

Initial returns, long run performance and characteristics of issuers: Differences in Indian IPOs following fixed price and book building processes

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Title: Initial Returns, Long Run Performance and Characteristics of Issuers: Differences in Indian IPOs Following Fixed Price and Book building Processes

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Abstract: Initial returns (or underpricing) and long run performance of IPOs have been researched extensively across countries. Recent research on IPOs has also been focused on differences in pricing and allocation mechanisms across countries. Indian IPO markets provide a natural setting for comparing the characteristics of issuers, initial returns and long run performance of IPOs coming out with fixed price versus book building route. On a sample of 84 Indian IPOs (20 book-build and 64 fixed-price) from the period 1999 to 2002, we find that the fixed price offerings are used by issuers offering large proportion of their capital by raising a small amount of money. In contrast, book building is opted for by issuers offering small proportion of their stocks and mobilizing larger sums of money. Unlike in the early nineties, the activity in Indian IPO markets is now increasingly following trend of "industry-specific waves" of IPOs as most of the IPOs in our sample are from sectors, which were "hot" during the period. Consistent with the evidence from other countries, initial returns are higher and more uncertain on fixed price offerings. Again in line with evidence elsewhere, all types of Indian IPOs in our sample under performed in the first two years subsequent to listing. We also find some evidence that the IPOs from issuers belonging to industries under the spell of "hot issue" market, under perform more than the rest.

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Initial public offering (IPO) or stock market launch is a type of public offering in which shares of a company are sold to institutional investors and usually also retail (individual) investors. An IPO is underwritten by one or more investment banks, who also arrange for the shares to be listed on one or more stock exchanges. Through this process, colloquially known as floating, or going public, a privately held company is transformed into a public company. Initial public offerings can be used to Are you sure you want to remove **Initial returns, long run performance and characteristics of issuers** from your list? Initial returns, long run performance and characteristics of issuers. differences in Indian IPOs following fixed price and book building processes. by Ajay Pandey. Published 2005 by Indian Institute of Management in Ahmedabad . Written in English. Subjects. Going public (Securities). Places. India. There's no description for this book yet. Can you add one? Previous studies found that long-run share price performance of Indonesian initial public offerings (IPOs) underperformed. My research gives new evidence that the long-run performance depends on the methods used. This paper investigates the relation between pre-IPO characteristics and post-IPO operating performances. The objective of this study is to identify the determinants of post IPO operating performance. While IPOs offer appreciable returns on the listing day, their long-term performance is generally poor. In this study, the long-term price performance of 117 IPOs released over the period of 2009-2013 by way of market abnormal excess returns (MAER) was done to identify the factors which govern their performance.