

India Inc buys shares worth 34% of buyback targets

PRESS TRUST OF INDIA

New Delhi, January 23

India Inc bought back shares worth ₹3,000 crore from public shareholders through the repurchase programme last year, achieving just about 34 per cent of the targeted amount.

In all, 33 buybacks were concluded with a total acquired amount of ₹3,023 crore in 2014, as against the offered amount of ₹8,939 crore, according to Prime Database.

In comparison, 27 buyback programmes were completed in 2013 worth ₹6,892 crore. This was against the target to repurchase shares worth about ₹14,415 crore from public shareholders. This is a target of 48 per cent.

Market analysts attributed the decline in the number of companies achieving full buyback target to the surge in the

market barometer. The BSE Sensex surged by 30 per cent in 2014.

Bull market — a deterrent

“Strong, buoyant secondary market, which led to an increase in stock prices, which acted as a deterrent to buybacks,” Prime Database Managing Director Pranav Haldea said.

The largest buyback completed was by Cairn India for ₹1,225 crore. However, the company had set a repurchase target of about ₹5,725 crore from the public shareholders.

Buyback of shares means repurchase of outstanding shares using surplus cash in the balance sheet of a company.

It results in a reduction in share capital to the extent shares bought back.