

Walker Chandiook & Co LLP

STRICTLY PRIVATE & CONFIDENTIAL

To,

Future Retail Limited
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Dear Sir / Madam,

We understand that you have received a request from the National Stock Exchange of India Limited to submit the relevant valuation workings for arriving at the ratio of allotment proposed in the Valuation Report (the "Report") dated 20 April 2017, issued by Walker Chandiook & Co LLP ("WCC"). In this regard, please find below the necessary explanations and workings for arriving at the share allotment ratio in the report.

As per the Proposed Composite Scheme of Arrangement, Home Retail Business Undertaking of FRL was proposed to be demerged into PHRPL and in consideration of the same PHRPL shall issue & allot equity shares to the equity shareholders of FRL based on the ratio of allotment of shares.

Share Capital Structure of FRL

The issued, subscribed and paid up equity share capital of FRL as at 31 December 2016 was 471,338,557 equity shares. Further, there were certain equity shares to be allotted to eligible employee (s) of FRL towards employee stock options held by them. Accordingly the number of issued shares of FRL would stand increased to 471,812,739.

Computation of Fair Share exchange ratio on demerger of Home Retail Business undertaking of FRL into PHRPL

Pursuant to the Composite Scheme of Arrangement, the interest of the shareholders of FRL will remain unchanged as all the shareholders of FRL would receive shares in PHRPL in the proportion of their holding in FRL, as it is proposed to create mirror image of FRL.

The issued, subscribed and paid up equity share capital of PHRPL as at 31 December 2016 was 50,000 equity shares which was proposed to be cancelled upon scheme becoming effective. Based on the requirement of minimum required capital structure to ensure listing of the shares with stock exchanges and capital structure as desirable and sustainable for PHRPL after cancellation of existing share capital of PHRPL, considering the demerged business to be vested with PHRPL, the management of PHRPL proposed issuance of 23,590,637 equity shares to shareholders of FRL on demerger of Home Retail Business Undertaking in ratio of their holding in FRL.

The share allotment ratio as mentioned in the report is reproduced here for reference:

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

In addition to above the Composite Scheme of Arrangement also involved demerger of eCommerce Home Retail Business Undertaking of Bluerock eServices Private Limited ("BSPL") into PHRPL. The consideration for said demerger was in the form of Redeemable Preference shares of PHRPL to be issued to BSPL.

Computation of Fair Share allotment ratio on demerger of eCommerce Home Retail Business undertaking of BSPL into PHRPL

We have undertaken the fair valuation of eCommerce Home Retail Business Undertaking using following method:

Valuation Approach	eCommerce Home Retail Business Undertaking	
	Equity Value (INR Mn)	Weight (%)
Asset Approach	Not Applied	0%
Market Approach	Not Applied	0%
Income Approach	62.9	100%

Hence the number of Redeemable Preference share to be issued is 630,000 (Six Lakh thirty thousand) 9% Redeemable Preference share of PHRPL (of Rs. 100/- each fully paid up).

These valuation workings should be read in conjunction with the Report, along with necessary caveats and disclaimers. The valuation workings are prepared solely for the purpose of submission to Bombay Stock Exchange Limited, National Stock Exchange of India Limited and other relevant regulatory authorities as required. It should not be used, reproduced or circulated to any other person or for any other purpose other than as mentioned above, in whole or in part, without the prior written consent of WCC. Such consent will only be given after full consideration of the circumstances at the time.

Yours faithfully,

Walker Chandiok & Co LLP
Chartered Accountants
Firm Registration No: 001076N/N500013

Riaz Thingna
Partner