

Impact of Buyback Announcement on Companies' Share Prices

Vikram Joshi*

Kitty Rana**

ABSTRACT

This study examines how public announcements of share buybacks through tender offers affect stock price performance in the Indian secondary capital market. It investigates whether such announcements act as information shocks that generate abnormal price movements and analyses the behaviour of share prices before and after the announcement. The Event Study Methodology (ESM) developed by Fama, Fisher, Jensen, and Roll (1969) is applied to a sample of 277 tender offer buybacks listed on the NSE from January 2015 to December 2025. The study uses a 61-day event window (-30, +30) and a 252-day estimation period. Expected returns are estimated using the market model with Nifty 50 as a proxy for market returns. The study reveals significant positive Cumulative Average Abnormal Returns (CAARs) in the pre-announcement period, with CAAR reaching 4.21% over the [-10, 0] window. The strongest combined short-term impact peaks at 2.83% for the symmetric [-5, +5] window. A statistically significant post-announcement price reversal of -4.30% is documented over the [0, +30] window, indicating that early price gains gradually unwind as the market fully incorporates the disclosed information. The insignificant abnormal return on the announcement day (Day 0) suggests prior information leakage among market participants. Overall, results are consistent with the semi-strong form of market efficiency, wherein short-term abnormal returns arise but are subsequently corrected.

Keywords: *Abnormal Return, CAAR, Event Study Methodology, Share Buyback, Tender Offer, Stock Market, Market Efficiency, NSE*

INTRODUCTION

1.1 Introduction

A share buyback, also called as stock repurchase, is when a company uses its own money to purchase its shares from the market. After buying them back, the company either cancels those shares so that the total number of shares comes down or else they keep them for future use. In both ways, the company is changing or reshaping their capital structure on purpose.

Buybacks were not that always common. Earlier many companies use to mainly focus was on protecting capital rather than actively managing it funds. But over the time, globally and in India, thinking has been changed. Companies has begun to see buybacks as a way to manage their extra cash and improve and increase the shareholder value. In India, buybacks actually were allowed only after changes were made to the Companies Act in 1998 and when SEBI introduced its buyback rules. Share buybacks

** MMS Student, DSIMS, Mumbai*

*** Assistant Professor, DSIMS, Mumbai*

are mostly done for signalling purpose. When management decides to repurchase shares, it shows the market that they feel the shares are undervalued. It also means company has confidence to invest its own money in itself. When shares are bought back at premium, it creates psychological support for the price, which helps to keep the stock price stable, especially when market prices don't really show the real value of the company.

When we look at the numbers, share buybacks make financial ratios look better. When the number of shares is reduced, Earnings per Share (EPS) goes up. In similar, if profits are not changed but no. of outstanding shares in market reduces, Return on Equity (ROE) improves. These changes in financial ratio improve when the firm is performing good on their financial statement . But sometimes, the improvement happens only on paper which means firms profits are not growing, it is improving because no. of outstanding shares is reducing. This is why many companies prefers for buybacks instead of dividends. Buybacks helps to return excess cash to shareholders without having pressure of paying dividends regularly and they are tax-efficient in some cases.

Buybacks can also work as a defensive tool, especially for promoters. When the number of shares comes down that are available in the market, it becomes difficult for an outside investor to take control of the company. If promoters choose not to buyback, their shareholding percentage automatically increases without spending any additional money. This is more of a strategic move, not a coincidence. For retail investors, buybacks create a real choice. Should they sell their shares and book in a guaranteed profit at a premium? Or they stay invested, and expect lower number of shares and higher promoter holding will give me better long-term value? There is no single correct answer to this. The decision depends on the company's fundamentals and future growth of company.

Also say there is one downside also to this. Many times, buybacks don't mean company is strong, it means company is stuck. They have cash with them but not a good plan for growth or research. So, they just go for buyback as it is easy option. Financial ratios look better but business is not really improving. Hence reason for buyback matters more than announcement. Investors should check cash flows, debt, capex and future growth of the company. In India, large buybacks need special resolution to be passed from shareholders but smaller buybacks don't have much checking, so investors need to be more careful when investing. At the end, buyback is nor good or bad, it's just a tool.

1.2 Objectives of the Study:

- To examine how public announcements of share buybacks, via tender offers, affect stock price performance in the Indian Secondary Capital Market.
- To observe how share prices behave before and after an announcement.

- To determine whether buyback announcements act as information shocks that lead to abnormal price movements.

LITERATURE REVIEW

A number of Indian studies have examined the pattern of abnormal returns around buyback announcements to test the informational efficiency of the market.

(Goyal & Mangala, 2025) Analysed 307 NSE buyback announcements (2016–2023) across firm size, industry, buyback method and size. Found significant pre-announcement returns suggesting information leakage, while post-announcement returns were insignificant, confirming semi-strong market efficiency. OMRs outperformed tender offers, and COVID-19 had no significant impact on buyback returns.

(P. & K., 2006) Studied 22 BSE 500 firms (2002–2004) and found significant positive CARs for both buyback and dividend announcements, with repurchases showing slightly stronger signalling. Price reaction was short-lived, dissipating within one to two days.

(Bhargava & Agrawal, 2015) Examined share repurchase announcements in India and observed short-term positive abnormal returns consistent with the signalling hypothesis, with magnitude varying across firm-specific and market conditions.

(Chatterjee & Mukherjee, 2015) Examined 63 BSE buyback announcements (2008–2012) using event study methodology. Found AARs and CARs were predominantly negative and statistically insignificant, rejecting undervaluation and shareholder value hypotheses. Attributed the muted market response to India's promoter-dominated ownership structure.

(Bhama, 2023) Studied 100 Indian firms (2010–2020) using event study methodology and found no significant abnormal returns post open market buyback announcements, rejecting the undervaluation hypothesis. Industry-wise, the manufacturing sector outperformed IT, pharma and chemical sectors, with profit opportunities largely concentrated in the pre-announcement period.

The reviewed literature, taken as a whole, shows two recurring but not fully reconciled patterns: (i) evidence of pre-announcement price run-ups suggestive of information leakage, and (ii) mixed findings on whether the announcement itself, and the period following it, generates a lasting or reversing price effect. Most existing Indian studies either pool open market repurchases (OMR) and tender offers together or focus predominantly on OMRs, even though tender offers carry a distinct signalling mechanism because they are made at a fixed premium above the prevailing market price. In addition, the available evidence is largely confined to sample periods ending before 2023, leaving the post-pandemic buyback activity, and the years immediately

following it, largely unexamined. Few studies use a sufficiently wide event window to separately trace the build-up, peak, and reversal of abnormal returns around the announcement.

This study seeks to address these gaps in three ways. First, it restricts the sample exclusively to tender offer buybacks, isolating the price effect of this specific and more strongly signalling mechanism. Second, it extends the sample period to January 2015–December 2025, thereby capturing more recent buyback activity, including the post-COVID period, than prior Indian studies. Third, it employs a wide 61-day event window ($-30, +30$) together with a range of nested CAAR windows, allowing the pre-announcement run-up, the announcement-period reaction, and the post-announcement reversal to be examined separately rather than as a single combined effect. In doing so, the study contributes more granular evidence on the timing and persistence of abnormal returns around tender offer buybacks in the Indian market.

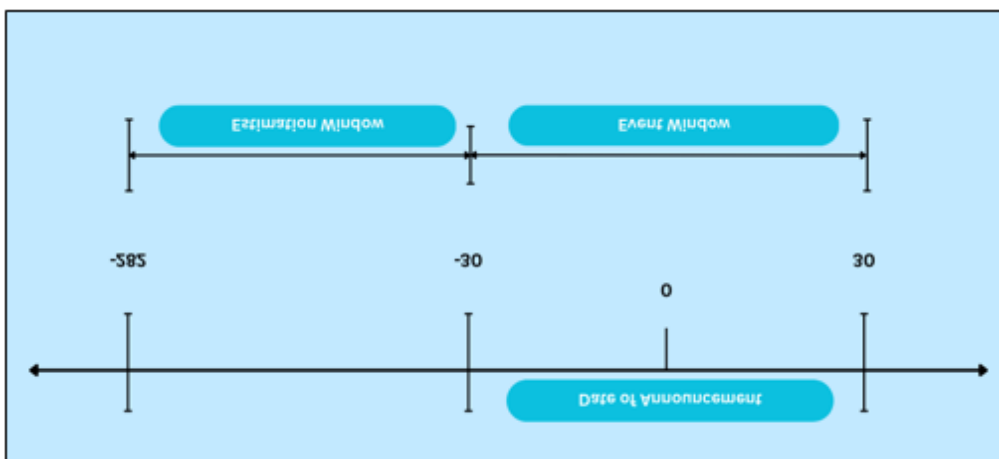
RESEARCH METHODOLOGY

3.1 Event Definition and Timeline

This research report is quantitative research where the Event Study Methodology is used on secondary data. The Event Study Methodology (ESM) was developed by (Fama, Fisher, Jensen, & Roll, 1969) to understand how stock prices will react when new information come up into the market.

The Event Study Methodology is used to find the impact of buyback announcements on the share prices of the listed companies. Previous studies used different event windows to study the effect of announcements on stock prices. For example, (Warner & Brown, 1985) used eleven-day event window which ranges from -5 to $+5$.

Figure 1. Event Study Timeline (in days)



In this study, the day on which the announcement is made by the company is event date i.e., day “0.” The event window has total of 61 days, which have 30 days before & after the announcement (Chatterjee & Mukherjee, 2015). To estimate normal returns, 252 trading days which is estimation window is used in the study.

The study focuses on a specific timeline from January 2015 to December 2025, which is sample period. The analysis considers only trading days. Expected returns are estimated using the market model in the event study framework. For these returns from the Nifty 50 index during the estimation period are used.

3.2 Sample Selection and Data Sources

This study uses secondary data, which includes available financial information and stock price.

The companies which are included in this study are those listed on the National Stock Exchange (NSE) and were identified through the website of the SEBI. Where 299 buybacks are noted during this timeframe, the sample was taken further based on below given criteria.

Sample Selection Criteria:

- 1) The buyback must be conducted through a tender offer.
- 2) The event must fall within the timeframe of 2015 to 2025.
- 3) Listed on the National Stock Exchange (NSE).
- 4) Comprehensive historical price data must be available for the duration of the study.

Particulars	No. of Buyback via Tender Offers
Total buyback announcement during the time frame	299
Less: Unavailable data	22
Final Sample	277

Daily stock price data for individual companies, along with broader market index data for the Nifty-50, were collected from Google Finance. The Nifty-50 index is used in the study as an indicator for estimating the market model parameters. Daily closing prices were used to calculate returns for the event study.

The data source for all daily security-level and index-level closing prices is Google Finance; the sample period covers 1 January 2015 to 31 December 2025, spanning both the estimation window and the 61-day event window for each of the 277 sample buybacks. Only trading days on the NSE are considered, and non-trading days (weekends and exchange holidays) are excluded from the day count. Where a company

had incomplete or unavailable historical price data for the full 313-day requirement (252-day estimation window plus 61-day event window) around a given announcement, that buyback event was dropped from the sample rather than estimated with interpolated or partial data; this accounted for 22 of the 299 buyback announcements originally identified, leaving a final sample of 277 events.

3.3 Statistical Framework and Models

The study uses the market model developed by (Sharpe, 1963) as part of its methodology. This model has been widely used in earlier studies to estimate the expected return of a security based on market returns and the two model parameters, alpha (α) and beta (β).

The market model is represented by the following regression equation:

$$E(R_{it}) = \alpha_i + \beta_i R_{mt} + e_i$$

Where,

$E(R_{it})$ - Expected return on security i ,

R_{mt} - market return,

β_i - slope of the regression equation,

e_i - error term with a zero mean and constant standard deviation.

The values of alpha and beta are estimated using data from a 252-day estimation period, ranging from T-282 to T-31.

The returns for both the estimation window and the event window are calculated using the following equation:

$$R_{it} = (P_{it}/P_{it-1}) - 1$$

Where,

R_{it} - daily return calculated on security i on day t .

P_{it} - daily closing price of security i on day t , and

P_{it-1} - daily closing price of security i on previous trading day ($t-1$).

$$R_{mt} = (P_{mt}/P_{mt-1}) - 1$$

Where,

R_{mt} - daily return calculated on share i on day t .

P_{mt} - daily closing price of share i at the day t , and

P_{mt-1} - closing price of security i on previous trading day ($t-1$).

Calculation of Abnormal Return for the security i on day t is as follows:

$$AR_{it} = R_{it} - E(R_{it})$$

Where,

R_{it} - actual return on security i on day t, and

$E(R_{it})$ - expected return for the same security on that day.

The daily abnormal returns for each security calculated above are sum for the 61-day event window. Sum of AR are now divided by the no. of firms in the sample (N) to find the average abnormal return (AAR), as shown below:

$$AAR_t = \frac{\sum_{t=1}^n AR_{it}}{N}$$

Where,

AAR_t - daily average abnormal return on day t in study,

N - no. of sample companies

3.4 Hypothesis Testing

The t-statistic is used to examine whether the AAR on the event date is significantly different from zero.

Null Hypothesis (H_0): AAR is equal to zero i.e., no market reaction.

Alternative Hypothesis (H_1): AAR is not equal to zero.

AARs is then used to find cumulative average abnormal returns (CAARs). CAARs are calculated by sum of the AARs over different time periods. Further, t-statistic is used to find significance of CAAR.

DATA ANALYSIS AND INTERPRETATION

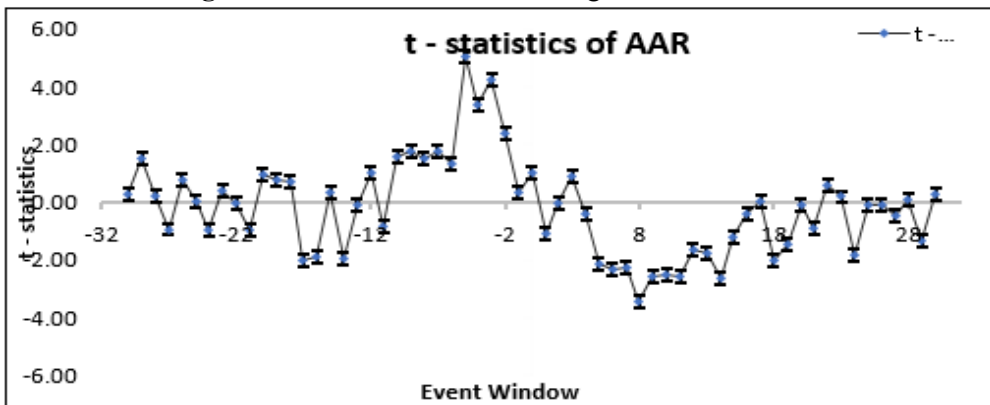
Table 1. AAR's for buy-back Announcement					
No. of Buybacks (n) = 277					
Pre - Announcement			Post - Announcement		
Event Window	AAR	t - statistics	Event Window	AAR	t - statistics
-30	0.0004	0.28	+30	0.0005	0.31
-29	0.0021	1.51	+29	-0.0014	-1.33
-28	0.0003	0.19	+28	0.0001	0.12
-27	-0.0010	-0.93	+27	-0.0006	-0.43
-26	0.0010	0.78	+26	-0.0001	-0.11
-25	0.0001	0.06	+25	-0.0002	-0.11
-24	-0.0012	-0.98	+24	-0.0026	-1.81*
-23	0.0005	0.38	+23	0.0002	0.19
-22	-0.0000	-0.02	+22	0.0007	0.61
-21	-0.0012	-0.95	+21	-0.0011	-0.88
-20	0.0016	0.99	+20	-0.0001	-0.07
-19	0.0010	0.80	+19	-0.0019	-1.47

Pre - Announcement			Post - Announcement		
Event Window	AAR	<i>t</i> - statistics	Event Window	AAR	<i>t</i> - statistics
-18	0.0009	0.70	+18	-0.0028	-2.02**
-17	-0.0021	-2.02**	+17	0.0000	0.01
-16	-0.0022	-1.87*	+16	-0.0005	-0.39
-15	0.0004	0.33	+15	-0.0016	-1.23
-14	-0.0021	-1.93*	+14	-0.0028	-2.65***
-13	-0.0001	-0.07	+13	-0.0022	-1.76*
-12	0.0012	1.05	+12	-0.0021	-1.66*
-11	-0.0008	-0.81	+11	-0.0033	-2.56**
-10	0.0020	1.61	+10	-0.0035	-2.49**
-9	0.0021	1.79*	+9	-0.0040	-2.57**
-8	0.0020	1.54	+8	-0.0053	-3.46***
-7	0.0021	1.76*	+7	-0.0034	-2.29**
-6	0.0021	1.36	+6	-0.0036	-2.31**
-5	0.0097	5.07***	+5	-0.0024	-2.14**
-4	0.0069	3.39***	+4	-0.0004	-0.40
-3	0.0077	4.27***	+3	0.0010	0.92
-2	0.0049	2.40**	+2	-0.0000	-0.02
-1	0.0007	0.36	+1	-0.0015	-1.10
Announcement Day -->			0	0.0019	1.03

Source(s): Authors' compilation

Table 1 shows Average Abnormal Returns (AARs) around buyback announcements. The t-statistics are used to test the statistical significance of AARs. ***, **, and * indicate significance at the 1%, 5%, and 10% levels, respectively. Positive (negative) AARs indicate favourable (unfavourable) market reaction to the buyback announcement.

Figure 2. t-Statistics of AAR during the Event Window



Source(s): Authors' compilation

This figure plots the t-statistics of Average Abnormal Returns (AARs) over the event window.

Event day 0 means the announcement day. The x axis indicates the threshold of no abnormal performance. t-statistics exceeding ± 1.645 , ± 1.96 , and ± 2.576 shows statistical significance at the 10%, 5%, and 1% levels, respectively.

Table 1 and Figure 1 shows the t-statistics of AARs around buyback announcements over the event window (-30, +30). In the pre-announcement period, many days close to the announcement shows positive and significant t-statistics, particularly between days -5 and -2, which indicate the presence of information leakage or market anticipation of the buyback announcement to happen. The high positive t-statistics are observed immediately before the announcement day, which suggest that a strong favourable market reaction in anticipation of the event.

On the announcement day (day 0), the t-statistic is positive but insignificant, which states that a substantial portion of the information may have already been reflected into stock prices prior to the official announcement. In the post-announcement period, t-statistics are negative and statistically significant for few days, which indicates a price correction following the initial market reaction.

The t-statistics suggests that the market reacts positively before the announcement, and correction is then seen during post announcement, which supports the semi-strong form of market efficiency and around the event proof of short-term abnormal returns.

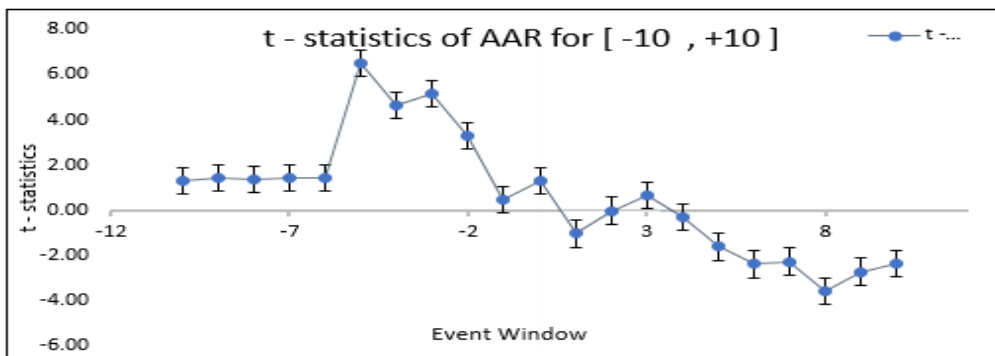
Table 2. AAR's for [-10 , +10]		
No. of Buybacks (n) = 277		
Event Window	AAR	t - statistics
-10	0.0020	1.61
-9	0.0021	1.79*
-8	0.0020	1.54
-7	0.0021	1.76*
-6	0.0021	1.36
-5	0.0097	5.07***
-4	0.0069	3.39***
-3	0.0077	4.27***
-2	0.0049	2.40**
-1	0.0007	0.36
0	0.0019	1.03
+1	-0.0015	-1.10
+2	0.0000	-0.02
+3	0.0010	0.92
+4	0.0004	-0.40
+5	-0.0024	-2.14**

Event Window	AAR	<i>t</i> - statistics
+6	-0.0036	-2.31**
+7	-0.0034	-2.29**
+8	-0.0053	-3.46***
+9	-0.0040	-2.57**
+10	-0.0035	-2.49**

Source(s): Authors' compilation

Note: ***, **, and * indicate significance at the 1%, 5%, and 10% levels, respectively.

Figure 3. t-Statistics of AAR for [-10 , +10] days



Source(s): Authors' compilation

Table 2 and Figure 3 shows the AARs and their t-statistics around share buyback announcements within an event window of ten days before and after the announcement.

In the pre-announcement period, mostly positive AAR's, with several days showing significant values, between day -9 & day -2. The strong positive abnormal returns occur around day -5 to -3. This pattern suggests that the market begins reacting before the official announcement.

On the announcement day, the abnormal return is positive but not statistically significant.

In the post-announcement period, abnormal returns turn negative, with several days showing statistical significance, particularly from day +5 onwards. This suggests a price correction after the announcement, where the market adjusts as follow up to earlier market reaction.

Overall, the results indicate that buyback announcements are connected with positive abnormal returns before the announcement and negative abnormal returns after the announcement. This behaviour suggests that the short-term market anticipation

followed by adjustment, supporting the presence of information effects around buyback announcements.

Table 3. CAAR's for Event Period		
No. of Buybacks (n) = 277		
CAAR Window	CAAR	<i>t</i> - statistics
Pre & Post Announcement		
[-30 , +30]	-0.0043	-0.37
[-25 , +25]	-0.0055	-0.52
[-20 , +20]	-0.0008	-0.08
[-15 , +15]	0.0055	0.66
[-10 , +10]	0.0189	2.76***
[-7 , +7]	0.0257	4.45***
[-5 , +5]	0.0283	5.74***
[-4 , +4]	0.0211	4.71***
[-3 , +3]	0.0146	3.70***
[-2 , +2]	0.0059	1.79*
[-1 , +1]	0.0010	0.40
[0 , 0]	0.0019	1.29
Pre-Announcement		
[-30 , 0]	0.0406	4.90***
CAAR Window	CAAR	<i>t</i> - statistics
[-25 , 0]	0.0380	5.00***
[-20 , 0]	0.0398	5.83***
[-15 , 0]	0.0407	6.83***
[-10 , 0]	0.0421	8.52***
[-5 , 0]	0.0318	8.71***
[-4 , 0]	0.0221	6.63***
[-3 , 0]	0.0152	5.10***
[-2 , 0]	0.0075	2.92***
[-1 , 0]	0.0026	1.23
Post Announcement		
[0 , +30]	-0.0430	-5.19***
[0 , +25]	-0.0415	-5.47***
[0 , +20]	-0.0386	-5.66***
[0 , +15]	-0.0333	-5.59***
[0 , +10]	-0.0213	-4.32***
[0 , +5]	-0.0015	-0.42
[0 , +4]	0.0009	0.26
[0 , +3]	0.0013	0.44
[0 , +2]	0.0003	0.13
[0 , +1]	0.0004	0.17

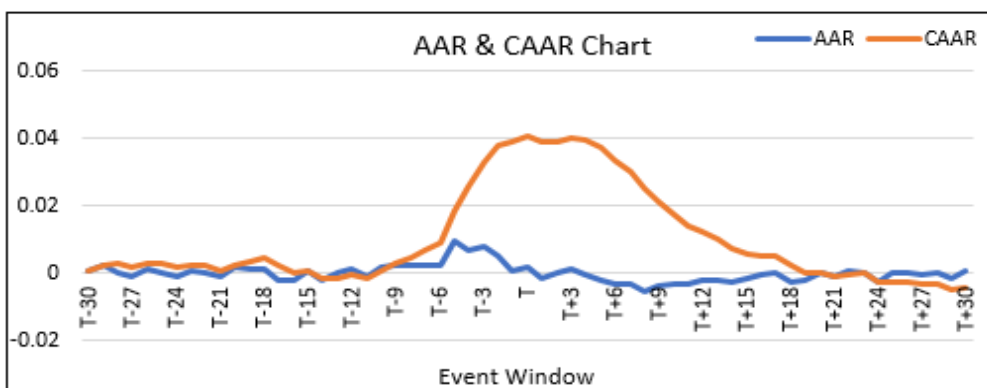
Source(s): Authors' compilation

Table 3 shows CAARs for various event windows around share buyback announcements. ***, **, and * which indicate significance at the 1%, 5%, and 10% levels, respectively.

The results indicate a strong short-term market response to buyback announcements, with CAARs peaking at 2.83% for the $[-5, +5]$ window and 2.57% for $[-7, +7]$.

A price run-up is observed before the announcement, as CAAR reaches 4.21% over $[-10, 0]$, followed by a statistically significant post-announcement reversal, with CAAR declining to -4.30% for $[0, +30]$.

Figure 4. AAR & CAAR Chart



Source(s): Authors' compilation

Figure 4 shows a sharp upward movement in the CAAR curve before the announcement is available in public. As the event day is nearby, the CAAR line rises very quick, with a steep positive slope, which indicates that abnormal returns are accumulating at a fast rate in the pre-announcement period.

Around the announcement window, the CAAR curve reaches its peak. After this point, the slope of the curve changes direction and the CAAR line starts declining gradually, showing a downward trend in the post-announcement period. This fall indicates that the initial gains earned before the announcement begin to unwind as the market adjusts.

The AAR curve supports this pattern, with spikes before the announcement and relatively weaker or negative values afterward. The shape of the curves suggests a rapid build-up before the announcement followed by a slow correction after the event.

KEY FINDINGS

1) Pre-Announcement Price Run-Up:

There is increase in stock prices before the repurchase announcement. The CAAR

reach 4.21% in the ten days during event period $[-10, 0]$, which suggests that the market may anticipate the buyback due to leaked information or possibly due to investor expectations.

2) Peak Short-Term Impact:

The strongest positive reaction occurs in short window around the announcement happening. CAARs peak at 2.83% for the eleven-day window of $[-5, +5]$ and 2.57% for the fifteen-day window of $[-7, +7]$.

3) Post-Announcement Price Reversal:

After the jump in CAAR, the market sees a correction in prices. In the 30 days following the announcement $[0, +30]$, CAAR declines by -4.30%, which indicates that the early gains start slowly reversing as the market adjusts after the CAAR peak level.

4) Insignificant Reaction on Announcement Day:

On the actual announcement day (Day 0), the t-stat is positive but not statistically significant. Which suggests that the buyback-related information was already reflected in stock prices before the news became public. It suggests that there is some degree of information leakage in the market participants.

5) Evidence of Semi-Strong Market Efficiency:

The pattern - a fast upward movement in returns followed by a slower correction - supports the semi-strong form of market efficiency. Short-term abnormal returns may occur, but the market start adjusting prices as it fully processes the information.

6) Information Content and Market Signalling

The stock prices generally rise after tender offer buyback announcements, which indicate a positive market response. This supports the view that Indian companies use buybacks to signal that their shares are undervalued. Because tender offers are made at a fixed price above the market price, they communicate management's confidence more clearly and reduce information gaps with investors.

DISCUSSION OF FINDINGS

1) Pre-Announcement Reaction

In the days leading up to the announcement, share prices show a marked run-up, with CAAR reaching 4.21% over the $[-10, 0]$ window ($t = 8.52$, significant at the 1% level), concentrated mainly between day -5 and day -2. This is consistent with information about the impending buyback reaching parts of the market before the formal

announcement, rather than the reaction being triggered only by the announcement itself.

2) Announcement-Period Reaction

Over the symmetric $[-5, +5]$ window, CAAR peaks at 2.83% ($t = 5.74$, significant at the 1% level), the strongest combined short-term reaction in the study. As this window spans both pre- and post-announcement days, the magnitude is driven mainly by the pre-announcement build-up rather than the announcement itself: the AAR on Day 0 is positive but statistically insignificant (AAR = 0.19%, $t = 1.03$), indicating that most of the price adjustment had already occurred before the formal announcement.

3) Post-Announcement Reversal

Following the announcement, the initial gains are not sustained: over the $[0, +30]$ window, CAAR declines by -4.30% ($t = -5.19$, significant at the 1% level), with the reversal significant from around day +5 onward. This suggests the early gains accumulated in anticipation of the buyback are gradually unwound as the market fully absorbs the announcement, rather than the buyback producing a permanent upward shift in valuation.

4) Interpretation through Signalling Theory

The results are consistent with Signalling Theory, which holds that a buyback is a costly and therefore credible signal that management believes the stock is undervalued. Since a tender offer is executed at a fixed price above the prevailing market price, it communicates management's confidence more clearly than an open market repurchase would, and the favourable pre-announcement reaction is consistent with the market reading it as such a signal. However, the insignificant announcement-day reaction and the later reversal suggest the market treats the signal as informative mainly to the extent it changes what was already anticipated, not as a permanent revision of fundamental value.

5) Interpretation through Market Efficiency

The significant pre-announcement CAAR indicates that some information reaches the market ahead of the formal announcement, pointing to leakage rather than a purely efficient process around the announcement itself. However, the market's behaviour once the announcement is public - a quick adjustment followed by a significant correction that unwinds the earlier run-up - is consistent with the semi-strong form of market efficiency, under which prices adjust rapidly, though not always instantaneously, as public information is incorporated. The evidence thus points to short-term anticipation around the event, combined with reasonably efficient correction over the following weeks.

CONCLUSION

The study found that share prices showed abnormal movements around the buyback announcement, particularly before and after the announcement. However, the announcement day itself did not show a statistically significant reaction. This overall pattern was observed consistently across the 277 tender offer buybacks examined on the NSE between January 2015 and December 2025, underlining the importance of these events as strategic tools with the ability to influence stock market pricing beyond their conventional role as a mechanism for returning capital to shareholders.

By announcing a share repurchase, management is able to communicate information about the company's prospects that the market subsequently incorporates into price, even where that incorporation is not instantaneous or fully permanent. The findings support the view, discussed in Section 6.4, that tender offer buybacks function as a signalling mechanism, while the timing of the pre-announcement run-up and post-announcement reversal, discussed in Sections 6.1 to 6.3 and 6.5, is broadly consistent with the semi-strong form of market efficiency, wherein short-term abnormal returns arise around an information event but are subsequently corrected as the market fully processes the disclosed information.

FUTURE SCOPE OF RESEARCH

This study focuses on short-term market reactions within a 61-day event window. Future research could extend the analysis to examine long-term post-buyback performance over three to five years, offering deeper insight into the enduring value implications of tender offer buybacks. A comparative analysis of open market repurchases versus tender offers would further illuminate differences in signalling effectiveness across buyback mechanisms.

The evolving Indian regulatory and taxation landscape - including changes to buyback tax provisions under successive Finance Acts and SEBI regulatory updates - presents another important avenue for investigation. Studying how policy shifts affect the choice between dividends and buybacks could yield actionable insights for corporate treasurers and policymakers alike.

Behavioural finance perspectives offer additional scope, particularly examining how institutional and retail investors differ in their response to buyback announcements, and whether investor category, holding period, or liquidity needs influence participation and price outcomes. The growing importance of ESG criteria also warrants attention: future studies could investigate whether firms with higher ESG scores generate more significant positive market reactions around buyback events - contributing to the intersection of sustainable finance and corporate payout policy research.

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