



BLUEBLOOD VENTURES LTD.

CIN : U70102DL2007PLC159680

DATE: 18TH JULY, 2016

**REPORT OF THE AUDIT COMMITTEE OF BLUEBLOOD VENTURES LIMITED
RECOMMENDING THE DRAFT SCHEME OF ARRANGEMENT BETWEEN THE COMPANY AND
DEVOTED CONSTRUCTION LIMITED**

MEMBERS PRESENT:

Mr. Manjeet Pugalia	Chairman (Non-Executive and Independent)
Mr. Suresh Bohra	Member (Executive Director)
Mr. Syed Liaqat Ali	Member (Non-Executive and Independent)

In Attendance Invitation:

Mrs. Gurpreet Kaur	CFO
Ms. Neha Gupta	Company Secretary

1. Background

1.1 A meeting of the Audit Committee of Blueblood Ventures Limited("Company") was held on 20th June,2016 to consider and recommend the proposed Demerger of the Blueblood Ventures Limited into Devoted Construction Limited., the Wholly Owned Subsidiary Company , w.e.f. 31stMay, 2016 (collectively known as "Companies"),to be implemented in terms of a scheme of Arrangement("Scheme"), entered into between the Company, Devoted Construction Limited and their respective Shareholders and Creditors under Sections 391-394 of the Companies Act, 1956 and other applicable provisions of Companies Act, 2013.

1.2 This report of the 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 circular No. CIR/CFD/DIL/8/2013 (which provides clarifications with respect to the aforementioned circular), and Circular No. CIR/CFD/CMD/16/2015 issued by the Securities and Exchange Board of India("SEBI Circulars").

1.3 The following documents were placed before the Audit Committee:

- Draft scheme of Arrangement, duly initialled by the Company Secretary of the Company for the purpose of identification;
- Draft Certificate obtained from the Statutory Auditors of the Company dated on the accounting treatment prescribed in the scheme.

2. Proposed Scheme of Demerger

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



(Formerly known as BlueBlood Ventures Pvt. Ltd.)

(Formerly known as BlueBlood Equity Trading Pvt. Ltd.)

Registered Office : Room No. 101 (First Floor), P-27, Malviya Nagar (Main Market), New Delhi-110017

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- i. Demerged Company, by itself is engaged in 3 (three) distinct lines of business namely:
- a) Investment Banking Activities like Venture Capitalist, Private Equity Investments, Trading on Stock and Commodity Exchange (collectively referred to as the "Investment Banking Business");
 - b) Special purpose Acquisition Company (collectively referred to as the "SPAC Business"); and
 - c) Real Estate Development & Construction like FSI Trading, Acquiring & Trading in Development rights, underwriting Real Estate Projects. "Real Estate Business").
- ii. The nature of risk and competition involved in each of the Investment Banking and Trading in shares & Commodity on Exchange Business is distinct, given that they operate in Financial Market governed by RBI and SEBI. Whereas the real Estate Business will now be governed by Real Estate(Regulation and Development)Act, 2016 which will come enforce from 1st July, 2016. Investment in non listed company will be governed by the new Alternate Investment guidelines of SEBI.
- iii. Thus, separation of the Real Estate Business, by way of the Scheme, including its business, undertaking and investments from the Demerged Company would lead to significant benefits for both businesses including:
- a) enhanced strategic flexibility to build a vibrant industrials platform;
 - b) enable a dedicated management focus and to accelerate growth of the Real Estate business unlocking significant value for the shareholders of Blueblood Ventures Limited; and
 - c) access to varied sources of funds for the rapid growth of both businesses.
- iv. With a view to achieve the aforesaid growth potential, the Demerged Company proposes to re-organise and segregate, by way of the Scheme, its business, undertaking and investments in Real Estate Business. The restructuring proposed by this Scheme will also provide an opportunity to the investors to select investments which best suit their investment strategies and risk profiles.
- v. The scheme does not have any adverse effect on either the shareholders or the employees or the creditors of the Demerged Company.

2.2 Share Entitlement Ratio adapted under the scheme is that, for every one share of Blueblood Ventures Limited, one share of Devoted Construction Limited will be issue. The scheme will result in mirror image of shareholders of Demerged Company(BVL) and Resulting Company(DCL). This has been considered by the Board of Directors of Demerged Company & Resulting Company.

2.3 The Equity Shares of Devoted Construction Limited are proposed to be listed on BSE Ltd. Post Demerger.



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3. Recommendation of the Audit Committee

The Audit Committee recommends the draft scheme, to the Board of Directors of the Company for its approval and for favourable consideration by the Stock Exchanges and Securities and Exchange Board of India.

**By order of the Audit Committee
For and on Behalf of Blueblood Ventures Limited**



**Manjeet Pugalia
Chairman**

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