

## TCS BUY-BACK

03-May-17

### Company Data

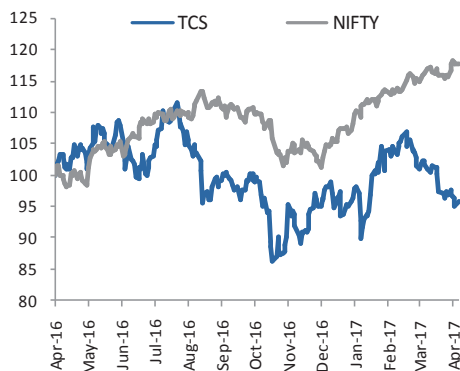
CMP	2337
<b>Target Price</b>	<b>Attractive to Retail Investor</b>
Previous Target Price	
<b>Upside</b>	-
52wk Range H/L	2744/2052
Mkt Capital (Rs Cr)	4,60,551
Av. Volume (,000)	103

### Share Holding patterns %

	3QFY17	2QFY17	1QFY17
Promoters	73.3	73.3	73.3
Public	26.7	26.7	26.7
Total	100.0	100.0	100.0

### Stock Performance %

	1Mn	3Mn	1Yr
Absolute	-5.0	-1.8	-8.0
Rel.to Nifty	-5.9	-9.7	-28.9



INDUSTRY -	IT
BSE Code -	532540
NSE Code -	TCS
NIFTY -	9312

## BUYBACK OF EQUITY SHARES

### DETAILS OF BUY-BACK

Boad Meeting Date	20-Feb-17
Buy Back Size	56140351 equity shares 2.85% of total paid up capita
Buy Back Size (Amount)	16000 cr aprox.
Buy Back Price/Share	2850/-
Buy Back Route	Tender Offer
Promoters Tendering their shares	YES
Dispatch of Notice of Postal Ballot to Shareholders	16-Mar-17
Result of Postal Ballot	07-Apr-17
Record Date for Buy-Back	<b>8-May-17</b>
Ex-Date for Buy-Back	<b>5-May-17</b>
Reservation for Retail Shareholders	15%
No of shares reserved for Retail Shareholders	8421053

### BUY-BACK ANALYSIS FOR RETAIL SHAREHOLDERS ( HOLDING SHARES WORTH UPTO 2 LAC )

Retail Shareholding upto 2 lac as on 31 Dec 2017	<b>64294312</b>
Retail Shareholding upto 2 lac as on 31 Mar 2017	<b>63300157</b>
Change in Mar quarter (Post Buy-back announcement)	<b>994155</b>

◆ Retail investors have a tendency of buying shares after the buyback announcement, and upto the record date, however in this buyback, shares are sold by retail investors, which can be seen as lack of interest for participation in Buy-back, indicating higher acceptance in buy-back.

### Our Target Case Scenario

No of shares tendered	15825039	25% of total retail shares
CMP	2340	
Buy-Back Price	2850	
Upside	22%	

Reserved for Retail	8421053
Acceptance Ratio	53.2%
Returned from Buy-Back	46.80%
Max Upside	21% 2850/- Buy-back Price
Max. Expected Downside	10% Share Price post Buy Back @ 2100
Net Return in %	6.80% After adjusting Tax of 30%
Approx Holding Period	45 Days

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Please refer to the Disclaimers at the end of this Report

**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	15%	89%	2,050	18%
2	25%	53%	2,050	5.8%
3	35%	38%	2,050	0.6%
4	50%	27%	2,050	-3.3%
5	15%	89%	2,100	18.2%
6	25%	53%	2,100	6.8%
7	35%	38%	2,100	2%
8	50%	27%	2,100	-2%
9	15%	89%	2,150	18.4%
10	25%	53%	2,150	7.8%
11	35%	38%	2,150	3.2%
12	50%	27%	2,150	-0.2%
13	15%	89%	2,200	18.7%
14	25%	53%	2,200	8.8%
15	35%	38%	2,200	4.6%
16	50%	27%	2,200	1.4%

### **Wipro buy-back case study**

We have observed from the Buy-Back done by Wipro which was completed in July 2016, where 5.5 crore shares were held by retail shareholders ( holding shares worth upto 2 Lac as on record Date). Total shares reserved for retail category were 60 lac, however only 22.09 Lac shares were tendered by retail shareholders, constituting only 4% tendering by total retail shareholders. Shares tendered were 37% of total reserved portion for retail constituting 100% acceptance.

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## View & Recommendation

After studying Wipro's (Direct Industry Peer) Buy-back Tendering pattern of last years, and on the basis of our analysis of various other buy backs done in past, We have a positive view on this particular Buy-back.. **We recommend retail shareholders "BUY" the stock around CMP of 2340/- for tendering in Buy-Back**. As per our fundamental analysis, near term downside risk is capped at 10% from current market price..Our analysis suggest **potential return of upto 6.8%** safer arbitrage return (after adjusting 30% tax on offline transfer of shares) in this Buy-back.. The holding period would be approx 45 days from now.

## Key Points to be noted:

- ◆ Investor who wants to buy shares for tendering in Buy-Back will have to buy shares on or before 2 days prior to Record Date which is 8th May 2017, in this particular Buy-back
- ◆ Record Date means the date to decide the name of the investors eligible for Buy-Back..
- ◆ Ex-Date means the day 2 working days prior to Record Date ( Last Date for Buying shares for Buy-Back)
- ◆ According to terms of aforesaid Buy-Back, Last date for buying shares is 5 May 2017.. Anyone who will buy shares after 5 May will not be eligible for the Buy-back..
- ◆ Retail shareholder means shareholder holding shares worth upto 2 Lac as on market closing on Record Date.. Investors should keep this point in mind while buying share in Buy-back..**Investors should keep in mind that worth of the shares bought in the buyback should not be above 2 Lac mark as on closing market hours on record date, hence one should keep space for any potential upside upto the day of Record Date.**