GAUGING THE CONDUCIVENESS FOR IPO ISSUES IN INDIAN CAPITAL MARKET

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Abstract: *The capital market is a crucial component of the financial system. Capital market is one of the vital aspects of every financial market. It is the market for the long term funds, i.e. both debt and equity and funds raised within and outside the country. It provides long term debt and equity finance for the government and corporate sector.*

However, in this research paper the Initial Public Offering (IPO) of equity financing is studied. This research paper makes an endeavour to delve deep into the growth of Indian capital market and its role in engendering growth of IPOs of banking sector. No doubt, other sectors are also indispensable but the mentioned sectors play a significant role in economic development of the nation.

In order to have a comprehensive study, the post IPO performance of selected companies of the aforesaid sectors in terms of Initial Return or Raw Return on Stock, Market Adjusted Excess Return and Return on Equity and regulatory dimensions, like, Issue of Capital and Disclosure Requirements (ICDR) Regulations and Listing Obligations and Disclosure Requirements (LODR) Regulations will be considered, i.e. the role of mentioned regulations in facilitating IPO issues.

Keywords: *Growth of Indian Capital Market; IPO Scenario in Indian Capital Market; Post IPO Performance; Growth potential of IPO in Indian Capital Market; ICDR and LODR. JEL Classification Code: G1 (General Financial Markets)*

INTRODUCTION

The capital market is an essential element of the financial system. Capital market is one of the crucial facets of every financial market. It is a market for the long term funds, i.e. both debt and equity and funds raised within and outside the country. It offers long term debt and equity finance for the government and corporate sector. The capital market assists in economic growth by mobilizing the savings of the economic sectors and directing the same towards channel of productive use.

It is to be noted that various approaches have been espoused in the IPO ecosystem. If we go to the period prior to May 1992, the primary market was governed by Controller of Capital Issues (CCI) which exerted its power in terms of Capital Issues (Control) Act, 1947, whose main objectives were:

a) To ensure that investment in private corporate sector is in conformity with the objective of five year plans.

b) To foster expansion of private corporate sector

c) To distribute capital issues time-wise in such a manner that there is no over-crowding in particular period.

The timing of new issues by private sector companies, the composition of securities to be issued, interest and dividend which could be offered on debentures and preference shares respectively, the price of right Issues, premium to be charged on securities, were all subject to the regulation of CCI. It created a major barrier and applied all the brakes on the development of the capital market. Moreover, the market languished from other maladies; no rules and responsibility for issuers and market intermediaries, prospectus were not generally supplied to the common investors, delays in positioning of refund orders and share certificates, etc. The monitoring regarding capital raising process was absent which resulted into mis-utilization of the funds raised. However, it will be completely wrong if its positive aspects are ignored. It assisted immensely in spreading equity cult in India. Low priced issues became affordable for common investors, resulting into a growth of investors base.

The fact that Indian capital market was tightly controlled by the Government and shackled by Controller of Capital Issues is evident from Narasimham Committee Report. The restrictive milieu was neither in tune with the economic reforms nor affable to the growth of the capital market. It was after annulment of Capital Issues (Control) Act and dissolution of CCI in May, 1992 witnessed the birth of a new eon. The Security and Exchange Board of India (SEBI) which came into existence through the SEBI Act, 1992 took in its fold the complete range of securities. SEBI formulated numerous guidelines and reforms to improve the condition of the capital market in order to expedite its development. The result was also encouraging, from a paltry sum of INR 100 crores per annum in seventies, it touched INR 1711.36 crore in 1991-92.

LITERATURE REVIEW

The Indian capital market has grown exponentially in terms of resource mobilization, number of listed stocks, market capitalization, trading volumes and investor base. With the technological advancement and good governance policies gaining ground in India, the overall environment for conducting business is becoming more conducive as well as investor friendly. Growth in equity market has kept pace with India's GDP growth and has provided a much needed impetus to the economy. As per the World Bank estimates, the Indian economy has grown at 6.8 per cent in 2016-17 and is expected to reach 7.7 per cent by 2019-2020 (NGS Ramesh).

Indian Capital Markets have shown tremendous growth in the post Liberalization era. It remains one of the most resilient globally and poised to be one of the Top destinations for domestic and global businesses to expand and invest into. As global economy moves for imminent recovery, India has shown extraordinary strength to bounce back with greater stability and sustainability. Raising capital is a strategic priority across India and role of Capital Markets has assumed far greater importance and urgency. Further, the emergence of Securities and Exchange Board of India (SEBI) as the supreme capital market regulator showed India's commitment to come across as a strong economic force, through establishing market best practices of enhanced corporate disclosure and increased investor protection (ASSOCHAM and Price Water Coopers).

The process of capital market reforms was carried forward during 1996-97 with an array of reforms encompassing primary and secondary markets for equity and debt, and foreign institutional investment. Primary market reforms aimed at providing greater flexibility to the issuers and strengthening the criteria for accessing the securities market. Reforms in the secondary market focused on improving market transparency, integrity and infrastructure. The eligibility criteria for issuers were strengthened in 1996-97. At the same time, SEBI took several measures to provide issuers with more flexibility in the issue process. As part of this effort, stringent and detailed disclosure norms were prescribed, greater transparency in the draft prospectus was required, and separate criteria for finance companies were prescribed. Criteria for accessing the securities markets were strengthened. Issuers proposing to make the first offer to the public of equity, or any security convertible at a later date into equity, were required have a track record of dividend payment in three of the immediately preceding five years. Issuers not meeting this requirement can get their securities listed, provided their project is appraised by a financial institution or scheduled commercial bank, and the appraising institution contributes at least 10 per cent of the project cost. This requirement was also imposed in the case of issues by listed companies where the post-issue equity capital exceeds five times the equity capital prior to the issue (Capital and Money Markets, Economic Survey, 1997).

Shirai (2004) the study focused on financial capital reforms in India through the positive impact on both banking sectors and capital market .It showed that the relationship between bank loans and bank finance. The study focused on three major issues. Firstly firms characteristics and secondly, weak the overall substitution relationship between loans financial institutions and finally equity finance.

Bose.S. (2005) the study highlighted the stock regulatory infrastructure of the Indian Securities market .The study also discussed the roles of the stock exchanges electronic data base in aiding the regulator in prevention ,discovery and convocation of securities of funds. The study also suggested that there are rationalized to completely empower SEBI to carry out its functions as the regulators.

Venkata (2006) the study examined the long run equilibrium between relationship Indian stock market and seven developed countries namely Switzerland, France, Germany, Japan, U.K, U.S.A and South Korea. It used multivariate co integration technique was used to developed market and developing markets .The study analyzed the short run influence of one market on the other factors which influence the Indian Capital Market .It concluded that the baring Japan, the Asian stock market under study more attractive for international investors.

Dhanda, N and Sheokand, A.(2008) the study examined the recent trends in primary market. It also observed that the economic development process was required capital for the industrial growth of the country. The study observed that the SEBI had taken several initiatives to improve the operational efficiency and transparency in primary market .The study showed that the per centre share amount raised through right issued was ranging 4.33 percentage to37.7.The study analyzed the public issues and right issues contained to dominated the amount of capital raised during the study period.

Ahuja (2012) the study focused on capital market structure. It showed that the equity debt and debt market framework in India The study showed the effect of inflation on stock market is also evident from the fact it increases the rates of interest is also high . The study highlighted growth with governess with the Capital Market.

OBJECTIVE OF THE STUDY

1) To study the growth of Indian capital market.

2) To comprehend the role of Indian capital role in creating a favourable climate for IPO issues.

3) To study the post IPO performance of selected companies of key sectors of Indian economy, i.e. Banking, Steel and Power.

RESEARCH METHODOLOGY

1) Initial or Raw Return and Market Adjusted Excess Return: These two financial tools will assist in ascertaining the post IPO performance of selected public and private sector banks of Indian banking sector and will also assist us to ascertain as to which bank's stock is undervalued or overvalued. Two public and private sector banks have been considered for the research study. The public sector banks are- Allahabad Bank and Punjab National Bank and the private sector banks are- ICICI Bank and Yes Bank.

LIMITATIONS OF THE STUDY

1) The research paper is based on secondary data.

2) Due to technical constraints all the banking companies have not been covered.

GROWTH OF INDIAN CAPITAL MARKET

After being in hibernation for approximately two decades since around 1960, resource mobilization in the primary capital market showed an upturn from the late 1970s (please refer exhibit 1). The growth gained steam towards the close of 1980s. The market capitalization ratio soared from approximately 5 percent of GDP in 1980-81 to 63 percent in 1992-93. In eight years after 1986, the average daily turnover in the secondary market rose at nearly 35 percent per year. Between 1980-81 and 1992-93, the RBI index of securities prices nearly thrice (20.7 percent per year) as fast as the wholesale price index (7.6 percent per year).

It is to be noted that prior independence, the capital market of India was not fully developed. India during the British rule, displayed most of the fundamental facets of an underdeveloped economy in a distinct manner. It will not be incorrect to state that the fable of India during British rule is a story of arrested economic development. The capital market of India suffered from certain lacunae in the pre-independence days-

i) Agriculture, constituting the main occupation did not lend itself to the floatation of securities. Moreover, in the industrial sector itself production on small scale by sole trading and partnership firms did not leave much scope for the emergence of an organized securities market.

ii) The growth of securities market was hampered because the foreign business enterprises, which accounted for the greater part of industrial development in the past, depended on the London Capital Market rather than on the Indian market.

iii) The managing agency system, which was abolished after independence, to a large extent, was also responsible for the non-development of the capital market, for the managing agents acted both as promoting and marketing agencies and the capital market was characterized by an absence of special institutions to float new issues.

iv) Due to underdevelopment of industries the total number of securities which were traded in on stock exchanges was not large. Government securities accounted for nearly half the total volume of issues in the capital market. Ordinary shares were the predominant type of security, while debentures and preference shares, whose price movements usually showed a close correlation with those of government securities, occupied a limited place, and,

v) The poor investment habits of the individuals and the restrictions imposed on the investment patterns of the various financial institutions circumscribed the capital market. The institutional investors primarily invested in Government and semi-Government securities. Further, the speculators were mostly interested in a short list of speculative shares. As a result, the class of investors to purchase industrial securities on a wide basis was small and there was absence of continuous dealings in a large range of securities.

However, post independence, the capital market of India have changed drastically. The concentrated efforts on the part of the government and the growth of investment-mindedness of the people have made this possible. With the passage of time, capital market cajoled the business community to raise capital and so equity form of financing gained mammoth significance.

Some drastic reforms in the post liberalization eon resulted into spectacular growth of Indian capital market. There were substantial hike in capital raised from the market, the number of stocks listed, the investor populace, and most eye-catchy technological sophistication leading to improved transparency and efficiency. The important reforms that contributed to the capital market boom in India are: Market Pricing of Issues; Creation of the Regulatory Bodies; Open Electronic Limit Order Book Market; Depository Services; Derivatives Trading; Capital from Abroad; Foreign Portfolio Investment; Corporate Debt and other reforms.

One of the significant developments during the period of liberalization was privatization of public companies which resulted into a surge in IPOs. The primary market suffered during 1995-96 to 2002-03 from scams and corruption, which led to a reduction in demand. But the markets rebounded sharply from 2003-04. The markets saw 139 new public issues during the 2005-06 raising more than Rs. 23,000 crores (~ USD 4 billion). By 2007-08 the collection had gone up to Rs. 42,595 crores (~USD 7 billion). The years 2008 and 2009 were tough for the market due to the global credit crunch, but 2010 not only saw the revival of the Indian primary market but also set new records. A record Rs. 71,114 crores (~USD 12 billion) were raised via public issues. In addition, capital raised through private placement went up more than 20 times from Rs. 15,066 crores (~USD 2.5 billion) in 1997-98 to Rs. 342,445 crores (~ USD 56 billion) in 2009-10.

REGULATORY DIMENSIONS- ENSURING GOVERNANCE IN IPOS

The regulatory dimensions created by the capital market regulator, Securities and Exchange Board of India (SEBI) have played a pivotal role in ensuring governance in Indian capital market. With reference to the issue of capital, it is important to delve into the key facets of Issue of Capital and Disclosure Requirements (ICDR) Regulations, 2009.

a) An issuer offering specified securities through a public issue (including offer for sale) or rights issue is needed to satisfy all conditions for such issues at the time of filing draft offer document with the Securities and Exchange Board of India (SEBI) and at the time of registering or filing the final offer document with the Registrar of Companies (ROC) or designated stock exchange, as the case may be.

b) An issuer can make a public issue or rights issue of specified securities, only if:

i) None of its promoters, promoter group or directors or persons in control of the issuer, are debarred from accessing the capital market by the SEBI.

ii) None of its promoters, directors or persons in control of the issuer were or a promoter, director or person in control of any other entity which is debarred from accessing the capital market under any order or directions made by the SEBI.

iii) It has made an application to one or more recognized stock exchanges for listing of specified securities on such stock exchanges and has chosen one of them as the designated stock exchange.

iv) In case of an Initial Public Offer (IPO), the issuer has made an application for listing of specified securities in at least one recognized stock exchange having nationwide trading terminals.

v) It has entered into an agreement with a depository for dematerialization of specified securities already issued or proposed to be issued.

vi) All existing partly paid-up equity shares of the issuer have either been fully paid up or are forfeited.

vii) Firm arrangements of finance through verifiable means towards 75 percent of the stated means of finance, excluding the amount to be raised through the proposed public issue or rights issue or through existing identifiable internal accruals, have been made.

<u>Warrants</u>: Warrants may be issued along with public issue or rights issue of specified securities subject to the following:

i) The tenure of such warrants does not exceed 18 months from their date of allotment in the public / rights issue.

ii) Not more than one warrant is attached to one specified security.

iii) The price or conversion formula of the warrants is determined upfront and at least 25 percent of the consideration is received upfront.

iv) The consideration paid in respect of warrants, against which the warrant holder does not exercise the option to take equity shares, is forfeited by the issuer.

c) An issuer can avail the fast track issue option to apply for a public issue or rights issue if the issuer satisfies certain conditions prescribed in the ICDR Regulations such as the equity shares of the issuer have been listed on any recognized stock exchange having nationwide trading terminals for a period of at least three years immediately preceding the reference date, the average market capitalization of public shareholding of the issuer is at least INR 5,000 crore etc.

Regarding appoint of merchant bankers and other intermediaries, the issuer is required to appoint one or more merchant bankers, at least one or more merchant bankers, at least one of whom must be a lead merchant banker and should also appoint other intermediaries (only those who are registered with SEBI), in consultation with the lead merchant banker (who should prior to the appointment of such intermediaries, independently assess their capabilities), to execute the obligations pertaining to the issue.

Where the issue is managed by more than one merchant banker, the lead merchant banker (s) are required to describe the activity-wise allocation of responsibilities and at the time of filing the draft offer document with SEBI, submit an intimation to SEBI (signed by all the lead merchant bankers to the issue) which would include the name of the lead merchant banker responsible for each set of activities or sub-activities.

Regarding appointment of the underwriter, it is to be noted that if the issuer is making a public issue (other than through the book building process) or a rights issue, desires to have the issue underwritten, it shall appoint the underwriter in accordance with the Securities and Exchange Board of India (Underwriters) Regulations, 1993. In case the issuer is making a public issue through the book building process, the issue will be underwritten by book runners or syndicate members.

The issuer is required to ink an underwriting agreement with the book runner, who in turn forays into an underwriting agreement with syndicate members. The agreement indicates the number of specified securities that the underwriter is required to subscribe to at the predetermined price in the event of an under-subscription in the issue.

The lead merchant bankers or the lead book runners, as the case may be, are required to undertake minimum underwriting obligations, as specified in the Securities and Exchange Board of India (Merchant Bankers) Regulations, 1992 in case of every underwritten issue.

Where the syndicate members fail to fulfil their underwriting obligations, the lead book runner will fulfil the same.

LISTING OBLIGATIONS DISCLOSURE REQUIREMENTS (LODR) REGULATIONS

At the time of listing of the securities, the issuer is required to ink a standard listing agreement with the stock exchanges. The listing agreement mandates certain periodic disclosures and disclosures pertaining to price-sensitive information to be made by the issuer to the stock exchanges, which is also to be made available on the website of the issuer.

In order to ensure compliance by the corporate houses of the mentioned listing agreement, SEBI have introduced Listing Obligations and Disclosure Requirements Regulations, 2015, which is like a one regulation to rule them all. While some of these conditions can be observed in the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements), 2009, the majority can be found in the listing agreement between the company and the stock exchange on which the securities of the company are listed.

At this juncture, it is essential to refer Section 21 of the Securities Contracts (Regulation) Act, 1956, which provides a foundation of listing agreement. According to this Section, when securities are listed on any recognized stock exchange, the issuing company should adhere to the conditions of the listing agreement of that stock exchange. Thus, a listing agreement is a statutorily mandated contract, between the listed company and the stock exchange where it is listed, which sets out different obligations of the company to protect the interests of the public shareholders and the capital markets largely.

The LODR Regulations serve to consolidate and streamline the provisions of the various listing agreements in operation for various segments of the capital markets, like equity listings, listing of debt instruments, units of mutual funds, and any other securities that SEBI may specify. Further, by issuing these regulations, the SEBI has made an endeavour to avert overlap between regulations, as there used to be with listing agreements.

All pre-listing requirements have been taken out from the LODR Regulations. They only deal with post-listing requirements. The LODR Regulations have been divided into categories. The substantive provisions are included in the main body of the regulations and the procedural requirements are incorporated in the shape of Schedules to the regulations. The LODR Regulations also capture the corporate governance principles found in Clause 49 of SEBI's Model Listing Agreement.

Principles governing disclosures and obligations of listed entity

Since this thesis report undertakes a study of Banks, Mutual Funds and Non-Banking Finance Companies, which are listed on various stock exchanges, in view of this, it is essential to delve deep into the principles governing disclosures and obligations of the mentioned financial institutions.

(a) Information shall be prepared and disclosed in accordance with applicable standards of accounting and financial disclosure.

(b) The listed entity shall implement the prescribed accounting standards in letter and spirit in the preparation of financial statements taking into consideration the interest of all stakeholders and shall also ensure that the annual audit is conducted by an independent, competent and qualified auditor.

(c) The listed entity shall refrain from misrepresentation and ensure that the information provided to recognised stock exchange(s) and investors is not misleading.

(d) The listed entity shall provide adequate and timely information to recognised stock exchange(s) and investors.

(e) The listed entity shall ensure that disseminations made under provisions of these regulations and circulars made there under, are adequate, accurate, explicit, timely and presented in a simple language.

(f) Channels for disseminating information shall provide for equal, timely and cost efficient access to relevant information by investors.

(g) The listed entity shall abide by all the provisions of the applicable laws including the securities laws and also such other guidelines as may be issued from time to time by the Board and the recognised stock exchange(s) in this regard and as may be applicable.

(h) The listed entity shall make the specified disclosures and follow its obligations in letter and spirit taking into consideration the interest of all stakeholders.

(i) Filings, reports, statements, documents and information which are event based or are filed periodically shall contain relevant information.

(j) Periodic filings, reports, statements, documents and information reports shall contain information that shall enable investors to track the performance of a listed entity over regular intervals of time and shall provide sufficient information to enable investors to assess the current status of a listed entity.

INITIAL OR RAW RETURN ON STOCKS

Under this sector, the post IPO performance of selected banking, steel and power companies have been considered to ascertain whether the key stakeholders, i.e. equity shareholders have been benefitted or not from the IPO issue. In view of this, one public sector and one private sector companies of banking, steel and power sectors have been considered. In case of banking sector, Allahabad Bank and ICICI Bank have been considered. From steel sector, Steel Authority of India (SAIL) Limited and Tata Steel have been considered and from power sector, National Thermal Power Corporation (NTPC) and Reliance Power Limited have been considered.

In order to gauge the post IPO performance of the aforesaid companies, Initial Return or Raw Return and Market Adjusted Excess Return have been used.

Initial Return or Raw Return on the stocks of banking companies

The formula for calculating Initial or Raw Return on Stock is

R_Ret = [Pt – P0 / P0] x 100

Where,

R_Ret. = Initial Return or Raw Return for stock

Pt = Closing price at time t

P0 = Closing price on listing day

Allahabad Bank IPO was issued on October 2002 and was listed on BSE Ltd. (erstwhile Bombay Stock Exchange) on 29^{th} of November, 2002. The closing price of Allahabad Bank stock on 29^{th} of November, 2002 was INR 10.10.

Applying the formula of Initial Return or Raw Return on Allahabad Bank Stock, the returns is computed for 5 years, 6 years, 7 years, 8 years, 9 years and 10 years from the date of listing. For this purpose, the closing prices of the last day or the day closer to the end of the concerned month will be considered. For instance, while computing the return on stock after 1 month of listing, the closing price of the last day of December 2002 will be considered and in case the last day was a non-working day or holiday of the stock exchange than the day immediately prior to the last day have been considered.

Initial or Raw Return on Stock- Allahabad Bank

Listed on November 29th, 2002	[P1 – P0 /P0] x 100	Initial Return or Raw Return on Stock
5 years from listing	30.64 – 10.10 / 10.10 x 100	203.4%
6 years from listing	31.49 – 10.10 / 10.10 x 100	212%
7 years from listing	31.49 – 10.10 / 10.10 x 100	212%
8 years from listing	30.64 – 10.10 / 10.10 x 100	203.4%
9 years from listing	33.21 – 10.10 / 10.10 x 100	229%
10 years from listing	30.64 – 10.10 / 10.10 x 100	203.4%

Initial or Raw Return on Stock- Punjab National Bank

Listed on April 26th, 2002	[P1 – P0 /P0] x 100	Initial Return or Raw Return on Stock
5 years from listing	99.81 – 40.00 / 40.00 x 100	149.53%
6 years from listing	112.96 – 40.00 / 40.00 x 100	182.4%
7 years from listing	95.62 – 40.00 / 40.00 x 100	139.05%
8 years from listing	206.18 – 40.00 / 40.00 x 100	415.45%
9 years from listing	237.17 – 40.00 / 40.00 x 100	492.93%
10 years from listing	167.84 – 40.00 / 40.00 x 100	319.6%

Initial or Raw Return on Stock- ICICI Bank

Listed on April 20th, 2004	[P1 – P0 /P0] x 100	Initial Return or Raw Return on Stock
5 years from listing	[77.59 – 280 / 280] x 100	- 72.3%
6 years from listing	[169.64 – 280 / 280] x 100	-39.41%
7 years from listing	[202.24 – 280 / 280] x 100	-27.77%

8 years from listing	[156.55 – 280 / 280] x 100	-44.08%
9 years from listing	[204.12- 280 / 280] x 100	-27.10%
10 years from listing	[229.61 – 280 / 280] x 100	-17.99%

Initial or Raw Return on Stock- Yes Bank

Listed on July 12th, 2005	**[P1 – P0 /P0] x 100**	**Initial Return or Raw Return on Stock**
2 years from listing	[184.50 – 60.80 / 60.80] x 100	203.45%
3 years from listing	[116 – 60.80 / 60.80] x 100	90.79%
4 years from listing	[127.25 – 60.80 / 60.80] x 100	109.29%
5 years from listing	[287.40 – 60.80 / 60.80] x 100	372.70%
6 years from listing	[314.80 – 60.80 / 60.80] x 100	417.76%
7 years from listing	[353.40 – 60.80 / 60.80] x 100	481.25%

Market Adjusted Excess Return

In order to ascertain the return on IPO of banks post listing, another method that have been used is Market Adjusted Excess Return (MAER). The rationale for using MAER is that generally the gap between the application closing date and the first day of trading is very small and there is negligible impact but in case of India this gap is quite long and during this period, a major change could happen in market conditions and the observed premium (discount) measured by Initial or Raw Return on stock could be caused by a change in market conditions rather than initial mispricing.

The formula for Market Adjusted Excess Return is

MAER = [$Pt – P_0$ / P_0 – $Mt – M_0$ / M_0] x 100

MAER = Market Adjust Excess Return

Mt = Closing value of Market Index at time period t

M0 = Closing value of Market Index on listing date

MAER for Allahabad Bank

Listed on November 29th, 2002	[Pt – P0 / P0 – Mt – M0 / M0] x 100
5 years from listing (November 2007)	[2.04 – 4.89] x 100 = -285%
6 years from listing (November 2008)	[2.12 – 1.82] x 100= 30%
7 years from listing (November 2009)	[2.12 – 4.15] x100 = -203%
8 years from listing (November 2010)	[2.04 – 5.0] x 100 = -296%
9 years from listing (November 2011)	[2.29 – 3.96] x 100 = - 167%
10 years from listing (November 2012)	[2.03 – 4.94] x 100 = - 291%

MAER for Punjab National Bank

Listed on April 26th, 2002	[Pt – P_0 / P_0 – Mt – M_0 / M_0] x 100
5 years from listing (April 2007)	[1.50 – 3.21] x 100 = -171%
6 years from listing (April 2008)	[1.82 – 4.26] x 100 = -244%
7 years from listing (April 2009)	[1.39 – 2.45] x 100 = - 106%
8 years from listing (April 2010)	[4.15 – 4.30] x 100 = -15%
9 years from listing (April 2011)	[4.93 – 4.80] x 100 = 13%
10 years from listing (April 2012)	[3.20 – 4.21] x 100 = - 101%

MAER for Yes Bank

Listed on July 12th, 2005	[Pt – P_0 / P_0 – Mt – M_0 / M_0] x 100
5 years from listing (July 2010)	[2.03 – 1.07] x 100 = 96%
6 years from listing (July 2011)	[0.91 – 0.84] x 100= 7%
7 years from listing (July 2012)	[1.09 – 0.85] x100 = 24%
8 years from listing (July 2013)	[3.73 – 1.46] x 100 = 227%
9 years from listing (July 2014)	[4.18 – 1.52] x 100 =266%

10 years from listing (July 2015)	[4.81 - 1.36] x 100= 345%

MAER for ICICI Bank

Listed on April 20th, 2004	**[Pt – P_0 / P_0 – Mt – M_0 / M_0] x 100**
5 years from listing (April 2009)	[-0.73 – 0.89] x 100 = - 162%
6 years from listing (April 2010)	[-0.39 – 2.01] x 100 = -240%
7 years from listing (April 2011)	[-0.27 – 2.36] x 100 = -263%
8 years from listing (April 2012)	[-0.44 – 1.99] x 100 = -243%
9 years from listing (April 2013)	[-0.27 – 2.27] x 100 = -254%
10 years from listing (April 2014)	[-0.18 – 2.92] x 100 = - 310%

CONCLUSION

Yes Bank despite being the youngest of all the banks considered for the study have shown an extraordinary performance as it has not only registered a positive Initial Return or Raw Return on stock, its returns have enhanced every year, i.e. in 2007 it was 203.45%, which increased to 481.25% in 2012. Stocks of ICICI Bank have not fared well as evident from its Initial Returns or Raw Returns on Stock: -72.3% in 2009, -39.41% in 2010, -27.77% in 2011, -44.08% in 2012, -27.10% in 2013 and -17.99% in 2014. However, on close observation one can find the silver lining that is, the negative returns have come down drastically. In case of Market Adjusted Excess Return, Yes Bank have registered positive growth, whereas both the public sector banks, i.e. Allahabad Bank and Punjab National Bank and the private sector bank, i.e. ICICI Bank, their MAER have forayed into negative territory.

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