



CHAIRMAN'S MESSAGE

Dear NXTDIGITAL Parivaar members,

Greetings to you and your families! As always, it is my pleasure to be interacting with you, hoping each one of you is well and at the same time to take this opportunity to update you about the progress your Company has been making and its vision for the future.

I continue to hope and pray for the wellbeing of you and your families in this tail period of the pandemic - which though subdued, has not yet been fully done away with. I would also like to acknowledge and appreciate the enormous effort put in by the Government of India in systematically executing the largest vaccination program in the world. This has enabled more than 2 billion vaccinations being carried out in the country to ensure the safety of the citizens.

I would now like to present to you brief facts of the performance of your Company for the financial year ending March 31, 2022, and the vision ahead.

The year gone by:

As the financial year 2020 - 21 was ending, there was optimism in the air. India was gearing up for a strong economic recovery several forecasters such as

“ At the outset, I would like to sincerely thank you all for your continued faith reposed in the Company through the overwhelming support provided for the Rights Issue of Equity Shares of your Company during the year under review. ”

International Monetary Fund expected growth to exceed 9% in fiscal 2022. This optimism received a setback in the early part of the year as a wave of Omicron infections swept through the country which, though it did not last long, did have some impact. The Russian invasion of Ukraine in February 2022 aggravated the pre-existing challenges with no definite end in sight. However, despite these negative forces, the inherent resilience of the Indian economy, strengthened by the proactive and multiple steps taken by the Government, have ensured the economy has started rebounding - with businesses

clocking both revenue and profitability growth on the road to reaching pre-pandemic levels.

It is to the credit of Prime Minister Shri Narendra Modi's Government, that it rose to these challenges not just through fiscal measures but also through a massive vaccination drive to ensure that it took a holistic approach to the problems - by taking to both, long term and short-term solutions.

I can state with confidence that your Company has been equally resilient in such a challenging environment and has been taking nimble but sure steps to adapt to the frequently changing business environment, be it the reduction of spending power of consumers, migration of population, fast paced change in content viewing patterns, change in data speed requirements and emergence of newer technologies, to mention just a few. All these steps obviously need to be taken with a continued focus on profitability and cash generation.

Your Company continues to follow the philosophy of measured growth and not just "growth for the sake of growth", giving equal importance to business ethics, maintaining transparency in operations, shoring up a robust back-end, profitability and enhancing consumer satisfaction. All these steps have reflected in the results of operations of your Company for the year ended March 31, 2022.

Your Company's businesses would need capital to grow multi fold in the future and to always stay ahead of competition. As a first step towards this, your Company focused on further strengthening its Balance Sheet to enable it to access growth capital in the future. In line with this, your Company carried out a Rights Issue of Equity shares aggregating to an amount of Rs 288.61 crores during the year with the sole objective of reducing its debt. Having successfully concluded the Rights Issue and repaid a substantial part of its debt, the debt-to-equity ratio of the Company stands at approximately 1:1.5 as compared to approximately 1:5 at the beginning of the fiscal.

With respect to profitability - your Company posted an operating profit of Rs 256 crores for the financial year ending March 31, 2022, which grew by 10.4 % over the previous year; The company clocked a positive profit after tax for the year compared to a loss in the previous year.

Your Company continues to believe that the Last Mile Owners are the foundation of its business and continues to expand its business through such franchisees, enabling them with diversified offerings and better technologies. Your Company continues to be the only Company in the country providing TV signals distribution through the Headend-In-The-Sky (HITS) technology and thereby promoting both in letter and spirit the vision of our Prime Minister with respect to "Make in India", "Skill India" and "Digital India". Adoption of this technology has resulted in the design of unique delivery equipment in the country, has trained thousands of Last mile Owners in technical skills for satellite signals delivery and has also digitized the video viewing experience across the length and breadth of the country including some of the remotest parts of the country.

The Vision:

The future is not just linear TV, or Broadband or OTT – it is all about convergence of offerings – with the type of device becoming less and less important. Companies which can quickly re-position themselves to provide bundled content across devices will be the ones which will survive and grow. Companies which focus on "share of wallet", building digital and "phygital" platforms rather than a pure content-focused only approach are the ones that are likely to be able to survive in the long run. Your Company has been taking active steps to not only aggregate content of various types but also offer new-age delivery platforms for its subscribers.

In line with this philosophy; while your Company has been aggregating content including OTT, and exploring Edutech, fintech solutions and gaming content also, it has also been focusing on newer and emerging technologies by signing a Memorandum of Understanding in April 2022 with a leading international satellite service provider, to form a partnership for providing "Broadband over Satellite" with Thaicom Public Company Limited (Thailand) to deliver broadband to the farthest corners of the country in line with the Prime Minister's vision of a Digital and Connected India, where every person can connect to government, education, entertainment services.

Your Company will endeavor to always stay one step ahead, whether it be deploying emerging technologies or defining global standards; to developing market strategies for sustainability and value creation in the long run.

Corporate Action:

To grow the digital business, your Company has from time to time been evaluating partnerships with other organizations in the digital space with the objective of having both access to capital and achieving operational synergies. In line with this thought process, your Company has identified Hinduja Global Solutions Limited (HGSL), a Company in the IT and IT enabled space as a potential partner. The company believes that a business combination of its Media & Communications Business with HGSL will result in providing significant impetus to its vision of growth as an integrated digital service company.

Some of the benefits the company envisages in such a combination are as follows.

- **Horizontal integration with HGSL which will provide its expertise in the space of digital applications development and deployment for all of your Company's offerings.**
- **As your Company forays into newer areas of technology like Broadband over Satellite, satellite-based AI and automation; the digital IT capabilities of HGSL would be of immense importance for the Company not only to develop integrated offerings, but to scale up quickly.**
- **Access to global markets as HGSL is a global corporate operating in multiple countries.**

Based on these synergies between the Media and Communications business of your Company and the business of HGSL and also the benefits to accrue to both the companies through a business combination, the Boards of Directors of both the companies approved in principle the acquisition of the "Media & Communications Business undertaking" of NDL along with its subsidiaries by HGSL through a share swap process subject to all regulatory and shareholder approvals and the approval of the Honorable National Company Law Tribunal (NCLT).

Post the above decision on the business combination with HGSL, (which is subject to necessary regulatory and shareholder approvals), your Company has in line with its objective of pursuing high-growth oriented business opportunities to enhance stakeholders value, been evaluating various proposals that could bring in significant incremental value. In line with this thought process, the Board has on 16th August 2022, approved a proposal for

the merger of Hinduja Leyland Finance Limited (HLFL) into the company, subject to regulatory and other requisite approvals. The merger when approved, would happen through a share swap process.

Both these Corporate actions will go a long way in enhancing stakeholder value by enabling you all to be a part of the growth story of both HGSL and the Company in its new avatar as a Non-Banking Finance Company post the merger of HLFL with itself.

Corporate Social Responsibility

Your Company has always been committed to its social responsibility. It has carried out these activities largely through Hinduja Foundation. In addition, during the current year, it has supported vaccination drives with the help of the health care divisions of the Hinduja Group for employees and its business partners.

Conclusion.

I want to place on record my sincere appreciation of your unstinted support to the company all these years. I would also like to thank the Directors, Management, Employees, Associates, and our Last Mile Partners on the excellent performance registered in the past year. Also, my thanks go out to our Bankers, Auditors, and Advisors for their help and guidance during the year to maintain the highest standards of corporate governance, a top priority for the Hinduja Group.

I would conclude by wishing you all good health.



Ashok P. Hinduja
Chairman