

KEYNOTE

May 04, 2015

The Board of Directors
Future Retail Limited
 Knowledge House,
 Off Jogeshwari-Vikhroli Link Road,
 Shyam Nagar, Jogeshwari (East),
 Mumbai - 400060.

The Board of Directors
Bharti Retail Limited
 Bharti Crescent 1,
 Nelson Mandela Road,
 Vasant Kunj, Phase II,
 New Delhi 110070.

Dear Sirs,

Reg: Fairness Opinion on the Share Entitlement ratio for the proposed demerger with respect to Scheme of Arrangement between Future Retail Limited ("FRL") and Bharti Retail Limited ("BRL") and their respective shareholders and creditors

Keynote Corporate Services Limited ("Keynote" or "we" or "us") is Category I Merchant Banker registered with Securities Exchange Board of India ("SEBI"). We have been requested to issue a report on fairness on the Share Entitlement ratio for the proposed demerger with respect to Scheme of Arrangement between Future Retail Limited ("FRL") and Bharti Retail Limited ("BRL") and their respective shareholders and creditors. We have perused the documents/ information provided by you in respect of the said Arrangement and the Joint Valuation Report as issued by Edelweiss Financial Services Limited (hereafter referred to as "Edelweiss") and SSPA & Co, Chartered Accountants (hereafter referred to as "SSPA") dated May 04, 2015 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); Home Town (Home Improvement Store) and eZone (high end consumer electronics specialty store). The business of FRL inter-alia includes the retail operations and the retail infrastructure operations associated therewith. We have been informed by the management of FRL to consider the Equity Shares and Class B Shares (Series 1) (hereinafter referred to as "DVR Shares") at par with equity shares of FRL as both the classes of shares have similar economic interest and are treated equally for all corporate actions except for voting/dividend rights.

Bharti Retail Limited is wholly owned subsidiary of Cedar Support Services Limited (CSSL) belonging to Bharti Enterprises Group. BRL is primarily engaged in the business of organised retail. It operates neighborhood stores called "Easyday" and compact hypermarket stores called "Easyday Market". The retail business of BRL inter-alia includes the in-store retail operations and the retail infrastructure operations associated therewith.

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Keynote Corporate Services Limited

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Rationale of the Report:

We have been informed that, pursuant to a Scheme of Arrangement under sections 391 to 394 read with sections 100 to 104 of the Companies Act, 1956 and other relevant provisions of the Companies Act, 2013 (hereinafter referred to as "the Scheme") and subject to necessary approvals, the "Retail Business Undertaking" of FRL would be demerged into BRL and the "Retail Infrastructure Business Undertaking" of BRL would be demerged into FRL with effect from the Appointed Date of 31 Oct 2015.

In this regard, we have been requested to suggest Fairness on the Share Entitlement ratio for:

- a) issue of equity shares of BRL to the shareholders of FRL for the purpose of proposed demerger of "Retail Business Undertaking" of FRL into BRL; and
- b) issue of equity shares of FRL to the shareholders of BRL for the purpose of proposed demerger of "Retail Infrastructure Business Undertaking" of BRL into FRL.

Sources of Information:

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

- a) Joint Valuation Report by Edelweiss and SSPA dated May 04, 2015;
- b) Estimated Financial statements of FRL and BRL for the year ended March 31, 2015;
- c) Projected Financials of FRL and BRL for FY 2015-16 to FY 2018-19;
- d) Draft Scheme of Arrangement;
- e) Other relevant information/documents regarding FRL and BRL such as their history, past and present activities, the demerger process, future plans and prospects post the demerger including information available through public domain

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, Edelweiss and SSPA have recommended the following Share Entitlement Ratio:

- a) Demerger of "Retail Business Undertaking" of FRL into BRL (post reorganization of share capital of BRL):
"1 (One) equity share of BRL of INR 2/- each fully paid for every 1 (One) equity share / DVR share of FRL of INR 2 each fully paid."
- b) Demerger of "Retail Infrastructure Business Undertaking" of BRL (post reorganization of share capital of BRL) into FRL:
"1 (One) equity share of FRL of INR 2 each fully paid for every 1 (One) equity share of BRL of INR 2 each fully paid."

The aforesaid Arrangement shall be pursuant to the Draft Scheme of Arrangement and shall be subject to receipt of approval from the Jurisdictional High Court of Bombay and other statutory approvals as may be

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required. The detailed terms and conditions of the demerger 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, data made available to us, including the Valuation Report, to the best of our knowledge and belief, the share entitlement ratio for the equity shareholders as suggested by Edelweiss and SSPA proposed under the Scheme of Arrangement is fair 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 & BRL for the purpose of this opinion. With respect to the estimated financials provided to us by the managements of FRL & BRL we have assumed that such financials were prepared in good faith and reflect the best currently available estimates and judgments by the managements of FRL & BRL. We express no opinion and accordingly accept no responsibility with respect to or for such estimated financials or the assumptions on which they were based. 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 & BRL. We have solely relied upon the information provided to us by FRL & BRL. We have not reviewed any books or records of FRL & BRL (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 & BRL 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 & BRL. 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 & BRL 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 & BRL 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 & BRL 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 & BRL 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 & BRL or any of its assets, nor did we negotiate with any other party in this regard.

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We have acted as a financial advisor to FRL & BRL for providing a fairness view on the share entitlement ratio and will receive a fee for our services.

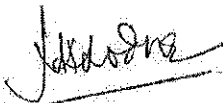
In the ordinary course of business, Keynote is engaged in securities trading, securities brokerage and investment activities, as well as providing investment banking and investment advisory services. In the ordinary course of its trading, brokerage and financing activities, any member of Keynote may 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 & BRL 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 FRL & BRL 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 or BRL'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 & BRL 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 & BRL 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 & BRL and their affiliates shall indemnify them.

For KEYNOTE CORPORATE SERVICES LTD



Nipun Lodha
Executive Vice-President & Head- Corporate Finance
SEBI Registration No. INM000003606
(Merchant Banker)

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