

Annexure -3 (pg 26 to 31)

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STRICTLY PRIVATE & CONFIDENTIAL

21 September 2018

The Board of Directors
Welspun Enterprises Limited
Welspun City, Village Versamedi,
Tal. Anjar, Kutch,
Gujarat - 370 110

The Board of Directors
Anjar Road Private Limited
Survey No 76, Village Morai
Vapi Valsad
Gujarat - 396 191

Sub: Recommendation of fair equity share exchange ratio for the proposed amalgamation of Anjar Road Private Limited ('ARPL') with Welspun Enterprises Limited ('WEL')

Dear Sir(s) / Madam(s),

We refer to our engagement letter dated 07 Sep 2018, whereby SSPA & Co., Chartered Accountants (hereinafter referred to as 'SSPA' or 'Valuer' or 'We') have been requested by the management of WEL and ARPL, (collectively referred to as "Companies" or "Clients") to issue a report containing recommendation of fair equity share exchange ratio for the proposed amalgamation of ARPL with WEL.

1. SCOPE AND PURPOSE OF THIS REPORT

- 1.1 We have been given to understand that in order to *inter alia* simplify the shareholding structure of WEL and reduction of shareholding tiers, it is proposed that ARPL will amalgamate into WEL in accordance with the provisions of Sections 230 to 232 and other applicable provisions of Companies Act, 2013 (hereinafter referred to as 'Scheme of Amalgamation'). Subject to necessary approvals, ARPL would be merged with WEL, with effect from appointed date of 21 Sep 2018 (hereinafter referred to as 'Proposed Transaction'). As a consideration for the Proposed Transaction, equity shareholders of ARPL would be issued equity shares of WEL.
- 1.2 In this regard, we have been requested to issue a report containing recommendation of fair equity share exchange ratio for the Proposed Transaction.



2. BACKGROUND

2.1 WELSPUN ENTERPRISES LIMITED

WEL, part of Welspun Group, is engaged in infrastructure development business. WEL operates in the Infrastructure, Trading and Oil & Gas segments. WEL develops and operates Public Private Partnership ('PPP') projects in various sectors such as roads, water, and urban infrastructure.

The equity shares of WEL are listed on BSE Limited ('BSE') and the National Stock Exchange of India Limited ('NSE').

2.2 ANJAR ROAD PRIVATE LIMITED

ARPL is engaged in the infrastructure business through its investee Company, i.e. WEL, in which ARPL holds 5,84,15,951 equity shares of face value of INR 10 each fully paid up (i.e. 39.60% equity stake).

The shareholding pattern of ARPL as on date is as under:

Name of the Shareholder	No. of Shares	% of holding
Balkrishan Goenka, Trustee of Welspun Group Master Trust and Nominees	40,000	100%
Total	40,000	100%

3. SSPA & CO., CHARTERED ACCOUNTANTS

SSPA is a partnership firm, located at 1st Floor, Arjun Building, Plot No. 6A, V. P. Road, Andheri (W), Mumbai – 400 058, India. SSPA is engaged in providing various corporate consultancy services.

4. SOURCES OF INFORMATION

For the purpose of this exercise, we have relied upon the following sources of information as provided by the management of the Companies:

- Audited financial statements of ARPL and WEL for FY 2017-18.
- Draft Scheme of Amalgamation.
- Such other information and explanations as required and which have been provided by the management of the Companies.



5. SCOPE LIMITATIONS, ASSUMPTIONS, QUALIFICATIONS, EXCLUSIONS AND DISCLAIMERS

- 5.1. Our report is subject to the scope limitations detailed hereinafter. As such the report is to be read in totality, and not in parts, in conjunction with the relevant documents referred to herein and in the context of the purpose for which it is made.
- 5.2. This report has been prepared for the Board of Directors of WEL and ARPL solely for the purpose of recommending a fair equity share exchange ratio for the proposed amalgamation of ARPL with WEL.
- 5.3. We have been represented by the Management of the Companies that the Companies have clear and valid title of assets. No investigation on ARPL's claim to title of assets has been made for the purpose of this report and their claim to such rights has been assumed to be valid.
- 5.4. For the purpose of this exercise, we were provided with both written and verbal information including information detailed hereinabove in para 'Sources of Information'. Further, the responsibility for the accuracy and completeness of the information provided to us by the Companies / auditors is that of the respective Companies. Also, with respect to explanations and information sought from the Companies, we have been given to understand by the Management of the Companies that they have not omitted any relevant and material facts about the respective Companies. The Management of the Companies have indicated to us that they have understood that any omissions, inaccuracies or misstatements may materially affect our valuation analysis / conclusions. Our work does not constitute an audit, due diligence or certification of these information referred to in this report including information sourced from public domain. Accordingly, we are unable to and do not express an opinion on the fairness or accuracy of any information referred to in this report and consequential impact on the present exercise. However, nothing has come to our attention to indicate that the information provided / obtained was materially misstated / incorrect or would not afford reasonable grounds upon which to base the report.
- 5.5. The fee for the engagement and this report is not contingent upon the results reported.
- 5.6. This report is prepared only in connection with the proposed amalgamation exclusively for the use of the Companies and for submission to any regulatory/statutory authority as may be required under any law.



- 5.7. Our report is not, nor should it be construed as our opining or certifying the compliance of the proposed amalgamation 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 amalgamation.
- 5.8. Any person/party intending to provide finance/divest/invest in the shares/convertible instruments/ business of the Companies shall do so after seeking their own professional advice and after carrying out their own due diligence procedures to ensure that they are making an informed decision.
- 5.9. The decision to carry out the transaction (including consideration thereof) lies entirely with the Management/the Companies and our work and our finding shall not constitute a recommendation as to whether or not the Management/the Companies should carry out the transaction.
- 5.10. Our Report is meant for the purpose mentioned in Para 1 only and should not be used for any purpose other than the purpose mentioned therein. The Report should not be copied or reproduced without obtaining our prior written approval for any purpose other than the purpose for which it is prepared. In no event, regardless of whether consent has been provided, shall SSPA assume any responsibility to any third party to whom the report is disclosed or otherwise made available.
- 5.11. SSPA nor its partners, managers, employees make any representation or warranty, express or implied, as to the accuracy, reasonableness or completeness of the information, based on which the valuation is carried out. All such parties expressly disclaim any and all liability for, or based on or relating to any such information contained in the valuation.

6. BASIS FOR DETERMINATION OF FAIR EQUITY SHARE EXCHANGE RATIO

- 6.1. ARPL as on the date of this report holds 5,84,15,951 equity shares of face value of INR 10 each fully paid-up of WEL. Further, ARPL may before the effective date, acquire additional equity shares of face value of INR 10 each fully paid-up of WEL (including by way of purchases on floor of Stock Exchanges) without incurring any additional liability. Upon the effective date, pursuant to amalgamation of ARPL with WEL, the entire shareholding of ARPL in WEL will be cancelled and the shareholders of ARPL would be issued same number of fully paid-up equity shares of WEL, which they own indirectly



through their holding in ARPL on the effective date. Pursuant to the amalgamation, there would be no change in the paid-up share capital of WEL. As mentioned above, post-amalgamation the shareholders of ARPL will hold the same number of shares as ARPL holds in WEL. Consequently, there is no impact on the shareholding pattern of other shareholders of WEL and therefore no valuation of WEL and of ARPL is required.

- 6.2. Upon the Scheme becoming effective, there is no additional consideration being discharged under the Scheme except same number of shares of WEL being issued to the shareholders of ARPL in lieu of shares held by ARPL in WEL (which will get cancelled). Thus, for every fresh issue of share of WEL to the shareholders of ARPL, there is a corresponding cancellation of an existing WEL share as held by ARPL. Also, there would be no change in the aggregate promoters' shareholding in WEL and it shall not affect the interest of other shareholders of WEL.

Accordingly, valuation approaches as indicated in the format as prescribed by circular number NSE/CML/2017/12 of NSE and LIST/COMP/02/2017-18 of BSE have not been undertaken as they are not relevant in the instant case.

- 6.3. The management / shareholders of ARPL have given an undertaking that the cash/bank balance and liquid investments in the books of ARPL immediately prior to effective date will be utilised to meet the costs, fees, charges, taxes including duties, levies and all other expenses (including stamp duties payable on issue of new shares) in relation to the proposed amalgamation. Further in the event ARPL is unable to bear any such expenses due to lack of sufficient funds (including cash/bank balance and liquid investment) in ARPL, the shareholders of ARPL will bear such expenses. Thus, WEL will not bear any expenses pursuant to the amalgamation.

- 6.4. Further, we understand that the shareholders of ARPL shall indemnify and hold harmless WEL for losses, liabilities, costs, charges, expenses (whether or not resulting from third party claims), including those paid or suffered pursuant to any actions, proceedings, claims and including interests and penalties discharged by WEL which may devolve on WEL on account of proposed amalgamation of ARPL with WEL but would not have been payable by WEL otherwise, in the form and manner as may be agreed amongst WEL and the shareholder of ARPL. Thus, WEL will not bear any loss, liabilities, cost, charges and expenses due to any such disputes or litigations pursuant to the amalgamation.



7. CONCLUSION - RECOMMENDATION OF FAIR EQUITY SHARE EXCHANGE RATIO

7.1. Based on above in the event of amalgamation of ARPL with WEL, we recommend a fair equity share exchange ratio as follows:

5,84,15,951 fully paid-up equity shares (face value of INR 10 each) of WEL to be issued and allotted to shareholders of ARPL in proportion of the number of equity shares held by the shareholders of ARPL in ARPL.

In case ARPL acquires additional equity shares of face value of INR 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 INR 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.

7.2. We believe that the above ratio is fair and equitable considering that all the shareholders of ARPL are and will, upon amalgamation, remain ultimate beneficial owners of WEL in the same ratio (inter-se) as they hold shares of WEL through ARPL prior to the amalgamation and that as mentioned hereinabove the interest of other shareholders in WEL remains unaffected.

Thanking you,
Yours faithfully,

Sujal Shah



SSPA & CO.
Chartered Accountants
Firm registration number: 128851W

Signed by Sujal Shah, Partner
Membership No. 045816

Place: Mumbai