

Annexure 3 - Fairness Opinion Report



Dated : 29/06/2022

The Board of Directors
Greenlam Industries Limited
203, 2nd Floor, West Wing, Worldmark 1,
Aerocity, IGI Airport, Hospitality District,
New Delhi – 110 037

Dear Sir / Madam,

Sub: Fairness Opinion on the share exchange ratio for the Scheme of Arrangement between Greenlam Industries Limited ("GIL" or "Transferee Company") and HG Industries Limited (Formerly Himalaya Granites Limited) ("HGIL" or "Transferor Company") (GIL and HGIL together referred to as "Companies") and their respective shareholders and all concerned, towards amalgamation of the Transferor Company with and into the Transferee Company ("Scheme").

This opinion is issued pursuant to the terms of our engagement letter dated June 13, 2022 with GIL under which GIL has requested SKP Securities Limited ("SKP"), a SEBI Registered Category (I) Merchant Banker to provide fairness opinion on the share exchange ratio for the proposed Scheme.

BACKGROUND, PURPOSE AND USE OF THIS REPORT

We understand that the management of GIL and HGIL is contemplating a restructuring exercise wherein entire business and whole of the undertaking of HGIL will be transferred to GIL as a going concern with the following objective:

1. The Transferee Company holds 74.91% of the share capital of the Transferor Company which was acquired in the financial year FY 2021-22. The Transferee Company is engaged in the business of, *inter alia*, manufacturing of laminates, decorative veneers, engineered wooden flooring, engineered wooden doors and allied products and the Transferor Company is in the process of setting-up a manufacturing plant at Tindivanam, Tamil Nadu for manufacturing of plywood and allied products. The business activities of the Transferor Company and the Transferee Company complement each other. The amalgamation pursuant to this Scheme, would, *inter alia*, have the following benefits:
 - i. it would enable the Transferee Company to leverage its combined assets and to create a more competitive business, both in scale and operations;
 - ii. it would consolidate the businesses of the Transferor Company and the Transferee Company which will result in focused growth, operational efficiencies, business synergies and unlock the value of the assets of the Transferor Company;
 - iii. it would enhance operational, organizational and financial efficiencies, and achieve economies of scale by pooling of resources and ultimately enhancing overall shareholders value;
 - iv. it would achieve synergies in costs (particularly in respect of customer relationship management and establishing sales and marketing channels), operations, stronger and wider capital and financial base for future growth;



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NSE & BSE : INZ000199335 | Research Analyst : INH300002902 | NSDL & CDSL : IN-DP-155-2015
AMFI : ARN 0006 | CIN : L74140WB1990PLC049032 | PM : INP000006509 | MB : INM000012670

Chatterjee International Centre
33A Jawaharlal Nehru Road
Level 21 Kolkata 700071 India
☎ +91 33 40077000
☎ +91 33 40077007
✉ contact@skpsecurities.com
🌐 skpsecurities.com

- v. it would allow for an integrated and coordinated approach to investment strategies will allow for a more efficient allocation of capital and cash management;
- vi. it would broaden the Transferee Company's product portfolio by adding plywood and allied products;
- vii. it would prevent overlap of sales and marketing channels of the Transferor Company and the Transferee Company;
- viii. it would consolidate administrative and managerial functions and elimination of multiple record-keeping, inter alia, other expenditure and optimal utilization of resources by elimination of unnecessary duplication of activities and related costs thus resulting in reduced expenditure.

The share exchange ratio ("**Share Exchange Ratio**") of the equity shareholders of HGIL for the proposed Scheme refers to

- the number of equity share(s) of the face value of Re. 1/- (Rupee One) each credited as fully paid up in the share capital of GIL which would be issued to the equity shareholders of HGIL for exchange of the fully paid-up equity share(s) of the face value of Rs. 5/- (Rupees Five) each held in HGIL.

For the aforesaid purpose, the management of the Companies has appointed Incwert Advisory Private Limited (referred as "**Valuer**") to prepare a report on the share exchange ratio for the scheme to be placed before the Audit Committee and the Board of Directors of the Companies, as per the requirement of SEBI Circular No. SEBI/HO/CFD/DIL1/CIR/P/2021/0000000665, dated November 23, 2021 as amended ("**SEBI Circular**").

In this connection we have been requested by GIL to render our professional services by way of issue of fairness opinion on the Share Exchange Ratio to the audit committee and Board of Directors of the Transferee Company as to whether the Share Exchange Ratio, as recommended by the Valuer, in their report dated June 29, 2022 is fair and reasonable.

This report is intended only for the sole use and information of GIL, and only in connection with the proposed Scheme including for the purpose of obtaining judicial and regulatory approvals for the proposed Scheme. It is hereby notified that any reproduction, copying or otherwise quoting of this report or any part thereof, other than in connection with the proposed Scheme as aforesaid can be done only with our prior written permission. We acknowledge that this report will be shared to the extent as may be required, with the National Company Law Tribunal, stock exchanges, advisors of the Companies in relation to the proposed scheme, as well as with the statutory authorities.

As per the Valuation Report, the following exchange ratio is recommended by the Valuer:

For equity shareholders of HGIL:

- 1 (One) equity shares of the face value of Re. 1/- (Rupees One) each credited as fully paid up in the share capital of GIL for every 2 (Two) fully paid up equity share(s) of the face value of Rs. 5/- (Rupees Five) each held in HGIL.

SOURCES OF INFORMATION:-

We have relied upon the following sources of information:

1. Memorandum and Articles of Association of the Companies.
2. Audited financial statements of the GIL for the financial years ('FY') ended March 31, 2020, March



31, 2021 and March 31, 2022.

3. Audited financial statements of the HGIL for the FY ended March 31, 2020, March 31, 2021 and March 31, 2022.
4. Draft of the proposed Scheme of Arrangement between the Companies.
5. Discussion (including oral) with management of the Companies regarding the proposed Scheme, current operations and future prospects.
6. Discussion (including oral) and documents as provided by the Valuer for the purpose of this engagement.
7. Equity shares trading data of GIL from the website of National Stock Exchange of India Limited and BSE Limited.
8. Such other information, documents, data, reports, discussions and verbal & written explanations from the Companies as well as advisors for proposed amalgamation, information available at public domain & websites as were considered relevant for the purpose of the Fairness Opinion.

EXCLUSIONS AND LIMITATIONS:-

1. We have assumed and relied upon, without independent verification, the accuracy and completeness of all information that was publicly available or provided or otherwise made available to us by the management of the Companies for the purpose of this opinion without carrying out any audit or certification or due diligence of the working results, financial statements, financial estimates or estimates of value to be realized for the assets of the Companies.
2. We have solely relied upon the information provided to us by the management of the GIL. We have not reviewed any books or records of Companies.
3. We have not assumed any obligation to conduct, nor have we conducted any physical inspection or title verification of the properties or facilities of the Companies and neither express any opinion with respect thereto nor accept any responsibility therefor.
4. We have not made any independent valuation or appraisal of the assets or liabilities of the Companies. In particular we do not express any opinion as to the value of assets of the Companies, whether at current market prices or in future.
5. We are not experts in the evaluation of litigation or other actual or threatened claims and hence have not commented on the effect of such litigation or claims on the valuation. We are not legal, tax, regulatory or actuarial advisors. We are financial advisors only and have relied upon, without independent verification, the assessment of the Companies with respect to these matters. In addition, we have assumed that the Draft Scheme of Arrangement will be approved by the regulatory authorities and that the proposed scheme will be consummated substantially in accordance with the terms set forth in the Draft Scheme of Arrangement.
6. We understand that the managements of the Companies during our discussion with them would have drawn our attention to all such information and matters which may have an impact on our analysis and opinion.
7. Our opinion is necessarily based on financial, economic, market and other conditions as they currently exist and on the information made available to us as of the date hereof. It should be understood that although subsequent developments may affect this opinion, we do not have any



obligation to update, revise or reaffirm this opinion. In arriving at our opinion, we are not authorized to solicit, and did not solicit, interests for any party with respect to the acquisition, business combination or other extra- ordinary transaction involving the Companies or any of its assets, nor did we negotiate with any other party in this regard.

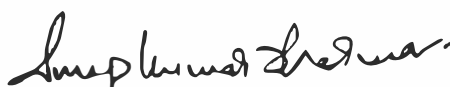
8. We express no opinion whatever and make no recommendation at all as to the decision to effect to the proposed Scheme or as to how the holders of equity shares or secured or unsecured creditors of Companies should vote at their respective meetings held in connection with the proposed Scheme of Arrangement. We do not express and should not be deemed to have expressed any views on any other terms of the proposed Scheme. We also express no opinion and accordingly accept no responsibility for or as to the prices at which the equity shares of Transferee Company and Transferor Company will trade following the announcement of the proposed Scheme or as to the financial performance of Companies following the completion of the proposed Scheme of Arrangement.
9. In the ordinary course of business, SKP is engaged in securities trading, securities brokerage and investment activities, as well as providing investment banking and investment advisory services. In the ordinary course of its trading, brokerage and financing activities, any member of SKP may at any time hold long or short positions, and may trade or otherwise effect transactions, for its own account or the accounts of customers, in debt or equity securities of any company that may be involved in the Scheme.
10. In no circumstances however, will SKP or its directors or employees accept any responsibility or liability to any third party.

CONCLUSION: -

In the circumstances, having regard to all the relevant factors and on the basis of information and explanation given to us, we are of the opinion on the date hereof, that the Share Exchange Ratio as recommended by the Valuer, which forms the basis for this proposed Scheme of Arrangement is fair and reasonable.

SKP has issued the Fairness Opinion with the understanding that Draft Scheme shall not be materially altered and the parties hereto agree that the Fairness Opinion would not stand good in case the final Scheme alters the transaction.

Yours Faithfully,
For SKP SECURITIES LIMITED



ANUP KUMAR SHARMA
(Head – Merchant Banking)
SEBI REGN No. INM000012670



Place: Kolkata

