

# 2020

## A Year of Blockbuster IPOs



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# 2020

## A Year of Blockbuster IPOs

IPOs in 2020 started in March, with SBI Card swiping in the primary market. Around the same time, the COVID-19 pandemic triggered the worst selloff in the equity market in more than a decade. With a V-shaped recovery in the market, in Q2 FY21 major companies launched initial public offerings to raise funds. The response from investors was very good. Five of these were subscribed 150 times and higher. Six companies gave a listing gain of more than 75%. Companies across the sectors came up with IPOs. Shipbuilders, ready-to-eat food makers, technology solutions providers, asset managers, broking firms, and even biotechnology companies got listed on bourses.

It all boiled down to investor luck as subscriptions ran very high, reducing chances of allocation. Investors who were not allotted shares, and the ones who rushed to purchase on a listing day had to suffer huge losses as shares of Chemcon Specialty Chemicals, Mazagon Dock, Antony Waste, and Happiest Minds Technologies closed off-highs on listing and were not able to rebound well. On the flip side, Burger King listed at a premium of over 100% and then hit 20% upper circuit for three days in succession.

Listing Date	IPO Name	Issue Size (In Cr)	Issue Price	QIB Sub	HNI Sub	RII Sub	Total Sub	Listing Day Open	Listing Day Close	Listing Day Gain (%)	CMP (Jan 15 EOD)	Current Gain %
01/01/21	Antony Waste	301	315	0.6	0.3	7.2	3.9	430	407	29	362	15
24-12-20	Bectors Food	541	288	176.9	620.9	29.3	198.0	501	596	107	449	56
14-12-20	Burger King	797	60	86.6	354.1	68.2	156.7	115	138	131	144	140
20-11-20	Gland Pharma	6,480	1500	6.4	0.5	0.2	2.1	1710	1820	21	2373	58
02/11/20	Equitas Bank	518	33	3.9	0.2	2.1	2.0	31	33	-1	41	25
12/10/20	UTI AMC	2,160	554	3.3	0.9	2.3	2.3	490	477	-14	580	5
12/10/20	Mazagon Dock	444	145	89.7	678.9	35.6	157.4	216	173	19	217	50
05/10/20	Angel Broking	600	306	5.7	0.7	4.3	3.9	275	276	-10	350	14
01/10/20	CAMS	2,244	1230	73.2	111.9	5.6	47.0	1535	1402	14	1820	48
01/10/20	Chemcon Special	318	340	113.5	449.1	41.2	149.3	731	585	72	448	32
21-09-20	Route	600	350	89.8	192.8	12.7	73.3	708	651	86	1149	228
17-09-20	Happiest Minds	702	166	77.4	351.5	70.9	151.0	351	371	123	377	127
23-07-20	Rossari	496	425	2.8	4.3	2.5	3.0	670	742	75	840	98
16-03-20	SBI Cards	10,286	755	57.2	45.2	2.5	26.5	658	683	-10	959	27

## Missed IPO is Not a Missed Opportunity

Companies making initial public offerings (IPO) draw a lot of investor attention. Some of the IPOs during 2020 have attracted a very high number of applications. But the shares are allotted to a few investors, and that also does not exceed Rs 15,000 in value. To cash in on the gains made by a newly listed stock, some investors, who don't receive an allotment, try to buy it later or remain unsure about taking a position.

At William O'Neil, we have a set of rules to take entry into a newly listed company. We advise investors not to buy a company's shares on the day or during the week of its listing. For IPO stocks, there is no history of a price-volume action, so it is difficult to gauge the top. When it comes to investing in IPO stocks, new issues don't play by the usual rules.

Look for a base formation after a listing. Firstly, there should be a massive gain as the stock goes public and before it runs down after hitting resistance. A classic IPO base is a short and shallow area of consolidation that occurs right after a company's IPO.

## The framework of a good IPO base is simple:

- The decline from a peak to low usually doesn't top 20%, but after a good gain on a listing day, the more volatile markets can have a decline of up to 50%.
- The length of a base is often less than five weeks and can be as short as seven days.
- On a listing day, the closing should be in the upper half of the day's range.
- During base formation, the stock price should not undercut the IPO price.
- In an IPO base, the pattern should typically start within 25 days of the stock's first day of trading.
- The standard pivot (entry point) is at the highest point on the left side from where a base pattern started to form.

In addition to these points, the other important aspect is volume. At breakout, the volume should be very high, and accumulation should be good just before a breakout (on the right side of the base). However, the volume of the first two-three days generally tends to be very high and should not be set as a benchmark.

The conviction becomes strong if the stock is among the leading industry groups. For India, we have 164 industry groups. Ideally, we prefer stocks among the top 40 industry group rank.



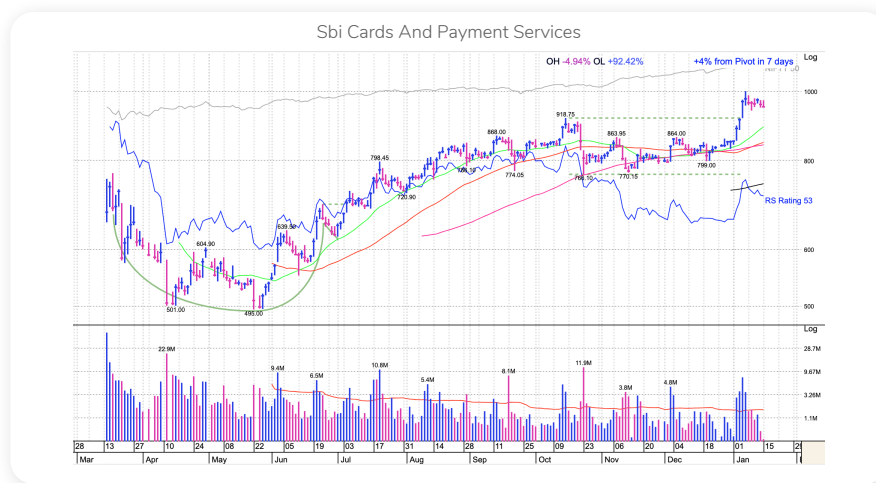
Let us analyse all the IPOs of 2020...

## SBI Cards

- The company started operations in 1998 as a joint venture between SBI and GE Capital. It offers payment products and services in the form of corporate and credit cards with incentive and rewards programs. The company is the second-largest credit card provider in the country with a card base of more than 10M.

- The stock got listed in mid-March when the market condition was unfavorable. It had a weak start but tried to hold around IPO price for 4–5 sessions. However, with the fall in the market, it corrected more than 30% from the issue price.

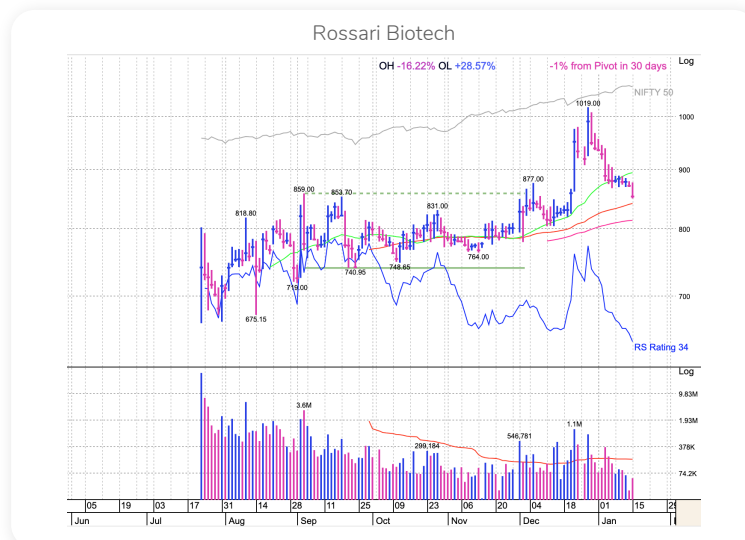
- In April-June, it formed a stage-one cup-with-handle base. After breaking out, it advanced more than 25% in July-September. In October-December, it formed a stage-two consolidation base, and it is trading just above its ideal buy zone. It has a very good EPS Rating of 91 and Buyer Demand of A. Though the RS Rating of 59 is weak, RS line is trending higher. The number of funds holding the stock increased 22% q/q in Q2 FY21.



## Rossari Biotech

- The company is one of the leading specialty chemicals manufacturing companies in India. Its customers are primarily in the FMCG, apparel, poultry, and animal feed industries, through its diversified product portfolio comprising home, personal care and performance chemicals, textile specialty chemicals, and animal health and nutrition products. It is the largest manufacturer of textile specialty chemicals in India.

- The stock got listed in July and gave a listing gain of 75%. However, it pulled back from its listing high for the next 4–5 sessions. Later it moved higher and formed a stage-one flat base in October-November. It advanced more than 20% after breakout but staged a downside reversal over the last two weeks and is now trading near its buy zone. It EPS Rating of 41 is poor, but it has Buyer Demand of B+. RS Rating of 35 is weak and RS line is trending lower. Last week, the stock breached its 21-DMA and is now trading 5% above the 50-DMA.



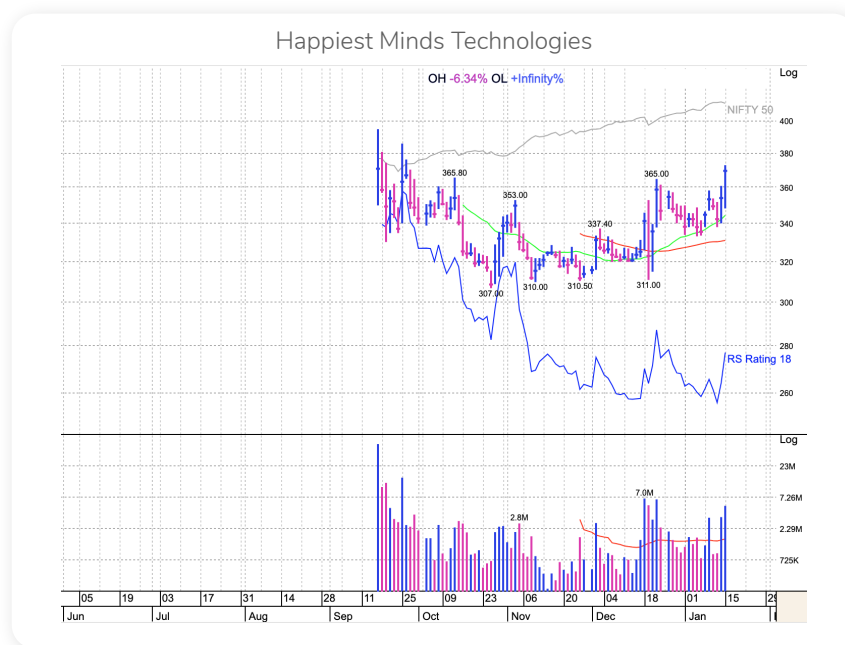
## Happiest Minds Technologies

- The company is an IT service provider and was incorporated in the year 2011. The company has divided its business into three segments, which include digital business service (DBS), product engineering service (PES), and infrastructure and management security service (IMSS). The company is headquartered in Bangalore, India.

- The stock got listed in the second week of September 2020 when the market condition had improved and Nifty50 and Nifty IT were trending above all their key moving averages. It had opened 100% higher than the issue price, but subsequently, it kept on deteriorating.

- The stock is in a consolidation phase and forming a cup pattern. The stock is trending 13% below its pivot level.

- It has a fair EPS Rating of 77 and Buyer Demand of B. RS Rating is placed at 16, which is weak, but it is trending above all its key moving averages. The number of funds holding the stock has increased around 3% q/q in Q2 FY21.



## Burger King

- The company is the fastest growing global QSR chain in India, offering fast food burgers. Burger King India had opened 268 restaurants, including eight sub-franchised Burger King restaurants as of November 25. Globally, Burger King is the second-largest fast food burger brand based on the total number of restaurants. As of September 30, it has a global network of 18,675 restaurants in more than 100 countries and U.S. territories.

- The company has robust growth plans in terms of opening new restaurants. It is obligated to open and operate at least '700' restaurants by 2025, pursuant to the 'Master Franchise and Development Agreement.' Management is planning to utilize the net proceeds from the IPO to open new stores and repay debts. Robust retail networks, growing consumption interest of millennial population toward western fast foods, customer loyalty, exclusive franchise, and noteworthy value proposition are the factors that should spur growth for the company in the long run.

- The company's IPO got spectacular oversubscription of 156.65x. Further, it made a blockbuster opening in its debut on stock exchanges with a gain of about 99.2% by hitting an all-time high of Rs 119.50 as against IPO upper price band of Rs 60.

- The company has formed a stage-one IPO base of 17 days. It is currently trading about 30% to the pivot. Fresh position can be initiated in the stock if it breaks out from a pivot of 214 on above average volume. In this case, the ideal buy zone should be Rs 214–225.



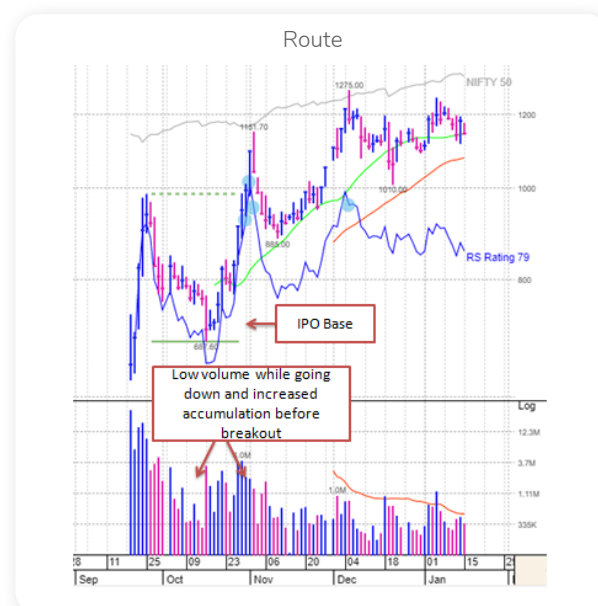
## Route

- Route Mobile is a leading Cloud Communication Platform provider, catering to enterprises, over-the-top (OTT) players, and mobile network operators (MNO). It provides enterprise communication services including smart solutions in Messaging, Voice, Email, and SMS Filtering, Analytics & Monetization. The company has generated 30.31B billable transactions in FY20. It has serviced more than 30,000 clients as of June 30. The Company provides a range of BPO services including client support, technical support, booking, and collection services.

- Route Mobile got listed on September 21, 2020. It was oversubscribed 73x, largely taken by NIIIs. On the day of listing, it gained around 86%. After a bumper listing, it continued to advance.

- The stock had formed an IPO base in October. It pulled back after breakout but advanced more than 30% after rebreakout. The stock from a technical standpoint is comfortably placed above its key moving averages. It is trading 9% and 18% above its 50- and 200-DMA.

- It has a fair EPS Rating of 77 and a strong Buyer Demand of A+. Its RS line is currently trending downward with an RS Rating of 77, which is fair.



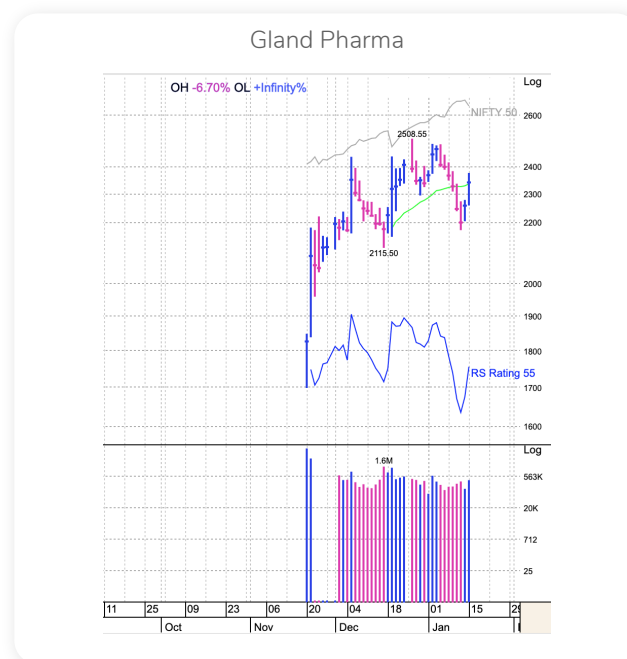
## Gland Pharma

- The company operates in the sterile injectables, oncology, and ophthalmic segments, and focuses on complex injectables including NCE-1s, First-to-File products, and 505(b)(2) filings. It has a diversified product portfolio of injectable products across various therapeutic segments and delivery systems, with seven manufacturing facilities in India, with a capacity of approximately 750M units. These include four facilities with 22 production lines for finished formulations and three Active Pharmaceutical Ingredient (API) facilities.

- The company is a niche player, focused on injectables. It has posted consistently stellar growth and profitability. It has never received a negative USFDA report, which is a testament to its clean regulatory compliance history. Its future prospects look bright on the back up of robust 267 ANDA filings, of which 215 are approved. Also, the company belongs to the Pharma sector, which is in focus given the strong growth visibility of the sector.

- Management has planned to utilize the proceeds from IPO for working capital, capital expenditure, and general corporate purposes. The stock has made its debut in stock exchanges at about 14% premium over its issue price of Rs 1,500.

- The stock has made a 52-week high of Rs 2,509 and is currently trading at about 5% from its 21-DMA. We should let the stock form a base and break out from there on above average volume before initiating any fresh position.



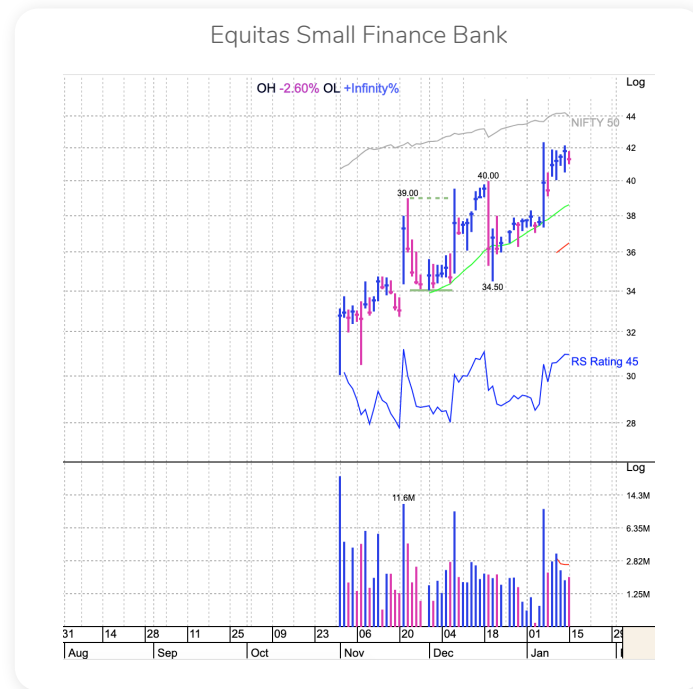
## Equitas Small Finance Bank

- The small finance bank (SFB) provides financing solutions for individuals and micro and small enterprises (MSEs) that are underserved by formal financing channels while providing a comprehensive banking and digital platform for all. It is the largest SFB in India in terms of a number of banking outlets, and the second-largest SFB in India in terms of assets under management and total deposits in FY19. It has 853 banking outlets and 322 ATMs in India across 15 states and union territories as on September 30, 2019.

- The stock opened 5.8% lower at Rs 31.1 on the NSE as against the issue price of Rs 33 per share. However, it closed near the day's high on its opening day.

- In Nov-Dec 2020, it formed a stage-one, IPO base. After breakout, it failed to progress further and corrected toward its 21-DMA and rebounded from there. The 21-DMA placed at Rs 38.3 is acting as a strong support for the stock.

- It has a very good EPS Rank of 98 and Buyer Demand of A+. Though the RS Rating of 44 is weak, RS line is trending higher.



## Computer Age Management Services

- CAMS is India's largest registrar and transfer agent of mutual funds with an aggregate market share of approximately 70%. Over the last five years, it has grown its market share from approximately 61% in March 2015 to about 70% in March 2020. It provides a comprehensive portfolio of technology based services like transaction origination interface, transaction execution, payment, settlement and reconciliation, dividend processing, investor interface, record keeping, report generation, etc.

- The stock got listed on October 1 and gave more than 20% gain on listing. However, on day 2, it pulled back and formed a stage one cup-with-handle base. The price during the bottom formation of a cup remained above the IPO price, which is a good set-up. On breakout, it hit power-to-pivot and gave more than 25% return in less than a month. Currently, the stock is trading in profit booking zone.

- It has weak EPS Rank of 7 and poor RS Rating of 51 but the Buyer Demand (A) is higher for the stock. It is trading 7% and 20% above its 21-and 50-DMA.





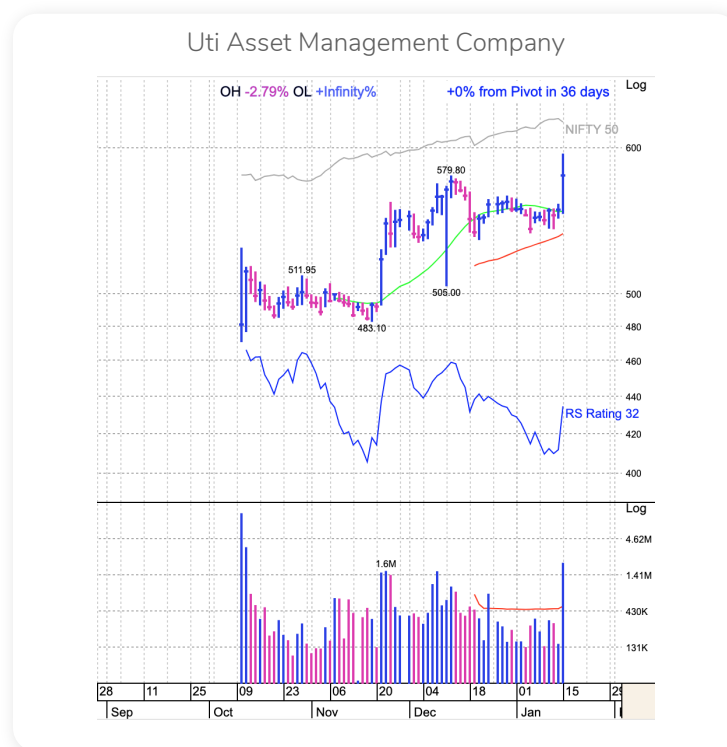
## UTI AMC

- UTI AMC is the seventh largest asset management company in India in terms of mutual fund QAAUM as of September 30, 2019. The company has more than 11M Live Folios as of September 30, 2019, which accounts for 12.8% of the approximately 86M folios that, according to CRISIL, are managed by the Indian mutual fund industry. The company's IFAs channel includes approximately 51,000 Mutual Fund Distributors (MFDs) as of September 30, 2019.

- The stock made a lower opening of 14% at Rs 476 on the BSE as against issue price of Rs 554 per share. Also, it closed near the day's low on its opening day.

- The stock crossed its IPO day high on Nov 24 and continued to remain bullish and made an ATH of Rs 580. However, from there, it corrected toward its 21-DMA and is currently hovering around that. We should let the stock form a base and break out from there on above average volume before initiating any fresh position.

- The stock has a poor EPS Rank of 45, weak RS Rating of 30, and a Buyer Demand of A+, which is evident from the recent demand for the stock.

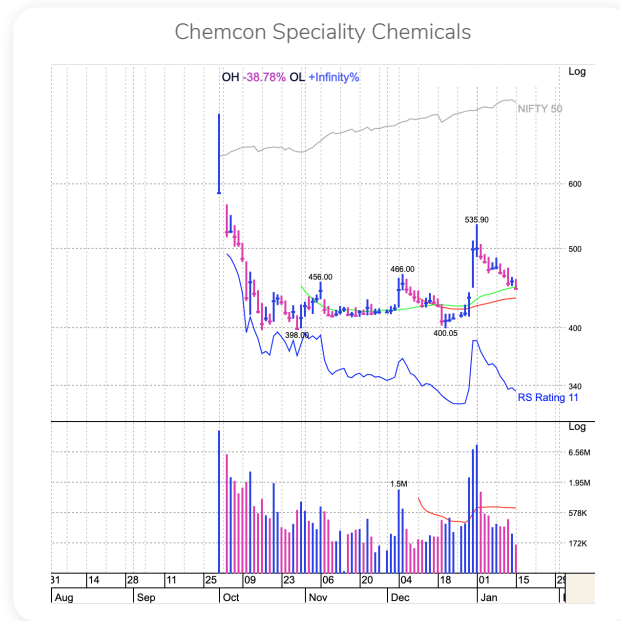


## Chemcon Specialty Chemicals

- The company is a leading manufacturer of specialized chemicals such as HMDS and CMIC, which are predominantly used in the pharmaceuticals industry and inorganic bromides, namely Calcium Bromide, Zinc Bromide, and Sodium Bromide, which are predominantly used as completion fluids in the oilfields industry. The company was incorporated in 1988 and it is headquartered in Manjusar near Vadodara in the state of Gujarat, Western India.

- The stock opened with a bumper 115% premium over issue price on October 1, 2020. It witnessed profit booking on the same day and since then it started coming downward gradually. After opening at Rs 731 on October 1, 2020, the stock has corrected around 45% and consolidated for a few weeks. However, the stock is reversing its trend and is forming a stage one cup-with-handle base.

- The stock has a good EPS Rank of 83. It has poor Buyer Demand of D+ and weak RS Rating of 10. The fund holding in the company has decreased 88% q/q in Q2 FY21.



## Antony Waste

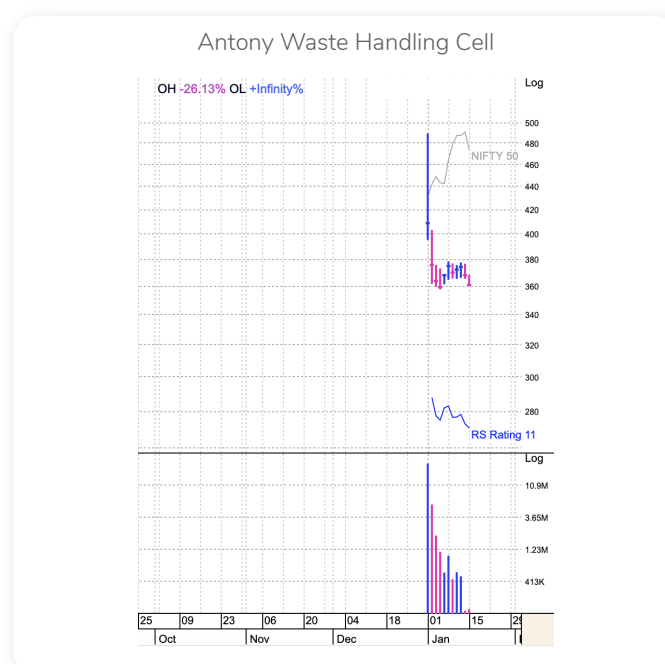
- Antony Waste Handling Cell Ltd. is a leading player in the municipal solid waste management (MSW) industry. It offers a full spectrum of MSW services, solid waste collection, processing, transportation, and its disposal. It operates one of the largest single location waste processing plants in Asia with a capacity to handle up to 6,500 tons of MSW per day. Its services include solid waste collection, transportation, processing, and disposal services across the country, primarily catering to Indian municipalities.

During FY20, the company reported a 55.6% jump in its revenue to Rs 464.6 crore; PAT grew 78.9% to Rs 62.1 crore.

- The company planned to utilize the raised funds to finance PCMC WTE Project through investment in subsidiaries to pay-off consolidated borrowings by infusing debt in its subsidiary AG Enviro, and to meet the company's general business objectives.

- The IPO was open for subscription during December 21–23. It was 15x oversubscribed, with the retail portion subscribed by 16.5x, non-institutional investors portion by 18.6x, and QIB portion by 9.6x. It is listed on the exchanges at a premium of 36% on January 1.

After listing on exchanges, the stock quickly succumbed to profit booking. It has a fair EPS Rank of 69 and poor RS Strength of 12.



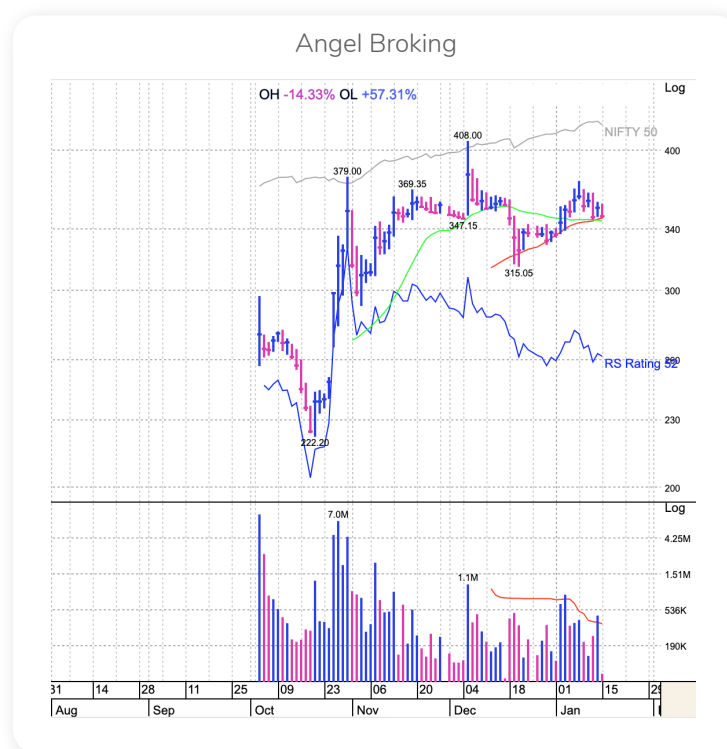
## Angel Broking

- It is one of the oldest stockbroking companies in India. Its services include brokerage, margin funding, advisory, loan against shares, investor education, and financial services. Their active clients on the NSE make up to a market share of 6.3% and 2.15M accounts as of June.

Its average daily turnover has been increased to Rs 618.9B in Q1 FY21 from Rs 253.1B in Q1 FY20. The proceeds from the IPO issue will be utilized to meet capital requirements and for general corporate purposes.

- The IPO issue was open from September 22 – to 24. The issue was oversubscribed by 3.9x. Retail portion was 4.3x subscribed, QIB portion by 5.7x, and NII portion by 0.7x. The stock was listed on the exchanges on October 5. Despite oversubscription, the stock opened lower than its IPO price of Rs 306 on the exchanges. It opened 10.1% lower at Rs 275 and closed the session at Rs 274.

- Currently, the stock has EPS Strength of 88 and RS Strength at 49. It has good support at its 50-DMA. It tested its 50-DMA a few times and succeeded to close above it. It has not formed any base pattern at the current juncture.



## Mazagon Dock Shipbuilders

- The company is one of the leading shipbuilding yard in India. After the government took over the company in 1960, it grew rapidly to become the premier war-shipbuilding yard in India. It is primarily engaged in construction and repairing warships and submarines for Ministry of Defence. It has built a total 795 vessels including 25 warships, from advanced destroyers to missile boats and three submarines. It had also manufactured and delivered cargo ships, passenger ships, supply vessels, multipurpose support vessel, water tankers, tugs, dredgers, fishing trawlers, barges & border outposts for various customers in India as well as abroad.

- The objectives of the issue are the proceeds from the issue will be utilized to carry out the disinvestment plan and to achieve the benefits of share listing on the stock exchanges.

The IPO issue was open for subscription from September 29 to October 1 with an issue price of Rs 145. It was oversubscribed by 157x. Retail portion was subscribed by 35x, QIB portion by 89x, and NII portion by 678x. It had a blockbuster listening, as it opened at a premium of 49% on the exchanges.

After listing on the exchanges, the stock moved sideways for a month and trended upward along with its 21-DMA. Currently, it is trading at its 21-DMA and 10% above its 50-DMA. It has a poor EPS Rank of 51 and poor RS Strength of 43. It has not formed any base pattern.

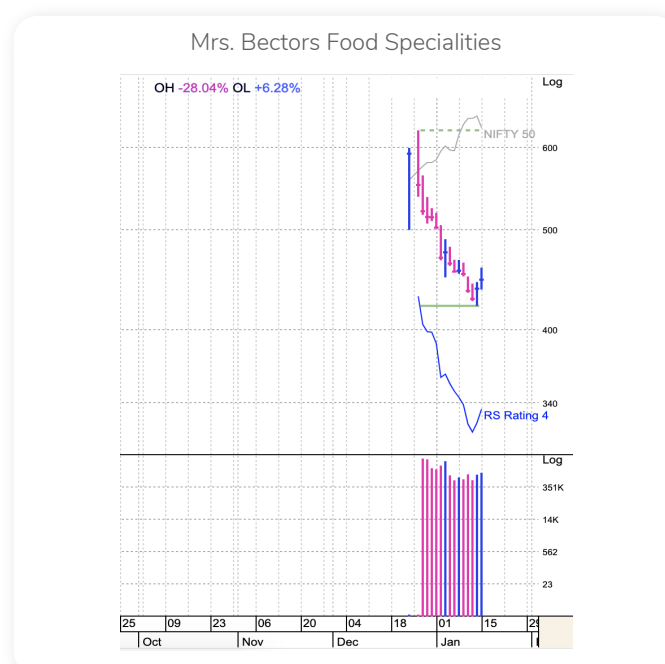


## Mrs. Bectors Food Specialities Limited

- Mrs. Bectors Food Specialities is one of the leading companies in the bakery segment. The company products include biscuits (cookies, creams, crackers, digestives, etc.) and bakery products (bread, buns, pizza bases, cakes, etc.). It manufactures and sells its biscuits products under its brand name "Mrs. Bector's Cremica," whereas bakery products are manufactured under the brand name of "English Oven."

- The company started trading on the exchange on December 24, 2020. Its IPO witnessed the highest subscription among IPO in FY20 as it was subscribed 198x. The stock opened price at day first at Rs 500 and closed at Rs 594, which is around 106% higher than the issued price. But from December 25, 2020, it started witnessing profit booking and is in the correction phase since then. After hitting the recent high of Rs 624, the stock has corrected about 32% as on January 14, 2021.

- It has a poor EPS rating of 20 and buyer demand is also not good. Its RS Rating is placed at 3, which is too low. A fresh position could only be initiated once the stock will give pivot breakout above Rs 624 with above average volume. Hence, the ideal buy range would be Rs 630–645.



**Research Team:****Mayuresh Joshi**, mayuresh.joshi@williamoneilindia.com**Kongari Rajashekar**, kongari.rajashekar@williamoneilindia.com**Rushit Sejpal**, rushit.sejpal@williamoneilindia.com**Satya Narayan Panda**, satya.panda@williamoneilindia.com

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**Registered office address:** Technomark Building, A-4, NGEF Ancillary Industrial Estate, Graphite India Road, Mahadevapura, Whitefield, Bangalore 560048, Phone: + 91 80 67453802, Fax: + 91 80 6745381, Website: <http://www.williamoneil.com/india/>, For investor queries: [queries@marketsmithindia.com](mailto:queries@marketsmithindia.com) For grievances: [grievances@marketsmithindia.com](mailto:grievances@marketsmithindia.com); For compliance officer: [compliance@marketsmithindia.com](mailto:compliance@marketsmithindia.com), Corporate Identity Number: U74999KA2012FTC066881, Investment Adviser SEBI Regn. Nos: INA200005125 valid till 11 July 2021.

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