

Date: December 2, 2019

To,  
**BSE Limited**  
Phiroze Jeejeebhoy Towers,  
Dalal Street, Fort,  
Mumbai - 400 001  
**BSE Scrip Code: 539141**

To,  
**National Stock Exchange of India Limited**  
Exchange Plaza, 5<sup>th</sup> Floor, Plot No. C/1, 'G'  
Block, Bandra-Kurla Complex,  
Bandra (East), Mumbai - 400 051  
**NSE Scrip Symbol: UFO**

Dear Sir / Ma'am,

**Sub: Disclosure of events or information under Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 - Sanction of Scheme of Arrangement between Valuable Digital Screens Private Limited ("VDSPL" OR "the Demerged Company") and UFO Moviez India Limited ("UFO" OR "the Resulting Company" OR "the Company") and their respective shareholders**

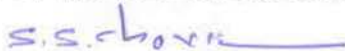
This is in continuation of intimation dated June 7, 2019, June 11, 2019 and July 18, 2019 sent to you regarding the Scheme of Arrangement between Valuable Digital Screens Private Limited and UFO Moviez India Limited and their respective shareholders.

We hereby inform that the Hon'ble National Company Law Tribunal, Mumbai Bench has sanctioned the aforesaid Scheme pursuant to Sections 230-232 and other relevant provisions of the Companies Act, 2013 vide its order dated November 21, 2019. Copy of Order approving the Scheme has been uploaded on website of Hon'ble National Company Law Tribunal today and the same is enclosed. The Scheme will be made effective on filing of Certified copy of Order with Registrar of Companies.

We request you to take the same on record.

Yours Faithfully,

**For the UFO Moviez India Limited**



**Sameer Chavan**  
**Company Secretary**

**Encl: a/a**

**IN THE NATIONAL COMPANY LAW TRIBUNAL,  
MUMBAI BENCH**

**C. P. (CAA) No. 2812 of 2019  
In  
C. A. (CAA) No. 2253 of 2019**

Under Sections 230 to 232 other applicable provisions of the Companies Act, 2013 and Rules framed there under as in force from time to time;

And

In the matter of Scheme of Arrangement between VALUABLE DIGITAL SCREENS PRIVATE LIMITED, the Demerged Company and UFO MOVIEZ INDIA LIMITED, the Resulting Company ("Scheme").

VALUABLE DIGITAL SCREENS PRIVATE LIMITED

... First Petitioner Company/  
Demerged Company

UFO MOVIEZ INDIA LIMITED

... Second Petitioner Company/  
Resulting Company

Order delivered on 21<sup>st</sup> November, 2019

**CORAM:**

Hon'ble Shri Bhaskara Pantula Mohan, Member (Judicial)  
Hon'ble Shri Shyam Babu Gautam, Member (Technical)

For the Petitioner(s): Ms. Alpana Ghone, Counsel, Mr. Rajesh Shah along with Mr. Ahmed M Chunawala, Advocates i/b M/s. Rajesh Shah & Co.

for Regional Director: Ms. Rupa Sutar, Deputy Directors

*Per Shri Shyam Babu Gautam, Member (Technical)*

**ORDER**

1. Heard learned counsel for parties. No objector has come before this Tribunal to oppose the Scheme and nor has any party controverted any averments made in the Petitions to the said Scheme.

2. The sanction of the Tribunal is sought under Sections 230 to 232 and other applicable provisions of the Companies Act, 2013 to the said Scheme.
3. The Petitioner Companies have approved the said Scheme of Arrangement by passing the Board Resolutions which are annexed to the Joint Company Scheme Petition.
4. The Learned Advocate appearing on behalf of the Petitioners states that the Joint Petition have been filed in consonance with the Order passed in their Joint Company Scheme Application No. 2253 of 2019 of the National Company Law Tribunal.
5. The Learned Advocate appearing on behalf of the Petitioners further states that the Petitioner Companies have complied with all requirements as per directions of the National Company Law Tribunal, Mumbai Bench and they have filed necessary affidavits of compliance in the National Company Law Tribunal, Mumbai Bench. Moreover, Petitioner Companies undertake to comply with all the statutory requirements if any, as required under the Companies Act, 2013 and the Rules made there under whichever is applicable. The said undertaking is accepted.
6. The Learned Counsel for the Petitioners states that the Demerged Company is engaged in the advertising business carried out through Caravan Talkies i.e. Caravan Talkies advertising business and the Exhibition business through Nova Cinemas & Club Cinema and the Resulting Company is engaged in the business of digital cinema distribution and in-cinema advertising.

The Rationale of the Scheme is as under:

- UFO's vision is to be the leader in big screen entertainment by enhancing value for all stakeholders and bringing joy to people's lives, through innovation. UFO's key focus and growth driver is providing advertising services on big screens of cinemas across India. On the other hand, VDSPL's Caravan Talkies advertising business is a movie on wheels concept, which shows complimentary movies on a big screen at villages

for India's rural population in media dark areas. The Caravan Talkies advertising business generates revenue from providing advertising services. Both UFO and the Caravan Talkies advertising business have the same focus of driving advertising service revenues with UFO focusing on urban markets and Caravan Talkies advertising business focusing on the rural markets. In the recent past, the media advertising business has undergone dramatic changes and has experienced intense competition. The Caravan Talkies advertising business of VDSPL, by its inherent nature, has a reach which takes the advertisers only to rural audiences but not to the urban audiences. This has resulted as a serious business limitation for Caravan Talkies advertising business of VDSPL. This risk can only be addressed by making the Caravan Talkies advertising business a part of the UFO's bouquet of advertising services. The proposed demerger will enable UFO to cater to the needs of the advertisers across both rural and urban audiences thereby enabling them to plan their spends in a coordinated manner, through a common vendor.

**Business synergies:**

- The Caravan Talkies advertising business addresses the rural demographics which is expected to be the fastest growing advertising segment in India, whereas UFO as on March 31, 2019 has ~ 3,700 advertisement screens in over 1,200 towns and cities, which has a reach in metros, tier 1, tier 2, tier 3 and tier 4 towns with almost no access to rural audiences of India. Such rural audiences lie in media dark areas where there is no access to social entertainments avenues like cinemas. The proposed demerger will give access to UFO advertisers to an expanded range of products, avenues and demographics through UFO bouquet of advertising services which will include caravan offering. Advertisers would get access to media dark areas where the caravan operates to reach a critical audience. UFO through its in-cinema offering along with caravan would act as a one-stop-shop to enable advertisers to reach to both urban and rural markets.

- Further, “CARAVAN TALKiES” is a registered trademark of VDSPL. VDSPL has spent time and effort over the past five years in building up “CARAVAN TALKiES” as a brand. The proposed demerger will enable UFO to leverage the “CARAVAN TALKiES” brand, which it will acquire as a part of the transaction and position the brand as the pre-eminent one in the movie on wheel advertising business.
- The Caravan Talkies advertising business has not been able to deliver consistent advertising service revenues and large advertisers that advertise on other mediums including cinema do not advertise on caravan in a big way as it is a new media platform. UFO has a wide client base of advertisers which would be accessible to the Caravan Talkies advertising business. UFO has been able to drive its in-cinema advertising service revenue growth at a CAGR of 16% in the last 5 years with the help of a competent and dedicated advertising sales team which has a pan India footprint and strong relationships with advertisers. Post demerger, the Caravan Talkies advertising business would gain access to the large advertising sales team of UFO.
- UFO would be able to utilize the caravans as moving billboards when it is transiting from village to village to promote upcoming and ongoing movies which are likely to be screened at cinema screens nearby thereby driving awareness of these screens and bringing in footfalls to such screens and this would be beneficial to the sustainability of UFO’s digital cinema services and advertising business.
- Through the screening of movies in villages by Caravan Talkies, UFO would be able to identify the locations where there is a demand for watching movies but the absence of big screens. UFO can get screens started in these locations directly or through existing cinema owners and operators in nearby areas and thereby increasing its core advertising screen network. These locations will be ideal sites to setup cinema halls where UFO’s digital cinema and in-cinema advertising services can be offered. This will help UFO to arrest the downward fall in its advertisement screens count and grow its network.

**Operational synergies:**

- The Caravan Talkies advertising business would have access to UFO's large technical field support and warehouse facility. These warehouses enable the easy movement of spare parts and equipment to and from the digital cinema screens which require replacement, maintenance or repair. UFO already has large scale operations to provide technical support and maintains warehouses across the country. Post demerger, UFO resources which are spread across the Country can reach the Caravan Talkies sites quickly, improve the quality of service and ensure uptime of caravans thus resulting in significant synergies in terms of cost reduction.
- Further, under the Caravans Talkies advertising business, VDSPL delivers movies and advertisements physically to the caravans that are located in the interiors of the country whereas UFO has a state of the art satellite based delivery system at its digital cinema screens. Post demerger, the Caravan Talkies advertising business would gain access to UFO's satellite based delivery system for receiving movies and advertisement content and eliminate the inconveniences of physically delivering the content and enhancing its offering by enabling changing of content on the fly. This will also result in cost synergies like reduction in physical delivery costs. This will also bring flexibility to the entire advertisement scheduling process of caravans which can be remotely scheduled over satellite like it is done on UFO's digital cinema screens. Satellite capability will also enable the technical support team to troubleshoot issues remotely.

**Other synergies:**

- As the Caravan Talkies advertising business' scale of operations grows, administrative expenses would also grow to UFO's level. UFO runs full-fledged operations across the country incurring significant administrative expenses. The proposed transaction would bring about synergies of operations and benefits of scale by minimizing the duplication of these administrative functions.

- The financial resources will be conveniently merged and pooled with the resources of the Resulting Company, leading to utilization of resources towards expansion and growth of the business of UFO. It would provide better flexibility to the Caravan Talkies advertising business in accessing capital, focused strategy and specialization for sustained growth.

**Residual businesses of VDSPL, post demerger:**

- VDSPL houses two business verticals viz “Caravan Talkies advertising business”, focuses on providing advertising services through operations of Caravan Talkies and “Exhibition business” which focuses on exhibition related offerings through Nova Cinemaz and Club Cinema. Nova Cinemaz started running pilot projects in 2015 where the programming of cinema screens was taken over from cinema owners and those screens were co-branded as Nova Cinemaz. Gradually, Nova Cinemaz started taking cinema screens under its fold by incurring capital expenditure in screens through brownfield projects and refurbishment of screens and also started managing a large part of the operations of those screens. Currently, there are 44 screens in the Nova Cinemaz which is composed of both programming screens as well as screens where a large part of the operations are managed. Club Cinema has created a niche in the Exhibition sector by focusing on providing exhibition offerings at large venues like clubs, residential complexes and townships. Club Cinema has reached a scale of providing its offering across 40 centers.
- The Exhibition business by its nature is a capital intensive business and the profitability of any Exhibition business is significantly linked to the success and failure of the content (films). UFO, on the other hand is focused on providing fee based services to cinema value chain and derives significant revenues through in-cinema advertisements. UFO’s service offerings are thus, to a major extent, content agnostic. Also, while UFO is primarily in the business of B2B offerings, Exhibition businesses are pure play B2C offerings, with

operating and business dynamics which are completely different than the B2B offerings of UFO.

- The Exhibition business has now reached decent size and scale validating that the pilot started in 2015 is proven. VDSPL is looking to concentrate on expanding the Exhibition business taking forward the learnings of the past 4 years. As the Exhibition business expands, it may have its own capital requirement in the future, which can be catered to if this business is nurtured in a separate entity and by targeting investors having their focus on the Exhibition sector. Thus, the demerger of the Caravan Talkies advertising business from VDSPL will allow VDSPL to concentrate solely on the Exhibition business and achieve accelerated growth of the exhibition centers deeper across the country.
7. The Regional Director has filed a Report on November, 2019. In paragraph IV of the said Report, the Regional Director has stated that:

*“IV. The observations of the Regional Director on the proposed Scheme to be considered by the Hon’ble NCLT are as under:*

*a. In compliance of AS-14 (IND AS-I03), the Petitioner Companies shall pass such accounting entries which are necessary in connection with the scheme to comply with other applicable Accounting Standards such as AS-5(IND AS-8) etc.*

*b. As per the Definition of the Scheme,*

*“Appointed Date” means April 1, 2019, or any other date as may be approved by the Appropriate Authority;*

*“Effective Date” means the last of the dates on which the certified copies of the Order of the National Company Law Tribunal sanctioning the Scheme is filed with the Registrar of Companies by the Demerged Company and the Resulting Company; References in this Scheme to the words “coming into effect of this scheme” or “effectiveness of this Scheme” shall mean the Effective Date;*



*In this regard, it is submitted that Section 232(6) of the Companies Act, 2013 states that the scheme under this section shall clearly indicate an appointed date from which it shall be effective and the scheme shall be deemed to be effective from such date and not at a date subsequent to the appointed date. However, this aspect may be decided by the Hon'ble Tribunal taking into account its inherent powers.*

*Further, the Petitioners may be asked to comply with the requirements and clarified vide circular no. F. No. 7/12/2019/CL-1 dated 21.08.2019 issued by the Ministry of Corporate Affairs.*

- c. The Hon'ble NCLT may kindly direct the Petitioners to file an affidavit to the extent that the Scheme enclosed to the Company Application & Company Petition are same and there are no discrepancy / any change / changes are made, the liberty be given to Central Government to file further report if any required;*
- d. It is further most respectfully submitted that Joint Petition seeking sanction to the Scheme was filed on July 18, 2019 and was listed for admission on November 7, 2019 before this Hon'ble NCLT, Mumbai bench. UFO had earlier filed a Composite Scheme of Arrangement and Amalgamation between UFO Moviez India Limited, Qube Cinema Technologies Private Limited, Qube Digital Cinema Private Limited, Movie buff Private Limited, PJSA Technosoft Private Limited and their respective Shareholders and Creditors ("UFO Qube Scheme"). UFO Qube Scheme Petition was dismissed by this Hon'ble NCLT, Mumbai Bench by order dated 21.01.2019 on various grounds. UFO had filed an appeal before Hon'ble National Company Law Appellate Tribunal challenging the said NCLT order. Hon'ble NCLAT vide its order dated 24.10.2019, allowed the appeal and set aside the Hon'ble NCLT order. However, as recorded in NCLAT order, UFO Qube Scheme would not be made effective due to certain financial changes made during pendency of the appeal. In this regard the transferee company has submitted that "proposed Scheme is neither connected to*

*UFO Qube Scheme nor it is sub set of UFO Qube Scheme.  
Further, VDSPL was not a party to UFO Qube Scheme”.*

8. So far as the observation in paragraph IV (a) of the Report of the Regional Director is concerned, the Learned Counsel for the Petitioner Companies submits that the Petitioner Companies shall pass such accounting entries which are necessary in connection with the scheme to comply with applicable Accounting Standards.
9. So far as the observation in paragraph IV (b) of the Report of the Regional Director is concerned, the Learned Counsel for the Petitioner Companies submits that the Appointed Date is 1<sup>st</sup> April, 2019.
10. So far as the observation in paragraph IV (c) of the Report of the Regional Director is concerned, the Learned Counsel for the Petitioner Companies submits that the Petitioner undertakes that Scheme enclosed to the Joint Company Application and the scheme enclosed to the Joint Company Petition are one & same there is no discrepancy or deviation.
11. So far as the observation in paragraph IV (d) of the Report of the Regional Director is concerned, the Learned Counsel for the Petitioner Companies clarifies that the Scheme was filed on July 18, 2019 and was admitted on September 5, 2019 before this Hon’ble NCLT. Further, the Learned Counsel for the Petitioner Companies confirms the status of UFO Qube Scheme and submits that UFO Qube Scheme is not connected to this Scheme.
12. The observations made by the Regional Director have been explained by the Petitioner Companies in Para 8 to 11 above. The clarifications and undertakings given by the Petitioner Companies are accepted by the Tribunal.
13. From the material on record, the Scheme appears to be fair and reasonable and is not contrary to public policy.

14. Since all the requisite statutory compliances have been fulfilled, C. P. (CAA) No. 2812 of 2019 is made absolute in terms of prayers clause (a) and (b).
15. Petitioners are directed to lodge a copy of this Order along with a copy of the Scheme of Arrangement with the concerned Registrar of Companies, electronically along with E-Form INC-28, in addition to physical copy, as per the relevant provisions of the Companies Act 2013.
16. The Petitioner Companies to lodge a copy of this Order and the Scheme duly certified by the Deputy Registrar or Assistant Registrar, National Company Law Tribunal, Mumbai Bench, with the concerned Superintendent of Stamps, for the purpose of adjudication of stamp duty payable within 60 days from the date of receipt of the order, if any.
17. All concerned regulatory authorities to act on a copy of this Order along with Scheme duly authenticated by the Deputy Registrar or Assistant Registrar, National Company Law Tribunal, Mumbai.

Sd/-

**SHYAM BABU GAUTAM  
MEMBER (TECHNICAL)**

Sg/-

Sd/-

**BHASKARA PANTULA MOHAN  
MEMBER (JUDICIAL)**