

REPORT ADOPTED BY THE BOARD OF DIRECTORS OF UFO MOVIEZ INDIA LIMITED ON JUNE 3, 2024 EXPLAINING THE EFFECT OF THE SCHEME OF ARRANGEMENT FOR AMALGAMATION OF SCRABBLE DIGITAL LIMITED (“SDL” OR “TRANSFEROR COMPANY 1”) AND UFO SOFTWARE TECHNOLOGIES PRIVATE LIMITED (“USTPL” OR “TRANSFEROR COMPANY 2”) AND UFO MOVIEZ INDIA LIMITED (“UFO” OR “TRANSFeree COMPANY”) AND THEIR RESPECTIVE SHAREHOLDERS (PROMOTER AND NON-PROMOTER SHAREHOLDERS)

Directors Present:

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| 1. Mr. Kanwar Bir Singh Anand | - | Chairman, Independent Director |
| 2. Mr. Rajiv Batra | - | Independent Director |
| 3. Ms. Swati Mohan | - | Independent Director |
| 4. Mr. Anand Trivedi | - | Non – Executive Director |
| 5. Mr. Gautam Trivedi | - | Non – Executive Director |
| 6. Mr. Sanjay Gaikwad | - | Managing Director |
| 7. Mr. Rajesh Mishra | - | Executive Director & Group CEO |

In Attendance:

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| Ms. Kavita Thadeshwar | - | Company Secretary |
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Invitees:

- | | | |
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| 1. Mr. Ashish Malushte | - | Chief Financial Officer |
| 2. Mr. Sushil Agrawal | - | Chief Strategy Officer |
| 3. Mr. Jinesh Shah | - | Partner – Ernst & Young LLP |
| 4. Ms. Soniya Sankhesaria | - | Senior Manager – Ernst and Young LLP |

1. Background

- 1.1 A meeting of the Board of Directors (‘Board’) of the Company was held on June 3, 2024 to consider and recommend the proposed Scheme of Arrangement for Amalgamation Amongst Scrabble Digital Limited (“SDL” or “Transferor Company 1”) and UFO Software Technologies Private Limited (“USTPL” or “Transferor Company 2”) with UFO Moviez India Limited (“UFO” or “Transferee Company”) and their respective shareholders (the “Scheme”) to be implemented as per the terms specified in the Scheme.
- 1.2 The provisions of Section 232(2)(c) of the Companies Act, 2013 (“Act”) requires the directors to adopt a report explaining (i) the effect of the arrangement under the Scheme on each class of shareholders, promoter and non-promoter shareholders and key managerial personnel; and (ii) laying out in particular the share exchange ratio, specifying any special valuation difficulties and the same is required to be circulated to the equity shareholders at the time of seeking their approval to the Scheme as may be directed by the Hon’ble National Company Law Tribunal.
- 1.3 This report of the Board is accordingly prepared in pursuance to the requirements of Section 232(2)(c) of the Act.
- 1.4 The following documents were considered by the Board:
- 1.4.1 Draft Scheme;

- 1.4.2 Report of the Independent Director's Committee dated June 3, 2024, recommending the Scheme to the Board for approval;
- 1.4.3 Report of the Audit and Risk Management Committee dated June 3, 2024, recommending the Scheme to the Board for approval; and
- 1.4.4 Draft Certificate from the Statutory Auditors of the Company confirming that the Scheme is in compliance with applicable accounting treatment notified under the Companies Act, 2013 and other generally accepted principles.

2. Background of the Proposed Scheme:

- a) Scrabble Digital Limited ("SDL" or Transferor Company 1") is a company incorporated under the provisions of Companies Act, 1956 having its registered office at Valuable Techno Park, 3rd Floor, Plot No. 53/1, Road No. 7, MIDC, Andheri (East), Mumbai – 400093. SDL is engaged in the business of providing Digital Cinema Services. SDL is a wholly owned subsidiary of the Transferee Company.
- b) UFO Software Technologies Private Limited ("USTPL" or "Transferor Company 2") is a company incorporated under the provisions of Companies Act, 1956 having its registered office at Office No. 902, 9th Floor, Ackruti Star, Central Road, MIDC, Andheri (East), Mumbai-400093. USTPL is engaged in providing software solutions and development. USTPL is a wholly owned subsidiary of the Transferee Company.
- c) UFO Moviez India Limited ("Company" or "UFO" or "Transferee Company") is a public limited company incorporated on June 14, 2004 under the Companies Act, 1956 and its registered office is situated at Valuable Techno Park, Plot #53/1, Road #7, MIDC, Marol, Andheri (East), Mumbai – 400093. The CIN of UFO is L22120MH2004PLC285453. The equity shares of UFO are listed on BSE Limited and National Stock Exchange of India Limited. UFO is India's largest in-cinema advertising platform and is the first one, to enable cinema digitization with satellite technology in India. It is the end to end service provider for all DCI and non-DCI related cinema solutions.
- d) The Scheme, amongst others, contemplates the following arrangements:
 - i. Amalgamation of Transferor Company 1 and Transferor Company 2 with the Transferee Company in the manner set out in Part II of the Scheme.
 - ii. Reduction of securities premium of the Transferee Company after the amalgamation of the Transferor Company 1 and Transferor Company 2 in the manner set out in Part III of the Scheme.
- e) The rationale of the proposed Scheme is:
The Proposed Scheme of Arrangement would inter alia have the following benefits:
Amalgamation of Transferor Companies into Transferee Company
- a. The Transferor Companies are wholly owned subsidiaries of the Transferee Company.

- b. The proposed amalgamation of Transferor Company 1 will assist the Transferee Company to serve existing customer with all products and services within digital cinema industry's needs, giving customers a one-stop shopping experience with credible services.
- c. Transferor Company 2 is not of the significant size and therefore consolidation will result into decrease in the administration cost associated with day-to-day operations.
- d. The amalgamation of the Transferor Companies with the Transferee Company will lead to better business synergies, improved overall operational efficiencies and cost savings.
- e. The amalgamation will also result in reduction in legal and regulatory compliances that are currently carried out by multiple entities.
- f. The proposed amalgamation will reduce managerial overlaps, which are necessarily involved in running multiple entities.

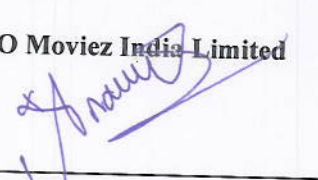
Utilisation of Securities Premium Account

- g. Due to COVID 19 pandemic, the Transferee Company has incurred losses from FY 2020-21 to FY 2022-23. As per audited financial results as on March 31, 2024, the Transferee Company had (i) Profit and Loss Account (debit balance) of about INR 130.82 crores (Indian Rupees One Hundred and Thirty Crores and Eighty Two Lakhs only); (ii) Securities Premium Account of about INR 388.57 crores (Indian Rupees Three Hundred and Eighty Eight Crores and Fifty Seven Lakhs only); (iii) Amalgamation Deficit Reserve Account (debit balance) of about INR 67.46 crores (Indian Rupees Sixty Seven Crores and Forty Six Lakhs only). All these balances are part of "Other Equity".
- h. The Transferee Company believes that utilization of the Securities Premium Account to set off the debit balances in (i) Profit and Loss Account and (ii) Amalgamation Deficit Reserve Account would result in a true and fair reflection of the "Other Equity" in the balance sheet.
- i. The right-sizing of the balance sheet is also likely to facilitate the efforts of the Transferee Company while raising funds in future.
- j. The proposed adjustment / set off, of the Securities Premium Account would not have any impact on the shareholding pattern, and the capital structure of the Transferee Company.
- k. The Scheme does not involve any financial outlay / outgo and therefore, would not affect the ability or liquidity of the Transferee Company to meet its obligations/ commitments in the normal course of business. Further, this Scheme would also not in any way adversely affect the ordinary operations of the Transferee Company.

3. Impact on Shareholders (promoter and non-promoter shareholders):

The Scheme involves amalgamation of wholly owned subsidiaries of UFO into UFO and hence no consideration would be paid by UFO pursuant to the Scheme and proposed utilization of securities amount would not result in any change in current capital structure of UFO. It is expected that there shall be no impact of the Scheme on key managerial personnel, the directors, the promoters and non-promoters' shareholders.

For UFO Moviez India Limited



Mr. Kanwar Bir Singh Anand
Chairman of the Board of Directors

Date: June 3, 2024