

BONANZA WEALTH MANAGEMENT RESEARCH



06 November 2020

Wipro Ltd

CMP : Rs. 346.15

Wipro Buy Back Offer

Wipro at its board meeting held on October 13, 2020 approved to buy back 237.50 Mn shares (4.16% of its total paid-up equity) through a tender offer at a price of INR 400 per share resulting in a total offer size of INR 95,000 Mn. As per SEBI regulations, 15% of the offer size (INR 14,250 Mn) 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 announced later.

Buyback offer details

Size	INR 95,000 Mn
Price	INR 400/Share
CMP (2020-11-06)	346.15
Premium	53.85
Total number of share to be bought back	237.50 Mn share (4.16% of paid-up capital)
Share reserved for small shareholder	35.63 Mn shares (15% of buyback offer)

Based on buy back price of INR 400, one can buy upto 500 shares (INR 2,00,000/ INR 400) to be eligible for Retail category.

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

Number of share	% of Shareholding
1- 5000	1.44%
5001- 10000	0.21%
10001- 20000	0.26%
20001- 30000	0.17%
30001- 40000	0.15%
40001 & above	97.78%
Total	100.00%

Scenario Analysis

	40%	60%	80%	100%
Acceptance Ratio	40%	60%	80%	100%
Amount invested in Buyback	173,075	173,075	173,075	173,075
Buyback Profit	10,770	16,155	21,540	26,925
Profit as % of amount invested	6.2%	9.3%	12.4%	15.6%

The retail holding in Wipro is less than 1.44% (as on March 31, 2020). 15% reservation for the buy back of 4.16% of paid-up equity implies at least 0.62% of paid up equity will be bought from retail investors (as on March 31, 2020) Acceptance ratio = $0.62/1.44=43.3\%$

View

We expect the acceptance ratio to be in range of 60% to 80% which will give potential return of 9.3% to 12.4%. 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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