

REPORT OF THE AUDIT AND RISK MANAGEMENT COMMITTEE OF UFO MOVIEZ INDIA LIMITED

MEMBERS PRESENT:

Mr. Sanjeev Aga	Chairman
Mr. S. Madhavan	Member
Mr. Varun Laul	Member

Certified True Copy
For UFO Moviez India Limited

INVITEES / ATTENDANCE:

Mr. Kapil Agarwal	Joint Managing Director
Mr. Ashish Malushte	Chief Financial Officer
Mr. Amit Thukral	Sr. VP- Legal Affairs
Mr. Sameer Chavan	Company Secretary
Mr. Sushil Agrawal	Chief – Corporate Affairs
Mr. Amit Saraf	GM – Finance & Accounts

Company Secretary

1. UFO Moviez India Limited ('UMIL' or 'the Transferee Company') has placed before the Audit and Risk Management Committee a draft Scheme of Arrangement of Southern Digital Screenz India Private Limited, V N Films Private Limited, Edridge Limited and UFO International Limited ('Transferor Companies') with the Transferee Company and their shareholders and creditors u/s 391 to 394 and other applicable provisions of the Companies Act, 1956 (including any statutory modification or re-enactment or amendment thereof) for recommendation of the draft scheme by the Audit and Risk Management Committee to the Board of Directors as required vide SEBI circular No. CIR/CFD/CMD/16/2015 dated 30th November, 2015 read with Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI regulations").

The Audit and Risk Management Committee pursuant to requirements set out in the abovementioned SEBI Circular and after considering the following documents:

- a. Draft Scheme of Arrangement;
- b. Certificate by Independent Chartered Accountant for non applicability of valuation report in terms of SEBI circular No. CIR/CFD/CMD/16/2015 dated 30th November, 2015

hereby reports:

that the proposed merger of the Transferor Companies envisaged in this Scheme would be beneficial to the Transferee Company and all the stakeholders.

2. The Audit and Risk Management Committee has noted that:
 - i. Transferor Companies are directly/indirectly wholly owned subsidiaries of the Transferee Company. Southern Digital Screenz India Private Limited is currently engaged in business of providing digital cinema services, while V N Films Private Limited is engaged in the

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business of exhibition and distribution of movies and UFO International Limited is engaged in the business of utilization of Digital Cinema Technology worldwide. Also Edridge Limited is engaged in the business of promoting, establishing, managing, administering and participating in the business, management and share capital or assets or otherwise of any company or other entity as a financing, holding or subsidiary company or as a shareholder.

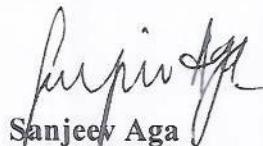
ii. Proposed merger of the Transferor Companies with the Transferee Company would inter alia have the following benefits:

- The digital cinema market in India has strong growth potential and a consolidated business would be better placed to take advantage of emerging opportunities
- All the assets including the intangible assets ("IPs") and liabilities, if any of the Transferor Companies would get transferred to the Transferee Company
- Better business synergies, improve overall operational efficiency and achieve cost savings;
- UMIL would be able to carry on and conduct its business more efficiently and advantageously with better economies of scale, more productive and optimum utilization of various resources, strengthen its financial position and ability to raise resources for conducting business and provide a stronger capital base for future expansion and growth in India;
- Reduction in multiplicity of legal and regulatory compliances required at present to be carried out and further, such consolidation will also help UMIL enhance its ability to compete effectively in the highly competitive digital cinema market in India; and
- Reduce managerial overlaps, which are necessarily involved in running multiple entities

iii. The Audit and Risk Management Committee took note that of the certificate of Independent chartered accountant and the fact that no shares of the Transferee Company will be issued and allotted pursuant to the proposed Scheme since the entire paid up capital of the Transferor Companies is directly/indirectly wholly owned by the Transferee Company

iv. In any case, since the entire equity shareholding of the Transferor Companies is directly/indirectly held by the Transferee Company and therefore as an internal group restructuring, it does not adversely affect the stakeholders and creditors of the Transferee Company and the Transferor Companies.

3. In light of the foregoing, the Audit and Risk Management Committee recommends the draft scheme for favourable consideration by the Board of Directors, stock exchange(s) and the SEBI.


Sanjeev Aga

Chairman, Audit and Risk Management Committee

Date: July 26, 2016

Place: Mumbai



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