

# How Indian new-age companies turned around before IPOs but went back to losses right after

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## SUMMARY

A Mint analysis reveals that several new age Indian companies showed profit or reduced losses prior to their IPOs by turning to temporary financial adjustments. Experts call for stricter regulatory scrutiny because this trend misleads investors on the health of these companies.

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A number of India's loss-making new-age companies that listed in recent years moved into profitability or sharply reduced losses just ahead of their stock market debut, a *Mint* analysis has found.

This push was more by last-minute cost pullbacks, accounting adjustments, and one-off gains, less by changes that were sustained in years subsequent to their listings.

These moves, even though compliant with listing and accounting rules, have raised questions of how accurately pre-initial public offering (IPO) financials reflect the health of companies entering public markets.



New-age companies as a category refer to high-growth businesses that are technology-driven using innovative models to lower costs, deliver fast, and scale rapidly.

The companies analyzed include Lenskart, Urban Company, Zomato (now named Eternal), Swiggy, PB Fintech, Paytm, and Nykaa, among others.

Showing profits based on short-term changes are clearly optimized for timing before a listing rather than sustainability, a legal expert said.

“While such practices may be technically compliant, they create information asymmetry for public investors who rely heavily on recent financial performance to assess valuation and risk,” said Hardeep Sachdeva, senior partner at law firm AZB & Partners.

Of the seven new-age companies that were in a loss before they went public in FY26, five reported either a move into profitability or a sharp narrowing of losses in the year preceding their IPO.

This mirrors a broader pattern seen over the past five years where the companies have significantly narrowed losses or swung to profitability a year before the IPO—and then, in most cases, returning to losses.

*Mint* reached out to all companies named in this story and markets regulator the Securities and Exchange Board of India, or Sebi, for comment. Zomato, Paytm, Lenskart, and PB Fintech declined to comment. Yatra said it cannot comment in the silent period ahead of its third quarter results. Sebi and the rest of the companies did not answer emails and messages.

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## One-third sample in the trend

Data from [IPO](#) and markets tracker Prime Database shows that 30 new-age companies have listed since 2020. In a *Mint* analysis of 19 of these that were loss-making prior to listing, 11 showed a notable improvement in their bottom lines in the year before the IPO either by cutting losses sharply or turning profitable.

The analysis was done based on disclosures in final prospectuses or red herring prospectus filed with Sebi.

For the 11 companies, most of them high profile ones, losses widened after listing as they returned to earlier spending patterns.

## How IPO-bound firms shored up their bottomlines —and how they fared after listing

Net profit figures in ₹ crore (IPO year mentioned in brackets)

**Y** refers to the IPO year (fiscal). **Y-1** (shaded) marks the year immediately before.

■ Narrowed losses ■ Turned into profit

IPOs till FY25	Y-3	Y-2	Y-1	Y	Y+1	Y+2
<b>Zomato (FY22)</b>	-1,011	-2,386	-816	-1,222	-971	351
<b>Nykaa (FY22)</b>	-25	-16	62	41	20	40
<b>PB Fintech (FY22)</b>	-347	-304	-150	-832	-488	64
<b>Paytm (FY22)</b>	-4,231	-2,942	-1,701	-2,396	-1,776	-1,422
<b>Yatra (FY24)</b>	-119	-31	8	-5	37	-
<b>Swiggy (FY25)</b>	-3,629	-4,179	-2,350	-3,117	-	-

FY26 IPOs	Y-3 (FY23)	Y-2 (FY24)	Y-1 (FY25)			
<b>Urban Co</b>	-312	-93	240	-	-	-
<b>Lenskart</b>	-64	-10	297	-	-	-
<b>Groww</b>	458	-805	1,824	-	-	-
<b>PhysicsWallah</b>	-84	-1,131	-243	-	-	-
<b>Pine Labs</b>	-265	-342	-145	-	-	-

The chart shows 11 out of 30 new-age firms that went for IPO since 2021 and showed such a trend in profits. The other 19 were either already profitable even before the IPO, or expanded their losses in the last pre-IPO year, or narrowed losses to a small extent.

Source: Final prospectus of companies, exchange filings, Prime Databases



Source: Mint

"These companies are not suddenly becoming profitable overnight," said Madhura Samant, managing partner at Elarra Law Offices, noting that discretionary burn, especially marketing and expansion spend, was pulled back. "Alongside that, there is often careful timing of expenses and ESOP charges, within the accounting framework." (ESOP is short for employee stock ownership plan.)

Even with disclosures, the pattern has drawn attention of experts as India's IPO market has surged in recent years, increasing reliance on headline profitability metrics disclosed in offer documents.

Indian companies raised a total of ₹1.95 trillion in 2025 calendar year through 373 IPOs, including 103 mainboard and 270 SME issues, compared to about ₹1.6 trillion in 2024, data from Mumbai-based Pantomath Capital Advisors showed. By deal count, India emerged as

the world's largest IPO market, accounting for nearly a fifth of global IPO volumes.

## Swinging to profit

Some new-age companies that showed profits in their pre-IPO year had a similar playbook.

Lenskart, for instance, posted a profit of ₹297 crore in FY25 compared to losses of ₹10.1 crore in FY24 and ₹64 crore the fiscal before. But a significant portion of this profit, came from a non-cash gain, linked to its 2022 acquisition of Japan's Owndays Inc, arising from the reassessment of deferred and contingent payments, even though no cash was realized. Lenskart listed on Indian bourses in November.

Urban Company reported a profit of ₹240 crore in FY25 after losing ₹93 crore in the previous year and a significantly higher ₹312 core in FY23, ahead of its September 2025 IPO. The FY25 profitability was due to a deferred tax impact and a reduction in salary cost owing to lower ESOP cost and staff welfare, said Anand Bathiya, partner at professional services firm Bathiya Advisors LLP.

"(Urban Company's) performance peaked and primed in the years prior to IPO to help build a positive forecast model post listing. It is purposive if not intentional. It is more of correlation than causation," Bathiya said.

The company listed in September.

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## Earlier issuers, same trend

In the case of Nykaa, even though the revenues have grown, its profitability was boosted because of a deferred tax impact of ₹26 crore. Nykaa posted a profit of ₹62 crore in FY21 versus a loss of ₹16 crore in FY20, according to its prospectus. It is one of the few companies in this story's sample that continued to post profits in the years after the IPO.

Among the companies that cut their losses in the pre-IPO year were Eternal Ltd (formerly Zomato), Swiggy, PB Fintech, and Paytm.

Food delivery to quick commerce platform Zomato, which raised ₹9,375 crore and listed in July 2021, reported a loss of ₹816.4 crore in the preceding fiscal year—a significant dip from the ₹2,385.6 crore loss of FY20.

Swiggy reduced its losses to ₹2,350 crore in fiscal 2024 from ₹4,179 crore in FY23.

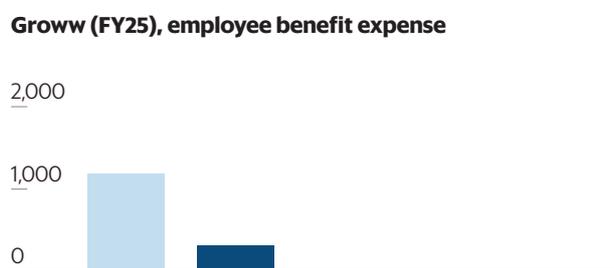
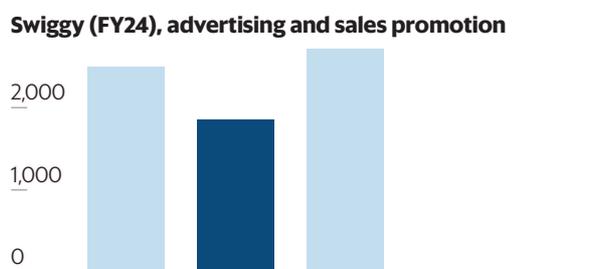
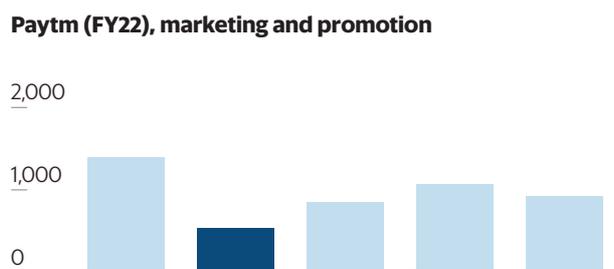
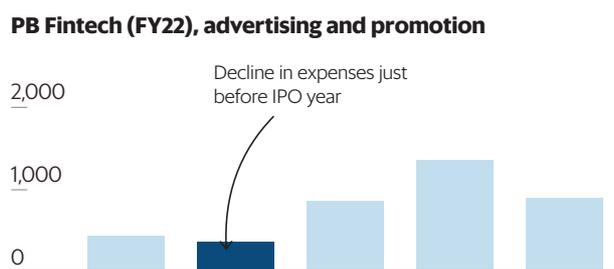
Much of this reduction of losses came from cuts in expenses, not as much growth of revenues. (See charts.)

“If companies dress up their financials before IPO or defer marketing spends, sophisticated institutional investors are usually able to see through these,” said Pranav Haldea, managing director at Prime Database.

On the other hand, “retail investors often don’t read the prospectus. They depend on grey market premiums and mostly invest for listing gains,” he added.

### Pre-IPO budget cuts didn't sustain for some companies

Expenses for select new-age firms, in ₹ crore  
(IPO year mentioned in brackets)



The chart shows select new-age firms that went for IPO since 2021.

Source: Final prospectus of companies, exchange filings, Prime Database • [Get the data](#)



## All compliant, yet...

To be sure, cost-cutting and efforts to reduce losses is not unique to new-age firms and are commonly seen among old economy companies as well. The difference is the size of losses and turnarounds needed in the new-age issuers.

"Traditional companies usually have steadier earnings, but they also tidy up their balance sheets before listing. Companies may cut costs, simplify group structures, or settle old liabilities so that the business looks more stable," said Elarra's Samant. "New age companies often face more pressure to show a path to profits, so their pre IPO changes can look more dramatic."

Merchant bankers said that new-age companies focus on performance to attract more investors in a competitive market. The new-age issuers are recalibrating to the demands of the market, one said. "Domestic investors are conservative. They want to see profitability or at least a path to profitability," said Venkatraghavan S., head of equity capital markets, Equirus Capital, a Mumbai investment bank.

Still, experts said the trend underscores the need for the regulator to move beyond surface-level compliance and apply sharper scrutiny to pre-IPO financials, particularly for new-age companies transitioning from venture-funded growth to public ownership.

"The risk is not of illegality, but of misinterpretation, particularly when headline profitability is used as a marketing tool during IPO roadshows," said Sachdeva of AZB & Partners. "The regulator needs to look beyond surface-level compliance and apply heightened scrutiny to any sudden improvement in profitability or loss reduction in the IPO year or the preceding one to two years."

He added that greater emphasis should be placed on the quality of earnings, consistency of accounting policies and reconciliation between Ebitda (earnings before interest, tax, depreciation and amortization), cash flows, and net profit.

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