

STRICTLY PRIVATE AND CONFIDENTIAL

May 10, 2021

To,
The Board of Directors,
TIPS Industries Limited,
601, 6th Floor, Durga Chambers
278/ E, Linking Road,
Khar (West), Mumbai - 400 052

Dear Sirs/ Madams,

Sub: Fairness Opinion on Share Entitlement Ratio for the demerger of the Film Business of TIPS Industries Limited into TIPS Films Limited recommended by the Valuer pursuant to the Proposed Scheme

We refer to the engagement letter dated January 9, 2021 ("Engagement Letter") whereby TIPS Industries Limited ("Demerged Company" or "TIL") has engaged Inga Ventures Private Limited ("Inga"), to provide a fairness opinion to them on the Share Entitlement Ratio recommended by the report dated May 10, 2021 ("Share Entitlement Ratio Report / Valuation Report") issued by CA Pawan Shivkumar Poddar ("Valuer") for the proposed demerger of Film Business ("Demerged Undertaking") from TIL into TIPS Films Limited ("Resulting Company" or "TFL") as a going concern with effect from April 01, 2021 ("Appointed Date") vide a scheme of Arrangement and Demerger ("Proposed Scheme") under the provisions of Sections 230 to Section 232 of the Companies Act, 2013 read with other applicable provisions and rules thereunder ("Proposed Demerger").

The Proposed Scheme also includes simultaneous reduction and cancellation of equity shares of TFL held by existing shareholders of TFL (without payment of consideration), in terms of Section 66 of the 2013 Act.

TIL & TFL are hereinafter collectively referred to as the "Companies".

Company Background and Purpose

Tips Industries Limited is a listed public limited company incorporated on May 8th, 1996 under the Companies Act, 1956 with CIN L92120MH1996PLC099359 having its registered office at 601, Durga Chambers, 6th Floor, Opp .B.P.L. Gallery 278/E, Linking Road, Khar(West), Mumbai-400052 MH. It is engaged in the business of Production and Distribution of motion pictures ("Film Division") and acquisition and exploitation Music of Rights ("Music Division"). Classifying it on the basis of content, it consists of two main sectors-film and non-film music. It also earns revenue from royalties on songs that are played on radio, mobiles, internet, etc. It has recently ventured into entertainment business-artist management. The equity shares of TIPS are listed on the BSE Limited ("BSE") and the National Stock Exchange of India Limited ("NSE").

Demerged Undertaking comprises of the 'Film Division' of Tips Industries Limited inter-alia engaged in the business of film production on a going concern basis (as defined in the Proposed Scheme).

Tips Films Limited is an unlisted public limited company incorporated on June 5, 2009 under the Companies Act,1956 with CIN U74940MH2009PTC193028 and having its registered office at 501,

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FOR TIPS INDUSTRIES LIMITED Inga Ventures Pvt. Ltd. 1229 | Hubtown Solaris | N. S. Phadke Marg | Opp. Telli Galli | Andheri (E) | Mumbai - 400 069, India
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CIN : U67100MH2018PTC318359





Durga Chambers, 5th Floor, Linking Road, Khar (West), Mumbai- 400052 IN and has not yet commenced any significant business operations but will house Film Division of the Demerged Company

The proposal envisages, inter alia, the demerger of Demerged Undertaking of TIL into TFL, whereby equity shares of TFL will be issued to the shareholders of TIL. The Valuer has recommended a swap ratio ("Share Entitlement Ratio") of 1 (One) equity share of TFL having a face value of INR 10/- each fully paid up for every 3 (Three) equity shares of TIL having a face value of INR 10/- each fully paid up held in TIL.

After the effectiveness of this Proposed Scheme, the share capital of TFL consisting of the fully paid-up new equity shares of TFL issued as consideration in terms of this Proposed Scheme to the shareholders of TIL shall be listed on the Stock Exchanges in accordance with the provisions of SEBI Circular No. CFD/DIL3/CIR/2017/21, dated March 10, 2017, as amended from time to time. Further, as an integral part of this Proposed Scheme, existing equity shares of TFL (presently held by promoters) shall stand cancelled and reduced (without payment of consideration) without any further act and deed, and hence this Proposed Scheme contemplates approval of the Tribunal(s) in terms of Section 66 of the 2013 Act, in addition to Sections 230-232 of the 2013 Act.

As a consideration of the demerger of Demerged Undertaking of TIL into TFL, equity shareholders of TIL will be entitled to equity shares of TFL in the same proportion in which they own shares in TIL, creating a mirror shareholding.

TIL in terms of the Engagement Letter has requested us to issue our independent opinion as to the fairness of the Share Entitlement Ratio recommended by the Valuer ("Fairness Opinion").

Source of Information

For arriving at the opinion set forth below, we have received from the management of the Companies and any information available in the public domain:

1. Share Entitlement Ratio Report issued by the Valuer
2. Draft Scheme of Arrangement and Demerger pursuant to which the proposed demerger is to be undertaken along with proposed capital reduction
3. Shareholding pattern of TFL and TIL as at March 31, 2021
4. Audited Financial Statements of TFL and TIL as at December 31, 2020
5. Divisional balance sheet of TIL as at December 31, 2020
6. Audited Financial Statement of TFL as at March 31, 2020
7. Such other information and explanations as we required and which have been provided by the management of the Companies to understand the rationale and basis for arriving at the recommended share entitlement ratio
8. Other relevant details regarding the Companies such as their history, past and present activities, future plans and prospects, existing shareholding pattern, ESOP, income- tax position and other relevant information and data, including information in the public domain
9. Such other Information received during discussion with the Valuer

Scope Limitations

We have assumed and relied upon, without independent verification, the accuracy and completeness of all information that was publicly available or provided or otherwise made available to us by the Companies for the purposes of this Fairness Opinion. We express no opinion, and accordingly, accept no responsibility with respect to or for such information, or the assumptions on which it is based, and,





we have simply accepted this information on an "as is" basis, and, have not verified the accuracy and/or the completeness of the same from our end.

We have not assumed any obligation to conduct, nor have we conducted any physical inspection or title verification of the properties or facilities of the Companies and its related parties (holding company / subsidiary /associates /joint ventures etc.) and neither express any opinion with respect thereto nor accept any responsibility therefore. We have not made any independent valuation or appraisal of the assets or liabilities of the Companies and its related parties.

We have not reviewed any internal management information statements or any non-public reports, and instead, with your consent, have relied upon information that was publicly available or provided or otherwise made available to us by Companies on an "as is" basis for the purposes of this Fairness Opinion. We are not experts in the evaluation of litigation or other actual or threatened claims, and accordingly, we have not evaluated any litigation or other actual or threatened claims.

We have assumed that there are no circumstances that could materially affect the business or financial prospects of the Companies and its related parties.

We understand that the management of the Companies, during our discussion with them, would have drawn our attention to all such information and matters which may have an impact on our analysis and opinion. We have assumed that in the course of obtaining necessary regulatory or other consents, no restrictions will be imposed or there will be no delays that will have a material adverse effect on the Proposed Scheme. Our opinion is necessarily based on financial, economic, market and other conditions as they currently exist and on the information made available to us as of the date hereof. It should be understood that although subsequent developments may affect this opinion, we do not have an obligation to update, revise or reaffirm this opinion. In arriving at our opinion, we were not authorized to solicit, and did not solicit, interest from any party with respect to the acquisition, business combination or other extraordinary transaction involving Companies, its related parties or any of its assets, nor did we negotiate with any other party in this regard.

We express no opinion whatsoever and make no recommendation at all as to the Companies underlying decision to effect the Proposed Demerger. We also do not provide any recommendation to the holders of equity shares or secured or unsecured creditors of the Companies with respect to the Proposed Demerger. We also express no opinion, and accordingly, accept no responsibility for or as to the price at which the equity shares of TIL will trade following the announcement of the Proposed Demerger or as to the financial performance of TIL following the consummation of the Proposed Demerger. We express no opinion whatsoever and make no recommendations at all (and accordingly take no responsibility) as to whether shareholders / investors should buy, sell or hold any stake in the Companies or any of its related parties.

Our report is not, nor should it be construed as opining or certifying the compliance of the proposed transaction with the provisions of any law including companies, competition, taxation (including transfer pricing) and capital market related laws or as regards any legal implications or issues arising in India or abroad from such Proposed Demerger.

Conclusion

As understood, upon the Proposed Scheme being effective, all the shareholders of TIL would also become the shareholders of TFL and their shareholding in TFL would mirror their existing shareholding in TIL prior to the demerger and the outstanding issued and paid up share capital of TFL (Pre Demerger Equity Share Capital) will get cancelled by way of a capital reduction (without payment of consideration).





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Based on our examination of the Share Entitlement Ratio/Valuation Report, such other information / undertakings/representations provided to us by the management of the Companies and our independent analysis and evaluation of such information and subject to the scope limitations as mentioned hereinabove and to the best of our knowledge and belief, we are of the opinion that the recommendation made by the Valuer of the Share Entitlement Ratio is fair and reasonable which is as under:

The fair equity share entitlement ratio for the proposed demerger of Demerged Undertaking of TIL into TFL is as under:

1 (One) equity share of TFL of INR 10 each fully paid up for every 3 (Three) equity shares of TIL of INR 10 each fully paid up held in TIL

Distribution of the Fairness Opinion

The Fairness Opinion is addressed only to the Board of Directors of TIL and is for the purpose of submission to the Stock Exchanges under the SEBI Circular. Further, the Fairness Opinion may be disclosed on the website of the TIL and the Stock Exchanges and also be made part of the explanatory statement to be circulated to the shareholders and/or creditors of the Companies. The Fairness Opinion shall not otherwise be disclosed or referred to publicly or to any other third party without Inga's prior written consent.

However, the Companies may provide a copy of the Fairness Opinion if requested / called upon by any regulatory authorities of India subject to the Companies promptly intimating Inga in writing about receipt of such request from the regulatory authority. The Fairness Opinion should be read in totality and not in parts. Further, this Fairness Opinion should not be used or quoted for any purpose other than the purpose mentioned hereinabove. If this Fairness Opinion is used by any person other than to whom it is addressed or for any purpose other than the purpose stated hereinabove, then, we will not be liable for any consequences thereof and shall not take any responsibility for the same. Neither this Fairness Opinion nor its contents may be referred to or quoted to / by any third party, in any registration statement, prospectus, offering memorandum, annual report, loan agreement or any other agreement or documents given to third parties.

In no circumstances however, will Inga or its management, directors, officers, employees, agents, advisors, representatives and controlling persons of Inga accept any responsibility or liability including any pecuniary or financial liability to any third party.

Yours truly,

For Inga Ventures Private Limited

K. R. Shah



Kavita Shah

Partner

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FOR TIPS INDUSTRIES LTD

S. Patel
COMPANY SECRETARY