



# CKP FINANCIAL SERVICES PRIVATE LIMITED

(Formerly known as CKP Holdings Private Limited)

## STRICTLY PRIVATE & CONFIDENTIAL

8<sup>th</sup> February, 2018

To,  
The Board of Directors,  
Future Consumer Limited  
Knowledge House, Shyam Nagar,  
Off Jogeshwari Vikhroli Link Road,  
Jogeshwari(East), Mumbai 400060

**Sub: Fairness Opinion on the proposed Scheme of Reduction of Capital between Future Consumer Limited and its Shareholders.**

Dear Sir(s),

We refer our engagement letter dated February 7, 2018 whereby Future Consumer Limited has appointed CKP Financial Services Private Limited as the Merchant Banker to provide a fairness opinion to the Company on the proposed Scheme of Reduction of Capital between Future Consumer Limited and its shareholders ("Scheme").

### 1. BACKGROUND, SCOPE AND PURPOSE OF THIS REPORT

1.1 Future Consumer Limited ("FCL/the Company") is a listed company incorporated under the provisions of the erstwhile Companies Act, 1956 and having its registered office at Knowledge House, Shyam Nagar, Off Jogeshwari-Vikhroli Link Road, Jogeshwari(East), Mumbai - 400060. FCL is primarily engaged in the business of sourcing, processing, manufacturing, branding, and distribution of food / Fast Moving Consumer Goods. The Equity Shares of the Company are listed on BSE Limited and National Stock Exchange of India Limited.

1.2 The issued, subscribed and paid up capital of the Company as on December 31, 2017 is Rs.11,07,85,12,092/- (comprising of 1,84,64,18,682 equity shares of Rs. 6/- each fully paid up. The shareholding pattern as at December 31, 2017 was as under:

Category	% of total shares
Promoters	44.70
Public	55.30
<b>Total</b>	<b>100</b>

1.3 The Company has an amount of Rs. 3,14,27,82,392 (Rupees Three Hundred Fourteen Crore Twenty Seven Lakhs Eighty Two Thousand Three Hundred and Ninety Two Only) lying in its securities premium account and has accumulated losses of Rs. 2,86,90,40,797 (Rupees Two Hundred Eighty Six Crore Ninety Lakhs Forty Thousand Seven Hundred Ninety Seven Only) as at December 31, 2017.

**Registered Office:** 906, Jay Antariksh, Makawana Road, Marol Naka, Andheri (East), Mumbai – 400059  
**Corporate Office:** CKP House, D'Monte Park Road, Pali Hill, Bandra West, Mumbai- 400050  
**Phone:** 022-65014100 | **Email:** [info@ckpfinancialservices.com](mailto:info@ckpfinancialservices.com) | **Website:** [www.ckpfinancialservices.com](http://www.ckpfinancialservices.com)  
**CIN No.:** U74120MH2015PTC270984





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**2. SCOPE OF ENGAGEMENT**

- 2.1 The Company intends to set-off the losses incurred by the Company by way off undertaking a scheme of reduction of share capital wherein the securities premium account would be adjusted against the accumulated losses of the Company, in accordance with the applicable laws.
- 2.2 In this connection, the Company has engaged us, to submit a report on the fairness of the Scheme as per requirements of Securities and Exchange Board of India circular no. CFD/DIL3/CIR/2017/21 dated March 10, 2017 ("SEBI Circular").

**3. SOURCES OF INFORMATION**

- 3.1 We have relied upon the following documents for framing our opinion on the fairness of the Scheme:
- Draft of the Scheme of Reduction of Capital of Future Consumer Limited
  - Annual Reports of the Company the financial year 2014-15, 2015-16 and 2016-17.
  - Other relevant information

**4. KEY FEATURES OF THE SCHEME:**

- 4.1 As at December 31, 2017, the Company has accumulated losses of Rs. 2,86,90,40,797 (Rupees Two Hundred Eighty Six Crore Ninety Lakhs Forty Thousand Seven Hundred Ninety Seven Only) and an amount of Rs. 3,14,27,82,392 (Rupees Three Hundred Fourteen Crore Twenty Seven Lakhs Eighty Two Thousand Three Hundred and Ninety Two Only) standing to the credit of the Securities Premium Account of the Company.
- 4.2 The Board of Directors of the Company is proposing a proposal whereby, a part of the balance in the securities premium would be adjusted against the accumulated losses. The Company proposes to implement a scheme for Reduction of Capital under Section 66 read with Section 52 of the Companies Act, 2013.
- 4.3 Further the Articles of Association of the Company authorizes the Company to reduce its share capital in any manner and in accordance with the provisions of the Act.
- 4.4 Under Section 52 of the Companies Act, 2013, the balance in the Securities Premium Account can only be utilized for purpose specified therein and any utilization of Securities Premium Account for other purpose would be construed as reduction in capital and provisions of Sections 66 of the Companies Act, 2013 will be applicable. Thus, reduction of Securities Premium in the manner specified above would be deemed as reduction of share capital under the provisions of Section 52 of the Companies Act, 2013. Accordingly, the present reduction of Securities Premium is being proposed under provisions of Section 52 of the Companies Act, 2013.





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4.5 The adjustment/set off of the Securities Premium Account would not have any impact on the shareholding pattern, and the capital structure of the Company. The reduction would generally benefit the Company and its shareholders, creditors and concerned stakeholders as a whole. The reduction does not involve any cash outflow and therefore, would not affect the ability or liquidity of the Company to meet its obligations/commitments in normal course of business.

4.6 The reduction does not involve either the diminution of any liability in respect of the unpaid share capital or payment to any shareholder of any paid up capital and the order of the NCLT sanctioning the Scheme shall be deemed to be an order confirming the reduction.

**5. EXCLUSIONS AND LIMITATIONS**

Our report is subject to our scope and limitations as detailed hereunder:

- 5.1 The report is to be read in totality, and not in parts, in conjunction with the relevant documents referred to therein.
- 5.2 In the course of the present exercise, we were provided with both written and verbal information, including financial data. Our report is based on the information furnished to us being complete and accurate in all material respects. We have relied upon the historical financials and the information and representations furnished to us without carrying out any audit or other tests to verify its accuracy with limited independent appraisal. Also, we have been given to understand by the management of the Company that they have not omitted any relevant and material factors. Accordingly, we do not express any opinion or offer any form of assurance regarding its accuracy and completeness. We assume no responsibility whatsoever for any errors in the above information furnished by the Company and their impact on the present exercise.
- 5.3 Our work does not constitute an audit, due diligence or verification of historical financials or including the working results of the Company or the business referred to in this report. Accordingly, we are unable to or do not express an opinion on the fairness or accuracy of any financial information referred to in this report.
- 5.4 We express no opinion whatsoever and make no recommendation at all to the Company's underlying decision to effect the proposed Scheme or as to how the holders of equity shares should vote at their respective meetings held in connection with the proposal.
- 5.5 We do not express and should not be deemed to have expressed any views on any views on any other term of the proposed Scheme. We also express no opinion and accordingly accept no responsibility or as to the prices at which the equity shares of Future Consumer Limited will trade following the announcement of the proposal or as to the financial performance of Future Consumer Limited following the implementation of the proposal.





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- 5.6 No investigation of the Company's claim to the title of assets or property owned by the Company has been made for the purpose of this fairness opinion. With regard to the Company's claim we have relied solely on representation, whether verbal or otherwise made, by the management to us for purpose of this report.
- 5.7 Our analysis and results are also specific to the date of this report. An exercise of this nature involves consideration of various factors. This report is issued on the understanding that the Company has drawn our attention to all the matters, which they are aware of concerning the financial position of the Company, its business and any other matter, which may have an impact on our opinion for the proposal. We have no responsibility to update this report for events and circumstances occurring after the date of this report.
- 5.8 This report is issued for the sole purpose to facilitate the Company to comply with Regulation 37 of the SEBI(LODR) Regulations, 2015 and relevant SEBI circulars.
- 5.9 Disclaimer: This report is intended solely for the limited purpose and for the use by FCL and by its authorized representatives. It shall not confer any rights or remedies upon, any other person. opinion contained in this Report has been expressed in good faith. Our report is for the benefit of FCL's internal and confidential use. This report is not meant for save and except as specified above. The management and related parties of FCL are prohibited from using this report other than for its sole limited purpose and not to make a copy of this report available to any party other than those required by statute for carrying out the limited purpose of this report. In no circumstances whatsoever, will CKP, its employees accept any responsibility of liability towards any third party for consequences arising out of the use of this report.

## 6. VALUATION REPORT

- 6.1 On the basis of our verification of the proposed reduction of capital, we certify that the condition of obtaining a valuation report vide SEBI Circular (CFD/DIL3/CIR/2017/21) dated March 10, 2017 is not applicable as the same is being undertaken for setting off the accumulated losses by reducing the amount standing to the credit of Securities Premium Account and as such there would be no share swap arrangement or issuance of shares. Consequently, there would be no change in the shareholding pattern of the Company pursuant to proposed reduction of capital.

## 7. OPINION & CONCLUSION

Subject to the caveats as detailed hereinbefore, we as a Merchant Banker hereby certify that we have reviewed the Scheme of Reduction of Share Capital of the Company and observed the same to be fair and reasonable.

Thanking you,  
Yours faithfully,  
For CKP Financial Services Private Limited

Authorized Signatory

