

**NIIT Limited**

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May 26, 2022

**The Manager
BSE Limited**

Corporate Relationship Department,
1st Floor, New Trading Ring,
Rotunda Building
Phiroze Jeejeebhoy Towers,
Dalal Street, Mumbai 400 001

Subject: Clarification on application

Ref : Application dated February 4, 2022 under Regulation 37 of the SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015 for the proposed Composite Scheme of Arrangement between NIIT Limited ("NIIT") and NIIT Learning Systems Limited ("NLSL") and their respective shareholders and creditors ("the proposed Scheme") (Application Reference No. 146116)

Scrip Code: BSE – 500304

Dear Sir,

This has reference to your emails dated May 24, 2022 in respect of queries on our scheme.

We would like to submit our para wise response to the queries as hereunder:

Q.1. Since when the losses have started to accumulate in NLSL? (This detail should not be limited to last 3 years).

Ans. NLSL is going concern, having operational losses, the details of which are taken from its audited financial statements. The audited financial statement of NLSL for the financial year ended March 31, 2021 and financial details of transferee company (NLSL) have been provided with our application as an annexure X-B.

We are giving below a table of accumulated (operating) losses of NLSL since last 10 years, as per the audited financial statements of NLSL for respective financial years.

Amount/Rs. in thousands

FY12	FY13	FY14	FY15	FY16
(124,537)	(130,768)	(144,331)	(595,760)	(612,615)

FY17	FY18	FY19	FY20	FY21
(760,946)	(810,928)	(871,738)	(1,135,164)	(1,290,654)

Q.2. (i) Do these accumulated losses been audited through financial statements of NLSL and (ii) have they been taken into consideration while preparing audited financial statements of NIIT Ltd. during all previous years?

Ans. The said accumulated losses have been audited through financial statements of NLSL and have also been taken into consideration while preparing audited financial statements of NIIT Ltd. during all previous years.

Q.3. Is there any prior history of (i) reduction of capital against accumulated losses of NLSL and (ii) re-organisation of authorised share capital of NLSL?

Ans. (i) There is no prior history of reduction of capital against accumulated losses of NLSL.

However, we would like to submit that pursuant to the Composite Scheme of Arrangement between NIIT Limited and NLSL (named at that time as “Hole-In-The-Wall Education Limited”) and amongst others, duly approved by the Hon’ble High Court of Delhi, NLSL had cancelled 56,00,000 fully paid up Preference Shares of Rs. 10/- each, aggregating to Rs. 5,60,00,000/- as the same was not represented by available assets in the financial statements of NLSL (the Transferee Company), to facilitate the Transferee Company to restructure its balance sheet to represent a true and fair financial position. Upon cancellation of this Preference Share by the Transferee Company, the same was credited to the statement of profit and loss of the Financial Statements of NLSL. Accordingly, the amount aggregating Rs. 56,00,000/- was classified as an exceptional item in the Statement of Profit and Loss.

(ii) The detail of re-organisation of authorised share capital of NLSL is as follows:

Date	Particulars	Amount (Rs.)
Authorised Share Capital since incorporation	20,000,000 Equity Sharers of Rs. 10/- each: Rs. 200,000,000	300,000,000.00
	10,000,000 Redeemable Preference Shares: Rs.100,000,000 of Rs. 10/- each	
Authorised Share Capital as on 04.08.2017	70,000,000 Equity Sharers of Rs. 10/- each: Rs. 700,000,000	800,000,000.00
	<i>(Increase in authorized share capital by adding 50,000,000 Equity Sharers of Rs. 10/- each: Rs. 500,000,000)</i>	
	10,000,000 Redeemable Preference Shares: Rs.100,000,000 of Rs. 10/- each	
Authorised Share Capital as on 26.08.2020	120,000,000 Equity Sharers of Rs. 10/- each: Rs. 1200,000,000	1200,000,000.00
	<i>(Increase in Authorised Capital to Rs.1,20,00,00,000/- (Rupees One Hundred and Twenty Crores only) divided into 12,00,00,000 (Twelve Crores) Equity Shares of Rs.10/- (Rupees Ten only) each by converting existing 1,00,00,000 Preference Shares of Rs.10/- each into 1,00,00,000 Equity Shares of Rs.10/- each and by creation/addition of new 4,00,00,000 Equity Shares of Rs.10/- each)</i>	

Q.4. It is provided in the scheme document that 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. Since, this transfer of CLG unit is expected to be synergistic, it has large headroom for growth and NLSL is a going concern entity and is not going to be dissolved, why its share capital & securities premium account (SPA) is being reduced against the accumulated losses of NLSL and, therefore, why to cancel its shares in the books of NIIT?

Ans. As mentioned in the rationale of the Scheme, 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 as mentioned in Part III of the Scheme. Additionally, proposed reduction of share capital against negative reserve shall reflect the true and fair view of financial position to shareholders of NLSL since existing negative reserves of NLSL would be cleared before listing.

As mentioned in the Scheme, potential synergies between CLG business and NLSL is from operational and commercial standpoint and shall be continued even after undertaking the capital reduction exercise.

The proposed reduction of share capital and securities premium account is to provide headroom to achieve the stated objective of demerger of business and as well as to result into mirror shareholding.

Furthermore, this is to reiterate, that the said reduction of share capital will ensure that the shareholding pattern of the NLSL will be a mirror image of the shareholding pattern of the NIIT in order to get listed as separate companies on stock exchanges.

Thus, in our view the rationalization of capital structure of NLSL involving capital reduction is independent of any synergistic benefits envisaged arising out of demerger of CLG unit to NLSL

We hope that the above shall clarify the queries.

In view of the above, you are requested to issue in-principal approval/no objection letter for the Composite Scheme of Arrangement as mentioned above.

Please do write to the undersigned, if you need any further information/details in this regard.

Thanking you,

Yours truly,
For NIIT Limited



Deepak Bansal
Company Secretary &
Compliance Officer