

## **Re-introduction of Open Market Buy-Back through Stock Exchange and review of the SEBI (Buy-Back of Securities) Regulations, 2018**

### **1. Objective**

1.1. This memorandum seeks approval of the Board to re-introduce open market buy-back (hereinafter referred as 'buy-back') through stock exchanges as an additional method and to review of mandatory appointment of Merchant Banker under SEBI (Buy-Back of Securities) Regulations, 2018 ("Buy-Back Regulations") and other provisions of Buy-Back Regulations to ensure ease of doing business by market participants.

### **2. Background**

#### **2.1. Modes of buy back –open market**

2.1.1. In terms of Section 68(2)(f) of the Companies Act, 2013, buy-back of shares or other specified securities listed on any recognized stock exchange is required to be undertaken in accordance with the regulations framed by the Securities and Exchange Board of India ("SEBI"). This is in addition to the general framework provided in section 68(1) of the Companies Act, 2013.

2.1.2. The Buy-Back Regulations presently require mandatory appointment of a Merchant Banker for undertaking a Buy-Back. The Merchant Banker, inter-alia, is responsible for activities relating to filing of letter of offer, dissemination related activities, escrow account related compliances and ensuring compliances with regulatory requirements.

#### **Methods for undertaking Buy-Back**

2.1.3. In terms of Regulation 4(iv) of the Buy-Back Regulations, a company may undertake buy-back through any one of the following methods:

- i. from the existing shareholders or other specified securities holders on a proportionate basis through tender offer; or
- ii. from the open market through 'book-building process' or through 'stock exchange'.

#### **Discontinuation of Open Market Buy-Back through Stock Exchange-**

2.1.4. Through an amendment to the Buy-Back Regulations dated February 07, 2023, the open market buy-back through stock exchange was phased out in a calibrated manner and was completely discontinued with effect from April 01, 2025.

- 2.1.5. At that time, taxation of buy-back was governed by section 115QA of the Income Tax Act, 1961 which required the company to pay buy-back tax, with no tax liability in the hands of shareholders on gains made by successful participants
- 2.1.6. While all shareholders were provided an opportunity to tender their shares under the tender offer route, inequity was inherent in the open market buy-back mechanism, as the company's purchase orders could get matched with only one or a few shareholders, thereby depriving other shareholders desirous of participating in the buy-back. Consequently, acceptance depended on the price-time order matching mechanism rather than an equitable process.
- 2.1.7. It was also acknowledged that, since buy-backs are taxed in the hands of the company and not the shareholders tendering their shares, the tax burden is effectively borne by the remaining shareholders. In this regard, SEBI also referred the matter to the Ministry of Finance for considering appropriate amendments to the relevant provisions of the Income Tax Act to address this anomaly.
- 2.1.8. In view of the above, the Board had approved the amendments to Buy-Back Regulations and accordingly a glide path, as under, was introduced to phase out the open market buy-back through stock exchange:

| <b>Parameter</b>           | <b>Till March 31, 2023</b> | <b>w.e.f. April 01, 2023</b> | <b>w.e.f. April 01, 2024</b> | <b>w.e.f. April 01, 2025</b> |
|----------------------------|----------------------------|------------------------------|------------------------------|------------------------------|
| Maximum limit              | 15%                        | 10%                          | 5%                           | 0                            |
| Time period for completion | 6 months                   | 66 working days              | 22 working days              | NA                           |

- 2.1.9. While approving the phased discontinuation of open market buy-back through stock exchange, the Board had, in terms of Regulation 16(i) of the Buy-Back Regulations, mandated creation of a separate window by the concerned stock exchange for execution of buy-back during the specified period till March 31, 2025. The said window was intended to facilitate implementation of buy-back from open market through stock exchange during the transitional phase. The special window was required otherwise it was difficult to identify the shareholder whose shares were bought back by the Company. This identification was essential due to exemption available to such shareholders as per the extant law.

### Recent changes in the Buy-Back Taxation Framework-

- 2.1.10. With the new Income Tax Act, 2025 and amendments introduced through the Finance Act, 2026, buy-back proceeds are now taxed in the hands of shareholders as capital gains, thereby making the tax treatment of buy-back transactions similar to the normal market transactions for shareholders other than promoters.
- 2.1.11. In case of promoters' shares, the effective tax rate will be 22% for corporate promoters and 30% for other than corporate promoters.
- 2.1.12. Given the above, it was decided to revisit the introduction of the open market buy back and its allied provisions.

## **2.2. Appointment of Merchant Banker**

### Existing Provisions:

- 2.2.1. The Buy-Back Regulations require mandatory appointment of a Merchant Banker for undertaking a Buy-Back. As mentioned above the Merchant Banker, inter-alia, is responsible for activities relating to filing of letter of offer, dissemination related activities, escrow account related compliances.
- 2.2.2. The securities market ecosystem has evolved significantly over the years through continuous disclosure mechanisms and enhanced governance framework. Listed companies undertaking buy-back are already subject to detailed disclosures and governance requirements under SEBI Regulations.
- 2.2.3. The Board of Directors continue to remain responsible for correctness of disclosures, compliance with statutory requirements, solvency declaration, extinguishment of securities etc. in respect of compliance with the Buy-Back Regulations.
- 2.2.4. Several responsibilities presently undertaken by Merchant Bankers under the Buy-Back Regulations are procedural and operational in nature that may be performed by the Company itself.
- 2.2.5. Mandatory appointment of Merchant Banker in all buy-back offers, particularly small buy-back offers undertaken by listed entities, results in increased costs to listed entities. Thus disintermediation would help the listed companies.

### **2.3. Issuance of Consultation Papers inviting public comments:**

- 2.3.1. In view of the recent changes in the taxation framework governing buy-back, and representations received from various stakeholders including industry associations, a need was felt to review the re-introduction of open market buy-back through stock exchange.
- 2.3.2. Accordingly, SEBI issued a consultation paper dated April 02, 2026 inviting public comments on the proposal (**Annexure I**). Simultaneously, the proposal was deliberated by the Primary Market Advisory Committee (PMAC) for its recommendations.
- 2.3.3. PMAC, while agreeing with the proposal for re-introduction of Open Market Buy-Back through Stock Exchange, recommended certain additional measures with a view to further strengthen the buy-back framework.
- 2.3.4. In the same meeting the issue of doing away with the mandatory appointment of the merchant banker was discussed in passing, where the general opinion was not in agreement with the proposal. However, given that the proposal was in the interest of ease of doing business and reducing costs to the listed company it was decided to seek public comments on the proposal.
- 2.3.5. Pursuant thereto, SEBI issued another consultation paper dated May 08, 2026, seeking public comments on the additional measures recommended by the PMAC and SEBI (**Annexure II**).
- 2.3.6. In response to the aforesaid consultation papers, total 234 comments (99 and 135 in respect of 1st and 2nd consultation papers respectively) have been received. The commenters include industry associations, intermediaries, individuals and professional institutions etc. While majority of the comments are broadly in support of the proposals in the consultation papers, some suggestions on the proposals have also been received from these entities. The details of the comments of all the stakeholders is placed at **Annexure-IIIA and IIIB**. The summary of public comments proposal wise is as under:

| Sr. No | Proposal                | Total comments received | No. of comments in agreement | No. of comments in partial agreement | No. of comments in dis-agreement |
|--------|-------------------------|-------------------------|------------------------------|--------------------------------------|----------------------------------|
| 1.     | Re-introduction of Open | 97                      | 55                           | 1                                    | 41                               |

| Sr. No | Proposal                                                     | Total comments received | No. of comments in agreement | No. of comments in partial agreement | No. of comments in disagreement |
|--------|--------------------------------------------------------------|-------------------------|------------------------------|--------------------------------------|---------------------------------|
|        | Market Buy-Back through Stock Exchange                       |                         |                              |                                      |                                 |
| 2.     | Intimation to Shareholders regarding buy-back offer          | 20                      | 16                           | 3                                    | 1                               |
| 3.     | Duration of the Open Market Buy-Back offer on Stock Exchange | 20                      | 13                           | 6                                    | 1                               |
| 4.     | Requirement of Separate Trading Window                       | 19                      | 16                           | 2                                    | 1                               |
| 5.     | Restrictions on Promoter/ Promoter Group participation       | 19                      | 14                           | 4                                    | 1                               |
| 6.     | Minimum Public Shareholding Compliance                       | 19                      | 13                           | 2                                    | 4                               |
| 7.     | Interval between two Buy-Back offers                         | 18                      | 17                           | 1                                    | 0                               |
| 8.     | Appointment of Merchant Banker                               | 20                      | 6                            | 6                                    | 8                               |

2.3.7. The analysis of public comments, recommendations of PMAC, SEBI's views and the proposals for consideration of Board are discussed in the following paragraphs.

### **3. Re-introduction of Open Market Buy-Back through Stock Exchange**

**3.1. Recommendations of PMAC:** The Committee has recommended the re-introduction of Open Market Buy-back through stock exchange mechanism with certain additional measures, which have been dealt with in below paragraphs.

#### **3.2. Analysis of public comments:**

3.2.1. The break-up of the comments received from public on the proposal are as under:

| Proposal                                                       | Total comments received | No. of comments in agreement | No. of comments in partial agreement | No. of comments in disagreement |
|----------------------------------------------------------------|-------------------------|------------------------------|--------------------------------------|---------------------------------|
| Re-introduction of Open Market Buy-Back through Stock Exchange | 97                      | 55                           | 1                                    | 41                              |

3.2.2. From the above, it can be seen that, majority of comments are in support of proposal. Out of 41 disagreements, it is seen that 12 have not provided any rationale for disagreement. Another 20 while not having provided any specific rationale for disagreement, have however commented either to keep only tender route or commented that it is not beneficial to small investors. From their comments it appears that these commentators were

not able to fully appreciate the tax neutrality pursuant to recent changes in Income Tax Act 2025. These are specifically highlighted in the tabulation in annexure.

- 3.2.3. Remaining 9 commenters who have raised concerns have broadly mentioned that the company should not be allowed to cancel or delay the buy-back once it is announced, Open market route lacks a guaranteed reservation for small/retail investors, share prices tends to rise immediately after the buy-back announcement, however, once it is clarified that the buy-back will be undertaken through open market method, prices tends to fall drastically.
- 3.2.4. The comments have been examined and it is noted that reintroduction of open market buy-back through stock exchange does not affect the option of under taking buy-back through tender offer route and the same will provide companies with additional mechanism for undertaking buy-backs.
- 3.2.5. Further, objective of buy-back is to return surplus funds to shareholders which is not confined to any particular class of investors and with the tax being treated at the hands of the investors as capital gains, there remains no advantage or disadvantage to any investor (except the promoter) as to whether the shares are bought by the Company under Open Market Buy-Back or by a normal purchase.
- 3.2.6. Regulation 24(i)(d) of the Buy-Back Regulations stipulates that the company shall not withdraw the buy-back offer once the public announcement is made or the draft letter of offer is filed with the Board. Further, the requirement that the buy-back be completed within a specified time period ensures certainty in its execution / implementation.
- 3.2.7. The mechanism of open market buy-back through stock exchange is operationally different from the tender method, as it operates on a price-time priority matching system, just like normal buying and selling. Accordingly, the concept of reservation is not feasible under the open market method.
- 3.2.8. The stated concern with respect to rise in price of shares after announcement is not factually substantiated. In this regard, a study has been undertaken based on the data obtained from the Stock Exchanges (15 buy-back offers have been selected on sample basis in the last three

years). The analysis did not conclude consistent or uniform trend across buy-back offers (both tender method and open market method). It is also observed that share prices do not invariably increase upon announcement of buy-back nor do they necessarily fall upon disclosure of the method of buy-back.

- 3.2.9. In light of the recent amendments in the taxation on buy-back introduced by the Finance Act, 2026, the differential tax still exists for promoter shareholders participating in Buy-Back, however, anyway the promoters are not allowed to participate in Open Market Buy-Back through Stock Exchanges.
- 3.2.10. Shifting of tax burden from the Company undertaking buy-back to the public shareholders participating in buy-back, has made selling in normal market equal to selling in buy-back through stock exchange. The re-introduction of this method of buy-back would provide companies with an additional mechanism for undertaking buy-back, while ensuring equitable opportunity and treatment of taxation for public shareholders.
- 3.2.11. While re-introducing the open market buy-back, the other requirements for open market buy-back provided in 'Chapter-IV' of Buy-Back Regulations, such as restriction on promoter participation, making comprehensive disclosures, public announcement, filing of the copy of public announcement with the Board and the Stock Exchanges, opening of Escrow account etc. may also be re-introduced subject to additional proposals in this Memorandum.

### **3.3. Proposal:**

- 3.3.1. It is proposed that the method of 'buy-back of shares or other specified securities from open market through stock exchange' may be re-introduced with effect from August 01, 2026 by suitably amending the proviso to regulation 4(iv) of Buy-Back Regulations.
- 3.3.2. It is further proposed that, 'Chapter-IV', 'Buy-Back from the Open Market' and all other relevant Regulations of the SEBI (Buy-Back of Securities) Regulations, 2018 and circulars governing the buy-back from open market through stock exchange shall remain applicable pursuant to the re-introduction of open market buy-back through stock exchange subject to the other amendments proposed in this Memorandum.

#### **4. Intimation to Shareholders regarding open market buy-back offer**

##### **4.1. Existing Provisions:**

4.1.1. In terms of Regulation 16(iv)(b), the company is required to make a public announcement within two working days from the date of declaration of results of the postal ballot for special resolution / board of director's resolution. The company is further required to file a copy of the same with the Board and the Stock Exchanges. Such public announcement is required to be placed on the respective websites of the Stock Exchanges, Merchant Bankers and the Company and is disseminated to the public.

##### **4.2. Recommendations of PMAC:**

4.2.1. The Committee recommended that the buy-back intimation, along with a copy of public announcement, may be sent through electronic mode within one day from the date of public announcement. For this purpose, the shareholders as on the date of public announcement may be considered. This would ensure that all the shareholders are duly informed in a timely manner and are made aware about the open market buy-back through stock exchange.

##### **4.3. Analysis of Public Comments:**

4.3.1. The break-up of the comments received from public on the proposal are as under:

| <b>Proposal</b>                                     | <b>Total comments received</b> | <b>No. of comments in agreement</b> | <b>No. of comments in partial agreement</b> | <b>No. of comments in disagreement</b> |
|-----------------------------------------------------|--------------------------------|-------------------------------------|---------------------------------------------|----------------------------------------|
| Intimation to Shareholders regarding buy-back offer | 20                             | 16                                  | 3                                           | 1                                      |

4.3.2. From the break-up, it can be seen that, majority of comments are in support of proposal. One comment is in disagreement with the proposal, where the concern articulated by person is that there is at present robust framework for dissemination of public announcement on the websites of stock exchanges, Company and Merchant Banker. Therefore, instead of a mandatory requirement it is suggested that sending electronic intimations directly to shareholders be made voluntary for Listed Companies as this results in duplication of the disclosures.

4.3.3. In this regard, it may be noted that, direct electronic communication would facilitate wider awareness amongst shareholders and ensure that shareholders are informed of the buy-back offer in a timely manner.

4.3.4. After considering the recommendations of PMAC and public comments for wider and timely dissemination of information to shareholders, as an additional safeguard, companies may intimate shareholders regarding the buy-back offer through electronic mode. Such requirement would enhance shareholder awareness and facilitate informed participation in the buy-back offer.

#### **4.4. Proposal:**

In view of the above, it is proposed that the company may be mandated to send an intimation through electronic mode regarding the open market buy-back offer to those who are shareholders as on date of public announcement within one working day of such public announcement.

### **5. Duration of the Open Market Buy-Back offer on Stock Exchange**

#### **5.1. Existing Provisions:**

5.1.1. In terms of Regulation 17(ii) of Buy-Back Regulations, the closure timelines subsequent to the calibrated glide path towards discontinuation of the stock exchange method, were gradually reduced from six months to 66 working days to 22 working days, before the method was discontinued with effect from April 01, 2025.

#### **5.2. Recommendations of PMAC:**

5.2.1. The Committee recommended that the maximum duration for which the buy-back may remain open may be prescribed as six months, in line with the earlier framework. The Committee further recommended that in view of the longer duration i.e. six months, the existing requirement under Regulation 15(ii) of Buy-Back Regulations relating to utilization of minimum 'forty per cent' of the amount earmarked for buy-back within the initial half of the specified duration maybe increased to 'fifty percent'.

**5.3.** SEBI has examined the recommendations of PMAC and views of SEBI on the recommendations are as follows:

5.3.1. While PMAC has recommended a maximum duration of six months for completion of buy-back offers, it is observed that such a timeline seems

relatively long from the point of timely implementation of buy-back. Further, such long period may make buy-back irrelevant in the context of the developments that may happen during these six months and would also be cumbersome for shareholders to keep a track on the same as the corporate action will remain open for period of 6 months. This will also result in a corporate action being open for too long and would be stale and resultantly would become irrelevant.

5.3.2. It is also noted that the regulatory framework governing buy-back under the Companies Act is undergoing changes pursuant to amendments introduced under the Companies Law Amendment Bill, 2026 with respect to the permissible gap between two buy-back offers. These changes necessitate a balanced approach to ensure timely execution of the buy-back offers.

5.3.3. Accordingly, it is considered appropriate that the maximum duration for completion of open market buy-back through stock exchange may be prescribed as 66 working days, which would be more aligned with the objective of ensuring timely execution while providing adequate flexibility to issuers and in the interest of the shareholders.

5.3.4. Further, in view of the proposed duration of '66 working days', it is considered appropriate to retain the existing requirement relating to utilization of minimum 'forty percent' of the amount earmarked for buy-back within the initial half of the specified duration.

#### **5.4. Analysis of Public Comments:**

5.4.1. The break-up of the comments received from public on the proposal are as under:

| <b>Proposal</b>                                              | <b>Total comments received</b> | <b>No. of comments in agreement</b> | <b>No. of comments in partial agreement</b> | <b>No. of comments in disagreement</b> |
|--------------------------------------------------------------|--------------------------------|-------------------------------------|---------------------------------------------|----------------------------------------|
| Duration of the open market Buy-Back offer on Stock Exchange | 20                             | 13                                  | 6                                           | 1                                      |

5.4.2. From the break-up, it can be seen that, majority of comments are in support of proposal. One of the commenter has raised the concern that mandatory

utilization limit of 40% during first half of buy-back period may be relaxed and timeline of 66 working days may be increased to 90 days.

5.4.3. In this regard, it may be noted that, the proposed timeline of 66 working days seeks to maintain a balance between providing adequate flexibility to issuers and ensuring timely completion of the buy-back process. A longer timeline may dilute the objective of timely execution of buy-back offers and prolong uncertainty for investors.

5.4.4. Further, retention of the existing requirement relating to utilization of a minimum of forty percent of the amount earmarked for buy-back during first half of the offer period would continue to ensure meaningful progress and phased implementation of buy-back during the initial period. Accordingly, the proposal provides an appropriate balance between issuer flexibility, timely execution of buy-back and investor interests.

#### **5.5. Proposal:**

In view of the above, it is proposed that open market buy-backs through the stock exchange mechanism shall be completed within 66 working days from the date of opening of the offer. Further, the existing requirement of utilizing at least 40% of the buy-back size during the first half of the offer period may be retained.

### **6. Requirement of Separate Trading Window**

#### **6.1. Existing Provisions:**

6.1.1. While approving the phased discontinuation of open market buy-back through stock exchange, the Board had, in terms of Regulation 16(i) mandated creation of a separate window by the stock exchanges for execution of buy-back.

6.1.2. SEBI, in its consultation paper dated April 02, 2026 proposing re-introduction of Open Market Buy-Back through Stock Exchanges, had provided that the existing framework for buy-back form open market through stock exchange as provided in Regulations and Circulars inter-alia including requirement relating to separate trading window would continue to be applicable. The proposal was then simultaneously placed before PMAC for its deliberations and recommendations.

#### **6.2. Recommendations of PMAC:**

6.2.1. The Committee recommended that such a separate window by stock exchanges may no longer be necessary, and that buy-back transactions

may instead be executed through the normal trading mechanism. The separate window was primarily introduced to identify investors eligible for beneficial tax treatment. Since such tax benefits are no longer available, investors participating in Buy-Backs and regular market investors are now subject to the same tax treatment. Further, the requirement under Regulation 17(i) relating to the display of the company's identity on the electronic screen as purchaser when order is placed may now not be required.

6.2.2. Accordingly, it was considered appropriate to dispense with the requirement of a separate trading window and permit execution of buy-back transactions through the normal trading mechanism. Further, since buy-back transactions would be executed through the normal trading mechanism, the requirement relating to display of the company's identity as purchaser on the electronic screen is also no longer considered unnecessary.

6.2.3. In view of the above, SEBI issued consultation paper dated May 08, 2026 proposing for dispensation of requirement of separate trading window along with display of the identity of company on electronic screen as purchaser.

### **6.3. Analysis of Public Comments:**

6.3.1. The break-up of the comments received from public on the proposal are as under:

| <b>Proposal</b>                        | <b>Total comments received</b> | <b>No. of comments in agreement</b> | <b>No. of comments in partial agreement</b> | <b>No. of comments in disagreement</b> |
|----------------------------------------|--------------------------------|-------------------------------------|---------------------------------------------|----------------------------------------|
| Requirement of Separate Trading Window | 19                             | 16                                  | 2                                           | 1                                      |

6.3.2. From the break-up, it can be seen that, majority of comments are in support of proposal. One of the commenter has raised the concern that complete removal of visibility mechanisms may reduce transparency, investors knowledge and market surveillance.

6.3.3. In this regard, it may be noted that, once the separate trading window is dispensed with, there would not be any difference between orders executed under open market buy-back and normal trades. This is as per

the principle of anonymity followed under normal trading mechanism. Therefore, separate identification mechanism may not be necessary.

6.3.4. Further, under existing Open Market buy-back framework, Companies are already required to submit information regarding the shares or specified securities bought - back, to the stock exchange on a daily basis in such form as may be specified by the Board and the stock exchange shall upload the same on its official website immediately.

#### **6.4. Proposal:**

In view of the above, it is proposed that while re-introducing the open market buy-back through the stock exchange, the requirement of separate window and display of the identity of the company on electronic screen as a purchaser may be dispensed with.

### **7. Restrictions on Promoter/ Promoter Group participation**

#### **7.1. Existing Provisions:**

7.1.1. Regulation 24(i)(e) of the Buy-Back Regulations, provides that the promoter(s) or his/their associates shall not deal in the shares or other specified securities of the company in the stock exchange or off-market, including inter-se transfer of shares among the promoters during the period from the date of passing the resolution of the board of directors or the special resolution, as the case may be, till the closing of the offer. This is applicable to all methods of buy-back.

#### **7.2. Recommendations of PMAC:**

7.2.1. The Committee recommended that all the securities of the company for which it is undertaking buy-back, held by the promoters and their associates be frozen at the ISIN level during the buy-back period as an additional safeguard.

7.2.2. Based on the recommendations of PMAC, SEBI issued consultation paper dated May 08, 2026, proposing freezing of the shares or other specified securities held by promoters and their associates at ISIN level during buy-back period.

7.2.3. The consultation paper noted that, in order to further strengthen the existing safeguards and ensure effective implementation of such

restriction, it was considered appropriate to mandate freezing of the shares or other specified securities held by the promoters and their associates at the ISIN level during the buy-back period. Such measure would act as an additional safeguard against any dealing in securities during the restricted period.

7.2.4. However, since promoters are permitted to participate in buy-back undertaken through the tender offer method, such freeze would not apply for the limited purpose of tendering shares in the buy-back. Further, promoters participating in tender offer buy-backs would continue to be subject to the applicable taxation framework introduced under the Finance Act, 2026.

### **7.3. Analysis of Public Comments**

7.3.1. The break-up of the comments received from public on the proposal are as under:

| <b>Proposal</b>                                           | <b>Total comments received</b> | <b>No. of comments in agreement</b> | <b>No. of comments in partial agreement</b> | <b>No. of comments in disagreement</b> |
|-----------------------------------------------------------|--------------------------------|-------------------------------------|---------------------------------------------|----------------------------------------|
| Restrictions on Promoter/<br>Promoter Group participation | 19                             | 14                                  | 4                                           | 1                                      |

7.3.2. From the break-up, it can be seen that, majority of comments are in support of proposal.

7.3.3. One of the entity has commented that blanket ISIN level freeze may obstruct genuine transactions such as pledge invocation and release, succession, court, approved arrangements, financing actions and permitted transactions such as subsisting obligations, accordingly the proposal may be reconsidered in its present form.

7.3.4. In this regard, it is noted that, the ISIN level freeze would apply to the shares which are already issued and are being bought back. Shares arising out of the subsisting obligations (warrants, convertibles etc.) would not be impacted as freeze is applicable on debit of shares from demat account. With respect to succession/court approved arrangements, the same will be required to be implemented in terms of the extant laws and no specific carve out may be required in Buy-Back regulations.

7.3.5. Further, invocation of encumbrances may be allowed subject to freeze continuing in the name of transferee. Operational mechanism is already in place for activating freezes in case of to be listed securities. The same shall be detailed in circular to be issued in the matter.

7.3.6. Accordingly, the proposal does not result in any substantive change in the rights or obligations of promoters and their associates and merely provides an additional mechanism for enforcement of the existing regulatory restriction.

#### **7.4. Proposal:**

7.4.1. In view of the above, it is proposed that the shares or other specified securities of the company for which it is undertaking buy-back, held by the promoters and their associates shall remain frozen at the ISIN level during the buy-back period. The company shall provide necessary instructions to the depositories for such freezing.

7.4.2. Since promoters are allowed to participate in buy-backs through 'Tender Offer' method, such freeze would not be applicable for limited purpose of tendering such shares in buy-back.

7.4.3. Further, transfer of shares or other specified securities pursuant to invocation of encumbrances created on shares or other specified securities prior to the commencement of buy-back period may be allowed subject to freeze continuing in the name of transferee during the buy-back period. The operational mechanisms shall be detailed in circular to be issued in the matter.

### **8. Minimum Public Shareholding Compliance**

#### **8.1. Existing Provisions:**

8.1.1. The requirement relating to Minimum Public Shareholding (MPS) is prescribed under the Securities Contracts (Regulation) Rules, 1957 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. However, the Buy-Back Regulations does not contain an explicit provision aligning the buy-back transactions with compliance of MPS requirements.

#### **8.2. Recommendations of PMAC:**

8.2.1. The Committee recommended to introduce an explicit provision for the requirement of Minimum Public Shareholding (MPS) in the context of buy-

back under the Buy-Back Regulations.

8.2.2. Accordingly, it was proposed in the consultation paper dated May 08, 2026 that, in the Buy-Back Regulations explicit provision may be introduced stating that the company / issuer should not announce any buy-back, (through open market or tender method) that may result in breach of MPS requirements.

### **8.3. Analysis of Public Comments:**

8.3.1. The break-up of the comments received from public on the proposal are as under:

| <b>Proposal</b>                        | <b>Total comments received</b> | <b>No. of comments in agreement</b> | <b>No. of comments in partial agreement</b> | <b>No. of comments in disagreement</b> |
|----------------------------------------|--------------------------------|-------------------------------------|---------------------------------------------|----------------------------------------|
| Minimum Public Shareholding Compliance | 19                             | 13                                  | 2                                           | 4                                      |

8.3.2. From the break-up, it can be seen that, majority of comments are in support of proposal. Four commentators have raised concern that introducing a similar provision in the Buy-Back Regulations would result in regulatory duplication without providing any additional regulatory benefit. Temporary breach of MPS resulting from a buy-back should be permitted subject to restoration of compliance within a specified timeline as the same is not within the control of the company and it would prevent companies with high promoter shareholding from undertaking buy-backs.

8.3.3. While compliance with Minimum Public Shareholding (MPS) requirements is prescribed under the existing legal framework, the proposed provision seeks to explicitly incorporate the requirement within the Buy-Back Regulations to provide regulatory clarity and ensure that buy-back transactions are undertaken in a manner consistent with the MPS framework.

8.3.4. Buy-back is a voluntary corporate action undertaken at the discretion of the company. Accordingly, the company is expected to appropriately determine the size and structure of the buy-back after taking into account the applicable regulatory requirements, including compliance with MPS norms.

8.3.5. Further, while buy-backs serve as a mechanism for distribution of surplus funds and creation of shareholder value, the same must be balanced against the objective of ensuring adequate public float and market liquidity.

#### **8.4. Proposal:**

In view of the above, it is proposed to insert a suitable provision in the SEBI (Buy-Back of Securities) Regulations, 2018 specifying that the company / issuer should not announce any buy-back, (through open market or tender method) which may result in breach of MPS requirements.

### **9. Interval between two Buy-Back offers**

#### **9.1. Existing Provisions:**

9.1.1. In terms of Regulation 4(vii) of the Buy-Back Regulations, a company cannot make any offer of buy-back within a period of one year reckoned from the date of expiry of the buy-back period of the preceding offer of buy-back.

#### **9.2. Recommendations of PMAC:**

9.2.1. The Committee recommended that the requirement relating to minimum gap between two buy-back offers under Buy-Back Regulations may be aligned with the provisions of the Companies Act. This would ensure that any amendments to the Companies Act are automatically reflected, thereby maintaining consistency and avoiding the need of corresponding amendments under Buy-Back Regulations. This proposal was thus included in the consultation paper dated May 08, 2026.

#### **9.3. Analysis of Public Comments:**

9.3.1. The break-up of the comments received from public on the proposal are as under:

| <b>Proposal</b>                      | <b>Total comments received</b> | <b>No. of comments in agreement</b> | <b>No. of comments in partial agreement</b> | <b>No. of comments in dis-agreement</b> |
|--------------------------------------|--------------------------------|-------------------------------------|---------------------------------------------|-----------------------------------------|
| Interval between two Buy-Back offers | 18                             | 17                                  | 1                                           | 0                                       |

9.3.2. From the break-up, it can be seen that, majority of comments are in support of proposal. One commenter who has partially agreed with the proposal has commented that the only shortcoming of the proposal is the

lack of cross-reference; alignment without identifying the relevant provision of the Companies Act simply passes the problem down the line.

9.3.3. In this regard, it may be noted that, the reference to Companies Act is proposed from the ease of doing business point of view so that flexibility is available to the company and the interval is aligned with the parent law without requiring any changes in the regulations in future. Thus cross reference to companies act for this purpose may not be required.

9.3.4. Accordingly, it is considered appropriate to align the interval between two buy-back offers under the Buy-Back Regulations with the provisions of the Companies Act, 2013. Such alignment would ensure regulatory consistency, provide legal certainty and facilitate ease of compliance for listed entity

#### **9.4. Proposal:**

In view of the above, it is proposed to amend the clause (vii) of Regulation 4 of the SEBI (Buy-Back of Securities) Regulations, 2018 and specify that the interval between two buy-backs by a company shall be in accordance with the interval as specified in Companies Act, 2013 for unlisted company.

### **10. Appointment of Merchant Banker**

10.1. The Buy-Back Regulations require mandatory appointment of a Merchant Banker for undertaking a Buy-Back. As mentioned above at para 2.2 and 2.3.4, the role of the Merchant Banker was reviewed and in the interest of ease of doing business and reducing costs to the listed company it was decided to seek public comments on the proposal of dispensing with the mandatory appointment of merchant bankers in buy-backs.

#### **10.2. Analysis of Public Comments:**

10.2.1. The break-up of the comments received from public on the proposal are as under:

| <b>Proposal</b>                | <b>Total comments received</b> | <b>No. of comments in agreement</b> | <b>No. of comments in partial agreement</b> | <b>No. of comments in disagreement</b> |
|--------------------------------|--------------------------------|-------------------------------------|---------------------------------------------|----------------------------------------|
| Appointment of Merchant Banker | 20                             | 6                                   | 6                                           | 8                                      |

10.2.2. From the break-up, it is observed that out of 8 disagreements 5 are

merchant bankers who are directly impacted by the proposal and it is natural for them to disagree/oppose.

10.2.3. One of the commenters has mentioned that Merchant Bankers brings independent oversight in the buy-back process. Further, both the exchanges have specifically provided their views with respect to assignment of escrow management to them citing that escrow oversight requires continuous monitoring of fund adequacy, coordination with banks, handling of invocation and release conditions, verification of compliance with regulatory requirements and ensuring implementation accountability. These functions involve independent supervision and transactional responsibility which are integral functions of Merchant Bankers.

10.2.4. In order to address this concern, the proposal seeks to bring in independence in nature of professionals such as company secretaries, statutory auditors which the company is anyway used to dealing with and is well versed with the affairs of the company. In this regard it is mentioned that while distributing the activities of Merchant Bankers among the company, secretarial auditor, it is ensured that the activities which require independence has been assigned to independent entities. Further, considering the views of the Stock Exchanges, the responsibilities regarding management of Escrow account may be assigned to Statutory Auditors of the Company.

10.2.5. There were suggestions that threshold based framework may be considered, whereby Merchant Banker appointment remains mandatory for smaller companies or companies lacking adequate capital markets expertise or for larger buy-backs which involves complex transaction. In this regard, it is noted that the nature of regulatory obligations under Buy-Back regulations does not materially vary based on the size of the buy-back. Therefore, introducing differentiated requirements based on the size of the buy-back may result in regulatory complexity.

10.2.6. The Exchanges have also pointed out that they are not equipped with process of providing certifications regarding adequacy of sell orders and VWAP of shares. In this regard, it may be noted that exchanges are repositories of this data and they are best placed to certifications regarding

adequacy of sell order and VWAP of shares.

10.2.7. In view of the above, the list of activities that are being reassigned to Company, Secretarial Auditor, Compliance Officer, Stock Exchanges and Statutory Auditors are as under (the details of this placed at **Annexure IV**).

| <b>Sr. No</b> | <b>Responsibilities of MBs as per current regulatory framework</b>                                                                                                                                   | <b>Activities proposed to be assigned to</b> |
|---------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------|
| 1.            | Appointment of Merchant Banker                                                                                                                                                                       | NA                                           |
| 2.            | Filing of letter of offer and Public Announcement along with Fees in accordance with the terms of the Regulations and ensuring that their contents are true, fair and adequate.                      | Company                                      |
| 3.            | Certifying that the buy-back offer is complying with regulations and Due diligence certification                                                                                                     | Secretarial Auditor                          |
| 4.            | Oversight and operation of escrow accounts including bank guarantees, cash deposits, approved securities, invocation rights and release of escrow account and forfeiture-related directions by SEBI. | Statutory Auditor                            |
| 5.            | Certification relating to adequacy of sell orders and VWAP of shares or other specified securities                                                                                                   | Stock Exchanges                              |
| 6.            | Presence during extinguishment/destruction of securities in case of Tender offer                                                                                                                     | NA                                           |
| 7.            | Presence during extinguishment/destruction of securities in case of buy-back through open market                                                                                                     | Compliance officer                           |
| 8.            | Certification/verification of compliance with extinguishment of securities                                                                                                                           | Compliance officer                           |
| 9.            | Submission of final report                                                                                                                                                                           | Company                                      |
| 10.           | Ensuring availability of funds and firm financial arrangements for implementation of the buy-back                                                                                                    | Company                                      |
| 11.           | Compliance with relevant provisions of Companies Act, 2013                                                                                                                                           | Company                                      |
| 12.           | Disclosure of Public Announcement on website of Merchant Bankers                                                                                                                                     | NA                                           |

### **10.3. Proposal:**

10.3.1. In view of the above, it is proposed to dispense with the requirement of mandatory appointment of a Merchant Banker by the company for undertaking buy-back of shares or other specified securities.

10.3.2. Further, it is proposed to assign the activities which are presently carried out by the Merchant Banker to the Company, Stock Exchanges, Compliance Officer, Statutory Auditor and Secretarial Auditor.

### **11. Proposal to the Board:**

11.1. The Board is requested to consider and approve:

11.1.1. the proposals mentioned under paras 3.3.1, 3.3.2, 4.4, 5.5, 6.4, 7.4.1, 7.4.2, 7.4.3, 8.4, 9.4, 10.3.1 and 10.3.2, which would require amendments to the SEBI (Buy-Back of Securities) Regulations, 2018.

11.1.2. the proposed draft amendments to SEBI (Buy-Back of Securities) Regulations, 2018 are placed at **Annexure V**.

11.1.3. the proposed draft amendments shall come into force with effect from August 1, 2026.

**11.2.** The Board is also requested to authorize the Chairman to carry out suitable amendments to the regulations and to take any other consequential or incidental steps for implementation of decisions of the Board.

**Enclosures:**

1. Annexure I – Consultation Paper I (Pages 1 to 15)
2. Annexure II – Consultation Paper II (Pages 1 to 10)
3. Annexure IIIA - Details of public comments (Pages 1 to 10)
4. Annexure IIIB – Details of public comments (Pages 1 to 14)
5. Annexure IV – Assignment of activities which are carried out by the Merchant Banker to Company, Compliance officer Stock Exchanges, Statutory Auditor and Secretarial Auditor (Pages 1 to 2)
6. Annexure V – Draft Amendments to SEBI (Buy-Back of Securities) Regulations, 2018 (Pages 1 to 9)

**Addendum: Re-introduction of Open Market Buy-back through Stock Exchanges  
and Review of the SEBI (Buy-back of Securities) Regulations, 2018.**

**1. Addendum to Para 9: Interval between two Buy-Back offers of the Board Memorandum:**

1.1. The para 9.4 of the Board Memorandum reads as follows:

9.4. “In view of the above, it is proposed to amend the clause (vii) of Regulation 4 of the SEBI (Buy-Back of Securities) Regulations, 2018 and specify that the interval between two buy-backs by a company shall be in accordance with the interval as specified in Companies Act, 2013 for unlisted company.”

1.2. Based on internal discussions, it is proposed that, in the para 9.4 of the Board memorandum, **the words “for unlisted company” may be omitted.** Accordingly, the revised proposal may be read as under:

**9.4. Proposal:**

**“In view of the above, it is proposed to amend the clause (vii) of Regulation 4 of the SEBI (Buy-Back of Securities) Regulations, 2018 and specify that the interval between two buy-backs by a company shall be in accordance with the interval as specified in Companies Act, 2013.”**

**2. Addendum to Para 10: Appointment of Merchant Banker of the Board Memorandum:**

2.1. Based on the internal discussions and feedback received from the stakeholders/commenters, the proposal mentioned at para 10 of the board memorandum is reexamined. The revised para 10.2 and 10.3 of the Board Memorandum is as under:

**“10.2 Analysis of Public Comments:**

10.2.1 The break-up of the comments received from public on the proposal are as under:

| <b>Proposal</b>                | <b>Total comments received</b> | <b>No. of comments in agreement</b> | <b>No. of comments in partial agreement</b> | <b>No. of comments in dis-agreement</b> |
|--------------------------------|--------------------------------|-------------------------------------|---------------------------------------------|-----------------------------------------|
| Appointment of Merchant Banker | 20                             | 6                                   | 6                                           | 8                                       |

- 10.2.2 From the break-up, it is observed that out of 8 disagreements 5 are merchant bankers who are directly impacted by the proposal and it is natural for them to disagree/oppose.
- 10.2.3 One of the commenters has mentioned that Merchant Bankers brings independent oversight in the buy-back process. Based on the feedback it is specifically provided that proposal to appoint merchant banker is optional which is discussed in later paras.
- 10.2.4 Both the exchanges have specifically provided their views with respect to assignment of escrow management to them citing that escrow oversight requires continuous monitoring of fund adequacy, coordination with banks, handling of invocation and release conditions, verification of compliance with regulatory requirements and ensuring implementation accountability. These functions involve independent supervision and transactional responsibility which are integral functions of Merchant Bankers.
- 10.2.5 In order to address this concern, the proposal seeks to bring in independence in nature of professionals such as company secretaries, statutory auditors which the company is anyway used to dealing with and is well versed with the affairs of the company. In this regard it is mentioned that while distributing the activities of Merchant Bankers among the company, secretarial auditor, it is ensured that the activities which require independence has been assigned to independent entities. Further, considering the views of the Stock Exchanges, the responsibilities regarding management of Escrow account may be assigned to Statutory Auditors of the Company.
- 10.2.6 There were suggestions that threshold based framework may be considered, whereby Merchant Banker appointment remains mandatory for smaller companies or companies lacking adequate capital markets expertise or for larger buy-backs which involves complex transaction. In this regard, it is noted that the nature of regulatory obligations under Buy-Back regulations does not materially vary based on the size of the buy-back. Therefore, introducing differentiated requirements based on the size of the buy-back may result in regulatory complexity.

10.2.7 The Exchanges have also pointed out that they are not equipped with process of providing certifications regarding adequacy of sell orders and VWAP of shares. In this regard, it may be noted that exchanges are repositories of this data and they are best placed to certifications regarding adequacy of sell order and VWAP of shares.

10.2.8 Further, suggestions were received that instead of dispensing with mandatory appointment of Merchant Banker, the appointment can be made optional at the discretion of the Company, allowing companies to engage a merchant banker based on the nature and complexity of the buy-back transaction. Accordingly, in view of the suggestions/comments received, it is proposed to suitably modify the proposal and make the appointment of Merchant Banker optional. This approach would provide flexibility to listed companies to avail the services of a Merchant Banker, where considered necessary, while reducing mandatory compliance requirement and ensuring ease of doing business.

10.2.9 In view of the above, in case Company decides not to appoint Merchant Banker, then the list of activities that at present being carried out by Merchant Banker under Buy-back Regulations are being reassigned to Company, Secretarial Auditor, Compliance Officer, Stock Exchanges and Statutory Auditors as under (the details of this placed at Annexure IV).

| <b>Sr. No</b> | <b>Responsibilities of MBs as per current regulatory framework</b>                                                                                                                                   | <b>Activities proposed to be assigned to</b> |
|---------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------|
| 1.            | Appointment of Merchant Banker                                                                                                                                                                       | NA                                           |
| 2.            | Filing of letter of offer and Public Announcement along with Fees in accordance with the terms of the Regulations and ensuring that their contents are true, fair and adequate.                      | Company                                      |
| 3.            | Certifying that the buy-back offer is complying with regulations and Due diligence certification                                                                                                     | Secretarial Auditor                          |
| 4.            | Oversight and operation of escrow accounts including bank guarantees, cash deposits, approved securities, invocation rights and release of escrow account and forfeiture-related directions by SEBI. | Statutory Auditor                            |
| 5.            | Certification relating to adequacy of sell orders and VWAP of shares or other specified securities                                                                                                   | Stock Exchanges                              |
| 6.            | Presence during extinguishment/destruction of                                                                                                                                                        | NA                                           |

| <b>Sr. No</b> | <b>Responsibilities of MBs as per current regulatory framework</b>                                | <b>Activities proposed to be assigned to</b> |
|---------------|---------------------------------------------------------------------------------------------------|----------------------------------------------|
|               | securities in case of Tender offer                                                                |                                              |
| 7.            | Presence during extinguishment/destruction of securities in case of buy-back through open market  | Compliance officer                           |
| 8.            | Certification/verification of compliance with extinguishment of securities                        | Compliance officer                           |
| 9.            | Submission of final report                                                                        | Company                                      |
| 10.           | Ensuring availability of funds and firm financial arrangements for implementation of the buy-back | Company                                      |
| 11.           | Compliance with relevant provisions of Companies Act, 2013                                        | Company                                      |
| 12.           | Disclosure of Public Announcement on website of Merchant Bankers                                  | NA                                           |

### **10.3 Proposal:**

10.3.1 In view of the above, it is proposed to make the appointment of Merchant Banker optional at the discretion of Company for undertaking buy-back of shares or other specified securities.

10.3.2 Further, in case Company decides not to appoint Merchant Banker, it is proposed to assign the activities which are presently carried out by the Merchant Banker to the Company, Stock Exchanges, Compliance Officer, Statutory Auditor and Secretarial Auditor.”

### **3. Addendum to Annexure III B:**

3.1. Considering the modification proposed in the proposals mentioned at 10.3.1 and 10.3.2 of the Board Memorandum in this addendum, Annexure IIIB – Details of public comments, shall stand substituted by the revised Annexure IIIB enclosed here with the addendum.

### **4. Addendum to Annexure V:**

4.1. Considering the modifications proposed in the proposals mentioned at 10.3.1 and 10.3.2 of the Board Memorandum in this addendum, Annexure V – Draft Amendments to SEBI (Buy-Back of Securities) Regulations, 2018, shall stand substituted by the revised Annexure V enclosed here with the addendum.

### **Enclosures:**

1. Annexure IIIB – Details of public comments (Pages 1 to 18)
2. Annexure V – Draft Amendments to SEBI (Buy-Back of Securities) Regulations, 2018 (Pages 1 to 9)

Consultation Paper I is available on SEBI website at the following link:

<https://www.sebi.gov.in/reports-and-statistics/reports/apr-2026/re-introduction-of-open-market-buy-back-of-shares-or-other-specified-securities-through-stock-exchange-100716.html>

## **Annexure II**

Consultation Paper II is available on SEBI website at the following link:

[https://www.sebi.gov.in/reports-and-statistics/reports/may-2026/consultation-paper-on-review-and-rationalization-of-buy-back-of-securities-regulations-2018\\_101337.html](https://www.sebi.gov.in/reports-and-statistics/reports/may-2026/consultation-paper-on-review-and-rationalization-of-buy-back-of-securities-regulations-2018_101337.html)

**Annexure IIIA****Details of Public Comments**

(This has been excised for reasons of confidentiality)

(Public comments not agreeing with the proposals in Consultation paper 1 and SEBI comments are as under)

| <b>Propo<br/>sal<br/>No.</b> | <b>Comment</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | <b>Rationale</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | <b>SEBI Comments</b>                                                                          |
|------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------|
| 1                            | Open market buybacks are not beneficial for investors or the market in many cases. In the past, it has often been observed that promoters use such buybacks mainly to increase their share price rather than genuinely return value to shareholders. Many times, companies do not fully execute the buyback as declared, which raises concerns about the intent behind these announcements. Recently, a pattern has been seen where companies announce buyback meetings, and within a short period—around 10 days—the share price increases significantly, sometimes by 20% to 40%. After this price rise, the companies either cancel the buyback or delay the process. This creates suspicion that such announcements are being used to influence market prices. For example, Sarla Performance Fibers announced a buyback when its share price was around ₹71. Soon after, the price increased to around ₹99, but the buyback was later cancelled or delayed. Similarly, Advani Hotels & Resorts (India) Ltd announced a buyback around ₹45, after which the price rose to around ₹65, and then the buyback was cancelled. Such | A possible resolution to this issue could be as follows: Firstly, open market buybacks should not be allowed, as they can create opportunities for price manipulation and lack transparency. If any company announces a buyback meeting, it should be mandatory for the company to proceed with the buyback once announced. Companies should not be allowed to cancel or delay the buyback without valid and justified reasons. In case a company cancels a declared buyback, strict action should be taken. Promoters should be penalized, and the company must provide a written explanation clearly stating the reasons for the announcement and subsequent cancellation. Such measures, if enforced by regulators like the Securities and Exchange Board of India, would help improve transparency, protect investors, and reduce the chances of misuse of buyback announcements. | As per existing buy-back framework, buy-back once announced cannot be cancelled or withdrawn. |

| Propo<br>sal<br>No. | Comment                                                                                                                                                                                                                                                                                                             | Rationale                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | SEBI Comments                                                                                                                                                                                                     |
|---------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                     | instances give the impression that promoters may be using buyback announcements to influence share prices and possibly trade through indirect or third-party accounts. Because of these concerns, open market buybacks appear unreliable and raise serious questions about fairness and transparency in the market. |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |                                                                                                                                                                                                                   |
| 1                   | Clear no                                                                                                                                                                                                                                                                                                            | Open route is to dupe retailers in name of buyback and ship-hone share capital This is very bad option , only good , transparent and fair option is tender route Keep it simple , only "tender route" buybacks in Indian market for future years                                                                                                                                                                                                                                                                         | No specific rationale provided for disagreement                                                                                                                                                                   |
| 1                   | Buy back throw tender route is best. because they include retail investors like me and I earned from tender route buyback system. please continue with tender route buyback only.                                                                                                                                   | Buy back throw tender route is best. because they include retail investors like me and I earned from tender route buyback system. please continue with tender route buyback only.                                                                                                                                                                                                                                                                                                                                        | No specific rationale provided for disagreement                                                                                                                                                                   |
| 1                   | Promoter may misuse company's fund to buy shares at lower price sell them higher price. This is loss for retail investor.                                                                                                                                                                                           | Promoter may misuse company's fund to buy shares at lower price and sell them at higher price. This is not in favour of retail.                                                                                                                                                                                                                                                                                                                                                                                          | No specific rationale provided for disagreement                                                                                                                                                                   |
| 1                   | The draft proposal for re-introduction of open market buy-back through the stock exchange is agreeable in principle; however, concerns relating to equitable participation, potential exclusion of willing shareholders, and earlier taxation-related inequities need to be adequately addressed.                   | As highlighted in the consultation paper, the price-time priority order matching mechanism may result in concentration of buy-back transactions with a limited number of shareholders, leading to unequal distribution of benefits. Further, shareholders who are willing to participate may not be able to do so if their orders are not matched, thereby making participation dependent on chance rather than a structured process. Additionally, under the earlier tax regime, only successful participants benefited | It is also noted that the benefits of a buy-back are not limited to participating shareholders and may accrue to all shareholders through optimisation of capital structure and enhancement of shareholder value. |

| Propo<br>sal<br>No. | Comment                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | Rationale                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | SEBI Comments                                   |
|---------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------|
|                     |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | from tax exemption, creating disparity among shareholders; although this concern has largely been addressed under the revised framework, it remains relevant from a policy perspective. Accordingly, suitable safeguards are necessary to ensure fairness, transparency, and equitable access.                                                                                                                                                                                                                                                                                                         |                                                 |
| 1                   | It should not re introduce.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | Open markets buy back are loopholes to increase promoter stake by all shareholders money.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | No specific rationale provided for disagreement |
| 1                   | Open Market Buybacks MUST NOT BE Reintroduced. Instead of that hybrid mode may be considered i.e. Tender route on proportionate basis for Retail Shareholders and open market for others. Comment on page 5 point 7.1 FICCI must focus on efficient business not on efficient mode of buyback. Internationally many differences are there buyback is one of them. So let it be as it is. Comment on page 5 point 7.2 Post completion of buybacks companies won't be able to absorb surplus selling pressure prevent panic selling. Open market buybacks are not able to restore confidence among retail shareholders watching lower valuation in market. Real long term value creation is to deploy surplus cash for expansion of business for boost EPS not buyback of shares. Tax deprivation was not the sole reason for discontinuation of open market buybacks. Comment on page 6 point 8.3 To participate in buybacks all shareholders have only opportunity is | Open Market buybacks are Loopholes to increase Promoter Stake by ALL Share Holders money. Promoters who have full of resources information knowledge are the major beneficiaries of open market buybacks. Retail Shareholders who have minimum resources information knowledge become most deprived from open market buybacks. Promoters can misuse open market buybacks by increasing stake when valuation goes low and selling shares when valuation goes high. Retail shareholders gets some relief by getting opportunity to tender shares at premium to market value when panic selling is there. | No specific rationale provided for disagreement |

| Propo<br>sal<br>No. | Comment                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | Rationale                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | SEBI Comments                                                                                                                                                                                                                                                                                                                                                                               |
|---------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                     | equal not resources information and knowledge. Price discovery and liquidity are functions of Market not companies.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                                                                                                                                                                                                                                                                                                                                                                                             |
| 1                   | as there is no retail quota in open market buyback so it is against our interest. please don't re introduce open market buy back as just promoters and institutions can take benefit of it                                                                                                                                                                                                                                                                                                                                                                                                            | not in the interest of small investors as there is no separate quota for us                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | The open market buy-back through stock exchange operates on a price-time priority matching mechanism and, therefore, reservation of shares for small investors is not feasible. Further, pursuant to the revised taxation framework, investors are taxed at the shareholder level and no differential tax treatment arises merely because shares are acquired under an open market buy-back |
| 1                   | 1.Open market route lacks a guaranteed reservation for small/retail investors; Unlike the tender offer route, which reserves 15% for small investors, the open market mechanism is based on a price time matching system. This means a company's entire buyback order could be filled by a few large sellers before retail investors even have a chance to participate, depriving them of the intended corporate benefit. 2. Reintroducing the Open market route provides a tool for artificial price support ,This may be used to artificially meet quarterly Earnings Per Share (EPS) targets or to | 1. Open market route lacks a guaranteed reservation for small/retail investors ;Unlike the tender offer route, which reserves 15% for small investors, the open market mechanism is based on a price time matching system. This means a company's entire buyback order could be filled by a few large sellers before retail investors even have a chance to participate, depriving them of the intended corporate benefit. 2. Reintroducing the Open market route provides a tool for artificial price support ,This may be used to artificially meet quarterly Earnings Per Share (EPS) targets or to | The open market buy-back through stock exchange operates on a price-time priority matching mechanism and, therefore, reservation of shares for small investors is not feasible. Further, pursuant to the revised taxation framework, investors are taxed at the shareholder level and no differential tax treatment arises merely                                                           |

| Propo<br>sal<br>No. | Comment                                                                                                                                                                                                                                                                                                                                                                                                                                                                | Rationale                                                                                                                                                                                                                                                                                                                                                                                                                                                               | SEBI Comments                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
|---------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                     | mask underlying financial weaknesses rather than returning value based on robust fundamentals.3. Tender Route is More Transparent & Fair and it's the most equitable method for returning capital.A tender offer ensures proportionate access for all shareholders at a fixed premium price. It provides a predictable cash out opportunity, whereas the open market route makes participation a "matter of chance" depending on intraday liquidity and market timing. | mask underlying financial weaknesses rather than returning value based on robust fundamentals.3. Tender Route is More Transparent & Fair and it's the most equitable method for returning capital. A tender offer ensures proportionate access for all shareholders at a fixed premium price. It provides a predictable cash out opportunity, whereas the open market route makes participation a "matter of chance" depending on intraday liquidity and market timing. | because shares are acquired under an open market buy-back. It is also noted that the benefits of a buy-back are not limited to participating shareholders and may accrue to all shareholders through optimisation of capital structure and enhancement of shareholder value. Further, the buy-back framework contains adequate safeguards, including limits on purchases and pricing requirements, and any attempt to artificially influence the price of securities remains subject to the applicable provisions of the securities laws, including the PFUTP Regulations. |
| 1                   | It's very harmful for small retailers. Because of tender route they earn some small amount                                                                                                                                                                                                                                                                                                                                                                             | Not beneficial for small retailers                                                                                                                                                                                                                                                                                                                                                                                                                                      | No specific rationale provided for disagreement                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| 1                   | It should be Tender Route buyback only. No other option                                                                                                                                                                                                                                                                                                                                                                                                                | Retail investors can participate                                                                                                                                                                                                                                                                                                                                                                                                                                        | No specific rationale provided for disagreement                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |

| Propo<br>sal<br>No. | Comment                                                                                                                                                                                                                                                                                        | Rationale                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | SEBI Comments                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
|---------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1                   | Most of the small investors do not place orders on daily basis they will be buying shares based on newspaper reports mostly investors will be caught buying at high price. FICCI is not full representation of capital market. was there any representation of reintroduction of physical AGM. | Already investors are facing problem of not attending physical AGM. those who want open market buy back the pre-condition they should be holding physical AGM. It is not fair to re-introduce open market buy back method it sends wrong message to small investors                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | No specific rationale provided for disagreement                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| 1                   | Not appropriate for Retail and majority other investors                                                                                                                                                                                                                                        | <p>1. Open market route lacks a guaranteed reservation for small/retail investors: Unlike the tender offer route, which reserves 15% for small investors, the open market mechanism is based on a price time matching system. This means a company's entire buyback order could be filled by a few large sellers before retail investors even have a chance to participate, depriving them of the intended corporate benefit.</p> <p>2. Reintroducing the Open market route provides a tool for artificial price support , This may be used to artificially meet quarterly Earnings Per Share (EPS) targets or to mask underlying financial weaknesses rather than returning value based on robust fundamentals.</p> <p>3. Tender Route is More Transparent &amp; Fair and it's the most equitable method for returning capital. A tender offer ensures proportionate access for all shareholders at a fixed premium price. It provides a predictable cash out opportunity, whereas the open market route makes participation a "matter of chance" depending on intraday liquidity and market timing.</p> | The open market buy-back through stock exchange operates on a price-time priority matching mechanism and, therefore, reservation of shares for small investors is not feasible. Further, pursuant to the revised taxation framework, investors are taxed at the shareholder level and no differential tax treatment arises merely because shares are acquired under an open market buy-back. It is also noted that the benefits of a buy-back are not limited to participating shareholders and may accrue to all shareholders through optimisation of capital structure and enhancement of shareholder value. Further, the buy-back framework |

| Propo<br>sal<br>No. | Comment                                                                                                                                                                                                                                          | Rationale                                                                                                                                                                                                                                            | SEBI Comments                                                                                                                                                                                                                                                 |
|---------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                     |                                                                                                                                                                                                                                                  |                                                                                                                                                                                                                                                      | contains adequate safeguards, including limits on purchases and pricing requirements, and any attempt to artificially influence the price of securities remains subject to the applicable provisions of the securities laws, including the PFUTP Regulations. |
| 1                   | Buy-back should be through tender route only.                                                                                                                                                                                                    | Buy-back should be through tender route only.                                                                                                                                                                                                        | No specific rationale provided for disagreement                                                                                                                                                                                                               |
| 1                   | Tender route is best<br>Open market buy back will harm retail investors                                                                                                                                                                          | Retail investors lost opportunity and only big investor earn so open market buy back should not introduced                                                                                                                                           | No specific rationale provided for disagreement                                                                                                                                                                                                               |
| 1                   | Please buyback through tender route for small retail investors                                                                                                                                                                                   | Please buyback through tender route for small retail investors                                                                                                                                                                                       | No specific rationale provided for disagreement                                                                                                                                                                                                               |
| 1                   | Disagree with the proposal to re-introduce the open market buy-back of shares or other specified securities through stock exchange in accordance with SEBI (Buy-back of Securities) Regulations, 2018?<br>Buy back done Only through Tender rout | Buy back done Only through Tender rout                                                                                                                                                                                                               | No specific rationale provided for disagreement                                                                                                                                                                                                               |
| 1                   | Tender offer of Buyback is better for all types of investors. Open market buyback is only for smart investors.                                                                                                                                   | In tender offer there is time available and retail investor in used to the process for the same where as in open market buyback only the smart investors which in most of the case the retail investor are not smart are not able to participate. In | Open market buy-backs through stock exchanges are undertaken on an anonymous order-driven platform accessible to all shareholders                                                                                                                             |

| Propo<br>sal<br>No. | Comment                                                                                                                                                                                   | Rationale                                                                                                                                                                                  | SEBI Comments                                                                                                                                                                                                                                                                                                                                                                                                                              |
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|                     |                                                                                                                                                                                           | tender offer the participation level can be very high compared to open market and benefit is to more number of investors and hence suggesting tender offer of buyback.                     | and, therefore, do not operate exclusively for the benefit of any particular category of investors. Further, the benefits of a buy-back are not limited to participating shareholders and may accrue to all shareholders through optimisation of capital structure and enhancement of shareholder value.                                                                                                                                   |
| 1                   | We The Retail Investor Object Share Buyback Through Open Mkt Operation. We Insist Buyback Of Share Should Be Only Through Tender Route So That Every Retail Investor Can Take Part In It. | The Main Purpose of This Procedure To Give Chance To Retail Investor And Why Only DII's Take Advantage Of Buyback Process. Skip Retailers From Buyback Process Is Not Beneficial For Them. | Open market buy-backs through stock exchanges are undertaken on an anonymous order-driven platform accessible to all shareholders and, therefore, do not operate exclusively for the benefit of any particular category of investors. Further, the benefits of a buy-back are not limited to participating shareholders and may accrue to all shareholders through optimisation of capital structure and enhancement of shareholder value. |
| 1                   | Buy back offer should be via tender route only                                                                                                                                            | All retail investor should right and offer in buy back proposal. and earn income                                                                                                           | No specific rationale provided for disagreement                                                                                                                                                                                                                                                                                                                                                                                            |

| Propo<br>sal<br>No. | Comment                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | Rationale                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | SEBI Comments                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
|---------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1                   | Buyback should be through Tender route only which will be beneficial to retail investor                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | should be via Tender route only                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | No specific rationale provided for disagreement                                                                                                                                                                                                                                                                                                                                                                                                                  |
| 1                   | please take care of retail investor we are strongly request all buyback through tender route only                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | please take care of retail investor we are strongly request all buyback through tender route only                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | No specific rationale provided for disagreement                                                                                                                                                                                                                                                                                                                                                                                                                  |
| 1                   | It will be not beneficial to small investors                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | Big players will directly take the benefit of the same.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | No specific rationale provided for disagreement                                                                                                                                                                                                                                                                                                                                                                                                                  |
| 1                   | pl consider retail investor and pl give chance to small people give only tender route                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | only tender route request                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | No specific rationale provided for disagreement                                                                                                                                                                                                                                                                                                                                                                                                                  |
| 1                   | We are strongly disagreeing with this proposal. Buy back should be done only with tender route. All small investors are benefitted in tender route only.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | Buy back should be done only with tender route only.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | No specific rationale provided for disagreement                                                                                                                                                                                                                                                                                                                                                                                                                  |
| 1                   | No, never. Please don't re introduce it at all Open market buyback was closed because promoter was pumping the price and Misusing company free cash for their profits While small retail shareholders gets nothing in exchange. Tender route is best for all Rational here mentioned that same tax liability to everyone but still open market buyback is unfavourable to minorities and its Way to benefits only promoters and other biggis. Also, promoter uses buyback news to drive price up. Because of buyback news shares mostly goes 10% up after announcing meeting but Board doesn't mention about tender or open route. Shares falls drastically if it is open market route as not beneficial of Retail and small HNIs. So please don't allow open market route. Previously seen cases are paytm and many other exploited open route to fool retail | 1 unfavourable for minorities and small HNIs as it doesn't ensure acceptance of shares at buyback price like tender route ; tender route gives fair advantage to each shareholders And having single type of mechanism helps investors to be at ease 2 open route is mostly used to fool retail investors (paytm) Share price artificially inflated for some time but Retail investors can't submit their shares at buyback price 3 it misuse company funds to benefit only promoters and biggies Board use this as way to exploit rather than reward to other shareholders | Open market buy-backs through stock exchanges are undertaken on an anonymous order-driven platform accessible to all shareholders and, therefore, do not operate exclusively for the benefit of any particular category of investors. Further, the benefits of a buy-back are not limited to participating shareholders and may accrue to all shareholders through optimisation of capital structure and enhancement of shareholder value. Further, the buy-back |

| Propo<br>sal<br>No. | Comment                                                                                                                                                                                                                                    | Rationale                                                                                                                                                                                                                                                                                                                          | SEBI Comments                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
|---------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                     | investors.                                                                                                                                                                                                                                 |                                                                                                                                                                                                                                                                                                                                    | framework contains adequate safeguards, including limits on purchases and pricing requirements, and any attempt to artificially influence the price of securities remains subject to the applicable provisions of the securities laws, including the PFUTP Regulations.                                                                                                                                                                                                                                                                            |
| 1                   | Uncertain buyback price, Market Manipulation risk, Lower transparency vs tender offer, No assured participation for shareholders, Inequitable distribution of profit, Information leakage possibility<br>Not benefit for small shareholder | Lack of fairness to all shareholders, Price discovery issue, possibility of price manipulation<br>Insider advantage, No guaranteed utilisation, lower regulatory scrutiny vs tender route<br>only benefit for large shareholder who want to sell their holding without much effecting share price,<br>Retail investor disadvantage | Open market buy-backs through stock exchanges are undertaken on an anonymous order-driven platform accessible to all shareholders and, therefore, do not operate exclusively for the benefit of any particular category of investors. Further, the benefits of a buy-back are not limited to participating shareholders and may accrue to all shareholders through optimisation of capital structure and enhancement of shareholder value. Further, the buy-back framework contains adequate safeguards, including limits on purchases and pricing |

| Propo<br>sal<br>No. | Comment                                                                                                                                                                                                                                                                                                                                              | Rationale                                                                                                                                                    | SEBI Comments                                                                                                                                                                                                                                                                                                                                                                                             |
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|                     |                                                                                                                                                                                                                                                                                                                                                      |                                                                                                                                                              | requirements, and any attempt to artificially influence the price of securities remains subject to the applicable provisions of the securities laws, including the PFUTP Regulations.                                                                                                                                                                                                                     |
| 1                   | Buy back should be done from shareholders only through tender offers because buying from open markets does not give proper price to shareholders because many stocks are trading way below their book value and it misguides long term investors and they did not get proper value                                                                   | Buyback is done solely for return of capital to shareholders and it should be done at proper book value or proper methods so that investors cannot be misled | Open market buy-backs through stock exchanges are accessible to all shareholders and do not operate exclusively for the benefit of any particular category of investors. Further, the buy-back framework contains adequate safeguards against market abuse, and the benefits of a buy-back may accrue to all shareholders through optimisation of capital structure and enhancement of shareholder value. |
| 1                   | While the paper notes that tax advantage enjoyed by those opting for buyback is no longer there as buy backs are now taxed in hands of shareholders as capital gains, it does not address the other issue, viz. inequitable treatment which usually favours the person who sells in the open market in case of buyback in open market. To understand |                                                                                                                                                              | Buy-back and dividend distribution are distinct mechanisms available to companies for distribution of surplus funds and capital management. The proposal merely provides additional                                                                                                                                                                                                                       |

| Propo<br>sal<br>No. | Comment                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | Rationale | SEBI Comments                                                                                                                                                                                                                                                                                                                          |
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|                     | <p>why this happens, we need to fundamentally understand what happens in a buy back. It is basically a way for the company to return excess cash to shareholders when the company does not see requirement for additional capital which it can earn at a rate which is in excess of what the average shareholder can if he invests it himself. This return of excess cash can happen in 2 ways, viz. dividends or buybacks. We have no issue with dividends as in this case, all shareholders get equal treatment since they get paid at an equal rate. However, in the case of buybacks, it is not so in all cases. Where the buyback is via tender offer, it is equitable, as all shareholders benefit pro-rata on the basis of their holding unless they voluntarily choose not to do so. But open market buybacks are different wherein the company is dispensing cash for shares in the market which does not reach all shareholders equally, i.e. if the shareholder is a buy and hold investor and does not sell, he misses out on the cash pay-out by the company and his overall return on his holding will be lower compared to the person who has sold his shares. A case may be made that buyback reduces the share count and enhances the EPS which is right in theory, but this really effective (meaning value of higher EPS is greater than sale price of shares foregone) only in cases where the buyback is done at a valuation below book value and not in other cases. In the Indian market, this is really rare /</p> |           | <p>mechanism to return surplus cash to shareholders and does not propose buy-back to be undertaken in preference of dividends. Further, the benefits of a buy-back are not limited to participating shareholders and may accrue to all shareholders through optimisation of capital structure and enhancement of shareholder value</p> |

| Propo<br>sal<br>No. | Comment                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | Rationale | SEBI Comments |
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|                     | <p>does not happen as in most cases buyback happens in case of cash rich companies trading at a high P/B. This means that not selling the shares in open market buyback reduces the return for the shareholder who does not sell. Basically, this puts the buy and hold investor at a serious disadvantage compared to the selling shareholder considering a case where a company does regular buybacks instead of paying a dividend. Effectively, the compounding process for the buy and hold investor will not work as cash belonging to shareholder effectively bypasses him as he does not sell in the open market. The only countermeasure available to such a shareholder is to sell in proportion to the % of total shares bought back by the company. You can imagine how complicated this can get if companies start doing this regularly and even if 25% of companies in a holding of 30 companies do this, the individual investor has to keep track of buybacks done in case of 7 or 8 companies, and sell in buyback proportion. In view of the above, I'm of the view that allowing open market buybacks is a regressive move which adversely affects the individual investor, especially the ones who are of the belief that compounding is effective in case of buy and hold strategy. The question that needs to be asked is, if there is no tax arbitrage for the investor or the company, then why should companies be allowed to do open market buybacks instead of paying a</p> |           |               |

| Propo<br>sal<br>No. | Comment                                                                                                                                                                                                                                                                                                                                                                                     | Rationale | SEBI Comments                                                                                                                                                                                                             |
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|                     | dividend, especially when benefit by way of higher EPS is negligible compared to the buyback price. The dividend will anyway act as a floor to the stock price and there would be no need for the company to use an inequitable method to support the stock price. Humbly request that the above view is taken into consideration before a decision is taken to allow open market buybacks. |           |                                                                                                                                                                                                                           |
| 1                   | SEBI to continue with the tender offer route exclusively for buybacks, as it is beneficial for minority shareholders and aligns with the governments broader policy objectives.                                                                                                                                                                                                             |           | From their comment it appears that commentators were not able to fully appreciate the tax neutrality pursuant to recent changes in Income Tax Act 2025. These are specifically highlighted in the tabulation in annexure. |

### Details of Public Comments

(This has been excised for reasons of confidentiality)

(Public comments not agreeing with the proposals in Consultation paper 2 and SEBI comments are as under)

| Pro<br>pos<br>al<br>No. | Comment                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | Rationale                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | SEBI Comments                                                                                         |
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| 1                       | <p>The proposal is broadly sound and is endorsed, subject to the following refinements:</p> <ol style="list-style-type: none"> <li>1. Define "electronic mode" precisely. The regulation should specify that "electronic mode" includes registered email address and/or SMS to the registered mobile number held by the depository. A residual category of physical notice should be preserved for shareholders who have not registered electronic details with the depository.</li> <li>2. Standardise the content and format. SEBI should prescribe a minimum-content template for the intimation, including: (a) the proposed buy-back price or price band; (b) total size of the buy-back; (c) the offer opening and indicative closing dates; (d) the method of buy-back (open market or tender); and (e) the hyperlink to the full public announcement.</li> <li>3. Address the beneficial-ownership gap. Shares held through brokers in a nominee/pooled structure (e.g., many retail investors using brokerage apps) may not have a</li> </ol> | <p>Information Asymmetry and the Rationale for Direct Notification</p> <p>The foundational justification for this proposal lies in the economics of information asymmetry. Akerlof's canonical analysis of markets with asymmetric information demonstrated that, absent adequate disclosure, uninformed parties systematically under-value the assets they trade. In the buy-back context, the corporation possesses material non-public information about the company's true intrinsic value and the rationale for the buy-back. Retail shareholders, by contrast, rely entirely on the information environment created by mandatory disclosures.</p> <p>A public announcement disseminated through stock exchange websites and the company website is, in theory, accessible to all. In practice, however, the Grossman-Stiglitz paradox demonstrates that not all market participants are equally equipped to monitor and retrieve publicly posted information. The cost of information acquisition is heterogeneous: sophisticated institutional investors have Bloomberg</p> | <p>This is just intimation to the shareholders. Full details will be there in public announcement</p> |

| Pro<br>pos<br>al<br>No. | Comment                                                                                                                                                                                                               | Rationale                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | SEBI Comments |
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|                         | <p>recorded beneficial-owner email in the depository. SEBI should require depositories and registered brokers to pass the intimation through to beneficial owners as a condition of the one-working-day timeline.</p> | <p>terminals and compliance alerts; the retail shareholder does not. Direct electronic intimation reduces the marginal cost of information acquisition to near zero for the individual shareholder, bringing the information environment closer to the competitive ideal.</p> <p>2. Signalling Theory and the Credibility Premium<br/>In the signalling literature pioneered by Spence and extended to corporate finance by Bhattacharya and Vermaelen, a buy-back announcement serves as a costly signal of managerial confidence in undervaluation. The signal's value to the market is a function of its reach: a signal that does not reach all shareholders generates a partial equilibrium outcome in which the information benefit of the signal accrues disproportionately to institutional participants who already monitor exchange disclosures. The direct intimation requirement proposed under Section 3.1 universalises the reach of the signal. This is economically efficient: it eliminates the differential information rent that sophisticated participants currently extract during the gap between the public announcement and the moment retail shareholders become aware of it. From a welfare standpoint, narrowing this gap reduces the transfer from uninformed to informed traders which would be a straightforward improvement in distributional equity without any corresponding loss in market efficiency.</p> <p>3. Behavioural Economics: Limited Attention and the</p> |               |

| Pro<br>pos<br>al<br>No. | Comment                                                                       | Rationale                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | SEBI Comments                                                                                                                                                                                                                                                                                                                                                           |
|-------------------------|-------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                         |                                                                               | <p>Need for Active Push-Notification</p> <p>Classical disclosure theory assumes that publicly available information is processed by rational, fully attentive investors. The behavioural economics literature challenges this assumption fundamentally. Kahneman's dual-process theory and the "limited attention hypothesis" developed by Hirshleifer and Teoh establish that investors have bounded cognitive capacity and tend to under-react to information that requires active retrieval. Exchange website postings and company website disclosures are paradigmatic "pull" me</p> |                                                                                                                                                                                                                                                                                                                                                                         |
| 1                       | This should be an additional measure, and the time may be enhanced to 3 days. | Executing a flawless verified bulk electronic dispatch within 1 day timeline may pose risk of non-compliance due to issues like technical glitches, bounced email or delivery failures.                                                                                                                                                                                                                                                                                                                                                                                                  | It is noted that the proposal seeks to ensure timely dissemination of information relating to buy-back offer to shareholders. Further, Companies and RTA have access to electronic records of shareholders through depository system. Accordingly, the proposed timeline of one working day is considered reasonable for ensuring prompt communication to shareholders. |

| <b>Pro<br/>pos<br/>al<br/>No.</b> | <b>Comment</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | <b>Rationale</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | <b>SEBI Comments</b>                                                                                                                                                                                                                                                                                                                     |
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| 1                                 | Instead of a mandatory requirement it is suggested that sending electronic intimations directly to shareholders be made voluntary for Listed Companies.                                                                                                                                                                                                                                                                                                                                                                                                                                                     | Pursuant to Regulation 16 of SEBI Buyback of Securities Regulations 2018 and other applicable regulations Listed Companies are already mandated to disseminate the Public Announcement relating to the Buyback offer to the Stock Exchanges and SEBI. Further such public announcement is also required to be hosted on the websites of the Stock Exchanges Merchant Bankers and the Company itself thereby ensuring comprehensive public dissemination. Given this robust disclosure framework introducing an additional mandate to send individual electronic intimations to shareholders would result in redundant compliance. This duplication unnecessarily increases operational costs and runs counter to the regulatory objective of promoting the ease of doing business. | Direct electronic communication would facilitate wider awareness amongst shareholders and ensure that shareholders are informed of the buy-back offer in a timely manner                                                                                                                                                                 |
| 1                                 | Currently listed companies already ensure public dissemination by filing official announcements with the stock exchanges in addition to mails received by investors from the RTA and NSDL for various updates on the company. However directly emailing individual shareholders will make shareholders aware of the corporate action in a timely and transparent manner. Further there could be geographical restrictions on sharing the public announcement in certain geographies on account of no specific disclaimer being part of public announcement. Accordingly we partially agree to the proposal. | Same is covered in above comments                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | It is noted that the proposal seeks to ensure timely dissemination of information relating to buy-back offer to shareholders. Further, Companies and RTA have access to electronic records of shareholders through depository system. Accordingly, the proposed timeline of one working day is considered reasonable for ensuring prompt |

| Propo<br>sal<br>No. | Comment                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | Rationale                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | SEBI Comments                                                            |
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|                     | Further we submit that the proposed timeline of 1 working day from the date of the public announcement is too restrictive. Extracting an accurate verified database of shareholders and coordinating with the Depository Participants or RTA for bulk electronic dispatch involves technical and operational runtime dependencies. Considering the record date is fixed recently its better that the timeline for sending electronic intimations be extended to 2 working days from the date of the public announcement. |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | communication to shareholders.                                           |
| 2                   | Retain the 66-working-day framework and the 40% front-loading requirement Permit a narrowly tailored, one-time extension in exceptional illiquidity situations, subject to prior board approval and enhanced disclosure obligations.                                                                                                                                                                                                                                                                                     | The difference between SEBI's preference for a maximum duration of 66 days and PMAC's preference for a maximum duration of 6 months is not merely procedural; it is a trade-off between issuer flexibility and market efficiency. Under the signalling model, a buy-back notification signals to the market that management believes the stock is undervalued. The credibility of this signal is liable to decay over time due to market changes. A six-month open window would thus weaken this signal. Markets will not be able to distinguish between a genuine undervaluation signal and opportunistic timing over a long-time window. A tighter window, as prescribed by SEBI, which is 66 days, preserves this signal by forcing the issuer to act with greater promptness. Therefore, from an information economics perspective, a shorter execution window will reduce noise in price discovery. | The exemption framework is already provided in the Buy-back regulations. |

| Pro<br>pos<br>al<br>No. | Comment | Rationale                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | SEBI Comments |
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|                         |         | <p>The six-month window also creates a time-inconsistency problem: once rational issuers have announced a buyback, they may delay execution if the price rises, making the action hollow and leaving shareholders in prolonged uncertainty. This is precisely what behavioural economics is all about. Protracted ambiguity means shareholders are subject to status quo bias. They have to choose whether to hold, sell or wait with a six-month horizon and an open corporate action. The 66-day gap also serves as a commitment device, as SEBI suggests, reducing management's discretion and aligning stated intent with actual execution. Because the buy-back window is longer, management can exercise only when prices are favourable, at no direct cost to the firm. But it is not costless from the standpoint of social welfare. It distorts normal trading behaviour and transfers the risk of uncertainty to retail shareholders. The asymmetry of the benefit that would have gone entirely to the issuer is corrected by a window limitation that reduces management's opportunistic behaviour. The retention of a minimum utilisation of 40% in the first half of the offer period is economically sound as it corrects an externality arising from back-load execution. The Pigouvian Constraint supports this. Without the same, the issuers could announce buy-backs and enjoy short-term price appreciation from the announcement, and defer the actual</p> |               |

| Pro<br>pos<br>al<br>No. | Comment                                                                                                                                                                                                    | Rationale                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | SEBI Comments                                                                                                                                                                                                                                                                                                                                                                                         |
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|                         |                                                                                                                                                                                                            | <p>purchases. The 40% floor makes the announcement more credible and better signals the market. Front-loading mandates internalise the reputational and market-efficiency costs that delayed execution imposes on the market. The six-month window creates greater aggregate transaction costs from a Coasian perspective: longer escrow periods, longer compliance monitoring, and continued uncertainty for brokers and depositories. The 66-working-day framework reduces these friction costs system-wide as part of SEBI's ease-of-doing-business objective. In conclusion, SEBI's proposal is economically superior to PMAC's recommendation from a law-and-economics perspective. The 66-day gap balances out the tension between</p> |                                                                                                                                                                                                                                                                                                                                                                                                       |
| 2                       | <p>We partially agree with the proposed maximum timeline of 66 working days, which appears more appropriate than the six-month timeline recommended by the Primary Market Advisory Committee ("PMAC").</p> | <p>The timeline proposed by PMAC of six months appears excessively long for an open market buy-back mechanism, particularly considering the volatility and dynamic nature of securities markets. A prolonged buy-back period may dilute the commercial relevance and intended signalling effect of the buy-back and may also create uncertainty for investors. The proposed timeline of 66 working days strikes a more appropriate balance between operational flexibility for issuers and timely execution of the buy-back process. However, retaining the existing requirement of utilizing only 40% of the buy-back size during the first half of the offer period may be reconsidered in the</p>                                         | <p>Long period may make buy-back irrelevant in the context of the developments that may happen during these six months and would also be cumbersome for shareholders to keep a track on the same as the corporate action will remain open for period of 6 months. This will also result in a corporate action being open for too long and would be stale and resultantly would become irrelevant.</p> |

| Pro<br>pos<br>al<br>No. | Comment                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | Rationale                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | SEBI Comments                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
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|                         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | <p>context of a significantly shorter buy-back window of 66 working days. On one hand, retaining or increasing the threshold may help ensure meaningful execution at an earlier stage and discourage signalling-driven buy-back announcements. On the other hand, we note that the 40% requirement was originally framed in the context of a significantly longer buy-back period. In a compressed timeline of 66 working days, issuers may face operational challenges in meeting the same threshold.</p>                                                                                                                                                                                                                                                                                                                                         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| 2                       | <p>Buyback announcements typically push prices upwards. This rigid timeline pushes companies to buy back at higher prices and can create liquidity and ALM stress. Companies should be allowed a time period of 90 working days to complete the buy back.</p> <p>Companies can deposit 100% of the minimum targeted buyback size in cash in an escrow account on day 1. And if unutilized by Day 66, the balance amount can be forfeited.</p> <p>Also, the mandatory 40% deployment rule should be relaxed if the market price surges past the maximum buyback price authorized by the board.</p> | <p>Prior to introduction of the glide path for weaning off buyback through stock exchange mechanism, there was a maximum time limit specified for completion of buy-back which was 6 months from the public announcement. The shorter time frames of 66 days – 22 days were only transitional in nature. A longer period with other conditions set out by SEBI on maximum cap on trickling of trades offers sufficient safeguards to ensure a more equitable distribution of the buy back over a larger investor base. Depositing 100% of the minimum targeted Buy-Back size in cash in an escrow account ensures financial seriousness on the part of companies while giving them the full 66 days' timeline to time the market efficiently. The mandatory 40% deployment rule should be relaxed as it will prevent forced value destruction.</p> | <p>The proposed timeline of 66 working days seeks to maintain a balance between providing adequate flexibility to issuers and ensuring timely completion of the buy-back process. A longer timeline may dilute the objective of timely execution of buy-back offers and prolong uncertainty for investors.</p> <p>Further, retention of the existing requirement relating to utilization of a minimum of forty percent of the amount earmarked for buy-back during first half of the offer period</p> |

| Pro<br>pos<br>al<br>No. | Comment                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | Rationale                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | SEBI Comments                                                                                                                                                                                                                                                                                                                                                                                                             |
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|                         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | would continue to ensure meaningful progress and phased implementation of buy-back during the initial period. Accordingly, the proposal provides an appropriate balance between issuer flexibility, timely execution of buy-back and investor interests.                                                                                                                                                                  |
| 2                       | <p>a). While the proposal to complete open-market buy-backs within 66 working days is a welcome and practical measure, the requirement of utilizing at least 40% of the buy-back size during the first half of the offer period may require reconsideration. In fact, in our view, decision on the utilization percentage in 33 working days (1/2 of 66 working days), can probably be best taken basis the historical data. In the past Open Market Buybacks, how much %age of Buy back amounts have been utilized in 1st 33 working days, may be a better guide, in affixing this %age.</p> <p>b). Furthermore, in a Buyback, there is no concept of success of Buyback, so what is the eventuality for a Company, if this proposed 40% is not achieved in the mandated period.</p> | <p>The proposed extension of the buy-back timeline to 66 working days would provide companies with a more reasonable and operationally feasible timeframe for execution of open market buy-backs through the stock exchange mechanism. The earlier timeline of 22 working days was significantly restrictive and could have compelled companies to undertake concentrated purchases within a limited period, potentially impacting market dynamics and execution efficiency. Accordingly, the proposed revision would facilitate smoother implementation and better alignment with prevailing market conditions. But a more meaningful timeline may be attained, if the historical data may be assessed on this. However, the continued requirement to utilise at least 40% of the buy-back size during the first half of the offer period may still result in unintended market distortions and execution-related challenges. The ability of a company to undertake buy-back</p> | <p>The existing requirement relating to utilization of a minimum of forty percent of the amount earmarked for buy-back during first half of the offer period would continue to ensure meaningful progress and phased implementation of buy-back during the initial period. Accordingly, the proposal provides an appropriate balance between issuer flexibility, timely execution of buy-back and investor interests.</p> |

| Pro<br>pos<br>al<br>No. | Comment                                                                                                                                                                                                          | Rationale                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | SEBI Comments                                                                                                                                                                                                                                                                                                                                                                                 |
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|                         |                                                                                                                                                                                                                  | <p>transactions is dependent upon several external factors, including liquidity, trading volumes, market volatility, and availability of sell orders, which remain beyond the control of the company. A mandatory front-loaded utilisation requirement may compel companies to place aggressive buy orders in order to meet regulatory thresholds, thereby affecting natural price discovery mechanisms. Accordingly, while the revised timeline of 66 working days is appropriate and should be retained, it is recommended that the requirement relating to minimum utilization during the first half of the offer period may either be dispensed with or suitably relaxed to provide companies greater flexibility in execution of buy-back transactions in an efficient and market-aligned manner.</p> |                                                                                                                                                                                                                                                                                                                                                                                               |
| 2                       | <p>We request to extend the maximum timeline for completing open market buybacks through stock exchanges to 90 days. Also concurrently changing the mandatory utilisation requirement from 40 to 45 percent.</p> | <p>This ensures shareholders have an adequate window to tender their shares.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | <p>The long period may make buy-back irrelevant in the context of the developments that may happen during these six months and would also be cumbersome for shareholders to keep a track on the same as the corporate action will remain open for period of 6 months. This will also result in a corporate action being open for too long and would be stale and resultantly would become</p> |

| Pro<br>pos<br>al<br>No. | Comment                                                                                                         | Rationale                                                                                                                                                     | SEBI Comments                                                                                                                                                                                                                                                                                                                                                                                                                                |
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|                         |                                                                                                                 |                                                                                                                                                               | <p>irrelevant.</p> <p>The existing requirement relating to utilization of a minimum of forty percent of the amount earmarked for buy-back during first half of the offer period would continue to ensure meaningful progress and phased implementation of buy-back during the initial period. Accordingly, the proposal provides an appropriate balance between issuer flexibility, timely execution of buy-back and investor interests.</p> |
| 2                       | It has to be seen whether in some special cases projects further time can be given for utilization of proceeds. | Slightly lesser time for completion of buyback procedure considering the elaborateness of it. From six months to 66 days is very much of narrowing down time. | The long period may make buy-back irrelevant in the context of the developments that may happen during these six months and would also be cumbersome for shareholders to keep a track on the same as the corporate action will remain open for period of 6 months. This will also result in a corporate action being open for too long and would be stale                                                                                    |

| Pro<br>pos<br>al<br>No. | Comment                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | Rationale                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | SEBI Comments                                                                                                                                                                                                                                                                                                                                 |
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| 3                       | <p>The proposal is good and will certainly make the buyback process easier by reducing unnecessary procedural and operational requirements. Carrying out the buyback transactions through the normal trading system might also increase market efficiency and reduce compliance burdens for companies and intermediaries.</p> <p>Nonetheless, abolishing the separate trading window altogether might create issues regarding transparency, investors' knowledge, and market surveillance. This is due to the fact that it might be difficult for investors to differentiate between normal market demand and company-driven buybacks when all the purchase transactions have been fully integrated into the market trading system.</p> <p>So, SEBI can take certain protective measures as well while implementing the proposed change. The companies undertaking buy-backs should provide periodic disclosures relating to the total number of shares that have been bought back, the average cost per share, progress achieved in the buy-back process and buy-back capacity remaining. Additionally, even after the removal of the separate trading window, the stock exchange needs to maintain</p> | <p>This proposal can be explained using the principles of transaction cost economics, information asymmetry, and market efficiency.</p> <p>To begin with, the discontinuation of the separate trading window reduces any transaction and compliance costs related to having a distinct mechanism for handling buy-back transactions. Since the original tax-related distinction between ordinary trades and buy-back trades no longer exists, continuing with a separate trading window may impose unnecessary procedural burdens upon companies, intermediaries, and stock exchanges. Hence, the integration of buy-back transactions in the ordinary trading mechanism promotes operational efficiency and simplifies market processes.</p> <p>Secondly, the proposed policy poses some concerns pertaining to information asymmetry. Information asymmetry arises when there is a difference in the amount of information available to both parties involved in the business. In buy-back transactions, the organisation will have more information regarding the timing, quantity, and strategy of buy-back purchases. In case the buyback transactions become similar to ordinary marketing activities, it would be hard for the investor to know whether any movement in market price is based on investor demand or by issuer-led purchases. This may reduce transparency</p> | <p>under existing Open Market buy-back framework, Companies are already required to submit information regarding the shares or specified securities bought - back, to the stock exchange on a daily basis in such form as may be specified by the Board and the stock exchange shall upload the same on its official website immediately.</p> |

| Pro<br>pos<br>al<br>No. | Comment                                                                                                                                                                                                                                                                         | Rationale                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | SEBI Comments                                                                                                                                               |
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|                         | an audit trail and a record of all the buy-back activities. Furthermore, SEBI may request real-time or periodic reports about the buy-back operations that are taking place at stock exchanges during the buy-back period.                                                      | and affect informed decision-making by investors. The third reason for having a separate trading window is that it carries out an important function of market surveillance. It allows regulators and stock exchanges to separately monitor company-led trading activity during the buy-back. The elimination of this procedure without any other means of regulation might result in higher chances of price manipulation or market manipulation. Hence, although simplifying procedures is good, adequate disclosure and surveillance requirements should continue in order to preserve market integrity and investor protection. In light of the Kaldor-Hicks theory of efficiency, the proposal results in an efficient situation in the markets because the benefits resulting from reduced compliance and transaction costs exceed the disadvantages arising from a separate trading process. This kind of efficiency can be useful provided there are adequate checks and balances. Hence, there is a need to adopt a new approach so that duplication of processes can be avoided and, at the same time, both surveillance systems are maintained. |                                                                                                                                                             |
| 3                       | While separate trading window may no longer be necessary due to change in tax treatment, complete removal of visibility mechanisms may reduce transparency. Exchanges may continue to maintain a distinct transaction tagging mechanism for internal monitoring and audit trail | While separate trading window may no longer be necessary due to change in tax treatment, complete removal of visibility mechanisms may reduce transparency. Exchanges may continue to maintain a distinct transaction tagging mechanism for internal monitoring and audit trail purposes.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | Once the separate trading window is dispensed with, there would not be any difference between orders executed under open market buy-back and normal trades. |

| Pro<br>pos<br>al<br>No. | Comment                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | Rationale                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | SEBI Comments                                                                                                                                                                                               |
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|                         | purposes.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | This is as per the principle of anonymity followed under normal trading mechanism. Therefore, separate identification mechanism may not be necessary.                                                       |
| 3                       | Absolute worthless decision to perform buyback from open market as it is subject to external geopolitical and internal pressure .Such worthless and absolutely nonsense decision is going to hurt the RETAIL INVESTORS very badly and they might think to reduce their market exposure leading to liquidity crisis in market.                                                                                                                                                                                                                                                                                                                                                                 | Retails are the major cause of liquidity in market. Unless market and SEBI decides to safeguard the interest of Retailers, it is unlikely to instil a sense of confidence in Indian market As per recent report Indian market is the worst capital appreciation in comparison to others                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | No specific rationale provided for the proposal.                                                                                                                                                            |
| 4                       | There are three concerns raised in the proposal that need to be addressed before the regulation can be finalised. Firstly, the evidence is lacking for the shift from a conduct rule to a structural restraint. The PMAC"s description of the freeze as an "additional safeguard" suggests that this regulatory requirement has been less than effective, but the Consultation Paper provides no evidence of any breaches, failure to meet the requirement in practice, or penalties issued against it. A structural constraint on a defined class is more heavily burdened to justify it than a conduct constraint. This burden has not been lifted. Before this proposal is finalised, SEBI | The proposal changes the regulatory paradigm from deterrence to prophylaxis without the supporting evidence or legal basis for this change. The law and economics literature has shown that such structural restraints can only be justified if the effectiveness of the conduct rules has been demonstrated to have failed, meaning that the negative impact that the prophylactic measures have on individual liberty outweighs the positive effect they have on the system. Such evidence has not been provided here. Constitutionally, in the case of Pradeep Mehta v. Union of India, the Bombay High Court ruled that a depository freeze imposed by SEBI that goes beyond the promoter's holding in the listed company infringe on the right to property as guaranteed by Article 300A | Associates may otherwise be used to circumvent the freeze mechanism through related holdings. Since the objective is to prevent disposal of shares, inclusion of associates is necessary and proportionate. |

| Pro<br>pos<br>al<br>No. | Comment                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | Rationale                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | SEBI Comments |
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|                         | <p>should publish its record of enforcement under Regulation 24(i)(e). Secondly, the extension for associates is not legally justified. Associates are not covered by the company's depository agreement, and the Depositories Act, 1996, does not expressly give listed companies the authority to make "freeze" instructions on third-party accounts. No statutory basis is identified in the Consultation Paper for this. The concept of "associate" in the Takeover Regulations is a closed concept, strictly for the concert party context of takeover law and cannot be readily translated to the buy-back context. If there is no reference date to determine associate status, complex group structures will lead to over-inclusion/under-inclusion with no corrective mechanism. The final regulation should designate the statutory authority to handle third-party freeze instructions, establish a defined reference date for associate classification and set up a procedure for associates who object to their classification. Third, the carve-out for tender offer participation is operationally impractical. NSDL/CDSL freeze at the ISIN level will impact the entire holding in the specified demat account. It has not been standardised so far to permit tendering of a certain percentage of shares, leaving the rest locked up. The carve-out, as drafted, gives rise</p> | <p>of the Constitution of India. The contemporary danger in the current proposal is the fact that the freeze is extended to associates that have not been individually adjudicated and will be restricted just because of their status. A pre-emptive restriction on third parties on the basis of a property claim without first hearing or possibility of challenge is grounded upon principles of procedural due process and proportionality which mandate that any measure imposing property restrictions be no wider than is necessary to meet its regulatory purpose. In addition, the promoters, as designated persons, are already under the existing PAN-ISIN freeze under the PIT Regulations, which is in addition to this new freeze. A key concept in regulatory theory of concurrent enforcement regimes is that overlapping regulations, with overlapping trigger conditions and release mechanisms, cause compliance uncertainty and system operational risks, especially if enforcement is shared, as it is in the case of depository levels. As currently drafted, the proposal is incomplete with regard to its legal justifications, it is unclear how it will work and it is constitutionally suspect when it comes to associates.</p> <p>The existence of both the Buy-Back Regulations and the MPS regime independent of one another represents an example of horizontal fragmentation. When two separate sets of regulations apply to the</p> |               |

| Pro<br>pos<br>al<br>No. | Comment                                                                                                                                                                                                                                                                                                                                     | Rationale                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | SEBI Comments                                                                                                                                                                                                                                                           |
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|                         | to a right which is simultaneously extinguished by the freeze. Before notification of this regulation, SEBI shall, in consultation with NSDL and CDSL, establish an operational protocol on lifting and re-freezing the freeze.                                                                                                             | same transaction but have no formal means of coordination, compliance uncertainty amounts to de facto reduction in deterrence – the corporation that relies on the LODR regime alone will not see non-compliance during a buy-back as a LODR violation, and this understanding is not illogical, but rational. The rationale behind the mandatory MPS is the maintenance of sufficient float for the purposes of price discovery. A buy-back resulting in float below the MPS will reduce available liquidity, increase bid-ask spread and impose costs on other participants in the market – an externality, where the corporation takes private benefit while imposing costs on the system at large. The suggested ban is the solution to this problem. However, one important limitation applies here – while a static prohibition of announcements will no |                                                                                                                                                                                                                                                                         |
| 4                       | Mandatory freezing at the ISIN level should include clearly defined exemptions in situations where the regulatory framework expressly permits dealing in securities during the buy-back period. It is suggested that specific exemptions should be provided to ensure that transactions permitted under the regulations are not restricted. | The buyback regulations explicitly permit companies to issue or allot shares pursuant to the conversion of warrants, preference shares, or debentures during the buy-back period, where these arise from subsisting obligations. Such allotments may involve promoters or their associates. A blanket ISIN-level freeze, without appropriate carve-outs, would effectively override these permitted transactions. This could prevent companies from fulfilling binding contractual obligations, potentially resulting in regulatory non-compliance and contractual breaches.                                                                                                                                                                                                                                                                                   | The ISIN level freeze would apply to the shares which are already issued and are being bought back. Shares arising out of the subsisting obligations (warrants, convertibles etc.) would not be impacted as freeze is applicable on debit of shares from demat account. |

| Pro<br>pos<br>al<br>No. | Comment                                                                                                                                                                                                                                                                                                         | Rationale                                                                                                                                                                                                                                                                                                                                                                                                                  | SEBI Comments                                                                                                                                                                                                                                                                                           |
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| 4                       | A blanket ISIN level freeze may obstruct genuine transactions such as pledge invocation and release succession court approved arrangements and financing actions accordingly the proposal may be reconsidered in its present form                                                                               | Freezing will create problems for the promoters in ease fo doing business                                                                                                                                                                                                                                                                                                                                                  | With respect to succession/court approved arrangements, the same will be required to be implemented in terms of the extant laws and no specific carve out may be required in Buy-Back regulations. Further, invocation of pledge may be allowed subject to freeze continuing in the hands of transferee |
| 4                       | We suggest that SEBI considers automating this process. Instead of requiring the listed company to manually initiate the freeze the instruction should be systematically driven by the depositories upon the receiving the official corporate action disclosure or public announcement from the Stock Exchanges | While the proposal to mandate the freezing of securities held by the Promoters and their associates at the ISIN level during a buyback period serves as an effective safeguard to prevent unintended market transactions it introduces significant operational complexities.<br><br>Coordinating with Depositories to freeze and unfreeze the shares creates an administrative workload within the tight buyback timeline. | System driven freeze may not be immediately feasible. A listed company initiated process ensures accountability and practical implementation pending development of a standardized automated mechanism.                                                                                                 |
| 4                       | What if the promoter has the need to sell the shares during the Tender period.                                                                                                                                                                                                                                  | Seems stringent restriction on promoters.                                                                                                                                                                                                                                                                                                                                                                                  | It is not allowed in the present regulations. The freeze is just and additional safeguard for enforcing the existing regulatory position.                                                                                                                                                               |

| Pro<br>pos<br>al<br>No. | Comment                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | Rationale                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | SEBI Comments                                                                                                                                                                                                                                                                                                                                                   |
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| 5                       | An explicit provision in the Buy-Back Regulations requiring compliance with Minimum Public Shareholding (MPS) norms is not necessary, as MPS requirements already operate as an independent and mandatory regulatory framework under the applicable securities laws. Listed companies are in any event obligated to ensure ongoing compliance with MPS norms, irrespective of any buy-back transaction.                                                                                                       | <ul style="list-style-type: none"> <li>• Introducing a separate provision within the Buy-Back Regulations would result in duplication of an already existing compliance obligation and may create interpretational overlap between regulatory frameworks.</li> <li>• In the case of open market buy-backs, the ultimate quantity of shares repurchased is inherently uncertain and depends on market participation and prevailing trading conditions. Requiring dynamic or real-time assessment of MPS compliance throughout the execution phase may therefore be operationally challenging.</li> <li>• Retaining MPS compliance as a standalone obligation, rather than embedding it within the Buy-Back Regulations, would ensure regulatory clarity, avoid duplication and reduce complexity without compromising investor protection objectives.</li> </ul> | While compliance with Minimum Public Shareholding (MPS) requirements is prescribed under the existing legal framework, the proposed provision seeks to explicitly incorporate the requirement within the Buy-Back Regulations to provide regulatory clarity and ensure that buy-back transactions are undertaken in a manner consistent with the MPS framework. |
| 5                       | The recommendation is in principle supported. Dynamic alignment is good regulatory drafting practice, and would resolve the inconsistency introduced by the amendments to the Companies Act interval under the Finance Act, 2026. Nonetheless, the modified Regulation 4(vii) needs to specify the relevant provision in the Companies Act, 2013 to which dynamic alignment is sought, including a cross-reference. Failure to do so, referring generally to "the Companies Act interval" instead, results in | Cooling-off periods between successive share buy-backs have two effects. They preserve the integrity of the signal as well as the costly nature of the decision: the buy-back signal is documented in the literature as such, and if a company can repeat its signal immediately after a completed buy-back offer, it is a cheap signal as it simply amounts to sustaining a floor on prices rather than returning capital. Additionally, a continuous cash surplus makes firms prone to abusing the share repurchase process in order to artificially support prices instead of reducing excess capital.                                                                                                                                                                                                                                                       | No specific rationale provided for the proposal.                                                                                                                                                                                                                                                                                                                |

| Pro<br>pos<br>al<br>No. | Comment                                                                                                                                                                                                                                                                                                                                                                                                                                                               | Rationale                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | SEBI Comments                                    |
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|                         | dynamic delegation, not dynamic referencing, thus recreating the regulatory uncertainty sought to be avoided. SEBI ought to consider a provision for transitional application in the event companies undertook a buy-back just before the amended Regulation was notified, with respect to the earliest possible date of their next buy-back offer based on the one year rule or the new interval set forth in the Companies Act.                                     | The fact that the existing requirement of one year set out in Regulation 4(vii) is inconsistent with the Companies Act has created a problem with the nature of transaction costs under Coase's reasoning; the transaction has to be planned for with respect to both laws. The Finance Act 2026 amendment to the Companies Act renders the matter particularly urgent. The use of dynamic referencing rather than fixing the period via a hard code is justified because, if the co-ordinate measure can be amended continuously, a static reproduction of the same in the subordinate statute will create a two-tier problem of amendments, leading to the very problem that the alignment seeks to address. The only shortcoming of the proposal is the lack of cross-reference; alignment without identifying the relevant provision of the Companies Act simply passes the problem down the line. |                                                  |
| 5                       | <p>We do not have any comments with respect to interval between two Buy-Back offers, however we had views on the bid pricing requirement. Ref: SEBI circular SEBI/HO/CFD/PoD-2/P/CIR/2023/35 dated March 08, 2023 on Operational Guidance under Buy-back Regulations, which specifies certain conditions for buy back offers.</p> <p>1. Guideline 5a of the circular - Adequate safeguards should be provided for the requirement of having max number of per day</p> | The 2 points under guideline 5 are recommended as this is practically not within the Company's remit to control. Since the prices are dynamic, while inputting the bid there may be independent trades which may be below or higher than 1%. Hence this pricing condition is too restrictive and will result in micromanagement of the process. This may lead to operational mistakes which may be considered as malafide. It would lead to artificially suppressing price for investors.                                                                                                                                                                                                                                                                                                                                                                                                              | No specific rationale provided for the proposal. |

| Propo<br>sal<br>No. | Comment                                                                                                                                                                                                                                                                                         | Rationale                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | SEBI Comments                                                                                                                                                                                                                                                                                                                                                          |
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|                     | <p>purchases not exceeding 25% of daily trading volume and avoiding first and last 30 minutes of the session.</p> <p>2. Guideline 5c of the circular - The bid price in buyback to be within the range of +/- 1% of the last traded price. We request a re-consideration of this condition.</p> |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |                                                                                                                                                                                                                                                                                                                                                                        |
| 5                   | Provisions relating to Minimum Public Shareholding is applicable to all listed companies and hence to refrain from repetition can be avoided.                                                                                                                                                   | <p>The proposal to introduce an explicit provision within the SEBI Buyback Regulations to ensure the compliance with minimum public shareholding requirements is unnecessary and should be avoided.</p> <p>The 25 percent MPS mandate is already strictly codified under the Securities Contracts Regulation Act 1956 and applies to all Listed Companies. Given that the Listed Companies are already legally obligated to comply with this framework duplicating the provision creates regulatory overlap and redundancy without yielding any additional market benefit.</p> | <p>While compliance with Minimum Public Shareholding (MPS) requirements is prescribed under the existing legal framework, the proposed provision seeks to explicitly incorporate the requirement within the Buy-Back Regulations to provide regulatory clarity and ensure that buy-back transactions are undertaken in a manner consistent with the MPS framework.</p> |

| Propo<br>sal<br>No. | Comment                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | Rationale                         | SEBI Comments                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
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| 5                   | <p>Under a tender offer route, the company has no visibility or control over shareholders tendering their shares. If public shareholders tender in larger proportions, the public shareholding percentage may decrease. One of the objective of a buyback is to distribute surplus cash back to shareholders and maximize investor wealth. Similar to open offer or rights issue even in buyback MPS breach for interim period which is only pursuant to buyback should be allowed with a condition to re comply with MPS under stipulated timeline. Many MNCs and PSUs operating in India maintain public shareholding close to the minimum threshold of 25 percent. For such companies it would effectively block them from undertaking buybacks entirely locking up capital that could otherwise be distributed to the shareholders.</p> | Same is covered in above comments | <p>While compliance with Minimum Public Shareholding (MPS) requirements is prescribed under the existing legal framework, the proposed provision seeks to explicitly incorporate the requirement within the Buy-Back Regulations to provide regulatory clarity and ensure that buy-back transactions are undertaken in a manner consistent with the MPS framework. Further, while buy-backs serve as a mechanism for distribution of surplus funds and creation of shareholder value, the same must be balanced against the objective of ensuring adequate public float and market liquidity.</p> |

| Propo<br>sal<br>No. | Comment                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | Rationale                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | SEBI Comments                                                                                                                                                                                                                                                                                              |
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| 5                   | <p>The proposed provision may be reconsidered to provide flexibility in cases where the buy-back is undertaken in the interest of public shareholders and overall shareholder value creation. Companies having promoter shareholding close to the maximum permissible limit under Minimum Public Shareholding ("MPS") norms, say appx. 72%-75% should not be completely restricted from undertaking buy-back merely due to the possibility of temporary breach of MPS requirements.</p> | <p>Buy-back of securities is commonly undertaken by companies as a mechanism for distribution of surplus funds, rewarding shareholders, and providing an exit opportunity to public shareholders. In cases where promoter holding is already high (for example, 73% or above), a complete restriction on buy-back may deprive public shareholders from availing the benefits associated with such corporate action. Further, any breach of MPS arising pursuant to extinguishment of shares under a buy-back is generally consequential and may be temporary in nature. This kind of temporary breach can happen in any of the transactions say a Takeover Offer. So, restricting the same all together, in a Buyback, may ultimately be leading to depriving the Public shareholders of the probable value receipt.</p> <p>Accordingly, instead of imposing an absolute restriction, flexibility may be considered by permitting buy-backs subject to restoration of MPS compliance within a prescribed timeline after completion of the buy-back process. This may help balance the objective of maintaining minimum public shareholding while also allowing companies to undertake shareholder-oriented corporate actions.</p> | <p>Buy-back is a voluntary corporate action undertaken at the discretion of the company. Accordingly, the company is expected to appropriately determine the size and structure of the buy-back after taking into account the applicable regulatory requirements, including compliance with MPS norms.</p> |
| 6                   | <p>Such a proposal cannot be accepted in its existing unqualified form. The automatic exemption of MB from all buy-backs irrespective of offer size treats different economic regulatory</p>                                                                                                                                                                                                                                                                                            | <p>Cooling-off periods between successive share buy-backs have two effects. They preserve the integrity of the signal as well as the costly nature of the decision: the buy-back signal is documented in the literature as</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | <p>The reference to Companies Act is proposed from the ease of doing business point of view so that flexibility is available to</p>                                                                                                                                                                        |

| Propo<br>sal<br>No. | Comment                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | Rationale                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | SEBI Comments                                                                                                                                                                                              |
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|                     | <p>classes as identical. This would be an excessive response.</p> <p>A quantitative threshold approach can be adopted where the mandatory MB stipulation would apply only to buy-back offers above a specific amount say, ₹250 crore or 2% of paid-up equity share capital, whichever is less. Below this threshold, companies could have an option to appoint MB, which is in line with the very comparison drawn by SEBI in the Consultation Paper itself.</p> <p>The transfer of functions pertaining to the monitoring of the escrow account to Designated Stock Exchanges in respect of bank guarantee invocation, SEBI directions relating to forfeitures, and partial release decisions needs to be reconsidered. These functions are discretionary, case-by-case determinations and are quite unlike the standardized functions that stock exchanges are ideally placed to discharge. Such a proposal needs to be piloted before adoption.</p> <p>Currently, the due diligence certification process under the MB regulations of 8(i)(aa) and 25(vi) is proposed to be transferred to the Secretarial Auditor. The Securities and Exchange Board of India (SEBI) needs to determine whether the qualifications of the Secretarial Auditor as specified under the Institute of Company</p> | <p>such, and if a company can repeat its signal immediately after a completed buy-back offer, it is a cheap signal as it simply amounts to sustaining a floor on prices rather than returning capital. Additionally, a continuous cash surplus makes firms prone to abusing the share repurchase process in order to artificially support prices instead of reducing excess capital.</p> <p>The fact that the existing requirement of one year set out in Regulation 4(vii) is inconsistent with the Companies Act has created a problem with the nature of transaction costs under Coase's reasoning; the transaction has to be planned for with respect to both laws. The Finance Act 2026 amendment to the Companies Act renders the matter particularly urgent. The use of dynamic referencing rather than fixing the period via a hard code is justified because, if the co-ordinate measure can be amended continuously, a static reproduction of the same in the subordinate statute will create a two-tier problem of amendments, leading to the very problem that the alignment seeks to address. The only shortcoming of the proposal is the lack of cross-reference; alignment without identifying the relevant provision of the Companies Act simply passes the problem down the line.</p> | <p>the company and the interval is aligned with the parent law without requiring any changes in the regulations in future. Thus cross reference to companies act for this purpose may not be required.</p> |

| Pro<br>pos<br>al<br>No. | Comment                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | Rationale                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | SEBI Comments                                                                                                                                                                                                                                                                                                                                                                                      |
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|                         | Secretaries of India include those related to the substantive aspects of due diligence necessary for a buy-back letter of offer.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                                                                                                                                                                                                                                                                                                                                                                                                    |
| 7                       | <p>Such a proposal cannot be accepted in its existing unqualified form. The automatic exemption of MB from all buy-backs irrespective of offer size treats different economic regulatory classes as identical. This would be an excessive response.</p> <p>A quantitative threshold approach can be adopted where the mandatory MB stipulation would apply only to buy-back offers above a specific amount say, ₹250 crore or 2% of paid-up equity share capital, whichever is less. Below this threshold, companies could have an option to appoint MB, which is in line with the very comparison drawn by SEBI in the Consultation Paper itself.</p> <p>The transfer of functions pertaining to the monitoring of the escrow account to Designated Stock Exchanges in respect of bank guarantee invocation, SEBI directions relating to forfeitures, and partial release decisions needs to be reconsidered. These functions are discretionary, case-by-case determinations and are quite unlike the standardized functions that stock exchanges are ideally placed to discharge. Such a proposal needs to be piloted before adoption.</p> | <p>B provision has been established on the basis of gatekeeper theory where independent intermediaries act as investor protectors by putting a third party with an incentive to monitor between the issuer and the market, taking advantage of their ability to notice any violation during the deal process. The importance of the gatekeeper role increases with the size and complexity of the offer as well as its market implications – both of which depend upon the size of the offer. In small cases of buyback from listed companies operating under SEBI's Continuous Disclosure Policy, there is little need for MB, whereas in case of large offers, it becomes crucial. The general exemption proposed does not consider this aspect of difference in nature, while the comparison drawn by SEBI with rights issues does not help much either.</p> <p>The deeper concern lies in the internalization of the gatekeeping function. The discussion of separation between the functions of risk bearing and control, provided by Fama and Jensen, shows that a monitoring agency chosen by and compensated by the entity it monitors is not, economically speaking, independent. The MB will bear the reputational risk and regulatory liability arising out of faulty certification while the Compliance Officer, being an employee of</p> | Based on the feedback received, it is considered to keep the appointment of Merchant Banker optional, this would provide flexibility to companies to appoint a Merchant Banker based on the complexity of transactions. Accordingly, a threshold based mandatory requirement may not be required as the differentiated requirements based on size of buy-back may result in regulatory complexity. |

| Pro<br>pos<br>al<br>No. | Comment                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | Rationale                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | SEBI Comments                                                                                                                                                                                                                                                                                                                                                                                   |
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|                         | Currently, the due diligence certification process under the MB regulations of 8(i)(aa) and 25(vi) is proposed to be transferred to the Secretarial Auditor. The Securities and Exchange Board of India (SEBI) needs to determine whether the qualifications of the Secretarial Auditor as specified under the Institute of Company Secretaries of India include those related to the substantive aspects of due diligence necessary for a buy-back letter of offer.                                                                                                                                                                                | the corporation, will not. In the case of large-scale buy-backs, this is no minor difference since it determines whether certification is a genuine compliance measure or just another formality. The process of placing the transferred shares in escrow at Designated Stock Exchanges is potentially the riskiest part of Annexure-I. From Williamson's theory of asset specificity, it can be seen that, in the case of buy-backs, escrow management entails discretion and ad hoc decisions such as invocation of bank guarantees, SEBI directions for forfeiting the shares, and gradual release of shares. This is clearly unsuited for the standardized processing system of the stock exchange.           |                                                                                                                                                                                                                                                                                                                                                                                                 |
| 7                       | <p>The proposal to dispense with mandatory appointment of Merchant Banker in buy-back transactions may not be appropriate considering the critical regulatory, compliance, due diligence, investor protection and coordination functions presently discharged by Merchant Bankers.</p> <p>Buyback transactions involve:</p> <ul style="list-style-type: none"> <li>• Compliance with SEBI Regulations and Companies Act provisions,</li> <li>• Escrow monitoring,</li> <li>• Disclosures and certifications,</li> <li>• Extinguishment verification,</li> <li>• Coordination among Company, Stock Exchanges, Depositories, Registrar and</li> </ul> | <p>The proposal to dispense with mandatory appointment of Merchant Banker in buy-back transactions may not be appropriate considering the critical regulatory, compliance, due diligence, investor protection and coordination functions presently discharged by Merchant Bankers.</p> <p>Buyback transactions involve:</p> <ul style="list-style-type: none"> <li>• Compliance with SEBI Regulations and Companies Act provisions,</li> <li>• Escrow monitoring,</li> <li>• Disclosures and certifications,</li> <li>• Extinguishment verification,</li> <li>• Coordination among Company, Stock Exchanges, Depositories, Registrar and Bankers,</li> <li>• Investor grievance handling, • regulatory</li> </ul> | <p>Based on the feedback received, it is considered to keep the appointment of Merchant Banker optional, this would provide flexibility to companies to appoint a Merchant Banker based on the complexity of transactions.</p> <p>Considering the concerns raised by the Exchanges the responsibilities regarding management of Escrow account may be assigned to Statutory Auditors of the</p> |

| Pro<br>pos<br>al<br>No. | Comment                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | Rationale                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | SEBI Comments                                                                                                                                                                         |
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|                         | <p>Bankers,<br/> • Investor grievance handling, • regulatory accountability.<br/> Merchant Bankers act as an independent SEBI-registered intermediary accountable for ensuring procedural integrity and regulatory compliance. Shifting these responsibilities entirely to companies, stock exchanges or compliance officers may weaken independent oversight and increase compliance and execution risks.</p> <p>Responsibilities Assigned to Designated Stock Exchange - As per Annexure – I,</p> <p>• Oversight and operation of escrow accounts including bank guarantees, cash deposits, approved securities, invocation rights and release of escrow account and forfeiture-related directions by SEBI to be carried out by the Designated Stock Exchange.</p> <p>BSE Comments –<br/> Stock Exchanges are market infrastructure institutions primarily responsible for trading, surveillance and market operations. They are neither operationally connected with escrow account management nor equipped to undertake fiduciary and compliance-based functions presently discharged by Merchant Bankers.</p> | <p>accountability.<br/> Merchant Bankers act as an independent SEBI-registered intermediary accountable for ensuring procedural integrity and regulatory compliance. Shifting these responsibilities entirely to companies, stock exchanges or compliance officers may weaken independent oversight and increase compliance and execution risks.</p> <p>Responsibilities Assigned to Designated Stock Exchange - As per Annexure – I,</p> <p>• Oversight and operation of escrow accounts including bank guarantees, cash deposits, approved securities, invocation rights and release of escrow account and forfeiture-related directions by SEBI to be carried out by the Designated Stock Exchange.</p> <p>BSE Comments –<br/> Stock Exchanges are market infrastructure institutions primarily responsible for trading, surveillance and market operations. They are neither operationally connected with escrow account management nor equipped to undertake fiduciary and compliance-based functions presently discharged by Merchant Bankers.</p> <p>Escrow oversight requires continuous monitoring of fund adequacy, coordination with banks, handling of invocation and release conditions, verification of compliance with regulatory requirements and</p> | <p>Company. Further, it may be noted that exchanges are repositories of this data and they are best placed to certifications regarding adequacy of sell order and VWAP of shares.</p> |

| Pro<br>pos<br>al<br>No. | Comment                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | Rationale                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | SEBI Comments                                                                                                                                                  |
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|                         | <p>Escrow oversight requires continuous monitoring of fund adequacy, coordination with banks, handling of invocation and release conditions, verification of compliance with regulatory requirements and ensuring implementation accountability. These functions involve independent supervision and transactional responsibility, which are integral functions of Merchant Bankers. Accordingly, such responsibilities should continue to remain with SEBI-registered Merchant Bankers instead of being assigned to Stock Exchanges.</p> <ul style="list-style-type: none"> <li>• Certification relating to adequacy of sell orders and VWAP of shares or other specified securities</li> </ul> <p>BSE Comments – The Exchanges are not equipped with process of providing certifications regarding adequacy of sell orders and VWAP of shares. SEBI registered merchant bankers possess significant experience in capital markets, valuation methodologies, and regulatory compliance.</p> | <p>ensuring implementation accountability. These functions involve independent supervision and transactional responsibility, which are integral functions of Merchant Bankers. Accordingly, such responsibilities should continue to remain with SEBI-registered Merchant Bankers instead of being assigned to Stock Exchanges.</p> <ul style="list-style-type: none"> <li>• Certification relating to adequacy of sell orders and VWAP of shares or other specified securities</li> </ul> <p>BSE Comments – The Exchanges are not equipped with process of providing certifications regarding adequacy of sell orders and VWAP of shares. SEBI registered merchant bankers possess significant experience in capital markets, valuation methodologies, and regulatory compliance.</p> |                                                                                                                                                                |
| 7                       | Continuation of the existing agreement requirement of having a Merchant Banker appointed as a manager for Buy Back.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | The Merchant Banker performs a substantive supervisory and due diligence role in a buy back and its responsibilities are not merely procedural. In particular, the Merchant Banker helps ensure and safeguard and appropriate utilization of funds earmarking of sufficient resources by the company                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | Based on the feedback received, it is considered to keep the appointment of Merchant Banker optional, this would provide flexibility to companies to appoint a |

| Pro<br>pos<br>al<br>No. | Comment                                                                                                                                                                                                         | Rationale                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | SEBI Comments                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
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|                         |                                                                                                                                                                                                                 | towards buyback escrow account operations and financing certainty for the buyback while also providing an independent layer of oversight on the overall process. The MB also plays an important role in overseeing the accuracy of the entitlement ratio computation including proper reservation for genuine small shareholders and final acceptance workings ensuing its appropriately computed on a proportionate basis with no selective bias as per the principles laid down in the regulations. Further the Merchant Banker issue the due diligence certificate and is responsible for independently verifying the accuracy and adequacy of the disclosers made in the offer documents. These functions are central to the integrity fairness and regulatory compliance of the buy back process. Unlike in a rights issue a buy back requires active stock market execution and operational oversight which make the role of MB inevitable. | Merchant Banker based on the complexity of transactions. Further, in case company decides not to appoint merchant banker, the proposal seeks to bring in independence in nature of professionals such as company secretaries, statutory auditors which the company is anyway used to dealing with and is well versed with the affairs of the company. In this regard it is mentioned that while distributing the activities of Merchant Bankers among the company, secretarial auditor, it is ensured that the activities which require independence has been assigned to independent entities |
| 7                       | We partly agree with the proposal. For large, well-established companies with strong in-house teams and sufficient capital markets expertise, a merchant banker may not be necessary for facilitating buybacks. | However, we recommend against making the appointment fully optional. Instead, we suggest that a merchant banker appointment is made mandatory for companies below a certain threshold defined by market capitalisation, or by the cumulative capital markets experience of key managerial personnel, or a combination of both. Smaller companies may attempt to manage buybacks                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | Based on the feedback received, it is considered to keep the appointment of Merchant Banker optional, this would provide flexibility to companies to appoint a Merchant Banker based on the complexity of transactions.                                                                                                                                                                                                                                                                                                                                                                        |

| Pro<br>pos<br>al<br>No. | Comment                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | Rationale                                                                                                                                                                                                                                                                                                                                                                                            | SEBI Comments                                                                                                                                                                                                                                                                                                                                                                                      |
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|                         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | independently and inadvertently fall afoul of regulations, and this mandate would help prevent this. This is especially important as corporate governance standards may be weaker in the microcap space.                                                                                                                                                                                             | Accordingly, a threshold based mandatory requirement may not be required as the differentiated requirements based on size of buy-back may result in regulatory complexity.                                                                                                                                                                                                                         |
| 7                       | The Merchant Banker appointment requirement can instead be made optional.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | The proposal to shift the entire compliance burden to internal ecosystems may increase internal operational liability without any external expert buffer.                                                                                                                                                                                                                                            | Based on the feedback received, it is considered to keep the appointment of Merchant Banker optional, this would provide flexibility to companies to appoint a Merchant Banker based on the complexity of transactions.                                                                                                                                                                            |
| 7                       | Merchant Bankers should continue to be mandatorily involved in Buyback transactions as they provide independent due diligence compliance oversight investor protection and regulatory coordination Their role is particularly important in complex and large buybacks where specified expertise and accountability help reduce procedural lapses disclosure deficiencies and execution risks Also buyback assignments remain an important source of revenue generation specially mid-sized intermediaries operating under enhanced eligibility and compliance norms. | Instead of removing the requirement of appointing MBs entirely a tiered size based framework may be considered so smaller buybacks may have relaxed requirement while large transaction continue to require MB appointment to ensure robust compliance and market integrity. This will also maintain consistency with other SEBI Regulated transactions viz. open offer delisting public issues etc. | Based on the feedback received, it is considered to keep the appointment of Merchant Banker optional, this would provide flexibility to companies to appoint a Merchant Banker based on the complexity of transactions. Accordingly, a threshold based mandatory requirement may not be required as the differentiated requirements based on size of buy-back may result in regulatory complexity. |

| Pro<br>pos<br>al<br>No. | Comment                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | Rationale                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | SEBI Comments                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
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| 7                       | <p>Dispensing with the mandatory Merchant Banker requirements may reduce advisory cost and provide operational flexibility. However, shifting responsibilities such as filing of the Public Announcements letter of offer and regulatory coordination directly to the company may increase the internal compliance burden. Further transferring Escrow administration to Stock Exchanges is not advisable. This operational execution must remain entirely between the Company and its designated banking partners to prevent severe processing bottlenecks.</p> | <p>The proposals to dispense with the mandatory requirement of appointing Merchant Bankers for Buybacks is a welcome step toward reducing compliance dependencies and eliminating avoidable advisory costs for Listed Companies. Removing this mandate grants companies greater operational autonomy over standard procedural activities that can be managed effectively in house. However earlier merchant bankers managed the critical time sensitive tasks of filing the Public Announcement and letter of offer alongside coordinating regulatory fees with the Stock Exchanges. Now the proposal states that the company is to handle these technical filings directly increases internal compliance risks and administrative workloads.</p> <p>Furthermore shifting the day to day administration of Escrow accounts to stock exchanges is practically unviable. Escrow mechanisms require direct integration between the companies and its commercial banking partners. Stock Exchanges are not structurally equipped to manage routine banking operations and transferring this role to them would introduce severe implementation bottlenecks during tight buyback timeline.</p> | <p>Based on the feedback received, it is considered to keep the appointment of Merchant Banker optional, this would provide flexibility to companies to appoint a Merchant Banker.</p> <p>Further, in case company decides not to appoint merchant banker, the proposal seeks to bring in independence in nature of professionals such as company secretaries, statutory auditors which the company is anyway used to dealing with and is well versed with the affairs of the company. In this regard it is mentioned that while distributing the activities of Merchant Bankers among the company, secretarial auditor, it is ensured that the activities which require independence has been assigned to independent entities</p> |

| Pro<br>pos<br>al<br>No. | Comment                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | Rationale                                                                                                                                                                                                                       | SEBI Comments                                                                                                                                                                                                                                                                                                                                                                                                                                       |
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| 7                       | <p>No there are too many activities which are required to be carried on by the different intermediaries. As per annexure all the activities remains same only thing is that the responsibility is getting shifted from SEBI registered Merchant Banker to a secretarial auditor or stock exchanges etc</p> <p>A Merchant Banker takes care of all the activities and make sure that all intermediaries are completing the activities within the timelines prescribed by the applicable laws so role of merchant banker should not get deleted</p>                                                                           | A Merchant Banker takes care of all the activities and make sure that all intermediaries are completing the activities within the timelines prescribed by the applicable laws so role of merchant banker should not get deleted | Based on the feedback received, it is considered to keep the appointment of Merchant Banker optional, this would provide flexibility to companies to appoint a Merchant Banker based on the complexity of transactions.                                                                                                                                                                                                                             |
| 7                       | <p>A Buyback process is a high stake corporate action involving financial obligations and unpublished price sensitive information. Involvement of Merchant Banker provides an Independent oversight during the buyback process.</p> <p>Further Merchant Bankers acts as an important intermediary for</p> <ol style="list-style-type: none"> <li>1 Verification of fund adequacy of the company to honour the buyback</li> <li>2 Issuing due diligence certificate</li> <li>3 Overseeing compliance relating to escrow account and fund flow control</li> <li>4 Overseeing the securities extinguishment process</li> </ol> | Same is covered in above comments                                                                                                                                                                                               | Based on the feedback received, it is considered to keep the appointment of Merchant Banker optional, this would provide flexibility to companies to appoint a Merchant Banker based on the complexity of transactions. Further, in case company decides not to appoint merchant banker, the proposal seeks to bring in independence in nature of professionals such as company secretaries, statutory auditors which the company is anyway used to |

| Pro<br>pos<br>al<br>No. | Comment                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | Rationale                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | SEBI Comments                                                                                                                                                                                                                                                                                                    |
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|                         | <p>5 Submission of final report to SEBI</p> <p>6 Liasoning with exchanges to ensure smooth operational implementation</p> <p>7 Involvement of multiple intermediaries in buyback process like Share escrow agent RTA Exchanges etc</p> <p>Therefore dispensing with the requirement for appointment of merchant banker will create operational and compliance risk which may lead to non-compliances or operational issues resulting in shareholders complaint.</p>                                                                                                                                                                                  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | <p>dealing with and is well versed with the affairs of the company. In this regard it is mentioned that while distributing the activities of Merchant Bankers among the company, secretarial auditor, it is ensured that the activities which require independence has been assigned to independent entities</p> |
| 7                       | <p>The proposal to dispense with the requirement of appointing a Merchant Banker for buy-back transactions needs to be reconsidered. The involvement of an independent SEBI-registered Merchant Banker plays a significant role in ensuring regulatory compliance, due diligence, transparency, and accountability throughout the buy-back process. SEBI's role is more from the perspective of ensuring investors interest is best taken care of, than reducing the procedural costs for any listed entity. With a independent Merchant Banker not being there, unfortunately, there would be no surety as to the correctness of the documents.</p> | <p>Merchant Bankers act as independent intermediaries who undertake due diligence on the company, verify compliance with applicable regulatory provisions, coordinate with intermediaries and stock exchanges, and ensure that the buy-back process is implemented in a fair, compliant and transparent manner. Their involvement provides an additional layer of oversight and significantly enhances investor confidence in the transaction.</p> <p>While the proposal aims to simplify and expedite the buy-back process, speed and ease of execution should not come at the cost of regulatory accountability and independent verification. Assigning the responsibilities presently undertaken by Merchant Bankers to the company or the secretarial auditors may dilute the independent compliance assurance mechanism currently embedded within the current</p> | <p>Based on the feedback received, it is considered to keep the appointment of Merchant Banker optional, this would provide flexibility to companies to appoint a Merchant Banker based on the complexity of transactions.</p>                                                                                   |

| Pro<br>pos<br>al<br>No. | Comment                                                                                                                                                                                                                                                                                 | Rationale                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | SEBI Comments                                                                                                                                                                                                           |
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|                         |                                                                                                                                                                                                                                                                                         | regulatory framework. Further, stock exchanges and secretarial auditors have distinct functional roles, whereas Merchant Bankers possess specialized expertise in capital market transactions, regulatory compliances investor interface and transaction management. Accordingly, continued appointment of Merchant Bankers would help preserve the credibility, integrity, and robustness of the buy-back process while ensuring effective regulatory oversight and investor protection. Your kind attention is also drawn to the term “optional in the Rights Issue process”, as used in Para 4.1 of the Consultation Paper. However, presently, the appointment of MB in a Rights Issue is not optional, rather the requirement has been done away with. |                                                                                                                                                                                                                         |
| 7                       | Merchant Bankers maybe necessary for due diligence part and Managing Escrow Accounts the proceeds etc.                                                                                                                                                                                  | But it can be considered to make their participation optional.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | Based on the feedback received, it is considered to keep the appointment of Merchant Banker optional, this would provide flexibility to companies to appoint a Merchant Banker based on the complexity of transactions. |
| 7                       | We Fintellectual Corporate Advisors Private Limited are a SEBI Registered Merchant Banker with hand on experience in executing buyback transactions for listed companies. Our objection to this proposal is grounded not in self-interest but in the fundamental principles of investor | Ground 1 Keeping appointment of Merchant Banker optional will create an Unacceptable Conflict of Interest: In a buyback the company purchases shares from its own shareholders. The Promoter board and management have a direct financial stake in the outcome. Assigning compliance certification and                                                                                                                                                                                                                                                                                                                                                                                                                                                      | Based on the feedback received, it is considered to keep the appointment of Merchant Banker optional, this would provide flexibility to companies to appoint a                                                          |

| Pro<br>pos<br>al<br>No. | Comment                                                                                                                | Rationale                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | SEBI Comments                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
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|                         | protection and regulatory integrity that SEBI has consistently upheld. We hereby providing the rationale for disagree. | <p>escrow oversight to the Company itself as proposed in Annexure 1 eliminates the independent intermediary that stands between the company and its selling shareholders. An independent SEBI regulated Merchant Banker provides critical check that the Company disclosures are complete fair and not designed to suppress participation or manipulate the buyback price. Removing this check exposes retail and small shareholders to significant information asymmetry.</p> <p>Ground 2 Capital Market Due Diligence cannot be replaced by a Secretarial Audit: Under the current buyback regulations as amended in 2023 the Draft Letter of Offer is no longer required to be filed with SEBI for review or comments prior to dispatch to shareholders. This means the LOO is dispatched directly to shareholders without any prior regulatory scrutiny. In this context the Merchant Bankers pre dispatch due diligence and certification under Regulation 8iaa is the only independent check ensuring that the LOO contains complete accurate and adequate disclosures. Transferring this certification to Secretarial Auditor who is trained in procedural company law compliance and majority SEBI LODRD Disclosures creates a material investor protection gap precisely where the regulatory framework has no other safety net. One of the crucial role of Merchant Banker is to check firm arrangement of funds and liquidity while the Secretarial Auditor has</p> | Merchant Banker based on the complexity of transactions. Further, in case company decides not to appoint merchant banker, the proposal seeks to bring in independence in nature of professionals such as company secretaries, statutory auditors which the company is anyway used to dealing with and is well versed with the affairs of the company. In this regard it is mentioned that while distributing the activities of Merchant Bankers among the company, secretarial auditor, it is ensured that the activities which require independence has been assigned to independent entities |

| Pro<br>pos<br>al<br>No. | Comment                                                                                                                                 | Rationale                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | SEBI Comments                                                                   |
|-------------------------|-----------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------|
|                         |                                                                                                                                         | <p>no role in financial instrument. Merchant Bankers are registered with SEBI and subject of Merchant Banker code of conduct while Secretarial Auditor govern by ICSI and are subject to CS professional standards. Ground 3 Escrow Management Demands Regulated Accountable Intermediaries Escrow Management in buyback involves nuanced discretionary judgements accessing eligibility of escrow instruments invoking the escrow on company default and releasing funds only after all post buyback obligations are fulfilled. Merchant Banker perform these functions under the SEBI MB Regulations 1992 as amended with personal and firm level regulatory accountability. Stock Exchange while capable as trading platform operate under a different accountability framework not designed for intermediary level investor protection in buyback transactions.</p> <p>Ground 4 The Cost reduction rationale is disproportionate to the Investor Risk: Merchant Banker fee in buyback transactions represent a small fraction of total buyback consideration. For Rs. 100 Crore Buyback Merchant banker fee typically range from 0.2 to 0.35 percent of Offer size. The real cost to investor from inadequate disclosure can be higher. We strongly oppose the blanket elimination of MB from Buyback Transaction.</p> |                                                                                 |
| 7                       | It is proposed that this activity should be assigned to clearing corporation instead of the Designated Stock Exchanges. As per the SEBI |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | Considering the concerns raised by the Exchanges the responsibilities regarding |

| Pro<br>pos<br>al<br>No. | Comment                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | Rationale | SEBI Comments                                                                                                                                                                                                                                                   |
|-------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                         | <p>Circular CIR/CFD/POLICYCELL/1/2015 dated April 13, 2015, on Mechanism for acquisition of shares through Stock Exchange pursuant to Tender-Offers under Takeovers, Buyback and Delisting. State that “ Once the basis of acceptance is finalised, the clearing corporation would facilitate execution and settlement of trades by transferring the required number of shares from the special account to the escrow account of the acquirer/ company”. Also, the activity involved but not limited to:</p> <p>i) The Escrow shall in the favour of ---- and shall be valid until 30 days after the expiry of the buyback period.</p> <p>ii) payment to all the securities holders who have accepted the offer and after the completion of all the formalities of buy back the amount, guarantee, and securities in the escrow, if any, shall be released to the company.</p> <p>Since in the payment to all the securities holders would be taken care by Clearing Corporation. The point no. 5 shall be undertaken by Clearing Corporation.</p> |           | <p>management of Escrow account may be assigned to Statutory Auditors of the Company. Further, it may be noted that exchanges are repositories of this data and they are best placed to certifications regarding adequacy of sell order and VWAP of shares.</p> |

## Annexure IV

| <b>Assignment of the activities which are carried out by Merchant Bankers to Company, Stock Exchanges and Secretarial Auditor</b> |                                                                                                                                                                                                      |                                                                                                                                     |                                                                       |                                              |
|-----------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------|----------------------------------------------|
| <b>Sr. No</b>                                                                                                                     | <b>Responsibilities of MBs as per current regulatory framework</b>                                                                                                                                   | <b>Relevant Regulation of Buy-Back Regulations</b>                                                                                  | <b>Proposal</b>                                                       | <b>Activities proposed to be assigned to</b> |
| 1.                                                                                                                                | Appointment of Merchant Banker                                                                                                                                                                       | 16(iv)(a) and 22A                                                                                                                   | It is proposed to dispense with the requirement.                      | NA                                           |
| 2.                                                                                                                                | Filing of letter of offer and Public Announcement along with Fees in accordance with the terms of the Regulations and ensuring that their contents are true, fair and adequate.                      | 8(i)(a), 16(iv)(a), 22A, 25(iv), 25(v), 25(vii) and Schedule V                                                                      | It is proposed to be carried out by Company itself                    | Company                                      |
| 3.                                                                                                                                | Certifying that the buy-back offer is complying with regulations and Due diligence certification                                                                                                     | 8(i)(aa) and 25(vi)                                                                                                                 | It is proposed to be carried out by Secretarial Auditor               | Secretarial Auditor                          |
| 4.                                                                                                                                | Oversight and operation of escrow accounts including bank guarantees, cash deposits, approved securities, invocation rights and release of escrow account and forfeiture-related directions by SEBI. | 9(xi)(c)(ii), 9(xi)(d), 9(xi)(e), 9(xi)(f), 9(xi)(g), 20(ii)(b), 20(ii)(c), 20(iii), 20(iv)(a), 20(iv)(b), 20(viii), 25(ii), 25(ix) | It is proposed to be carried out by Statutory Auditor                 | Statutory Auditor                            |
| 5.                                                                                                                                | Certification relating to adequacy of sell orders and VWAP of shares or other specified securities                                                                                                   | 20(viii)(a) and 20(viii)(b)                                                                                                         | It is proposed to be carried out by Stock Exchanges                   | Stock Exchanges                              |
| 6.                                                                                                                                | Presence during extinguishment/destruction of securities in case of Tender offer                                                                                                                     | 11(i)                                                                                                                               | It is proposed to do away with                                        | NA                                           |
| 7.                                                                                                                                | Presence during extinguishment/destruction of securities in case of buy-back through open market                                                                                                     | 21(iii)                                                                                                                             | It is proposed to be carried out by Compliance officer of the Company | Compliance officer                           |
| 8.                                                                                                                                | Certification/verification of compliance with extinguishment of securities                                                                                                                           | 11(iii)(a)                                                                                                                          | It is proposed to be carried out by Compliance officer of the Company | Compliance officer                           |
| 9.                                                                                                                                | Submission of final report                                                                                                                                                                           | 25(x)                                                                                                                               | It is proposed                                                        | Company                                      |

| <b>Assignment of the activities which are carried out by Merchant Bankers to Company, Stock Exchanges and Secretarial Auditor</b> |                                                                                                   |                                                           |                                                      |                                              |
|-----------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------|-----------------------------------------------------------|------------------------------------------------------|----------------------------------------------|
| <b>Sr. No</b>                                                                                                                     | <b>Responsibilities of MBs as per current regulatory framework</b>                                | <b>Relevant Regulation of Buy-Back Regulations</b>        | <b>Proposal</b>                                      | <b>Activities proposed to be assigned to</b> |
|                                                                                                                                   |                                                                                                   |                                                           | to be carried out by Company                         |                                              |
| 10.                                                                                                                               | Ensuring availability of funds and firm financial arrangements for implementation of the buy-back | Explanation to Regulation 9(xi)(c)(ii), 25(i) and 25(iii) | It is proposed to be carried out by Company          | Company                                      |
| 11.                                                                                                                               | Compliance with relevant provisions of Companies Act, 2013                                        | 25(viii)                                                  | It is proposed to be carried out by Company          | Company                                      |
| 12.                                                                                                                               | Disclosure of Public Announcement on website of Merchant Bankers                                  | 7(iv), 16(iv)(cb)                                         | It is proposed to be dispensed with the requirement. | NA                                           |

**Draft Amendments to SEBI (Buy-Back of Securities) Regulations, 2018**

(Amendments shall be notified after following the due process)