.00105	0.008659	0.993117	-1.05	0.29

Source: Computed from Capitaline Database

the market returns. The sample companies attained higher risk compared to market risk.

To study the relationship in the Pharmaceutical Industry, the linear correlation is calculated between Market Returns and Abnormal Returns as r = 0.63754 with t = 1.170298 and P = 0.306849. This reveals an insignificant relationship between the variables RM and AR. It clearly indicates that the RM is not correlated with AR of Pharmaceutical Industry, as a whole. In Pharmaceutical Industry, all the companies show insignificant relationship between the RM and AR in all respects.

Testing of Hypotheses

It is evidenced from the analysis of "t" test, the Market Returns and Abnormal Returns of sample companies during the post IPO period that the hypothesis, which reads as **"There is a significant relationship between Market Returns and Abnormal Returns in Pharmaceutical Industry",** is fully rejected. The equality mean test shows that there is insignificant relationship between RM and AR of all the sample companies belonging to Pharmaceutical Industry. The Karl Pearson Coefficient of Correlation "t" value shows that all the sample companies did not experience significant relationship with Market Returns in all respects.

4) Other Industry

The Other Industry includes the three sample companies, namely, PNB Gilts Limited- Finance, Aksh Optifibre Limited- Optifibre and S.Kumars Power Corporation Limited- Power.

Table-4 explains the result of mean, standard deviation, Karl Pearson Coefficient Correlation and "t" test of sample companies. The Other industries include one company from Optifibre Industry, one from Finance Industry and one from Power Industry. It could be noted from the Table that the mean values of the abnormal returns of the Optifibre and Power Industry obtained positive returns but Finance Industry attained negative returns. The mean values of market returns attained positive returns and it was higher than abnormal returns of sample companies

Table-4

Mean, Standard Deviation, Correlation and 't" test of Other Industry**

S. No	Company Name	Mean		Standard Deviation		Karl Pearson Coefficient Correlation Between Rm and AR	't" test for correlation	Probability of Significance (P)	Equality of Mean "t" test	Probability of Significance (P)
		Rm	AR	Rm	AR					
1	PNB Gilts Limited	1.46	-0.49	6.61	9.04	-0.29052	2.351794*	0.021984	0.68	0.49
2	Aksh Optifibre Limited	1.61	0.09	6.58	16.92	0.079746	0.629927	0.531057	0.69	0.49
3	S.Kumars Power Corporation Limited	1.14	2.27	7.62	27.08	-0.12245	1.024858	0.30901	-0.47	0.63

Source: Computed from Capitaline Database

* indicates significant't' value at 0.05 level

Other Industry** includes the Finance, Optifibre and Power Industries.

except power industry. The standard deviation of three industries attained higher risk than the market risk. During the study period, power industry attained higher risk (27.08) than the other two sample companies. The finance and power industry acquired negative correlation with a value of -0.29052 and -0.12245 respectively and optifibre industry acquired positive correlation with a value of 0.0979746. The above Table clearly indicates that the average of market returns was higher than abnormal returns.

To study the overall relationship in the Other Industry, the linear correlation was calculated between Market Returns and Abnormal Returns as r = 0.86864 with t =1.753256 and P = 0.154428. This reveals the fact that there is insignificant relationship between the two variables RM and AR. It may be concluded that the RM is not correlated with AR of Other Industry as a whole. All the sample companies in the Other Industry show insignificant relationship between RM and AR.

Testing of Hypotheses

From the above analysis of "t" test, all the sample companies did not show significant relationship between Market Returns and Abnormal Returns. The equality mean test of correlation "t" value shows that there is insignificant relationship between RM and AR of all the sample companies belonging to Pharmaceutical Industry. The Karl Pearson Coefficient of Correlation "t" value shows that only one sample company, namely, PNB Gilts Limited experienced significant relationship between Market Returns and Abnormal Returns in all respects. But the rest of the sample companies belonging to Other Industry did not show significant relationship between Market Returns and Abnormal Returns. Hence the null hypothesis, 'there is no significant relationship between Market Returns and Abnormal Returns in Other Industry' is accepted.

Analysis of Variance of Abnormal Returns

Table-5 depicts that the ANOVA for Abnormal Returns of all the sample companies belonging to Entertainment Industry, Information Technology Industry, Pharmaceutical Industry and Other Industry during the post IPO period. The F ratio (0.700) of Entertainment Industry reveals that the significant value (0.624) is very high. The F ratio (0.257) of Information Technology Industry reveals the fact that the significant value (0.990) is very high. The F ratio (1.827) of Pharmaceutical Industry reveals the fact that the significant value (0.143) is very high. The F ratio (0.534) of Other Industry reveals the fact that the significant value (0.587) is very high. This unfolds the fact that the means of Abnormal Returns among the sample companies belonging to Entertainment Industry, Information Technology Industry, Pharmaceutical Industry and Other Industry are statistically not significant and hence it is concluded that the average Abnormal Returns is the same for all the sample companies.

Test of Hypothesis

It is evidenced from the analysis of variables like mean of Abnormal Returns of all the sample companies belonging to Entertainment Industry, Information Technology Industry, Pharmaceutical Industry and Other Industry during the post IPO period that the null hypothesis which reads **"The average Abnormal Returns of all the sample companies belonging to Entertainment Industry, Information Technology Industry, Pharmaceutical Industry, and Other Industry are equal"** is accepted. The average Abnormal Returns of all the sample companies belonging to Entertainment Industry, Information Technology Industry, Pharmaceutical Industry and Other Industry is the same. Hence the null hypothesis is accepted.

Table-5

ANOVA Table for Abnormal Returns of Entertainment Industry, Information Technology Industry, Pharmaceutical Industry and Other Industry during the Post IPO Period

	Sum of Squares	df	Mean Square	F	Sig.
Entertainment Industry					
Between Groups	955.933	5	191.187	.700	.624
Within Groups	101944.083	373	273.309		
Total	102900.016	378			
Information Technology Industry					
Between Groups	932.430	10	93.243	.257	.990
Within Groups	260390.985	717	363.167		
Total	261323.415	727			
Pharmaceutical Industry					
Between Groups	832.786	3	277.595	1.827	.143
Within Groups	40726.037	268	151.963		
Total	41558.823	271			
Other Industry					
Between Groups	409.429	2	204.714	.534	.587
Within Groups	74325.902	194	383.123		
Total	74735.331	196			

Source: Computed from Capitaline Database

FINDINGS

The findings of the study are presented below to provide new insights into the companies who went for IPOs and their impact on investors.

1) In the Entertainment Industry, only one company, namely, Balaji Telefilms provided positive returns to its investors during the post IPO period. The rest of the sample companies belonging to Entertainment Industry did not provide enough returns to their investors during the post IPO period.
2) In Information Technology Industry, most of the sample companies provided inadequate returns to their investors except Geometric Systems Ltd. But during the post IPO period, the companies under the Information Technology Industries did not perform better than the market.
3) PNB Gilts Ltd belonging to Finance Industry did not give enough returns to its investors during the post IPO period.
4) Among the sample companies belonging to Pharmaceutical Industry, most of the sample companies, namely, Cadila Healthcare Ltd, Elder Pharmaceuticals Ltd and Glenmark Pharmaceuticals Ltd provided adequate returns to their investors, but Ajanta Pharma Ltd did not give enough to its investors during the post IPO period.
5) In the Optifbre Industry, Aksh Optfibre Ltd showed mixed trend on the price behaviour. While this company provided better returns to its investors during the initial period of the study, afterwards the company failed to do it.