

REPORT ADOPTED BY THE BOARD OF DIRECTORS OF GUJARAT FLUORO CHEMICALS LIMITED AT THE MEETING HELD ON OCTOBER 29, 2024, ON THE COMPOSITE SCHEME OF ARRANGEMENT BETWEEN INOX LEASING AND FINANCE LIMITED, INOX HOLDINGS AND INVESTMENTS LIMITED AND GUJARAT FLUORO CHEMICALS LIMITED AND THEIR RESPECTIVE SHAREHOLDERS

1. Background

- 1.1 The Board of Directors ("**Board**") of Gujarat Fluorochemicals Limited, in their meeting held on October 29, 2024, have approved the draft composite scheme of arrangement between Inox Leasing and Finance Limited ("**Transferor/Demerged Company**" or "**ILFL**"), Inox Holdings and Investments Limited ("**Resulting Company**" or "**IHIL**") and Gujarat Fluorochemicals Limited ("**Transferee Company**" or "**Company**" or "**GFCL**") and their respective shareholders under the provisions of Sections 230 to 232 and other applicable provisions of the Companies Act, 2013 ("**Act**") ("**Scheme**").
- 1.2 The equity shares of the Company are listed on the BSE Limited ("**BSE**") and the National Stock Exchange of India Limited ("**NSE**"). Further, the Non-Convertible Debentures ("**NCDs**") of the Company are listed on the debt segment of BSE.
- 1.3 Pursuant to Section 232(2)(c) of the Act, the Board of the Company is required to adopt a report explaining the effect of the arrangement on each class of shareholders (promoters and non-promoter shareholders), key managerial personnel ("**KMPs**"), debenture holders, creditors, employees and directors of the Company, setting out, among other things, the share exchange ratio and specifying any special valuation difficulties and such report is then required to be circulated as part of the notice of the meeting(s) of the shareholders and creditors to be held for the purpose of approving the Scheme.
- 1.4 Pursuant to paragraph A(2)(d) of Part I of Annexure XII-A of SEBI Master Circular dated May 21, 2024 ("**SEBI Circular on NCDs**"), the Board of the Company is required to recommend the draft scheme, taking into consideration, inter-alia, the share swap ratio report and ensuring that the scheme is not detrimental to the holders of NCDs.
- 1.5 This report of the Board is accordingly being made in pursuant to the requirements of Section 232(2)(c) of the Act and paragraph 2(d) of SEBI Circular on NCDs.
- 1.6 Under the Scheme, it is proposed to demerge the Wind Business ("**Demerged Undertaking**") of ILFL into IHIL and amalgamation of ILFL (post demerger of the Demerged Undertaking) into the Company.
- 1.7 **Documents placed before the Board:**

The following documents, *inter-alia*, were placed before the Board, duly initialed by the Company Secretary of the Company for the purpose of identification:

- a. Draft Scheme;
- b. Share swap ratio report dated 29th October, 2024 issued by M/s Finvox Analytics (Registration No. IBBI/RV-E/06/2020/120), Registered Valuer ("**Share Swap Ratio Report**"), describing the methodology adopted by them in arriving at the recommended share swap ratio;
- c. Fairness Opinion dated 29th October, 2024 issued by Marwadi Chandarana Intermediaries Brokers Private Limited (Registration No. INM000013165), an Independent SEBI registered Category I Merchant Banker ("**Fairness Opinion**"), providing its opinion on the fairness of share swap ratio as recommended in the Share Swap Ratio Report;

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ASSURED INTEGRITY

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- d. Certificate dated 28th October, 2024 issued by M/s Patankar & Associates, Chartered Accountants (FRN: 107628W), the Statutory Auditor of the Company, confirming that the accounting treatment stated in the Scheme is in compliance with the accounting standards prescribed under section 133 of the Act and generally accepted accounting principles;
- e. Certificate dated 28th October, 2024 issued by M/s Patankar & Associates, Chartered Accountants (FRN: 107628W), the Statutory Auditor of the Company, certifying the payment/repayment capability of the Company against the outstanding listed NCDs;
- f. Report dated October 29, 2024 of the Audit Committee of the Company; and
- g. Report dated October 29, 2024 of the Committee of Independent Directors of the Company.

2. **Share Swap Ratio Report**

Basis the Share Swap Ratio Report issued by M/s Finvox Analytics (Registration No. IBBI/RV-E/06/2020/120), Registered Valuer, 5,77,91,906 equity shares of Transferee Company of the face value of INR 1 each fully paid-up to be issued and allotted as fully paid-up to the equity shareholders of Transferor Company in the proportion of their holding in Transferor Company on the Specified Date (as defined in the Scheme).

3. **Effect of the Scheme on Stakeholders**

3.1 **Effect on each class of shareholders (promoter and non-promoter shareholders):**

- a. Upon the Scheme becoming effective, in consideration of the merger of the Transferor Company into the Company (post demerger of the Demerged Undertaking from the Demerged Company into the Resulting Company), pursuant to the Scheme, the Company shall, without any further act or deed, issue and allot to every equity shareholder of the Transferor Company holding equity shares in the Transferor Company, and whose names appear in the Register of Members of the Transferor Company on the Specified Date (as defined in the Scheme) in the following ratio:

“5,77,91,906 equity shares of GFCL having a face value of INR 1/- each fully paid-up to be issued and allotted as fully paid-up to the equity shareholders of ILFL in the proportion of their holding in ILFL.”

- b. The equity shares issued and allotted by the Company shall be subject to the provisions of the Memorandum of Association and Articles of Association of the Company, as the case may be, and shall rank *pari passu* in all respects with the existing equity shares of the Company, as the case may be, including with respect to dividend, bonus, rights shares, voting rights and other corporate benefits attached thereto and the equity shares issued as consideration pursuant to the Scheme will be listed on the Stock Exchanges, subject to receipt of regulatory approvals.
- c. The Scheme is expected to have several benefits for the Company as indicated in the rationale of the Scheme and is expected to be in the best interest of the equity shareholders of the Company.
- d. Upon the Scheme becoming effective, the Transferor Company shall be dissolved without being wound up, and the shareholders of the Transferor Company shall become shareholders of the Company.
- e. Further, the rights and interests of the equity shareholders of the Company will not be prejudicially affected by the Scheme, and there will be no change in the economic interests of the equity shareholders of the Company, before and after the Scheme.

3.2 **Effect on the KMPs and Directors of the Company:**

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None of the KMPs of the Company have any interest in the Scheme except to the extent of the shares held by them and their directorship, if any, in the Company. The KMPs concerned of the Company shall continue to be KMPs of the Company.

4. Effect and impact on the holders of Non-convertible Debentures and safeguards for the protection of the debenture holders

- 4.1 Pursuant to the Scheme, there will be no change in terms and conditions of the NCDs of the Company.
- 4.2 Pursuant to the Scheme, the NCD holders of the Company as on the Effective Date will continue to hold NCDs of the Company, without any interruption, on same terms, including the coupon rate, tenure, redemption price, quantum and nature of security, ISIN, etc.
- 4.3 The NCDs of the Company, as on the Effective Date, will continue to be freely tradable and listed on BSE, thereby providing liquidity to the holders of the NCDs of the Company.
- 4.4 Therefore, the Scheme will not have any adverse impact on the holders of the NCDs and thus, adequately safeguards the interests of the holders of NCDs.

5. Adoption of the Report by the Directors

- 5.1 The Report of the Audit Committee, the Committee of Independent Directors, Valuation Report and the Fairness Opinion have been taken on record by the Board, and the Board has come to the conclusion that:
- a) Share swap ratio specified in the Scheme is fair and reasonable to the equity shareholders of the Company; and
- b) the Scheme is fair and not detrimental to the NCD holders of the Company.
- 5.2 The Board or any duly authorized committee/ person by the Board is entitled to make relevant modifications to this Report, if required and such modifications or amendments shall have deemed to form part of the report.

By order of the Board

For **Gujarat Fluorochemicals Limited**


Bhavin Desai
Company Secretary
FCS 7952

Date: 29th October, 2024



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