

FUTURE MARKET NETWORKS

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CIN: L45400MH2008PLC179914

REPORT OF THE MEMBERS OF AUDIT COMMITTEE OF FUTURE MARKET NETWORKS LIMITED (THE COMPANY) ON SCHEME OF MERGER BY ABSORPTION OF STAR SHOPPING CENTRES PRIVATE LIMITED BY THE COMPANY DISCUSSED AT THEIR MEETING HELD ON JANUARY 30, 2018 AT MUMBAI.

MEMBERS:

1. Mr. Vijai Singh Dugar : Chairman
2. Mr. K.A Somayajulu : Member
3. Mr. Rajesh Kalyani : Member

1. Background:

The Company has placed before the Audit Committee the draft Scheme of merger by absorption of Star Shopping Centres Private Limited ('SSCPL') by Future Market Networks Limited ('FMNL') and their respective shareholders and creditors ('the Scheme') under Sections 230 to 232 of the Companies Act, 2013 and shall include any statutory modification(s), re-enactments or amendments thereof, for the proposed amalgamation. SSCPL is a subsidiary of FMNL.

This report of the Audit Committee is made in order to comply with the requirements of the Securities and Exchange Board of India ('SEBI') Circular No. CFD/DIL3/CIR/2017/21 dated March 10, 2017 as modified by Circular no. CFD/DIL3/CIR/2017/26 dated March 23, 2017 and as also modified by Circular no. CFD/DIL3/CIR/2018/2 dated January 3, 2018 issued by SEBI and all other applicable circulars and regulations issued by SEBI in this respect; (hereinafter referred to as 'the SEBI Circular'), after considering the draft Scheme of Merger by way of absorption of SSCPL with FMNL.

2. The following documents were placed before the audit committee

- The draft scheme of merger by way of absorption of SSCPL with FMNL and their respective shareholders and creditors under Sections 230 to 232 of the Companies Act, 2013 and other applicable provisions of the Companies Act, 2013;
- Valuation report dated January 30, 2018 issued by Deloitte Haskins & Sells, independent Chartered Accountant;
- Fairness opinion dated January 30, 2018 issued by Swastika Investment Limited, a SEBI registered Merchant Banker;
- Certificate dated January 30, 2018 from the statutory auditors of FMNL regarding compliance with applicable accounting treatment.




Future Market Networks Ltd.

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2.1 The committee noted the salient features of the scheme as under:

- The Scheme provides for merger of SSCPL (hereinafter referred to as the 'Transferor company') into FMNL ('Transferee company');
- The Appointed Date for the merger means April 1, 2017 or such other date as may be directed by National Company Law Tribunal; Mumbai Bench or such other competent authority as may be applicable;
- Upon this Scheme becoming effective, shares held as investments in the Transferor Company by the Transferee Company (either held in its own name or through its nominee (s)), shall stand cancelled in their entirety, without any further act, instrument or deed.
- Upon the Scheme becoming effective, and in consideration of the transfer of all the assets and liabilities of the Transferor Company to Transferee Company and in terms of the Scheme, the Transferee Company shall issue 12531 equity shares of face value of Rs. 10/- (Rupees Ten Only) each credited as fully paid up of the Transferee Company for every 100 (One Hundred) fully paid up equity shares of face value of Rs. 10/- (Rupees Ten Only) each held by the holders of 40% of the paid up share capital in the Transferor Company.
- After reviewing the Scheme, valuation report and fairness opinion, the Audit Committee also noted the rationale and benefits of the scheme which inter-alia includes the following:
 - Rationalizing the group structure to ensure optimized legal entity structure more aligned with the business;
 - Reorganizing the legal entity in the group structure so as to obtain significant cost savings and/or simplification benefits;
 - Significant reduction in the multiplicity of legal and regulatory compliances required at present to be carried out by FMNL and SSCPL
 - Rationalizing costs by elimination of administrative functions and multiple record-keeping.
 - Result in business synergies besides economies in cost by combining all the functions, related activities and operations and benefits in the form of managerial and technical expertise;



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2.2 The audit committee reviewed the valuation report and noted the recommended share entitlement ratio for the merger as under:

"12531 equity shares of face value of the Transferee Company for every 100 equity shares held in the Transferor Company".


2.3 Further, the fairness opinion confirmed that the share exchange ratio contained in the valuation certificate is fair to the shareholders of FMNL, SSCPL and their respective shareholders.

3. Recommendation of the Audit Committee:

The Audit Committee recommends the Scheme for favorable consideration by the Board of Directors, Stock Exchanges and the Securities and Exchange Board of India.

For and on behalf of the Audit Committee of
Future Market Networks Limited




Vijai Singh Dugar
Member & Chairman of the Audit Committee

Date: January 30, 2018

Place: Mumbai