

REPORT OF THE AUDIT COMMITTEE OF NXTDIGITAL LIMITED RECOMMENDING THE DRAFT SCHEME OF ARRANGEMENT BETWEEN NXTDIGITAL LIMITED (DEMERGED COMPANY) AND HINDUJA GLOBAL SOLUTIONS LIMITED (RESULTING COMPANY) AND THEIR RESPECTIVE SHAREHOLDERS FOR DEMERGER OF DIGITAL MEDIA AND COMMUNICATION BUSINESS UNDERTAKING AND INVESTMENTS IN THE SUBSIDIARIES ON GOING CONCERN BASIS DATED FEBRUARY 17, 2022.

Audit Committee Members present:

Mr. Anil Harish	-	Chairman – Independent Director
Ms. Bhumika Batra	-	Member – Independent Director
Mr. Munesh Khanna	-	Member – Independent Director
Mr. Sudhanshu Tripathi	-	Member – Non-Executive Director

I. Background:

A meeting of the Audit Committee was held on February 17, 2022 to consider and, if thought fit, recommend the proposed Scheme of Arrangement ("Scheme") between NXTDIGITAL Limited (the "Demerged Company" or "NDL") and Hinduja Global Solutions Limited (the "Resulting Company" or "HGS") and their respective shareholders wherein the Digital Media & Communication business undertaking and investments in the subsidiaries on going concern basis and allied activities (the "Demerged Undertaking") of the Demerged Company would stand transferred to and vested in Resulting Company with effect from the appointed date i.e. February 1, 2022 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 Demerged Company is incorporated under the provisions of the Companies Act, 1956. The equity shares of the Demerged Company are listed on BSE Limited and National Stock Exchange of India Limited (collectively referred as "Stock Exchanges").

This report of the Audit Committee is made in order to comply with the requirements of the aforesaid SEBI Circular(s) after considering the following necessary documents:

1. Draft Scheme of Arrangement between NDL and HGS in accordance with the provisions of Sections 230 to 232 read with Sections 52 and 66 of the Companies Act, 2013. (the "Scheme").
2. Valuation reports dated February 17, 2022, issued by M/s SSPA & Co., Chartered Accountants and M/s KPMG Valuation Services, LLP
3. Statutory Auditors Certificate dated February 17, 2022, for accounting treatment in the Scheme issued by Haribhakti & Co., LLP, Chartered Accountants.

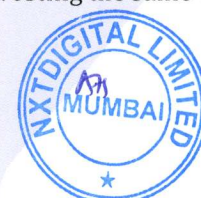
II. Proposed Scheme of Arrangement:

The Audit Committee discussed and noted the following salient features of the Scheme:

- a. Demerger of the Demerged Undertaking of Demerged Company and vesting the same with and into the Resulting Company, on a going concern basis;

**NXTDIGITAL LIMITED**

(Formerly known as Hinduja Ventures Limited)



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

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- b. The Appointed Date means the opening of business hours on February 1, 2022, or such other date as may be approved by the National Company Law Tribunal, Mumbai bench ("NCLT"); and
- c. In consideration of the proposed Scheme, the Resulting Company will issue and allot equity shares, to each shareholder of the Demerged Company, whose names appear in the register of members of Demerged Company on the record date as may be fixed for the purpose by the Board of Resulting Company in consultation with the Demerged Company (hereinafter referred to as "the Record Date").
- d. The equity shares proposed to be allotted by the Resulting Company will be listed on BSE Limited and National Stock Exchange of India Limited, a recognized Stock Exchanges having nationwide trading platform.
- e. The Demerged Company and the Resulting 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 and relevant clarifications issued by Institute of Chartered Accountants of India.
- f. The Scheme is and shall be conditional upon and subject to:
- (i) The requisite consents, no-objections and approvals of the Stock Exchanges and SEBI to the Scheme in terms of the SEBI Circular;
 - (ii) The approval of the Scheme by the respective requisite majorities in number and value of the shareholders of the Companies in accordance with section 230 to 232 of the Act;
 - (iii) The Scheme being sanctioned by the Tribunal in terms of sections 230 to 232 and other relevant provisions of the Act and the requisite orders of the Tribunal; and
 - (iv) Certified copies of the orders of the Tribunal sanctioning this Scheme being filed with the relevant Registrar of Companies by Demerged Company and Resultant Company as per the provisions of the Companies Act

III. Need and Rationale of the Scheme of Arrangement:

The Audit Committee discussed and noted the rationale and need for the demerger of the demerged Undertaking from the Demerged Company into Resulting Company, as provided in the draft Scheme of Arrangement, which is reproduced hereunder:

1. Demerged Company and Resulting Company are part of the Hinduja Group. Demerged Company has grown into one of India's largest integrated digital, media and communications companies. Accordingly, in 2020 as a step towards consolidation of media and communications business, the digital, media and communications business was transferred by Indusind Media and Communications Limited (a Hinduja Group Company), to Demerged Company pursuant to scheme of arrangement approved by National Company Law Tribunal, Mumbai Bench vide its Order dated August 21, 2020.
2. Recognizing the growth potential of the 'Digital, Media and Communications Undertaking' of the Demerged Company (more particularly defined hereinafter) in the backdrop of the fact that Demerged Company's 'Digital, Media and Communications Business Undertaking' has matured and the associated risks have reduced significantly as well as the recent regulatory reforms (New Tariff Order) providing additional stimuli, Resulting Company is proposing to

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consolidate this vertical as it feels that this will create a new platform for it go to the next level of performance.

3. The shareholders of the Demerged Company, pursuant to the demerger, will get Equity Shares of the Resulting Company for the values of Business transferred in the manner set out under this Scheme.
4. The demerger will also result in Demerged Company and Resulting Company achieving operational efficiencies by streamlining of the relevant businesses.
5. By demerger of the Demerged Undertaking into Resulting Company, the financial resources will be conveniently raised in accordance with the requirement of the business.
6. The demerger will enable the Resulting Company to diversify and expand its presence in the fast moving digital, media and communication business in India.
7. Apart from the various benefits/advantages stated and illustrated above, the management of the Resulting Company and Demerged Company are of the opinion that the following benefits shall also be enjoyed and realized by all the stakeholders:
 - i. **Consolidation and growth of the Demerged Undertaking in the Resulting Company:** The demerger will enable Resulting Company to consolidate similar businesses into a single company. This will enable Resulting Company with an opportunity to provide services in a seamless manner to its customers. Further, this will also help Resulting Company to demonstrate its capability and provide competitive advantages vis-à-vis its competitors. This will immensely benefit the Demerged Undertaking to focus on growth in the digital space.
 - ii. **Focused Management, Organization Efficiency and Operational Synergies:** Consolidation of the business into a single consolidated entity shall enable focused strategies, management, investment and leadership for the consolidated entity and further result into organization efficiency and operational synergies;
 - iii. **Unlock shareholders value:** The proposed consolidation will create long term value for the shareholders by unlocking value since the business and profits will accrue to a single entity i.e. Resulting Company;
 - iv. **Efficiency in all aspects for harnessing future growth:** Housing of Demerged Undertaking in Resulting Company directly shall facilitate and provide adequate opportunities to mobilize the business and commercial resources of Resulting Company for the growth of the digital business.

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

The Committee reviewed the Scheme and noted that the demerger would result in achieving efficiency in operational processes implementation of independent strategies specifically designed for the two businesses and in optimizing profitability.

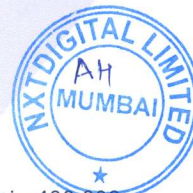
Thus, the re-structuring is proposed to result into enhanced development and growth of the business of the Company with independent focus on each business segment and more productive utilization of such resources which would be beneficial for all stakeholders.



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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 Committee 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. Impact on the scheme of the shareholders are as under:

- a. The shareholders of the Demerged Company as on the Record Date shall be entitled to equity shares in the Resulting Company basis the share entitlement ratio determined by M/s SSPA &Co., Chartered Accountants and M/s KPMG Valuation Services, LLP in the Valuation Reports submitted to this Committee. Subsequent to which the Shareholders of the Demerged Company in addition to the shares held in the Demerged Company shall also become shareholders in the Resulting Company.
- b. The Scheme will not adversely affect the rights or interest of any shareholder of the Demerged and Resulting Company or their respective shareholders or creditors, in any manner whatsoever.

VII. Recommendation of the Audit Committee:

The Audit Committee recommends the Scheme.

For and on behalf of the Audit Committee of NXTDIGITAL Limited

Anil Harish



Anil Harish
Chairman of the Audit Committee - Independent Director
DIN - 00001685

Dated: February 17, 2022

Place: Mumbai



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