



Rights Entitlements Investor's Awareness





Rights Entitlement (RE)

- Concept of Dematerialised REs was operationalised on Jan 22, 2020
- SEBI Circular No. SEBI/HO/CFD/DIL2/CIR/P/2020/1 - Streamlining the Process of Rights Issue
- SEBI/HO/CFD/SSEP/CIR/P/2022/66 Dated May 19, 2022
- Applicable for Rights Issue where Letter of Offer (LoF) is filed with the Stock Exchanges on or after Feb 14, 2020

BSE Notices

- 20200305-21 dated March 5, 2020 and
- 20200518-13 dated May 18, 2020





Rights Entitlement (RE) - Highlights

How to know your RE

- Details with respect to RE available on the website of Registrar to Issue.
- Email intimations sent by Issuers/Registrar

REs credited in the Demat Account of the Shareholder

- Separate ISIN
- If the demat account frozen/closed/not available, in suspense escrow

Investor can trade in the RE

- Buy/Sell in the market through Stock Broker OR
- Off Market buy/sell using Delivery Instruction Slips (DIS)





Rights Entitlement (RE) - Highlights

RE holders can

- Apply for entitlement OR
- Apply for more than entitlement OR
- Apply for less than entitlement

RE status in case of No Action from Investor

REs which are neither renounced nor subscribed by the shareholders, shall lapse on closure of the Rights Issue





Rights Entitlement (RE) – Physical Shareholders

Physical Shareholders can get RE only in Demat form

- Required to provide demat account details to Issuer / Registrar not later than two working days prior to issue closing date
- Credit of REs in their demat account to take place at least one day before issue closing date





Rights Entitlement (RE) – How to Apply

Only ASBA application is permitted

RE status in case of No Action from Investor

If REs in multiple demat accounts, multiple applications please

Application Form

- Applicants can use application form available on the website of Registrar/ Issuer/ BRLMs/ Stock Exchanges OR
- To make an application in writing on a plain paper

Allotment

Allotment will be done by the Registrar





Options Available – Rights Holder

The Rights Entitlement Letter will clearly indicate the number of Rights Equity Shares that the Eligible Equity Shareholder is entitled to

The Fractional part shall be ignored by rounding down the entitlement

However, priority allotment of 1 share if extra applied for subject to availability





Options Available – Rights Holder

If the Eligible Equity Shareholder applies in the Issue, then such Eligible Equity Shareholder can:

- Apply for its Rights Equity Shares to the full extent of its Rights Entitlements; or
- Apply for its Rights Equity Shares to the extent of part of its Rights Entitlements (without renouncing the other part); or
- Apply for Rights Equity Shares to the extent of part of its Rights Entitlements and renounce the other part of its Rights Entitlements; or
- Apply for its Rights Equity Shares to the full extent of its Rights Entitlements and apply for additional Rights Equity Shares; or
- Renounce its Rights Entitlements in full





Trading in Rights Entitlement (RE)

BSE - "R" Group

T + 2 Day Settlement

Trade for Trade

- No short selling allowed

Trading commences along with the Opening of the Issue

- Closed at least Three days prior to the closure of the rights issue

Trading on Stock Exchanges Platform

- Through Stock Broker
- Like Normal Trading
- Exchanges have issued notices, trading has commenced

For off Market Trade

- Give off market instruction to DP





Examples - Rights Entitlement (RE)

Situation 1

- Applied for 100 Rights in Demat account 1
- RE balance in Demat account 1 is 100

Allotment

- 100 shares to be allotted provided there are no errors

Situation 2

- Applied for 100 Rights in Demat account 1
- Applied for 100 Rights in Demat account 2
- RE balance in Demat account 1 is 100
- RE balance in Demat account 2 is 50

Allotment

- 100 shares to be allotted in Demat Account No. 1
- 50 shares to be allotted in Demat Account No. 2
- Additional shares (max 50 more) may be allotted in Demat Account No. 2 subject to oversubscription





Examples - Rights Entitlement (RE)

Situation 3

- Originally had 100 Rights in Demat account 1
- Applied for 100 Rights in Demat account 1 on Day 1
- Sold the RE in the market, Nil RE balance as on closure of issue

Allotment

- Nil allotment Amount will be refunded

Situation 4

- Originally had 100 Rights in Demat account 1
- Purchased 200 more, So 300 RE balance as on closure of issue
- Applied for 1000 Rights in Demat account 1

Allotment

- 300 shares to be allotted in Demat Account No. 1
- Additional shares (upto 700 max) may be allotted subject to oversubscription





Examples - Rights Entitlement (RE)

Situation 5

- RE balance in Demat account 1 is 100
- RE balance in Demat account 2 is 50
- Applied for 150 Rights in Demat account 1
- Applied for Nil Rights in Demat account 2

Allotment

- 100 shares to be allotted in Demat Account No. 1
- Nil shares to be allotted in Demat Account No. 2 – 50 RE lapsed
- Additional shares (max 50) may be allotted in Demat Account No. 1 subject to oversubscription





Examples - Rights Entitlement (RE)

Situation 6

- RE entitlement – physical - 100
- RE balance in Demat is 200
- Applied for 100 Rights for physical using R-WAP
- Applied for 200 Rights in Demat using ASBA

Allotment

- 100 shares to be allotted – you will need to provide demat details for the shares to be received in your demat account
- 200 shares to be allotted in Demat Account





Thank You

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Disclaimer: 'Investment in securities market are subject to market risks, read all the related documents carefully before investing.'

