

CONFIDENTIAL

September 27th, 2016

To,
The Board of Directors,
Balaji Telefilms Limited
C-13, Balaji House,
Dalia Industrial Estate,
Opp Laxmi Industrial Estate,
New Link Road, Andheri (West),
Mumbai 400 053

Dear Members of the Board:

I. Engagement Background

We understand that the Board of Directors of Balaji Telefilms Limited ("BTL" or "Transferee Company") ("Board") are considering a scheme of arrangement and amalgamation wherein the film production undertaking (more particularly defined in the Scheme) of Balaji Motion Pictures Limited (the "Demerged Company" or "BMPL") will be demerged and transferred into BTL and Bolt Media Limited ("Transferor Company" or "BOLT") will be amalgamated with BTL, pursuant to sections 391 to 394 read with sections 100 to 103 and other applicable provisions of the Companies Act, 1956 including corresponding provisions of the Companies Act, 2013 as may be applicable ("Scheme").

The Scheme envisages demerger of the film production undertaking (more particularly defined in the Scheme) of the Demerged Company into the Transferee Company and the amalgamation of the Transferor Company into the Transferee Company as per terms and conditions more fully set forth in the Scheme placed before the Board for their approval.

In order to comply with the requirements of the regulators, the companies have appointed a Valuer for the same. Since the Demerged Company and the Transferor Company are wholly owned subsidiaries of the Transferee Company and their entire equity share capital is held by the Transferee Company in its own name and/or jointly with its nominees under Section 49 of the Companies Act 1956 (corresponding Section 187 of the Companies Act, 2013). Accordingly, the Valuer has recommended, there would be no issue of equity shares of the Transferee Company to the shareholders (including those holding the shares as nominees of the Transferee Company) of the Demerged Company and Transferor Company. Pursuant to the amalgamation of the Transferor Company with the Transferee Company, the investment in the equity shares of the Transferor Company, appearing in the books of account of the Transferee Company will stand cancelled.

In connection with the aforesaid, the Board has requested a Fairness Opinion (the "Opinion") from Axis Capital Limited as of the date hereof, on the Valuers report. Our scope of work is limited to the commenting on the fairness of the recommendation in the reports by the Valuer and not on the fairness or economic rationale of the Scheme per se.



Composite Scheme of Arrangement

This Composite Scheme of Arrangement provides for:

- (i) the demerger and transfer of the film production undertaking (more particularly defined in the Scheme) of Balaji Motion Pictures Limited into Balaji Telefilms Limited;
- (ii) Amalgamation of Bolt Media Limited with Balaji Telefilms Limited;
- (iii) There would be no issue of equity shares of the Transferee Company to the shareholders (including those holding the shares as nominees of the Transferee Company) of the Demerged Company and the Transferor Company; and
- (iv) As part of the Scheme, the investment in the equity shares of the Transferor Company appearing in the books of account of the Transferee Company shall stand cancelled.
- (v) Further, pursuant to the scheme, there shall be consequential reduction in the share capital of Balaji Motion Pictures Limited in accordance with the provisions of Sections 100 to 103 of the Companies Act, 1956 and , and any other applicable provisions of the Act

II. Basis of Opinion

A brief history of each of the aforesaid companies is as under -

1. **BALAJI TELEFILMS LIMITED** is a public limited company incorporated on 10 November 1994 under the provisions of the Companies Act, 1956 with CIN L99999MH1994PLC082802 and having its registered office at C-13, Balaji House, Dalia Industrial Estate, Opposite Laxmi Industrial Estate, New Link Road, Andheri (W), Mumbai – 400053. The name of the company was changed from Balaji Telefilms Private Limited to Balaji Telefilms Limited with effect from 19 April 2000, on becoming a public limited company in accordance with the provisions of the Companies Act 1956. The Transferee Company is engaged in *inter alia* the business of production of television serials. The shares of the Transferee Company are listed on the BSE Limited and the National Stock Exchange of India Limited.
2. **BALAJI MOTION PICTURES LIMITED** is a public limited company incorporated on 9 March 2007 under the provisions of the Companies Act, 1956 with CIN U22300MH2007PLC168515 and having its registered office at C-13, Balaji House, Dalia Industrial Estate, Opposite Laxmi Industrial Estate, New Link Road, Andheri (W), Mumbai – 400053. It is engaged in *inter alia* the business of production and distribution of motion pictures and films. The shares of the Demerged Company are not listed on any stock exchange in India.
3. **BOLT MEDIA LIMITED** is a public limited company incorporated on 19 November 2012 under the provisions of the Companies Act 1956 with CIN U74900MH2012PLC237999 and having its registered office at C-13, Balaji House, Dalia Industrial Estate, Opposite Laxmi Industrial Estate, New Link Road, Andheri (W), Mumbai – 400053. It is engaged in *inter alia* the business of production of non-fiction, fiction, reality, factual television shows, event management, branded entertainment, digital content, consultancy and creative services related to it. The shares of the Transferor Company are not listed on any stock exchange in India.
4. The key features of the Scheme provided to and relied upon by us for framing a fairness Opinion are:



- On and from the Appointed Date and subject to the provisions of the Scheme in relation to the mode of transfer and vesting, the film production undertaking (more particularly defined in the Scheme) of the Demerged Company and the entire business and whole of the undertaking of the Transferor Company as a going concern shall be transferred to and vested in or be deemed to be transferred to and vested in the Transferee Company in such a manner that:
 - all the assets of the film production undertaking of the Demerged Company and the Transferor Company will stand transferred to the Transferee Company by virtue of the Scheme;
 - all the liabilities of the film production undertaking (more particularly defined in the Scheme) of the Demerged Company and the Transferor Company will stand transferred to the Transferee Company by virtue of the Scheme;
 - The transfer and/ or vesting of the properties as aforesaid shall be subject to the existing charges, hypothecation and mortgages, if any, over or in respect of all the aforesaid assets or any part thereof of the film production undertaking (more particularly defined in the Scheme) of Demerged Company and the Transferor Company.

We have taken the foregoing facts (together with the other facts and assumptions set forth in section III of this Opinion) into account when determining the meaning of "fairness" for purposes of this Opinion.

III. Limitation of Scope and Review

Our Opinion and analysis is limited to the extent of review of documents as provided to us by the Transferee Company including the valuation report prepared by PKMSRS& Associates, Chartered Accountants and a Draft Composite of Arrangement. The Company has been provided with the opportunity to review the draft Opinion as part of our standard practice to make sure that factual inaccuracy / omissions are avoided in our final Opinion.

We have relied upon the accuracy and completeness of all information, documents, data and explanations provided to us. We have not carried out any due diligence or independent verification or validation of such information to establish its accuracy or sufficiency. We have not conducted any independent valuation or appraisal of any of the assets or liabilities of the Transferee Company and / or its subsidiaries and of the Demerged Company and the Transferor Company. In particular, we do not express any Opinion as to the value of any asset of the Transferee Company and or its subsidiaries and of the Demerged Company and Transferor Company, whether at current prices or in the future. We also believe that the same bears very limited relevance, given that there would be no issue of equity shares of the Transferee Company to the shareholders of the Demerged Company and the Transferor Company.

We do not express any Opinion as to any tax or other consequences that might arise from the Scheme on the Transferee Company and / or its subsidiaries and their respective shareholders, nor does our Opinion address any legal, tax, regulatory or accounting matters, as to which we understand that the Company has obtained such advice as it deemed necessary from qualified professionals. In addition, we express no view or opinion as to the fairness the amount or nature of, or any other aspects relating to, the compensation to any officers, directors or employees of any parties to the Scheme.

We assume no responsibility for updating or revising our Opinion based on circumstances or events occurring after the date hereof. Our Opinion is specific to the demerger of the film production





undertaking (more particularly defined in the Scheme) of the Demerged Company and the amalgamation of the Transferor Company into the Transferee Company as contemplated in the

Scheme provided to us and is not valid for any other purpose. It is to be read in totality, and not in parts, in conjunction with the relevant documents referred to therein.

We have in the past provided, and may currently or in the future provide, investment banking services to the Transferee Company and/or its subsidiaries or their respective affiliates that are unrelated to the proposed Scheme, for which services we have received or may receive customary fees. In addition, in the ordinary course of their respective businesses, affiliates of Axis Capital Limited, may actively trade securities of the Transferee Company and / or its subsidiaries or group companies or for their own accounts and for the accounts of their customers and, accordingly, may at any time hold a position in such securities. Our engagement and the Opinion expressed herein are for the benefit of the Board of Directors of the Transferee Company in connection with its consideration of the Scheme and for none other. Neither Axis Capital Limited, nor its affiliates, partners, directors, shareholders, managers, employees or agents of any of them, makes any representation or warranty, express or implied, as to the information and documents provided to us, based on which the Opinion has been issued. All such parties and entities expressly disclaim any and all liability for, or based on or relating to any such information contained therein.

The fee for our services is not contingent upon the results of the proposed arrangement and amalgamation. This Opinion is subject to the laws of India.

Our Opinion is not intended to and does not constitute a recommendation to any shareholder as to how such holder should vote or act in connection with the Scheme or any matter related thereto.


Our Opinion has been issued only for the purpose of facilitating the Transferee Company to comply with the provisions of Regulation 37 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and SEBI Circular No. CIR/CFD/CMD/16/2015 dated 30 November 2015. The Transferee Company may submit this Opinion to the stock exchanges and relevant High Courts or Tribunals, as may be required.

Conclusion

Based on and subject to the foregoing, we are of the Opinion that, as of the date hereof, the economic interest and shareholding and other rights of the shareholders of Balaji Telefilms Limited will remain unaffected on account of the Scheme. In light of the above and on consideration of all the relevant factors and circumstances, we believe that the Valuer's recommendation that no consideration in the form of shares is required to be issued by Balaji Telefilms Limited, in our Opinion is fair and reasonable.

Very truly yours,

For Axis Capital Limited


Authorized Signatory

Name:

Designation:

Ravit Rabadi
MD - (M&A)