

ABSTRACT

The objective of this study is to find whether Indian stock exchange will show long-run underperformance of IPO or not, and what are factors influence the long-run underperformance that happens in a company after IPO. Factors influencing IPO performances are represented by four variables are age, time lag, issue size, and company size. Long run IPO performance is represented by Buy-and-Hold Adjusted Return (BHAR). This study employs data from companies listed in National Stock Exchange (NSE), which are going public from 2004 to 2008. The results show that Indian Stock Exchange Market shows underperformance long run IPO, and there is a positive relationship between the number of shares offered at the going public period and its long-term performance. However, the other variables used (i.e. age, time lag, and company size) do not influence the long-run IPO performance in Indian Stock Exchange.

Keywords: Initial Public Offering, Long Run Performance, Underperformance