

30th May, 2018

The Board of Directors
Greenply Industries Ltd.
Madgul Lounge, 6th Floor
23 Chetla, Central Road
Kolkata – 700 027

Dear Sirs,

Sub: Proposed demerger of “Transferred Business” of Greenply Industries Ltd.

I. Engagement Background

We have been informed that the Board of Directors (“Board”) of Greenply Industries Ltd. (“**Parent Company / GIL**”) has consented to explore option for the demerger of transferred business and all the estate, assets, rights, claims, title, interest, licenses, liabilities, employees, accretions and appurtenances relating thereto of GIL (“**Transferred Business / Demerged Undertaking**”) into Greenpanel Industries Ltd. (“**Resulting Company / GPL**”) under a draft of the Composite Scheme of Arrangement under sections 230 to 232 read with Section 66 of the Companies Act, 2013 (“Scheme”).

The Scheme envisages a demerger of the transferred business into the Resulting Company as per the terms and the conditions more fully set forth in the Scheme to be placed before the Board for their approval.

In consideration of the transfer of the Demerged Undertaking to the Resulting Company pursuant to the Scheme:

- For every 1 (one) equity share of the face value of Re. 1 each held by the shareholders of GIL, the Resulting Company shall issue and allot 1 (one) equity share of the face value of Re. 1 each fully paid up (hereinafter referred to as the “Exchange Ratio”).

In connection with the aforesaid, you requested our fairness opinion (“Opinion”) as of the date hereof, on the fairness of the Exchange Ratio to the equity shareholders of GIL.



II. Basis of Opinion

Business Rationale

In the rationale of the Scheme, it has been provided that in order to create an independent platform for the faster growth of the Demerged Undertaking and with the intent of providing focus and greater attention, it is desirable to separate the transferred business into the Resulting Company.

The key features of the Scheme provided to and relied upon by us for framing an Opinion on Exchange Ratio in consideration of the demerger are as under:

1. Upon the Scheme becoming effective, all the assets and liabilities with respect to the Demerged Undertaking will be separated into the Resulting Company.
2. As consideration for the transfer, equity shares in the Resulting Company shall be issued to the equity shareholders of the Parent Company, except on and from the effective date, all existing equity shares which the Parent Company holds in the Resulting Company (either directly or through nominees) shall get cancelled without any further application, act or deed. It is clarified that no new equity shares shall be issued or payment made in cash whatsoever by the Resulting Company in lieu of such shares of the Parent Company.
3. All the shareholders of the Parent Company as presented in Annexure 1, shall become shareholders of the Resulting Company in the same proportion that they currently own shares in the Parent Company. The Capital structures of the Parent and Resulting companies have been presented in Annexure 2.
4. Exchange Ratio is based on a valuation report submitted by S.P. Shaw and Co. Chartered Accountants.

We have taken the foregoing facts (together with the other facts and assumptions set forth in section III of this Opinion) into account when determining the meaning of "fairness" for purposes of this Opinion.



III. Limitation of Scope and Review

Our Opinion and analysis is limited to the extent of review details provided to us by the Parent Company and the Scheme.

We have relied upon the accuracy and completeness of all information and documents provided to us, including the audited financial statements of the Parent Company and Resulting Company as on March 31, 2018 as provided to us, without carrying out any due diligence or independent verification or validation of such information to establish its accuracy or sufficiency. We have not conducted any independent valuation or appraisal of any of the assets or liabilities of the Parent Company and / or its subsidiaries or the Resulting Company. In particular, we do not express any Opinion as to the value of any asset of the Parent Company and / or its subsidiaries or the Resulting Company, whether at current prices or in the future. We shall not be responsible for any loss, damage, costs or other consequences whatsoever, if any material information is withheld or concealed from or misrepresented to us in any manner.

No investigation of GIL/GPL claim to title of assets has been made by us for the purpose of this exercise and the GIL/GPL claim to such rights has been assumed to be valid. No consideration has been given to liens or encumbrances against the assets, beyond the loans disclosed in the audited financial statements. Therefore, no responsibility whatsoever is assumed for matters of a legal nature. Our Opinion is not and should not be construed as our opining or certifying the compliance of the Scheme with the provisions of any law including companies, taxation and capital market related laws or as regards any legal implications or issues arising from such proposed demerger.

We do not express any opinion as to the price at which shares of the Resulting Company may list or trade at any time, including subsequent to the date of this Opinion. In rendering our Opinion, we have assumed, that the Scheme will be implemented on the terms described therein, without any waiver or modification of any material terms or conditions, and that in the course of obtaining the necessary regulatory or third party approvals of the Scheme, no delay, limitation, restriction or condition will be imposed that would have an adverse effect on the Parent Company and / or its subsidiaries, Resulting Company and their respective shareholders. We express no Opinion and have assumed that the demerger will not trigger obligations to make open offer under the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.

Our Opinion also does not address any matters otherwise than as expressly stated herein, including but not limited to matters such as corporate governance matters, shareholder rights or any other equitable considerations. We have also not opined on the fairness of any terms and conditions of the Scheme other than the fairness, from financial point of view, of the Exchange Ratio.



We do not express any Opinion as to any tax or other consequences that might arise from the Scheme on the Parent Company and / or its subsidiaries, Resulting Company and their respective shareholders, nor does our Opinion address any legal, tax, regulatory or accounting matters as to which we understand that the management of Parent Company and the Resulting Company have obtained such advice as they deemed necessary from qualified professionals. In addition, we express no view or opinion as to the fairness of the amount or nature of, or any other aspects relating to, the compensation to any officers, directors or employees of any parties to the Scheme, or class of such persons, relative to the Exchange Ratio or otherwise.

We assume no responsibility for updating or revising our Opinion based on circumstances or events occurring after the date hereof. Our Opinion is specific to the arrangement as contemplated in the Scheme provided to us and is not valid for any other purpose. It is to be read in totality, and not in parts, in conjunction with the relevant documents referred to therein.

Further, we assume that the Resulting Company will have sufficient authorized capital to issue the requisite number of new shares.

We, as Edelweiss Financial Services Limited ("Edelweiss") may currently or in the future provide investment banking services to the Parent Company and the Resulting Company and/or their subsidiaries or respective affiliates that are unrelated to the Scheme for which we have received or may receive customary fees. In addition, in the ordinary course of their respective businesses, affiliates of Edelweiss may actively trade securities of the Resulting Company and / or its subsidiaries or group companies or for their own accounts and for the accounts of their customers and accordingly, may at any time hold a position in such securities. Our engagement and the Opinion expressed herein are for the benefit of the Board of Directors of the GIL in connection with its consideration of the Scheme and for none other. Neither Edelweiss, nor its affiliates, partners, directors, shareholders, managers, employees or agents of any of them, makes any representation or warranty, express or implied as to the information and documents provided to us. All such parties and entities expressly disclaim any and all liability for, or based on or relating to any such information contained therein.

Our fee for our services will be payable on delivery of this Opinion and is not contingent on the successful completion of the Scheme. In addition, GIL has agreed to reimburse our out-of-pocket expenses and indemnify us against liabilities/losses arising out of our engagement.

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 or any matter related thereto.



It is assumed that post effectiveness of the Scheme, one can reasonably expect that GIL and the Resulting Company together shall be able to maintain similar equity servicing levels as maintained by GIL earlier.

It is clarified that we were not requested to, and we did not, solicit third party indications of interest in the demerger. Our Opinion does not address the relative merits of the demerger as compared to alternative transactions or strategies that might be available to GIL/GPL, nor does it address the underlying business decision of GIL/GPL to proceed with the demerger.



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IV. Conclusion

Taking into account the parameters post effectiveness of the scheme, one can reasonably expect that the Demerged Entity and the Resulting Company together shall be able to maintain similar equity servicing levels as maintained by GIL earlier. Based on and subject to the foregoing, we are of the opinion that, as of the date hereof, Exchange Ratio is fair to the Equity shareholders.

Sincerely yours,

For Edelweiss Financial Services



Authorized Signatory

Annexure - 1

Pre-demerger

Greenply Industries Limited Authorized Capital as on 31.03.2018

Particulars	Rupees (INR)
<u>Authorized:</u>	
(a) 16,00,00,000 equity shares of INR 1.00 each	16,00,00,000
(b) 50,00,000 Cumulative Redeemable Preference Shares of INR 10.00 each	5,00,00,000
Total	21,00,00,000

Greenply Industries Limited Shareholding Pattern as on 31.03.2018

Shareholder Category	No. of shares held	% Shareholding
Promoter and Promoter Group	62,575,000	51.03%
Mutual Funds	23,657,136	19.29%
Foreign Portfolio Investors	14,338,490	11.69%
Financial Institutions/ Banks	31,544	0.03%
Individuals	13,090,793	10.68%
Any Other	8,934,432	7.28%
Total	122,627,395	100.00%

Greenpanel Industries Limited Authorized Capital as on 31.03.2018

Particulars	Rupees (INR)
<u>Authorized:</u>	
1,00,00,000 equity shares of INR 1.00 each	1,00,00,000

Greenpanel Industries Limited Shareholding Pattern as on 31.03.2018

Name of Shareholder	No. of Shares held	% Shareholding
Greenply Industries Ltd.	9,99,994	99.9994%
Shiv Prakash Mittal	1*	0.0001%
Santosh Mittal	1*	0.0001%
Shobhan Mittal	1*	0.0001%



Chitwan Mittal	1*	0.0001%
Rajesh Mittal	1*	0.0001%
Sanidhya Mittal	1*	0.0001%
Total	10,00,000	100.00%

*Holding on behalf of Greenply Industries Limited. Greenply Industries Limited holds the beneficial interest in the said shares.

Source: BSE website as on 28th May, 2018 and Company data

Post-demerger

Greenply Industries Limited Shareholding Pattern

Shareholder Category	No. of shares held	% Shareholding
Promoter and Promoter Group	62,575,000	51.03%
Mutual Funds	23,657,136	19.29%
Foreign Portfolio Investors	14,338,490	11.69%
Financial Institutions/ Banks	31,544	0.03%
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Any Other	8,934,432	7.28%
Total	122,627,395	100.00%



Annexure - 2

Pre demerger

Greenply Industries Limited Capital Structure as on 31.03.2018

Shareholder Category	Capital Contributed (in INR)	% Contribution
Promoter and Promoter Group	62,575,000	51.03%
Mutual Funds	23,657,136	19.29%
Foreign Portfolio Investors	14,338,490	11.69%
Financial Institutions/ Banks	31,544	0.03%
Individuals	13,090,793	10.68%
Any Other	8,934,432	7.28%
Total	122,627,395	100.00%

Note - Each share has a face value of INR 1

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Shobhan Mittal	1*	0.0001%
Chitwan Mittal	1*	0.0001%
Rajesh Mittal	1*	0.0001%
Sanidhya Mittal	1*	0.0001%
Total	10,00,000	100.0000%

* Greenply Industries Limited holds the beneficial interest in the said capital.

Note - Each share has a face value of INR 1

Source: BSE website and Ministry of Corporate Affairs as on 28th May, 2018 and company data



Post demerger (Assuming shareholding remains same as pre-demerger shareholding as on 31.03.2018)

Greenply Industries Limited Capital Structure

Shareholder Category	Capital Contributed (in INR)	% Contribution
Promoter and Promoter Group	62,575,000	51.03%
Mutual Funds	23,657,136	19.29%
Foreign Portfolio Investors	14,338,490	11.69%
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Individuals	13,090,793	10.68%
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