

Fund raising via rights issue drops 49% in FY14

Fund raising by Indian companies through rights issues plunged 49% to ₹4,573 crore in 2013-14, a Prime Database report said. It said, "As of now, financial year 2014-15 looks slightly more promising." In a rights issue, shares are issued by companies to their existing investors as per their holding at a pre-determined price and ratio. According to the report, firms mopped up ₹4,573 crore in 2013-14, lower than ₹8,945 crore garnered in the preceding fiscal. This was also the lowest level of funds raised through rights issue since 2011-12, when companies had raked in ₹2,375 crore. "Uncertain market conditions through the year, delays in the rights issues process and an overall lack of confidence in companies to raise and deploy fresh capital were the main reasons for the poor utilisation of the rights route," Prime Database MD Pranav Haldea said.