

Dated: July 19, 2019

**FOR THE ATTENTION OF COMPANY'S SHAREHOLDERS**

The Hon'ble Guwahati Bench of National Company Law Tribunal ("NCLT") has, vide its order dated June 28, 2019, sanctioned the Composite Scheme of Arrangement ('the Scheme') under Section 230 to 232 read with Section 66 of the Companies Act, 2013 between Greenply Industries Limited ('Greenply' or 'the Demerged Company') and Greenpanel Industries Limited ('Greenpanel' or 'the Resulting Company') and their respective Shareholders and Creditors. As per the Scheme, the assets and liabilities relating to the "Transferred Business" or "Demerged Undertaking" as defined in the Scheme has been transferred at book value to Greenpanel with effect from the Appointed Date i.e. April 1, 2018.

We wish to inform the Shareholders the date of acquisition and the proportionate cost of acquisition of the equity share(s) of Greenpanel vis-à-vis the cost of acquisition of the equity share(s) of Greenply for the purpose of computing the capital gain / loss as per the Provisions of the Income Tax Act, 1961 ('the Act')

**The cost of acquisition in respect of each Shareholder will be different and is relevant only in cases where shares of Greenply were acquired / bought before the record date i.e. July 15, 2019.**

Applicable Statutory Provisions: Section 49 (2C) and (2D) of the Act.

1. Cost of Acquisition of Resulting Company's Shares	Original cost of acquisition X net book value of assets transferred by the Demerged Company as on the appointed date ..... net worth of the Demerged Company immediately before Demerger
2. Cost of Acquisition of Shares of Demerged Company	Original Cost of Acquisition of shares of the Demerged Company less Cost of Acquisitions of Resulting Company's Shares (as computed under 1 above)

The net book value of assets which relate to the Transferred Business as on the appointed date (i.e. April 1, 2018) was INR 63,606.61 Lacs and the net worth of Greenply immediately before demerger was INR 91,784.39 Lacs. Thus, the proportion of net book value of the assets of Greenply transferred vis-à-vis the net worth of Greenply immediately before such demerger will be 69.30%. Accordingly, **the Cost of Acquisition of equity shares of Greenpanel will be 69.30% of the total cost of acquisition of the original equity share in Greenply prior to such demerger.**

To determine post Demerger cost of acquisition of Equity Share(s) of Greenply and Greenpanel in accordance with the provisions of the Income Tax Act, 1961, the Shareholders are advised to apportion their pre-demerger cost of equity shares of Greenply in the following manner:-



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CIN U20100AS2017PLC018272  
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Name of the Company	% of Cost of Acquisition of Greenply's Shares
Greenply Industries Limited	30.70
Greenpanel Industries Limited	69.30
<b>Total</b>	<b>100.00</b>

For example: A shareholder holds 1 share of Re. 1 each in Greenply before the record date i.e. July 15, 2019, assuming that the cost of acquisition of the same is Rs. 1000 per share and such Shareholder will be allotted 1 fully paid up equity share of Re. 1 each of Greenpanel and will also continue to hold 1 share in Greenply.

The proportionate cost of acquisition of 1 share of Re. 1 each in Greenpanel will be Rs. 693 (Rs.1000\*69.30%) and that of 1 share of Greenply will be Rs. 307 (Rs.1000\*30.70%). Accordingly, the cost of acquisition of each share of Greenpanel would be Rs. 693 and the cost of acquisition of each share of Greenply would be Rs.307.

As regards the equity share(s) of Greenpanel to be credited to your demat account / share certificate to be received by you, as the case may be, the date of acquisition for the purpose of capital gains/loss will be the date of acquisition of the original share(s) of Greenply for each Shareholder as per clause (g) in Explanation 1 to section 2(42A) of the Act. Kindly consult your tax advisors, having regard to the facts of your case.

Further, according to the provisions of Section 47(vi)(d) of the Act, the issue of share(s) by a Resulting Company to the Shareholders of the Demerged Company, pursuant to the Scheme, is not a transfer and hence not taxable in the hands of the Shareholder.

We trust this explains the position clearly and would help you to compute the cost of acquisition per share individually for Greenply and Greenpanel, both, pre and post demerger, if and when the shares are sold attracting capital gains/loss under the Act. The Shareholders are advised to seek legal opinion, should they feel it necessary.

*This communication is merely for the general guidance of the Shareholders, and Greenply / Greenpanel takes no express or implied liability in relation to this guidance.*

*Please note that if there is a change, including change having a retrospective effect in the statutory laws and regulations, the comments expressed in this communication would necessarily have to re-evaluated in light of the changes. Greenply/Greenpanel do not take the responsibility of updating this communication at any time in future.*

Thanking You,

Yours faithfully  
For Greenpanel Industries Limited

  
Vishwanathan Venkatramani  
Chief Financial Officer

