

Walker Chandiook & Co LLP

STRICTLY PRIVATE AND CONFIDENTIAL

20 April 2017

The Board of Directors
Future Retail Limited
 10th Floor, Tower C
 247 Park, LBS Marg
 Vikhroli (West)
Mumbai 400 083

Walker Chandiook & Co LLP
 (Formerly Walker, Chandiook & Co)
 16th Floor, Tower II
 Indiabulls Finance Centre
 S B Marg, Elphinstone (W)
 Mumbai 400013
 India

Dear Sir(s),

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Re: Recommendation of ratio of allotment of equity shares of Praxis Home Retail Private Limited ("PHRPL" or the "Resulting Company") to be issued to the shareholders of Future Retail Limited ("FRL" or the "Client"), in connection with the proposed demerger of Home Retail Business Undertaking of FRL (the "Home Retail Business Undertaking") into the Resulting Company

This has reference to our engagement letters and the discussions that we have had with the executives, representatives and management of FRL from time to time in relation to the above matter.

BRIEF BACKGROUND, SCOPE AND PURPOSE OF THIS REPORT

Future Group, through its subsidiaries, engages in the businesses of multi-format retail, insurance, and supply chain and logistics services in India. Its multi-format retail business includes hypermarkets and supermarkets, home retailing, consumer durables retail, fashion retail, food retail, and FMCG retail.

FRL is the flagship company of Future Group. FRL currently operates multiple retail formats in hypermarket, supermarket and home segments of the Indian consumer market including; Big Bazaar (hypermarket chain); FBB (Fashion at Big Bazaar); Food Bazaar (supermarket chain); Food hall (Premium lifestyle food destination); easyday (convenient stores); HomeTown (Home Retail Business) and eZone (consumer electronics specialty store). The business of FRL inter-alia includes the retail operations associated therewith. The Equity Shares of FRL are listed on Bombay Stock Exchange Limited and National Stock Exchange of India Limited.

FRL operates in the home solutions segment through HomeTown offering a range of living room furniture, dining, bedroom furniture and furniture essentials, mattresses, modular kitchens, home furnishing, décor, households and bath luxury.

PHRPL is a private limited company incorporated under the Companies Act, 1956 and having its registered office at Mumbai.

SCHEME OF ARRANGEMENT

We understand that the Management of FRL (the "Management") is contemplating a group restructuring/ realignment exercise wherein it is proposed that Home Retail Business Undertaking will be demerged from FRL into PHRPL ("Proposed Demerger").



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The Demerger is proposed to be effected through a Scheme of Arrangement pursuant to the provisions of Sections 230 to 232 of the Companies Act, 2013 and other applicable provisions of the Companies Act, 1956.

In this connection, Walker Chandiook & Co LLP has been requested by FRL to submit a report recommending the ratio of allotment of equity shares of PHRPL to shareholders of FRL in connection with the Proposed Demerger for the consideration of the Board of FRL.

We understand that consequent to the Proposed Demerger, there will be no impact on the economic beneficial interest of the shareholders of FRL.

This report, and the information contained herein, is absolutely confidential. This report will be placed before the Audit Committee and the Board of FRL and to the extent mandatorily required under applicable laws of India, maybe produced before judicial, regulatory or government authorities, in connection with the proposed Transactions. We are not responsible to any other person/ party for any decision of such person or party based on this report. Any person/ party intending to provide finance / invest in the shares / business of FRL/ PHRPL or their holding companies / subsidiaries / associates / joint ventures shall do so after seeking their own professional advice and after carrying out their own due diligence procedures to ensure that they are making an informed decision. It is hereby notified that reproduction, copying or otherwise quoting of this report or any part thereof, other than for the aforementioned purpose, is not permitted.

SOURCES OF INFORMATION

The information and documents, which have been furnished to us by Future Retail Limited, are as under:

1. Unaudited and provisional extracted statement of assets and liabilities of HomeTown as on 31 March 2017.
2. Draft Scheme of Arrangement between FRL, BSPL, PHRPL and their respective shareholders.
3. Proposed Capital Structure of PHRPL.
4. Memorandum of Association of PHRPL.
5. Other relevant details regarding FRL, HomeTown, PHRPL and the Proposed Demerger.

We have also obtained necessary explanations and information, which we believed were relevant to the present exercise, from the executives, representatives and management of FRL.

It may be mentioned that FRL has been provided opportunity to review the draft report (excluding our recommendation of share allotment) for the current exercise as part of our standard practice to make sure that factual inaccuracies are avoided in our report.

EXCLUSIONS AND SCOPE LIMITATIONS

Our report is subject to the scope limitations detailed hereinafter. As such the report is to be read in totality, and not in parts, in conjunction with the relevant documents referred to therein.

Our work does not constitute an audit, due diligence or certification of the historical financial statements of FRL/ PHRPL/ Home Retail Business Undertaking referred to in this report. We have not analysed the Financial Statements of Home Retail Business Undertaking and FRL. Accordingly, we are unable to and do not express an opinion on the accuracy of any financial information referred to in this report. We assume no responsibility for any errors in the above information furnished by FRL and their impact on the present exercise.



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Our scope is limited to expression of our view on the proposed Share Allotment Ratio and its impact on the economic interest of the shareholders of FRL and the Resulting Company. The Report should not be construed as, our opinion or certifying the compliance of the Proposed Demerger with the provisions of any law including the Companies Act 1956, Companies Act 2013, FEMA, taxation related laws, capital market related laws, any accounting, taxation or legal implications or issues arising from Proposed Demerger. This report is issued on the understanding that FRL has drawn our attention to all the matters, which they are aware of concerning the financial position of FRL/ Home Retail Business Undertaking / PHRPL and any other matter, which may have an impact on our opinion, on the share allotment ratio for the Proposed Demerger including any significant changes that have taken place or are likely to take place in the financial position of FRL/ Home Retail Business Undertaking / PHRPL in connection with the Proposed Demerger. We have no responsibility to update this report for events and circumstances occurring after the date of this report.

Recommendation of the allotment ratio is specific to the purpose as mentioned above and the allotment date is as agreed per terms of the engagement. It may not be valid for any other purpose or as at any other date. Also, it may not be valid if done on behalf of any other entity.

Please note that the valuation of a business or an enterprise, its equity shares or its equity options is not an exact science and ultimately depends upon what the enterprise or shares might be worth to an independent investor or buyer. Therefore, there is no indisputable single Share Allotment / Entitlement Ratio. While we would provide our view on the Share Allotment Ratio based on the information available to us and within the scope and constraints of this Engagement Letter, others may have a different opinion. The Client acknowledges and agrees that the final responsibility for determination of the Share Allotment/ Entitlement Ratio for the Proposed Demerger and factors other than our report will need to be taken into account in determining such ratios; these will include the Client's assessment of the Proposed Demerger and may include the input of other professional advisors.

The fee for the report is not contingent upon the results reported.

This report does not address the relative merits of the Transactions as compared with any other alternative business transaction, or other alternatives, or whether or not such alternatives could be achieved or are available. Any decision by the Client regarding whether or not to proceed with the Transactions shall rest solely with the Client. We owe responsibility to only the Board of Directors of FRL that have retained us and nobody else. We do not accept any liability to any third party in relation to the issue of this valuation report.

Neither the report nor its contents may be referred to or quoted in any registration statement, prospectus, offering memorandum, annual report, loan agreement or other agreement or document given to third parties, other than in connection with the Proposed Demerger. In addition, we express no opinion or recommendation as to how the shareholders of FRL should vote at any shareholders meeting(s) to be held in connection with the Transactions.

We will not be liable for any losses, claims, damages or liabilities arising out of the actions taken, omissions of or advice given by any other person to the Company. In no event shall we be liable for any loss, damages, cost or expenses arising in any way from fraudulent acts, misrepresentations or willful default on part of the Company, their directors, employees or agents. In no circumstances shall the liability of a Valuer, its partners, its directors or employees, relating to the services provided in connection with the engagement set out in this report shall exceed the amount paid to such Valuer in respect of the fees charged by it for these services.

We do not accept any liability to any third party in relation to the issue of the Report and our Report is conditional upon an express indemnity from the Company in our favor holding us harmless from and against any cost, damage, expense and other consequences in connection with the provision of this Report. It is clarified that this Report is not a fairness opinion under any of the stock



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exchange/ listing regulations. This Report is not a substitute for the third party's own due diligence/ appraisal/ enquiries/ independent advice that the third party should undertake for his purpose.

BACKGROUND

Future Retail Limited

Future Group, through its subsidiaries, engages in the businesses of multi-format retail, insurance, and supply chain and logistics services in India. Its multi-format retail business includes hypermarkets and supermarkets, home retailing, consumer durables retail, fashion retail, food retail, and FMCG retail.

FRL is the flagship company of Future Group. FRL currently operates multiple retail formats in hypermarket, supermarket and home segments of the Indian consumer market including; Big Bazaar (hypermarket chain); FBB (Fashion at Big Bazaar); Food Bazaar (supermarket chain); Food hall (Premium lifestyle food destination); easyday (convenient stores); HomeTown (Home Retail Business) and eZone (consumer electronics specialty store). The business of FRL inter-alia includes the retail operations associated therewith.

The issued, subscribed and paid up equity share capital of FRL as at 31 December 2016 is as under:

Issued, Subscribed and Paid-up Capital	No. of shares
Equity shares of Rs. 2 each	471,338,557

The Equity Shares of FRL are listed on Bombay Stock Exchange Limited and National Stock Exchange of India Limited. As of this report date, the number of equity shares are expected to increase upon allotment of approved 4,67,558 and 6,624 equity shares to eligible employee(s) of FRL under their employees' stock option scheme. Accordingly, the number of issued shares of FRL would stand increased to 471,812,739.

Home Retail Business Undertaking of Future Retail Limited ("Home Retail Business Undertaking")

FRL operates in the home solutions segment through HomeTown offering a range of living room furniture, dining, bedroom furniture and furniture essentials, mattresses, modular kitchens, home furnishing, décor, households and bath luxury.

Praxis Home Retail Private Limited ("PHRPL")

PHRPL is a private limited company incorporated under the Companies Act, 1956 and having its registered office at Mumbai.

The issued, subscribed and paid up equity share capital of PHRPL as at 31 December 2016 is as under:

Issued, Subscribed and Paid-up Capital	No. of shares
Equity shares of Rs. 10 each	50,000

With effect from the Scheme becoming effective, the existing paid up equity share capital of PHRPL amounting to Rs. 500,000/- and any further capital increase required to comply with conversion of company from private limited to public limited company shall stand cancelled without any consideration and accordingly new shares with the face value of Rs. 5 each shall be issued.



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APPROACH - SHARE ALLOTMENT RATIO FOR PROPOSED DEMERGER

As per the Proposed Scheme of Arrangement, in consideration of the transfer and vesting of Home Retail Business Undertaking from FRL into PHRPL, PHRPL shall issue & allot equity shares to the equity shareholders of FRL based on the ratio of allotment of shares.

We understand from the management of FRL that in the event of demerger of Home Retail Business Undertaking into PHRPL, the ratio of allotment of equity shares to the shareholders of FRL is determined on the basis of desired capital structure of PHRPL (post-demerger).

The management of FRL has further indicated that the shareholding of PHRPL pursuant to the Proposed Demerger of Home Retail Business Undertaking into PHRPL would be, effectively, same as the shareholding of FRL (pre-demerger) as the new shares of PHRPL would be issued to the shareholders of FRL in proportion to their shareholding in FRL (pre-demerger). Thus, we understand that the interest of the shareholders in FRL will effectively remain unchanged and therefore from that perspective would not be prejudicially affected.

RECOMMENDATION OF RATIO OF ALLOTMENT OF EQUITY SHARES FOR THE PROPOSED DEMERGER

On the basis of the foregoing, considering the desired capital structure of PHRPL as proposed by the Management and on consideration of all the relevant factors and circumstances as discussed and outlined hereinabove, a share allotment ratio in the event of Demerger of Furniture & Furnishing Business Undertaking of FRL into PHRPL would be as follows:

1 (One) fully paid equity share of Rs. 5 (Rupees Five) each of PHRPL for every 20 (Twenty) fully paid equity share of Rs. 2 (Rupees Two) each held in FRL

Pursuant to the Scheme, in order to comply with the intent of maintaining the economic interest of the shareholders of FRL, the Resulting Company shall issue 23,590,637 equity shares of Rs. 5 to the shareholders of FRL and the initial issued, subscribed and paid up capital of the Resulting Company consisting of 50,000 equity shares of Rs. 10 each and any further capital increase required to comply with conversion of company from private limited to public limited company shall stand cancelled.

Yours faithfully,
For **Walker Chandniok & Co LLP**
Chartered Accountants



Riaz Thingna
Partner
Firm Registration No: 001076N/ N500013

Place: Mumbai
Date: 20 April 2017

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Board of Directors

Bluerock eServices Private Limited

521, III Floor
Udyog Vihar Phase III
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India

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20 April 2017

Dear Sirs,

Re: Recommendation of issue and allotment of redeemable preference shares of Praxis Home Retail Private Limited (“PHRPL” or the “Resulting Company”) to the shareholders of Bluerock eServices Private Limited (“BSPL” or “the “Client”), in connection with the proposed demerger of e-Commerce Home Retail Business Undertaking of Bluerock eServices Private Limited (“eCommerce Home Retail Business Undertaking”) into the Resulting Company.

This has reference to our engagement letters and the discussions that we have had with the executives, representatives and management of FRL from time to time in relation to the above matter.

BRIEF BACKGROUND, SCOPE AND PURPOSE OF THIS REPORT

Bluerock eServices Private Limited

BSPL, founded in 2012 and headquartered at Gurgaon, operates an online home store selling furniture, solid wood products, bed and bath products, décors, kitchen and dining products, lighting products, luggage and bags, kids and baby products, home improvement products, housekeeping products, indoor games, eco bags and accessories, and gifts. BSPL has a web portal for online sale and provides services for operation & maintenance of IT enabled platforms.

BSPL operates through two divisions, one engaged in provision of IT Infrastructure and the other engaged in provision of online home retail e-commerce business, namely Online Home Retail e-Commerce Business (“eCommerce Home Retail Business Undertaking”). BSPL operates as a subsidiary of Future Enterprises Limited.

Praxis Home Retail Private Limited

PHRPL is a private limited company incorporated under the Companies Act, 1956 and having its registered office at Mumbai.

SCHEME OF ARRANGEMENT

We understand that the Management of BSPL is contemplating an internal realignment exercise wherein eCommerce Home Retail Business Undertaking will be demerged into PHRPL (“Proposed Demerger”). The Proposed Demerger is to be effected through a Scheme of Arrangement (“Scheme”) pursuant to the provisions of Sections 230 to 232 of the Companies Act, 2013 and other applicable provisions of the Companies Act, 1956.



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In this connection, the Management of BSPL (hereinafter referred to as "Management") has requested Walker Chandiook & Co LLP ("WCC" or the "Firm") to submit a report recommending the ratio of allotment of redeemable preference shares of PHRPL to shareholders of BSPL in connection with the Proposed Demerger for the consideration of the Board of BSPL.

This report, and the information contained herein, is absolutely confidential. This report will be placed before the Board of BSPL and to the extent mandatorily required under applicable laws of India, maybe produced before judicial, regulatory or government authorities, in connection with the proposed Transactions. We are not responsible to any other person/ party for any decision of such person or party based on this report. Any person/ party intending to provide finance / invest in the shares / business of BSPL/ PHRPL or their holding companies / subsidiaries / associates / joint ventures shall do so after seeking their own professional advice and after carrying out their own due diligence procedures to ensure that they are making an informed decision. It is hereby notified that reproduction, copying or otherwise quoting of this report or any part thereof, other than for the aforementioned purpose, is not permitted.

SOURCES OF INFORMATION

The information and documents, which have been furnished to us by BSPL are as under:

- Information on business, profile and financials of the eCommerce Home Retail Business Undertaking;
- Draft Scheme of Arrangement between FRL, BSPL, PHRPL and their respective shareholders.
- Carved out Provisional Financial Statements for e-Commerce Home Retail Business Undertaking for year ending 31 March 2017 and period ended 15 April 2016 as provided by the Management;
- Management certified financial projections of e-Commerce Home Retail Business Undertaking for the period from 1 April 2017 to 31 March 2022;
- International Database; World Wide Web;
- Correspondence with the Management and
- Other industry related information from various publicly available sources.

We have also obtained necessary explanations and information, which we believed were relevant to the present exercise, from the executives, representatives and management of BSPL.

It may be mentioned that BSPL has been provided opportunity to review the draft report (excluding our recommendation of share allotment) for the current exercise as part of our standard practice to make sure that factual inaccuracies are avoided in our report.

EXCLUSIONS AND SCOPE LIMITATIONS

Our report is subject to the scope limitations detailed hereinafter. As such the report is to be read in totality, and not in parts, in conjunction with the relevant documents referred to therein.

Our work does not constitute an audit, due diligence or certification of the historical financial statements of BSPL/ PHRPL/ eCommerce Home Retail Business Undertaking; referred to in this report. Accordingly, we are unable to and do not express an opinion on the accuracy of any financial information referred to in this report. We assume no responsibility for any errors in the above information furnished by BSPL and their impact on the present exercise.

In the course of the valuation, we have assumed and relied upon, without independently verifying, (i) the accuracy of the information that was publicly available and formed a substantial basis for this report and (ii) the accuracy of information sourced from data bases.



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The report assumes that the BSPL comply fully with relevant laws and regulations applicable in all its areas of operations unless otherwise stated, and that the eCommerce Home Retail Business Undertaking; will be managed in a competent and responsible manner. Further, except as specifically stated to the contrary, this valuation report has given no consideration to matters of a legal nature, including issues of legal title and compliance with local laws, and litigation and other contingent liabilities that are not recorded in the audited/unaudited balance sheet of the Companies.

Our scope is limited to expression of our view on the proposed Share Allotment Ratio. The report should not be construed as, our opinion or certifying the compliance of the Proposed Demerger with the provisions of any law including the Companies Act 1956, Companies Act 2013, FEMA, taxation related laws, capital market related laws, any accounting, taxation or legal implications or issues arising from Proposed Demerger. This report is issued on the understanding that BSPL has drawn our attention to all the matters, which they are aware of concerning the financial position of BSPL/ eCommerce Home Retail Business Undertaking;/ PHRPL and any other matter, which may have an impact on our opinion, on the share allotment ratio for the Proposed Demerger including any significant changes that have taken place or are likely to take place in the financial position of eCommerce Home Retail Business Undertaking in connection with the Proposed Demerger. We have no responsibility to update this report for events and circumstances occurring after the date of this report.

Recommendation of the Share Allotment Ratio is specific to the purpose as mentioned above and the allotment date is as agreed per terms of the engagement. It may not be valid for any other purpose or as at any other date. Also, it may not be valid if done on behalf of any other entity.

Please note that the valuation of a business or an enterprise, its equity shares or its equity options is not an exact science and ultimately depends upon what the enterprise or shares might be worth to an independent investor or buyer. Therefore, there is no indisputable single Share Allotment / Entitlement Ratio. While we would provide our view on the Share Allotment Ratio based on the information available to us and within the scope and constraints of this Engagement Letter, others may have a different opinion. The Client acknowledges and agrees that the final responsibility for determination of the Share Allotment/ Entitlement Ratio for the Proposed Demerger and factors other than our report will need to be taken into account in determining such ratios; these will include the Client's assessment of the Proposed Demerger and may include the input of other professional advisors.

The fee for the report is not contingent upon the results reported.

This report does not address the relative merits of the Transactions as compared with any other alternative business transaction, or other alternatives, or whether or not such alternatives could be achieved or are available. Any decision by the Client regarding whether or not to proceed with the Transactions shall rest solely with the Client. We owe responsibility to only the Board of Directors of BSPL that have retained us and nobody else. We do not accept any liability to any third party in relation to the issue of this valuation report.

Neither the report nor its contents may be referred to or quoted in any registration statement, prospectus, offering memorandum, annual report, loan agreement or other agreement or document given to third parties, other than in connection with the Proposed Demerger. In addition, we express no opinion or recommendation as to how the shareholders of BSPL should vote at any shareholders meeting(s) to be held in connection with the Transactions.

We will not be liable for any losses, claims, damages or liabilities arising out of the actions taken, omissions of or advice given by any other person to the Company. In no event shall we be liable for any loss, damages, cost or expenses arising in any way from fraudulent acts, misrepresentations or willful default on part of the Company, their directors, employees or agents. In no circumstances shall the liability of a Valuer, its partners, its directors or employees, relating to the services provided in connection with the engagement set out in this report shall exceed the amount paid to such Valuer in respect of the fees charged by it for these services.



We do not accept any liability to any third party in relation to the issue of the report and our report is conditional upon an express indemnity from the Client in our favor holding us harmless from and against any cost, damage, expense and other consequences in connection with the provision of this report. It is clarified that this report is not a fairness opinion under any of the stock exchange/ listing regulations. This report is not a substitute for the third party's own due diligence/ appraisal/ enquiries/ independent advice that the third party should undertake for his purpose.

APPROACH - BASIS OF PROPOSED DEMERGER OF eCOMMERCE HOME RETAIL BUSINESS UNDERTAKING INTO PHRPL

The scheme contemplates the Proposed Demerger pursuant to the provisions of Sections 230 to 232 of the Companies Act, 2013 and other applicable provisions of the Companies Act, 1956

There are several commonly used and accepted methods for deriving value of a company/ business. Arriving at the fair share allotment ratio for the Proposed Demerger would require determining the fair value of the eCommerce Home Retail Business Undertaking. The value is to be determined independently and without considering the effect of the Proposed Demerger.

The commonly used and accepted methods for deriving value of a company/ undertaking include.

1. Net Asset Value method
2. Comparable Company Market Multiple method\
3. Discounted Cash Flows method

It should be understood that the valuation of any company / undertaking is inherently subjective and is subject to certain uncertainties and contingencies, all of which are difficult to predict and are beyond our control. In performing our analysis, we made assumptions with respect to industry performance and general business and economic conditions, many of which are beyond the control of the companies. In addition, this valuation will fluctuate with changes in prevailing market conditions, the conditions and prospects, financial and otherwise, of the companies, and other factors which generally influence the valuation of companies and their assets.

The application of any particular method of valuation depends on the purpose for which the valuation is done. Although different values may exist for different purposes, it cannot be too strongly emphasized that a valuer can only arrive at one value for one purpose. Our choice of methodology of valuation has been arrived at using usual and conventional methodologies adopted for transactions of a similar nature and our reasonable judgment, in an independent and bona fide manner based on our previous experience of assignments of a similar nature.

Net Asset Value Method ("NAV")

The value arrived at under this approach is based on the latest available audited/ provisional financial statements of the business and may be defined as Shareholders' Funds or Net Assets owned by the business. Under this method, the net assets as per the financial statements are adjusted for market value of surplus / non-operating assets, potential and contingent liabilities if any. The NAV is generally used as the minimum break-up value for any business since this methodology ignores the future return the assets can produce and is calculated using historical accounting data that does not reflect how much the business is worth to someone who may buy or invest in the business as a going concern.

This methodology is appropriate to value a business whose value derives mainly from the underlying fair value of its assets rather than its earnings, such as property holding companies and investment businesses. This methodology may also be appropriate for a business that is not making an adequate return on assets and for which a greater value can be realised by liquidating the business and selling its assets.



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As the transaction envisages a "going concern", we have not used this method for valuation of eCommerce Home Retail Business Undertaking.

Comparable Company Market Multiple Method

Under this methodology, market multiples of comparable listed companies are computed and applied to the business being valued in order to arrive at a multiple based valuation. This is based on the premise that the market multiples of comparable listed companies are a good benchmark to derive the value of the Company being valued. This method applies the most appropriate and reasonable multiple to the relevant operating performance metrics of the Company being valued to estimate its fair value. The difficulty here is in the selection of a comparable company since it is rare to find two or more companies with the same product/service portfolio, size, business strategy and accounting practices.

In the absence of closely comparable listed companies, we have not used this method for valuation of eCommerce Home Retail Business Undertaking.

Discounted Cash Flow Method ("DCF")

The DCF method uses the future free cash flows of the firm/ equity holders discounted by the cost of capital/ equity to arrive at the present value. In general, the DCF method is a strong and widely accepted valuation tool, as it concentrates on cash generation potential of a business.

Considering that this method is based on future potential and is widely accepted, we have considered this method to arrive at the valuation of eCommerce Home Retail Business Undertaking as on the Valuation Date.

Using the DCF analysis involves determining the following:

Estimating future free cash flows:

Free cash flows are the cash flows expected to be generated by the company that are available to all providers of the company's capital – both debt and equity.

Appropriate discount rate to be applied to cash flows i.e. the cost of capital:

This discount rate, which is applied to the free cash flows, should reflect the opportunity cost to all the capital providers (namely shareholders and creditors), weighted by their relative contribution to the total capital of the company. The opportunity cost to the capital provider equals the rate of return the capital provider expects to earn on other investments of equivalent risk.

While carrying out this engagement, we have relied on historical information made available to us by the Management and the respective Financial Projections for future related information. We did not carry out any validation procedures or due diligence with respect to the information provided/ extracted or carry out any verification of the assets or comment on the achievability of the assumptions underlying the Financial Projections, save for satisfying ourselves to the extent possible that they are consistent with other information provided to us in the course of this engagement. The Projected Financial Statements for the period from 1 April 2017 to 31 March 2022 along with other key items such as capital expenditure and working capital, provided by the Management, have been used to derive future free cash flows of the eCommerce Home Retail Business Undertaking.

Further, to arrive at the equity value of eCommerce Home Retail Business Undertaking, the value arrived above under DCF method is adjusted, as appropriate, for cash and cash equivalent and other matters, as applicable, based on the provisional financial statements as on 31 March 2017 provided to us by the Management. The Net Equity Value of e-Commerce Home Retail Business Undertaking is thus arrived at INR 63 million as on the Valuation date.



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BASIS OF FAIR SHARE ALLOTMENT RATIO

The fair basis for the Proposed Demerger would have to be determined after taking into consideration all the factors and methodologies mentioned hereinabove.

The Valuer has carried out a fair valuation of the eCommerce Home Retail Business Undertaking. The fair redeemable preference shares entitlement ratio of PHRPL has been arrived at on the basis of a fair valuation of eCommerce Home Retail Business Undertaking based on the various methodologies explained herein earlier and various qualitative factors relevant to the eCommerce Home Retail Business Undertaking and the business dynamics and growth potential of the business, having regard to information base, key underlying assumptions and limitations.

Based on the above analysis and subject to the assumptions and limitations stated in this report and in our Engagement Letter, we have estimated the Equity Value of eCommerce Home Retail Business Undertaking to be INR 63 million as on the Valuation Date.

On the basis of the foregoing, for the Proposed Demerger of the eCommerce Home Retail Business Undertaking of BSPL into Praxis Home Retail Private Limited, we recommend issue of "630,000 (Six Lakh Thirty Thousand) 9% Redeemable Preference Shares of Praxis Home Retail Private Limited (of INR 100/- each fully paid up)".

Yours faithfully,
For **Walker Chandiook & Co LLP**
Chartered Accountants
Firm Registration No.



Adi P. Sethna
Partner
Membership No. 108840

Place: Mumbai
Date: 20 April 2017