

● ₹30,000-CR SHARE BUYBACK COMPLETE

# Firms offer share buyback worth ₹41,000 cr in 2017

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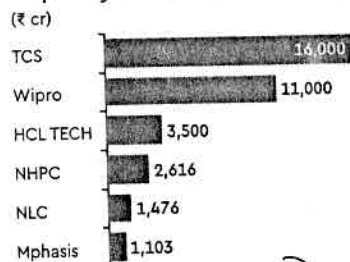
**SUNDAR SETHURAMAN**  
Mumbai, August 8

**INDIA INC CONTINUES** to utilise spare cash to buy back shares in a year when the stock markets have hit new highs. In 2017 so far, companies have offered to buy back shares worth ₹41,000 crore and have completed the repurchase of shares worth ₹30,000 crore. In 2016, companies had repurchased shares worth ₹27,000 crore.

The Sensex has put on 20.23% between January and now and at current levels of 32,014, trades at a price-earnings multiple of over 18.5 times one-year estimated forward earnings, a 20% premium to the long-term average multiple.

In May 2017, TCS bought back shares

## Top buyback offers in 2017



Source: Prime Database and Exchanges

worth ₹16,000 crore. Last month, Wipro announced a proposal to buy back 34.37 crore shares of the company for ₹11,000 crore. Just Dial which came with its IPO in 2013 has come with an offer to buyback shares worth ₹83 crore.

TCS's buyback has been the biggest share repurchase offer so far this year; HCL Technologies spent ₹3,500 crore on buying back its shares. In 2012, Reliance Industries bought back shares for ₹10,440 crore.

Buybacks appear to have become the preferred route for companies to return wealth to shareholders, especially since dividend income, of over ₹10 lakh per annum, is taxable

at 10% in the hands of all residents, domestic companies, trusts or funds except those established for religious, educational or charitable purposes.

The government is also using the buyback route to tap the coffers of cash-rich PSUs; it hopes to be able to meet its divestment target this way. Of the ₹46,246.58 crore raised by the government through the disinvestment route in 2016-17, nearly ₹19,000 crore after state undertakings offered their shares in buybacks.

NHPC, the state-owned hydropower producer bought back shares worth ₹2,616 crore. NLC, another state-owned company which is engaged in the mining of lignite and generation of power through lignite based thermal power plants, bought back shares worth ₹1476.49 crore.

Among other private sector companies. Mphasis bought back shares worth ₹1103 crore. Vardhman Textiles bought back shares worth ₹719 crore. KPR Mills, Saska Communications, ICRA, Hexaware Technologies and Balrampur Chini were among other private sector companies that completed their buybacks in past seven months.

Buyback is the process by which companies repurchase their shares from stakeholders. The bought-back shares are extinguished shrinking the firms' equity base.