

FROM BACKSEAT TO DRIVER'S SEAT

Rights issues take the wheel after Sebi's tune-up

Faster allotments and streamlined processes put capital raising into high gear

Fundraising through rights issues has picked up after the Securities and Exchange Board of India's (Sebi's) updated regulations came into force in early April.

In May, four firms raised ₹4,188 crore via rights issues — the highest monthly total since January 2024. Key offers included Mahindra & Mahindra Financial Services (₹2,996 crore), Lloyds Engineering Works (₹987 crore), Max India (₹124 crore), and Avantel (₹81 crore). In April, Fusion Finance raised ₹800 crore. This month, at least six more rights issues — including UGRO Capital's ₹400 crore offer — have opened for subscription.

The pickup follows Sebi's revised framework, which has made rights

issues faster and more attractive for companies seeking capital.

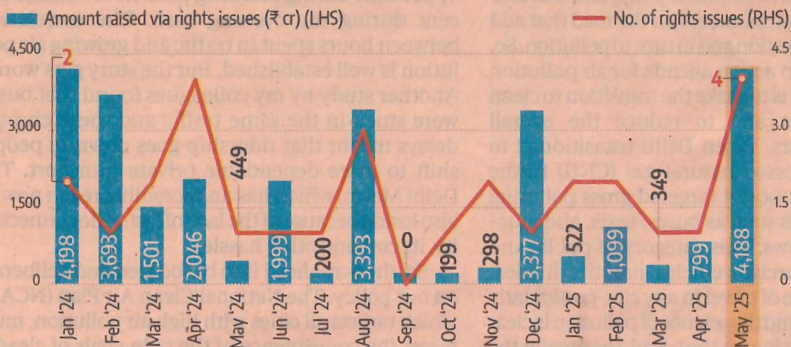
Rights issues allow listed firms to raise funds by offering existing shareholders new equity shares, often at a discount, enabling them to retain their ownership stakes.

Key changes include cutting the process timeline to 23 working days from an average of 317, a seven-day subscription window for investors, faster allotment, and tradeable new shares. Simplified disclosures and earlier reforms, such as the renunciation and trading of rights entitlements, have further added to the appeal.

SUNDAR SETHURAMAN

The 'rights' way up

A rule reboot has turned this once-overlooked route into a magnet for capital seekers



Source: Prime Database