



MOHIT INDUSTRIES LTD.

REPORT OF THE AUDIT COMMITTEE OF MOHIT INDUSTRIES LIMITED ("COMPANY") RECOMMENDING THE DRAFT SCHEME OF ARRANGEMENT AND DEMERGER BETWEEN THE COMPANY AND BIGBLOC CONSTRUCTION LIMITED

Members Present:

Mr. Sachin Jain (Chairman)

Mr. Jayesh Gandhi (Independent Director)

Mr. Narayan Saboo (Managing Director)

In Attendance:

Mr. Naresh Saboo (Jt. Managing Director)

Mr. Manish Saboo (Director & Chief Financial officer)

Mrs. Pragya Memani (Independent Director)

Mr. Sitaram Saboo (Chairman)

Miss. Swati Malu (Company Secretary)

1. Background

A meeting of the Audit Committee of Mohit Industries Limited ("Company" or "MIL") was held on 17th June, 2015 to consider and recommend the proposed demerger of Aerated Autoclave Concrete (AAC) Blocks Business into BIGBLOC Construction Limited (Resulting Company or "BCL"), the Wholly Owned Subsidiary of the Company, w.e.f 01st April, 2015, to be implemented in terms of the draft Scheme of Arrangement and Demerger ("Scheme"), between the company, BCL and their respective shareholders and Creditors under Section 391 to 394 read with Section 100-103 of the Companies Act, 1956 and relevant provision of the Companies Act, 1956 and/ or applicable provisions of the Companies Act, 2013.

This report of Audit committee is made in order to comply with the requirements of Circular no.CIR/CFD/DIL/5/2013 dated February 4, 2013 read with the Circular No. CIR/CFD/DIL/8/2013 dated May 21, 2013 ("Circular") (which provides clarifications with respect to the aforementioned circular), both issued by the Securities and Exchange Board of India ("SEBI" Circulars).

X *Sachin*



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The following documents were placed before the Audit committee:

- a) Draft Scheme of Arrangement and Demerger
- b) Share Entitlement Ratio Report dated 17th June 2015 prepared by GBN & Co., Independent Chartered Accountant.
- c) Fairness Opinion dated 17th June, 2015 prepared by SPA Capital Advisors Limited, a category-I Merchant Banker providing Fairness Opinion Report on the share Entitlement Ratio.

2. Proposed Scheme of Demerger

The Audit Committee noted the rationale and the benefits of the Scheme, which including inter- alia are as follows:

- To achieve better growth of both verticals independently.
- To ensure proper focus on individual division/Division
- To achieve better valuation for both divisions in the hands of shareholders
- To achieve better compliance of respective government compliances as both verticals have different compliances
- Ensure long stability of the company
- To have listing of both verticals and have specific PE valuation for each company

The Audit Committee also noted that upon Demerger, the Company will continue to be publicly listed company and focus on the growth opportunities in the Textile business. The Equity Shares issue by the BIGBLOC Construction Limited will be listed on National Stock Exchange of India Limited (NSE) and Bombay Stock Exchange Limited (BSE).

The Audit Committee reviewed the share Entitlement ratio report and noted that the recommendations made therein. Further fairness opinion confirmed that the share Entitlement Ratio in the share Entitlement Ratio Report is fair to the shareholders of the company and BCL.

The Audit Committee also noted that *Pursuant to the scheme, each member of the company would be entitled to receive 1 (one) fully paid-up equity share of Rs. 10 (Rupees Ten) each of Resulting Company ("BCL") for every 1 (one) fully paid-up equity share of Rs. 10 (Rupees Ten) each held by members in the company ("MIL) as on record date.*

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3. Recommendation of the Audit Committee

The Audit Committee has considered and noted the aforementioned documents along with the draft Scheme and taking into account, inter alia valuation report dated 17th June, 2014 from GBN & Co. and the fairness opinion report dated 17th June, 2015 from SPA Capital Advisors Limited, recommends the draft Scheme for favorable consideration by the Board of Directors of the company, the Bombay Stock Exchange Limited (BSE) and the National Stock Exchange of India Limited (NSE) and the Securities and Exchange Board of India.

By order of the Audit Committee

For and on behalf of

Mohit Industries Limited

(Mr. Sachin Jain)
Chairman, Audit Committee



Date: 17th June, 2015
Place: Surat