



HINDOOSTAN
MILLS

REPORT OF THE AUDIT COMMITTEE OF HINDOOSTAN MILLS LIMITED

PRESENT: MR. SUJAL SHAH -CHAIRMAN
MR. RAOUL THACKERSEY
MR.P.B. DESAI
MR.NITIN SHINGALA

ON INVITATION: MR. CHANDRAHAS THACKERSEY
MR. JAGDISH THACKERSEY
MR. HRISHIKESH THACKERSEY
MR. ABHIMANYU THACKERSEY

I. BACKGROUND

The Company has placed before the Audit Committee draft Scheme of Amalgamation ('the scheme') of Hindoostan Technical Fabrics Limited (the Transferor Company) ('HTFL') with Hindoostan Mills Limited (the Transferee Company) (HML) and their respective shareholders for recommendation of the Scheme by the Audit Committee to the Board of Directors as required vide SEBI Circular No. CIR/CFD/DIL/2013 dated 4th February, 2013 and Circular No. CIR/CFD/DIL/8/2013 dated 21st May, 2013 ('Circulars').

In view of the above Circulars, the members of the Audit Committee of the Company discussed and recommended the Scheme of Amalgamation and here made this report after perusing the following documents.

- a. Draft Scheme;
- b. Audited financial statement of the Company, HTFL and HML for the year ended on March 31, 2013, March 31, 2012 and March 31, 2011;
- c. Limited Review Financial Statements of the Company, HTFL and HML for the period 1st April, 2013 to 30th September, 2013;
- d. Report in the matter of amalgamation of Hindoostan Technical Fabrics Ltd. with Hindoostan Mills Limited dated 18th March, 2014 issued by H. G. Pandhi & Co, Chartered Accountants, Mumbai
- e. Fairness Opinion dated 18th March, 2014 issued by Fortress Capital Management Services Private Limited, Mumbai and

Hindoostan Mills Ltd.

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A THACKERSEY GROUP COMPANY



- f. A certificate issued by the Statutory Auditors i.e. M. A. Parikh & Co. Chartered Accountants, Mumbai dated 18th March, 2014 in relation to non-applicability of Para 5.16(a) of the Circular.

The Audit Committee took note of the fact that a valuation report is not applicable since it involves the merger of a wholly owned subsidiary with the company and there are no shares to be issued under the scheme. The report of the Audit Committee is made in compliance of the said circulars.

2. Proposed Scheme

The Salient Features of the draft Scheme are as under:

- a. The Scheme provides for merger of Hindoostan Technical Fabrics Limited into the Company.
- b. Proposed Appointed Date for the amalgamation will be 1st April, 2013.
- c. Hindoostan Technical Fabrics Limited (HTFL) being wholly owned subsidiary of the Company, no shares to be issued by the Company pursuant to merger and the shares held by the Company in Hindoostan Technical Fabrics Limited (HTFL) to be cancelled.
- d. The accounting treatment to be followed for the proposed merger of HTFL into the Company will be pooling of interest method as per Accounting Standard 14 issued by the Institute of chartered Accountants of India.

3. Recommendation of the Audit Committee

The Audit Committee recommends the draft Scheme, inter-alia, taking into consideration that there would not be any issuance of shares and consequently no valuation process is required, for favorable consideration by the board of directors of the company, Stock Exchange(s) and SEBI.

For and on behalf of Audit Committee of Hindoostan Mills Limited,

S. A. Shah

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SUJAL SHAH
Chairman – Audit Committee

Date: 18th March, 2014

Date: 18th March, 2014
Place: Mumbai.

