

BUY BACK BY BALRAMPUR CHINI MILLS LTD.

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**Balrampur Chini
Mills Ltd.**



BUY ↔ BACK
—→ of Shares ←—

The Board of Directors of the Company at its meeting held on November 15, 2016, has approved the buyback of fully paid up Equity Shares of face value of Re. 1/- (Rupee One only) each not exceeding 1,00,00,000 (One Crore) Equity Shares (representing upto 4.08% of the total paid-up Equity Share capital of the Company as on March 31, 2016) at a price of Rs. 175.00/- (Rupees One Hundred Seventy Five only) per Equity Share payable in cash for an aggregate amount of upto Rs. 175,00,00,000.00 (Rupees One Hundred Seventy Five Crores only). This buyback will be on a proportionate basis through the "Tender Offer" route using Stock Exchange Mechanism.



Shareholding pattern of the company as on September 30, 2016, suggest that promoters hold 40.82% and from the remaining 59.18% institutions hold 30.19% while individual share capital upto to Rs.2 Lac stands at 14.31%. Such shareholders are 78705. Out of these seventy eight thousand odd shareholders who are holding 1142 shares or less representing capital worth Rs.1142 or less could be drastically lower.

Currently stock is trading at 121.5 and the buyback is at the buyback is at 175. This should yield an absolute gain of Rs. $(175-121.5) = 53.5$ /- i.e. 12 % on an investment of Rs. 1,39,000 for maximum of three months. (Assuming that the 30% of the shares are bought by the company at 175 and remaining are sold at cost in market, post buyback)

The annualized yield on your investment turns out to be at 48%, assuming that the entire holding of 1142 share from an account is bought back by the company.

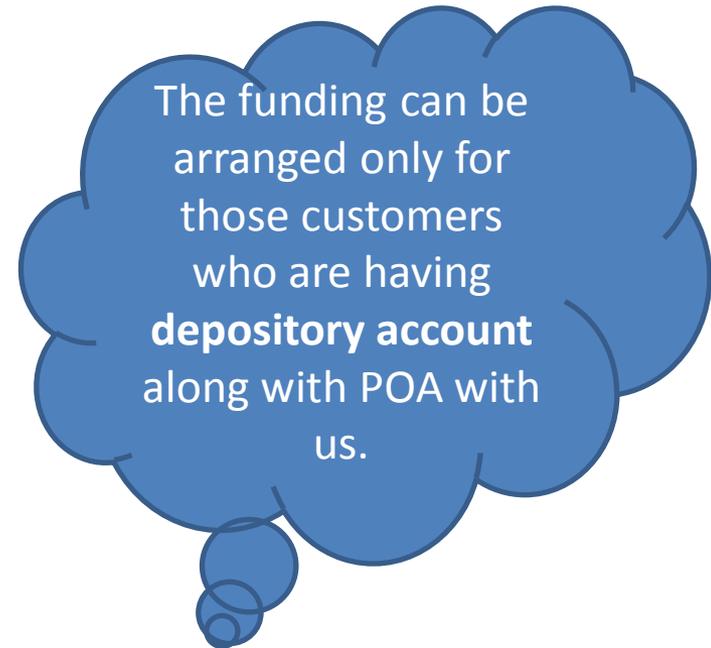


If one leverages the investment by taking a loan then the yield will show the following picture:

BUY BACK - BALRAMPUR CHINI MILLS LTD.	
Share Price	121.50
Total Investment	138,753.00
Buyback @ 175	30%
Margin@50%	69,376.50
Funding	69,376.50
Interest@24%	4,162.59
Buyback Quantity	342.60
Sale Value in Buyback	59,955.00
sale Value in mkt PostBuyback	95,928.00
Total Sale Value	155,883.00
Profit	12,967.41
Absolute Profit %	18.69%
Annualised Yield	74.76%

30% is the probable buyback percentage. The actual percentage may defer.

Assuming that the remaining shares are sold at 120 post buy back.



The return depicted here is based on the best case scenario - the actual return can defer depending on % of shares bought back and the price at which the stock is traded post buy back.



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RESEARCH ANALYSTS REGULATIONS, 2014

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