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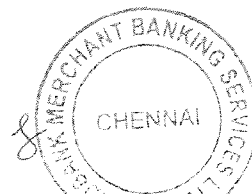
19th December, 2014

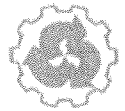
To,
Veejay Lakshmi Engineering Works Limited
Sengalipalayam,
Coimbatore,
Tamil Nadu – 641 022

Sub: Fairness Opinion re. Proposed Scheme of Amalgamation of Veejay Lakshmi Textiles Limited (VLTL) (“Transferor Company”) with Veejay Lakshmi Engineering Works Limited (VLEWL) (“Transferee Company”).

Dear Sir,

We refer to our discussion wherein the management of Veejay Lakshmi Engineering Works Limited has requested Indbank Merchant Banking Services Limited to give a Fairness Opinion on Scheme of Amalgamation on the proposed amalgamation of Veejay Lakshmi Textiles Limited with Veejay Lakshmi Engineering Works Limited under a Scheme of Amalgamation (hereinafter referred to as “Scheme”).





BACKGROUND, SCOPE AND PURPOSE OF THIS REPORT

Veejay Lakshmi Engineering Works Limited (hereinafter referred to as “Transferee Company”) is a public limited company incorporated on 26th August 1974 in the State of Tamil Nadu under the Companies Act, 1956 having its registered office at Sengalipalayam, Coimbatore 641 022, Tamil Nadu. The Transferee Company is engaged into the business of manufacturing of the Textile Machinery. The equity shares of the Transferee Company are listed with the Bombay Stock Exchange of India Limited (“BSE”).

Veejay Lakshmi Textiles Limited (hereinafter referred to as “Transferor Company”) is a public limited company incorporated on 16th July of 2001 in the State of Tamil Nadu under the Companies Act, 1956 having its registered office at Sengalipalayam, Coimbatore 641 022, Tamil Nadu. The Transferor Company is engaged into the business of manufacturing of Cotton Yarn.

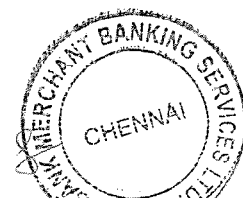
The Transferor Company is the wholly owned subsidiary of the Transferee Company.

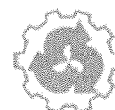
The Management of Veejay Lakshmi Engineering Works Limited (VLEWL) is considering an amalgamation of its subsidiary Veejay Lakshmi Textiles Limited (VLTL) into itself with effect from Appointed date but shall be operative from the Effective date.

BENEFITS OF AMALGAMATION

As stated in the scheme, the Transferor Company is a wholly owned subsidiary of the Transferee Company, the Directors of both the Transferor Company and the Transferee Company have decided to amalgamate both the companies to ensure better management as a single unit.

Directors of both the VLEWL and VLTL are of the opinion that the amalgamation will enable consolidation of business group into one entity which will facilitate focused growth, operational efficiencies and better supervision of the business of the group.





Directors are in opinion that the Scheme will also enable pooling of resources of the aforesaid company, resulting in more productive utilization of the said resources, and cost & operational efficiency which would be beneficial to all stakeholders. The amalgamation will help in the creation of a platform for future business activities, and to act as gateway for growth and expanding business operations and also enable smoother implementation of policy changes at a higher level from management perspective and shall also help enhance the efficiency and control of the entities.

We have been informed that the Scheme was approved by the Board of Directors of VLEWL and VLTL on 13th November, 2014

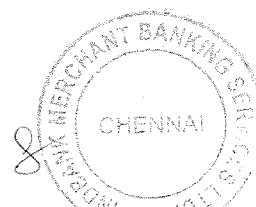
Accordingly, VLEWL has appointed us to give a fairness opinion on the proposed scheme of amalgamation of Veejay Lakshmi Textiles Limited with Veejay Lakshmi Engineering Works Limited.

This information contained in our report herein is confidential. It is intended only for the sole use of the captioned purpose including for obtaining the requisite statutory approvals.

SOURCES OF INFORMATION

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

- a) Draft Scheme of Amalgamation under Sections 391 to 394 of the Companies Act.
- b) Audited financials of last three years of both transferor company and transferee company for the year ended 31st March 2012, 31st March 2013 and 31st March 2014
- c) Latest Share Holding Pattern of VLEWL as on dated 30/09/2014
- d) Such other information and explanations as we required and which have been provided by the management of VLTL and VLEWL.





EXCLUSIONS AND LIMITATIONS

Our conclusion is based on the information furnished to us being complete and accurate in all material respects. We have relied upon the 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.

We have not conducted any independent valuation or appraisal of any of the assets or liabilities of the companies.

Our work does not constitute verification of 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.

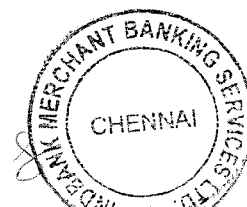
Our opinion is not intended to and does not constitute a recommendation to any shareholders as to how such shareholder should vote or act in connection with the scheme of Amalgamation or any matter related therein.

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 our engagement with Veejay Lakshmi Engineering Work Limited (VLEWL) and Veejay Lakshmi Textiles Limited (VLTL).

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.

We assume no responsibility for updating or revising our opinion based on the circumstances or events occurring after the date hereof.

We do not express any opinion as to the price at which shares of Veejay Lakshmi Engineering Works limited (VLEWL) may trade at any time, including subsequent to the date of this opinion.





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 February 4, 2013 and CIR/CFD/DIL/8/2013 dated May 21, 2013 and it shall not be valid for any other purpose.

CONCLUSION:

With reference to above and based on information and explanation provided by the management representative/s of Veejay Lakshmi Engineering works Limited (VLEWL) and after analyzing the Scheme of Amalgamation, we understand that, said Veejay Lakshmi Textiles Limited (VLTL) is a wholly owned subsidiary of Veejay Lakshmi Engineering Works Limited (VLEWL) and no shares will be issued by Veejay Lakshmi Engineering works Limited (VLEWL) as consideration for the proposed amalgamation and there is no change in the Shareholding Pattern of the Veejay Lakshmi Engineering Works Limited (VLEWL) post proposed amalgamation. Hence, the valuation of the companies has not been undertaken by Veejay Lakshmi Engineering Works Limited (VLEWL) from an Independent valuer as per SEBI Circular No. CIR/CFD/DIL/5/2013 dated February 4, 2013 read with SEBI Circular No. CIR/CFD/DIL/8/2013 dated May 21, 2013.

On the basis of the foregoing and based on the information and explanation provided to us, in our opinion, the proposed scheme of amalgamation of Veejay Lakshmi Textiles Limited (VLTL) with Veejay Lakshmi Engineering Works Limited (VLEWL) under a Scheme of Amalgamation is fair and reasonable to the holders of equity shares of Veejay Lakshmi Engineering Works Limited (VLEWL).

For Indbank Merchant Banking Services Ltd

(V S Srinivasan)

Vice President & Company Secretary

SEBI Permanent Registration No: INM000001394

