
Analysis of IPO Performance Wealth Creators or Destroyers: An Indian Perspective

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Abstract

Primary Market or Fresh Issue market is considered to be the safest place for making investments especially for retail investors in Equity Capital Markets. This is achieved by investing in Initial public offerings or popularly known as IPO's of private and public sector companies. Primarily there are two types of objectives for which investors invest in these IPO's. One is to book profits on the listing day (short term) and the other is to hold and carry the investments for a longer period of time which can be a year, 3 years, 5 years or more. This study looks at both these prospective and tries to find out the performance of these IPO's both in short term and long term (over a period of 5 years). Further whether in long term (over a period of 5 years) these IPO's outperform or underperform the broad market (Nifty) and can "long term wealth" be created by investing and holding in IPO's is analyzed by applying the various statistical tools such as Correlation and Coefficient of Determination using SPSS Software.

Keywords: Initial Public Offer, Primary Market, IPO's, Wealth Creation

Introduction

The toughest and most complex decision faced by majority of Retail investors when it comes to equities have always been, is to create a separate "investing and trading portfolio".

The horizon for which one remains invested and the risk-reward are the key parameters on which these classifications are done. Usually, trading is considered to be a short term high risk-reward activity spanning from few minutes to few days to few weeks and so on. As for investments, long-term investment horizon, less volatility and better safety is what is looked at. Although the objective from both is profit maximization but still investing is supposed to be the way for creating "sustainable wealth creation".

The next step is to find out which stocks to invest. These stocks can be the one already listed, traded and are available in the secondary market or can be the new ones who are planning to come and raise capital through an IPO in the primary market. Retail investors, who after the Coal India IPO can now invest maximum up to Rs.2 lac per applicant, look for more opportunities in the primary market for dark horses or hidden gems. This makes IPO more attractive and lucrative to them.

But the investment in IPO's does not provide the exit point which is available in trading and referred as "stop loss". Therefore once position is made, the problem of moving out early is always faced by majority of investors. Therefore stock selection in investing becomes more complex and important because the investment horizon is too long usually more than a year or so and fundamentally to identify the trend reversal is always very difficult. This is the reason why stock selection has left many investors with burned fingers even in long term investment. SKS Micro-finance, Reliance Power, Unitech&Suzlon are few who have eroded the wealth and confidence of investors manifold in IPO's.

Another important factor which results in IPO attractiveness is the overall market sentiment in the period at which IPO is offered. When the markets are in an uptrend or positive growth trajectory it becomes very difficult to separate wheat from chaff i.e. to identify fundamentally strong companies when everything sells like a hot cake. Therefore timing of an IPO is very important factor.

For already listed and traded stock its relatively more easy to make a view but to analyse a new company which

is coming out with an IPO, an investor has to rely more on the track record of the Merchant Banker to the issue and has to be convinced by the “investment rationale” being pitched by him. Over subscription and under subscription by different categories of investors especially institutional investors assists the retail investors in confidence building. The shares of companies such as Infosys, SBI, Punjab National Bank, Coal India, Tata Motors and many more have created wealth creation for investors in IPO.

Therefore putting money in an IPO for the purpose of selling it on premium on listing is not a part of investment portfolio but becomes a part of trading portfolio. So, it's not only the qualitative & quantitative research which has to be done diligently by the retail investors but also clearly understand the pros and cons of applying in an IPO.

Review of Literature

Sahi and Lee, (2001) studies about the return of IPO's among the property sector companies. The data has been analysed from the year 1986 to 1995. The result shows that the first day return from the IPO's of the property company is significantly positive. Moreover the returns of property trading companies is more than the returns of property investment companies

Bessler, Thies (2007) have tried to find out the performance of IPO's in the long run. The data has been analysed in Germany for 18 years i.e. from 1977 to 1995. Various aspects like Market value, security design, year of issue of IPO have been considered for the study. The result shows that the firms who are successful and are able to meet the cost of capital are able to get the additional funds from the market.

Goergen, Renneboog (2007) have tried to investigate the effect on the performance of the company after the issue of IPO's due to change in the ownership and control. The data has been analysed for UK and Germany. The result shows there is no correlation in the performance of the firm with respect to change in control and ownership after the issue of IPO.

Peter, (2007) tries to analyse the returns from the IPO's in an emerging economies. They further investigate the difference in returns in the privatized and non privatized

IPO's offerings. The result shows that there is an underpricing in the IPO's issues in the emerging market which is higher in developed countries. Moreover the privatized sector is giving more returns than the non privatized sector.

Goergen, Arif Khurshed and Mudambi (2007) have studied about the under performance of the IPO's of UK. The researcher has taken the three year data of UK's IPO. Various methodology have been applied like Fama and French three factor return model etc. the result shows that the small firm suffer more losses than the big firms in the long run. The paper also suggests that the IPO's underperformance after the issue is due to the reasons of the wrong managerial decisions taken by the management of the company.

Gopalaswamy et al. (2008) analysed the performance of IPO's in the Indian market in the long run in two conditions i.e. through a fixed price offer and other is through book building offer. They have considered various factors to analyse the situation. The result shows that there is no difference in the performance in the short run whether the shares are issued through fixed price offer or book building. But in the long run there is a difference. The book building route performs better.

James Ang, Carol Boyer, (2009) try to find out the difference in the performance of IPO of newly established firms and already existing firms. The result shows that there is a difference in the IPO's performance. The newly established firms perform better for a holding period of one to ten years whereas the existing firms are more prone to bankruptcy, merger and delisting issues.

Anlin Chen, Li-Wei Chen, Lanfeng Kao, (2010) try to analyse the performance of the IPO's in the long run for the Taiwan country. The researcher has used the five factor model on a calendar basis. The time period of the study is 1991 to 2002 for 261 IPO's. The result shows that IPO's perform better in the long run market.

Fei Jiang, Lawrence A. Leger, (2010) try to analyse the effect of CSRC on the shares allocation practices of China. The results show that the liquidity in the market has increased and there is an overall improvement in the performance of the market. It has opened the way for the small investor and institutional investor also participated in the IPO.

Objectives

The research paper focuses on the following questions:

- To find out whether investment in IPO's gives return in short term (listing day) only, in both short term and long term or in none of the situations.
- To find out whether or not holding on to investments in IPO's over a period of 5 years reaps fruits of wealth creation and outperforms market returns.
- To find out the extent to which the sample IPO's return are correlated with Nifty Returns.
- To find out the extent to which the sample IPO's return are explained by Nifty Returns by determining the Coefficient of Determination (R²).

Research Methodology

Research design:

This paper is descriptive in nature.

Source of data:

The study is based on secondary data. The secondary data was collected from the various sources available like websites mainly NSE, BSE and SEBI, journals, magazines, etc. wherever necessary

Time duration of Study:

To analyses the performance of the IPOs on the listing day and to the long term return or total yield for each stock. The required data has been collected from the period January 2001 to August 2011 of the companies which came up with the Initial public offers (IPO) & Follow on Public offer (FPO's)

Data Collection:

NSE official website is used to collect list of IPOs & follow on public offer (FPO's) for analysis from the period of January, 2001 to August 2011 . Respective company prospectus is used to get details regarding the issue price, issue dates, issue size and oversubscription.

Sample Selection:

The sample used in this study consists of all Indian firms which went public on National Stock Exchange (NSE) from January 2001 to August 2011. It gives a sample size of 409 IPO's & FPO's. The paper consider only 38 IPO's which have been

issued in calendar year 2005, 2006 and 2007 as the sample size for the research. Because of unavailability of data other IPO's have not included.

Table 1 shows the list of all IPO's & Follow on Public offer (FPO's) which have been issued from January 2001 till August 2011.

Table 1

Year of Issue	Number of Issues	Capital Mobilised (Rs. Lakh)	Nifty's Performance (%)*
2001	2	4,500	-18.44%
2002	2	1,04,399	3.49%
2003	5	1,37,067	41.47%
2004	21	29,33,508	8.09%
2005	50	16,18,142	25.44%
2006	73	23,30,894	28.50%
2007	95	43,16,173	34.72%
2008	36	17,00,380	-107.64%
2009	21	1,93,26,39	41.68%
2010	73	60,19,317	14.71%
2011 (Till August)	31	1,34,56,64	-27.23%
Total	409	2,24,42,683	

*Based on Calendar period

Source: www.nseindia.com

Data Analysis:

To find out the short term (listing price) gain or loss %, 38 IPO's have been compared. The difference between the listing price and issue price for each stock individually has been calculated.

To find out the long term return or total yield for each stock, Capital Yield(using CAGR has been found, for each stocks issue price till 25th August 2011) and Dividend Yield (Sum of all years dividend/issue price) for each stock have been calculated.

For NIFTY the values have been calculated by using closing levels of Nifty as on 25th August 2011 and Nifty's level as on 1st January 2005. This total yield of each stock is than compared with Nifty's yield to find out whether holding on to investments in IPO's over a period of 5 years do reap fruits of wealth creation and outperform market returns. This total yield of each stock is than compared with risk free rate over a period of 5 years to find out whether holding on to investments in IPO's over a period of 5 years do reap fruits of wealth creation and outperform risk free returns. Then from each stocks listing day price till 25th August 2011, based on daily closing price basis we have calculated the

ARITHMATIC Return of each stock. Same is being done for NIFTY as well. Based on these, we have calculated each stocks correlation and coefficient of Determination (R2) with Nifty's Return.

Limitations of the Study

out of a total sample size of 490 IPO's issued during 11 years, the paper consider the sample Size of only 38

IPO's issued in 2005,2006 and 2007.Because of unavailability of data other IPO's have not included .

Data Analysis and Interpretation

Short term listing price gains or losses: Table 2 analyze the gains and losses of IPO's when they are listed.

* Piramyd Retail Limited, ShriRamrupaiBalaji Steels

Table 2 Listing price Gains or Losses

Issuer Company	Issue Size (Rs.Crore)	Issue Price	Listing Date	List Price	Listing Gains/Loss (%)
Emami Limited	3500	70	03-Aug-06	279	298.57%
ABG Shipyard Limited	92500	185	11-Apr-07	370	100.00%
Amar Remedies Limited	4200	28	16-Sep-05	56	100.00%
Sasken Communication Technologies Limited	13000	260	09-Sep-05	460	76.92%
Infrastructure Development Finance Company Limited	137224	34	12-Aug-05	60	76.47%
Provogue (India) Limited	6074	150	07-Jul-05	249	66.00%
Shoppers Stop Limited	13698	238	23-May-05	356	49.66%
Yes Bank Limited	31500	45	12-Jul-05	66	46.44%
Bartronics India Limited	4500	75	12-Jan-06	106	41.33%
Kernex Microsystems (I) Limited	11001	250	20-Dec-05	350	40.00%
Punj Lloyd Limited	64211	700	06-Jan-06	956	36.61%
HT Media Limited	37074	530	01-Sep-05	700	32.08%
Celebrity Fashions Limited	8190	180	12-Jan-06	236	31.28%
Everest Kanto Cylinder Limited	10286	160	15-Dec-05	201	25.63%
Prithvi Information Solutions Limited	13500	270	16-Nov-05	339	25.50%
Suzlon Energy Limited	149634	510	19-Oct-05	639	25.29%
Tulip IT Services Limited	10800	120	05-Jan-06	150	25.00%
Nectar Lifesciences Limited	9288	240	18-Jul-05	300	25.00%
Educomp Solutions Limited	5000	125	13-Jan-06	155	24.00%
Gateway Distriparks Limited	15120	72	31-Mar-05	89	23.47%
AIA Engineering Limited	14805	315	14-Dec-05	387	22.86%
PVR Limited	16650	225	04-Jan-06	270	20.00%
Repro India Limited	4323	165	22-Dec-05	195	18.18%
3i Infotech Limited	20000	100	22-Apr-05	118	18.00%
Gokaldas Exports Limited	13281	425	27-Apr-05	500	17.65%
UTV Software Communications Limited	9100	130	17-Mar-05	150	15.38%
Bombay Rayon Fashions Limited	9433	70	05-Dec-05	80	14.29%
Aurionpro Solutions Limited	2700	90	25-Oct-05	102	13.33%
Allsec Technologies Limited	4241	135	09-May-05	150	11.11%
Shree Renuka Sugars Limited	11400	285	31-Oct-05	315	10.53%
Triveni Engineering & Industries Limited	24000	48	13-Dec-05	53	9.48%
Shringar Cinemas Limited	4320	53	29-Apr-05	57	7.55%
SPL Industries Limited	6300	70	26-Jul-05	75	7.14%
India Infoline Limited	9027	76	17-May-05	81	5.92%
Jet Airways (India) Limited	189937	1100	14-Mar-05	1155	5.00%
Jai Prakash Hydro-Power Limited	57600	32	18-Apr-05	32	0.00%
Bannari Amman Spinning Mills Limited	9450	135	14-Nov-05	101	-25.22%
Talbro Automotive Components Limited	5383	102	29-Sep-06	64	-36.96%

* Piramyd Retail Limited, ShriRamrupaiBalaji Steels Limited, IL&FS Investmart Limited not incl.

Interpretation

The result in table 2 analyses that the best listing performer is Emami Limited which gives a return of 298.57% and the worst performer has been Talbros Automotive Components Limited giving a return of -36.96%. In short it describes that in the short run

performance, 2 stocks have given listing loss, and 36 stocks have given listing price gains.

Long term total yield

Table-3 shows long term total yield from the date of listing till 25th August 2011.

Long term Total yield= Capital Yield+ Dividend Yield returns

Table 3 Long term total yield from the date of listing till 25th August 2011

Issuer Company	Issue Price	Adjusted Price	Capital Yield	Dividend Yield	Total Yield
Educomp Solutions Limited	125	1019.00	715.20%	17.84%	733.04%
UTV Software Communications Limited	130	937.55	621.19%	2.69%	623.88%
Emami Limited	70	467.60	568.00%	40.00%	608.00%
Tulip IT Services Limited	120	734.50	512.08%	14.17%	526.25%
Yes Bank Limited	45	267.35	494.11%	5.56%	499.67%
India Infoline Limited	76	364.00	378.95%	73.68%	452.63%
AIA Engineering Limited	315	1673.00	431.11%	14.92%	446.03%
Bombay Rayon Fashions Limited	70	277.85	296.93%	9.71%	306.64%
Shree Renuka Sugars Limited	285	1093.00	283.51%	9.82%	293.33%
Infrastructure Development Finance Company Limited	34	106.90	214.41%	23.24%	237.65%
Amar Remedies Limited	28	91.70	227.50%	7.14%	234.64%
Gateway Distriparks Limited	72	166.44	131.16%	33.51%	164.67%
Everest Kanto Cylinder Limited	160	349.00	118.13%	21.25%	139.38%
ABG Shipyard Limited	185	343.65	85.76%	5.14%	90.89%
Shoppers Stop Limited	238	390.35	64.01%	0.00%	64.01%
Aurionpro Solutions Limited	90	130.00	44.44%	9.00%	53.44%
HT Media Limited	530	728.25	37.41%	1.85%	39.25%
Triveni Engineering & Industries Limited	48	21.25	-55.73%	71.88%	16.15%
Jai Prakash Hydro-Power Limited	32	32.90	2.81%	12.50%	15.31%
IL&FS Investmart Limited	125	29.00	-76.80%	88.40%	11.60%
Provogue (India) Limited	150	141.00	-6.00%	4.73%	-1.27%
Repro India Limited	165	136.35	-17.36%	10.30%	-7.06%
Shringar Cinemas Limited	53	40.45	-23.68%	0.00%	-23.68%
3i Infotech Limited	100	52.20	-47.80%	17.00%	-30.80%
Bartronics India Limited	75	49.50	-34.00%	2.67%	-31.33%
Talbros Automotive Components Limited	102	42.00	-58.82%	13.92%	-44.90%
PVR Limited	225	115.80	-48.53%	2.67%	-45.87%
Bannari Amman Spinning Mills Limited	135	65.80	-51.26%	4.81%	-46.44%
Sasken Communication Technologies Limited	260	100.55	-61.33%	10.77%	-50.56%
Kernex Microsystems (I) Limited	250	103.07	-58.77%	1.48%	-57.29%
Punj Lloyd Limited	700	272.75	-61.04%	0.97%	-60.06%
Gokaldas Exports Limited	425	154.40	-63.67%	2.59%	-61.08%
Suzlon Energy Limited	510	179.25	-64.85%	2.94%	-61.91%
Jet Airways (India) Limited	1100	272.50	-75.23%	1.36%	-73.86%
Allsec Technologies Limited	135	14.30	-89.41%	7.41%	-82.00%
Nectar Lifesciences Limited	240	18.80	-92.17%	4.38%	-87.79%
Prithvi Information Solutions Limited	270	21.40	-92.07%	3.15%	-88.93%
SPL Industries Limited	70	3.20	-95.43%	1.43%	-94.00%
Celebrity Fashions Limited	180	6.85	-96.19%	0.56%	-95.64%

*Piramyd Retail Limited, Shri Ramrupai Balaji Steels Limited not included

Interpretation

The table 3 analyse that out of total issues, the highest dividend yield has been given by IL&FS Investmart Limited having 88.40% and the worst has been Shoppers Stop Limited giving no dividend.

The highest capital appreciation is being achieved by Educomp Solutions Limited of 715.20% while the worst

has been Celebrity Fashions Limited giving -96.19% over its issue price. For the same period nifty has appreciated by 285.84%.

Total yield of individual stock to NIFTY: Table 4 compares the Total yield of an individual stock with NIFTY i.e to check whether the stock underperform or outperform at NIFTY during the period of research.

Table 4 Total yield comparison of individual stock to NIFTY

Issuer Company	Total Yield	Excess Returns	Nifty
Celebrity Fashions Limited	-95.64%	-224.46%	underperform
SPL Industries Limited	-94.00%	-222.82%	underperform
Prithvi Information Solutions Limited	-88.93%	-217.75%	underperform
Nectar Lifesciences Limited	-87.79%	-216.61%	underperform
Allsec Technologies Limited	-82.00%	-210.82%	underperform
Jet Airways (India) Limited	-73.86%	-202.69%	underperform
Suzlon Energy Limited	-61.91%	-190.73%	underperform
Gokaldas Exports Limited	-61.08%	-189.91%	underperform
Punj Lloyd Limited	-60.06%	-188.89%	underperform
Kernex Microsystems (I) Limited	-57.29%	-186.11%	underperform
Sasken Communication Technologies Limited	-50.56%	-179.38%	underperform
Bannari Amman Spinning Mills Limited	-46.44%	-175.27%	underperform
PVR Limited	-45.87%	-174.69%	underperform
Talbro Automotive Components Limited	-44.90%	-173.72%	underperform
Bartronics India Limited	-31.33%	-160.16%	underperform
3i Infotech Limited	-30.80%	-159.62%	underperform
Shringar Cinemas Limited	-23.68%	-152.50%	underperform
Repro India Limited	-7.06%	-135.88%	underperform
Provogue (India) Limited	-1.27%	-130.09%	underperform
Jai Prakash Hydro-Power Limited	15.31%	-113.51%	underperform
Triveni Engineering & Industries Limited	16.15%	-112.68%	underperform
HT Media Limited	39.25%	-89.57%	underperform
Aurionpro Solutions Limited	53.44%	-75.38%	underperform
Shoppers Stop Limited	64.01%	-64.81%	underperform
ABG Shipyard Limited	90.89%	-37.93%	underperform
Everest Kanto Cylinder Limited	139.38%	10.55%	outperform
Gateway Distriparks Limited	164.67%	35.85%	outperform
Amar Remedies Limited	234.64%	105.82%	outperform
Infrastructure Development Finance Company Limited	237.65%	108.82%	outperform
Shree Renuka Sugars Limited	293.33%	164.51%	outperform
Bombay Rayon Fashions Limited	306.64%	177.82%	outperform
AIA Engineering Limited	446.03%	317.21%	outperform
India Infoline Limited	452.63%	323.81%	outperform
Yes Bank Limited	499.67%	370.84%	outperform
Tulip IT Services Limited	526.25%	397.43%	outperform
Emami Limited	608.00%	479.18%	outperform
UTV Software Communications Limited	623.88%	495.06%	outperform
Educomp Solutions Limited	733.04%	604.22%	outperform

*Piramyd Retail Limited, ShriRamrupaiBalaji Steels Limited *Nifty's Yield from 1 Jan 2005 till 25th August 2011 is 128.82%

Interpretation

The results shows that EducompSolutions Limited is the best outperformer giving an excess return of 733.04 % over nifty and the worst underperformer has been

Celebrity Fashions Limited giving a return of -224.46 % below nifty.

Correlation & coefficient of determination of each stock with Nifty's return.

Table 5 Correlation and coefficient of determination

Issuer Name	CORRELATION with nifty	Coefficient of determination
ICICI Bank Limited	0.7786	0.6062
Infrastructure Development Finance Company Limited	0.7061	0.4986
Punjab National Bank	0.6747	0.4552
IVRCL Infrastructure & Projects Limited	0.6715	0.4509
Jai Prakash Hydro-Power Limited	0.6288	0.3954
Yes Bank Limited	0.6225	0.3874
Syndicate Bank	0.5987	0.3584
Allahabad Bank	0.5882	0.3459
India Infoline Limited	0.5880	0.3457
Oriental Bank of Commerce	0.5807	0.3373
3i Infotech Limited	0.5737	0.3292
Educomp Solutions Limited	0.5400	0.2916
Triveni Engineering & Industries Limited	0.5072	0.2572
Nectar Lifesciences Limited	0.5068	0.2568
Jet Airways (India) Limited	0.5066	0.2567
Gujarat Industries Power Company Limited	0.4920	0.2421
Sasken Communication Technologies Limited	0.4787	0.2292
Prithvi Information Solutions Limited	0.4741	0.2248
Amar Remedies Limited	0.4725	0.2233
Gateway Distriparks Limited	0.4667	0.2178
Bartronics India Limited	0.4653	0.2165
Everest Kanto Cylinder Limited	0.4643	0.2156
Bombay Rayon Fashions Limited	0.4577	0.2095
Suzlon Energy Limited	0.4485	0.2012
AIA Engineering Limited	0.4292	0.1842
UTV Software Communications Limited	0.4071	0.1657
Kernex Microsystems (I) Limited	0.3944	0.1556
PVR Limited	0.3883	0.1508
Repro India Limited	0.3788	0.1435
Shringar Cinemas Limited	0.3636	0.1322
Provogue (India) Limited	0.3380	0.1142
HT Media Limited	0.3308	0.1095
Shoppers Stop Limited	0.3220	0.1037
Bannari Amman Spinning Mills Limited	0.3195	0.1021
Gokaldas Exports Limited	0.3174	0.1007
Allsec Technologies Limited	0.3167	0.1003
SPL Industries Limited	0.3042	0.0925
Emami Limited	0.2944	0.0866
Jindal Poly Films Limited	0.2890	0.0835
ABG Shipyard Limited	0.2763	0.0763
IL&FS Investmart Limited	0.2758	0.0760
Talbro Automotive Components Limited	0.2734	0.0747
Ginni Filaments Limited	0.2647	0.0701
Celebrity Fashions Limited	0.2577	0.0664
Tulip IT Services Limited	0.0209	0.0004

Interpretation

Table 5 shows the highest correlation has been 0.7786 for ICICI Bank Limited and the minimum correlation has been 0.0209 for Tulip IT Services Limited. Similarly the highest coefficient of determination has been 0.6062 for ICICI Bank Limited and the minimum has been 0.0004 for Tulip IT Services Limited.

6. Conclusion

The paper tries to find out whether investment in IPO's gives return in short term (listing day) only, in long run or in both short term and long term or in none of the situations. It further tries to analyse the extent to which the sample IPO's return are correlated with Nifty Returns. The paper considers 38 IPO's which have been issued in calendar year 2005, 2006 and 2007 as the sample size for the research. Because of unavailability of data other IPO's have not been included.

Table 2 analyses the gains and losses of IPO's when they are listed. The result shows that in the short run performance, 2 stocks have given listing loss, and 36 stocks have given listing price gains.

Table-3 shows long term total yield from the date of listing till 25th August 2011. The result analysed that in Long Term total yield 19 stocks are showing negative return whereas 19 stocks are giving positive returns.

Table 4 compares the Total yield of an individual stock with NIFTY i.e. to check whether the stock underperforms or outperforms at NIFTY during the period of research. The result shows that 13 stocks have outperformed Nifty, 25 have been underperformers.

Table 5 analysed the Correlation and coefficient of determination of each stock with Nifty's return. The result shows that the value of correlation ranges from 0.7786 to 0.0209 and of coefficient of correlation is 0.6062 to 0.0004.

It is observed that in the short run most of the stocks have generated listing profit whereas in long term most of the companies have underperformed the market return. 19 IPO's over a period of 5 years have given negative returns, 19 positive. Even over a period of 5 years investing in risk-free securities like FD would have at least led to capital protection which was not in the case of these 19 IPO's.

Hence, it is advisable for retail investor to follow upon his own risk-return and holding capacity, any single or combination of all the 3 strategies when investing in an IPO — 1st Sell all the allotment on listing day itself, 2nd Partial profit booking on listing and rest holding for long term and 3rd holding for a period of more than 5 years.

Investing in IPO does not necessarily mean "wealth creation". Strategy of pure "invest & hold" does not necessarily generate profits over a long period of time and therefore, IPO's should be looked at from both the perspectives of short term gains & long term wealth creation that too selectively as an investment avenue.

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