Is Your Company Sitting on an Untapped Buyback Opportunity?

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For a listed company with **surplus cash, healthy profitability** and **a promoter who intends to remain invested**, an open-market buyback may offer an interesting capital-allocation opportunity.

It can potentially allow the company to deploy surplus capital, improve per-share metrics and increase promoter percentage holding — **without the promoter deploying additional capital**.

THE KEY QUESTION

"Do we have surplus cash?"

For the right listed company, this could be an opportunity to use surplus cash to reduce the equity base, potentially improve per-share metrics and increase promoter percentage ownership — **without the promoter investing additional capital.**

THE BOTTOM LINE

If yes, an open-market buyback may be worth evaluating.

Why Now?
The Buyback Landscape Has Changed.

The economics of buybacks need to be reassessed amid the evolving **tax and regulatory framework**.

With the **Finance Act, 2026 and the Income Tax Act, 2025,** buyback proceeds are taxed as capital gains in the hands of shareholders, bringing the tax treatment closer to normal market sales for public shareholders.

This shift makes the open-market route more comparable to regular market transactions, while giving companies an additional avenue for capital allocation.

Accordingly, buybacks should be evaluated not merely as a shareholder distribution, but as a **strategic capital-allocation decision**.

A changing framework.
A broader perspective.
A bigger opportunity.

Why is the open-market route gaining renewed preference post the August 1 amendments?

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Five open-market buybacks have been announced since the amendments became effective on August 1.

What is driving this renewed preference?

For the right company, the open-market route can offer a particularly interesting combination:

One Transaction. Three Potential Benefits.

Company

Surplus cash → productive capital allocation

The company can deploy cash that may otherwise remain under-utilised on its balance sheet.

Lower outstanding equity → potential EPS accretion

With fewer shares outstanding, earnings are distributed across a smaller equity base, potentially improving EPS and other per-share metrics.

Market-based acquisition

Shares are acquired through the stock exchange at prevailing market prices within the applicable regulatory framework.

Public Shareholders

Price discovery

Increased market demand through the buyback may help an undervalued or underpriced stock move closer to fair value.

Liquidity

Provides shareholders an additional avenue to monetise their holdings.

Promoters

No requirement to deploy personal capital

The promoter does not need to acquire additional shares personally.

Potential increase in percentage ownership

As public shares are bought back and extinguished, the promoter's percentage holding can increase even though the promoter's absolute number of shares remains unchanged.

Consolidation without monetisation

For promoters who intend to remain invested rather than exit, the buyback can potentially strengthen their proportional ownership of the business.

A structure that creates value for the **company**, its **shareholders** and its **promoters.**

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Is Your Company an **Ideal Candidate** for the Open-Market Route?

The open-market route offers greater flexibility, particularly for companies with **adequate liquidity, healthy trading volumes and sufficient market depth.**

With a **66-working-day execution window** and at least **40% utilisation in the first half**, companies must carefully calibrate the buyback size against their trading profile to ensure efficient execution.

STRATEGY CREATES STRONGER TOMORROWS

Key Factors to Evaluate

The following factors can be evaluated while determining the suitability and optimal size of an open-market buyback:

- **Average daily trading volumes** to assess the company's ability to execute the proposed buyback efficiently.
- **Public shareholding and shareholder profile** to assess the availability of shares in the market.
- **Market depth and liquidity** to support execution while maintaining orderly market conditions.
- **Prevailing market price and price sensitivity** to determine the appropriate buyback strategy.
- **Proposed buyback size** to assure that the programme is appropriately calibrated to the company's trading profile.
- **Execution capacity within the prescribed timeline** to ensure effective utilisation of the earmarked amount.

The Sweet Spot

The open-market route can therefore be particularly attractive for companies that combine:

Strong balance sheet + **Surplus cash** + **Adequate trading liquidity** + **Meaningful public float** + **Long-term promoter holding strategy**

For such companies, an open-market buyback can enable **efficient deployment of surplus capital while enhancing per-share metrics and promoter ownership**, subject to regulatory requirements.

The focus should therefore be on optimising the buyback size and execution strategy to **maximise stakeholder value.**

What Would We Evaluate for Your Company?

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We would assess your **buyback capacity, promoter holding impact, financial and EPS implications, public shareholding, market liquidity** and the suitability of the **Tender Offer vs. Open Market route** — and help identify the optimal structure and execution strategy for your company.

Buyback Capacity

Assess available surplus cash and financial headroom.

Promoter Holding Impact

Evaluate potential increase in promoter percentage ownership.

Financial and EPS Implications

Analyse the impact on key financial metrics, including EPS.

Public Shareholding

Assess public float and shareholder profile.

Market Liquidity

Review trading volumes, market depth and execution feasibility.

Tender Offer vs. Open Market Route

Evaluate the most suitable route and help structure the optimal execution strategy.

Let us assess whether an open-market buyback can unlock value for your company and its promoters.

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