ABSTRACT

In India, Buyback of shares was implemented to elevate recent economies. SEBI (Buyback of Securities) Regulations, 1999 was the major governing law for companies announcing buyback in stock market of India. After the announcement, number of companies had started repurchase their own shares. Buyback of shares in companies has been increasing trend year by year. There are many influencing factor that lead the company to participate in buyback of shares. Financial manager of the company can used the factors as measuring tool before participating in the buyback of shares. Many of the literature related to financial stated that the future planning and restructuring has been important element for a company. This study also addressed the corporate restructuring action of the company which buyback of shares was one of the restructuring tool in the corporate action.

This study focused on the buyback of shares in India. Companies participated in buyback of shares for the purpose of restructure of the company. This study had revealed that the factor influenced to buyback of shares in India. Samples were taken from Bombay Stock Exchange listed companies in India. The study period was from 1998 to 2015. The sampling method was used Judgment sampling. Samples were taken on companies that involved in buyback of shares since 1998 to 2015. There were 238 companies repurchased their own shares from 1998 to 2015. Secondary data was used from different sources such as CMIE PROWESS Database, SEBI, BSE etc.

Statistical tools like Multiple Regression, Autocorrelation, GARCH Model and Augumented Dickey Fuller Test were used in achieving the stated objectives. The study exposed that cash flow and capital structure were the important factor to involve in the buyback of shares. Likewise Share price was increased after the buyback announcement. Results of the GARCH Model determined that there was less volatility in share price on buyback announcement. Companies have done buyback of shares in companies for maintain the optimal capital structure of the firm.

The study revealed that Leverage and Capital Structure were the main factor to obtain buyback of shares decision. Most of the companies that participated in buyback of shares for maintain optimal capital structure. Free cash flow was the other factor to obtain buyback of shares.
decision in company. Some of the factors had influenced the buyback of share announcement negatively. i.e. total assets, current assets, EPS and ROCE.

The impact of share price on buyback of shares announcement was highly validate for five trading day, before and after the buyback announcement date. The research study has shown the determinants of the company going for the stock market activities.

**Keywords:** India, BSE, SEBI, Buyback of Shares, Bombay Stock Exchange, GARCH, Judgment Sampling, Multiple Regression, Autocorrelation.