

FUTURE MARKET NETWORKS

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CIN: L45400MH2008PLC179914

REPORT OF THE MEETING OF AUDIT COMMITTEE OF FUTURE MARKET NETWORKS LIMITED FOR RECOMMENDING THE DRAFT SCHEME OF AMALGAMATION BETWEEN METAWEAR LIMITED AND FUTURE MARKET NETWORKS LIMITED AND THEIR RESPECTIVE SHAREHOLDERS AT ITS MEETING HELD ON MONDAY, FEBRUARY 10, 2025 AT THE REGISTERED OFFICE OF THE COMPANY SITUATED AT KNOWLEDGE HOUSE, OFF. SHYAM NAGAR, JOGESHWARI VIKHROLI LINK ROAD, JOGESHWARI (EAST), MUMBAI, MAHARASHTRA AT 3:00 P.M. WHERE IN VIDEO CONFERENCING OR OTHER AUDIO - VISUAL MEANS ARE MADE AVAILABLE TO MEMBERS TO ATTEND THE MEETING

MEMBERS PRESENT : (present through Video Conference)

1. Mr. Pramod Arora (DIN - 02559344)
2. Ms. Priya Khandelwal (DIN - 08734033)
3. Ms. Dimple Somani (DIN - 09685900)
4. Mr. Sunil Biyani (DIN - 00006583)

In Attendance of

1. Mr. Anil Cherian (Company Secretary) - (present Physically)
2. Mr. Shreesh Misra (DIN - 01641532) - (present Physically)

By Invitation

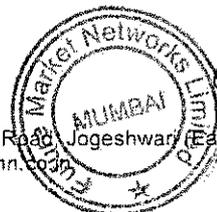
1. Mr. Nitesh Mehta (BDO) - (present Physically)
2. Mr. Shaswat Mehta (BDO) - (present Physically)
3. Mr. Vishnu Khandelwal (Registered Valuer) - (present through Video Conference)
4. Mr. Dhiraj Lalpuria (Statutory Auditors) - (present through Video Conference)
5. Mr. Tanmoy Banerjee (Representative of Merchant Banker) - (present through Video Conference)

1. Background

- 1.1. The Proposal to consider and recommend draft Scheme of Amalgamation between METAWEAR LIMITED ('Transferor Company' / 'Metawear') and FUTURE MARKET NETWORKS LIMITED ('Transferee Company' / 'FMNL') and their respective shareholders under Sections 230 to 232 of the Companies Act, 2013 read with applicable rules made thereunder ("Scheme") was placed before and considered by members of the Audit Committee at its meeting held on February 10, 2025.
- 1.2. The Report of the Audit Committee is made to comply with the requirements of the Companies Act, 2013 and SEBI LODR Regulations and master circular in relation to scheme of arrangement issued by SEBI having No. SEBI/HO/CFD/POD-2/P/CIR/2023/93 dated June 20, 2023 covering all circulars issued by SEBI in relation to scheme of arrangement including any amendments or modifications thereof, and any other circular issued pursuant to Regulations 11, 37 and 94 of SEBI LODR Regulations ("SEBI Master Circular") in relation to scheme of amalgamation including any amendments or modifications thereof, considering following:

Future Market Networks Ltd.

Registered Office: Knowledge House, Shyam Nagar, Jogeshwari - Vikhroli Link Road, Jogeshwari (East) Mumbai - 400 060
Tel.: +91 22 4069 5542 Email: info.fmn@futuregroup.in Website: www.fmn.co.in



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- a. Valuation Report dated 10th February, 2025 issued by Mr. Vishnu Khandelwal, an Independent Registered Valuer (Registration No. IBBI/RV/06/2020/13029) ("Registered Valuer") appointed for recommending the fair share exchange ratio for the purpose of this Scheme;
- b. Fairness Opinion Report dated 10th February, 2025 issued by Swaraj Shares & Securities Private Limited, Category I SEBI Registered Merchant Banker (INMO00012980) providing fairness opinion ("Fairness Opinion") on the share exchange ratio recommended in the Valuation Report issued by Registered Valuer.
- c. Draft of the Certificate issued by M/s. S K Patodia & Associates, Statutory Auditors of the Company (Firm Registration No. 112723W/W100962) certifying the accounting treatment contained in the draft Scheme is in compliance with all accounting standards.
- d. Pricing Certificate dated 10th February, 2025 submitted by M/s. S K Patodia & Associates, Statutory Auditors of the Company (Firm Registration No. 112723W/W100962) certifying the minimum issue price for the proposed allotment of shares of Future Market Networks Limited pursuant to the proposed merger of Metawear Limited with the Company, based on the pricing formula as prescribed under SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018.
- e. Draft of the Certificate issued by M/s. S K Patodia & Associates, Statutory Auditors of the Company (Firm Registration No. 112723W/W100962) certifies that as per SEBI Master Circular No. SEBI/HO/CFD/POD-2/P/CIR/2023/93 dated June 20, 2023, as amended from time to time, the provision regarding approval of public shareholders to Scheme through e-voting is applicable to the Company and the scheme shall be only acted upon if the votes cast by the public shareholders of the Company in favour of the proposal are more than the number of votes cast by the public shareholders against it.

2. Proposed Scheme:

2.1. The Scheme, inter-alia, provides the following:

- a. Merger of Metawear Limited with Future Market Networks Limited and
- b. Various other matters consequential or otherwise integrally connected herewith.

2.2. Appointed Date of the Scheme shall be the Effective Date, as defined under the Scheme.

2.3. The Effective Date for the Scheme means the day on which last of the conditions specified in Clause 21 of the Scheme are complied with.

2.4. The Scheme would be subject to the sanction or approval of the National Company Law Tribunal, SEBI, Stock Exchanges, Shareholders, Creditors and other Appropriate Authorities (as defined in the Scheme).



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3. Need for the Merger, Rationale of the Scheme and Synergies of business of the entities involved

- 3.1. The Transferor Company operates under the brand "Kingdom of White" which is a premium men's fashion and lifestyle brand. It has omnichannel presence with its own D2C website, listing across all major e-commerce sites and shop-in-shop module for major fashion multi-brand outlets/shopping malls.
- 3.2. The Transferee Company is primarily engaged in the mall management business It is managing shopping malls on long term basis and currently managing shopping malls at Siliguri, Kolkata and Ujjain.
- 3.3. The Audit Committee noted the need for proposed merger of Metawear Limited in light of the various synergies and value creation on account of multiple factors as outlined in the Scheme. Further, it was noted that merger by way of a Scheme approved by NCLT under provisions of the Companies Act, 2013 would be the most efficient mechanism for consolidation of the businesses.
- 3.4. The Transferor Company and the Transferee Company are owned and controlled by same Promoter Group. The proposed amalgamation of Transferor Company with the Transferee Company would result in the following benefits:
- (a) Creation of a large entity having diversified business operations of mall management and premium fashion and lifestyle brand
 - (b) Providing an opportunity to leverage combined assets, capabilities, experience, expertise of both companies enabling optimum utilization of existing resources;
 - (c) Improved cash flows and more efficient utilization of capital, human resources and infrastructure to create a stronger base for future growth, enhance future business potential, and achieve greater efficiencies, productivity gains and advantages by pooling of resources of the group companies thereby significantly contributing to the future growth and maximizing shareholder's value
 - (d) Synergies arising out of consolidation of resources which will lead to efficiency in operations and other functions related to the businesses of the Companies;
 - (e) Achieve simplified corporate structure, by way of reducing the number of entities in the group.
 - (f) Elimination of duplication of administrative expenses and enabling cost savings.
 - (g) Carrying on and conducting the business more efficiently and advantageously, ensuring more productive and optimum utilization of various resources.
- 3.5. Thus, with the intent to achieve aforesaid objectives and further in order to consolidate, streamline and effectively merge the Transferor Company and Transferee Company in a single entity it is intended that the Transferor Company be merged with the Transferee Company.

4. Impact of the Scheme on the shareholders of the Company

- 4.1 Pursuant to the Scheme, shares of the Transferee Company are proposed to be issued to the shareholders of the Transferor Company on the basis of share exchange ratio, as recommended by the Registered Valuer. Further, the Fairness Opinion report from Merchant Banker has confirmed that the share exchange ratio as recommended by the Registered Valuer is fair for both the Companies and their respective shareholders.



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- 4.2 The proposed merger will create value for stakeholders including respective shareholders, customers, lenders and employees as the combined business would benefit from large entity having diversified business operations with increased ability to growth opportunities, improvement in productivity and operational efficiencies amongst others;
- 4.3 Greater efficiency in cash management and unfettered access to cash flow generated by the combined business, which can be deployed more efficiently, to maximise shareholder value;
- 4.4 The Scheme has been drafted keeping in mind the provisions of section 2(1B) of the Income Tax Act, 1961 and therefore it may not have any adverse tax implications.
- 4.5 The Scheme is expected to be beneficial to the Companies and its shareholders and all other stakeholders in large and is not detrimental to any of the shareholders of the Company.

5. Cost benefit analysis of the Scheme

Although the Scheme would lead to incurring of some costs towards its implementation, however, the benefits of the Scheme over a longer period would far outweigh such costs for the stakeholders of the Company. Further, keeping in view of synergies and the cost benefits expected, the Audit Committee is of the view that the proposed Scheme of Amalgamation will provide reduction of cost in the long term.

6. Recommendations of the Audit Committee

6.1 Pursuant to the above, the Audit Committee has perused the following documents:

- a. Draft Scheme of Amalgamation between METAWEAR LIMITED ('Transferor Company'/ 'Metawear') and FUTURE MARKET NETWORKS LIMITED ('Transferee Company'/ 'FMNL') and their respective shareholders.
- b. Valuation Report dated 10th February, 2025 issued by Mr. Vishnu Khandelwal, an Independent Registered Valuer (Registration No. IBBI/RV/06/2020/13029) ("Registered Valuer") appointed for recommending the fair share exchange ratio for the purpose of this Scheme.
- c. Fairness Opinion recommended to the Board that the Share Exchange Ratio is fair to the shareholders (including the minority shareholders) of FMNL, dated 10th February, 2025 issued by Swaraj Shares and Securities Private Limited.
- d. Draft of the Certificate issued by M/s. S K Patodia & Associates, Statutory Auditors of the Company (Firm Registration No. 112723W/W100962) certifying the accounting treatment contained in the draft Scheme is in compliance with all accounting standards.
- e. Pricing Certificate dated 10th February, 2025 submitted by M/s. S K Patodia & Associates, Statutory Auditors of the Company (Firm Registration No. 112723W/W100962) certifying the minimum issue price for the proposed allotment of shares of Future Market Networks Limited pursuant to the proposed merger of Metawear Limited with the Company, based on the pricing formula as prescribed under SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018.



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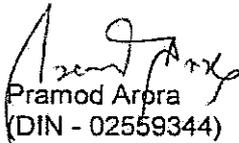
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- f. Draft of the Certificate issued by M/s. S K Patodia & Associates, Statutory Auditors of the Company (Firm Registration No. 112723W/W100962) certifying, the provision regarding approval of public shareholders to Scheme through e-voting is applicable to the Company and the scheme shall be only acted upon if the votes cast by the public shareholders of the Company in favour of the proposal are more than the number of votes cast by the public shareholders against it.

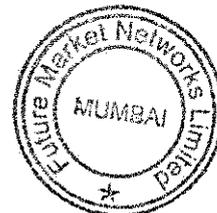
6.2 The Audit Committee having considered and noted the above, recommends the draft Scheme to the Board, in its present form for favourable consideration by the Board, National Company Law Tribunal, and such other regulatory authorities, as may be applicable;

6.3 In the opinion of the members of the Audit Committee present at the Meeting, draft Scheme is in the best interest of all the stakeholders of FMNL including shareholders, customers, lenders and employees and the Share Exchange Ratio as mentioned in the Valuation Report is fair and reasonable.

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


Pramod Arpra
(DIN - 02559344)

Date : February 10, 2025



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