

Walker Chandiook & Co LLP

Certified True Copy
For Future Retail Limited

Nirmal Kumar
Company Secretary

STRICTLY PRIVATE AND CONFIDENTIAL

06 December 2017

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

Board of Directors
Hypercity Retail (India) Limited
Eureka Towers
9th Floor, B Wing- Mindspace
Link Road, Malad (W)
Mumbai 400 064

Walker Chandiook & Co LLP
10th Floor, Tower II
Indiabulls Finance Centre
S B Marg, Elphinstone (W)
Mumbai 400013
India

Dear Sir(s),

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Re: Demerger of Retail Business Undertaking of Hypercity Retail (India) Limited ("HRIL") (the "Retail Business Undertaking") into Future Retail Limited ("FRL")

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

FRL and HRIL are collectively referred to as the "Specified Companies" or the "Client".

BRIEF BACKGROUND, SCOPE AND PURPOSE OF THIS REPORT

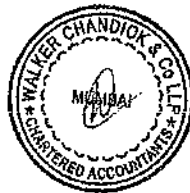
As on the report date, HRIL is a wholly owned subsidiary of FRL. We understand that the Managements of FRL and HRIL (the "Management") are contemplating a group realignment exercise wherein it is proposed that Retail Business Undertaking of HRIL will be demerged from HRIL into FRL ("Proposed Demerger").

The Proposed Demerger is proposed 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, 2013.

Appointed Date means such date as defined in the Scheme of Arrangement between FRL, HRIL and their respective shareholders.

Effective Date means the last of the dates on which the certified copy of the Order of the National Company Law Tribunal sanctioning the Scheme of Arrangement is filed by HRIL and FRL with the concerned Registrar of Companies.

In this connection, Walker Chandiook & Co LLP has been requested by the Specified Companies to submit a report recommending the ratio of allotment of equity shares of FRL to shareholders of HRIL under the Regulation 37 of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 in connection with the Proposed Demerger for the consideration of the Board of the Specified Companies.



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 the Specified Companies to the extent mandatorily required under applicable laws of India, maybe produced before judicial, regulatory or government authorities, in connection with the Proposed Demerger. 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/ HRIL 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. Draft Scheme of Arrangement between FRL, HRIL and their respective shareholders.
2. Share Holding Structure of the Specified Companies.
3. Other relevant details regarding FRL, HRIL 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 the Specified Companies.

It may be mentioned that the Specified Companies has been provided opportunity to review the draft report 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/ HRIL/ Retail Business Undertaking referred to in this report. We assume no responsibility for any errors in the information furnished by the Specified Companies and their impact on the present exercise.

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 HRIL. 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 the Specified Companies have drawn our attention to all the matters, which they are aware of concerning the financial position of FRL/ Retail Business Undertaking / HRIL 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/ Retail Business Undertaking / HRIL 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.



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 Proposed Demerger 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 transaction shall rest solely with the Client. We owe responsibility to only the Board of Directors of the Specified Companies 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 the Specified Companies should vote at any shareholders meeting(s) to be held in connection with the Proposed Demerger.

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 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, 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.



The issued, subscribed and paid up equity share capital of FRL as on 01 December 2017 is as under:

Particulars	INR Crores
Authorised Share Capital	
12,50,00,00,000 Equity Shares of Rs. 2/- each	2,500.00
Total	2,500.00
Issued Capital	
50,20,79,525 Equity Shares of Rs. 2/- each, fully paid up	100.42
Subscribed and Paid-up Capital	
50,19,75,154 Equity Shares of Rs. 2/- each, fully paid up	100.40
Total	100.40

The Equity Shares of FRL are listed on BSE Limited and National Stock Exchange of India Limited.

Hypercity Retail (India) Limited

Hypercity Retail (India) Limited ("HRIL"), incorporated in 2004 and based in Mumbai, operates a chain of hypermarket stores in India and also engaged in the business of property options. 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.

The issued, subscribed and paid up equity share capital of HRIL as at 30 September 2017 is as under:

Particulars	INR Crores
Authorised Share Capital	
62,50,00,00,000 Equity Shares of Rs. 10/- each	625.00
Total	625.00
Issued, Subscribed and Paid-up Capital	
15,10,30,306 Equity Shares of Rs. 10 each, fully paid up	151.03
Total	151.03

As mentioned earlier in the report, HRIL is a wholly owned subsidiary of FRL.

Retail Business Undertaking of HRIL ("Retail Business Undertaking")

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'".

Remaining Undertaking of HRIL referred in this Report would mean Remaining Business Undertaking as defined in the Scheme as "all the undertakings, businesses, activities and operations of HRIL other than the Retail Business Undertaking as referred above".



APPROACH - SHARE ALLOTMENT RATIO FOR PROPOSED DEMERGER

As per the Proposed Scheme of Arrangement, the entire share capital of HRIL as on the Appointed Date is held by FRL along with its nominees. It is expressly understood that, upon this Scheme becoming effective, there will be no issue and allotment of shares by FRL in respect of the demerger of Retail Business Undertaking of HRIL into FRL for the Proposed Demerger. Since there would be no issue of shares with respect to the Proposed Demerger, no relative valuation of the two entities is required to be undertaken. Hence, we have not carried out valuation of these entities under generally accepted valuation approaches as below:

Valuation Approach	FRL		Retail Business Undertaking	
	INR	Weight (%)	INR	Weight (%)
Asset Approach	NA	0%	NA	0%
Market Approach	NA	0%	NA	0%
Income Approach	NA	0%	NA	0%
Relative Value Per Share*	NA	0%	NA	0%

*face value INR 2 per share

NA = Not Adopted / Not Applicable

As provided by the Management, pursuant to Demerger of Retail Business Undertaking of HRIL into FRL, HRIL shall carry on the activities and operations of the Remaining Undertaking of HRIL distinctly and as a separate business from the Retail Business Undertaking.

We believe that the above is fair and reasonable considering that the interest of the shareholders in FRL will effectively remain unchanged and therefore from that perspective their interest would not be prejudicially affected.

Yours faithfully,

Walker Chandiook & Co LLP
Chartered Accountants


Huned Contractor

Partner

Firm Registration No: 001076N/ N500013

Place: Mumbai

Date: 06 December 2017

