LIST OF CONTENTS

Certificate		ii
Candidate's Declaration		iii
Abstract		iv-v
Acknowledgements		vi
List of Contents		vii-x
List of Figures		xi
List of Tables		xii-xiv
List of Publications		XV
	PTER-I: INTRODUCTION	1-38
1.1	Introduction	1
1.2	The IPO Concept and Its Importance	3
1.3	Eligibility Norms for Floating an IPO	4
1.4	Intermediaries Associated with IPO Issue Process	6
1.5	IPO Process	7
1.6	Offer Documents	8
1.0	1.6.1 Draft Red Herring Prospectus	8
	1.6.2 Red Herring Prospectus	8
	1.6.3 Final Prospectus	9
	1.6.4 Abridged Prospectus	10
	1.6.5 Deemed Prospectus	10
1.7	Contents of Offer Document/ Prospectus	10
1.8	Disclosures in the Offer Documents	16
1.9	Categories of Investors	17
1.10	Methods of Issue Pricing	19
1.10	1.10.1 Fixed Price Method	19
	1.10.2 The Book Building Method	19
1.11	Securities Listing on Stock Exchange	20
1.12	IPO Pricing	22
1.12	Theories of Under-Pricing	23
1.13	1.13.1 Asymmetric Information Theory	24
	1.13.1 Asymmetric information Theory 1.13.2 The Lawsuit Avoidance Theory	26
	·	26
	1.13.3 The Information Cascades Theory	27
	1.13.4 The Fads (impresario) Hypothesis 1.13.5 Speculative Bubble Theory	27
	1	27
1 14	1.16.6. Prospect Theory Moior Picks Concerned with Investing in Initial Public Offerings	28
1.14	Major Risks Concerned with Investing in Initial Public Offerings	
1.15	Risk Factor Disclosure in IPO Prospectus	31
1 16	1.15.1 SEBI Guidelines on Risk Disclosure	33
1.16	Concluding Remarks	38
	PTER-2: REVIEW OF LITERATURE	39-72
2.1	Introduction CL 11 In Inc.	39
2.2	Literature Review on the Market Performance of Initial Public	40
	Offerings	40
	2.2.1 Various studies that show IPOs are generally under-priced	41
	2.2.2 Differences in the level of under-pricing amongst different	4.5
	Nations for various reasons	47
	2.2.3 Listing on Main Board V/S Second Board	49
	2.2.4 Market performance of IPOs in long run	50
2.3	Literature Review on the Impact of Prospectus Information on IPO	1

	Performance	52
2.4	Literature Review on the Impact of Risk Factor Disclosure on IPO	
	Performance	58
2.5	Summary of the Literature	69
2.6	Research Gap	71
2.7	Concluding Remarks	71
CHA	PTER-3: RESEARCH OBJECTIVES AND METHODOLOGY	73-91
3.1	Introduction	73
3.2.	Research Issues	74
3.3	Research Objectives	74
3.4	The Hypotheses	75
3.5	Research Design	76
	3.5.1 Sampling Framework	76
	3.5.2 Research Methodology	78
	3.5.2.1 Risk disclosure measurement methodology	78
	3.5.2.1.1 Principal Component Analysis	81
	3.5.2.1.2 Kaiser-Meyer-Olkin (KMO) & Bartlett's Test of Sphericity	81
	3.5.2.1.3 Scree Plot	81
	3.5.2.2 Methodology to measure market performance	82
	3.5.2.3 Methodology to measure the impact of risk factor disclosure	
	on IPO performance	84
	3.5.2.4 Dependent Variables	85
	3.5.2.5 Independent Variables	86
	3.5.2.6 Control Variables	88
	3.5.2.7 Regression Equations used in Analysis	88
	3.5.2.8 Assumptions of Regression Analysis	89
	3.5.2.9 Diagnostic Tests for Multiple Regression Models	89
	3.5.2.10 Statistical Techniques and Software	90
3.6	Concluding Remarks	90
	PTER-4: ANALYSIS OF RISK FACTORS EXHIBITED BY	92-118
INDL		
	TIFICATION OF MUTUALLY EXCLUSIVE RISK	
	EGORIES	
4.1	Introduction	92
4.2	Analysis of Risk Factors exhibited in Indian IPO Prospectuses	93
	4.2.1 Disclosure by the numbers	95
	4.2.2 Existing Pattern of Risk Factor Categories in IPO prospectus	98
	4.2.3 Identification of Risk Factors Categories	101
	4.2.4 Characteristics of Disclosure of Risk Factors	105
	4.2.5 Prevalence of Risk Factors across the Sectors and Categories	108
4.3	Determination of Mutually Exclusive Risk Categories using Factor	
	Analysis	110
	4.3.1 Reliability and Validity	110
	4.3.2 The Communalities	112
	4.3.3 Extraction of initial factor solution	112
	4.3.4 Scree plots	114
	4.3.5 Factor loading	115
	4.3.6 Component Transformation Matrix	115
	4.3.7 Factor Labelling	116
	4.3.8 Ranking of Factors	117

4.4	Concluding Remarks	118
CHA	PTER-5: ANALYSIS OF IMPACT OF RISK CATEGORIES ON	119-148
IPO PERFORMANCE		
5.1	Introduction	119
5.2	Analysis of impact of risk categories on stock prices on the initial day	
	as well as in subsequent weeks	121
	5.2.1 Regression Equations and Hypotheses used for analysis	122
	5.2.2 Variables used in Regression Analysis	123
	5.2.3 Regression Analysis: Methodological Issues	125
	5.2.4 Overall Fit of the Model	127
	5.2.5(i) Iimpact of Risk Factor Categories on Issue Price	130
	5.2.5(ii) Impact of Risk Factor Categories on Listing Day Opening	
	Price	132
	5.2.5(iii) Impact of Risk Factor Categories on Listing Day Closing	
	Price	133
	5.2.5(iv) Impact of Risk Factor Categories on Subsequent Stock	
	Prices	135
5.3	The Impact Risk Categories on the level of Under-pricing	136
	5.3.1 Descriptive Statistics	137
	5.3.2 Multiple Regression Model for the Primary Market	140
	5.3.3 Multiple Regression Model for the Listing Day Secondary	
	Market	142
	5.3.4 Impact of Risk factor disclosure on post listing days/ subsequent	
	under-pricing	145
5.4	Concluding Remarks	148
CHA	PTER-6: ANALYSIS OF IMPACT OF RISK CATEGORIES ON	149-176
TDO I		
IPU	PERFORMANCE ACROSS VARIOUS SECTORS	
6.1	PERFORMANCE ACROSS VARIOUS SECTORS Introduction	149
	Introduction Impact of risk categories on IPO performance in the Finance Sector	149 149
6.1	Introduction Impact of risk categories on IPO performance in the Finance Sector 6.2.1 Descriptive Statistics of Finance Sector	
6.1	Introduction Impact of risk categories on IPO performance in the Finance Sector	149
6.1 6.2	Introduction Impact of risk categories on IPO performance in the Finance Sector 6.2.1 Descriptive Statistics of Finance Sector Impact of risk categories on IPO performance in the Non-Financial Sector	149
6.1 6.2	Introduction Impact of risk categories on IPO performance in the Finance Sector 6.2.1 Descriptive Statistics of Finance Sector Impact of risk categories on IPO performance in the Non-Financial	149 150
6.1 6.2	Introduction Impact of risk categories on IPO performance in the Finance Sector 6.2.1 Descriptive Statistics of Finance Sector Impact of risk categories on IPO performance in the Non-Financial Sector	149 150
6.1 6.2 6.3	Introduction Impact of risk categories on IPO performance in the Finance Sector 6.2.1 Descriptive Statistics of Finance Sector Impact of risk categories on IPO performance in the Non-Financial Sector 6.3.1 Descriptive Statistics of Non-Financial Sector	149 150
6.1 6.2 6.3	Introduction Impact of risk categories on IPO performance in the Finance Sector 6.2.1 Descriptive Statistics of Finance Sector Impact of risk categories on IPO performance in the Non-Financial Sector 6.3.1 Descriptive Statistics of Non-Financial Sector Impact of risk categories on IPO performance in the Consumer	149 150 154 155
6.1 6.2 6.3	Introduction Impact of risk categories on IPO performance in the Finance Sector 6.2.1 Descriptive Statistics of Finance Sector Impact of risk categories on IPO performance in the Non-Financial Sector 6.3.1 Descriptive Statistics of Non-Financial Sector Impact of risk categories on IPO performance in the Consumer Durable and Non-Durable Sector	149 150 154 155
6.1 6.2 6.3	Introduction Impact of risk categories on IPO performance in the Finance Sector 6.2.1 Descriptive Statistics of Finance Sector Impact of risk categories on IPO performance in the Non-Financial Sector 6.3.1 Descriptive Statistics of Non-Financial Sector Impact of risk categories on IPO performance in the Consumer Durable and Non-Durable Sector 6.4.1 Descriptive Statistics -Consumer Durable and Non-Durable Sector Impact of risk categories on IPO performance in the Construction,	149 150 154 155 159
6.1 6.2 6.3	Introduction Impact of risk categories on IPO performance in the Finance Sector 6.2.1 Descriptive Statistics of Finance Sector Impact of risk categories on IPO performance in the Non-Financial Sector 6.3.1 Descriptive Statistics of Non-Financial Sector Impact of risk categories on IPO performance in the Consumer Durable and Non-Durable Sector 6.4.1 Descriptive Statistics -Consumer Durable and Non-Durable Sector Impact of risk categories on IPO performance in the Construction, Engineering & Infrastructure Sector	149 150 154 155 159 159
6.1 6.2 6.3 6.4	Introduction Impact of risk categories on IPO performance in the Finance Sector 6.2.1 Descriptive Statistics of Finance Sector Impact of risk categories on IPO performance in the Non-Financial Sector 6.3.1 Descriptive Statistics of Non-Financial Sector Impact of risk categories on IPO performance in the Consumer Durable and Non-Durable Sector 6.4.1 Descriptive Statistics -Consumer Durable and Non-Durable Sector Impact of risk categories on IPO performance in the Construction, Engineering & Infrastructure Sector 6.5.1 Descriptive Statistics	149 150 154 155 159 159 164 164
6.1 6.2 6.3	Introduction Impact of risk categories on IPO performance in the Finance Sector 6.2.1 Descriptive Statistics of Finance Sector Impact of risk categories on IPO performance in the Non-Financial Sector 6.3.1 Descriptive Statistics of Non-Financial Sector Impact of risk categories on IPO performance in the Consumer Durable and Non-Durable Sector 6.4.1 Descriptive Statistics -Consumer Durable and Non-Durable Sector Impact of risk categories on IPO performance in the Construction, Engineering & Infrastructure Sector 6.5.1 Descriptive Statistics Impact of risk categories on IPO performance in the Healthcare Sector	149 150 154 155 159 159
6.1 6.2 6.3 6.4	Introduction Impact of risk categories on IPO performance in the Finance Sector 6.2.1 Descriptive Statistics of Finance Sector Impact of risk categories on IPO performance in the Non-Financial Sector 6.3.1 Descriptive Statistics of Non-Financial Sector Impact of risk categories on IPO performance in the Consumer Durable and Non-Durable Sector 6.4.1 Descriptive Statistics -Consumer Durable and Non-Durable Sector Impact of risk categories on IPO performance in the Construction, Engineering & Infrastructure Sector 6.5.1 Descriptive Statistics Impact of risk categories on IPO performance in the Healthcare Sector 6.6.1 Descriptive Statistics related to Health Care Sector	149 150 154 155 159 159 164 164
6.1 6.2 6.3 6.4	Introduction Impact of risk categories on IPO performance in the Finance Sector 6.2.1 Descriptive Statistics of Finance Sector Impact of risk categories on IPO performance in the Non-Financial Sector 6.3.1 Descriptive Statistics of Non-Financial Sector Impact of risk categories on IPO performance in the Consumer Durable and Non-Durable Sector 6.4.1 Descriptive Statistics -Consumer Durable and Non-Durable Sector Impact of risk categories on IPO performance in the Construction, Engineering & Infrastructure Sector 6.5.1 Descriptive Statistics Impact of risk categories on IPO performance in the Healthcare Sector 6.6.1 Descriptive Statistics related to Health Care Sector Impact of risk categories on IPO performance in the Producer/	149 150 154 155 159 159 164 164 168 169
6.1 6.2 6.3 6.4 6.5	Introduction Impact of risk categories on IPO performance in the Finance Sector 6.2.1 Descriptive Statistics of Finance Sector Impact of risk categories on IPO performance in the Non-Financial Sector 6.3.1 Descriptive Statistics of Non-Financial Sector Impact of risk categories on IPO performance in the Consumer Durable and Non-Durable Sector 6.4.1 Descriptive Statistics -Consumer Durable and Non-Durable Sector Impact of risk categories on IPO performance in the Construction, Engineering & Infrastructure Sector 6.5.1 Descriptive Statistics Impact of risk categories on IPO performance in the Healthcare Sector 6.6.1 Descriptive Statistics related to Health Care Sector Impact of risk categories on IPO performance in the Producer/ Manufacturing Sector	149 150 154 155 159 159 164 164 168 169
6.1 6.2 6.3 6.4 6.5 6.6 6.7	Introduction Impact of risk categories on IPO performance in the Finance Sector 6.2.1 Descriptive Statistics of Finance Sector Impact of risk categories on IPO performance in the Non-Financial Sector 6.3.1 Descriptive Statistics of Non-Financial Sector Impact of risk categories on IPO performance in the Consumer Durable and Non-Durable Sector 6.4.1 Descriptive Statistics -Consumer Durable and Non-Durable Sector Impact of risk categories on IPO performance in the Construction, Engineering & Infrastructure Sector 6.5.1 Descriptive Statistics Impact of risk categories on IPO performance in the Healthcare Sector 6.6.1 Descriptive Statistics related to Health Care Sector Impact of risk categories on IPO performance in the Producer/ Manufacturing Sector 6.7.1 Descriptive Statistics related to Producer/ Manufacturing Sector	149 150 154 155 159 159 164 164 168 169 172 173
6.1 6.2 6.3 6.4 6.5 6.6 6.7	Introduction Impact of risk categories on IPO performance in the Finance Sector 6.2.1 Descriptive Statistics of Finance Sector Impact of risk categories on IPO performance in the Non-Financial Sector 6.3.1 Descriptive Statistics of Non-Financial Sector Impact of risk categories on IPO performance in the Consumer Durable and Non-Durable Sector 6.4.1 Descriptive Statistics -Consumer Durable and Non-Durable Sector Impact of risk categories on IPO performance in the Construction, Engineering & Infrastructure Sector 6.5.1 Descriptive Statistics Impact of risk categories on IPO performance in the Healthcare Sector 6.6.1 Descriptive Statistics related to Health Care Sector Impact of risk categories on IPO performance in the Producer/ Manufacturing Sector 6.7.1 Descriptive Statistics related to Producer/ Manufacturing Sector Concluding Remarks	149 150 154 155 159 159 164 164 168 169 172 173 176
6.1 6.2 6.3 6.4 6.5 6.6 6.7 6.8 CHA	Introduction Impact of risk categories on IPO performance in the Finance Sector 6.2.1 Descriptive Statistics of Finance Sector Impact of risk categories on IPO performance in the Non-Financial Sector 6.3.1 Descriptive Statistics of Non-Financial Sector Impact of risk categories on IPO performance in the Consumer Durable and Non-Durable Sector 6.4.1 Descriptive Statistics -Consumer Durable and Non-Durable Sector Impact of risk categories on IPO performance in the Construction, Engineering & Infrastructure Sector 6.5.1 Descriptive Statistics Impact of risk categories on IPO performance in the Healthcare Sector 6.6.1 Descriptive Statistics related to Health Care Sector Impact of risk categories on IPO performance in the Producer/ Manufacturing Sector 6.7.1 Descriptive Statistics related to Producer/ Manufacturing Sector Concluding Remarks PTER-7: SUMMARY AND CONCLUSION	149 150 154 155 159 159 164 168 169 172 173 176 177-202
6.1 6.2 6.3 6.4 6.5 6.6 6.7 6.8 CHA 7.1	Introduction Impact of risk categories on IPO performance in the Finance Sector 6.2.1 Descriptive Statistics of Finance Sector Impact of risk categories on IPO performance in the Non-Financial Sector 6.3.1 Descriptive Statistics of Non-Financial Sector Impact of risk categories on IPO performance in the Consumer Durable and Non-Durable Sector 6.4.1 Descriptive Statistics -Consumer Durable and Non-Durable Sector Impact of risk categories on IPO performance in the Construction, Engineering & Infrastructure Sector 6.5.1 Descriptive Statistics Impact of risk categories on IPO performance in the Healthcare Sector 6.6.1 Descriptive Statistics related to Health Care Sector Impact of risk categories on IPO performance in the Producer/ Manufacturing Sector 6.7.1 Descriptive Statistics related to Producer/ Manufacturing Sector Concluding Remarks PTER-7: SUMMARY AND CONCLUSION Summary of findings	149 150 154 155 159 159 164 164 168 169 172 173 176 177-202
6.1 6.2 6.3 6.4 6.5 6.6 6.7 6.8 CHA	Introduction Impact of risk categories on IPO performance in the Finance Sector 6.2.1 Descriptive Statistics of Finance Sector Impact of risk categories on IPO performance in the Non-Financial Sector 6.3.1 Descriptive Statistics of Non-Financial Sector Impact of risk categories on IPO performance in the Consumer Durable and Non-Durable Sector 6.4.1 Descriptive Statistics -Consumer Durable and Non-Durable Sector Impact of risk categories on IPO performance in the Construction, Engineering & Infrastructure Sector 6.5.1 Descriptive Statistics Impact of risk categories on IPO performance in the Healthcare Sector 6.6.1 Descriptive Statistics related to Health Care Sector Impact of risk categories on IPO performance in the Producer/ Manufacturing Sector 6.7.1 Descriptive Statistics related to Producer/ Manufacturing Sector Concluding Remarks PTER-7: SUMMARY AND CONCLUSION	149 150 154 155 159 159 164 168 169 172 173 176 177-202

CHAPTER-8 : RECOMMENDATIONS AND IMPLICATIONS OF	
THE STUDY	
8.1 Recommendations	203
8.2 Implications	
8.3 Limitations of the Study	
BIBLIOGRAPHY	
ANNEXURE-I: RISK FACTOR STATEMENTS DISCLOSED IN	219-228
INDIAN IPO PROSPECTUSES	
ANNEXURE-II: DISCLOSURE OF THE VARIOUS RISK FACTOR	
STATEMENTS IN THE PROSPECTUS BY INDIAN COMPANIES	
RECORDED ON THE 5-POINT LIKERT SCALE	
PLAGIARISM REPORT	234