

# Alwyn D'Souza & Co.

Company Secretaries

[Firm Registration No: S2003MH061200] [Peer Review Certificate No.683/2020]

Annex-103, Dimple Arcade, Asha Nagar, Kandivali (East), Mumbai 400101.

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## Form No. MR-3

### SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2024

[Pursuant to section 204(1) of the Companies Act, 2013 and Rule No. 9 of the  
Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,

The Members,

**Future Market Networks Limited**

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Future Market Networks Limited** (CIN: L45400MH2008PLC179914) (hereinafter called "the Company").

The Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's statutory registers, books, papers, minute books, forms and returns filed and other records maintained by the Company and the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on **March 31, 2024** complied with the statutory provisions listed hereunder and also that the Company has followed proper Board-processes and has required compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on **March 31, 2024** according to the provisions of:

- i. The Companies Act, 2013 (the Act) and the Rules made thereunder;
- ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made thereunder;
- iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- iv. Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder for compliance to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings, **as applicable**;
- v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') **as amended from time to time**:
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 – **Not Applicable for the audit period**;
  - (d) The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021;
  - (e) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client – **Not Applicable for the audit period**;
  - (f) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018 – **Not Applicable for the audit period**;

- (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021 - **Not applicable for the audit period;**
- (h) The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021– **Not Applicable for the audit period;**
- (i) The Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018.

vi. Other specific business/industry related laws applicable to the Company:

The Company has complied with the provisions of the various State wise Act, Rules and Regulations in connection with Real Estate Development, Contract Labour, Labour welfare, Plastic Carry Bags, Tax on Professions, Trades, Callings And Employments, Goods and Service Tax, other applicable Taxes, Sexual Harassment of Women at Workplace, Environment Protection, E-Waste, Shops and Establishments, Apartment Ownership, Provident Fund, Superannuation Fund etc., The Trade Marks Act, 1999, Registration Act, 1908, Indian Stamp Act, 1899, Transfer of Property Act, 1882 and other applicable general business laws, rules, regulations and guidelines.

We have also examined compliance with the applicable clauses of the following:

- i. Secretarial Standards with regard to Meeting of Board of Directors (SS-1) and General Meetings (SS-2) issued by The Institute of Company Secretaries of India; and
- ii. SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015 ("SEBI LODR Regulations, 2015")

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

**We further report that:**

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the

Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for a meaningful participation at the meeting.

The minutes of the Board Meetings and Committee Meetings have not identified any dissent by members of the Board/Committee of the Board, hence we have no reason to believe that the decisions by the Board were not approved by all the directors present. The Minutes of the Board Meetings and Committee Meetings were duly approved at the meeting by the Chairman of the Meeting.

**We further report that** there are adequate systems and processes in the Company commensurate with its size and operations, to monitor and ensure compliance with applicable laws, rules, regulations and guidelines. As informed, the Company has responded appropriately to communication received from various statutory / regulatory authorities including initiating actions for corrective measures, wherever found necessary.

**We further report that** during the audit period the following events/actions have taken place, having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines and standards:

- 1) SEBI vide its order dated February 3, 2021 ("Order") restrained Future Corporate Resources Private Limited and the members of Promoter Group from accessing the securities market and prohibited them from buying, selling or otherwise dealing in securities, directly or indirectly, or being associated with the securities market in any manner, whatsoever, for a period of one (1) year from the date of the Order and has also imposed a penalty of ₹ 1,778.25 lakh with respect to the investigation conducted in the scrip of Future Retail Limited ("FRL") to ascertain whether certain persons/entities had traded during the period March 10, 2017 to April 20, 2017 on the basis of unpublished price sensitive information in contravention of the provisions of the SEBI PIT Regulations. The Promoters and the members of the Promoter group have challenged the Order before the Securities Appellate Tribunal ("SAT") and the SAT vide its order dated February 15, 2021, granted a stay on the aforesaid SEBI Order. The matter had been sub-judice and which got finally heard by SAT on 18th April 2023 and 19th April 2023, and disposed of the same citing that there was no contravention of SEBI (PIT) Regulations.

The Hon'ble SAT vide its Order dated 19th April 2023, quashed the impugned SEBI Order of 3rd February, 2021.

- 2) The Company, as a Lessee executed and registered Lease Deed between NeelKamal Realtors & Builders Private Limited, as a Lessor accordingly Company having leasehold rights with respect to Ground, First and Second Floor of OCC mall in Mumbai. There were serious disputes amongst the parties under the said arrangement. The parties have arrived at a settlement in a suit filed by the Company and tendered consent terms with Hon'ble High Court of Bombay in the suit filed by the Company viz. Consent Terms dated December 8, 2017 and Supplemental Consent Terms dated April 2019 (Consent Terms). The Consent Terms deals with settlement of long-standing dispute between the Company including settlement of past claims of sub lessor (Neel Kamal City Shopping Mall (India) Limited - which has taken it on lease from the lessor and sub-leased it to the Company) under the original arrangement till March 31, 2021 for an amount of Rs. 950.0 lakhs (over and above the existing receivables standing in the books) with an arrangement for future periods including reduced rentals for the sub lease period upto August 2027. The arrangement deals with entitlement of lease rental in respect of OCC Mall premises owned by various third parties and a minority of such third-party owners have intervened in the suit matter raising objections with respect of approval of consent terms filed before the Hon'ble Court, Mumbai. The Hon'ble Court has taken the consent terms on record and matter is pending for final order. In case, the Consent Terms are accepted as filed, the Company will have to honour its payment obligations for the said amount and the parties shall be administrated in terms of the Consent Terms. However, if the Consent Terms are not approved, the parties shall be relegated to the original position of the suit filed by the Company. In view of this, the above has been disclosed as contingent liabilities pending approval of Hon'ble High Court in relation to the Consent Terms.

Also, few Gala owners/ Lessors of the OCC mall have filed claim of Rs. 218.53 lakhs against the Company to pay the lease rental/claim amount along with @18% interest, for appointment of court receiver, appointment of commissioner to visit suit premises and retained from subletting and/or giving the suit premises on Leave and License basis or parting with possession or inducting any third party. However, the Company is paying the said gala owners/Lessors rentals pertaining to respective areas vested with them in line with Consent Terms which they have not disputed.

The Original few gala owners of OCC mall had filed Writ Petition before the Hon'ble High Court , Mumbai for fire prevention and life safety measures in respect of OCC Mall including to close and seal the OCC mall, due to fire occurred in OCC mall on October 22, 2020, the Interim Application filed by few gala owners and Neelkamal filed Structural Audit Report prepared by the Engineer, the matter was heard and Hon'ble court passed order that Neelkamal can carry out the work without MCGM approval in respect of OCC mall.

The Special Leave Petition filed by gala owners before Supreme Court of India and challenged the order, the matter is pending for admission.

A few gala owners of OCC mall premises have filed Suit and Injunction Application against Company for quit and vacant possession of the gala premises and to pay the lease rental/claim amount along with @18% interest.

FMNL filed their replies in 13 suits against the Injunction Application (IA), Neelkamal Realtors and Builders Pvt. Ltd. also filed their rejoinder. The IA heard on 15th March 2019 before the Hon'ble Judge Shri. B.D. Kadam. The Hon'ble Judge rejected the other prayers of IA and partly allowed IA that FMNL restrained from creating any third-party interest in the suit premises till the final decision of the suit. The compilation of certain documents filed before the Court.

The cross examination of the Plaintiff completed and now matter kept on 26th June, 2024 for order.

- 3) A fire accident occurred on October 22, 2020 night in Orchid City Centre Mall (OCC) Mall Mumbai, which the Company treated as a Force Majeure event. No revenue and corresponding expenses have been accrued and accounted since November, 2020. The Company received insurance claim amount sum of Rs. 895 lakhs /- Rupees as determined by the insurance company on discard of the property, plant and equipment during the year ended March 31, 2024.

The fire accident occurred on October 22, 2020 at OCC Mall in Mumbai is treated as a Force Majeure event in terms of the lease deed.

- 4) The Company had received following demand notices from various Non-Banking Financial Companies and banks:

- a. The corporate guarantee given to Hero Fincorp Private Limited (lender) for sanctioning term loan of Rs. 14,000 lakhs (March 31, 2023: Rs.14,000 Lakhs) to Hare Krishna Operating Lease Private Limited (borrower) for exclusive charge on immovable property of R Mall situated at Lal Bahadur Shastri Marg, Revenue Village of Mulund West. The fair value of the immovable property as at March 31, 2023 is Rs. 7,890.00 lakhs. With respect to the above guarantee, the Company has received a demand notice of INR 12,057.28 lakhs from Hero FinCorp Private Limited (Lender) dated April 15, 2022, June 15, 2022, Possession Notice dated June 30, 2022 and Notice under The Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (SARFAESI Act) on August 20, 2022 which are primarily demanded from the borrower (Hare Krishna Operating Lease Private Limited) seeking repayment of the outstanding dues. The company has submitted its replies to the lender stating that the responsibility towards the outstanding debt claimed in the notice would be restricted only to the value of the mortgaged property offered by them to secure the financial facility vide letters dated June 01, 2022, July 05, 2022 its rejoinder reply on July 18, 2022. Subsequently, a notice us/ 13(2) and 13(4) of SARFAESI Act dated August 20, 2022 and November 4, 2022 were received by the Company from the Lender for the R Mall property of the Company and therefore, the Company filed a Securitisation Application i.e. M/s. Future Market Networks Limited Versus Hero Fincorp with DRT-2, Mumbai (Diary no. 2648 of 2022) on December 20, 2022 which is pending scrutiny.

Further, Chief Metropolitan Magistrate at Mumbai has passed a final order dt. 7th Sept, 2023 U/s 14 of the Act directing the Advocate Court Commissioner to take physical possession of the property. The Advocate Court Commissioner did Panchanama and took physical possession of the mortgaged property situated at 1st and 2nd floor, R-Mall, Mulund-West, Mumbai on 7th May, 2024 and handed over to Hero Fincorp.

In terms of the legal advice received by the Company, security documents creating security interest by way of mortgage are not treated at par with Corporate Guarantee and hence liability of the Company may be limited to the realisable value of the securities provided.

- b. Furthermore, the Company has also received a demand notice of INR 18,448.96 lakhs from Yes Bank Limited (lender) dated April 19, 2022 which is primarily demanded from Basuti Sales & Trading Private Limited (borrower) seeking repayment of the outstanding dues within 60 days

from the receipt of the notice. The Company has pledged 3,830 equity shares of Riddhi Siddhi Mall Management Private Limited and secondary charge on immovable property of Big Bazaar (Ground+1) situated at Rajpur- Hirpur, Ahmedabad. The fair value of the immovable property as at March 31, 2023 was INR 6,267.00 lakhs. The Company has submitted its reply to the lender stating that the responsibility towards the outstanding debt claimed in the notice would be restricted only to the residual value of the mortgaged property vide its letters dated June 03, 2022 and August 30, 2022. The Bank had issued a notice under section 13(4) under the SARFAESI Act on November 10, 2022 for the 10-acre mall property of the company situated at Ahmedabad, Gujarat and therefore, the Company has filed a securitisation Application i.e. Future Market Networks Limited Versus Authorised Officer of Yes Bank Limited & Anr (S. A. (Lodging No.) 1 of 2022 before the Hon'ble Debts Recovery Tribunal-I, at Ahmedabad) on December 26, 2022, which is pending.

Yes Bank now substituted to JC Flower as Yes Bank has assigned all its debt to JC Flower. JC Flower had filed an application u/s 14 of the SARFAESI Act and got an order for physical possession from the Chief Metropolitan Magistrate, Ahmedabad for taking physical possession of the 10 Acre Mall situated in Ahmedabad. Thereafter, an application for amendment was filed on behalf of the Company in the captioned Securitisation Application and thereafter it was listed for arguments on stay of the Physical possession. Accordingly, the JC Flower has now withdrawn their notice for taking physical possession of 10 Acre Mall.

- i. Yes bank has also filed an Original Application Hon'ble Debt Recovery Tribunal, New Delhi bearing no. TA/96/2022 for the loan extended to Basuti Sales & Trading Private & Brattle Foods Private Limited., FMNL is also a party to the same, a summon was issued by the Hon'ble DRT on 20/11/2023. The company has filed its written submission to the same. On the last date of hearing on 02.04.2024 the Hon'ble DRT has directed the Applicant bank to file their Affidavit of evidence. The matter is now kept on 30.05.2024 for exhibition of documents.
- ii. FMNL filed an IA 3861 of 2023 before NCLT-II against Vijay Kumar Iyer (RP of FRL [Future Retail Limited]) with regard to vacation of the premises occupied by it in 10 Acre mall and for payment of the outstanding lease rental from the date of initiation of Corporate Insolvency. The RP of FRL has filed their reply to the application and the matter is kept for hearing on 10.06.2024.



In the above contingent liabilities, if the borrower fails to repay the outstanding dues to the lender, the lender shall exercise all the rights available under the mortgage/pledge as above.

- 5) During the period under review, the Company had sold 100% of its Equity Share Capital held in Future Trade Markets Private Limited, Wholly Owned Subsidiary of the Company with the approval of the shareholders of the Company obtained by passing Special Resolution through Postal Ballot on May 25, 2023. Pursuant to this transaction, Future Trade Markets Private Limited ceased to be subsidiary of the Company.

Place : Mumbai

Date : May 23, 2024

**Alwyn D'Souza & Co.**

Company Secretaries



Office Address :

Annex-103, Dimple Arcade,  
Asha Nagar, Kandivali (East),  
Mumbai 400101.

[Alwyn D'Souza, FCS.5559]

[Proprietor]

[Certificate of Practice No.5137]

[UDIN : F005559F000429345]

**Note:** This report is to be read with our letter of even date which is annexed as Annexure A and forms an integral part of this report.

## Annexure A

To  
The Members,  
**Future Market Networks Limited**

Our Secretarial Audit Report of even date is to be read along with this letter.

1. The compliance of provisions of all laws, rules, regulations, standards applicable to **Future Market Networks Limited** (hereinafter called 'the Company') is the responsibility of the management of the Company. Our examination was limited to the verification of records and procedures on test check basis for the purpose of issue of the Secretarial Audit Report.
2. Maintenance of secretarial and other records of applicable laws is the responsibility of the management of the Company. Our responsibility is to issue Secretarial Audit Report, based on the audit of the relevant records maintained and furnished to us by the Company, along with explanations where so required.
3. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial and other legal records, legal compliance mechanism and corporate conduct. Further part of the verification was done on the basis of electronic data provided to us and on test check basis to ensure that correct facts as reflected in secretarial and other records produced to us. We believe that the processes and practices we followed, provides a reasonable basis for our opinion for the purpose of issue of the Secretarial Audit Report.
4. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
5. Wherever required, we have obtained the management representation about list of applicable laws, compliance of laws, rules and regulations and major events during the audit period.

6. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

Place : Mumbai

Date : May 23, 2024

**Alwyn D'Souza & Co.**

Company Secretaries



A handwritten signature in black ink, appearing to be "Alwyn D'Souza".

Office Address :

Annex-103, Dimple Arcade,  
Asha Nagar, Kandivali (East),  
Mumbai 400101.

[Alwyn D'Souza, FCS.5559]

[Proprietor]

[Certificate of Practice No.5137]

[UDIN : F005559F000429345]

