

Operating Performance of Initial Public Offering Firms after Issue in India – A Revisit

The paper examines how the operating performance of the Indian firms changed after their initial public offerings. It is found that the operating

performance does not deteriorate post IPOs, if a performance indicator like "profit" is normalised by sales volumes (i.e., return on sales) rather than assets (i.e., return on assets). Unlike a distinct decline in return on assets reported in similar other studies, a stable return on sales is found in this study. This paper highlights the importance of choice of right variables for matching and normalisation purposes.