

TCS to consider share buyback on January 12

FE BUREAU
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TATA CONSULTANCY SERVICES (TCS) on Friday said its board will consider a buyback proposal on January 12. However, it did not disclose any other details of the proposal.

The company's board is scheduled to meet on January 12 to approve and take on record the financial results for the October-December quarter. TCS will also consider declaration of third interim dividend to the equity shareholders during the board meeting.

The last buyback of the company, worth ₹16,000 crore, had opened on December 18, 2020, and closed on January 1, 2021.

In 2017 and 2018 too, TCS had done a similar share buyback, making this one the fourth buyback by the company.

Other IT companies such as Infosys and Wipro have also undertaken share buyback to return surplus cash on their books to shareholders. In September last year, Infosys had said it has bought back over 5.58 crore equity shares as part of its about ₹9,200-crore buyback offer.

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The process — conducted via open market through Indian stock exchanges -- saw shares being bought back in the range of ₹1,538.10 and ₹1,750. Wipro had also completed a ₹9,500-crore buyback in January last year.

"TCS has been doing a combination of buyback and issuance of dividend every year for the last few years to return capital to shareholders," Mukul Garg, sector analyst at Motilal Oswal, said.

As per Sebi regulations, the maximum limit for a buyback should be 25% or less of the aggregate of paid-up capital and free reserves of the company.

On a consolidated basis, TCS had cash and equivalents of ₹48,840 crore as of September 2021, and shareholders' funds of ₹99,077 crore, Bloomberg data showed.

TCS shares closed 1.26% higher at ₹3,854.85 a share on the BSE on Friday.