

Business Standard

NIIT surges 14% in two days on board nod for reorganisation of CLG biz

The composite scheme of arrangement which would result in Corporate Learning Group (CLG) Business and Skills & Careers Group (SNC) Business to be reorganized as separate publicly listed companies.

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Shares of NIIT surged 8 per cent to Rs 427 in Monday's intra-day trade, thus extending its two-day rally to 14 per cent on the BSE after the company's board approved the composite scheme of arrangement which would result in Corporate Learning Group (CLG) Business and Skills & Careers Group (SNC) Business to be reorganized as separate publicly listed companies.

At 10:29 am, NIIT was up 7 per cent, as compared to 1.4 per cent rise in the S&P BSE Sensex. The counter witnessed huge trading volumes with a combined 2.06 million equity shares changing hands on the NSE and BSE. The stock had hit a record high of Rs 507 on January 17, 2022.

Through a composite scheme of arrangement, the company would reduce capital in NIIT Learning Systems Limited (NLSL) and cancellation of its entire equity share capital. It would transfer and vesting of CLG Business undertaking from NIIT in to NLSL. NLSL will issue equity shares to share holders of NIIT in the ratio of 1:1 i.e. one share of NLSL for every one share of NIIT. NLSL shares to be listed on the NSE/ BSE.

The appointed date for the demerger would be April 1, 2022 and expected completion in 12-18 months, subject to customary approval process. The proposed scheme is subject to necessary statutory and regulatory approvals including the approval of the NCLT, SEBI, Stock Exchanges, shareholders and creditors.

Meanwhile, for October-December quarter (Q3FY22), NIIT reported 32 per cent year-on-year (YoY) jump in consolidated profit after tax (PAT) of Rs 55 crore. Net revenue grew 51 per cent at Rs 383.6 crore on YoY basis. Earnings before interest tax and depreciation and amortization (EBITDA) margins improved 295 bps at 22 per cent from 19 per cent in a year ago quarter.

The company's CLG business added 4 MTS customers, while 3 existing customer contracts upgraded and 3 renewals. With this total MTS customer tally during the quarter stood at 65, NIIT said.

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