



STRICTLY PRIVATE & CONFIDENTIAL

March 18th, 2014

To,
The Audit Committee
Hindoostan Mills Limited
Sir Vithaldas Chambers
16, Mumbai Samachar Marg,
Mumbai – 400 001

The Board of Directors
Hindoostan Technical Fabrics Limited
Sir Vithaldas Chambers
16, Mumbai Samachar Marg,
Mumbai – 400 001

Sub: Fairness Opinion in connection with the proposed amalgamation of Hindoostan Technical Fabrics Limited with Hindoostan Mills Limited under a Scheme of Amalgamation.

Dear Sir(s),

We refer to our discussion wherein the management of Hindoostan Mills Limited (hereinafter referred to as "HML" or 'Company') has requested Fortress Capital Management Services Private Limited ('us') to give a fairness opinion in connection with the amalgamation of Hindoostan Technical Fabrics Limited with Hindoostan Mills Limited under a Scheme of Amalgamation.

1. BACKGROUND, SCOPE AND PURPOSE OF THIS REPORT

1.1 Hindoostan Mills Limited (hereinafter referred to as "HML" or 'Company') is engaged in the business of textile manufacturing which revolves around open end spinning of cotton yarns and weaving of cotton and cotton blended products comprising cotton woven, synthetic blended fabrics and cotton yarn in its textiles manufacturing division and cotton rolls, wool paper rolls, flax paper rolls, Laxmi Helextra Squeezing Rolls etc., in its calendar bowl manufacturing division.

The shares of HML are listed on BSE Limited.

1.2 Hindoostan Technical Fabrics Limited (hereinafter referred to as "HTFL") is in the business of manufacturing the composite woven fabrics from Carbon Fiber and Para Aramide in India. Its products include Balanced, Uni-directional and other customized fabrics in a variety of widths, areal weights, styles and fiber combinations.





- 1.3 We have been informed that the Board of Directors of the Company is considering a proposal for amalgamation of HTFL with HML with effect from appointed date of April 1, 2013.
- 1.4 As per the Scheme of Amalgamation we understand that no shares are proposed to be issued to the shareholders of HTFL in consideration of amalgamation of HTFL with HML as HTFL is wholly owned subsidiary of HML as on date.
- 1.5 The Shareholders of HML are ultimate owners of HML as well as HTFL as HTFL is wholly owned subsidiary of HML.
- 1.6 In this regard., H. G. Pandhi & Co. Chartered Accountants, was appointed by HML to issue a report in connection with the proposed amalgamation of HTFL with HML.
- 1.7 Accordingly, HML has appointed us to give a fairness opinion in connection with the proposed amalgamation of HTFL with HML under the Scheme of Amalgamation.
- 1.8 The information contained in our report herein is confidential. It is intended only for the sole use of captioned purpose including for obtaining the requisite statutory approvals.

2. SOURCES OF INFORMATION

For the purposes of this exercise, we have relied upon the following sources of information:

- (a) Draft Scheme of Amalgamation under section 391 to 394 of the Companies Act, 1956.
- (b) Audited Financial Statements of HML for FY 2012-13.
- (c) Report dated March 18, 2014 issued by H.G. Pandhi & Co. Chartered Accountants.
- (d) Such other information and explanations as we required and which have been provided by the management of HML, HTFL and H.G. Pandhi & Co.

3. EXCLUSIONS AND LIMITATIONS

- 3.1 Our conclusion is based on the information furnished to us being complete and accurate in all material respects. We have relied upon the historical financials and the information and representations furnished to us without carrying out any audit or other tests to verify its accuracy with limited independent appraisal.
- 3.2 We have not conducted any independent valuation or appraisal of any of the assets or liabilities of the companies.
- 3.3 Our work does not constitute verification of historical financials or including the working results of the Companies referred to in this report. Accordingly, we are unable to





and do not express an opinion on the fairness or accuracy of any financial information referred to in this report.

- 3.4 Our opinion is not intended to and does not constitute a recommendation to any shareholders as to how such shareholder should vote or act in connection with the Scheme or any matter related therein.
- 3.5 Our liability (statutory or otherwise) for any economic loss or damage arising out of the rendering this Opinion shall be limited to amount of fees received for rendering this Opinion as per out engagement with HML.
- 3.6 Our opinion is not, nor should it be construed as our opining or certifying the compliance of the proposed amalgamation with the provisions of any law including companies, taxation and capital market related laws or as regards any legal implications or issues arising thereon.
- 3.7 We assume no responsibility for updating or revising our opinion based on circumstances or events occurring after the date hereof.
- 3.8 We do not express any opinion as to the price at which shares of the Transferee Company may trade at any time, including subsequent to the date of this opinion.
- 3.9 This certificate has been issued for the sole purpose to facilitate the Companies to comply with clause 24(f) and 24(h) of the Listing Agreement and SEBI Circular No CIR/CFD/DIL/5/2013 dated 4 February 2013 and CIR/CFD/DIL/8/2013 dated 21 May 2013 and it shall not be valid for any other purpose.

4. CONCLUSION

- 4.1 On the basis of the foregoing, in our opinion the proposed amalgamation of HTFL with HML under a Scheme of Amalgamation is fair and reasonable.

Thanking you,

Yours faithfully,

For Fortress Capital Management Services Pvt. Ltd.

Hiten M. Joshi

Authorized Signatory

Place: Mumbai

SEBI Registration No.: INM000011146

