



Chapter 2: Streamlining the process of Rights Issue²

1. Following are applicable for the Rights Issue process:
 - 1.1. The period for advance notice to stock exchange(s) under [Regulation 42\(2\)](#) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“**LODR Regulations 2015**”) shall be at least 3 working days (excluding the date of intimation and the record date).
 - 1.2. Issuance of newspaper advertisement disclosing date of completion of dispatch and intimation of same to the stock exchanges for dissemination on their websites, as per [Regulation 84 \(1\)](#) of the ICDR Regulations, shall be completed by the issuer at least 2 days before the date of opening of the issue.
 - 1.3. [In terms of [Regulation 85](#) of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018, Rights Issues shall be completed within 23 working days from the date of Board of Directors of the Issuer approving the Rights Issue.
 - 1.4. The revised timelines for completion of the various activities involved in Rights Issue process from the date of Board of Directors of the Issuer approving the Rights Issue till the date of closure of Rights Issue are placed at [\[Annexure- I\]](#)³
 - 1.5. If the Issuer is making a Rights Issue of convertible debt instruments, wherein shareholders’ approval is required, then the timelines for Rights Issue would be adjusted accordingly owing to shareholders’ approval as mentioned in [Annexure-I](#)
 - 1.6. In terms of [Regulation 87](#) of SEBI ICDR Regulations and in view of the revised timelines, it is being specified that Rights Issue shall be kept open for subscription for a minimum period of seven days and for a maximum period of thirty days.
 - 1.7. System for Validation of Bids
 - 1.7.1. Validation of application bids received for subscribing to the shares in Rights Issue and finalization of basis of allotment shall also be carried out by the Stock Exchanges and Depositories along with the Registrar to the issue.]
 - 1.8. With respect to dematerialized Rights Entitlements (REs) –
 - 1.8.1. In the letter of offer **[***]**⁴, the issuer shall disclose the process of credit of REs in the demat account and renunciation thereof.
 - 1.8.2. The REs with a separate ISIN shall be credited to the demat account of eligible shareholders in dematerialized form before the date of opening of the issue, against the shares held by them as on the record date.

² [SEBI/HO/CFD/DIL2/CIR/P/2020/13](#) January 22, 2020 and [SEBI/HO/CFD/SSEP/CIR/P/2022/66](#) May 19, 2022

³ Inserted vide SEBI Circular no. [SEBI/HO/CFD/CFD-PoD-1/P/CIR/2025/31](#) dated March 11, 2025

⁴ Omitted vide SEBI Circular no. [SEBI/HO/CFD/CFD-PoD-1/P/CIR/2025/31](#) dated March 11, 2025. Before omission it read as “and the abridged letter of offer”



1.8.3. Physical shareholders shall be required to provide their demat account details to Issuer / Registrar to the Issue for credit of REs not later than two working days prior to the issue closing date, such that credit of REs in their demat account takes place at least 1 day before the issue closing date.

1.9. Trading of dematerialized REs on stock exchange platform –

1.9.1. REs shall be traded on secondary market platform of stock exchanges, with T+1 rolling settlement, similar to the equity shares. Trading in REs on the secondary market platform of stock exchanges shall commence along with the opening of the issue and shall be closed at least three working days prior to the closure of the rights issue.

1.9.2. 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.

1.9.3. Payment mode - Application for a rights issue shall be made only through ASBA facility.

1.9.4. No withdrawal of application by any shareholder shall be permitted after the issue closing date.

The detailed procedures on the Rights Issue process are given at [Annexure-IA](#) for due compliance.