

# Significant rise in buyback offers

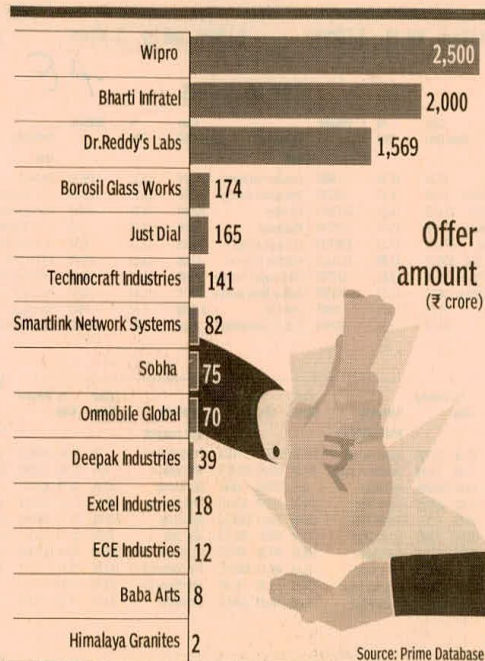
fe Bureau

Mumbai, July 29

HERE has been a significant increase in buyback offers between January and the middle of July this year, compared with the corresponding period in 2015. While 14 buyback offers worth Rs 6,885 crore were made this year, there were five offers for an amount Rs 172 crore during the corresponding period of 2015. A total of 13 buyback offers worth Rs 1281 crore were made in 2015.

State-owned Manganese Ore India (MOIL) on Thursday announced that it will buy back 3.48 crore shares worth Rs 863 crore at a price of Rs 248 per share. On Friday, shares of MOIL was down by 1.05% and closed at Rs 244.10.

Earlier this week, Sobha Developers bought back shares worth Rs 58 crore from



Source: Prime Database

investors at Rs 330 per share. The company's board had ap-

proved the proposal to buy back 22.75 lakh shares worth

Rs 75 crore in May.

The board of Coal India approved a proposal to buy back shares worth Rs 3,650 crore at Rs 335 apiece payable in cash two weeks back.

Wipro did the biggest buyback during the period. The IT major bought back shares worth Rs 2,500 crore from investors in June.

Earlier this year, Just Dial, Borosil Glass, Himalaya Granites, Technocraft Industries, Dr Reddy's Laboratories, among others, completed buyback of shares from investors. Just Dial bought back shares worth Rs 165 crore. Companies such as ECE Industries, Baba Arts, and Bharti Infratel currently have their buyback offers.

Ten out of 14 buyback offers were made through a tender offer. According to Securities and Exchange Board of India rules, a company can buy back

shares either from its existing shareholders on a proportionate basis through a tender offer, the open market or odd lot holders. In the case of a tender offer, the company has to deposit 25% of the consideration in the escrow account if the consideration does not exceed Rs 100 crore. Companies offer buybacks to enhance their value since the shares bought back are extinguished and the earnings per share (eps) get a boost.

The government is in talks with Bharat Electronics to buy back up to 25% of its paid-up capital. The buyback is expected to generate up to Rs 2,000 crore for the government, according to media reports.

NMDC is also planning to buy back shares where the government is the single-largest owner. The buyback will result in a significant payout to the government.