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## RIGHTS ISSUES MOBILISATION DOWN BY 75% TO ONLY RS.2,375 CRORE IN 2011-12: PRIME

**Mobilisation of resources through rights issues recorded a 75% decline in the recently concluded fiscal 2011-12.** According to Prithvi Haldea, Chairman & Managing Director of PRIME Database, the country's leading database on the primary capital market, the year saw only Rs.2,375 crore being raised compared to Rs. 9,594 crore that was raised in the previous year 2010-11. This was also lower than Rs.8,321 crore that had been raised in 2009-10 and much lower than Rs. 32,519 crore, the highest ever amount mobilized in a year (2007-08).

By number, according to PRIME, the year witnessed 16 companies using the rights route, 33% lower than the previous year that had seen 24 issues. 2009-10 has seen 29 issues.

Year	No. of Rights Issues	Rights Issue Amount (Rs. crore)
2001-02	13	1,041
2002-03	12	431
2003-04	22	1,006
2004-05	26	3,616
2005-06	36	4,126
2006-07	38	3,703
2007-08	30	32,519
2008-09	23	12,622
2009-10	29	8,321
2010-11	24	9,594
2011-12	16	2,375

Dismal market conditions through the year, compounded by firms raising monies through alternative routes like QIP and the preferential issue, were the main reasons for the poor utilization of the rights route.

The largest rights issue in the year, as per PRIME Database, was from Bajaj Hindusthan Ltd. (Rs. 1,644 crore) followed by JK Paper (Rs.246 crore) and Gayatri Projects (Rs.144 crore).

**Significantly, nearly 69% of the mobilization, at Rs. 1,644 crore, was done by the sugar sector.** The manufacturing and services sector preferred increasingly to use the QIP and the preferential issues route.

**The new fiscal (2012-13) promises some action on the rights front. According to PRIME Database, 26 companies have already applied for or have obtained SEBI approval for raising Rs. 7,775 crore.** Some of the major ones include Advanta India (Rs.200 crore), Bhushan Steel (Rs.474 crore), EIH Associated Hotels (Rs.110 crore), Gammon Infrastructure Projects (Rs.200 crore), Hinduja Foundries (Rs.125 crore), Network18 Media & Investments (Rs.2700 crore), State Bank of Travancore (Rs.500 crore), Sun Pharma Advanced Research (Rs.200 crore) and TV18 Broadcast (Rs.2700 crore).

**In addition, according to PRIME Database, there are at least another 28 companies who have in the last 6 months announced their plans to tap the rights market** and may firm up their plans in the near future. The floatation plans of all these companies are, of course, subject to a stable, if not a buoyant, secondary market.