

# Equity fundraise via rights issue spurts in 2023

Capital mobilisation via rights issue is up 85 per cent this year to ₹7,168 crore as against ₹3,884 crore raised during the last calendar year. The tally is set to increase further with Kumar Mangalam Birla-led Grasim set to launch its ₹4,000-crore rights offering. Some of the large offerings this year have been PNB Housing Finance's ₹2,500-crore rights issue in April followed by Capri Global Capital (₹1,440 crore), and Piramal Pharma (₹1,050 crore). A rights issue is a mechanism for listed firms to raise money by offering existing shareholders new equity shares — typically at a discount to the prevailing market price.

If an existing investor does not intend to participate in the rights offering, there is an option to renounce the shares in favour of others. Rights issue is opted by companies when promoters also intend to infuse capital in the company, typically to avoid dilution of their shareholding. The up move in the stock prices this year has helped firms raise

## UPWARD TRAJECTORY

Grasim's soon-to-be-launched ₹4,000-cr rights issue will help improve this year's tally further



YTD figures for 2023  
Source: PRIME Database

capital without much dilution of an overall equity base, say investment bankers. Also, the higher mobilisation vis-à-vis last year shows companies are more confident about the business outlook and are willing to expand on capex and growth. However, rights issue fundraise is still a fraction of that raised between 2018 and 2021, when firms raised an average ₹41,000 crore each year.

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