

KEYNOTE

December 6th, 2017

The Board of Directors,

Future Retail Limited

10th Floor, Tower C,
247 Park, LBS Marg,
Vikhroli (West), Mumbai - 400083

Hypercity Retail (India) Limited

Umang Tower, 2nd Floor,
MindSpace, Off. Link Road,
Malad (W), Mumbai - 400 064.

Dear Sirs,

Reg: Demerger of Retail Business Undertaking of Hypercity Retail (India) Limited ("HRIL") (the "Retail Business Undertaking") into Future Retail Limited ("FRL" or the "Resulting Company" or the "Client")

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 "Resulting Company" or "Transferee Company") and Hypercity Retail (India) Limited ("HRIL" or "Demerged Company") are considering a Draft Scheme of Arrangement ("Scheme") under Sections 230 to 232 of the Companies Act, 2013 for demerger Retail Business Undertaking (*defined hereinafter*) of Demerged Company into Resulting Company.

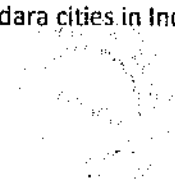
As on the report date, HRIL is a wholly owned subsidiary of FRL.

We understand that in consideration for the proposed demerger of the Demerged / Transferor Company, no shares of the Resulting / Transferee Company shall be allotted in lieu of the holding of shares in the Demerged / Transferor Company as 100% shares of Demerged/ Transferor Company are held by the Resulting / Transferee Company.

In connection with the aforesaid, we have been requested by the Board of Directors of FRL & HRIL 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 HRIL. We have perused the documents / information provided by you in respect of the said Arrangement and the Draft Scheme of Arrangement and state as follows:

Company Profile:

Hypercity Retail (India) Limited ("HRIL" or "Demerged Company") a company incorporated under the Companies Act, 1956, and having its registered office at Umang Tower, 2nd Floor, MindSpace, Off. Link Road, Malad (W), Mumbai - 400 064. Hypercity Retail (India) Limited ("HRIL"), incorporated in 2004 and based in Mumbai, owns and operates a chain of hypermarket stores in India and also engaged in the property options business. Its stores offer a range of approximately 55,000 products categories, such as grocery, fruits and vegetables, home and personal care, apparel, footwear, small appliances, home décor, sports, toys, stationery, kitchen accessories, gifting, fitness, and more. HRIL operates 19 stores across Mumbai, Navi Mumbai, Thane, Delhi, Noida, Hyderabad, Bengaluru, Bhopal, Amritsar, Ahmedabad, and Vadodara cities in India.



Certified True Copy
For Future Retail Limited

Ramesh S...

Company Secretary

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Keynote Corporate Services Limited

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

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As mentioned earlier in the report, HRIL is a wholly owned subsidiary of FRL. **Retail Business Undertaking** referred in this Report would mean Retail Business Undertaking as defined in the Scheme as "business of HRIL comprising of the hyper market stores operated by it under the name 'Hypercity'".

Future Retail Limited ("FRL" or "Resulting Company" or Transferee Company"), a company incorporated under the Companies Act, 1956, and having its registered office at Knowledge House, Shyam Nagar, Off Jogeshwari-Vikhroli Link Road, Jogeshwari (East), Mumbai – 400 060 is a part of Future Group. 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, 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); Easyday (Super Market Chain); Food hall (Premium lifestyle food destination); and eZone (high end consumer electronics specialty store). The business of FRL inter-alia includes the retail operations associated therewith.

Rationale of the Report:

In the Rationale of the Draft Scheme of Arrangement as explained to us by the Management of FRL, the proposed demerger would lead to following benefits:

1. Consolidation of retail operations of FRL and HRIL in a single entity;
2. Streamlining the operating structure; and
3. Synergies expected to bring in cost savings in the marketing, selling and distribution expenses as well as give benefits of the economies of scale to the Company.

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 HRIL.

Sources of Information:

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

1. Draft Scheme of Arrangement between FRL, HRIL and their respective shareholders.
2. Share Holding Structure of FRL and HRIL.
3. Valuation Report issued by "Walker Chandiook & Co LLP" dated 6th December, 2017
4. Other relevant details regarding FRL, HRIL and the Proposed Demerger.

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



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Our Recommendation:

The aforesaid Arrangement shall be pursuant to the Draft 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 Scheme of Arrangement. Keynote has issued the Fairness Opinion with the understanding that Draft 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 Scheme of Arrangement alters the transaction.

Based on the information and data made available to us, including the report on Share Allotment/Entitlement Ratio issued by "Walker Chandlok & Co LLP" dated 6th December, 2017, to the best of our knowledge and belief, the Share Allotment/Entitlement Ratio is Fair to the equity shareholders of HRIL 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 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 FRL, HRIL. We have solely relied upon the information provided to us by FRL. We have not reviewed any books or records of FRL, HRIL (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 FRL, HRIL, 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 FRL, HRIL. 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 the valuation. We are not legal, tax, regulatory or actuarial advisors. We are financial advisors only and have relied upon, without independent verification, the assessment of FRL, HRIL with respect to these matters. In addition, we have assumed that the Draft 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 Scheme of Arrangement.

We understand that the managements 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 Scheme of Arrangement, no restrictions will be imposed that will have a material adverse effect on the benefits of the transaction that FRL, HRIL 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



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respect to the acquisition, business combination or other extra-ordinary transaction involving FRL, HRIL 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 view on the proposed transaction and will receive a fee for our services.

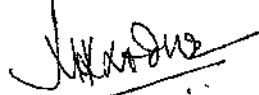
In the ordinary course of business, Keynote is engaged in securities trading, securities brokerage and investment activities, as well as providing investment banking and investment advisory services. In the ordinary course of its trading, brokerage and financing activities, any member of Keynote may 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.

The Fairness Opinion is addressed only to the Board of Directors of FRL and HRIL 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 FRL and the Stock Exchanges and also be made part of the explanatory statement to be circulated to the shareholders and/ or creditors of the Company. The Fairness Opinion should be read in totality and not in parts. The Fairness Opinion shall not otherwise be disclosed or referred to publicly or to any other third party without Keynote's prior written consent. If this Fairness Opinion is used by any person other than whom it is addressed or for any purpose other than the purpose state hereinabove, then we will not be liable for any consequences thereof.

We express no opinion whatever and make no recommendation at all as to FRL, HRIL 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, HRIL 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, HRIL will trade following the announcement of the transaction or as to the financial performance of FRL, HRIL 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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