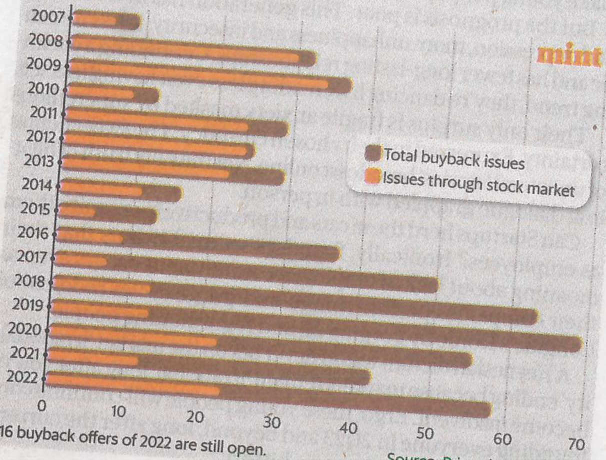
Not so sought-after

In the past 22 years, nearly 50% of buybacks have been through the open market route.



16 buyback offers of 2022 are still open.

Source: Primedatabase.com

SATISH KUMAR/MINT

Share of buybacks via exchange up in 2022

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MUMBAI

The stock exchange route for share buybacks, which the capital markets regulator plans to phase out by 2025, saw a resurgence this year but still remains less popular than it used to be a decade ago, shows a *Mint* analysis of primedatabase.com data.

In 2022, 23 out of 58 companies that have chosen to buy back their shares have used this route. This includes ongoing offers and represents a 40% share, the highest in three years and the second-highest since 2014. Stock exchanges were once a popular buyback route. In the past 22 years, nearly 50% of buybacks have been through the open market route, with only one instance using book-building. Between 2006 and 2012, almost all buybacks were through the stock market, and even the contribution in terms of amount offered was nearly 100%. The share of buybacks via this route has sharply fallen.

In 2021, only 12 out of 42 issues were through the open market, against a 40% share in 2020. That said, the stakes in terms of the amount offered were completely reversed: 71% in 2021 versus 16% in 2020.

Companies can buy back shares through open market, tender offer and book-building. "The tender route is a more favoured and fair route for a buyback as the price is pre-determined and shareholders get an equal opportunity to participate while in the open market route, while the maximum price is announced, the buyback happens at a much lower price," said Pranav Haldea, MD, Prime Database Group.