

BLUE PEARL TEXSPIN LIMITED

(FORMERLY KNOWN AS E-WHA FOAM INDIA LIMITED)

Regd Off: Office No. 32, Vyapar Bhavan, 49, P.D. Mello Road, Mumbai -400 009, Maharashtra.

CIN -L36104MH1992PLC069447

Tel -022 32997884 Fax 23487884

Email: bluepearltexspin@gmail.com Website: www.bluepearltexspin.com

REPORT OF THE AUDIT COMMITTEE OF BLUE PEARL TEXSPIN LIMITED RECOMMENDING THE DRAFT SCHEME OF REDUCTION OF SHARE CAPITAL

MEMBERS

Mr. Om Prakash Madhogarhia	Chairman ~ Independent Non Executive Director
Mr. Ganeshbhai Sahebraobhai Sengadani	Member ~ Independent Non Executive Director
Mr. Arun Kumar Sharma	Member ~ Executive Director

1. Background:-

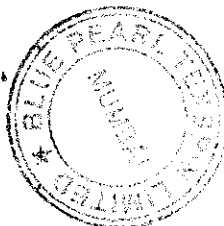
The Scheme of Reduction of Share Capital ('Scheme') of Blue Pearl Texspin Limited (formerly known as E-Wha Foam India Limited) was placed before the Audit Committee for recommendation of the Scheme to the Board of Directors as required by the SEBI Circular No. CIR/CFD/DIL/5/2013 dated 04th February 2013 ('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 15th April, 2015. 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 Reduction of Share Capital.
- b) Valuation Report for determination of fair value of the shares of Blue Pearl Texspin Limited dated 15th April, 2015 issued by M/s. AMAR & Associates, Chartered Accountants.
- c) Fairness Opinion Report dated 15th April, 2015 issued by M/s. Corporate Allianz Limited.

- 1.1 The Audit Committee noted that the Reduction of Capital is the only practical and economically efficient legal option available to the Company in order to reflect its assets and liabilities at their real value and maximize its business value, the Company proposes to reduce the equity share capital of the Company in accordance with Section 100 of the Companies Act, 1956.
- 1.2 The Scheme provides for the reduction of the equity share capital of the Company pursuant to Section 100 to 104 and other applicable provisions, if any, of the Companies Act, 1956.
- 1.3 The Scheme also provides for various other matters consequential, supplemental and/or otherwise integrally connected herewith.

OPM



BLUE PEARL TEXSPIN LIMITED

(FORMERLY KNOWN AS E-WHA FOAM INDIA LIMITED)

Regd Off: Office No. 32, Vyapar Bhavan, 49, P.D. Mello Road, Mumbai -400 009, Maharashtra.

CIN -L36104MH1992PLC069447

Tel -022 32997884 Fax 23487884

Email: bluepearltexspin@gmail.com Website: www.bluepearltexspin.com

2. The Salient Features of the Scheme are as under:

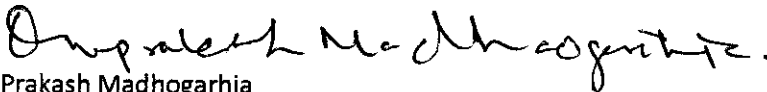
The accumulated losses of the Company as on 31st March, 2014 which amounted to Rs. (5,21,32,671) has wiped off almost the net worth of the Company. Even though the Company has been making profits in some prior years still the carry forward losses on balance sheet is making difficult for the Company to either raise new resources for expansion and modernization nor it can share the profits of the Company with its shareholders. The Company is therefore unable to raise any finance either from the capital markets or financial institutions whether in the form of equity or debt, to undertake business activities on a larger scale. The proposed Scheme would enable the Company to show the actual financial position in its balance sheet to depict the representing assets value which in turn will enable it to approach for financial assistance in order to develop its business and thereby increase its net worth to enhance the stakeholders value.

3. Recommendation of the Audit Committee:

The Audit Committee recommends the Draft Scheme, inter alia, taking into consideration the Valuation Report dated 15th April, 2015 issued by M/s. AMAR & Associates, Chartered Accountant- 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

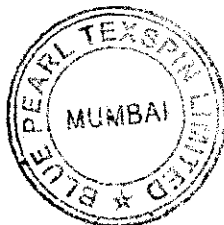


Om Prakash Madhogaria

DIN-05330865

Chairman

Audit Committee



BLUE PEARL TEXSPIN LIMITED

(FORMERLY KNOWN AS E-WHA FOAM INDIA LIMITED)

Regd Off: Office No. 32, Vyapar Bhavan, 49, P.D. Mello Road, Mumbai -400 009, Maharashtra.

CIN -L36104MH1992PLC069447

Tel -022 32997884 Fax 23487884

Email: bluepearltexspin@gmail.com Website: www.bluepearltexspin.com

CERTIFIED TRUE COPY OF THE RESOLUTION PASSED AT THE MEETING OF THE AUDIT COMMITTEE OF BLUE PEARL TEXSPIN LIMITED HELD ON 15TH APRIL, 2015 AT THE REGISTERED OFFICE OF THE COMPANY.

REDUCTION OF CAPITAL OF THE COMPANY:

The Chairman of the meeting informed to the members of the audit committee that the Board of the Company in its meeting held on 15th April, 2015 considered the scheme of reduction of share capital of Blue Pearl Texspin Limited.

He further said that the Board of the Company i.e Blue Pearl Texspin Limited also considered the fact that to get a better benefit, it would be wise to restructure the capital of the Company by way of reduction of capital to wipe out the accumulated losses accrued in the books of the Company on account of past losses.

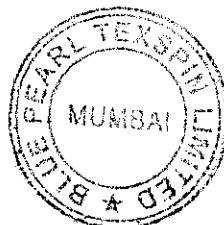
He placed before the meeting the SEBI circular bearing no. CIR/CFD/DIL/5/2013 dated 4th February, 2013 and drew the attention for the members Para 5 A of the said circular. The Circular inter alia directed the Audit committee to consider the Valuation Report obtained from an Independent Chartered Accountant and in turn report to the Board either recommending the scheme to be considered or not.

The Chairman placed before the Committee the following documents:

1. Draft Scheme of reduction of share capital.
2. Audited accounts for the period ended 31st March, 2014.
3. Shareholding details of the Company including Promoters and majority share holding.
4. Valuation Report dated 15th April, 2015 given by AMAR & Associates, Chartered Accountants.
5. The fairness opinion given by the Merchant Banker.

"RESOLVED THAT the Audit Committee be and hereby recommend for the consideration of the Board the reduction of capital of the Company.

Dpn.



BLUE PEARL TEXSPIN LIMITED

(FORMERLY KNOWN AS E-WHA FOAM INDIA LIMITED)

Regd Off: Office No. 32, Vyapar Bhavan, 49, P.D. Mello Road, Mumbai -400 009, Maharashtra.

CIN -L36104MH1992PLC069447

Tel -022 32997884 Fax 23487884

Email: bluepearltextspin@gmail.com Website: www.bluepearltextspin.com

RESOLVED FURTHER THAT the Audit Committee be and hereby recommend for the consideration of the Board the draft scheme of reduction of share capital which is fair and in the best interest of the Company and shareholders and take on record the Valuation Report dated 15th April, 2015 issued by AMAR & Associates, the Independent Chartered Accountant appointed in accordance with the SEBI Circular bearing No. CIR/CFD/DIL/5/2013 DATED 4th February 2013."

All the members were present Quorum was present throughout the meeting and the Resolution was passed unanimously.

Certified True Copy

For BLUE PEARL TEXSPIN LIMITED
(Formerly known as E-WHA FOAM INDIA LIMITED)

Om Prakash Madhogarhia

OM PRAKASH MADHOGARHIA

Chairman- Audit Committee
DIN- 05330865

