**Rights Entitlement**

Rights Entitlements (REs) is the number of new shares that the shareholder of a company is eligible to apply for under the Rights issue offer of that company. REs are basically calculated by applying a ratio on the existing shareholding of the shareholders on a specific day called Record Date (RD).

REs are credited to the demat account of eligible shareholders in dematerialized form. A separate ISIN will be allotted for all REs.

A shareholder can either apply for equity shares of the company by subscribing to the rights issue or renounce/sell the RE.

REs shall be traded on secondary market platform of Stock exchanges, with T+2 rolling settlement, similar to the equity shares. Investors holding REs in dematerialized mode shall be able to renounce their entitlements by trading on stock exchange platform or off-market transfer. Such trades will be settled by transferring dematerialized REs through depository mechanism, in the same manner as done for all other types of securities. The transactions in REs will be settled on trade-for-trade basis.

REs which are neither renounced nor subscribed by the shareholders, shall be lapsed after closure of the Rights Issue.

For more details please visit the following links to exchange websites:

<https://www.nseindia.com/trade/members-faqs-rights-entitlement-trading>

<https://www.bseindia.com/downloads1/PPT4_HowtoInvestinRightsIssue.pdf>

Disclaimer :

The content herein offers only a simplistic explanation/clarification on Credit of Rights Entitlements (“REs”) in dematerialized form, Renunciation process and trading of REs on stock exchange platform and terms/concepts related to the SEBI/HO/CFD/DIL2/CIR/P/2020/13 dated January 22, 2020 on “Streamlining the Process of Rights Issue” (“SEBI Circular”). Any such explanation/clarification that is provided herein should not be regarded as an interpretation of law nor be treated as a binding opinion/guidance. For full particulars of laws governing the Rights Entitlement (“REs”), please refer to actual text of the said SEBI Circular along with relevant Acts/Regulations/Circulars issued by SEBI and other regulatory authorities.