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Analysis of Indian IPOs: The Hits, Misses, and Lessons Learned During the Past Year

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ABSTRACT: The Indian IPO market has experienced significant volatility over the past year. This volatility is influenced by a combination of macroeconomic factors, investor behavior, regulatory changes, and company-specific characteristics. While some IPOs have achieved profitability after listing, others have experienced losses due to excessive valuations, weak fundamentals, or unfavorable market conditions.

This research aims to provide a comprehensive understanding of the Indian IPO market by examining key factors that determine the success of newly listed companies. It critically analyzes aspects such as subscription levels, listing performance, post-listing price trends, and overall market responses to offer insights for investors, companies seeking IPO funding, and policymakers. Additionally, the study explores the impact of institutional and retail investor participation, sector performance, and the external economic environment on IPO outcomes. The findings will contribute to improved IPO strategies for businesses, informed decision-making for investors, and enhanced transparency and efficiency for regulatory authorities.

KEYWORDS: Investor Behavior ,Financial Analysis of IPOs ,Impact of Market Volatility on IPOs ,SEBI Guidelines for IPOs ,Participation of Retail and Institutional Investors ,Strategies for IPO Pricing, Subscription Levels and Investor Demand,Industry-Wise IPO Assessment

I. INTRODUCTION

The Indian IPO market has witnessed substantial growth in recent years, driven by increasing investor participation and evolving regulatory frameworks. However, IPO performance has been diverse, with some companies delivering impressive market debuts while others falling short of expectations. This study explores the factors contributing to both successful and underwhelming IPO performances over the past year, emphasizing key financial indicators and market trends. Furthermore, the research aims to offer valuable insights for investors and businesses planning public offerings, equipping them with strategies to overcome challenges and enhance their IPO outcomes.

1.1 Research Objectives

- To analyze the financial performance of IPOs listed in the past year.
- To identify the primary factors that contribute to the success or failure of IPOs.
- To evaluate the influence of market conditions and regulatory changes on IPO results.
- To offer insights and strategic recommendations for companies and investors in IPO investments.

1.2 Research Questions

- Which financial metrics differentiate successful IPOs from those that underperform? How do current market conditions impact IPO performance?
- What valuable insights can companies and investors gain from recent IPO trends?

II. LITERATURE REVIEW

The performance of Initial Public Offerings (IPOs) has been extensively analyzed, with studies highlighting multiple factors that influence their success or failure. Market sentiment plays a vital role, as investor confidence and broader economic conditions significantly impact demand for newly issued stocks. Pricing strategies, such as



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underpricing or overpricing, also determine both initial and long-term IPO performance. Additionally, regulatory policies, including disclosure norms and listing requirements, shape an environment that can either support or challenge IPO success. A company's financial health, growth prospects, and management quality are also crucial in attracting investors and influencing post-listing performance.

Both institutional and retail investors contribute to IPO outcomes in distinct ways. Institutional investors, with their market expertise and financial resources, often influence price stability and liquidity, whereas retail investors affect market sentiment and trading volume. Their collective behavior can drive short-term price fluctuations and long-term valuation trends.

While previous research has examined these factors across different market conditions and global economies, this study focuses specifically on IPOs launched in India over the past year. By analyzing post-listing trends such as price volatility, investor response, and long-term value creation, this research aims to offer insights into the evolving Indian IPO landscape.

III. RESEARCH METHODOLOGY

3.1 Research Design

This research employs a quantitative approach to analyze the financial and market performance of IPOs listed in the past year. A comparative evaluation will be carried out to differentiate between successful and underperforming IPOs, highlighting the key factors influencing their performance.

3.1 Data Collection

This study utilizes secondary data sourced from stock exchanges like the Bombay Stock Exchange (BSE) and the National Stock Exchange (NSE), as well as reports from the Securities and Exchange Board of India (SEBI) and financial market platforms. It will analyze key financial metrics, such as listing-day performance, stock price volatility, revenue growth, and profitability, to evaluate IPO outcomes.

3.2 Data Analysis

Descriptive statistical methods will be used to analyze IPO performance trends. Correlation analysis will help examine the relationships between IPO pricing strategies, market sentiment, and long-term stock performance. Furthermore, case studies of notable IPOs will be included to offer deeper insights into the factors influencing their success or failure.

IV. DATA ANALYSIS

Overview of IPO Performance in the Past Year

Over the past year, the IPO market has shown considerable volatility, with some offerings achieving outstanding success while others struggled to meet investor expectations. While certain companies experienced significant listing-day gains and retained investor interest, others faced difficulties in maintaining their stock value in the secondary market. These differences in IPO performance stem from various factors, including market sentiment, economic conditions, company fundamentals, and investor behavior.

Several IPOs performed well due to favorable macroeconomic conditions, industry growth, and effective pricing strategies. Businesses with strong financial stability, scalable models, and competitive strengths attracted notable interest from both institutional and retail investors. Additionally, companies in high-growth sectors such as technology, renewable energy, and fintech gained momentum as investors showed confidence in emerging industries.

4.1 Hits: Successful IPOs

Several IPOs attracted strong investor interest and delivered significant returns. The factors contributing to their success include

Robust Financial Performance and Growth Potential: Companies with stable revenue, strong profitability prospects, and sustainable growth strategies gained investor confidence. **Favorable Market Environment:** A positive economic outlook and strong market sentiment fueled higher demand for newly listed



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stocks. Effective Pricing Strategies: IPOs with well-balanced valuations appealed to both institutional and retail investors, ensuring steady demand.

Institutional Investor Involvement: Participation from large institutional investors enhanced credibility and contributed to market stability.

4.2 Misses: Underperforming IPOs

On the other hand, some IPOs fell short of investor expectations, resulting in post-listing declines. The key factors behind their underperformance include:

Overvaluation at Listing: Excessively high initial pricing led to market corrections, causing losses for early stors.

Weak Financial Position or Unclear Growth Plan: Companies with insufficient financial strength or uncertain future strategies struggled to retain investor confidence.

Unfavorable Market Conditions: Economic instability, global market volatility, and geopolitical uncertainties negatively impacted stock performance.

Regulatory and Governance Issues: Companies facing compliance challenges or governance concerns found it difficult to maintain investor interest.

4.3 Key Trends and Market Observations

Rise in Retail Investor Participation: A surge in first-time investors played a significant role in shaping IPO demand and pricing trends.

Sector-Specific Performance Differences: Established industries like FMCG and pharmaceuticals exhibited stable growth, while tech startups and emerging businesses faced valuation hurdles.

Influence of Global Economic Trends: Market factors such as inflation, interest rate fluctuations, and economic slowdowns impacted investor sentiment and IPO performance.

• Data analysis successful IPO's

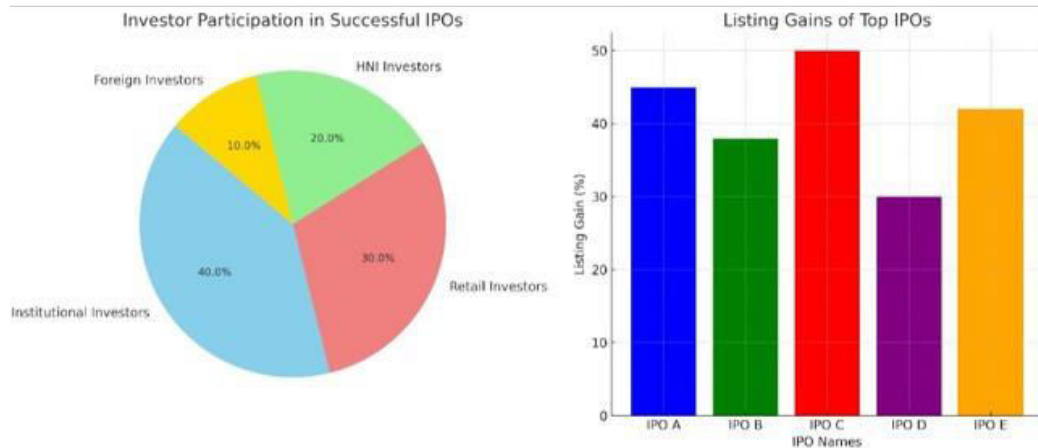


Charts depict key factors driving IPO success and sector performance, with Pharmaceuticals, FMCG, and Financial Services excelling.



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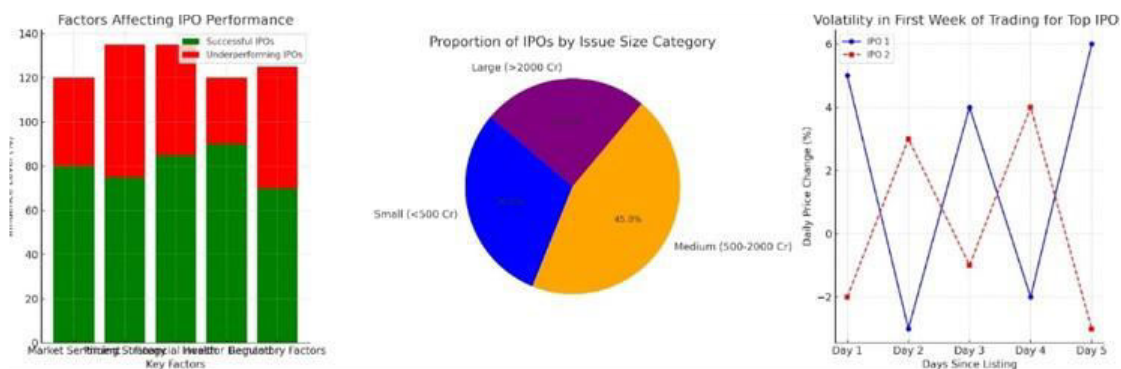
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Charts show investor distribution in successful IPOs, with institutional investors leading, and listing gains of top IPOs highlighting first-day returns.



Charts analyze key IPO performance factors, issue size distribution, and first-week stock price volatility trends.



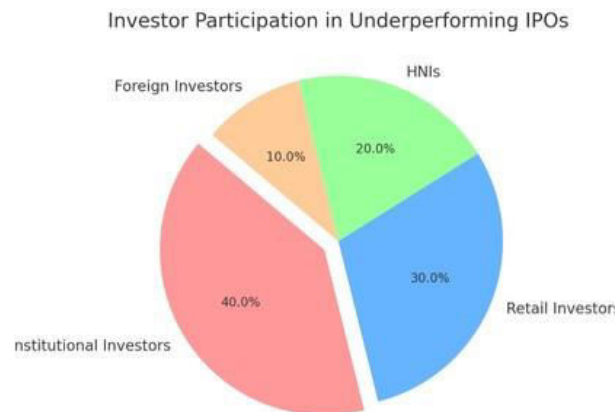
These charts analyze IPO performance based on key factors, issue size distribution, and initial stock price fluctuations.



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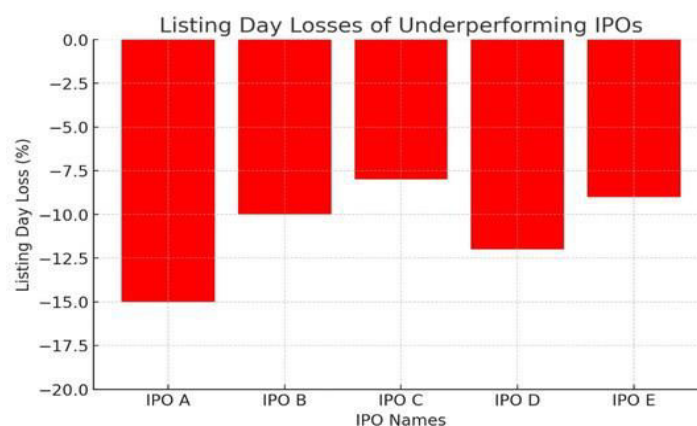
• Data analysis Unsuccessful IPO's



investor categories in underperforming IPOs, with institutional investors leading, followed by retail investors, HNIs, and foreign investors.



underperforming IPOs over their first five trading days, highlighting a consistent decline in value.



percentage drop in stock value on the listing day for underperforming IPOs.



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V. FINDINGS & DISCUSSION

-) IPO Performance Trends: While some IPOs achieved strong listing gains, others faced challenges due to overvaluation, weak financials, or unfavorable market conditions.
-) Effect of Market Trends: Positive market sentiment boosted IPO success rates, whereas economic uncertainty and volatility dampened investor interest.
-) Investor Behavior: Retail investors showed a preference for high-growth and technology- focused IPOs, while institutional investors played a key role in ensuring post-listing stability.
-) Guidance for Companies: Setting IPO prices in line with market conditions, maintaining strong financial health, and ensuring transparent disclosures improve the likelihood of a successful listing.
-) Investor Considerations: Evaluating a company's financial strength and long-term growth prospects is crucial, as short-term listing gains do not always translate into sustained profitability.

5.1 Lessons for Companies Planning IPOs

Optimal Pricing Strategy: Ensuring a well-balanced valuation helps meet investor expectations and supports long-term stock stability.

Financial Strength: Companies with consistent revenue growth, profitability, and a solid business model are more likely to attract investor confidence.

Transparent Communication: Clear financial disclosures and investor education build trust and improve market perception before listing.

5.2 Lessons for Investors

Thorough Research: Evaluating a company's financials, business model, and industry trends is essential before investing.

Long-Term Approach: IPO stocks can be volatile initially, but holding them for the long term often leads to better returns.

Caution Against Market Hype: Avoiding investments driven by excessive pre-listing excitement helps mitigate the risk of overvaluation and potential losses.

VI. CONCLUSION & RECOMMENDATION

The Indian IPO market has exhibited a mix of successful and underperforming listings, presenting both opportunities and challenges for companies and investors. This study examines key factors affecting IPO performance, such as pricing strategies, market trends, financial stability, and investor sentiment. Companies that set realistic valuations, maintain strong business fundamentals, and provide transparent financial disclosures tend to achieve better post-listing performance.

For businesses considering a public listing, prioritizing financial strength, strategic pricing, and effective communication with investors is essential for sustainable growth. Clear disclosures and strong corporate governance practices can help build investor trust and support long-term stock value appreciation.

From an investor's perspective, conducting thorough research before investing in an IPO is crucial. Assessing a company's financial position, competitive standing, and industry outlook can aid in making informed investment choices. Additionally, focusing on long-term growth potential rather than short-term market hype can help manage risks and optimize returns.

A well-structured IPO framework, supported by robust financial planning and strategic investment choices, will strengthen and enhance the resilience of India's capital market.



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