

Report of Audit Committee Recommending the Draft composite Scheme of Arrangement between Greenply Industries Limited and Greenlam Industries Limited, a wholly owned subsidiary of the Company and their respective shareholders and creditors.

Date: September 30, 2013

Members of Audit Committee:

1. Mr. Susil Kumar Pal
2. Mr. Vinod Kumar Kothari
3. Mr. Anupam Kumar Mukerji
4. Mr. Upendra Nath Challu
5. Mr. Shiv Prakash Mittal

Present in Meeting:

1. Mr. Susil Kumar Pal
2. Mr. Vinod Kumar Kothari
3. Mr. Anupam Kumar Mukerji
4. Mr. Upendra Nath Challu
5. Mr. Shiv Prakash Mittal
6. Mr. Vishwanathan Venkatramani, Chief Financial Officer
7. Mr. Kaushal Kumar Agarwal, Company Secretary & Vice President-Legal

1. A Draft of the composite Scheme of Arrangement between Greenply Industries Limited ("Greenply") and Greenlam Industries Ltd. (Greenlam) and their respective shareholders and creditors ("the Scheme") for demerger of Decorative Business (including all its assets and liabilities, (the "Demerged Undertaking") carried on by Greenply was presented to the Audit Committee in its meeting held on September 30, 2013.
2. The Audit Committee Members noted that in terms of the Securities and Exchange Board of India ("SEBI") circular No.CIR/CFD/DIL/5/2013 dated 4th February, 2013 as amended by SEBI circular No. CIR/CFD/DIL/8/2013 dated 21st May 2013, the Scheme is required to be considered and recommended by the Audit Committee of the Company as well.



3. The Audit Committee, pursuant to requirements, under the aforesaid circular, and after considering the following documents placed before it:

- a. Draft of the Scheme;
- b. Share Entitlement Ratio Report dated September 30, 2013 of M/s. S. P. Shaw & Co., Chartered Accountants, Kolkata and
- c. Fairness Opinion dated September 30, 2013 of M/s. Axis Capital Limited, Merchant Bankers, Mumbai.

hereby reports that the Demerger of the Decorative Business as envisaged in the Scheme shall be beneficial to all the stakeholders of Greenply.

The Committee has noted that -

- a. Both the Businesses of Greenply viz. Decorative Business and the Plywood and MDF business has the potential to grow faster with independent growth platforms.
 - b. The Demerger would provide independent and focused Management, Leadership, Strategy and financing platforms to the respective Businesses. It is aimed at protecting and maximising value for all stakeholders of Greenply and is not prejudicial to the interests of any stakeholder.
 - c. Shareholder of Greenply shall receive an additional share in Greenlam for every share held in Greenply and such new shares of Greenlam shall be listed on the stock exchange(s).
4. In light of the foregoing, the Audit Committee recommends the Draft Scheme for favorable consideration by the stock exchange(s) and Securities Exchange Board of India.

**By order of the Audit Committee
For Greenply Industries Limited**



**Kaushal Kumar Agarwal
Company Secretary &
Vice President-Legal**

