

## RIGHTS ISSUE ANNOUNCEMENT AND ITS IMPACT ON SHAREHOLDERS WEALTH: AN INDUSTRY WISE ANALYSIS

**Dr. SUBHENDU KUMAR PRADHAN<sup>1</sup>, Dr. CHANDRAKANTA SAHOO<sup>2</sup>,**

**Dr. SWAMY PERUMANDLA<sup>3</sup> and Dr. DEEPAK KUMAR SAHOO<sup>4</sup>**

<sup>1</sup>(OES-I), Assistant Professor, SKCG Autonomous College, Paralakhemundi, Odisha,  
Higher Education Department, Government of Odisha. Email: subhamansi@gmail.com

<sup>2</sup>Associate Professor, Department of MBA, Institute of Management and Information Technology,  
Cuttack, Odisha. Email: chandrakanta2008@gmail.com

<sup>3</sup>Assistant Professor, Finance & Accounting, Indian Institute of Management Nagpur.  
Email: swamyvivek.p@gmail.com

<sup>4</sup>Ex-Director of Examinations, Biju Patnaik University of Technology,  
Rourkela, Odisha. Email: dks7173@yahoo.co.in.

### Abstract

This research aims to investigate the growth of rights issues and their effect on shareholders' wealth through an examination of the top 500 companies listed on the Bombay Stock Exchange Ltd. A market-adjusted model, paired sample t-test, and analysis of variance (ANOVA) are used for analyzing the impact. The findings reveal that the number of rights issues decreases, and the quantity of funds mobilization increases because of the worldwide financial crisis. During the crisis, businesses raised more funds to minimize debt burden and create trust among the shareholders for future company growth. The study concludes that the impact of rights issues on shareholders' wealth is consistent across various industries.

**Keywords:** Rights Issue, Shareholders Wealth, Price Reaction.

**JEL Classification:** G1, G3, G4

### INTRODUCTION

Rights issue (RI) is a financing strategy through which a company raises funds by issuing new equity shares to its existing shareholders on a pro-rata basis. Indian companies pursue this strategy to raise capital for acquiring assets and making a substantial investment or growing business. They may also use RI to repay debts and safeguard against bankruptcies. The effect of an RI announcement may either be favorable or unfavorable to price change depends on market reaction. If the market reaction to the RI announcement is positive, the share price generally increases. If the market reaction to the RI announcement is unfavorable, the share price decreases. Such price changes affect the shareholder's wealth directly. On the other hand, an increased number of equity shares reduces Earnings Per Share (EPS).

Companies generally offer such shares with lower prices than the market to inspire their existing stockholders for further investment in the company. A company's RI provides a chance to its shareholders to purchase additional shares. It also encourages them to maintain their proportion in the business. Shareholders can also transfer or sell shares in the open market. Therefore, the rights offering is credited to present shareholders of a company, regardless of whether it augments or diminishes their wealth.

For the last two decades, extant financial literature has debated the impact of RI. Typically, Rights Issues (RI) can lead to a decrease in the price of a specific stock due to corporate expansion. Specifically, if the volume of Rights Issues exceeds the paid-up capital, the stock price tends to decline. Furthermore, both the price-earnings ratio and dividend yield ratio decrease following the issuance of rights shares. Theoretically, shareholders do not experience substantial profits from Rights Issues, even when acquiring shares at a lower price (Smith in

1977). With the rights shares representing the future growth prospects of a company, shareholders find them to be an attractive option. When a company declares the RI, the market responds positively or negatively depending on the industry type and market condition. Eckbo and Masulis (1992) find no significant price effect to a non-underwritten RI and the opposed price effect to the underwritten RI. Balachandran et al. (2007) mention a trivial price reaction to a fully underwritten renounceable RI announcement. Non-underwritten and non-renounceable RI announcements influence the price in an Australian setting. Wang et al. (2006) see a definite and significant abnormal return on the ex-date of the RI announcement in China. They find that the market reaction to the RI is favorable.

Many researchers have conducted empirical studies in their respective countries about the impact of RI announcements on shareholders' wealth. Shareholders' wealth increases throughout RI announcements (Kang, 1990 and Dhatt et al., 1996, in Korea; Kang and Stulz, 1996, in Japan; Bohren et al., 1997, in Norway; Loderer and Zimmermann, 1988, in Switzerland). The RI has an unfavorable price return on shareholders' wealth (Hansen (1988), White & Lusztig (1980), Kothare (1991), Levis (1995), Singh (1997), Slovin et al. (2000), and Armitage (2002).

Various researchers have conducted similar studies in the Indian context. The return is positive and abnormal during the RI announcement (Srinivasan, 1993) and Rao, 1994). Excess returns are significant on the date of announcement (Malhotra et al., 2007) and (Milglani, 2011). Excess returns are not critical to the date of the announcement (Suresh, B. and Naidu, G., 2012). The RI announcement's market response is positive but largely insignificant, and the abnormal relationship negatively correlates to the leverage and price rebate in the RI (Agarwal and Mohanty, 2012). The impact of RI on shareholders' wealth is incongruous (Marisetty et al., 2007).

RI's impact on shareholders' wealth has received mixed responses from different countries. While countries like Norway, Japan, Finland, Sweden, Switzerland and Greece show a positive price response to the RI announcement, other countries like the USA, Hong Kong, the UK, Korea and Australia report an adverse price reaction to RI. The evidence in India shows similarly mixed results. Hence, the researchers endeavor to revisit the relationship between the price reaction and RI announcement in the Indian context.

## RESEARCH OBJECTIVES

1. To examine the trends of RI in India.
2. To determine the impact of RI on shareholders' wealth
3. To explore the impact of RI on different industries.

## HYPOTHESIS OF THE STUDY

1. There is no significant variation between the share prices pre- and post-announcement of the RI.
2. Various industries yield identical quantum of abnormal returns during the announcements.

## RESEARCH METHODOLOGY

The paper describes the price movement during the RI announcement. The researchers analyze share price data to know the impact of RI on the shareholder's wealth. The first announcement

date of RI from the stock exchange has been recorded and arranged industry-wise from April 1, 2000, to December 31, 2020. The author further determines the sample size and study period on the availability of data. Therefore, seventeen years of data from April 1, 2003, to March 31, 2020, are considered for the analysis. The population size, sample unit, and the criteria to select the sample and sample size have been given below in detail.

### Sample Population

For this study, the author considered firms of the S&P BSE 500 index as the entire population. A sample unit is a firm that has offered rights shares and performed the issue between 2003 and 2020.

### Criteria for Sample Selection

The researcher used several criteria when selecting the companies for the study, picking only those listed under the Standard & Poor Bombay Stock Exchange 500 index. A maximum of five companies from a specific industry and those that made their last five consecutive RI announcements between April 1, 2003, and March 31, 2020, were selected. If more than five companies satisfied these conditions, the selection was random.

### Sample Size

The total number of RIs in the Indian capital market from 2000 to 2020 was 404, of which 116 belonged to the BSE 500 Index alone. Between 2003 and 2015, the total number of RIs in the Indian capital market was 287 which more than equal to 71.75% RI announcement occurred during 2003 to 2015. This figure indicates that companies consider most of the RI from 2003 to 2015. Therefore, the researchers selected the most of sample units from 2003 to 2015 and a few samples were chosen from 2015 to 2020 for analysis.

**Table 1: Rights Issue Announcement from 2000 to 2020**

Year Wise	Indian Capital Market	BSE500 index alone
2000-2001	27	4
2001-2002	13	6
2002-2003	12	4
2003-2004	22	6
2004-2005	26	11
2005-2006	36	6
2006-2007	38	8
2007-2008	30	10
2008-2009	23	15
2009-2010	29	10
2010-2011	24	6
2011-2012	16	5
2012-2013	16	5
2013-2014	13	2
2014-2015	14	2
2015-2016	12	2
2016-2017	12	4
2017-2018	20	5
2018-2019	8	2
2019-2020	13	3
Total	404	116

**Table 2: Industry Wise Rights Issue Announcement**

Industry	BSE 500 Index's Company	Rights Issue	
		Company	Announcement
Agriculture	20	4	4
Capital Goods	48	4	4
Chemical & Petrochemical	15	1	1
Consumer Durables	14	3	3
Diversified	9	5	7
Finance	80	23	37
FMCG	29	4	4
Healthcare	40	6	9
Housing Related	45	4	4
Information Technology	29	1	1
Media & Publishing	15	4	7
Metal, Metal Products & Mining	23	4	4
Miscellaneous	21	7	13
Oil & Gas	21	1	2
Power	23	3	3
Telecom	10	4	4
Textile	13	1	2
Tourism	5	3	3
Transport Equipment	25	4	4
Transport Services	12	0	0
Other	3	0	0
<b>Total</b>	<b>500</b>	<b>86</b>	<b>116</b>

(Note 1: A company that does not come under any specific industry has been classified as 'the Miscellaneous industry.' About twenty companies in this study, including Andhra Pradesh Paper Mills Ltd, Trent Ltd., and Luminaire Technologies Ltd., have been classified as such.)

The researcher has chosen 73 announcements in which 7 were from Diversified industry companies, 37 from Finance-related companies, 9 from Health care, 7 from Media and Publishing, and 13 from Miscellaneous companies. Table 2 lists the details of the sample size.

### Event Study Methodology

The investigators employed the event study methodology to assess the impact of Rights Issues (RI) on shareholders' wealth. This study utilized an event window timeframe, specifically examining abnormal returns over a period of 30 days preceding and following the announcement. The calculation of abnormal returns was conducted using the market-adjusted approach. The mathematical formula for the market adjusted model is

$$AR_{jt} = R_{jt} - R_{mt}$$

$AR_{jt}$  = Abnormal return of a security j for time t.

$R_{jt}$  = Actual return of a security j for time t.

$R_{mt}$  = Market index i.e., S & P BSE 500 index returns for time t.

## Statistical Tools for Analysis

The analysis of variance (ANOVA) and the paired-sample t-test were used to analyze the impact of RI. While ANOVA was used to understand the differing effect of RI across industries, the paired sample t-test was applied to measure the market reaction of RI.

## RI Trend in India

In India, fundraising activity has worsened with a constant decline in issues over the last decade. It is not only RI that has been affected but other fundraising instruments also seem to have dried up. Table 3 shows the history of RI in India.

**Table 3: History of RI in India**

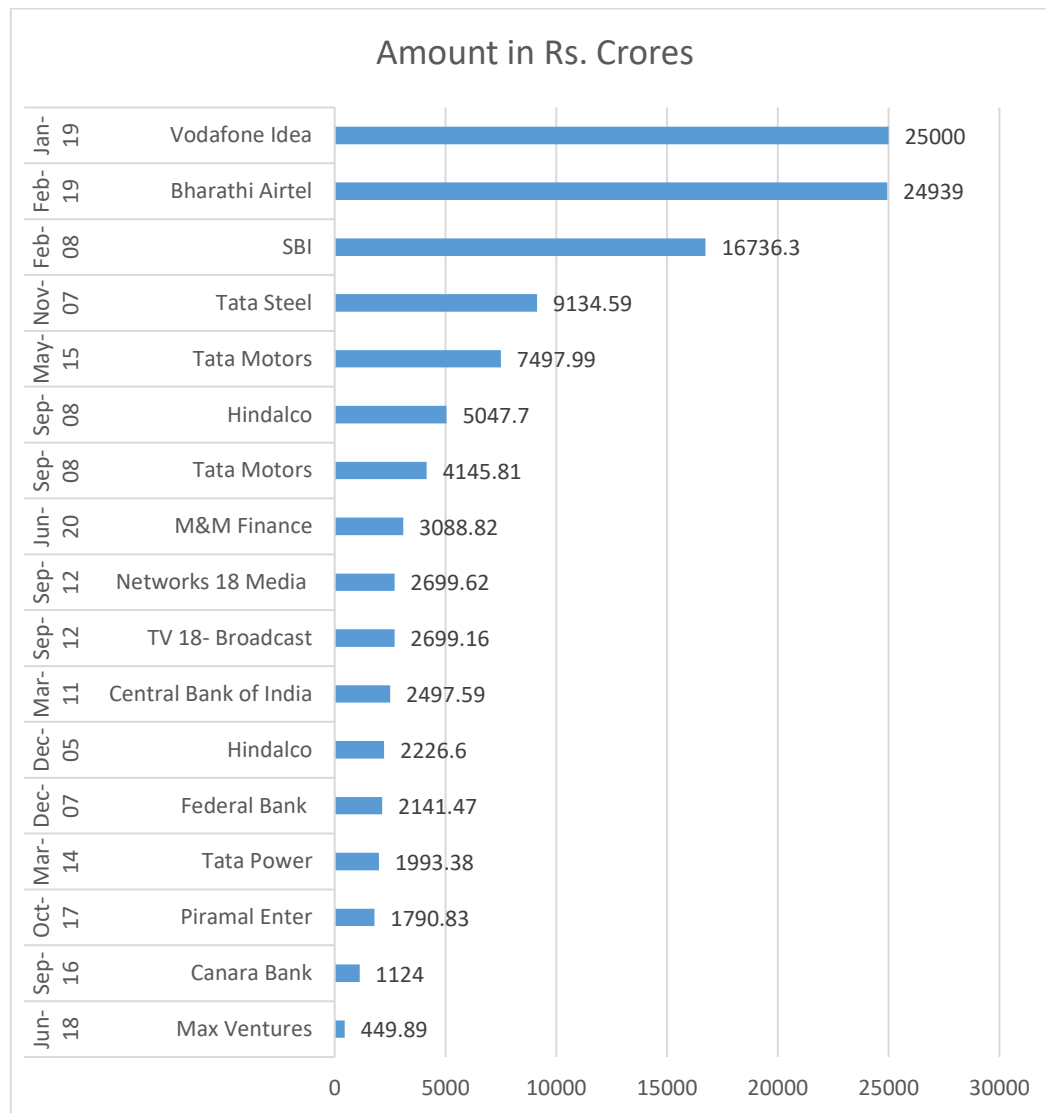
Year	Capital Raised Amount (Rs. crores)	No. of issuers
1990-91	2,251	208
1991-92	3,851	316
1992-93	12,630	488
1993-94	9,306	384
1994-95	6,793	351
1995-96	6,520	291
1996-97	2,724	131
1997-98	1,703	49
1998-99	568	26
1999-00	1,560	28
2000-01	729	27
2001-02	1,041	13
2002-03	431	12
2003-04	1,006	22
2004-05	3,616	26
2005-06	4,126	36
2006-07	3,704	38
2007-08	32,519	30
2008-09	12,622	23
2009-10	8,321	29
2010-11	9,594	24
2011-12	2,375	16
2012-13	8,945	16
2013-14	4,573	13
2014-15	6,718	14
2015-16	9,239	12
2016-17	3,336	12
2017-18	21,397	20
2018-19	1,999	8
2019-20	55,998	13

*Source: Prime database*

The table 3 exhibits the performance of RI in the Indian capital market. In 2019-2020, 55,998 crores capital were raised by only 13 companies from RI which was the highest amount raised ever in the capital market that created history followed by RI raised between 2007 and 2008.

Due to the global financial crisis, the fund raised through RI increased tremendously and touched INR 32,519 crores. During this period, companies faced issues of a huge debt burden and reduced working capital management. Hence, they raised funds to remove the debt burden and build indispensable trust among the shareholders towards future growth.

RI announcements and funds mobilizations have declined since 1990-1991, and about 208 companies have raised funds worth INR 2,251 crores. The highest fund mobilization happened before the financial crisis, from 1992 to 1993, and funds declined after 2008. This poor run of the RI occurred due to the dull situation, including poor economic conditions, such as depression during the crisis, instability in the market price of most companies, and weak fundamentals, causing a continuous fall in the number of rights to offer in the Indian capital market.

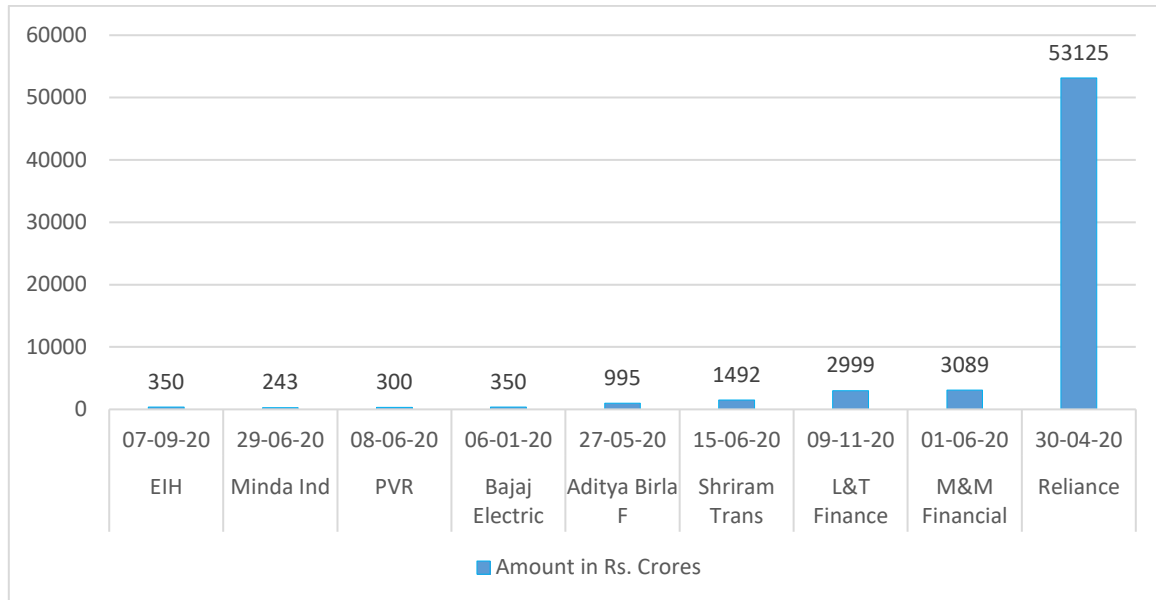


Source: Prime database

**Figure 1: Shows the top rights issuance companies in India.**

Figure 1 shows that the Vodafone Idea and Bharati Airtel raised about INR 25,000 crores and INR 24,939 crores respectively in 2019, marking them as the most substantial Rights Issue offerings in the Indian capital market, followed by SBI with INR 16736.3 crores in 2008. In 2015, In 2015, Tata Motors, India's leading automobile manufacturer in terms of revenue, conducted the third-largest Rights Issue in India, generating INR 7,497.99 crores. Tata Motors' primary objective for issuing rights shares was to alleviate a portion of its INR 18,000 crores debt burden. Tata motors utilized INR 4,000 crores out of INR 7,497.99 crores for debt reduction and spent remaining for the buyback of non-convertible shares.

Other companies have risen further in 2020. Consider Reliance that rose to INR 53125 crores which is highest, followed by M & M finance with INR 3089 crores, L& T Finance with 2999 crores, Shriram Transport Finance with INR 1492 crores, Aditya Birla Fashion with 1492, Baja Electricals with INR 350 Crores, PVR with INR 300 crores, Minda Industries with INR 243 crores and EIH with INR 350 crores (Figure 2).



Sources: BSE India

**Figure 2: Key Rights Issuances in 2020**

### Effect Of RI Announcement on Price Share

In this section, the researchers analyze the impact of RI on price movement. Five industries were considered for analysis: Finance, Healthcare, Diversified, Media, and Publishing, and Miscellaneous. A paired-sample t-test was adopted to study the significant change between the average share prices before and after the announcement of RI.

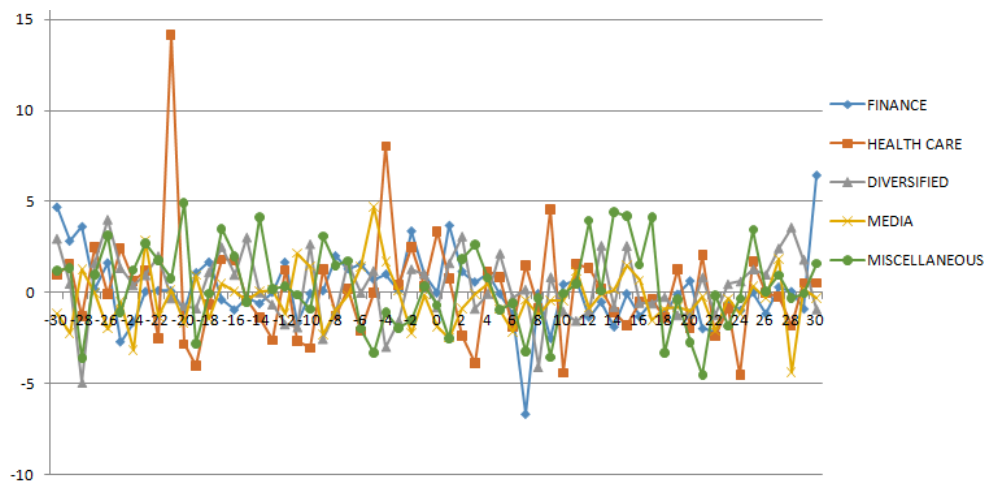
**Table 4: Impact of RI on Share Price**

Industry	Before	After	T Value	P-value
Finance	180.978	170.336	-.741	.465
Diversified	173.42	209.393	-15.126	.000
Media and Publishing	49.09	38.96	6.110	.000
Healthcare	59.15	52	1.701	.100
Miscellaneous	290.33	321.18	-9.572	.000

Table 4 illustrates that the p-value for Diversified, Media and Publishing, and Miscellaneous industries is found to be lower than 0.05, indicating a substantial variation in price after the announcement. The p-value is more than 0.05 for the Finance and Healthcare industries, implying no significant change in price following the announcement. Therefore, it is clear that RI influences the share price of Diversified, Media and Publishing, and Miscellaneous industries.

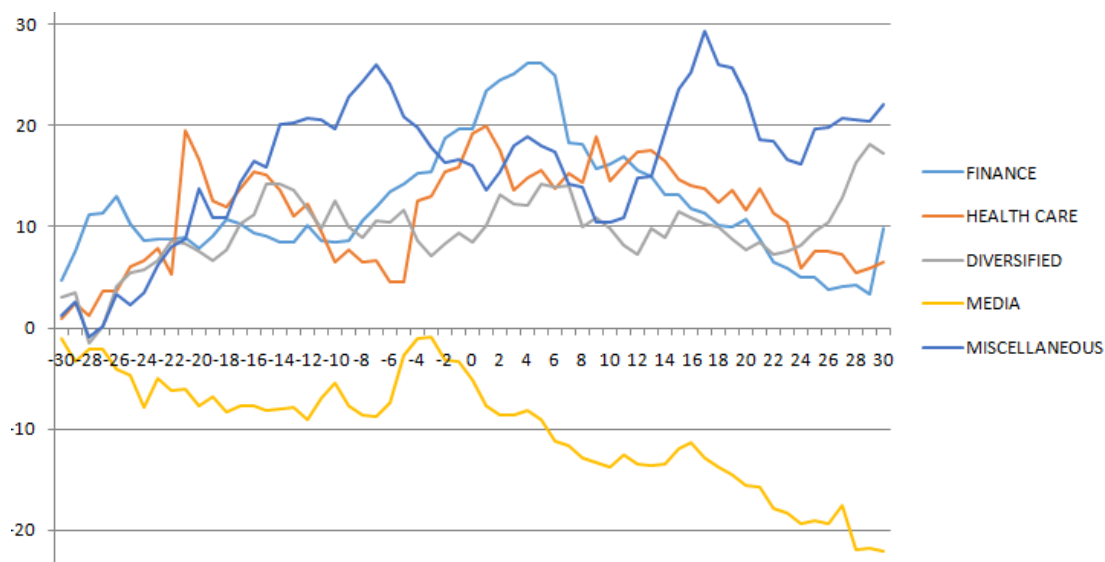
### Effect of RI on Shareholder Wealth

Here, the researchers analyze industry-wise abnormal returns and cumulative abnormal returns. The inter-industry comparison is made using ANOVA. Figure 4 presents the Abnormal Returns (AR) for different industries.



**Figure 4: Industry Wise Abnormal Return**

Figure 4 illustrates that the Healthcare sector exhibits the most significant positive Abnormal Returns (AR) on the 21st day preceding the Rights Issue (RI) announcement. In contrast, the Finance industry shows the least negative AR on the seventh day after the disclosure. Two days before the announcement, Healthcare, Diversified, Finance, and Miscellaneous sectors experienced positive AR, while the Media and Publishing industry had negative AR. However, on the day of the announcement, AR turned negative for all industries except Health care. Perhaps as an outfall of the announcement, the AR of the Healthcare industry fell, while the others rose the next day. Following the announcement, the AR of the Finance industry rose on the 29th day. The AR of the Diversified and Media Publishing industries witnessed a fall on the 28th day. Thus, investors could earn abnormal gain following the RI announcement.



**Figure 5: Industry Wise Cumulative Abnormal Return**

Figure 5 depicts the Cumulative Abnormal Return (CAR) across various industries. If CAR remains non-zero, shareholders may experience either gains or losses in abnormal returns within the event window due to the Rights Issue (RI) announcement. Examining Figure 5 reveals that, on the fourth day before the announcement, the CAR for the Finance, Healthcare, Diversified, and Miscellaneous sectors exhibited an upward trajectory, while the CAR for the Media and Publishing industry reached zero. Subsequently, the CAR consistently declined until



the conclusion of the window period. Following the fourth day, the CAR for the Media and Publishing industry exhibited a linear downward trend. Post-announcement, shareholders garnered higher returns in the short term and limited profits in the long term from the Finance, Healthcare, Diversified, and Miscellaneous industries.

After the announcement, the Finance industry's CAR was the highest in the short run as it generated more positive abnormal gains during this period. Also, the Finance industry's CAR was lowest in the extended period, indicating that it produced negative abnormal returns. Similarly, the CAR of the miscellaneous industry was the highest in the long run. Investors in the Finance and Miscellaneous industries could earn surplus returns in the short-term and long term. However, the investors in the Media and Publishing industry could lose the returns after the announcement. Therefore, the RI announcement influenced more positively in the short term and less positively in the extended period. However, it affected the Media and Publishing industry negatively.

**Table 5: AR and CAR on Event Window Period**

Before-Announcement					After-Announcement				
Day	AR	CAR	TValue	Sig	Day	AR	CAR	TValue	Sig
-30	1.74	1.74	1.896	.074	0	0.14	11.70	-.264	.794
-29	1.22	2.96	.482	.636	1	0.05	11.75	.340	.738
-28	0.22	3.18	-.181	.858	2	0.39	12.14	.654	.521
-27	0.29	3.47	.960	.350	3	0.13	12.27	-.278	.784
-26	0.93	4.40	1.100	.286	4	0.25	12.52	1.120	.277
-25	0.30	4.70	-.539	.597	5	0.38	12.90	.089	.930
-24	-0.66	4.04	-1.094	.289	6	-0.62	12.28	-1.978	.043
-23	0.32	4.36	1.592	.129	7	-1.71	10.57	-.981	.340
-22	0.71	5.07	-.176	.862	8	-1.64	8.93	-1.873	.077
-21	1.13	6.20	1.162	.260	9	-0.83	8.10	-.571	.575
-20	0.94	7.14	-.611	.549	10	-0.68	7.42	-1.200	.246
-19	-0.58	6.56	-.703	.491	11	-0.15	7.27	1.042	.311
-18	-0.28	6.29	.156	.878	12	0.34	7.61	.137	.893
-17	0.69	6.97	2.047	.055	13	0.19	7.80	.595	.559
-16	0.89	7.87	.943	.358	14	0.11	7.91	-.074	.942
-15	0.33	8.20	.211	.836	15	0.55	8.46	1.307	.208
-14	0.22	8.42	.514	.614	16	0.53	8.99	-.132	.897
-13	-0.07	8.35	-.694	.497	17	-0.07	8.92	-.048	.962
-12	-0.17	8.18	.113	.911	18	-0.68	8.24	-1.394	.180
-11	-0.25	7.93	-.742	.468	19	-0.81	7.43	-.450	.658
-10	-0.23	7.70	.186	.855	20	-0.65	6.78	-1.911	.072
-9	-0.06	7.64	-.417	.682	21	-0.93	5.86	-1.100	.286
-8	-0.06	7.58	.230	.821	22	-1.29	4.57	-3.230	.005
-7	0.52	8.09	1.257	.225	23	-1.17	3.40	-1.319	.204
-6	0.50	8.59	.214	.833	24	-0.92	2.48	-1.611	.125
-5	0.61	9.21	.892	.384	25	-0.06	2.42	2.076	.008
-4	1.22	10.42	.997	.332	26	0.44	2.85	-.485	.633
-3	0.45	10.88	-.358	.724	27	0.42	3.27	1.135	.271
-2	0.11	10.99	.572	.574	28	0.08	3.35	-.976	.342
-1	0.57	11.56	.602	.555	29	-0.37	2.97	.347	.732
0	0.14	11.70	-.264	.794	30	0.99	3.96	1.487	.154

Table 5 exhibits the Abnormal Returns (AR) and Cumulative Abnormal Returns (CAR) for the overall companies, along with the corresponding t-values and their significance. The AR reached a moderately high level of 0.57 percent one day prior to the announcement, but this

figure declined to 0.14 percent on the announcement date. The AR remained positive in the short term both before and after the announcement, notably showing significance on the sixth day. On the 22nd day, the AR recorded -1.29 percent and was significant at a 95 percent confidence level, indicating a negative reaction of the share price to the Rights Issue (RI). Significance was also observed on the 25th day. The CAR peaked at 12.90 percent on the fifth day, subsequently decreasing to 3.96 percent on the thirtieth day. This confirmed that RI had a negative impact in the long run. Therefore, the RI announcement positively influences shareholders' money in the short run while negatively influencing it in the long run.

### Event Window Analysis

The total event window period was divided into four categories:

- 1) Immediate effect, representing the period from -1 day to 1 day
- 2) Short-term effect, representing the period from -5 to 5 days
- 3) Medium-term effect, representing the period from -15 days to 15 days
- 4) Long-term effect, representing the period from -30 days to 30 days

Cumulative abnormal returns for these categories were calculated as listed in Table 6.

**Table 6: Cumulative Abnormal Returns**

Industry	-1 to 1	-5 to 5	-15 to 15	-30 to 30
Finance	4.66	12.66	3.75	9.80
Diversified	1.77	3.80	0.29	17.23
Media and Publishing	-4.51	-1.65	-4.26	-22.09
Healthcare	4.48	11.09	-0.85	8.26
Miscellaneous	-2.77	-6.14	7.22	22.06

Table 6 makes it clear that in the aftermath of the announcement, the Cumulative Abnormal Return (CAR) is most pronounced for the Finance sector, followed by the Healthcare sector. Conversely, the Media and Publishing industry exhibits the lowest CAR with -4.51 percent for the immediate effect, while the miscellaneous industry shows the lowest CAR with -6.14 percent for the short-term effect.

The announcement of RI positively affected shareholders' capital for the Finance and Healthcare industries, but it showed a contradictory impact on the Media and Publishing industry. So, the investors from the Finance and Healthcare industries could earn higher returns than those from other industries during that period. Similarly, CAR is the highest positive for the Miscellaneous industry in the medium and long-term effects of the announcement, while it is the highest negative for the Media and Publishing industry.

RI has a high positive impact on the Miscellaneous industry and adversely affects the Media and Publishing industry. So, the investors from the Miscellaneous industry could earn more returns, and the investors from the Media and Publishing industry could lose returns after the long-term effect of the announcement. Therefore, the author reckons that the RI influences the Media and Publishing industry negatively.

### Inter-Industry Comparison

The impact of RI on shareholders' wealth may vary across industries. Analysis of variance (ANOVA) can measure the differences between industries by considering the industry type as the independent variable and the AR as the dependent variable.

**Table 7: Inter industry Comparison**

	Sum of Squares	Df	Mean Square	F	P-value
Between Groups	15.728	4	3.932	.867	.484
Within Groups	1382.878	305	4.534		
Total	1398.607	309			

Table 7 shows the results of the ANOVA. The p-value is higher than 0.05, indicating that no significant change occurred between industries due to the AR. In other words, the AR produced by different industries was the same. Hence, the RI influences shareholders' wealth, but the level of influence does not differ between industries.

## CONCLUSIONS

The Indian corporates raise funds through RI announcements. However, in the last decade, the number of RIs has been decreasing. The inadequate RI occurs due to the instability of market price and weak fundamental analysis.

After the global financial crisis, there is a steady growth in the term of fund mobilization. However, during the crisis, about INR 32,519 crores were raised with only 30 RIs. This shows that companies raised more funds by issuing the rights shares as most of them faced debt burden and weak finance working capital during the crisis. They raised such significant amounts to prevent this burden and create trust among the shareholders. From the analysis, it is evident that the RI has an impact on shareholders, but this impact does not differ from industry to industry. After the RI announcement, the share prices of Diversified, Media and Publishing, and Miscellaneous industries changed significantly. With the exception of the Media and Publishing industry, all sectors yield positive abnormal returns. The examination of the event window corroborated that the Finance and Healthcare industries generated higher abnormal returns during both the immediate and short-term impacts of Rights Issues (RI).

In contrast, the Diversified and Miscellaneous industries produced more abnormal returns in RI's long-term effect. In contrast, the Media and Publishing sector experienced adverse Abnormal Returns (AR) throughout the window period following the Rights Issue (RI) announcement. So, the RI adversely influences the Media and Publishing industry. Investors who perform the investment decision based on the RI announcement would like to invest in the Finance and Healthcare industries for a short period and invest in the Diversified and Miscellaneous industries for an extended period. The RI announcement influences the Media and Publishing industry negatively. The financial analyst of the Media and Publishing industry should perform the fundamental and technical analyses to understand the share price movements and their influencing factors to make sound financing decisions. Therefore, the RI announcement influences share price changes, indicating a semi-strong model of efficiency in the Indian capital market.

## References

- 1) Agarwal, A. & Mohanty, P. 2012. "The Impact of Rights Issue on Stock Returns in India". Asia-Pacific Finance and Accounting Review, 1(1): 5-16.
- 2) Armitage, S. 2002. "Do underwriters certify value? Evidence from U.K. rights issues and open offers". Journal of Business Finance and Accounting, 29(2): 1239 – 1273.
- 3) Balachandran, B., Faff, R. & Theobald, M. 2007. "Rights offerings, renounce ability and underwritten status". Working paper, Monash University, Melbourne.
- 4) Bohren, O., Eckbo, B.E., & Michalsen, D. 1997. "Why undertake rights offerings? Some new evidence". Journal of Financial Economics, 46: 223–261.



- 5) Dhatt, M.S., Kim, Y.H. & Mukherji, S. 1996. "Seasoned equity issues: The Korean experience". Pacific-Basin Finance Journal, 4 (1): 31–44.
- 6) Eckbo, B.E., & Masulis, R.W. 1992. "Adverse selection and the rights offer paradox". Journal of Financial Economics, 32: 293–332.
- 7) Hansen, R. S. 1988. "The demise of the rights issue". Review of Financial Studies, 1: 289 – 309.
- 8) Kang, H. 1990. "Effects of seasoned equity offerings in Korea on shareholder's wealth". Pacific-Basin Capital Markets Research, 1: 265–282.
- 9) Kothare, M. 1991, Equity financing: "An investigation of the rights offers anomaly", Working Paper, November 1991, University of Texas at Austin US.
- 10) Levis, M. 1995. "Seasoned equity offerings and the short- and long-run performance of Initial Public offerings in the U. K". European Financial Management, 1: 125 – 146
- 11) Loderer, C. & Zimmermann, H. 1988. "Stock offerings in a different institutional setting: The Swiss case". Journal of Banking and Finance, 12: 353–378.
- 12) Loderer, C.F., Cooney, J.W. and Van Drunen, L.D. 1991. "The price elasticity of demand for Common Stock". Journal of Finance, 46(2): 621–651.
- 13) Malhotra, M., Thenmozhi, M. & Gopalaswamy, A.K. 2012, "Liquidity changes around bonus and rights issue announcement: evidence from manufacturing and service sectors in India". Wealth-International Journal of Money banking and Finance, 1: 28-34.
- 14) Malhotra, M., Thenmozhi, M. & Kumar, G. A. 2007. "Announcement effect of rights issue on stock returns: a study of selected Indian manufacturing companies", journal of services research, 7(1): 39-53.
- 15) Marisetty, V.B., Marsden, A. & Veeraghavan, M. 2008. "Price reaction to rights issues in the Indian capital market". Pacific-Basin Finance Journal, 16: 316–340.
- 16) Lukose P. J., Jijo & Sapar, Narayan Rao. 2003. "Operating performance of the firms issuing equity through rights offer". <http://dx.doi.org/10.2139/ssrn.428102>
- 17) Pooja, Milglani. 2011. "An Empirical Analysis of Impact of Right Issues on Shareholders Returns of Indian Listed Companies", Research World-A Journal of Arts, Sciences and Commerce, 2(4): 169-176.
- 18) Roa, S., N. 1994. "The adjustment of stock prices to corporate financial policies announcements", Finance India, 8(4): 941-953.
- 19) Scholes, M. S. 1972. "The market for securities: Substitution versus price pressure and the effects of information on share prices". Journal of Business, 45: 179 – 211.
- 20) Singh, A. K. 1997. "Layoffs and underwritten rights offer". Journal of Financial Economics, 43: 105 – 130.
- 21) Slovin, M. B., Sushka, M. E., & Lai, K. W. L. 2000. "Alternative flotation methods, adverse selection, and ownership structure: Evidence from seasoned equity issuance in the. U. K". Journal of Financial Economics, 57: 157 – 190
- 22) Smith, C.W. Jr. 1977. "Alternative methods for raising capital: Rights versus underwritten offerings". Journal of Financial Economics, 5(3): 273-307.
- 23) Srinivasan, R. 1993. "Security price behaviour associated with the right issue- related events". Doctoral dissertation, IIM Ahmadabad.
- 24) Suresh, B. and Naidu, G. 2012. "An empirical study on the effect of bonus announcement on share price volatility and liquidity and its impact on market wealth creation of informed investors in Bangalore with special reference to CNX NIFTY stocks of NSE" IJMT, 2 (9): 2249-1058.
- 25) Wang, J., Wei, K.C. & Pruitt, S. 2006. "An analysis of the share price and accounting performance of rights offerings in China". Pacific-Basin Finance Journal, 14, 49–72.
- 26) White, W. W., & Lusztig, P. A. 1980. "The price effects of rights offerings". Journal of Financial and Quantitative Analysis, 15: 25 – 40.