

22nd November, 2016

Precot Meridian Limited
SUPREM, 737 Puliakulam Road
Coimbatore- 641045

Sub: Fairness Opinion on scheme of amalgamation of Multiflora Processing (Coimbatore) Limited, Suprem Textiles Processing Limited and Precot Meridian Energy Limited (hereinafter collectively referred to as "the Transferor Companies") with Precot Meridian Limited ("Transferee Company").

Dear Sir,

We refer to our discussion wherein the management of Precot Meridian Limited has requested SPA Capital Advisors Limited to give a Fairness Opinion on the proposed amalgamation of Transferor Companies with Transferee Company under a Scheme of Amalgamation (hereinafter referred to as "Scheme").

Fairness Opinion report on the proposed scheme of amalgamation,
By: SPA Capital Advisors Limited



BACKGROUND, SCOPE AND PURPOSE OF THIS REPORT

Multiflora Processing (Coimbatore) Limited ("1st Transferor Company"): It is an unlisted public limited company incorporated under The Companies Act, 1956 and having its registered office at No. 737, Green Fields, Puliakulam Road, Coimbatore - 641045. 1st Transferor Company was originally incorporated as Multiflora (Floriculture) Private Limited on February 28, 1994 and was converted to public limited company with effect from March 30, 1998. The name of the 1st Transferor Company was further changed to its present name, Multiflora Processing (Coimbatore) Limited with effect from May 15, 2002. The CIN of 1st Transferor Company is U01122TZ1994PLC008923.

The 1st Transferor Company is a wholly owned subsidiary of the Transferee Company.

Suprem Textiles Processing Limited ("2nd Transferor Company"): It is an unlisted public limited company incorporated under The Companies Act, 1956 and having its registered office at No. 737, Green Fields, Puliakulam Road, Coimbatore - 641045. 2nd Transferor Company was originally incorporated as Suprem Textiles Processing Private Limited on August 28, 1986 and was converted to public limited company w.e.f. August 05, 1987. The CIN of 2nd Transferor Company is U17121TZ1986PLC001834.

The 2nd Transferor Company is a wholly owned subsidiary of the Transferee Company.

Precot Meridian Energy Limited ("3rd Transferor Company"): It is an unlisted public limited company incorporated under The Companies Act, 1956 and having its registered office at No. 737, Green Fields, Puliakulam Road, Coimbatore - 641045. 3rd Transferor Company was originally incorporated as Precot Spintex Limited on December 19, 2002 and changed its name to Precot Meridian Energy Limited with effect from December 06, 2007. The CIN of 3rd Transferor Company is U17111TZ2002PLC010408.

The 3rd Transferor Company is a wholly owned subsidiary of the Transferee Company.

Precot Meridian Limited ("Transferee Company"): Precot Meridian Limited was originally incorporated as Premier Cotton Spinning Mills Limited on June 02, 1962. The name of the Transferee Company was changed to Precot Mills Limited w.e.f. March 04, 1985. The name of the Transferee Company was further changed to its present name, Precot Meridian Limited, w.e.f. September 28, 2006. The registered office of the Transferee Company is situated at No. 737, Green Fields, Puliakulam Road, Coimbatore - 641045. The CIN of the Transferee Company is L17111TZ1962PLC001183.

CAPITAL STRUCTURE:

Transferor Companies

The capital structure of the 1st Transferor Company as of 30th September, 2016 is as under:

Share Capital	Amount in Rs.
Authorized	
250,000 equity shares of Rs. 10 each	2,500,000
Total	2,500,000
Issued, Subscribed and paid up	
250,000 equity shares of Rs. 10 each	2,500,000
Total	2,500,000

The shares of the 1st Transferor Company are not listed on any stock exchange, whether in India or in any other country.

The capital structure of the 2nd Transferor Company as of 30th September, 2016 is as under:

Share Capital	Amount in Rs.
Authorized	
100,000 equity shares of Rs. 100 each	10,000,000
Total	10,000,000
Issued, Subscribed and paid up	
100,000 equity shares of Rs. 100 each	10,000,000
Total	10,000,000

The shares of the 2nd Transferor Company are not listed on any stock exchange, whether in India or in any other country.

The capital structure of the 3rd Transferor Company as of 30th September, 2016 is as under:

Share Capital	Amount in Rs.
Authorized	
50,000 equity shares of Rs. 10 each	500,000
Total	500,000
Issued, Subscribed and paid up	
50,000 equity shares of Rs. 10 each	500,000
Total	500,000

The shares of the 3rd Transferor Company are not listed on any stock exchange, whether in India or in any other country.

Transferee Company

The capital structure of the Transferee Company as of 30th September, 2016 is as under:

Share Capital	Amount in Rs.
Authorised	
20,000,000 equity shares of Rs. 10 each	200,000,000
Total	200,000,000
Issued, Subscribed and paid up	
12,000,000 equity shares of Rs. 10 each	120,000,000
Total	120,000,000

The shares of the Transferee Company are listed on National Stock Exchange of India Limited.

BENEFITS OF AMALGAMATION

The 1st Transferor Company, 2nd Transferor Company and 3rd Transferor Company are 100% subsidiaries of the Transferee Company. The Transferor Companies and Transferee Company propose through this Scheme to amalgamate the Transferor Companies into and with the Transferee Company, which would result in consolidation of their respective financial strength into one entity. The amalgamation will enable the Transferee Company to harness and optimize the synergies of all the companies by combining their respective expertise, resources, network and experience and achieve higher financial returns. The proposed amalgamation is in the best interest of shareholders, creditors, employees of all the Transferor Companies and Transferee Company. The Amalgamation will lead to better and more economic control and efficient management with greater focus and attention and optimum utilization of available financial resources. The merged entity will have higher efficiencies and better leveraging for financial benefits, and contributing to sufficient future growth. The reasonable size of operations that will improve the stature of the company and integration of administrative practices and implementation of uniform management practices.

SOURCES OF INFORMATION

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

- Proposed Scheme of Amalgamation under Section 391 to 394 of the Companies Act, 1956.
- Such other information and explanations as we required and which have been provided by the management of Transferee Company.

Fairness Opinion report on the proposed scheme of amalgamation,
By: SPA Capital Advisors Limited



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 shareholder 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 Precot Meridian Limited.

Our Opinion should not be construed as 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 Precot Meridian Limited 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 Regulation 37 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and SEBI Circular No CIR/CFD/CMD/16/2015 dated November 30, 2015 and it shall not be valid for any other purpose.

Fairness Opinion report on the proposed scheme of amalgamation,
By: SPA Capital Advisors Limited



CONCLUSION

With reference to above and based on information and explanation provided by the management representative of Precot Meridian Limited and after analyzing the Scheme of Amalgamation, we understand that since Multiflora Processing (Coimbatore) Limited, Suprem Textiles Processing Limited and Precot Meridian Energy Limited are wholly owned subsidiaries of Precot Meridian Limited and no shares are being issued by Precot Meridian Limited as consideration for the proposed amalgamation and there is no change in the Shareholding Pattern of Precot Meridian Limited post proposed amalgamation. Hence, the Valuation of the Companies has not been undertaken by Precot Meridian Limited from an Independent Valuer as per SEBI Circular No CIR/CFD/CMD/16/2015 dated November 30, 2015.

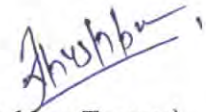
On the basis of the foregoing and based on the information and explanation provided to us, in our opinion, the proposed amalgamation of Transferor Companies with Transferee Company under a Scheme of Amalgamation is fair and reasonable to the holders of equity shares of Precot Meridian Limited.

For SPA Capital Advisors Limited.



(Sourabh Garg)

Vice President



(Khushboo Tanwar)

Manager