

Share Buy Back

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In news

Recently, Government has asked some PSUs to consider the share buybacks in the fiscal year that runs through March 2021

What is a share Buy Back?

- A share repurchase, or buyback, is a decision by a company to buy back its own shares from the marketplace.
- A company might buy back its shares (because management considers them undervalued) to boost the value of the stock and to improve the financial statements.
- Under this, a company buys shares directly from the market or offers its shareholders the option of tendering their shares directly to the company at a fixed price.
- Repurchasing of a share reduces the numbers of outstanding shares, that increases both the demand for the shares and the price
- Usually, companies intend to repurchase shares when they have cash on hand and the stock market is on an upswing
- After a share repurchase stock price may fall.