

**REPORT OF THE AUDIT COMMITTEE OF GUJARAT FLUORO-CHEMICALS LIMITED
RECOMMENDING THE REVISED VALUATION REPORT AND FAIRNESS OPINION
THEREON IN RELATION TO THE DRAFT COMPOSITE SCHEME OF ARRANGEMENT
BETWEEN INOX LEASING AND FINANCE LIMITED, INOX HOLDINGS AND
INVESTMENTS LIMITED AND GUJARAT FLUORO-CHEMICALS LIMITED AND THEIR
RESPECTIVE SHAREHOLDERS AT ITS MEETING HELD ON MAY 26, 2026**

MEMBERS PRESENT

- | | | | |
|----|-------------------------|---|----------|
| 1. | Mr. Shanti Prashad Jain | - | Chairman |
| 2. | Mr. Shailendra Swarup | - | Member |
| 3. | Mr. Vivek Jain | - | Member |
| 4. | Ms. Vanita Bhargava | - | Member |

The quorum was present at the Meeting and remained till the conclusion of the Meeting.

1. Background

1.1 A Meeting of the Audit Committee of Gujarat Fluorochemicals Limited was held on May 26, 2026 to consider and recommend the revised valuation report pursuant to queries received from BSE Limited ("BSE") dated May 5, 2026, in relation to the composite scheme of arrangement, providing for Demerger of the Wind Business ("Demerged Undertaking") from Inox Leasing and Finance Limited ("Demerged/Transferor Company" or "ILFL") into Inox Holdings and Investments Limited ("Resulting Company" or "IHIL") and amalgamation (post demerger of the Demerged Undertaking from ILFL into IHIL) of ILFL into Gujarat Fluorochemicals Limited ("Transferee Company" or "the 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 This report of the Audit Committee, read with report of the Audit Committee dated October 29, 2024, is made to comply with the requirements of the Securities and Exchange Board of India ("SEBI") (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") and Clause 2 (c) of Para A of Part I of the SEBI Master Circular No. SEBI/HO/CFD/POD-2/P/CIR/2023/93 dated June 20, 2023 ("SEBI Equity Master Circular") and as amended from time to time.

1.3 Documents placed before the Audit Committee

The following documents were placed before the Audit committee:

- Revised Valuation Report dated May 26, 2026 issued by M/s Finvox Analytics (Registration No. IBBI/RV-E/06/2020/120), Registered Valuer ("Revised Valuation Report"), describing the methodology adopted by them in arriving at the recommended share swap ratio;
- Fairness Opinion dated May 26, 2026 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 Revised Valuation Report;

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c. Report of the Audit Committee dated October 29, 2024.

2. Share swap ratio

The share swap ratio considered by the Audit Committee, in its meeting dated October 29, 2024, is same as the share swap ratio suggested in Revised Valuation Report dated May 26, 2026 by the Registered Valuer, which is as under:

Upon the Scheme becoming effective, in consideration of the amalgamation 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”

3. Statutory Disclosures

3.1. Need for the Demerger, Merger and rationale of the Scheme:

The Audit Committee, vide its report dated October 29, 2024, has considered the need for demerger, merger and rationale of the Scheme and is reiterated as follows:

a) Segregation of Wind Business:

The Management of ILFL, IHIL and GFCL are of the view that segregation of this businesses of ILFL has huge potential for value unlocking and is capable of attracting different set of investors, strategic partners, lenders and other stakeholders since these businesses carry significant potential for growth and profitability.

The demerger of the Demerged Undertaking would specifically result in better price discovery for these businesses, and it will also help in clear capital allocation for future growth of these businesses.

b) Amalgamation of the Transferor Company into the Transferee Company:

The Transferor Company and Transferee Company belong to the same group and as a result of the amalgamation, it would lead to simplification and rationalization of the shareholding structure of the Transferee Company. There will be no change in the financial position of the Transferee Company.

The amalgamation will result in reduction in number of legal entities which will result in an overall reduction in administrative, managerial, compliance requirements and related cost for the InoxGFL group. No costs, charges and expenses relating to the Scheme (Part 3) involving the amalgamation will be borne by the Transferee Company.

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GUJARAT FLUOROCHEMICALS
VALUE THROUGH GREEN CHEMISTRY

CIN - L24304HP2018PLC011898

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3.2. Synergies of the business of the entities involved in the Scheme:

The Audit Committee, vide its report dated October 29, 2024, has considered the synergies of the business of the entities involved in the Scheme and is reiterated as follows:

The Scheme would result in simplification and rationalization of the shareholding structure of the Company. The amalgamation will result in reduction in number of legal entities which will result in an overall reduction in administrative, managerial, compliance requirements and related cost for the InoxGFL group.

The Scheme also helps segregation of the Wind business of the Demerged Company since this business has huge potential for value unlocking and is capable of attracting different set of investors, strategic partners, lenders and other stakeholders.

3.3. Impact of the Scheme on the Company and its Equity Shareholders

The Audit Committee, vide its report dated October 29, 2024, has considered the impact of the Scheme on the Company and its Equity Shareholders and is reiterated as follows:

- The Scheme is expected to be beneficial to the equity Shareholders of the Company leading reduction in number of legal entities which will result in an overall reduction in administrative, managerial, compliance requirements and related cost for the group.
- In consideration for the amalgamation of the Transferor Company with the Company, the Equity Shareholders of the Transferor Company, as on the Specified Date (as defined in the Scheme) shall receive Equity Shares of the Company. 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 interest of the equity shareholders of the Company, before and after the Scheme. The equity shares to be issued by the Company to the equity shareholders of the Transferor Company pursuant to the Scheme shall rank *pari passu* in all respects with the existing equity shares of the Company.
- The Equity Shareholders of the Company will continue to be the Equity Shareholders of the Company.
- After the effectiveness of the Scheme and subject to the receipt of regulatory approvals, the equity shares of the Company issued as consideration pursuant to the Scheme, shall be listed on BSE and NSE.

3.4. Cost benefit analysis of the Scheme

The Audit Committee, vide its report dated October 29, 2024, has considered the cost benefit analysis of the Scheme and is reiterated as follows:

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GUJARAT FLUORO CHEMICALS
VALUE THROUGH BETTER CHEMISTRY

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The Audit Committee is of the informed opinion that the Scheme is in the best interests of the concerned companies and their respective Equity Shareholders. The impact of the Scheme on the Equity Shareholders (including the public shareholders) would be same in all respects and no equity shareholder is expected to have any disproportionate advantage or disadvantage in any manner.

Although the Scheme would lead to incurring of some costs towards its implementation; however, the benefits of the Scheme over a longer period would far outweigh such costs for the stakeholders of the Transferee Company.

4. **Recommendation of the Audit Committee**

The Audit Committee has taken on record the Revised Valuation Report and the Latest Fairness Opinion and the recommendations made therein.

Taking into consideration the draft Scheme, Revised Valuation Report and Latest Fairness Opinion, Audit Committee Report dated October 29, 2024, need for Demerger of the Demerged Undertaking and amalgamation of the Demerged Company/ Transferor Company with the Company (post demerger) and rationale of the Scheme, synergies of business of the companies involved, impact of the Scheme on the Company and its Shareholders, cost benefit analysis of the Scheme, the Audit Committee recommends the Revised Valuation Report and Latest Fairness Opinion for a favourable consideration and approval by the Board of Directors of the Company.

By Order of the Members of the Audit Committee

For and on Behalf of Gujarat Fluorochemicals Limited

Shanti Prashad Jain
Chairman of the Audit Committee
DIN: 00023379

Date: May 26, 2026
Place: New Delhi



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