



KPMG Valuation Services LLP
 2nd Floor, Block T2 (B Wing)
 Lodha Excelus, Apollo Mills Compound,
 N M Joshi Marg, Mahalaxmi,
 Mumbai 400011 India

Telephone: +91(22) 3989 6000
 Fax: +91(22) 3090 2210
 Internet: www.kpmg.com/in

Dated: 17 February 2022

To,
 The Board of Directors,
Hinduja Global Solutions Limited
 HGSL House, No. 614, Vajpayee Nagar
 Bommanahalli, Hosur Road
 Bangalore – 560 068

The Board of Directors,
NXTDIGITAL Limited
 IN Centre, 49/50 MIDC,
 12th Road, Marol, Andheri (East),
 Mumbai-400 093

Re: Recommendation of Share Entitlement ratio for the proposed demerger of Digital and Media Businesses of NXTDIGITAL Limited into Hinduja Global Solutions Limited

Dear Sir/ Madam,

We refer to the engagement letters dated 11 February 2022 whereby Hinduja Global Solutions Limited ("HGSL") and NXTDIGITAL Limited ("NXDL") (collectively referred to as the "Clients", "Companies", or "You") have requested KPMG Valuation Services LLP (hereinafter referred to as "KPMG" or "Valuer" or "us" or "we") to recommend an equity entitlement ratio in connection with the proposed Transaction defined hereinafter.

SCOPE AND PURPOSE OF THIS REPORT

Hinduja Global Solutions Limited was incorporated under the Companies Act, 1956 on January 13, 1995 in the state of Maharashtra with CIN L92199MH1995PLC084610. The Registered office of HGSL is situated at Hinduja House, 171, Dr. Annie Besant Road Worli, Mumbai 400018. HGSL along with its subsidiaries in India and overseas, offers voice and non-voice based services such as contact center solutions, back-office transaction processing, traditional and digital customer care, and HRO solutions.

HGSL had revenue from operations and profit after tax of INR 55,889 million and INR 3,361 million, respectively for the year ended 31 March 2021 as per its audited financial statements. HGSL had a net worth of INR 20,849 million as on 31 March 2021 as per its audited financial statements. HGSL sold its healthcare business in the January 2022. For the reporting purposes, Management has provided the financials of the retained business as on 31 December 2021. For the 9 months period ended 31 December 2021, HGSL (Excluding Healthcare business) had revenue from operations and profit after tax of INR 23,982 million and INR 38 million, respectively as per its provisional financial statements. Similarly, HGL reported net worth of INR 23,682 million as on 31 December 2021 as per its provisional financial statements (*all the numbers mentioned in this para are at consolidated level*).

NXTDIGITAL Limited was incorporated as a public limited company under the Companies Act, 1956 on July 18, 1985 in the state of Maharashtra with CIN L51900MH1985PLC036896. The Registered Office of the Demerged Company is situated at In Centre, 49/50, MIDC, 12th Road, Andheri (East) Mumbai-400093. NXDL is the flagship media business of the Hinduja Group in



KPMG Valuation Services LLP, an Indian limited liability partnership and member firm of KPMG, global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee

KPMG Valuation Services [a partnership firm with Registration No. 414] converted into Limited Liability partnership with LLP Registration No. AAP- 2732, with effect from May 13, 2019.

Registered Office
 8th Floor, Tower C, Building No- 10,
 DLF Cyber City, Phase II,
 Gurugram - 122002 India



India. The media and communication company has a pan-India presence, NXDL delivers television services through a dual delivery platform consisting of the terrestrial fiber route and the Headend-In-The-Sky (HITS) satellite platform, under the brand names IN Digital and NXT DIGITAL respectively.

“Media and Communications Undertaking” is the media and digital businesses of NXDL which is proposed to be demerged from NXDL. This Media and Communications Undertaking includes broadband, HITS, digital Cable television, content syndication & teleshopping business of NXDL.

NXDL had revenue from operations and loss after tax of INR 9,749 million and INR 139 million (including discontinued operations), respectively for the year ended 31 March 2021 as per its audited financial statements. NXDL had a net worth of INR 827 million as on 31 March 2021 as per its audited financial statements. For the 9 months period ended 31 December 2021, NXDL had revenue from operations and loss after tax of INR 7,670 million and INR 826 million (including discontinued operations), respectively as per its provisional financial statements. NXDL had a net worth of INR 2,663 million as on 31 December 2021 as per its provisional financial statements (*all the numbers mentioned in this para are at consolidated level*).

The equity shares of HGSL and NXDL are listed on National Stock Exchange of India Limited (“NSE”) and BSE Limited (“BSE”).

We understand that the managements of HGSL and NXDL (“Management/s”) are contemplating the demerger of Media and Communications Undertaking into HGSL on a going concern basis with effect from the proposed Appointed Date of 1 February 2022, pursuant to a Scheme of Arrangement under the provisions of Sections 230 to 232 of the Companies Act, 2013 (including any statutory modifications, re-enactment or amendments thereof) and other applicable securities and capital market laws and rules issued thereunder to the extent applicable (the “Scheme”) (the “Proposed Transaction”). In consideration thereof, equity shares of HGSL will be issued to the equity shareholders of NXDL. The number of equity shares of HGSL of face value of INR 10/- each to be issued for the equity shares of NXDL in the event of the Proposed Transaction is referred to as the “Equity Share Entitlement Ratio”.

It is in this connection that the Companies have requested us to render our professional services by way of carrying out a relative valuation of the HGSL and Media and Communications Undertaking (together referred as “Businesses”) and submit a report recommending the Equity Share Entitlement Ratio for the Proposed Transaction, on a going concern basis with 31 December 2021 being the valuation date, (the “Services”) for the consideration of the Board of Directors (including audit committees, as applicable) of the Companies in accordance with the applicable Securities and Exchange Board of India (“SEBI”), the relevant stock exchanges’, and relevant laws, rules and regulations.

This report will be placed before the Boards and Audit Committees of HGSL and NXDL, as applicable, as per the relevant SEBI circulars, and, to the extent mandatorily required under applicable laws of India, this report maybe produced before the judicial, regulatory or government authorities, stock exchanges, shareholders in connection with the Proposed Transaction.





The scope of our services is to conduct a relative valuation (not an absolute valuation) of the Businesses and recommend Equity Share Entitlement Ratio for the Proposed Transaction.

We have been informed by the Companies that they have also appointed another independent valuer ("Second Valuer") for the proposed Transaction. Both the valuers (jointly referred as "Valuers") have been appointed severally and not jointly and have worked independently in their analysis. Further, upon conclusion of our work and prior to issue of the report, we discussed our findings, methodology and approach with Second Valuer. No documents including valuation workings have been shared by us with the Second Valuer. The Valuers have independently arrived at different values per share of the Media and Communications Undertaking and HGSL. However, we have arrived at a consensus on the Equity Share Entitlement Ratio, after making appropriate minor adjustments/ rounding off.

We have considered financial information up to 31 December 2021 (the "Valuation Date") in our analysis and made adjustments for facts made known (past or future) to us till the date of our report, including taking into consideration current market parameters, which will have a bearing on the valuation analysis. The Managements have informed us that they do not expect any events which are unusual or not in normal course of business up to the effective date of the Proposed Transaction, other than the events specifically mentioned in this report. We have relied on the above while arriving at the Equity Share Entitlement Ratio for the Proposed Transaction.

This report is our deliverable in respect of our recommendation of the Equity Share Entitlement Ratio for the Proposed Transaction.

This report and the information contained herein is absolutely confidential. The report will be used by the Companies only for the purpose, as indicated in this report, for which we have been appointed. The results of our valuation analysis and our report cannot be used or relied by the Companies for any other purpose or by any other party for any purpose whatsoever. We are not responsible to any other person/ party for any decision of such person/ party based on this report. Any person/ party intending to provide finance/ invest in the shares/ businesses of the Companies/ their holding companies/ subsidiaries/ joint ventures/ associates/ investee/ group companies, if any, shall do so after seeking their own professional advice and after carrying out their own due diligence procedures to ensure that they are making an informed decision. If any person/ party (other than the Companies) chooses to place reliance upon any matters included in the report, they shall do so at their own risk and without recourse to the Valuer. It is hereby notified that usage, reproduction, distribution, circulation, copying or otherwise quoting of this report or any part thereof, except for the purpose as set out earlier in this report, without our prior written consent, is not permitted, unless there is a statutory or a regulatory requirement to do so.

The report including, (for the avoidance of doubt) the information contained in it is absolutely confidential and intended only for the sole use and information of the Companies. Without limiting the foregoing, we understand that the Companies may be required to submit the report to or share the report with the Companies' professional advisors, shareholders, merchant bankers providing fairness opinion on the equity share entitlement ratio and regulatory





authorities/ stock exchanges, in connection with the Proposed Transaction (together, "Permitted Recipients"). We hereby give consent to the disclosure of the report to any of them, subject to the Companies ensuring that any such disclosure shall be subject to the condition and understanding that:

- it will be the Companies' responsibility to review the report and identify any confidential information that it does not wish to disclose;
- we owe responsibility to only to the Companies that have engaged us and nobody else, and to the fullest extent permitted by law;
- we do not owe any duty of care to anyone else other than the Companies and accordingly that no one other than the Companies is entitled to rely on any part of the report;
- we accept no responsibility or liability towards any third party (including, the Permitted Recipients) to whom the report may be shared with or disclosed or who may have access to the report pursuant to the disclosure of the report to the Permitted Recipients. Accordingly, no one other than the Companies shall have any recourse to us with respect to the report;
- we shall not under any circumstances have any direct or indirect liability or responsibility to any party engaged by the Companies or to whom the Companies may disclose or directly or indirectly permit the disclosure of any part of the report and that by allowing such disclosure we do not assume any duty of care or liability, whether in contract, tort, breach of statutory duty or otherwise, towards any of the third parties.

It is clarified that reference to this valuation report in any document and/ or filing with aforementioned tribunal/ judicial/ regulatory authorities/ government authorities/ stock exchanges/ courts/ shareholders/ professional advisors/ merchant bankers, in connection with the Proposed Transaction, shall not be deemed to be an acceptance by the Valuer of any responsibility or liability to any person/ party other than the Boards of Directors of the Companies.

This report is subject to the scope, assumptions, qualifications, exclusions, limitations and disclaimers detailed hereinafter. As such, the report is to be read in totality, and not in parts, in conjunction with the relevant documents referred to therein.

DISCLOSURE OF INTEREST/ CONFLICT

- KPMG is not affiliated to the Clients in any manner whatsoever.
- KPMG does not have a prospective interest in the business which is the subject of this Report.
- KPMG's fee is not contingent on an action or event resulting from the analyses, opinions or conclusions in this Report.

SOURCES OF INFORMATION

In connection with this exercise, we have used the following information:

- Salient features of the Proposed Scheme of Arrangement
- Historical financials of the Companies and the subsidiaries
- Projections of the Companies and the subsidiaries





- Discussion with the Managements of the Companies in connection with the operations of the respective Companies/ subsidiaries, past and present activities, future plans and prospects, details of the proposed deal in certain subsidiaries of the Companies as recently announced, share capital and shareholding pattern of the Companies.
- Valuation Report from Registered Valuer for the surplus land, building and properties
- For our analysis, we have relied on published and secondary sources of data, whether or not made available by the Clients. We have not independently verified the accuracy or timeliness of the same; and
- Such other analysis and enquiries, as we considered necessary

We have also obtained the explanations, information and representations, which we believed were reasonably necessary and relevant for our exercise from the Managements and representatives of the Companies. The Companies have been provided with the opportunity to review the draft report (excluding the recommended Equity Share Entitlement Ratio) for this engagement to make sure that factual inaccuracies are avoided in our final report.

As per the Managements the business activities of the Businesses have been impacted due to Covid-19 pandemic and the consequent lockdown in various countries including India. The Management has represented that the impact of Covid-19 on the business operations of HGSL and NXDL have been considered/ factored in the projections. The Management has further represented that no material adverse change has occurred in their respective operations and financial position of the Businesses between 31 December 2021 and the Report date.

SCOPE LIMITATIONS, ASSUMPTIONS, QUALIFICATIONS, EXCLUSIONS AND DISCLAIMERS

Provision of valuation opinions and consideration of the issues described herein are areas of our regular practice. The services do not represent accounting, assurance, accounting/ tax due diligence, consulting or tax related services that may otherwise be provided by us or our affiliates.

This Report, its content, and the results herein are specific to the purpose of valuation and the Valuation Date mentioned in the report and agreed as per the terms of our engagement. It may not be valid for any other purpose or as at any other date. Also, it may not be valid if done on behalf of any other entity.

A valuation of this nature involves consideration of various factors including those impacted by prevailing stock market trends in general and industry trends in particular. This report is issued on the understanding that the management of the Companies have drawn our attention to all the matters, which they are aware of concerning the financial position of the Companies and any other matter, which may have an impact on our opinion, on the Equity Share Entitlement Ratio for the Proposed Transaction as on the Valuation Date. We have considered only circumstances existing at the Valuation Date and events occurring up to the Valuation Date. Events and circumstances may have occurred since the Valuation Date concerning the financial position of the Companies or any other matter and such events or circumstances might be considered material by the Companies or any third party. We have taken into account, in our valuation





analysis, such events and circumstances occurring after the Valuation Date as disclosed to us by the Companies, to the extent considered appropriate by us based on our professional judgement. Further, we have no responsibility to update the report for any events and circumstances occurring after the date of the report. Our valuation analysis was completed on a date subsequent to the Valuation Date and accordingly we have taken into account such valuation parameters and over such period, as we considered appropriate and relevant, up to a date close to such completion date.

The recommendation(s) rendered in this Report only represent our recommendation(s) based upon information received from the Companies till 16 February 2022 and other sources and the said recommendation(s) shall be considered to be in the nature of non-binding advice (our recommendation will however not be used for advising anybody to take buy or sell decision, for which specific opinion needs to be taken from expert advisors). You acknowledge and agree that you have the final responsibility for the determination of the Equity Share Entitlement Ratio at which the proposed transaction shall take place and factors other than our Valuation Report will need to be taken into account in determining the Equity Share Entitlement Ratio; these will include your own assessment of the Proposed Transaction and may include the input of other professional advisors.

In the course of the valuation, we were provided with both written and verbal information, including market, financial and operating data. In accordance with the terms of our engagement, we have carried out relevant analyses and evaluations through discussions, calculations and such other means, as may be applicable and available, we have assumed and relied upon, without independently verifying, (i) the accuracy of the information that was publicly available, sourced from subscribed databases and formed a substantial basis for this report and (ii) the accuracy of information made available to us by the Companies. While information obtained from the public domain or external sources have not been verified for authenticity, accuracy or completeness, we have obtained information, as far as possible, from sources generally considered to be reliable. We assume no responsibility for such information. Our valuation does not constitute as an audit or review in accordance with the auditing standards applicable in India, accounting/ financial/ commercial/ legal/ tax/ environmental due diligence or forensic/ investigation services and does not include verification or validation work. In accordance with the terms of our engagement letter and in accordance with the customary approach adopted in valuation exercises, we have not audited, reviewed, certified, carried out a due diligence, or otherwise investigated the historical and projected financial information, if any, provided to us regarding the Companies/ their holding/ subsidiary/ associates/ joint ventures/ investee companies, if any. Accordingly, we do not express an opinion or offer any form of assurance regarding the truth and fairness of the financial position as indicated in the historical financials/ financial statements and projections. The assignment did not involve us to conduct the financial or technical feasibility study. We have not done any independent technical valuation or appraisal or due diligence of the assets or liabilities of the Companies. Also, with respect to explanations and information sought from the Companies, we have been given to understand by the Companies that they have not omitted any relevant and material factors and that they have checked the relevance or materiality of any specific information to the present exercise with us in case of any doubt. Our conclusion is based on the assumptions and information given by/on





behalf of the Companies. The respective Managements of the Companies have indicated to us that they have understood that any omissions, inaccuracies or misstatements may materially affect our valuation analysis/results. Accordingly, we assume no responsibility for any errors in the information furnished by the Companies and their impact on the report.

The Report assumes that the Companies comply fully with relevant laws and regulations applicable in all its areas of operations unless otherwise stated, and that the Companies will be managed in a competent and responsible manner. Further, except as specifically stated to the contrary, this valuation report has given no consideration to matters of a legal nature, including issues of legal title and compliance with local laws, and litigation and other contingent liabilities that are not recorded in the audited/ unaudited balance sheets of the Companies/ their holding/ subsidiary/ associates/ joint ventures/ investee companies, if any. Our conclusion of value assumes that the assets and liabilities of the Companies reflected in their respective latest audited balance sheets remain intact as of the Report date. No investigation of the Companies'/ subsidiaries claims to title of assets has been made for the purpose of this report and the Companies'/ subsidiaries claim to such rights has been assumed to be valid. No consideration has been given to liens or encumbrances against the assets, beyond the loans disclosed in the accounts. Therefore, no responsibility is assumed for matters of a legal nature.

Our report is not nor should it be construed as our opining or certifying the compliance of the Proposed Transaction with the provisions of any law/ standards including companies, foreign exchange regulatory, accounting and taxation (including transfer pricing) laws/ standards or as regards any legal, accounting or taxation implications or issues arising from such Proposed Transaction.

Our report is not nor should it be construed as our recommending the Proposed Transaction or anything consequential thereto/ resulting therefrom. This report does not address the relative merits of the Proposed Transaction as compared with any other alternatives or whether or not such alternatives could be achieved or are available. Any decision by the Companies/ their shareholders/ creditors regarding whether or not to proceed with the Proposed Transaction shall rest solely with them. We express no opinion or recommendation as to how the shareholders/ creditors of the Companies should vote at any shareholders'/ creditors' meeting(s) to be held in connection with the Proposed Transaction. This report does not in any manner address, opine on or recommend the prices at which the securities of the Companies could or should transact at following the announcement/ consummation of the Proposed Transaction. Our report and the opinion/ valuation analysis contained herein is not nor should it be construed as advice relating to investing in, purchasing, selling or otherwise dealing in securities or as providing management services or carrying out management functions. It is understood that this analysis does not represent a fairness opinion.

We express no opinion on the achievability of the forecasts, if any, relating to the Companies/ their subsidiaries/ associates/ joint ventures/ investee companies/ their businesses given to us by the Managements. The future projections are the responsibility of the respective management of the Companies. The assumptions used in their preparation, as we have been explained, are based on their present expectation of both – the most likely set of future business events and





circumstances and the respective management's course of action related to them. It is usually the case that some events and circumstances do not occur as expected or are not anticipated. Therefore, actual results during the forecast period may differ from the forecast and such differences may be material.

In light of the emergence and spread of the Covid-19, there is uncertainty which could persist for some time. As a result, our work may not have identified, or reliably quantified the impact of, all such uncertainties and implications. Further, the information used in the Valuation, including the forecast financial information, has been provided to us by Management, and we have necessarily relied upon this. Such information and underlying assumptions represent Management's best estimates of the company's likely performance as at the date of their preparation. The assumptions will need to be reviewed and revised to reflect any changes as a result of the Coronavirus. If the information shown in this Report or the assumptions on which this Report is based are subsequently shown to be incorrect or incomplete, this could have the effect of changing the valuation conclusions set out in this Report and these changes could be material. We are under no obligation to amend our Report for any subsequent event or new information.

We have not conducted or provided an analysis or prepared a model for any individual assets/liabilities and have wholly relied on information provided by the Companies in that regard.

The fee for our valuation analysis and the report is not contingent upon the results reported.

Neither the report nor its contents may be referred to or quoted in any registration statement, prospectus, offering memorandum, annual report, loan agreement or other agreement or document given to third parties, other than in connection with the Proposed Transaction, without our prior written consent.

This valuation report is subject to the laws of India.

Any discrepancies in any table/ annexure between the total and the sums of the amounts listed are due to rounding-off.

SHARE CAPITAL DETAILS OF THE COMPANIES

Hinduja Global Solutions Limited

As at 31 December 2021 and the Report date, the paid up equity share capital of HGSL is ~ INR 209 million consisting of 20, 897, 566 equity shares of face value of INR 10/- each fully paid up. The shareholding pattern of HGSL is as follows:

Category	No of Shares	% shareholding
Promoter & Promoter Group	14,029,452	67.13
Public	6,868,114	32.87
Total	20,897,566	100.0





Apart from the above, there are 1,175 ESOPs that have been vested as on Valuation date. Accordingly, total number of shares on fully diluted bases would be 20,898,741 which we have considered for the purpose of the valuation analysis.

We further understand that the Board of Directors of HGSL have recommended a bonus issue in the ratio of 1:1 (i.e., one equity share for every one share held in HGSL) in the Board Meeting held on January 06, 2022 and the record date for the same ins February 23, 2022.

NXTDIGITAL Limited

As at 31 December 2021 and Report date, the paid up equity share capital of NXDL is ~ INR 337 million consisting of 33,671,621 equity shares of face value of INR 10/- each fully paid up, which we have considered for the purpose of the valuation analysis.

Category	No of Shares	% shareholding
Promoter & Promoter Group	21,775,491	64.67
Public	11,896,130	35.33
Total	33,671,621	100.0

APPROACH AND METHODOLOGY – BASIS OF TRANSACTION

The Scheme contemplates demerger of Media and Communications Undertaking with HGSL under Sections 230 to 232 and other relevant provisions of the Companies Act, 2013 and rules issued thereunder to the extent applicable.

Arriving at the Equity Share Entitlement Ratio for the purposes of an arrangement such as the Proposed Arrangement, would require determining the relative values of each company involved and of their shares. These values are to be determined independently but on a relative basis, and without considering the effect of the arrangement.

BASIS OF VALUE

The Report has been prepared on the basis of "Fair Value" as at Valuation Date. The generally accepted definition of "Fair Value" is the value as applied between a hypothetical willing vendor and a hypothetical willing prudent buyer in an open market and with access to all relevant information.

PREMISE OF VALUE

The Report has adopted "Going Concern Value" as the premise of value in the given circumstances. The generally accepted definition of Going concern value is the value of a business enterprise that is expected to continue to operate in the future.

We have carried out the valuation in accordance with the principles laid in the ICAI Valuation Standards, as applicable to the purpose and terms of this engagement.





The three main valuation approaches are the market approach, income approach and asset approach. There are several commonly used and accepted methods within the market approach, income approach and asset approach, for determining the relative fair value of equity shares of a company, which can be considered in the present valuation exercise, to the extent relevant and applicable, to arrive at the Equity Share Entitlement Ratio for the purpose of the Proposed Transaction, such as:

- Market Approach - Market Price Method; Comparable Companies Multiples (CCM) Method
- Income Approach - Discounted Cash Flow (DCF) Method
- Asset Approach - Net Asset Value (NAV) Method

It should be understood that the valuation of any company or its assets is inherently subjective and is subject to uncertainties and contingencies, all of which are difficult to predict and are beyond our control. In performing our analysis, we made assumptions with respect to industry performance and general business and economic conditions, many of which are beyond the control of the companies. In addition, this valuation will fluctuate with changes in prevailing market conditions, the conditions and prospects, financial and otherwise, of the companies/ businesses, and other factors which generally influence the valuation of companies and their assets.

The application of any particular method of valuation depends on the purpose for which the valuation is done. Although different values may exist for different purposes, it cannot be too strongly emphasized that a valuer can only arrive at one value for one purpose. Our choice of method of valuation has been arrived at using usual and conventional methods adopted for transactions of a similar nature and our reasonable judgment, in an independent and bona fide manner based on our previous experience of assignments of a similar nature.

Asset Approach - Net Asset Value Method

Under the asset approach, the net asset value method is considered, which is based on the underlying net assets and liabilities of the company, taking into account operating assets and liabilities on a book value basis and appropriate adjustments for, inter alia, value of surplus/ non-operating assets.

Income Approach: Income approach is a valuation approach that converts maintainable or future amounts (e.g., cash flows or income and expenses) to a single current (i.e., discounted or capitalised) amount. The value measurement is determined on the basis of the value indicated by current market expectations about those future amounts.

Under DCF method, the projected free cash flows from business operations available to all providers of capital are discounted at the weighted average cost of capital to such capital providers, on a market participant basis, and the sum of such discounted free cash flows is the value of the business from which value of debt and other capital is deducted, and other relevant adjustments made to arrive at the value of the equity – Free Cash Flows to Firm (FCFF) technique; This discount rate, which is applied to the free cash flows, should reflect the opportunity cost to





all the capital providers (namely shareholders and creditors), weighted by their relative contribution to the total capital of the company. The opportunity cost to the capital provider equals the rate of return the capital provider expects to earn on other investments of equivalent risk.

For the purpose of DCF valuation, the free cash flow forecast is based on projected financials as provided by the Management of the Companies. While carrying out this engagement, we have relied on historical information made available to us by the Management of the Companies and the projected financials for future related information. Although we have read, analyzed and discussed the Management Business Plan for the purpose of undertaking a valuation analysis, we have not commented on the achievability and reasonableness of the assumptions provided to us save for satisfying ourselves to the extent possible that they are consistent with other information provided to us in the course of the assignment. We have assessed and evaluated the reasonableness of the projections based on procedures such as analyzing industry data, historical performance, expectations of comparable companies, analyst reports etc

Market Approach: Market approach is a valuation approach that uses prices and other relevant information generated by market transactions involving identical or comparable (i.e., similar) assets, liabilities or a group of assets and liabilities, such as a business.

- **Market Price Method:** Under this method, the value of shares of a company is determined by taking the average of the market capitalisation of the equity shares of such company as quoted on a recognised stock exchange over reasonable periods of time where such quotations are arising from the shares being regularly and freely traded in an active market, subject to the element of speculative support that may be inbuilt in the market price. But there could be situations where the value of the share as quoted on the stock market would not be regarded as a proper index of the fair value of the share, especially where the market values are fluctuating in a volatile capital market. Further, in the case of a merger/ demerger, where there is a question of evaluating the shares of one company against those of another, the volume of transactions and the number of shares available for trading on the stock exchange over a reasonable period would have to be of a comparable standard. This method would also cover any other transactions in the shares of the company including primary/ preferential issues/ open offer in the shares of the company available in the public domain.
- **Comparable Companies Multiples (CCM) Method:** Under this method, one attempts to measure the value of the shares/ business of company by applying the derived market multiple based on market quotations of comparable public/ listed companies, in an active market, possessing attributes similar to the business of such company - to the relevant financial parameter of the company/ business (based on past and/ or projected working results) after making adjustments to the derived multiples on account of dissimilarities with the comparable companies and the strengths, weaknesses and other factors peculiar to the company being valued. These valuations are based on the principle that such market valuations, taking place between informed buyers and informed sellers, incorporate all factors relevant to valuation. Relevant multiples need to be chosen carefully and adjusted for differences between the circumstances.





The valuation approaches/ methods used, and the values arrived at using such approaches/ methods have been tabled in the next section of this Report.

BASIS OF EQUITY SHARE ENTITLEMENT RATIO

The basis of the Proposed Arrangement would have to be determined after taking into consideration all the factors, approaches and methods considered appropriate by the Valuer. Though different values have been arrived at under each of the above approaches/ methods, for the purposes of recommending the Equity Share Entitlement Ratio it is necessary to arrive at a single value for the shares of the companies involved in an amalgamation/ demerger such as the proposed demerger. It is however important to note that in doing so, we are not attempting to arrive at the absolute values of the shares of the Businesses but at their relative values to facilitate the determination of an Equity Share Entitlement Ratio. For this purpose, it is necessary to give appropriate weights to the values arrived at under each approach/ method.

In the ultimate analysis, valuation will have to be arrived at by the exercise of judicious discretion by the valuer and judgments taking into account all the relevant factors. There will always be several factors, e.g. quality of the management, present and prospective competition, yield on comparable securities and market sentiment, etc. which are not evident from the face of the balance sheets but which will strongly influence the worth of a share. The determination of entitlement ratio is not a precise science and the conclusions arrived at in many cases will, of necessity, be subjective and dependent on the exercise of individual judgment. This concept is also recognized in judicial decisions. There is, therefore, no indisputable single entitlement ratio. While we have provided our recommendation of the Equity Share Entitlement Ratio based on the information available to us and within the scope and constraints of our engagement, others may have a different opinion as to the Equity Share Entitlement Ratio of the equity shares of HGSL and NXDL. The final responsibility for the determination of the entitlement ratio at which the Proposed Transaction shall take place will be with the Board of Directors of HGSL and NXDL who should take into account other factors such as their own assessment of the Proposed Transaction and input of other advisors.

The Equity Share Entitlement Ratio has been arrived at on the basis of a relative equity valuation of HGSL and Media and Communications Undertaking based on the various applicable approaches/ methods explained herein earlier and various qualitative factors relevant to each company and the business dynamics and growth potentials of the businesses of these companies, having regard to information base, key underlying assumptions and limitations.

We have applied relevant methods discussed above, as considered appropriate, and arrived at the assessment of the relative values per equity share of HGSL and Media and Communications Undertaking. To arrive at the Equity Share Entitlement Ratio for the Proposed Transaction, suitable minor adjustments/ rounding off have been done in the relative values arrived at by us.





VALUER NOTES

For the present valuation analysis, we have considered it appropriate to apply the Income Approach, to arrive at the relative fair value of the equity shares of the Companies for the purpose of the Proposed Transaction.

In the current analysis, the demerger of the Companies/ Undertaking is proceeded with on the assumption that they would demerge as going concerns and an actual realization of the operating assets is not contemplated. The operating assets have therefore been considered at their book and non-operating/ surplus assets, if any at their fair values under the Asset Approach. In such a going concern scenario, the relative earning power, as reflected under the Income/ Market approach, is of greater importance to the basis of amalgamation/ demerger, with the values arrived at on the net asset basis being of limited relevance. Hence, while we have calculated the values of the shares of the Businesses under the Asset Approach, we have considered it appropriate not to give any weightage to the same in arriving at the Equity Share Entitlement Ratio.

Given the nature of the businesses of the Companies and the fact that we have been provided by the Companies with their projected financials, we have considered it appropriate to apply the DCF Method under the Income Approach to arrive at the relative fair value of the shares of the Companies for the purpose of arriving at the Equity Share Entitlement Ratio.

In the present case, the equity shares of both the Companies, HGSL and NXDL, are listed on BSE and NSE. The shares of both HGSL and NXDL are frequently traded as per the relevant SEBI regulations. In case of NXDL, since only the Media and Communications Undertaking is demerged from NXDL and transferred to HGSL, market price will not reflect the price attributable only to the Media and Communications Undertaking. Similarly, there have been few announcements made by HGSL regarding issue of dividend, bonus shares etc., and have also concluded the sale of their healthcare business. As a result of this, the stock price of HGSL has fluctuated in the recent past and may not be representative of the actual value of the Company. In the circumstances, the market prices may not represent an appropriate basis for arriving at their relative fair values for the purpose of determining the Equity Share Entitlement Ratio. Hence, we have kept the market prices of the equity shares of the Companies in the background only.

HGSL has recently sold its healthcare business effective January 2022 and therefore the current reported EBITDA numbers may not represent the true picture of the company's operations going forward. Similarly, the carved-out historical EBITDA of the remaining business may not reflect the EBITDA going forward given the interdependencies between healthcare and remaining business of HGSL historically. In case of Media and Communications Undertaking, there are no direct comparable companies as comparable companies have varied mix of cable, DTH and broadband operations. Therefore, their multiples may not represent the correct picture when applied on the business mix of the Media and Undertaking business. In light of the above, we have not applied the Comparable Companies Multiples method under the Market Approach to arrive at the relative fair value of the Businesses.





In light of the above, and on a consideration of all the relevant factors and circumstances as discussed and outlined herein above, we recommend the following Equity Share Entitlement Ratio for the Proposed Transaction whose computation is as under:

The computation of Equity Share Entitlement Ratio as derived by KPMG, is given below:

Valuation Approach	Hinduja Global Solutions Limited		Media & Communications Undertaking	
	Value per Share (INR)	Weight	Value per Share (INR)	Weight
Income Approach	4,646	100%	740	100%
Market Approach	3,041	0%	411	0%
Asset Approach	3,748	0%	49	0%
Relative Value per Share	4,646	100%	740	100%
Entitlement Ratio (Rounded off)	6.3			

* For Market Approach, value has been determined using Market price method; under this approach we have followed Preferential allotment guidelines – Higher of 90 day or 10 day VWAP price; Cut-off date for market prices taken as 14 January 2022 as on this date the companies made the announcement that they are evaluating this proposed transaction.

RATIO

In light of the above, and on a consideration of all the relevant factors and circumstances as discussed and outlined herein above, we recommend the following Equity Share Entitlement Ratio for proposed demerger of Media and Communications Undertaking of NXDL into HGSL:

Ten (10 Only) equity share of Hinduja Global Solutions Limited of INR 10/- each fully paid up for every Sixty-Three (63 Only) equity shares of NXTDIGITAL Limited of INR 10/- each fully paid up.

As mentioned above, the Board of Directors of HGSL have recommended a bonus issue in the ratio of 1:1 (i.e., One equity share for every one share held in HGSL) in the Board Meeting held on January 06, 2022 and the record date for the same is February 23, 2022. Considering this, we recommend the following Equity Share Entitlement Ratio (post issue of Bonus shares by HGSL) for the proposed demerger of Media and Communications Undertaking of NXDL into HGSL:

Twenty (20 Only) equity share of Hinduja Global Solutions Limited of INR 10/- each fully paid up for every Sixty-Three (63 Only) equity shares of NXTDIGITAL Limited of INR 10/- each fully paid up.





Our Valuation Report and Equity Share Entitlement Ratio is based on the equity share capital structure of HGSL and NXDL as mentioned earlier in this Report. Any variation in the equity capital of HGSL and NXDL may have material impact on the Equity Share Entitlement Ratio.

Respectfully submitted,

For KPMG Valuation Services LLP

Registered Valuer Entity under Companies (Registered Valuers and Valuation) Rules, 2017

IBBI Registration No. IBBI/RV-E//06/2020/115

Asset class: Securities or Financial Assets



Amit Jain, Partner

IBBI Registration No. IBBI/RV /06/2018/10501

Date: 17 February 2022

ANNEXURE - 3B

SSPA & CO.

Chartered Accountants

1st Floor, "Arjun", Plot No. 6 A,

V. P. Road, Andheri (W),

Mumbai - 400 058. INDIA.

Tel. : 91 (22) 2670 4376

91 (22) 2670 3682

Fax : 91 (22) 2670 3916

Website : www.sspa.in

STRICTLY PRIVATE & CONFIDENTIAL

February 17, 2022

To
The Audit Committee,
Hinduja Global Solutions Limited
Hinduja House, 171,
Dr. Annie Besant Road, Worli,
Mumbai – 400 018.

To
The Audit Committee,
NXTDIGITAL Limited
49/50, In Centre, 12th Road, MIDC,
Andheri (East),
Mumbai – 400 093.

Dear Sir(s) / Madam(s),

Sub: Recommendation of fair equity share entitlement ratio for the proposed demerger of 'Digital (Media, Communication and Broadband) Undertaking' of NXTDIGITAL Limited into Hinduja Global Solutions Limited

We refer to the engagement letter dated January 13, 2022 whereby SSPA & Co., Chartered Accountants (hereinafter referred to as 'SSPA' or 'Valuer' or 'We'), have been appointed by Hinduja Global Solutions Limited and NXTDIGITAL Limited (hereinafter collectively referred to as the 'Companies') to issue a report containing the recommendation of fair equity share entitlement ratio for the proposed demerger of 'Digital (Media, Communication and Broadband) Undertaking (hereinafter referred to as 'Demerged Undertaking') of NXTDIGITAL Limited (hereinafter referred to as 'NXT' or the 'Demerged Company') into Hinduja Global Solutions Limited (hereinafter referred to as 'HGS' or the 'Resulting Company') ('hereinafter referred to as 'Proposed Demerger').

The management of HGS and NXT are hereinafter collectively referred to as the 'Management'.

1. SCOPE AND PURPOSE OF THIS REPORT

1.1 The Board of Directors of HGS and NXT are considering a proposal for the Proposed Demerger pursuant to a Scheme of Arrangement between the Companies and their respective shareholders under Sections 230 to 232 read and other applicable provisions of the Companies Act, 2013 (hereinafter collectively referred to as the 'Scheme').



- 1.2 Subject to necessary approvals, Demerged Undertaking of NXT would be demerged into HGS with effect from the Appointed Date of February 01, 2022 ('Appointed Date').
- 1.3 In consideration for the Proposed Demerger, equity shareholders of NXT would be issued equity shares of HGS.
- 1.4 In this regard, we have been appointed by the Companies to carry out the relative valuation of Demerged Undertaking of NXT and of HGS to recommend the fair equity share entitlement ratio for the Proposed Demerger.
- 1.5 We have been informed that till the Proposed Demerger becomes effective, neither Companies would declare any substantial dividends having materially different yields as compared to past few years.
- 1.6 For the purpose of this valuation, the bases of value is 'Relative Value' and the valuation is based on 'Going Concern' premise. For the purpose of this valuation, February 16, 2022 has been considered as the 'Valuation Date'.
- 1.7 We have been informed by the Management that they have also appointed another independent valuer ('Second Valuer') for the Proposed Demerger. Both the valuers have been appointed severally and not jointly and have worked independently in their analysis. Further, upon conclusion of our work and prior to issue of the report, we discussed our findings, methodology and approach with Second Valuer. We have independently arrived at different values per equity share of the Demerged Undertaking of NXT and HGS. We have arrived at a consensus on the fair equity share entitlement ratio, after making appropriate minor adjustments / rounding off.
- 1.8 The report sets out our recommendation of the fair equity share entitlement ratio and discusses the methodologies and approaches considered for arriving at relative values of Demerged Undertaking of NXT and equity shares of HGS for the purpose of recommendation of fair equity share entitlement ratio.

2. BRIEF BACKGROUND

2.1. HINDUJA GLOBAL SOLUTIONS LIMITED

HGS is engaged in the business of Business Process Management. HGS with its subsidiaries offers voice and non-voice-based services such as contact center solutions and back-office transaction processing across United States of America, Canada, United Kingdom, Jamaica and Philippines.



On January 06, 2022, HGS has divested their Healthcare Services business to an affiliate of Baring Private Equity Asia at an enterprise value of ~USD 1,200 million, subject to agreed adjustments.

The equity shares of HGS are listed on BSE limited ('BSE') and the National Stock Exchange of India Limited ('NSE').

We have been informed by the management of HGS that the Board of Directors have declared third interim dividend of INR 150 per equity share and recommended an issue of bonus shares in the ratio of 1:1 (i.e. one equity share for every one share held in HGS) in the Board Meeting held on January 06, 2022. The third interim dividend was subsequently paid on January 25, 2022. Further the Board of Directors of HGS have declared a fourth interim dividend of INR 28 per equity share in the board meeting held on February 12, 2022 for which the record date is February 23, 2022.

On January 29, 2022, HGS through its subsidiary has entered into a definitive agreement to acquire 100% equity stake in Diversify Offshore Staffing Solutions Pty Ltd., Australia ('Diversify') at an equity value of AUD 39.67 million.

The Consolidated revenue from operations of continuing operations of HGS for the nine months period ended December 31, 2021 was INR 2,398.23 crores and the issued, subscribed and paid-up equity share capital as on December 31, 2021 was 20.90 crores.

The shareholding pattern of HGS as on date is given below:

Particulars	No. of equity shares	% of holding
Promoter and Promoter Group	1,40,29,452	67.13%
Public	68,68,114	32.87%
Total	2,08,97,566	100.00%

2.2. NXTDIGITAL LIMITED

NXT (erstwhile name Hinduja Ventures Limited) is one of India's premier digital television services provider which is significantly based on the revolutionary Headend-in-the-Sky ('HITS') platform. NXT combines the benefits of cable and HITS technologies to provide a world-class viewing experience. NXT through its subsidiaries carries out operation and distribution of television channels through the medium of Cable TV distribution through both the traditional cable platform and HITS platform including leasing of optic fibre cable, internet connectivity services, etc.

The equity shares of NXT are listed on BSE and NSE.



The shareholding pattern of NXT as on date is given below:

Particulars	No. of equity shares	% of holding
Promoter and Promoter Group	2,17,75,491	64.67%
Public	1,18,96,130	35.33%
Total	3,36,71,621	100.00%

The Consolidated revenue from operations of NXT for the nine months period ended December 31, 2021 was INR 767.01 crores.

2.2.1. DIGITAL (MEDIA, COMMUNICATION AND BROADBAND) UNDERTAKING OF NXT

The Demerged Undertaking of NXT is engaged in a business of providing digital television services which is significantly based on the revolutionary HITS platform. The Demerged Undertaking of NXT through its subsidiaries carries out operation and distribution of television channels through the medium of Cable TV distribution through both the traditional cable platform and HITS platform including leasing of optic fibre cable, internet connectivity services, etc.

3. REGISTERED VALUER – SSPA & CO., CHARTERED ACCOUNTANTS

SSPA, is a partnership firm, located at 1st Floor, “Arjun”, Plot No. 6A, V. P. Road, Andheri (West), Mumbai - 400 058, India. SSPA is engaged in providing various corporate consultancy services.

SSPA is a firm of practising Chartered Accountants registered with The Institute of Chartered Accountants of India (‘ICAI’). SSPA is also registered with the Insolvency and Bankruptcy Board of India (‘IBBI’), as a Registered Valuer for asset class – ‘Securities or Financial Assets’ with Registration No. IBBI/RV-E/06/2020/126.

4. SOURCES OF INFORMATION

The valuation exercise is based on the following information which has been received from the Management and any information available in the public domain:

- Management certified consolidated financial statements of HGS (*after carving out Healthcare Services business of HGS*) comprising of balance sheet and profitability statement for 9 months period ended December 31, 2021 (‘9ME Dec21’).
- Management certified standalone profitability statement for 9ME Dec21 and statement of assets and liabilities as at December 31, 2021 pertaining to the Demerged Undertaking of NXT.



- (c) Management certified financial statements of direct / indirect investments of Demerged Undertaking of NXT for 9ME Dec21.
- (d) Standalone financial projections of the Demerged Undertaking of NXT and direct / indirect operating investments comprising of balance sheet and profitability statement for three months period ending March 31, 2022 ('3ME Mar22') and from FY 2022-23 to FY 2025-26.
- (e) Consolidated financial projections of HGS (*after carving out Healthcare Services business of HGS*) comprising of balance sheet and profitability statement for three months period ending 3ME Mar22 and from FY 2022-23 to FY 2025-26.
- (f) Discussions with the Management on various issues relevant to valuation including prospects and outlook of the business, expected growth rate, and other relevant information relating to future expected profitability, etc.
- (g) Such other information and explanations as we required and which have been provided by the Management, including Management Representations.

5. SCOPE LIMITATIONS, ASSUMPTIONS, QUALIFICATIONS, EXCLUSIONS AND DISCLAIMERS

- 5.1. This report is subject to the scope and limitations detailed hereinafter. As such the report is to be read in totality, and not in parts, in conjunction with the relevant documents referred to herein and in the context of the purpose for which it is made. Further, our report on recommendation of fair equity share entitlement ratio for the Proposed Demerger is in accordance with ICAI Valuation Standards 2018 issued by The Institute of Chartered Accountants of India.
- 5.2. Valuation is not a precise science and the conclusions arrived at will be subjective and dependent on the exercise of individual judgment. There is, therefore, no indisputable single value. While we have provided an assessment of value by applying certain formulae which are based on the information available, others may place a different value.
- 5.3. The report assumes that the Companies comply fully with relevant laws and regulations applicable in its area of operations and usage unless otherwise stated, and that the Companies will be managed in a competent and responsible manner. Further, as specifically stated to the contrary, this report has given no consideration to matters of a legal nature, including issues of legal title and compliance with local laws, and litigations and other contingent liabilities that are not recorded/reflected in the balance sheet provided to us.



- 5.4. The draft of the present report was circulated to the Management (excluding the recommended fair equity share entitlement ratio) for confirming the facts stated in the report and to confirm that the information or facts stated are not erroneous.
- 5.5. Valuation analysis and results are specific to the purpose of valuation and the Valuation Date mentioned in the report and is as per agreed terms of our engagement.
- 5.6. For the purpose of this exercise, we were provided with both written and verbal information including information detailed hereinabove in para 'Sources of Information'. Further, the responsibility for the accuracy and completeness of the information provided to us by the Management and / or auditors / consultants, is that of the Management. Also, with respect to explanations and information sought from the Management, we have been given to understand by the Management that they have not omitted any relevant and material information about HGS and Demerged Undertaking of NXT. The Management have indicated to us that they have understood that any omissions, inaccuracies or misstatements may materially affect our valuation analysis/conclusions.
- 5.7. Our work does not constitute an audit, due diligence or certification of these information referred to in this report including information sourced from public domain. Accordingly, we are unable to and do not express an opinion on the fairness or accuracy of any financial information referred to in this report and consequential impact on the present exercise. However, we have evaluated the information provided to us by the Management through broad inquiry, analysis and review. However, nothing has come to our attention to indicate that the information provided / obtained was materially misstated / incorrect or would not afford reasonable grounds upon which to base the report.
- 5.8. Our valuation is based on the estimates of future financial performance as projected by the Management, which represents their view of reasonable expectation at the point of time when they were prepared, after giving due considerations to commercial and financial aspects of the Demerged Undertaking of NXT and HGS and the industry in which the Demerged Undertaking of NXT and HGS operate and taking into account the current economic scenario and business disruptions caused on account of spread of COVID-19 pandemic. But such information and estimates are not offered as assurances that the particular level of income or profit will be achieved, or events will occur as predicted. Actual results achieved during the period covered by the prospective financial statements may vary from those contained in the statement and the variation may be material. The fact that we



have considered the projections in this exercise of valuation should not be construed or taken as our being associated with or a party to such projections.

- 5.9. We have relied on data from external sources also to conclude the valuation. These sources are believed to be reliable and therefore, we assume no liability for the truth or accuracy of any data, opinions or estimates furnished by others that have been used in this analysis. Where we have relied on data, opinions or estimates from external sources, reasonable care has been taken to ensure that such data has been correctly extracted from those sources and /or reproduced in its proper form and context.
- 5.10. A valuation of this nature involves consideration of various factors including those impacted by prevailing market trends in general and industry trends in particular. This report is issued on the understanding that the Management has drawn our attention to all the matters, which they are aware of concerning the financial position of the Demerged Undertaking of NXT and HGS and any other matter, which may have an impact on our opinion, on the value of the Demerged Undertaking of NXT and HGS including any significant changes that have taken place or are likely to take place in the financial position of the Demerged Undertaking of NXT and HGS. Events and transactions occurring after the date of this report may affect the report and assumptions used in preparing it and we do not assume any obligation to update, revise or reaffirm this report.
- 5.11. We are independent of HGS and NXT and have no current or expected interest in the companies or its assets. The fee paid for our services in no way influenced the results of our analysis.
- 5.12. Our report is not, nor should it be construed as our opining or certifying the compliance with the provisions of any law including companies, competition, taxation and capital market related laws or as regards any legal implications or issues arising in India or abroad from the Proposed Demerger.
- 5.13. Any person/party intending to provide finance/divest/invest in the shares/convertible instruments/business of Demerged Undertaking of NXT, NXT and HGS shall do so after seeking their own professional advice and after carrying out their own due diligence procedures to ensure that they are making an informed decision.
- 5.14. The decision to carry out the Proposed Demerger (including consideration thereof) lies entirely with the parties concerned and our work and our finding shall not constitute a recommendation as to whether or not the parties should carry out the Proposed Demerger.



- 5.15. Our Report is meant for the purpose mentioned in Para 1 only and should not be used for any purpose other than the purpose mentioned therein. It is exclusively for the use of the Companies and may be submitted to regulatory/statutory authority for obtaining requisite approvals. The Report should not be copied or reproduced without obtaining our prior written approval for any purpose other than the purpose for which it is prepared. In no event, regardless of whether consent has been provided, shall SSPA assume any responsibility to any third party to whom the report is disclosed or otherwise made available.
- 5.16. SSPA nor its partners, managers, employees make any representation or warranty, express or implied, as to the accuracy, reasonableness or completeness of the information, based on which the valuation is carried out. We owe responsibility only to the client that has appointed us under the terms of the Engagement Letter. We will not be liable for any losses, claims, damages or liabilities arising out of the actions taken, omissions or advice given by any other person. In no event shall we be liable for any loss, damages, cost or expenses arising in any way from fraudulent acts, misrepresentations or wilful default on part of the client or companies, their directors, employees or agents.

6. VALUATION APPROACH AND METHODOLOGIES

- 6.1. For the purpose of valuation, generally following approaches can be considered, viz,
- (a) the 'Cost' approach;
 - (b) the 'Market' approach; and
 - (c) the 'Income' approach

Each of the aforesaid approaches proceeds on different fundamental assumptions which have greater or lesser relevance and at times even no relevance, to a given situation. Thus, the approach to be adopted for a particular valuation exercise must be judiciously chosen.

6.2. COST APPROACH

The Cost Approach reflects the amount that would be required currently to replace the service capacity of an asset; often referred to as current replacement cost.

In the present case, the business of the Demerged Undertaking of NXT and of HGS are intended to be continued on a 'going concern basis' and there is no intention to dispose-off the assets, therefore the Cost Approach is not adopted for the present valuation exercise.



6.3. MARKET APPROACH

6.3.1. As mentioned in para 2.1 above, HGS has recently completed its sale of Healthcare Services business in January 2022. Further, the equity shares of the Demerged Undertaking of NXT are not separately listed on any stock exchanges. Therefore, Market Price Method has not been adopted. There are no comparable listed companies with characteristics and parameters similar to that of Demerged Undertaking of NXT and there are no details on comparable transactions available in the public domain. Further, considering the divestment of Healthcare Services business and acquisition of Diversify by HGS recently, the Market Approach is not adopted for the present valuation exercise.

6.4. INCOME APPROACH

Under Income Approach, Demerged Undertaking of NXT and HGS are valued using Discounted Cash Flow ('DCF') Method.

6.4.1. Under DCF method, the projected free cash flows from business operations, after considering fund requirements for projected capital expenditure and incremental working capital, are discounted at the Weighted Average Cost of Capital (WACC). The sum of the discounted value of such free cash flows and discounted value of perpetuity is the value of the business.

6.4.2. The free cash flows represent the cash available for distribution to both the owners and the creditors of the business. The free cash flows are determined by adding back to profit before tax (i) interest on loans, if any, (ii) depreciation and amortizations (non-cash charge), (iii) any non-operating item and (iv) lease rental payments. The cash flow is adjusted for outflows on account of (i) capital expenditure, (ii) incremental working capital requirements and (iii) tax.

6.4.3. WACC is considered as the most appropriate discount rate in the DCF Method, since it reflects both the business and the financial risk of the company. In other words, WACC is the weighted average of cost of equity and cost of debt of the respective Companies.

6.4.4. To the value so arrived, appropriate adjustments have been made for contingent liability, loan funds, value of investments, cash and cash equivalents, cash inflow on account of exercise of ESOPs, cash inflow on account of sale of Healthcare Services business of HGS, value of surplus assets, inter-corporate deposits, value of investments and other adjustments after considering the tax impact, wherever applicable to arrive at the equity value.



6.4.5. The equity value as arrived above is divided by outstanding number of equity shares in case of Demerged Undertaking of NXT and the diluted number of equity shares in case of HGS to arrive at the value per equity share of Demerged Undertaking of NXT and of HGS.

7. RECOMMENDATION OF FAIR EQUITY SHARE ENTITLEMENT RATIO

7.1. The fair basis of demerger of Demerged Undertaking of NXT into HGS would have to be determined after taking into consideration all the factors and methodologies mentioned hereinabove. Our exercise is to work out relative value of equity shares of Demerged Undertaking of NXT and of HGS to facilitate the determination of an entitlement ratio.

7.2. As mentioned above, we have considered DCF Method under 'Income' Approach for arriving at the relative value per equity share of Demerged Undertaking of NXT and of HGS.

7.3. As mentioned in para 2.1 above, the Board of Directors of HGS have recommended a bonus issue in the ratio of 1:1 (i.e. one equity share for every one share held in HGS) in the Board Meeting held on January 06, 2022 and the record date for the same is February 23, 2022.

7.4. The recommendation of fair equity share entitlement ratio (*prior to issue of bonus equity shares by HGS*) for the Proposed Demerger is tabulated below:

Valuation Approach	HGS		Demerged Undertaking of NXT	
	Value per share (INR)	Weight	Value per share (INR)	Weight
Asset Approach *	NA	NA	NA	NA
Income Approach - Discounted Cash Flow Method	4,637.75	100%	736.55	100%
Market Approach #	NA	NA	NA	NA
Relative value per share	4,637.75	100%	736.55	100%
Equity Share Entitlement Ratio (rounded off)	6.30			

NA = Not Applied / Not Applicable

* Since, the business of HGS and Demerger Undertaking of NXT are both intended to be continued on a 'going concern basis' and there is no intention to dispose-off the assets, therefore the Asset (Cost) Approach is not adopted for the present valuation exercise.

Since, HGS has recently completed its sale of Healthcare Services business in January 2022. Further, the equity shares of the Demerged Undertaking of NXT are not separately listed on any stock exchanges. Therefore, Market Price Method has not been adopted. There are no comparable listed companies with characteristics and parameters similar to that of Demerged Undertaking of NXT and there are no details on comparable transactions available in the public domain. Further, considering the divestment of Healthcare Services Business and acquisition of Diversify by HGS recently, the Market Approach is not adopted for the present valuation exercise.



- 7.5. The recommendation of fair equity share entitlement ratio (*after considering proposed issue of bonus equity shares by HGS as mentioned in para 7.2 above*) for the Proposed Demerger is tabulated below:

Valuation Approach	HGS		Demerged Undertaking of NXT	
	Value per share (INR)	Weight	Value per share (INR)	Weight
Asset Approach *	NA	NA	NA	NA
Income Approach - Discounted Cash Flow Method	2,318.87	100%	736.55	100%
Market Approach #	NA	NA	NA	NA
Relative value per share	2,318.87	100%	736.55	100%
Equity Share Entitlement Ratio (rounded off)	3.15			

NA = Not Applied / Not Applicable

* Since, the business of HGS and Demerger Undertaking of NXT are both intended to be continued on a 'going concern basis' and there is no intention to dispose-off the assets, therefore the Asset (Cost) Approach is not adopted for the present valuation exercise.

Since, HGS has recently completed its sale of Healthcare Services business in January 2022. Further, the equity shares of the Demerged Undertaking of NXT are not separately listed on any stock exchanges. Therefore, Market Price Method has not been adopted. There are no comparable listed companies with characteristics and parameters similar to that of Demerged Undertaking of NXT and there are no details on comparable transactions available in the public domain. Further, considering the divestment of Healthcare Services Business and acquisition of Diversify by HGS recently, the Market Approach is not adopted for the present valuation exercise.

- 7.6. The fair equity share entitlement ratio has been arrived on the basis of a relative valuation of equity shares of Demerged Undertaking of NXT and of HGS based on the approaches explained herein earlier and considering various qualitative factors relevant to the companies and the business dynamics and growth potential of the businesses, having regard to information base, management representation and perceptions, key underlying assumptions and limitations.
- 7.7. In the ultimate analysis, valuation will have to involve the exercise of judicious discretion and judgement taking into account all the relevant factors. There will always be several factors, e.g. present and prospective competition, yield on comparable securities and market sentiments, etc. which are not evident from the face of the balance sheets but which will strongly influence the worth of a share. This concept is also recognized in judicial decisions. For example, Viscount Simon Bd in Gold Coast Selection Trust Ltd. vs. Humphrey reported in 30 TC 209 (House of Lords) and quoted with approval by the Supreme Court of India in the case reported in 176 ITR 417 as under:
- 'If the asset takes the form of fully paid shares, the valuation will take into account not only the terms of the agreement but a number of other factors, such as prospective yield,*



marketability, the general outlook for the type of business of the company which has allotted the shares, the result of a contemporary prospectus offering similar shares for subscription, the capital position of the company, so forth. There may also be an element of value in the fact that the holding of the shares gives control of the company. If the asset is difficult to value, but is nonetheless of a money value, the best valuation possible must be made. Valuation is an art, not an exact science. Mathematical certainty is not demanded, nor indeed is it possible.'

7.8. In light of the above and on consideration of all the relevant factors and circumstances as discussed and outlined hereinabove earlier in this report, in our opinion, the fair equity share entitlement ratio (*prior to issue of bonus equity shares by HGS*) for the proposed demerger of Demerged Undertaking of NXT into HGS is as under:

10 (Ten) equity shares of HGS of INR 10 each fully paid up for every 63 (Sixty-Three) equity shares of NXT of INR 10 each fully paid up.

7.9. As mentioned in para 7.3 above, the Board of Directors of HGS have recommended a bonus issue in the ratio of 1:1 (i.e. one equity share for every one share held in HGS) in the Board Meeting held on January 06, 2022 and the record date for the same is February 23, 2022. Considering this, in our opinion, the fair equity share entitlement ratio (*after considering the proposed issue of bonus equity shares by HGS*) for the proposed demerger of Demerged Undertaking of NXT into HGS would be as under:

20 (Twenty) equity shares of HGS of INR 10 each fully paid up for every 63 (Sixty-Three) equity shares of NXT of INR 10 each fully paid up.

Thanking you,
Yours faithfully,

For SSPA & CO.

Chartered Accountants

ICAI Firm registration number: 128851W

IBBI Registered Valuer No.: IBBI/RV-E/06/2020/126

Vikram Jain, Partner

ICAI Membership No. 114613

Registered Valuer No.: IBBI/RV/06/2018/10210

UDIN: 22114613ACYUDY2286

Place: Mumbai



To,
BSE Limited
Phiroze Jeejeebhoy Towers,
Dalal Street, Mumbai – 400 001
Scrip Code: 500189

Dear Sir/Madam,

Sub: Confirmation in respect of valuation

Ref: Application under Regulation 37 of the SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015 for the proposed Scheme of Arrangement between NXTDIGITAL Limited and Hinduja Global Solutions Limited and their respective shareholders.

In connection with the above application, with respect to submission of Valuation Reports, we hereby confirm that:

- a) No material event impacting the valuation has occurred during the intervening period of filing the scheme documents with Stock Exchanges and period under consideration for valuation.
- b) Declaration / details on any past defaults of listed debt obligations of the entities forming part of the scheme: **Not Applicable.**

For NXTDIGITAL LIMITED



Ashish Pandey
Company Secretary
M. No F 6078



Date: 24.02.2022
Place: Mumbai



(Formerly known as Hinduja Ventures Limited)

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.: L51900MH1985PLC036896

