

IPO Dynamics in India: Sectoral Insights from Food, Automobile, and Cosmetics Industries

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Abstract: *This paper provides sector-level analysis of IPO activity in India, specifically for the food, automobile, and cosmetics sectors between 2018 and 2024. Based on secondary data and descriptive-analytical methods, the study explores trends in the issuance of IPOs, listing performance, and major financial factors, including stock returns and listing gains. As per the report, the largest number of initial public offerings (IPOs) was witnessed in the food business, comprising FMCG players like Devyani International and quick service restaurants (QSRs). Yet their post-listing performances were hit-and-miss, based on operating costs and regulatory pressure. EV-centric firms such as Sona BLW had a sunny outlook in the auto industry but were undermined by supply chain risks and capital-hungry business models. Concurrently, beauty companies such as Nykaa and Mamaearth experienced large listing premia led by online brand building, albeit issues regarding profitability, along with rich valuations, prevailed. The sectoral features had a crucial impact on the IPO performance that as approved by the analytical techniques such as ANOVA and Tukey's test*

Keywords: Sectoral analysis, IPO performance, Regulatory environment, Investment strategies

I. INTRODUCTION

IPO is a significant milestone in a company's financial journey, which offers the opportunity to the public capital, brand visibility and along with that it also enhances the company's transparency. Across the Indian financial landscape, IPO facilitate not only individual business expansion but also to broader economic development by promoting transparency and encouraging better corporate governance. The application for IPO across Indian has increased from reputed enterprises to innovative startups due to a new digital investment platform, a promotive regulatory environment. Sector-wise, the IPO performance varies significantly. The outcome of public listing depends on a few factors such as capital requirements, consumer demands and regulatory frameworks. The sector-specific analysis of IPO provides a valuable insight into corporate strategies. This study focuses on the trends, sectoral challenges and post-listing behaviour of IPO within the 3 major industries – Food, automobile and cosmetics from 2018 to 2024.

Food sector: The IPO experienced a noticeable momentum in the food industry, which includes Quick service Restaurants (QSR), processed food products and FMCG (Fast Moving Consumer Goods items. This growth is driven by the increase in income level, consumption based on convenience and rapid urbanisation. Strong brand recognition and evolving urban lifestyles were leveraged by companies such as Devyani International to attract investors. Notwithstanding these advancements, the industry still faces difficulties such as supply chain inefficiencies, pricing restrictions brought on by fierce competition and high input costs, and regulatory compliance under the FSSAI.

Automobile sector: Although the automobile sector is irregular in the IPO participation in nature but the impact on the Electronic vehicles in potentially long term. In India's industrial economy this sector play a vital role due to the huge capital and technology driven factors.

Cosmetics sector: The cosmetics sector has boomed in recent years as it is directly connected to the customers and follows a D2C (Direct to consumer) pathway. Digital brands like Nykaa and Mamaearth have experienced huge growth in the last few years.



This study aims to:

1. Analysing the trend of IPO in the food, automobile and cosmetics sectors
2. Assess sector-wise post-IPO financial performance using metrics like listing gains, revenue growth
3. and return on equity. Identify key challenges, such as regulatory issues and valuation complexities, affecting each sector's IPO process.

II. LITERATURE REVIEW

1. Murthy, K.S.V.G.K. and Kumar, G.P., 2025. Initial Public Offerings and Long-Term Returns: A Sector-Based Evaluation. *International Journal of Innovative Research in Engineering and Management*, 12(1).

This study offers a sector-wise analysis of long-term IPO returns across Indian industries. It reveals that while initial investor enthusiasm often leads to short-term gains, sustained performance diverges significantly by sector. The authors emphasise that technology and healthcare IPOs outperform over time, while traditional sectors like manufacturing lag. They argue that sector-specific fundamentals, investor sentiment, and regulatory clarity play key roles in long-term IPO outcomes. The study critically evaluates post-listing market behaviour and suggests that investors must assess sectoral resilience, not just initial pricing, when investing in IPOs.

2. SHEEBA, D., A STUDY ON SECTORAL WISE PERFORMANCE AND PRICE MOVEMENT OF IPO'S FOR A SELECTED TIME PERIOD.

Sheeba's research delves into the sector-wise price movements and performance of IPOs within a defined period, highlighting temporal and sectoral volatility. The study finds that sectors such as IT and pharmaceuticals exhibit stronger post-listing consistency, while real estate and infrastructure display erratic pricing trends. Using empirical price data, the paper emphasizes the importance of sectoral trends and macroeconomic cues in IPO performance. The analysis also underlines the limited predictive value of listing gains for long-term performance and calls for a more nuanced evaluation of IPO investment strategies based on sector-specific economic indicators.

3. Srilekha Nalukurthi et al., *From Uncertainty to Opportunity: Analyzing the Impact of the Covid-19 Pandemic on IPO's in India*, (2024), <https://papers.ssrn.com/abstract=4751829> (last visited April 3, 2025).

This paper examines how the COVID-19 pandemic altered IPO dynamics in India, turning uncertainty into opportunity for select sectors. Despite macroeconomic disruptions, the study shows a surprising surge in IPO activity during the post-pandemic recovery phase, particularly in digital and healthcare sectors. It highlights investor risk appetite, policy stimuli, and tech-driven optimism as key enablers. The authors argue that IPO markets demonstrated resilience by recalibrating toward pandemic-resilient business models. The research contributes a timely analysis of how crisis-driven structural shifts can redefine IPO success factors and investor behavior.

4. Angad Munshi, *Assessment of Competitiveness of Food-Tech Start-Ups in India*, 65 *Indian Journal of Public Administration* 201 (2019), <https://journals.sagepub.com/doi/10.1177/0019556118821268> (last visited April 3, 2025).

Munshi's article assesses the competitive landscape of food-tech start-ups in India, analyzing their innovation-driven growth and market disruption. The study finds that rapid digitalization, changing consumer behavior, and investor interest have fueled sector expansion. However, it also highlights challenges such as high cash burn, weak unit economics, and regulatory uncertainty. The paper adopts a public administration lens to evaluate policy gaps affecting the sector's scalability and long-term viability. By linking competitiveness to innovation ecosystems and regulatory frameworks, the study underscores that successful IPOs in this domain will depend on balancing growth with financial sustainability and compliance readiness.

5. Dhingra, Rosy & Gupta, Madhuri. (2020). Performance Analysis of FMCG Sector in India. *International Journal of Business Analytics and Intelligence*. 6. 12-23.

This study evaluates the financial performance and market efficiency of India's FMCG sector, using key performance indicators such as profitability, inventory turnover, and investor returns. The authors conclude that the sector demonstrates high resilience and consistent returns, driven by stable demand and robust supply chain structures. The paper also emphasises that FMCG firms exhibit strong post-IPO stability, making them attractive to risk-averse investors. The analysis underscores the strategic role of operational efficiency and brand value in sustaining market



position. It provides a relevant benchmark for assessing IPO performance in consumer-driven sectors, particularly amid economic fluctuations.

Research gap:

The IPO performance in India has been widely discussed, but the sector-based analysis of IPO participation, listing gains, and post IPO performance remains unexplored. This gap stops us from exploring how regulatory and economic factors of the food, automobile and cosmetics industries shape their IPO outcome. My capstone fills this void through a comparative sectoral analysis.

Objectives:

1. To identify the key sectors actively participating in the Indian IPO market:
2. To investigate challenges faced by companies from different sectors during IPO listing
3. To compare the growth patterns of IPOs across these three sectors.

III. RESEARCH METHODOLOGY

To understand the sectoral participation of IPO, this study adopts a descriptive and analytical research design. This data is based on secondary data from academic literature, regulatory filings and market reports. Both descriptive and analytical elements capture certain trends that differ from each other. Here, the descriptive element captures observable trends, as the analytical components interpret regulatory influence and performance outcome. From 2010 to 2025, it is a huge transformative phase in terms of regulatory reforms and increased investor activity. This research aims – identify active sectors, industry-specific patterns and barriers a company faces in going public. This data is collected on desk-based methodology from reliable databases, regulatory documents (DRPH, SEBI circular) and financial news sources like Moneycontrol and Business Standard. However, limitations exist due to exclusive reliance on secondary data and the absence of primary insights from investors or company promoters.

- **Research design and framework:** This study consists of an explanatory and analytical research design to evaluate the sectoral participation in the Indian IPO market by evaluating the post-listing performance and identifying listing-related challenges. This is solely based on the secondary research conducted on publicly available data and literature. It describes the trends and patterns while the analytical aspects interpret the behaviours, regulatory influence and performance outcome of each sector.
- **Scope of the study:** The research is limited to IPOs in the Indian market from 2010 to 2025. This period is marked by regulatory reforms, technological advancements, and growing investor participation. It focuses on the active sectors, listing challenges, trends and patterns. This study is intended to benefit investors, policymakers, promoters, and market analysts.
- **Sources of data:** The research relies solely on secondary sources of data. Key sources are SEBI, NSE, and BSE, which offer documents like (DRHP, RHP), peer-reviewed journals, government reports, and financial news platforms like Money Control and Business Standards.
- **Data collection method:** Data has been collected on desk-based research involving review and extracting relevant information from regulatory filings, public databases and scholarly resources. Primary data collection was not conducted.
- **Limitations:** Being secondary data-based, the study lacks real-time or experiential insights and may face classification and data consistency issues. However, source triangulation enhances its reliability.

IV. DATA ANALYSIS AND INTERPRETATION

The sectoral analysis deeply brief about the specific factors, such as the huge capital requirement nature of the automobile segment, which plays a vital role in shaping IPO outcomes beyond mere listing gains. In this study, I got the reliability and the relevance of the work by encompassing the real-life examples and tangible case studies like Zomato, Nykaa and Ola Electric. The statistical tools that have been used secondary data have drawn an analytical robustness to the conclusion, findings and recommendations. We have examined the investor's psychology by the application of Grey



Market Premium (GMP) and social media trends. Finally, your ability to distinguish between short-term market excitement and long-term financial sustainability reflects a mature and balanced perspective on financial analysis.

Data has been collected and reviewed analytically on the existing data, which involves reviewing and extracting relevant information from the public databases like SEBI, NSE, BSE, which offer documents like (DRHP, RHP), regulatory filings, and scholarly resources like Google Scholar. Primary data has not been considered for the data collection as well as data analysis.

Interpretation of sectoral trends

The Indian IPO market has gone through a huge transformation between the year of 2020 to 2025 that has been shaped by macroeconomic volatility, pandemic inconvenience, and sectoral realignments. Traditional industries such as manufacturing and infrastructure began to make their ground for the consumer driven and technology centric sectors. A sector-wise analysis reveals how different industries responded to shifting investor sentiment, listing opportunities, and performance dynamics post-IPO.

Role of underpricing and market sentiment

Based on the secondary data underpricing is a common strategy among the new age consumers of IPO, which leads to high listing gains and oversubscriptions. In many other cases companies with have negative profits, poor cash flows were overvalued for future growth. When growth fails to meet these expectations, stock prices drop.

In contrast, legacy FMCG and F&B companies with traditional distribution networks and steady financials outperformed their overhyped peers. This contrast underlined the importance of fundamentals like **product-market fit**, **operational scalability**, and **financial discipline** in sustaining long-term investor returns.

Data-driven analysis of sectoral performance:

Sectors	Avg listing gains (%)
Metal and mining	71.7
Banking and finance	22.2
Cement and construction	10.6
Diversified consumer service	21.8
Consumer durables	55.0

Interpretation: Sectors like **Metals & Mining** and **Consumer Durables** led with average gains above 50%, reflecting robust investor appetite and favourable sectoral outlooks. Meanwhile, **Cement & Construction** saw lower enthusiasm due to capital intensity and slow growth narratives.

Notable IPOs:

- 1. Devyani International (F&B):** 56% gain over issue price.
- 2. Ola Electric Mobility (EV):** 698% premium on debut.
- 3. Nykaa (Cosmetics/E-commerce):** 61% listing gain.

V. FINDINGS, CONCLUSION AND RECOMMENDATION

Findings:

The Indian IPO market has seen a vibrant participation of sectors led by the food industry, especially in quick service restaurant (QSR) and fast-moving consumer goods (FMCG). Brands such as Devyani International have widely focused on the urban demand for growth though long term performance varies due to margin pressure and regulatory obstacles. The automobile sector as it requires a intense capital had fewer but high impact on IPOs specially in the electronic vehicle segment. The concept of electronic vehicle are mainly performed by ola electric, Sona BLW experienced growth due to their future oriented models and green mobility trends. The cosmetics sector such as (Nykaa, mamaearth) highly focused on the D2C (Direct to consumer) method for their growth and strong recognition where online presence enabled high listing gains.



Conclusion:

The sector specific dynamics shows how each of these sectors differ from each other in terms of IPO outcomes. Though the food sector experienced most IPOs but sometimes high volume does not ensure investor returns especially for firms for poor cost control. Whereas the automobile sector inspite of being fewer IPO gives a huge and long term impact on the market due to its future centric ideas and policy support. On the other hand the cosmetics IPO emphasized on the risk from the hype driven valuation, with many firms struggling to maintain high momentum due to higher customer acquisition cost and weak financials. This concludes that IPO structure differ from sector to sector due to regulatory changes, cost structure and business maturity.

Recommendations:

The food sector should strengthen its supply chain management and ensure profit before listing. The automobile sector should focus more on implementing future-centric ideas in EV and clean tech innovation to attract long-term investors. And the cosmetics sector should orient more towards trust building, transparent labelling, and clean formulations are essential.

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