

PRESS RELEASE

16th October, 2014

RS. 2,796 CRORE RAISED THROUGH RIGHTS ISSUES IN FIRST HALF OF 2014-15: PRIME

Mobilisation of resources through rights issues recorded a marginal increase in the first half of 2014-15. According to Pranav Haldea, Managing Director of PRIME, the country's premier database on primary capital market, by amount, the period saw Rs. 2,796 crore being raised, which was higher by 29 per cent than Rs. 2,163 crore that was raised in the corresponding period of the preceding year. By number, according to PRIME, the year witnessed 10 companies using the rights route (previous year, 7 companies).

A rights issue is a way by which a listed company can raise additional capital. However, instead of going to the public, the company gives its existing shareholders the right to subscribe to newly issued shares at a pre-determined price, normally at a discount, in proportion to their existing holdings.

The largest rights issue in the period, as per PRIME Database, was from Indian Hotels (Rs.1,000 crore) followed by NCC (Rs.599 crore) and IL&FS Transportation (Rs.525 crore).

Amounts raised through rights issues in the first half of the last 10 years are as follows:

(Apr-Sep)	Amount (Rs.crore)
2005-06	1,031
2006-07	685
2007-08	947
2008-09	10,362
2009-10	2,681
2010-11	3,981
2011-12	2,088
2012-13	6,749
2013-14	2,163
2014-15	2,796

36% of the mobilization, at Rs. 1,000 crore, was done by the hotels & resorts (1 issue of Indian Hotels) followed by Real Estate 21% (Rs.599 crore issue of NCC).

The balance part of the year is likely to see more action on the rights front. According to PRIME, at present, 2 companies planning to raise Rs.1,611 crore have obtained SEBI approval and another 6 companies intending to raise Rs.2,187 crore have filed with SEBI and are awaiting approval.