

# Cos in Rights Rush, Seek ₹50,000 crore

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**Mumbai:** After a gap of four years, rights issues are poised to reclaim prominence in the world of corporate financing as Indian companies expand capacities and strengthen capital buffers for future acquisitions.

About four dozen companies, including Indian Oil, Grasim, Tata Consumer, South Indian Bank, UPL, among others, have either declared or are contemplating rights issues to mobilise funds amounting to more than ₹50,000 crore.

This resurgence follows a record-breaking achievement in 2020, when 20 companies collectively raised ₹65,000 crore.

Indian Oil and Bharat Petroleum Corp. (BPCL), are looking to raise about ₹22,000 crore and ₹18,000 crore, respectively, through rights issues to fund their capital expenditure plans.

Tata Consumer Products is contemplating raising ₹3,500 crore thro-

## Fund Plans

Forthcoming Rights Issues (₹ Cr)

Company	Amount
Indian Oil	22,000
BPCL	18,000
UPL	4,200
Grasim	4,000
Tata Consumer	3,500
South Indian Bank	1,750

Source : primedatabase.com

ugh a rights issue to fund its acquisitions of Capital Foods and Organic India, pegged at ₹7,000 crore.

The rights issue of Grasim, amounting to ₹4,000 crore, is scheduled to be open for subscription from January 17 to January 29. This capital-raising endeavour is specifically aimed at bolstering the company's ongoing capital expenditure plan and addressing existing debt obligations.

"In the upcoming months, a sub-

Money raised through Rights Issues in past 6 years

Year Amount (₹ Cr)

2018 18,827

2019 52,053

2020 64,984

2021 27,771

2022 3,884

2023 7,266



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stantial number of companies are poised to raise capital, reflecting the confidence within the Indian corporate sector regarding business opportunities," said V Jayashankar, head of equity capital market at Kotak Investment Banking. "The prevailing sentiment indicates a strategic focus on capacity expansion or engaging in strategic acquisitions."

The board of UPL approved the proposal on December 22 for fundra-

ising up to ₹4,200 crore via a rights issue.

South Indian Bank, on December 27, 2023, approved a right issue to raise funds of up to ₹1,750 crore.

"While a rights issue may be more intricate to execute compared with preferential or qualified institutional placement, it proves to be a more accessible avenue for fundraising," said Abhijit Tare, CEO of Investment Banking at Motilal Oswal Financial Services. "The rights issue offers the advantage of tapping into a larger pool of investors. Furthermore, once the well-known sponsor injects capital, company shareholders readily subscribe to the issue."

Since October 1, 2023, the board of about 45 companies have approved fundraising through rights issues.

"Amid a surge in demand, Indian corporations are actively securing funds to enhance their production capacities," said Ravi Sardana, an investment banker.

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