

REPORT ADOPTED BY THE BOARD OF DIRECTORS OF NIIT LEARNING SYSTEMS LIMITED (FORMERLY MINDCHAMPION LEARNING SYSTEMS LIMITED) ("TRANSFEREE COMPANY/COMPANY") IN ACCORDANCE WITH SECTION 232(2)(C) OF THE COMPANIES ACT, 2013, AT ITS MEETING HELD ON JANUARY 28, 2022

1. The Board of Directors ("Board") of the Company at their meeting held on January 28, 2022 approved a draft Composite Scheme of Arrangement under Section 230 to 232 and other applicable provisions, if any, of the Companies Act, 2013, ("the Act") including rules made thereunder, relevant provisions of the Income Tax Act, 1961 and any other applicable laws, rules, circulars and regulations (including in each case any amendment(s), statutory modification(s) or re-enactment(s) for the time being in force) between NIIT Limited, the holding company ('the Transferor Company' or 'NIIT') and NIIT Learning Systems Limited (formerly known as MindChampion Learning Systems Limited), ("NLSL" or "Transferee Company" or "Company") and their respective shareholders/creditors ("the Scheme"). Words and expressions, used in capitalized form but not defined in this report, shall have the meaning ascribed to them in the Scheme.
2. The Scheme, inter-alia provides for the following:
 - (i) Reduction of the existing paid up share capital and the securities premium against the accumulated losses of the Transferee Company without any further act and deed, with the approval of the NCLT in terms of Section 66 of the Act as elaborated in Part III of the Scheme;
 - (ii) the transfer and vesting of the CLG Business Undertaking of the Transferor Company to the Transferee Company and the consequent issue of equity shares by the Transferee Company to the shareholders of the Transferor Company pursuant to Sections 230 to 232 and other relevant provisions of the Act in the manner provided for in the Scheme and in compliance with Section 2(19AA) of IT Act as elaborated in Part IV of the Scheme;
 - (iii) re-organization of the authorized share capital of the Transferee Company as elaborated in Part V of the Scheme; and
 - (iv) listing of the share capital of the Transferee Company, consisting of the fully paid-up equity shares of the Transferee Company issued as consideration in terms of Clause 7 of the Scheme to the shareholders of the Transferor Company, on the National Stock Exchange of India Limited and the BSE Limited (Stock Exchanges) after the Scheme becomes effective post approval by NCLT and filing with the RoC [Registrar of Companies], in accordance with the provisions of the SEBI Circular, as elaborated in Part VI of the Scheme; and
 - (v) various other matters consequential or otherwise integrally connected therewith.
3. As per Section 232(2)(c) of the Act a report is required to be adopted by the Board explaining effect of the Scheme on equity shareholders including promoter/non-promoter shareholders, key managerial personnel and laying out in particular the share exchange ratio



NIIT LEARNING SYSTEMS LIMITED
A NIIT LIMITED SUBSIDIARY COMPANY
(Formerly MindChampion Learning Systems Limited)

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including special valuation difficulties, if any ("Report"). This Report is accordingly being made pursuant to the requirements of Section 232(2)(c) of the Act.

4. The following were placed before the Board for the purpose of preparation of this Report :-

- (i) Draft Composite Scheme, duly initialled by the Chairperson for the purpose of identification;
- (ii) The Valuation Report containing the Share Entitlement Ratio dated January 28, 2022 issued by Ms. Drushti R. Desai, Banshi S. Mehta & Co, Registered Valuer having Registration Number: IBBI/RV/06/2019/10666, describing, inter alia, the methodology adopted by them in arriving at the share entitlement ratio and setting out the computation of said share entitlement ratio for the proposed Scheme ("Valuation Report");
- (iii) The Fairness Opinion Report dated January 28, 2022 issued by Corporate Professionals Capital Private Limited, a SEBI Registered Merchant Banker, providing its opinion on the fairness of the share entitlement ratio as recommended in the Valuation Report ("Fairness Opinion Report");
- (iv) The Certificate dated January 28, 2022 issued by Ms/ S.R. Batliboi & Associates LLP, Chartered Accountants (Firm Registration No. 101049W/E300004), the Statutory Auditors of the Company ("Statutory Auditor"), as required under Section 232(3) of the Act certifying that the accounting treatment in the Scheme is in accordance with the accounting standards and applicable law;
- (v) All other relevant documents, undertakings, reports, etc. as placed before the board of directors of the Company ("Board").

5. Basis the review of the aforesaid documents, following is the Report of the Board of the Company:

(i) **Rationale of the Scheme:**

a) The transfer and vesting of the CLG Business Undertaking into the Transferee Company pursuant to this Scheme shall be in the interest of all concerned stakeholders including shareholders, customers, creditors, employees and general public, in the following ways:

- (i) The CLG Business and the Residual Business (all undertakings, businesses, activities and operations of the Transferor Company other than the CLG Business Undertaking, including but not limited to the SNC Business) address different market segments with unique opportunities and dynamics in terms of business strategy, customer set, geographic focus, competition, capabilities set, talent needs and distinct capital requirements. The transfer of the CLG Business Undertaking into the Transferee Company will enable each business to sharpen their focus and organize their activities and resources to improve their offerings to their respective customers. This would help to improve their competitiveness, operational efficiency, agility and strengthen their position in relevant markets resulting in more sustainable growth and competitive advantage.



- (ii) Both businesses have attained a significant size, scale and have a large headroom for growth in their respective markets. As both these businesses are entering the next phase of growth, the transfer and vesting of the CLG Business Undertaking into the Transferee Company pursuant to this Scheme would result in focused management attention and efficient administration to maximize their respective potential.
- (iii) Further, as the two businesses have separate growth trajectories, risk profile and capital requirement, the segregation of the CLG Business Undertaking and the Residual Business will enable independent value discovery and lead to unlocking of value for each business.
- (iv) The Transferee Company is the existing wholly owned subsidiary of Transferor Company that provides managed training solutions which predominantly include technology-based solutions to customers. Housing the CLG Business Undertaking in the Transferee Company is expected to be synergistic and will leverage the experience and expertise available in the Transferee Company of providing IP driven solutions including content, tools and platforms to customers in the education sector.
- b) As on January 28, 2022, the Transferee Company has an existing paid up equity share capital of INR. 115,56,40,720 (Rupees One hundred and Fifteen Crore Fifty Six Lakh Forty Thousand Seven Hundred and Twenty only). However, ongoing and accumulated losses have substantially wiped off the value represented by the paid up equity share capital. Accordingly, the restructuring of the equity share capital and securities premium of the Transferee Company by way of reduction of paid up equity share capital and securities premium will rationalise its capital structure.

(ii) **Valuation Report containing the Share Entitlement Ratio and confirmation on Accounting Treatment :**

- (a) For the purpose of arriving at the share entitlement ratio, a Valuation Report was obtained which provided the following :

“For every 1 (one) equity share of the Transferor Company of face value of INR. 2 each held in the Transferor Company, every equity shareholder of the Transferor Company, shall without any application, act or deed, be entitled to receive 1 (one) equity share of face value INR. 2 each of the Transferee Company, credited as fully paid up on the same terms and conditions of issue as prevalent in the Transferor Company”.

- (b) The Fairness Opinion Report confirmed that the share entitlement ratio as set out in the Valuation report is fair to the Company and their respective shareholders.
- (c) Ms. Drushti R. Desai, Bansi S. Mehta & Co, Registered Valuer having Registration Number: IBBI/RV/06/2019/10666 appointed to determine the share entitlement ratio as set out in Valuation Report has not expressed any



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difficulty while determining the said share entitlement ratio. Further, the Fairness Opinion Report issued by Corporate Professionals Capital Private Limited also does not indicate any special valuation difficulties.

- (d) The recommendation of the share entitlement ratio as set out in Valuation Report has been considered as being fair and approved by the Board of the Company.

(iii) **Salient Features of the Scheme**

The Board considered and took note of the salient features of Scheme, which *inter-alia* are as under:

- a) The proposed Appointed Date of the Scheme will be April 01, 2022.
- b) "Effective Date" means the date on which the Scheme shall become effective pursuant to Clause 12 of the Scheme. Any references in the Scheme to "upon this Scheme becoming effective" or "effectiveness of this Scheme" or "after this Scheme becomes effective" means and refers to the Effective Date;
- c) The Scheme shall be deemed to be effective from the Appointed Date but shall be operative only from the Effective Date.
- d) The coming into effect of the Scheme is conditional upon and subject to:
- i. The approval by the requisite majorities of the classes of persons, including shareholders, creditors of the Transferor Company and the Transferee Company as may be directed by the NCLT under Sections 230- 232 of the Act;
 - ii. The sanctioning of this Scheme by the NCLT, whether with any modifications or amendments as NCLT may deem fit or otherwise;
 - iii. The filing of the certified copies of the orders of the NCLT with the concerned Registrar of Companies, by the Transferor Company and the Transferee Company, as the case may be;
 - iv. Any other sanctions and orders as may be directed by the NCLT in respect of the Scheme; and
 - v. Any other condition as mentioned in the Scheme.
- e) Upon effectiveness of the Scheme:
- (i) The Transferee Company shall issue and allot fully paid equity shares to the shareholders of the Transferor Company as per the Share Entitlement Ratio as specified in the Scheme;
 - (ii) The equity shares of the Transferee Company issued in terms of the Scheme will be listed and/ or admitted to trading on the Stock Exchanges where the shares of the Transferor Company are listed on the Effective Date; and;
 - (iii) The Transferee Company shall apply to all the Stock Exchanges



(where the shares of the Transferor Company are listed) and SEBI for listing and admission to trading of all its equity shares issued to the shareholders of the Transferor Company pursuant to the Scheme in terms of the SEBI Circular read with any other applicable laws

(iv) **Effect of Scheme on stakeholders**

(a) Shareholders (including Promoter & Non- Promoter Shareholders)

- (i) There is only one class of shareholders, i.e., equity shareholders. The entire shareholding in the Transferee Company is held by Transferor Company.
- (ii) Upon the Scheme becoming effective, the existing paid up equity share capital of the Transferee Company comprising of 11,55,64, 072 equity shares of INR. 10/- each aggregating to INR. 115,56,40,720 (Indian Rupees One Hundred Fifteen Crores Fifty-Six Lac Forty Thousand Seven Hundred and Twenty) and securities premium amounting to INR. 2,00,00,000 (Indian Rupees Two Crores) shall stand reduced and cancelled pursuant to Section 66 and other applicable provisions of the Act.
- (iii) Upon the upon the Scheme becoming effective, and in consideration of the transfer and vesting of the CLG Business Undertaking from the Transferor Company into the Transferee Company pursuant to Part IV of the Scheme, the Transferee Company shall, without any further act or deed and without any further payment, on the basis of the Valuation Report, issue and allot equity shares to the shareholders of the Transferor Company (whose name is recorded in the register of members of the Transferor Company as holding equity shares on the Record Date) in the following manner:

"For every 1 (one) equity share of the Transferor Company of face value of INR. 2 each held in the Transferor Company, every equity shareholder of the Transferor Company, shall without any application, act or deed, be entitled to receive 1 (one) equity share of face value INR. 2 each of the Transferee Company, credited as fully paid up on the same terms and conditions of issue as prevalent in the Transferor Company".

- (iv) The equity shares of Transferee Company so issued and allotted as provided above shall be listed on the Stock Exchanges.
 - (v) The entire shareholding held by the Transferor Company (directly and/ or through nominees) in the Transferee Company, will stand cancelled.
 - (vi) The Scheme is likely to have several benefits for the Company, as indicated in the rationale of the Scheme set out in the Scheme, and is expected to be in the best interests of the shareholders of the Company.
- (b) Key Managerial Personnel ("KMPs"):** The KMPs of the Company, and their relatives, do not have any concern or interest, financially or otherwise, in the

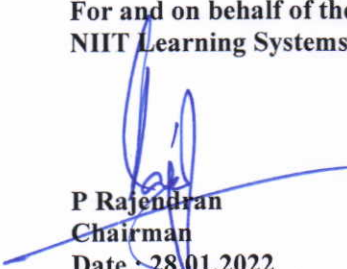


Scheme except as shareholders in general. Therefore, the Scheme will have no effect on them, except to the extent of their respective shareholding and effect thereon as explained in point 5. (iv)(a) above.

6. Adoption of the Report by the Directors

The directors of the Company have adopted this Report after noting and considering the information set forth in this Report. The Board or any person/committee duly authorised by the Board may make relevant modifications to this Report, if required, and such modifications or amendments shall be deemed to form part of this Report.

**For and on behalf of the Board of Directors of
NIIT Learning Systems Limited**


P Rajendran
Chairman
Date : 28.01.2022
Place : Gurugram

