



**REPORT OF THE AUDIT COMMITTEE OF WELSPUN CORP LIMITED  
RECOMMENDING THE DRAFT SCHEME OF AMALGAMATION OF  
WELSPUN PIPES LIMITED WITH WELSPUN CORP LIMITED AND THEIR  
RESPECTIVE SHAREHOLDERS AND CREDITORS.**

**Present Members**

1. Mr. K.H. Viswanathan
2. Mr. Rajkumar Jain
3. Mr. Kaushik Subramaniam (Observer appointed by Nominee of Insight Solutions Ltd.)

**In attendance:**

1. Mr. Pradeep Joshi, Company Secretary

**Invitee:**

1. Mr. S. Krishnan (Executive Director & CEO-PCMD)
2. Mr. Percy Birdy (Chief Financial Officer)
3. Mr. Devendra Patil (President- Secretarial)

**1. Background:**

- a. A draft scheme of amalgamation, under section 230-232 of the Companies Act, 2013 and other applicable provisions of the Companies Act, 2013, of Welspun Pipes Limited ('Transferor Company' / 'WPL') with Welspun Corp Limited ('Transferee Company' / 'WCL') and their respective shareholders and creditors ('Scheme') has been placed before the Audit Committee by the management for it to consider recommending the said draft Scheme to the Board of Directors.
- b. The Scheme inter alia provides for amalgamation of WPL with WCL.
- c. The equity shares of WCL are listed on BSE Limited ('BSE') and National Stock Exchange of India Limited ("NSE"). WCL will be filling the Scheme along with necessary documents/information with the abovementioned exchanges.
- d. The report of Audit Committee is made in order to comply with the requirements of the Circular CFD/DIL3/CIR/2017/17 dated 10th March, 2017 issued by the Securities and Exchange Board of India, as amended from time to time, ("SEBI Circular") after considering the following:
  - i) Draft Scheme, duly initialed by Company Secretary of WCL for the purpose of identification;
  - ii) Share Exchange report dated September 5, 2018 issued by SSPA & Co., Independent Chartered Accountants; and



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Corporate Identity Number: L27100GJ1995PLC025609

- iii) Fairness Opinion Report dated September 5, 2018 issued by M/s. Fedex Securities Private Limited, a Category I Merchant Banker providing the fairness opinion on the share entitlement recommended in the valuation report prepared by SSPA & Co., Independent Chartered Accountants;
- iv) Certificate obtained from the Statutory Auditors of WCL i.e. Price Waterhouse Chartered Accountants LLP, confirming that the accounting treatment as prescribed in the Scheme is in compliance with the applicable accounting treatment notified under Companies Act, 2013 and other generally accepted principles;
- v) Audited financial statements of WCL for the year ended March 31, 2016, March 31, 2017 and March 31, 2018; and
- vi) Audited financial statements of WPL for the year ended March 31, 2017 and March 31, 2018.

## 2. Proposed Scheme

- a. The Audit Committee reviewed the valuation report and noted the report and recommended the following:

"In consideration for the amalgamation of WPL with WCL in terms of the Scheme and based on share exchange report issued by SSPA & Co., Independent Chartered Accountants and fairness opinion provided M/s. Fedex Securities Limited, a Category I Merchant Banker, WCL will issue an aggregate of 11,04,49,818 (Eleven Crore Four Lacs Forty Nine Thousand Eight Hundred and Eighteen only) equity shares of Rs. 5/- (Rupees Five) each, fully paid up to the equity shareholders of WPL on a proportionate basis. In case WPL acquires additional equity shares of face value of INR 5 each fully paid-up of WCL before the effective date without incurring any additional liability, such additional number of equity shares of face value of INR 5 each fully paid-up of WCL shall also be issued and allotted to the shareholders of WPL in proportion of the number of equity shares held by the shareholders of WPL in WPL."

- b. Further, the Fairness Opinion confirmed that the share entitlement in the valuation report is fair to WCL, WPL and their respective shareholders.
- c. Further, Price Waterhouse Chartered Accountants LLP, Statutory Auditors of WCL have confirmed that the accounting treatment as specified in the Scheme is in accordance with the applicable accounting standards specified under the provisions of the Companies Act, 2013 and the generally accepted accounting principles in India.
- d. The proposed Appointed Date for the amalgamation will be 17<sup>th</sup> August, 2018.





- e. Under the proposed Scheme, all assets and liabilities, pertaining to WPL, of whatsoever nature and where so ever situated, shall without any further act or deed be transferred to and vested in WCL as a going concern with effect from the Appointed Date.
- f. The equity shares of WCL to be issued to the shareholders of WPL pursuant to the Scheme shall be listed on BSE and NSE (subject to trading permission being granted by the stock exchanges).

3. **Recommendations of the Audit Committee**

The Audit Committee after due deliberations and due consideration of all the terms of the draft Scheme, valuation report, fairness opinion report and the specific points mentioned above, recommends the draft Scheme for favorable consideration by the Board of Directors of WCL.

**By Order of the Audit Committee**

For and on behalf of  
**WELSPUN CORP LIMITED**



**K. H. Viswanathan**  
 DIN: 00391263  
 Chairperson of the Audit Committee

Date: September 5, 2018  
 Place: Mumbai

