



DALAL & BROACHA
STOCK BROKING PVT. LTD.

A short term investment opportunity.

On 19th August, Infosys announced a Buyback of 11.3 Cr shares at a price of INR 1,150/- through the tender offer route. A premium of 19.08% and 18.70% over the volume weighted average market price of the Equity Shares on the BSE and the NSE respectively, during the three months preceding August 16, 2017, the date of intimation to the stock exchanges of the Board Meeting to consider the proposal of the Buyback. The company announced that the funds required for the buyback will not exceed INR 13,000 Cr. Additionally, even the promoters have expressed their interest to participate in the Buyback and may tender up to 1.77 Cr shares.

Particulars of the Buy Back

Offer Size (INR Bn)	130
Promoters' Tender Size (Number of Shares)	1.77 Cr
BuyBack price (INR)	1,150
Offer Size (Number of Shares)	11.3 Cr
Record Date	1 st November 2017

The record date for the Buyback is 1st November 2017 and the time line for the Buyback is expected to be around 2-3 months.

Particulars of the Buy Back

Retail Quota (for "Small Shareholders")	15% of the number of shares to be Bought Back
Retail Quota (Number of Shares)	1.69 Cr
No. of Shares held by Small Shareholders	2.87 Cr (as per FY17 Annual Report)

Acceptance Ratio

The company has announced that the allocation towards Small Shareholders (that is shareholders holding < INR 2,00,000 in terms of amount based on closing price of Equity Shares on Stock Exchanges having the highest trading volume on the record date) would be higher of (i) 15% of the proposed shares for buyback or (ii) number of Equity Shares to which the Small Shareholders are entitled, as per the shareholding of Small Shareholders as on the Record Date.

Scenario (assuming CMP of INR 935)

Small Shareholders Portion (% of 11.3 Cr Proposed Buyback Shares)	15%		
No. of Shares allotted for SS (15%)	1.696	1.696	1.696
Scenario Analysis Considering Different Number of Small Shareholders	Annual Report FY17	Case 1	Case 2
No. of shares held by Small Shareholders (<200000) (in Cr)	2.87	3.25	3.5
Acceptance Ratio	59%	52%	48%
Shares Tendered	174	174	174
Shares Accepted	103	91	84
Proceeds from Buyback (INR)	118092	104348	96894
Profit (INR)	22078	19509	18115
Remaining Shares post buyback (No. of Shares)	71	83	90
Realization on remaining shares (INR)	64102	74858	80691
Loss on Remaining Shares (INR) (assuming rest of the shares are sold at INR 900)	-2493	-2911	-3138
Net Profit (INR)	19585	16597	14977
Short Term Capital Gains Tax	15%	15%	15%
Net Profit Post Tax (INR)	16,647	14,108	12,730

The number of small shareholders as per Annual Report FY17 was 2.87 Cr, however, we have assumed 2 additional scenarios of 3.25 Cr and 3.5 Cr Small Shareholders wherein the acceptance ratio and profitability will change as per above table.



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