# L&T to buy back ₹10,000cr shares, biggest this year

## This Will Be Co's First Buyback Since It Got Listed In 1950

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**Mumbai:** Larsen & Toubro, India's largest engineering company, will buy back shares worth Rs 10,000 crore, in its second attempt to repurchase stock after four years. L&T's board on Tuesday approved the repurchase of 3.3 crore shares having a face value of Rs 2 each at a maximum price of up to Rs 3,000 apiece, returning cash to investors at a substantial premium to Tuesday's closing price of Rs 2,562.

In 2019, L&T had to drop its Rs 9,000-crore share buyback plan after Sebi rejected it for being non-compliant with rules. If the company successfully completes the share buyback programme this time, it will be its first such capital distribution to shareholders since it got listed in 1950. This is the largest share repurchase announcement of this year till date, according to Prime Database. Excluding L&T, boards of eight companies have approved share buyback proposals ranging from Rs 18 crore to Rs 500 crore in 2023, the research firm said. The engineering major's buyback programme comprises 2.4% of its paid-up equity.

L&T CFO Shankar Raman said the company will announce the final buyback price after obtaining shareholder approval. Rules allow L&T to offer a price beyond the upper band (Rs 3,000), he said. The CFO said that after the company's previous buyback experience, it had worked with Sebi to make the guidelines clearer.

Last time, Sebi directed L&T not to proceed with the buyback as its financial ratios would be adversely impacted after the implementation of the scheme and would not be compliant with rules. Raman said under the current guidelines, if the group has a non-banking finance company whose debt-to-equity ratio is under six, then its debt would be excluded from calculating the debt-to-equity ratio for the buyback.

### SECOND ATTEMPT IN 4 YEARS

- In 2018-19, L&T had proposed to buy back 6.1cr shares at ₹1,475 apiece, total amount was **₹9,000cr**
- Sebi had rejected L&T's proposal because its consolidated **debt-to-equity ratio** would have exceeded 2:1 after the buyback, making it non-compliant with then rules
- In 2019-20, **Sebi amended buyback rules** for cos that have NBFCs. While consolidated debt-to-equity ratio should be less than 2:1 after the buyback, it said that the debt of NBFCs can be excluded
- Apart from a fresh buyback attempt, L&T also announced a **special dividend** of ₹6 per share – an outgo of ₹843cr