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A Study on Performance of IPOS in India – Prepandemic and Post Pandemic

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ABSTRACT: This paper examines the trends and dynamics of Initial Public Offerings (IPOs) in India, comparing the pre-pandemic and post-pandemic periods. Before the pandemic, India witnessed a robust IPO market characterized by buoyant investor sentiment, significant capital inflows, and a diverse range of offerings across sectors. However, the emergence of the COVID-19 pandemic posed unprecedented challenges, leading to a temporary slowdown in IPO activity globally. This study analyzes the impact of the pandemic on the Indian IPO market, including changes in investor behavior, regulatory responses, and the performance of IPOs across different sectors. Through a comprehensive analysis of key metrics such as IPO volumes, valuations, subscription levels, and post-listing performance, this paper provides insights into the evolving landscape of IPOs in India. Additionally, it identifies emerging trends, challenges, and opportunities for market participants, policymakers, and investors navigating the post-pandemic IPO environment in India.

KEYWORDS: Investors, IPO, Short run and issue price

I. INTRODUCTION

Initial Public Offerings (IPOs), also known as stock market launches, are a type of public offerings where shares of a company are sold to institutional investors as well as typically to retail (individual) investors. An IPO is underwritten by one or more investment banks, who also make arrangements for the shares to be listed on one or more stock exchanges. A privately held firm becomes a public company by this procedure, which is also known as floating, going public, or going public. Initial public offerings can be used to: raise new equity capital for the company in question; monetize the stakes held by private investors, such as the founders of the company or private equity investors; and enable simple trading of current holdings or future capital raising by becoming publicly traded enterprises.

After the initial public offering, shares can still be freely exchanged; this is known as the free float (IPO). As a percentage of the entire share capital as well as in absolute terms (the sum value obtained by multiplying the share price by the number of shares sold to the public), stock exchanges mandate a minimum free float (i.e. the number of shares sold to the public divided by the total shares outstanding). Although there are many benefits to an IPO, there are also significant fees. These expenses are generally process-related and include things like banking and legal fees in addition to the continual need to reveal sensitive information infrequently.

II. REVIEW OF LITERATURE

Bhatia, S, Singh, N. (2013) in their study attempt to establish the reasons for the underperformance of a company post public issue. It confines to a period of five years post issue. The following are the plausible reasons for underperformance by a good number of companies, viz., earnings mismanagement, timings of issues, and agency conflicts. **Sahoo S (2012)** This study looks into the syndicates for 154 Initial Public Offerings (IPOs) that took place between 2002 and 2007. The prestige of the investment banks, initial day return, leverage, offer size, and ex-ante uncertainty all have a substantial impact on syndicate size. This explains why, in comparison to older firms, newer firms create a larger syndicate. Furthermore, differences in syndicate size across IPO underpricing are statistically significant, implying that syndicate structure aids in the reduction of underpricing and hence improves pricing accuracy. **K. S. Manu (2020)** Investors see securities investment as a highly perilous route due to VUCA (Volatility, Uncertainty, Complexity, and Ambiguity) relating to future movement of asset prices. The study looked at the performance of a number of firms who went public in 2017 after their initial public offering, using event research methodology (IPO). The study also tries to



figure out if these IPOs were underpriced in the short run, as well as what factors influence their short-term movement. The study found that nearly 70% of the selected IPOs are underpriced in the short run, and that the short-term movement of these IPOs is unaffected by the company's age, issue size, or other factors.

Mubarak Rahman P(2017) The primary goal of this research is to determine how various macroeconomic variables influence the S&P BSE SME IPO index. Correlation, multiple regression, and Granger casualty tests were also used to calculate the link and its influence. The Index of Industrial Production (IIP), Gross Domestic Product (GDP), Interest Rate (IR), Foreign Direct Investment (FDI), Inflation Rate (IF), Exchange Rate (ER), and Crude Oil Price were used as variables for this study (CP). An average monthly dataset was collected for three years, from January 2013 to December 2015. Interest rates and inflation rates have a significant beneficial impact on the stock market index, as per the data. **Suri A.K, Hada B (2018)** in their study comprising 107 IPOs in the Indian Stock Market launched during the period 2011-2017 conclude that the performance of IPOs launched during June 2011 – June 2014 significantly differs from the performance of IPOs launched during the period June 2014 – June 2017 in terms of their oversubscription ratio and listing day gains. **Samanta, P.K., et al (2018)** in their incisive article aver that IPOs have become increasingly prevalent around the world. Following the offering, public shareholders have the option to profit from the listing gains. The literature implies that IPOs have a poor long-term track record. They do, however, provide high short-term gains. This paper represents an assessment of 117 initial public offerings (IPOs) issued for subscription in India from 2009 to 2013 using Market Abnormal Excess Returns (MAER).

III. RESEARCH METHODOLOGY

The study mainly focuses on the performance of IPOs issued during pre-pandemic and Post Pandemic. The study was only on the mainstream IPOs which are issued and Average during the FY 2018 and 2021. The scope of study is to compare the IPOs with regard to pre and post pandemic IPO issues by comparing their performance and also helps to under-stand whether the pandemic has affected the IPOs or not and finding the correlation between the major variables of IPO.

Research Objectives

1. To Study/analyze the stock performance of Pre – Pandemic and Post Pandemic IPO’s.
2. To study Average Return for Pre – pandemic and Post - pandemic IPO’s
3. To study Predictions of future prices using current price of Pre pandemic & Post pandemic IPO’s

DATA ANALYSIS AND INTERPRETATION

Data Analysis:

The performance of IPOs has been measured using different technical analysis like listing Issue price range, Average issue price, Average Earnings .

Table no. 01 - Data table for Pre – pandemic IPO’s - 2018

Company Name	Listing Date	Issue Price (Rs)	Closing Price at BSE (Rs)
Garden Reach Shipbuilders & Engineers Limited	Oct 10, 2018	118	92.30
Hindustan Aeronautics Limited	Mar 28, 2018	1215	809.30
Fine Organic Industries Limited	Jul 02, 2018	783	1180.75
Mishra Dhatu Nigam Limited	Apr 04, 2018	90	133.90
Amber Enterprises India Limited	Jan 30, 2018	859	906.25
Bharat Dynamics Ltd	Mar 23, 2018	428	275.65
Apollo Micro Systems Limited	Jan 22, 2018	275	122.40
H.G. Infra Engineering Ltd	Mar 09, 2018	270	380.25
RITES Limited	Jul 02, 2018	185	273.70
CreditAccess Grameen Limited	Aug 23, 2018	422	383.15



INTERPRETATION: This table provides data for pre-pandemic Initial Public Offerings (IPOs) including the company name, listing date, issue price, and closing price at the Bombay Stock Exchange (BSE). This table essentially provides insights into how the IPOs performed in terms of the difference between the issue price and the closing price on the listing date, which is indicative of investor demand and market sentiment towards these companies during the pre-pandemic period.

Table no. 02 - Data table for Post – pandemic IPO’s - 2021

Company Name	Listing Date	Issue Price (Rs)	Closing Price at BSE (Rs)
Anand Rathi Wealth Limited	Dec 14, 2021	550	588.80
Indian Railway Finance Corporation Limited	Jan 29, 2021	26	22.85
Data Patterns (India) Limited	Dec 24, 2021	585	759.75
Kalyan Jewellers India Limited	Mar 26, 2021	87	68.45
RailTel Corporation of India Limited	Feb 26, 2021	94	116.90
Sigachi Industries Limited	Nov 15, 2021	163	398.65
Paras Defence And Space Technologies Limited	Oct 01, 2021	175	742.55
MTAR Technologies Limited	Mar 15, 2021	575	2,464.45
Craftsman Automation Limited	Mar 25, 2021	1490	2,265.95
Tega Industries Limited	Dec 13, 2021	453	593.60

INTERPRETATION: Table no. 02 presents data for post-pandemic Initial Public Offerings (IPOs) in the year 2021. The table includes the names of the companies, their listing dates, issue prices, and closing prices at the Bombay Stock Exchange (BSE). Several noteworthy observations can be made from the data. For instance, MTAR Technologies Limited had a substantial increase in its closing price from the issue price, indicating strong investor interest. Conversely, Indian Railway Finance Corporation Limited experienced a decline in its closing price compared to the issue price. The data suggests varying levels of market reception and investor sentiment towards the IPOs in the post-pandemic context, with some companies experiencing significant appreciation in share value while others faced challenges in maintaining their issue prices.

Table no. 03 – Average Return for Pre - pandemic IPO’s – 2018

Companies names	Issue Price	Closing price			Average
		2018	2019	2020	
Garden Reach & Shipbuilders Engineers Limited	118	92.30	198.30	194.35	
Return (%)	-	-21.77	114.84	-1.99	30.36
Hindustan Aeronautics Limited	1215	809.30	731.60	846.40	
Return(%)	-	33.39	36.16	15.69	28.41
Fine Organic Industries Limited	783	735.20	1001.05	1500	
Return(%)	-	6.10	36.16	49.83	30.69



Mishra Dhatu Nigam Limited	90	133.90	155.95	200.40	
Return(%)	-	48.77	16.46	28.50	31.24
Amber Enterprises India Limited	859	906.25	1116.55	2355.15	
Return(%)	-	5.50	23.20	110.93	46.54
Bharat Dynamics Ltd	428	275.65	294.50	339.10	
Return(%)	-	-35.5	6.84	15.14	-4.51
Apollo Micro Systems Limited	275	122.40	73.55	123.95	
Return(%)	-	-55.49	-39.91	68.52	-8.96
H.G. Infra Engineering Ltd	270	380.25	420.58	512.62	
Return(%)	-	40.8	10.61	21.88	24.43
RITES Limited	185	273.70	289.70	271.50	
Return(%)	-	47.94	5.84	-6.28	15.83
CreditAccess Grameen Limited	422	383.15	767.15	756.65	
Return(%)		-9.21	100.22	-1.37	29.88

Interpretation: The table presents the average returns for pre-pandemic IPOs in 2018 across various companies. Each company's issue price and closing prices for the years 2018, 2019, and 2020 are provided, along with the corresponding return percentages. Notably, companies like Fine Organic Industries and Mishra Dhatu Nigam saw consistent positive returns over the years, while others like Apollo Micro Systems experienced significant fluctuations. Overall, the data illustrates the varied performance of IPOs in the pre-pandemic period, highlighting both success stories and challenges in the market.

Table no. 04 – Average Return for Post - pandemic IPO’s – 2018

Companies names	Issue Price	Closing price				Average
		2021	2022	2023	2024	
Anand Rathi Wealth Limited	550	588.80	701.45	2590.10	3909.30	
Return(%)	-	7.05	19.13	269.25	50.93	86.59
Indian Railway Finance Corporation Limited	26	22.85	32.50	99.32	146.65	
Return(%)	-	-12.11	42.23	199.28	47.65	69.26
Data Patterns (India) Limited	585	759.75	1103.20	1861.60	3001.80	
Return(%)	-	29.87	45.20	68.74	61.25	51.26
Kalyan Jewellers India Limited	87	68.45	126.45	354.45	417.60	
Return(%)	-	-21.32	84.73	180.31	17.82	65.38



RailTel Corporation of India Limited	94	116.90	126.35	338	382.90	
Return(%)	-	24.36	8.08	167..51	13.28	15.24
Sigachi Industries Limited	163	398.65	271.85	51.33	66.20	
Return(%)	-	144.57	-31.8	-81.12	28.97	15.15
Paras Defence And Space Technologies Limited	175	742.55	602.30	718.20	700.05	
Return(%)	-	324.31	-18.88	19.24	-2.5	80.54
MTAR Technologies Limited	575	2464.45	1614.55	2207.45	1884.65	
Return(%)	-	328.6	-34.49	36.72	-1.66	82.29
Craftsman Automation Limited	1490	2265.95	3506.85	5398.40	4144.45	
Return(%)	-	52.01	54.76	53.94	-23.23	34.37
Tega Industries Limited	453	593.60	580	1154.45	1310.30	
Return(%)	-	31.04	-2.29	99.04	13.49	35.32

Interpretation: The table illustrates the return percentages for post-pandemic IPOs in 2018, showcasing the performance of various companies in the years 2021 to 2024. Companies like Anand Rathi Wealth Limited and Indian Railway Finance Corporation Limited demonstrated substantial growth, with remarkable returns exceeding 200%. Conversely, some companies experienced fluctuations, as seen with Sigachi Industries Limited, which initially showed a significant increase but later faced declines. Overall, the data reflects the diverse outcomes of post-pandemic IPOs, highlighting both success stories and challenges amidst evolving market conditions.

Table no. 05 – Predictions of future prices using current price of Pre pandemic & Post pandemic IPO’s

Pre pandemic IPO’s					
Companies	2025	2026	2027	2028	2029
Garden Reach Shipbuilders & Engineers Limited	1118	1152.34	1266.95	1451.82	1696
Hindustan Aeronautics Limited	3784.52	3975.25	3845.74	4006.85	4100.16
Fine Organic Industries Limited	4528.84	4752	4925.45	4843.58	5275.53
Mishra Dhatu Nigam Limited	4528.93	4825.87	5500.86	5700.56	5300.85
Amber Enterprises India Limited	526.23	589.52	660.25	670.42	710.21
Bharat Dynamics Ltd	3896.58	4010.25	4602.38	4900.85	5100.28
Apollo Micro Systems Limited	1865	2100.25	2658.59	2758.45	2300.28
H.G. Infra Engineering Ltd	1258.42	1495.45	1854.28	2114.52	2348.24



RITES Limited	715.25	755.24	786.65	801.52	856.93
CreditAccess Grameen Limited	1860.25	1752.45	1962.53	2002.58	2562.85
Post pandemic IPO's					
Anand Rathi Wealth Limited	4105.75	4560.85	4360.98	4902.52	5100.25
Indian Railway Finance Corporation Limited	175.56	189.6	220.85	256.85	310.10
Data Patterns (India) Limited	3456.02	3956.25	4125.52	4425.85	4950.63
Kalyan Jewellers India Limited	456.96	489.63	545.74	579.65	590.63
RailTel Corporation of India Limited	396.25	365.24	410.25	456.58	498.52
Sigachi Industries Limited	56.25	66.35	47.28	72.36	79.42
Paras Defence And Space Technologies Limited	710.25	735.69	798.52	810.14	852.63
MTAR Technologies Limited	1945.52	2015.63	2563.25	2752.63	2963.58
Craftsman Automation Limited	4625.85	4957.56	5102.85	5302.52	5725.53
Tega Industries Limited	1420.36	1350.74	1582.02	1689.75	1864.28

Interpretation: The table presents predictions of future stock prices using the current prices of both pre-pandemic and post-pandemic IPOs. For pre-pandemic IPOs, companies like Fine Organic Industries and Mishra Dhatu Nigam show steady growth trends over the forecasted years, indicating potential stability in their performance. Conversely, post-pandemic IPOs such as Anand Rathi Wealth Limited and Craftsman Automation Limited demonstrate significant projected increases, suggesting promising growth prospects despite market challenges. Overall, these predictions provide valuable insights into the anticipated trajectories of various IPOs, aiding investors in strategic decision-making and market analysis.

FINDINGS AND RECOMMENDATIONS

- The stock performance of pre-pandemic IPOs from 2018, detailing the issue price, closing price at the Bombay Stock Exchange (BSE), and the percentage increase or decrease in closing price compared to the issue price. Notable observations include Fine Organic Industries and Mishra Dhatu Nigam witnessing substantial increases, while Hindustan Aeronautics and Bharat Dynamics faced declines. Apollo Micro Systems saw a significant surge, indicating strong market reception, whereas Credit Access Grameen experienced a slight decrease. This data highlights the varying outcomes of IPOs and their impact on investor sentiment and market dynamics.
- The average returns for pre-pandemic IPOs in 2018 across various companies. Each company's issue price and closing prices for the years 2018, 2019, and 2020 are provided, along with the corresponding return percentages. Notably, companies like Fine Organic Industries and Mishra Dhatu Nigam saw consistent positive returns over the years, while others like Apollo Micro Systems experienced significant fluctuations. Overall, the data illustrates the varied performance of IPOs in the pre-pandemic period, highlighting both success stories and challenges in the market.
- Predictions of future stock prices using the current prices of both pre-pandemic and post-pandemic IPOs. For pre-pandemic IPOs, companies like Fine Organic Industries and Mishra Dhatu Nigam show steady growth trends over the forecasted years, indicating potential stability in their performance. Conversely, post-pandemic IPOs such as Anand Rathi Wealth Limited and Craftsman Automation Limited demonstrate significant projected increases, suggesting promising growth prospects despite market challenges. Overall, these predictions provide valuable insights into the anticipated trajectories of various IPOs, aiding investors in strategic decision-making and market analysis.

Conclusions:



To conclude, Covid-19 pandemic has affected all parts of society across the globe in different ways. During the lockdown period, trading, investing and stock participation among the investors have increased among the people across the globe. To take the benefit of liquidity of the market, the listing of shares of companies in the recognized stock exchanges in India has increased during the pandemic. Therefore, companies have gone public to raise funds against incurred losses occurred during covid. And as per the findings, we can see that the performance of IPOs during covid has improved significantly. The listing gain average of IPOs during covid is greater than the IPOs before covid. And the average 30 days return is higher for Covid period. Also, the average of number of subscription times is higher during the covid period than the pre-covid period. And we have observed a radical change in the behaviour of the investors in terms of subscriptions during the covid period which has ultimately added to the improved performance of the IPOs.

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