

18 May 2017

To,

The Board of Directors,
CESC Limited
CESC House
Chowringhee Square
Kolkatta – 700 001

Sub: Fairness opinion on the Share Entitlement Ratios for the Composite Scheme of Arrangement between CESC Infrastructure Limited ("CIL"), Spencer Retail Limited ("SRL"), Music World Retail Limited ("MWRL"), Spen Liq Private Limited ("SPL"), New Rising Promoters Private Limited ("NRPL"), CESC Limited ("CESC"), Haldia Energy Limited ("HEL"), RP-SG Retail Limited ("RSRL"), RP-SG Business Process Services Limited ("RBPSL") and Crescent Power Limited ("CPL")

This opinion is issued pursuant to the terms of our engagement letter with CESC dated 10 May 2017, under the terms of which CESC has requested ICICI Securities ("I-Sec") to provide a fairness opinion on the Share Entitlement Ratios for the proposed group restructuring of CESC.

BACKGROUND, PURPOSE AND USE OF THIS REPORT

We understand that CESC is proposing a group restructuring exercise for segregation and unbundling of the generation, distribution, retail and business process outsourcing/management business ("Proposed Restructuring").

CESC proposes to segregate existing business operations into following four segments as part of the Proposed Restructuring:

1. Power Distribution Undertaking
2. Power Generation Undertaking
3. Retail Undertaking, and
4. IT Undertaking

The Proposed Restructuring is to be effected through Composite Scheme of Arrangement (the "Scheme") pursuant to the provisions of Section 230 to 232 and other applicable provisions of the Companies Act, 2013 and the Companies Act, 1956.

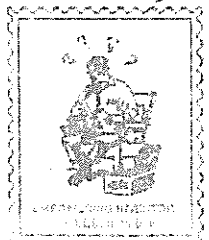
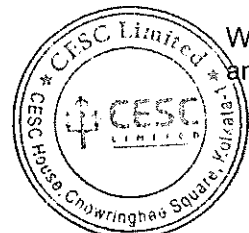
We understand that the Appointed Date for the Proposed Restructuring is 1 October 2017 and the Effective Date as defined in the Scheme.

Member of National Stock Exchange of India Ltd. & Bombay Stock Exchange Ltd.
Capital Market : NSE Regn. No. INB 230773037, BSE Regn. No. INB 011286854
Futures & Options : NSE Regn. No. INF 230773037, BSE Regn. No. INF 010773035
Currency Derivatives : NSE Regn. No. INE 230773037
CIN No.: U67120MH1995PLC086241

ICICI Securities Limited
Registered Office (Institutional):
ICICI Centre, H. T. Parekh Marg,
Churchgate, Mumbai 400 020, India.
Tel (91 22) 2288 2460/70
Fax (91 22) 2282 6580

Corporate Office (Retail):
Shree Sawan Knowledge Park, Plot No. D-507,
T.T.C. Ind. Area, M.I.D.C, Turbhe, Navi Mumbai - 400 705
Tel (91 22) 4070 1000
Fax (91 22) 4070 1022

Name of Compliance Officer (Broking Operations) : Ms. Mamta Jayaram Shetty
Email Address: complianceofficer@icicisecurities.com / Tel (91 22) 4070 1000
Website Address: www.icicisecurities.com / www.icicidirect.com



Certified to be True Copy

CESC LIMITED

Authorized Signatory

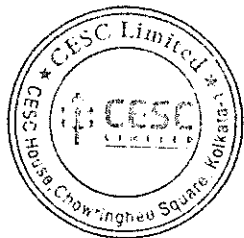
For the aforesaid purpose, the management of CESC has appointed Walker Chandiook & Co LLP (referred as "Valuer") to prepare a report recommending Share Entitlement Ratios ("Share Entitlement Report"), to be placed before the audit committees/Board of Directors of CESC, as per the requirement of SEBI (the "Valuer Report").

In this connection we have been requested by CESC to render our professional services by way of a fairness opinion on Share Entitlement Ratios from a financial point of view to the Board of Directors of CESC through audit committee of the board as to whether the Share Entitlement Ratios, as recommended by the Valuer, in their report dated 18 May 2017 and based on the valuation analysis carried out by them, which forms the basis for the Proposed Restructuring as per the aforesaid Scheme is fair and reasonable.

This report is intended only for the sole use and information of CESC, and only in connection with the Proposed Restructuring including for the purpose of obtaining judicial and regulatory approvals for the Proposed Restructuring. We are not responsible in any way 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 any of the companies mentioned here or their subsidiaries / joint ventures / associates / affiliates 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 report or any part thereof, other than in connection with the Proposed Restructuring as aforesaid can be done only with our prior permission in writing. We acknowledge that this report will be shared to the extent as may be required, with the relevant National Company Law Tribunal, stock exchanges, advisors of the Companies in relation to the Scheme, as well as with the statutory authorities.

The Scheme dated 18 May 2017 and the Valuer's report dated 18 May 2017, propose the following Share Entitlement Ratios:

1. **In Consideration of demerger and vesting of Power Generation Undertaking of CESC into HEL:** For every 10 fully paid equity shares of INR 10 (Rupees ten) each held in CESC, issue of 5 fully paid equity shares of INR 10 (Rupees ten) each of HEL.
2. **In Consideration of demerger and vesting of Retail Undertaking 1 of CESC into RSRL:** For every 10 fully paid equity shares of 10 (Rupees ten) each held in CESC, issue of 6 fully paid equity shares of INR 5 (Rupees five) each of RSRL.
3. **In Consideration of demerger and vesting of Retail Undertaking 2 of SRL into RSRL:** 5,00,000 fully paid preference share of INR 100 (Rupees one hundred) each of RSRL for the shares held in SRL.
4. **In Consideration of demerger and vesting of IT Undertaking of CESC into RBPSL:** For every 10 fully paid equity share of INR 10 (Rupees ten) each held in CESC, issue of 2 fully paid equity shares of INR 10 (Rupees ten) each of RBPSL.



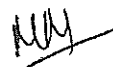
Certified to be True Copy

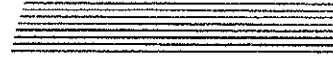
CESC LIMITED

Private and Confidential

Page 2 of 12

Authorised Signatory





BRIEF BACKGROUND OF THE COMPANIES FORMING PART OF THE PROPOSED RESTRUCTURING

- CIL is a public company incorporated under the Companies Act, 1956. CIL is a wholly owned subsidiary of CESC. The current capital structure of CIL is detailed hereunder:

Particulars	INR
Authorised Share Capital	
3,00,00,00,000 equity shares of INR 10 each	30,00,00,00,000
Total	30,00,00,00,000
Issued, Subscribed and Paid-up Capital	
2,89,80,50,000 equity shares of INR 10 each	28,98,05,00,000
Total	28,98,05,00,000

- CIL is engaged, *inter alia*, in the business of power generation through the following wholly owned subsidiaries:

- HEL operates 2 x 300 MW coal fired thermal power project in Haldia, West Bengal. The current capital structure of HEL is detailed hereunder:

Particulars	INR
Authorised Share Capital	
1,25,00,00,000 equity shares of INR 10 each	12,50,00,00,000
Total	12,50,00,00,000
Issued, Subscribed and Paid-up Capital	
1,20,34,41,049 equity shares of INR 10 each	12,03,44,10,490
Total	12,03,44,10,490

- Dhariwal Infrastructure Limited ("DIL") operates 2 x 300 MW coal based thermal power project in Chandrapur, Maharashtra.

Power Generation Undertaking

- Power Generation Undertaking of CESC, engaged in the activity of production and generation of electricity, includes the following subsidiaries and divisions, together with all its undertakings, assets, properties, investments and liabilities of CESC, in relation to and pertaining to the power generation business including the following:
 - Surya Vidyut Limited
 - Pachi Hydropower Projects Limited
 - Papu Hydropower Projects Limited
 - Dhariwal Infra Limited
 - Integrated Coal Mining Limited
 - CPL
 - NRPL

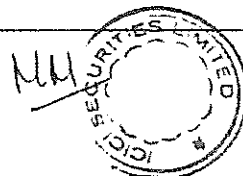


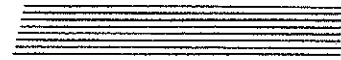
Certified to be True Copy

CESC LIMITED

Private and Confidential

Authorised Signatory





- In addition to above subsidiaries following power generation plants would form part of the Power Generation Undertaking:
 - The 750MW Budge Budge Generating Station,
 - The 135MW Southern Generating Station, and
 - The 240MW Titagarh Generating Station,

Power Generation Undertaking as referred in this report would mean Generation Undertaking as defined in the Scheme and summarized below:

“**Generation Undertaking**” means all the power generation business engaged in the activity of production and generation of electricity, together with all its undertakings, assets, properties, investments and liabilities of CESC, in relation to and pertaining to the power generation business

Retail Undertaking

- SRL is a public company incorporated under the Companies Act, 1956. SRL is a multi-format retailer providing a wide range of quality products across categories such as food, personal care, fashion, home essentials, electrical and electronics to its key consumers. SRL has 120 stores, including 37 hyper stores in over 35 cities in India. The current capital structure of SRL is detailed hereunder:

Particulars	INR
Authorised Share Capital	
150,00,00,000 equity shares of INR 10 each	15,00,00,00,000
Total	15,00,00,00,000
Issued, Subscribed and Paid-up Capital	
29,67,53,585 equity shares of INR 10 each	2,96,75,35,850
Total	2,96,75,35,850

- In addition to business operations in SRL, it has following subsidiaries:
 - MWRL is a public company incorporated under the Companies Act, 1956. MWRL is engaged, *inter alia*, in the business of retailing of music in various formats across Music World outlets. The current capital structure of MWRL is detailed hereunder:

Particulars	INR
Authorised Share Capital	
60,00,000 equity shares of INR 10 each	6,00,00,000
Total	6,00,00,000
Issued, Subscribed and Paid-up Capital	
50,00,000 equity shares of INR 10 each	5,00,00,000
Total	5,00,00,000

- Au Bon Pain Café India Limited (“ABPIL”), incorporated in 2008 and based in Bengaluru, owns and operates retail chains of coffee shops in India.

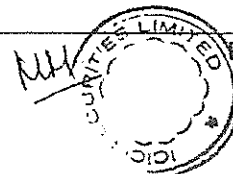


Certified to be True Copy

CESC LIMITED

Private and Confidential

Authorized Signatory



- Omnipresent Retail India Private Limited is engaged in online retailing of products across categories such as food, personal care, fashion, home essentials and caters only to the domestic market.
- Guiltfree Industries Limited is the new vertical which will house the FMCG business and related investments mainly in packaged snack food segment.
- Bowlopedia Restaurants India Limited is a new company in which quick service food outlets are being planned.

Retail Undertaking 1 and Retail Undertaking 2 (collectively referred to as "Retail Undertakings") referred in this Report would mean Retail Undertaking 1 and Retail Undertaking 2 as defined in the Scheme and summarized below:

"Retail Undertaking 1" means the retail business and the "Spencer's" Brand and all intellectual property and interests associated with the name "Spencer's" of CESC.

"Retail Undertaking 2" means the Core Retail Business Operations of SRL (excluding the retail business in the state of Gujarat and investments of SRL), together with all its undertakings, assets, properties, investments and liabilities of SRL, in relation to and pertaining to the retail business.

Non-Core Retail Business Operations include operations in Gujarat and investment of SRL in the following:

- MWRL
- ABPIL
- Omnipresent Retail India Private Limited
- Guiltfree Industries Limited, and
- Bowlopedia Restaurants India Limited

IT Undertaking

- SPL is a private company incorporated under the Companies Act, 1956. SPL is the holding company of Firstsource Solutions Limited ("FSL"), which is listed on Stock Exchanges and is amongst top 3 pure play BPO companies in India. The current capital structure of SPL is detailed hereunder:

Particulars	INR
Authorised Share Capital	
50,00,00,000 equity shares of INR 10 each	5,00,00,00,000
Total	5,00,00,00,000
Issued, Subscribed and Paid-up Capital	
47,10,28,050 equity shares of INR 10 each	4,71,02,80,500
Total	4,71,02,80,500

- SPL owns 54.9% of FSL



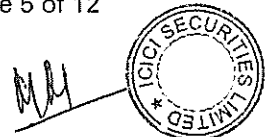
Certified to be True Copy

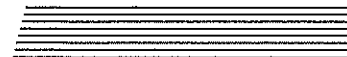
CESC LIMITED

Authorised Signatory

Private and Confidential

FSL, founded in 2011 and based in Mumbai, provides customer centric business process management solutions. It offers customer management





services, such as business acquisition, customer account, customer loyalty, and differentiators, collection services, including financial, healthcare and student education loan, and data processing services that include back-office outsourcing, transaction processing, and process re-engineering services.

IT Undertaking referred in this Report would mean IT Undertaking as defined in the Scheme and summarized below:

"IT Undertaking" means all the business in relation to the information technology business of CESC together with all its undertakings, assets, properties, investments and liabilities of CESC, in relation to and pertaining to the business of information technology and shall include (without limitation):

- o Investments in the information technology business including but not limited to the investment of CESC in SPL

Resulting Companies

- **HEL**, a Power Generation Company, which along with its subsidiaries, shall hold all existing and upcoming thermal power projects and renewable energy projects.

The proposed capital structure of HEL is detailed hereunder:

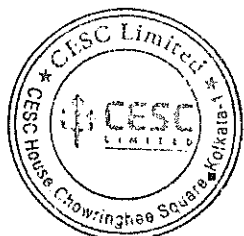
Particulars	INR
Authorised Share Capital	
125,00,00,000 equity shares of INR 10 each	12,50,00,00,000
Total	12,50,00,00,000
Issued, Subscribed and Paid-up Capital	
6,62,78,522 equity shares of INR 10 each	66,27,85,215
Total	66,27,85,215

- **RSRL** is a multi-format retailer providing a wide range of quality products across categories such as food, personal care, fashion, home essentials, electrical and electronics to its key consumers

The proposed capital structure of RSRL is detailed hereunder:

Particulars	INR
Authorised Share Capital	
10,00,00,000 equity shares of INR 5 each	50,00,00,000
Total	50,00,00,000
Issued, Subscribed and Paid-up Capital	
7,95,34,226 equity shares of INR 5 each	39,76,71,129
Total	39,76,71,129

RBPSL along with its subsidiaries operates the business of information technology and business process outsourcing with service deliveries across the globe.



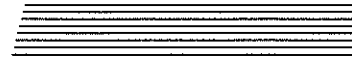
Certified to be True Copy

CESC LIMITED

Private and Confidential

Authorized Signatory





The proposed capital structure of RBPSL is detailed hereunder:

Particulars	INR
Authorised Share Capital	
3,00,00,000 equity shares of INR 10 each	30,00,00,000
Total	30,00,00,000
Issued, Subscribed and Paid-up Capital	
2,65,11,409 equity shares of INR 10 each	26,51,14,086
Total	26,51,14,086

PROPOSED RESTRUCTURING

The Proposed Restructuring as per the Draft Scheme of Arrangement would be implemented through the following steps:

Step 1: Amalgamation of CIL with CESC

Pursuant to the Scheme coming into effect, CIL would be amalgamated into CESC. Since CIL is a wholly owned subsidiary of CESC, there shall be no issue of shares by CESC in consideration for proposed amalgamation of CIL with CESC.

In this step all equity shares of CIL held by CESC shall stand cancelled.

Step 2: Demerger and Vesting of Power Generation Undertaking of CESC into HEL

Pursuant to the Scheme coming into effect, CESC would transfer its Power Generation Undertaking to HEL.

Upon Demerger, Transfer and Vesting of Power Generation Undertaking by CESC to HEL, equity shares of HEL will be issued to the shareholders of CESC as a consideration for the Power Generation Undertaking.

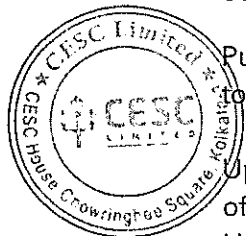
Pursuant to the abovementioned transfer, all equity shares of HEL held by CESC shall stand cancelled.

Step 3: Demerger and Vesting of Retail Undertaking 1 of CESC into RSRL

Pursuant to the Scheme coming into effect, CESC would transfer its Retail Undertaking 1 to RSRL.

Upon Demerger, Transfer and Vesting of Retail Undertaking 1 by CESC to RSRL, shares of RSRL will be issued to the shareholders of CESC as a consideration for the Retail Undertaking 1.

Pursuant to the Scheme, the existing equity share capital of RSRL shall stand cancelled.

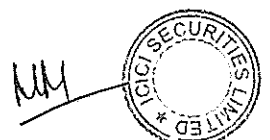


Certified to be True Copy

CESC LIMITED

Private and Confidential

Authorised Signatory



Step 4: Demerger and Vesting of Retail Undertaking 2 of SRL into RSRL

Pursuant to the Scheme coming into effect, SRL would transfer its Retail Undertaking 2 to RSRL.

Upon Demerger, Transfer and Vesting of Retail Undertaking 2 by SRL to RSRL, Preference Shares of RSRL will be issued to CESC, the shareholder of SRL, as a consideration for the Retail Undertaking 2.

After completion of Step 3, Step 4 and upon allotment of equity shares and preference shares by RSRL as stated above, equity shares held by CESC in RSRL shall stand cancelled, extinguished and annulled on and from the Effective Date and the paid up capital of RSRL to that effect shall stand cancelled and reduced, which shall be regarded as reduction of share capital of RSRL.

Step 5: Demerger and Vesting of IT Undertaking of CESC into RBPSL

Pursuant to the scheme coming into effect, CESC would transfer its IT Undertaking to RBPSL.

Upon Demerger, Transfer and Vesting of IT Undertaking by CESC to RBPSL, equity shares of RBPSL will be issued to the shareholders of CESC, as a consideration for the IT Undertaking.

After completion of Step 5 and upon allotment of equity shares by RBPSL as stated above, equity shares held by CESC in RPSL shall stand cancelled, extinguished and annulled on and from the Effective Date and the paid up capital of RPSL to that effect shall stand cancelled and reduced, which shall be regarded as reduction of share capital of RPSL.

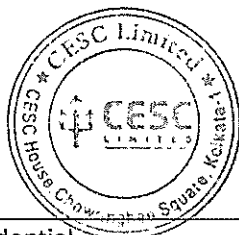
Step 6: Amalgamation of SRL with CESC

Pursuant to the scheme coming into effect, SRL would be amalgamated into CESC. Since SRL is a wholly owned subsidiary of CESC, there shall be no issue of shares by CESC in consideration for proposed amalgamation of SRL with CESC.

In this step all equity shares of SRL held by CESC shall stand cancelled.

Certified to be True Copy

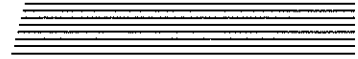
CESC LIMITED



Private and Confidential

Authorized Signatory



**Step 7: Amalgamation of MWRL with CESC**

Pursuant to the scheme coming into effect, MWRL would be amalgamated with CESC. Pursuant to merger of SRL with CESC in Step 6, MWRL would be a wholly owned subsidiary of CESC. Therefore, there shall be no issue of shares by CESC in consideration for proposed amalgamation of MWRL with CESC.

In this step all equity shares of MWRL held by CESC shall stand cancelled.

Step 8: Amalgamation of SPL with RBPSL

Pursuant to the scheme coming into effect, SPL would be amalgamated with RBPSL. Since SPL is a wholly owned subsidiary of RBPSL, there shall be no issue of shares by RBPSL in consideration for proposed amalgamation of SPL with RBPSL.

Pursuant to the abovementioned transfer, all equity shares of SPL held by RBPSL shall stand cancelled.

Step 9: Amalgamation of NRPL with CPL

Pursuant to the scheme coming into effect, NRPL would be amalgamated with CPL. Since NRPL is a wholly owned subsidiary of CPL, there shall be no issue of shares by CPL in consideration for proposed amalgamation of NRPL with CPL.

In this step all equity shares of NRPL held by CESC shall stand cancelled.

SOURCES OF INFORMATION

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

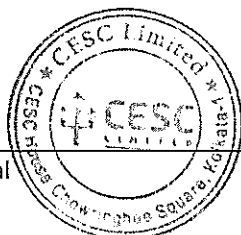
- (a) Draft Composite Scheme of Arrangement of CESC.
- (b) Existing Share Capital Structure of CESC, SRL, MWRL, SPL, CIL, HEL, NRPL and CPL.
- (c) Proposed Capital Structure of HEL, RSRL and RBPSL.
- (d) Discussions (including oral) with management of CESC regarding the Proposed Restructuring, current operations, future plans, capital expenditure etc.
- (e) Discussions (including Oral) and documents as provided by Valuer for the purpose of this engagement.
- (f) Other relevant details regarding CESC, its subsidiaries, associates, divisions and the Proposed Restructuring exercise.

Certified to be True Copy

CESC LIMITED

Authorised Signatory

Private and Confidential



Page 9 of 12

Handwritten initials





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 in relation to the Companies including the working results of the Companies or its businesses referred to in this report. Accordingly, we are unable to and do not express an opinion on the accuracy of any financial information referred to in this report.

Our analysis and results are specific to the purpose of the exercise of giving our fairness opinion on the Share Entitlement Ratios for the Proposed Restructuring. 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 report and based on information as at 18 May, 2017. An exercise of this nature involves consideration of various factors. This report is issued on the understanding that the Companies have drawn our attention to all the matters, which they are aware of concerning the financial position of the Companies, their businesses, and any other matter, which may have an impact on our opinion, on the Share Entitlement Ratios for the Proposed Restructuring, including any significant changes that have taken place or are likely to take place in the financial position of the Companies or their businesses subsequent to the proposed Appointed Date for the Proposed Restructuring. We have no responsibility to update this report for events and circumstances occurring after the date of this report.

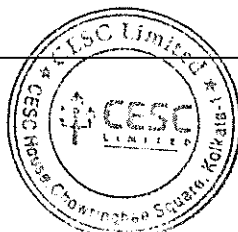
In the course of the present exercise, we were provided with both written and verbal information, including financial data. The terms of our engagement were such that we were entitled to rely upon the information provided by the Companies and/or Valuer without detailed inquiry. With respect to the financial forecasts relating to the Companies, we have assumed that they have been reasonably prepared based on the best currently available estimates and good faith judgments of the management as to the future financial performance of the Companies. Also, we understand that the Companies' management has not omitted any relevant and material factors for the purposes of the work which we have undertaken in connection with this report. Accordingly, we shall have no obligation to verify the accuracy or completeness of any such 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 above information furnished by the Companies and their impact on the present exercise.

Certified to be True Copy

CESC LIMITED

Private and Confidential

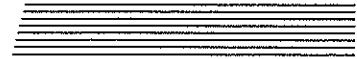
Authorised Signatory



Page 10 of 12

114





We express no opinion whatever and make no recommendation at all to CESC underlying its decision to effect the Proposed Restructuring or as to how the holders of equity shares or preference shares or secured or unsecured creditors of the Companies should vote at their respective meetings held in connection with the Proposed Restructuring. We do not express and should not be deemed to have expressed any views on any other term of the Proposed Restructuring. We also express no opinion and accordingly accept no responsibility or as to the prices at which the equity shares of CESC and/or FSL will trade following the announcement of the Proposed Restructuring or as to the financial performance of the Companies following the consummation of the Proposed Restructuring.

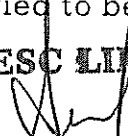
No investigation of the Companies' claim to title of assets has been made for the purpose of this exercise and the Companies' claim to such rights has been assumed to be valid. No consideration has been given to liens or encumbrances against the assets, beyond the loans disclosed in the accounts. Therefore, no responsibility whatsoever is assumed for matters of a legal nature. Our report is not and should not be construed as our opining or certifying the compliance of the Proposed Restructuring with the provisions of any law including companies, taxation and capital market related laws or as regards any legal implications or issues arising from such Proposed Restructuring.

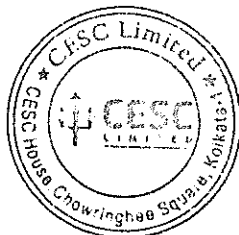
We have not conducted or provided an analysis of due diligence or appraisal of the assets and liabilities of the Companies and have wholly relied on information provided by the Companies and/or Valuer in that regard.

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 Proposed Restructuring.

Certified to be True Copy

CESEC LIMITED


Authorised Signatory







RATIONALE & CONCLUSION

We understand that all the shareholders of CESC will upon the Proposed Restructuring, be the ultimate beneficial owners of HEL, RSRL and RBPSL in the same ratio (inter se) as they hold shares in CESC, as on the record date.

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 Entitlement Ratios as recommended by Valuer, which forms the basis for the Proposed Restructuring is fair and reasonable.

Yours faithfully,
For ICICI Securities Limited,



Mridul Mehta
Executive Vice President
Investment Banking
ICICI Securities
Mumbai

Date: 18 May 2017

Certified to be True Copy

CESC LIMITED



Authorised Signatory

