



# Information technology/ artificial intelligence related companies are wealth generators not only in short term but long term as well.

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## Abstract:

*Artificial Intelligence (AI) is the ability of machines to do tasks like speech recognition, decision-making, and experiential learning that are traditionally performed by humans. Businesses can analyse massive amounts of data to find trends and insights that might otherwise go unnoticed by human analysis by creating computer programs and algorithms for AI. AI's widespread impact is changing how companies run and the services they provide. Artificial Intelligence is improving our lives in terms of efficiency and convenience with innovations like chatbots and self-driving cars. Consequently, investing in India's top artificial intelligence stocks offers bright growth opportunities. Artificial Intelligence (AI) has emerged as a transformative technology with the potential to revolutionize various industries, ranging from healthcare and finance to transportation and manufacturing. Indian stock market celebrated an extraordinary year as some of the country's buzziest tech firms made their public debuts.*

## Introduction :

While investing in the stock market, veteran experts often advise investment in futuristic stocks that have a solid market share and the potential to provide significant gains over a long period of time. So, what could be better than those stocks which are majorly based on futuristic technology such as artificial intelligence or internet of things (IoT). Imagine a company dealing with such futuristic technologies such as smart assistant, driverless cars, automated recommendation, voice recognition systems and other such applications, and to get the chance to invest our money in such companies via their stocks.

AI refers to the ability of machines to perform tasks that typically require human intelligence, such as speech recognition, decision-making, and experiential learning. By developing computer programs and algorithms for AI, businesses can examine enormous amounts of data to identify trends and insights that might otherwise be overlooked by human analysis. The pervasive influence of AI is reshaping how businesses operate and the services they offer. Through innovations like chatbots and self-driving vehicles, AI is enhancing the convenience and effectiveness of our lives. Therefore, investing in the top artificial intelligence stocks in India presents promising growth prospects.

Bangalore surpassed both London and New York City to become one of our top cities for job applications. India has historically produced a large number of engineers, mathematicians and software developers every year. In addition to this, nearly two-thirds of Indians are under the age of 35 and almost half are under 25. India's economy has benefited greatly from the early 1990s growth of the IT and ITeS services sector, which in 2016 accounted for 7.7% of the country's GDP. The current Indian government announced in February 2018 that

the government think-tank, National Institution for Transforming India (NITI) Aayog (Hindi for Policy Commission), will lead a national AI program focused on research in an effort to build on this foundation.

In the next three to five years, India might see a situation similar to that of the US government, which is currently facing competition from Google, Oracle, Microsoft, and Amazon to meet its needs in cloud computing and machine learning. Private companies will swarm to win large contracts as the Indian government pushes for digitization and implements more AI initiatives, increasing the pot of money available to develop new technologies and launch new startups in the fields of AI and data science.

Every year, India's many universities produce a huge number of engineers and mathematicians; these are skills which play a key role in developing any AI system. The internet promises to limit the lag from first-world computer science classrooms to Indian companies and researchers, allowing a nation with a swelling young population to potentially keep pace (at least in some sectors or cities) with the genuine cutting-edge of AI.

### **Purpose of the study:**

The purpose of the study is to identify that information technology/ artificial intelligence related companies have grown significantly and going public with their IPOs on bourses. These IPOs have created wealth for their investors in less than a month when it comes to listing gains and for the long term investors as well.

### **Objectives :**

The objective is that information technology/ artificial intelligence related companies are wealth generators not only in short term but long term as well.

### **Literature review :**

1. The quantity and regularity of IPOs in India has increased significantly. This procedure is frequently described by the more affordable and readily available equity financing linked to more combined markets and quicker information exchanges between them. The primary drivers of companies' decisions to "go public" are the state of the economy and the mood of the investment market. Age limit of the company matters a lot where older the firms higher is the reliability. The primary causes of underpricing are the information asymmetry among the various investor categories and the actions of the companies conducting the initial public offerings. Typically, businesses release IPOs in positive situations, particularly when the market is trending upward.( The Analysis of the Initial and Post Issue Performance of Initial Public Offerings IPOs in Indian Stock Market, Chauhan, Ajay Kumar, 2014 )
2. Initial public offerings play a critical role in an enterprise's survival and growth. IPOs create enormous wealth for outsiders in a short period of time while also contributing to a company's financial base and providing a liquid market for its shares. The majority of IPOs have been empirically underpriced or sold below their intrinsic worth. To address the issue of underpricing, SEBI has implemented IPO grading, which provides such uniformed investors with a platform through which they can better understand the risks and returns associated with an equity offering and can take action. Decisions must be made with knowledge. However, we must keep in mind that 'grading' is not a generic term. Such a 'rating,' whether by CRISIL, ICRA, or any other rating agency, can at best score a company planning an IPO on important parameters such as business prospects, financial risks, governance, reporting quality, and so on. ( Impact of grading on price Performance of IPOS in India , Ajay Kumar , 2022)

3. High-tech, creative companies mostly rely on equity funding. Managers can then contemplate one of two paths when seeking more funding for development: remaining a private business or going public and going public on the stock exchange. Our empirical findings supported the idea that an IPO would be more successful for a company that is more technologically advanced relative to its industry.( Katarzyna Prędkiewicz .et al, IPO Success of High-Technology Companies, 2021)
4. According to the study, IPO inquiries significantly affect a company's volatility, underpricing, and IPO timing. To lessen the negative effects of IPO inquiries, the study advises the businesses that are being questioned to perform well in relevant fields and enhance the caliber of information disclosure. To safeguard the rights and interests of investors and strengthen the governance function of IPO inquiries in the distribution of capital market resources, regulators should strengthen their oversight of the quality of information disclosed by listed companies. In order to facilitate their own investment and safeguard their interests, investors should always pay attention to the process and outcomes of IPO inquiries of the companies they care about. They should also learn about the financial status and management system of the companies through IPO inquiries.( Yihong Li , et.al , Research on IPO Listing Inquiries of Information Transmission, Software and Information Technology Services Industry, 2023,)
5. The purpose of the current study is to assess the contributions made by the Indian IPO market to the nation's economic development and to examine the effects of IPOs on the Indian economy. The study looked at data spanning ten years, from 2020–21 to 2010–11. A weak correlation is found in the study between the amount raised through initial public offerings (IPOs) and the figures for India's GDP. The t-test results show that the money raised through IPOs is not making a difference to India's GDP growth. According to the study, small investors should consider making an IPO-related investment.make choices cautiously and based on the issuer company's business prospects and fundamentals when making IPO investments. (N . Vani , An Analytical Study on the Impact of IPO on Indian Economy, 2014)
6. Reviewing, analyzing, and summarizing the literature on the Indian initial public offering (IPO) market is the goal of this paper. Resolving more general corporate finance queries may be aided by knowledge of the Indian IPO market. This review is crucial because of the rising number of initial public offerings (IPOs) in the Indian context and the growing significance of the Indian economy in the international market.( Chatterjee , Manali, et al , Studies on Indian IPO: systematic review and future research agenda, 2023)
7. The percentage of companies that go public before becoming profitable has been rising over time. The number of technology companies going public has increased, which is a major factor driving this phenomenon. The long-term economic viability of these companies at the time of going public is highly uncertain, so figuring out what influences their capacity to hit important post-IPO benchmarks like profitability is a crucial area of study. We utilize a theoretical framework based on agency and signaling considerations to determine the variables that affect the likelihood and timing of Internet IPO firms' post-IPO profitability. To determine whether the variables found in our theoretical framework have a significant impact on the likelihood of post-IPO profitability over time, we estimate Cox proportional hazards models. We discover that the likelihood of post-IPO profitability rises in response to pre-IPO investor demand and changes in top officers' and directors' ownership at the IPO. However, the likelihood of post-IPO profitability declines in relation to venture capital participation, the percentage of outsiders on the board, and the level of uncertainty surrounding pre-market valuation.( Jain , Bharat, et.al, The path-to-profitability of Internet IPO firms, 2007)

8. A 'prospectus' contains the information about the proposed offering that is made available to prospective investors. Retail investors invest large sums of money through initial public offerings (IPOs) in the Indian capital market, amounting to crores of rupees. A great opportunity to examine the performance of these initial public offerings (IPOs) arises from the substantial amount of hard-earned money invested by thousands of retail investors. The general consensus among investors is that buying any kind of initial public offering (IPO) will yield higher returns than buying any kind of secondary market securities. They invest in initial public offerings (IPOs) regardless of their actual valuations because of this particular belief. In this paper the 2009 IPOs as a sample to evaluate the overall performance of Indian IPOs. The short- and long-term performance of the Indian initial public offerings (IPOs) has been computed using the concepts of Wealth Relative (WR) and Market Adjusted Abnormal Rate of Return (MAAR). The study has shown that, during the studied period, the majority of the chosen initial public offerings (IPOs) underperformed the market. For future investments, IPOs that have demonstrated positive short- and long-term returns are recommended. Additionally, IPOs with positive MAAR are advised to be bought on the secondary market.( Kumar, Pradeep, IPO PERFORMANCE IN INDIA, 2013)
9. The field of behavioral finance is new and has a lot of potential. Policy makers, institutions, market infrastructure institutions, and companies find it difficult to understand individual investors' behavior toward the stock market due to a lack of literature in the Indian context. The behavior results from a response to various elements or characteristics. An investigation into the elements influencing an investor's choice of investments was conducted in the Indian stock market, which included 30 companies listed on the BSE-30 SENSEX and 10 sectors. A 14-item research instrument was created and distributed to 2100 participants. Over the course of six months, 467 responses were gathered, and the KANO model was created to categorize the data into attributes that were "must be," "linear," and "delight." It was discovered that certain characteristics are "must bes," such as the state of financial statements, the state of the economy, the outcome of technical analysis, and the fact that "insider information" is a "delight." The study found the variables influencing investors' decision-making. Sector-specific consideration of investment decision-making factors aids in the comprehension of investor behavior by a variety of stakeholders.( Patil, Sagar, et.al, A study of factors affecting investment decisions in India: The KANO way, 2021).
10. Information about the effects of COVID-19 on the Indian economy is the goal of this project. It attempts to present the effects of COVID-19 on four distinct industries: banking, pharmaceuticals, real estate, and information technology (IT). Regression and the event study method have been utilized for hypothesis testing in order to determine the impact of an event (Covid-19) on the company's stock price fluctuations and informational responses revelation. Tata Consultancy Services and Infosys are the businesses that we used in our research paper. Britannia and Godrej in the banking sector, HDFC Bank and ICICI Bank in the information technology sector FMCG consumer products, as well as pharmaceutical companies Sun Pharma and Dr. Reddy.( Gupta , Pratik, et.al, Impact of COVID-19 on Indian Stock Market, 2020,)

### **Statement of hypothesis :**

Null hypothesis: Information technology/ artificial intelligence related companies are wealth generators not only in short term but long term as well.

Alternate hypothesis: : Information technology/ artificial intelligence related companies are not wealth generators not only in short term but long term as well.

## Research design :

The method adopted for a particular study depends upon nature and purpose of the study. The research focuses on Information technology/ artificial intelligence related companies generating wealth for traders and investors post IPO. For current study secondary data is collected from websites of BSE, NSE, Chittorgarh. Company details pre and post IPO were taken and analysed.

Companies taken into consideration are :

S. No.	Company Name	Issue Price	Listing Day Close(NSE)	Issue Price	Current Price
1	Tata Technologies Limited IPO	Rs. 500.00	Rs 1313	Rs. 500.00	Rs. 1192.5
3	Zaggle Prepaid Ocean Services Limited IPO	Rs. 164.00	Rs. 158.35	Rs. 164.00	Rs. 235.75
4	Veefin Solutions Limited IPO	Rs. 82.00	Rs 90.2	Rs. 82.00	Rs. 268.85
5	Sancode Technologies Limited IPO	Rs. 47.00	Rs 60.8	Rs. 47.00	Rs. 79
6	eMudhra Limited IPO	Rs. 256.00	Rs. 257.9	Rs. 256.00	Rs. 442.4
7	Ekennis Software Service Limited IPO	Rs. 72.00	Rs 84	Rs. 72.00	Rs. 87.95
8	Sigma Solve Limited IPO	Rs. 45.00	Rs. 45.1	Rs. 45.00	Rs. 461.25
9	Affle (India) Limited IPO	Rs. 745.00	Rs. 873.65	Rs. 745.00	Rs. 1129.15
10	Silver Touch Technologies Ltd IPO	Rs. 121.00	Rs. 122	Rs. 121.00	Rs. 667.25
11	IRIS Business Services Ltd IPO	Rs. 34.00	Rs 157.65	Rs. 34.00	Rs. 139.45
13	Dev Information Technology Ltd IPO	Rs. 42.00	Rs. 50.4	Rs. 42.00	Rs. 126.85
14	Octaware Technologies Ltd IPO	Rs. 90.00	Rs. 90.55	Rs. 90.00	Rs. 24.85
15	L&T Technology Services Ltd IPO	Rs. 860.00	Rs. 869	Rs. 860.00	Rs. 4940
16	Bharatiya Global Infomedia Ltd IPO	Rs. 82.00	Rs. 29.9	Rs. 82.00	Rs. 3.13
17	Thinksoft Global Services Ltd IPO	Rs. 125.00	Rs. 164.4	Rs. 125.00	Rs. 1257.75
18	GSS America Infotech Ltd IPO	Rs. 400.00	Rs. 500.8	Rs. 400.00	Rs. 182.8
19	Allied Digital Services Limited IPO	Rs. 190.00	Rs. 330.15	Rs. 190.00	Rs. 126.35
20	Accel Frontline Limited IPO	Rs. 75.00	Rs. 70.5	Rs. 75.00	Rs. 79.55
21	HOV Services Limited IPO	Rs. 200.00	Rs. 180.3	Rs. 200.00	Rs. 62.66

\*\*\* All companies are from same business segment of Information technology/artificial intelligence (IT Enabled Services)

## Findings :

1. It was found that majority of the companies taken as a sample gave listing gains as compared to issue price.
2. It was found that majority of the companies taken as a sample generated wealth for investors as compared to issue price.
3. In India, the government push is towards AI applications that have social benefits like health care, education and agriculture. The direct financial impact of these sectors is massive, but the government seems to be focused first on improving the health and well-being of its citizens.
4. The scale and diversity inherent in India can be an opportunity in terms of access to vast amounts of data which is an underlying necessity for any large scale AI project.
5. India could become the hub for data cleaning around the world. The IT services industry could easily transition into human-trainers of AI, a need that already exists.

## Suggestions :

1. Maximizing the Economic Impact of AI.
2. India will need to put to work its growing number of young engineers and scientists in the coming decade. Enacting any AI policy at the scale of a country like India will require this foundation of this young talented workforce.
3. Existing IT ecosystem in India will enable a relatively easier transition into AI services.
4. Timely government funding initiatives to create good building blocks for an AI ecosystem.
5. Upgrading the IT education to be on par with USA and China. There should be no “gap” between India and other nations in IT learning, and the internet could help to ensure that India’s youth bulge could receive exposure to the most modern AI approaches. Having access to a young and skilled data science workforce with graduates right at the cutting edge of the technology could be a massive boost for innovation.

## Limitations :

1. This study focuses on a specific segment of IT companies ie IT Enabled Services.
2. Sample has been taken from current year ie 2023.
3. Study focuses on only a part of stock market which is primary market .
4. Study focuses on a part of technical analysis ie price.

## Conclusion :

Thus it can be concluded that Information technology/ artificial intelligence related companies are wealth generators not only in short term but long term as well. **The null hypothesis is accepted.** Technology is the need of the hour. AI adoption is increasing more quickly than it has in the past due to the proliferation of data and the maturity of other innovations in cloud processing and computing power. Businesses now have access to an unprecedented volume of data, including dark data that they were previously unaware they possessed. These gold mines are beneficial to AI's advancement. AI has long been thought of as a possible source of innovation in business. Organizations are beginning to realize how AI can multiply value for them now that the enablers are in place. Business processes become more consistent, fast, and scalable with automation; in fact, some Accenture clients report time savings of up to 70%. But AI's capacity to spur growth is even more intriguing. Compared to companies stuck in the pilot stage, those that successfully scale see a 3X return on their AI investments. It makes

sense that 84% of C-suite executives think using AI is essential to achieving their growth goals. Any company with ambitions to gain from advanced digital technologies has the opportunity learn from best practice approaches, whether it is a planner, an executor, or an emerging company today. We take a look beyond the top-level numbers to explore the underlying drivers of success. Businesses are turning to AI to a greater degree to improve and perfect their operations. According to the Forbes Advisor survey, businesses are using AI across a wide range of areas. The most popular applications include customer service, with 56% of respondents using AI for this purpose, and cybersecurity and fraud management, adopted by 51% of businesses.

Other notable uses of AI are customer relationship management (46%), digital personal assistants (47%), inventory management (40%) and content production (35%). Businesses also leverage AI for product recommendations (33%), accounting (30%), supply chain operations (30%), recruitment and talent sourcing (26%) and audience segmentation (24%).

Artificial Intelligence and ChatGPT are becoming more and more important in the business world. According to survey results, businesses are implementing AI for a range of purposes, including cybersecurity, customer relationship management (CRM), and customer service. Additionally, they are concentrating on enhancing the client experience by using instant messaging, customized advertising, and personalized services. AI is also improving internal business processes like process automation, data aggregation, and SEO work.

Even though there are worries about potential workforce reduction and technology dependence, most business owners anticipate that implementing AI will have a positive effect. The predicted advantages of ChatGPT, like its speedy content generation, ability to customize customer experiences, and ability to streamline work procedures, show how AI has the potential to revolutionize a number of business domains.

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