





But there are times when the promoter wishes to buy back his shares from the investors.

At such times he offers a buy back at a price which is better than the market price.



No promoter likes to see the prices of his company falling.

Therefore if he feels that the price of shares is falling in the market, he may decide to buy back shares to shore up the prices.



Another reason the promoter might offer a buy back is to increase his share-holding if he feels that someone in the market is buying a large number of shares of his company in a bid to takeover the company.

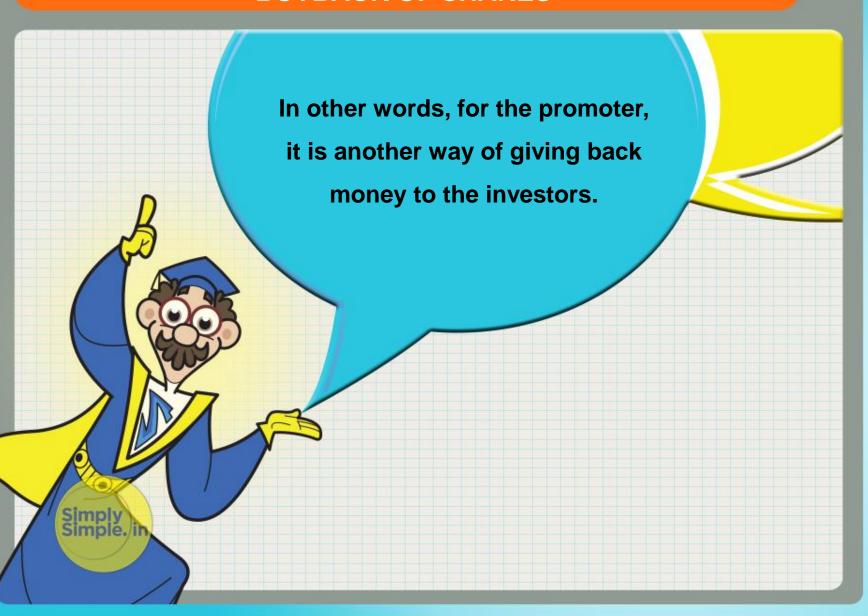


To protect himself from such a takeover bid, the promoter offers a buy back of his shares to his investors at an attractive price.

The promoter may also buy back shares from the market, if he feels that the price of the share is lower than its intrinsic value.





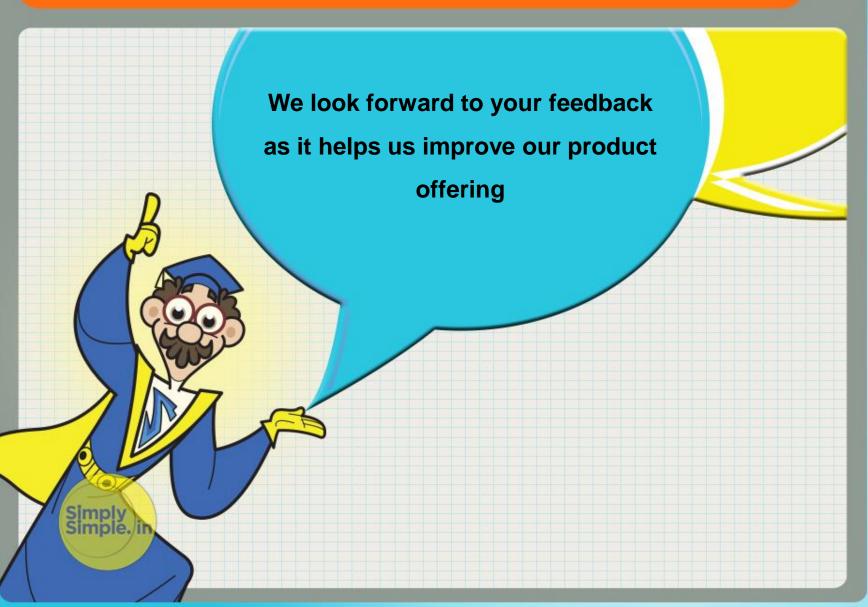


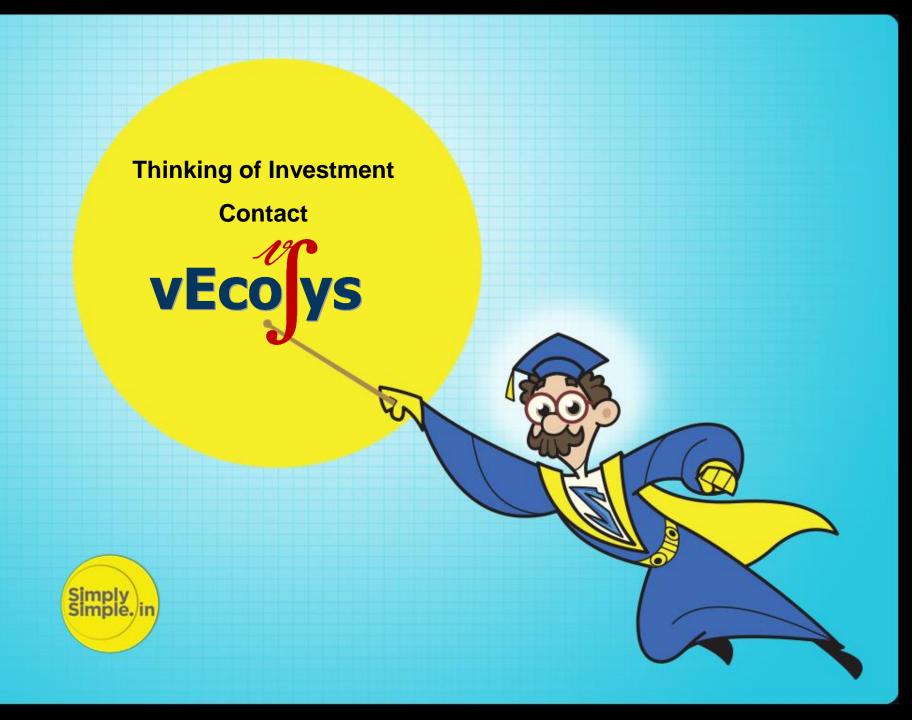




We hope through this lesson, you've got an idea of buyback of shares by the promoter of a company.







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