



**Mindtree**

A Larsen & Toubro Group Company

Registered Office Address: Mindtree Ltd.  
Global Village, RVCE Post, Mysore Road,  
Bengaluru-560059, Karnataka, India.  
Corporate Identity Number (CIN): L72200KA1999PLC025564  
E-mail: info@mindtree.com

**REPORT ADOPTED BY THE AUDIT COMMITTEE OF MINDTREE LIMITED  
("COMPANY") RECOMMENDING THE SCHEME OF AMALGAMATION AND  
ARRANGEMENT BETWEEN THE COMPANY AND LARSEN & TOUBRO INFOTECH  
LIMITED AND THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS**

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**Members Present:**

Mr. Akshaya Bhargava – Chairman  
Mr. R. Shankar Raman – Member  
Mr. R. Chandrasekaran – Member

**By Invitation:**

Ms. Apurva Purohit – Lead Independent Director  
Mr. Bijou Kurien – Independent Director  
Ms. Deepa Wadhwa – Independent Director  
Mr. Debashis Chatterjee – CEO & Managing Director  
Mr. Vinit Teredesai – Chief Financial Officer  
Mr. Senthil Kumar – Financial Controller  
Mr. Navin Vohra – representative of Ernst & Young Merchant Banking Services LLP - Valuation  
Mr. Amit Mehta - representative of Ernst & Young Merchant Banking Services LLP - Valuation  
Mr. Sudarshan Ramakrishnan – representative of Goldman Sachs (India) Securities Private Limited – Fairness Opinion on Valuation  
Mr. Sumit Roy – representative of Goldman Sachs (India) Securities Private Limited – Fairness Opinion on Valuation

**In Attendance:**

Mr. Subhodh Shetty – Company Secretary

**1. Introduction & Background**

- a. A meeting of the Audit Committee of the Company was held on May 6, 2022, to consider and recommend to the Board of Directors, the proposed scheme of amalgamation and arrangement between the Company and Larsen & Toubro Infotech Limited ("LTI") (LTI and the Company hereinafter collectively referred to as the "**Companies**") and their respective shareholders and creditors pursuant to Sections 230 to 232 and other applicable provisions of the Companies Act, 2013, the rules and regulations made thereunder (including any statutory modifications or re-enactments thereof for the time being in force) ("**Companies Act**") and other applicable laws including the master circular issued by the Securities and Exchange Board of India ("**SEBI**") master circular no. SEBI/HO/CFD/DIL1/CIR/P/2021/0000000665 dated 23 November 2021, amended on 03 January 2022 vide SEBI circular no. SEBI/HO/CFD/SSEP/CIR/P/2022/003 and on 01 February 2022 vide SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2022/11 on (i) Scheme of Arrangement by Listed Entities; and (ii) Relaxation under Sub-rule (7) of rule 19 of the Securities Contracts (Regulation) Rules, 1957 or any other regulations or circulars or orders issued by SEBI applicable to schemes of arrangement from time to time ("**SEBI Scheme Circular**"), such scheme being hereinafter referred to as the "**Scheme**".





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- b. The Company was incorporated on August 5, 1999 under the provisions of the Companies Act, 1956, and is a public limited company within the meaning of the Companies Act, having corporate identification number L72200KA1999PLC025564. Its registered office is at Global Village, RVCE Post, Mysore Road, Bengaluru - 560059. The Company is primarily engaged in information technology services. The equity shares of the Company are listed on BSE Limited ("BSE") and National Stock Exchange of India Limited ("NSE").
- c. LTI was incorporated on December 23, 1996 under the provisions of the Companies Act, 1956, and is a public limited company within the meaning of the Companies Act, having corporate identification number L72900MH1996PLC104693. Its registered office is at L&T House, Ballard Estate Mumbai - 400001. LTI is also primarily engaged in information technology services. The equity shares of LTI are also listed on BSE and NSE.
- d. Under the provisions of the SEBI Scheme Circular, a report from the Audit Committee of the Company, recommending the draft Scheme is required ("**Report**") and this Report shall take into consideration, *inter alia*, the Valuation Report (*as defined hereunder*), which is placed before the Audit Committee of the Company and shall also comment on the need for the Scheme, the rationale of the Scheme, the synergies of business of the Companies involved in the Scheme, the impact of the Scheme on the shareholders, and the cost-benefit analysis of the Scheme.
- e. This Report is made in compliance with the SEBI Scheme Circular issued by SEBI under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time ("**LODR**").

## 2. Documents placed before the Audit Committee

- a. Draft Scheme of Amalgamation and Arrangement.
- b. Independent valuation report dated May 6, 2022 ("**Valuation Report**") issued jointly by Ernst & Young Merchant Banking Services LLP (Registered Valuer Registration No. IBBI/RV-E/05/2021/155) and GT Valuation Advisors Private Limited (Registered Valuer Registration No. IBBI/ RV-E/05/2020/134) describing, *inter alia*, the methodologies adopted by them in arriving at the recommended Share Exchange Ratio and setting out the detailed computation of the Share Exchange Ratio for the proposed Amalgamation.
- c. Fairness opinion dated May 6, 2022, issued by Goldman Sachs (India) Securities Private Limited, providing its opinion on the fairness of the Share Exchange Ratio as recommended in the Valuation Report.
- d. Auditor's certificate dated May 6, 2022, issued by Deloitte Haskins & Sells LLP (Firm Registration No 008072S), the statutory auditors of the Company, as required under Section 232(3) of the Companies Act, certifying that the accounting treatment contained in the draft Scheme is in conformity with the accounting standards prescribed under Section 133 of the Companies Act;







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- e. Presentation by Ernst & Young Merchant Banking Services LLP (Registered Valuer Registration No. IBBI/RV-E/05/2021/155) regarding the Valuation Report issued by it, presentation by Goldman Sachs (India) Securities Private Limited regarding the Fairness Opinion issued by it;
- f. Presentations made by the CEO & Managing Director and Chief Financial Officer before the Audit Committee; and
- g. Other presentations, reports, documents and information made to/furnished before the Audit Committee, pertaining to the draft Scheme.

### 3. Salient features of the Scheme

The Audit Committee noted the brief particulars of the Scheme as under:

- (a) The Scheme provides for proposed amalgamation of the Company with LTI and consequent dissolution of the Company without winding up and the consequent issue of fully paid-up equity shares by LTI to the shareholders of the Company in accordance with the Share Exchange Ratio (*as defined below*) ("**Amalgamation**");
- (b) Sections 230-232 of Companies Act, SEBI Scheme Circular, and such other regulations as applicable from time to time shall govern the Scheme;
- (c) The appointed date for the Amalgamation is 1<sup>st</sup> April 2022 ("**Appointed Date**");
- (d) The effective date of the proposed Scheme shall be the last of the dates on which the filing with the Registrar of Companies, Maharashtra at Mumbai and the Registrar of Companies, Bengaluru in the requisite form, of certified copies of all necessary orders, sanctions and approvals are completed, in accordance with the Scheme ("**Effective Date**");
- (e) Amalgamation shall be, inter alia, in accordance with Section 2(1B) of the Income-tax Act, 1961;
- (f) Consideration – upon the Effective Date of the Scheme, LTI will issue and allot to the Company's shareholders in the register of members as on the record date, such number of shares as determined in the Valuation Report and approved by the Board as per Share Exchange Ratio mentioned below:  

*"73 fully paid up equity shares of Re. 1 each of LTI shall be issued and allotted for every 100 fully paid up equity shares of Rs. 10 each held in the Company."* ("**Share Exchange Ratio**")
- (g) Upon the Scheme becoming effective, the Company along with all its assets, liabilities, contracts, employees, records, etc. being its integral part shall stand transferred to LTI as a going concern subject to the provisions of the Scheme;
- (h) From the Appointed Date and upto the Effective Date, the Company shall carry on its business and activities with reasonable diligence and business prudence; and
- (i) The effectiveness of the Scheme is contingent upon certain conditions as mentioned in the Scheme.





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#### **4. Details of the Scheme:**

##### **a. Need for the Amalgamation:**

The Amalgamation is expected to be in the best interest of the Companies and their respective shareholders, employees, creditors and other stakeholders for reasons, including the following:

- i. enhance scale for the combined business that will enable the Amalgamated Company to bid for larger technology deals and drive a cohesive “go to market” strategy across the globe.
- ii. enable the Companies to cross-sell and up-sell opportunities as part of a combined business, to achieve a higher number of active clients, cater to a wider customer base and diversify the combined revenue profile with reduced concentration risks.
- iii. The combined managerial and technical expertise would enable the combined business to develop a business model that would be competitive and cogent.

##### **b. Rationale of the Scheme**

The Amalgamation is expected to be in the best interest of the Companies and their respective shareholders, employees, creditors and other stakeholders for reasons, including the following:

- i. enable the combined business to focus on opportunities for growth in customer and strategic partner relationships, potential value creation through attention to corporate brand building and stronger implementation capabilities resulting from the Amalgamation.
- ii. help the combined business exploit the complementary capabilities of both Companies. Particularly, such combination allows the combined business to consolidate its position in the banking, financial services and insurance (BFSI) vertical, enhance scale in high-growth verticals like high-tech. consumer packaged goods, retail and expand into new verticals.

##### **c. Synergies of business of the entities involved in the Scheme**

The Amalgamation is expected to:

- i. enhance scale for the combined business that will enable the Amalgamated Company to bid for larger technology deals and drive a cohesive “go to market” strategy across the globe.
- ii. enable the Companies to cross-sell and up-sell opportunities as part of a combined business, to achieve a higher number of active clients, cater to a wider customer base and diversify the combined revenue profile with reduced concentration risks.
- iii. have improved financial strength and expect that their combined balance sheet will provide diverse strategic options and flexibility arising from cost efficiencies.





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**d. Impact of the Scheme on the shareholders**

- i. Revenue synergies and cost benefits will create value for shareholders as the combined business will benefit from scale, industry groups and service offering diversification, higher cross selling opportunities and improvement in operational efficiencies; and
- ii. The Scheme is expected to be beneficial to the shareholders of the Company leading to opportunity for growth and potential value creation in the long run and by maximising value and returns to the shareholders.

**e. Cost-benefit analysis of the Scheme**

The Scheme is expected to provide an opportunity to improve the economic value for the Companies and their stakeholders. Pursuant to consolidation, enhance the value of the Company primarily on account of benefits and synergies detailed above. Benefits of the scheme over a longer period are expected to outweigh the costs.

**5. Recommendations of the Audit Committee**

- a. The Audit Committee has reviewed the Valuation Report and recommendations made therein. Further, the Fairness Opinion has confirmed that the recommended Share Exchange Ratio in the Valuation Report is fair to the shareholders of the Company.
- b. Taking into consideration the draft Scheme, Valuation Report, Fairness Opinion, need for the Scheme, rationale of the Scheme, synergies of business of the Companies, impact of the Scheme on the shareholders, cost-benefit analysis of the Scheme and other relevant documents placed before the Audit Committee, the Audit Committee recommends the draft Scheme for favourable consideration and approval by the Board of Directors of the Company, NSE, BSE, SEBI, NCLT and other appropriate authorities.

In order for the Company to comply with the requirements of the extant regulations applicable to the listed companies undertaking any scheme of amalgamation under the Companies Act, 2013 and SEBI Scheme Circular, this report of the Audit Committee may please be taken on record by the Board while considering the scheme for approval and further authorisation.

Akshaya Bhargava  
Chairperson  
Audit Committee  
DIN: 01874792

Date: May 6, 2022  
Place: Mumbai

certified true copy  
For Mindtree Limited

  
Subhodh Shetty  
Company Secretary