

CONFIDENTIAL

September 30, 2013

**Board of Directors**  
**Greenply Industries Limited**  
16A, Shakespeare Sarani  
2nd Floor  
Kolkata - 700 071  
India

Dear Members of the Board:

I. Engagement Background

We have been informed that the Board of Directors of Greenply Industries Ltd. ("**Demerged Company / GIL**") and Greenlam Industries Ltd. ("**Resulting Company / GLIM**") is considering the transfer of the Decorative Business ("Demerged Undertaking") of Greenply Industries Ltd. into Greenlam Industries Ltd. under a Scheme of Arrangement under section 391-394 of the Companies Act, 1956.

The scheme envisages a Demerger of the Demerged Undertaking into the Resulting Company as per terms and conditions more fully set forth in the Scheme of Arrangement 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 of Arrangement,

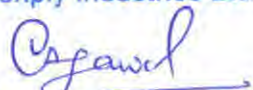
- for every 1 (**one**) equity share of the face value of Rs. 5 each held by the shareholders of the Demerged Company, the Resulting Company shall issue and allot 1 (**one**) equity share of the face value of Rs. 5 each fully paid up (hereinafter referred to as the "**Exchange Ratio**").

In connection with the aforesaid, you requested our Fairness Opinion ("**Opinion**") as of the date hereof, as to the fairness of the Exchange Ratio to the Equity Shareholders of Demerged Company.

II. Basis of Opinion

In the Rationale of the Scheme it has been provided that in order to create an independent platform for the faster growth of the Decorative Business and remaining business of GIL and with the intent of providing focus and greater attention to each of

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**Kaushal Kr. Agarwal**  
**Company Secretary &**  
**Vice President- Legal**

the businesses of the Demerged Company, it is considered necessary, desirable and expedient to transfer the Demerged Undertaking to the Resulting Company.

A brief history of each of the aforesaid companies is as under -


- (a) GIL is a public Limited company incorporated under the provisions of the Companies Act, 1956. The shares of GIL are listed on the Bombay Stock Exchange Limited and National Stock Exchange of India Limited. GIL is engaged in the business of manufacturing and marketing of a wide range of interior infrastructure and surface finish products including plywood, laminates, veneers, Medium Density Fibreboard and their allied products
- (b) GLIM is a public Limited company incorporated under the provisions of the Companies Act, 1956 and incorporated for the specific purpose of receiving the Demerged Undertaking as part of the Scheme of Arrangement. Currently, GLIM does not have any operations and is a wholly owned subsidiary of the Demerged 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 stand transferred from the Demerged Company to the Resulting Company.
2. As consideration for the transfer, equity shares in the Resulting Company shall be issued to the equity shareholders of the Demerged Company, except on and from the Effective Date, all equity shares and preference shares which the Resulting Company holds in the Demerged Company (either directly or through nominees) shall get cancelled without any further application, act or deed. It is clarified that no new ordinary shares shall be issued or payment made in cash whatsoever by the Resulting Company in lieu of such shares of the Demerged Company.
3. All the Shareholders of the Demerged Company, other than the Resulting Company, shall become shareholders of the Resulting Company in the same proportion that they currently own shares in the Demerged Company.

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4. The said equity shares in Resulting Company to be issued to the shareholders of Demerged Company shall rank pari passu in all respect with the existing equity shares of the Resulting Company.
5. Exchange Ratio is based on a Valuation report submitted by S.P. Shaw and Co.

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 of documents as provided to us by the Resulting Company and Demerged Company including the Valuation Report prepared by S.P. Shaw and Co. and a Draft of the Scheme of Arrangement.

We have relied upon the accuracy and completeness of all information and documents provided to us, including the audited Balance Sheets of the Demerged and Resulting Company as on March 31, 2013 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 were not provided with any forward looking financial projections with respect to Demerged Company or the Resulting Company. We have not conducted any independent valuation or appraisal of any of the assets or liabilities of the Demerged Company and / or its subsidiaries or the Resulting Company and / or its subsidiaries. In particular, we do not express any opinion as to the value of any asset of the Demerged Company and / or its subsidiaries or the Resulting Company and / or its subsidiaries, whether at current prices or in the future.

No investigation of the Companies claim to title of assets has been made by us for the purpose of this exercise and the Companies 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 account. Therefore, no responsibility whatsoever is assumed for matters of a legal nature. Our report is not and should not be constructed as our opining or certifying the compliance of the proposed scheme of arrangement 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

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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 for the Scheme, no delay, limitation, restriction or condition will be imposed that would have an adverse effect on the Demerged Company and / or its subsidiaries, Resulting Company and / or its subsidiaries and their respective Shareholders. We express no opinion and have assumed that the Demerger will not trigger obligations to make open offers 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 of Demerger 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 Demerged Company and / or its subsidiaries, Resulting Company and / or its subsidiaries and their respective shareholders, nor does our Opinion address any legal, tax, regulatory or accounting matters, as to which we understand that the Demerged Company and the Resulting Company have obtained such advice as it 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 Entitlement 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.

In the past, Axis Capital Limited and its affiliates (together, the "Axis Capital Group") have provided financial advisory services to GIL and has received fees for the rendering of these services.

We have in the past provided, and may currently or in the future provide, investment banking services to the Demerged Company and the Resulting Company and/or its

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subsidiaries or their respective affiliates that are unrelated to the proposed Scheme, for which services we have received or may receive customary fees. In addition, in the ordinary course of their respective businesses, affiliates of Axis Capital Ltd. may actively trade securities of the Demerged 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 Demerged Company in connection with its consideration of the Scheme and for none other. Neither Axis Capital Ltd., 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, based on which the Opinion has been issued. 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 report and is not contingent on the successful completion of the Scheme. In addition, GIL has agreed to reimburse certain of our expenses and indemnify us against certain liabilities arising out of our engagement.

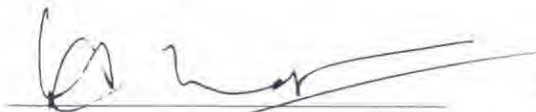
Our Opinion is not intended to and does not constitute a recommendation to any shareholder as to how such holder should vote or act in connection with the Scheme or any matter related thereto.

#### IV. Conclusion

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.

Very truly yours,

For Axis Capital Ltd.



**Authorized Signatory**

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For Greenply Industries Ltd.**  
  
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Company Secretary &  
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