

TECH MAHINDRA LTD BUY-BACK 21/02/2019

INDUSTRY - IT Consulting & Software
BSE Code - 532755
NSE Code - TECHM
NIFTY - 10,768.70

Company Data

CMP(Rs.) 830

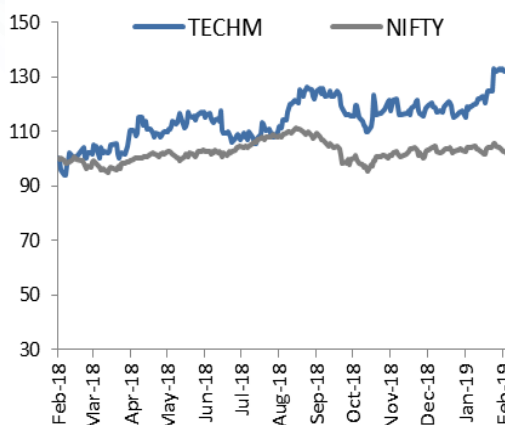
52wk Range H/L 840.10/569.35
Mkt Capital (Rs Cr) 81,379.91
Av. Volume (,000) 164.84

Shareholding pattern %

	3QFY19	2QFY19	1QFY19
Promoters	35.94	35.96	35.98
Public	64.02	64	63.98
Total	100.0	100.0	100.0

Stock Performance %

	1Mn	3Mn	1Yr
Absolute	10.4	14.0	30.8
Rel.to Nifty	0.7	-1.1	3.4



BUYBACK DETAILS

Board Meeting Date	21-Feb-19
Buy Back Size	20585000 Equity Shares (2.10% of total outstanding share capital)
Buy Back Size (Amount in Rs.)	1956 crs
Buy Back Price/Share in Rs.	950
Buy Back Route	Tender Route

Reservation for Retail Shareholders	15%
No of shares reserved for Retail Shareholders	3087750
Retail Share Holders	68913850

View & Valuation

- We assume that around 10% shareholders in retail segment shall tender their shares and hence acceptance ratio can come to around 45%. This generates an expected return of 6.1% assuming post buyback price to be Rs 841, valuing 17x FY20E EPS.
- We recommend investors to participate in Buyback offer.

Target Case Scenario

No. of shares tendered (10% of total retail shares)	6891385	Reserved for Retail	3087750
CMP (Rs)	830	Acceptance Ratio	45.00%
Buy-Back Price (Rs)	950	Potential Upside	6.1%

TABLE SHOWING EXPECTED RETURN POTENTIAL IN DIFFERENT SCENARIOS

Scenario	Shares tendered as a % to total retail shareholders	Calculated Acceptance Ratio	Expected Market Price post Buy-Back	Expected Return to Investors (Tax Adjusted)
1	10%	45%	913	10.2%
2	25%	18%	913	9.2%
3	35%	13%	913	9.0%
4	45%	10%	913	8.9%
5	10%	45%	871	7.8%
6	25%	18%	871	5.6%
7	35%	13%	871	5.2%
8	45%	10%	871	5.0%
9	10%	45%	841	6.1%
10	25%	18%	841	3.1%
11	35%	13%	841	2.6%
12	45%	10%	841	2.2%

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Disclosure of Interest Statement-

Analyst's ownership of the stocks mentioned in the Report	NIL
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