

Rights issues hit 5-year peak amid global turmoil

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MUMBAI: India Inc. is increasingly turning to its own shareholders for capital.

Companies sharply ramped up fundraising through rights issues in FY26, signalling a clear preference for funding from promoters and existing investors as volatile markets and cautious institutional investor flows made external capital harder to access.

Qualified institutional placements continued to dominate fundraising by companies, although the gap with rights issues narrowed sharply from FY25. Companies raised ₹47,280 crore through rights issues in FY26, more than tripling from ₹13,797 crore in FY25 and marking the highest mobilization since FY21, according to Prime Database. However, a ₹24,930 crore rights issue by Adani Enterprises alone accounted for over half of the funds raised during the year, underscoring the role of promoter-led capital infusion.

At the same time, participation widened significantly. As many as 124 companies tapped the rights-issue route in FY26 compared with 18 in the previous year, pointing to a broader acceptance of this funding



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mechanism.

A longer-term view highlights how cyclical this route can be. Rights issues had surged in FY21, when companies raised over ₹64,000 crore amid pandemic-driven balance-sheet strengthening. Activity then slowed sharply, with fewer than a dozen issues raising under ₹6,000 crore in FY23. The latest spike marks a decisive rebound rather than a steady trend.

"FY26's rights-issue spike is partly structural and partly cyclical. Sebi's framework has made execution faster and more transparent, especially when promoters are willing to back-

stop the issue," said Harshal Dasani, business head at INVAsert PMS.

The framework Dasani referred to was the Securities and Exchange Board of India's streamlined rights issue process with a maximum completion timeline of 23 working days, down from months previously, and simpler documentation. Sachin Jasuja, founding partner at Centricity WealthTech, added that the trend of rights issues reflects caution.

"In a volatile market with FPI (foreign portfolio investor) outflows, rights issues are a defensive play. Faster approvals have

helped, but without broader mid-cap participation, the momentum may not sustain if large issuers step back," Jasuja said.

The shift comes in a year marked first by tariff-related trade tensions and then by an escalating war in West Asia, which triggered a risk-off environment across global markets. Persistent FPI outflows and sharp swings in equities weakened institutional appetite, pushing companies to opt for more dependable sources of funding.

Rights issues, which rely on existing shareholders, offered that certainty. Such issues allow a company to raise fresh funds by offering shares to existing investors in proportion to their holdings, usually at a discount to the market price. This ensures that shareholders can maintain their ownership, while promoters can step in to subscribe to any unsubscribed portion—effectively guaranteeing the success of the issue.

This built-in safety net makes rights issues particularly attractive during volatile periods. Unlike qualified institutional placements, which depend on institutional demand and market timing, rights issues give companies greater control over execution.