



KALYANAM BHASKAR
GOI-IBBI REGISTERED VALUER
SEBI-NISM ANALYST
NISM-201800165521
IBBI/RV/06/2020/12959
ICAI RVO/06/RV-P00361/2019-20

VALUATION REPORT

26thDecember, 2023

Report No: ICAI RVO/14858 /2023-24.

To:

The Board of Directors
W.S. Industries (India) Limited
108, Mount Poonamalee Road
Porur, Chennai – 600116 IN

Subject : **VALUATION REPORT – FOR THE PROPOSED SCHEME OF REDUCTION OF PAID-UP EQUITY SHARE CAPITAL (READJUSTMENT OF RESERVES) BETWEEN W.S. INDUSTRIES (INDIA) LIMITED AND ITS SHAREHOLDERS.**

Reference: Your Engagement Letter dated 10th August,2023

1. **Reduction of the Equity Share Capital of the Company by Scheme of Arrangement with Its shareholders by way of writing off the Accumulated Losses against the balance in Capital Reserves Account, Capital Redemption Reserve and Securities Premium Account as per Section 52 and Section 66 of The Companies Act, 2013 and other applicable provisions, if any, read with the National Company Law Tribunal (Procedure for Reduction of Share Capital of Company) Rules, 2016 for reorganization and reduction of share capital and as per The SEBI Master Circular on Scheme of Arrangement by Listed Entities.**

This Valuation Report is subject to the scope, assumptions, exclusions, caveats, limitations, disclaimers detailed hereinafter. The Report must be read in totality, and not in parts in conjunction with relevant information and documents referred to therein.

Regards,



Kalyanam Bhaskar
Registered Valuer
IBBI/RV/06/2020/12959
ICAI RVO/06/RV-P00361/2019-20
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continued.....

A. BACKGROUND

2. W.S. Industries (India) Limited ('WSIL' or 'the Company' or the 'Client') planning to reduce the paid-up equity share capital of the company by way of readjustment of Reserves through Scheme of Arrangement with Its shareholders.
3. In this regard, Kalyanam Bhaskar, Registered Valuer ('RV') with IBBI Registration No. IBBI/RV/06/2020/12959 has been engaged to do valuation of WSIL under Section 52 and Section 66 of The Companies Act, 2013 and other applicable provisions, if any, read with the National Company Law Tribunal (Procedure for Reduction of Share Capital of the Company) Rules, 2016 for reorganization and reduction of share capital and as per The SEBI Master Circular on Scheme of Arrangement by Listed Entities.
4. The Proposed Scheme provides for writing off the Accumulated Losses against Capital Reserve Account, Capital Redemption Reserve and Securities Premium Account.
5. The Valuation Report along with Certificate is our deliverable for this engagement.
6. The Valuation date is 01st December, 2023 ('Valuation Date').

B. ABOUT THE COMPANY (WSIL)

1. Incorporated on 23rd August, 1961, WSIL is a six decades old Chennai Headquartered Company currently engaged in the business of EPC projects, Electrical Projects, Civil Infra Projects and Turnkey Projects.
2. Clients includes government as well as private sector companies like MARG Karaikal Sea Port, Tamilnadu Electricity Board, Karnataka Power Corporation Limited, Trineva Infra Projects, CMK Projects, Renaatus Infra Group etc.,
3. WSIL is a public listed company and actively and regularly traded in NSE & BSE under ISIN INE100D01014.

C. INFRA INDUSTRY OVERVIEW

1. The Indian Infrastructure Present Market Size is around US\$ 186 Billion and expected to reach around US\$ 294 Billion by 2028 growing at a CAGR of 10% over the next five years.
2. Infrastructure, the backbone of the Indian economy, is crucial in improving the Country's overall development. Infra sub-segments include railways, aviation, shipping, electricity, telephony, power, roads, ports, inland waterways etc.
3. India intends to enhance its infrastructure to reach its 2025 economic growth target of US\$ 5 Trillion.
4. Development of infrastructure has a multiplier effect on demand and efficiency of transport and increases commercial and entrepreneurship opportunities.
5. Growing demand for infrastructure needs, growing housing demands, government initiatives & policy support, public-private partnerships and International FDI investments, driving the Infra Sector year on year to greater heights.

Source: IBEF & Inc42



D. INFORMATION & REPRESENTATION

1. This valuation engagement is conducted based on the information provided by the company, by way of Management Representation Letter, dated 29th November 2023 and Further Representation Letter, dated 30th November 2023, which includes the below reports.
 - i. Publicly available information as submitted to stock exchanges.
 - ii. Presentation material of the company and profile of key promoters.
 - iii. Audited Financial Reports for FY ending March 2019, 2020, 2021, 2022 & 2023.
 - iv. Unaudited Financial Statements for Q1 and Q2 as submitted to stock exchanges.
 - v. Draft Scheme of Reduction of Share Capital as on 17th November 2023.
2. We have also gone through publicly available information regarding Indian Infra Industry, Power and Energy Sector, Listed and regularly traded companies in this sector, their earnings, profitability and margins.

E. LIMITATIONS - DISCLAIMER

1. We have conducted this valuation exercise based on the above information and assumptions of the management about their business prospects. We do not provide assurance on the achievability of forecasted earnings by the company as events and circumstances do not occur as expected.
2. Though we have gone through publicly available information about the Indian Infra Sector and Energy Sector in the region, however since this sector is organized and mostly dominated by the bigger players in this industry and having huge pending order book, their earnings, margins, and valuations may not be considered for medium companies like WSIL.
3. Our work does not constitute certification of the historical or provisional financial statements referred to in this report. Accordingly, we are unable to and do not express an opinion on the fairness or accuracy of any financial information referred to in this report.
4. This report is confidential for the use of the person to whom it is issued. It must not be copied, disclosed or circulated or referred to in correspondence or discussion with any person otherwise than the purpose for which it has been issued.
5. Neither the RV, nor any of his officials, employees, advisors give any representation or warranty (expressed or implied) in relation to the correctness or completeness of the information contained in this valuation report. RV is not responsible or liable for any direct, indirect or consequential loss or damage suffered by any person arising by using this report.

F. DISCLOSURES

1. Neither the RV, nor any of his officials, employees have any type of relation or conflict of interest with the company.



G. COMPANY INFORMATION

Registered Name	:	W.S INDUSTRIES (INDIA) LIMITED
ROC – Hyderabad	:	CIN NO. L29142TN196IPLC004568
Date of Incorporation	:	23/08/1961

1. Present Directors

	DIN	Director Name	Designation
1	07036078	SEYYADURAI NAGARAJAN	CHAIRMAN
2	00125459	C.K.VENKATACHALAM	MANAGING DIRECTOR
3	07783796	ANANDAVADIVEL SATHIYAMOORTHY	JT. MANAGING DIRECTOR
4	01085040	KALAVAR VITTAL RAO PRAKASH	WHOLE TIME DIRECTOR
5	07627521	RAMACHANDRAN KARTHIK	DIRECTOR
6	07720632	JAYARAMAN SRIDHARAN	DIRECTOR
7	06601230	RAGHAVAN SUGUNA	DIRECTOR
8	01254043	REVATHI RAGHUNATHAN	DIRECTOR

2. Shareholding Pattern as on 17th November, 2023

Authorised Share Capital	No. of Shares	Face Value	Amount in Rs.
Equity Shares	6,50,00,000	10/-	65,00,00,000
Non-Convertible, Cumulative & Redeemable Preference Shares	15,00,000	100/-	15,00,00,000
TOTAL			80,00,00,000

As on 17th November, 2023

Issued, Subscribed and Fully paid-up share capital	No. of Shares	Face Value	Amount in Rs.
Equity Shares	4,70,11,585	10/-	47,01,15,850
Non-Convertible, Cumulative & Redeemable Preference Shares	12,75,000	100/-	12,75,00,000
TOTAL			59,76,15,850
1,38,38,246 Convertible Warrants of Rs. 2.50 each (Partly paid-up)			3,45,95,615



Shareholding pattern : As on 17th November, 2023

	Name	No. of Equity Shares	% holding
1	PRAKASH K V	21,50,914	4.58%
2	SEYYADURAI NAGARAJAN	62,59,771	13.32%
3	CHINNIAMPALAYAM VENKATACHALAM	31,55,603	6.71%
4	SATHIYAMOORTHY ANANDAVADIVEL	31,55,103	6.71%
5	CHINNIAMPALAYAM BALASUBRAMANIAM	30,12,722	6.41%
6	ARAVINDAN	30,13,222	6.41%
7	MAMATHA P	1,65,001	0.35%
8	TRINEVA INFRA PROJECTS PRIVATE LIMITED	61,68,326	13.12%
9	PUBLIC & FUNDS	1,99,30,923	42.40%
	TOTAL	4,70,11,585	100.00%

H. FINANCIAL SUMMARY – HISTORICAL

Rs. Lakhs

FOR FY END MARCH	2021-22	2022-23	2023-24-H1
	Audited	Audited	Un-Audited
REVENUE FROM OPERATIONS	-	7967.25	12687.12
OTHER INCOME	9.27	319.43	29.89
TOTAL INCOME	9.27	8286.68	12717.01
COST OF MATERIALS CONSUMED	-	5114.60	5879.35
CONSTRUCTION & OTHER OPER EX	-	1886.30	4235.59
EMPLOYEE BENEFIT EXPENSES	28.77	419.26	397.69
OTHER EXPENDITURE	14.25	537.85	390.21
DEPRECIATION	0.12	20.65	26.64
FINANCE COST	349.47	425.28	283.05
TOTAL EXPENDITURE	392.60	8403.94	11212.52
PROFIT BEFORE TAX & EXCEPTIONAL	-383.32	-117.26	1504.49
EXCEPTIONAL ITEMS	-	437.30	135.68
PROFIT BEFORE TAX	-383.32	320.05	1640.17
PROFIT / LOSS FROM DISCONTINUED OPERATIONS	-5548.08	1645.42	-
COMPREHENSIVE INCOME	-	-	0.48
TAXES	-	-	-
NET PROFIT AFTER TAX	-5931.41	1965.46	1640.65
EQUITY SHARE CAPITAL	2626.06	4180.23	4695.16
OTHER EQUITY	-4937.42	2320.89	4991.40
NETWORTH	-2311.36	6501.12	9686.56

NM = NOT MEANINGFUL



I. RATIONAL AND PURPOSE OF THE REDUCTION

1. The Company's financial statement currently reflects Accumulated Losses 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.
2. 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.
3. 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.
4. 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 honor its commitments or meet its obligations in the ordinary course of business.
5. The Scheme would provide greater flexibility to the Company in raising funds either from the capital market or from any bank/ financial institutions in the form of equity or debt, depending on the business needs of the Company.



J. EFFECTS OF THE SCHEME

(All Values in Rs.)

	As per Audited Balance Sheet 31-Mar-2023	Before Scheme of Arrangement	Changes Additions (Reductions)	After Scheme of Arrangement
		17-Nov-2023		
SHARE CAPITAL	41,80,22,670	47,01,15,850		47,01,15,850
NCRPS PREF CAPITAL	12,75,00,000	12,75,00,000		12,75,00,000
ISSUE OF SHARE WARRANTS	4,76,18,910	3,45,95,615		3,45,95,615
				30-Sep-2023
CAPITAL RESERVES	4,55,31,65,614	4,55,31,65,614	(4,55,31,65,614)	-
SECURITIES PREMIUM	66,21,60,370	77,80,20,025	(53,99,40,137)	23,80,79,888
REVALUATION RESERVE	20,24,73,498	20,24,73,498		20,24,73,498
REVALUATION RESERVE- IND AS	(20,21,283)	(20,21,283)		(20,21,283)
CAPITAL REDEMPTION RESERVE	17,61,55,000	17,61,55,000	(17,61,55,000)	-
SPECIAL GENERAL RESERVE	2,58,14,000	2,58,14,000		2,58,14,000
RETAINED EARNINGS	(5,43,32,77,273)	(5,26,92,60,751)	5,26,92,60,751	-
OTHER COMPREHENSIVE INCOME		48,115		48,115

K. VALUATION STANDARDS

1. We have used International Valuation Standards as well as ICAI Valuation Standards.
2. We have framed our Valuation Basis and Approach, considering the company as a **going concern entity**, and have done the valuation exercise on the principle of Arm's Length Basis.
3. Since the company is operating in a mature and growing Infrastructure Sector with high entry barriers and competition from bigger players, bigger revenues will take time to deliver. Most of the bigger infra companies are listed and regularly traded on the stock exchanges.



L. PROCEDURES ADOPTED

In connection with this valuation exercise, I (RV) has adopted the following procedures to carry out the valuation of the Company:

1. Requested and received information as stated in Point No. D – Information and Representation.
2. Obtained data available in public domain.
3. Discussion (Physical / over call) with the respective management and representatives of the Company to understand relevant aspects that may impact the valuation.
4. Sought various clarifications from the respective management and representatives of the Company based on my review of information shared and our analysis.
5. Recommendation on the proposed reduction of the capital based on the verification of the information as stated above – Rationale and Purpose of Reduction of Capital
6. RELEVANT EXTRACTS FROM THE SEBI MASTER CIRCULAR AND MY OPINION ON THE VALUATION REQUIREMENT FOR THE PROPOSED SCHEME.
 - a. Relevant extracts vide Master Circular SEBI SEBI/HO/CFD/POD-2/P/CIR/2023/93 on (i) Scheme of Arrangement by Listed Entities and (ii) Relaxation under Sub- rule (7) of rule 19 of the Securities Contracts (Regulation) Rules, 1957 issued by SEBI dated June 20,2023 for my analysis is under:
 - b. **Part 1.A4(a)** All listed entities are required to submit a valuation report from a Registered Valuer. For the purpose of this clauses, the Registered Valuer shall be a person, registered as a valuer, having such qualifications and experience and being a member of an organization recognized, as specified in Section 247 of the Companies Act, 2013 read with the applicable Rules issued thereunder.
 - c. **Part 1.A4(b)** However, Valuation Report is not required in cases where there is no change in the shareholding pattern of the listed entity / resultant company.
 - d. **Part 1.A4(c)** For the limited purpose of this Circular, 'change in the shareholding pattern' shall mean;
 - i. change in the proportion of shareholding of any of the existing shareholders of the listed entity in the resultant company; or
 - ii. new shareholder being allotted equity shares of the resultant company; or
 - iii. existing shareholder exiting the company pursuant to the Scheme of Arrangement
 - e. As per the proposed scheme by WSI, the accumulated losses as on date are written off by reduction of complete Capital Reserve Account, Complete Redemption Reserve Account and partly from Securities Premium Account.
 - f. In my (RV) Opinion **no fair value per equity share is required** since the above scheme does not lead to –
 - i. Any change in the proportion of shareholding of any of the existing shareholders of the Company
 - ii. No new shareholders are being allotted equity shares and
 - iii. The existing shareholders are continuing with the Company pursuant to the scheme.



M. CONCLUSION – RECOMMENDATION

1. Based on the above assumptions, valuation standards, procedures adopted, it can be considered that the proposed scheme will not have any effect on any of the Company's creditors / banks / financial institutions. The reduction / restructuring of the share capital / reserves and other equity would not in any way have any adverse effect on the Company's ability to honor its commitments or meet its liabilities in the ordinary course of business.



Kalyanam Bhaskar
Registered Valuer
IBBI/RV/06/2020/12959
ICAI RVO/06/RV-P00361/2019-20
PAN : ADOPK5944L

Valuer Kalyan & Co.

**201, Rangaprasad Enclave, Vinayak Nagar,
Gachibowli, Hyderabad, India - 500032**

☎ +91 40 46041927 +91 9989 800180

e-mail : valuerkalyan@gmail.com

bhaskarkalyanam@gmail.com

www.valuerkalyan.com