

Date: December 29, 2023

To,

The Board of Directors

W.S. Industries (India) Limited

108, Mount Poonamallee Road,

Porur, Chennai-600116

Dear Members of the board,

1. Engagement Background

We Understand that the Board of Directors of W.S. Industries (India) Limited ("WSI" or "Company") are considering a Scheme of Reduction of Capital pursuant to the provisions of Section 66 read with Section 52 and other applicable provisions of the Companies Act, 2013 ("the Act") and National Company Law Tribunal (Procedure for reduction of share capital of Company) Rules, 2016 ("Scheme").

The terms and conditions of the proposed scheme are more fully set out in the draft scheme document shared with us, the final version of which will be filed by the aforementioned companies with the appropriate authorities.

We understand that the Valuation is based on the Valuation Certificate dated December 26, 2023 issued by Kalyanam Bhaskar, Registered Valuer (Regn. No. IBBI/RV/06/2020/12959) ("Valuer").

We, Saffron Capital Advisors Private Limited, a SEBI registered Category-I Merchant Banker, have been engaged by WSI to give a fairness opinion ("Opinion") on Valuation Certificate dated December 26, 2023 issued by Kalyanam Bhaskar, Registered Valuer (Regn. No. IBBI/RV/06/2020/12959).

2. Background of the companies and Rationale

The Company was incorporated as a public limited company under the name and style "W.S. Insulators of India Limited" on August 23, 1961 with the Registrar of Companies, Chennai under the Companies Act, 1956. Subsequently, name of the Company was changed to "W.S.Industries (India) Limited" pursuant to fresh certificate of incorporation issued by the Registrar of Companies, Chennai on July 15, 1987.

The current registered office of the Company is situated at 108, Mount Poonamallee Road, Porur, Chennai - 600116, Tamil Nadu, India and general office at Third Floor, New No. 48, old No. 21, Savidhaanu Building, Casa Major Road, Egmore, Chennai - 600008, Tamil Nadu, India. The Corporate Identification Number (CIN) of the Company is L29142TN1961PLC004568.

The Equity shares of Company is listed on BSE Limited (BSE) and National Stock Exchanges of India Limited (NSE).

The Rationale and purpose as per the scheme

The Company's financial statement currently reflects Accumulated Losses (debit balance of Profit & Loss Account) to the tune of Rs.526,92,60,751/- (Rupees Five Hundred and Twenty Six Crores Ninety Two Lakhs Sixty Thousand Seven Hundred and Fifty One Only) based on unaudited standalone financial statements for the quarter ended September 30, 2023. The present issued, subscribed and paid-up share capital of the Company is Rs.59,76,15,850/- (Rupees Fifty Nine Crore Seventy Six Lakhs Fifteen Thousand Eight Hundred and Fifty only) comprising of 4,70,11,585 equity shares of Rs. 10/- each and 12,75,000 Non-convertible, cumulative & redeemable preference shares of Rs. 100/- each. Accumulated Losses have substantially wiped off the value represented by the Share Capital. This has given to the need for readjustment of capital reserve, capital redemption reserve and securities premium in its books of accounts.

In order to re-align the relation between capital and assets; and to accurately and fairly reflect the assets and liabilities of the Company in its books of accounts; and for better presentation of the financial position of the Company, the Board of Directors has decided to write off the Accumulated Losses against Capital Reserve Account, Capital Redemption Reserve and Securities Premium Account in accordance with the provisions of Sections 66 read with Section 52 of the Companies Act, 2013, and National Company Law Tribunal (Procedure for reduction of share capital of Company) Rules, 2016 and other applicable provisions.

By virtue of article 49 and 50 of Articles of Association of the Company, the Company is authorized to reduce its share capital in any manner and in accordance with the provisions of the Act.

In the above context, the Company proposes to write off Accumulated Losses of Rs.526,92,60,751/- (Rupees Five Hundred and Twenty Six Crores Ninety Two Lakhs Sixty Thousand Seven Hundred and Fifty One Only) reflecting in the unaudited standalone financial statements of the Company as on September 30, 2023 with the balance appearing in Capital Reserve Account, Capital Redemption Reserve and Securities Premium Account.

Accordingly, upon coming into effect of the Scheme, balance in Capital Reserve Account be reduced from Rs.455,31,65,614 (Rupees Four Hundred Fifty Five Crores Thirty One Lakhs Sixty Five Thousand Six Hundred Fourteen Only) to NIL, balance in Capital Redemption Reserve be reduced from Rs.17,61,55,000 (Rupees Seventeen Crores Sixty One Lakhs Fifty Five Thousand Only) to NIL and balance in Securities Premium Account be reduced from Rs.77,80,20,025/- (Rupees Seventy Seven Crores Eighty Lakhs Twenty Thousand Twenty Five Only) to Rs.23,80,79,888/- (Rupees Twenty Three Crores Eighty Lakhs Seventy Nine Thousand Eight Hundred and Eighty Eight Only), balance in accumulated losses be reduced from Rs.526,92,60,751/- (Rupees Five Hundred and Twenty Six Crores Ninety Two Lakhs Sixty Thousand Seven Hundred and Fifty One Only) to NIL.

The balance in Securities Premium Account can only be utilized for purposes specified under Section 52 of the Companies Act, 2013 and any utilization of Securities Premium Account for other purposes would be construed as reduction in capital and the provisions of Section 66 of the Companies Act, 2013 would accordingly be applicable in respect of such reduction.

The reduction envisaged under this Scheme will not result in any change in the shareholding of the Members of the Company and would not in any way have any adverse effect on the Company's ability to honour its commitments or meet its obligations in the ordinary course of business.

Hence, the Board of Directors believe that in order to present a fair position of the affairs of the Company, the most practically and economically efficient option available to the Company would be to utilize the balance lying in the Capital Reserve Account, Capital Redemption Reserve and Securities Premium Account to the extent of writing of the Accumulated Losses of the Company, subject to the confirmations/ sanctions of the requisite majority of the Shareholders of the Company and the NCLT and such other appropriate authority, as may be applicable.

3. Key Features of the Scheme

The key features of the scheme provided to us through Draft Scheme Document are as under:

- a) Upon Scheme being effective, the amount standing to the credit of the Capital Reserve Account shall get reduced from Rs.455,31,65,614 (Rupees Four Hundred Fifty Five Crores Thirty One Lakhs Sixty Five Thousand Six Hundred Fourteen Only) to NIL, the amount standing to the credit of the Capital Redemption Reserve shall get reduced from Rs.17,61,55,000 (Rupees Seventeen Crores Sixty One Lakhs Fifty Five Thousand only) to NIL and the amount standing to the credit of the Securities Premium Account shall get reduced from Rs.77,80,20,025/- (Rupees Seventy Seven Crores Eighty Lakhs Twenty Thousand Twenty Five Only) to Rs.23,80,79,888/- (Rupees Twenty Three Crores Eighty Lakhs Seventy Nine Thousand Eight Hundred and Eighty Eight Only), balance in accumulated losses be reduced from Rs.526,92,60,751/- (Rupees Five Hundred and Twenty Six Crores Ninety Two Lakhs Sixty Thousand Seven Hundred and Fifty One Only) to NIL.
- b) The Scheme is only for reduction of Share Capital of the Company and it does not envisage transfer or vesting of any properties and /or liabilities to or in favor of the Company.
- c) The shareholding pattern of the Company and the number of shares shall remain unchanged as there is no reduction in the Paid-up share capital of the Company contemplated in the Scheme.

We have relied upon the draft scheme Document and taken the aforementioned key features (together with the other facts and assumptions set forth therein) into account while determining the meaning of "fairness", from a financial point of view, for the purposes of this Opinion.

4. Exclusions and Limitations

Our opinion and analysis is limited to the extent of review of the valuation report by the valuer and the Draft scheme document. In connection with the opinion, we have

- a) Reviewed the Draft Scheme Document and the valuation report by the valuer dated December 26, 2023.
- b) Reviewed provisional financials for WSI for the period ended September 30, 2023.
- c) Reviewed management certified extracts of Balance sheet as on November 17, 2023.

- d) Held discussions with the valuer, in relation to the approach taken to valuation and the details of various methodologies utilized by them in preparing the valuation report and recommendations.
- e) Reviewed such other information and explanations as we have required and which have been provided by the management of WSI.

This opinion is intended only for the sole use and information of WSI and in connection with the Scheme, including for the purpose of obtaining judicial and regulatory approvals for the Scheme as also for the purpose of complying with the SEBI regulations and requirement of stock exchanges on which the company is listed, and for no other purpose. We are not responsible in any way to any person/party/statutory authority for any decision of such person or party or authority based on this opinion. Any person/party intending to provide finance or invest in the shares/business of WSI or their subsidiaries /joint ventures/associates 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.

For the purpose of this assignment, Saffron has reviewed and relied on the Valuation Certificate for the proposed "Scheme of Capital Reduction" and information and explanation provided to it, the accuracy whereof has not been evaluated by Saffron. Saffron's work does not constitute certification or due diligence of any past working results and Saffron has relied upon the information provided to it as set out in working results of the aforesaid reports.

Saffron has not carried out any physical verification of the assets and liabilities of the companies and takes no responsibility on the identification and availability of such assets and liabilities.

We hereby give our consent to present and disclose the Fairness Opinion in the general meetings of the shareholders of WSI and to the Stock Exchanges and to the Registrar of Companies. Our opinion is not, nor should it be construed as our opining or certifying the compliance of the proposed scheme of Arrangement with the provisions of any law including companies, taxation and capital market related laws or as regards any legal implications or issues arising thereon.

The information contained in this report is selective and is subject to updating, expansions, revisions and amendment, if any. It does not purport to contain all the information recipients may require. No obligation is accepted to provide recipients with access to any additional information or to correct any inaccuracies which might become apparent. Recipients are advised to independently conduct their own investigation and analysis of the business of the Companies. The report has been prepared solely for the purpose of giving a fairness opinion on Valuation Certificate issued for the proposed Scheme and may not be applicable or referred to or quoted in any other context.

Our opinion is dependent on the information provided to us being complete and accurate in all material respects. Our scope of work does not enable us to accept responsibility for the accuracy and completeness of the information provided to us. The scope of our assignment does not involve performing audit tests for the purpose of expressing an opinion on the fairness or accuracy of any financial or analytical information used during the course of our work. As such we have not performed any audit, review or examinations of any of the historical or prospective information used and, therefore, do not express any opinion with regard to the same. In addition, we do not take any

responsibility for any changes in the information used for any reason, which may occur subsequent to this date.

Our opinion is dependent on the provisional financial statements and is based on the assumption that they have been drawn up in accordance with the applicable Ind AS guidelines and other applicable statutory laws.

One should note that valuation is not an exact science and that estimating values necessarily involves selecting a method or approach that is suitable for the purpose. We have assumed that the Final Scheme will not differ in any material respect from the Draft Scheme Document shared with us.

We do not express any opinion as to any tax or other consequences that might arise from the Scheme to the company and/ or their respective shareholders, nor does our opinion address any legal, tax, regulatory or accounting matters, as to which we understand that the respective companies have obtained such advice as they deemed necessary from qualified professionals. We have undertaken no independent analysis of any potential or actual litigation, regulatory action, possible unasserted claims, government investigation or other contingent liabilities.

The company has been provided with an opportunity to review the Draft Opinion as part of our standard practice to make sure that factual inaccuracy/omissions are avoided in our Final Opinion.

Our Opinion is not intended to and does not constitute a recommendation to any shareholder as to how such holder should vote or act in connection with the Scheme or any matter thereto.

5. Conclusion

Based on and subject to the foregoing, we are of the opinion that the proposed reduction of capital as detailed in the Valuation Certificate dated December 26, 2023, issued by the valuer, is fair to the equity shareholders of the company from the financial point of view.

For Saffron Capital Advisors Private Limited,

Sakshi Gupta
Head-Valuation