

# Rights issues hit 28-year high as QIPs shrink amid mkt correction

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The number of rights issues more than doubled and hit a 28-year high in 2025, even as qualified institutional placements (QIPs) shrank amid a broader market correction and the Securities and Exchange Board of India's (Sebi's) revised framework for rights issues.

In 2025, 42 companies raised ₹43,906 crore through rights issues, compared to 19 companies the previous year. In terms of the number of rights issues, 2025 was the best year since 1997; in terms of funds raised, it was the best since 2020 and the third-best year since data became available.

Sebi's revised framework has made rights issues faster and more attractive for companies seeking capital.

Key changes include a reduced timeline for completing a rights issue to 23 working days from the date of board approval, eliminating the need to file a draft letter of offer, and removing the requirement to appoint a merchant banker for the issue. The new framework has also allowed promoters to renounce rights and entitlements to specific investors with prior disclosure, among other measures.

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.

QIPs, on the other hand, declined sharply, falling from 95 issues in 2024 to 35 in 2025. The rout in equity markets,

## Tracking the trend

### QIPs (Calendar yearwise summary)

Year	No. of issues	Issue amount (₹ cr)
2021	35	41,997
2022	14	11,743
2023	45	52,350
2024	95	1,36,060
2025*	35	72,290

### Rights issues (Calendar yearwise summary)

Year	No. of issues	Issue amount (₹ cr)
2021	11	27,771
2022	10	3,884
2023	12	7,266
2024	19	21,358
2025*	42	43,906

\*As of December 23 Source: Primedatabase.com

especially in smallcap stocks, has made QIP issuances difficult.

Equity markets were under pressure due to declining corporate profits and a punitive 50 per cent trade tariff imposed by the US on India. Although the benchmark Nifty and Nifty Midcap 100 hit fresh intraday highs in 2025, the broader market correction was far sharper, with 60 per cent of the top 1,000 stocks by market capitalisation posting negative returns.

"QIPs are hard to execute when markets correct the way they did this year. Most issuances are in the small and

midcap segment, and the correction there has been the steepest. When a stock corrects, it becomes difficult to do a QIP because the issue price is an average of the stock's price over a certain period. When you're doing an initial public offering (IPO), you don't have to worry about that because there is no reference point," said Ajay Garg, managing director of Equirus.

Garg added that rights issues are often used by management when they believe the stock price has declined sharply.

"The rule change has made things simpler, but the driver is the economic rationale rather than the ease of the process," he said.

The outlook for QIPs and rights issues will depend on how markets perform next year. Some bankers said geopolitical headwinds, evolving global supply chains, and structural business recalibrations kept listed corporates focused on internal realignment rather than aggressive capital raising last year.

"Over the past year, companies prioritised balance-sheet repair and strategic clarity, alongside recalibrating markets and sourcing to diversify geographies and strengthen supply-chain resilience. As these efforts are expected to translate into stronger earnings visibility, improved leverage metrics, and more stable cash flows, management focus is likely to shift gradually back to raising growth capital in 2026," said Mahavir Lunawat, chairman and managing director of Pantomath Capital.

Lunawat added that QIP fundraising could reach ₹1 trillion in 2026.