



Received: 11-03-25

Revised: 28-04-25

Accepted : 30-04-25

Analysis of Financial Performance of NBFCs Before and After IPO (A Study of Indian Stock Exchange 2014-2024)

Dr. Manohar Das Somani¹, CS Vibha Maheshwari²

Plagiarism: 9%

¹Professor, Bherulal Patidar Govt. P.G. College, Indore, India
Email: drsomani@yahoo.in

²Research Scholar, DAVV, Indore, India
E-mail:
Vibhamaheshwari1902@gmail.com

Keywords: NBFC, Initial public offer (IPO's), Financial Performance, Wilcoxon Signed rank test.

Classification-JEL : G14, G21, G32

How to Cite: Somani, Manohar Das and Maheshwari, Vibha (2025). Analysis of Financial Performance of NBFCs Before and After IPO (A Study of Indian Stock Exchange 2014-2024). Journal of Commerce and Trade (H. Agarwal, Ed.) 20 (1), 44-52. doi:10.26703/JCT.v20i1-6

ABSTRACT

A NBFC (Non-Banking Financial Company) is a financial corporation that offers financial services like banks but does not hold a banking license. Over the years, the NBFC sector has witnessed tremendous growth and transformation. A crucial development in this sector has been the rising trend of IPOs, as many NBFCs seek to raise capital for expansion, reduce debt, and enhance their market presence. It enables NBFCs to raise large amounts of capital from the public equity markets. IPOs serve as a major event for an NBFC, not only offering a route to raise capital but also bringing with it several changes in operational and financial dynamics. This study is an attempt to analyse the financial performance of NBFC's before and after IPO. The paper reviews the experiences of Indian NBFC's which have used IPOs to raise capital during the period from 2014-2024. These paper aims to understand if listing has remarkable impact on financial health of the company. The study is based on secondary data. Financial Performance is analysed by involving Debt-equity Ratio (D/E ratio), Earning per share (EPS), Return on Equity (ROE), Return on Capital Employed (ROCE), Capital Adequacy Ratio (CAR), Return on Total assets (ROTA) and Net Non- Performing assets (NPA's). Financial statements preceding and succeeding to IPO period were studied. Differences in performance were tested using Wilcoxon signed rank test. The result indicated that there was remarkable in Earning per share before and after IPO while there was no remarkable in other parameters. The study highlighted how an IPO serves as a critical milestone for NBFCs, offering opportunities for capital infusion.

1. INTRODUCTION

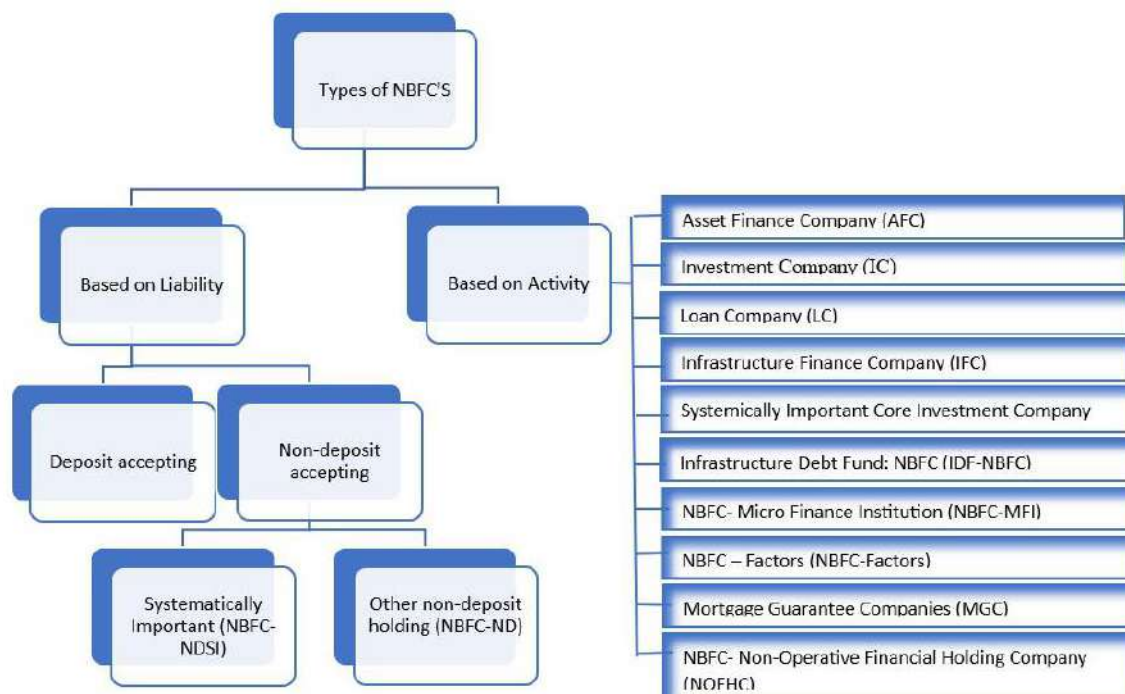
1.1 Non-banking Financial Company

A NBFC (Non-Banking Financial Company) is a financial corporation offering services same as banks, but it does not hold a banking license. According to India's central bank (RBI) NBFC refers to a company registered under Companies Act, 1956 involved in the operation of granting loans, procuring shares, stocks, debentures, bonds or other securities that can be traded or marketable securities issued by Government or local authority; lease agreements, hire-purchase, insurance or chit fund business; however, this excludes any organisation whose main business is exchange of goods (apart from securities),

industrial operations or providing any services and engaging in trade of real estate. A company whose primary objective is to accept deposits under any structure or arrangement, whether one-time payment or periodic contributions or in any another form is also a non-banking financial institution. Although the operations of NBFCs are identical to those of bank. Yet, there are certain distinctions, which are listed below:

- Deposits that are payable on demand cannot be accepted by Non-banking financial companies;
- They can't issue cheques written on their own as they are not a member of the payment and system regulated by RBI.

Figure 1: Types of NBFCs



(Figure 1: Source - Author's own compilation)

- c. Unlike bank depositors, NBFC depositors are not eligible for the Insurance of deposits and deposit insurance service of Credit Guarantee Corporation.

1.2 Classification of NBFCs

NBFCs are classified as follows:

- In terms of liabilities:** NBFC's that accept deposits and those do not accept deposits.
- Non-Deposit taking NBFC's in terms of their size:** Systemically significant and another non-deposit holding entities (NBFC-NDSI and NBFC-ND); and
- In terms of activity conducted:** Within this broad categorization the different types of NBFCs are shown in Figure 1.

1.3 IPO or Initial Public Offering

An IPO or Initial Public Offering is the process by which a private organisation converts into a publicly listed company by offering shares for subscription to public for first time. IPOs have generally been a means for businesses to obtain substantial amount of capital, that can be employed to fund expansion, repayment of debt, or improvement in liquidity position. In India, the process of Initial Public offerings is administered by Securities Exchange Board of India (SEBI), it

safeguards the investor interests and monitors the securities market and associated matters. Strict compliance with the regulations is required for several steps of IPO procedure.

With the Initial public offerings, the company's ownership changes after becoming public company. Its performance remains concern for investors who hold their part in the equity of the organisation. IPO has great deal of opportunity to have any impact on performance, among which is the financial outcome because of the prospect of additional capital infusion. After the IPO, a company's financial performance is closely monitored by investors, with stock price, earnings reports, and growth metrics being critical indicators of success.

1.4 Financial Performance

Financial performance or financial success of a company is its ability to generate revenue, manage costs, and create financial sustainability. It helps to analyse company's ability in achieving its financial goals.

Differently, financial health/ performance is a thorough evaluation of a company's overall position in relation to it's assets and liabilities, equity and expenses, income and overall

profitability. It is evaluated using a number of business-related formulas that enable users to determine precise information about the prospective efficacy of an organization. Among other benchmarks, internal users look at financial performance to assess the health and reputation of their respective firms. Financial health is analysed by external users to identify possible investment possibilities and assess a company's value. Financial health is examined in multiple ways. It requires the use of several indicators. Leverage, profitability, efficiency, solvency and liquidity ratios can all be used to measure financial performance. A company's financial statements are among the most crucial instruments for assessing its financial success.

For the purpose of these study, Financial Performance is analysed by involving Debt-equity Ratio (D/E ratio), Earning per share (EPS), Return on Equity (ROE), Return on Capital Employed (ROCE), Capital Adequacy Ratio (CAR), Return on Total assets and net non-performing assets.

2. REVIEW OF LITERATURE

Kurtaran and Er (2008) studied the post-issue operating performance of company's that have conducted initial public offerings at the Istanbul Stock Exchange (ISE). The findings depicted decrease in operating performance after IPO. They further explored the association between managerial ownership and the change in post-issue operating performance. They found that the post-issue operating performance and underpricing level were positively correlated. Finally, the post-issue price to book ratio (also known as market to book ratio) and price earnings ratios were analysed to examine the market expectation and the results indicated post-issue decline in both ratios.

Mittal and Mayur (2012) investigated the connection between post-IPO performance and shifts in insider ownership surrounding the listing procedure. According to univariate study the performance of Indian public firms decreases significantly in post-IPO period. Then multivariate analysis is applied to examine the connection between performance and ownership. The results

indicated that the drop in post-IPO performance is because of the change in ownership.

Dudi Ridiyanto (2020) studied financial performance of thirty seven companies that were listed on stock exchange of Indonesia both pre and post IPO. Paired t test and the Wilcoxon test for signed rank were employed in the study. The result showed that there were remarkable differences in all financial performance indicators employed in the study, both prior to and following the IPO.

Iham et.al (2020) used the test for Wilcoxon signed rank as their data analysis approach to compare the financial health of the companies listed on Indonesian Stock Exchange before and after acquisition.

Polinar et.al (2021) in their study examined the impact of the initial public offerings on fiscal health of four corporations that conducted IPO three years prior and three years following 2016 which got listed on the Stock Exchange of Phillippine (PSE). The results of the study indicated no major variation in the Return on sales, return on total assets, return on equity, and current ratio while debt equity ratio varied.

F. Ahmed (2021) investigated the operating and financial outcomes of seventy organisations that went public between 2011 to 2015. The findings of the study stated that IPOs in Bangladesh's stock exchange reported a sharp decline following IPO as compared to prior IPO period in terms of Return on assets. It was found that decline in performance is significantly associated with the IPO process. The drop in performance is associated with the shift in ownership from private into public due to rising agency expenses.

Pandey & Arora (2023) in their study examined ten Indian companies that conducted IPO on India's largest and oldest strong exchange, BSE (Bombay Stock Exchange) during the year 2012-2022. The study compared the pre and post issue financial health of the ten Indian company's that conducted IPO three years prior and following listing. An overall decrease in ROA, ROS, Current ratio and FAT in the selected companies was indicated in the result.

To evaluate the variations in SMEs' financial health prior to and following listing, a paired sample t-test was used. The findings stated that companies conducting IPO indicated a drop financial performance after the issue.

3. RESEARCH OBJECTIVE

To analyse the financial health of NBFC's (Non-Banking Financial Companies) before and after they went public by undergoing through IPO process.

4. LIMITATIONS OF THE RESEARCH

The research has taken into account only Non-banking Financial Companies (NBFCs) which have conducted IPO's during year financial year 2013-14 and 2023-2024 under mainboard category in Indian stock exchange. Further research may be conducted on other companies or companies under SMEs (small and medium enterprise) category.

Moreover, Financial performance of these companies have been analysed using Debt-equity Ratio (D/E ratio), Earning per share (EPS), ROCE (Return on Capital Employed), ROE (Return on Equity), Capital Adequacy Ratio (CAR), Return on Total assets and net non-performing assets. Other factors can be considered to study financial performance.

Research time frame selected for the study is financial year just preceding and succeeding the IPO period. To get a better understanding time frame may be extended to 3-5 years preceding and succeeding to IPO period.

5. RESEARCH HYPOTHESIS BASED ON FINANCIAL PERFORMANCE

5.1 Before and after IPO difference in Debt-equity Ratio

The relationship between corporate debt, capital, and assets is illustrated in this ratio. This ratio demonstrates how much portion of the company is financed by debt or external parties with the company's competence as described by capital.

$$\text{Debt-Equity Ratio} = \text{Total Debt} / \text{Total Equity}$$

H_0 : There is no difference in Debt Equity ratio pre and post IPO

H_1 : There is remarkable difference in Debt Equity ratio pre and post IPO.

5.2 Pre and post IPO difference in Earnings per share (EPS)

Earnings per share (EPS) denotes the part of a company's earnings that can be associated to each share outstanding of common stock. People who invest frequently use it to evaluate a company's performance because it is an essential indicator of its profitability.

$$EPS = (\text{Net Income} - \text{Dividends on Preferred Stock}) / \text{Weighted Average Outstanding Shares}$$

H_0 : There is no difference in Earnings per share (EPS) pre and post IPO.

H_1 : There is remarkable difference in Earnings per share (EPS) pre and post IPO.

5.3 Pre and post IPO difference in ROE (Return on equity)

Return on Equity (ROE) is an indicator of a company's profitability in relation to equity held by shareholders. It reflects how successfully a business utilizes its equity capital to generate profits.

$$\text{Return on equity} =$$

$$\text{Net Income} / \text{Average Shareholder's Equity}$$

H_0 : There is no difference in ROE (Return on equity) pre and post IPO

H_1 : There is remarkable difference in ROE (Return on equity) pre and post IPO

5.4 Pre and post IPO difference in ROCE (Return on Capital Employed)

The relationship between capital, assets and corporate debt is represented in this ratio. This ratio shows the limit to which the company's ability as defined by capital is financed by debt or outside parties.

$$\text{Return on Capital Employed (ROCE)} =$$

$$EBIT (\text{Earnings Before Interest and Taxes}) / \text{Total Capital Employed}$$

H_0 : There is no difference in ROCE (Return on Capital Employed) pre and post IPO.

H_1 : There is remarkable difference in ROCE (Return on Capital Employed) pre and post IPO.

5.5 Pre and post IPO difference in Net Non-performing assets (Net NPA)

Net Non-Performing Assets (Net NPA) refers to the total amount of non-performing assets (NPAs) that remain after accounting for provisions made against bad loans by a financial institution. An NPA is an asset (usually a loan) on which the borrower's payments has fallen short.

$$\text{Net NPA} = \text{Gross NPA} - \text{Provisions for NPAs}$$

H_0 : There is no difference in Net Non-performing assets pre and post IPO

H_1 : There is remarkable difference in Net Non-performing assets pre and post IPO

5.6 Pre and post IPO difference in ROTA (Return on Total assets)

Return on Total assets (ROTA) measure a company's capacity to earn profit from its assets. It helps in evaluating how well the assets of the company are used to generate revenue.

$$\text{ROTA} = \text{Net Earnings} / \text{Total Assets}$$

H_0 : There is no difference in ROTA (Return on Total assets) pre and post IPO.

H_1 : There is remarkable difference in ROTA (Return on Total assets) pre and post IPO.

5.7 Pre and post IPO difference in CAR (Capital Adequacy Ratio)

This ratio helps measure the financial strength of the business or any finance company to meet pay its debts using capital and assets. Tier 1 capital consists of stable and liquid items like share capital, statutory reserves, retained earnings and other disclosed reserves. Tier 2 capital consists of secondary capital like undisclosed reserves, revaluation reserves etc.

Risk weighted assets are adjusted according to the risk they carry assigning the weight prescribed by RBI.

$$\text{CAR (Capital Adequacy Ratio)} = (\text{Tier 1 Capital} + \text{Tier 2 Capital}) / \text{Risk Weighted Assets}$$

H_0 : There is no difference in CAR (Capital Adequacy Ratio) pre and post IPO

H_1 : There is remarkable difference in CAR (Capital Adequacy Ratio) pre and post IPO.

6. RESEARCH METHODOLOGY

The research employs quantitative

method of study. It study is conducted utilizing secondary data. The secondary data used in the research is obtained from annual reports and financial statements of the institutions available on their respective websites. The study focusses specifically on NBFC in India that have gone public between 2014 to 2024. (Table1) shows the Microfinance Institutions evaluated for the study.

Table 1: IPO in Indian NBFC Sector

Micro finance Institution	IPO period
1. Fedbank Financial Services Limited IPO	November 2023
2. SBFC Finance Limited IPO	August 2023
3. Five Star Business Finance Ltd IPO	November 2022
4. SBI Cards and Payment Services Ltd IPO	March 2020
5. IndoStar Capital Finance Limited IPO	May 2018
6. MAS Financial Services Ltd IPO	October 2017

Empirically, this research analysed the measurement of the company's financial performance from financial statements preceding and succeeding to IPO period. Financial Performance is analysed by involving Debt-equity Ratio (D/E ratio), Earning per share (EPS), ROCE (Return on Capital Employed), ROE (Return on Equity), Capital Adequacy Ratio (CAR), Return on Total assets and net non-performing assets.

7. HYPOTHESIS TEST RESULTS

Hypothesis testing is conducted using test of Wilcoxon's signed rank to evaluate the results of observation prior to a treatment and after a treatment. The test was conducted in the following steps:

- Formulating hypothesis
- Defining the critical area, with $\alpha = 5\%$
- Comparing between the W value and cut-off.
- Drawing statistical conclusion
- Testing Hypothesis: H_0 is accepted if the W value of residual data is more than cut-off at $N=6$ and $\alpha = 5\%$ or 0.05. H_0 is denied if the W value of residual data is less than or equal to cut-off at $N=6$ and $\alpha = 5\%$ or 0.05.

Table 2: Financial Performance Based on Debt Equity Ratio

Sl. No.	Pre	Post	Difference	Sign	Abs	Rank	Signed Rank
1	5.32	3.65	1.67	1	1.67	5	5
2	2.2	1.45	0.75	1	0.75	4	4
3	0.7	0.99	-0.29	-1	0.29	1	-1
4	3.88	3.3	0.58	1	0.58	2	2
5	2.39	3.08	-0.69	-1	0.69	3	-3
6	3.97	1.87	2.1	1	2.1	6	6

Sum of positive ranks= 17; Sum of negative ranks= -4; Sample size(N)= 6; W-value = 4

H_0 : There is no difference in Debt Equity ratio post IPO H_1 : There is remarkable difference in Debt Equity ratio post IPO

!The cut-off value for W at N = 6 ($p < .05$) for 2-tailed test is 0. if W-value is more than cut-off value, we accept null hypothesis (H_0) Here,

Table 3: Financial Performance Based on Earning Per Share

Sl. No.	Pre	Post	Difference	Sign	Abs	Rank	Signed Rank
1	6.62	7.23	-0.61	-1	0.61	2	-2
2	2.21	2.8	-0.59	-1	0.59	1	-1
3	15.57	20.71	-5.14	-1	5.14	6	-6
4	10.33	13.26	-2.93	-1	2.93	5	-5
5	25.46	26.1	-0.64	-1	0.64	3	-3
6	5.32	6.37	-1.05	-1	1.05	4	-4

Sum of Positive ranks= 0; Sum of negative ranks= -21; Sample size(N)= 6; W-value = 0

H_0 : There is no difference in Earning Per Share post IPO. H_1 : There is remarkable difference in Earning Per Share post IPO

!The cut-off value for W at N = 6 ($p < .05$) for 2-tailed test is 0. if W-value is more than cut-off value, we accept null hypothesis (H_0)

Here, 0=0, Therefore we accept H_0 i.e., there is no difference in debt-equity ratio post IPO.

Table 4: Financial Performance Based on ROE (Return on Equity)

Sl. No.	Pre	Post	Difference	Sign	Abs	Rank	Signed Rank
1	14.49	13.64	0.85	1	0.85	4	4
2	10.11	10.67	-0.56	-1	0.56	2	-2
3	15.80	15.17	0.63	1	0.63	3	3
4	30.08	28.24	1.84	1	1.84	5	5
5	10.22	9.71	0.51	1	0.51	1	1
6	24.48	19.80	4.68	1	4.68	6	6

Sum of Positive ranks= 19; Sum of negative ranks= -2; Sample size(N)= 6; W-value = 2

H_0 : There is no difference in Return on Equity post IPO. H_1 : There is remarkable difference in Return on Equity post IPO

The cut-off value for W at N = 6 ($p < .05$) for 2-tailed test is 0. if W-value is more than cut-off value, we accept null hypothesis (H_0)

Here, 2>0, Therefore we accept H_0 i.e., there is no difference in debt-equity ratio post IPO.

Table 5: Financial Performance Based on ROCE (Return on Capital Employed)

Sl. No.	Pre	Post	Difference	Sign	Abs	Rank	Signed Rank
1	9.76	10.63	-0.87	-1	0.87	4	-4
2	9.89	10.93	-1.04	-1	1.04	5	-5
3	15.09	14.44	0.65	1	0.65	3	3
4	17.11	17.07	0.04	1	0.04	1	1
5	10.48	9.94	0.54	1	0.54	2	2
6	16.5	18.3	-1.8	-1	1.8	6	-6

Sum of Positive ranks= 6; Sum of negative ranks= -15; Sample size(N)= 6; W-value = 6; Significance Level $\alpha=0.05$; Tails =2

H_0 : There is no difference in ROCE post IPO H_1 : There is remarkable difference in ROCE post IPO

The cut-off value for W at N = 6 ($p < .05$) for 2-tailed test is 0. if W-value is more than cut-off value, we accept null hypothesis (H_0)

Table 6: Financial Performance Based on Net Non-Performing Assets (%)

Sl. No.	Pre	Post	Difference	Sign	Abs	Rank	Signed Rank
1	1.60	1.30	0.30	1	0.30	5	5
2	1.58	1.36	0.22	1	0.22	4	4
3	0.68	0.69	-0.01	-1	0.01	1	-1
4	0.83	0.67	0.16	1	0.16	3	3
5	1.10	0.50	0.60	1	0.60	6	6
6	0.95	0.91	0.04	1	0.04	2	2

Sum of Positive ranks= 20; Sum of negative ranks= -1; Sample size(N)= 6; W-value = 1; Significance Level $\alpha=0.05$; Tails =2

H_0 : There is no difference in Net NPA post IPO. H_1 : There is difference in Net NPA post IPO

The cut-off value for W at N = 6 ($p < .05$) for 2-tailed test is 0. if W-value is more than cut-off value, we accept null hypothesis (H_0)

Here, $1 > 0$, Therefore we accept H_0 i.e., there is no difference in debt-equity ratio post IPO.

Table 7: Financial Performance Based on ROTA (Return on Total Assets) (%)

Sl. No.	Pre	Post	Difference	Sign	Abs	Rank	Signed Rank
1	2.31	2.42	-0.11	-1	0.11	1	-1
2	2.84	3.58	-0.74	-1	0.74	5	-5
3	7.53	8.08	-0.55	-1	0.55	2	-2
4	4.86	5.53	-0.67	-1	0.67	3	-3
5	3.18	2.48	0.7	1	0.7	4	4
6	3.11	4.06	-0.95	-1	0.95	6	-6

Sum of Positive ranks= 4; Sum of negative ranks= -17; Sample size(N)= 6; W-value = 4; Significance Level $\alpha=0.05$; Tails =2

H_0 : There is no difference in Return on Total Assets post IPO. H_1 : There is remarkable difference in Return on Total Assets post IPO.

The cut-off value for W at N = 6 ($p < .05$) for 2-tailed test is 0. if W-value is more than cut-off value, we accept null hypothesis (H_0)

Here, $4 > 0$, Therefore we accept H_0 i.e., there is no difference in ROTA (Return on Total Assets) post IPO.

Table 8: Financial Performance Based on Capital Adequacy Ratio

Sl. No.	Pre	Post	Difference	Sign	Abs	Rank	Signed Rank
1	17.94	23.46	-5.52	-1	5.52	3	-3
2	31.94	0.52	-8.62	-1	8.62	6	-6
3	75.2	67.17	8.03	1	8.03	4	4
4	20.1	22.4	-2.3	-1	2.3	1	-1
5	27.2	24	3.2	1	3.2	2	2
6	22.9	31.29	-8.39	-1	8.39	5	-5

Sum of positive ranks= 6; Sum of negative ranks= -15; Sample size(N)= 6; W-value = 6; Significance Level $\alpha=0.05$; Tails =2

H_0 : There is no difference in Capital Adequacy ratio post IPO. H_1 : There is remarkable difference in Capital Adequacy ratio post IPO

The cut-off value for W at N = 6 ($p < .05$) for 2-tailed test is 0. if W-value is more than cut-off value, we accept null hypothesis (H_0) Here,

Table 9: Hypothesis Test Results

Parameter	W -value	Cut-off at N=6	Std. Sig	Description
Debt-equity Ratio	4	0	0.05	$4 > 0$, H_0 is accepted
Earnings per share (EPS)	0	0	0.05	$0 = 0$, H_0 is rejected
ROE (Return on Equity)	2	0	0.05	$2 > 0$, H_0 is accepted
ROCE (Return on Capital Employed)	6	0	0.05	$6 > 0$, H_0 is accepted
Net NPA	1	0	0.05	$1 > 0$, H_0 is accepted
ROTA (Return on total assets)	4	0	0.05	$4 > 0$, H_0 is accepted
CAR (Capital Adequacy Ratio)	6	0	0.05	$6 > 0$, H_0 is accepted

Source : Author's Own Compilation

8. DISCUSSION

As based on test of Wilcoxon's signed rank, the selected variables in the NBFC companies (that conducted IPO during 2014-2024 on main board platform of Indian Stock Exchanges) within the research time frame of financial year just preceding and succeeding the IPO period yields following Result:

8.1 Difference in Debt-equity ratio

W-value is 4 while cut-off for W at N = 6 ($p < .05$) for 2-tailed test is 0. W- value is larger than the cut-off, The result indicated no difference in debt equity ratio before and after IPO. Thus, research findings indicate that Conducting IPO by companies does not give any significant impact on financial health of the company based on debt-equity ratio.

8.2 Difference in Earning per share (EPS)

W-value is 0, while cut-off for W at N = 6 ($p < .05$) for 2-tailed test is 0. W- value is equal to the cut-off, The result suggests that there is difference in Earning per share (EPS) pre and post IPO. Thus, research findings indicate that Conducting IPO by companies has a substantial influence on financial health of the company based on Earning per share (EPS).

8.3 Difference in ROE (Return on Equity)

W-value is 2, while cut-off for W at N = 6 ($p < .05$) for 2-tailed test is 0. W- value is larger than the cut-off, The result suggests that there is no difference in ROE (Return on Equity) pre and post IPO. Thus, research findings indicate that Conducting IPO by companies does not give any significant impact on financial health of the company based on ROE (Return on Equity).

8.4 Difference in ROCE (Return on Capital Employed)

W-value is 6, while cut-off for W at N = 6 ($p < .05$) for 2-tailed test is 0. W- value is larger than the cut-off, The result suggests that there is no difference in ROCE (Return on Capital Employed) before and after IPO. Thus, research findings indicate that Conducting IPO by companies does not give any significant impact on financial performance of the company based on ROCE.

8.5 Difference in Net Non-Performing Assets (NPA)

W-value at 1, while cut-off for W at N = 6 ($p < .05$) for 2-tailed test is 0. W- value is larger than the cut-off, The result indicated no difference in Net Non-Performing Assets (NPA) before and after IPO. Thus, research findings indicate that Conducting IPO by companies does not give any significant impact on financial health of the company based on Net Non-Performing Assets (NPA).

8.6 Difference in ROTA (Return on total assets)

W-value at 4, while cut-off for W at N = 6 ($p < .05$) for 2-tailed test is 0. W- value is larger than the cut-off, The result indicated no difference in Return on total assets before and after IPO. Thus, research findings indicate that Conducting IPO by companies does not give any significant impact on financial health of the company based on Return on total assets.

8.7 Difference in CAR (Capital Adequacy Ratio)

W-value at 6, while cut-off for W at N = 6 ($p < .05$) for 2-tailed test is 0. W- value is larger than the cut-off, The result indicated no difference in Capital Adequacy Ratio (CAR) before and after IPO. Thus, research findings indicate that Conducting IPO by companies does not give any significant impact on financial health of the company based on Capital Adequacy Ratio (CAR).

9. CONCLUSION

Based on the research findings, the study concludes that:

- There is no difference between debt-equity ratio of NBFC's pre and post IPO.
- There is remarkable between Earning per share (EPS) of NBFC's pre and post IPO.
- There is no difference between ROE (Return on Equity) of NBFC's pre and post IPO.
- There is no difference between ROCE (Return on Capital Employed) NBFC's pre and post IPO.
- There is no difference between Net NPA of

NBFC's pre and post IPO.

- f) There is no difference between ROTA (Return on total assets) of NBFC's pre and post IPO.
- g) There is no difference between CAR (Capital Adequacy Ratio) of NBFC's pre and post IPO.

Therefore, this research paper has provided a comprehensive analysis of the financial health of Non-Banking Financial Companies (NBFCs) before and after they got transformed into public company through IPO procedure. The study highlighted how an IPO serves as a critical milestone for NBFCs, offering opportunities for capital infusion. While the pre-IPO financial performance of NBFCs typically reflects strong growth potential and a solid track record, the post-IPO performance is largely determined by the effective utilization of the raised capital, market conditions, and the company's ability to manage its growth and profitability.

Our analysis indicates no difference in financial performance of the NBFC companies in both prior to and following listing. This might

mean that company either window dress their financial statement immediately before going public.

Moreover, the financial performance might show positive results when measured in long term. Our research has focused a short-term view of financial performance considering one year preceding and succeeding to financial year preceding to IPO period.

Ultimately, maintaining the financial performance of NBFCs post-IPO is a dynamic process, influenced by internal management strategies and external market factors. Companies that effectively leverage the capital raised through their IPO and continue to pay attention on further growth and effective financial management are expected experience positive long-term outcomes. This research advances our knowledge of financial dynamics pertaining to NBFCs in the IPO context and offers valuable insights for investors, policymakers, and industry professionals. ■

REFERENCES

1. Fahmida Ahmed, *The Analysis of Financial and Operating Performance of Listed Companies after Issuing IPOs in Chittagong Stock Exchange*, *American Journal of Industrial and Business Management* > Vol.11 No.2, February 2021
2. Fatihudin, Didin & Mochklas, Mochamad. (2018). How Measuring Financial Performance. *International Journal of Civil Engineering and Technology*.
3. Kapil Pandey and Subhash Chander Arora (2023) *Financial Performance analysis of Indian small and medium enterprises before and after initial public offerings* *Kristu Jayanti Journal of Management Sciences* -ISSN: 2583 - 60802(2), December 2023, 12-29.
4. Kurtaran, Ahmet & Er. (2008). *The post-issue operating performance of IPOs in an emerging market: Evidence from Istanbul Stock Exchange*. *Investment Management and Financial Innovations*. 50-62.
5. Mittal, Sanjiv and Mayur, Manas, *Ownership Change and Deterioration of Performance in Post-IPO Period: A Panel Data Analysis of Indian Firms* (2012). *The IUP Journal of Corporate Governance*, Vol. XI, No. 2, April 2012, pp. 24-37, Available at SSRN: <https://ssrn.com/abstract=2160778>.
6. Polinar, Mark Anthony & Buntigao, John. (2021). *Initial Public Offering Analysis on the Financial Performance of Companies in the Philippine Stock Exchange*. *JPAIR Multidisciplinary Research*. 44. 10.7719/jpair.v44i1.662.
7. Rudianto, Dudi. (2021). *Measuring the Financial Performance Prior and After the Initial Public Offering (IPO) of Companies Listed in the Indonesian Stock Exchange (IDX)*. DOI:10.2991/aebmr.k.210220.041.
8. Yunus, Ilham & Rasuli, La & Lukum, Amir. (2021). *Comparative Analysis of Financial Performance Before and After Acquisition: A Study in Acquiring Company Listed in Indonesian Stock Exchange, Period of 2012-2018*. DOI: 10.2991/aebmr.k Bunyamin.210416.023.
9. www.corporatefinanceinstitute.com
10. www.meruaccounting.com
11. www.rbi.org.in
12. <https://scholar.google.com>