



Letter Ref no.: DSPL/WEL/02/2018

STRICTLY PRIVATE & CONFIDENTIAL

FAIRNESS OPINION

The Board of Directors
Welspun Enterprises Limited
Welspun City, Village Versamedi,
Anjar, Gujarat-370110

The Board of Directors
Anjar Road Private Limited
Survey No 76, Village Morai, Vapi,
Dist. Valsad, Gujarat-396191

Dear Sir(s),

Subject: Fairness Opinion for the proposed Scheme of Amalgamation of Anjar Road Private Limited (referred as "the Transferor Company" or "ARPL") with Welspun Enterprises Limited (referred as "the Transferee Company" or "WEL") and their respective shareholders and creditors.

The Transferor Company and the Transferee Company together hereinafter referred to as the "Companies".

Please refer to the engagement letter no. DSPL/WEL/01/2018 dated 19th September, 2018 appointing Dalmia Securities Private Limited ["DSPL"], a Securities Exchange Board of India ("SEBI") registered category (I) Merchant Banker, to provide a fairness opinion in terms of the SEBI Circular No. CFD/DIL3/CIR/2017/21 dated March 10, 2017 ["SEBI Circular"] and other applicable SEBI Regulations, for the proposed scheme of amalgamation of the Transferor Company with the Transferee Company and their respective shareholders and creditors pursuant to sections 230-232 and other applicable provisions of the Companies Act, 2013 (hereinafter termed as "Scheme").

1. BACKGROUND

1.1 Welspun Enterprises Limited (WEL)

Welspun Enterprises Limited is a listed company originally incorporated under the provisions of the Companies Act, 1956 on December 20, 1994 under the name and style of MSK Projects (India) Limited. Subsequently, upon the change of control from MSK group to Welspun group, the name of WEL was changed from MSK Projects (India) Limited to Welspun Projects Limited vide fresh certificate of incorporation dated



December 3, 2010 issued consequent upon change of name by the Registrar of Companies Gujarat, Dadra Nagar and Haveli. Further the name of WEL was changed from Welspun Projects Limited to Welspun Enterprises Limited vide fresh certificate of incorporation dated May 29, 2015 issued pursuant to change of name by the Registrar of Companies, Ahmedabad. The Corporate Identity Number of WEL is L45201GJ1994PLC023920 and its registered office is situated at Welspun City, Village Versamedi, Anjar, Gujarat-370110. The corporate office of WEL is situated at Welspun House, Kamala City, Senapati Bapat Marg, Lower Parel (West), Mumbai – 400 013.

WEL, part of the Welspun Group, is an operating company as well as a holding company. WEL's key activity is in the infrastructure business. It develops and operates Public Private Partnership ("PPP") projects in various sectors like roads, water, and urban infrastructure.

The equity shares of WEL are listed on BSE Limited (BSE) and National Stock Exchange of India Limited (NSE). The issued, subscribed and paid up equity share capital of the company is Rs. 147,53.31 lac representing 14,75,33,056 equity shares of face value of Rs. 10 each. The shareholding pattern of WEL as on September 14, 2018, is as under:

Category	Number of Shares Held	Shareholding (%)
Promoters and Promoter Group	6,79,19,067	46.04
Public	7,96,13,989	53.96
Total	14,75,33,056	100.00

1.2 Anjar Road Private Limited (ARPL)

Anjar Road Private Limited is an unlisted private limited company incorporated on March 16, 2012, under the provisions of the Companies Act, 1956. The corporate identity number of the company is U45400GJ2012PTC102150 and its registered office is situated at Survey No 76, Village Morai, Vapi, Dist. Valsad, Gujarat-396191.

ARPL is engaged in the infrastructure business through its investee Company, i.e. Welspun Enterprises Limited, in which ARPL holds 5,84,15,951 equity shares (i.e. 39.60% equity stake).



The issued, subscribed and paid up share capital of ARPL is Rs. 4,00,000 representing 40,000 equity shares of face value Rs. 10 each. The shareholding pattern of ARPL is as under:

Category	Number of Shares Held	Shareholding (%)
Balkrishan Goenka, Trustee of Welspun Group Master Trust	39,999	99.998
Dipali Goenka, Nominee of Balkrishan Goenka, Trustee of Welspun Group Master Trust	1	0.002
Total	40,000	100.00

1.3 Transaction Overview

Pursuant to the proposed Scheme, the Transferor Company is proposed to amalgamate into the Transferee Company under Sections 230-232 and other applicable provisions of the Companies Act, 2013 and as a result of which the shareholders of the Transferor Company viz. the promoters of the Transferor Company (who are also the part of promoters and promoter group of the Transferee Company) shall directly hold shares in the Transferee Company. As represented by the management of the Companies, the objective of the proposed Scheme is to *inter alia* simplify the shareholding structure of WEL and reduction of shareholding tiers.

2. SCOPE OF ENGAGEMENT

The Companies have appointed DSPL to issue fairness opinion for the proposed Scheme in terms of the SEBI Circular and applicable SEBI Regulations. DSPL is issuing this fairness opinion ("Fairness Opinion") in capacity of Independent Merchant Banker based on the report dated September 21, 2018, containing recommendation of fair equity share exchange ratio for the proposed amalgamation, issued by M/s SSPA & Co, Chartered Accountants ["Valuer"].



Welspun Enterprises Ltd.
Kathari

3. SOURCES OF INFORMATION

DSPL has relied on the following information for issuing the Fairness Opinion for the purpose of the proposed Scheme:

- Draft Scheme of Arrangement under Sections 230-232 and other applicable provisions of the Companies Act, 2013, with regard to the proposed the proposed Scheme;
- Report containing recommendation of fair equity share exchange ratio issued by SSPA & Co., Chartered Accountants
- Copy of Memorandum and Article of Association of the Transferee Company and the Transferor Company.
- Audited financial statements of the Transferee Company and the Transferor Company for the financial year ended March 31, 2018.
- Such other information, documents, data, reports, discussions and verbal & written explanations from the Transferor Company and the Transferee Company as well as advisors for proposed merger/amalgamation, information available public domain & websites as were considered relevant for the purpose of the Fairness Opinion.

4. KEY FEATURE OF SCHEME

Based on information provided by the management of the Companies forming part of the amalgamation and after analyzing the draft Scheme, the key feature of the scheme are as under:

- (i) Anjar Road Private Limited, the Transferor Company forms part of the Promoter Group of Welspun Enterprises Limited, the Transferee Company. The Transferor Company presently holds 5,84,15,951 equity shares in the Transferee Company representing about 39.60% of the total paid up share capital.
- (ii) The proposed Scheme has been intended to amalgamate the Transferor Company into the Transferee Company and, as a result of which the shareholders of the Transferor Company viz. the promoters of the Transferor Company (who are also part of promoters and promoter group of the Transferee Company) shall directly hold shares in the Transferee Company. As represented by the management of the Companies, the overall objective of the proposed amalgamation is to achieve benefits as laid down in Rationale to the Scheme specified in the preamble of the draft Scheme.



Welspun Enterprises Ltd
[Signature]

- (iii) Upon Scheme becoming effective and upon amalgamation of the Transferor Company into the Transferee Company in terms of this Scheme, as a consideration of the amalgamation, the Transferee Company will issue and allot 5,84,15,951 fully paid up equity share of Rs. 10 each of the Transferee Company to the equity shareholders of the Transferor Company in proportion of their holding in the Transferor Company. The investment held by the Transferor Company in the equity share capital of the Transferee Company will stand cancelled.
- (iv) Pursuant to the Scheme, there would not be change in the shareholding pattern of the Transferee Company and the Promoters of the Transferee Company would continue to hold the same percentage of shares in the Transferee Company, pre and post the amalgamation.

6. EXCLUSIONS AND LIMITATIONS

The Fairness Opinion is subject to the scope limitations detailed hereinafter.

- 5.1 The Fairness Opinion is to be read in totality, and not in parts, in conjunction with the relevant documents referred to therein. The Fairness Opinion is divided into chapters and sub section only for the purpose of reading convenience. Any partial reading of this Fairness Opinion may lead to inferences, which may be divergence with the conclusion and opinion based on the entirety of this Fairness Opinion.
- 5.2 In the course of the present exercise, DSPL were provided with both written and verbal information, including financial data. The Fairness Opinion issued by DSPL based on the basis of information available in public domain and sources believed to be reliable and information provided by the companies forming part of the Scheme and the Valuer for the sole purpose to facilitate the Companies to comply with the requirements of the SEBI Circulars and applicable SEBI Regulations and shall not be valid for any other purpose or as at any other date.
- 5.3 DSPL has relied upon the historical financials and the information and representations furnished without carrying out any audit or other tests to verify its accuracy with limited independent appraisal. Also, DSPL has been given to understand by the managements of the companies forming part of the Scheme that they have not omitted any relevant and material factors. Accordingly, DSPL does not express any opinion or offer any form of assurance regarding its accuracy and completeness. DSPL assumes no responsibility whatsoever for any errors in the above information furnished by the companies and/or



the Valuer and their impact on the present exercise. DSPL has not conducted any independent valuation or appraisal of any of the assets or liabilities of the companies. In particular, DSPL does not express opinion on value of assets of the companies forming part of the Scheme and/or their subsidiary, holding, affiliates, whether at current price or future price. No investigation of the companies claim to the title of assets or property owned by the companies has been made for the purpose of this fairness opinion. With regard to the companies claim, DSPL has relied solely on representation, whether verbal or otherwise made, by the management for purpose of this Fairness Opinion. Therefore no responsibility whatsoever is assumed for matters of legal nature. Further, DSPL has not evaluated solvency or fair value of the companies forming part of the Scheme under any law relating to bankruptcy, insolvency or similar matter.

- 5.4 DSPL work does not constitute an audit, due diligence or verification of historical financials including the working results of the companies or their business referred to in this Fairness Opinion. Accordingly, DSPL is unable to and does not express an opinion on the accuracy of any financial information referred to in this Fairness Opinion.
- 5.5 DSPL assumes with the consent of the Companies, that the Scheme will be in compliance with all applicable law and other requirements and will be implemented on terms described in the Draft Scheme, without further modifications of any material terms and conditions, and that in course of obtaining necessary regulatory or third party approvals for the Scheme, no delay, limitation, restriction or condition will be imposed that would have an adverse effect on the companies forming part of the Scheme and/or its relevant subsidiaries/affiliates and their respective shareholders. DSPL assumes, at the direction of the companies, that the final Scheme will not differ in any material respect from the Draft Scheme. DSPL understands from the companies' management that the Scheme will be given effect in totality and not in part.
- 5.6 The Fairness Opinion of DSPL does not express any opinion whatsoever and make recommendation at all to the Companies forming part of the Scheme underlying decision to affect the proposed Scheme or as to how the holders of equity shares or secured or unsecured creditors of the Companies should vote at their respective meetings held in connection with the proposed Scheme. DSPL does not express and should not be deemed to have expressed any views on any other term of the proposed Scheme. DSPL also express no opinion and accordingly accept no responsibility or as to the prices at which the equity shares of WEL will trade following the announcement of the proposed



- Scheme or as to the financial performance of WEL following the consummation of the proposed Scheme.
- 5.7 The Fairness Opinion should not be construed as certifying the compliance of the proposed transfer with the provisions of any law including companies, taxation and capital market related laws or as regards any legal implications or issues arising thereon.
- 5.8 The Fairness Opinion is specific to the date of this report. An exercise of this nature involves consideration of various factors. This Fairness Opinion is issued on the understanding that the Companies forming part of the Scheme have drawn attention to all the matters, which they are aware of concerning the financial position of the Companies, their businesses, and any other matter, which may have an impact on the Fairness Opinion for the proposed amalgamation, including any significant changes that have taken place or are likely to take place in the financial position of the Companies or their businesses subsequent to the proposed appointed date for the proposed Scheme. DSPL has no responsibility to update this Fairness Opinion for events and circumstances occurring after the date of this Fairness Opinion. DSPL assumes no responsibility for updating or revising the Fairness Opinion based on circumstances or events occurring after the date hereof.
- 5.9 In past, DSPL may have provided and currently or in the future provide, investment banking services to the Companies forming part of the Scheme under the scheme and/or any holding or subsidiaries or affiliates and their respective shareholders, for which DSPL has received or may receive customary fees. DSPL engagement as fairness opinion provider is independent of our other business relationship, which may have the Companies under the scheme and/or any holding or subsidiaries or affiliates. In addition in ordinary course of their respective business, after complying with applicable SEBI Regulations, DSPL or its affiliates may actively trade in securities of the Companies under the scheme and/or any holding or subsidiaries or affiliates and their respective shareholders for their own accounts and account of their customers and accordingly may at any time hold position in such securities. DSPL engagement and opinion only to fulfill the requirement of the SEBI Circular and not for other purposes. Neither DSPL nor any of its affiliates, partners, directors, shareholders, managers, employees or agents make any representation or warranty, expressed or implied, as to the information and documents provided, based on which the Fairness Opinion has been issued.



- 5.10 This Fairness Opinion issued by DSPL without regard to specific objectives, suitability, financial situation and need of any particular person and does not constitute any recommendation, and should not be construed as offer for to sell or the solicitation of an offer to buy, purchase or subscribe to any securities mentioned herein. This report has not been or may not be approved by any statutory or regulatory authority in India or by any Stock Exchange in India. This Fairness Opinion may not be all inclusive and may not contain all information that the recipient may consider material.
- 5.11 The Fairness Opinion and information contained therein or any part of it does not constitute or purport to constitute investment advice in publicly accessible media and should not be printed, reproduced, transmitted, sold distributed or published by recipient without prior written approval of DSPL. The distribution/taking/sending/dispatching of this document in certain foreign jurisdiction may be restricted by law, and person to whom this document comes should inform themselves about, and observe, any such restriction.
- 5.12 This Fairness Opinion has been issued for the sole purpose to facilitate the Companies to comply with SEBI Circular and other applicable SEBI Regulations and it shall not be valid for any other purpose. Neither this Fairness Opinion, nor the information contained herein, may be reproduced passed to any person or used for any purpose other than stated above, without prior written approval of DSPL.
- 5.13 The Companies have been provided with opportunity to review the draft as part of standard practice to make factual inaccuracy/omissions are avoided in the Fairness Opinion.
- 5.14 The fee for the services is not contingent upon the result of proposed Scheme. This Fairness Opinion is subject to law of India.

6. OPINION & CONCLUSION

Upon the Scheme becoming effective, there is no additional consideration being discharged under the Scheme except same number of shares of the Transferee Company being issued to the shareholders of the Transferor Company in lieu of shares held by the Transferor Company in the Transferee Company (which will get cancelled). Thus, for every fresh issue of share of the Transferee Company to the shareholders of the Transferor Company, there is a corresponding cancellation of an existing the Transferee Company share as held by the Transferor Company. There would also be no change in the aggregate promoters' shareholding in the Transferee Company and it shall

not affect the interest of public shareholders of the Transferee Company. Hence, as per the Valuer report, the 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.

In light of the forgoing and subject to the caveats as detailed hereinbefore, DSPL hereby certifies the fair equity shares exchange ratio recommended by the Valuer, as mentioned below, is fair and reasonable

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.

For Dalmia Securities Private Limited



Jeyakumar S

COO- Investment Banking

SEBI Registration Number INM000011476

Date: September 21, 2018

Place : Mumbai



