

SANKARAN & KRISHNAN
CHARTERED ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

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To
The Members of
Thambbi Modern Spinning Mills
Salem.

Report on the Financial Statements

We have audited the accompanying financial statements of **THAMBBI MODERN SPINNING MILLS LIMITED** ("the Company"), which comprise the Balance Sheet as at 31st March 2017, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes the maintenance of adequate accounting records in accordance with the provision of the Act for safeguarding of the assets of the Company and for preventing and detecting the frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of internal financial control, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility:

Our responsibility is to express an opinion on these financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

Continuation Sheet

We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements, give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at Dec 31, 2016 and its Loss and its cash flows for the year ended on that date.

Emphasis of Matters

In our opinion there are no matters in the Financial Statement of the Company which are required to be mentioned under this clause except the following:

Payments made out of Specified Bank Notes(SBNs) to contract workers and purchase of Building materials which is in violation of Reserve Bank's Ordinance (refer note no.13).

Report on other Legal and Regulatory Requirements:

As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure A, a statement on the matters specified in the paragraph 3 and 4 of the order.

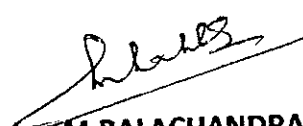
Continuation Sheet

As required by section 143(3) of the Act, we report that:

- a) We have sought and obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.
- b) In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- c) The Balance Sheet, the Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- e) On the basis of written representations received from the directors as on 31st Mar 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31st Mar, 2017, from being appointed as a director in terms of Section 164(2) of the Act.
- f) With respect to the adequacy of the internal financial controls over financial reporting of the company and the operating effectiveness of such controls, refer to our separate report in "Annexure B"; and
- g) With respect to the other matters included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, and in our opinion and to our best of our information and according to the explanations given to us:
 - i. The Company has no pending litigations which will have impact on its financial position in its financial statements.
 - ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long term contracts to the financial statements;

There were no amounts required to be transferred, to the Investor Education and Protection Fund by the Company

For SANKARAN & KRISHNAN
Chartered Accountants
FRN 003582S


M. BALACHANDRAN
(Partner)
(Membership No. 016271)

Place: Chennai

Date: 25/05/2017

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ANNEXURE- II

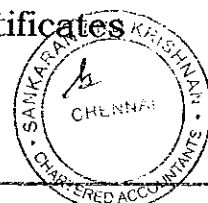
Auditor's Certificate

To,
The Board of Directors,
Thambbi Modern Spinning Mills Limited.,
Omalur Road,
Jagir Ammapalayam,
SALEM-636 302.

We, the statutory auditors of ***Thambbi Modern Spinning Mills Limited., Salem***

hereinafter referred to as "the Company"), have examined the proposed accounting treatment specified in clause 4.1 to 4.5 of the Draft Scheme of DEMERGER between ***Thambbi Modern Spinning Mills Limited.,*** & Roshan Integrated Pvt Limited in terms of the provisions of section(s) 230 TO 240 of the Companies Act, 2013 with reference to its compliance with the applicable Accounting Standards notified under the Companies Act, 2013 and Other Generally Accepted Accounting Principles.

The responsibility for the preparation of the Draft Scheme and its compliance with the relevant laws and regulations, including the applicable Accounting Standards as aforesaid, is that of the Board of Directors of the Companies involved. Our responsibility is only to examine and report whether the Draft Scheme complies with the applicable Accounting Standards and Other Generally Accepted Accounting Principles. Nothing contained in this Certificate, nor anything said or done in the course of, or in connection with the services that are subject to this Certificate, will extend any duty of care that we may have in our capacity of the statutory auditors of any financial statements of the Company. We carried out our examination in accordance with the Guidance Note on Audit Reports and Certificates

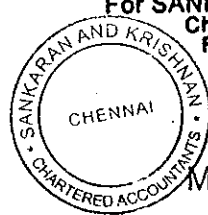


for Special Purposes, issued by the Institute of Chartered Accountants of India.

Based on our examination and according to the information and explanations given to us, we confirm that the accounting treatment contained in the aforesaid scheme is in compliance with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and circulars issued there under and all the applicable Accounting Standards notified by the Central Government under the Companies Act, 2013.

This Certificate is issued at the request of the Thambbi Modern Spinning Mills Limited pursuant to the requirements of circulars issued under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for onward submission to the Bombay Stock Exchange Limited., Mumbai. This Certificate should not be used for any other purpose without our prior written consent.

For SANKARAN & KRISHNAN
Chartered Accountants
FRN 003582 S



[Signature] 9/3/17
Partner
M. BALACHANDRAN
M.No : 16271