I. Introduction

CAPITAL MARKET IS an important tool to build nations, and also through capital market, savings in the economy can be moved to productive sectors of an economy, thus enhancing productivity of the economy. In April 2006, India’s capital market regulator, Security Exchange Board of India (SEBI) introduced Initial Public Offer (IPO) Grading. In the history of capital market SEBI was pioneer, in this respect, as for the first time an equity instrument was rated. SEBI introduced IPO Grading on voluntary basis in April, 2006. It was optional till 30th April, 2007. SEBI has made Initial Public Offer Grading mandatory with effect from May 1, 2007, for six months. It was decided that the Primary Market Advisory Committee (PMAC) of SEBI, will review it after that. Credit rating agencies like CRISIL, CARE, ICRA, India Rating (earlier FITCH India), and Brickwork Rating are entrusted with the job of IPO grading. The rating scale used is 1 to 5, with 1 being the worst, and 5 being the best. Securities Exchange Board of India (SEBI) has made IPO grading mandatory to safeguard the interest of retail investors. IPO Grading was mandatory till December, 2013. All the companies which raised capital through IPO process, in the time frame when IPO Grading was mandatory are taken into account for this study.

II. The Study: Objectives, Methodology and Chapter wise Scheme

2.1 Objectives of the Study

The objectives of this research is to understand whether market specific and firm specific factors affect Graded IPOs in the Indian capital market, as far as investor’s appetite (in terms of overall, institutional investor’s as well as retail investor’s subscription) is concerned.

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