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STRICTLY PRIVATE & CONFIDENTIAL

22 May 2018

Annexure - 3

The Audit Committee

Welspun Investments and Commercials Limited

Welspun City, Village Versamedi,

Tal. Anjar, Kutch,

Gujarat – 370 110

The Board of Directors

Aethelred Multiventure Private Limited

Survey No 76, Village Morai,

Vapi Valsad,

Gujarat – 396 191

Re: Proposed amalgamation of Aethelred Multiventure Private Limited with Welspun Investments and Commercials Limited

Dear Sir(s) / Madam(s),

We have been requested by the management of Welspun Investments and Commercials Limited (hereinafter referred to as "WICL") and Aethelred Multiventure Private Limited (hereinafter referred to as "AMPL"), (collectively referred to as "Companies") to issue a report containing recommendation of fair equity share exchange ratio for the proposed amalgamation of AMPL with WICL.

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 WICL and reduction of shareholding tiers, it is proposed that AMPL will amalgamate into WICL in accordance with the provisions of Sections 230 to 232 read with Section 66 and other applicable provisions of Companies Act, 2013 (hereinafter referred to as "Scheme of Amalgamation"). Subject to necessary approvals, AMPL would be merged with WICL, with effect from appointed date of 01 June 2018.
- 1.2 In this regard, we have been requested to issue a report containing recommendation of fair equity share exchange ratio for the proposed amalgamation of AMPL with WICL.



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For WELSPUN INVESTMENTS AND COMMERCIALS LTD.

[Signature]
Company Secretary

2. BACKGROUND**2.1 WELSPUN INVESTMENTS AND COMMERCIALS LIMITED**

WICL, incorporated on 07 October 2008, is engaged in the business of trading of textile products and commodities and is an investment holding company having investments predominantly in Welspun Group companies.

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

2.2 AETHELRED MULTIVENTURE PRIVATE LIMITED

AMPL, incorporated on 20 February 2017, currently holds 72.67% equity stake in WICL. AMPL does not carry out any other business activity as on date.

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

Name of the Shareholder	No. of Shares	% of holding
Mr. Balkrishna Goenka, Trustee of Welspun Group Master Trust	51,424	100%
Mrs. Dipali Goenka, Nominee shareholder of Mr. Balkrishan Goenka (Trustee of Welspun Group Master Trust)	1	0%
Total	51,425	100%

3. SOURCES OF INFORMATION

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

- (a) Management certified provisional financial statements of AMPL and WICL for FY 2017-18.
- (b) Draft Scheme of Amalgamation.
- (c) Such other information and explanations as required and which have been provided by the management of the Companies.

4. EXCLUSIONS AND LIMITATIONS

- 4.1. 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.



- 4.2. This report has been prepared for the Board of Directors of WICL and AMPL solely for the purpose of recommending a fair equity share exchange ratio for the proposed amalgamation of WICL and AMPL.
- 4.3. Our scope of work does not enable us to accept responsibility for the accuracy and completeness of the information provided to us. We have, therefore, not performed any audit, review or examination of any of the historical or prospective information used and therefore, does not express any opinion with regards to the same.
- 4.4. No investigation on AMPL'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. Therefore, no responsibility is assumed for matters of a legal nature.
- 4.5. Our work does not constitute an audit or certification of the historical financial statements of the Companies and information sourced from public domain, referred to in this report. We have, therefore, not performed any due diligence procedure on the historical data and information sourced from public domain. Further, we do not accept responsibility for the accuracy and completeness of the information provided to us by the Companies / auditors / consultants or information sourced from public domain and accordingly, we are unable to and do not express an opinion on the fairness or accuracy of any financial information referred to in this report and consequential impact on the present exercise.
- 4.6. For the purpose of this exercise, we were provided with both written and verbal information. Our conclusions are based on the information given by/on behalf of the Companies. We assume no responsibility for any errors in the above information furnished by the Companies and consequential impact on the present exercise.
- 4.7. The fee for the engagement and this report is not contingent upon the results reported.
- 4.8. 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.
- 4.9. 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.



- 4.10. Any person/party intending to provide finance/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.
- 4.11. 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.
- 4.12. 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.
- 4.13. 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.

5. BASIS FOR DETERMINATION OF FAIR SHARE EXCHANGE RATIO

- 5.1. AMPL as on the date of this report holds 26,55,528 equity shares of face value of INR 10 each of WICL. Upon the effective date, pursuant to amalgamation of AMPL with WICL, the entire shareholding of WICL in AMPL will be cancelled and the shareholders of AMPL would be issued same number of equity shares of WICL, which they own indirectly through their holding in AMPL. Pursuant to the amalgamation, there would be no change in the paid-up share capital of WICL. As mentioned above, post-amalgamation the shareholders of AMPL will hold the same number of shares as AMPL holds in WICL. Consequently, there is no impact on the shareholding pattern of other shareholders of WICL and therefore no valuation is required.



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For WELSPUN INVESTMENTS AND COMMERCIALS LTD


Company Secretary

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

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.

- 5.3. The management / shareholders of AMPL have given an undertaking that the cash balance in the books of AMPL 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 AMPL is unable to bear any such expenses due to lack of sufficient funds in AMPL, the shareholders of AMPL will bear such expenses. Thus, WICL will not bear any expenses pursuant to the amalgamation.
- 5.4. Further, we understand that the shareholders of AMPL shall indemnify and hold harmless WICL 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 WICL which may devolve on WICL on account of amalgamation of AMPL with WICL but would not have been payable by WICL otherwise, in the form and manner as may be agreed amongst WICL and the shareholders of AMPL. Thus, WICL will not bear any loss due to any such disputes or litigations pursuant to the amalgamation.

6. RECOMMENDATION OF FAIR SHARE EXCHANGE RATIO

- 6.1 Based on above in the event of amalgamation of AMPL with WICL, we recommend a fair equity share exchange ratio as follows:

26,55,528 fully paid-up equity shares (face value of INR 10 each) of WICL to be issued and allotted to shareholders of AMPL in proportion of the number of equity shares held by the shareholders of AMPL in AMPL.



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


Thanking you,
Yours faithfully,



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

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

Place: Mumbai

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For WELSPUN INVESTMENTS AND COMMERCIALS LTD.

Company Secretary