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April 11, 2022

**The Manager
National Stock Exchange of India Limited**

Listing Department
Exchange Plaza
5th Floor, Plot no C/1, G Block
Bandra Kurla Complex
Bandra (E), Mumbai – 400 051

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. 29916)

Scrip Code: NSE – NIITLTD

Dear Sir,

This has reference to your email query dated April 7, 2022 in respect of our scheme. We would like to submit our response to the said query as hereunder (in continuation/addition to our earlier response dated April 7, 2022 w.r.t. your email query dated April 5, 2022):

Query: Impact of ‘share capital reduction of NIIT Learning Systems Ltd. (NLSL), re-organization of share capital of NLSL, demerger of CLG unit of NIIT’ and of ‘the subsequent listing of NLSL on stock exchange’ on the public shareholders of NIIT Ltd

Ans.:

At the outset, it may be noted that the proposed Scheme is a composite scheme of arrangement and it involves *inter-alia* the following transactions to be undertaken simultaneously, upon the proposed scheme coming into effect : (a) transfer of CLG Business Undertaking of NIIT to NLSL; (b) cancellation and reduction of equity shares capital of NLSL against the accumulated losses and securities premium; (c) re-organization of face value of NLSL’s share from INR 10 each to INR 2 each; and (d) listing of equity shares to be issued by NLSL to the shareholders of NIIT as on the record date. It may further be noted that the actions set out in point (c) and point (d) are incidental to the transfer and vesting of CLG business undertaking from NIIT to NLSL.

Further, the proposed Scheme containing the detailed rationale has been duly approved/recommended by the audit committee, committee of independent directors of NIIT and board of directors of NIIT and NLSL and is subject to the approval(s) of other stakeholders including *inter-alia* (i) shareholders and creditors of NIIT and NLSL, and (ii) NCLT.

We would like to submit following:

(i) Impact of ‘share capital reduction of NIIT Learning Systems Ltd. on the public shareholders of NIIT Ltd:

- The share capital reduction of NLSL shall be effected by suitably adjusting the negative balance of reserves carried in the balance sheet of NLSL. The said exercise of setting off equity capital with negative reserve would be a balance sheet neutral exercise.
- The value of investment in NLSL has already been impaired and provided for in the financial statements of NIIT.
- Pursuant to the capital reduction, there shall be no outflow of or payout of any funds from NLSL and hence, the interest of the shareholders/ creditors shall not be affected.
- Further, the share capital reduction step is a beneficial step as NLSL is proposed to be listed and existing negative reserves of NLSL will be wiped off before listing by capital reduction to reflect NLSL’s true position to shareholders. In addition, the proposed capital reduction is required to ensure mirroring the shareholding of NIIT’s shareholders in NLSL.

In view of the above, the proposed share capital reduction is expected to be equitable and in the interest of all shareholders including public shareholders.

(ii) Impact of re-organization of share capital of NLSL on the public shareholders of NIIT Ltd:

NIIT has an existing face value of equity shares of INR 2 each and NLSL has an existing face value of equity shares of INR 10 each. The existing paid capital of NLSL shall stand reduced and cancelled pursuant to the Scheme. Further, the authorised share capital of NLSL shall be reorganised from 12,00,00,000 equity shares of INR. 10 each aggregating to INR. 120,00,00,000 (Rupees One Hundred Twenty Crores) to 60,00,00,000 equity shares of INR. 2 each aggregating to INR. 120,00,00,000 (Rupees One Hundred Twenty Crores). To give effect to the share entitlement ratio for issuance of new shares to the shareholders of NIIT as per the valuation report and to have an optimal share capital structure, the reorganisation of share capital of NLSL has been envisaged in the Scheme. There shall not be any change in amount of the authorised share capital of NLSL.

The Company is of the view that the above is equitable and not prejudicial to any of the shareholder including public shareholders.

(iii) Impact of demerger of CLG unit of NIIT on the public shareholders of NIIT Ltd:

The Demerger of CLG unit of NIIT will be in the interest of all the stakeholders including the shareholders and will enable independent value discovery leading to unlocking of value for each business, focused management attention, strengthen the position of the business in relevant markets resulting in more sustainable growth and competitive advantage. Clause 1.1.4 of the proposed Scheme contains the detailed rationale of the proposed Scheme and *inter-alia* provides the same.

In view of the above, the Company anticipates that Demerger of CLG unit will be beneficial to all the shareholders including public shareholders.

(iv) Impact of subsequent listing of NLSL on stock exchange on the public shareholders of NIIT Ltd:

- (a) Pursuant to the Scheme, *every equity shareholder of the NIIT Ltd as on the record date, shall be entitled to receive 1 (one) equity share of face value INR. 2 each of NLSL, “for every 1 (one) equity share of face value of INR. 2 each held in NIIT Ltd. These new equity*

shares of NLSL shall be listed on the stock exchanges where the shares of NIIT Ltd. are listed on the Effective Date.

All shareholders of NIIT, including public shareholders, as on the record date shall become shareholders of NLSL. All shareholders of NIIT, including public shareholders would be entitled to get the same number/percentage of equity shares of NLSL, as held in NIIT as on the record date. There shall not be any change in the shareholding pattern of the Company.

The Company expects that demerger of CLG unit of NIIT' and 'the subsequent listing of NLSL on stock exchanges will:

- i. enable independent value discovery leading to unlocking of value for each business thus benefitting the shareholders including public shareholders.
- ii. enhance choice and flexibility for public investors to invest in either NIIT or NLSL or both depending on their interest

In view of the above, the Company expects that subsequent listing will be beneficial to all the shareholders including public shareholders.

We hope that the above shall clarify the query.

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