



FUTURE CONSUMER LIMITED (Formerly Future Consumer Enterprise Limited)
Corporate Office : 247 Park, Tower "C", 8th Floor, LBS Marg, Vikhroli (W), Mumbai - 400 083
(T) +91 22 6119 0000 | www.futureconsumer.in
Regd. Office : Knowledge House, Shyam Nagar, Off JVLR, Jogeshwari (East), Mumbai - 400 060
(T) +91 22 6644 2200 | CIN: L52602MH1996PLC192090

REPORT OF THE AUDIT COMMITTEE OF FUTURE CONSUMER LIMITED ("THE COMPANY") ON COMPOSITE SCHEME OF ARRANGEMENT OF THE COMPANY ALONG WITH OTHER TRANSFEROR COMPANIES WITH FUTURE ENTERPRISES LIMITED, DISCUSSED AT THEIR MEETING HELD ON AUGUST 29, 2020 UNDER SECTION 230 to 232 OF THE COMPANIES ACT, 2013

MEMBERS:

1. Mr. G. N. Bajpai : Chairman
2. Mr. K K Rathi : Member
3. Mr. Harminder Sahni : Member
4. Mr. Adhiraj Harish : Member

1. Background:

A meeting of the Audit Committee of the Company was held on Saturday, August 29, 2020 *inter-alia* to consider and recommend to the Board of Directors the proposed Scheme of Arrangement between Future Consumer Limited ("the Company" or Transferor Company 1"), Future Lifestyle Fashions Limited ("Transferor Company 2"), Future Market Networks Limited ("Transferor Company 3"), Future Retail Limited ("Transferor Company 4"), Future Supply Chain Solutions Limited ("Transferor Company 5"), FutureBazaar India Limited ("Transferor Company 6"), Acute Retail Infra Private Limited ("Transferor Company 7"), Basuti Sales and Trading Private Limited ("Transferor Company 8"), Brattle Foods Private Limited ("Transferor Company 9"), Chirag Operating Lease Co. Private Limited ("Transferor Company 10"), Hare Krishna Operating Lease Private Limited



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("Transferor Company 11"), Nice Texcot Trading & Agency Private Limited ("Transferor Company 12"), Nishta Mall Management Company Private Limited ("Transferor Company 13"), Ojas Tradelease and Mall Management Private Limited ("Transferor Company 14"), Precision Realty Developers Private Limited ("Transferor Company 15"), Rivaaz Trade Ventures Private Limited ("Transferor Company 16"), Syntex Trading and Agency Private Limited ("Transferor Company 17), Taquito Lease Operators Private Limited ("Transferor Company 18") and Unique Malls Private Limited ("Transferor Company 19") collectively referred to as "Transferor Companies" with Future Enterprises Limited ("FEL" or "Transferee Company") and their respective Shareholders and Creditors, and between Future Enterprises Limited ("FEL") and Reliance Retail Ventures Limited ("RRVL") and their respective shareholders and creditors and between Future Enterprises Limited and Reliance Retail and Fashion Lifestyle Limited ("RRVL WOS") and their respective shareholders and creditors ("**The Composite Scheme of Arrangement"/ Scheme**"), pursuant to Sections 230 to 232 and other relevant provisions of the Companies Act, 2013.

The Scheme inter-alia provides for:

- i. Merger of Future Consumer Limited along with Future Lifestyle Fashions Limited ("Transferor Company 2"), Future Market Networks Limited ("Transferor Company 3"), Future Retail Limited ("Transferor Company 4"), Future Supply Chain Solutions Limited ("Transferor Company 5"), FutureBazaar India Limited ("Transferor Company 6"), Acute Retail Infra Private Limited ("Transferor Company 7"), Basuti Sales and Trading Private Limited ("Transferor Company 8"), Brattle Foods Private Limited ("Transferor Company 9"), Chirag Operating Lease Co. Private Limited



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- ("Transferor Company 10"), Hare Krishna Operating Lease Private Limited ("Transferor Company 11"), Nice Texcot Trading & Agency Private Limited ("Transferor Company 12"), Nishta Mall Management Company Private Limited ("Transferor Company 13"), Ojas Tradelease and Mall Management Private Limited ("Transferor Company 14"), Precision Realty Developers Private Limited ("Transferor Company 15"), Rivaaz Trade Ventures Private Limited ("Transferor Company 16"), Syntex Trading and Agency Private Limited ("Transferor Company 17), Taquito Lease Operators Private Limited ("Transferor Company 18") and Unique Malls Private Limited ("Transferor Company 19"), collectively referred to as "Transferor Companies", with Future Enterprises Limited ("Transferee Company");
- ii. Transfer and vesting of the Logistics & Warehousing Undertaking from the Transferee Company as a going concern on a slump sale basis to Reliance Retail Ventures Limited ("**RRVL**").
 - iii. Transfer and vesting of the Retail & Wholesale Undertaking from the Transferee Company as a going concern on a slump sale basis to Reliance Retail and Fashion Lifestyle Limited, a wholly owned subsidiary of RRVL ("**RRVL WOS**").
 - iv. Preferential allotment of equity shares and warrants of the Transferee Company to RRVL WOS.



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The Equity Shares of the Company are listed on BSE Limited ('**BSE**') and National Stock Exchange of India Limited ('**NSE**'). The Company will be filing the Scheme along with necessary information / documents with both the mentioned Stock Exchanges for their approval under regulation 37 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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 10th March, 2017 as modified by Circular no. CFD/DIL3/CIR/2017/26 dated 23rd March, 2017 and as also modified by Circular no. CFD/DIL3/CIR/2018/2 dated 3 January, 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 following:

- a) Draft Scheme of Arrangement, duly initialed by the Chairman of the Company for the purpose of identification;
- b) Share Allotment Ratio / Share Entitlement Ratio Report dated 29th August, 2020 issued by B S R & Associates LLP - Chartered Accountants and BDO Valuation Advisory LLP - a registered valuer;
- c) Fairness Opinion dated 29th August, 2020 issued by ICICI Securities Limited - a Category I Merchant Banker providing the fairness opinion on the afore-stated Share Allotment Ratio / Share Entitlement Ratio Reports; and



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2. Proposed Scheme

- The salient features of the draft Scheme of Arrangement are as under:
 - a) The Scheme *inter-alia* provides for the matters stated above;
 - b) The Audit Committee of the Company is of the opinion that proposed arrangements would *inter-alia* achieve the following objectives:
 - The Reliance group is desirous of acquiring the logistics & warehousing and retail & wholesale businesses and related assets housed in various Transferor Companies as a going concern on Slump Sale basis in the manner provided in this Scheme.
 - To facilitate the above acquisition by Reliance group, the Future group, as a first step, is desirous of consolidating the logistics & warehousing and retail & wholesale businesses and related assets housed in various Transferor Companies in the Transferee Company.
 - The Reliance group proposes to acquire a minority interest in the Remaining Business (as defined in the Scheme) which will be carried on by the Transferee Company post the Scheme and accordingly, is desirous of subscribing to Preferential Equity Shares and Preferential Warrants to be issued by the Transferee Company.

The Scheme is in the best interests of the shareholders, employees and the creditors of each of the entities which are a party of the Scheme;



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- The Audit Committee reviewed and noted the Share Allotment Ratio / Share Entitlement Ratio Report and recommended the following:

Pursuant to the Scheme becoming effective, FEL will issue 9 (Nine) fully paid up equity shares of Rs. 2/- each to the equity shareholders of FCL as on the Record Date (as may be determined in terms of the Scheme) for every 10 (Ten) fully paid up equity share of Rs. 6/- each of FCL.

- Pursuant to the Scheme, the Transferee Company shall account for amalgamation of the Transferor Companies in its books of accounts in accordance with Indian Accounting Standard (Ind AS) 103-"Business Combination" issued by the Institute of Chartered Accountants of India and notified by Ministry of Corporate Affairs read together with the Companies (Indian Accounting Standards) Rules, 2015. Any inter-company balances between the Transferor Companies and Transferee Company, if any, shall stand cancelled in their respective books of accounts.
- The Fairness Opinion confirmed that the Share Allotment Ratio / Share Entitlement Ratio Report is fair to all the Transferor Companies and Transferee Company.
- The Appointed Date being the Effective Date as stated in the Scheme.
- Under Part III of the proposed Scheme and the Scheme becoming effective, the Company will stand dissolved without winding up and the equity shareholders of the Company will get the shares of FEL based on the share exchange ratio as mentioned above;



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3. Recommendation of the Audit Committee:

The Audit Committee recommends the draft Scheme *inter-alia* taking into consideration the documents stated herein above, for favorable consideration by the Board of Directors, Stock Exchanges and the Securities and Exchange Board of India and other applicable regulatory authorities.

**For and on behalf of the Audit Committee
of Future Consumer Limited**

G. N. Bajpai

Chairman of the Audit Committee

DIN: 00946138

August 29, 2020

Mumbai