



NXTDIGITAL LIMITED

ANNUAL REPORT 2020 - 2021

POWERING THE FUTURE OF
INTEGRATED DIGITAL SERVICES



HINDUJA GROUP

Ushering in a new era of cooperation among Multi System Operators, NXTDIGITAL pioneers infrastructure sharing with its Headend-in-the-Sky service

NXTDIGITAL now offers Multi System Operators (MSOs) a new service that enables them to take advantage of our satellite-based Headend-in-the-Sky

service - to deliver their channels to their customers across the country, at a lower cost of operation and higher quality of service.

Eliminates cost of connectivity (fibre/links) as HITS delivers signals via satellite directly to the MSO Headends; irrespective of the location, across India.



Reduces cost of operation as the MSO does not need to invest in a full-fledged Control Room or upgrades.



Improved quality of service to their subscribers by reducing impacts (and related downtimes) due to fibre cuts on their network.



Opportunity to launch or **continue to service markets deemed unviable** due to connectivity costs – especially in markets outside of key cities.



The **MSO will continue to retain and use and manage all the “digital addressable” equipment and solutions**, including CAS, SMS, PSI/SI and STBs as in the existing norm of operation.



Low/No change in installed and currently operational technology required to transition to an infrastructure sharing model. Investments made already are protected. MSOs continue to use their existing technologies implemented. Transition is seamless.



The solution is approved by the Ministry of Information & Broadcasting and is compliant with all DAS regulations.



The Group Founder
Shri Parmanand Deepchand Hinduja

The five principles as under, distilled from the lifetime experience of the Founder of Hinduja Group, late Shri Parmanand D. Hinduja, serve as the cultural cornerstones of the businesses of the Group, leading to a synergistic and creative partnership of professional management and entrepreneurship among the Group Companies.

Work to Give
Act Local; Think Global
Advance Fearlessly
Word is a Bond
Partnership for Growth

CONTENTS

Page
No.

OVERVIEW

Chairman's Message	02
About NXT DIGITAL Limited	05
Key Financial Metrics at a glance	09
Our presence across Media	10
From the desk of MD & CEO	12
Company Vision	15
From the desk of CEO, ONEOTT ENTERTAINMENT LTD.	18
Awards and recognitions	20
From the desk of CTO	22
Re-imagining business operations during the pandemic	24
From the desk of Whole Time Director & CFO	26
General Information	31

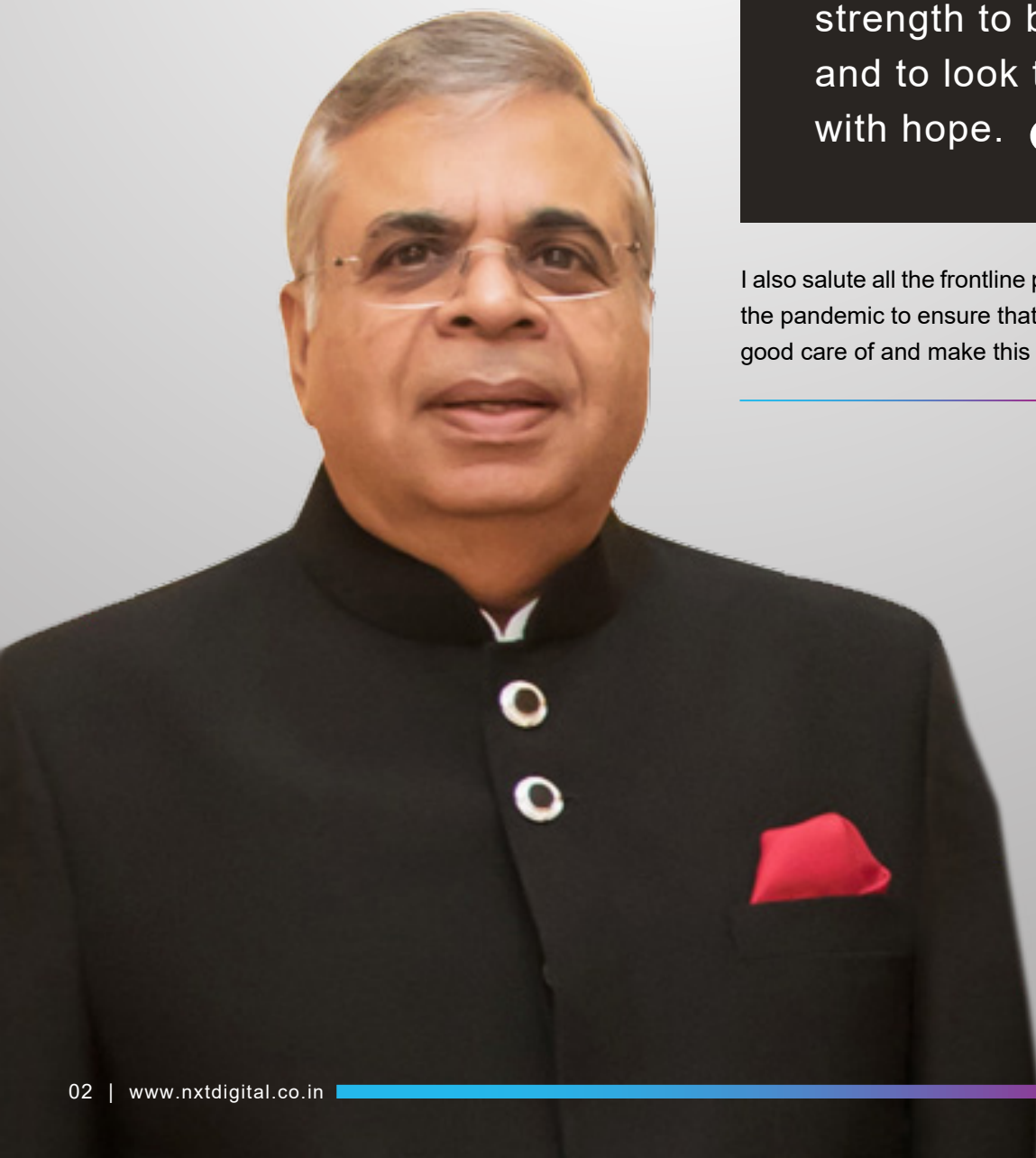
REPORTS

Board's Report	32
Corporate Governance Report	44
Management Discussion and Analysis Report	67
Business Responsibility Statement	71

FINANCIAL STATEMENTS

Standalone alongwith Auditor's Report	90
Consolidated alongwith Auditor's Report	173

CHAIRMAN'S MESSAGE



Dear **NXTDIGITAL** Parivaar members,

Greetings to you and your families! I always take immense pleasure in interacting with you all and updating you about the progress your Company has been making.

I hope each one of you and your families are staying safe and are taking adequate precautions in this current unprecedented situation of the global pandemic which does not seem to abate.

“ My heart goes out to all those who have lost their near and dear ones in the pandemic and pray to God to give them the strength to bear the loss and to look to the future with hope. ”

I also salute all the frontline people who have been braving the pandemic to ensure that the affected people are taken good care of and make this a safer place for us.

The spirit of the people of our dear nation never succumbs to challenges which is amply demonstrated by the performance of our sportspersons in the recently concluded Tokyo Olympics - despite all the disruption created by the pandemic over the last eighteen months.

I would now like to present to you brief facts of the environment which your Company has operated in and the performance of your Company for the financial year ending March 31, 2021 and the vision ahead.

The year gone by:

The financial year 2020-21 commenced with the announcement of a nationwide lockdown by the Government of India to fight the spread of the COVID-19 pandemic. What was expected to be a reasonably short to medium term disruption became a year long saga and still continues. The Country has seen waves of the pandemic in different pockets at different points in time during this period with recovery still being uncertain. As per the Economic Survey 20-21, almost one fourth of the Country's economic activity was wiped out due to fall in domestic demand in wake of the strict nationwide lockdowns to curb the spread of the pandemic.

In order to keep the economy primed and to provide relief to the multitudes that got affected, the Government announced several relief packages from time to time. These packages have played their role in minimising the impact of the pandemic on the economy and the public, but it is apparent that the road to normalcy is still a long one.

In the background of such uncertainties and difficulties, when businesses all around were struggling to survive, let alone grow, your Company moved ahead with clear objectives, viz., ensuring its customers continued to get serviced efficiently, at a price which suited their pockets in the current scenario; ensuring the safety of the employees engaged in the tasks of continued customer service and lastly, not to lose focus on growth and operating efficiencies.

I am glad to share with you that your Company was able to meet all the above objectives successfully and ensured a 24/7 service to both its video and data customers, made affordable packages for customers keeping in mind the current economic situation, kept a constant watch on the employee health including their families, and finally with all this, still posted an excellent financial performance.

Your Company posted a handsome operating profit of Rs 232 Crores for the financial year ending March 31, 2021 which grew by 6.5 % from Rs 218 Crores over the previous year; the cash generated from operations was at Rs 148 Crores for the year as compared to a negative cash from operations of Rs 138 crores in the previous year; the losses after tax came down substantially from Rs 134 Crores in the previous year to Rs 14 crores during the financial year ending March 31, 2021. The subscriber base of both the video and the data businesses grew significantly over the last one year, despite the challenges.

As part of its responsibility towards the stakeholders in the Cable TV and Fixed Broadband services industry, your Company has been constantly making efforts in many ways through its nearly 10,000 Last Mile Partners to improve consumer experience through such means as online collection modes from customers to encourage contact less and speedy collections, tying up with some leading fin tech companies to assist the consumers in tiding over the temporary financial crunch, increasing the content being provided, increasing the Fibre to Home experience for broadband by positively enabling Work-From-Home culture for both, corporates and individuals, at Metros & Mini-Metros, and many more such initiatives.

As mentioned by me in the past, it is a matter of pride for all of you that your Company is the only Company which provides TV signals distribution through the Headend in the Sky (HITS) technology in the Country and has thereby promoted 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 operators (LMOs) in technical skills for satellite signals delivery and has also digitised the video viewing experience across the length and breadth of the Country including some of the remotest parts of the Country.

The Vision:

Technology, reach and diversified offerings is what will drive this industry going forward and your Company is committed to both. Companies which focus on latest technologies and evolve a robust delivery model across the country to ensure reach will be the winners in the future. Your Company has and continues to take steps in this direction of being a truly “all things digital” organisation.

With the objective of staying ahead in technology and maintain its competitive edge, your company continues to scan the constantly evolving global technology landscape to acquire the most relevant ones through strategic partnerships. With respect to diversified offerings, the new Infrastructure sharing business though delayed due to the pandemic is well on its way to becoming a major vertical is just one example. To increase the reach even further, your Company has felt that now is the time to network the entire Country with its own points of presence called “NXTHUBs” from where the Last Mile Partners can connect and receive video and broadband transmission. For your company, the vision is now as we look to extend our services beyond infrastructure sharing and a national network of NXTHUBs. We’re focussed on extending solutions beyond video, broadband, content and e-shopping; leveraging our reach in over 4,400 pin codes and a franchisee base of over 10,000 Last Mile Partners.

Your Company will always stay one step ahead in technology and to bring global standards to the Country and in its market strategy to ensure sustainability and value creation in the long run. We will optimise the digital reach of the organisation – today covering millions of touchpoints across the country with a significant

base in the fastest growing markets of semi-urban and rural India. This is an opportunity not just for your company and the product portfolio of the Hinduja Group, but also multi-national and other companies, ranging from banking and FMCG to shopping and services – keen to leverage the capabilities and capacities of your company and reach these customers.

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

ABOUT NXTDIGITAL



NXTDIGITAL Limited (NDL) is the media vertical of the global Hinduja Group and is India's premier integrated digital delivery services company - delivering services via satellite using its future-ready Headend-in-the-Sky or HITS technology, digital cable and broadband.

With a pan-India reach, **NXTDIGITAL** delivers television services through a dual delivery platform consisting of digital cable and the country's only Headend-in-the-Sky (HITS) satellite platform, under the brand names **INDigital** and **NXTDIGITAL** respectively.

Launched over 5 years ago, NXTDIGITAL's HITS platform is a game-changer in the industry, providing digital video delivery to franchise partners across the length and breadth of the country over satellite on the newly-launched satellite – Intelsat 39.

With a presence in over 1,500 cities and 4,400 pincodes, the HITS platform continues to expand across India.

The HITS platform has been designed to also support delivering Infrastructure Sharing services to Multi System Operators ("MSOs"), enabling them to reduce their operational costs, improve their quality of service to their customers; whilst continuing to leverage their existing investments in Set Top Boxes and digital addressable technology.

One clear benefit of the model is that MSOs can now look to deliver digital services to far-flung rural markets – earlier considered “commercially unviable”, validating of our mission of facilitating a truly “digital” India . The HITS platform offers subscribers over 650 digital channels and NXTDIGITAL is looking at launching even more channels through additional transponders in the near future.

The company's digital cable television platform, **INDigital**, delivers 700+ channels across 100+ cities over its own fibre network of more than 4,000km.

The 25 year old company is well established nationally through a franchisee base of nearly 10,000 Last Mile Owners (LMOs); delivering digital services to millions of customers across the length and breadth of the country.

NXTDIGITAL's subsidiary, ONEOTT iNTERENTMENT Limited, is one of India's top 6 Internet Service Providers and has a strong presence in Broadband and Internet services in 40+ cities. Its services under the brand “ONE Broadband” provide converged services of Video, Data and Voice to consumers by delivering high-speed internet and services across multiple cities in India. With “ONE Gigafiber”, the broadband company also provides FTTH (Fibre to the Home) services for consumers - providing speeds up to 1,000Mbps.

In this financial year, the One Broadband service has seen a significant growth in its subscriber base as people moved to Work From Home (WFH) and the general uptake of streaming video services saw an increase.

OIL has also been awarded with the Fastest Growing Brands 2020-21 from Asia One in the Internet Service Provider category.

