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Dated: 25th November 2022

To,
The Board of Directors,
Hinduja Leyland Finance Limited
No. 27A
Developed Industrial Estate Guindy,
Chennai - 600032

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

Re: Recommendation of Share Exchange ratio for the proposed merger of Hinduja Leyland Finance Limited into NXTDIGITAL Limited

Dear Sir/ Madam,

We refer to the engagement letter dated 26 March 2022 and addendum to the engagement letter dated 21 November 2022 (together referred to as "Engagement Letter") whereby Hinduja Leyland Finance Limited ("HLFL") 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 exchange ratio in connection with the proposed Transaction defined hereinafter.

About Hinduja Leyland Finance Limited

Hinduja Leyland Finance Limited, a subsidiary of Ashok Leyland Limited ("ALL"), was incorporated under the Companies Act, 1956 on 12th November 2008 in the state of Tamil Nādu. The Registered office of HLFL is situated at Hinduja House, No.171, Dr. Annie Besant Road, Worli, Mumbai - 400018, India. The Company's CIN number is U65993MH2008PLC384221.

HLFL, is a non-banking finance company, primarily engaged in the commercial vehicle finance and housing finance businesses in India. The housing finance business of HLFL is carried out through a fully owned subsidiary Hinduja Housing Finance Limited ("HHFL"). In addition to the non-banking finance business, HLFL is also planning to scale operations in other ancillary business - like insurance broking, transport logistics etc. ("Other Business of HLFL").

HLFL had revenue from operations and profit after tax of INR 27,528 million and INR 2,701 million, respectively for the year ended 31 March 2021 as per its audited financial statements and INR 26,446 million and INR 2,321 million, respectively for the year ended 31 March 2022 as per its audited financial statements. HLFL had a net worth of INR 38,252 million as on 31 March 2021 as per its audited financial statements and INR 38,516 million as on 31 March 2022 as per its audited financial statements. For the 6-month period ended 30 September 2022, HLFL had revenue from operations and profit after tax of INR 13,092 million and INR 1,257 million, respectively as per its provisional financial statements. Similarly, HLFL reported net worth stood at INR 38,245 million as on 30 September 2022 as per its provisional financial statements (all the numbers mentioned in this para are at standalone level).

HHFL had revenue from operations and profit after tax of INR 2,600 million and INR 624 million, respectively for the year ended 31 March 2021 as per its audited financial statements and INR 4,271 million and INR 1,076 million, respectively for the year ended 31 March 2022 as per its audited financial statements. HHFL had a net worth of INR 3,534 million as on 31 March 2021 as per its audited financial statements and INR 5,378 million as on 31 March 2022 as per its audited financial statements. For the 6 months period ended 30 September 2022, HHFL had revenue from operations and profit after tax of INR 2,991 million and INR 906 million, respectively as per its provisional financial statements. Similarly, HHFL reported net worth of INR 6,543 million as on 30 September 2022 as per its provisional financial statements (all the numbers mentioned in this para are at standalone level).

HLF Services Limited ("HLFSL"), as associate company in which HLFL holds 45.9 per cent effective stake, is engaged in the business of providing manpower and support services.

The Other Business of HLFL include

- a proposed vehicle insurance broking and advisory services business -Hinduja Insurance Broking and Advisory Services Limited ("HIBASL"),
- a transportation logistics services business - Gro Digital Logistics Limited ("Gro Digital")
- an e-commerce platform for sale/purchase of repossessed vehicles - Gaadi Mandi Digital Platforms Limited ("Gaadi Mandi")

We understand from the Management that HIBASL, Gro Digital and Gaadi Mandi are in nascent stages of operations as of the report date

At the Board Meeting held on 8 August 2022 the Board of Directors of HLFL had approved the issuance of equity shares on preferential basis to one or more Qualified Institutional Buyers ("QIB's" or "any other investor(s)", at an issue price of INR 140 per equity share (which has a face value of INR 10 per equity share) for an amount up to INR 9,400 million ("Preferential Allotment by HLFL"). In the Extra-Ordinary General Meeting of HLFL, called on 9 August 2022, the equity shareholders had approved the Preferential Allotment by HLFL.

We understand from HLFL that it completed the preferential allotment on 13 October 2022, wherein the QIB's were allotted 65 million equity shares at an issue price of Rs 140 per equity share, for an amount of INR 9,100 million.

About NXTDIGITAL Limited

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 operated the flagship media business of the Hinduja Group in India. Pursuant to the scheme announced between Hinduja Global Solutions Limited ("HGSL") and NXDL ("Scheme 1") in the board meeting held on February 17, 2022, the digital and media businesses of NXDL ("Media and Communications Undertaking") were to be demerged from NXDL and acquired by HGSL. Scheme 1 has received the final sanction and approval from the Honorable National Company Law Tribunal ("NCLT") on 11 November 2022 which resulted in shareholders of NXDL receiving shares of HGSL as of close of business on 23 November 2022 ("Record Date of Scheme 1"). The appointed Date for Scheme 1 is 1 February 2022.

Post the demerger of the Media and Communications Undertaking of NXDL into HGSL, NXDL only comprises of a few real estate assets, with no other proposed business ("Retained Business of NXDL"). As of the Valuation Date the Retained Business of NXDL only has land located in Bengaluru.

Management of NXDL has provided us with the carved-out Balance sheet and financial information of the Retained Business of NXDL as on 30 September 2022. Retained Business of NXDL had a net worth of INR ~673 million as on 30 September 2022. The equity shares of NXDL are listed on NSE and BSE.

SCOPE AND PURPOSE OF THIS REPORT

We understand that the managements of HLFL and NXDL ("Management/s") are contemplating the merger of HLFL into NXDL on a going concern and as is basis with effect from the proposed Appointed Date of 1 April 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" or "Proposed Arrangement"). In consideration thereof, equity shares of NXDL will be issued to the equity shareholders of HLFL. The number of equity shares of NXDL of face value of INR 10/- each to be issued for the equity shares of HLFL pursuant to the Proposed Transaction is referred to as the "Equity Share Exchange Ratio".

In connection with the above, the Companies have requested us to perform relative valuation ("Valuation") of HLFL and Retained Business of NXDL (together referred as "Businesses") and submit a report recommending the Equity Share Exchange Ratio for the Proposed Transaction ("Report"), on a going concern and as is basis with 30 September 2022 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', ICAI Valuation Standards and relevant laws, rules and regulations.

We had presented our valuation report dated 16 August 2022 pursuant to the Proposed Transaction. It has been mutually agreed between HLFL and NXDL that they require an update to the valuation pursuant to the Proposed Transaction. This final written Report shall supersede all previous oral, written, draft or interim advice, or reports and presentations, and no reliance will be placed by you such oral, draft, or interim advice, reports, or presentations other than at your own risk. No such previous versions of the Report should be relied on or used by you for any purpose. As such the Report is to be read in totality, and not in parts, in conjunction with the relevant documents referred to therein.

This report will be placed before the Board of Directors and the Audit Committees of HLFL 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 Exchange Ratio for the Proposed Transaction.

We have considered financial information up to 30 September 2022 (the "Valuation Date") in our analysis and adjusted 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 Exchange Ratio for the Proposed Transaction.

This report is our deliverable in respect of our recommendation of the Equity Share Exchange 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 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 exchange 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 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;
- 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 - SVEE Valuation and Advisory LLP (IBBI/RV/08/2018/10167) for the valuation of land, building and properties of Retained Business of NXDL;
- 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 Exchange 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 further represented that no material adverse change has occurred in their respective operations and financial position of the Businesses between 30 September 2022 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.

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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 Exchange 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 24 November 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 Exchange 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 Exchange Ratio; these will include your own assessment of the Proposed Transaction and may include the input of other professional advisors.

In the course of our valuation analysis, 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 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.

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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 Leyland Finance Limited

Total number of Shares*	**535,966,490**

**Includes 9,48,500 ESOPs that have been vested as on the Report date.*

As at the Report date, the paid-up equity share capital of HLFL is ~ INR 5350 million consisting of 535,017,990 equity shares of face value of INR 10 /- each fully paid up. Including 9,48,500 ESOPs that have been vested as on the Report date, the total number of shares are 535,966,490 which we have considered for the purpose of the valuation analysis.

NXTDIGITAL Limited

Total number of Shares	**33,671,621**

As at 30 September 2022 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.

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APPROACH AND METHODOLOGY – BASIS OF TRANSACTION

The Scheme contemplates merger of HLFL with NXDL 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 Exchange Ratio for the purposes such 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 Proposed Arrangement.

The value of HLFL is based on sum of the parts valuation of its standalone operations and its stake value of investment in HHFL, HLFSL, Gro Digital and HIBASL.

The value of NXDL considers value of the Retained Business of NXDL and does not include the value of the Media and Communications Undertaking of NXDL that has been demerged from NXDL into HGSL.

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" on a as is basis 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 Exchange 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

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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, interalia, 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.

Discounted Cash Flow Method (DCF) is a form of the income approach that is commonly used across the industries. Under the DCF approach, forecast cash flows are discounted back to the present date, generating a net present value for the cash flow stream of the business.

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 capitalization of the equity shares of such company as quoted on a recognized 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

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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.

- **Comparable Transaction (CoTrans) Method**
  Under Comparable Transaction Method, the value of shares/ business of a company is determined based on market multiples of publicly disclosed transactions in the similar space as that of the subject company. Multiples are generally based on data from recent transactions in a comparable sector, but with appropriate adjustment after consideration has been given to the specific characteristics of the business being valued. Further, under the CoTrans method, there are differences on account of purpose of investment, transaction rationale and synergy benefits, different control premiums and minority discounts embedded in transaction values.

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 EXCHANGE 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 Exchange 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 merger. 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 Exchange 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 exchange 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 exchange ratio. While we have provided our recommendation of the Equity Share Exchange 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 Exchange Ratio of the equity shares of HLFL and NXDL. The final responsibility for the determination of the exchange ratio at which the Proposed Transaction shall take place will be with the Board of Directors of HLFL 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 Exchange Ratio has been arrived at on the basis of a relative equity valuation of HLFL and NXDL 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.

In the current analysis, the merger of the Companies/ Undertaking is proceeded with on the assumption that it would be undertaken as going concerns on a as is basis and an actual realization of the operating assets is not

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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 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.

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

Income Approach - Discounted Cash Flows ("DCF") Method

Using the DCF approach to value financial service businesses has some inherent challenges as it is difficult to define debt and reinvestment rates in such businesses. Firstly, defining debt is difficult as in a financial services firm capital includes both debt and equity and that debt is used in day-to-day business activities as well as a source of capital. Secondly, financial service firms operate under strict regulatory constraints on how they run their businesses and how much capital they need to set aside to keep operating (i.e., reinvestment rate). Hence estimating future growth becomes more difficult. Thus, given the challenges in defining debt and estimating reinvestment rates, DCF method is not the preferred method of valuation of financial services business Therefore, we have not considered the DCF Method for valuing HLFL.

In case of NXDL, given that post the demerger of the Media and Communications Undertaking, the Retained Business of NXDL does not have any significant business operations other than the Real estate properties, accordingly this method has not been considered in the valuation of NXDL.

Cost Approach: Net Asset Value (NAV) Method

The asset-based valuation technique is based on the value of the underlying net assets of the business, either on a book value basis or realizable value basis or replacement cost basis.

A scheme of amalgamation would normally be proceeded with, on the assumption that the companies amalgamate as going concerns/as is and an actual realization of the operating assets is not contemplated. In going concern scenario, the relative earning power is of importance to the basis of amalgamation, with the values arrived at on the net asset basis being of limited relevance. Thus, this method has not been considered for our analysis of HLFL and HHFL.

In case of Other Business of HLFL, given the nascent stage of operations of these businesses, the Cost Approach has been considered to estimate the Value of HIBASL, Gro Digital and Gaadi Mandi.

In case of NXDL, given the Retained Business of NXDL does not have any significant business operations other than the Real estate properties, this method has been considered in the valuation analysis of NXDL.

Market Price Method

In the present case, the equity shares of HLFL are not listed on BSE and NSE, thus this approach has not been considered

Although the equity shares of NXDL are listed on BSE and NSE, this approach has not been considered as the market price of NXDL, up till the Record Date of Scheme 1, included the value of the Media and Communications Undertaking which has been demerged and transferred to HGSL under Scheme 1. There have not been adequate trading days between Record Date of Scheme 1 and Date of this Report, for market price of NXDL shares to appropriately reflect the price attributable only to the Retained Business of NXDL. Accordingly, we have not considered the market price method.

Comparable Companies (CoCo) Method

We have considered listed comparable companies in the NBFC – Commercial vehicle finance and housing finance space having similar business characteristics with HLFL. Accordingly, we have used the Price/Book Value multiple to arrive at the valuation of HLFL and HHFL and Enterprise Value/EBITDA multiple to arrive at the valuation of HLFSL.

We have not used the CoCo Method approach to value NXDL as the Retained Business of NXDL does not have any significant business operations.

Comparable Transaction (CoTrans) Method

Under the CoTrans Method, we have considered the recent transaction of Preferential Allotment in HLFL. We understand from HLFL that it completed the preferential allotment of equity shares on 13 October 2022, at an issue price of INR 140 per equity share for an amount of INR 9,100 million. We understand from the Management of HLFL that this is a transaction between independent parties and on an arm's length basis. Accordingly, we have given weightage to this transaction in our valuation conclusion.

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 Exchange Ratio for the Proposed Transaction whose computation is as under:

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

Valuation Approach	Hinduja Leyland Finance Limited		NXTDIGITAL Limited	
	Value per Share (INR)	Weight	Value per Share (INR)	Weight
Income Approach	NA	-	NA	-
Market Approach				
CoCo Method	142	50%	NA	-
CoTrans Method	140	50%	NA	-
Asset Approach	78	-	57	100%
Relative Value per Share	**141**	**100%**	**57**	**100%**
Exchange Ratio (Rounded off)	**2.5**			

Notes:

- *The value per share of HLFL under the CoCo Method is based on sum of the parts valuation of its standalone operations and its stake value of investment in HHFL, HLFSL, Gro Digital and HIBASL.*
- *The value per share of HLFL includes the cash received pursuant to the Preferential Allotment by HLFL.*
- *Although the equity shares of NXDL are listed on BSE and NSE, this approach has not been considered as NXDL includes the Media and Communications Undertaking which has been demerged and transferred to HGSL under Scheme 1. There have not been adequate trading days between Record Date of Scheme 1 and Date of this Report, for market price of NXDL shares to appropriately reflect the price attributable only to the Retained Business of NXDL*

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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 Exchange Ratio for proposed merger of HLFL into NXDL:

Twenty-Five (25 Only) equity share of NXDL Limited of INR 10/- each fully paid up for every Ten (10 Only) equity shares of HLFL of INR 10/- each fully paid up.

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

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2nd Floor, Block 12 (B Wing), Lodha Excelus, Apollo Mills Compound, R. M. Joshi Marg, Mahalaxmi, Mumbai-400011

Amit Jain, Partner
IBBI Registration No. IBBI/RV /06/2018/10501
Date: 25 November 2022

Project Artemis

Security cover

Project Artemis

Proposed merger of Hinduja Leyland Finance Limited into NXTDIGITAL Limited

Summary Workings

Supporting calculations for Share Exchange Ratio

25 November 2022

Notice to the Reader

- KPMG Valuation Services LLP ("KPMG") has been appointed by Hinduja Leyland Finance Limited ("HLFL") and NXTDIGITAL Limited ("NXDL") (together referred to as "Clients", the "Companies") for recommendation of Share Exchange ratio for the proposed merger of Hinduja Leyland Finance Limited into NXTDIGITAL Limited ("Proposed Transaction").

- The summary workings are confidential and are given on the express understanding that it is not communicated, in whole or in part, to any third party without KPMG's prior written consent except to the extent required to be produced before judicial, regulatory or government authorities in connection with this proposed Transaction. Neither summary workings nor its content may be used for any other purpose without prior written consent of KPMG.

- The summary workings are based on the information provided to KPMG by the management of HLFL and NXDL ("Management") which KPMG has not independently verified, validated or expressed an opinion on. Neither KPMG, nor its affiliated partnerships or bodies corporate, nor directors, managers, partners, employees or agents of any of them, makes any representation or warranty, expressed or implied, as to the accuracy, reasonableness or completeness of the information contained in the summary wordings. All such parties and entities expressly disclaim any and all liabilities for or based on relating to any such information contained herein, or errors or omission from summary workings or based on or relating to the use of summary workings.

- The summary workings in which this notice is incorporated does not constitute an offer or invitation to any section of the public to subscribe for or purchase any security in, or assets or liabilities of HLFL or NXDL. This notice forms integral part of summary workings.

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SWAP RATIO:

Calculation of equity share exchange ratio between HLFL and NXDL for the Proposed Transaction.

Valuation Approach	Hinduja Leyland Finance Limited		NXTDIGITAL Limited	
	Value per Share (INR)	**Weight**	**Value per Share (INR)**	**Weight**
Income Approach	NA	0%	NA	0%
Market Approach				
Comparable Companies Multiple Method – Price/Book Multiple	142	50%	NA	0%
Comparable Transaction	140	50%	NA	0%
Asset Approach	78	0%	57	100%
Relative Value per Share	**141**	**100%**	**57**	**100%**
Exchange Ratio (Rounded off)	**2.5**			

Notes:

- *The value per share of HLFL under the CoCo Method is based on sum of the parts valuation of its standalone operations and its stake value of investment in HHFL, HLFSL, Gro Digital and HIBASL.*
- *The value per share of HLFL includes the cash received pursuant to the Preferential Allotment by HLFL.*
- *Although the equity shares of NXDL are listed on BSE and NSE, this approach has not been considered as NXDL includes the Media and Communications Undertaking which has been demerged and transferred to HGSL under Scheme 1. There have not been adequate trading days between Record Date of Scheme 1 and Date of this Report, for market price of NXDL shares to appropriately reflect the price attributable only to the Retained Business of NXDL*

Twenty-Five (25 Only) equity share of NXTDIGITAL Limited of INR 10/- each fully paid up for every Ten (10 Only) equity shares of Hinduja Leyland Finance Limited of INR 10/- each fully paid up.

ANNEXURE 1: VALUE PER SHARE OF HLFL

i) Market Approach: Comparable Companies (CoCo) Method

Particulars	INR million
Value of HLFL - Standalone	44,911
Add: Value of HHFL (Including infusion by HLFL into HHFL of INR 750 mn)	22,287
Add: Value of HSL	271
Add: Value of Gro	77
Add: Value of HIB	10
Add: Value of Gaadi Mandi	1
Add: Cash infusion on account of ESOPs	85
Add: Infusion on account of Preferential Allotment	9,100
Less: Equity Infusion into HHFL by HLFL	(750)
Equity Value of HLFL	**75,992**
Fully diluted equity shares post preferential allotment	535,966,490
Value per Share (INR)	**142**

ii) Market Approach: Comparable Transaction (CoTrans) Method:

At the Board Meeting held on 8th August 2022 the Board of Directors of HLFL had approved the issuance of equity shares on preferential basis to one or more Qualified Institutional Buyers ("QIB's" or "any other investor(s)", at an issue price of INR 140 per equity share (which has a face value of INR 10 per equity share) ("Preferential Allotment by HLFL").

We understand from HLFL that it completed the preferential allotment on 13 October 2022, wherein the QIB's were allotted 65 million equity shares at an issue price of **Rs 140** per equity share, for an amount of INR 9,100 million.

The same has been considered under the CoTrans Method.

iii) Asset Approach:

Particular	
Net Worth as of 30 Sep 2022 (INR Million)	41,653
Number of Shares Outstanding (Nos.)	535,966,490
Value per Share	**78**

Summary:

Particular	Value per Share (INR)	Weights
Asset Approach	78	0.0%
Market Approach - Co Trans	140	50.0%
Market Approach - CoCo Multiple	142	50.0%
Income Approach	NA	0.0%
Weighted Average price per Share	**141**	

Source: Management, KPMG analysis

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ANNEXURE 2: VALUE PER SHARE OF NXDL

Particular	
Net Assets Value (INR Million)	1,932
Number of Shares Outstanding (nos.)	33,671,621
Value per Share	**57**

Source: Management, KPMG analysis

Notes:

1. *Pursuant to the scheme announced between Hinduja Global Solutions Limited ("HGSL") and NXDL ("Scheme 1") in the board meeting held on February 17, 2022, the digital and media businesses of NXDL ("Media and Communications Undertaking") were to be demerged from NXDL and acquired by HGSL. Scheme 1 has received the final sanction and approval from the Honorable National Company Law Tribunal ("NCLT") on 11th November 2022 which resulted in shareholders of NXDL receiving shares of HGSL as of close of business on 23 November 2022 ("Record Date of Scheme 1"). Post the demerger of the Media and Communications Undertaking of NXDL into HGSL, NXDL only comprises of a few real estate assets, with no other proposed business ("Retained Business of NXDL"). Management of NXDL has provided us with the carved-out Balance sheet and financial information of the Retained Business of NXDL as on 30 September 2022.*
2. *The real estate assets part of the Retained Business of NXDL only includes a land parcel located in Bengaluru as of the Valuation Date. The Net Assets Value of Retained Business of NXDL is after considering adjustment for fair value of this land parcel.*

SSPA & CO.
Chartered Accountants
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V. P. Road, Andheri (W),
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STRICTLY PRIVATE & CONFIDENTIAL

November 25, 2022

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

To,
The Audit Committee,
Hinduja Leyland Finance Limited
No. 27 A Developed Industrial Estate,
Guindy,
Chennai – 600 032.

Dear Sirs / Mesdames,

Sub: Recommendation of fair equity share exchange ratio for the proposed amalgamation of Hinduja Leyland Finance Limited with NXTDIGITAL Limited

We refer to the addendum to the engagement letter dated November 23, 2022 read with engagement letter dated March 15, 2022 whereby SSPA & Co., Chartered Accountants (hereinafter referred to as 'SSPA' or 'Valuer' or 'We'), has been appointed by NXTDIGITAL Limited and Hinduja Leyland Finance Limited (hereinafter collectively referred to as the 'Companies') to issue a report containing recommendation of fair equity share exchange ratio for the proposed amalgamation of Hinduja Leyland Finance Limited (hereinafter referred to as 'HLFL' or the 'Transferor Company') with NXTDIGITAL Limited (post demerger of Digital, Media and Communications Business Undertaking) (hereinafter referred to as 'NXT' or the 'Transferee Company') ('hereinafter referred to as 'Proposed Amalgamation').

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

1. SCOPE AND PURPOSE OF THIS REPORT

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

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1.2 Subject to necessary approvals, HLFL would be amalgamated with NXT with effect from the Appointed Date of April 01, 2022 ('Appointed Date').

1.3 In consideration for the Proposed Amalgamation, equity shareholders of HLFL would be issued equity shares of NXT.

1.4 We had issued our report on recommendation of fair equity share exchange ratio ('Report') dated August 16, 2022, to the board of the Companies on August 16, 2022 for the Proposed Amalgamation. As informed by the management of the Companies, they have requested us to update the valuation of the Companies and issue an updated Report for the Proposed Amalgamation.

1.5 In this regard, we have been appointed by the Companies to carry out an updated relative valuation of equity shares of NXT (post demerger of Digital, Media and Communications Business Undertaking) and HLFL to recommend fair equity share exchange ratio for the Proposed Amalgamation.

1.6 We have been informed that till the Proposed Amalgamation becomes effective, neither Companies would declare any substantial dividends having materially different yields as compared to past few years.

1.7 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, November 24, 2022 has been considered as the 'Valuation Date'.

1.8 We have been informed by the Management that they have also appointed another independent valuer ('Second Valuer') for the Proposed Amalgamation. 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 value per equity share of NXT and HLFL. We have arrived at a consensus on the fair equity share exchange ratio, after making appropriate minor adjustments / rounding off.

1.9 The report sets out our recommendation of the fair equity share exchange ratio and discusses the methodologies and approaches considered for arriving at relative value for equity shares of NXT and HLFL for the purpose of recommendation of fair equity share exchange ratio. Further, the recommendation is subject to completion on transfer of certain equity shares of HLFL by one of the promoters to third-party.

1.10 This report supersedes the previously issued report pertaining to the recommendation of fair equity share exchange ratio for the Proposed Amalgamation.

SSPA & CO. REGISTERED VALUER CHARTERED ACCOUNTANTS

2. BRIEF BACKGROUND

2.1. 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 by itself and 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.

On February 17, 2022, the Board of Directors of NXT have approved demerger of Digital, Media and Communications Business Undertaking of NXT into Hinduja Global Solutions Limited (hereinafter referred to as 'HGSL'), whereby shareholders of NXT will receive equity shares of HGSL as consideration for the proposed demerger. Further, NXT has received an Order from the Hon'ble National Company Law Tribunal ('NCLT'), Mumbai Bench, dated November 11, 2022, sanctioning and approving the aforesaid demerger. NXT post demerger of its Digital, Media and Communications Business Undertaking will own only a parcel of land in Bengaluru and will not have any other business operations.

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

The shareholding pattern of NXT as on September 30, 2022 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%**

2.2. HINDUJA LEYLAND FINANCE LIMITED

HLFL, incorporated on November 12, 2008 is a Non-Banking Finance Company ('NBFC') engaged in the business of providing asset finance. HLFL is a systemically important Non-Deposit taking Non-Banking Finance Company (ND-NBFC) as defined under Section 45 – IA of the Reserve Bank of India Act, 1934. HLFL received the certificate of registration dated March 22, 2010 from the Reserve Bank of India ('RBI') to carry on the business of Non-Banking Financial Company without accepting public deposits. Subsequently, HLFL was granted Asset Finance Company status pursuant to certificate of registration received from RBI dated May 12, 2014.

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HLFL as on September 30, 2022, has the following major investments:

Sr. No.	Name of the Investee Company	% Stake held
1	Hinduja Housing Finance Limited ('HHFL')	100%
2	HLF Services Limited ('HSL')	45.90%
3	Hinduja Insurance Broking and Advisory Services Limited ('HIBASL')	100%
4	Gro Digital Platforms Limited ('GDPL')	50%

GDPL has commenced operations in FY 2021-22 and is at a nascent stage. The broking license in case of HIBASL is yet to be received. Post receipt of the broking license, business operations would commence in HIBASL.

We have been informed by the management of HLFL that 6,50,00,000 equity shares have been allotted to certain Qualified Institutional Buyers ('QIB') for a cash consideration of INR 910 crores at a price of INR 140 per equity share, on a preferential basis on October 13, 2022.

The standalone revenue from operations and profit before tax of the Transferor Company for six months period ended September 30, 2022 is INR 1,309.20 crores and INR 167.79 crores respectively.

We have been informed by the management that the shareholding pattern of HLFL is as follows:

Particulars	No. of equity shares	% holding
Promoter and Promoter Group#	39,97,10,430	74.58%
Other Shareholders*	13,62,56,060	25.42%
Total	**53,59,66,490**	**100.00%**

 # Post completion of transfer of certain equity shares by one of the promoters to third-party

** Includes 9,48,500 ESOP that have been vested as on date*

3. REGISTERED VALUER – SSPA & CO., CHARTERED ACCOUNTAN TS

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 practicing 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.

SSPA & CO. REGISTERED VALUER CHARTERED ACCOUNTANTS

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:

(a) Management certified unaudited standalone financial statements of NXT (after incorporating impact of proposed demerger as mentioned in para 2.1 above) and HLFL comprising of balance sheet and profitability statement for 6 months period ended September 30, 2022 ('6ME Sep22').

(b) Management certified unaudited standalone financial statements of direct / indirect investments of HLFL for 6ME Sep22.

(c) Copy of valuation report issued by SVEE Valuation and Advisory LLP (registered valuer) dated November 25, 2022 in connection with the immovable property held by NXT at Bengaluru.

(d) Discussions with the Management on various issues relevant to valuation including prospects and outlook of the business and other relevant information, etc.

(e) Such other information and explanations as we required and which have been provided by the Management, including management representations.

5. PROCEDURES ADOPTED AND VALUATION METHODS FOLLOWED

In connection with this engagement, we have adopted the following procedures to carry out the valuation:

- Obtained financial and qualitative information from the Management.
- Used data available in public domain related to the Companies and its peers.
- Discussions with the Management to understand the business and fundamental factors that affect company's earning-generating capability including historical financial performance and future outlook.
- Research publicly available market data including economic factors and industry trends that may impact the valuation.
- Analysis of comparable companies / comparable transactions using information available in public domain and / or proprietary database subscribed by us.
- Selection of well accepted valuation methodologies as considered appropriate by us.
- Arriving at the recommendation.

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

6.1. 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 exchange ratio for the Proposed Amalgamation is in accordance with ICAI Valuation Standards 2018 issued by The Institute of Chartered Accountants of India.

6.2. 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.

6.3. 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.

6.4. The draft of the present report was circulated to the Management (excluding the recommended fair equity share exchange ratio) for confirming the facts stated in the report and to confirm that the information or facts stated are not erroneous.

6.5. 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.

6.6. 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 Companies and / or its 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 NXT and HLFL. The Management have indicated to us that they have understood that any omissions, inaccuracies or misstatements may materially affect our valuation analysis/conclusions.

6.7. 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

SSPA & CO. REGISTERED VALUER CHARTERED ACCOUNTANTS

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.

6.8. 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.

6.9. 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 NXT and HLFL and any other matter, which may have an impact on our opinion, on the value of the shares of NXT and HLFL including any significant changes that have taken place or are likely to take place in the financial position of the NXT and HLFL. 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.

6.10. We are independent of NXT and HLFL 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.

6.11. 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 Amalgamation.

6.12. Any person/party intending to provide finance/divest/invest in the shares/convertible instruments/business of NXT and HLFL 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.

6.13. The decision to carry out the Proposed Amalgamation (including consideration thereof) lies

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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 Amalgamation.

6.14. 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.

6.15. 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.

7. VALUATION APPROACH AND METHODOLOGIES

7.1. 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.

7.2. 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 present case, the business of HLFL is 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 in case of HLFL.

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Further, NXT post demerger of its Digital, Media and Communications Business Undertaking only owns a parcel of land in Bengaluru and does not have any other business operations. Considering this, only, Net Asset Value Method under 'Cost' Approach has been considered for the present valuation exercise in case of NXT.

7.2.1. **NET ASSET VALUE METHOD**

Under the Cost Approach, Net Assets Value ('NAV') Method has been adopted considering the value of the assets owned by NXT and the attached liabilities.

In arriving at the Net Asset Value, we have made appropriate adjustments for appreciation in value of land after considering the tax impact wherever applicable.

The Net Assets Value as arrived above is divided by the number of equity shares to arrive at the value per share of NXT.

7.3. **MARKET APPROACH**

In the present case, the equity shares of NXT are listed on recognized stock exchanges. As mentioned in para 2.1 above, NXT has proposed to demerge the Digital, Media and Communications Business Undertaking into HGSL on February 17, 2022, and the Record Date for the said demerger is November 23, 2022. Considering the fact that the effect of aforesaid demerger on market price of equity shares of NXT has been very recently given effect to, we have thought fit not to consider the Market Price Method for valuation of equity shares of NXT. Further, the equity shares of HLFL are not separately listed on any stock exchanges. Therefore, Market Price Method has not been adopted for valuation of equity shares of HLFL. NXT post demerger of Digital, Media and Communications Business Undertaking only owns a parcel of land in Bengaluru and does not have any other business operations. Accordingly in case of NXT, we have thought fit not to consider the Market approach for the present valuation exercise.

7.3.1. **COMPARABLE COMPANIES MULTIPLE ('CCM') METHOD**

Under CCM method, the value of equity shares of HLFL is determined by using multiples derived from valuations of comparable companies. This valuation is based on the principle that market valuations, taking place between informed buyers and informed sellers, incorporate all factors relevant to valuation. Relevant multiples need to be chosen carefully. In the present case, HLFL have been valued based on the Price to Book Value Multiple Method of comparable listed companies to arrive the equity value of HLFL.

To the value so arrived, appropriate adjustments have been made for cash inflow on account of exercise of ESOPs, value of investments in subsidiaries and associates, cash inflow on

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account of preferential issue of equity shares and cash outflow on account of additional investment in HHFL, after considering the tax impact, wherever applicable to arrive at the adjusted equity value.

The equity value as arrived above is divided by the diluted number of equity shares to arrive at the value per share of HLFL.

7.3.2. **PRICE OF RECENT INVESTMENT ('PORI') METHOD**

Where there has been any recent investment in the subject company, the price of that investment provides a basis of the valuation of the investment at fair value, subject to the changes or events subsequent to the relevant transaction. If there are any indications of change in the fair value of the subject company after the investment, a suitable adjustment to PORI may be considered.

Under PORI Method, value of equity shares of HLFL is arrived based on the recent investment made by QIB in the equity shares of HLFL.

As mentioned in para 2.2 above, on October 13, 2022, a preferential issue of equity shares to QIB has been made at a price per equity share of INR 140 on the basis of a valuation report obtained from a registered valuer.

Considering the above, we have thought fit to consider the aforesaid price for determining the value per equity share of HLFL under PORI Method.

7.4. **INCOME APPROACH**

HLFL is in the business of financing, wherein the nature and use of loans & advances (including the cash flows) is very different from companies operating in other sectors. Further, NXT post demerger of Digital, Media and Communications Business Undertaking only owns a parcel of land in Bengaluru and does not have any other business operations. Accordingly, we have thought fit not to consider the Income approach for the present valuation exercise.

8. **RECOMMENDATION OF FAIR EQUITY SHARE EXCHANGE RATIO**

8.1. The fair basis of amalgamation of HLFL with NXT would have to be determined after taking into consideration all the factors and methodologies mentioned hereinabove. Though different values have been arrived at under different approaches, for the purposes of recommending a ratio of exchange it is necessary to arrive at a single value for the equity shares of NXT and of HLFL. It is however important to note that in doing so, we are not attempting to arrive at the absolute values of the shares of each company. Our exercise is to

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work out relative value of equity shares of NXT and of HLFL to facilitate the determination of a ratio of exchange. For this purpose, it is necessary to give appropriate weightage to the values arrived at under each approach.

8.2. As mentioned above, we have considered NAV Method under 'Cost' Approach for arriving at the value per equity share of NXT and CCM Method and PORI Method under 'Market' Approach for arriving at the value per equity share of HLFL.

8.3. Attention may also be drawn to Regulation 158 of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, amended from time to time ('ICDR Regulation') which specifies that preferential issue of equity shares to shareholders of an unlisted entity pursuant to a National Company Law Tribunal approved scheme shall confirm with the pricing provisions of preferential issue specified under Regulation 164 of the said ICDR Regulation. Further, it may be noted that ICDR Regulation 164 specifies the base price for issue of shares on a preferential basis. In the proposed amalgamation unlisted entity i.e. HLFL is amalgamating with NXT, a listed entity. However, as mentioned in para 2.1 above, on February 17, 2022, the Board of Directors of NXT have approved demerger of Digital, Media and Communications Business Undertaking of NXT into HGSL, whereby shareholders of NXT will receive equity shares of HGSL as consideration for the proposed demerger. Further, NXT has received an Order from the Hon'ble National Company Law Tribunal ('NCLT'), Mumbai Bench, dated November 11, 2022, sanctioning and approving the aforesaid demerger. The record date fixed for the aforesaid demerger is November 23, 2022. Post demerger, NXT would only be holding a land parcel in Bengaluru. Considering the fact that the effect of aforesaid demerger on market price of equity shares of NXT has been recently given effect to, it would not be appropriate to consider the ICDR Regulation while determining the value of the residual business of NXT for arriving at the fair equity share exchange ratio.

8.4. The recommendation of fair equity share exchange ratio for the Proposed Amalgamation is tabulated below:

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Valuation Approach	NXT[1]		HLFL	
	Value per share (INR)	Weight	Value per share (INR)	Weight
Asset Approach				
- NAV Method	57.39	100%	NA[2]	NA
Income Approach	NA[4]	NA	NA[3]	NA
Market Approach				
- CCM Method	NA[4]	NA	147.45	50%
- PORI Method	NA[4]	NA	140.00	50%
Relative value per share	**57.39**		**143.73**	
Fair Equity Share Exchange Ratio (rounded off)	**2.50**			

NA = Not Applied / Not Applicable

[1] NXTDIGITAL Limited (post demerger of Digital, Media and Communications Business Undertaking)

[2] Since, the business of HLFL is 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.

[3] HLFL is in the business of financing, wherein the nature and use of loans & advances (including the cash flows) is very different from companies operating in other sectors, we have thought fit not to consider the Income Approach.

[4] NXT, post demerger of its Digital, Media and Communications Business Undertaking only owns a parcel of land in Bengaluru and does not have any other business operations. Therefore, the Income Approach and Market Approach has not been adopted.

NXT has proposed to demerge the Digital, Media and Communications Business Undertaking into HGSL on February 17, 2022, and the Record Date fixed for the said demerger is November 23, 2022. Considering the fact that the effect of aforesaid demerger on market price of equity shares of NXT has been very recently given effect to, we have thought fit not to consider the Market Price Method for valuation of equity shares of NXT.

8.5. The fair equity share exchange ratio has been arrived on the basis of a relative valuation of equity shares of NXT and of HLFL 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.

8.6. 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:

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'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.'

8.7. 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 exchange ratio for the proposed Amalgamation of HLFL with NXT (post demerger of Digital, Media and Communications Business Undertaking) is as under:

25 (Twenty-Five) equity shares of NXT of INR 10 each fully paid up for every 10 (Ten) equity shares of HLFL 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

S.A.Shah

SSPA & CO. REGISTERED VALUER CHARTERED ACCOUNTANTS

Sujal Shah
Partner
ICAI Membership No. 045816
Registered Valuer No.: IBBI/RV/06/2018/10140

UDIN: 22045816BEBBXM3959
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 Merger by Absorption of Hinduja Leyland Finance Limited with NXTDIGITAL 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** because of the following reasons:

(i) for NXTDIGITAL Limited, there is no listed debt obligations
(ii) For Hinduja Leyland Finance Limited, there is no past defaults of the listed debt obligations.

For NXTDIGITAL LIMITED
ASHISH PANDEY
Digitally signed by ASHISH PANDEY
Date: 2022.12.03 11:46:15 +05'30'
Ashish Pandey
Company Secretary

Date: 02.12.2022
Place: Mumbai

HINDUJA LEYLAND FINANCE

To,
BSE Limited
Phiroze Jeejeebhoy Towers,
Dalal Street, Mumbai – 400 001

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 Merger by Absorption of Hinduja Leyland Finance Limited into NXTDIGITAL 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 HINDUJA LEYLAND FINANCE LIMITED

Sachin Pillai
Managing Director & Chief Executive Officer
DIN: 06400793

Date: 25-11-2022
Place: Chennai