REPORT OF THE AUDIT COMMITTEE OF SATIA INDUSTRIES LIMITED RECOMMENDING THE DRAFT SCHEME OF AMALGAMATION OF T.C.SPINNERS PRIVATE LIMITED WITH THE COMPANY

1. Background

1.1 A meeting of Audit Committee of Satia Industries Ltd (The "Company") was held on 07th February, 2017 to consider and recommend the proposed Scheme of Amalgamation OF M/s TC SPINNERS PVT LIMITED with the Company under Sections 230 to 232 and other relevant provisions of the Companies Act,2013.

1.2 This report of the Audit Committee is made in order to comply with the requirements of the Circular No.CIR/CFD/CMD/16/2015 dated 30th September ,2015, as amended, issued by the Securities and Exchange Board of India ("SEBI")

1.3 The following documents were placed before the Audit Committee:

1.3.1 Draft Scheme duly initialled by the Company Secretary of the Company for the purpose of identification;

1.3.2 Valuation Report dated 07th February, 2017 of M/s SNMG & Co. Chartered Accountants Valuer') describing the methodology adopted by them in arriving at the share entitlement ratio (Valuation Report)

1.3.3 Fairness Opinion dated 06th Feburary, 2017 prepared by SPA Capital Advisors Ltd.,Category 1Merchant Bankers,providing the Fairness Opinion on the share exchange ratio as recommended by (The Valuers,(Fairness Opinion)

2 .Proposed Scheme of Amalgamation

2.1 The Audit Committee noted the rationale and the benefits of the Scheme which inter-alia ,are as follows:

i) There is no likelihood that the interest of any shareholder or creditor of either the Transferor Company or the Transferee Company would be prejudiced as a result of the Scheme. The Amalgamation will not impose any additional burden on the members of the Transferor Company or the Transferee Company.

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ii) By this amalgamation, it is expected that the administrative and operational costs will be considerably reduced and the Transferee Company will be able to operate and run the business/operations more effectively and economically resulting in better turnover and profits.

iii) It is expected that the proposed Scheme of Amalgamation will benefit the Transferee Company in the usual economies of a centralized and a big company including elimination of duplication of work, reduction in overheads, better and more productive utilization of human and other resources and enhancement of overall business efficiency for the Transferee Company post amalgamation. It will help the Transferee Company to use the combined managerial and operating strength, to build a wider capital and financial base and to promote and secure overall growth of the business, thereby it will make available to the Transferee Company, the benefit of technical and marketing expertise of both the companies.

iv) The said Scheme of Amalgamation will contribute in fulfilling and furthering the objects of these companies. It will strengthen, consolidate and stabilize the business of these companies and will facilitate further expansion and growth of their business.

v) The Transferee Company will have the benefit of the combined assets, cash flows and man-power of both the companies. These combined resources will enhance its capability to expand and improve its efficiency of operations.

2.2 The Audit Committee reviewed and noted the Valuation Report and recommends the following share entitlement ratio:

100 fully paid up equity shares of Rs.10(Rupees Ten) each of Satia Industries Limited(each credited as fully paid up) for every 286 (Two hundred and Eighty Six) fully paid up equity shares of Rs.10(Rupees Ten) each held by an equity shareholder in T.C. Spinners Private Limited, pursuant t the amalgamation of T.C.Spinners Private Limited with the company.

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2.3 Further, the fairness Opinion confirmed that the share entitlement ratio in the Valuation Report is fair to the equity shareholders of the company.

3. Recommendation of the Audit Committee

Taking into consideration the Valuation Report, the Fairness Opinion and also independent assessment of the scheme, the Audit Committee recommends the draft Scheme to the Board of Directors of the Company for its consideration and approval by the Stock Exchange and SEBI, National Company Law Tribunal and other applicable regulatory bodies.

The committee then passed the following resolution unanimously:

"RESOLVED THAT the scheme of amalgamation of TC Spinners Private Limited with Satia Industries Ltd, as per the draft placed before the Committee, be and is hereby approved and recommended to the Board for their approval and all further actions in the matter.

By Order of the Audit Committee

For and on behalf of .
SATIA INDUSTRIES LIMITED

Chairman Audit Committee