

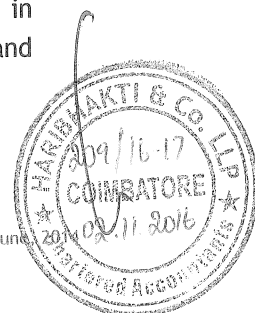
Independent Auditor's Certificate

1. We have examined the attached "Statement of Undertaking under Para 1(A)(9) (a) and Para 1(A)(9)(b) of SEBI Circular No. CIR/CFD/CMD/16/2015 dated 30th November, 2015" (the "Statement") of Precot Meridian Limited ("PML" or "the Company"), duly stamped and initialed by the Company Secretary of the Company for identification, which has been prepared by the Company in connection with the proposed scheme of Amalgamation under section 391 to 394 of the Companies Act, 1956 ("the Scheme") and also the provisions of the Companies Act, 2013 as may be notified from time to time, between the Company and Suprem Textiles Processing Limited (STPL), Multiflora Processing Coimbatore Limited (MPCL) and Precot Meridian Energy Limited (PMEL), wholly owned subsidiaries of the Company. The said scheme, which would be effective from 1st April, 2016, the Appointed Date, is subject to approvals of Audit Committee, Board of Directors and the Hon'ble Madras High Court of Judicature.

2. The Management of the Company is responsible for the preparation of the statement and maintenance of proper books of account and such other relevant records and prescribed by applicable laws, which includes collecting, collating and validating data and designing, implementing and monitoring of internal control relevant to the preparation of the statement that is free from material misstatement, whether due to fraud or error, compliance with SEBI Circular No. CIR/CFD/CMD/16/2015 dated 30th November, 2015 ("SEBI Scheme Circular"), is also the responsibility of the Company's Management.

3. Our responsibility, for the purpose of this certificate, is limited to certifying the particulars contained in paragraph 1 and 2 of the statement on the basis of the books of account, the Proposed Scheme and other relevant records and documents maintained by the company. We conducted our examination in accordance with the Guidance Note on Audit reports and Certificates for Special purpose and standards on Auditing, issued by the Institute of Chartered Accountants of India, which include the concept of test check and materiality. Our scope of work did not involve us to perform any audit tests in the context of our examination. We have not performed an audit, the objective of which would be the expression of an opinion on the financial statements, specified elements, accounts or items thereof, for the purpose of this certificate. Accordingly, we do not express such opinion. Further, our examination did not extend to any aspects of a legal or propriety nature in the aforesaid Proposed Scheme other than the matters referred to in the said certificate.

4. Based on our examination and according to the information and explanations given to us, we certify that the undertaking provided by the company in paragraph 2 of the said statement that the three cases mentioned in sub-para (a) of the Para 1 (A) (9) of SEBI Scheme Circular are not applicable to the Proposed scheme for the reasons stated below, is in accordance with the books of account, the scheme and other relevant records and documents maintained by the Company.

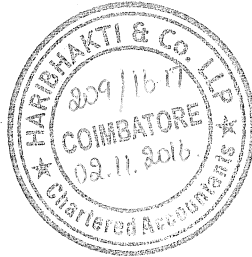


i) upon the Proposed Scheme coming into effect, all shares of the transferor companies held by the transferee Company (either directly or through nominees) shall stand cancelled without any further application, act or deed. It is clarified that no new shares shall be issued or payment shall be made in cash whatsoever by the transferee company in lieu of cancellation of such shares of the transferor companies.

ii) The Proposed Scheme involves the transferee company (Listed company) and the transferor Companies (unlisted public companies). The transferor companies are wholly owned subsidiaries of the transferee company. It does not involve any other entity involving Promoter/Promoter Group, Related parties of Promoter/Promoter Group, Associates of Promoter/Promoter Group, Subsidiary/(s) of Promoter/Promoter Group of the listed entity

iii) As noted in the preceding para, the transferor companies are wholly owned subsidiaries of the transferee company. The transferee company has not acquired any shares of the transferor companies by paying any cash or kind to any of the entities involving Promoter/Promoter Group, Related parties of Promoter/Promoter Group, Associates of Promoter/Promoter Group, Subsidiary/(s) of Promoter/Promoter Group of the listed entity

5. This certificate has been issued at the request of the management of the Company for the limited purpose of submission to the National Stock Exchange of India Limited (NSE) and should not be used for any other purpose without our prior written consent.



Place: Coimbatore
Date: 2nd November 2016

For Haribhakti & Co. LLP
Chartered Accountants
ICAI FRN103523W / W100048

C S Sathyanarayanan
Partner
Membership No.028328

STATEMENT OF UNDERTAKING

Sub: Scheme of Amalgamation between M/s Precot Meridian Limited ("the Transferee company") and M/s Suprem Textiles Processing Limited, M/s Multiflora Processing Coimbatore Limited and M/s Precot Meridian Energy Limited (collectively referred to as "the Transferor Companies") and under sections 391-394 of the Companies Act, 1956 ("the scheme") and non-applicability of requirement prescribed in Para 1(A)(9)(a) and Para 1(A)(9)(b) of Annexure - I of SEBI Circular No. CIR/CFD/CMD/16/2015 dated November 30, 2015 ("the Circular") in respect of the Scheme of Amalgamation

1. The circular requires the listed entities to provide for voting by public shareholders through postal ballot and e-voting, if the proposed scheme falls under any of the three cases specified under Para 1(A)(9)(a) of Annexure - I of the circular. However, the three cases mentioned in Para 1(A)(9)(a) of Annexure - I of the circular are not applicable to our scheme for the reasons stated below.

The three cases referred to in Para 1(A)(9)(a) of Annexure - I of the circular are reproduced and the reasons for non applicability are mentioned against the same:-

- (i) Where additional shares have been allotted to Promoter/Promoter Group, Related parties of Promoter/Promoter Group, Associates of Promoter/Promoter Group, Subsidiary/(s) of Promoter/Promoter Group of the listed entity; or

No additional shares have been issued to any of the Promoter/Promoter Group, as the transferor companies are wholly owned subsidiaries of the transferee company. Upon the scheme coming into effect, all shares of the transferor companies held by the transferee Company (either directly or through nominees) shall stand cancelled without any further application, act or deed. It is clarified that no new shares shall be issued or payment shall be made in cash whatsoever by the transferee company in lieu of cancellation of such shares of the transferor companies.

- (ii) Where the Scheme of Arrangement involves the listed entity and any other entity involving Promoter/Promoter Group, Related parties of Promoter/Promoter Group, Associates of Promoter/Promoter Group, Subsidiary/(s) of Promoter/Promoter Group;

The scheme involves the transferee company (Listed company) and the transferor Companies (unlisted public companies). The transferor companies are wholly owned subsidiaries of the transferee company and does not involve any other entity referred to above.



PRECOT MERIDIAN LIMITED

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(iii) Where the parent listed entity has acquired the equity shares of the subsidiary, by paying consideration in cash or in kind in the past to any of the shareholders of the subsidiary who may be Promoter/Promoter Group, Related parties of Promoter/Promoter Group, Associates of Promoter/Promoter Group, Subsidiary/(s) of Promoter/Promoter Group of the parent listed entity, and if that subsidiary is being merged with the parent listed company under the scheme of arrangement.


As noted in point no. (ii) above, the transferor companies are wholly owned subsidiaries of the transferee company. The transferee company has not acquired any shares of the transferor companies by paying any cash or kind to any of the entities being referred to above.

2. Accordingly, we submit that the following requirements prescribed in Para (I)(A)(9)(a) and Para (I)(A)(9)(b) of Annexure - I of the scheme, are not applicable in relation to our proposed scheme of amalgamation:-

i) Requirement for voting by public shareholders through postal ballot and e voting after disclosure of all material facts in the explanatory statement sent to the shareholders in relation to such resolution; and

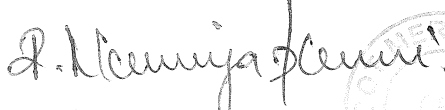
ii) Requirement for the scheme being acted upon only if the votes cast by the public shareholders in favor of the proposal are more than the number of votes cast by the public shareholders against it.

For Precot Meridian Limited


M R Siva Shankar
Chief Financial Officer



For Precot Meridian Limited


R Nithya Prabhu
Company Secretary



Dated: 04-Nov-2016

Place: Coimbatore

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