

## TECHM BUYBACK ARBITRAGE STRATEGY

- There is an arbitrage opportunity in TECHM.
- We have assumed the acceptance ratio is 9.5% and advise traders who wants to participate in the buyback can buy 1200 shares from cash market in 6 different Demat account at CMP of 825 and not more than 200 shares in an individual account and simultaneously hedge by selling 1 lot of MARCH Futures in a single account at 826 where Lot size is 1200.
- Also one has to monitor that shareholders holding should be less than amount ₹2 Lakhs as on "Record Date" to qualify for this buyback.

ASSUMPTION	Acceptance Ratio 9.5% of the shares held upto Rs.2 lakhs		
Acceptance ratio	9.50%	<b>No. of account</b>	6
CMP: Cash price	825	Total Qty tendered in 6 different ac	1200
Eligible for Buyback Qty	200	Accepted Qty from 6 account	114
TECHM JAN Futures	826	Remaining quantity	1086
Buyback QTY	19		
Lot size	1200		
Remaining Qty in cash	181		
Buyback price	950		

If TECHM falls by		P&L cash	Gain/Loss from Future	Gain from buy	Net P&L
2%	808.5	-17919	21000	14250	17331
4%	792	-35838	40800	14250	19212
8%	759	-71676	80400	14250	22974
12%	726	-107514	120000	14250	26736
15%	701.25	-134393	149700	14250	29558
If TECHM rises by		P&L cash	Gain/Loss from Future	Gain from buy	Net P&L
2%	841.5	17919	-18600	14250	13569
4%	858	35838	-38400	14250	11688
8%	891	71676	-78000	14250	7926
12%	924	107514	-117600	14250	4164
15%	948.75	134392.5	-147300	14250	1343

\*Our breakeven point is the buy-back price thus when the stock price reaches the buy-back price, traders should exit from the strategy without tendering for the buy back.

On the other hand if & once the quantity is tendered for the buyback one should square-off remaining position immediately. Although we will also provide the updates on the same.

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