

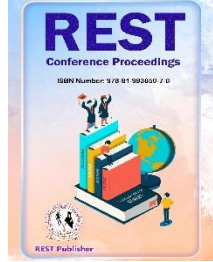


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A Study on the Performance of IPO Listed Companies on the National Stock Exchange (NSE) In 2024

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Abstract: The Indian IPO market in 2024 experienced notable activity across various sectors, offering valuable opportunities for investors and companies alike. This study investigates the performance of selected IPOs listed on the National Stock Exchange (NSE) in 2024, focusing on Bajaj Housing Finance Ltd., Ola Electric Mobility Ltd., Vibhor Steel Tubes, Unilex Colours & Chemicals, and Medi Assist Healthcare. The research aims to observe listing day returns, compare short-term and long-term performance, and analyze IPO returns relative to the NSE benchmark index. It also measures the average returns generated by IPO investments during 2024. To validate the findings, a hypothesis test was conducted to determine if the short-term IPO performance significantly deviates from expected market norms. The study concludes with key insights for investors and issuers regarding the dynamics of IPO performance in a volatile market environment.

Keywords: IPO performance, National Stock Exchange (NSE), listing gains, short-term returns, long-term returns, market-adjusted returns, IPO investment analysis, 2024 IPOs, financial markets, hypothesis testing.

1. INTRODUCTION

Initial Public Offerings (IPOs) serve as a crucial mechanism for companies to raise capital from public investors while providing investors an opportunity to participate in a company's growth journey at an early stage. IPOs not only enable firms to access funds for expansion but also enhance their market visibility, credibility, and corporate governance standards. For investors, IPOs represent the potential for attractive returns, particularly if the company exhibits strong fundamentals and operates in a growing sector. The Indian IPO market in 2024 has seen significant activity across a range of industries, reflecting investor enthusiasm and the resilience of India's capital markets. Companies from sectors such as financial services, electric mobility, manufacturing, chemicals, and healthcare have tapped into public markets to fund their future ambitions. This study focuses on analyzing the performance of five selected IPOs listed on the National Stock Exchange (NSE) in 2024.

2. REVIEW OF LITERATURE

Ritter (1991) in his seminal work on IPOs in the U.S. market observed that, on average, IPOs yield significant positive returns on the first trading day but tend to underperform the market over the long term. Similarly, Ibbotson and Jaffe (1975) introduced the concept of "initial returns," highlighting that short-term price movements post-listing often do not reflect the long-term fundamentals of the issuing firms. In the Indian context, studies by Gupta and Jain (2004) and more recently by Sharma (2019) have analyzed IPO performance and confirmed the presence of significant listing gains in the Indian markets. However, the extent of long-term returns varied considerably, depending on market conditions, sectoral performance, and company-specific fundamentals. Research has also pointed out that investor sentiment and broader economic indicators heavily influence IPO success, especially in emerging markets like India. Furthermore, market-adjusted performance analysis, where IPO returns are compared against benchmark indices like the Nifty 50, provides a more nuanced understanding of an IPO's relative success. Some studies have shown that during bullish market periods, IPOs tend to outperform, while during bearish or volatile phases, they often underperform or yield negligible gains. Given the dynamic nature of financial markets, especially post-pandemic, newer studies emphasize the need for continuous evaluation of IPO strategies, pricing mechanisms, and regulatory frameworks. This study seeks to contribute to the existing body of knowledge by focusing on IPOs listed on the NSE in 2024, measuring their short-term and medium-term performance, and comparing it against the overall market performance.

Problem Definition: While IPOs are often perceived as lucrative investment opportunities, their actual performance, especially in the short term, remains uncertain and varies significantly. In 2024, multiple companies listed on the NSE, yet their listing gains and post-listing performances differed widely. This study addresses the problem of evaluating whether IPOs listed in 2024 delivered significant short-term returns compared to the broader market performance. It aims to measure the average return on IPO investments and test if there is a statistically significant change in IPO performance during the initial trading period

3. RESEARCH OBJECTIVE

- (1) To observe the performance of IPO's listing.
- (2) To analyze and compare the performance of IPOs listed in 2024.
- (3) To analyze the performance of IPOs with NSE performance.
- (4) To analyze the average return on IPOs investment in 2024.

4. RESEARCH METHODOLOGY

The research design served as a structured framework for collecting and analyzing data to ensure relevance and efficiency. The study relied on both primary and secondary data sources. Primary data were collected firsthand, while secondary data were obtained from financial databases, stock exchanges (like NSE and BSE), company reports, academic journals, and credible websites. A convenient sampling technique was adopted, allowing easy access to respondents based on availability, as the study was primarily based on authenticated secondary data. The sample design followed a quantitative research approach, aiming to collect numerical data for statistical analysis through structured methods. The sample size consisted of 100 respondents who were users of cosmetic products in Amravati City. The universe of the study comprised Indian companies listed on the NSE in 2024. Data analysis was conducted using tools such as Microsoft Excel and t-tests to draw meaningful insights from the collected data.

Statement Of Hypothesis

- H0: There is no such significant change in the performance of IPOs in the short-term Period.
- H1: There is such significant change in the performance of IPOs in the short- term period.

5. DATA ANALYSIS AND INTERPRETATION

TABLE 1. The following data shows the time period and monthly returns for the year 2024. The returns are calculated with the help of above given table 3.

Time Period (Months)	Returns
August 2024	97.36
September 2024	-13.33.
October 2024	-11.54
November 2024	-8.70
December 2024	-9.52

$$\text{RETURN} = \frac{\text{Closing Price} - \text{Opening Price}}{\text{Opening Price}} * 100$$

Analysis Hypothesis Testing: The returns over the given time periods exhibit considerable variability. August 2024 showed an exceptionally high return (97.36%), followed by consistent negative returns in the subsequent months. This indicates market fluctuations and volatility in the short-term performance of IPOs. From the above data, a t-test was conducted to examine whether IPO returns showed a significant change over the specified period. The computed t-value was -0.82, and the p-value was 0.45, which is greater than the 5% significance level (0.05). This means that the null hypothesis (H₀), stating that there is no significant change in the performance of IPOs in the short-term period, could not be rejected. Furthermore, the correlation coefficient calculated is -0.42, indicating a moderate negative correlation between the selected IPOs' stock performance (returns) over the specified time period. This suggests that as one IPO's stock performance (returns) tends to increase, the others may tend to decrease, and vice versa, though not in a perfectly predictable manner. The analysis of short-term IPO returns reveals noticeable volatility, highlighted by an exceptionally high return in August 2024, followed by consistent negative returns in subsequent months. Despite this apparent fluctuation, the statistical tests conducted — including the t-test and correlation analysis — indicate no significant change in IPO performance over the specified period.

Analysis Hypothesis Testing: The returns over the given time periods exhibit moderate variability. The IPO returns from February 2024 to December 2024 show a gradual decline over the months, with March and April recording slightly higher returns (3.53% and 3.41%, respectively) before a steady decrease towards December 2024 (1.90%). This indicates a slow but consistent downward trend, suggesting mild market fluctuations in the short-term performance of IPOs. From the above data, a t-test was conducted to examine whether IPO returns showed a significant change over the specified period. The analysis of IPO returns from February 2024 to December 2024 reveals a moderate downward trend in performance over time. While initial months showed relatively higher returns, a gradual decline was observed towards the end of the year. The results of the t-test, with a t-value of 7.72 and a p-value below the 5% significance level, lead to the rejection of the null hypothesis. This indicates that there is a statistically significant change in IPO returns over the analyzed period

Hypothesis Testing

TABLE 2. The following data shows the time period and monthly returns for the year 2024

Time Period (Months)	Returns
January 2024	8.85
February 2024	-1.10
March 2024	-1.11
April 2024	-1.12
May 2024	-1.15
June 2024	-1.15
July 2024	-1.16
August 2024	-1.17
September 2024	-1.20
October 2024	-1.20
November 2024	-1.22
December 2024	-1.23

$$\text{RETURN} = \frac{\text{Closing Price} - \text{Opening Price}}{\text{Opening Price}} * 100$$

Analysis Hypothesis Testing: The returns over the given time periods exhibit a sharp contrast. January 2024 recorded a very high positive return (8.85%), but from February 2024 onwards, all months show consistent negative returns, gradually declining further towards December 2024. This pattern highlights strong market volatility, initially positive but quickly turning negative without signs of recovery. This suggests that there is a statistically significant negative change in the IPO performance over the period from February to December 2024. The returns not only shifted from positive to negative but also became increasingly negative as the months progressed, reflecting weakening investor sentiment or external market pressures.

Findings: The investment done in the securities by the investors was mainly done only by the image of the company but not on the basis of the fundamental analysis. Most of the investors always prefer to purchase at a lower rate when issue price and last trade price is compared. The short-term performance of IPOs (Initial Public Offerings) can vary widely based on market conditions, industry trends, and individual company factors. IPOs often experience an initial price surge shortly after going public, especially if there is significant investor interest. This surge can be driven by excitement and optimism surrounding the new company's prospects

6. CONCLUSIONS

The IPO can be a good guide for a common man to invest in share market. There won't be any risk in investment by analyzing the market and history of companies. The overall market environment can significantly impact the short-term performance of IPOs. It's important for investors to conduct thorough research and consider both the short-term and long-term factors when evaluating the potential of an IPO investment.

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