

# A Study on Performance Analysis of Initial Public Offerings (IPO's) in India

Shanthi Kumari D<sup>1</sup>, Chippolu Nagaraja<sup>2</sup>

<sup>1</sup>Student, MBA IV Semester, Ballari Institute of Technology & Management, Ballari, Karnataka.

<sup>2</sup>Assistant Professor, Department of Management Studies, Ballari Institute of Technology & Management, Ballari, Karnataka &

<sup>2</sup>Research Scholar, Vijayanagara Sri Krishnadevaraya University, Ballari, Karnataka.

**Abstract**—The Indian capital market has seen a spurt in Initial Public Offerings (IPOs), and so it has become a critical research area for investors as well as policymakers. The current paper analyzes the performance of main-board IPOs listed on the Bombay Stock Exchange (BSE) and National Stock Exchange (NSE) in 2022, with a focus on listing day performance and their subsequent financial performance. The research examines major determinants like issue size, issue price, firm age, subscription rate, and market conditions in general. Secondary data of 40 IPOs were statistically analyzed with the help of statistical software like linear regression and paired t-tests in SPSS 28. The results show that although approximately 62% of IPOs listed at a premium to the issue price, close to 38% either listed at par or at a discount, indicating the uncertainty of success of IPOs. Sector-wise analysis indicates that engineering, advertising, healthcare, and telecom sectors performed better, while traditional sectors such as steel, industrial products, and hotels performed poorly. The study verifies the existence of underpricing in a number of instances, although results were quite different across sectors. These findings suggest paying close attention to thorough consideration of company fundamentals and market environments prior to investment. The findings produced will help investors in making sound decisions and give regulators evidence to make better policies promoting efficiency and transparency in the Indian primary market.

**Index Terms**—IPOs, Performance analysis, Volatility, Return, NSE, BSE.

## I. INTRODUCTION

The Indian capital market has seen a noticeable rise in Initial Public Offerings (IPOs), making them not only an attractive investment option but also a growing area of interest for academic research. An IPO refers to the

process by which an unlisted company offers its shares to the public for the first time, and it may also include the sale of existing shares by current stakeholders. In simpler terms, it's how a private company becomes publicly traded. Understanding how these IPOs perform is important for both investors and policymakers. This research paper focuses on the performance of main-board IPOs in the Indian market, examining the key factors that influence their success. The study takes a detailed approach by analyzing aspects such as pricing at the time of issue and the returns generated after listing.

It also investigates the influence of factors such as company characteristics such as issue size, issue price, age, subscription rate, financial performance, and market conditions. The findings will contribute to a better understanding of the risks and rewards associated with IPO investments, aiding individual investors in making informed decisions. The research findings can also inform regulatory policies aimed at fostering a healthy and efficient primary market in India. The paper compares the performance of a set of main-board IPOs listed in BSE and NSE during the year 2022.

## II. OBJECTIVES OF THE STUDY

- To analyze sector-wise listing day performance of the IPO.
- To examine whether the IPO companies are underpriced or overpriced.
- To identify factors affecting the listing day performance of the IPO.
- To analyze the company's financial performance

before and after the IPO.

### III. LITERATURE REVIEW

#### 1. Marut Dutt (2025)

The article abstracts the study on objective is to do the performance analysis of Venture Capital and Private Equity backed Initial Public Offering at various quantiles of initial price performance and do the comparative analysis of performance at the median quantile. The Study Sample consists of 123 Venture Capital and Private Equity firms in total. After exclusions for missing data and information. In conclusion, it is critical for all stakeholders involved to comprehend performance quantiles for IPOs sponsored by VC and PE.

#### 2. K.S.V.G.K Murthy, and G. Prasanna Kumar (2025)

The Article abstracts the study on the initial public offering (IPO) is a critical milestone in a company's transition from private to public ownership, offering increased capital access and liquidity. The methodology for analysing data related to IPOs, specifically focusing on Total Capital Inflow and Capital Inflow across various sectors. The study concludes that Initial Public Offerings (IPOs) tend to underperform market benchmarks over the long term across various industry sectors.

#### 3. Dr. Sachin Bhandarkar and Dr. Vaishnavi Bagul (2024)

A strong and efficient capital market is essential for the growth of any economy, and its development relies on the active participation of both issuing companies and investors. Among the various methods available for raising capital, the Initial Public Offering (IPO) is one of the most widely used by companies seeking to expand. This research study focuses on evaluating IPOs, specifically analyzing the premium at which they are issued and assessing their performance on the listing day. Descriptive and analytical in nature, the study explores how IPOs perform when they first enter the stock market and examines their behavior in the period following the listing.

#### 4. Dr. Mercia Selva Malar, Muhammad Khalid Jamali, Mrinali Agrawal (2023)

The article abstracts the study on researchers investigated whether there is any impact of issue price on the subscription of IPOs by calculating the correlation between the two, and it was found that there

is a negative correlation between them. Its objectives is to study the impact of issue price on subscription of IPOs issue and to analyse the pricing of IPOs on the listing date. In conclusion, the impact of issue price on the rate of subscription of 50 IPOs listed between 2017 to 2021 on the National Stock Exchange (NSE) was evaluated. The choice of selection of the IPOs was random, and it was revealed that there exists a negative correlation between the issue price and the rate of subscription

#### 5. Shobha Rajamadagu and Annapoorna M. S. (2022)

The article abstracts the study on Initial public offering (IPO) is a method to raise finance by private companies to meet their growing requirements. IPOs have become attractive and lucrative to the investors as they are under-priced and offer a good return in the future. The objectives is to analyse short-run performance of IPOs and to ascertain the listing day performance of offerings on BSE. Data considered in this article consists of all companies that have offered their equities to the general public.

#### 6. T. Ramesh Chandra Babu and Aaron Ethan Charles Dsouza (2021)

The article summarizes a study focused on analyzing the short-term performance of Indian IPOs and examining whether these IPOs deliver abnormal returns. The research is empirical in nature and relies on secondary data sources. A descriptive research design has been used to evaluate how effective IPOs are and how factors like issue size and oversubscription influence their performance. The findings suggest that IPOs can offer investors a promising chance to earn substantial profits in the short term.

#### 7. Dr. Shri Narayan Pandey, Aakarsha Tiwari, Prof. A. R. Tripathi (2021)

The article reviews a study that explores two well-known patterns observed in IPO markets worldwide — underpricing and long-term underperformance. The main goal of the research is to identify the factors that explain why IPOs are often underpriced initially and how they perform over time. The study relies entirely on secondary data, specifically drawn from the Capitaline database by CMIE. While many investors look at IPOs as a good entry point into the market, the findings of this study suggest that the long-term outcomes may not be as encouraging as expected.

#### 8. Jeelan Basha V, Bhadrappa Haralayya, Nitesh S

Vibhute (2021)

This study focuses on Initial Public Offerings (IPOs), which continue to be one of the most preferred methods for growing companies to raise capital. A commonly observed phenomenon in the IPO market is underpricing, where shares are offered at a price lower than their value on the first day of trading. The primary objective of this research is to examine both financial and non-financial factors that influence the underpricing of IPOs, specifically within the manufacturing sector in the Indian capital markets. By analyzing these factors, the study aims to understand the reasons behind first-day price surges and the broader dynamics of IPO pricing.

9. Jasbir Singh Matharu (2021)

This study explores the phenomenon of high initial returns often experienced by investors who purchase shares through Initial Public Offerings (IPOs). Such returns suggest that IPO shares are frequently priced below their actual market value. The initial return is determined by calculating the difference between the offer price and the closing price on the first day of trading. Underpricing is a well-documented occurrence in stock markets globally, and in the Indian context, research has shown that the extent of underpricing tends to be significant and varies across different time periods.

10. Dr. Vinod Kumar Adwani (2020)

The articles abstract the study on in order to collect long term funds, the capital market of the country always plays an imperative character. This market is not only a major constituent of the economic structure, but it's also providing diverse financial investment devices for the purpose of value accumulation and wealth creation. Its objectives is to order to collect long term funds, the capital market of the country always plays an imperative character.

11. Sivaprasad, S. and Dadhaniya R (2019)

This study focuses on the Indian IPO market, which is among the largest globally, yet remains relatively under-researched compared to developed economies. The main objective is to evaluate the performance of Indian IPOs by comparing sponsored issues (backed by private equity or venture capital firms) with non-sponsored issues. The performance is measured using Buy and Hold Abnormal Returns (BHARs). Key operating metrics such as market capitalization and net sales are used in the analysis. Unlike similar studies conducted in countries like the US and the UK, this

research is constrained by a smaller sample size of PE- and VC-backed IPOs, reflecting the developing nature of the Indian capital market.

12. Ashish Kumar Suri (2018)

This study examines how both public and private corporations raise capital through the primary market by offering their shares to the public via Initial Public Offerings (IPOs). Once listed, these shares are actively traded in the secondary market through stock exchanges. The key objectives of the research are to analyze the trends in funds raised through IPOs in India and to assess their performance using the **oversubscription ratio** as a key indicator. The year **2014** is highlighted as a significant turning point for IPO activity in the Indian primary market, marking a resurgence in investor interest and capital-raising momentum.

13. Avdesh Kumar Shukla and Tara Shankar Shaw (2018)

This study evaluates how the operating performance of Indian firms changes after launching their Initial Public Offerings (IPOs). Based on a sample of non-financial private companies that went public, the research finds no significant decline in operating performance following the IPO. Unlike previous studies that focused mainly on performance metrics scaled by assets, this study takes a broader approach by also analyzing sales-scaled performance indicators, offering a more comprehensive view of post-IPO financial outcomes in the Indian context.

14. Iqbal Thonse Hawaldar, K.R. Naveen Kumar & T. Mallikarjunappa (2018)

The articles abstract the study on examines listing day performance of IPOs, book- built and fixed-price IPOs, post-listing after market performance of the IPOs, book-built and fixed-price IPOs in the stock market of India. Its objectives is to to ascertain the listing day performance (underpricing) of IPOs in India and to analyse listing day performance of book-built and fixed-price IPOs, separately. This study finds that IPOs in India are underpriced based on their performance on the first trading day.

15. Akshay Dhuria and Dr. Vinod Kumar (2018)

This study examines how IPO prices behaved in India during the 2017–2018 financial year, specifically aiming to assess whether these offerings were underpriced or overpriced. It uses Average Market Adjusted Abnormal Returns (MAAR) to evaluate performance. The main goal is to analyze both the

basic returns and the returns adjusted for market movements. Based on secondary data, the study finds that most IPOs during this period were underpriced, allowing investors to earn notable gains on the first day of trading.

16. Dr. Amit Kumar Singh, Dr. Arun Kumar Attree and Shubham Singhania (2018):

This study explores the impact of rapid digitization on India's financial landscape, particularly within the Banking, Financial Services, and Insurance (BFSI) sector. With the expansion of financial markets and increased digital adoption across the economy, the BFSI sector has emerged as a key player in raising public funds through capital markets. Using multiple regression analysis, the study uncovers findings that contrast with global trends. This divergence is likely attributed to the rising demand for BFSI services driven by widespread digitization in India, which has transformed the sector's dynamics and investment patterns.

17. Dr. S. P.Dhandayuthapani , D.Ramanimoorthy (2018)

This study aims to analyze the pricing and long-term performance of Initial Public Offerings (IPOs) from state-owned enterprises (SOEs) and compare them with those of privately owned firms. The primary objective is to examine the differences in average initial returns between privatization IPOs and those issued by private companies. It further evaluates both the short-term performance (typically measured by first-day or first-week returns) and the long-term performance of these IPOs, offering a comparative insight into how government-owned and private firms fare in the capital markets after going public.

#### Statement of the Problem

IPOs are often considered as investment opportunities that can generate significant profits on listing day as well as long term. The performance of the IPO is determined by factors such as issue size, oversubscription, firm age, market dynamics, investor sentiment and financial factors. However, IPO's success remains uncertain. Investors are also skeptical whether to buy stocks on the trading day or keep them for a short period of time. This paper investigation of the connection between these characteristics and the success of IPOs on their listing day. If these issues are not addressed, investors may be unable to properly analyse stocks and develop investment strategies.

#### Limitations of the Study:

- The study is limited to the financial year 2024-25, and its findings may not be generalized to other time periods.
- The analysis focuses only on mainboard Indian IPOs Issued in 2024-25
- Market violations and investor sentiment can fluctuate and may impact the pricing and returns of IPOs.

### IV. RESEARCH METHODOLOGY

#### Data Collection:

The study used only secondary data. Websites like chittorgarh.com, nseindia.com, and bseindia.com, value research online.com served as sources for the study's secondary data.

#### Sample Method:

The sample used in this study consists of all Mainboard IPOs listed on the National Stock Exchange (NSE) and Bombay Stock Exchange from January 2022 to December 2022. Data taken from 40 mainboard IPOs were considered for analysis.

#### Tools used for Analysis:

The data were further analyzed with help of statistical software (SPSS 28). Linear regression and paired T-tests were used as statistical tools in the study.

#### Data Analysis Method:

Measure of IPO Performance: - Consistent with the standard methodology, the Listing Day Return is calculated as the percentage change from the issue price to the closing price on that day in the secondary market.

$$R_i = (P_i - P_0) / P_0$$

Where,  $R_i$  = Return of  $i$  security on listing day,  $P_i$  = Closing Price of  $i$  security on listing day,  $P_0$  = offer price of  $i$  security.

#### Dependent Variables:

- Age
- Issue Price
- Issue Size
- Subscription Rate Independent Variables:
- Listing Day Returns

## INTERPRETATION:

Table 1: IPO ISSUED BY COMPANIES 2025

- Around 30-35% of IPOs show profitable performance over time.
- About 30% have fallen below the issue price significantly.
- Some stocks like Vodafone India and Arunaya Organics are heavily loss- making, possibly due to weak fundamentals or overvaluation at the time of IPO.
- A few IPOs opened high but corrected later (e.g., Creative Graphics, Yash Optics, Blue Pebble)

Table 2: GAIN PERCENTAGE

- Top performers (Sl. No. 1–6) massively outperformed the market with listing gains above 50%
- Middle-tier (Sl. No. 7–22) saw respectable to average performance, signaling moderate investor confidence.
- Last segment (Sl. No. 38–50) had negative returns, showing caution or disappointment in those offerings.

Table 3: INCEPTION

- Majority of IPOs (70%) yielded positive returns, showcasing an overall healthy IPO Market
- A few outliers (like Vodafone) showed massive losses, reminding investors of the risks involved.
- Investing in IPOs can be rewarding but requires due diligence, especially in evaluating fundamentals and sector trends.

Table 4: P.E RATIO

- Diverse Sector Representation: The IPOs span 20+ sectors, indicating broad market participation.
- Volatility Across Sectors: Sectors like Logistics, Infrastructure, and Hotels have both very high and very low performers.
- Renewables & Telecom Strong: Green energy and telecom-related IPOs are attracting high investor enthusiasm.
- Low Returns in Core Industrial Sectors: Traditional sectors like Steel, Industrial Products, and Chemicals saw lukewarm response unless associated with innovation or strong branding.

Sl NO	Companies	Gain percentage%
1.	Creative Graphic solutions India IPO	164.7
2.	Teerth Gopicon IPO	110.9
3.	Radiowalla Network IPO	88.1
4.	Neelam Linens and Garments India IPO	66.9
5.	Monolitsich India IPO	61.9
6.	Blue Pebble IPO	58.2
7.	Sacheermoe IPO	50
8.	Yash optics and lens IPO	46.2
9.	Bharthi Hexacom IPO	32.4
10.	Patil Automotio IPO	29.2

## V. FINDINGS

1. Among 50 companies IPOs around 38% (19 companies) of the IPO's are listed with the same issue price or less than that.
2. Around 62% of the IPO'S are limited in the stock market with higher price than the issue price.
3. IPO's considered for the study have traded in both traded in BSE & NSE.
4. The above table shows Engeneering sector shares have traded with the highest price. where creative

5. Graphics solutions India, has traded with whovping increase at 165% given on listing day.
6. Follows by Teerth Gapicon & Radiowalla Network
7. The above analysts show engineering sector, Advertising &Media steel, Healthcare, Telecommunication sector IPO have the process of listing
8. Sector such as Hotels & Resorts Industrial, Electric Equipment, Power & energy, Logistics,

cables, chemicles –paint and adheives performed very poor while listing in the stock market.

8. Infrastructure and Jewellery sector are nutral in position during listing in the market.

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