

To,
BSE Limited
Mumbai

Dear Madam/ Sirs,

Clarification

As per our telecom, we hereby provide the Clarification as required by the BSE on the below mentioned points.

1. Why Assets approach method is not used

Explanation 1: Please refer page no. 6 of the RSBA Valuation Advisors LLP Report dated June 26, 2021, giving explanation for not using Assets approach method. An extract of the same is pasted below

Valuation of WSL Steel Business

Valuation of WSL Steel Business is carried out on a 'going concern' premise. WSL Steel Business is expected to make profits in the near to medium term. The historical net asset value of the WSL Steel Business may not be representative of their earning potential. Accordingly, Asset Approach has not been adopted for the valuation of the WSL Steel Business.

Equity shares of WSL are not listed on any stock exchanges. Accordingly, Market price method is not adopted. Valuation of WSL Steel Business therefore has been carried out adopting a combination of Income approach (Discounted cash flow method) and Market Approach (Comparable Companies Multiple method).

Explanation 2: Please refer page no. 8 of the Drushti R. Desai dated June 26, 2021, mentioned about the Assets approach method. An extract of the same is pasted below:

4.11 Valuation of Steel Business of WSL

4.11.1 Market Approach:

4.11.1.1 Market Price Method

The equity shares of WSL are not listed on any stock exchange. Further, the transaction involves demerger of an undertaking out of the company. As the shares of the company undergoing the demerger are not listed there is no market price reflection available for the same. Therefore, this method is not used for determination of the value of the demerging undertaking of WSL.

2. Clarification on Value of Investment in Welspun Captive Power generation Limited of Rs. 10.40 crs.

Explanation:

- a. Please refer page no. 8, point no. 4.8 of the Drushti R. Desai dated June 26, 2021

4.8 For WCPGL I have relied on the fair valuation report dated May 21, 2021 obtained by the Management from TPG & Co.

- b. On Page no 14 of TPG & Co. – Equity Value of per share of WCPGL is Rs. 119.2.

- c. WCPGL nos. of equity share is 872,193 @ 119.2 = Rs. 10.40 crs.