

**STRICTLY PRIVATE & CONFIDENTIAL**

21 September 2018

**The Board of Directors**  
**Welspun India Limited**  
Welspun City, Village Versamedi,  
Tal. Anjar, Kutch,  
Gujarat – 370 110

**The Board of Directors**  
**Prasert Multiventure 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 Prasert Multiventure Private Limited ('PMPL') with Welspun India Limited ('WIL')**

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 WIL and PMPL, (collectively referred to as "Companies" or "Clients") to issue a report containing recommendation of fair equity share exchange ratio for the proposed amalgamation of PMPL with WIL.

**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 WIL and reduction of shareholding tiers, it is proposed that PMPL will amalgamate into WIL 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, PMPL would be merged with WIL, with effect from appointed date of 16 Aug 2018 (hereinafter referred to as 'Proposed Transaction'). As a consideration for the Proposed Transaction, equity shareholders of PMPL would be issued equity shares of WIL.

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 INDIA LIMITED

WIL, part of Welspun Group, is one of the world's largest home textile player with presence in bed, bath & flooring segments. It is largest exporter of home textile products from India.

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

### 2.2 PRASERT MULTIVENTURE PRIVATE LIMITED

PMPL is into the business of manufacturers, distributors and exporters of home textile products through its investee / subsidiary Company, i.e. WIL, in which PMPL holds 67,90,78,913 equity shares of face value of INR 1 each fully paid up (i.e. 67.59% equity stake).

The shareholding pattern of PMPL 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	50,000	100%
<b>Total</b>	<b>50,000</b>	<b>100%</b>

## 3. SSPA & CO., CHARTERED ACCOUNTANTS

SSPA is a partnership firm, located at 1<sup>st</sup> 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 PMPL and WIL 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 WIL and PMPL solely for the purpose of recommending a fair equity share exchange ratio for the proposed amalgamation of PMPL with WIL.
- 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 PMPL'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. PMPL as on the date of this report holds 67,90,78,913 equity shares of face value of INR 1 each fully paid-up of WIL. Further, PMPL may before the effective date, acquire additional equity shares of face value of INR 1 each fully paid-up of WIL (including by way of purchases on floor of Stock Exchanges) without incurring any additional liability.



Upon the effective date, pursuant to amalgamation of PMPL with WIL, the entire shareholding of PMPL in WIL will be cancelled and the shareholders of PMPL would be issued same number of fully paid-up equity shares of WIL, which they own indirectly through their holding in PMPL on the effective date. Pursuant to the amalgamation, there would be no change in the paid-up share capital of WIL. As mentioned above, post-amalgamation the shareholders of PMPL will hold the same number of shares as PMPL holds in WIL. Consequently, there is no impact on the shareholding pattern of other shareholders of WIL and therefore no valuation of WIL and of PMPL 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 WIL being issued to the shareholders of PMPL in lieu of shares held by PMPL in WIL (which will get cancelled). Thus, for every fresh issue of share of WIL to the shareholders of PMPL, there is a corresponding cancellation of an existing WIL share as held by PMPL. Also, there would be no change in the aggregate promoters' shareholding in WIL and it shall not affect the interest of other shareholders of WIL.

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 PMPL have given an undertaking that the cash/bank balance and liquid investments in the books of PMPL 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 PMPL is unable to bear any such expenses due to lack of sufficient funds (including cash/bank balance and liquid investment) in PMPL, the shareholders of PMPL will bear such expenses. Thus, WIL will not bear any expenses pursuant to the amalgamation.
- 6.4. Further, we understand that the shareholders of PMPL shall indemnify and hold harmless WIL 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 WIL which may devolve on WIL on account of proposed amalgamation of PMPL with WIL but would not have been payable by WIL otherwise, in the form and manner as may be agreed



amongst WIL and the shareholder of PMPL. Thus, WIL 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 PMPL with WIL, we recommend a fair equity share exchange ratio as follows:

**67,90,78,913 fully paid-up equity shares (face value of INR 1 each) of WIL to be issued and allotted to shareholders of PMPL in proportion of the number of equity shares held by the shareholders of PMPL in PMPL.**

In case PMPL acquires additional equity shares of face value of INR 1 each fully paid-up of WIL before the effective date without incurring any additional liability, such additional number of equity shares of face value of INR 1 each fully paid-up of WIL shall also be issued and allotted to the shareholders of PMPL in proportion of the number of equity shares held by the shareholders of PMPL in PMPL.

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

Thanking you,  
Yours faithfully,

*[Handwritten signature]*



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

Signed by **Sujal Shah, Partner**  
Membership No. 045816

Place: Mumbai

For Welspun India Limited  
*[Handwritten signature]*  
Director / Company Secretary