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# STUDY ABOUT BUYBACK OF SHARES

Anil Kumar, Dept. of Commerce

***Introduction:***

A corporation's repurchase of stock or bonds it has issued. In the case of stocks, this reduces the number of shares outstanding, giving each remaining shareholder a larger percentage ownership of the company. This is usually considered a sign that the company's management is optimistic about the future and believes that the current share price is undervalued. Reasons for buybacks include putting unused cash to use, raising earnings per share, increasing internal control of the company, and obtaining stock for employee stock option plans or pension plans. When a company's shareholders vote to authorize a buyback, they aren't obliged to actually undertake the buyback also called corporate repurchase.

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***Definition:***

A stock buyback, also known as a "share repurchase", is a company's buying back its shares from the marketplace. You can think of a buyback as a company investing in itself, or using its cash to buy its own shares. The idea is simple: because a company can't act as its own shareholder, repurchased shares are absorbed by the company, and the number of outstanding shares on the market is reduced. When this happens, the relative ownership stake of each investor increases because there are fewer shares, or claims, on the earnings of the company

***Objective Of Buyback Of Shares:***

**Shares may be bought back by the company on account of one or more of the following reasons:**

Unused Cash

Tax Gains

Market Perception

Exit Option

Increase Promoter's Stake

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