

Report adopted by the Board of Directors of Swanston Multiplex Cinemas Private Limited (“the Company”) on the Draft Scheme of Amalgamation (Merger by Absorption) (“Scheme”) of Swanston Multiplex Cinemas Private Limited (“Transferor Company”) with INOX Leisure Limited (“Transferee Company”) and their respective shareholders pursuant to the provisions of Section 232(2)(c) of the Companies Act, 2013.

1. Background:

- i. A Meeting of the Board of Directors (‘Board’) of INOX Leisure Limited (‘the Transferee Company’ or ‘INOX’) is scheduled to be held on 18th June 2018 to consider and recommend the proposed Scheme of Amalgamation (Merger by absorption) of the Company with INOX and their respective shareholders (‘the Scheme’) to be implemented as per the terms specified in the scheme.
- ii. The provisions of Section 232(2)(c) of Companies Act, 2013 requires the Board of Directors to adopt a report explaining the effect of the Scheme of Merger (By Absorption) on each class of Shareholders, Key Managerial Personnel, Promoters and non-promoter Shareholders and the same is required to be appended with the Notice of the Meeting of Shareholders. This report of the Board is made in order to comply with the requirements of Section 232(2)(c) of Companies Act, 2013.
- iii. This report is made by the Board after perusing inter alia the following necessary documents (‘Documents’):
 - a) Draft Scheme of Merger (By Absorption) initialled by the Director for the purposes of identification.
 - b) Memorandum of Association and Articles of Association of the Transferor and Transferee Company.
 - c) Audited accounts of the Transferor and Transferee Company as on 31st March, 2018,

2. BOARD REPORT

Based on review of the Draft Scheme of Merger (By Absorption) and the above-mentioned documents, the Board has formed the opinion that:

- i. Since the Company is a wholly owned subsidiary of INOX and the entire paid up share capital of the Company is held by the INOX and its nominee, as a result of the proposed Merger (By Absorption), the shares of the Company held by INOX will stand cancelled and there shall be no issuance of shares or payment of any consideration by INOX to the shareholders of the Company.
- ii. As the entire undertaking of the Company shall stand transferred to INOX, the rights and interests of the shareholders and / or the creditors of the Company shall not be affected and the Scheme shall also not be prejudicial to the interest of the shareholders and / or creditors of the Company.
- iii. The proposed Merger (By Absorption) would inter alia have the following benefits:
 - (i) It will enable more economic and efficient management, control and running of the businesses of the companies concerned.
 - (ii) In general, the business of both, the Company and INOX, will be carried on more profitably under the Scheme and the Scheme will contribute in furthering and fulfilling the objects of both the Company and INOX.
 - (iii) The proposed amalgamation and vesting of the Company into INOX, with effect from the Appointed Date, is in the interest of the shareholders, creditors, stakeholders and employees, of both the companies, as it would enable a focused business approach for the maximization of benefits to all stakeholders.
- v. Since there shall be no payment of consideration or issuance of shares by INOX, the proposed Scheme of Merger (By Absorption) does not entitle the Promoter/Promoter Group, related parties of the Promoter/Promoter Group, associates of the Promoter/Promoter Group, subsidiaries of the Promoter/Promoter Group to any additional shares or any special benefits.
- vi. The effect of the proposed Scheme of Amalgamation on the stakeholders of the Company would be as follows:

Effect of the Scheme on:

(a) Shareholders	No impact since wholly owned subsidiary of Transferee Company
(b) key managerial personnel (KMP)	No impact since company has no KMPs.
(c) Directors	Shall cease to be Directors.
(d) Promoters	No impact
(e) non-promoter members	Not applicable since wholly owned subsidiary of Transferee Company
(f) Depositors	No impact
(g) Creditors	Creditors if any shall become Creditors of Transferee Company
(h) debenture holders	No impact
(i) deposit trustee and debenture trustee	No impact
(j) employees of the Company	No impact as there are no employees.

- vii. In the opinion of the Board, the said scheme will be of advantage and beneficial to the Company, its Shareholders, Creditors and other Stakeholders and the terms thereof are fair and reasonable. It is for these reasons that the Board of Directors of the Company approved the Scheme at their meeting held on 18th June, 2018.

For and on behalf of the Board of Directors of Swanston Multiplex Cinemas Private Limited

Kailash Gupta
Director

Place: Mumbai

Date: 18th June, 2018