

**A STUDY OF INVESTOR'S OPINION TOWARDS SELECTED IPO'S IN INDIA****Samruddhi Umesh Kedia***P.R. Pote Patil College of Engineering and Management, Amravati  
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nikhilesh.nsk@gmail.com***Abstract**

*This study analyses investor opinions on selected Initial Public Offerings (IPOs) in India, focusing on factors influencing investment decisions. The research employs a descriptive design, surveying 100 active investors in Amravati city who participated in IPOs listed on NSE India between September and November 2024. Data is collected through structured questionnaires and secondary sources, with statistical methods used for analysis. The findings highlight key determinants such as financial performance, company credibility, market sentiment, and pricing strategies in shaping investor behaviour. The study provides insights into enhancing IPO strategies, ensuring better alignment with investor expectations, and improving transparency to foster trust and participation in the stock market.*

**Keywords:** *IPOs, investor behaviour, pricing strategy, financial performance, investment decisions, stock market,*

**Introduction**

The Initial Public Offering (IPO) market is a crucial component of capital markets, enabling companies to raise funds while offering investors new opportunities. An IPO marks the transition of a private company into a publicly traded entity, providing access to capital, enhancing credibility, and increasing market visibility. Investor sentiment towards IPOs plays a key role in determining their success. Factors such as financial performance, industry trends, promoter reputation, and share pricing significantly influence investment decisions. Broader economic conditions, market sentiment, and regulatory factors also impact investor behaviour. India's economy is currently experiencing the fastest growth rate in the world, driven by several factors, with the stock market playing a pivotal role. The Indian stock market is dynamic and serves as a key indicator of the nation's economic health and development. Initial public offerings (IPOs) significantly influence this market, shaping its overall landscape. With a robust regulatory framework, a strong domestic capital market, and a large base of retail investors, India is at the forefront of global IPO growth (SHIVAM MALIK1, 2024). The under-writers and investment bankers assess the quality of management, future cash flows and returns before arriving at the final offer price and the comparative valuation is done based on the listed peer company. The usual anomaly which an investor finds in an IPO issue are underpricing or overpricing, information asymmetry, agency problem between the investment bank and the issuing firm (Dr. Smruti

vakil, 2023). An initial public offering is the sales of company's stock to the public for the first time. The primary impetus for an IPO is generally either to raise capital or to offer an exit strategy. In fact the firm in most incipient stage of development generally relies entirely on personal loans, saving, family and friends for their initial financing (KHATRI).

**Review of Literature**

Transparent IPO disclosures, including pricing and risks, are key to investor trust. Retail investors rely on market perception and heuristics, with higher-rated IPOs showing better long-term performance. SEBI's regulatory measures, like anchor investors, enhance transparency and participation. Strong fundamentals, credible disclosures, and a robust framework are crucial for IPO success. (Ramya, 2024) Transparent disclosures in IPO advertisements, such as pricing and risk details, are crucial in building investor trust and confidence. Constructs like information asymmetry, heuristics, and market perception significantly impact retail investor decisions, with heuristics being particularly influential. Studies also show that higher IPO grades correlate with better long-term returns and liquidity, emphasizing their importance in attracting investors. Regulatory measures, such as SEBI's introduction of anchor investors, have enhanced transparency and trust, fostering greater participation in the Indian IPO market. These findings underline the importance of company performance, credible disclosures, and regulatory frameworks in shaping effective IPO strategies.

(John, 2024) conducted a comprehensive study on investor behaviour in IPOs within the Indian stock market, highlighting the significance of factors such as company growth potential, market sentiment, and regulatory reforms. Their findings revealed that market sentiment plays a substantial role in influencing investment decisions, while factors like company reputation and industry trends also affect investor preferences (pp. 300–304)

Similarly, (Natesh, 2024) This study explores the determinants influencing IPO investment decisions, emphasizing the role of stock market experience in shaping investment purposes and expected returns. Using a mixed-methods approach with data from 84 respondents, the research highlights that experienced investors prioritize long-term gains and diversification, while less experienced investors focus on immediate profits. The study further demonstrates a strong correlation between investment experience and higher anticipated returns. *Library Progress International*, 44(3), 222-234. (Gopala, 2024) investigated these factors and identified the size and purpose of the IPO, company profile, financial performance, quality management, and sector performance as significant determinants of investment decisions. Their study revealed a strong positive correlation between these variables and investment decisions, with sector performance and quality management having the highest impact (pp. 73–77). (Dr. Smruti Vakil, 2023) analysed investor behaviour toward IPOs in Ahmedabad, focusing on factors such as company performance, issue price, and investor objectives. The study found that investors prioritize factors like the performance of the issuing company and sectoral trends while considering IPO investments. Additionally, issue price was identified as a critical factor influencing investor behaviour, with most respondents considering it the most important criterion (pp. 174–175). (Bhayani, 2021) explored investor perceptions of IPOs in Rajkot and identified several significant factors influencing investment decisions. The study revealed that investors prioritize company performance, sector performance, and promoter reputation when making IPO investments. Brokers and newspapers

emerged as primary sources of information, while listing gains were identified as the primary motivation for most investors, followed by long-term gains (p. 89-90)

### **Research Problem and Objectives of the Study:**

Investor behaviour significantly influences the success of Initial Public Offerings (IPOs) in the competitive financial market. Companies launching IPOs face challenges in attracting investors amid varying market conditions, competition from other instruments, and diverse investor expectations. Factors like company fundamentals, pricing strategies, market sentiment, and demographics impact investor opinions and decisions. This study aims to analyse investor opinions toward selected IPOs to evaluate their effectiveness in attracting and satisfying investors. It will identify key factors influencing investor behaviour and provide insights to enhance IPO strategies, ensuring better alignment with investor expectations and market dynamics. The present research study aims to accomplish the following objectives:

- To analyse the investor's opinion about recently launch selected IPO's on NSE India.
- To study the perception towards investment in selected IPO's.
- To study the factors influencing the investor's decision in selected IPO's.

### **Research Methodology**

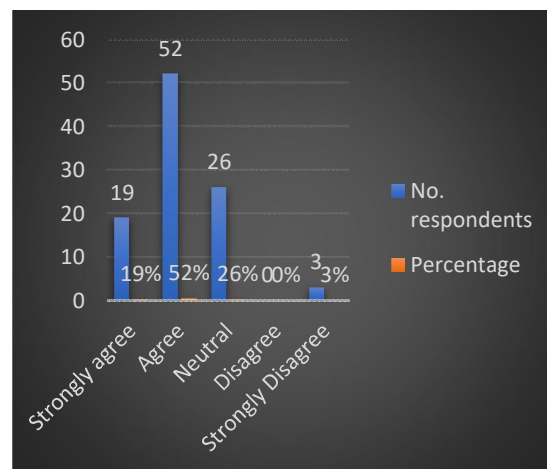
This study follows a descriptive research design to analyze investor opinions on selected IPOs. The target population consists of investors in Amravati city with demat accounts actively investing in the stock market. A sample of 100 investors who participated in IPOs listed on NSE India between September and November 2024 will be surveyed using simple random sampling. Data will be collected through a structured questionnaire (primary data) and secondary sources like company websites, journals, research papers, and textbooks. The analysis will involve graphical representations such as charts and diagrams, along with statistical methods like mean, mode, and median to interpret the findings effectively.

**Analysis and Interpretation of Data:****1. This Analysis of IPOs as a Good Investment Opti**

Table no. 1: Opinions Wise Classification of the Respondent

Investor Response	No. respondents	Percentage
Strongly agree	19	19%
Agree	52	52%
Neutral	26	26%
Disagree	0	0%
Strongly Disagree	3	3%
Total	100	100%

Graph no.1: Opinions Wise Classification of the Respondent



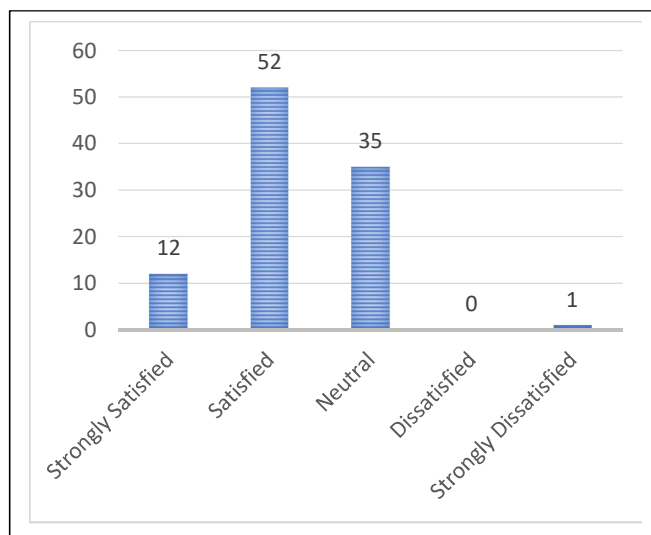
**Interpretation:** The data reveals that a majority of respondents (52%) agree that IPOs are a good investment option for generating revenue, while 19% strongly agree, indicating a predominantly positive outlook toward IPO investments. Additionally, 26% of respondents remain neutral, suggesting some uncertainty or a balanced perspective regarding IPO profitability. Notably, there is no outright disagreement (0%), but 3% strongly disagree, reflecting a small segment of investors who perceive IPOs as less favorable. Overall, the findings indicate that most investors view IPOs as a viable investment avenue, though some remain cautious or uncertain.

**2. The study evaluates investor satisfaction levels with their IPO investments**

Table no. 2: Table Shows Investor Satisfaction with IPO Investments

Investor Response	No. of respondents	Percentage
Strongly Satisfied	12	12%
Satisfied	52	52%
Neutral	35	35%
Dissatisfied	0	0%
Strongly Dissatisfied	1	1%
Total	100	100%

Graph no. 2: Graph Shows Investor Satisfaction with IPO Investments



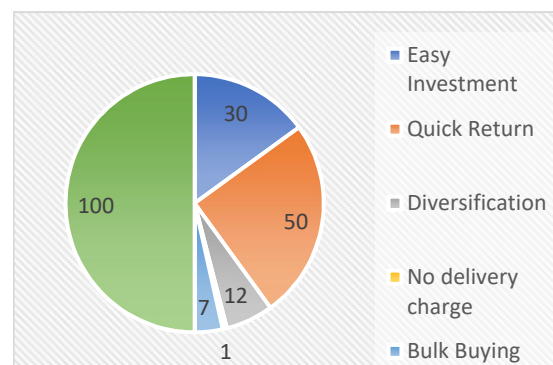
**Interpretation:** The data indicates that a significant proportion of respondents (52%) are satisfied with their IPO investments, while 12% are strongly satisfied, reflecting an overall positive sentiment. Additionally, 35% of investors hold a neutral stance, suggesting that while they do not express dissatisfaction, they may not have experienced significant gains or losses. Notably, no respondents reported being dissatisfied (0%), and only 1% strongly dissatisfied, highlighting minimal negative experiences. Overall, the findings suggest that most investors have a favorable or neutral outlook on their IPO investments, with very few expressing dissatisfaction.

### 3. The study examines the key motivations behind IPO investments.

Table no.3: Table Shows Key Motivations Behind IPO investment.

Investor Response	No. of respondent	Percentage
Easy Investment	30	30%
Quick Return	50	50%
Diversification	12	12%
No delivery charge	1	1%
Bulk Buying	7	7%

Graph no.3: Graph Shows Key Motivations Behind IPO Investment



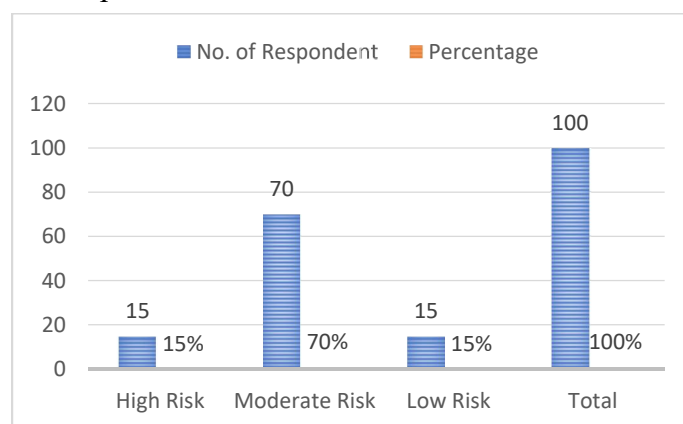
**Interpretation:** The data suggests that the primary motivation for most investors is the potential for quick returns, with 50% of respondents citing this as their main reason for investing in IPOs. Additionally, 30% consider IPOs an easy investment option, indicating that accessibility and convenience play a significant role in investor decision-making. Diversification is a factor for 12% of respondents, showing that some investors use IPOs to spread risk across their portfolios. A small percentage (7%) invest in IPOs for bulk buying opportunities, while only 1% prioritize the absence of delivery charges. Overall, the findings indicate that profitability and ease of investment are the dominant factors influencing IPO participation.

### 4. The study assesses investor perceptions of risk associated with IPO investments.

Table no.4: Table Shows Assessing Investor Perceptions of Risk in IPO Investments.

Investor Response	No. of Respondent	Percentage
High Risk	15	15%
Moderate Risk	70	70%
Low Risk	15	15%
Total	100	100%

Graph no.4: Graph Shows Assessing Investor Perception of Risk in IPO Investment.



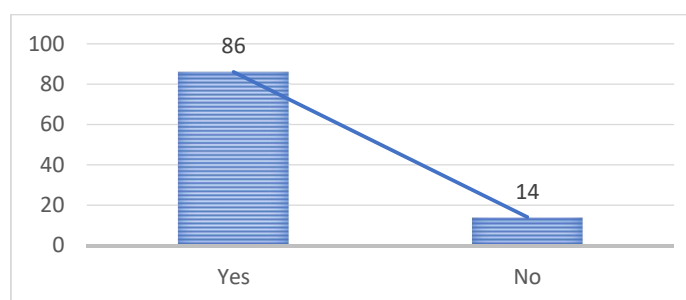
**Interpretation:** The data indicates that the majority of investors (70%) perceive IPO investments as carrying a moderate level of risk, suggesting a balanced view where IPOs are neither too risky nor completely safe. 15% of respondents consider IPOs to be high-risk, reflecting concerns about market volatility, unpredictability, or potential losses. Conversely, another 15% believe IPOs carry low risk, indicating confidence in their investment choices or a perception that IPOs offer stable returns. Overall, the findings suggest that while most investors acknowledge some level of risk in IPO investments, extreme views—either high or low risk—are held by a minority.

### 5. This study assesses whether investors consider the credibility of the management team before investing in IPOs.

Table no.5: Table Shows Management Credibility in IPO Investments

Investor Response	No. of Respondent	Percentage
Yes	86	86%
No	14	14%
Total	100	100%

Graph no.5: Graph Shows Management Credibility in IPO Investment



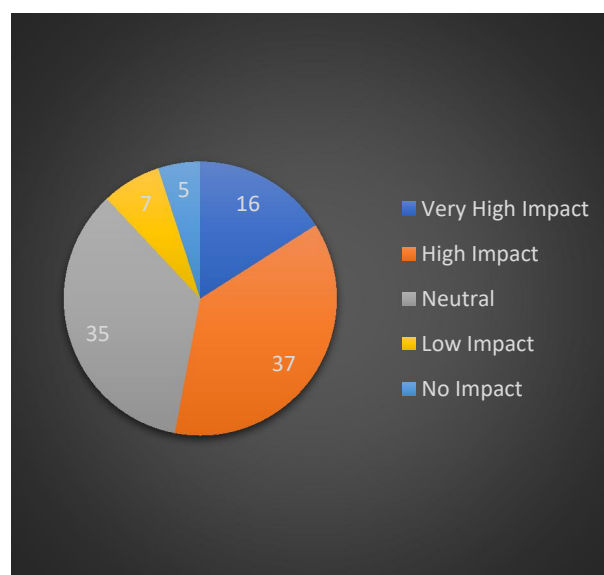
**Interpretation:** The data reveals that a significant majority of investors (86%) consider the credibility of the management team before making IPO investment decisions. This suggests that investors place high importance on the leadership and governance of a company when evaluating its potential for success. On the other hand, 14% of respondents do not factor in management credibility, indicating that some investors may rely on other factors such as market trends, financial performance, or industry reputation. Overall, the findings highlight that most investors recognize the critical role of strong leadership in determining an IPO's long-term success.

### 6. Analysis of the Impact of IPO Issue Price on Investment Decisions.

Table no.6: Table Shows Impact of IPO Issue Price on Investment Decisions

Investor Response	No. of Respondent	Percentage
Very High Impact	16	16%
High Impact	37	37%
Neutral	35	35%
Low Impact	7	7%
No Impact	5	5%
Total	100	100%

Graph no.6: Graph Shows Impact of IPO Issue Price on Investment Decisions



**Interpretation:** The data indicates that a majority of investors consider the IPO issue price as a key factor in their investment decisions. Specifically, 37% believe it has a high impact, while 16% consider it to have a very high impact, highlighting that pricing plays a crucial role in determining investment attractiveness. Meanwhile, 35% of respondents remain neutral, suggesting that other factors, such as company fundamentals or market conditions, might influence their decisions more. A

smaller percentage, 7%, perceive a low impact, and 5% believe it has no impact, indicating that for some investors, price is not a deciding factor. Overall, the findings suggest that while issue price is important for most investors, a considerable portion also weighs other factors before making IPO investment decisions.



**Conclusions, Suggestions & Recommendation:**

After conducting this research data analysis, the following conclusions, suggestions and recommendations were drawn by the researchers:

The study reveals that investors generally have a positive outlook toward IPO investments, with the majority considering them a good investment option for revenue and expressing satisfaction with their IPO experiences. The primary motivation for investing in IPOs is the potential for quick returns, followed by ease of investment and diversification. While most investors perceive IPOs as carrying a moderate level of risk, a significant portion acknowledges the importance of management team credibility in their decision-making. Additionally, the IPO issue price plays a crucial role for many investors, though some remain neutral or unaffected by it. Overall, the findings indicate that profitability, risk perception, leadership credibility, and pricing strategy are key determinants influencing IPO investment decisions.

The data suggests that while IPOs are generally viewed positively by investors, with a majority perceiving them as a viable investment option and being satisfied with their IPO investments, there are nuances in investor sentiment. Most investors are motivated by the potential for quick returns and find IPOs to be an accessible investment, though there is some caution due to perceived moderate risk. The credibility of the management team and IPO issue price are seen as crucial factors in decision-making, with many prioritizing leadership and pricing, while a smaller group considers other factors such as market trends and financial performance. Overall, while there is a dominant positive outlook, some investors remain neutral or cautious, balancing potential gains with risk.

Based on the findings, it is recommended that IPO issuers focus on transparent management and strong leadership, as a majority of investors prioritize credibility when making investment decisions. Additionally, careful consideration should be given to the IPO issue price, as it plays a significant role in attracting investors. Companies may also benefit from highlighting the potential for

quick returns, as this is the primary motivation for many investors. Given the moderate risk perception surrounding IPOs, issuers should provide clear, accessible information about risk factors and potential returns to address investor uncertainty. Finally, maintaining a balance between addressing investor concerns and highlighting the ease of investment could further enhance interest and satisfaction in the IPO offering.

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**Website**

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