

## Regulatory and Legal framework of Share Buybacks in India: Present, Past and Future

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### Abstract

Buyback of shares is a method whereby a company purchases its shares from the market. In India, Companies Act, 2013 and SEBI (Buyback of Shares) Regulations, 2018 governs the share buybacks. A buyback can take place by tender offer method or open market method. The objective of this research paper is to analyze the legal and regulatory structure of share buybacks in India. We have also compared the Indian regulations with other countries like U.S.A., U.K., Malaysia, and Singapore. Rules and Regulations play a very vital role in the growth of any capital market. We have seen that after the amendment in share buybacks in 2018, the Buyback of shares in terms of the number of issues, offered amount, and the acquired amount has increased.

### INTRODUCTION

Buyback of shares is a method in which a corporate buy back its shares from the existing shareholders. The concept of share buybacks was introduced in India in the companies' act 1956 by inserting sections 77A, 77AA & 77B in the companies (Amendment) Act 1999. In the latest companies' act 2013, the Buyback of shares is governed under the provisions of sections 68 to section 70. As per the Companies Act, 2013 and SEBI Regulations, Buyback or Share repurchase is a method by which a company is allowed to repurchase its shares from the prevailing shareholders or open market through any of the following ways:

1. Fixed Price Tender offer (FPT)
2. Open Market offer (O.M.R.)
  - Book building process
  - Stock Exchanges
3. Odd lots

Various rules and regulations are applicable for the Buyback of shares in India. Section 68, 69 and 70 of the Companies Act, 2013 and Rule 17 of Companies (Share Capital and Debentures) Rules, 2014 are applicable on listed companies, unlisted and private companies. Apart from the above rules and Regulations, listed companies are also required to follow the SEBI (Buyback of Securities) Regulations, 2018.

#### Keywords:

Regulation, Buyback, SEBI

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**Procedure of Share Buybacks in India as per SEBI (Buyback of Securities) Regulation, 2018**

**A. Through tender offer**

1. The company is required to announce a record date in the public announcement.
2. A letter of offer is to be dispatched within five days from the receipt of communication from the Board of Directors.
3. The offer should be open after five working days from the date of dispatch of the letter of offer till ten working days.
4. The proposed shares to be repurchased are divided into two categories. One is reserved for small shareholders and the other for general shareholders.
5. The company is required to deposit the amount specified in table below in escrow account.

**Table 1: Consideration payment**

Consideration Payable	Amount to be deposited
Does not exceed Rs. 100 crores	25% of consideration payable
Exceeds Rs. 100 crores	25% up to Rs. 100 crores and 10% thereafter

6. Within a period of fifteen days of acceptance of shares, the company (in presence of registrar to issue or merchant banker and statutory auditor) is required to physically destroy and extinguish the share certificates.
7. A company is required to furnish compliance certificate within seven days of extinguishment of shares, to SEBI which is to be verified by the registrar and if registrar is not available, by merchant banker and two directors of the company. Out of the two directors, one should be managing director and statutory auditor of the company.
8. Within seven days of extinguishment, details of extinguished and destroyed certificates shall be provided to the stock exchange where company is listed.
9. Company is required to make a register of shares bought back; consideration paid, cancellation, date of extinguishing and destroying securities.

**B. Through stock Exchange**

1. Buyback can be made through stock exchange with nation-wide terminals.
2. It cannot be made by the promoters or person in control of company.
3. Merchant banker and public announcement is made same as in case of tender offer.
4. An announcement to the public is to be made within two working days from date of passing of resolution by Board or date of declaration of results of postal ballot for special resolution. A copy of such public announcement is to be filed with SEBI.
5. Information of buyback is to be displayed on its official website and is to be given on daily basis to the stock exchange.
6. Verification of acceptance is to be completed within fifteen days of the payout.
7. Company should physically destroy and extinguish securities certificates bought back during the month in the presence of merchant banker or statutory auditor on or before fifteenth day of the succeeding month and should be completed within seven days of expiry of buyback period.

**C. Through Book building Method**

1. The public announcement containing detailed methodology of book-building process, manner and format of acceptance is to be made within seven days before the commencement of the buyback.
2. Before the public announcement, certain amount is required to be deposited in the escrow account.
3. Before the expiry of two days from the date of public announcement, a copy of public announcement with fees is to be filed with SEBI.
4. The process of book- building is to be made electronically and transparent.
5. The offer should remain open for a period of fifteen days to thirty days.
6. The final buyback price shall be the highest price accepted.

7. The provisions and process of extinguishment is same as tender offer.

## REVIEW OF LITERATURE

Buyback of shares has gained popularity over a period of time. Initially, the only method of distribution to shareholders was "Dividend". A massive literature is available on Dividend as compared to share Buybacks. The literature on Share buybacks is mostly available on Determinants of Buybacks, Choice of different methods, various hypotheses on motives of share buybacks. Limited research has been conducted on Regulatory aspects of share buybacks.

**Low (2001)** examined the regulatory framework of buybacks in Malaysia. Buyback of shares were introduced in Malaysia from September 1, 1997 by inserting section 67 in the Companies Act. The author recommended for a statutory definition of "Profits", and directors' duties.

**Oswald and Young (2004)** took a sample of 1614 open market repurchase announcements, and found that Buyback activity is less common in the U.K. They concluded that despite the regulatory restrictions on the timing of buybacks, consideration for underpricing of the stock is an essential factor for buyback activity in the U.K., like U.S. and Canada.

**Varma, Singh and Munjal (2018)** analyzed the reasons behind the buyback announcements through tender and open market offer in India. They used the Tobit regression model and found that tender offer is used to correct the capital structure whereas the open market offer is used for dividend substitution as well as capital structure corrections.

**Lamba and Ramsay (2005)** noted that the Australian market reacts to the on-market buyback method, while the reaction for other types of practice is also positive but statistically insignificant. They applied the event study methodology to a sample of 136 share buybacks announced from 1989 to 1998. They also examined the impact of regulations and pointed out that the market attaches a higher value to removing stringent rules. Cumulative Abnormal Returns earned by companies announcing share repurchase after the Simplification Act, significantly higher than the companies announcing Buyback before the Act.

**Ginglinger and Hamon (2009)** examined the compliance of share buyback regulations in France. They used 36,848 buybacks made by 352 French companies from 2000 to

2002. They concluded that only a few companies complied with the rules, and the impact of non-compliance was adverse on small firms and less liquid firms.

**Rau and Vermaelen (2002)** analyzed the repurchase activities in the U.K. when there was a drastic change in the tax and regulatory environment. After 1996, Inland Revenue rules were changed, and buybacks were reduced. However, buybacks restarted when the rules were modified to make buybacks more attractive. They found that the tax system is an essential factor in payout decisions.

**Securities and Exchange Commission's Press Release (2021)** proposed amendments to its rules on disclosure of issuer's repurchase of equity shares. The new law will require form S.R. before the end of the business day following the day of the share repurchases. The form will require information on the objective of share repurchases, the process to calculate the amount of Buyback, and policies and procedures.

**Jena, Mishra and Rajib (2016)** have reviewed the existing literature on Share Buybacks. The authors have classified the literature on the basis of hypotheses, factors affecting buybacks, impact on liquidity and earning management at the time of share buybacks. The authors have also talked about the SEBI (Buyback of Shares) Regulations, 1998 and suggested amendments in the same.

As per the Report of **Deloitte (2020)** number of issues of buyback of shares in India has increased positively from 2017 to 2019 due to favorable tax policy on repurchase.

**Mishra (2005)** examined the price reaction of share buyback announcements from 1999 to 2001. The author said that investors favor buyback as buyback is priced at a premium over the existing market price. The author said that to get the benefits of buybacks companies need to announce a large offer (which is at least 15% of share capital) at an attractive price which can be as high as 125% of existing market price. The author suggested that stringent rules should be made in India in long term.

## LEGAL AND REGULATORY FRAMEWORK OF SHARE BUYBACKS IN INDIA

### 1. Regulation as per Companies Act, 2013

#### Provision of Buyback of shares under companies Act, 2013.

Section 68 is inserted in the place of section 77A of the Companies Act 1956 with modification in the definition

of free reserves and enhancement of penalty provisions. This section allows public and private companies to repurchase their shares out of:

- free reserves, or
- securities premium account, or
- Proceeds of any shares or specified securities.

Section 68(2) imposes the following conditions on companies:

1. The Article of Association of the company permits the Buyback of Shares.
2. Following types of resolutions must be passed:

**Table 2: Resolution for Buyback**

Condition	Type of Resolution
Where the buyback is 25% or less of the aggregate of paid-up capital and free reserves of the company	special resolution at the general meeting
If the buyback is 10% or less of the total paid-up equity capital and free reserves	the Board resolution

3. The debt-equity ratio after the buyback should not be more than 2:1.
4. All the shares and specified securities should be fully paid up.
5. The Buyback of shares of listed companies should be under regulations of SEBI, and for unlisted companies, it should be following Companies (Share Capital and Debentures) Rules, 2014.

6. The time limit to complete the buyback is one year within the passing of the Special resolution or the Board resolution, whichever is applicable.
7. A declaration of solvency is required to be filed with Registrar of Company and SEBI (for listed companies)

**2. Regulations as per SEBI (buyback of Shares) Regulations, 2018**

The following requirements are placed on the buyback of shares and other specified securities by SEBI (Buyback of Securities) Regulations, 2018.

1. A Company may repurchase up to 25% of the total of its paid-up share capital and free reserves.
2. The ratio of secured and unsecured debts to paid-up capital and free reserves cannot be more than 2:1
3. All shares shall be fully paid up.
4. Buyback can be made through a tender offer, book-building, or odd lot method.
5. Only one year after the conclusion of the repurchase period may a new buyback offer can be issued.
6. The profits from fresh offerings, securities premium accounts, and free reserves can all be used for buybacks.
7. Other conditions, such as the passing of the resolution, the time limit for completion, disclosure requirements etc, are similar to the companies' act, 2013

**Table 3: Comparison of provisions applicable on two methods of buyback**

S. NO	PROVISION	TENDER OFFER	OPEN MARKET
1.	Applicable provisions	Chapter III	Chapter IV
2.	Disclosure requirements	The company shall, within two working days of the date the results of the postal ballot for the special resolution or board of directors' resolution are announced, publish a public announcement in at least one English National Daily, one Hindi National Daily, and one regional language daily, all of which are widely circulated in the area where the company's registered office is located. The public announcement shall include all the material information listed in Schedule B.	Within two working days of the Board of Directors' approval of the resolution or the declaration of the results of the postal ballot for a special resolution, as applicable, a public notice must be published. It must also include the disclosures required by Schedule D;

3.	Filing requirements	File within 5 working days: <ul style="list-style-type: none"> <li>• draft letter of offer,</li> <li>• declaration of solvency and</li> <li>• fees</li> </ul>	No draft letter of offer/ letter of offer are required to be filed with the Board.
4.	Offer procedure	<ul style="list-style-type: none"> <li>• Announcement of record date</li> <li>• Dispatch of Letter of offer with tender</li> </ul>	
5.	Date of opening	The offer must be opened within five working days of the date of dispatch of the letter of offer and must remain open for a period of ten working days.	The buy-back offer must begin no later than seven working days after the public announcement and must end no later than six months after it begins.
6.	Escrow Account	<ul style="list-style-type: none"> <li>• For consideration up to 100 crores, 25% of consideration.</li> <li>• For consideration more than 100 crores, 25% upto 100 crores and 10% thereafter</li> </ul>	Deposit 25% of the amount designated for the buy-back in an escrow account as specified in the resolutions referred to in sub-regulation (iv) of regulation 5 or sub-regulation (vi) of regulation 5.
7.	Closure	90% of the amount in escrow account is deposited in special account. Payment of consideration shall be made within 7 working days of the closure of offer.	
8	Extinguishment of certificates.	Within 15 days	On or before the fifteenth day of the following month, the company shall extinguish and physically destroy the securities certificates so purchased back during the month in the presence of a Merchant Banker and the Statutory Auditor.

Source: Authors' compilation

### COMPARITIVE ANALYSIS OF SEBI (BUYBACK OF SECURITIES) REGULATION, 1998 AND SEBI (BUYBACK OF SECURITIES) REGULATION, 2018

On September 11, 2018 SEBI notified the SEBI (Buyback of Securities) Regulations, 2018 which replaced the existing SEBI (Buyback of Securities) Regulations, 1998. Following are the key changes under SEBI (Buyback of Securities) Regulations, 2018.

1. The buy-back period is now clearly defined as the interval between the date of the board of directors' resolution to authorize the buyback or the date of the declaration of the results of the postal ballot for special regulation, as the case may be, and the date of payment of consideration to shareholders.<sup>1</sup>
2. SEBI has discretionary powers to relax strict enforcement of procedural requirements.
3. Disclosures are required under Section 68(3) of the Companies Act. These are the disclosure of material information, the necessity of the buyback, the type of securities to be repurchased, the amount to be invested, and the time limit for completion of the

buyback.

4. When the repurchase is 10% or less of the total paid-up equity capital and free reserves of the corporation, a board resolution is now necessary.
5. According to the rules of the Companies Act, the letter of offer in the case of a tender offer may be sent electronically.
6. The public shareholder who has not received the letter of offer is also allowed to participate in buyback offer.
7. An unregistered shareholder is allowed to tender shares after submission of duly executed transfer deed, along with the offer form and relevant documents.
8. Previously, the public notification for a buyback in the open market had to be announced within seven working days of the special resolution's passage. The time limit is now two working days starting on the day the board resolution was passed or the date the results of the postal ballot for special resolution.
9. The contents of explanatory statement should include:

<sup>1</sup> See chapter I of SEBI (Buyback of Securities) Regulations, 2018

- The date of the board meeting at which the company's board of directors approved the buyback proposal;
  - The Necessity for the buy-back;
  - The maximum amount that must be repurchased under the agreement, as well as how much of the total paid-up capital and free reserves it represents
  - The maximum price at which the shares or other specified securities are proposed to be repurchased, as well as the methodology used to determine the buy-back price,
  - The maximum quantity of securities that the company proposes to repurchase.
  - The buyback methods to be adopted.
4. There is no size and time limit on the repurchase program.
  5. There is no penalty on the company for non-compliance of provisions related to buyback.

**Regulatory framework of buyback in UK:**

1. A buyback is authorized by Article of Association as per section 162 of Companies Act, 1985.
2. A buyback can take place by any of the following methods:
  - a. Off-Market
  - b. On market
  - c. Contingent Purchase Contracts
3. For off market repurchases, Special resolution and for on-market repurchases, ordinary resolution is required to be passed. The resolution specifies the limit on maximum shares proposed to be bought back and minimum and maximum price of buyback.
4. The buyback can be financed through:
  - a. Distributable Profits
  - b. Proceeds of fresh issue
  - c. Out of capital, in case of Private companies.
5. As per section 178 of UK Companies Act, if a company fails to repurchase shares, shareholders have right to seek specific performance of the contract.
6. Directors of the company can be held personally liable in case of non-compliance with the provisions of the buyback.

**COMPARISON OF INDIAN REGULATIONS WITH OTHER COUNTRIES**

**Regulatory framework of buyback in US:**

1. In US, a buyback can be made by following methods:
  - a. Fixed Price Tender Offer
  - b. Dutch Auction Repurchase
  - c. Open Market Repurchase
  - d. Private Negotiation
2. The company's articles of association must permit the repurchase, and the directors' meeting must pass a board resolution.
3. The repurchased shares are held in treasury for reissuing them in future.

**Table 4: COMPARITIVE ANALYSIS OF REGULATORY PROVISIONS OF SHARE BUYBACKS IN INDIA, U.K. AND U.S.A.**

S.NO	PROVISIONS	INDIA	U.K.	U.S.A.	Australia	Hongkong	Malaysia	Singapore
1.	Year of introduction	1998	1981	1982	1989	1991	1997	1998
2.	Authorized by Article of Association	yes	yes	yes			yes	
3.	Resolution to approve Buy-back Program	If the buyback exceeds 10% of total paid up capital and free reserves, a special resolution must be passed; otherwise, a board resolution must be passed.	For on-market, Ordinary and for Off-market, Special Resolution is required.	Board Resolution	Special resolution for off market and ordinary resolution otherwise	Special resolution for off market and ordinary resolution otherwise	Ordinary	Special resolution for off market and ordinary resolution otherwise

4.	Limit	Buyback cannot exceed 25% of total paid up capital	Repurchase cannot exceed 15% of its shares through market	No limit			Cannot buy-back more than 10% of company's issued and paid up capital	Not more than 10 % of the issued capital
5.	Sources of Funds	<ul style="list-style-type: none"> <li>• Free reserves</li> <li>• Securities premium account</li> <li>• Proceeds of fresh issue</li> </ul>	<ul style="list-style-type: none"> <li>• Distributable Profits</li> <li>• Proceeds of fresh issue</li> <li>• Capital in case of private companies</li> </ul>	<ul style="list-style-type: none"> <li>• Distributable Profits</li> <li>• Institutional finance</li> </ul>	• Profits	<ul style="list-style-type: none"> <li>• Distributable profit</li> <li>• New issue</li> </ul>	<ul style="list-style-type: none"> <li>• Retained Profits</li> <li>• Share Premium Account</li> </ul>	• Distributable Profits
6.	Methods	<ol style="list-style-type: none"> <li>1. Tender offer</li> <li>2. Open Market</li> <li>3. Odd-lots</li> </ol>	<ol style="list-style-type: none"> <li>1. Off-market</li> <li>2. On-market</li> <li>3. Contingent Purchase Contracts</li> </ol>	<ol style="list-style-type: none"> <li>1. Fixed Price Tender Offer</li> <li>2. Open Market</li> <li>3. Dutch Auction</li> <li>4. Private Negotiation</li> </ol>	On and Off Market	On and Off Market	On Market	On and Off Market
7.	Treasury Operations	Not allowed	Not allowed	Allowed	Not allowed	Not allowed	Allowed	Not allowed
8.	Filing and Disclosure Requirements	Voluntary	U.K. Companies Act 1985 provides for extensive disclosure in directors report	No Specific norms		Disclosure to ROC within 14days of delivery of shares to company	Paragraph 37 of MASB TR1 required disclosure	Clause 948(3) of Listing Manual
9.	Solvency Ratio	Debt-Equity ratio of 2:1	No specific norm	No specific norm				
10.	Penalty on non-implementation	No Penalty	Shareholders can seek specific performance	No Penalty				
11.	Penalty on non-compliance	Officer in default will be punishable with imprisonment of a term extending up to 2 years or with a fine up to Rs. 50,000 or both	Directors may be held personally liable.	Little Penalty				

Source: Authors' compilation from various literature

## DATA AND METHODOLOGY

Securities and Exchange Board of India has Regulation on Buyback of shares which was revised in September 2018. Therefore, we have taken the recent SEBI regulation to see the regulatory framework of Share Buybacks in India. To see the impact of these regulations, we have taken data from the financial year 1998-1999 to 2021-2022. We have taken data on Promoters' Holdings, Offered and Acquired Amount, No. of shares Targeted and Acquired from the PRIME database.

To see the impact of SEBI (Buyback of Securities), 2018; on these factors, we have used tabular and graphical representation of these factors.

## ANALYSIS AND DISCUSSION

Allowing a company to buy back its shares has always been a topic of debate and discussion. Some are in favor of

permitting as this will give the company an option to correct the stock price, and also, it will provide an exit route to existing shareholders. Those who are against it are motivated by the “Doctrine of Maintenance of Capital.” The doctrine talks about creditors’ concerns in case of winding up of the company. In the case of a limited liability company, creditors cannot ask individual directors for the payment of their debts. The company’s capital should not be diluted by reducing the convertible assets. Due to this reason, the companies are required to maintain specific paid-up capital after the Buyback of shares. In India, section 77A gives power to companies to purchase their shares but is subject to the fulfillment of provisions of sections 77A (2) and Section 77B of the Companies Act, 2013.

**Table 5: Promoter’s Holdings**

YEAR	PROMOTER’S HOLDING BEFORE OFFER (%)	PROMOTER’S HOLDING TARGETTED AFTER OFFER (%)	PROMOTER’S HOLDING AFTER OFFER COMPLETED (%)
1998-1999	57.10	76.14	72.05
1999-00	51.28	60.42	55.66
2000-01	49.57	58.03	55.44
2001-02	48.73	57.12	53.20
2002-03	48.09	54.28	53.81
2003-04	49.66	59.38	50.01
2004-05	51.89	47.83	45.03
2005-06	54.30	56.31	52.75
2006-07	56.32	59.05	57.72
2007-08	47.18	50.02	49.06
2008-09	49.70	53.23	51.67
2009-10	52.03	57.12	54.14
2010-11	49.74	53.30	52.72
2011-12	50.16	54.26	53.22
2012-13	50.23	56.39	54.51
2013-14	55.46	60.07	58.59
2014-15	56.17	62.22	60.08
2015-16	61.05	66.67	65.10
2016-17	61.73	63.12	61.75
2017-18	63.89	65.38	63.85
2018-19	58.71	59.89	59.40
2019-20	57.70	59.51	58.52
2020-21	58.97	60.95	60.27
2021-22	60.64	61.25	61.13

Table 5 shows that Promoter’s holding before buyback has reduced slightly after 2018-2019. There is reduction in

Promoter’s holding targeted after buyback and Promoter’s holding after the completion of Buyback. These changes can also be seen in graph 1. Promoters buy back their own shares from the market to give confidence to investors that the promoters believe in the fundamentals of the company. In the proposed Buyback regulations SEBI might not allow the promoters to participate in book building method of open market operations.<sup>2</sup> We can say that SEBI might take this decision to protect the interest of the investors if promoters undertake any insider activity.

**Graph 1: Promter’s Holding in Percentage**



**Table 6: Number of Shares Targeted, Acquired and Offer Price**

YEAR	NO. OF SHARES TARGETTED	NO. OF SHARES ACQUIRED	OFFER PRICE (Rs.)
1999	13,73,226	11,39,800	10.00
2000	2800787.5	1600352	84.291667
2001	5485396.429	6074184.214	672.60714
2002	5516283.704	3157616.111	228.38889
2003	2879446.968	1741754.032	120.95161
2004	1700923.125	1370740.25	46.375
2005	20452950.45	13631251.09	246.62182
2006	1461283.7	618869.1111	227.3
2007	1114945.143	362140.5714	351.71429
2008	5502035.8	5372771.6	711.3
2009	3065303.652	2066683.089	430.49739
2010	4381996.8	2634345.95	122.95
2011	6895052.65	6735103.45	615.025
2012	9444638.323	5788133.067	267.09677
2013	9258282.857	7447840.429	155.66667
2014	49328510.28	43501018.53	230.43281

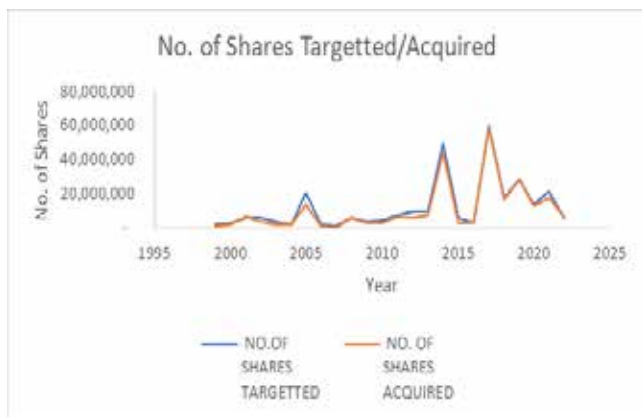
<sup>2</sup> For more details refer consultation paper on Review of SEBI (Buyback of Securities) Regulations, 2018



2015	5764481.2	2396760.7	1314.25
2016	2500964.938	2470281.063	811.25
2017	59673970.78	58722265.82	1196.8827
2018	16994089.86	16873879	942.6822
2019	28402319.35	28551411.46	1045.9286
2020	13403702.63	12292429.9	340.5
2021	20949567.44	17463412.35	765.59836
2022	5716475.825	6276764.833	757.05

Table 6 shows that after the year 2018, the number of shares acquired and number of shares targeted has increased. A similar change can be seen in the offer price, which has increased in the year 2019 but decreased after that. Graphs 2 and Graph 3 also shows these changes.

**Graph 2: No. of shares targeted and acquired**



**Graph 3: Offer Price of Buyback**



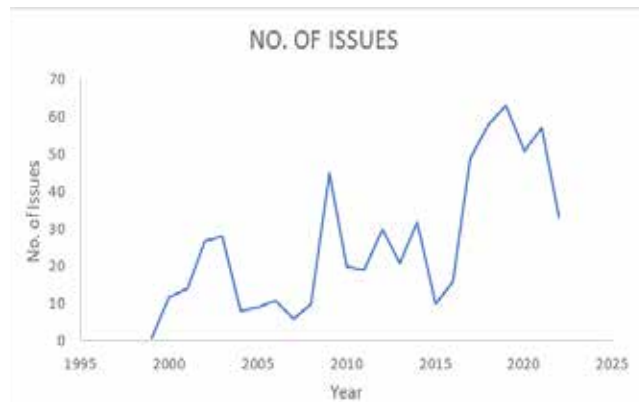
Table 7 shows that the offered amount and acquired amount has reduced in the year 2019. Although the success rate has increased from 90% to 95%. The success rate of buyback is calculated by dividing the acquired amount of share buybacks with targeted amount of share

buybacks. The number of issues of share buybacks has increased since the year 2018. Similar changes can be noted by seeing the Graph 4 and Graph 5.

**Table 7: Offered, Acquired Amount, Success Rate and No. of issues**

YEAR	OFFER AMOUNT (Rs. lacs)	ACQUIRED AMOUNT (Rs. lacs)	SUCCESS (%)	NO. OF ISSUES
1999	137.32	113.98	83.00	1
2000	2497.9542	1325.5867	52.44	12
2001	9262.59	9269.2207	89.20	14
2002	7978.1615	1720.5081	57.43	27
2003	3260.4394	2169.1761	66.44	28
2004	646.58375	592.7175	67.73	8
2005	32725.236	3486.08	52.47	9
2006	3625.981	2885.9444	62.92	11
2007	4217.7657	1066.1186	53.69	6
2008	20044.442	18983.161	68.46	10
2009	9169.4348	3693.5658	55.18	45
2010	4119.895	1642.2425	55.05	20
2011	21475.146	20745.517	82.23	19
2012	44404.649	16175.759	62.20	30
2013	8067.1429	5271.7352	64.74	21
2014	35563.716	17704.956	70.54	32
2015	6052.112	4357.633	68.30	10
2016	11461.259	11112.154	92.32	16
2017	70343.316	69247.847	91.45	49
2018	90350.753	89851.796	90.41	58
2019	88233.379	87769.41	95.82	63
2020	38408.191	34313.108	91.59	51
2021	64418.372	60956.306	82.98	57
2022	78290.725	84130.561	97.90	33

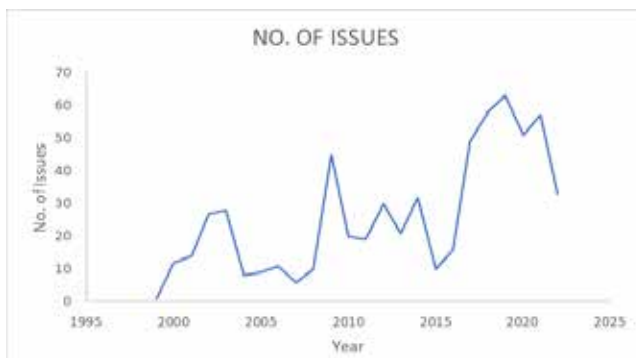
**Graph 4: No. of Issues of Share Buybacks**



**Graph 5: Offered Amount and Acquired Amount**



Graph 6 shows that over a period of time the success rate of buybacks have increased. After the SEBI regulations also, success rate of share buybacks has increased.



**Graph 6: Success Rate of Share Buybacks in India**

The tabular and graphical representation of the data helps us in understanding the trends in the variables over a period of time. Our main objective is to see the trend after the Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018. Overall, the data shows an upward trend.

The future of buyback of shares is dependent on regulation of share Buybacks. Recently SEBI has proposed many changes in the current Regulation of Share Buybacks. It came up with a consultation paper on SEBI (Buyback of Securities) Regulations, 2018. The current limit of

25% of Tender offer route may be increased to 45%. The buybacks done from open market method can be phased out over time. Another important reform can be to ease the corporate tax on buyback and shift it to shareholders. Our study makes a very imperative contribution to the existing literature on buyback, as it has compared the existing regulations with the age-old buyback Regulation of 1998. We have also given insights about future of buyback regulations in India.

### Conclusion

Regulations play a very vital role in the development of any capital market. In India, the Securities and Exchange Board of India is the governing body for the share market. It has regulations governing all the issues, Mutual Funds, Custodians, Buyback of securities, etc. SEBI passed the Regulation of Buyback of Shares first in the year 1998. Then after twenty years, it revised the regulations and passed Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018. Significant changes in the rules were made regarding the definition of the buyback period and altering the laws to meet the requirement of changing technology. Our study shows that after the passing of these regulations in the year 2018, the number of issues of Buyback has increased. We have seen a similar trend regarding the number of shares targeted, several shares acquired, and the success rate. The offered amount and received amount of share buybacks have been reduced in the year 2019. Our study has not applied statistical techniques to see the regulatory impact on share buybacks. This is one limitation of our study. Further research can be done using econometric tools to see the effects of regulations on share buybacks in India. Future research can also be carried on by making questionnaires and taking the responses from managers of various companies doing buybacks. The questionnaires can be analyzed to see the role of regulations in the industry. Another important research can be carried on to see the implications of different taxation policies on buyback of Shares.