

# KEYNOTE

April 20, 2017

The Board of Directors,

**Future Retail Limited**  
9<sup>th</sup> Floor, Tower C,  
247 Park, LBS Marg,  
Vikhroli (West), Mumbai - 400 083

**Praxis Home Retail Private Limited**  
32-D, Khotachi Wadi,  
Ideal Wafer House Compound,  
Girgaum, Mumbai – 400 004

Dear Sirs,

**Reg: Fairness Opinion in connection with the proposed demerger of Home Retail Business Undertaking of Future Retail Limited into Praxis Home Retail Private Limited**

Keynote Corporate Services Limited (“Keynote” or “we” or “us”) is a Category I Merchant Banker registered with Securities Exchange Board of India (“SEBI”). We understand that the Board of Directors of Future Retail Limited (“FRL” or the “Demerged Company”) is contemplating a realignment exercise wherein it is considering a Composite Scheme of Arrangement (“Scheme”) for the demerger of its Home Retail Business Undertaking into Praxis Home Retail Private Limited (“PHRPL”). The proposed realignment is to be carried out pursuant to the Composite Scheme of Arrangement under Sections 230 to 232 read with Section 66 of the Companies Act, 2013 and other applicable provisions of the Companies Act, 2013.

In consideration of the demerger of Home Retail Business Undertaking of FRL into PHRPL pursuant to the Scheme, for every 20 (Twenty) fully paid equity shares of face value of Rs. 2/- each held by the shareholders of FRL, 1 (One) fully paid equity share of face value of Rs. 5/- each of PHRPL shall be issued and allotted (referred to as the “Share Allotment/ Entitlement Ratio”).

In connection with the aforesaid, we have been requested by the Board of Directors of FRL to issue a Fairness Opinion as of the date hereof, as to the fairness of the Share Allotment/ Entitlement Ratio to the Equity Shareholders of FRL. We have perused the documents/ information provided by you in respect of the said Arrangement and the Valuation Report as issued by Walker Chandiook & Co LLP (“WCC”) dated 20<sup>th</sup> April, 2017 and state as follows:

## Company Profile:

**Future Retail Limited** 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); Foodhall (Premium lifestyle food destination); Easyday (Consumer retail department stores); Home Town (Home Improvement Store) and eZone (High end consumer electronics specialty store). Home Retail Business of FRL is carried on through HomeTown stores operated by FRL. The equity shares of FRL are listed on the Bombay Stock Exchange Limited and the National Stock Exchange of India Limited (“Stock Exchanges”).

**Praxis Home Retail Private Limited** is a private limited Company incorporated under the Companies Act, 1956, and having its registered office at Mumbai.

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## **Keynote Corporate Services Limited**

The Ruby, 9th Floor, Senapati Bapat Marg, Dadar (West), Mumbai - 400028  
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CIN-L67120MH1993PLC072407

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## Rationale of the Report:

We have been informed that pursuant to the Draft Composite Scheme of Arrangement and subject to necessary approvals, the Home Retail Business Undertaking of FRL and the e-Commerce Home Retail Business Undertaking of Bluerock eServices Private Limited ("BSPL") will be demerged into PHRPL. The proposed realignment exercise shall result in the consolidation of offline and online Home Retail Business under a single entity, more focused leadership and dedicated management, greater visibility on the performance of Home Retail Business and e-Commerce Home Retail Business and attribution of appropriate risk and valuation to the respective businesses based on risk-return profile and cash flows.

In this regard, we have been requested by the Board of Directors of FRL to issue a Fairness Opinion as of the date hereof, as to the fairness of the Share Allotment/ Entitlement Ratio to the Equity Shareholders of FRL.

## Sources of Information:

For arriving at the Fairness Opinion set forth below, we have relied upon the following sources of information:

- Share Allotment Ratio Report by Walker Chandiook & Co LLP dated 20<sup>th</sup> April, 2017;
- Draft Composite Scheme of Arrangement between FRL and BSPL and PHRPL and their Respective Shareholders.

In addition to the above, we have also obtained such other information and explanations, which were considered relevant for the purpose of our Analysis.

## Our Recommendation:

As stated in the Valuation Report by Walker Chandiook & Co LLP, they have recommended the following:

**"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 by FRL"**

The aforesaid Arrangement shall be pursuant to the Draft Composite Scheme of Arrangement and shall be subject to receipt of approval from the National Company Law Tribunal or such other competent authority as may be applicable and other statutory approvals as may be required. The detailed terms and conditions of the arrangement are more fully set forth in the Draft Composite Scheme of Arrangement. Keynote has issued the Fairness Opinion with the understanding that Draft Composite Scheme of Arrangement shall not be materially altered and the parties hereto agree that the Fairness Opinion would not stand good in case the final Composite Scheme of Arrangement alters the transaction

Based on the information, data made available to us, including the Share Allotment Ratio Report, to the best of our knowledge and belief, the Share Allotment/ Entitlement Ratio as recommended by Walker Chandiook & Co LLP in relation to the proposed Draft Composite Scheme of Arrangement is Fair to the equity shareholders of Future Retail Limited in our opinion.

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## Exclusions and 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 FRL for the purpose of this opinion. Our work does not constitute an audit or certification or due diligence of the working results, financial statements, financial estimates or estimates of value to be realized for the assets of Home Retail Business Undertaking of FRL. We have solely relied upon the information provided to us by FRL. We have not reviewed any books or records of FRL (other than those provided or made available to us). We have not assumed any obligation to conduct, nor have we conducted any physical inspection or title verification of the properties or facilities of Home Retail Business Undertaking of FRL 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 Home Retail Business Undertaking of FRL. We have not reviewed any internal management information statements or any non-public reports, and, instead, with your consent we have relied upon information which was publicly available or provided or otherwise made available to us by FRL for the purpose of this opinion. We are not experts in the evaluation of litigation or other actual or threaten claims and hence have not commented on the effect of such litigation or claims on this opinion. We are not legal, tax, regulatory or actuarial advisors. We are financial advisors only and have relied upon, without independent verification, the assessment of Home Retail Business Undertaking of FRL with respect to these matters. In addition, we have assumed that the Draft Composite Scheme of Arrangement will be approved by the regulatory authorities and that the proposed Transaction will be consummated substantially in accordance with the terms set forth in the Draft Composite Scheme of Arrangement.

We understand that the management of FRL 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 or approvals for the Draft Composite Scheme of Arrangement, no restrictions will be imposed that will have a material adverse effect on the benefits of the Transaction that FRL may have contemplated. 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 any obligation to update, revise or reaffirm this opinion. In arriving at our opinion, we are not authorized to solicit, and did not solicit, interests for any party with respect to the acquisition, business combination or other extra-ordinary transaction involving FRL or any of its assets, nor did we negotiate with any other party in this regard.

We have acted as a financial advisor to FRL for providing a Fairness Opinion and will receive a fee for our services.

In the ordinary course of business, Keynote is engaged in securities trading, securities brokerage and investment activities, as well as providing investment banking and investment advisory services. In the ordinary course of its trading, brokerage and financing activities, any member of Keynote may at any time hold long or short positions, and may trade or otherwise effect transactions, for its own account or the accounts of customers, in debt or equity securities or senior loans of any company that may be involved in the Transaction.

It is understood that this letter is solely for the benefit of and confidential use by the Board of Directors of FRL for the purpose of this Transaction and may not be relied upon by any other person and may not be



## **Keynote Corporate Services Limited**

The Ruby, 9th Floor, Senapati Bapat Marg, Dadar (West), Mumbai - 400028

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used or disclosed for any other purpose without our prior written consent. The opinion is not meant for meeting any other regulatory or disclosure requirements, save and except as specified above, under any Indian or foreign law, Statute, Act, guideline or similar instruction. Management of FRL should not make this report available to any party, including any regulatory or compliance authority/agency except as mentioned above. The letter is only intended for the aforementioned specific purpose and if it is used for any other purpose; we will not be liable for any consequences thereof.

We express no opinion whatever and make no recommendation at all as to FRL's underlying decision to effect to the proposed Transaction or as to how the holders of equity shares or preference shares or secured or unsecured creditors of FRL should vote at their respective meetings held in connection with the Transaction. We do not express and should not be deemed to have expressed any views on any other terms of Transaction. We also express no opinion and accordingly accept no responsibility for or as to the prices at which the equity shares of FRL will trade following the announcement of the Transaction or as to the financial performance of FRL following the consummation of the Transaction.

In no circumstances however, will Keynote Corporate Services Limited or its associates, directors or employees accept any responsibility or liability to any third party and in the unforeseen event of any such responsibility or liability being imposed on Keynote Corporate Services Limited or its associates, directors or employees by any third party, FRL and their affiliates shall indemnify them.

For **KEYNOTE CORPORATE SERVICES LTD**



**Nipun Lodha**

*Executive Vice President and Head Corporate Finance*

**SEBI Registration No. INM000003606**

**(Merchant Banker)**

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April 20, 2017

The Board of Directors,

**Bluerock eServices Private Limited**  
521, III Floor,  
Udyog Vihar Phase III,  
Gurgaon, Haryana - 122 106

**Praxis Home Retail Private Limited**  
32-D, Khotachi Wadi,  
Ideal Wafer House Compound,  
Girgaum, Mumbai – 400 004

Dear Sirs,

**Reg: Fairness Opinion in connection with the proposed demerger of e-Commerce Home Retail Business Undertaking of Bluerock eServices Private Limited into Praxis Home Retail Private Limited**

Keynote Corporate Services Limited ("Keynote" or "we" or "us") is a Category I Merchant Banker registered with Securities Exchange Board of India ("SEBI"). We understand that the Board of Directors of Bluerock eServices Private Limited ("BSPL" or the "Demerged Company") is contemplating a realignment exercise wherein it is considering a Composite Scheme of Arrangement ("Scheme") for the demerger of its e-Commerce Home Retail Business Undertaking into Praxis Home Retail Private Limited ("PHRPL"). We understand that the consideration for the proposed demerger shall be paid to the shareholders of BSPL by issuance of redeemable preference shares of PHRPL. The proposed realignment is to be carried out pursuant to the Composite Scheme of Arrangement under Sections 230 to 232 read with Section 66 of the Companies Act, 2013 and other applicable provisions of the Companies Act, 2013. We have perused the documents/ information provided by you in respect of the said Arrangement and the Valuation Report as issued by Walker Chandiook & Co LLP ("WCC") dated 20<sup>th</sup> April, 2017 and state as follows:

**Company Profile:**

**Bluerock eServices Private Limited** is engaged in the business of operating a web portal ([www.fabfurnish.com](http://www.fabfurnish.com)) for online sale of furniture & furnishing products and also provides services for operation & maintenance of technology platforms. FabFurnish.com is an online content driven marketplace for discovery and retail of curated home products. With an international-quality assortment of 1 lakh+ furniture, decor products and home appliances, elegant sofas, beds, dining sets, garden accessories, kitchen essentials, home appliances or classy artifacts etc., FabFurnish.com offers 'Everything Home' across affordable and premium ranges. BSPL, headquartered in Gurgaon operates as a 100% subsidiary of Future Enterprises Limited.

**Praxis Home Retail Private Limited** is a private limited Company incorporated under the Companies Act, 1956, and having its registered office at Mumbai.

**Rationale of the Report:**

We have been informed that pursuant to the Draft Composite Scheme of Arrangement and subject to necessary approvals, the Home Retail Business Undertaking of Future Retail Limited ("FRL") and the e-Commerce Home Retail Business Undertaking of BSPL will be demerged into PHRPL. The proposed realignment exercise shall result in the consolidation of offline and online Home Retail Business under a single entity, more focused leadership and dedicated management, greater visibility on the performance



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of Home Retail Business and e-Commerce Home Retail Business and attribution of appropriate risk and valuation to the respective businesses based on risk-return profile and cash flows.

In this regard, we have been requested by the Board of Directors of BSPL to issue a Fairness Opinion as of the date hereof, as to the fairness of the Equity Value of e-Commerce Home Retail Business Undertaking of BSPL and subsequent allotment of redeemable preference shares of PHRPL as consideration for the demerger to the shareholders of BSPL.

**Sources of Information:**

For arriving at the Fairness Opinion set forth below, we have relied upon the following sources of information:

- Valuation Report by Walker Chandiook & Co LLP dated 20<sup>th</sup> April, 2017;
- Draft Composite Scheme of Arrangement between FRL and BSPL and PHRPL and their Respective Shareholders.

In addition to the above, we have also obtained such other information and explanations, which were considered relevant for the purpose of our Analysis.

**Our Recommendation:**

As stated in the Valuation Report by Walker Chandiook & Co LLP, they have recommended the following:

**“We have estimated the Equity Value of e-Commerce 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 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)”**

The aforesaid Arrangement shall be pursuant to the Draft Composite Scheme of Arrangement and shall be subject to receipt of approval from the National Company Law Tribunal or such other competent authority as may be applicable and other statutory approvals as may be required. The detailed terms and conditions of the arrangement are more fully set forth in the Draft Composite Scheme of Arrangement. Keynote has issued the Fairness Opinion with the understanding that Draft Composite Scheme of Arrangement shall not be materially altered and the parties hereto agree that the Fairness Opinion would not stand good in case the final Composite Scheme of Arrangement alters the transaction.

Based on the information, data made available to us, including the Valuation Report, to the best of our knowledge and belief, the Equity Value of e-Commerce Home Retail Business Undertaking and Preference Shares Allotment Ratio as recommended by Walker Chandiook & Co LLP in relation to the proposed Draft Composite Scheme of Arrangement is Fair to the equity shareholders of Bluerock eServices Private Limited in our opinion.

**Exclusions and 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 BSPL for the purpose of this opinion. Our work does not constitute an audit or certification or due diligence of the working results, financial statements, financial estimates or estimates of value to be realized for the assets of e-Commerce Home Retail Business Undertaking of BSPL. We have solely relied upon the information provided to us by BSPL. We have not reviewed any books or records of BSPL (other than those provided or made available to us). We have not assumed any obligation to conduct, nor have we conducted any physical inspection or title verification of the properties or facilities of e-Commerce Home Retail Business Undertaking of BSPL 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 e-Commerce Home Retail Business Undertaking of BSPL. We have not reviewed any internal management information statements or any non-public reports, and, instead, with your consent we have relied upon information which was publicly available or provided or otherwise made available to us by BSPL for the purpose of this opinion. We are not experts in the evaluation of litigation or other actual or threaten claims and hence have not commented on the effect of such litigation or claims on this opinion. We are not legal, tax, regulatory or actuarial advisors. We are financial advisors only and have relied upon, without independent verification, the assessment of e-Commerce Home Retail Business Undertaking of BSPL with respect to these matters. In addition, we have assumed that the Draft Composite Scheme of Arrangement will be approved by the regulatory authorities and that the proposed Transaction will be consummated substantially in accordance with the terms set forth in the Draft Composite Scheme of Arrangement.

We understand that the management of BSPL 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 or approvals for the Draft Composite Scheme of Arrangement, no restrictions will be imposed that will have a material adverse effect on the benefits of the Transaction that BSPL may have contemplated. 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 any obligation to update, revise or reaffirm this opinion. In arriving at our opinion, we are not authorized to solicit, and did not solicit, interests for any party with respect to the acquisition, business combination or other extra-ordinary transaction involving BSPL or any of its assets, nor did we negotiate with any other party in this regard.

We have acted as a financial advisor to BSPL for providing a Fairness Opinion and will receive a fee for our services.

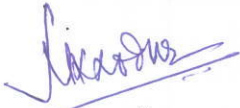
In the ordinary course of business, Keynote is engaged in securities trading, securities brokerage and investment activities, as well as providing investment banking and investment advisory services. In the ordinary course of its trading, brokerage and financing activities, any member of Keynote may at any time hold long or short positions, and may trade or otherwise effect transactions, for its own account or the accounts of customers, in debt or equity securities or senior loans of any company that may be involved in the Transaction.

It is understood that this letter is solely for the benefit of and confidential use by the Board of Directors of BSPL for the purpose of this Transaction and may not be relied upon by any other person and may not be used or disclosed for any other purpose without our prior written consent. The opinion is not meant for meeting any other regulatory or disclosure requirements, save and except as specified above, under any Indian or foreign law, Statute, Act, guideline or similar instruction. Management of BSPL should not make this report available to any party, including any regulatory or compliance authority/agency except as mentioned above. The letter is only intended for the aforementioned specific purpose and if it is used for any other purpose; we will not be liable for any consequences thereof.

We express no opinion whatever and make no recommendation at all as to BSPL's underlying decision to effect to the proposed Transaction or as to how the holders of equity shares or preference shares or secured or unsecured creditors of BSPL should vote at their respective meetings held in connection with the Transaction. We do not express and should not be deemed to have expressed any views on any other terms of Transaction. We also express no opinion and accordingly accept no responsibility for or as to the prices at which the equity shares of BSPL will trade following the announcement of the Transaction or as to the financial performance of BSPL following the consummation of the Transaction.

In no circumstances however, will Keynote Corporate Services Limited or its associates, directors or employees accept any responsibility or liability to any third party and in the unforeseen event of any such responsibility or liability being imposed on Keynote Corporate Services Limited or its associates, directors or employees by any third party, BSPL and their affiliates shall indemnify them.

For **KEYNOTE CORPORATE SERVICES LTD**



**Nipun Lodha**

*Executive Vice President and Head Corporate Finance*

**SEBI Registration No. INM000003606**

**(Merchant Banker)**