



PERFORMANCE ANALYSIS OF IPOs ISSUED DURING 2023-2024 PERTAINING TO HEALTHCARE INDUSTRY

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ABSTRACT :

The study examines the performance of IPOs in the healthcare sector in India for the period 2023-2024, specifically Mankind Pharma, Jupiter Life Line Hospitals, Yatharth Hospital and Trauma Care Services, and Blue Jet Healthcare. It uses the EIC (Economic, Industry, and Company) framework to assess India's macroeconomic outlook, the industry's potential, and company-specific financials. India's GDP is on track to hit \$5 trillion in 2028 while the healthcare industry is expected to grow at a CAGR of 11%, signaling the healthcare sector is a strong opportunity. Nonetheless, concerns existing include dependency on active pharmaceutical ingredients (APIs) and counterfeit drugs. Mankind Pharma reported strong liquidity and steady growth, Jupiter Life Line Hospitals has expanded through greater patient inflow, Yatharth Hospital maintained excellent trauma care performance, and Blue Jet Healthcare maximized on upward demand in regards to trade amidst regulatory risks. The study also applied technical tools in regards to risk-adjusted returns, namely CAPM, Sharpe Ratio, Treynor's and Jensen's Alpha. Overall healthcare sector IPOs appear to have a positive outlook with cost effectiveness and innovation being central themes.

Keywords: Healthcare IPOs, Listing Gains, Post-IPO Performance, Subscription Rate, Technical Analysis

INTRODUCTION

Initial Public Offerings (IPOs) are significant contributors to the capital markets, facilitating trading companies' equity financing needs, and allowing investors to take part in developing the company. Recently, the Indian healthcare industry has received considerable attention from investors due to its rapid growth, technological adoption, and changing demands for quality medical services. As a fundamental pillar of national development, the growing healthcare industry is projected to grow at a Compound Annual Growth Rate (CAGR) of 11% by FY24, driven by rising healthcare expenditure and government efforts, and rising incidences of lifestyle diseases. The IPO trend that the healthcare industry saw in 2023–2024 demonstrates both investor confidence and resiliency in the industry during precarious global economies. Newer literature in financial performance analysis has increasingly supported incorporating both fundamental and technical tools to analyze post-IPO performance. This research analyzes selected healthcare IPOs for risk-adjusted returns using CAPM, Sharpe Ratio, Treynor's, and Jensen's Alpha benchmarking IPO performance in the healthcare landscape for investors.

REVIEW OF LITERATURE

Jyothi Seepani & K. V. R. Murthy (2023) present a structural review of Initial Public Offerings (IPOs) in India, tracking the evolution of the IPO landscape from the pre-liberalization era to the present using SEBI data, financial reports, and international sources like Scopus and Mendeley. The study identifies that regulatory reforms and India's socio-economic framework have both enabled and constrained IPO growth, and through comparative analysis with global practices, it offers policy recommendations to make the IPO market more inclusive and stable for both issuers and investors.

Anil Kumar N & Dr. Ravi Kumar K (2022) analyze the post-IPO performance of selected companies listed on the Bombay Stock Exchange (BSE) between 2010 and 2020. Using financial ratios like return on assets (ROA) and return on sales (ROS), the study finds that ROA tends to decline post-IPO while ROS remains steady, emphasizing the need for appropriate metrics to assess IPO success, with data analyzed via Excel and financial tools on a sample of 20 companies.

Dr. Rashmi Subbiah (2022) explores the rapid growth of India's healthcare sector, emphasizing advancements in areas like hospitals, medical devices, telemedicine, and medical tourism. The study highlights increased public and private investment, noting that public healthcare expenditure reached 2.1% of GDP in 2021-22 and aims to reach 2.5% by 2025, while medical tourism is projected to grow from US\$ 2.89 billion in 2020 to US\$ 13.42 billion by 2026 due to affordable, quality healthcare.

T. Ramesh Chandra Babu & Aaron Ethan Charles Dsouza (2021) conduct an empirical investigation of the short-term performance of 52 IPOs listed on the NSE between 2018 and 2020, revealing an average listing day return of 13.52%. Over-subscription emerges as a key performance influencer, while

factors like issue price and promoter holdings have limited impact, with analysis based on models like Market Adjusted Short Run Performance, Wealth Relative, t-test, and regression.

Latha C. M. & Dr. V. Shanmugam (2014) analyze the expansion of India's service sector, focusing on health and education, and its increasing contribution of over 50% to GDP. Using Fisher and Colin Clark's sector classification, the study notes significant changes in sectoral contribution from 1950-51 to 2010-11, while emphasizing the socio-economic importance of sectors like transport, trade, banking, and healthcare in India's overall economic transformation.

OBJECTIVE OF THE STUDY

- To analyze the performance of Initial Public Offerings (IPOs) in the Indian stock exchange pertaining to the healthcare industry.
- To analyze macroeconomic, industry, and company-level factors influencing healthcare IPOs in 2023.
- To conduct a Fundamental Analysis of selected IPOs, assessing profitability, revenue growth, and debt for long-term sustainability.
- To conduct Technical Analysis (Sharpe Ratio, Treynor's Ratio, Jensen's Alpha & CAPM) for evaluating risk-adjusted returns, investor attractiveness.

STATEMENT OF THE PROBLEM

Healthcare sector IPOs have gained significant attention in the Indian stock market, especially in 2023. However, their performance varies across companies and timeframes. Investors are now keen to understand the real value and sustainability of these IPOs. Various factors such as macroeconomic conditions, company fundamentals, and market trends influence their returns. This study aims to evaluate the performance of selected healthcare IPOs using both fundamental and technical analysis, while also examining the impact of economic indicators and company-level factors on investor confidence and IPO outcomes.

RESEARCH METHODOLOGY

Scope of study

The study covers healthcare sector IPOs listed in Indian stock exchanges, specifically BSE and NSE, during the year 2023. It focuses on analyzing short-term and long-term financial performance, subscription levels, and risk-adjusted returns of companies that went public in the healthcare segment. The scope is limited to understanding investor response, stock performance post-listing, and evaluating key financial ratios. Only companies from the pharmaceutical, biotechnology, healthcare services, and medical device manufacturing sub-sectors are considered. The research aims to understand the performance of these IPOs based on economic, industry, and company-level factors during the financial year 2023-24.

Sources of data

The study is entirely based on secondary data collected from reliable and authentic sources. Data regarding IPO issue prices, listing dates, subscription levels, and stock performance post-listing were collected from official websites of National Stock Exchange (NSE) and Bombay Stock Exchange (BSE). Company-specific financial data such as revenue, profit, and balance sheets were taken from company annual reports and red herring prospectuses filed with SEBI. In addition, financial information and market performance of IPOs were sourced from reputed financial portals like Moneycontrol, Bloomberg, Reuters, and Economic Times. Sectoral and macroeconomic data were collected from reports published by IBEF, PwC, and Deloitte to support the EIC analysis. All the data used for analysis pertains to the financial year 2023-24.

Period of the Study

The data considered for analysis pertains to IPOs listed during the financial year **April 2023 to March 2024**. This time frame was selected to ensure the availability of updated and relevant information from the most recent IPOs. The study period includes the time taken for data collection, company analysis, interpretation of findings, and preparation of the final report. The selected duration allows for a comprehensive understanding of the short-term performance of newly listed companies in the Indian stock market.

Research design

This study adopts an analytical research design to evaluate the performance of healthcare IPOs. Analytical research allows for the systematic investigation of IPO data to identify performance trends, assess the impact of macroeconomic, industry, and company-level factors, and evaluate the financial outcomes of healthcare IPOs. This design aligns with the study's objectives, ensuring that data collected from secondary sources can be analyzed effectively to draw insights about investor sentiment, IPO market reception, and financial sustainability. Through this design, logical reasoning and factual interpretation form the basis for deriving meaningful conclusions.

STATISTICAL TOOL

- Economical, Industry and Company Analysis
- Comparative analysis
- Ratio Analysis
- Technical Analysis

RESULTS AND DISCUSSION

This section brings together the results of the technical analysis, the analysis of comparative financial statements and the ratio analysis of Jupiter Lifeline Hospitals, Yatharth Hospitals & Trauma Care Services, Mankind Pharma and BlueJet Healthcare. The analysis discusses the financial stability, operational efficiency, profitability and strategic positioning of each company throughout the period studied.

A. Technical Analysis: Share Price Movement and Trends

The technical analysis of the four companies showed different pricing trends. The share price of Jupiter Lifeline Hospitals and Yatharth Hospitals steadily increased post-IPO, suggesting that the market received the companies positively. Mankind Pharma's stock showed strong positive momentum supported by solid fundamentals with respect to exports, while Bluejet Healthcare's stock price movement was tame, consistent with its conservative financial strategy and niche presence in the active pharmaceutical ingredient (API) space. Moving averages and the Relative Strength Index (RSI) of all stocks indicated bullish momentum in Jupiter and Mankind and showed Yatharth and Bluejet to have stable prices and low to moderate price volatility, which may be preferred by value-oriented, long-term investors.

B. Comparative Evaluation of Financial Statements

1. Profit and Loss Statement

Jupiter Lifeline Hospitals had solid revenue growth with improved profit margins demonstrating effective cost control and operational efficiency. The net profit margins doubled indicating significant strength at the bottom line. Yatharth Hospitals experienced a substantial improvement in both revenue and profitability, reflecting operational expansion and repayment of debt following the IPO. Mankind Pharma experienced an increase in both its operating profit and net profit margins as improvements in exports benefitted greatly from low debt servicing costs. BlueJet Healthcare had stable revenue with an improvement in its net profit margins even though its return on capital employed declined because of a focus on cost and efficiencies at the expense of growth.

2. Balance Sheet

Jupiter and Yatharth improved their liquidity positions quite significantly with improved current ratios following the IPO and reduced debt. Mankind Pharma remained reasonably conservative in its balance sheet with little debt while demonstrating strong financial discipline. BlueJet Healthcare maintained an extremely low debt-equity ratio, indicating self-sustaining operations and little reliance on borrowing externally.

C. Ratio Analysis Interpretation

1. Liquidity & Solvency

- **Current Ratios:** All companies showed strong liquidity. Yatharth (7.59) and Jupiter (3.87) reported significant improvements, driven by IPO proceeds and prudent cash management. BlueJet, while slightly reduced, maintained adequate liquidity (3.43).
- **Debt-Equity Ratios:** All companies lowered their leverage, with Jupiter (0.00) and BlueJet (0.0018) being virtually debt-free, indicating lower financial risk but also less financial leverage for expansion.

2. Profitability Ratios

- **Net Profit Margin:** Mankind (increased by 4%) and Yatharth (from 12.64% to 17.07%) showed strong net profit performance. Jupiter's net margin rose from 8.08% to 16.12%, reflecting improved operational efficiency and reduced interest costs.
- **Return on Equity (RoE):** Jupiter's RoE improved to 2.69, while Yatharth's RoE dropped to 13.09 due to increased equity post-IPO. Mankind and BlueJet maintained healthy RoE values, though BlueJet saw a decline from 26.60% to 21.45%.

3. Efficiency Ratios

- **Inventory Turnover:** Mankind improved significantly, reducing inventory days by 30, while Yatharth's increase in turnover indicated enhanced stock movement. BlueJet experienced a minor decline, suggesting potential inefficiencies.
- **Debtor Turnover:** Jupiter's increase in receivable days and Yatharth's decline in turnover both hint at longer credit periods, which can impact cash flow if not managed well. Mankind's extended credit reflects export-led growth, while BlueJet improved collections efficiency.

4. Interest and Debt Servicing

- **Interest Coverage:** Jupiter's rise from 3.91 to 7.58 and Yatharth's jump from 2.11 to 17.84 both demonstrate significant strengthening in their ability to cover interest obligations.
- **Debt Service Coverage:** BlueJet's surge from 33.36 to 90.13 and Yatharth's improvement post-IPO indicate superior debt servicing capabilities.

D. Strategic Observations

- **Jupiter Lifeline Hospitals** is transitioning into a highly stable, debt-free company with strong growth potential and enhanced profitability, though it must manage receivables better.
- **Yatharth Hospitals** has utilized its IPO funds strategically to eliminate debt and build liquidity but now needs to focus on improving capital efficiency and return ratios.
- **Mankind Pharma** stands out with consistent profitability, low leverage, and export-driven growth, positioning it as a strong performer in the pharma sector.
- **BlueJet Healthcare**, though conservative in its financial strategy, shows robust cost efficiency and strong investment

FINDINGS

- India's pharmaceutical and healthcare sectors have shown consistent growth post-pandemic, supported by increased healthcare spending (₹89,155 crore in FY 2023-2024), the 'Make in India' initiative, and the ₹15,000 crore PLI scheme fostering pharmaceutical innovation.
- The Indian pharmaceutical industry, valued at \$50 billion in FY 2023-2024, remains the third-largest globally by volume, with strong demand for chronic disease and generic drugs, along with growth in digital health solutions and medical tourism (\$7 billion sector value).
- Mankind Pharma recorded ₹10,335 crore in revenue for FY 2023-2024, driven by strong domestic sales, a wide therapeutic portfolio (600+ brands), and investment in R&D for innovative products like fast-acting antacids and specialized dermatology treatments.
- Jupiter Life Line Hospitals reported a 29.8% increase in net profit in Q3 FY25, reaching ₹42.2 crore, due to investments in robotic surgeries, cancer units, and advanced digital patient management systems.
- Yatharth Hospital achieved a 12% revenue increase in FY 2023-2024, strengthened by trauma and emergency care expansion, ambulance network partnerships, and the rollout of telemedicine in rural areas.
- Blue Jet Healthcare saw a 10% revenue growth in FY 2023-2024, backed by efficiency from automated manufacturing, growing exports to Europe and the US, and a diversified product base in contrast agents and APIs.
- Mankind Pharma's EBITDA margin improved to 27%, reflecting efficient cost control, product launches, and improved distribution, contributing to ₹1,730 crore in additional revenue in FY 2023-2024.
- Jupiter Life Line Hospitals recorded a 17.8% increase in revenue to ₹232 crore in Q3 FY25, with higher patient occupancy (up to 70%) and a growing demand for specialized services.
- Yatharth Hospital improved its profit margin by 8% through enhanced diagnostic services, trauma care, and cost optimization initiatives.
- Blue Jet Healthcare earned ₹700 crore in FY 2023-2024, with a 5% gross margin increase driven by strong API demand and efficient manufacturing practices.
- Mankind Pharma's ₹4,326 crore IPO was oversubscribed 15.32 times and listed at a 32% premium, reflecting investor confidence in its stable performance and strong brand presence.
- Jupiter Life Line Hospitals' ₹869 crore IPO was subscribed 64 times and delivered a 32% post-listing gain, indicating strong market interest in its healthcare services.
- Yatharth Hospital's IPO saw moderate subscription but maintained a stable post-listing price, reflecting steady investor demand for its trauma care services.
- Blue Jet Healthcare's ₹840 crore IPO received strong investor interest, supported by its export market strength and focus on high-margin contrast agents.

SUGGESTIONS

- Increase investment in biotechnology R&D to develop biosimilars and gene therapies for chronic diseases, and create specialized formulations for pediatric and geriatric patients with customized dosages.
- Expand export channels by partnering in Southeast Asia, Africa, and South America, while also adopting sustainable packaging to align with eco-friendly global trends.
- Enhance digital marketing strategies to increase product visibility and strengthen e-commerce sales, thereby improving direct-to-consumer engagement.
- Invest in robotic surgery technologies to improve surgical precision and recovery outcomes, and establish oncology centers specializing in immunotherapy and targeted treatments.
- Boost medical tourism by collaborating with travel agencies and government bodies, while also implementing AI-powered platforms for diagnostics and patient engagement.
- Increase accessibility by expanding outpatient services through satellite clinics in urban areas and enhancing patient care beyond hospital visits.
- Launch comprehensive telehealth services for rural and underserved populations, and expand trauma and emergency units in high-demand metro regions.

- Collaborate with ambulance services to improve emergency response times, while also developing advanced training programs for trauma surgeons and emergency staff.
- Partner with insurance companies to offer tailored plans for trauma care, making critical treatments more affordable and accessible.
- Develop specialized APIs and intermediates for biotech innovators, while also forming R&D alliances with global pharmaceutical companies to improve formulation stability.
- Adopt green manufacturing methods with energy-efficient and low-emission technologies, and diversify into injectable formulations for niche treatments.
- Strengthen global reach by improving distribution networks and partnering with logistics providers in Europe and North America for timely delivery.

CONCLUSION

Examining IPOs in India's healthcare and pharmaceutical sector, specifically Mankind Pharma, Jupiter Lifeline Hospitals, Yatharth Hospital, and BlueJet Healthcare, underscores the role of financial strength, innovation, and favorable economic context in affecting post IPO performance. Each of these companies actively amended their business strategy in light of regulatory changes, increased their use of digital technology, or invested in research and development, thus demonstrating resilience. Educational Research analysis shows that successful IPO's go beyond capital generation; an IPO denotes operational strength, strategic direction, and the companies are in the position to enter or grow in the market. The EIC analysis reinforces the idea that companies that are aligned with supportive policies and a growing demand for healthcare perform better in the long run. This project shows through technical analysis, financial ratios, and comparative statements, reveals that companies need customer and sustainability-based approaches and strong corporate governance to increase performance. These findings provide a useful set of information for potential investors and others in the sector who may be considering IPO investing in India's healthcare space.

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