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## **REPORT FROM THE AUDIT COMMITTEE OF NIIT LIMITED RECOMMENDING THE DRAFT SCHEME TAKING INTO CONSIDERATION INTER-ALIA THE VALUATION REPORT APPROVED IN THEIR MEETING HELD ON AUGUST 26, 2014**

The Committee was informed that in the previous Board Meeting held on July 23 2014 the Board had inter-alia, constituted a committee to examine the options of the rationalization of the subsidiary companies structure and to make suitable recommendations to the Board. In this regard, the committee engaged Ernst & Young LLP (EY) and Amarchand & Mangaldas & Suresh A. Shroff & Co. beside the other consultants.

Further, the said committee engaged S. R. Batliboi & Co. LLP for the valuation of School Business Undertaking of the Company and Corporate Professionals Capital Private Limited (a SEBI approved Merchant Banker) for the fairness opinion on the Scheme.

The said committee received the Valuation Report dated August 25, 2014 from S. R. Batliboi & Co. LLP and the same was forwarded to Corporate Professionals Capital Private Limited for the Fairness Opinion. The Corporate Professionals Capital Private Limited issued the Fairness Opinion dated August 26, 2014. The said Valuation Report and the Fairness Opinion were placed before the Audit Committee.

In this regard, the said committee has made its recommendations wherein it is proposed to undertake a scheme of arrangement ("Scheme") which, inter alia, includes the following:

1. Transfer by way of amalgamation of the Evolv Services Limited ("Amalgamating Company 1"), a wholly owned subsidiary of the Company (NIIT Limited) into the Company ("Amalgamated Company"/"Transferor Company");
2. Transfer by way of amalgamation of Scantech Evaluation Services Limited ("Amalgamating Company 2"), a wholly owned subsidiary of the Company, into the Amalgamated Company;
3. Transfer by way of amalgamation of NIIT Online Learning Limited, ("Amalgamating Company 3"), a wholly owned subsidiary of the Company, into the Amalgamated Company;
4. Re-organization of the capital structure of Hole-in-the-Wall Education Limited ("Transferee Company"), pursuant to which the issued, subscribed and fully paid-up preference share capital (consisting of series A preference shares consisting of 3,400,000 13.75% Non-convertible cumulative redeemable preference shares of Rs. 10/- each, aggregating to Rs. 3,40,00,000 and series B preference shares consisting of 2,200,000 13.25% Non-convertible cumulative redeemable preference shares of Rs.



10/- each, aggregating to Rs. 2,20,00,000) along with all the rights pertaining to cumulative dividend for the past years shall stand cancelled, without any payment of the cancelled face value of the said shares to the shareholders of the Transferee Company; and

5. Transfer and vesting of the School Business Undertaking of Transferor Company to and in the Transferee Company for a lumpsum consideration of Rs. 1081 Million which shall be payable by the Transferee Company to the Transferor Company in such mode and manner as may be agreed by the board of the Transferor Company and Transferee Company.

The proposed Scheme of Arrangement was placed before the Committee.

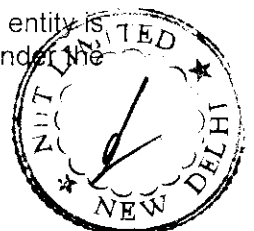
The Committee considered and reviewed the proposed Scheme and recommended the same to the Board for approval.

The Committee was further informed that the Company being a listed entity is also required to comply with the relevant circulars issued by the Securities and Exchange Board of India ("SEBI") in relation to the Scheme, as framed from time to time.

In this regard, the Committee noted the followings:

- that pursuant to para no. 5.16 (a) of SEBI's Circular no. CIR/CFD/DIL/5/2013 dated February 4, 2013 as modified by para 7 of Circular no. CIR/CFD/DIL/8/2013 dated May 21, 2013, ("Circular"), listed companies are required to ensure that the scheme submitted with the Hon'ble High Court for sanction, provides for voting by public shareholders through postal ballot and e-voting, after disclosure of all material facts in the explanatory statement sent to the shareholders in relation to such resolution, in the following cases:
  - i) Where additional shares have been allotted to promoter / promoter group, related parties of promoter / promoter group, associates of promoter / promoter group, subsidiary/(s) of promoter / promoter group of the listed company, or
  - ii) Where the scheme of arrangement involves the listed company and any other entity involving promoter / promoter group, related parties of promoter / promoter group, associates of promoter / promoter group, subsidiary/(s) of promoter / promoter group.
  - iii) Where the parent listed company, has acquired the equity shares of the subsidiary, by paying consideration in cash or in kind in the past to any of the shareholders of the subsidiary who may be promoter / promoter group, related parties of promoter / promoter group, associates of promoter / promoter group, subsidiary/(s) of promoter / promoter group of the parent listed company, and if that subsidiary is being merged with the parent listed company under the scheme.
- In the afore-mentioned cases, the scheme should also provide that the scheme shall be acted upon only if the votes cast by the public shareholders in favour of the proposal are more than the number of votes cast by the public shareholders against it.

The Committee further noted that para 5.16 (b) of the Circular further provides that in case the listed entity does not fall under any of the aforesaid categories (clause i to iii), then such entity is not required to comply with the requirement of postal ballot and e-voting as stipulated under the



Circular provided, that an undertaking by the Company certified by the auditor and duly approved by the Board is required to be furnished clearly stating the reason for non-applicability of para 5.16 (a) of the Circular.

In this regard, the draft undertaking and certificate thereon received from the Statutory Auditors of the Company was placed before the Committee and the Committee Members took a note of the same.

The Committee was further informed that as per para 4.2 of SEBI's Circular no. CIR/CFD/DIL/8/2013 dated May 21, 2013. 'Valuation Report from an Independent Chartered Accountant' need not be required in cases where there is no change in the shareholding pattern of the listed company.' Accordingly, for Amalgamating Companies 1, 2 & 3, being the wholly owned subsidiary companies, no valuation has been obtained. The Committee took note of the same.

The Committee was further informed that in the aforesaid Scheme of Arrangement, the School Business Undertaking of the Company is being transferred to the Transferee Company for a consideration for which valuation has been done by S. R. Batliboi & Co. LLP. Further, the terms of reference of the Audit Committee as prescribed under Section 177(4)(vi) of the Companies Act, 2013, the Audit Committee is required to approve the valuation.

The Committee considered and approved the Valuation Report and recommended the same to the Board for approval.

A copy of the Fairness Opinion dated August 26, 2014 on the Scheme provided by Corporate Professionals Capital Private Limited was placed before the Committee.

The Committee considered and recommended the Fairness Opinion to the Board.

**/CERTIFIED TRUE COPY/  
For NIIT LIMITED**



**RAJESH ARORA  
COMPANAY SECRETARY**