

B S R & Associates LLP

Chartered Accountants

5th Floor, Lodha Excelus,
Apollo Mills Compound
N. M. Joshi Marg, Mahalaxmi
Mumbai - 400 011
India

Telephone +91 (22) 4345 5300
Fax +91 (22) 4345 5399

18 May 2017

Board of Directors
CESC Limited
CESC House,
Chowringhee Square,
Kolkata 700 001, India

Report on share entitlement ratio for proposed demerger of generation, retail and IT businesses of CESC Limited ("Report")

Dear Sirs,

We refer to the engagement letter dated 17 May 2017, wherein the Board of Directors of CESC Limited ("CESC", or "You" or "Company" or "Client") has engaged B S R & Associates LLP ("B S R" or "We" or "Us") to recommend share entitlement ratio for the proposed demerger of CESC Limited under the draft composite scheme of arrangement received by Us on 16 May 2017 ("Draft Proposed Scheme") (together the "Engagement").

We understand that, as part of the Draft Proposed Scheme, the businesses of CESC are proposed to be demerged as follows:

- 1) Generation business to be demerged into Haldia Energy Limited
- 2) Retail business to be demerged into RP-SG Retail Limited
- 3) Business process management business to be demerged into RP-SG Business Process Services Limited

(Hereinafter together referred to as "Proposed Demerger" or "Proposed Transaction")

We understand that the distribution business of CESC will continue to remain with CESC.

The Draft Proposed Scheme has been framed under Section 230 to 232 and other applicable provisions of the Companies Act, 2013. As part of the Draft Proposed Scheme, Haldia Energy Limited, RP-SG Retail Limited and RP-SG Business Process Services Limited will issue its shares to the shareholders of CESC Limited as a consideration for Demerged Undertakings (Demerged Undertakings has been defined in the Draft Proposed Scheme).

This Report is subject to the scope limitations, exclusions and disclaimers 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.

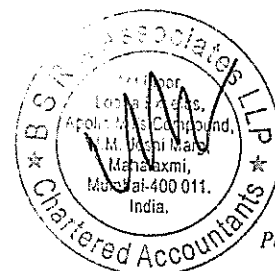
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B S R & Associates (a partnership firm with Registration No. BA69226) converted into B S R & Associates LLP (a Limited Liability, Partnership with LLP Registration No. AAB-8182) with effect from October 14, 2013

Registered Office
5th Floor, Lodha Excelus,
Apollo Mills Compound
N. M. Joshi Marg, Mahalaxmi
Mumbai - 400 011

BACKGROUND

CESC Limited, a power utility company, engages in the generation, transmission, and distribution of electricity to approximately 2.9 million domestic, industrial, and commercial users in the area of 567 square kilometers (km) of Kolkata and Howrah, West Bengal in India. The Company also owns and operates other businesses such as retail, business process management, etc. Further, we understand that CESC owns the "Spencer's" brand and all intellectual property associated with the name "Spencer's".

The equity shares of CESC are listed on the BSE Limited ("BSE") and the National Stock Exchange of India Limited ("NSE"). The shareholding pattern of CESC, as on 31 March 2017, is set out below.

CESSC Shareholding as on 31 March 2017	No of Shares [^]	% Holding
Promoter and Promoter Group	66,172,209	49.92%
Public	66,384,834	50.08%
Total	132,557,043	100.00%

[^]Face value INR 10 each

Source: BSE and Management Information

The Draft Proposed Scheme will include the following steps:

Step 1: Amalgamation of CESC Infrastructure Limited with CESC Limited.

CESSC Infrastructure Limited is engaged in the business of investment in power sector. The company is a wholly owned subsidiary of CESC as on 31 March 2017. The equity shares of CESC Infrastructure Limited would thereafter be cancelled.

Step 2: Transfer and vesting of Demerged Generation Undertaking from CESC Limited into Haldia Energy Limited.

Haldia Energy Limited engages in construction and operation of coal based thermal power plants. The company was incorporated in 1994 and is based in Kolkata, India. Haldia Energy Limited operates as a wholly owned subsidiary of CESC Infrastructure Limited as on 31 March 2017.

Step 3: Transfer and vesting of Demerged Retail Undertaking from CESC Limited into RP-SG Retail Limited.

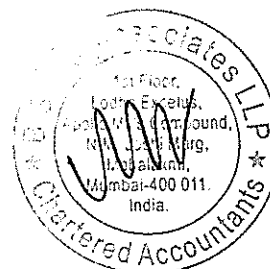
RP-SG Retail Limited is the company resulting out of the Proposed Demerger and is proposed to hold and operate the existing retail business of CESC. The company is a wholly owned subsidiary of CESC as on 31 March 2017. Upon Demerger, transfer and vesting of Retail Undertaking 2 by Spencer's Retail Limited ("SRL") to RP-SG Retail Limited, preference shares of RP-SG Retail Limited will be issued to CESC, the shareholder of SRL.

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Step 4: Transfer and vesting of Demerged IT Undertaking from CESC Limited into RP-SG Business Process Services Limited.

RP-SG Business Process Services Limited is the company resulting out of the Proposed Demerger and is proposed to hold and operate the existing IT business of CESC. The company is a wholly owned subsidiary of CESC as on 31 March 2017.

There are subsequent amalgamations, which are envisaged as part of the Draft Proposed Scheme.

Upon demerger, transfer and vesting of Demerged Undertakings by CESC to Haldia Energy Limited, RP-SG Retail Limited and RP-SG Business Process Services Limited, equity shares of Haldia Energy Limited, RP-SG Retail Limited and RP-SG Business Process Services Limited will be issued to the shareholders of CESC as a consideration for the Demerged Undertakings.

In this connection, the Management wants B S R to recommend share entitlement ratio for issue of shares by Haldia Energy Limited, RP-SG Retail Limited and RP-SG Business Process Services Limited to the shareholders of CESC Limited under steps 2, 3 and 4 as detailed above.

Share entitlement ratio is the number of shares of Haldia Energy Limited, RP-SG Retail Limited and RP-SG Business Process Services Limited that a shareholder of CESC Limited (Transferor Company) would be entitled to in proportion to the existing shareholding in CESC Limited. The Demerged Undertakings are defined as per the Draft Proposed Scheme.

Based on the aforementioned and that upon demerger, the set of shareholders and holding proportion being proposed for Haldia Energy Limited, RP-SG Retail Limited and RP-SG Business Process Services Limited is identical to that of CESC Limited, the beneficial economic interest of the equity shareholders of CESC Limited in Haldia Energy Limited, RP-SG Retail Limited and RP-SG Business Process Services Limited will remain same at the time of Proposed Demerger.

SOURCES OF INFORMATION

For the purposes of this exercise, we have,

- Shareholding pattern of CESC Limited, Haldia Energy Limited, RP-SG Retail Limited and RP-SG Business Process Services Limited (hereafter collectively referred to as "CESC group companies") as on 31 March 2017.
- Held interviews and relied on representations of Management.
- Carried out such other analysis, reviews and inquires as we considered necessary.

SCOPE LIMITATIONS, EXCLUSIONS AND DISCLAIMERS

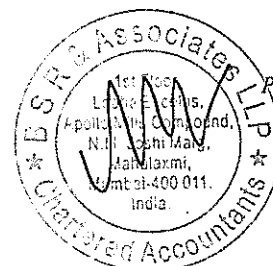
We have relied upon the information, data and explanations given to us by the Management for the purposes of concluding on the reasonableness of Share Entitlement Ratio in



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connection with Proposed Transaction. We have not carried out a due diligence or audit of Demerged Undertakings or CESC or CESC group companies nor have we independently investigated or otherwise verified the data provided. We do not express any form of assurance that the financial information or other information as provided by the Management is accurate.

Our conclusion assumes that Demerged Undertakings, CESC and CESC group companies comply fully with relevant laws and regulations applicable in all its areas of operations unless otherwise stated, and that Demerged Undertakings are being managed in a competent and responsible manner. Further, except as specifically stated to the contrary, this Report has given no consideration to matters of a legal nature, including issues of legal title and compliance with local laws, and litigation and other contingent liabilities that are not recorded in unaudited carved out balance sheet of Demerged Undertakings. Our conclusion on reasonableness of share entitlement ratio assumes that the assets and liabilities of Demerged Undertakings remain intact as of the date of forming such opinion on Share Entitlement Ratio.

This Share Entitlement Ratio is essentially based on the information provided by the Management for which CESC accepts full responsibility. Our review and analysis have been limited to the above mentioned procedures and our analysis is subject to this limitation. Our reliance and use of this information provided by the Management should not be construed as expression of our opinion on it and we do not and will not accept any responsibility or liability for any inaccuracy in it.

The exercise of valuation is not a precise science and the conclusions arrived at in many cases will be subjective and dependent on the exercise of individual judgment. There is, therefore, no undisputable single share entitlement ratio. While we have concluded on the reasonableness of the Share Entitlement Ratio based on the information available to us and within the scope and constraints of our engagement, others may have a different opinion as to the same.

The decision to proceed on the Proposed Transaction as well as acceptance of the final Share Entitlement Ratio depends on the Management, which will be responsible for decisions associated with determination of the Share Entitlement Ratio and the factors other than our work will need to be taken into account in determining the same; these will include your own assessment and may include the input of other professional advisors.

We owe responsibility and are liable to only the Client which has retained us, under the terms of our engagement letter and nobody else.

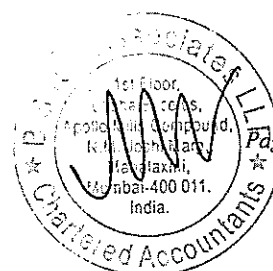
We will not be liable for any loss, claims, damages or liabilities arising in any way from fraudulent acts, misrepresentations, and default on the part of CESC, their directors, employees or agents.



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SHARE ENTITLEMENT RATIO

As set out above,

- As on 31 March 2017, the issued, subscribed and paid up capital of CESC Limited consists of 132,557,043 fully paid up equity shares of face value INR 10 each.
- Haldia Energy Limited, RP-SG Retail Limited and RP-SG Business Process Services Limited are directly/ indirectly wholly owned subsidiaries of CESC Limited.

We understand that in consideration of the demerger of Demerged Undertakings, the Management proposes to issue:

- a) 50 (Fifty) equity shares of face value INR 10 each of Haldia Energy Limited for every 100 (One hundred) equity shares of face value INR 10 each held in CESC Limited, being the consideration of the transfer and vesting of the Demerged Generation Undertaking.
- b) 60 (Sixty) equity shares of face value INR 5 each of RP-SG Retail Limited for every 100 (One hundred) equity shares of face value INR 10 each held in CESC Limited, being the consideration of the transfer and vesting of the Demerged Retail Undertaking.
- c) 20 (Twenty) equity shares of face value INR 10 each of RP-SG Business Process Services Limited for every 100 (One hundred) equity shares of face value INR 10 each held in CESC Limited, being the consideration of the transfer and vesting of the Demerged IT Undertaking.
- d) 500,000 (5 Hundred Thousand) fully paid preference share of INR 100 (Rupees One Hundred) each of RP-SG Retail Limited to CESC Limited.

Pursuant to the Proposed Transaction, the issued, subscribed and paid up equity share capital of the CESC Limited shall stand reduced, by reducing the face value of the equity shares, from the present sum of INR 1,325,570,430 divided into 132,557,043 equity shares of INR 10 each fully paid to INR 662,785,215 divided into 132,557,043 equity shares of INR 5 each fully paid. Simultaneously, 2 (two) equity shares of INR 5 each, shall be consolidated into 1 (one) fully paid up equity share of INR 10 each resulting into 66,278,522 equity shares of INR 10 each fully paid up.

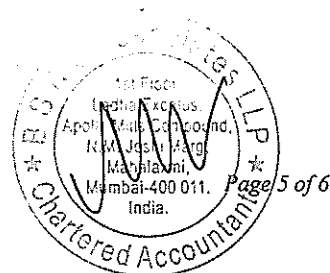
In case any shareholder's equity holding in CESC Limited is such that such shareholder becomes entitled to a fraction of an equity share of Haldia Energy Limited, RP-SG Retail Limited, RP-SG Business Process Services Limited, the same will be treated as per relevant provisions of the Draft Proposed Scheme.

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Due to the reduction in capital of the CESC Limited and the aforesaid consolidation, if a shareholder becomes entitled to a fraction of an equity share of the CESC Limited, the same will be treated as per relevant provisions of the Draft Proposed Scheme.

Based on the aforementioned and that upon demerger, the set of shareholders and holding proportion being proposed for Haldia Energy Limited, RP-SG Retail Limited and RP-SG Business Process Services Limited is identical to that of CESC Limited, the beneficial economic interest of the equity shareholders of CESC Limited in Haldia Energy Limited, RP-SG Retail Limited and RP-SG Business Process Services Limited will remain same at the time of the Proposed Demerger.

We believe that the above share entitlement ratio is fair and reasonable considering that all the shareholders of CESC Limited are and will, upon demerger, be the ultimate economic beneficial owners of Haldia Energy Limited, RP-SG Retail Limited and RP-SG Business Process Services Limited and in the same ratio (inter se) as they hold shares in CESC Limited, as on the record date to be decided by Management of CESC Limited in the Draft Proposed Scheme.

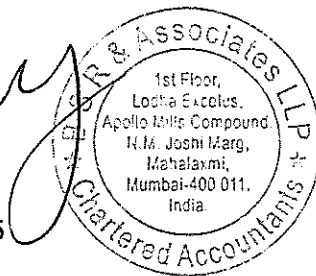
Our Report and share entitlement ratio is based on the envisaged equity share capital structure of CESC Limited, Haldia Energy Limited, RP-SG Retail Limited and RP-SG Business Process Services Limited as mentioned earlier in this Report. Any variation in the equity capital structures of CESC Limited and Haldia Energy Limited, RP-SG Retail Limited and RP-SG Business Process Services Limited apart from the above mentioned Draft Proposed Scheme may have material impact on the share entitlement ratio.

Respectfully submitted,

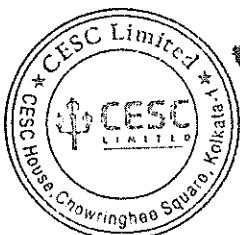
For B S R & Associates LLP
Chartered Accountants
Firm Registration No. 116231W



Mahek Vikamsey
ICAI Membership No. 108235
Place: Mumbai
Date: 18 May 2017



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Walker Chandiook & Co LLP

STRICTLY PRIVATE AND CONFIDENTIAL

18 May 2017

**The Board of Directors
CESC Limited
CESC House
Chowringhee Square
Kolkata – 700 001**

**Walker Chandiook & Co LLP
(Formerly Walker, Chandiook & Co)
16th Floor, Tower II
Indiabulls Finance Centre
S B Marg, Elphinstone (W)
Mumbai 400013
India**

T +91 22 6626 2600
F +91 22 6626 2601

Dear Sirs,

Re: Recommendation of Share Entitlement Ratio for proposed demerger of Power Generation Undertaking, Retail Undertakings and IT Undertaking of CESC Limited in relation to the Composite Scheme of Arrangement between CESC Infrastructure Limited, Spencer's Retail Limited, Music World Retail Limited, Spen Liq Private Limited, New Rising Promoters Private Limited, CESC Limited, Haldia Energy Limited, RP-SG Retail Limited, RP-SG Business Process Services Limited, Crescent Power Limited and their respective shareholders

We refer to our ongoing discussions and respective engagement letter, whereby CESC Limited (hereinafter referred to as the "CESC"/ "Client"/ "Company") has requested Walker Chandiook & Co LLP ("WCC"), to recommend Share Entitlement Ratio for the proposed group restructuring of CESC.

SECTION 1: SCOPE AND PURPOSE OF THIS REPORT

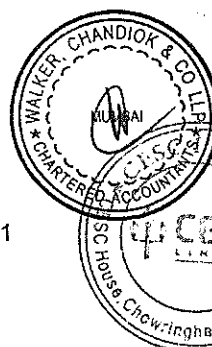
The RP – Sanjiv Goenka Group (the "Group") through its subsidiaries has business interests in sectors including Power & Natural resources, Retail, Media & Entertainment, Infrastructure and IT & Education.

CESC Limited ("CESC") is the flagship company of RP – Sanjiv Goenka Group. It is a power utility company engaged in the business of generation and distribution of electricity in West Bengal. It is the sole distributor of electricity within an area of 567sq km of Kolkata & Howrah and serves 2.9 million consumers which include domestic, industrial and commercial users. The Company is also engaged in the business of generating electricity through 3 thermal generation plants namely, Budge Budge, Southern and Titagarh. Besides power utility sector, CESC also has business interests in Retail, IT business and Real Estate segments through various subsidiaries, associates and divisions. The Equity Shares of CESC are listed on the BSE Limited and the National Stock Exchange of India Limited.

We understand the management of CESC (the "Management") is contemplating a group restructuring exercise wherein the subsidiary and associate companies operating with similar business activities will be consolidated and aligned together under different holding companies to save costs, bring in synergies, expand operations, build infrastructure and unlock value for its shareholders ("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

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

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

In this regard, Walker Chandiook & Co LLP has been requested by CESC to submit a report recommending share entitlement ratios ("Share Entitlement Report" or "Report") in connection with the Proposed Restructuring of CESC to be placed before the Audit Committee/ Board of Directors of CESC.

SECTION 2: BRIEF BACKGROUND OF THE COMPANIES FORMING PART OF PROPOSED RESTRUCTURING

- CESC Infrastructure Limited ("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:

Table 2.1: Share Capital Structure of CIL

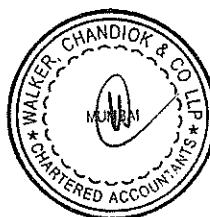
Particulars	INR
Authorised Share Capital	
3,00,00,00,000 equity shares of INR 10 each	30,00,00,00,000
Total	30,00,00,00,000
Issued, Subscribed and Paid-up Capital	
2,89,80,50,000 equity shares of INR 10 each	28,98,05,00,000
Total	28,98,05,00,000

- CIL is engaged, *inter alia*, in the business of power generation through following wholly owned subsidiaries:
 - Haldia Energy Limited ("HEL") operates 2 x 300 MW coal fired thermal power project at Haldia, West Bengal. The current capital structure of HEL is detailed hereunder:

Table 2.2: Share Capital Structure of HEL

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 plant, located in Chandrapur, Maharashtra.



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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
 - Crescent Power Limited ("CPL")
 - New Rising Promoters ("NRPL")

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 of CESC 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.

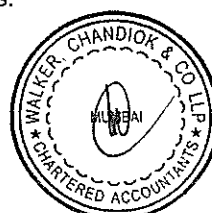
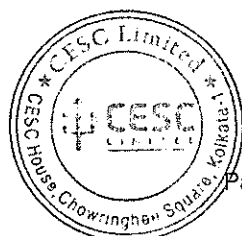
Retail Undertaking

- Spencer's Retail Limited ("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:

Table 2.3: Share Capital Structure of SRL

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:
 - Music World Retail Limited ("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.



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The capital Structure of MWRL is detailed hereunder:

Table 2.4: Share Capital Structure of MWRL

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

- o Au Bon Pain Café India Limited ("ABPIL"), incorporated in 2008 and based in Bengaluru, owns and operates retail chains of coffee shops in India.
- o Omnipresent Retail India Private Limited is engaged in the online retailing of products across categories such as food, personal care, fashion, home essentials and others and caters only to the domestic market.
- o Guiltfree Industries limited is the new vertical which will house the FMCG business and related investments mainly in packaged snack food segment.
- o 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 of CESC and the "Spencer's" Brand and all intellectual property and interests associated with the name "Spencer's" of CESC.

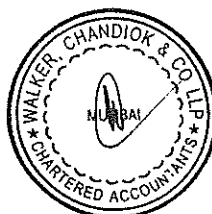
"**Retail Undertaking 2**" means the Core Retail Business Operations of SRL (excluding the retail business in the state of Gujarat and investments of SRL), together with all its undertakings, assets, properties, investments and liabilities of SRL, in relation to and pertaining to the retail business.

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

- Music World Retail Limited
- Au Bon Pain Café India Limited
- Omnipresent Retail India Private Limited
- Guiltfree Industries Limited and
- Bowlopedia Restaurants India Limited

IT Undertaking

- Spen Liq Private Limited ("SPL"), is a private company incorporated under the Companies Act, 1956. SPL is engaged, *inter alia*, is the holding company of Firstsource Solutions Limited which is listed on the Stock Exchanges and is amongst Top 3 pure play BPO companies in India.



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The current capital structure of SPL is detailed hereunder:

Table 2.5: Share Capital Structure of SPL

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 Firstsource Solutions Limited ("FSL").
 - FSL, found 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 loan collection; 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):

- investments in the information technology business including but not limited to the investment of CESC in SPL.

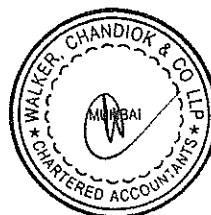
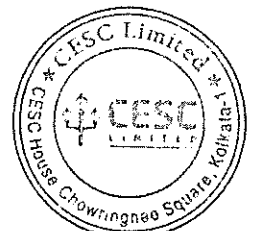
Resulting Companies

- **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:

Table 2.6: Proposed Capital Structure of HEL

	INR
Authorised Share Capital	
125,00,00,000 equity shares of INR 10 each	1,250,00,00,000
Total	1,250,00,00,000
Issued, Subscribed and Paid-up Capital	
6,62,78,522 equity shares of INR 10 each	66,27,85,220
Total	66,27,85,220



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- **RP-SG Retail Limited (“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:

Table 2.7: Proposed Capital Structure of RSRL

	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	39,76,71,130
Total	39,76,71,130

- **RP-SG Business Process Services Limited (“RBPSL”)** along with its subsidiaries operates the business of Information Technology and Business process outsourcing with service deliveries across the globe.

The proposed capital structure of RBPSL is detailed hereunder:

Table 2.8: Proposed Capital Structure of RBPSL

	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	26,51,14,090
Total	26,51,14,090

SECTION 3: 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

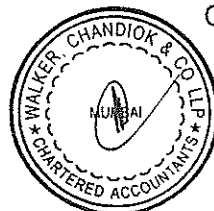
Pursuant to the Scheme coming into effect, CIL would be amalgamated into CESC. Since CIL is a wholly owned subsidiary of CESC, there shall be no issue of shares by CESC in consideration for proposed amalgamation of CIL with CESC.

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.



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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.

Step 4: Demerger and Vesting of the 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 RBPSL shall stand cancelled, extinguished and annulled on and from the Effective Date and the paid up capital of RBPSL to that effect shall stand cancelled and reduced, which shall be regarded as reduction of share capital of RBPSL.

Step 6: Amalgamation of SRL with CESC

Pursuant to the Scheme coming into effect, SRL would be amalgamated with 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.

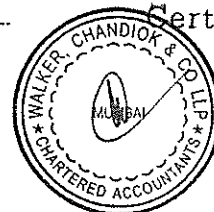
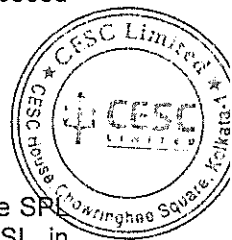
Step 7: Amalgamation of MWRL with CESC

Pursuant to the Scheme coming into effect, MWRL would be amalgamated into 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.



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Pursuant to the abovementioned transfer, all equity shares of SPL 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 CPL shall stand cancelled.

SECTION 4: SOURCES OF INFORMATION

The information and documents, which have been furnished to us by CESC, are as under:

1. Draft Composite Scheme of Arrangement between CIL, SRL, MWRL, SPL, NRPL, CESC, HEL, RSRL, RBPSL, CPL and their respective shareholders.
2. Existing Share Capital Structure of CESC, SRL, MWRL, SPL, CIL, NRPL, HEL and CPL.
3. Proposed Capital Structure of HEL, RSRL and RBPSL.
4. Other relevant details regarding CESC, its subsidiaries, associates, divisions and the Proposed Restructuring exercise.

We have also obtained necessary explanations and information, which we believed were relevant to the present exercise, from the executives, representatives and management of CESC. We have carried out such other analysis, reviews and enquiries as we considered necessary.

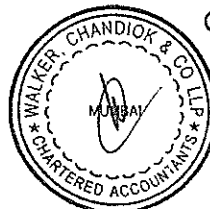
It may be mentioned that CESC has been provided opportunity to review the draft report (excluding our recommendation of share allotment) for the current exercise as part of our standard practice to make sure that factual inaccuracies are avoided in our Report.

SECTION 5: 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 CESC/ its Subsidiaries/ Associates and such other Business Undertakings referred to in this Report. We have not analysed the Financial Statements of CESC/ its Subsidiaries/ Associates and such other Business Undertakings. Accordingly, we are unable to and do not express an opinion on the accuracy of any financial information referred to in this Report. We assume no responsibility for any errors in the above information furnished by CESC and their impact on the present exercise.

Our scope is limited to expression of our view on the proposed Share entitlement Ratio and its impact on the economic interest of the shareholders of CESC and the Resulting Company. The Report should not be construed as, our opinion or certifying the compliance of the Proposed Restructuring 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 Restructuring. This Report is issued on the understanding that CESC has drawn our attention to all the matters, which they are aware of concerning the financial position of CESC/ its Subsidiaries/ Associates and such other Business Undertakings and any other matter, which may have an impact on our opinion, on the share entitlement ratio for the Proposed Restructuring including any significant changes that have taken place or are likely to take place in the financial position of CESC/ its Subsidiaries/ Associates and such other Business Undertakings in connection with the Proposed Restructuring. We have no responsibility to update this Report for events and circumstances occurring after the date of this Report.



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Please note that the valuation of a business or an enterprise, its equity shares or its equity options is not an exact science and ultimately depends upon what the enterprise or shares might be worth to an independent investor or buyer. Therefore, there is no indisputable single Share Entitlement Ratio. While we would provide our view on the Share Entitlement 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 Entitlement Ratio for the Proposed Restructuring 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 Restructuring 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 Restructuring 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 Proposed Restructuring shall rest solely with the Client. We owe responsibility to only the Board of Directors of CESC that have retained us and nobody else. We do not accept any liability to any third party in relation to the issue of this 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 Restructuring exercise. In addition, we express no opinion or recommendation as to how the shareholders of CESC should vote at any shareholders meeting(s) to be held in connection with the Proposed Restructuring.

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.

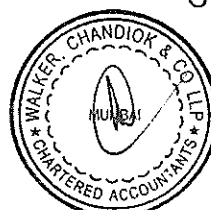
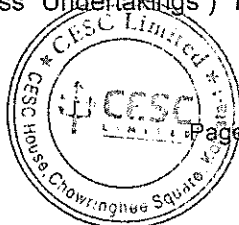
Our conclusion on the reasonableness of Share Entitlement ratio assumes that the assets and liabilities of the demerged entities remain intact as of the date of forming such opinion on Share Entitlement Ratio.

We have relied upon the information, data and explanations given to us by the Management for the purposes of opining on the Share Entitlement Ratio in connection with Proposed Restructuring.

SECTION 6: APPROACH - SHARE ENTITLEMENT RATIO FOR PROPOSED RESTRUCTURING

As per the Proposed Composite Scheme of Arrangement, in consideration of the transfer and vesting of Power Generation Undertaking, Retail Undertaking and IT Undertaking (collectively referred to as "Business Undertakings") from CESC Limited into HEL, RSRI and RBPS

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(collectively referred to as "Resulting Companies" respectively), Resulting Companies shall issue & allot equity shares to the equity shareholders of CESC based on the Share Entitlement ratio.

The Management of CESC has indicated pursuant to the Proposed Restructuring of CESC, each shareholder of CESC would be entitled to equity share in Resulting Companies in proportion to their shareholding in CESC. Thus, we understand that the interest of the shareholders in CESC and their beneficial interest in the Resulting Companies will effectively remain unchanged considering the issuance of equity shares in the Resulting Companies in same proportion.

SECTION 7: RECOMMENDATION OF RATIO OF ENTITLEMENT OF SHARES FOR THE PROPOSED RESTRUCTURING

Demerger and Vesting of Power Generation Undertaking of CESC into HEL

As on the Report date, the issued, subscribed and paid up capital of CESC consists of 13,25,57,043 equity shares of INR 10 each.

On the basis of the foregoing and on consideration of all the relevant factors and circumstances as discussed and outlined hereinabove, the Management proposes share entitlement ratio in consideration for transfer and vesting of the Power Generation Undertaking of CESC into HEL to be as follows:

For every 10 (Ten) fully paid equity shares of INR 10 (Rupees Ten) each held in CESC; issue of 5 (Five) fully paid equity shares of INR 10 (Rupees Ten) each of HEL

We believe that the above share entitlement ratio is fair and reasonable considering that all the shareholders of CESC will upon demerger, be the ultimate beneficial owners of HEL in the same ratio (inter se) as they hold shares in CESC, as on the record date.

Demerger and Vesting of Retail Undertaking 1 of CESC into RSRL

As on the Report date, the issued, subscribed and paid up capital of CESC consists of 13,25,57,043 equity shares of INR 10 each.

On the basis of the foregoing and on consideration of all the relevant factors and circumstances as discussed and outlined hereinabove, the Management proposes share entitlement ratio in consideration for transfer and vesting of the Retail Undertaking 1 of CESC into RSRL to be as follows:

For every 10 (Ten) fully paid equity shares of INR 10 (Rupees Ten) each held in CESC; issue of 6 (Six) fully paid equity shares of INR 5 (Rupees Five) each of RSRL

We believe that the above share entitlement ratio is fair and reasonable considering that all the shareholders of CESC will upon demerger, be the ultimate beneficial owners of RSRL in the same ratio (inter se) as they hold shares in CESC, as on the record date.

Demerger and Vesting of Retail Undertaking 2 of SRL into RSRL

As on the Report date, the issued, subscribed and paid up capital of SRL consists of 29,67,53,585 equity shares of INR 10 each.

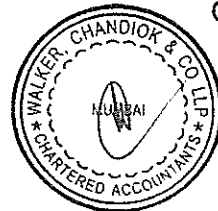
On the basis of the foregoing and on consideration of all the relevant factors and circumstances as discussed and outlined hereinabove, the Management proposes issuance of preference shares in RSRL in consideration for transfer and vesting of the Retail Undertaking 2 of SRL into RSRL to be as follows:

500,000 (Five Lacs) fully paid preference share of INR 100 (Rupees One Hundred) each of RSRL for the shares held in SRL;

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We believe that the above share entitlement ratio would not have any bearing on the interests of ultimate shareholders of SRL i.e. shareholders of CESC and their interest will be protected as all the shareholders of CESC would be beneficial owners in RSRL upon demerger of Retail Undertaking 2 in RSRL as on the record date.

Demerger and Vesting of IT Undertaking of CESC into RBPSL

As on the Report date, the issued, subscribed and paid up capital of CESC consists of 13,25,57,043 equity shares of INR 10 each.

On the basis of the foregoing and on consideration of all the relevant factors and circumstances as discussed and outlined hereinabove, the Management proposes share entitlement ratio in consideration for transfer and vesting of the IT Undertaking of CESC into RBPSL to be as follows:

For every 10 (Ten) fully paid equity shares of INR 10 (Rupees Ten) each held in CESC; issue of 2 (Two) fully paid equity shares of INR 10 (Rupees Ten) each of RBPSL

We believe that the above share entitlement ratio is fair and reasonable considering that all the shareholders of CESC will upon demerger, be the ultimate beneficial owners of RBPSL in the same ratio (inter se) as they hold shares in CESC, as on the record date.

Our Report and share entitlement ratio is based on the envisaged equity share capital structure of CESC and Resulting Companies as mentioned above. Any variation in the equity capital structures of CESC and Resulting Companies apart from the above mentioned Proposed Scheme may have an impact on the share entitlement ratio.

Yours faithfully,
For **Walker Chandiook & Co LLP**
Chartered Accountants


Huned Contractor
Partner



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