Annexure-5

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Submitted to

Satia Industries Limited

FAIRNESS OPINION

On valuation report provided by

SNMG& Co. (Chartered Accountants)

On

Scheme of Amalgamation of

T.C. SPINNERS PVT. LTD. (TCSPL)
(TRANSFEROR COMPANY)
AND

SATIA INDUSTRIES LTD. (SIL)
(TRANSFEREE COMPANY)

BY

M/s SPA CAPITAL ADVISORS LTD.
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*"Everything we hear is an **opinion**, not a fact. Everything we see is a perspective, not the truth."*

February 6, 2017

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To,

The Board of Directors,
Satia Industries Limited
Malout- Muktsar Road, Village Rupana -152032,
District Muktsar, Punjab

RE: Fairness Opinion on valuation report provided by SNMG& Co. (Chartered Accountants) for the purpose of proposed amalgamation of TCSPL with SIL.

PURPOSE

We have been engaged to give fairness opinion on the valuation report provided by SNMG & Co. (Chartered Accountants) dated 3.2.2017for the purpose of proposed amalgamation of TCSPL, having its registered office at Chandigarh-Ambala Highway, Lalru, Punjab (i.e. the "Transferor Company") with SIL, having its registered office at Malout- Muktsar Road, Village Rupana -152032, District Muktsar, Punjab, under Sections 230 to 232 the Companies Act, 2013.

The fairness opinion report is required to be submitted to the stock exchanges to facilitate the companies in meeting the requirements of Regulation 11, Regulation 37 & Regulation 94 of the Securities and Exchange Board of India (Listing Obligation **and Disclosure Requirements) Regulations, 2015 read with SEBI Circular No. CIR/CFD/CMD/16/2015 dated 30th November 2015.**

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BACKGROUND

TCSPL:

T C Spinners Private Limited was incorporated on 22nd September, 2006 vide Certificate of Incorporation issued by the Registrar of Companies, Punjab, Himachal Pradesh & Chandigarh.

T. C. Spinners Pvt. Ltd. has purchased the assets of M/s Euro Cotspin Ltd. Lalru from M/s A.V. Cottex Ltd., which has entered into an agreement with lending Banks/FIs for settlement of the dues of M/s Euro Cotspin Ltd., at a price of Rs. 29.00 crores as per offer letter dated 13.06.2006 of PNB Chandigarh, acting as leader of the Consortium, comprising IDBI, Punjab & Sind Bank, SBOP and Canara Bank where M/s T. C. Spinners Pvt. Ltd. was accepted as nominee of M/s A.V. Cottex Pvt. Limited.

The installed capacity of Transferor Company is (1) Spindles 28032 (2) OE Spindles: 480 rotors, and (3) Sewing Thread Production capacity : 1650 kg/day. For the

year ending 31st March, 2016 turnover was Rs. 156.81 crores and profit after tax of Rs. 1.24 crores

The share capital of the Transferor Company as on March 31, 2016 is as set out below:

Amount in INR Lakhs

Particulars	Amount
Authorized Capital	
2,50,00,000 Equity Shares of Rs 10/- each	2,500.00
Total	2,500.00
Issued, Subscribed and Paid-Up	
2,26,02,450 Equity Shares of Rs. 10/- each	2,260.24
Total	**2,260.24**

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TB

SIL:

Satia Industries Limited was incorporated under the name of M/s Satia Paper Mills Ltd. on 26.11.1980 and certificate for commencement of business was issued on 03.01.1981 by the Registrar of Companies, Punjab, Himachal Pradesh & Chandigarh. The name of the Company was subsequently changed to Satia Industries Ltd. and a fresh certificate of incorporation (consequent upon change of name) was issued by the Registrar of Companies, Punjab, Himachal Pradesh & Chandigarh on 11.08.2008. The Transferee Company has set up an integrated Paper Mill with its own pulping facilities based on Agro-residue and the commercial production was started in August, 1984. The SIL has started with the production capacity of 4950 tpa and today the installed capacity is 75000 tpa. The Company is manufacturing writing and printing paper and has also installed Turbine for generating power and is meeting 90% of requirement of power from own resources. The Company has also installed Unbleached Pulping and Chemical Recovery Plant. The works of the Company are located at Village Rupana, District Muktsar, Punjab. It is a Public Limited Company and shares are listed on the Bombay Stock Exchange Limited. For the year ending 31st March, 2016 turnover was Rs. 450.09 crores and profit after tax of Rs.13.12 crores.

The share capital of the Transferee Company as on March 31, 2016 is as set out below:

Amount in INR lakhs

Particulars	Amount
Authorized Capital	
1,20,00,000 Equity Shares of Rs 10/- each	1,200 00
Total	22,00,00,000
Issued, Subscribed and Paid -Up	
1,00,00,000 Equity Shares of Rs 10/- each-fully paid up	1,000.00
Total	**1,000.00**

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TRANSACTION

We understand that the amalgamation of the Transferor Company under the Scheme of Amalgamation will be effected under Sections 230 to 232 of the Companies Act, 2013 and provisions of other applicable laws.

PURPOSE AND RATIONALE OF THE SCHEME

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.

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,

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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.

VALUATION METHODOLOGIES ADOPTED BY SNMG& CO.

With reference to valuation report provided by SNMG& Co., they have used the following valuation methodologies:

TCSPL*	Assets Approach: Adjusted Net Assets Value Method
SIL**	Income Approach (Discounted Cash Flow Method), Assets Approach (Adjusted Net Assets Value Method) and Market Approach (Average of EV/Sales & EV/EBIDTA multiple Method))

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**As stated and working given by SNMG & Co. (Chartered Accountants) in their report, values from Income Approach (Discounted Cash Flow Method) and Market Approach (EV/Sales & EV/EBIDTA Multiple Method) are arriving negative. Hence not considered in final calculation of swap ratio.*

*** As stated by SNMG & Co. (Chartered Accountants) in their report, Satia Industries stocks are listed on BSE but its share are not frequently traded. Hence the market price of Satia Industries is not considered.*

By using the above methods ***"100 Equity shares of Rs. 10 each of SATIA INDUSTRIES LIMITED are to be issued in exchange of 286 equity shares of T.C. SPINNERS PRIVATE LIMITED of Rs. 10 each"*** as given by SNMG& Co. (Chartered Accountants) in their report dated 3.2.2017.

CONCLUSION

Pursuant to the Scheme of Amalgamation, valuation report provided by SNMG& Co.(Chartered Accountants)and based on the information and explanation provided to us, in our opinion, value of shares determined by SNMG& Co.(Chartered Accountants) in their report dated 3.2.2017is fair and reasonable.

Disclaimer: *The Final Report has been prepared for the internal and exclusive use of the Board of Directors of SIL and TCSPL (the "Board of Directors") in support of the decisions to be taken by them. Therefore, the Final Report may not be disclosed, in whole or in part, to any third party or used for any purpose whatsoever other than those indicated in the Engagement and in the Final Report itself, provided that the Final Report may be transmitted to the experts appointed in compliance with the law and its content may be disclosed publicly where required by regulations of the Indian authorities. Any other use, in whole or in part, of the Final Report will have to be previously agreed and authorized in writing by SPA Capital Advisors Limited (SPA). In*

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preparing the Final Report, SPA has relied upon and assumed, without independent verification, the truthfulness, accuracy and completeness of the information and the financial data provided by SIL. SPA has therefore relied upon all specific information as received and declines any responsibility should the results presented be affected by the lack of completeness or truthfulness of such information. Publicly available information deemed relevant for the purpose of the analyses contained in the Final Report has also been used. Therefore the Final Report is based on: (i) our interpretation of the information which SIL, as well as their representatives and advisers, have supplied to us to date; (ii) our understanding of the terms upon which SIL intends to consummate the Transaction (iii) the assumption that the Transaction will be consummated in accordance with the expected terms and within the expected time periods. The Final Report and the Opinion concern exclusively for the purpose of proposed amalgamation and do not constitute an opinion by SPA as to the absolute value of the shares of SIL.

For SPA Capital Advisors Limited.

(Sourabh Garg)
Vice President

SPA Capital Advisors Limited
New Delhi

(Khushboo Tanwar)
Manager

SATIA INDUSTRIES LTD.
MUMBAI
14 Jan 2026