

May 25, 2017

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To,

The Board of Directors,

Thambbi Modern Spinning Mills Limited

Omalur Road,

Jagir Ammapalayam,

Salem - 636 302

Tamilnadu

Subject: Fairness Opinion on the report of Laddagiri Jayaraman KS, Chartered Accountant with respect to the scheme of arrangement for proposed demerger of all the Assets and Liabilities of Thambbi Modern Spinning Mills Limited into Roshan Integrated Private Limited

Dear Sirs,

Vivro Financial Services Private Limited ('Vivro', 'we', 'us', 'our'), refers to the engagement letter dated April 18, 2017 whereby Thambbi Modern Spinning Mills Limited (hereinafter referred to as 'TMSML' the Company', 'you', 'your') has appointed us as an Independent Merchant Banker for furnishing a "Fairness Opinion" on the valuation report issued by Laddagiri Jayaraman KS, Chartered Accountant, ("Independent Valuer"), dated May 25, 2017 pursuant to the scheme of arrangement for proposed demerger of All the Assets and Liabilities of Thambbi Modern Spinning Mills Limited into Roshan Integrated Private Limited (hereinafter referred to as 'RIPL') pursuant to sections 230 to 234 of the Companies Act, 2013.

1. SOURCE OF INFORMATION

We have relied on the following information made available to us by the management of both the Companies for purpose of this opinion:

1. Audited Financial Statements of TMSML for the Financial Year ended on March 31, 2017, March 31, 2016 and March 31, 2015;
2. Draft Scheme of Arrangement between Thambbi Modern Spinning Mills Limited and Roshan Integrated Private Limited (hereinafter referred to as 'Scheme');
3. Valuation Report prepared by Laddagiri Jayaraman KS, Chartered Accountant, dated May 25, 2017 for the purpose of ascertaining share entitlement ratio for the proposed Scheme of Arrangement in respect of the demerger of the All the Assets and Liabilities of TMSML into RIPL;
4. Present and Proposed Shareholding Pattern of TMSML and RIPL;
5. Details of Market Price and trading volume of Equity Shares of TMSML on BSE;

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6. Such other information and explanations as required and which have been provided by the management of the Companies, which were considered relevant for purpose of carrying out this assignment.

2. DISCLAIMER & LIMITATIONS

This Fairness Opinion Report is prepared by Vivro Financial Services Private Limited under an engagement from TMSML on the basis of information, documents, papers, and explanations given by the management, officers and staff of the Companies to Vivro.

In preparing the Fairness Opinion Report, Vivro has relied upon and assumed, without independent verification, the truthfulness, accuracy and completeness of the information and financial data provided by the Companies. Vivro has therefore relied upon all specific information as received and declines any responsibility should the results presented be affected by the lack of completeness or truthfulness of such information.

Our work does not constitute an audit or certification or due diligence of the past financials of the Transferee Company and the Transferor Companies used in the study and we have relied upon the information provided to us by the management of the Companies as regards such working results.

No investigation of the companies claim to the title of assets or property owned by the companies has been made for the purpose of the fairness opinion. With regard to the companies claim we have relied solely on representation, whether verbal or otherwise made, by the management to us for the purpose of this report.

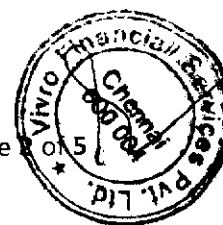
Vivro has also considered the proposed Scheme of amalgamation as furnished. It is assumed that the proposed Scheme will be consummated in accordance with the expected terms.

Vivro shall not be liable for any losses whether financial or otherwise or expenses arising directly or indirectly on account of the use of or reliance on the information set out herein in this report.

Vivro has not provided any accounting, tax or legal advice to any Company involved in the transaction. Fairness Opinion Report should not be construed as investment advice or any form of recommendation either for making or divesting investment in any of the companies involved in the transaction.

The fee for our services is not contingent upon the results of the proposed amalgamation. This opinion is subject to Laws of India.

We express no opinion whatsoever and make no recommendation at all to the companies underlying decision to effect the proposed Scheme or as to how the holders of equity shares or secured or unsecured creditors of the Companies should vote at their respective meetings held in connection with the proposed Scheme. We accept no responsibility as to the prices at which the equity shares of TMSML will trade following the announcement of the proposed Scheme or as to the financial performance of TMSML following the consummation of the proposed Scheme.



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, in their respective jurisdiction.

This Opinion is furnished on a strictly confidential basis. Neither this Opinion nor the information contained herein may be reproduced or passed to any person or used for any purpose other than stated above or as may be required under applicable laws and regulation.

This Report, its contents and the results herein (i) are specific to proposed demerger and purpose agreed as per the terms of our engagement; (ii) are specific to the date of this report and (iii) are necessarily based on the prevailing market, financial, economic and other conditions in general and industry trends in particular as in effect on, and the written and oral information made available to us as of May 25, 2017. Events occurring after this date may affect this report and the assumptions used in preparing it, and we do not assume any obligation to update, revise or reaffirm this report.

3. BACKGROUND OF THE COMPANIES

THAMBBI MODERN SPINNING MILLS LIMITED – DEMERGED COMPANY

Thambbi Modern Spinning Mills Limited is a public limited company incorporated on March 07, 1977 under the Companies Act, 1956 having its registered office at Omalur Road, Jagir Ammapalayam, Salem - 636 302, Tamilnadu.

The Company is engaged in the business of business of manufacturing & trading in all kinds of Supplier and Exporter of Cotton Yarn, Cotton Grey Combed, Synthetic Blends, Slub Yarn, Melange Yarn, Lycra Yarn, Flax Yarn, Organic Cotton Yarn, Yarn & Fibre Dyeing.

The Equity Shares of the Company are listed on BSE Limited.

Financial Performance of the Company:

Rs in Lakhs

Particulars	2017A	2016A	2015A
Total Revenue	188.62	229.21	248.00
Profit Before Tax	(49.60)	(12.78)	(91.07)
Profit After Tax	(1015.23)	(12.78)	(91.07)
Shareholders' Funds	295.22	1,310.45	1,323.23

Board of Directors of TMSML:

Sr. No.	Names of Directors	Designation
1.	Ramasamy Jagadeesan	Managing Director
2.	Malathi Jagadeesan	Non-Executive Director
3.	Muthu Pugazhendhi	Independent Director
4.	Ashok Shah	Independent Director

Shareholding Pattern of TMSML as on March 31, 2017:

Sr. No.	Name of Shareholder	Number of Shares	Shareholding %
1	Promoter and Promoter Group	40,32,295	69.97%
2	Public Shareholders	17,30,475	30.03%
	Total	57,62,770	100.00%

ROSHAN INTEGRATED PRIVATE LIMITED - RESULTING COMPANY

Roshan Integrated Private Limited is a wholly owned subsidiary of Thambbi Modern Spinning Mills Limited, incorporated as private limited company on March 14, 2017 under the provisions of Companies Act, 2013, having its registered office at No. 171A, Ashok Nagar, Narasathipatty, Salem-636 004.

The Company will be engaged in the business of developing and constructing thereon residential, sale complex(s) either single or jointly or partnership (existing land) and purchase of land, flat(s) of land.

Roshan Integrated Private Limited is a wholly owned subsidiary of Thambbi Modern Spinning Mills Limited, which holds entire share capital of RIPL which consists 10,000 equity shares of Rs. 10 each fully paid up.

Board of Directors of RIPL:

Sr. No.	Names of Directors	Designation
1.	Ramasamy Jagadeesan	Director
2.	Shanmugam Mohanavel	Director

4. SCOPE AND PURPOSE OF THIS REPORT

We understand that the Board of Directors of TMSML has considered and proposed a scheme of arrangement in the nature of demerger of the All the Assets and Liabilities of TMSML into RIPL, pursuant to the provisions of sections 230 to 234 of the Companies Act, 2013.

In order to comply with the requirements of the regulations, the Company has appointed Laddagiri Jayaraman KS, Chartered Accountant as the Valuer for issuing valuation report determining entitlement ratio for issue of shares by RIPL.

In this connection, the Management has engaged Vivro to submit a report on the Fairness of the Report provided by the Valuer. Our scope of work only includes forming an opinion on the fairness of the recommendation given by the Valuer on the entitlement ratio arrived at for the purpose of the proposed Scheme of Arrangement and not on the fairness or economic rationale of the Scheme per se.

This report is subject to the scope, assumptions, limitations and disclaimers detailed above. As such the report is to be ready in totality, not in parts and in conjunction with the relevant documents referred to herein. This report has been issued only for the purpose of facilitating the Scheme and should not be used for any other purpose.



5. TRANSACTIONS UNDER THE SCHEME CONSIDERED FOR THIS FAIRNESS OPINION

This fairness opinion is based on the Valuation Report forming part of the Scheme which provides for the specific provisions governing the demerger of the All the Assets and Liabilities of TMSML with and into RIPL.

As per the proposed Scheme, the All the Assets and Liabilities of Thambbi Modern Spinning Mills Limited will be demerged into Roshan Integrated Private Limited. At present, all the Equity Shares of RIPL are held by TMSML. For consideration of All the Assets and Liabilities, RIPL shall issue and allot to TMSML as per the Share Entitlement Ratio.

6. VALUER'S RECOMMENDATIONS

The Share Entitlement ratio recommended by the Valuer for the demerger of All the Assets and Liabilities of TMSML into RIPL is as follows:

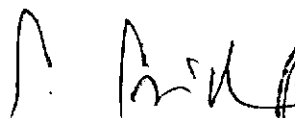
"7 (Seven) equity share of RIPL of face value of Rs. 10 each fully paid up to be issued to TMSML for every 10 (Ten) equity share of face value of Rs. 10 each fully paid up in TMSML"

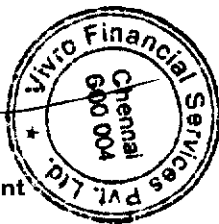
7. OUR OPINION ON THE VALUER'S REPORT

The fairness opinion has been prepared based on the Valuer's Report dated May 25, 2017 as mentioned hereinabove and our analysis of the various factors relevant to the Companies, having regard to the information submitted, management representations, key underlying assumptions and limitations.

In view of the above and on consideration of all relevant factors and circumstances, we believe that the proposed Share Entitlement Ratio as recommended by Valuer which forms the basis for arriving at consideration in the form of equity shares for the Proposed Scheme is fair and reasonable.

For, Vivro Financial Services Private Limited


S. Sreedharan
Associate Vice President



Date: 25th May 2017

Place: Chennai