

**REPORT OF THE AUDIT COMMITTEE OF WELSPUN ENTERPRISES LIMITED RECOMMENDING THE DRAFT SCHEME OF AMALGAMATION OF ANJAR ROAD PRIVATE LIMITED WITH WELSPUN ENTERPRISES LIMITED AND THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS.**

**Present Members:**

1. Mr. Mohan Tandon - Chairman
2. Mr. Dhruv Kaji - Member

**In attendance:**

1. Ms. Priya Pakhare - Company Secretary

**Invitee:**

1. Mr. Sandeep Garg - Managing Director
2. Mr. Shrinivas Kargutkar - Chief Financial Officer
3. Mr. Devendra Patil - President (Secretarial)
4. Mr. Paras Shah - Dy. Manager (Secretarial)

**1. Background:**

- a. A draft scheme of amalgamation, under section 230-232 of the Companies Act, 2013 and other applicable provisions of the Companies Act, 2013, of Anjar Road Private Limited ('ARPL' or 'Transferor Company') with Welspun Enterprises Limited ('WEL' or 'Transferee Company') and their respective shareholders and creditors ('Scheme') has been placed before the Audit Committee by the management for it to consider recommending the said draft Scheme to the Board of Directors.
- b. The Scheme inter alia provides for amalgamation of ARPL with WEL.
- c. The equity shares of WEL are listed on the BSE Limited ('BSE') and National Stock Exchange of India Limited ('NSE'). WEL will be filing the Scheme along with necessary documents/information with the abovementioned exchanges.
- d. The report of Audit Committee is made in order to comply with the requirements of the Circular CFD/DIL3/CIR/2017/17 dated 10<sup>th</sup> March, 2017 issued by the Securities and Exchange Board of India, as amended from time to time, ("SEBI Circular") after considering the following:



Welspun Enterprises Limited (Formerly known as Welspun Projects Limited)  
 Welspun House, Kumbh City, Sonipat Bypass, Hingolji Road, Lower Phase (West), Mumbai 400 076, India  
 T: +91 22 4455 8000 / 2498 5000 F: +91 22 2400 8020  
 E-mail: companysecretary\_wel@welspun.com Website: www.welspunenterprises.com  
 Registered Address: Welspun City, Village Vasundhri, Taluka Anjar, District Kutch, Gujarat 370 110, India  
 Y: +91 2055 662322 F: +91 2055 275001  
 Corporate Identity Number: U45205GJ0664916023002

*Handwritten signature and date:*  
 8/10/2018

- i) Draft Scheme, duly initialed by Company Secretary of WEL for the purpose of identification;
- ii) Share Exchange report dated September 21, 2018 issued by SSPA & Co., Independent Chartered Accountants; and
- iii) Fairness Opinion Report dated September 21, 2018 issued by M/s. Dalmia Securities Private Limited, a Category I Merchant Banker providing the fairness opinion on the share entitlement recommended in the valuation report prepared by SSPA & Co., Independent Chartered Accountants;
- iv) Certificate obtained from the Statutory Auditors of WEL i.e. M/s. MGB & Co. LLP, Chartered Accountants, confirming that the accounting treatment as prescribed in the Scheme is in compliance with the applicable accounting treatment notified under Companies Act, 2013 and other generally accepted principles;
- v) Audited financial statements of WEL for the year ended March 31, 2016, March 31, 2017 and March 31, 2018; and
- vi) Audited financial statements of ARPL for the year ended March 31, 2016, March 31, 2017 and March 31, 2018.

## 2. Proposed Scheme

- a. The Audit Committee reviewed the valuation report and noted the report and recommended the following:

In consideration for the amalgamation of ARPL with WEL in terms of the Scheme and based on share exchange report issued by SSPA & Co., Independent Chartered Accountants and fairness opinion provided M/s. Dalmia Securities Private Limited, a Category I Merchant Banker, WEL will issue an aggregate of 5,84,15,951 (Five Crores Eighty Four Lakhs Fifteen Thousand Nine Hundred and Fifty One only) equity shares of Rs. 10/- (Rupees Ten) each, fully paid up to the equity shareholders of ARPL on a proportionate basis. In case ARPL acquires additional equity shares of face value of Rs. 10 each fully paid-up of WEL before the effective date without incurring any additional liability, such additional number of equity shares of face value of Rs. 10 each fully paid-up of WEL shall also be issued and allotted to the shareholders of ARPL in proportion of the number of equity shares held by the shareholders of ARPL in ARPL.

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- b. Further, the Fairness Opinion confirmed that the share entitlement in the valuation report is fair to WEL, ARPL and their respective shareholders and creditors.
- c. Further, M/s. MGB & Co. LLP, Statutory Auditors of WEL have confirmed that the accounting treatment as specified in the Scheme is in accordance with the applicable accounting standards specified under the provisions of the Companies Act, 2013 and the generally accepted accounting principles in India.
- d. The proposed Appointed Date for the amalgamation will be September 18, 2018.
- e. Under the proposed Scheme, all assets and liabilities, pertaining to ARPL, of whatsoever nature and where so ever situated, shall without any further act or deed be transferred to and vested in WEL as a going concern with effect from the Appointed Date.
- f. The equity shares of WEL to be issued to the shareholders of ARPL pursuant to the Scheme shall be listed on BSE and NSF (subject to trading permission being granted by the stock exchange).

### 3. Recommendations of the Audit Committee

The Audit Committee after due deliberations and due consideration of all the terms of the draft Scheme, valuation report, fairness opinion report and the specific points mentioned above, recommends the draft Scheme for favorable consideration by the Board of Directors of WEL.

By Order of the Audit Committee

For and on behalf of  
**WELSPUN ENTERPRISES LIMITED**

  
**Mohan Tandon**  
DIN - 00026460  
Chairperson of the Audit Committee

Date: September 21, 2018  
Place: Mumbai