

# A study on the factors influencing the success of an Initial Public Offer (IPO).

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- **Abstract:** Initial Public Offer (IPO) is one of the methods for companies to raise money from the public. The success of the IPO is very important for the companies because the it allows them to raise the required capital for their future growth and also will help in earning a good reputation adding to the brand value of the company. To understand what fundamental factors might influence in making a successful IPO, this study considers the data from hundred and twenty-six IPOs that happened in India during the period of 2015 to 2019. The study collected data pertaining to profitability, liquidity, efficiency, leverage and market ratios. The calculated ratios were then analysed using the regression tool. From the analysis it was found that ratios like Price earnings ratio, Price to growth ratio, Debt to EBITDA, Price to Book Value, Return on Equity, Return on Capital Employed, Asset Turnover Ratio and EBIT margin had significant influence on the success of an IPO. A company which shows better performance on these ratios had higher chance of successful subscription at their IPO. These ratios could also help the investors to identify if an IPO will be successful and if they get an allotment will they be rewarded with listing gains.
- **Keywords:** IPO, companies, growth, reputation, factor, pertaining, regression, ratio.