

REPORT OF INDEPENDENT DIRECTORS OF NXTDIGITAL LIMITED RECOMMENDING THE DRAFT SCHEME OF MERGER BY ABSORPTION OF HINDUJA LEYLAND FINANCE LIMITED (TRANSFEROR COMPANY) INTO NXTDIGITAL LIMITED (TRANSFEEE COMPANY) AND THEIR RESPECTIVE SHAREHOLDERS ("SCHEME") DATED NOVEMBER 25, 2022.

Independent Directors (IDs):

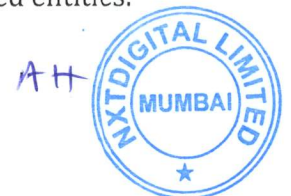
- 1. Mr. Anil Harish : Independent Director**
- 2. Mr. Prashant Asher : Independent Director**
- 3. Ms. Bhumika Batra : Independent Director**
- 4. Mr. Munesh Khanna : Independent Director**

I. Background:

A meeting of the Independent Directors was held on November 25, 2022 to consider and, if thought fit, recommend the proposed Scheme of Merger by Absorption under Sections 230 to 232 of the Companies Act, 2013 and other applicable provisions of the Companies Act 2013 (including any statutory modification or re-enactment or amendment thereof), as may be applicable, for the merger by absorption of Hinduja Leyland Finance Limited (the "Transferor Company" or "HLFL") into NXTDIGITAL Limited (the "Transferee Company" or "NDL") and their respective shareholders (the "Scheme") wherein with effect from the Appointed Date i.e. April 1, 2022 and upon the Scheme coming into effect, the Transferor Company along with its Undertaking, as defined in the Scheme, shall stand merged with and be vested in the Transferee Company, as a going concern, without any further act, deed or instrument together with all the properties, assets, rights, liabilities, benefits and interest therein, as more specifically described in the Scheme in accordance with the terms of the Scheme and pursuant to the provisions of Sections 230 to 232 read with applicable provisions of the Companies Act, 2013 ("Act") and the rules and regulations made thereunder, as amended from time to time (including any statutory modification(s) or re-enactment thereof for the time being in force) and the Master Circular no. SEBI/HO/CFD/DIL1/CIR/P/2021/0000000665 dated November 23, 2021 issued by the Securities and Exchange Board of India ("SEBI Circular"), as amended from time to time.

The Transferor Company and the Transferee Company are incorporated under the Companies Act, 1956 and existing companies under the Companies Act, 2013. The non-convertible debt securities of the Transferor Company are listed on BSE Limited, and the equity shares of the Transferee Company are listed on BSE Limited and National Stock Exchange of India Limited (collectively referred as "Stock Exchanges").

This report of the Independent Directors is made in order to comply with the requirements of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and read with the Master Circular number CFD/DIL1/CIR/P/2021/0000000665 dated November 23, 2021 issued by SEBI on schemes of arrangement of listed entities.



NXTDIGITAL LIMITED

This report of the Independent Directors is made after considering the following documents:

1. Draft Scheme of Merger by Absorption of Hinduja Leyland Finance Limited into NXTDIGITAL Limited in accordance with the provisions of Sections 230 to 232 and other applicable provisions of the Companies Act, 2013.
2. Valuation Reports dated November 25, 2022, issued by Independent Registered Valuers M/s SSPA & Co., Chartered Accountants and M/s KPMG Valuation Services LLP.
3. Fairness Opinion Report dated November 25, 2022 issued by Motilal Oswal Investment Advisors Limited, Merchant Banker.
4. Statutory Auditors Certificate dated November 25, 2022, for accounting treatment in the Scheme issued by M/s S K Patodia & Associates, Chartered Accountants.

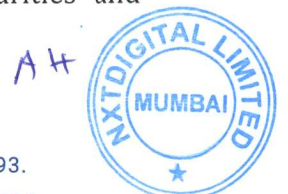
II. Proposed Scheme of Merger by Absorption:

Independent Directors noted the following salient features of the Scheme:

- a. Merger of Hinduja Leyland Finance Limited-Transferor Company and vesting the same with and into NXTDIGITAL Limited - the Transferee Company, on a going concern basis;
- b. The Appointed Date means April 1, 2022 or such other date as may be approved by the National Company Law Tribunal, Mumbai bench ("NCLT");
- c. In consideration of the proposed Scheme, the Transferee Company will issue and allot equity shares, to each shareholder of the Transferor Company, whose names appear in the register of members of Transferor Company on the record date as may be fixed for the purpose by the Board of Transferor Company in consultation with the Transferee Company, based on swap ratio/share entitlement ratio determined and recommended by the Independent Registered Valuers;
- d. The equity shares proposed to be allotted by the Transferee Company will be listed on BSE Limited and National Stock Exchange of India Limited;
- e. The Transferor Company and the Transferee Company shall follow the method of accounting as per the applicable accounting principles as prescribed under the Companies (Indian Accounting standards) Rules, 2015 (Ind AS) as notified under Section 133 of the Act, as may be amended from time to time;
- f. Name of the Company 'NXTDIGITAL Limited' will be changed to Hinduja Leyland Finance Limited;
- g. The Scheme is and shall be conditional upon and subject to:
 - (i) obtaining no-objection/ observation letter from the Stock Exchanges in relation to the Scheme under Regulation 37 of the Securities and

Registered Office: IN CENTRE, 49/50 MIDC, 12th Road, Andheri (E), Mumbai - 400 093.

T: +91 - 22 - 2820 8585 W: www.nxtdigital.co.in CIN. No.: L65100MH1985PLC036896



NXTDIGITAL LIMITED

Exchange Board of India (Listing Obligations and Disclosure Requirement) Regulations, 2015;

- (ii) obtaining prior approval from the Reserve Bank of India for transfer of NBFC business of the Transferor Company;
- (iii) The Scheme being agreed to by the respective requisite majority of the members of the Transferor Company and the Transferee Company and the requisite order or orders referred to in Clause 13 hereof being obtained;
- (iv) The receipt of License / Certificate of Registration by Transferee Company to operate as a NBFC from the Reserve Bank of India;
- (v) The sanction of the Scheme by the NCLT under Sections 230 to 232 of the Act;
- (vi) The certified copies of the order of the NCLT being filed with the Registrar of Companies, Maharashtra at Mumbai.
- (vii) Receipt of approval from National Company Law Tribunal, Mumbai Bench, for Scheme by and between the Transferee Company and Transferor Company and their respective shareholders.
- (viii) Any other sanction or approval of any governmental or regulatory authority, as may be considered necessary and appropriate by the respective Board of Directors of the Transferor Company and the Transferee Company, being obtained and granted in respect of any of the matters for which such sanction or approval is required.

III. Need and Rationale of the Scheme:

Independent Directors discussed and noted the rationale and need for the Scheme of Merger by absorption of Transferor Company into the Transferee Company, as provided in the draft Scheme, which is reproduced hereunder:

The proposed corporate restructuring mechanism by way of a scheme of merger by absorption is beneficial, advantageous and not prejudicial to the interest of the shareholders, creditors and other stakeholders. The proposed amalgamation of Transferor Company into Transferee Company is in consonance with the global corporate restructuring practices which intends and seeks to achieve flexibility and integration of size, scale and financial strength. The Transferor Company and the Transferee Company believe that the financial, managerial and technical resources, personnel capabilities, skills, expertise and technologies of the Transferor Company and the Transferee Company pooled in the merged entity, will lead to increased competitive strength, cost reduction and efficiencies, productivity gains, and logistic advantages, thereby significantly contributing to future growth. Therefore, the management of the Transferor Company and the Transferee Company believe that this Scheme shall benefit



Registered Office: IN CENTRE, 49/50 MIDC, 12th Road, Andheri (E), Mumbai - 400 093.

T: +91 - 22 - 2820 8585 W: www.nxtdigital.co.in CIN. No.: L65100MH1985PLC036896



the respective companies and other stakeholders of respective companies, inter-alia, on account of the following reasons:

- a) Integration of business operations and enable the Transferee Company and provide significant impetus to its growth;
- b) Greater efficiency in cash management of the merged entity, and unfettered access to cash flow generated by the business which can be deployed more efficiently to fund growth opportunities;
- c) Garner the benefits arising out of economies of large scale and lower operating costs;
- d) Pooling and rationalization of talents in terms of manpower, management, administration etc. to result in savings of costs;
- e) Avoidance of duplication of administrative functions, reduction in multiplicity of legal and regulatory compliances and cost;
- f) Integrated operational and marketing strategies, inter-transfer of resources / costs will result in optimum utilization of assets;
- g) Merger will result in increase in net worth of Transferee Company, which will facilitate effective and fast mobilization of financial resources for meeting increased capital expenditure;
- h) Merger shall result in efficient and focused management control and system.

There is no adverse effect of Scheme on the directors, key management personnel, shareholders, creditors, other security holders and employees of Transferor Company and Transferee Company. However, the Board of the Transferor Company upon merger shall stand dissolved without prejudice to decisions, actions, taken by the Board of the Transferor Company. The Scheme would be in the best interest of all stakeholders

Due to the aforesaid rationale, it is considered desirable and expedient to enter into this Scheme for amalgamation by absorption of Transferor Company with the Transferee Company, and in consideration thereof issue equity shares of the Transferee Company to the shareholders of Transferor Company in accordance with this Scheme.

IV. Synergies of business of the entities involved in the Scheme:

The Committee reviewed the Scheme and noted that the merger would result the financial, managerial and technical resources, personnel capabilities, skills, expertise and technologies of the Transferor Company and the Transferee Company pooled in the merged entity, will lead to increased competitive strength, cost reduction and efficiencies, productivity gains, and logistic advantages, thereby significantly contributing to future growth.

AH



Thus, the proposed merger shall result in efficient and focused management control and system and more productive utilization of resources which would be beneficial for all stakeholders.

V. Cost benefit analysis of the Scheme as under:

There are no social or environmental impact of the proposed re-structuring. Except the transaction cost, there are no additional costs involved for the proposed re-structuring. The Independent Directors is of the opinion that the expected synergies and benefits in pursuance of the restructuring would offset the impact of such costs for the Company.

VI. Scheme is not detrimental to the Shareholders:

- a. The shareholders of the Transferor Company as on the Record Date shall be entitled to equity shares in the Transferee Company basis the share entitlement ratio determined by Independent Registered Valuers M/s SSPA & Co., Chartered Accountants and M/s KPMG Valuation Services LLP in the Valuation Reports submitted to this meeting.
- b. The Scheme will not adversely affect the rights or interest of any shareholder of the Transferor and Transferee Company or their respective shareholders or creditors, in any manner whatsoever.
- c. The Scheme is not detrimental to the shareholders of the Transferor Company and the Transferee Company in any manner whatsoever

VII. Recommendation of Independent Directors:

The Independent Directors recommend the Scheme.

For and on behalf of the Independent Directors of NXTDIGITAL Limited

Anil Harish

**Anil Harish
Independent Director
DIN - 00001685**



Dated: November 25, 2022
Place: Mumbai