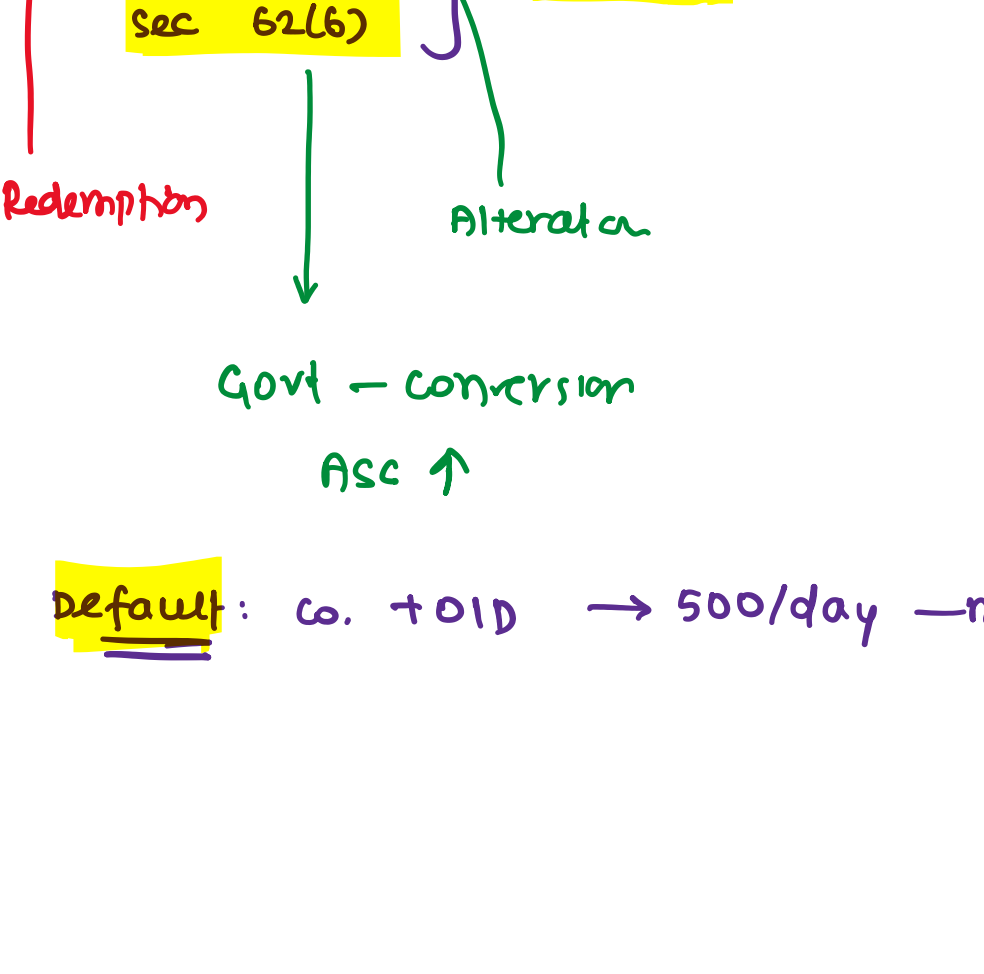


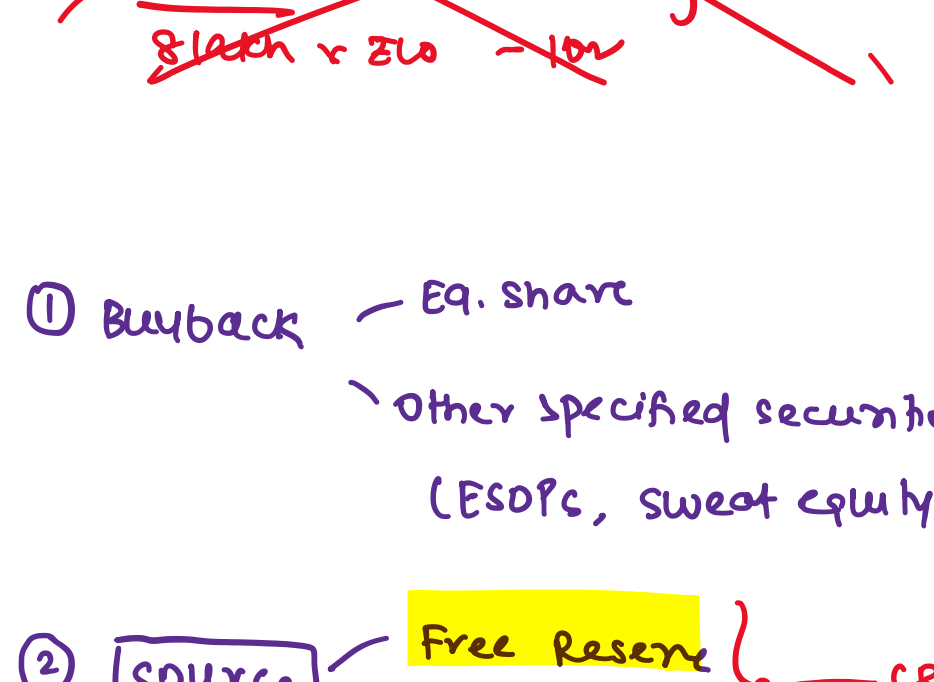
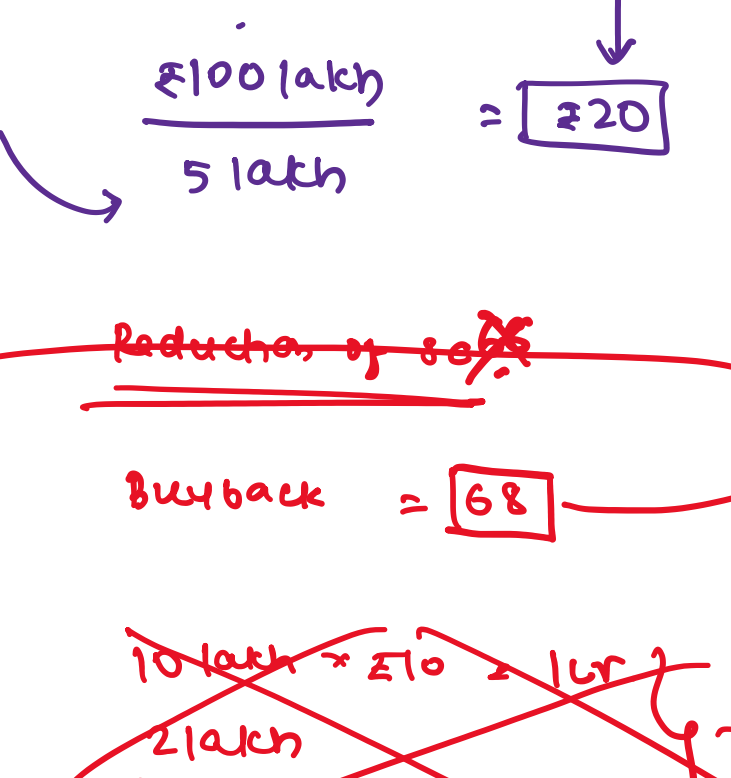
Lecture 4.6



64 Notice to ROC



Default: Co. + O/D → 500/day → max 1 Lakh (OID) / 5 Lakh (Co.)



- 1 Buyback - Eq. share, other specified securities (ESOPs, sweat equity)
- 2 Source: Free Reserve, SPA, Proceeds of fresh issue [Other than same kind]. CRR (nominal value) → Bonus. Sec 69.

3 conditions:

- AOF authorized
- SR pass → GM → Notice → Explanatory statement
- ↳ Exception → Buyback ≤ 10% of (PUEsc + FR) + Board Resoln (BR)
- max limit of buyback = 25% of (PUSC + FR)
- in case of equity → 25% of PUEsc
- Debt Equity ≤ 2
- secured + unsecured debt / (PUSC + FR) ≤ 2 or higher no. as CA may prescribe
- only fully paid up share can be bought
- listed - SEBI
- unlisted - Rules

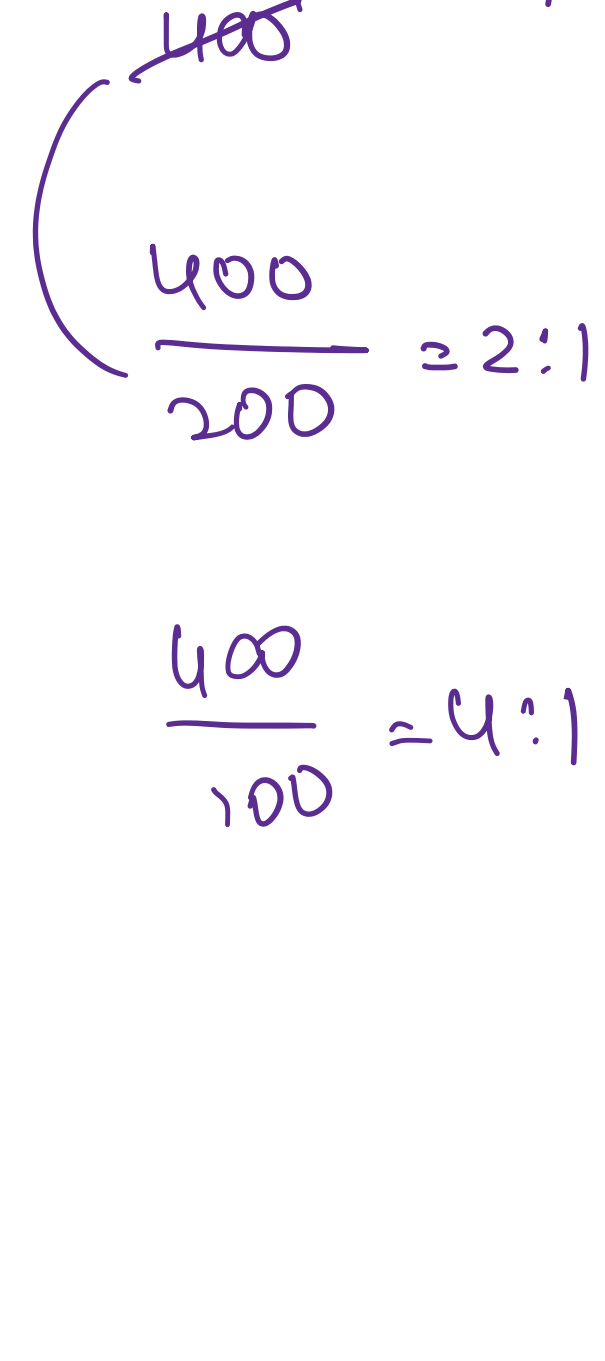
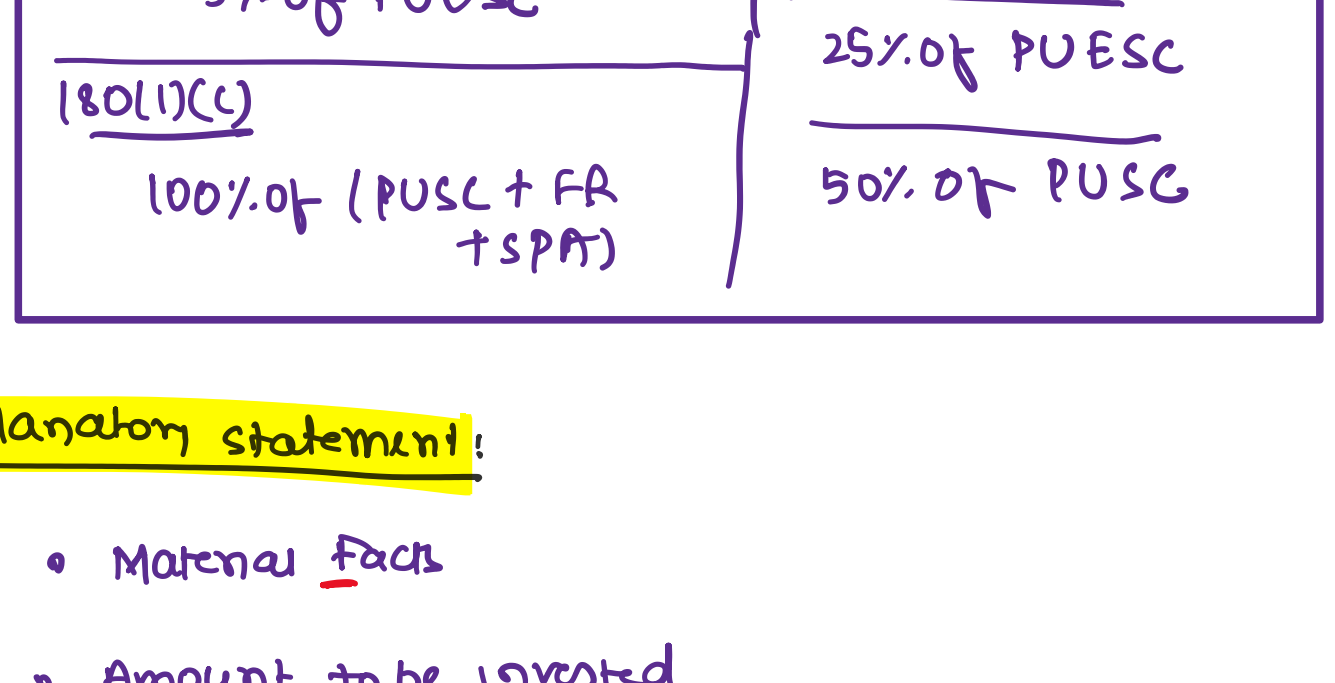
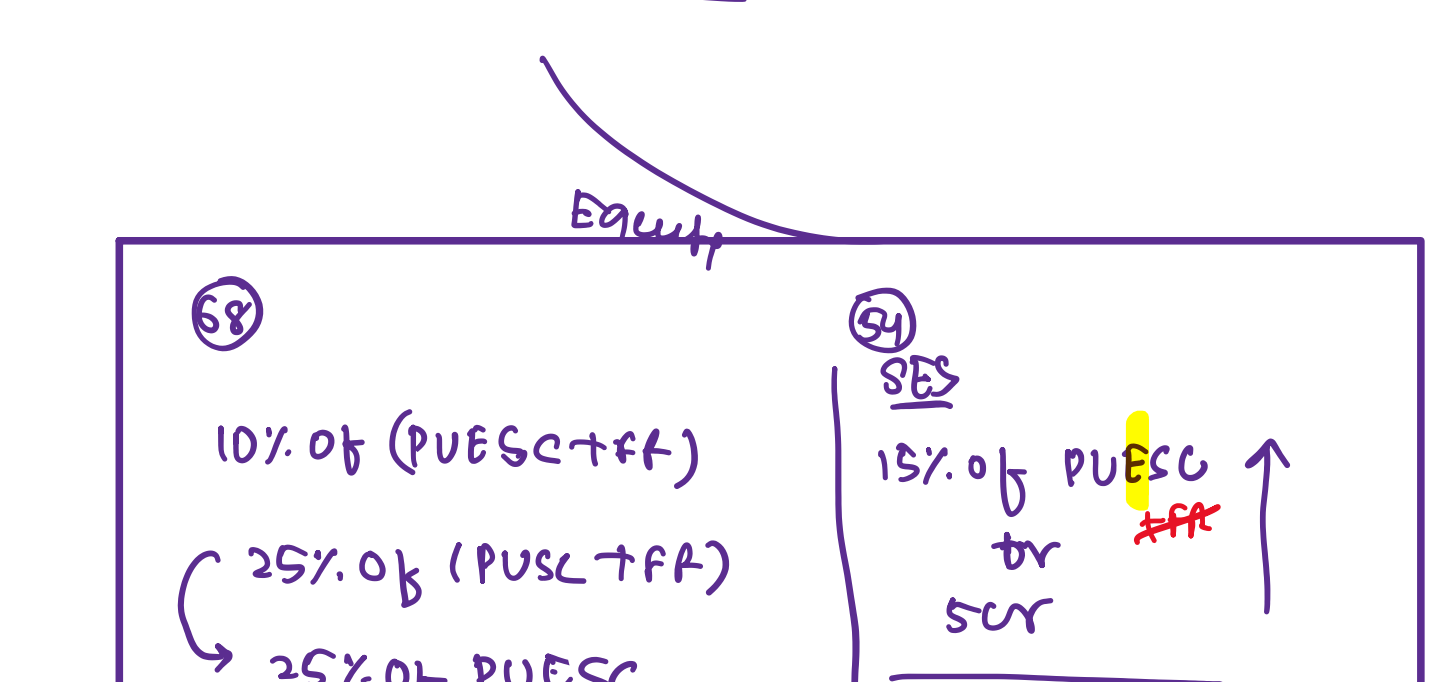


Illustration → BR/BR

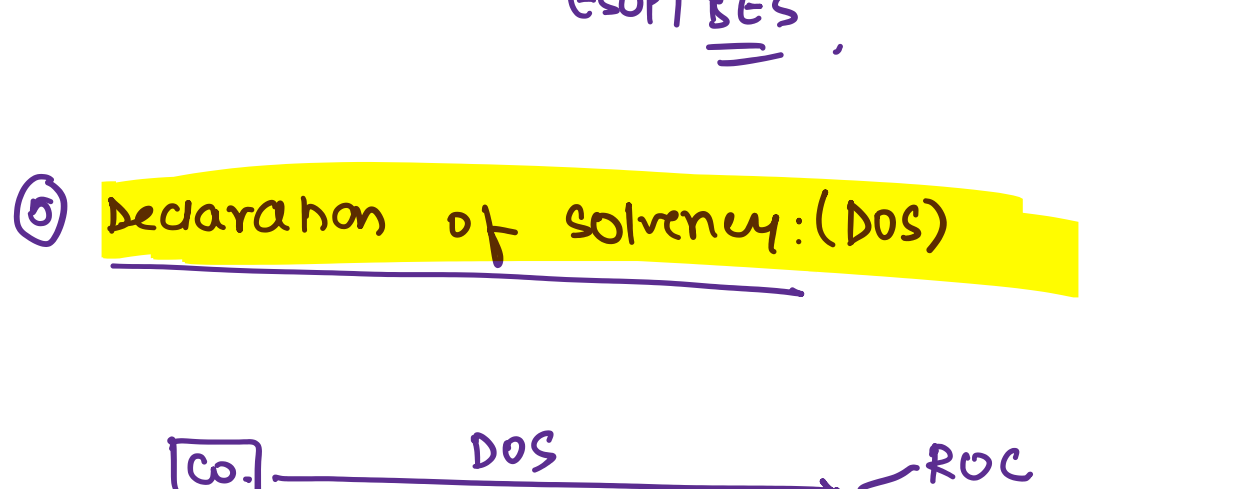
	BR	BR
PUEsc	100	200
PUSC	200	100
FR	50	100
CRR	150	200

Maximum BR: 15, 30, 30. SR: 30. Max buyback = 25% of (PUSC + FR) = 25% of (300 + 50) = 350 x 25% = 87.5. > 15 → BR (SR)



Explanatory statement:

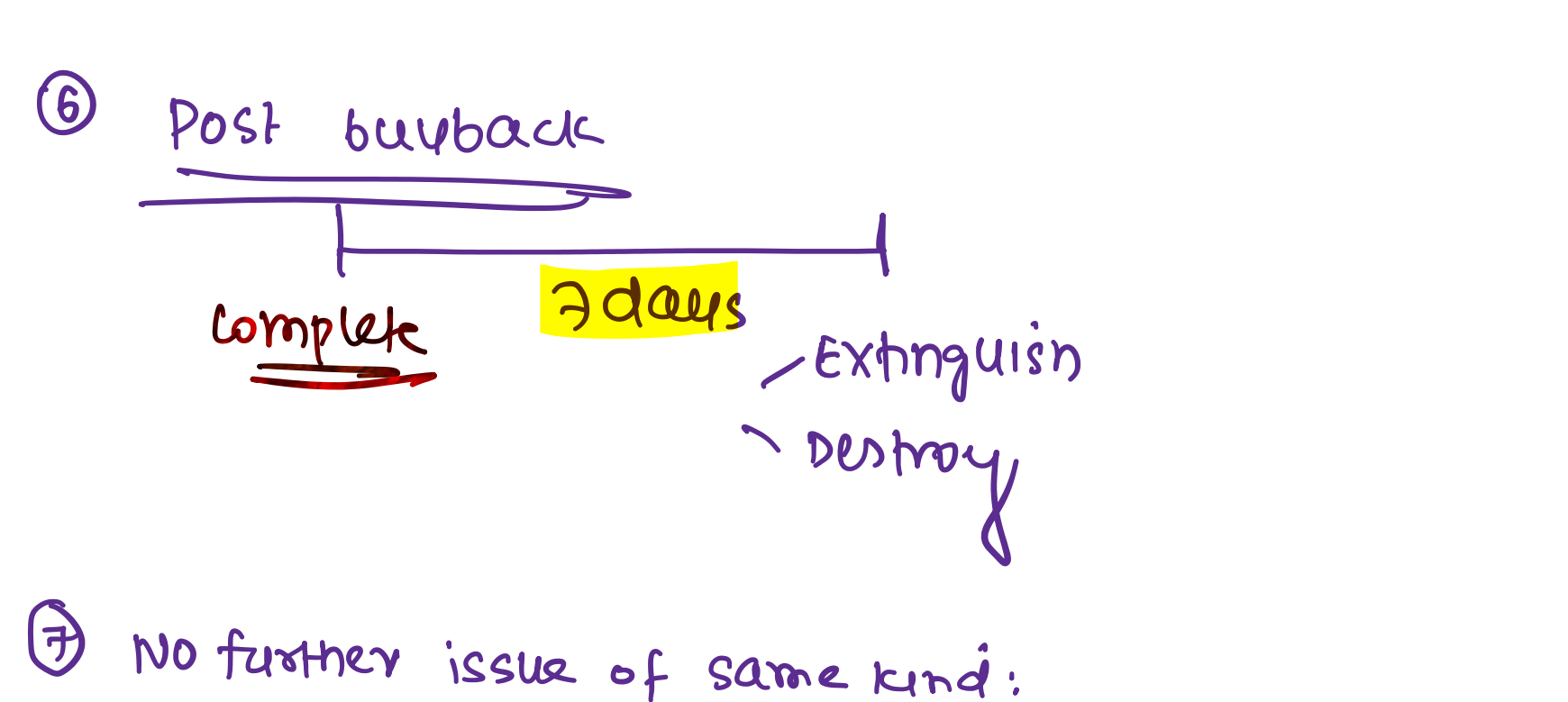
- F - Material facts
- A - Amount to be invested
- C - Class of securities
- T - Time limit for completion of buyback



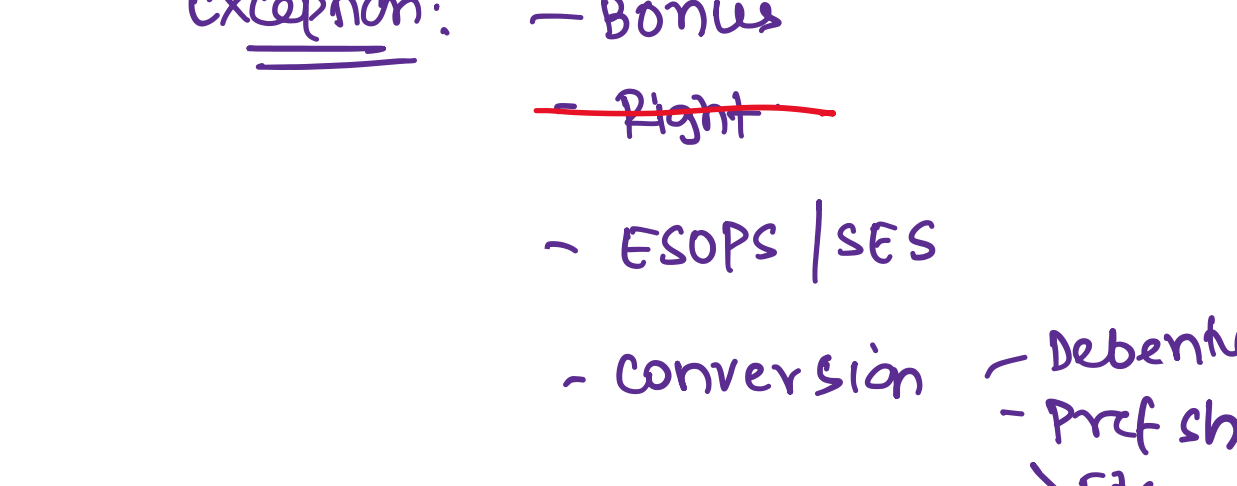
65 Buyback from:

- Existing SH (proportionately)
- Open market
- ESOP/SES

66 Declaration of solvency: (DOS)



67 Post buyback



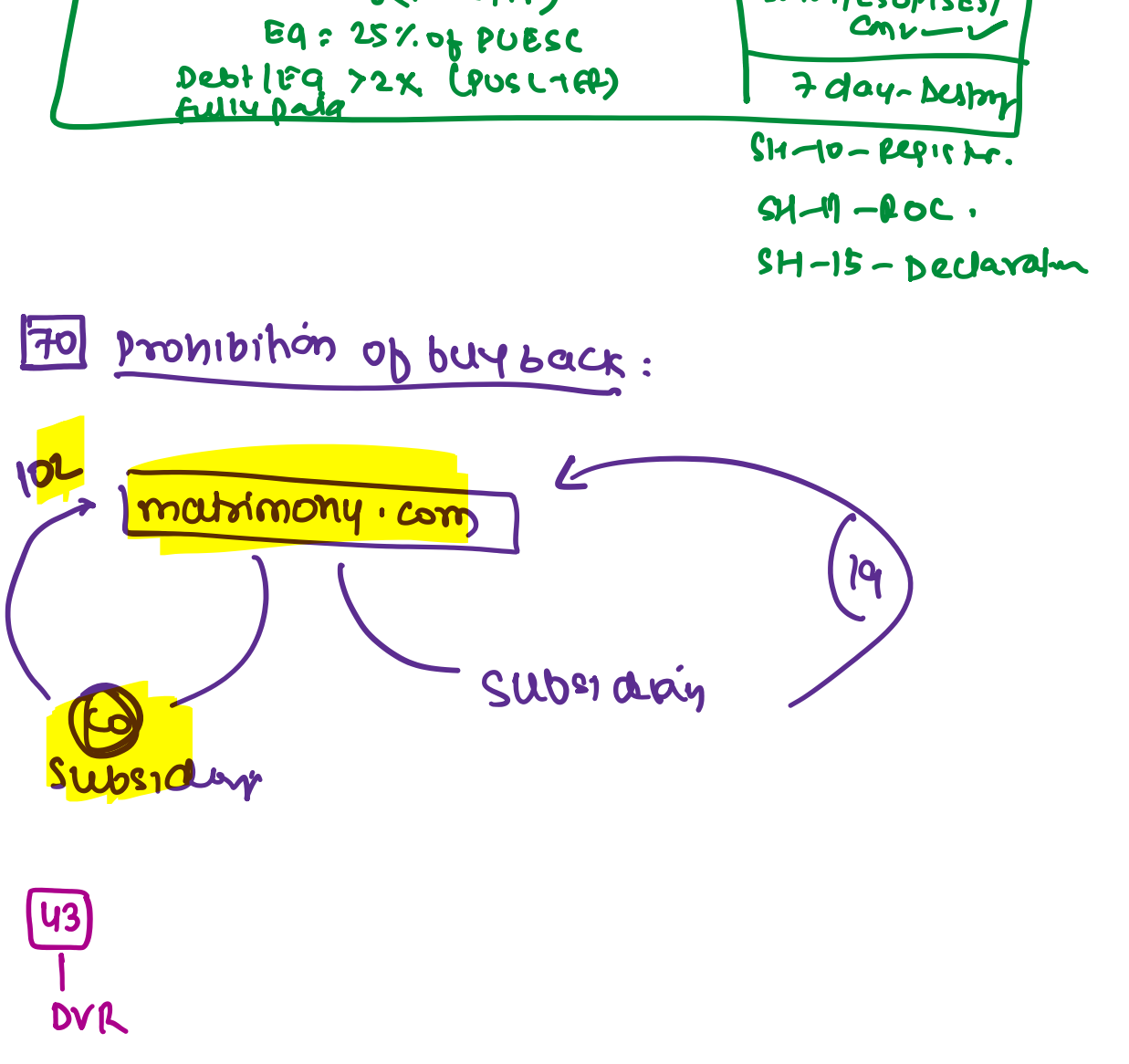
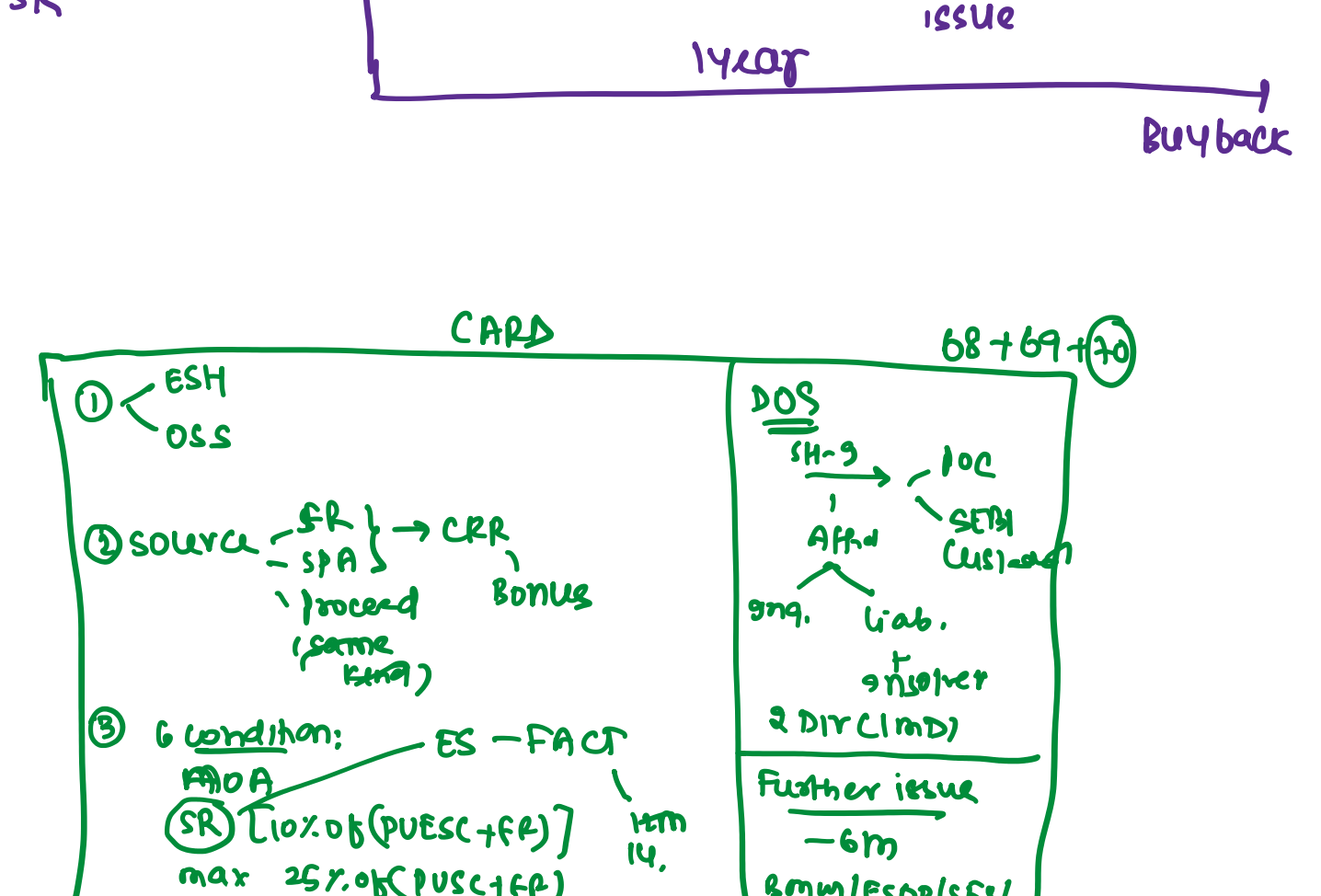
68 No further issue of same kind:

- Completion (6m)
- Exception: - Bonus, - Right, - ESOPS/SES, - Conversion, - Debenture, - Pref sh, - Etc.

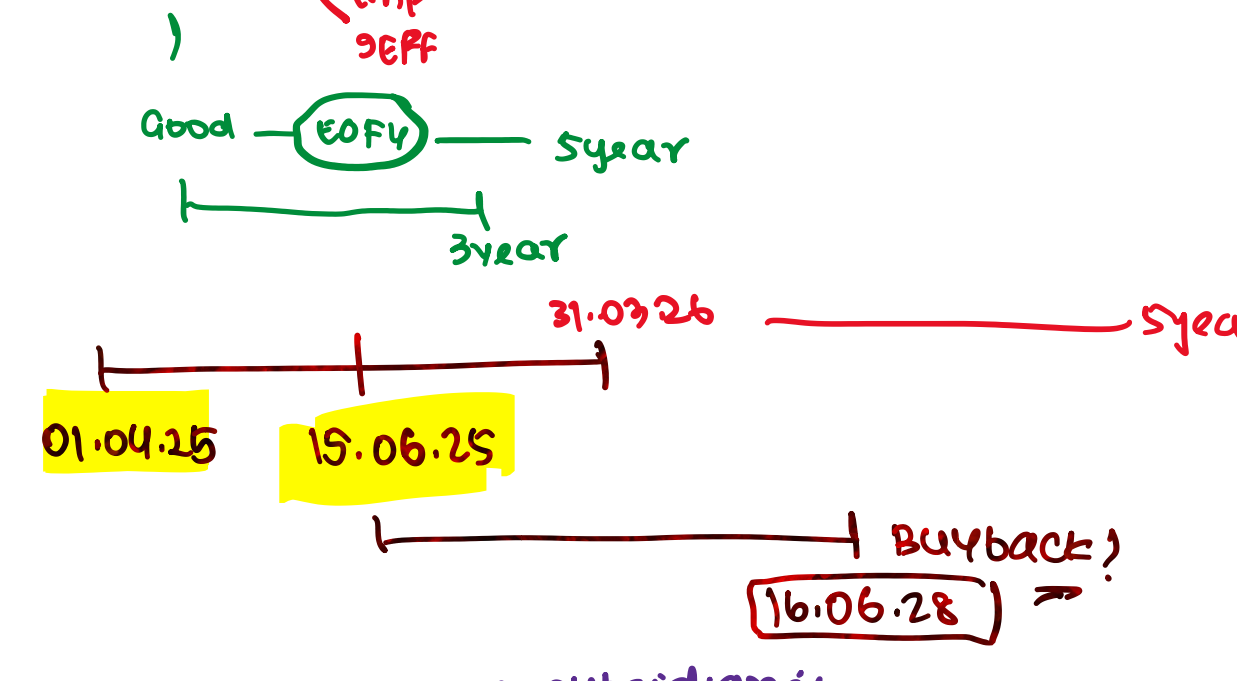
69 Extra points:

- 1 Register [SH-10]
- 2 Return of Buyback: Complete → 30 days → ROC / SEBI (Listed) → SH-11. Certificate with AC → SH-15.
- * Default → Co. + O/D → 1 Lakh - 3 Lakh

- 1 - SC
- 2 - Register
- 3 - SES
- 7 - Sec 69 → ROC
- 9 → DOS
- 10 → Register



70 Prohibition of buyback:



- No buyback - via subsidiaries, - via investment co., - in case of default: Dividend deposit, Debenture, Pref share, Bank loan. Good 3 year.
- Further, no buyback if default ult
- 92 - Annual Return, 127 - 123 - 129 -