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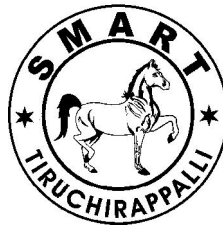
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## UNDER PRICING OF INDIAN IPOs AND ITS DETERMINANTS: AN EMPIRICAL ANALYSIS

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### **Abstract**

*This paper explores the initial return and the determinants of under pricing of 127 IPO companies during the period 2008-2012, listed in NSE India. The market adjusted abnormal returns (Initial Return) of all sample IPO companies were 7.5%. It shows that the new issues were initially under priced. In order to verify the returns statistically, we used t-test. It was found that all sample IPO companies' returns were significantly not equal to zero. According to this study, the mean initial return of 7.5% was a lower average return when compared to previous research. We used regression model to analyze the relationship between the degree of under pricing with the explanatory variables such as issue size, listing delay, age of the firm and market index return on the day of listing. The results of regression show that there was no significant relationship between the degree of under pricing and the explanatory variables except the variable of age of the firm. The study suggests that investors can make their investment in new issues since the IPOs are under priced initially.*

**Key Words:** *IPO, Under Pricing, Market Adjusted Abnormal Returns*

**JEL Code:** *D4, G1, G14*

### **I. Introduction**

Initial Public Offering is the greatest source of mobilizing finance by the companies for investing in future projects. IPO refers to issuing new securities for the first time to the public. According to Sec.67 of the Companies (Amendment) Act 2000, any offer or invitation of shares or debentures made to 50 or more persons, then such an offer or invitation shall be deemed to be a public offering (**Bharat V**

**Pathak**). In India, the New Issue Market is the most researched area in finance. Almost all studies found that the IPOs in India are underpriced. Underpricing refers to the first trading day return of a share to be higher than the offer price (**Ajay Garg et al 2008**). In India, new securities are issued to the public in three methods such as public issue, rights issue and private placement. Public issue may take the form of initial public offering. A first time offer of sale of securities by an unlisted company is

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known as initial public offering and an offer of sale of securities by a listed company is called follow on public offer. The securities issued in primary market are listed in secondary market (also known as stock exchange in India) for trading. The new issues are listed in the stock market after they are subscribed by all categories of investors like QIB's, non-institutional investors and retail investors. Hence this study proposes to analyze the performance of new issues on the first trading day and the factors which determine the returns on the first day.

## II. Review of Literature

Several studies have been conducted in India to study the underpricing of IPO. The following studies, relating to underpricing of IPOs, were reviewed.

**Ajay Garg, et al (2008)** examined the short run underpricing and long run underpricing of IPOs in India. The study suggested that the IPOs are usually overpriced in the long run and the abnormal returns from the IPO underpricing differed significantly in the bearish and bullish phases of the market. A paper by **Alok Pande and Vaidyanathan, R. (2009)** examined 121 companies, listed in NSE, during the period 2004 to 2006. The study analyzed the determinants of underpricing of IPOs in India. The average initial day returns of all IPO sample companies varied between 33.04% and 82.5%, with a mean value of 22.62%. It was found that the listing delay increased the degree of underpricing. **Anlin Chen, et al (1998)** found that the initial returns (6th day trading return) Taiwan stock exchange at 29.7 % (with a median of 32%), recorded positive initial returns. A study by, **Balwinder Singh and Mittal R.K (2003)** revealed that internationally observable phenomenon of IPO underpricing persisted in India too. The study found that general market conditions at the time of IPOs, reputation of lead managers, issue uncertainty represented by reciprocal of issue price, nature of industry and

activity based classification of industry, were not significantly associated with underpricing.

**Jay R Ritter (1998)** analyzed the value of underpricing of new issues. The researcher reported that the average initial returns were 15%. He further reported that the long run performance of IPOs in US was good and that the average annual return of IPO was 13.1%. A study by **Krishnamurti and Chandrashekhar (2002)** provided evidence for the widespread underpricing of Indian IPOs by analyzing 386 IPOs in the post liberalizing era, from July 1992 to December 1994. The empirical evidence confirmed the underpricing phenomenon in the Indian Market by using raw returns and market adjusted returns. It also analyzed the factors responsible for pervasive and persistent occurrence of underpricing in the IPO market. **Rohit Bansal and Ashu Khanna (2012)** investigated 142 Indian IPOs during 2007 to 2011 and found the average initial return of the entire sample IPOs to be 34.9%. The study made an attempt to find out whether the high credit rating of IPOs influenced the determinants of underpricing. Finally, they suggested that investors should not hold IPOs for a long period since the IPOs earn negative return from the fourth day onwards. **Saura Ghosh (2011)** tested the implications of these models for the Indian IPOs in the last decade. The empirical findings of this study showed that there existed positive relationship between IPO underpricing and ex-ante measure of risk proxies. **Shah (1995)** analyzed the empirical regularities about India's IPO market via dataset of 2056 IPOs from 1991 to 1995. The study applied time series regression analysis and the empirical findings revealed that the price at first listing was 105.6% above the offer price on an average. **Seshadev Sahoo (2012)** analyzed 154 Indian IPOs during the period 2002-2007 and found that the mean initial return of all sample IPOs was 33.90% and the standard deviation of 51.44% indicated that there was a large variation in initial day returns among IPOs. **Singh and Kumar (2008)** proposed a

model of underpricing, taking oversubscription variables along with age and issue size. The study showed that Indian capital markets were found to follow industry-specific waves. The sectors which performed well, were more underpriced in the short run as well as in the long run.

The above studies reveal that the IPOs were underpriced in India under different study periods. The present study is an attempt to analyze the degree of underpricing of IPOs in India.

### III. Statement of the Problem

New companies require expansion, diversification and adoption of new technologies to meet the global competition. Therefore, it needs to mobilize fund from the primary market through Initial Public Offering. The growth of primary market also induced the public to invest in the primary market. Investors expect positive returns from their investment. The IPOs are under priced initially i.e. the first day return of security is higher than the offer price of the same security. Many studies in India revealed that IPOs are underpriced initially. Some issues secured higher returns and some lower positive returns and therefore, it is important to analyze the factors which determined the underpricing of IPOs. Hence the present study to analyze the underpricing of IPOs and its determinants.

### IV. Need of the Study

It is true that one of the reasons for the success of IPO is the pricing of new issues. Issuing companies and merchant bankers have been giving more importance to pricing new issues. The major feature of IPOs is price discovery mechanism, price band and online trading. Nowadays, majority of Indian companies have responded favorably to the IPOs. The investing public normally gets excited if the issue is offered below the intrinsic value and the investors anticipate positive return on their investment. Nowadays taking decision regarding investment becomes very difficult

because of unstable stock market. Therefore, the present study proposes to analyze the degree of underpricing of IPOs and the factors determining the degree of underpricing.

### V. Objectives of the Study

1. To measure the degree of underpricing of IPOs listed in NSE during the period 2008-2012.
2. To analyze the determinants of underpricing of IPOs.

### VI. Hypotheses

1. The market adjusted abnormal returns are equal to zero.
2. There is no significant relationship between market adjusted abnormal return and the age of the firm, issue size, listing delay and market index.

### VII. Methodology of the Study

#### a) Data and Sample Selection

The present study analyzed the Initial Public Offerings issued and listed in NSE during the period 2008 to 2012. The daily share prices of all sample IPOs were collected from NSE web site ([www.nseindia.com](http://www.nseindia.com)).

#### b) Sample Selection

The present study attempts to analyze the degree of underpricing of IPO companies listed on the NSE during the period 2008 -2012. There were 183 companies listed on the NSE (**Table: 1**) and the study was based on secondary data. On the basis of the availability of data of companies, the sample selection was made. While drawing the sample, it was found that out of 183 companies, only 127 companies fulfilled the required criteria (**Table: 2**). Only those companies which fulfilled the criteria, were taken for this study.

#### c) Sources of Data

This study was based mainly on secondary data. The information regarding

adjusted monthly closing share price and the value of S&P CNX 500 were collected from NSE Website (www.nseindia.com). All other relevant information was obtained from books, journals, magazines and various websites.

#### d) Period of the Study

For examining the level of underpricing of IPOs on the first trading day, the required data were collected for a period of 5 years from 2008 to 2012. The details of companies which issued new shares, were available in NSE and the companies which issued new securities from January 2008 to December 2012, were taken for this study.

#### e) Statistical Tools Used for Analysis

To find the degree of under pricing, we used Market Adjusted Abnormal Return (MAAR), which can be calculated as follows.

##### i. Security Return

The security return of all sample IPO companies were calculated by using the following formula.

$$R_{it} = P_{it} - P_{i0} / P_{i0}$$

Where,  $R_{it}$  is the security return of stock I, at the first trading day,  $P_{it}$  is the price of stock I at close of first trading day, and  $P_{i0}$  is the offer price. Using the above formula, one could find the security return.

##### ii. Market Return

The market return is to be adjusted with security return to find the market adjusted return, The index S&P CNX 500 was used to calculate market return and also market return is calculated by using the following formula.

$$R_{mt} = I_{mt} - I_{m0} / I_{m0}$$

Where,  $R_{mt}$  is the market return at first trading day,  $I_{mt}$  is market index value at closing of first trading day and  $I_{m0}$  is market index value on the offer day.

##### iii. Market Adjusted Abnormal Return

The following formula was used to calculate the Market Adjusted Abnormal Return (MAAR)

$$MAAR = 100 * \{[(1 + R_{it}) / (1 + R_{m1})]\}$$

The average market adjusted return can be calculated by dividing MAAR with N, Mathematically,  $MAAR_{ii} = 1/N \sum MAAR_{ii}$

##### iv. t-test

In order to test the null hypothesis, t-test was used and it can be computed as follows,

$$T\text{-stat} = MAAR_{ii} / S / \sqrt{n}$$

Where S is the Standard Deviation

##### v. The Multiple Regression Model

The impact of independent variables, namely, issue size, age of the firm, listing delay and market capitalization, on the dependant variable, namely, the degree of under pricing of IPO (MAAR), was modeled through multiple regression as

$$\text{Log MAAR}_i = \beta_0 + \beta_1 \text{log IS} + \beta_2 \text{log age} + \beta_3 \text{log LD} + \beta_4 \text{log MKT IND} + \varepsilon$$

Where, Log MAAR<sub>i</sub> = Market Adjusted Abnormal Return,  $\beta_1$  log IS = Issue Size of the firm,  $\beta_2$  log age = Age of the Firm,  $\beta_3$  log LD = Listing Delay of the Firm,  $\beta_4$  log MKT IND = Market Index Return(S&P CNX 500), and  $\varepsilon$  = constant .

##### f) Independent Variables of the Study

###### a. Issue Size

Issue size is the total amount that the issuing company would like to mobilize from the new issue. It can be calculated by multiplying the total number of shares with the offer price.

### b. Age of the Firm

The age of the firm refers to the difference between the date on which the firm was incorporated and the date of offering of the new issues.

### c. Listing Delay

The issuing company has to register the securities, which are issued to the public through IPO, in a regional stock exchange for trading of the security and it is called listing. Usually there may be some delay in the firm listing its security in a stock exchange. The time difference between issue date and list date is known as the listing delay.

### d. Market Index Return

The closing price of market index of S&P CNX 500 on the day of listing of security  $i$  was obtained from NSE website and the market return was calculated by using the formula

$R_{mi} = \frac{I_{mi} - I_{m0}}{I_{m0}}$ . This return was considered as one of the explanatory variables which may determine the degree of under pricing.

## VIII. Limitations of the Study

1. The study was confined to only listed companies on NSE.
2. The study was based on secondary data.
3. There was data deficiency with respect to IPO companies listed on NSE.

## IX. Underpricing of IPOs: An Analysis

In this section, the results of descriptive statistics of issue size, age of the company, listing delay of the firm and market index return, the result of Market Adjusted Initial Return and results of multiple regressions of all IPO sample companies which went for public offer during 2008-2012, are discussed.

**Table-3** shows the descriptive statistics of issue size, age of the firm, listing delay and

market index return of IPO companies listed during the year 2008. In 2008, there were 36 firms which issued new shares but only 20 firms fulfilled the eligibility criteria. From the analysis, the average issue size (total amount mobilized from the issue) was Rs. 851.9 crores and the maximum amount was Rs.10,260 crores. The average age of the IPO companies was 15.6 years, with a minimum of 4.7 years. It is to be noted that the average gap between the issue date and listing date of IPO companies during the year 2008 was 20.5, maximum being 26 days and the minimum being 16 days. The average market index return (S&P CNX 500) was -1.2%, with the highest return being 2.4% during this period.

**Table-4** gives the descriptive statistics of issue size, age of the firm, and listing delay and market index return of IPO companies listed during the year 2009. In 2009, 21 firms issued new shares to the public but only 18 firms were taken as sample for this study, considering the availability of financial data. The average amount mobilized by issuing firms during the period 2009 was Rs.1,041.23 crores, the highest amount mobilized from the issue was Rs. 6,038.5 crores, with the minimum being Rs.23.8 crores. As far as the age of the firm is concerned, the average age of issuing companies was 16.6 years, with the maximum of 59 years and the least age of the issuing company being only 2 years. The time lag between the issue date and listing of the security stands at an average of 21, maximum being 49 and the minimum being 14 days from the issue date. In 2009 also, the average return of the market portfolio was -0.3%, and the maximum return was 1.2%.

**Table-5** reveals the descriptive statistics of explanatory variables such as issue size, age of the firm, listing delay and market index return. It is important to note that during the year 2010, out of 73 firms, only 53 IPO companies formed the sample. The average amount mobilized from the issue was Rs.3,390

crores and the least amount was Rs.10.55 crores. The mean age of the companies was 21 years and the minimum age of the IPO company, PRESTIGE ESTATES PROJECTS LIMITED, was only one.

According to **Table-6**, out of 41 companies which went public in 2011, only 28 companies were taken as sample. The average amount raised from the new issue during the year 2011 was Rs.167.38 crores and the maximum amount was Rs.1245 crores. The average age of the firm during the year 2011 was 10 years, with a maximum of 44 years. It is important to note that the firm, namely, VASWANI INDUSTRIES LIMITED, listed the new issue only after 142 days from the date of issue. The average market return was -0.0096, which was the lowest market return during the study period.

**Table-7** shows the descriptive statistics of explanatory variables. Only 12 companies issued new shares during the year 2012 and 9 companies were listed, with necessary financial data. It is very clear from the Table that the average issue size was Rs.678.54 crores and the maximum issue size was Rs.4,155 crores. The average age of the IPO firms was 15.5 years and the maximum age was 52 years. The listing delay of the IPO companies during the year 2012 was low (Mean delay was 13 days) when compared to the IPO companies listed during this study period.

**Table -8** shows the raw return of first day of trading of IPO companies during the period 2008 to 2012. The returns were computed from day one return of respective IPO firms listed on NSE and the relevant data were also obtained from NSE.

**Table-9** presents the year wise market adjusted abnormal returns during the period 2008-2012. The day one returns of all IPO companies were adjusted with the market index return(S&P CNX 500). Totally, 183 firms went

public during this period and only 127 firms were listed, with required financial data. It can be noted that the average market adjusted initial return of all sample IPO companies during the period 2008-2012 were 3%, 14.3%, 10.9%, -0.3% and 2% respectively. In 2008, 20 companies listed on NSE provided the highest return of 70% to the investors, with the standard deviation of 28%. It implies that the firms' day one returns moderately deviated. The highest volatility in terms of first day return was during the year 2011(44.9% deviation). At the same time, the average market adjusted initial return during the year 2011 was -0.3%, with the maximum return of 99%. In other words, except for the year 2011, the IPO companies provided positive day one return to the investors. During the year 2009, a firm, EDSERV SOFTSYSTEMS LIMITED, provided a maximum of 130% return.

**Table-10** depicts the overall Market Adjusted Initial Return and T test of all sample IPOs during the period 2008-2012. It is to be noted that the average market adjusted abnormal return of 127 IPOs was 7.16%, which was the lowest average initial return in India compared to past studies. Krishnamurthi et al (2002) reported 72.34% of average initial returns of IPOs during the period 1992-1994, Madhusoodhanan and Raju (1997) reported a mean of 294.8% returns for the period 1992-1995, Kakati (1999) found the average return to be 34.9% during 1993-1996 and SSS Kumar reported that IPOs secured 26.35% of average return during the period 1999- 2006.

### Testing of Hypothesis

From the **Table-10** (One sample t test), it is clearly understood that the mean market adjusted abnormal return for the period 2008-2012 was 7% with the t value of 2.55. Hence the hypothesis, "**Market Adjusted Abnormal Return are equal to Zero**", is rejected. It is very clearly understood from the hypothesis testing that the market adjusted abnormal returns

were significantly different from zero.

**Table-11** shows the regression result of IPO companies during 2008-2012. It is very clear that independent variables did not have linear relationship with the degree of underpricing. The Beta value of issue size at -1.85, with t value of -0.46, reveals that there was no linear relationship between the issue size of the firm and degree of underpricing. Hence the null hypothesis, “**There is no significant relationship between the degree of under pricing and issue size of the IPO companies**”, is accepted. The next independent variable, listing delay, also recorded negative coefficient of -0.01, with the t value of -2.61. Hence there was no linear relationship between the degree of underpricing and listing delay of the IPO sample companies during the study period and the null hypothesis, “**There is no significant relationship between the degree of under pricing and listing delay of the IPO companies**”, is accepted. The coefficient of age of the firm at 0.01, with the t statistics of 2.234, depicts that there was linear relationship between the degree of under pricing and age of the firm and hence the null hypothesis, “**There is no significant relationship between the degree of under pricing and age of the firm**”, is rejected. Higher the age of the IPO Company then, there was greater degree of underpricing of IPO companies. Market index returns (S&P CNX 500) with coefficient of -0.54, with t statistics of -0.23, clearly reveal that there was no significant relationship between the degree of underpricing and the return of market index on the day of listing of the firm. Hence the null hypothesis, “**there is no significant relationship between the degree of underpricing and market index return**”, is accepted.

#### **X. Findings and Suggestions of the Study**

In this section, the major findings and suggestion are discussed.

1. Overall growth of IPO markets in India during the period 2008 - 2012 has witnessed increasing growth.
2. The total number of public issues over a period of 5 years from 2008 to 2012, stood at 187, with an average of 37 new issues every year. The value of public issues was Rs.1,60,031.34 crores, with an average of Rs.8,890.63 crores per annum.
3. The average initial raw return of IPO companies from 2008 to 2012 were 2%, 13.9%, 10.7%, -0.4% and 2.9% respectively.
4. The average initial returns of all sample IPO companies was 7% and investors obtained 7% returns on the first day of trading.
5. From the regression results, independent variables such as the issue size, listing delay and market return recorded no linear relationship with the degree of underpricing.
6. Only the independent variable of age of the firm, recorded linear relationship with the degree of underpricing of the IPOs during the study period.

On the basis of the above findings, the following suggestion are made.

1. In 2007, SEBI as the controller of capital market, made it compulsory that the issuing company must have been given credit rating by at least one credit rating agency in order to protect the investors by ensuring the issuing companies' credit worthiness. Hence investors are advised to examine the company's prospectus before making their investments.
2. Investing in primary market is one of the best options to enter the capital market since the average day one return of all sample IPO companies was 7% and the maximum return earned by one IPO company was 130%.



3. This study also recommends subscription of new shares of Indian companies since the issues are underpriced.
4. The explanatory variables such as issue size, listing delay and market return recorded no linear relationship with the underpricing of IPO. Hence investors are advised not to assess IPOs, based on these variables because these variable did not determine the degree of underpricing.
5. The age of the firm did influence the underpricing of IPO. In other words, the age of the firm may be one of the factors which determined the degree of underpricing of the new issue. Hence it is suggested that investors may consider new issues issued by well-established and experienced firms.

## XI. Conclusion and Further Research

This paper investigated the initial return and the determinants of underpricing of 127 IPO companies listed on NSE India during the period 2008-2012. The market adjusted abnormal return (Initial Return) of all sample IPO companies was 7.5% and it shows that the new issues were initially underpriced. In order to verify the returns statistically, we used t-test and it revealed that all sample IPO companies returns were significantly not equal to zero. This study reports that the mean initial return of 7.5% was lower than what was reported in the previous research. The regression results reveal that there was no significant relationship between the degree of underpricing and independent variables such as issue size, listing delay and market index return on the day of listing, but the variable the age of the firm recorded linear relationship with the degree of underpricing. Hence it can be concluded that the Indian IPOs were underpriced initially and no explanatory variable exercised impact except the age of the firm. Hence it is suggested that investors make their investments in IPOs because they yield positive

returns on the day of listing and long standing firms will yield greater returns to the investors.

Further research is possible in short run returns and long run performance of Indian IPOs listed on both BSE and NSE. Further research can be taken up on the relationship between degree of underpricing and some other independent variables such as over subscription, net worth and grading of IPOs.

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**Table-1: Number IPO Companies Listed in NSE during 2008 - 2012**

Year	No. of IPO in NSE
2008	36
2009	21
2010	73
2011	41
2012	12
Total	183

Source: [www.nseindia.com](http://www.nseindia.com)

**Table- 2: The Process of Sample Selection**

Selection Criteria	Number of Firm's
Total number of IPOs offered during the period	183
(-) The IPO Companies not listed and/or Delisted	37
= IPO Companies listed with NSE	146
(-) Day one closing price unavailable	8
= IPOs listed and valid day one closing price	138
(-) Firms lacking incomplete secondary data	11
= Final Sample	127

Source: [www.nseindia.com](http://www.nseindia.com)

**Table-3: Descriptive Statistics of Issue Size, Age, Listing Delay and Market Return of IPO Companies listed in NSE during 2008**

Variables	N	Minimum	Maximum	Mean	Std. Deviation
Issue Size	20	23.928	10260	851.975	2267.778
Age of the Firm	20	4.7	66.1	15.685	13.968
Listing Delay	20	16.000	26	20.500	2.259
Market Return	20	-0.049	0.024549	-0.012	0.021

Source: [www.nseindia.com](http://www.nseindia.com), Computed using SPSS 17 Version

**Table-4: Descriptive Statistics of Issue Size, Age, Listing Delay and Market Return of IPO Companies listed in NSE during 2009**

Variables	N	Minimum	Maximum	Mean	Std. Deviation
Issue Size	18	23.84345	6038.546	1041.231	1616.071069
Age of the Firm	18	2	59	16.61111	15.93419884
Listing Delay	18	14	39	21.22222	5.330881789
Market Return	18	-0.02462	0.012109	-0.00343	0.009918007

Source: www.nseindia.com, Computed using SPSS 17 Version

**Table-5: Descriptive Statistics of Issue Size, Age, Listing Delay and Market Return of IPO Companies listed in NSE during 2010**

Variables	N	Minimum	Maximum	Mean	Std. Deviation
Issue Size	53	10.55625	61250	3390.136	10470.35888
Age of the Firm	53	1	105	21.07925	26.77091101
Listing Delay	53	7	28	17	4.256217172
Market Return	53	-0.02347	0.016398	-0.00198	0.007774278

Source: www.nseindia.com, Computed using SPSS 17 Version

**Table-6: Descriptive Statistics of Issue Size, Age, Listing Delay and Market Return of IPO Companies listed in NSE during 2011**

Variables	N	Minimum	Maximum	Mean	Std. Deviation
Issue Size	28	31.365	1245	167.3648	274.2613245
Age of the Firm	28	1	44	10.42857	8.517644308
Listing Delay	28	11	142	19.10714	24.37870851
Market Return	28	-0.01986	0.015046	-0.00096	0.009604569

Source: www.nseindia.com, Computed using SPSS 17 Version

**Table-7: Descriptive Statistics of Issue Size, Age, Listing Delay and Market Return of IPO Companies listed in NSE during 2012**

Variables	N	Minimum	Maximum	Mean	Std. Deviation
Issue Size	9	55	4155.8	678.5405	1318.913592
Age of the Firm	9	5	52	15.55556	14.62114147
Listing Delay	9	12	15	13.11111	1.054092553
Market Return	9	-0.00825	0.00667	0.001473	0.00562985

Source: www.nseindia.com, Computed using SPSS 17 version

**Table-8: The Average Initial Raw Returns of IPO companies during 2008 to 2012**

S.No	Year	Average Initial Raw Return
1	2008	2%
2	2009	13.9%
3	2010	10.7%
4	2011	-0.4%
5	2012	2.9%

Source: www.nseindia.com, Computed from the IPO companies day one return

**Table-9: Descriptive statistics of Market Adjusted Initial Return of all IPO Companies Listed in NSE during 2008-2012 (Year Wise).**

**Descriptive Statistics of Market Adjusted Initial Returns of IPO Companies**

Year	Sample Firms	Minimum	Maximum	Mean	Std. Deviation
2008	20	-0.340	0.700	0.030	0.281
2009	18	-0.160	1.303	0.143	0.318
2010	53	-0.370	0.768	0.109	0.260
2011	28	-0.693	0.989	-0.003	0.449
2012	8	-0.134	0.223	0.029	0.124

Source: www.nseindia.com, Computed using SPSS 17 Version

**Table-10: Overall Market Adjusted Initial Return and T test of all sample IPOs during the period 2008-2012**

	N	Minimum	Maximum	Mean	Std. Deviation
MAAR	127	-0.6927	1.30328	0.07162	0.31695281

One-Sample Test						
	Test Value = 0					
	T	df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
MAAR	2.55	126	0.01	0.07	0.02	0.13

Source: www.nseindia.com, Computed using SPSS 17 Version

**Table-11: Regression Result of all sample IPOs during the period 2008-2012**

Coefficients					
	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
Constant	0.17	0.0592		2.88	0.00
Issue Size	-1.85	4.0080	-0.04	-0.46	0.64
Listing Delay	-0.01	0.0023	-0.23	-2.61	0.01
Age of the Firm	0.01	0.0015	0.05	2.234	0.57
Market Index	-0.54	2.3404	-0.02	-0.23	0.82

Source: www.nseindia.com, Computed using SPSS 17 Version