

FREQUENTLY ASKED QUESTIONS

ON

SEBI (BUY-BACK OF SECURITIES) REGULATIONS, 2018

These FAQs offer only a simplistic explanation/clarification of terms/concepts related to the SEBI (Buy-back of Securities) Regulations, 2018 [“Buyback Regulations”]. Any such explanation/clarification that is provided herein should not be regarded as an interpretation of law nor be treated as a binding opinion/guidance from the Securities and Exchange Board of India [“SEBI”]. For full particulars of laws governing the buyback of securities, please refer to actual text of the Acts/Regulations/Circulars appearing under the Legal Framework Section on the SEBI website.

1. What is the manner in which the company can buy back its own shares?

The company can buy back its shares in any of the following manners:

- i. From the existing shareholders on a proportionate basis through the tender offer;
- ii. From open market through:
 - a. Book building process
 - b. Stock exchange;
- iii. From odd lot holders.

2. Can a company buyback its shares without passing shareholders’ resolution?

Yes. A company may buyback its shares without shareholders’ resolution, to the extent of 10% of its paid up equity capital and reserves, based on both standalone and consolidated financial statements of the company. However, if a company intends to buyback its shares to the extent of more than 10% of its paid up capital and free reserves then the same has to be approved by shareholders by way of special resolution in term of the provisions of Companies Act, 2013

3. Where can one get details of companies proposing to buyback their shares?

Listed companies are required to intimate the stock exchange of general meetings and resolutions passed thereof. Hence, information on companies proposing to buyback shares may be obtained from the stock exchanges.

When the public announcement or offer document is filed with SEBI, the same is uploaded on the SEBI website, i.e., www.sebi.gov.in.

4. How does one tender one’s shares for buyback in the tender offer method?

In case the equity shares are held in dematerialized form: Eligible sellers may tender the equity shares through their respective stock broker by indicating the details of equity shares to be tendered under the buyback offer, during the normal trading hours of secondary market.

In case the equity shares are held in physical form: Eligible sellers shall approach their respective stock broker along with the complete set of documents, as stated in public announcement / letter of offer, for verification procedures. Upon placing the bid, the broker will provide a slip generated by the exchange bidding system to the eligible seller, confirming registration of transaction. After placement of bid, the broker shall send the tender form along with slip and other relevant documents, to the registrar to the buyback offer, as specified in public announcement / letter of offer.

5. How does one participate in the buyback in case one does not receive the tender/offer form?

In case the equity shares are in dematerialised form: Eligible sellers can make an application by providing the application in writing on plain paper, signed by the eligible seller, stating name and address of eligible seller, number of equity shares held as on the record date, client ID number, DP name/ID, beneficiary account number and number of equity shares tendered for the buyback offer.

In case the equity shares are in physical form: Eligible sellers can participate in the offer by providing the application in writing on plain paper signed by the eligible seller stating name, address, folio number, number of equity shares held, share certificate number, number of equity shares tendered for the buyback offer and the distinctive numbers thereof, enclosing the original share certificate(s), copy of eligible sellers' PAN card(s) and executed share transfer form in favour of the company. Eligible sellers shall ensure that the relevant documents are tendered at the collection centres / registrar to the buyback offer, as mentioned in public announcement / letter of offer.

In both cases above, eligible sellers will be required to approach their respective stock broker (along with the complete set of documents for verification procedures) and have to ensure that their bid is entered by its respective broker in the electronic platform to be made available by respective stock exchange, before the closing date as specified in public announcement / letter of offer.

6. Can you tender your shares for buyback if you are not a registered shareholder?

Yes, provided you submit the duly executed transfer deed for transfer of shares in your name, along with the offer form and other relevant documents as required for transfer, if any. The same should be sent to the registrar to the buyback offer.

7. What is the manner in which the company decides the acceptances from each shareholders?

In case the shares of the company are tradable compulsorily in demat segment, the acceptances from any investor shall be on a proportionate basis irrespective of the number of shares tendered in the buyback, and irrespective of whether shares are in physical or demat form.

If the shares are not in compulsory demat segment, first the entire shares tendered being less than the minimum market lot shall be accepted in full. Thereafter, the

acceptances will be on proportionate basis in a manner to ensure that the acceptances are in market lot. In such a case, a draw of lots shall be done, as in the case of public issues.

8. When will the shareholder receive intimation about acceptance of his shares?

The company is required to send intimation to the tenderers within 7 working days from the closure of the offer.

9. When will the shareholder receive the consideration/the share certificate in the tender offer method?

The company is required to send the above, within 7 working days from the closure of the buyback offer.

10. Can cash component of the escrow account in the buyback offer process be maintained in an interest bearing account?

Yes, the cash component of the escrow account may be maintained in an interest bearing account. However, the merchant banker shall ensure that the funds are available at the time of making payment to shareholders.

11. Can the letter of offer be dispatched through electronic means?

Letter of offer can be dispatched through electronic means in accordance with the provisions in the Companies Act, 2013. However, on receipt of a request from any shareholder to receive a copy of the letter of offer in physical format, the same shall be provided. Besides this, for all those shareholders who do not have their email IDs registered with the company, the letter of offer shall be sent physically. This shall be disclosed in the letter of offer.