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HDFC Bank chairman's resignation puts bank governance in spotlight

Rights issues surge, QIPs shrink in FY26

"QIPs involve raising capital from external investors who may not already be on the cap table, making them more sensitive to market conditions," said Bhavesh A Shah, managing director and head of investment banking at Equirus Capital.

Rights issues, on the other hand, tap existing shareholders who are already invested in the company's story, Shah said. "In a volatile market, that makes rights issues more viable."

Regulatory changes have also boosted the appeal of rights issues.

The Securities and Exchange Board of India (Sebi) has streamlined the process, reducing the timeline to 23 working days from board approval, removing the requirement to file a draft letter of offer, and doing away with the need to appoint a merchant banker.

The revised framework also allows promoters to renounce their entitlements in favour of specific investors, subject to prior disclosure.

Rights issues enable listed companies to raise capital by offering shares to existing shareholders, typically at a discount, allowing them to maintain their ownership stakes.

Bankers noted that companies generally prefer QIPs as they help bring in new investors. However, the outlook for both routes will hinge on market stability.

"We expect a selective rebound in 2027, led by large-cap companies. Rights issues should continue to see traction, supported by regulatory easing and promoter preference," said Amrendra Kumar Singh, EVP and group head, ECM, SBI Caps.

Rights issues surge, QIPs shrink in FY26

SUNDAR SETHURAMAN
 Mumbai, 26 March

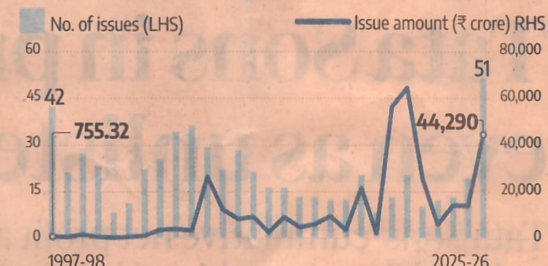
Market turbulence in financial year 2025-26 (FY26) triggered a sharp shift in fundraising trends, with the number of rights issues surging to a multi-decade high and qualified institutional placements (QIPs) witnessing a steep decline.

The number of rights issues more than doubled during the year to 51 — the highest since FY97 — with companies raising ₹44,290 crore. In terms of funds mobilised, this marks the strongest year since FY21 and the third-highest on record, according to data compiled by Prime Database.

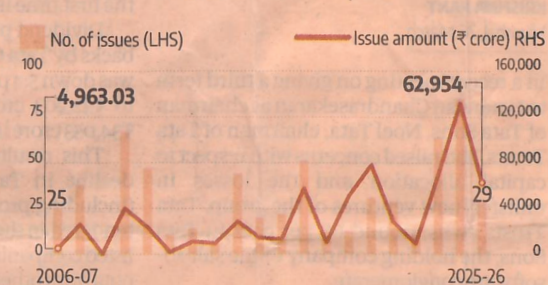
The biggest rights issue in FY26 was by Adani group flagship firm Adani Enterprises, which mopped up ₹24,930 crore, followed by M&M Financial Services, which raised nearly ₹3,000 crore.

In contrast, QIP activity more than halved. In FY26, 29 firms raised ₹62,954 crore through QIPs, compared with 85 firms that garnered ₹1.31 trillion in the previous year. The QIP tally was underpinned by SBI's ₹25,000 crore mega fundraise in July.

Multi-decade high (Rights issues over the years)



On the decline (QIPs over the years)



*FY26 figures up to March 4 in the case of QIPs and March 20 for rights issues
 Source: Prime database

The sharp correction in equity markets — driven by slowing corporate earnings, concerns around US trade tariffs, and, more recently, the Iran war — has dampened investor appetite. Elevated oil prices have further stoked fears of inflation and global

economic stress. Investment bankers said volatile markets make QIPs difficult to execute, particularly as most issuances tend to be in the small- and mid-cap segments, which have seen the steepest corrections.