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MONEY MATTERS
'Promoters Now Realise They Aren't Irreplaceable'
Q&A with SBI's Sunil Srivastava

Volatility is temporary. Smart investors stay invested at all times.

Investments in ETFs are subject to market risks. Read all relevant documents before investing.

By its own nature, volatility is temporary. Once the volatility phase is over, markets return to normalcy. For better returns over the long term, it makes sense to stay invested.



RECORD RISE Companies mopped up ₹6,548 crore in 2017, over thrice the amount raised in 2016, and analysts say the appetite this year may be even bigger

Rights Issues Back in Vogue After Bumper Show in 2017

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Mumbai: After remaining an untried choice for fund raising in the past few years, rights issues have moved into the centre-stage of corporate financing, with the stellar stock performances of companies making such issues sparking fresh interest in the instrument.

Funds raised through rights issues stood at ₹6,548 crore in 2017, while ₹1,214 crore had been garnered through the vehicle in 2016.

Positive returns generated by rights issuances run counter to the performance of IPOs, where the returns matrix has been mixed. Of 19 rights issuances in 2017, share prices of 6 have either doubled or tripled. Seven of the remaining 11 have generated returns between 50% and 100%.

Some companies have already announced fund-raising plans, and the total fund mop-up through rights issues may be significant in 2018, according to bankers. Prominent among the likely

Rights Issues of Last Year

Stock	Rights Issue Price (₹)	Stock Price on Dec 30 '17	% Return
Vishal Fabrics	100	340.00	240.00
Vardhman Steels	50	167.55	235.10
VIP Clothing	26	78.90	203.46
IP Rings	89	253.85	185.22
South India Bank	14	31.00	121.43
Kanpur Plastipack	75	160.00	113.33
Arcmit Organosys	25	52.75	111.00
Josts Engineers	594	1,218.70	105.17
Bansal Roofing	30	58.00	93.33
Intolico Design	86	164.75	91.57
Canara Bank	207	360.40	74.11
Hind Rectifiers	80	134.20	67.75
Karur Vysya	76	125.20	64.74
Mahindra Life	292	459.25	57.28
Indian Hotels	75	117.80	57.07

issuers are Tata Steel and Hansun Agro. Tata Steel's board has approved the plan to raise up to ₹12,000 crore, while Hansun Agro seeks to garner about ₹300 crore.

"In the recent past, share prices of almost all stocks have risen to such a level that rights issues with a little discount to market price will make sense for the companies raising funds," said Dara Kalyaniwala, VP - investment banking, Prabhudas Lilladher.

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

Analysts say appetite for rights issues may be higher if earnings growth resumes, interest rates remain low, and liquidity adequate. "The demand-supply equation in equities is likely to remain favourable in 2018 and this should encourage promoters to raise capital by way of the rights issue instrument," said Kalyaniwala.

2017 DATA SHOW In percentage change terms, Tencent boss nearly doubled his riches, while Reliance Industries chief's wealth grew 77%

China's Ma Huateng, India's Mukesh Ambani Global Top Two in Fastest Wealth Creation

China and India's billionaires were among the world's fastest wealth creators in 2017 in terms of percentage changes in net worth. China's Ma Huateng, of Tencent Holdings, nearly doubled his wealth to \$41.2 billion, adding \$20.3 billion in 2017. India's Mukesh Ambani was the second best; his wealth grew 77%, and the year-end figure was \$40.2 billion.

In terms of actual increase in net worth, Ambani comes sixth among the top 500 with an increase of \$17.5 billion. Jeff Bezos of Amazon, who added \$35 billion to his wealth in 2017, leads the world's super-rich list with a net worth of \$100.4 billion. Investor Warren Buffett, with a net worth of \$85.8 billion, is the third-richest person in the world.

Mark Zuckerberg of Facebook and Bernard

Arnault of LVMH have added \$24 billion each to their wealth in 2017.

The Bloomberg Billionaires Index, a daily ranking of the world's 500 richest people, has risen 23% in 2017, compared with a 20% increase in the MSCI World Index.

Among Indian billionaires, Lakshmi Mittal of ArcelorMittal, Azim Premji of Wipro and Gautam Adani of Adani Group have added \$5 billion each to their net worth. The only new addition to the top 20 Indian billionaire list was Radhakrishnan Damani of Avenue Supermarts, whose wealth surged \$4.8 billion in 2017 (more than the world's fourth-richest Amancio Ortega of Inditex) to \$6.7 billion, mainly because of the stellar debut of his company on the bourses.

— Rajesh Mascarenhas