

DRAFT SCHEME OF 'DEMERGER'

SCHEME OF ARRANGEMENT & DEMERGER

BETWEEN

THAMBBI MODERN SPINNING MILLS LIMITED

AND

ROSHAN INTEGRATED PRIVATE LIMITED

AND

THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS

(Under Sections 230 to 240 of the Companies Act, 2013)

1. PREAMBLE:

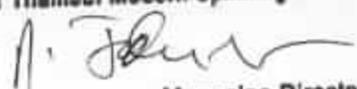
1.1 THAMBBI MODERN SPINNING MILLS LIMITED is a Company incorporated under the provisions of the Companies Act, 1956 having its registered office at Omalur Road, Jagir Ammapalayam Post Salem 636 302

1.2 THAMBBI MODERN SPINNING MILLS LIMITED having 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.

1.3 ROSHAN INTEGRATED PRIVATE LIMITED is a company proposed to be incorporated under the Companies Act, 2013 having its registered office at 19/3, ARG COMPLEX, PERUMALMALAI ROAD, ASHOK NAGAR 1ST CROSS, SALEM-636004 and is 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.

1.4 As a measure of corporate restructuring, more efficient use of existing resources, operation on a broader scale, increasing efficiency in business operations and to realise the potential for further growth, **THAMBBI MODERN SPINNING MILLS LIMITED** has decided to demerge its **ASSETS AND LIABILITIES**. The proposed demerger will enable THAMBBI MODERN SPINNING MILLS LIMITED to concentrate on new business. The demerger will provide a specialized business to ROSHAN INTEGRATED PRIVATE LIMITED, which in turn shall be able to chalk out growth plan thereby increasing profitability of the Company.

For Thambbi Modern Spinning Mills Ltd.,



Managing Director

1.5 THAMBBI MODERN SPINNING MILLS LIMITED proposes by this Scheme of Arrangement to separate the Division by demerging it to ROSHAN INTEGRATED PRIVATE LIMITED and restructure the respective companies THAMBBI MODERN SPINNING MILLS LIMITED & ROSHAN INTEGRATED PRIVATE LIMITED post demerger.

1.6 To give effect to the said proposal, the Scheme of Arrangement & Demerger is presented for approval of the Hon'ble National Company Law Tribunal at Chennai.

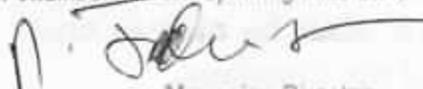
1.7 To enable corporate restructuring due to lack of profit in textiles business.

1.8 To create new Business Plan and new investors for the product either by way of loan or preferential allotment.

2. OBJECTS OF THE SCHEME:

- The main purpose of the scheme is to bring more capital fund partners, and to allow the holding company to start new business. The holding company does not enjoy positive net worth and cannot grow on its own.
- The Present main business activity is not carried on and the textile business will not be profitable to the company. In order to start new business activity present business conditions needs more corporate planning and to create environment to bring more equity shares.
- The permission is also granted to the Managing Director of the transferor company to bring more capital to the subsidiary company as per the provisions of the Companies Act 2013. The shares allotted to the subsidiary private company will not be traded in the recognized stock exchange and is not subject to the listing compliance.
- It is also proposed to reward the existing shareholders of the listed company by way of bonus shares.
- However, it is not decided to issue out of revaluations reserves but out of the income to be generated by incorporation of the subsidiary company and by way of selling of the shares.
- It is proposed to start infrastructure business in the holding company after demerger and suitable action will be initiated after the approval of the all regulators.
- Upon approval of the scheme, the Authorized share capital of the subsidiary company will be increased to give effect to the post demerger shareholding status of the subsidiary company.

For Thambbi Modern Spinning Mills Ltd.,



Managing Director

3. DEFINITIONS:

In this Scheme unless repugnant to the meaning or context thereof, the following expressions shall have the following meaning:-

A. **'The Act'** means the Companies Act, 2013.

B. **The "Appointed Date"** means **30th June, 2017, the date with effect from which the scheme of Arrangement & Demerger shall be applicable.**

C. **"NCLT"** means the National Company Law Tribunal at Chennai.

D. The **'Effective Date'** means the date by which last of the approvals specified in this Scheme shall have been obtained.

E. The **'Liabilities and Assets'** means the Liabilities and Assets of THAMBBI MODERN SPINNING MILLS LIMITED mentioned in the Annexure -1 and shall also include -

(i) all the assets whether moveable or immovable, tangible or intangible including all rights, title, interest, covenant, undertakings, liabilities including continuing rights, title and interest in connection with the land and the buildings thereon whether leasehold or otherwise, plant and machinery whether leased or otherwise, together with all present and future liability including contingent liabilities and debts appertaining thereto, of the Transferor Company.

(ii) All permits, quotas, rights, industrial and other licences, branches, offices, depots and godowns, trademarks, trade names, know-how and other and other intellectual property, patents, copyrights, privileges and benefits of all contracts, agreements and all other rights including lease rights, licenses, powers and facilities of every kind, nature and description whatsoever pertaining to the **ASSETS**.

(iii) All earnest moneys and/or security deposit paid by TRANSFEROR COMPANY in connection with or relating to the ASSETS

F. **"Record Date"** means the date to be fixed by the Board of Directors of Transferor Company for the purpose of determining the member of Transferor Company to whom the shares of Transferee Company will be allotted pursuant to this Scheme.

G. **"Scheme"** means this scheme of Arrangement & Demerger in its present form submitted to the NCLT for sanction or with any modification(s) approved or imposed or directed by the NCLT.

H. **"Transferor Company"** means THAMBBI MODERN SPINNING MILLS LIMITED , incorporated under the Companies Act, 1956 having its registered office at Omalur Road, Jagir Ammapalayam Post Salem 636 302

I. **"Transferee Company"** means ROSHAN INTEGRATED PRIVATE LIMITED, the Transferee Company, proposed to be incorporated under the Companies Act, 2013, having its registered office at 19/3, ARG COMPLEX, PERUMALMALAI ROAD, ASHOK NAGAR 1ST CROSS, SALEM-636 004.

4. SHARE CAPITAL:

(a) Existing Share Capital of TRANSFEROR COMPANY

(i) **Authorised Share Capital** **Rs. 14, 00, 00,000**

1, 40, 00, 000 equity shares of Rs. 10/- each

(ii) **Issued Share Capital** **Rs. 5, 76, 27,700**

57, 62, 770 Equity Shares of Rs.10 each

(iii) **Subscribed and paid up Capital** **Rs. 5, 76, 27,700**

57, 62, 770 equity shares of Rs.10 each fully paid up

(b) Existing Share Capital of TRANSFEREE COMPANY

(i) **Authorised Share Capital** **Rs. 10,00,000**

1, 00, 000 equity shares of Rs. 10/- each

(ii) **Issued Share Capital** **Rs.1, 00,000**

10,000 Equity Shares of Rs.10 each

(iii) **Subscribed and paid up Capital** **Rs.100, 000**

10,000 Equity shares of Rs.10 each fully paid up.

5. TRANSFER OF LIABILITIES AND ASSETS:

5.1 The LIABILITIES AND ASSETS of Transferor Company shall be Demerged and transferred to and vested in or be deemed to be transferred to and vested in Transferee Company in accordance with Section 2(19AA) of the Income tax Act, 1961 and in the manner enumerated in ensuing paragraphs.

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5.2 With effect from the Appointed Date, the LIABILITIES AND ASSETS shall, without any further act or deed, be transferred to and vested in or be deemed to have been transferred to and vested in Transferee Company for all the estate and interest of TRANSFEROR COMPANY subject to existing securities, charges and mortgages, if any subsisting thereon in favour of banks, financial institutions, as may be modified, re-adjusted, apportioned or re-allocated by them.

5.3 All debts, liabilities, contingent liabilities, duties and obligations of TRANSFEROR COMPANY as on the Appointed Date whether provided for or not in the Books of Accounts of TRANSFEROR COMPANY whether disclosed or undisclosed in the Balance Sheet of TRANSFEROR COMPANY shall, without any further act or deed, be the debts, liabilities, contingent liabilities, duties and obligation of Transferee Company and Transferee Company undertakes to meet, discharge and satisfy the same.

5.4 Transferee Company undertakes to pay, discharge and satisfy all debts, liabilities, duties and obligations of Transferor Company as on the Appointed Date and all liabilities, debts, duties, obligations relating to the said division which may accrue or arise after the Appointed Date.

It is expressly clarified that with effect from the Appointed Date, all taxes, duties, excess payable by Transferor Company on the Liabilities and Assets and all or any refunds/ credit including MAT credit/ claims relating thereto shall be treated as the liability or refund/ credit including MAT credit/ claims, as the case may be, of Transferee Company.

6. CONSIDERATION FOR THE PROPOSED DEMERGER

6.1 Upon this Scheme becoming effective as consideration for the proposed demerger, RIPL shall, without any act, application, payment or deed, issue and allot equity shares credited as fully paid up, as per the share entitlement ratio as set out below, to TMSML. The share entitlement ratio shall be:

- o 7 (seven) equity shares of RIPL of ₹ 10 each fully paid up for every 10 (Ten) equity shares of TMSML of ₹ 10 each fully paid up.

6.2 The Board of Directors of RIPL shall, if and to the extent required, apply for and obtain any approvals from concerned government/ regulatory authorities for the issue and allotment of equity shares pursuant to clause 6.1 above of the Scheme.

6.3 The Transferee Company shall, prior to the Scheme becoming effective, take necessary actions including but not limited to passing necessary resolutions; making filing relevant filings with Ministry of Corporate affairs, Registrar of Companies and payment of necessary stamp duty and filing related fees as may be payable under applicable law and regulations for

increase in the authorized share capital for issuance of shares under the Scheme and consequent amendments to the memorandum and articles of association of the Transferee Company.

7. CONTRACTS, DEEDS, BONDS AND OTHER INSTRUMENTS

7.1 Subject to the other provisions contained in this Scheme all contracts, deeds, bonds, agreements and other instruments of whatever nature relating to the LIABILITIES AND ASSETS to which Transferor Company is a party subsisting or having effect immediately before the arrangement shall remain in full force and effect against or in favour of Transferee Company and may be enforced as fully and effectually as if instead of Transferor Company, Transferee Company had been a party thereto.

7.2 With effect from the Appointed date, all permits, quotas, rights, industrial and other licences, and other benefits of all contracts, agreements and all other rights including lease rights, licenses, powers and facilities of every kind, nature and description whatsoever pertaining to the ASSETS of Transferor Company to which Transferor Company is a party or to the benefit of which Transferor Company may be eligible and which are subsisting or having effect immediately before the Effective Date, shall be and remain in full force and effect in favour of or against Transferee Company as the case may be, and may be enforced as fully and effectually as if, instead of Transferor Company, Transferee Company had been a party or beneficiary or oblige thereto.

7.3 With effect from the Appointed Date, any statutory licenses, no objection certificates, permissions or approvals or consents required to carry on operations in the ASSETS of Transferor Company shall stand vested in or transferred to Transferee Company without further act or deed, and shall be appropriately mutated by the statutory authorities concerned therewith in favour of Transferee Company upon the vesting and transfer of ASSETS of Transferor Company pursuant to the scheme.

7.4 The Transferee Company, at any time after the coming into effect of this Scheme in accordance with the provisions hereof, if so required under any law or otherwise, will execute deeds of confirmation or other writings or arrangements with any party to any contract or arrangement in relation to the ASSETS AND LIABILITIES of Transferor Company to which Transferor Company is a party in order to give formal effect to the above provisions. Transferee Company shall, under the provisions of this Scheme, be deemed to be authorized to execute any such writings on behalf of Transferor Company and to carry out or perform all such formalities or compliances referred to above on part of Transferor Company.

For Thambbi Modern Spinning Mills Ltd.,

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Managing Director

8. LEGAL PROCEEDINGS

All legal or other proceedings including any suits, appeals, arbitrations, execution proceedings, references, review, revisions, writ petitions, if any, by or against ASSETS AND LIABILITIES of TRANSFEROR COMPANY under statute, whether pending on the Appointed Date or which may be instituted in future in respect of any matter arising before the Effective Date and relating to the ASSETS of TRANSFEROR COMPANY shall be continued and enforced by or against TRANSFEREE COMPANY only. If proceedings are taken against TRANSFEREE COMPANY, TRANSFEREE COMPANY will defend the same as per advice of TRANSFEROR COMPANY at the cost of TRANSFEROR COMPANY and the latter will reimburse and indemnify TRANSFEREE COMPANY against all liabilities and obligations incurred by TRANSFEREE COMPANY in respect thereof.

9. TRANSFEROR COMPANY'S STAFF, WORKMEN AND EMPLOYEES

All permanent employees of TRANSFEROR COMPANY are continued to be in the employment of the Transferor Company to promote its new business or existing business, with continuity of service and on the same terms and conditions on which they are engaged as on the Effective Date.

10. CONDUCT OF BUSINESS BY TRANSFEROR COMPANY TILL EFFECTIVE DATE

With effect from the Appointed Date and upto and including the Effective Date:

(a) Transferor Company shall be deemed to have been carrying on and to be carrying on all business and activities for and on behalf of Transferee Company.

(b) All income, expenditures including management costs, profits accruing to Transferor Company and all taxes thereof or losses arising or incurred in the LIABILITIES AND ASSETS shall, for all purposes, be treated as the income, expenditures, profits, taxes or losses, as the case may be, of Transferee Company.

(c) TRANSFEROR COMPANY hereby undertakes upto and including the Effective Date to carry on its business with proper prudence and without the prior written consent of TRANSFEREE COMPANY not to alienate, charge or otherwise deal with or dispose off the LIABILITIES AND ASSETS or any part thereof (except in the usual course of business).

For Thambbi Modern Spinning Mills Ltd.


Managing Director

(d) Upon approval of the Scheme the Transferor Company propose to alter the Object clause of the Company to main business of developing Infrastructure and Renewable Energy.

11. DIVIDENDS, PROFITS, BONUS/RIGHTS SHARES

11.1 TRANSFEROR COMPANY shall not declare any dividend for the period commencing from and after April 1, 2017 without the written consent of the TRANSFEREE COMPANY.

11.2 Subject to the provisions of the Scheme, the profits of the TRANSFEROR COMPANY for the period beginning from April 1, 2017 shall belong to and be the profits of the Transferee Company and will be available to the Transferee Company for being disposed of in any manner, as it thinks fit, including declaration of dividend by the Transferee Company in respect of its financial year ending 31st March, 2017 or any year thereafter.

11.3 TRANSFEROR COMPANY shall not issue or allot any Rights Shares, out of its Authorised or unissued Share Capital for the time being without the written consent of the Transferee Company.

11.4 Upon approval of the Scheme and if required and subject to the approval of the all regulators, like Registrar of Companies, Stock Exchange Regional Director, or such authorities as may be necessary the TRANSFEROR COMPANY shall allot 1:1 Bonus shares, i.e. one share of every share held by the existing shareholders, whose name appear in the Registrar of Members on the record date of the Transferor Company, as decided by the board of Transferor Company.

12. TERM LOAN AND BANK BORROWINGS/FACILITIES:

a) Pursuant to the scheme, TRANSFEREE COMPANY agrees and undertakes to pay the said term loans and bank/borrowings/facilities with interest cost, charges and expenses as remain due upto the Transfer date, pertaining to the LIABILITIES AND ASSETS vested under the scheme and comply with all terms and conditions on which such loans have been granted with such modification as the aid institution/banks may stipulate.

b) The securities created by TRANSFEROR COMPANY in favour of any of the financial institutions/banks as mentioned hereinabove for the amounts of their outstanding loans, borrowings/facilities, will continue to be in full force and effect and shall remain binding on TRANSFEREE COMPANY for the amount of debt, liabilities, and obligations.

c) All loans raised after the Appointed Date but before the Effective Date and used and liabilities incurred by TRANSFEROR COMPANY after the Appointed Date but before the Effective Date shall be discharged by TRANSFEREE COMPANY.

d).The Present Managing Director and Promoter of the company has to organise working capital for the subsidiary company with his influence and personal guarantee. The Managing Director of the transferor company can also bring equity to the subsidiary company if the loan is not organised or not feasible but subject to the compliance of existing law as may be necessary.

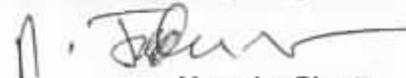
13. APPLICATIONS TO NATIONAL COMPANY LAW TRIBUNAL

On the Scheme being agreed to by the requisite majorities of the members of TRANSFEROR COMPANY and the members of Transferee Company, both TRANSFEROR COMPANY as well as the TRANSFEREE COMPANY shall respectively with all reasonable dispatch, make applications / petitions to the NCLT for sanctioning this Scheme of Arrangement under Section 230 to 240 of the Act and other applicable provisions of the Act for carrying this Scheme into effect. It is hereby clarified that submission of the Scheme to the tribunal and to any authorities for their respective approvals is without prejudice to all rights, interests, titles and defences TRANSFEROR COMPANY and Transferee Company has or may have under or pursuant to all applicable laws.

14. MODIFICATIONS/AMENDMENTS TO THE SCHEME

Transferor Company and Transferee Company may in their full and absolute discretion, assent from time to time, on behalf of all persons concerned to any modifications or amendments to the Scheme or agree to any terms and / or conditions which the NCLT and / or any other authorities under law may deem fit to approve of or direct or impose or which may otherwise be considered necessary or desirable or appropriate by them in the best interest of the members for settling any questions or doubt or difficulty that may arise, whether by reason of any order of the NCLT or of any directive or orders of any other authorities or otherwise howsoever, arising out of, under or by virtue of this Scheme and for the implementation and / or carrying out of the Scheme, or in any matter connected therewith and to do all acts, deeds, matters and things and take all such steps as may be necessary, desirable or expedient for putting the Scheme into effect. The aforesaid powers of Transferor Company and Transferee Company may be exercised by their respective Boards, a committee or committees of the concerned Board or any Director authorized in that behalf by the concerned Board.

For Thambbi Modern Spinning Mills Ltd.,


Managing Director

15. SCHEME CONDITIONAL ON APPROVALS/SANCTIONS

The Scheme is conditional upon and subject to the following approvals/permissions and the Arrangement shall be deemed to be completed on the Effective Date.

a) The approval of the Scheme by the requisite majorities of such classes of persons of Transferor Company and Transferee Company as may be directed by the NCLT on the applications made for directions under Section 230 of the Act for calling meetings and necessary resolutions being passed under the Act.

b) The sanctions of the NCLT of the Scheme of Arrangement under Sections 230 - 240 of the Act, in favour of Transferor Company & Transferee Company and to the necessary Order or Orders under Sections 230 - 240 of the Act.

c) The approvals of public financial institutions, banks and creditors wherever necessary, under any contract entered into with them by Transferor Company and Transferee Company.

d) The Sanction or Approval under any law of the Central Government or any other agency, department or authorities concerned in respect of any of the matters in respect of which such sanction or approval is required.

e) The Scheme shall be subject to such modifications as the NCLT while sanctioning such arrangement of Transferor Company with Transferee Company may direct the Scheme once sanctioned will be binding on all concerned.

f) Notwithstanding anything contained hereinabove, the Scheme shall also become effective in terms of and upon the fulfilment of requirements of any other law that may be brought into force in this behalf before the Scheme otherwise becomes effective as hereinbefore provided.

16. EFFECT OF NON-RECEIPT OF APPROVALS/SANCTIONS

In the event of any of the said sanctions and approvals referred to in clause 15 above not being obtained and / or the Scheme not being sanctioned by the NCLT and / or the order or orders not being passes as aforesaid, the Scheme of Arrangement shall become null and void and shall stand revoked, cancelled and be of no effect and in that event no rights and liabilities whatsoever shall accrue to or be incurred by parties inter se, save and except in respect of any act or deed done prior thereto as is contemplated hereunder or as to any right, liability or obligation which has arisen or accrued pursuant thereto and which shall be governed and be preserved or worked out as is specifically provided in the Scheme or may otherwise arise in law. Transferor Company and Transferee Company shall bear their own

costs, charges and expenses in connection with the Scheme unless otherwise mutually agreed.

17. EXPENSES CONNECTED WITH THE SCHEME

a) All costs, charges and expenses in connection with the Scheme and of carrying on or completing the terms and provisions of the Scheme including any incidental charges shall be borne and paid by Transferor Company and Transferee Company in equal shares.

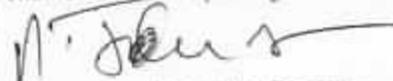
b) In the event of non-fulfilment of any or all obligations under the Scheme, by either Transferor Company or Transferee Company the non-performance of which will put the other company under any obligation, such defaulting company will indemnify all costs / interests etc. to the other company, subject to a specific provision, if any, to the contrary under the Scheme.

c) All costs, charges, taxes including duties, levies and all other expenses, including legal expenses, if any (save where expressly provided otherwise) of Transferor Company or Transferee Company respectively in relation to or in connection with this Scheme including negotiation leading upto the Scheme and for carrying out and completing the terms and provisions of this Scheme and / or incidental to the completion of arrangement of Transferor Company in pursuance of this Scheme shall be borne and paid equally by Transferor Company and Transferee Company.

18. RESOLUTION OF DOUBTS/DIFFERENCES

If any doubt or difference or issue shall arise between the parties hereto or any of their shareholders, creditors, employees and / or any other person as to the construction hereof or as to any account or apportionment to be taken or made of any asset or liability transferred under this Scheme or as to the accounting treatment thereof or as to anything else contained in or relating to or arising out of this Scheme, the same shall be decided by the mutual agreement between the Board of Directors of Transferor Company and Transferee Company and the decision of the transferor company shall be final and binding on all concerned.

For Thambbi Modern Spinning Mills Ltd.


Managing Director