

CA Harsh Chandrakant Ruparelia

Registered Valuer – Securities or Financial Assets

(IBBI Registration No. IBBI/RV/05/2019/11106 and

Membership No. ICMAI RVO/S&FA/00054)

STRICTLY PRIVATE & CONFIDENTIAL13th March 2020

To,

The Board of Directors,**Inox Renewables Limited**

Survey No. 1837 & 1834 at Moje Jetalpur,

ABS Towers, Second Floor, Old Padra Road,

Vadodara – 390 007;

The Board of Directors,**GFL Limited**

Survey No. 16/3 26 27 Ranjitnagar,

Ghoghamba Taluka, Panchmahal – 389 380; and

The Board of Directors,**Inox Wind Energy Limited**3rd Floor, ABS Towers,

Old Padra Road,

Vadodara – 390 007.

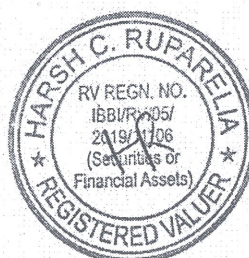
Dear Sirs,

Re: Report on Recommendation of Share Entitlement Ratio for Amalgamation of Inox Renewables Limited into GFL Limited and Demerger of the Demerged Undertaking (as defined in the Scheme) of GFL Limited into Inox Wind Energy Limited

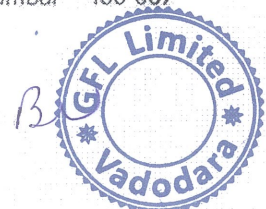
I refer to my engagement letter dated 9th March 2020, whereby Harsh Chandrakant Ruparelia, Registered Valuer (hereinafter referred to as "the Valuer" or "I") has been

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requested by the management of Inox Renewables Limited [CIN: U40100GJ2010PLC062869] (hereinafter referred to as "IRL" or "the Transferor Company") and GFL Limited [CIN: L24110GJ1987PLC009362] (hereinafter referred to as "GFL" or "the First Transferee Company" or "the Demerged Company") and Inox Wind Energy Limited [CIN: U40106GJ2020PLC113100] (hereinafter referred to as "IWEL" or "the Second Transferee Company") and collectively referred to as "Companies" to issue a report containing recommendation of Share Entitlement Ratio for the proposed Amalgamation of IRL into GFL and for the proposed Demerger of Demerged Undertaking of GFL into IWEL, pursuant to a Draft Composite Scheme of Arrangement ('Scheme').

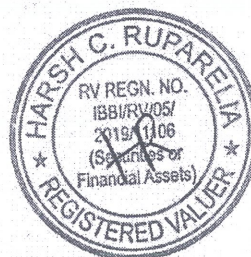
In the following paragraphs, I have summarized my understanding of the key facts; key information relied upon, basis of recommendation and limitations to my scope of work.

The report is structured as under:

1. Purpose of this Report
2. Background
3. Sources of Information
4. Basis of Recommendation
5. Share Entitlement Ratio
6. Exclusions and Scope Limitations

1. PURPOSE OF THIS REPORT

- 1.1 I understand that the Management of the Companies is contemplating a Composite Scheme of Arrangement ('Scheme') under Sections 230 to 232 and other applicable provisions of the Companies Act, 2013 and rules & regulations framed thereunder for Amalgamation of Inox Renewables Limited into GFL Limited in accordance with Section 2(1B) of the Income-tax Act, 1961 and Demerger of Demerged Undertaking of GFL Limited into IWEL in accordance with Section 2(19AA) of the Income-tax Act, 1961. The Amalgamation and Demerger are to take effect from the Appointed Date(s) as defined in the Scheme.
- 1.2 In this regard, Harsh Chandrakant Ruparelia, Registered Valuer has been appointed by the Companies for recommendation of Share Entitlement Ratio for the proposed Amalgamation and Demerger.



2. BACKGROUND

2.1 INOX RENEWABLES LIMITED ("IRL")

2.1.1 IRL was incorporated on 11th November 2010 under the provisions of Companies Act, 1956. The registered office of IRL is currently situated at Survey No. 1837 & 1834 at Moje Jetalpur, ABS Towers, Second Floor, Old Padra Road, Vadodara – 390 007 in the State of Gujarat.

2.1.2 The Authorised, Issued, Subscribed and Paid-up Share Capital of IRL as on date is as under:

Particulars	Amount in INR
<u>Authorised Share Capital</u>	
11,01,00,000 Equity Shares of INR 10/- each	1,10,10,00,000
Total	1,10,10,00,000
<u>Issued, Subscribed and Paid-up Share Capital</u>	
33,75,000 Equity Shares of INR 10/- each, fully paid-up	3,37,50,000
Total	3,37,50,000

2.1.3 IRL is a wholly owned subsidiary of GFL Limited and is engaged in the business of generation and sale of wind energy and providing services for Erection, Procurement and Commissioning (EPC) of wind farms.

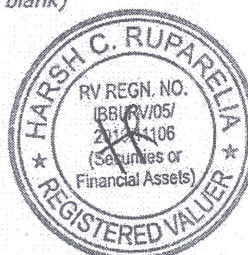
2.2 GFL LIMITED

2.2.1 GFL was incorporated on 4th February 1987 under the provisions of Companies Act, 1956. The registered office of GFL is currently situated at Survey No. 16/3 26 27 Ranjitnagar, Ghoghamba Taluka, Panchmahal – 389 380 in the State of Gujarat.

2.2.2 The Authorised, Issued, Subscribed and Paid-up Share Capital of GFL as on date is as under:

Particulars	Amount in INR
<u>Authorised Share Capital</u>	
20,00,00,000 Equity Shares of INR 1/- each	20,00,00,000
Total	20,00,00,000
<u>Issued, Subscribed and Paid-up Share Capital</u>	
10,98,50,000 Equity Shares of INR 1/- each, fully paid-up	10,98,50,000
Total	10,98,50,000

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2.2.3 The equity shareholding pattern of GFL as on 31st December 2019 is as under:

Sr No	Name of the Shareholder	Number of shares held	Percentage of Shareholding (%)
1	Promoter & Promoter Group	7,54,92,611	68.72%
2	Public Shareholders	3,43,57,389	31.28%
Total		10,98,50,000	100.00%

2.2.4 GFL is listed on National Stock Exchange of India Limited and BSE Limited and is one of India's largest producer of chloromethanes, refrigerants and polytetrafluoro-ethylene. They are among the few fully vertically integrated manufacturing company providing reliable and high-quality products.

2.3 INOX WIND ENERGY LIMITED

2.3.1 IWEL was incorporated on 6th March 2020 under the provisions of Companies Act, 2013. The registered office of IWEL is currently situated at 3rd Floor, ABS Towers, Old Padra Road, Vadodara – 390 007 in the State of Gujarat.

2.3.2 The Authorised, Issued, Subscribed and Paid-up Share Capital of IWEL as on date is as under:

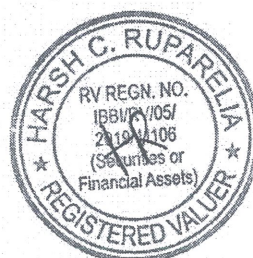
Particulars	Amount in INR
<u>Authorised Share Capital</u>	
1,00,000 Equity Shares of INR 1/- each	1,00,000
Total	1,00,000
<u>Issued, Subscribed and Paid-up Share Capital</u>	
1,00,000 Equity Shares of INR 1/- each, fully paid-up	1,00,000
Total	1,00,000

2.3.3 IWEL is a wholly owned subsidiary of GFL Limited and is engaged in the business of generation and sale of wind energy, providing services for Erection, Procurement and Commissioning (EPC) of wind farms and holding strategic business interest in renewables.

2.4 The proposed Scheme of Arrangement provides for the following:

Part II - Amalgamation of Inox Renewables Limited with GFL Limited; and
Part III - Transfer and vesting of the Demerged Undertaking from GFL Limited to Inox Wind Energy Limited.

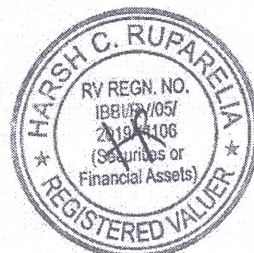
2.5 The rationale and benefits for the Scheme as provided in the Draft Composite Scheme of Arrangement is as under:



- 2.5.1 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.
- 2.5.2 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.
- 2.5.3 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.
- 2.5.4 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.
- 2.5.5 The proposed arrangement would provide better management focus and specialization for sustained growth.
- 2.5.6 The proposed arrangement would provide opportunity for investors to invest only in the combined renewable energy business.
- 2.5.7 The proposed arrangement would enhance shareholder value by creating leaner and focused organizations.

3. SOURCES OF INFORMATION

- 3.1. For the purpose of the recommendation of Share Entitlement Ratio, I have relied upon the following sources of information provided by the management of the Companies:



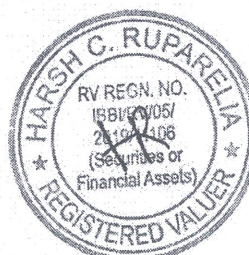
- (a) Audited Financial Statements of IRL and GFL for the year ended 31st March 2019;
- (b) Latest shareholding pattern of the Companies, as duly certified;
- (c) Draft Composite Scheme of the Arrangement (as duly certified by the Management);
- (d) Memorandum and Articles of Association of the Companies;
- (e) Other relevant details of the Companies such as its history, past and present activities, future plans and prospects, and other relevant information; and
- (f) Such other information and explanations as required and which have been provided by the Management of the Companies.

The Company has been provided with the opportunity to review the draft report (excluding the recommended Share Entitlement Ratio) as part of our standard practice to make sure that factual inaccuracies / omissions are avoided in our final report.

The Management has informed us that Fedex Securities Private Limited have been appointed by GFL, to provide fairness opinion on the Share Entitlement Ratio for the purpose of the aforementioned Proposed Amalgamation and Demerger. Further, at the request of the Management, we have had discussions with fairness opinion providers appointed by GFL on the valuation approach.

4. BASIS OF RECOMMENDATION

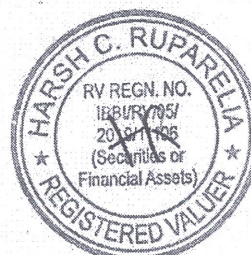
- 4.1. As per the Part II of the proposed Composite Scheme of Arrangement, IRL will be amalgamated with GFL. In consideration of Amalgamation of IRL with GFL, as IRL is a wholly owned subsidiary of GFL, the interest of the shareholders of GFL will not be prejudicially affected as the shareholders continue to beneficially hold the business of IRL.
- 4.2. As per the proposed Composite Scheme of Arrangement, in consideration of transfer and vesting of Demerged Undertaking of GFL into IWEL (*a wholly owned subsidiary of GFL*), IWEL shall issue and allot equity shares to the equity shareholders of GFL based on the ratio of allotment of shares.
- 4.3. Upon the issue of shares by the IWEL, the entire existing capital of the IWEL held by GFL as on the Effective Date shall stand cancelled without any payment. Accordingly, the share capital of IWEL shall stand reduced by the face value of shares held by GFL prior to the issue of shares by IWEL.



- 4.4. We understand that, as part of the Scheme, the Demerged Undertaking of GFL is proposed to be demerged into IWEL. Once the Scheme is implemented, all the shareholders of GFL would also become shareholders in IWEL, and their shareholding in IWEL would be identical to their shareholding in GFL.
- 4.5. Further, as provided for in Clause 25.2 of the Draft Scheme and as represented by the Management of GFL and IWEL, the authorized share capital of IWEL shall stand re-organised to each equity share having a face value of INR 10/- (Rupees Ten Only) each, upon coming into effect of the Draft Composite Scheme of Arrangement. Accordingly, the Face Value per Equity Share of IWEL shall stand amended to INR 10/- each instead of existing Face Value per Equity Share of INR 1/-each upon consequential amendment in Memorandum and Articles of Association of IWEL as provided for in the relevant clauses of the Draft Composite Scheme of Arrangement.
- 4.6. We further understand that as an effect of Demerger, each shareholder of GFL would become owner of shares in two companies instead of one. Post Demerger, the percentage shareholding of a shareholder in GFL would remain unchanged from the proportion of capital held by such shareholder in GFL.
- 4.7. The management of GFL has further indicated that the shareholding of IWEL pursuant to the Proposed demerger of the Demerged Undertaking of GFL into IWEL would be, effectively, same as the shareholding of GFL (pre-Demerger) as the new shares of IWEL would be issued to the shareholders of GFL in proportion to their shareholding in GFL (pre-Demerger). Thus, we understand that the interest of the shareholders in GFL will effectively remain unchanged and therefore from that perspective shareholders interest would not be prejudicially affected. The Scheme does not envisage dilution of the holding of any one or more shareholders as a result of the Scheme.

5. SHARE ENTITLEMENT RATIO

- 5.1. In the ultimate analysis, recommendation will have to involve the exercise of judicious discretion and judgment taking into account all the relevant factors. There will always be several factors, e.g. present and prospective competition, yield on comparable securities and market sentiments, etc. which are not evident from the face of the balance sheets but which will strongly influence the worth of a share. This concept is also recognized in judicial decisions. For



example, Viscount Simon Bd in Gold Coast Selection Trust Ltd. vs. Humphrey reported in 30 TC 209 (House of Lords) and quoted with approval by the Supreme Court of India in the case reported in 176 ITR 417 as under:

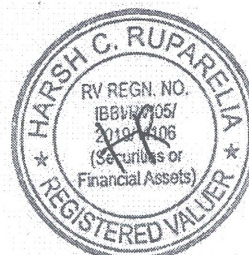
'If the asset takes the form of fully paid shares, the valuation will take into account not only the terms of the agreement but a number of other factors, such as prospective yield, marketability, the general outlook for the type of business of the company which has allotted the shares, the result of a contemporary prospectus offering similar shares for subscription, the capital position of the company, so forth. There may also be an element of value in the fact that the holding of the shares gives control of the company. If the asset is difficult to value, but is nonetheless of a money value, the best valuation possible must be made. Valuation is an art, not an exact science. Mathematical certainty is not demanded, nor indeed is it possible.'

- 5.2. Considering the fact that IRL is a wholly owned subsidiary of GFL, there will be no shares to be issued pursuant to the Amalgamation of IRL into GFL and therefore, no requirement to determine a Share Entitlement Ratio.
- 5.3. On the basis of the foregoing, any Share Entitlement Ratio can be considered for the above Demerger as the proportionate shareholding of any shareholder would not vary.
- 5.4. For the purpose of the current valuation exercise, we have provided following weights to the valuation methodologies based on our understanding of the financial position and other various factors relevant to the valuation exercise:

Particulars	Inox Renewables Limited	GFL Limited / Demerged undertaking of GFL	IWEL
<i>Methods</i>	<i>Weights</i>		
Asset Approach	NA	NA	NA
Market Approach	NA	NA	NA
Income Approach	NA	NA	NA
Relative Value per share	NA	NA	NA

NA = Not Adopted / Not Applicable

- 5.5. Further, considering the desired capital structure of IWEL, the management has proposed a Share Entitlement Ratio of 1 (One) fully paid-up equity share of IWEL of face value of INR 10/- each, in exchange of, every 10 (Ten) fully paid



equity share of GFL of face value INR 1/- each as a consideration for Demerger of Demerged Undertaking of GFL into IWEL.

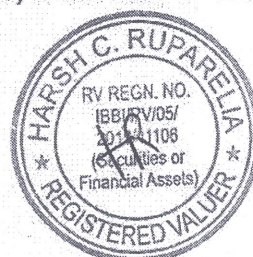
- 5.6. As proposed by the Management of the Companies and on consideration of all the relevant factors and circumstances as discussed and outlined hereinabove, the Share Entitlement Ratio is as follows:

For equity shareholders of IRL	No equity shares to be issued as the entire shareholding of IRL is held by GFL
For equity shareholders of GFL with respect to Demerger of Demerged Undertaking of GFL into IWEL	1(One) Equity Share in IWEL having face value of INR 10/- (Rupees Ten) each credited as fully paid-up for every 10 (Ten) Equity Share of INR 1/- (Rupee One) each fully paid-up, held by such member in GFL as on the Record date.

I believe that the above Share Entitlement Ratio for the Draft Composite Scheme of Arrangement is fair and reasonable considering that the business of IRL will be directly held by the shareholders of GFL and further, all the shareholders of GFL will upon Demerger, continue to beneficially own the equity shares of GFL and will also be the beneficial owners of equity shares of IWEL in the same ratio (Inter se) as they hold shares in GFL, as on the record date.

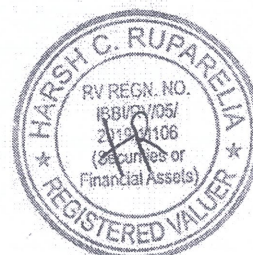
6. EXCLUSIONS AND SCOPE LIMITATIONS

- 6.1. The report is subject to the scope limitations detailed hereinafter. As such, the report is to be read in totality, and not in parts, in conjunction with the relevant documents referred to herein.
- 6.2. No investigation of the title of assets of the Companies has been made for the purpose of my recommendation and their claim to such rights has been assumed to be valid as represented by the management of the Companies. Therefore, no responsibility is assumed for matters of a legal nature.
- 6.3. The work does not constitute certification of the historical financial statements including the working results of the Companies referred to in this report. Accordingly, I am unable to and do not express an opinion on the fairness or accuracy of any financial information referred to in this report.
- 6.4. This report is issued on the understanding that the Companies have drawn my attention to all material information, which they are aware of concerning the



financial position of the Companies and any other matter, which may have an impact on my opinion, on the recommendation of the Share Entitlement Ratio of the Companies, including any significant changes that have taken place or are likely to take place in the financial position, subsequent to the report date. I have no responsibility to update this report for events and circumstances occurring after the date of this report.

- 6.5. This Report does not look into the business / commercial reasons behind the proposed transaction or address any potential synergies to the Companies and other parties connected thereto.
- 6.6. In the course of issuing this report, I was provided with both written and verbal information. I have evaluated the information provided to me by the management of the Companies through broad inquiry, analysis and review. I assume no responsibility for any errors in the above information furnished by the management of the Companies and consequential impact on the recommendation of the Share Entitlement Ratio. I do not express any opinion or offer any assurance regarding accuracy or completeness of any information made available to me.
- 6.7. The report is not, nor should it be construed as me opining or certifying any compliance with the provisions of any law, whether in India or any other country including companies, taxation and capital market related laws or as regards any legal implications or issues arising from any transaction proposed to be contemplated based on this Report.
- 6.8. The information contained herein and the report is confidential. Any person/party intending to provide finance/invest in the shares/businesses of the Companies, 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. It is to be noted that any reproduction, copying or otherwise quoting of this report or any part thereof, can be done only with prior permission in writing.
- 6.9. This document has been prepared solely for the purpose of assisting the Companies, under consideration, for the purpose of recommending the Share Entitlement Ratio under the Scheme in accordance to my engagement letter. Further, the fees for this engagement is not contingent upon the recommendation considering the facts and purpose of recommendation.
- 6.10. The decision to carry out the transaction (including consideration thereof) lies entirely with the Management / Board of Directors of the Companies and the work and my finding shall not constitute recommendation as to whether or not



the Management / the Board of Directors of the respective Companies should carry out the transaction.

- 6.11. By its very nature, my work cannot be regarded as an exact science, the conclusions arrived at in many cases will of necessity be subjective and dependent on the exercise of individual judgement. Given the same set of facts and using the same assumptions / approach, opinions may differ due to application of the facts and assumptions / approach, formulas used and numerous other factors. There is, therefore, no indisputable single or standard methodology / approach for arriving at my recommendation. Although the conclusions are in my opinion reasonable, it is quite possible that others may not agree.
- 6.12. Harsh Chandrakant Ruparelia, nor its employees or its agents or any of them, makes any representation or warranty, express or implied, as to the accuracy, reasonableness or completeness of the information, based on which the report is issued. All such parties expressly disclaim any and all liability for, or based on or relating to any such information contained in the report. I am not liable to any third party in relation to issue of this report. In no event, I shall be liable for any loss, damage, cost or expense arising in any way from any acts carried out by the Companies referred herein or any person connected thereto.

If you require any clarifications on the above, I would be happy to clarify the same. I am thankful to your team for kind co-operation and support during this assignment.

Thanking you,

Yours faithfully,


CA HARSH CHANDRAKANT RUPARELIA

REGISTERED VALUER – Securities or Financial Assets

IBBI Registration No. IBBI/RV/05/2019/11106

Membership No. ICAI RVO/S&FA/00054

ICAI Membership No. 160171

Date: 13th March 2020

Place: Mumbai

UDIN: 20160171AAAACB1121

