

ANNEXURE 'D'

True and certified copy of the resolution adopted by the Audit Committee of Directors of the Company at its meeting held on 17th October, 2016.

The Audit Committee of the Company resolved to recommend the proposed demerger of the consumer electric undertaking of the Company into Orient Electric Ltd., the wholly owned subsidiary of the Company, to be implemented in terms of the scheme of arrangement ("**Scheme**") between the Company, Orient Electric Ltd., and their respective shareholders and creditors under Sections 391 – 394 of the Companies, Act, 1956 and other applicable provisions of the Companies Act, 1956 and the Companies Act, 2013. A copy of the draft Scheme was placed before the Audit Committee.

This report of the Audit Committee is made in order to comply with the requirements of SEBI Circular No CIR/CFD/16/2015 dated November 30, 2015 issued by the Securities and Exchange Board of India under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The following documents were placed before the Audit Committee:

- Draft Scheme, duly initialled by the Company Secretary of the Company for the purpose of identification;
- Valuation report dated 17th October, 2016 prepared by NDA & Associates, Independent Chartered Accountants ("**Valuation Report**"), describing the methodology adopted by them in arriving at the Share Exchange Ratio;
- Fairness opinion dated 17th October, 2016 prepared by IDBI Capital Markets & Securities Ltd, a Category I Merchant Banker ("**Fairness Opinion**") providing the Fairness Opinion on the Share Exchange Ratio as recommended by NDA & Associates and
- Draft Certificate dated 17th October, 2016 obtained from M/s. S.R. Batliboi & Co, LLP the Statutory Auditors of the Company, on the accounting treatment prescribed in the Scheme.

Proposed Scheme

The Audit Committee noted the rationale and the benefits of the Scheme which, *inter-alia*, are as follows:

The Company is engaged in 2 (two) distinct lines of business namely:

- (a) manufacture and distribution of paper and paper products such as writing paper, printing paper and tissue paper (collectively referred to as the "**Paper Business**"); and

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CIN: L21011OR1936PLC000117



- (b) manufacture and distribution of consumer appliances such as fans, lighting products, home appliances and switch gears (collectively referred to as the "Consumer Electric Business").

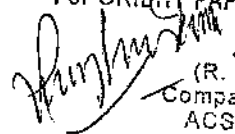
The nature of risk and competition involved in each of the Paper Business and Consumer Electric Business is distinct, necessitating different management approaches and focus. Moreover, the competitive dynamics of these businesses are also different.

The separation of the Consumer Electric Business, by way of this Scheme from the Company would lead to significant benefits for both businesses including:

- (a) enable a dedicated management focus and to accelerate growth of the Consumer Electric Business unlocking significant value for the shareholders of the Company; and
- (b) access to varied sources of funds for the rapid growth of both businesses.
- (i) With a view to achieve the aforesaid growth potential, the Company proposes to re-organise and segregate, by way of the Scheme, its business, undertaking and investments in the Consumer Electric Business.

The Audit Committee reviewed the Valuation Report and noted the recommendations made therein. Further, the Fairness Opinion confirmed that the Share Exchange Ratio in the Valuation Report is fair to the shareholders of the Company.

For ORIENT PAPER & INDUSTRIES LTD.


(R. P. DUTTA)
Company Secretary
ACS No. 14337

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