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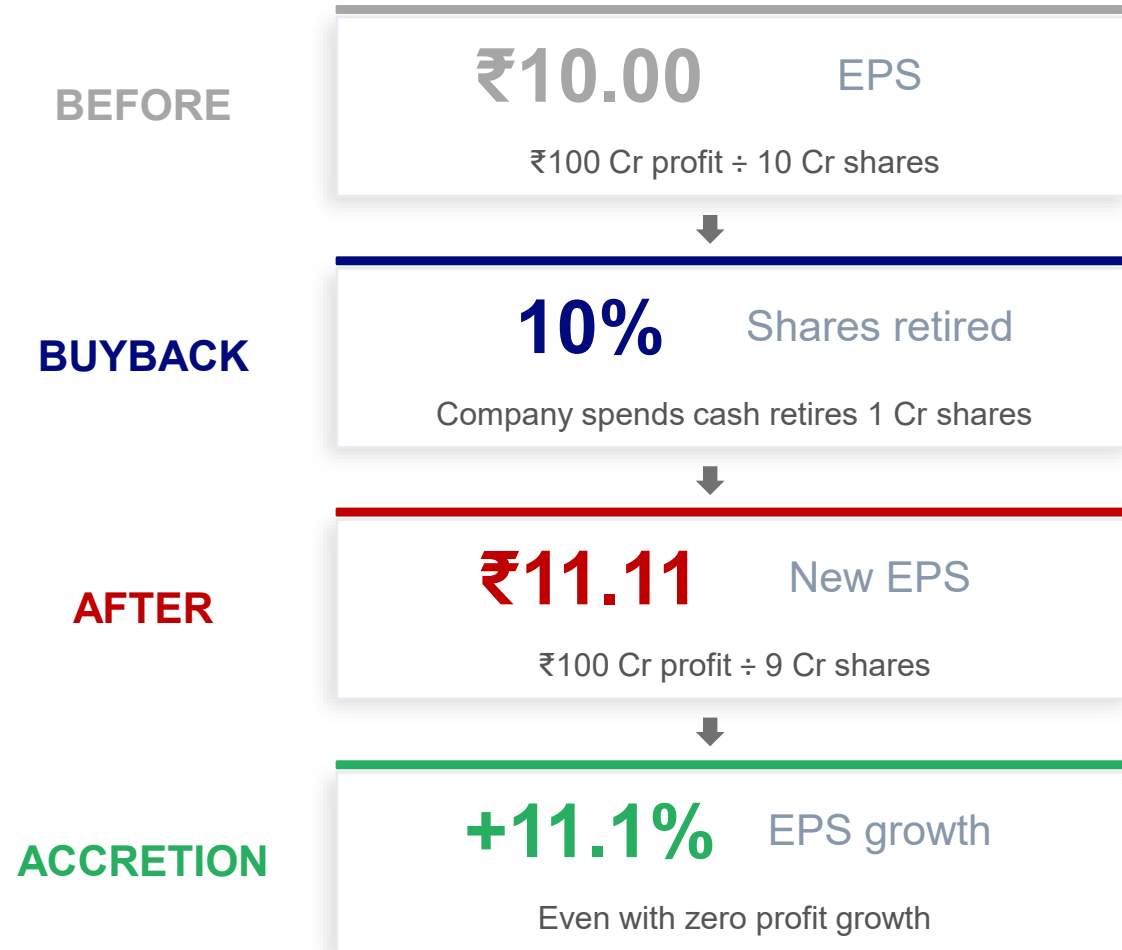
BUYBACKS

THE QUIET COMPOUNDER

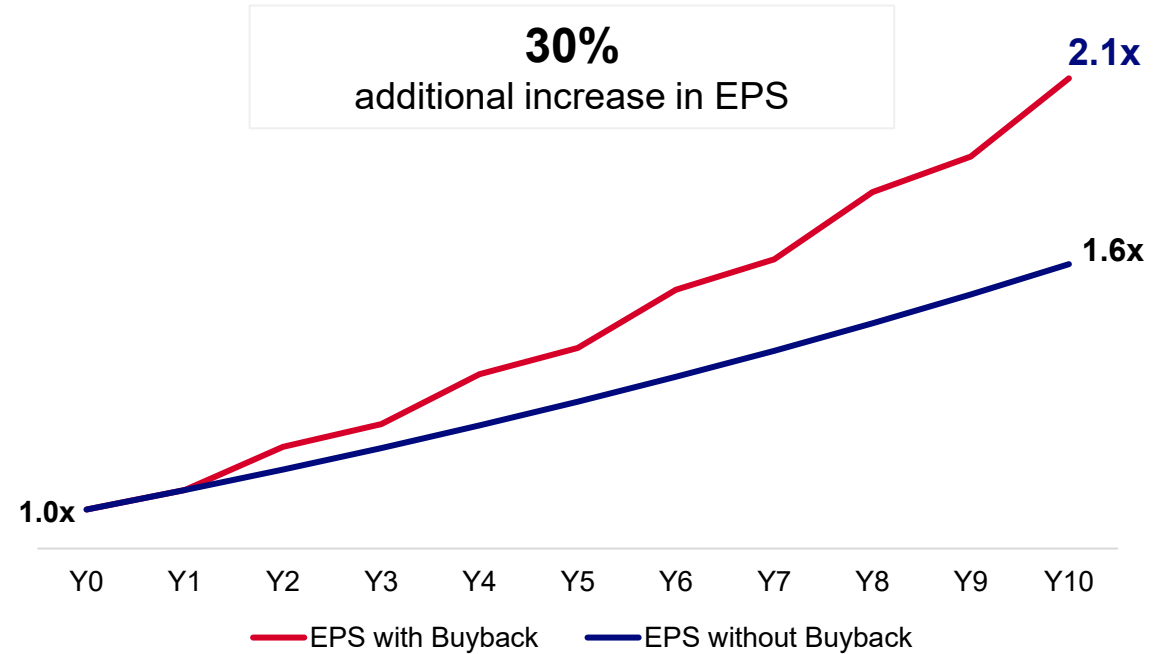


Is Buyback a better capital allocation tool vs. dividends for investors

EPS = Earnings ÷ Shares, Buybacks shrink the denominator



EPS Growth: Dividends vs. Buybacks (10-year simulation)



Assumptions

PAT CAGR (10yr)

5%

Shares Bought Back

5% of outstanding shares bought back every 2 years

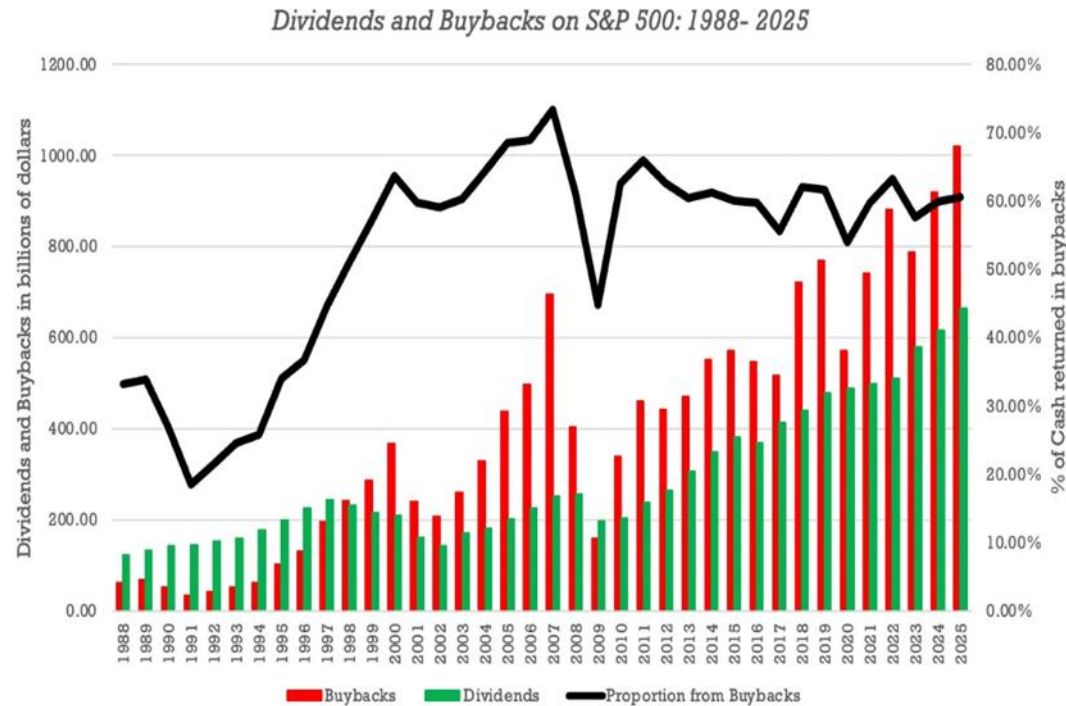
Section 1:

Global Buyback Trends



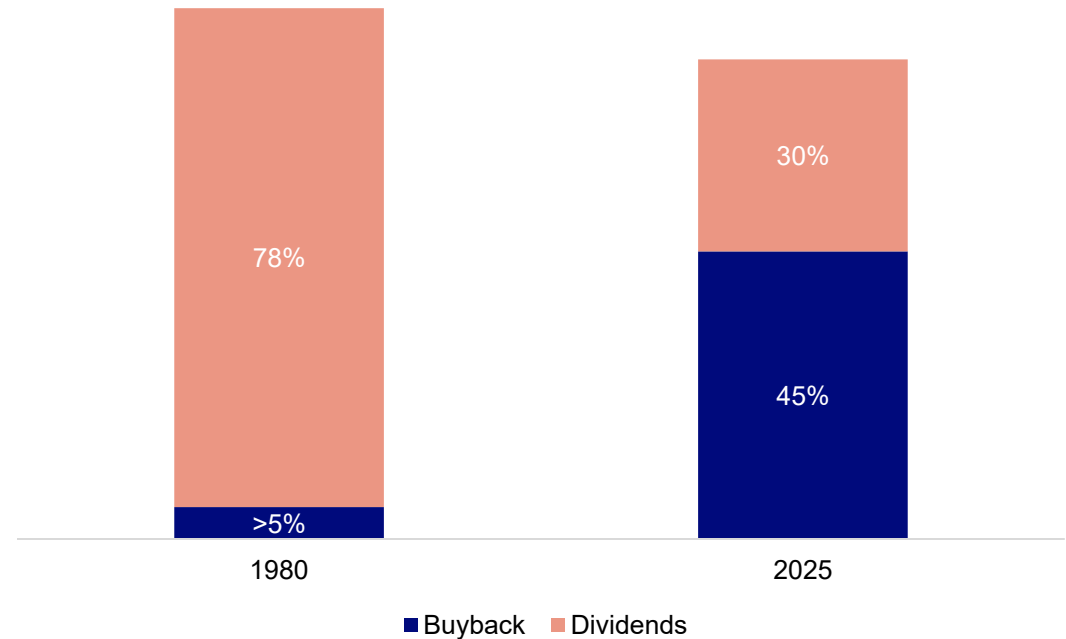
Did you know? Globally buybacks are the leading method of shareholder capital distribution

Dividends and Buybacks on S&P 500: 1988-2025



> USD 1 Tn
Value of S&P 500 Buybacks in CY2025

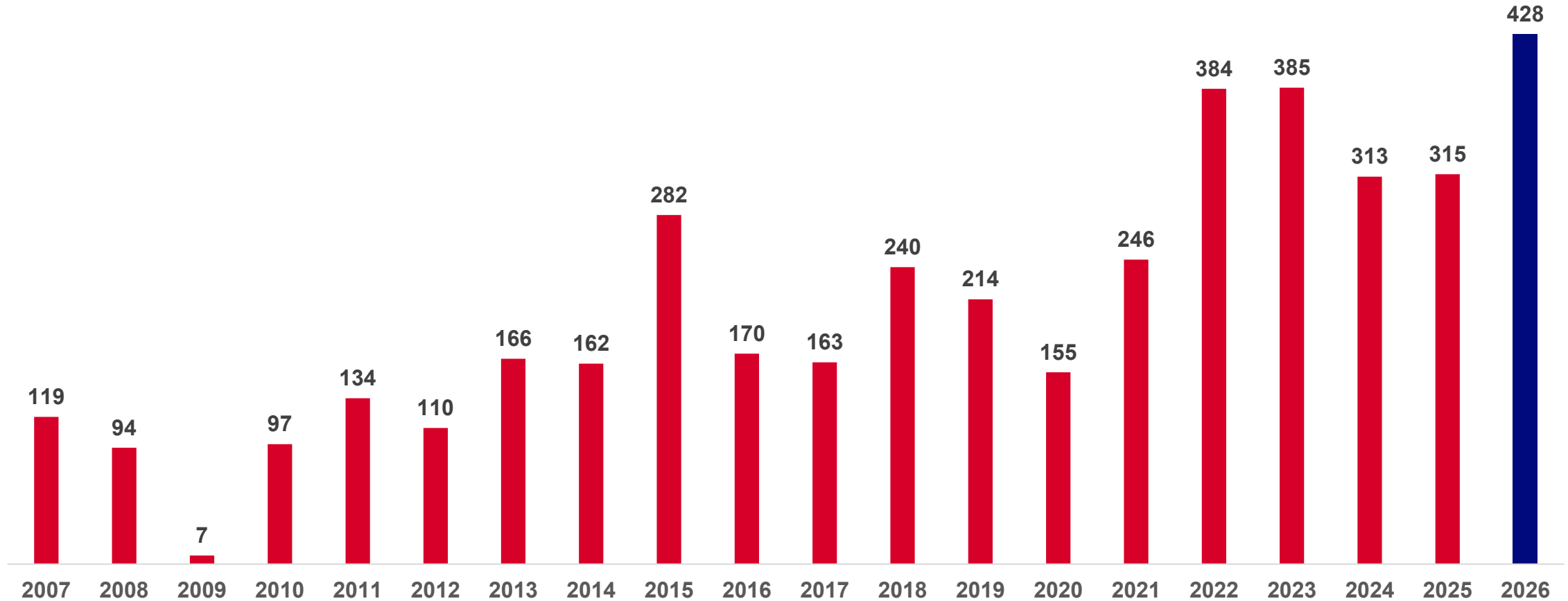
Percent of US companies opting for buyback vs. dividends



~45% US Cos.
Did Buybacks vs. ~30% paid dividends

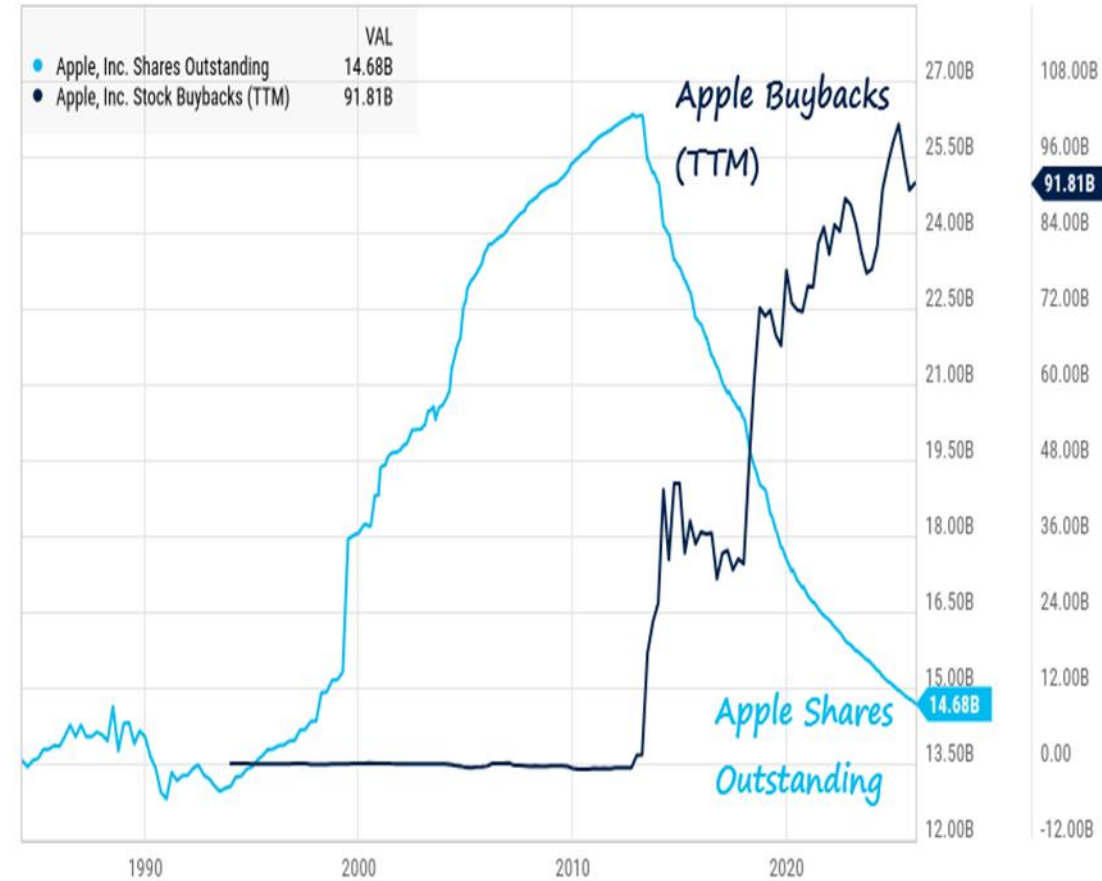
2026 Buyback authorizations are already 36% ahead of 2025 — and we're only in April

YTD Buyback authorizations of Russell 3000. through April 14 of each year (USD bn)



Apple Inc. – The USD 800 Bn Buyback story over the past decade

Apple buybacks since 2010 have reduced shares by 42%...



..helping grow EPS at almost 1.5x vs PAT even on a 10-year scale

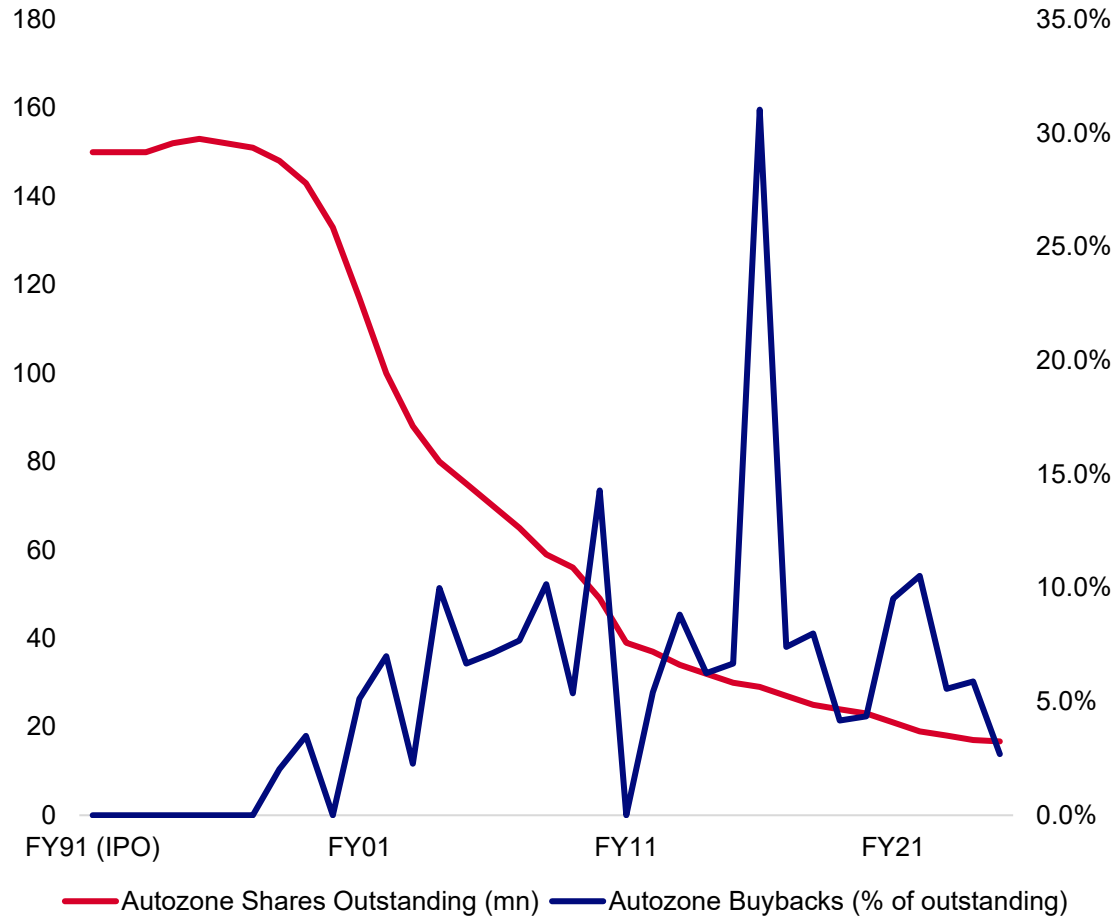
Apple Metrics	3-Year	5-Year	10-Year
PAT Growth (CAGR)	4%	14%	8%
Shares Outstanding Growth	-3%	-3%	-4%
EPS Growth (CAGR)	7%	18%	12%
Avg. Annual Buyback Yield	~4%	~4%	~4.3%

If Apple had not done buybacks for past 10 years' then its EPS in 2025 would have been **USD 4.8 vs current USD 7.5** – a staggering **~55% increase**

AutoZone – The USD 38 Bn Buyback story over the past 27 years

Autozone buybacks since 1998 have reduced shares by ~90%...

..helping grow EPS at almost 1.7x vs PAT even on a 10-year scale



Autozone Metrics	3-Year	5-Year	10-Year
PAT Growth (CAGR)	2%	9%	8%
Shares Outstanding Growth	-2.5%	-4.5%	-5.4%
EPS Growth (CAGR)	4.6%	14.1%	14.1%
Avg. Annual Buyback Yield	~4.5%	~5.0%	~5.5%

If Autozone had not done buybacks for past 10 years' then its EPS in 2025 would have been **USD 83 vs current USD 145** – a staggering **~74% increase**

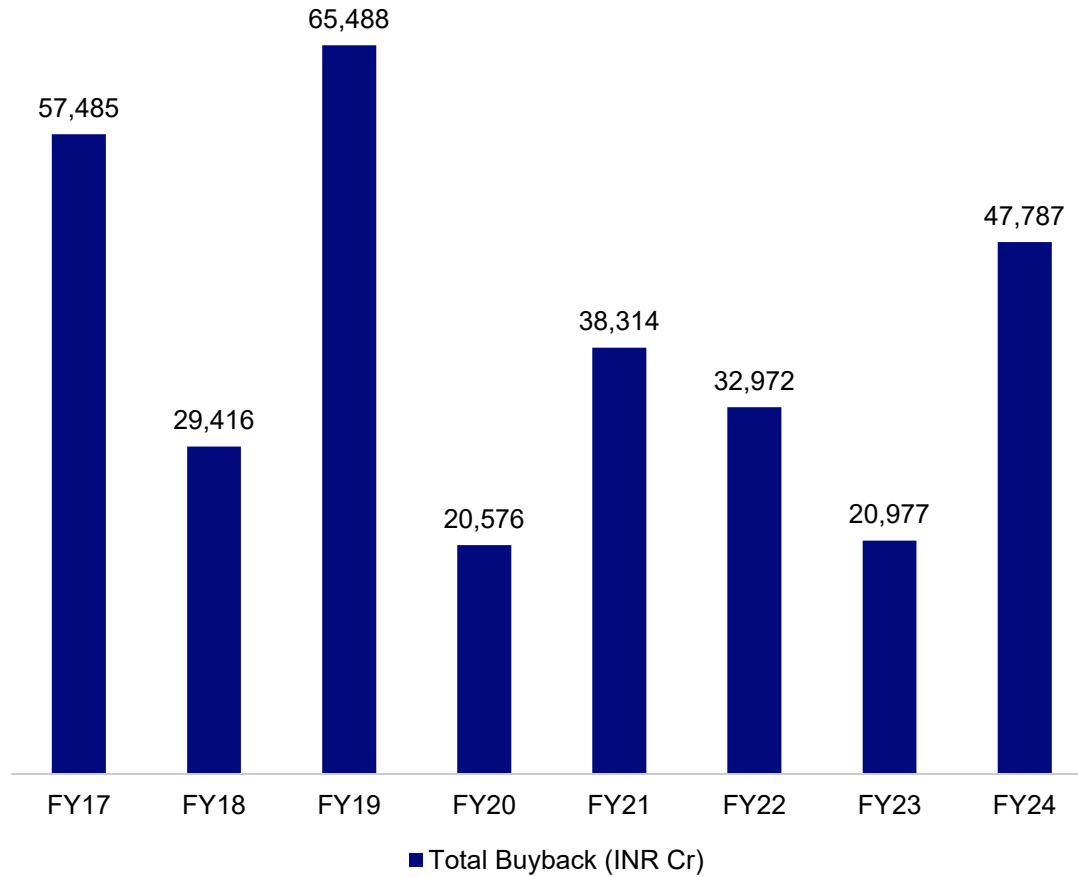
Section 2:

Indian Buyback regulatory landscape

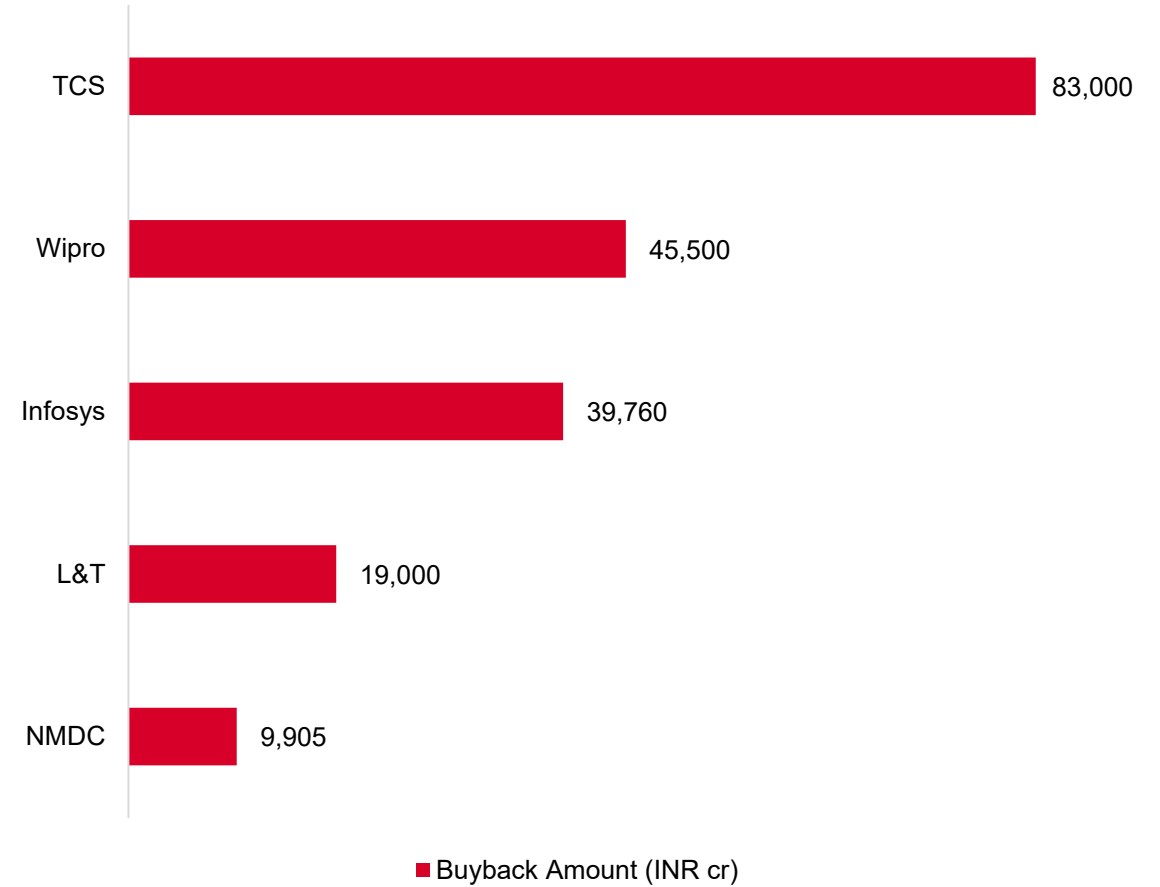


Did you know? Till 2024 NSE 500 cos. did buyback of almost INR 2.9 lk Cr in 10 years

India Total Buybacks — NSE 500 Universe



Largest cumulative buybacks from 2017-2024



However, post the regulatory change in 2024 buybacks declined by 88%

India's three buyback tax regimes and what each meant for investors

Regime I Pre-Oct 2024	Regime II Oct 2024 – Mar 2026	Regime III Budget 2026
<p>Company-Level Tax</p> <p>~23.3% on company</p> <p>TAX-FREE for shareholders</p> <p><i>Shareholder gets 100% clean proceeds</i></p> <p>Buybacks POPULAR → FY17–FY24 supercycle</p>	<p>Full Dividend Tax</p> <p>Up to 35.9% on GROSS proceeds</p> <p>NO cost deduction allowed</p> <p><i>Effective rate on gain could exceed 100%</i></p> <p>Buybacks COLLAPSED → -88% in FY25</p>	<p>Capital Gains Treatment</p> <p>12.5% LTCG on NET GAIN only (for non-promoters)</p> <p>Full cost deduction allowed</p> <p><i>Effective rate ~5.3% on gross proceeds</i></p> <p>Buybacks REVIVE → New upcycle begins</p>

2026 new regime makes buybacks attractive again for minority investors

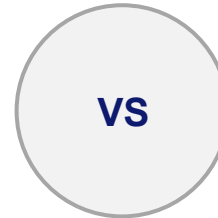
Illustrative example — ₹100 received as dividend vs. ₹100 buyback proceeds (Budget 2026)

DIVIDENDS (MINORITY INVESTOR)		BUYBACK (BUDGET 2026)	
Gross Proceeds	INR 100	Gross Proceeds	INR 100
Tax Slab	30% <i>(assumed)</i>	Less: Cost of acquisition	INR 60 <i>(assumed)</i>
Tax	INR 30	Net Taxable Gain	INR 40
Surcharge + Cess	INR 5.9	LTCG @ 12.5%	INR 5
Total Tax Outflow	INR 35.9	Surcharge + Cess	INR 0.3
Net Cash in Hand: INR 64.1		Net Cash in Hand: INR 94.7	

While Buybacks for promoters are taxed differently, they are still more tax-friendly vs. dividends under the new regime

INR 100 received as Dividends by promoter

DIVIDENDS (PROMOTER)	
Gross Proceeds	INR 100
Tax Slab	30% <i>(assumed)</i>
Tax	INR 30
Surcharge + Cess	25% + 4%
Total Tax Outflow	INR 39
Net Cash in Hand: INR 61	



INR 100 received as Buybacks by promoter

	BUYBACKS (PROMOTER)	
	Corporate Promoter (MNC/ Holdco.)	Non-Corporate Promoter
Gross Proceeds	INR 100	INR 100
Capital Gain ¹	INR 60	INR 60
Tax Rate	22%	30%
Surcharge + Cess ¹	12% + 4%	12% + 4%
Total Tax Outflow	INR 15	INR 21
Net Cash in Hand	INR 85	INR 79

Key implication: Boards must weigh minority vs. promoter tax outcomes before every payout decision

Today only Tender-Route Buyback is possible however, SEBI seeking consultation to re-introduce Open Market Repurchase is a welcome move

Open market buybacks may return as SEBI initiates consultation



Consultation Paper for Public Comments: Re-introduction of Open Market Buy-Back of Shares or Other Specified Securities through Stock Exchange

1. Objective

1.1. The objective of this consultation paper is to seek comments / views / suggestions from the public and other stakeholders on the proposal to re-introduce open market buy-back of shares or other specified securities through stock exchange as an additional method under SEBI (Buy-Back of Securities) Regulations, 2018.

Why is SEBI reconsidering Open Market Buybacks again?

Stock Price Support

Open market provides a sustained floor over months; tender offer gives a one-day pop then disappears.

Undervaluation Signal

An open market repurchase carries the stronger signal — capital deployed at market prices,

Duration & Flexibility

Open market route affords a six-month window to deploy capital opportunistically

Equal Opportunity

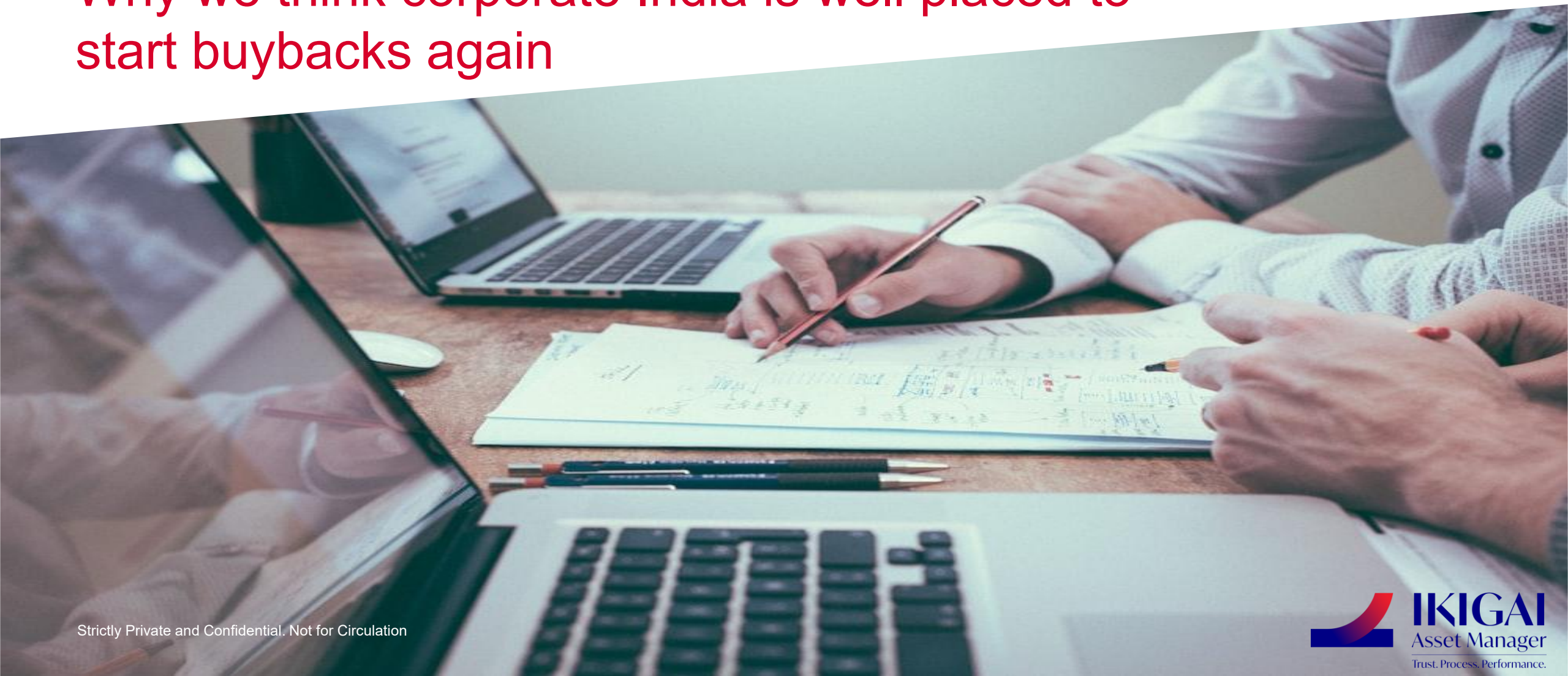
Price-time matching — every public shareholder participates under uniform rules

Promoter Arbitrage Closed

Finance Act 2026 adds extra tax layer on promoters, levelling buyback vs dividend

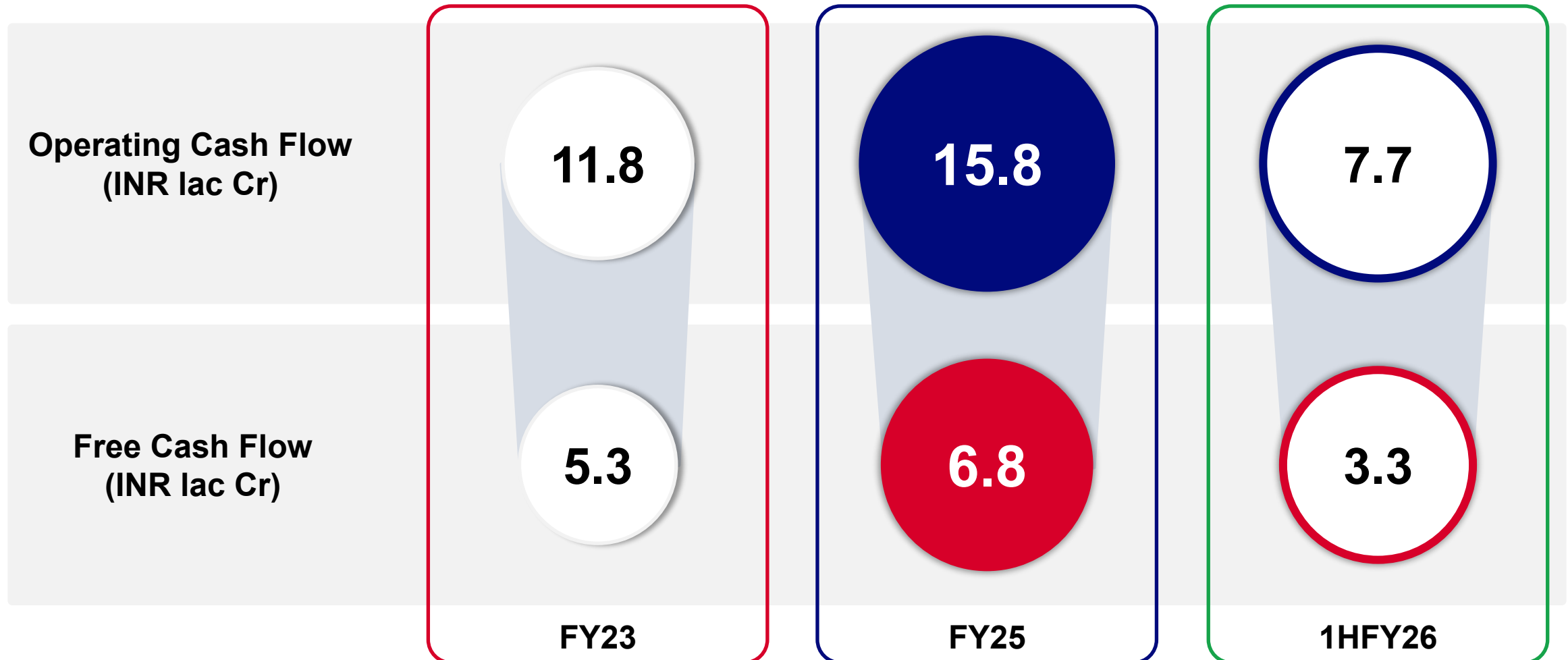
Section 3:

Why we think corporate India is well placed to start buybacks again



Did you know? Cash flows of NSE 500 (ex-financials) have grown 28% in 2 years – the fuel for next wave of buybacks is already here

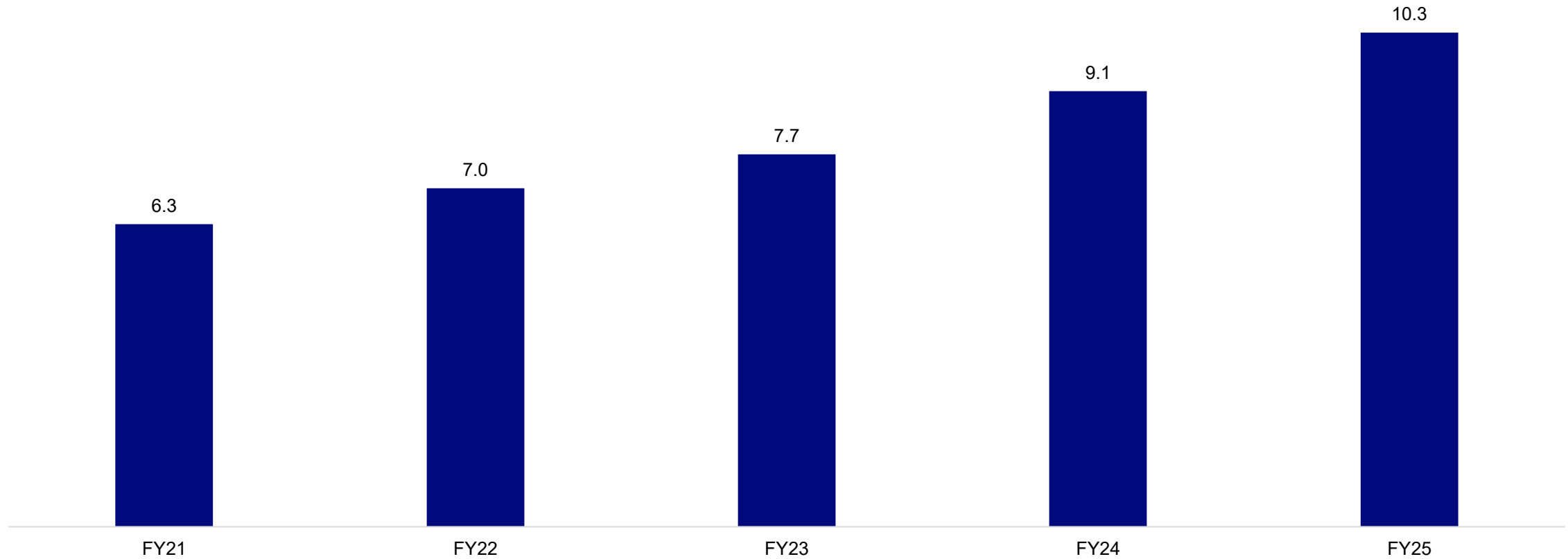
NSE 500 (ex-financials) OCF and FCF have significantly increased



Did you know? Cash balance with corporate India's more than INR 10 lac Cr



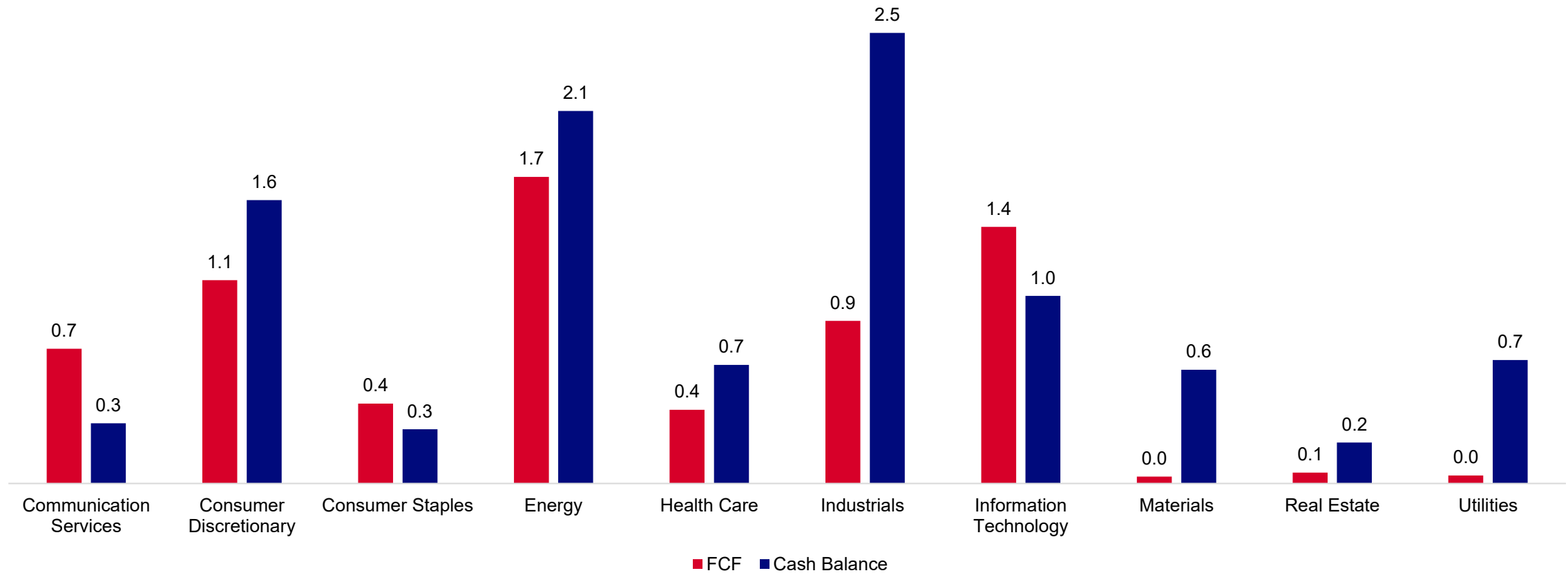
NSE 500 (ex-financials) Cash balances has grown significantly in the past 5 years



Cash balances across sectors provides the dry-powder needed for the next wave of buybacks

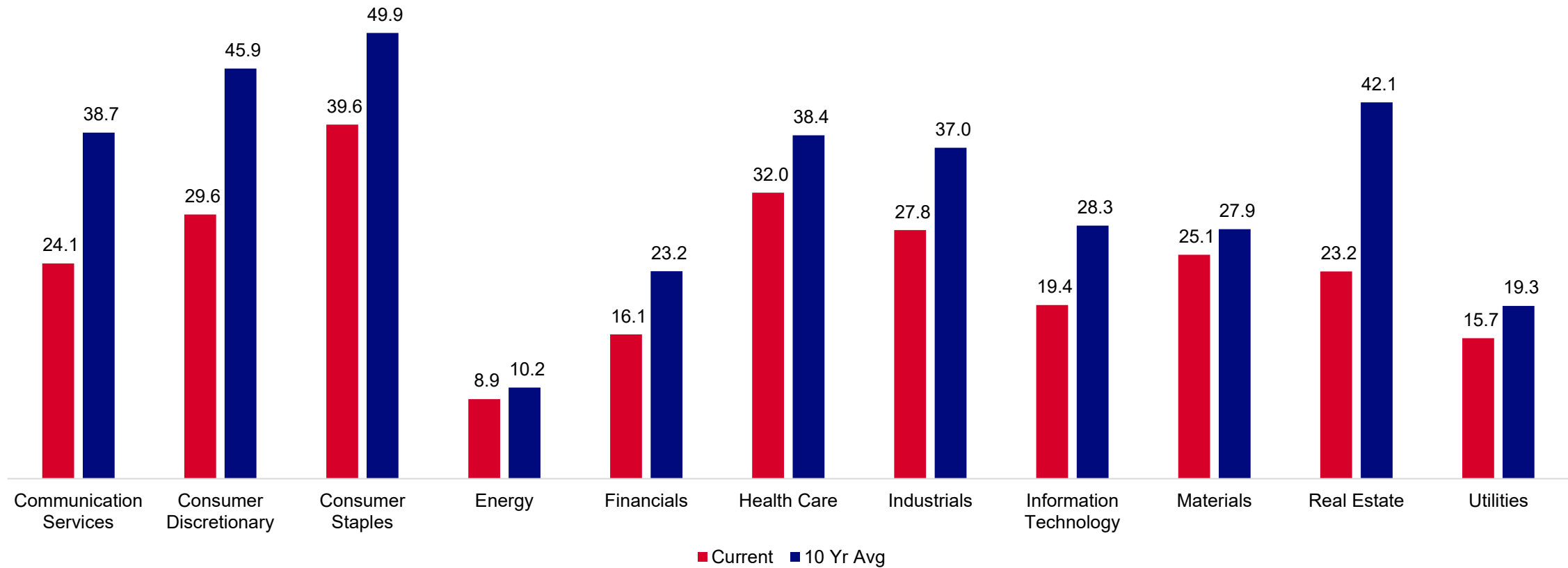
Sector-wise Cash Balance and Free-Cash Flow of NSE 500 companies ex-Financials

In INR lac Cr as of FY25



India Inc. valuations below their 10Yr Avg

1yr forward PE vs 10 yr average of 1yr forward PE



Section 4:

Buyback case studies from India



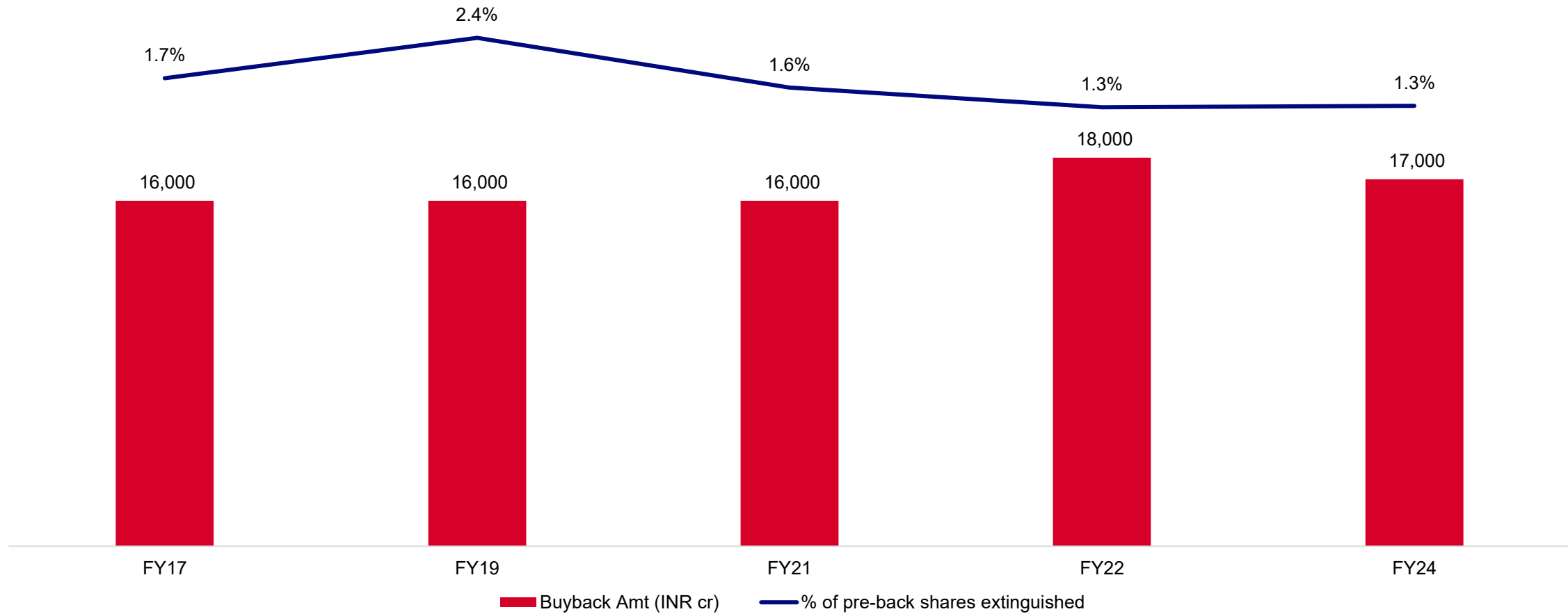
HPCL's buyback created a price floor that has not been breached in past 5 years



Source: Tradingview, Ikigai Research
Note: 1. Open Market Repurchase; Data as of 20th April, 2026

TCS – Consistent buyback at an unprecedented scale

TCS has carried out over INR 80K cr buybacks in past 10 years



The Buyback wave has already begun in India

FY27 YTD Buyback announcements

Company	Sector	Size (INR Cr)	Premium	% of share o/s
Wipro Ltd.	IT	15,000	~19.0%	5.7%
Aurobindo Pharma	Pharma	800	~11.6%	0.9%
Windlas Biotech	Pharma	470	~22.0%	2.2%
Jagsonpal Pharma	Pharma	40	~42.0%	2.4%
Rolex Rings	Auto - Anc	TBD	TBD	TBD
Cyient	ERD	TBD	TBD	TBD
Sarla Performance Fibres	Textiles	TBD	TBD	TBD

IKIGAI's framework for identifying high-conviction buyback candidates

.....
A 5-pillar proprietary screening process to separate signal from noise



What could go wrong? Key risks to the buyback thesis



01 Macro Slowdown → FCF Compression

HIGH

A broad earnings downturn (global recession, demand slowdown) would reduce free cash flows, forcing companies to preserve cash over buybacks. FY20 saw a similar dip in buybacks to INR 20,576 cr.

02 Regulatory Risk — SEBI Rule Changes

MEDIUM

SEBI has tightened buyback regulations twice in 10 years. Fresh restrictions on OMR timelines, utilization mandates, or insider trading windows could reduce frequency or size of buybacks.

03 Promoter Holding Constraints

MEDIUM

Companies where promoters hold >72% face severe constraints — any buyback risks pushing them past the 75% public float minimum. Wipro, TCS are near this ceiling.

04 Capital Misallocation Risk

LOW

Buybacks at elevated valuations destroy value. If management buys back at peak market prices (as some IT cos did in FY22), it erodes per-share intrinsic value rather than enhancing it.

05 Tax Policy Reversal

LOW

Budget 2026's favorable treatment could be revisited in future budgets. The Oct 2024 shift to punitive dividend tax treatment is a reminder that policy can change rapidly and without warning.

Key Takeaways: Buybacks — The Quiet Compounder



01

Buybacks now dominate globally

S&P 500 companies returned >\$1 Tn via buybacks in 2025. ~45% of US companies buy back stock vs. only 30% paying dividends.

02

India's new tax regime is a game-changer

Budget 2026 shifts to 12.5% LTCG on net gains only. Effective rate drops to ~5.7% on gross proceeds — significantly better than dividends.

03

Corporate India has never been stronger

NSE 500 (ex-fin) cash balances rose to INR 10,280 bn in FY25. Net-debt/OCF improved from 2.02x to 1.47x over 5 years.

04

IT & Pharma are the highest-probability sectors

Near-zero debt, strong FCF, promoter holding below 75%, and ESOP dilution rationale make buybacks a natural capital allocation choice.

05

A new buyback upcycle has begun

After an 88% collapse in FY25 due to punitive dividend tax treatment, Budget 2026 removes the key hurdle. Expect acceleration in FY27.

Nifty 50 (ex-financials) Buyback Scenario

FY27E & FY28E EPS could increase by 80 bps if India Inc returns cash via buybacks

**Nifty-50
(ex-financials)**

141 lac Cr
Market Capitalization

5.5 lac Cr
FY26E PAT

15.6%
FY26-28E PAT CAGR

Scenario	Buyback Size annually (INR Cr)	EPS (INR)		
		FY26E	FY27E	FY28E
No Buyback	0	4.2%	18.4%	12.8%
Conservative	50,000		18.8%	13.2%
			<i>40 bps higher</i>	
Base	1,00,000		19.2%	13.6%
			<i>80 bps higher</i>	
Aggressive	2,00,000		20.1%	14.4%
			<i>165 bps higher</i>	

Thank You

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