**Conditions:**

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| **Particulars**  | **Conditions / Requirements** |
| Definitions  | An important amendment in the proposed new legislation is the express inclusion of the definition of ‘Buyback period’ to mean the period between the date of board of directors resolution or date of declaration of results of the postal ballot for special resolution, as the case may be, to authorize buyback of shares of the company and the date on which the payment of consideration to shareholders who have accepted the buyback offer is made |
| Maximum limit of any buy-back  | 25% or less of the aggregate paid up capital and free reserves of the company. In case of buy-back of equity share capital, then the maximum limit shall be 25% of the total paid up equity capital in that financial year   |
| Debt –equity ratio post Buy-back  | 2:1  |
| Shares / other specified Securities that can be bought back  | Only fully paid up shares /other specified securities can be bought back  |
| Methods of Buy-back  | 1. from existing share / security holders on proportionate basis through tender offer,
2. from open market through book building process / stock exchange, (not more than 15% from open market)
3. from odd lot holders
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| General conditions  | * Buy-back should be authorized by the Articles of Association
* Except as specified in the Regulation, the Buy-back should be authorized by a special resolution in the general meeting.
* Separate Bank account to be opened and funds for shares / securities to be bought back to be deposited therein.
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| Restrictive conditions  | 1. A company cannot buy-back it shares / securities to de-list its shares from stock exchanges.
2. A company cannot buy-back its shares through negotiated deals, spot transactions or private arrangement(s)
3. Insider(s) shall not deal with buy back based on price sensitive information.
4. No fresh Buy-back can be done until 1 year from date of previous Buy-back.
5. On completion of Buy-back, a company should not issue or allot any same kind of shares/securities except by way of a bonus issue.
6. In case of Buy-back through tender offer, 15% of the number of securities which is proposed to be bought back or number of securities entitled as per their shareholding whichever is higher, shall be reserved for small shareholders
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| **Particulars**  | **Conditions / Requirements** |
| When Buy-back is prohibited | No company can Buy-back its own shares: 1. directly or indirectly through any subsidiary company including its own or through any investment company or group of companies
2. if there is default in repayment of deposits including interest accepted before or after commencement of the Act
3. Default in redemption of preference shares or payment of dividend or repayment of loan + interest to any bank or financial institution

Provided the Buy-back is permitted if the default is set right and a period of 3 years has passed after the default.  |
| Letter of Offer  | L.O.O not required to be filed with the SEBI Board in case of buy-back from Open market. In other cases, it is required to be filed with the SEBI Board.  |
| Timelines  | As stipulated under the Buy-back Regulations from time to time  |
| Extinguishment of Certificates  | Share certificates are to be physically destroyed consequent to the Buy-back  |