

BLUE PEARL TEXSPIN LIMITED

(FORMERLY KNOWN AS E-WHA FOAM INDIA LIMITED)

Office No. 32, VyaparBhavan, 49, P.D'Mello Road, Mumbai 400 009 Maharashtra.

Tel 022 32997884 Fax 23487884

Email: bluepearltexspin@gmail.com

REPORT OF THE AUDIT COMMITTEE OF BLUE PEARL TEXSPIN LIMITED RECOMMENDING THE DRAFT SCHEME OF AMALGAMATION

MEMBERS

Mr. Om Prakash Madhogarhia	Chairman ~ Independent Non Executive Director
Mr. GaneshbhaiSahebraobhaiSengadani	Member ~ Independent Non Executive Director
Mr. Arun Kumar Sharma	Member ~ Executive Director

1. Background:-

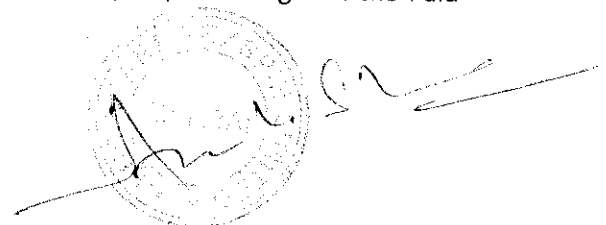
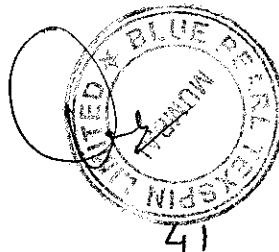
The Scheme of Amalgamation ('Scheme') of Blue Pearl Lifestyle Private Limited with the Company was placed before the Audit Committee for recommendation of the Scheme to the Board of Directors as required by the SEBI Circular No. CIR/CFD/DIL/5/2013 dated 04th February 2013('Circular')

In view of the above, the members of the Audit Committee of the Board of Directors of the Company have discussed and approved the draft scheme vide a resolution passed at its meeting held on March 22, 2014 This report of the Audit Committee is made in order to comply with the requirements of the Circular and after considering the following documents:-

- a) Draft Scheme of Amalgamation
- b) Valuation Report for determination of fair value/exchange ratio of the shares of Blue Pearl Lifestyle Private Limited and Blue Pearl Texspin Limited dated 22nd March 2014 issued by M/s Shah Mustufa & Associates, Chartered Accountants, Mumbai
- c) Fairness Opinion Report dated 22nd March 2014 issued by M/s Corporate Strategic Allianz Limited

2. Proposed Scheme of Amalgamation:-

- a) The Audit Committee noted that the amalgamation of Blue Pearl Lifestyle Private Limited with the Company will synergize and streamline the operations of both the companies.
- b) The Salient Features of the Scheme are as under:
 - The Scheme provides for amalgamation of Blue Pearl Lifestyle Private Limited with the Company. As per the Audited Financial results of the Company as 30.06.2013 the total accumulated losses are Rs.52,142,506 as against the Paid



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up Equity Share Capital of Rs.5,12,00,000. Mere infusion of further funds into the Company will not benefit any existing shareholder even if the Company registers profits in coming years since no dividend can be paid out of profits unless accumulated losses are wiped out.

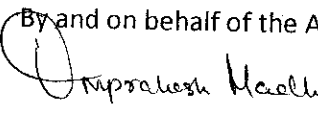
- Under the scheme the equity shares of the Company shall be reduced by 96% i.e. from 51, 20,000 equity shares of Rs. 10/- each to 2,04,800 shares to Rs.10/- each. The 96% of cancelled equity share capital amounting to Rs.4,91,52,000 shall be utilized to write off the debit balance in the Profit & Loss account of the Blue Pearl Texspin Limited. Further Blue Pearl Lifestyle Private Limited shall amalgamate into the Company.
- Appointed Date for the Scheme means the date beginning with the Business hours on the 01st Day of July, 2013
- Based on the swap ratio of 1(one) equity share of Rs.10/- each of Blue Pearl Texspin Limited for every 1(one) equity share of Rs.10/- each held by Blue Pearl Lifestyle Private Limited as determined by the Valuer an Independent Chartered Accountant and Fairness Opinion provided by the Merchant Banker, the Company will issue equity shares to the shareholders of Blue Pearl Lifestyle Private Limited as appearing on the record date.

3. Recommendation of the Audit Committee:

The Audit Committee recommends the Draft Scheme, inter alia, taking into consideration the Valuation Report dated 22nd March 2014 issued by M/s Shah Mustufa & Associates,, Mumbai and Fairness Opinion Report of M/s Corporate Strategic Allianz Limited, for favorable consideration by the Board of Directors, Stock Exchange(s) and SEBI and other appropriate authorities.

Hence, considering the above, the committee recommends the scheme to the Board for its approval and necessary action.

By and on behalf of the Audit Committee


Om Prakash Madhogarhia
Chairman
Audit Committee.

