



August 29, 2020

To,

The Board of Directors,
 Future Retail Limited
 247 Park, Tower C, LBS Marg, Vikhroli West
 Mumbai – 400083

Sub: Fairness opinion on the Swap Ratio in relation to the Composite scheme of arrangement involving the Amalgamation of Future Retail Limited with Future Enterprise Limited

In terms of our engagement letter dated August 04, 2020 with Future Retail Limited (“**FRL**” / “**Company**”), FRL has requested ICICI Securities (“**I-Sec**”) to provide a fairness opinion on the ‘Share Swap Ratio’ in relation to the proposed Amalgamation of FRL into Future Enterprise Limited (“**FEL**”) under the composite scheme of arrangement (“**Scheme**”).

BACKGROUND, PURPOSE AND USE OF THIS FAIRNESS OPINION

We understand that the management of FRL is considering the draft Scheme in terms of which FRL will be amalgamated with FEL. As a consideration for the amalgamation, all shareholders of FRL, as of a record date to be determined by the Board of FRL and/or FEL (“**Record Date**”), shall receive new equity shares of FEL, in accordance with the Share Swap Ratio determined and recommended by an Independent Valuer. FRL, in terms of the Scheme and upon the Scheme coming into effect, shall stand dissolved without winding up and without any further act or deed.

The Board of FRL has appointed BSR & Associates LLP (“**Valuer**”) to determine and recommend the Share Swap Ratio in terms of the requirements of SEBI CFD/DIL3/CIR/2017/21 dated March 10, 2017, as amended from time to time (“**SEBI Circular**”). In this connection, we have been requested by the Board of FRL to render an opinion on whether the Share Swap Ratio determined and recommended by the Valuer vide their report dated August 29, 2020, is fair and reasonable to the shareholders of FRL from the financial point of view.

We shall also be providing fairness opinion to Future Consumer Limited, Future Lifestyle Fashions Limited, Future Market Networks Limited, Future Supply Chain Solutions Limited and FEL.

As per the Valuer’s recommendation, under the Scheme, the equity shareholders of FRL, as of the Record Date, will receive 101 fully paid up equity shares of FEL with the face value of INR 2/- each for every 10 fully paid up equity shares of FRL with the face value of INR 2/- each.

SEBI Registration : INM000011179
 CIN No.: L67120MH1995PLC086241

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This fairness opinion is being issued in terms of the SEBI Circular and is intended only for the sole use and information of FRL, and only in connection with the Scheme including for the purpose of obtaining judicial and regulatory approvals for the Scheme. We are not responsible in any way to any other person / party for any decision of such person or party based on this fairness opinion. Any person / party intending to provide finance / invest in the shares / business of any of the companies involved in the Scheme or their subsidiaries / joint ventures / associates 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 any reproduction, copying or otherwise quoting of this fairness opinion or any part thereof, other than in connection with the Scheme as aforesaid can be done only with our prior permission in writing. We acknowledge that this fairness opinion will be shared to the extent as may be required, with National Company Law Tribunal, BSE Limited (“BSE”), National Stock Exchange of India Limited (“NSE” and together with the BSE, the “Stock Exchanges”), advisors of FRL in relation to the Scheme, as well as with other relevant statutory or regulatory authorities.

SOURCES OF INFORMATION

In arriving at our opinion set forth below, we have relied on:

- (a) Draft and final valuation report issued by the Valuer;
- (b) Discussions with management of FRL and FEL regarding the Scheme;
- (c) Audited financial statements of FRL and FEL for the year ended March 31, 2019 and un-audited financial statements of FRL and FEL for the year ended March 31, 2020
- (d) Financial projections in relation to the Business of FRL and FEL for the period from year ended March 31, 2021 to year ended March 31, 2025 provided by each of the Company and adjustments to the projections as explained by the Valuer;
- (e) Discussions with management of FRL and FEL regarding the past performance, current operations, future plans and capital expenditure of the Business;
- (f) Market data / trading data of FRL and FEL from the Stock Exchanges;
- (g) Market data of the comparable companies from Factset;
- (h) Draft Scheme; and
- (i) Other relevant information and documents for the purpose of this engagement

SCOPE LIMITATIONS

We shall also be providing fairness opinion to FEL. The management of FRL understands that I-Sec is mandated to provide fairness opinion to FEL. In the course of our work for you, we may have represented FEL with interests that may/are different from or inconsistent with your interests.

Our fairness opinion is subject to the scope limitations detailed hereinafter. As such the fairness opinion 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 in relation to each of FRL and FEL including their respective working results or businesses referred.



Accordingly, we are unable to and do not express an opinion on the accuracy of any financial information referred to in this fairness opinion.

Our analysis and results are specific to the purpose of the exercise of giving our fairness opinion as described hereinabove. It may not be valid for any other purpose or if provided on behalf of any other entity.

Our analysis and results are also specific to the date of this fairness opinion and based on information as at March 31, 2020. An exercise of this nature involves consideration of various factors. This fairness opinion is issued on the understanding that each of FRL and FEL have drawn our attention to all the matters which may have an impact on our opinion including any significant changes that have taken place or are likely to take place in the financial position or businesses upto the date of approval of scheme by the Board of Directors. We have no responsibility to update this fairness opinion for events and circumstances occurring after this date.

In the course of the present exercise, we were provided with both written and verbal information, including financial data. The terms of our engagement were such that we were entitled to rely upon the information provided without detailed inquiry. With respect to the financial forecasts relating to the FRL and FEL, we have assumed, that they have been reasonably prepared on bases reflecting the best currently available estimates and good faith judgements of the management as to the future financial performance of the each of FRL and FEL. Also, we understand that the management of each of FRL and FEL, has not omitted any relevant and material factors for the purposes of the work which we have undertaken in connection with this fairness opinion.

We shall have no obligation to verify the accuracy or completeness of any information or express any opinion or offer any form of assurance regarding the accuracy or completeness of such information and shall not assume any liability therefor. We assume no responsibility whatsoever for any errors in the information furnished to us and their impact on the present exercise.

We express no opinion whatsoever and make no recommendation at all to the shareholders or secured or unsecured creditors of each of FRL and FEL, as to how they should vote at their respective meetings held in connection with the Scheme. We do not express and should not be deemed to have expressed any views on any other term of the Scheme. We also express no opinion and accordingly accept no responsibility with respect to the market prices at which the equity shares of FRL and FEL would trade following the announcement of the Scheme or as to their financial performance following the consummation of the Scheme. We also express no opinion on the likely market price of FEL post the consummation of the Scheme.

No investigation has been made with respect to the claim to title of assets of each of FRL and FEL has been made for the purpose of this exercise and the same has been assumed to be valid. We have not placed any individual value on the assets of each of FRL and FEL and have also not considered any liens or encumbrances on the same. Further we have not opined and accordingly do not take responsibility whatsoever for matters of a legal nature. Also we are not opining on matters related to taxation. This fairness opinion should not be construed as a certification regarding the compliance of the Scheme with the provisions of any law including Companies Act, tax laws and capital market related laws or as regards any legal implications or issues arising from the Scheme.



In the ordinary course of business, ICICI Securities Limited and its affiliates 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 ICICI Securities Limited 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 Scheme.

RATIONALE & CONCLUSION

In the circumstances, having regard to all relevant factors and on the basis of information and explanations given to us, we are of the opinion on the date hereof, that the proposed Share Swap Ratio for the Scheme, as recommended by Valuer is fair and reasonable to the equity shareholders of FRL from the financial point of view.

Yours faithfully,

For ICICI Securities Limited



Raghwendra Pande
Executive Vice President, Investment Banking
ICICI Securities, Mumbai
Date: August 29, 2020

