RBSA Advisors

REPORT ON VALUATION OF WELSPUN DI PIPES LIMITED AND WELSPUN METALLICS LIMITED

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Private and Confidential

Reference No.: RVA2021MTFAREP138 **Date:** January 28, 2021

The Board of Directors,
Welspun Corp Limited,
Welspun House, 5th Floor, Kamala City, Senapati Bapat Marg,
Lower Parel (W), Mumbai 400 013

Dear Sir/s,

In accordance with our discussions with the management of Welspun Corp Limited, ("WCL" / "Client") we enclose our valuation report ("Report") on the fair value ("Valuation") of Welspun DI Pipes Limited ("WDI") and Welspun Metallics Limited ("WML") (together referred to as the "Specified Companies") as of January 27, 2021 (the "Valuation Date").

We understand from the management of WCL (the "Management") that they are contemplating acquisition of stake in WDI and WML and in this regard have requested RBSA Valuation Advisors LLP ("RBSA") to carry out the fair valuation of the Specified Companies as of the Valuation Date.

Valuation has been carried out considering the analysis of the data/information provided by/ on behalf of the Management, market analysis, discussion with Management and other factors as discussed herein later. While our work has involved analysis of financial and other information, it has not included an audit in accordance with generally accepted auditing standards.

Valuation is not a precise science and the conclusions arrived at in many cases will, of necessity, be subjective and dependent on the exercise of individual judgement. In the ultimate analysis, valuation will require exercise of judicious discretion and judgment taking into accounts all the relevant factors. There is, therefore, no indisputable single value.

The value achieved, in case of a transaction, may be different than our Valuation depending upon the circumstances and timing of the transaction, if any. The knowledge, negotiability and motivations of the buyers and sellers will also affect actual price achieved. Accordingly, our Valuation will not necessarily be the price at which any agreement proceeds. The final transaction price is something on which the parties themselves must agree considering inter-alia their own assessment of the Transaction and inputs from other advisors.

Our Valuation is based on the generally accepted valuation methodologies. A potential investor/another valuer may use different methodologies or may arrive at different pricing using the same/other methodologies depending upon their perceptions and the parameters that they feel have a greater significance.

This conclusion does not reflect the outcome of due diligence procedures. The reader is cautioned that the outcome of that process could change the information herein and our Valuation, and that change could be material. The analysis of any change, event or circumstance that may have occurred in the business and its market after the Valuation Date is out of our scope.

The Valuation is subject to the Scope, Assumptions and Limiting Conditions mentioned herein later. We had provided a draft of this to the Management and representatives of the Client who have reviewed the same and have confirmed that the information contained in the Report are factually correct.

Based on the analysis of the information provided by/ on behalf of the Management, analysis of industry and macroeconomics trends and other relevant factors, the fair value of Welspun DI Pipes Limited is estimated to be ~ INR 95.7 Mn resulting in per share value of ~ INR 10.06 and Welspun Metallics Limited ~ INR 861.9 Mn resulting in per share value of ~ INR 10.14 as of January 27, 2021.

This Report is not intended for general circulation or publication and is not to be reproduced without our prior written consent or used for any purpose other than for the purposes stated above and cannot be relied upon by third parties. We will not accept any responsibilities to any other party to whom the Report may be shown.

We thank you for the cooperation provided by you and your team during the course of this engagement.

For RBSA Valuation Advisors LLP
RVE No.: IBBI/RV-E/05/2019/110

RBSA VALUATION ADVISORS LLP

S.B. Shah

Ravishu Vinod Shah
Partner
Asset Class: Securities or Financial Assets
RV No.: IBBI/RV/06/2020/12728

Samir Shah
Partner

Date: January 28, 2021

1. Preamble

1.1. Welspun Corp Limited ("WCL" of the "Client"), a public company limited by shares, is inter alia, engaged in the business of production, distribution, and sale of large diameter line pipes. The equity shares of WCL are listed on BSE Limited and NSE.

1.2. Welspun Steel Limited ("WSL"), incorporated in June 2004, is a public company by shares. It is involved in manufacture of basic Iron & Steel.

1.3. Welspun DI Pipes Limited ("WDI") (CIN U27320GJ2020PLC115329) is a company incorporated on August 6, 2020 having its registered Office Survey No. 650, Welspun City, Village Versamedi, Taluka Anjar, District Kachchh, Gujarat 370110, India. WDI was formed with object of carrying on business of manufacturing Ductible Iron (DI) Pipes.

1.4. Welspun Metallics Limited ("WML") (CIN U27100GJ2020PLC115168) is a company incorporated on July 31, 2020 having its registered office at Survey No. 650, Welspun City, Village Versamedi, Taluka Anjar, District Kachchh, Gujarat 370110, India. WML was formed with object of carrying on business of manufacturing of Pig Iron.

1.5. As of Valuation Date, both WDI and WML are 100% subsidiaries of WSL.

1.6. As per Board Resolution dated October 29, 2020, WCL Board had approved foray into Ductible Iron Pipe business. The set up would include Steel making facility, i.e., Pig Iron Plant (PI) and Ductible Iron (DI) Plant. Considering the above, the Management is contemplating acquisition of stake in WDI and WML and in this regard have requested RBSA Valuation Advisors LLP ("RBSA") to carry out the valuation as of the Valuation Date.

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2. Scope Assumptions and Limiting Conditions

2.1. RBSA has been appointed as an independent valuation advisor by WCL to carry out value analysis of the WDI and WML (the "Specified Companies") as of January 27, 2021 ("Valuation Date") on a 'going concern' premise, for internal management considerations.

2.2. This Report, its contents and the results herein are specific to (i) the purpose of valuation agreed as per the terms of our engagement; (ii) the date of this Report; (iii) financial statements of the Specified Companies for the period ended January 27, 2021 and other information provided by/ on behalf of the Management and information obtained from public domain.

2.3. While our work has involved an analysis of financial and other information provided by/ on behalf of the Management, our engagement does not include an audit in accordance with generally accepted auditing standards of the Company's existing business records. We have not carried out any independent technical evaluation or appraisal or due diligence of the assets or liabilities of the Company. Accordingly, we assume no responsibility and make no representations with respect to the accuracy or completeness of any information provided by/ on behalf of the Management. Our Report is subject to the scope, assumptions and 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.

2.4. The valuation is not a precise science and the conclusions arrived at in many cases will be subjective and dependent on the exercise of individual judgment. There is, therefore, no indisputable single value. While we have provided our opinion on the fair value of the Specified Companies based on the information made available to us and within the scope and constraints of our engagement, others may have a different opinion.

2.5. A valuation of this nature is necessarily based on stock market, financial, economic, and other conditions in general and industry trends in particular prevailing as on the Valuation Date and the information made available to us as of the date hereof. Events occurring after the Valuation Date may affect this Report and the assumptions used in preparing it, and we do not assume any obligation to update, revise or reaffirm this Report.

2.6. The ultimate analysis will have to be tempered by the exercise of judicious discretion and judgment by the valuer considering the relevant factors. There will always be several factors, e.g., management capability, present and prospective competition, yield on comparable securities, market sentiment, etc. which may not be apparent from the face of the financial statements but could strongly influence the value.

2.7. Our valuation is primarily from a business perspective and does not take into account various legal and other corporate structures beyond the limited information provided to us by the Management. The value conclusion is not intended to represent the value at any time other than the Valuation Date that is specifically stated in the Report.

2.8. In the course of valuation, we were provided with both written and verbal information. We have analyzed the information provided to us by/ on behalf of the Management through broad inquiry, analysis and review but have not carried out a due diligence or audit of the information provided for the purpose of this engagement. Our conclusions are based on the assumptions, forecasts and other information provided by the Management.

2.9. We have relied on the data from external sources to conclude the valuation. These sources are believed to be reliable and therefore, we assume no liability for the truth or accuracy of any data, opinions or estimates furnished by others that have been used in this analysis. Where we have relied on data, opinions or estimates from external sources, reasonable care has been taken to ensure that such data has been correctly extracted from those sources and/ or reproduced in its proper form and context.

2.10. The actual price achieved in case of a Transaction may be higher or lower than our estimate of value depending upon the circumstances and timing of the transaction, the nature of the business and other relevant factors. The knowledge, negotiating ability and motivation of the buyers and sellers and the applicability of a discount or premium for control will also affect actual price achieved. Accordingly, our valuation conclusion will not necessarily be the price at which any agreement proceeds. The final transaction price is something on which the parties themselves have to agree considering inter-alia their own assessment of the Transaction and inputs from other advisors.

2.11. It is inappropriate to use this Report for any purpose other than the purpose mentioned above. We shall not assume any responsibility to any third party to whom the Report is disclosed or otherwise made available. Unless required by law, it shall not be provided to any third party without our prior written consent. In no event, regardless of whether consent has been provided, shall we assume any responsibility to any third party to whom the Report is disclosed or otherwise made available.

2.12. RBSA has carried out analysis of the financial information provided by the management of WCL (the “Management”) and other information provided by/ on behalf of the Specified Companies for the value analysis. During this exercise we have relied upon the softcopy, email, documentary, and verbal information provided by/ on behalf of the Management without further verification. We have assumed that the information provided to us is reliable, accurate and complete in all respects. We reserve our right to alter our conclusions later, if it is found that the information provided to us was not reliable, accurate or complete.

2.13. The Report assumes that the Specified Companies comply fully with relevant laws and regulations applicable in its area of operations and usage unless otherwise stated, and that they will be managed in a competent and responsible manner. Further, unless specifically stated to the contrary, this Report has given no consideration to matters of a legal nature, including issues of legal title and compliance with local laws, and litigations and other contingent liabilities that are not recorded/ reflected in the financial statements provided to us.

2.14. In case of any third-party having access to this Report, it may be noted that this Report is not a substitute for their own due diligence/ appraisal/ enquiries/ independent advice that the third party should undertake for his purpose.

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2.15. This Report is based on the information received from the sources mentioned in Section 3 and discussions with the Management and representatives of the Management. We have assumed that no information has been withheld that could have influenced the purpose of our Report.

2.16. The outbreak of the Novel Coronavirus ("COVID-19"), declared by the World Health Organization as a "Global Pandemic" on March 11, 2020, has adversely affected the Global and Indian economy. Travel restrictions implemented by many countries has affected the economic activities. Governments have announced various measures to combat COVID 19 pandemic and to support the economic and business activities. The outbreak of COVID 19 Pandemic has led to significantly higher uncertainties in the near to medium term and its impact is evolving. Considering the unprecedented set of circumstances, Valuation is reported on the basis of 'material valuation uncertainty' and accordingly less certainty and a higher degree of caution should be attached to the Valuation than would normally be the case. It may be noted that the estimated value may change significantly and unexpectedly over a relatively short period of time based on the evolving conditions/ uncertainties on account of COVID 19 pandemic.

2.17. In the particular circumstances of this case, our liability (in contract or under statute or otherwise) for any economic loss or damage arising out of or in connection with this engagement, irrespective of the quantum of loss or damage caused, shall be limited to the amount of fees actually received by us from the Client, as laid out in the engagement letter, for such valuation work.

2.18. In rendering this Report, we have not provided any legal, regulatory, tax, accounting, or actuarial advice and accordingly we do not assume any responsibility or liability in respect thereof.

2.19. This Report does not look into the business/ commercial reasons behind the Transaction nor the likely benefits arising out of the same. Similarly, it does not address the relative merits of investing in the Specified Companies as compared with any other alternative business transaction, or other alternatives, or whether or not such alternatives could be achieved or are available.

2.20. We are not advisors with respect to legal tax and regulatory matters for the Transaction. No investigation of the Specified Companies claim to title of assets has been made for the purpose of this Report and the Specified Companies claim to such rights have been assumed to be valid. No consideration has been given to liens or encumbrances against the assets, beyond the loans is closed in the accounts. Therefore, no responsibility is assumed for matters of a legal nature.

2.21. The scope of work has been limited both in terms of the areas of the business and operations which have been reviewed. There may be matters, other than those noted in this report, which might be relevant in the context of the transaction and which a wider scope might uncover.

2.22. RBSA is not aware of any contingent, commitment or material issue which could materially affect the fair value of the Specified Companies.

2.23. We have no present or planned future interest in the Specified Companies and the fee for this Report is not contingent upon the values reported herein. Our valuation should not be construed as investment advice; specifically, we do not express any opinion on the suitability or otherwise of entering into any financial or other transaction.

2.24. A draft of the report was provided to the Management for confirmation of facts and management representations. The Management has represented to us that the information provided to us was complete, accurate and true and correct to the best of their knowledge. We have relied upon the representations of the Management in respect of the information provided by the Management. We shall not be liable for any loss, damages, cost, or expenses arising from fraudulent acts, misrepresentations, or willful default on part of the Management, their directors, employee, or agents.

2.25. This Report (including any enclosures and attachments) has been prepared for the exclusive use and benefit of WCL and solely for the purpose for which it is provided. Unless we provide express prior written consent, no part of this report should be reproduced, distributed, or communicated to any third party. We do not accept any liability if this report is used for an alternative purpose from which it is intended, nor to any third party in respect of this report.

2.26. It is inappropriate to use this report for any purpose other than the purpose mentioned in the engagement letter. We are not responsible for the unauthorized use of this report. We shall not assume any responsibility to any third party to whom the report is disclosed or otherwise made available. Unless required by law, it shall not be provided to any third party without our prior written consent. In no event, regardless of whether consent has been provided, shall we assume any responsibility to any third party to whom the report is disclosed or otherwise made available.

2.27. This Report forms an integral whole and cannot be split in parts. The outcome of the valuation can lead to proper conclusions only if the Report as a whole is taken into account.

3. Sources of Information and Procedures

Sources of Information:

This Valuation has been prepared based on the following sources of information as provided to us by the Management:

a) Provisional financial statements of WDI and WML as of January 27, 2021.
b) Key terms of the CCDs issued by WDI and WML.
c) Discussions with the Management pertaining to valuation.
d) Such other information and explanation that we believed necessary for the purpose of valuation which was provided by the Management.

Procedures:

The procedures used in our valuation included such substantive steps as we considered necessary under the circumstances, including, the following:

a) Considered Provisional financial statements of WDI and WML as of January 27, 2021.
b) Considered the Key terms of the CCDs issued by WDI and WML;
c) Discussions with the Management pertaining to valuation;
d) Such other analyses, reviews, and inquiries, as we considered necessary.

Our scope did not include valuation of fixed assets or intangible assets of WDI and WML.

4. Financial Statements

WDI:

Balance Sheet

in INR Mn

Particulars	Jan-21
ASSETS	
Non Current Assets	
Capital Work In progress	3.30
Loans & Advances	25.99
Total Non Current Assets	**29.29**
Current Assets	
Cash and Cash equivalents	65.27
Other Current Assets	0.47
Total Current Assets	**65.74**
TOTAL ASSETS	**95.03**
EQUITY & LIABILITIES	
EQUITY	
Equity Share Capital	0.11
Other Equity	-0.08
Total Equity	**0.03**
Current Liabilities	
Short Term Borrowings - CCD's	95.00
Trade Payables	0.00
Total Current Liabilities	**95.00**
TOTAL EQUITY & LIABILITIES	**95.03**

The above table represents the balance sheet of the WDI as of January 27, 2021.

- The Company has not started its commercial operations and has its assets mainly in form of cash and cash equivalents. Loans and Advances mainly represents amount advanced for down payment of project assets and stamp duty charges for registration of lease hold land.
- Other current assets represent input GST credit.
- WDI has issued share capital of INR 0.11 Mn divided into 11,000 shares of INR 10 each.
- Other Equity represent debit balance in Profit & Loss Account.
- Short Term Borrowings represent 0% Compulsory convertible debentures of INR 10 each, which are convertible to equity share on 1:1 basis. For further details refer section 6.

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WML

Balance Sheet

in INR Mn

Particulars	Jan-21
ASSETS	
Non Current Assets	
Capital Work In progress	282.7
Investments	6.6
Land	439.6
Loans & Advances	150.5
Total Non Current Assets	**879.4**
Current Assets	
Inventories	0.6
Cash and Cash equivalents	53.2
Other Current Assets	10.4
Total Current Assets	**64.3**
TOTAL ASSETS	**943.7**
EQUITY & LIABILITIES	
EQUITY	
Equity Share Capital	0.1
Other Equity	(0.9)
Total Equity	**(0.8)**
Current Liabilities	
Short Term Borrowings	850.0
Trade Payables	93.3
Others	1.1
Total Current Liabilities	**944.5**
TOTAL EQUITY & LIABILITIES	**943.7**

The above table represents the balance sheet of the WML as of January 27, 2021.

- The Company has not started its commercial operations.
- Capital work in progress represent amounts towards setting up of project assets.
- Investments represents 0.2% share capital of Welspun Captive Power Generation Limited acquired on January 19, 2021.
- Land represents amount spent towards acquisition of land capitalised in the books.
- Loans and Advances mainly represents amount advanced for down payment of project assets and stores and spares.
- Other current assets represent input GST credit.
- WML has issued share capital of INR 0.11 Mn divided into 11,000 shares of INR 10 each.
- Other Equity represent debit balance in Profit & Loss Account.
- Short Term Borrowings represent 0% Compulsory convertible debentures of INR 10 each, which are convertible to equity share on 1:1 basis. For further details refer section 6.
- Trade payables represent creditors for expenses and services.

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5. Valuation Approach and Methodology

Valuation of WDI and WML has been carried out, to the extent applicable, in accordance with ICAI Valuation Standards, 2018 ("ICAI VS") issued by the Institute of Chartered Accountants of India.

Basis of Valuation:

5.1 Valuation Base means the indication of the type of value being used in an engagement.

5.2 The basis of value considered for this analysis is fair value.

5.3 Fair Value Base as per ICAI VS defined as under:
"Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the valuation date."

Premise of Valuation

5.4 Premise of Value refers to the conditions and circumstances how an asset is deployed. Fair market valuation of the Company is carried out on a 'going concern' premise.

5.5 Going Concern Value is defined as under:

5.6 "Going concern value is the value of a business enterprise that is expected to continue to operate in the future. The intangible elements of going concern value result from factors such as having a trained work force, an operational plant, the necessary licenses, systems, and procedures in place, etc."

5.7 Commonly accepted methods for determining the value of the equity shares of a company, include:

- Income Approach – Discounted Cash Flow method
- Market Approach
- Asset Approach – Net Asset Value method

5.8 There are several commonly used and accepted methods, within the market approach, income approach and asset approach, for determining the fair value of a company / equity shares, which can be considered in the present case, to the extent relevant and applicable, and subject to the availability of detailed information, to arrive at the fair value of equity share.

5.9 <u>Income Approach – Discounted Cash Flow ("DCF")</u>

- Income approach is a valuation approach that converts maintainable or future amounts (e.g., cash flows or income and expenses) to a single current (i.e., discounted or capitalized) amount.
- Under a DCF approach, forecasted cash flows are discounted back to the present date, generating a net present value for the cash flow stream of the business. A terminal value at the end of the explicit forecast period is then estimated and that value is also discounted back to the valuation date to provide an estimate of the business value.
- A DCF methodology typically requires the forecast period to be of such a length to enable the business to achieve a stabilized level of earnings, or to be reflective of an entire operation cycle for more cyclical industries.

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- The rate at which the future cash flows are discounted ("the discount rate") should reflect not only the time value of money, but also the risk associated with the business' future operations. The discount rate most generally employed is Weighted Average Cost of Capital ("WACC") or Cost of Equity (Ke), reflecting an optimal as opposed to actual financing structure.
- In calculating the terminal value, due consideration is given to potential further growth beyond the explicit Forecast Period. The "constant growth model", which applies an expected constant level of growth to the cash flow forecast in the last year of the Forecast Period and assumes such growth is achieved in perpetuity, is a common method.
- Both WDI and WML are recently incorporated and are in the process of starting their business activities. Considering the nascent stage of operations, the Specified Companies are in, we have considered it fit to not use this method for valuation.

5.10Market Approach

Market approach is a valuation approach that uses prices and other relevant information generated by market transactions involving identical or comparable (i.e., similar) assets, liabilities or a group of assets and liabilities, such as a business.

5.10.1 Market Price Method:

- Under this method, the value of shares of a company is determined by taking the average of the market capitalization of the equity shares of such companies as quoted on a recognized stock exchange over reasonable periods of time where such quotations are arising from the shares being regularly and freely traded in an active market, subject to the element of speculative support that may be inbuilt in the market price.
- We have not adopted this method as equity shares of WDI and WML are not listed on any stock exchange.

5.10.2 Comparable Companies Multiple (CCM) Method:

- Under this method, the value of the shares / business of a company is estimated by applying the derived market multiple based on market quotations of comparable public / listed companies, in an active market, possessing attributes similar to the business of such company - to the relevant financial parameter of the company / business (based on past and / or projected working results) after making adjustments to the derived multiples on account of dissimilarities with the comparable companies and the strengths, weaknesses and other factors peculiar to the company being valued. These valuations are based on the principle that such market valuations, taking place between informed buyers and informed sellers, incorporate all factors relevant to valuation. Relevant multiples need to be chosen carefully and adjusted for differences between the circumstances.
- Considering *inter-alia* nature of the both the companies' business, present status of the Specified Companies, very nascent stage of operations, we have not adopted this method for valuation of the Company.

5.10.3 Comparable Transaction Multiple (CTM) Method

- Under Comparable Transaction Method, the value of shares / business of a company is determined based on market multiples of publicly disclosed transactions in the similar space as that of the subject company. Multiples are generally based on data from recent transactions in a comparable sector, but with appropriate adjustment after consideration has been given to the specific characteristics of the business being valued.
- Considering *inter-alia* nature of the both the companies' business, present status of the Specified Companies, very nascent stage of operations, we have not adopted this method for valuation of the Company.

5.11Asset Approach

- The asset-based valuation technique is based on the value of the underlying net assets of the business, either on a book value basis or realizable value basis or replacement cost basis.
- A net asset methodology is most applicable for businesses where the value lies in its underlying assets and not in the ongoing operations of the business.
- Considering *inter-alia* nature of the Companies business, current status of its operations, the Net asset value (Replacement cost) of the WDI and WML are considered to be representative of its fair value.
- Accordingly, we have adopted this method for valuation of the Specified Companies.

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6. Key Valuation Considerations

A. Terms of CCDs - WDI

The Company has issued CCDs on two dates,

- **Per Board Resolution dated November 19, 2020, up to 500,000 0% CCDs.**
  - As per the terms of issuance of CCDs, the CCDs can be converted at the option of WDI into such number of Equity Shares of INR 10/ - each fully paid-up, any time during the period commencing after six months from the date of allotment and up to the Tenor of CCDs as per the Conversion Ratio
- **Per Board Resolution dated November 30, 2020, up to 7,45,00,000 0% CCDs.**
  - As per the terms of issuance of CCDs, the CCDs can be converted at the option of WDI into such number of Equity Shares of INR 10/ - each fully paid-up, any time during the period commencing after two months from the date of allotment and up to the Tenor of CCDs as per the Conversion Ratio
- If the CCDs have not been converted at the expiry of the Tenure of CCDs, the said CCDs shall be mandatorily converted into equity shares at the end of the Tenure of CCDs in accordance with the Conversion Ratio.
- Tenor - 18 months from the date of first allotment of the current issue.
- Conversion Ratio would be 1:1.

Carrying Cost:

- Conversion Ratio: 1 equity share for each CCD.
- CCD Tenor: 18 months from the date of issue
- Conversion timelines:
  - At the option of WDI, CCDs shall be converted into equity shares any time after the expiry of the Specified period and before the end of the tenor.
  - If the CCDs have not been converted at the expiry of the Tenure of CCDs, the said CCDs shall be mandatorily converted into equity shares at the end of the Tenure of CCDs in accordance with the Conversion Ratio.
  - Coupon rate: 0%
- Considering the aforementioned, carrying cost for the CCDs from a market participant's perspective have been estimated based on borrowing cost from banks. Based on the discussions with Management, we have estimated the borrowing costs for WDI at ~ MCLR + spread of ~100 bps, which works out to ~ 8% p.a.

B. Terms of CCDs - WML

The Company has issued CCDs on two dates,

- **Per Board Resolution dated September 18, 2020, up to 7,50,00,000 0% CCDs.**
  - As per the terms of issuance of CCDs, the CCDs can be converted at the option of WML into such number of Equity Shares of INR 10/ - each fully paid-up, any time during the

period commencing after six months from the date of allotment and up to the Tenor of CCDs as per the Conversion Ratio

- **Per Board Resolution dated January 12, 2021, up to 15,00,00,000 0% CCDs.**
    - As per the terms of issuance of CCDs, the CCDs can be converted at the option of WML into such number of Equity Shares of INR 10/ - each fully paid-up, any time during the period commencing after two months from the date of allotment and up to the Tenor of CCDs as per the Conversion Ratio
- If the CCDs have not been converted at the expiry of the Tenure of CCDs, the said CCDs shall be mandatorily converted into equity shares at the end of the Tenure of CCDs in accordance with the Conversion Ratio.
- Tenor - 18 months from the date of first allotment of the current issue.
- Conversion Ratio would be 1:1.

Carrying Cost:

- Conversion Ratio: 1 equity share for each CCD.
- CCD Tenor: 18 months from the date of issue
- Conversion timelines:
    - At the option of WML, CCDs shall be converted into equity shares any time after the expiry of the Specified period and before the end of the tenor.
    - If the CCDs have not been converted at the expiry of the Tenure of CCDs, the said CCDs shall be mandatorily converted into equity shares at the end of the Tenure of CCDs in accordance with the Conversion Ratio.
    - Coupon rate: 0%
- Considering the aforementioned, carrying cost for the CCDs from a market participant's perspective have been estimated based on borrowing cost from banks. Based on the discussions with Management, we have estimated the borrowing costs for WML at ~ MCLR + spread of ~100 bps, which works out to ~ 8% p.a.

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7. Conclusion

Based on the analysis of the information provided by/ on behalf of the Management, analysis of industry and macroeconomics trends and other relevant factors, the fair value of Welspun DI Pipes Limited is estimated to be ~ INR 95.7 Mn resulting in per share value of ~ INR 10.06 and Welspun Metallics Limited ~ INR 861.9 Mn resulting in per share value of ~ INR 10.14 as of January 27, 2021.

We thank you for the cooperation extended to us during the course of the engagement.

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Annexure A - Valuation Summary

A. WDI:

Asset Approach - Replacement Cost	in INR Mn
Fixed Assets, net	-
Capital Work in Progress	3.30
Loans and Other Current Assets	26.46
Cash and Cash Equivalents	65.27
Total Assets	**95.03**
Less:	
Trade Payables #	-0.00
Short Term Borrowings - CCDs @	-
Total Liabilities	-0.00
Net Assets	**95.03**
Adjustments:	
Carrying cost for CCDs	0.65
Adjusted Net Assets	**95.68**
Number of fully diluted shares (Note 1)	95,11,000
Value per share	**10.06**

- Less than INR 5,000
@ Assumed to be converted into equity shares

Note 1:

Number of exisiting equity shares	11,000
Number of equity shares on conversion of CCDs	95,00,000
Number of fully diluted equity shares	**95,11,000**

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B. WML:

Asset Approach - Replacement Cost	in INR Mn
Fixed Assets, net	-
Land	439.61
Capital Work in Progress	282.70
Investments	6.62
Loans and Other Current Assets	161.57
Cash and Cash Equivalents	53.22
Total Assets	**943.72**
Less:	
Trade Payables	-94.48
Short Term Borrowings - CCDs @	-
Total Liabilities	-94.48
Net Assets	**849.24**
Adjustments:	
Carrying Cost for CCDs	12.71
Adjusted Net Assets	**861.94**
Number of fully diluted shares (Note 1)	8,50,11,000
Value per share	**10.14**

- Less than INR 5,000
@ Assumed to be converted into equity shares

Note 1:

Number of exisiting equity shares	11,000
Number of equity shares on conversion of CCDs	8,50,00,000
Number of fully diluted equity shares	**8,50,11,000**

RBSA VALUATION ADVISORS LLP *