



TIPS INDUSTRIES LIMITED

REPORT ADOPTED BY THE BOARD OF DIRECTORS OF TIPS INDUSTRIES LIMITED ("COMPANY") IN ACCORDANCE WITH SECTION 232(2)(C) OF THE COMPANIES ACT, 2013, AT ITS MEETING HELD ON MAY 10, 2021

1. The Board of Directors ("**Board**") of the Company at their meeting held on May 10, 2021 approved a draft of the proposed scheme of arrangement and demerger between Tips Industries Limited ("**TIL**" or "**Demerged Company**") and Tips Films Limited ("**TFL**" or "**Resulting Company**") and their respective shareholders ("**Scheme**"), which would involve transfer by way of demerger of Films Division Business of the Company ("**Demerged Undertaking**") to TFL in consideration for issuance of shares by TFL to the shareholders of the Demerged Company, pursuant to provisions of Sections 230-232 and other applicable provisions of the Companies Act, 2013 (including those of the Companies Act, 1956 that continue to remain in force), as applicable. The Scheme was approved by the Audit Committee of the Company at its meeting held on May 10, 2021.
2. As per Section 232(2)(c) of the Companies Act, 2013, a report is required to be adopted by the directors explaining effect of the Scheme on each class of shareholders, key managerial personnel, promoters and non-promoter shareholders of the Company laying out in particular the Share Exchange Ratio ("**Report**").
3. This Report is accordingly being made pursuant to the requirements of Section 232(2)(c) of the 2013 Act.

While deliberating on the Scheme, the Board *inter-alia* considered and took on record the following documents along with this report:

- (i) Draft scheme of arrangement and demerger
- (ii) **Fair Share Entitlement Report** dated May 10, 2021 issued by Mr. Pawan Shivkumar Poddar, Registered Valuer, Chartered Accountants (IBBI Registration No: IBBI/RV/06/2019/12475) (appointed by the Company);
- (iii) **Fairness Opinion Report** dated May 10, 2021 issued by Inga Ventures Private Ltd., a SEBI Registered Merchant Banker, providing its opinion on the fairness of the Share Entitlement Ratio of the Film Division as recommended by Mr. Pawan Shivkumar Poddar, Registered Valuer, Chartered Accountants;
- (iv) **Statutory Auditors' Certificate** dated May 10, 2021 issued by SSPA & Associates, the statutory auditors of the Company as required under Section 232(3) of the Companies Act, 2013 certifying that the accounting treatment in the draft Scheme is in accordance with the accounting standards and applicable law; s

TIPS INDUSTRIES LTD.



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