REPORT OF THE AUDIT COMMITTEE OF GLOBE ENTERPRISES (INDIA) LIMITED (FORMERLY KNOWN AS GLOBE TEXTILES (INDIA) LIMITED) (THE "COMPANY") RECOMMENDING THE DRAFT SCHEME OF ARRANGEMENT AMONGST THE COMPANY AND MORABIA CREATION LIMITED ("MCL" OR THE "RESULTING COMPANY") AND THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS AT ITS MEETING HELD ON MONDAY, FEBRUARY 02, 2026

Members Present:

1. Mr. Yogesh K. Vaidya (DIN: 00468732) : (Independent Director) — Chairman
2. Mr. Bhavik S. Parikh (DIN: 00038223): (Managing Director) — Member
3. Mr. Rajatkumar D. Patel (DIN: 09124295): (Independent Director) — Member

1. **Introduction**
The Demerged Company is currently a conglomerate managing manufacturing operations alongside a maturing trading business. The primary necessity for this arrangement arises from the requirement to segregate the trading operations, specifically the INDIGENX and ORIJEAN brands, into a standalone, specialized entity. This separation is essential to eliminate the constraints imposed by manufacturing operations on the trading segment, allowing for more efficient resource allocation and streamlined business processes. The current structure necessitates a strategic restructuring to foster independent growth opportunities and ensure stronger business sustainability for each distinct segment.

2. **Documents placed before the Audit Committee:**
The following documents were placed before the Audit Committee for its consideration:

Document Title	Description and Relevance to the Scheme
Draft Scheme of Arrangement	The primary document detailing the demerger of the "Demerged Undertaking" (INDIGENX and ORIJEAN brands) into Morabia Creation Limited on a going concern basis.
Valuation Report	A report issued by a Registered Valuer setting out the specific Share Entitlement Ratio, which is 1 equity share of ₹10 in the Resulting Company for every 360 Ordinary Shares of ₹2 held in the Demerged Company.
Fairness Opinion	An opinion issued by a Category-I Merchant Banker on the Valuation Report, ensuring that the Share Entitlement Ratio is fair and equitable to the shareholders.
Statutory Auditors' Certificate	A certificate issued by the Statutory Auditors confirming that the accounting treatment for the demerger follows Indian Ac-

Document Title	Description and Relevance to the Scheme
	counting Standards (Ind AS) and Section 133 of the Act.
Auditors' Certificate on Public Approval	A certificate stating the reasons for the applicability or non-applicability of obtaining approval from the majority of public shareholders as per SEBI requirements.
Undertaking by Company Secretary	A formal undertaking certified by the Statutory Auditors regarding compliance with the SEBI Scheme Circular and public shareholder approval norms.
Pre and Post Shareholding Patterns	Detailed tables showing the share capital structure of the Demerged and Resulting companies before and after the implementation of the Scheme.
Annual Reports & Financial Statements	Audited financial statements for both Globe Enterprises (India) Limited and Morabia Creation Limited for the preceding financial years.

3. **Salient features of the Scheme:**
   The Audit Committee discussed and noted the brief particulars of the Scheme, rationale and the need for the proposed arrangement, synergies of the entities involved, impact of the Scheme on the shareholders and cost benefit analysis of the Scheme as under:

Feature	Details and Statutory Compliance
Nature of Transaction	The Scheme provides for the demerger of the "Demerged Undertaking" from Globe Enterprises (India) Limited (the Demerged Company) into Morabia Creation Limited (the Resulting Company) on a going concern basis.
Demerged Undertaking	This comprises the business, activities, and operations related to the INDIGENX and ORIJEAN brands, including all associated textile and clothing trading business assets, intellectual property, and closing stock.
Appointed Date	The demerger shall be effective from April 1, 2026.
Consideration (Share Entitlement Ratio)	In consideration for the transfer, the Resulting Company will issue and allot 1 equity share of face value ₹10 (fully paid-up) for every 360 ordinary shares of face value ₹2 held in the Demerged Company.
Transfer of Liabilities	All "Demerged Liabilities," specifically including unsecured loans related to the INDIGENX and ORIJEAN brands, will stand transferred to the Resulting Company.
Treatment of Employees	All employees relating to the Demerged Undertaking will be transferred to the Resulting Company with continuity of service and on terms no less favorable than their current employment.
Tax Neutrality	The Scheme is intended to comply with the conditions of a "demerger" under **Section 2(19AA)** and other relevant provisions of the Income Tax Act, 1961.
Listing of Shares	The equity shares issued by the Resulting Company will be listed and admitted for trading on the National Stock Exchange (NSE).
Accounting Treat-	The Demerged Company will account for the transfer in ac-

ment	cordance with **Ind AS**, reducing the carrying value of transferred assets and liabilities and recognizing the difference in the Statement of Profit and Loss.
Remaining Business	All assets, properties, and liabilities not part of the Demerged Undertaking will continue to be vested in and managed by Globe Enterprises (India) Limited.
Legal Proceedings	Any suits or legal proceedings related to the Demerged Undertaking pending on the Effective Date will be continued and enforced by or against the Resulting Company.

4. **Rationale of the Scheme**
The rationale behind this Scheme is centered on enhancing dedicated management focus and improving operational efficiency through agile decision-making tailored specifically to trading dynamics. Strategically, the demerger aims to capitalize on India's evolving textile trading market, driven by rising consumer demand and digitalization. By creating a focused trading-focused listed company, the entity will possess greater flexibility to implement tailored market strategies and optimize procurement and distribution. Furthermore, the standalone entity will have enhanced access to both equity and debt capital markets to fund market expansion and brand-building initiatives. A critical component of this rationale is the removal of existing promoter control over the Resulting Company to reduce potential conflicts of interest and attract strategic investors aligned with trading-sector risks.

5. **Synergies of Business of the Entities Involved**
The restructuring is designed to support long-term strategic synergies and stability between the Demerged Company's manufacturing base and the Resulting Company's independent trading operations. This ensures a mutually beneficial operational alignment where each entity maintains competitive advantages in its respective domain. The transfer of the **INDIGENX** and **ORIJEAN** brands to the Resulting Company allows the new entity to leverage established brand reputation and an extensive distribution network while remaining independent in its innovation and strategy.

6. **Impact of the Scheme on the Shareholders**
This Scheme is intended to unlock intrinsic value for shareholders through an independent, market-driven valuation of the Resulting Company's shares. In consideration for the demerger, the Resulting Company shall issue and allot fully paid-up equity shares to the members of the Demerged Company as per the Share Entitlement Ratio. Specifically, for every 360 Ordinary Shares of ₹2 each held in the Demerged Company, shareholders will receive 1 equity share of ₹10 in the Resulting Company. The Scheme provides enhanced investment flexibility, allowing shareholders to remain invested specifically in a robust, trading-focused listed entity while maintaining their interest in the manufacturing business.

7. **Cost Benefit Analysis of the Scheme**
The Committee has evaluated the financial and operational implications of the Scheme and concludes that the long-term benefits of specialization, improved valuation, and agile market responsiveness significantly outweigh the transac-

tional costs. While the Demerged Company will bear all costs, charges, and expenses (including stamp duty and registration charges) incidental to the Scheme, these are viewed as necessary investments to achieve a more efficient capital structure and operational focus. The expected growth in market share, profitability, and the ability to attract strategic partners aligned with trading dynamics justifies the expenditure associated with the demerger.

8. **Recommendations of the Audit Committee**
The Audit Committee has conducted a comprehensive review of the draft Scheme of Arrangement, which provides for the demerger of the Demerged Undertaking (comprising the INDIGENX and ORIJEAN brands and associated trading business) into Morabia Creation Limited. The Committee has taken on record the Valuation Report and the Fairness Opinion, noting that the Share Entitlement Ratio fixed at 1 equity share of the Resulting Company (face value ₹10) for every 360 ordinary shares held in the Demerged Company (face value ₹2) is fair and equitable to the shareholders.

The Committee further observes that the Scheme is strategically sound as it facilitates a focused management structure for the trading business, enabling agile decision-making and independent access to capital markets. By separating manufacturing from trading, the arrangement is expected to unlock intrinsic value for the shareholders through an independent market-driven valuation of the new entity. The Committee also confirms that the accounting treatment prescribed in the Scheme is in strict compliance with Indian Accounting Standards (Ind AS) and that the transfer qualifies as a tax-neutral demerger under Section 2(19AA) of the IT Act.

Based on the detailed evaluation of the need and rationale, the synergies involved, and the positive impact on stakeholders, the Audit Committee is of the firm view that the Scheme is in the best interests of Globe Enterprises (India) Limited, its shareholders, creditors, and employees. Consequently, the Audit Committee hereby unanimously recommends the draft Scheme for favorable consideration and approval by the Board of Directors, the National Stock Exchange (NSE), SEBI, and the National Company Law Tribunal (NCLT).

For and on behalf of the Audit Committee of
Globe Enterprises (India) Limited
(Formerly Known as Globe Textiles (India) Limited)

Yogesh K. Vaidya
Date: 02/02/2026
Place: Ahmedabad