IMPACT OF LISTING ON FINANCIAL PERFORMANCE OF VENTURE CAPITAL-BACKED COMPANIES: A CASE STUDY OF PRATAAP SNACKS LIMITED, MADHYA PRADESH

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ABSTRACT

The Indian stock market has become increasingly visible in recent years, stimulating the interest of shareholders in participating in publicly traded companies. The practice of listing has been extensively studied in recent years. Multiple analyses have been done to determine the value of listed companies across sectors on major stock markets. Research into the benefits of stock exchange listing and depictions of how listed companies perform operationally have yielded conflicting findings thus far. This study focuses on the impact of listing on the financial performance of venture capital-backed companies. This study analyses the fluctuations of Prataap Snacks Limited, a venture capital-backed firm that debuted on the National Stock Exchange on October 5, 2017. The goal of the study is to forecast and evaluate variables and outcomes that could affect Prataap Snacks Limited's listing. This study relies solely on secondary data collected from the annual reports of Prataap Snacks Limited for 10 years, starting from FY 2012–13 to FY 2021–2022. The collected data is dispersed up to +5 or -5 years from the date of listing. The factors used in the current study are profitability, liquidity, solvency, operational efficiency, and asset utilization capacity. The significance of the difference between the two variables was tested using a paired sample t-test, and the hypotheses were tested based on the means of the two variables. There appears to be a perplexing change in financial performance between pre- and post-listing, suggesting that variables respond differently to the listing event. The profitability and asset utilization capacity of Prataap Snacks Limited is shown to be unaffected by listing, whereas the firm's solvency and liquidity are significantly affected.

KEYWORDS: Venture capital-backed IPO, Listing, Profitability, Financial functioning

1. INTRODUCTION

The securities market is an integral part of the Indian capital market. It is essential to mobilize the excess resources of the public at large, which may have minimal funds when viewed separately. However, it can be of great importance to a business when gathered. The Stock Exchange facilitates the acquisition of the resources necessary for the growth and expansion of businesses. The companies are compelled to list their securities on an established stock exchange and distribute them to the public to raise the necessary capital. It enables companies to raise a substantial amount of capital without obstacles. Listing on a stock exchange assists businesses in achieving financial security and versatility, overcoming operational deficiencies, expanding their operations, and making strategic investment decisions. Companies choose to list their securities on a particular stock exchange to increase their liquidity and accessibility to the public at large. The listing of securities signifies their trading on the stock market.

Every stock exchange maintains an "official trade list," which contains the names of companies with which it can transact operations. Those securities that meet the criteria for listing are eligible for inclusion. Securities of listed companies may be traded on stock exchanges if they are on the "Official Trade List." The stock exchange allows registered companies to trade their shares. The trading of unlisted securities on a stock exchange is not illegal. Listed securities have no obligation to be traded under the Companies Act. When a business decides to "go public," it is required by law to sell shares of stock to the public eventually. To attract investors, publicly traded companies must make their financial statements and other pertinent data available to the public.

The process of listing allows for the securities of a firm to be officially added to the trading platform of the stock exchange. It is an approach that helps the business expand without causing any disruptions in operations, which in turn helps the management bring in more cash while boosting its financial standing. On the other hand, it provides investors with liquidity and ensures the issuer's adherence and exchange of shares are effectively controlled. After becoming public, a company needs to deal with the fluctuations of the stock market. After listing, the market will become more favourable if the company can enhance its operational, strategic, and financial activities. Financial projections after listing are very improbable due to the combination of volatile market conditions, asymmetry in financial information, and inaccuracies in the company's disclosures. The potential financial performance of a business and its prospects of success depend on the firm's ability to conduct thorough analyses of its internal and external environments.

2. Venture capital (VC) & Venture Capital-Backed IPO

Venture capital (VC) is a sort of private equity and financing provided by investors to start-up enterprises and small businesses with the potential for long-term growth. Wealthy investors, investment banks, and other financial entities frequently provide most of the venture capital. A venture capital-backed IPO is the initial public offering of a company that was previously funded by private investors. Venture capitalists view such offerings to recoup their investments in the company. If the company is performing well and transitioning to a public exchange, venture capitalists can implement the IPO strategy by selling their shares in the open market after the IPO. To optimize their return on investment (ROI), investors tend to wait for a favorable time to issue an initial public offering (IPO).

3. VENTURE CAPITAL BACKED IPO - PRATAAP SNACKS LIMTED

Sequoia Capital India is a venture capital firm focused on consumer, technology, and healthcare investments. Sequoia has been funding Indian snack producer Prataap Snacks Private Limited (Prataap) since 2011. The table below contains information about Sequoia's investment in Prataap Snacks Limited.

Table 1: Aggregate Investment by Sequoia in Prataap Snacks

Year	Aggregate Investment by Sequoia in Prataap Snacks
2011	₹ 620 million
2012	₹ 120 million
2013	₹ 300 million
2014	₹ 250 million

Source: Prospectus of Prataap Snacks Limited

4. LISTING OF PRATAAP SNACKS LIMITED

Indore-based Prataap Snacks, founded in 2009, owns the Yellow Diamond Chips brand and has proposed an initial public offering (IPO) to generate Rs. 250 crores by issuing new shares and selling existing investors' 2,982,000 shares. Two Sequoia affiliates will jointly offer 2,226,000 shares. The entire IPO is worth a total of Rs 481.56 crore. On the listing date, the share is priced at ₹1250, within the issue price range of ₹930 to ₹938. Amit Kumat, Apurva Kumat, and Arvind Mehta founded the company in 2003, and since then it has focused mostly on producing potato-based snacks, extruded snacks, and namkeen. Although they share an industry, Prataap Snacks does not pose a direct threat to market leaders like Frito Lay or Parle. It aims to fill an unmet need in less crowded markets. The firm's strategically placed production facilities supplement its all-India distribution network, which consists of 205 super stockists and more than 3,400 wholesalers. Three factories, one in Indore, Madhya Pradesh, and two in Guwahati, Assam, are owned and operated by the company.

5. OBJECTIVES OF THE STUDY

- To compare the trends and patterns of pre- and post-listing financial metrics of Prataap Snacks Ltd.
- To measure the impact of listing and to know whether listing leads to a profitable position for Prataap Snacks Ltd.
- To examine pre- and post-listing liquidity, solvency, profitability, operational efficiency & and asset utilization capacity of Prataap Snacks Ltd.

6. HYPOTHESES OF THE STUDY

H01: There exists no significant change in the profitability of Prataap Snacks Ltd between pre-listing and post-listing.

H01a: There exists no significant change in the NPM of Prataap Snacks Ltd.

H01b: There exists no significant change in the ROE of Prataap Snacks Ltd.

H01c: There exists no significant change in the ROCE of Prataap snacks Ltd.

H02: There exists no significant change in the solvency of Prataap snacks ltd in terms of DER post listing.

H03: There exists no significant change in the liquidity of Prataap snacks ltd in terms of CR post listing

H04: There exists no significant change in operational efficiency and asset utilization capacity of Prataap Snacks Ltd post listing.

H04a: There exists no significant change in operational efficiency and asset utilization capacity of Prataap Snacks Ltd in terms of TATR post listing.

H04b: There exists no significant change in the Operational Efficiency and Asset Utilization Capacity of Prataap Snacks Ltd in terms of ROA post listing.

7. LITERATURE REVIEW

Bradfield, O. J., & Hampton, B. G. (1989) conducted research entitled "The post-listing performance of new listings: a study on the JSE" examines the post-listing performance of new issues on the Johannesburg Stock Exchange (JSE) from 1975 to 1986. The study reveals abnormal returns during the post-listing period, with evidence of "hot" and "cold" issue periods. Hot issues show sustained abnormal returns over 12 months, while cold issues have positive returns limited to the first three months post-listing, followed by negative returns. The study also identifies a positive relationship between opening premiums and post-listing behavior, including abnormal returns and trading volumes. These findings offer insights into the dynamics of new issues on the JSE. (1)

Jain and Kini (1994) conducted empirical research entitled "The Post-Issue Operating Performance of IPO Firms" which explores the impact of transitioning from private to public ownership through an initial public offering (IPO). The study reveals a significant decline in operating performance post-IPO. Additionally, it finds a positive relationship between post-IPO performance and equity retention by original entrepreneurs. However, there is no direct association between post-IPO performance and the degree of initial under-pricing. The study also notes declines in the market-to-book ratio, price/earnings ratio, and earnings per share post-issue. (2)

Rosen, R.J., Smart, S.B., and Zutter C.J. (2005) argued in The IPOs in Banking Organizations that IPO banks perform poorly after going public. They concluded that banks that go public are riskier than banks that remain private.

When the stock market returns are trending upward, banks choose to go public. Banks that go public are more vulnerable to being acquired than other still-private companies. (3)

Rutto, W.C (2011) conducted empirical research entitled "The effects of listing on the financial performance of companies listed at the Nairobi securities exchange" which discusses the increasing interest in listing at the stock exchange in African countries, particularly in Nairobi, as a means to attract foreign investors and enhance shareholder value. The findings suggest a negative relationship between listing and firm financial performance, indicating that listing may have a detrimental effect on a company's performance. (4)

Kuria, E. G. (2014) in his paper entitled "The effects of initial public offering on the financial performance of companies listed at the Nairobi securities exchange" focuses on the impact of transitioning from private to public ownership through initial public offerings (IPOs) on firms in Kenya. The study assesses the performance change of these firms before and after going public, and the findings align with previous studies indicating a decline in post-IPO operating performance. The study examines six Kenyan IPOs issued on the NSE between 2002-2012, employing a descriptive research design. It utilizes descriptive analysis, including the mean and standard deviation, and assesses the decline in financial performance through various ratios, such as return on assets, return on sales, current ratio, and fixed asset turnover ratio. This study contributes to the understanding of the IPO's impact on firm performance in the Kenyan context. (5)

Pastusiak, R. (2016) conducted research titled "Does Public Offering Improve Company's financial performance? The Example of Poland" aims to compare the financial performance of privately owned and publicly traded companies in Poland, focusing on ownership structure and company size. The study suggests that, in Poland, private companies outperform publicly traded companies listed on the Warsaw Stock Exchange (WSE). Notably, statistically significant results are observed in medium-sized companies. Additionally, within the group of private companies, medium-sized enterprises demonstrate better profitability compared to larger firms, with significant results. This research addresses a gap in the literature by providing insights into the profitability comparison between publicly traded and private companies, highlighting the superior performance of private firms in the Polish context. (6)

Alex A. A. Bruce, P. M. C. Thilakaratne (2014) advocated that the IPO stock's performance will always be imperfect if the systematic and firm-specific variables have not been completely identified, or somewhat manipulated, to create more idiosyncratic shocks until they are identified in totality; we are not yet good at it. The error term of all the models usually gives a value for unidentified shocks yet unknown and therefore needs further intensive research focusing on developed and emerging stock markets otherwise we still operate an imperfect IPO stock returns performance, all things being equal. (7)

Van Tan, N., & Trinh, Q. T. (2019) conducted research entitled "Listing and firm performance in a transition economy" to investigate the impact of listing on firm performance in Vietnam. The study uses data from 48 listed and unlisted firms, analysing their performance before and after listing. The findings reveal that listing on the Vietnamese stock market doesn't significantly improve profitability, operating efficiency, or leverage for firms, but it does lead to increased sales and reduced reinvestment rates. These results challenge traditional theories on IPOs and highlight the need for tailored policies to encourage firms to list on the official stock market in Vietnam. (8)

Nassar, S (2016) conducted empirical research entitled "The Impact of Capital Structure on Financial Performance of the Firms: Evidence from Borsa Istanbul" analyses the impact of capital structure on the financial performance of industrial companies in Turkey. Using data from 136 firms listed on the Istanbul Stock Exchange over eight years, the study employs multivariate regression analysis. The results reveal a negative and statistically significant relationship between capital structure, represented by debt ratio, and firm performance, as measured by Return on Asset (ROA), Return on Equity (ROE), and Earnings per Share (EPS). These findings align with the trade-off theory, highlighting the importance of balancing debt levels to optimize financial performance. (9)

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8. RESEARCH METHODOLOGY

The study used secondary data sources from Moneycontrol.com and the annual reports of Prataap Snacks Ltd. The company got its shares listed on the NSE and BSE on October 5th, 2017. The data has been collected for 10 years (2012-13 to 2021-22) spread out over -5 and +5 years to the event of listing. The variables of the study are profitability, solvency, liquidity, operational efficiency, and asset utilization capacity. The paired sample t-test was used to compare the mean values of financial metrics before and after listing.

9. VARIABLES OF THE STUDY

The variables that were considered in this research are listed in the tables below.

S.No	Variables	Proxies
1	Profitability	• Net Profit Margin (NPM) • Return on Equity (ROE) • Return on Capital Employed (ROCE)
2	Solvency	• Debt Equity Ratio (DER)
3	Liquidity	• Current Ratio (CR)
4	Operational Efficiency and Asset Utilization Capacity	• Total Assets Turnover Ratio (TATR) • Return on Assets (ROA)

Definition and Measures of Variables

1. Profitability

The following variables are used as proxies for profitability:

- The net profit margin (NPM) is the most significant indicator of the financial stability of a business. It can be displayed on a trend line to analyse the firm's short-term profitability. In general, a higher NPM indicates a greater financial return. However, this isn't always the situation.
- Return on equity (ROE) is a metric for analysing the returns on investments. It provides insight for evaluating the firm's investment returns. It is a significant metric for measuring the efficacy of a company's use of equity financing to expand its operations and increase its productivity. The company will be able to generate greater returns for its common stock shareholders if its ROE increases over time.
- Return on Capital Employed (ROCE) is an indicator of long-term profitability that indicates how efficiently a company generates profits using its capital. The higher the ROCE, the better the firm's long-term profitability position, and vice versa.

2. Solvency

It refers to a firm's financial stability and capacity to meet its debt obligations. The substitute variable for solvency is the debt-equity ratio (DER).

- The debt-equity ratio (DER) reflects the proportion of equity and debt that constitutes the capital of a business. It signifies the extent to which shareholders' equity can meet the demands of creditors if the business fails to thrive. It gauges how much of a firm's capital comes from shareholder funds as opposed to debt. In particular, it indicates the ability of equity shareholders to pay off all outstanding debts in the event of company liquidation.

3. Liquidity

Liquidity Ratios evaluate the capacity of an organization to satisfy its short-term debt, current financial obligations, and liquidity margin. The current ratio (CR) is the proxy measure for liquidity.

- The current ratio (CR) illustrates how likely a business is to pay off its short-term debt and financial commitments due within one year. This ratio is also referred to as the "working capital ratio." It allows creditors to obtain information about the firm's short-term solvency.

4. Operational Efficiency and Asset Utilization Capacity

It is a measure of the profitability derived from the costs of operation. Asset utilization parameters represent the capacity of an organization to generate revenue from its assets.

- The total asset turnover ratio (TATR) is a metric used to measure the firm's asset utilization efficacy in generating revenue. TATR is calculated as a ratio between the value of the assets of a business and its revenues or income.
- Return on Assets (ROA) evaluates the firm's asset utilization efficacy. It evaluates the profitability of a business based on the total assets listed on its balance sheet. ROA tends to be utilized by the management of the organization to keep track of how assets are used over time, to compare its performance to that of the marketplace, and to compare different transactions or business divisions.

RESULTS AND DISCUSSION

Based on the research methodology stated in the previous section, the results obtained are as follows:

Table 1: **Descriptive statistics on the profitability**

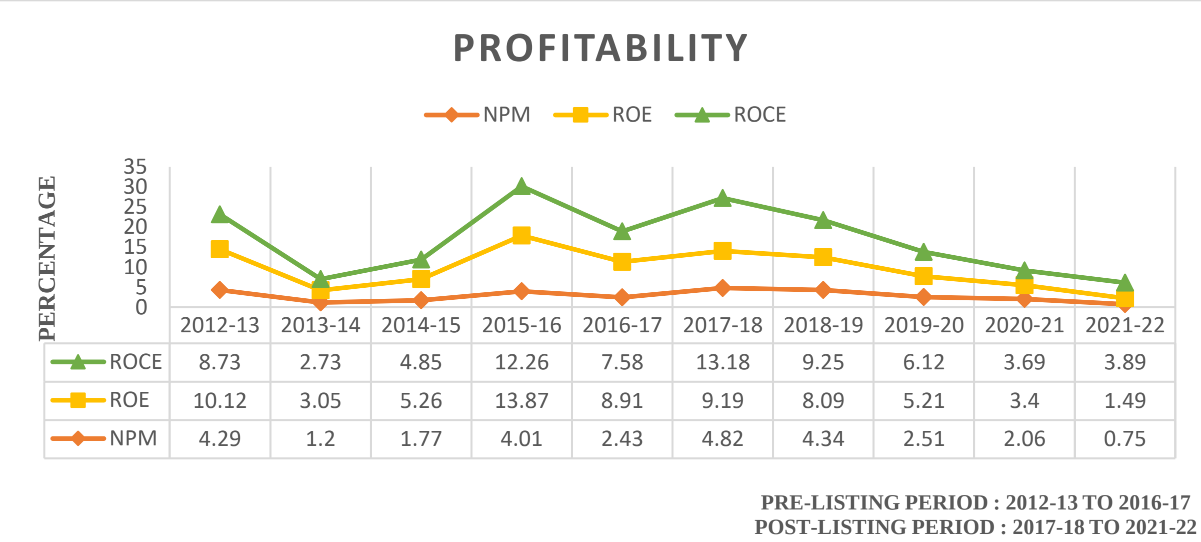
Proxies		**Mean percent**	**N (Years)**	**Std. Deviation**	**Standard Error Mean**
Pair-1	Pre-Listing NPM	2.74	5	1.36	0.61
	Post Listing NPM	2.90	5	1.68	0.75
Pair-2	Pre-Listing ROE	8.24	5	4.23	1.89
	Post Listing ROE	5.48	5	3.20	1.43
Pair-3	Pre-Listing ROCE	7.23	5	3.66	1.64
	Post Listing ROCE	7.23	5	4.01	1.79
Pair-4	Pre-Listing DER	0.19	5	0.03	0.01
	Post Listing DER	0.02	5	0.02	0.01
Pair-5	Pre-Listing CR	1.09	5	0.21	0.10
	Post Listing CR	1.99	5	0.51	0.23
Pair-6	Pre-Listing TATR	189.85	5	33.72	15.08
	Post Listing TATR	87.28	5	78.59	35.14
Pair-7	Pre-Listing ROA	5.25	5	2.72	1.22
	Post Listing ROA	4.10	5	2.56	1.14

Source: Self-compilation with SPSS

Changes in Profitability

The graph below depicts the pattern of changes in the Profitability Position of Prataap Snacks Limited.

Figure 1: Trends in profitability position



Source: Prepared from Data Extracted from moneycontrol.com, Compiled in Excel

Figure 1 illustrates the irregular tendencies of profitability proxies over the study period. According to Table 1, ROE decreased after listing to 5.48 percent, while NPM rose marginally to 2.90 percent, with no significant difference in ROCE. This indicates that listing has a negligible effect on profitability.

Table 2: Results of paired sample t-Test of profitability

Source: Self-Compilation with SPSS

		Paired differences							
		Mean	Std. Deviation	Std. Error Mean	95% CI of the Difference		t	df	p-value
					Lower	Upper			
Pair-1	Pre-Listing NPM Post Listing NPM	-0.16	2.07	0.93	-2.73	2.42	-0.17	4.00	0.87
Pair-2	Pre-Listing ROE Post Listing ROE	2.77	6.18	2.76	-4.91	10.44	1.00	4.00	0.37
Pair-3	Pre-Listing ROCE Post Listing ROCE	0.00	6.14	2.75	-7.62	7.63	0.00	4.00	1.00

The Table-2 compares Pre-Listing Net Profit Margin (NPM), Return on Equity (ROE) and Return on Capital Employed (ROCE) with their post-listing counterparts as follows:

Net Profit Margin (NPM)

The pair-1 of Table-2 compares Pre-Listing NPM with post-listing NPM. Based on the information provided in the table-2, the paired differences between Pre-Listing NPM and Post-Listing NPM show a mean difference of -

0.16 with a standard deviation of 2.07. The 95% Confidence Interval for the difference ranges from -2.73 to 2.42. The negative mean difference indicates that there is a decrease in the NPM from pre-listing to post-listing. The p-value of 0.87 suggests that this difference is statistically insignificant at the 0.05 level, as it is more than 0.05. Thus, Accepts H01a, indicating that there exists no significant change in the profitability of Prataap Snacks Limited post-listing in terms of NPM.

Return on Equity (ROE)

The pair-2 of Table-2 compares Pre-Listing ROE with post-listing ROE. Based on the information provided in the table-2, the paired differences between Pre-Listing ROE and Post-Listing ROE show a mean difference of 2.77 with a standard deviation of 6.18. The 95% Confidence Interval for the difference ranges from -4.91 to 10.44. The mean difference indicates that there is a change in the ROE from pre-listing to post-listing. The p-value of 0.37 suggests that this difference is statistically insignificant at the 0.05 level, as it is more than 0.05. Thus, Accepts H01b, indicating that there exists no significant change in the profitability of Prataap Snacks Limited post-listing in terms of ROE.

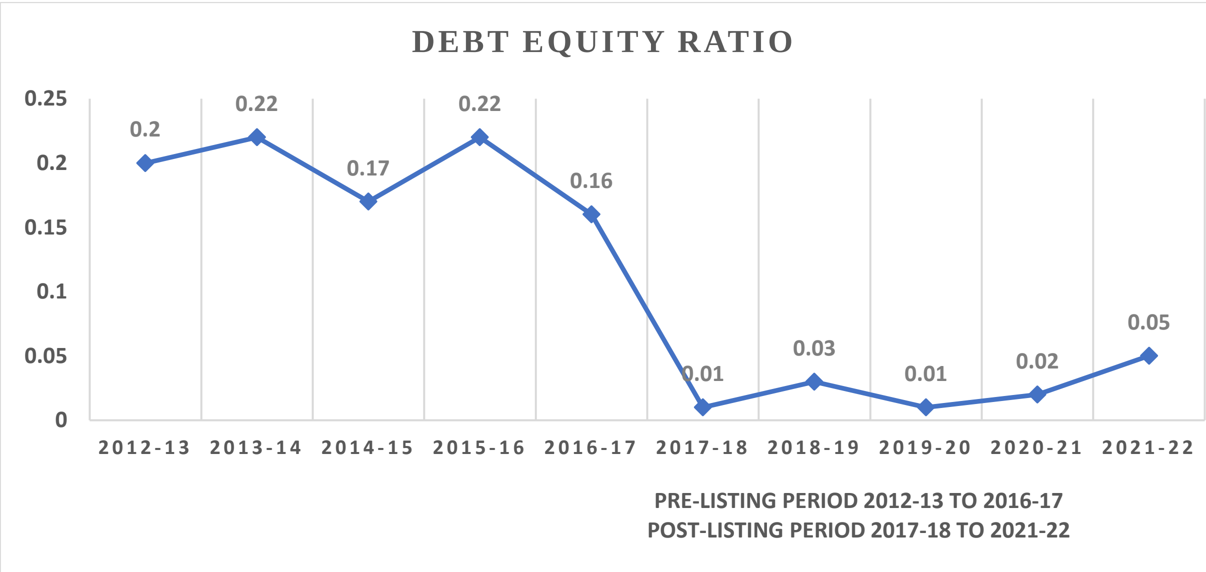
Return on Capital Employed (ROCE)

The pair-3 of Table 2 compares Pre-Listing ROCE with post-listing ROCE. Based on the information provided in Table 2, the paired differences between Pre-Listing ROCE and Post-Listing ROCE show a mean difference of 0.00 with a standard deviation of 6.14. The 95% Confidence Interval for the difference ranges from -7.62 to 7.63. The mean difference indicates that there is no change in the ROCE from pre-listing to post-listing. The p-value of 1.00 suggests that this difference is statistically insignificant at the 0.05 level, as it is more than 0.05. Thus, accepts H01c, indicating that there exists no significant change in the profitability of Prataap Snacks Limited post-listing in terms of ROCE.

Changes in Solvency

The graph below depicts the pattern of changes in the solvency condition of Prataap Snacks Limited.

Figure 2: Trends in Solvency Position



Source: Prepared from Data Extracted from moneycontrol.com, Compiled in Excel

According to the debt-equity ratio (DER), the solvency status of Prataap Snacks Limited is unstable, as shown in Figure 2. The greatest ratio was 0.22:1 in 2013–14 and 2015–16. According to Table 1, the mean DER before listing is 0.19:1 and then drops to 0.02:1 after listing. This occurs because of the company's debt redemption. It implies that Prataap Snacks Limited relies excessively on equity to fund its operations. According to the data, the IPO of Prataap Snacks Limited has had a detrimental impact on its solvency.

Table 3: Results of Paired Sample t-Test of Solvency

		Paired Differences							
		Mean	Std. Deviation	Std. Error Mean	95% CI of the Difference		t	df	P – Value
					Lower	Upper			
Pair-1	Pre-Listing DER / Post Listing DER	0.17	0.04	0.02	0.12	0.22	10.35	4	0.00

Source: Self-Compilation with SPSS

The Table 4 compares the Pre-Listing Debt-Equity Ratio (DER) with its post-listing as follows:

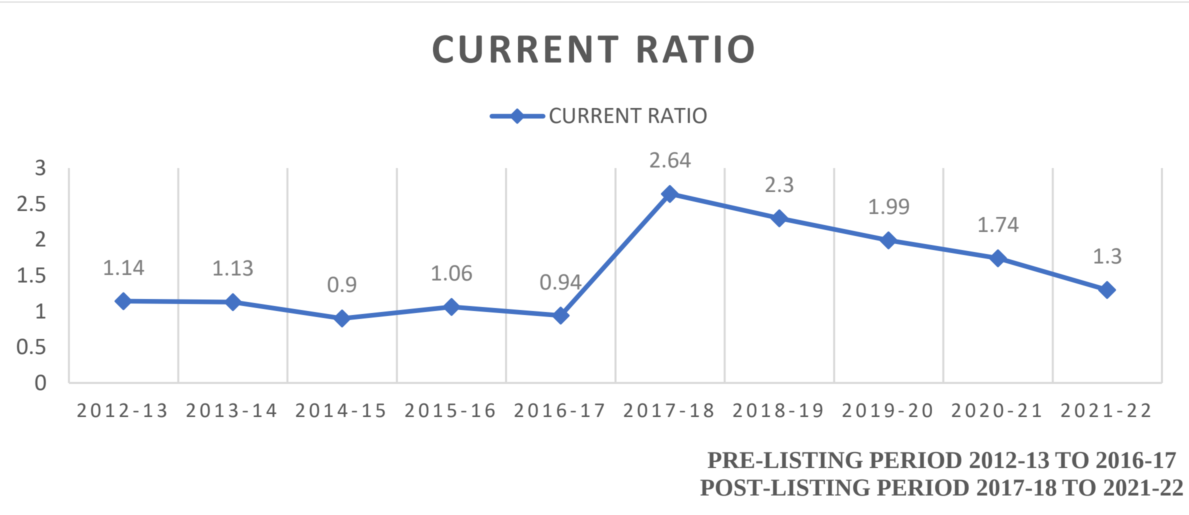
Debt -Equity Ratio (DER)

The pair-1 of Table-4 compares Pre-Listing DER with post-listing DER. Based on the information provided in the table, the paired differences between Pre-Listing DER and Post-Listing DER show a mean difference of 0.17 with a standard deviation of 0.04. The 95% Confidence Interval for the difference ranges from 0.12 to 0.22. The p-value of 0.00 suggests that this difference is statistically significant at the 0.05 level, as it is less than 0.05. Thus, rejects H02, indicating that there has been a significant change in the solvency of Prataap Snacks Limited since its listing in terms of DER.

Changes in Liquidity

The graph below depicts the pattern of changes in the Liquidity position of Prataap Snacks Limited.

Figure 3: Trends in Liquidity Position



Source: Prepared from data extracted from moneycontrol.com and compiled in Excel

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According to the current ratio (CR), Figure 3 shows the inconsistent trend in the liquidity position of Prataap Snacks Limited throughout the study. According to Table 1, the mean CR prior to listing was 1.09:1. After listing, it grew to 1.99:1 and is now closer to the optimal current ratio (i.e., 2:1). This shows that the IPO has had a favorable influence on the liquidity of Prataap Snacks Limited.

Table 4: Results of Paired Sample t-Test of Liquidity

		Paired Differences							
		Mean	Std. Deviation	Std. Error Mean	95% CI of the Difference		t	df	P - Value
					Lower	Upper			
Pair-1	Pre-Listing CR Post Listing CR	-0.90	0.37	0.16	-1.36	-0.44	-5.48	4	0.01

Source: Self-Compilation with SPSS

The Table-4 compares the Pre-Listing Current Ratio (CR) with its post-listing as follows:

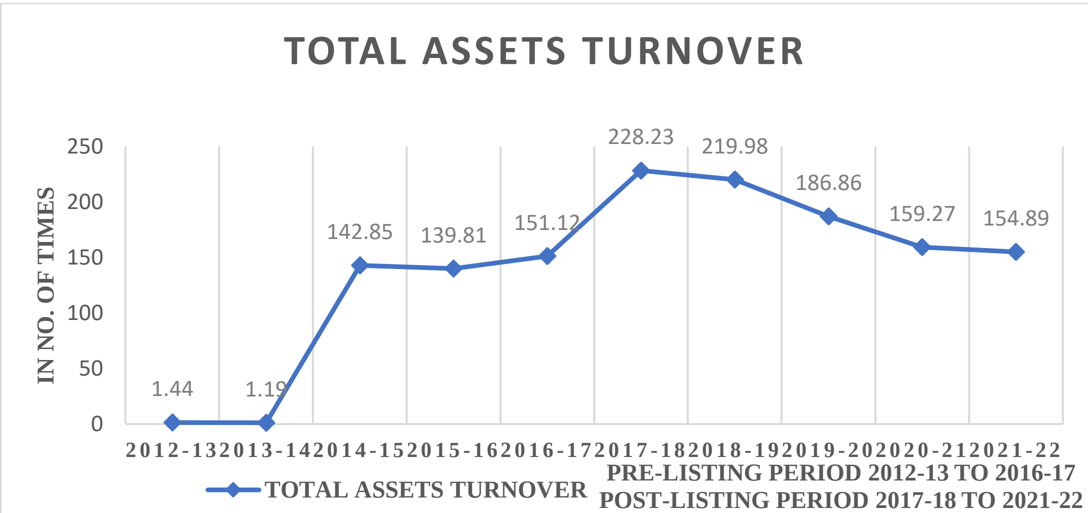
Current Ratio (CR)

The Pair-1 of Table-4 compares Pre-Listing CR with post-listing CR. Based on the information provided in the table, the paired differences between Pre-Listing CR and Post-Listing CR show a mean difference of -0.90 with a standard deviation of 0.37. The 95% Confidence Interval for the difference ranges from -1.36 to -0.44. The negative mean difference indicates that there is a decrease in the CR from pre-listing to post-listing. The p-value of 0.01 suggests that this difference is statistically significant at the 0.05 level, as it is less than 0.05. Thus, rejects H03, indicating that there exists a significant change in the liquidity of Prataap Snacks Limited post-listing in terms of CR.

Changes in Operational Efficiency and Asset Utilization Capacity

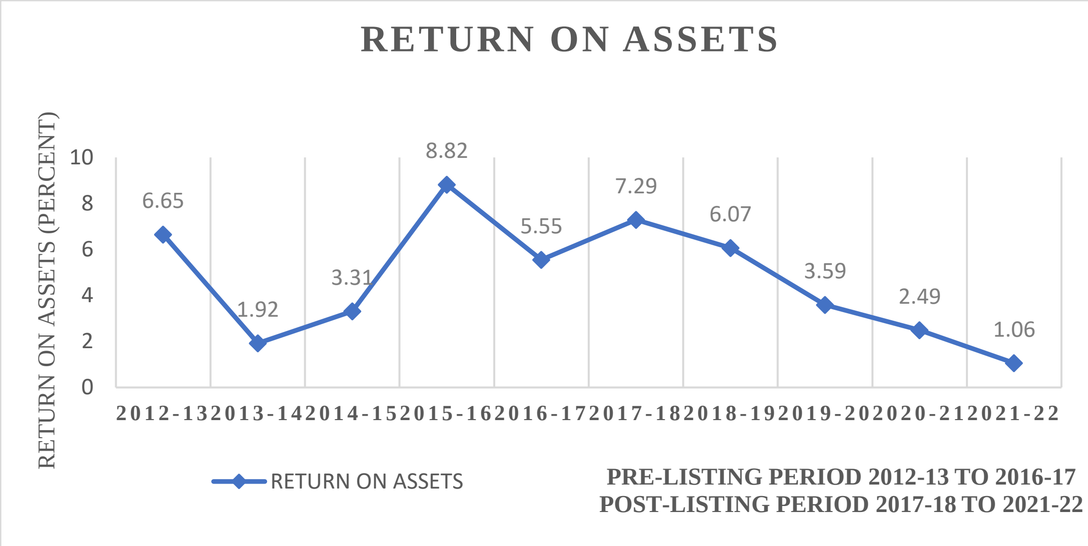
Figures 4 & 5 below depict the pattern of changes in Operational Efficiency and Asset Utilization Capacity of Prataap Snacks Limited.

Figure 4: Trends Operational Efficiency and Asset Utilization Capacity Proxy (TAT)



Source: Prepared from Data Extracted from moneycontrol.com, Compiled in Excel

Figure 5: Trends Operational Efficiency and Asset Utilization Capacity Proxy (ROA)



Source: Prepared from Data Extracted from moneycontrol.com, Compiled in Excel

Figures 4 and 5 show trends in operating performance and asset utilization capacity proxies as calculated using TATR and ROA. According to Table 1, the average TATR before listing was 189.85:1, but it decreased to 87.28:1 after listing. However, the average ROA prior to listing was 5.25:1, which has dropped to 4.1:1 post-listing. This suggests that listing Prataap Snacks Limited resulted in a decline in TATR and ROA.

Table-5: Results of Paired Sample t-Test of Operational Efficiency and Asset Utilization Capacity

		Paired Differences							
		Mean	Std. Deviation	Std. Error Mean	95% CI of the Difference		t	df	P – Value
					Lower	Upper			
Pair-1	Pre-Listing TATR – Post Listing TATR	102.56	110.72	49.52	-34.91	240.04	2.07	4.00	0.11
Pair-2	Pre-Listing ROA – Post Listing ROA	1.15	4.22	1.89	-4.09	6.39	0.61	4.00	0.58

Source: Self-Compilation with SPSS

The Table-5 compares Pre-Listing Total Assets Turnover Ratio (TATR) and Return on Assets (ROA) with their post-listing counterparts as follows:

Total Assets Turnover Ratio (TATR)

Pair-1 of Table-5 compares the Pre-Listing TATR with Post-Listing TATR. The mean difference between the two periods is 102.56. This indicates an average change in TATR following the listing event. However, the relatively high standard deviation of 110.72 suggests considerable variability in these changes across the sample. The 95% confidence interval for the difference is -34.91 to 240.04. The associated t-value is 2.07, with a p-value of 0.11, indicating no statistically significant difference in TATR before and after listing. Thus, H4a is accepted, indicating that there exists no significant change in operational efficiency and asset utilization capacity of Prataap Snacks Limited in terms of TATR post listing.

Return on Assets (ROA)

Pair-2 of Table-5 compares the Pre-Listing ROA with Post-Listing ROA. The mean difference between the two periods is 1.15. This indicates an average change in ROA following the listing event. The standard deviation of 4.22 indicates variability in the changes in ROA post-listing. The 95% confidence interval for the difference is -4.09 to 6.39. The associated t-value is 0.61, with a p-value of 0.58, also indicating no statistically significant difference in ROA before and after listing. Thus, H4b is accepted, indicating that there exists no significant change in operational efficiency and asset utilization capacity of Prataap Snacks Limited in terms of ROA post listing.

Table 6: Summary of Hypotheses

H. No.	Statement	Status
H01	There exists no significant change in the profitability of Prataap Snacks Ltd between pre-listing and post-listing	Accepted
H01a	There exists no significant change in the NPM of Prataap Snacks Ltd	Accepted
H01b	There exists no significant change in the ROE of Prataap Snacks Ltd.	Accepted
H01c	There exists no significant change in the ROCE of Prataap snacks Ltd.	Accepted
H02	There exists no significant change in the solvency of Prataap snacks ltd in terms of DER post listing	Rejected
H03	There exists no significant change in the liquidity of Prataap snacks ltd in terms of CR post listing	Rejected
H04	There exists no significant change in operational efficiency and asset utilization capacity of Prataap Snacks Ltd post listing.	Accepted
H04a	There exists no significant change in operational efficiency and asset utilization capacity of Prataap Snacks Ltd in terms of TATR post listing.	Accepted
H04b	There exists no significant change in the Operational Efficiency and Asset Utilization Capacity of Prataap Snacks Ltd in terms of ROA post listing.	Accepted

FINDINGS AND CONCLUSION:

The purpose of this study is to examine the difference in financial functioning before and after an Initial Public Offering (IPO). According to the study's findings, Prataap Snacks Limited's financial performance before and after the listing is inconsistent. However, the difference is dependent on the performance variables used for analysis as shown below:

- The findings demonstrate that listing has a negligible effect on profitability. ROE and ROCE have decreased, indicating a negative correlation with the listing. The NPM shows a minimal increment after listing, revealing that listing has a positive effect. The public offering did not significantly impact the profitability of Prataap Snacks Limited.

- In terms of solvency, DER has deteriorated. The results demonstrate a significant transition in the solvency of Prataap Snacks Limited since its listing.
- CR has improved, indicating a significant shift in the liquidity of Prataap Snacks Ltd following its listing.
- According to the measurements of Return on Assets (ROA) and Total Asset Turnover Ratio (TATR), the inclusion of the listing resulted in a decline in operational efficiency and asset utilization capacity. However, the disparity between the pre and post listing was found to be insignificant.

In summary, the IPO of Prataap Snacks Limited yielded varied outcomes. Profitability remained stable, with a slight improvement in Net Profit Margin, while debt reduction improved solvency. Liquidity increased, although with minor declines in operational efficiency. This underscores that IPOs offer a chance to reconfigure capital for growth rather than an immediate profit boost.

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