

# BONANZA WEALTH MANAGEMENT RESEARCH



04 January 2021

NIIT Ltd

**CMP : Rs. 204.80**

## NIIT Buy Back Offer

NIIT at its board meeting held on December 24, 2020 approved to buy back 9,875,000 shares (6.978% of its total paid-up equity) through a tender offer at a price of INR 240 per share resulting in a total offer size of INR 2,370,000,000. As per SEBI regulations, 15% of the offer size (INR 355,500,000) is reserved for small shareholders holding shares upto a value of INR 2,00,000 as on the record date. The record date is likely to be announce.

### Buyback offer details

Size	INR 2,370,000,000
Price	INR 240/Share
CMP (2021-01-04)	204.80
Premium	35.20
Total number of share to be bought back	9,875,000 share (6.978% of paid-up capital)
Share reserved for small shareholder	1,481,250 shares (15% of buyback offer)

Based on buy back price of INR 240 one can buy upto 833 shares (INR 2,00,000/ INR 240) to be eligible for Retail category.

Distribution of equity share holding as on March 31, 2020 (As per FY20 annual report)

### Scenario Analysis

Number of share	% of Shareholding	Acceptance Ratio	35%	50%	75%	100%
Upto 500	4.17%	<b>Amount invested in Buyback</b>	170,667	170,667	170,667	170,667
501 – 1000	2.54%	<b>Buyback Profit</b>	10,266	14,666	22,000	29,333
1001 – 5000	3.65%	<b>Profit as % of amount invested</b>	6.0%	8.6%	12.9%	17.2%
5001 & above	89.64%					
Total	100.00%					

The retail holding in NIIT is less than 6.71% (as on March 31, 2020). 15% reservation for the buy back of 6.964% of paid-up equity implies at least 1.04% of paid up equity will be bought from retail investors (as on March 31, 2020) Acceptance ratio =  $1.04\%/6.71\%=15.6\%$

### View

We expect the acceptance ratio to be in range of 50% to 100% which will give potential return of 8.6% to 17.2%. We believe that it will be an lucrative trade for retail investor, from buyback perspective. Any decline in current price before record date could provide better opportunity.

## Team Details

Name	Designation
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