

GFL Limited

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((Earlier known as Gujarat Fluorochemicals Limited)
ABS Towers, 2nd Floor, Old Padra Road, Vadodara 390 007
Telephone: +91 (265) 6198111 Fax : +91 (265) 2310 312

REPORT OF THE AUDIT COMMITTEE OF GFL LIMITED RECOMMENDING THE DRAFT COMPOSITE SCHEME OF ARRANGEMENT BETWEEN INOX RENEWABLES LIMITED, GFL LIMITED AND INOX WIND ENERGY LIMITED AND THEIR RESPECTIVE SHAREHOLDERS

Members Present:

1. Shri Shanti Prashad Jain - Chairman
2. Shri Shailendra Swarup - Member
3. Shri Deepak Asher - Member
4. Ms Vanita Bhargava - Member

In Attendance:

1. Mr Mukesh Patni, CFO

1. Background

Meeting of the Audit Committee of GFL Limited was held on 13th March, 2020 to consider and recommend the proposed Composite Scheme of Arrangement ('Scheme') between Inox Renewables Limited ("the Transferor Company"), GFL Limited ("the Company" or the First Transferee Company" or "the Demerged Company") and Inox Wind Energy Limited ("the Second Transferee Company") and their respective shareholders under Section 230 to 232 read with Section 52 and Section 66 of the Companies Act, 2013 and other applicable provisions of the Companies Act, 2013 and rules framed thereunder.

The Equity shares of the Demerged Company are listed on BSE Limited ("BSE") and the National Stock Exchange of India Limited ("NSE"). The Demerged Company will be filing the Scheme along with necessary information/documents with both the mentioned Stock Exchanges.

The Securities and Exchange Board of India vide its circular bearing reference No. CFD/DIL3/CIR/2017/21 dated 10th March 2017 ("SEBI Circular"), has, among other requirements, sought a report from the Audit Committee of the Listed Company recommending the draft Scheme after taking into consideration, inter alia, the Valuation Report and Fairness Opinion. This report of the Audit Committee is made in order to comply with such requirement under the SEBI Circular.

The following documents were placed before the Audit Committee:

- Draft of the Composite Scheme of Arrangement duly initialed by the Company Secretary of the Company for the purpose of identification;
- Valuation Report dated 13th March, 2020 prepared by Mr. Harsh Chandrakant Ruparelia, Registered Valuer, Securities or Financial Assets, ("Valuers");
- Fairness Opinion dated 13th March, 2020 with regard to the above mentioned Valuation Report duly provided by Fedex Securities Pvt Ltd, Category I Merchant Banker; and
- Certificate obtained from the Statutory Auditors of the Company viz. Kulkarni and Company, Chartered Accountants on the compliance of accounting treatment prescribed in the Scheme.

2. Proposed Composite Scheme of Arrangement

Registered office: Survey No 16/3, 26 & 27, Village Ranjitnagar, Taluka Ghoghamba, District Panchmahal
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CIN: L24110GJ1987PLC009362



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The Scheme, inter alia, provides for:

- Part I - Amalgamation of the Transferor Company with the First Transferee Company
- Part II - Transfer and vesting of Renewable Energy Business from the Demerged Company to the Second Transferee Company, by way of Demerger

The Audit Committee noted the rationale and the benefits of the Scheme, which inter-alia include the following:

- Each of the varied businesses being carried on by GFL, the First Transferee Company /Demerged Company either by itself or through its subsidiaries including renewable energy business have significant potential for growth and profitability. The nature of risk, competition, challenges, opportunities and business methods for renewable energy business is separate and distinct from other businesses being carried out by GFL, the First Transferee Company /Demerged Company. The renewable energy business and the other businesses of GFL, the First Transferee Company /Demerged Company are capable of attracting a different set of investors, strategic partners, lenders and other stakeholders.
 - There are also differences in the manner in which the renewable energy business and other businesses of GFL, the First Transferee Company /Demerged Company are required to be handled and managed. In order to lend greater/enhanced focus to the operation of each of the said businesses, it is proposed to re-organize and segregate the renewable energy business by way of an arrangement.
 - The proposed arrangement would enable consolidation of same line of businesses into new wind company which will result in unlocking of value and creation of additional liquidity for the shareholders of GFL, the Demerged Company, which is currently embedded in the value of renewable energy business.
 - The proposed arrangement would enable pooling of homogenous assets and expertise across the group resulting in a business/asset/vertical specific corporate structure for better synergy realization, administrative efficiencies, independent collaboration and expansion.
 - The proposed arrangement would provide better management focus and specialization for sustained growth.
 - The proposed arrangement would provide opportunity for investors to invest only in the combined renewable energy business.
 - The proposed arrangement would enhance shareholder value by creating leaner and focused organizations.
3. The Audit Committee reviewed the Valuation Report and noted the recommendations made therein. Further, the Fairness Opinion confirmed that the Share Entitlement Ratio in the Valuation Report is fair to the shareholders of the Company.
4. Further, M/s. Kulkarni and Company, Chartered Accountants, Statutory Auditors of the Company have confirmed that the accounting treatment as specified in the Scheme are in accordance with applicable Accounting Standards specified by the Central Government in Section 133 of the Companies Act, 2013.

5. Recommendation of the Audit Committee

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The Audit Committee after taking into consideration the draft Scheme & its rationale and benefits, the Valuation Report, the Fairness Opinion and other documents, recommends the same to the Board of Directors of the Company, the BSE, the NSE and SEBI for favorable consideration.

By order of the Audit Committee

For and on Behalf of
GFL Limited

Shanti Prashad Jain
Shanti Prashad Jain

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Chairman, Audit Committee

Place: New Delhi

Date: 13th March, 2020

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