

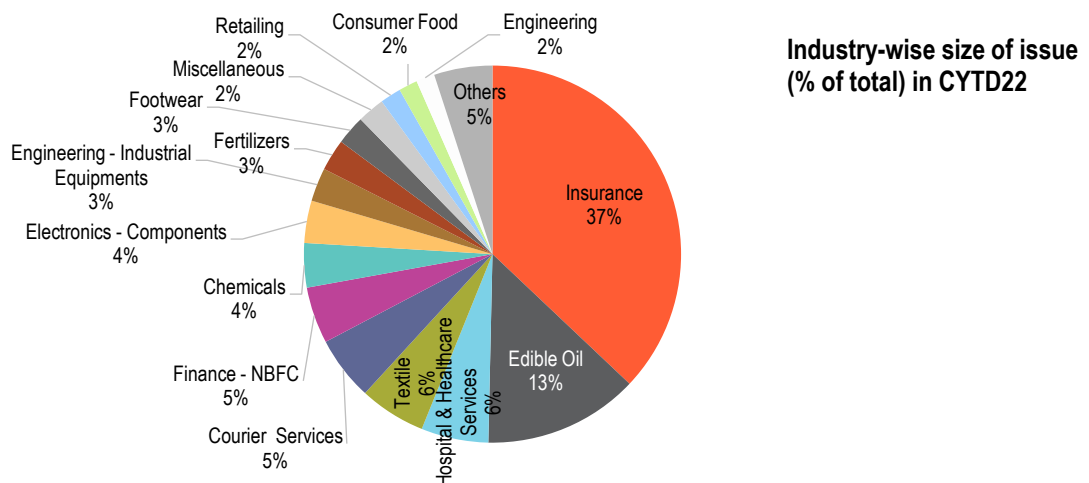
Update on performance of IPO market

While the size of the IPO market remains small in CYTD22 so far at ~Rs 55,000 crore versus Rs 1.2 lakh crore. In the current year, while Sensex has risen by 7.6% on an average, the returns on IPOs have averaged 17.7%. Overall, IPOs issued have been concentrated in 3 major sectors (contributing to 56% of the total issuance)-edible oil, insurance and hospital & healthcare services. While edible oil industry has performed very well on the stock market, insurance industry (LIC) has taken a hit, while returns in healthcare services industry are modest at best.

Performance of IPO market in CY22:

- Taking a stock of the IPO market in CYTD22 (till mid-Dec'22) it emerges that total issuances this year still remain considerably lower at Rs 55,472 crore, compared with Rs 1.22 lakh crore issued in CY21.
- While in CY21, the dominant industries remained e-commerce, auto, chemicals, insurance and finance (investment), in CYTD22, industries such edible oil, hospital & healthcare services, and insurance have dominated the IPO space. These 3 alone contributed to 56% of the total issuances in CYTD22.

Figure 1: Industry-wise issuances of IPOs



Source: Ace equity, Bank of Baroda Research

- In the current year, 12 industries witnessed big ticket (>1,000 crore) IPOs, of which insurance sector (LIC) was the biggest with an issue size of ~Rs 21,000 crore. This was followed by industries such edible oil (~Rs 7,000 crore), hospital & healthcare services (~Rs 3,200 crore), textile (~Rs 3,100 crore) and courier services (~Rs 3,000 crore), amongst others.

- Amongst 12 big ticket issuances, 5 were listed a discounted price, averaging -5.3%. LIC (-8.6%) and Rainbow children's Medicare (-6.6%) were listed at a discount of even more than average. On the other hand, 7 companies were listed at a premium, averaging 13.5%. Amongst these, Patanjali foods (30.8%), global health (18.5%), and campus activewear (21.6%) recorded a premium above average.

Table 1: Performance of major companies (issue size > Rs 1,000 crore) when listed

Company Name	Industry	Issue Size (Rs cr)	Discount/Premium (Issue and Listing Price, % change)
Life Insurance Corp	Insurance	20,557	-8.6
Patanjali Foods	Edible Oil	4,544	30.8
Vedant Fashions	Textile	3,149	8.1
Delhivery	Courier Services	3,046	1.2
Adani Wilmar	Edible Oil	2,819	-3.9
Five Star Business	Finance - NBFC	1,593	-5.1
RainbowChildrenS Med	Hospital & Healthcare Services	1,581	-6.6
Global Health	Hospital & Healthcare Services	1,571	18.5
Paradeep Phosphates	Fertilizers	1,502	3.7
Archean Chem Inds	Chemicals	1,462	10.3
Campus Activewear	Footwear	1,400	21.6
Fusion Micro Fin.	Finance - NBFC	1,104	-2.0

Source: Ace equity, Bank of Baroda Research

IPO market versus Sensex:

- Out of a total of 84 companies (versus 99 last year), 17% companies listed at a discount, 6% companies were listed at the same price as the issue price, while 77% companies listed at a premium.
- As of Dec'22 (18 Dec), out of these 84 companies, 32% of the companies are trading (last price) at a discount (compared with issue price), while 68% of them are still trading at a premium.
- Overall, these companies have recorded an average return (last versus list price) of 17.7% in CYTD22, versus 7.6% gains made by Sensex.
- The top performing companies include: Rhetan TMT, Jayant Infratech, Containe Technolgy, Adani Wilmar, Veerkrupa Jewellers, Goel Food Products, Maruti Interior Prod, Sailani Tours N Travel, Venus Pipes & Tubes, and Ekennis Software Services, averaging return of 228%.
- Some of the stock which gave negative returns this year included: Fone4 Communication. India, Safa Systems & Technology, EVOQ Remedies, Mafia Trends, Global Longlife Hospital, AGS Transact Tech, and Pace E-Comm Venture, averaging return of -50%.

Table 2: Frequency distribution of companies based on price gain/loss in terms of last price

Range (% change in last price over issue price)	CY21 Number	CY21 % Share	CY22 Number	CY22 % Share
Negative	40	40.4	27	32.1
0-10%	8	8.1	3	3.6
10-20%	2	2.0	7	8.3
20-50%	13	13.1	18	21.4
50-100%	13	13.1	10	11.9
Above 100%	23	23.2	19	22.6
Total	99	100	84	100

Source: Ace equity, Bank of Baroda Research

- Amongst the 84 companies, 12 (versus 33 last year) were those which had an issue size of over Rs 1,000 crore (big ticket companies). These companies gave an average return of 5.8% at the time of listing (compared with issue price). As of Dec'22, these companies have given an average return of 33.1% (compared with list price).
- Out of the 12 big ticket companies, most gains were made by stocks of Adani Wilmar, Rainbow Children's Medicare, Patanjali Foods, Vedant Fashions, Pradeep Phosphates and Five Star Business, averaging return of 65.3%.
- On the other hand, LIC and Delhivery are the only ones currently trading at a discount (compared with list price), averaging -24%.

Table 3: Performance of major companies (issue size > Rs 1,000 crore) post listing

Company Name	Industry	Issue Size (Rs cr)	Discount/Premium (Issue and Last Price, % change)	Discount/Premium (List price and Last Price, % change)
Life Insurance Corp	Insurance	20,557	-27.0	-20.1
Patanjali Foods	Edible Oil	4,544	89.2	44.7
Vedant Fashions	Textile	3,149	53.6	42.1
Delhivery	Courier Services	3,046	-26.9	-27.8
Adani Wilmar	Edible Oil	2,819	173.8	184.9
Five Star Business	Finance - NBFC	1,593	26.9	33.6
RainbowChildrenS Med	Hospital & Healthcare Services	1,581	37.3	47.0
Global Health	Hospital & Healthcare Services	1,571	32.7	12.0
Paradeep Phosphates	Fertilizers	1,502	44.8	39.6
Archean Chem Inds	Chemicals	1,462	25.4	13.6
Campus Activewear	Footwear	1,400	44.8	19.1
Fusion Micro Fin.	Finance - NBFC	1,104	5.7	7.9

Source: Ace equity, Bank of Baroda Research

- A bulk (~Rs 10,000 crore) of IPOs were listed during Oct-Nov'22 period, when Sensex was inching towards/crossed the 60,000 mark. These account for ~1/3rd of the IPOs issued (ex-LIC).

- Overall, taking into account all the companies (sample of 84 companies) which have issued IPOs in CYTD22 so far, while the size of issuance was Rs 55,492 crore, this valuation rose to Rs 57,624 crore (+3.8% from issuance) at the time of listing, and is currently trading at even higher valuation of Rs 65,325 crore (+13.4% from listing). This implies, investors have made gains of Rs 8-10k crore over the year by investing in the IPO market.

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For further details about this publication, please contact:

Economics Research Department
Bank of Baroda
chief.economist@bankofbaroda.com