



Greening INDIA

CIN : L31901HP2009PLC031083

INOX Wind Limited

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REPORT OF THE AUDIT COMMITTEE OF INOX WIND LIMITED RECOMMENDING THE DRAFT SCHEME OF ARRANGEMENT BETWEEN INOX WIND ENERGY LIMITED AND INOX WIND LIMITED AND THEIR RESPECTIVE SHAREHOLDERS AT ITS MEETING HELD ON 12th June, 2023

MEMBERS PRESENT

- | | | | |
|----|-------------------------|---|--------------------------------|
| 1. | Mr. Shanti Prashad Jain | - | Independent Director, Chairman |
| 2. | Ms. Bindu Saxena | - | Independent Director, Member |
| 3. | Mr. V. Sankaranarayanan | - | Independent Director, Member |
| 4. | Mr. Devansh Jain | - | Whole-time Director, 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 Inox Wind Limited was held on 12th June, 2023 to consider and recommend the proposed draft Scheme of Arrangement providing for Amalgamation of Inox Wind Energy Limited ("Transferor Company" or "IWEL") into Inox Wind Limited ("Transferee Company" or "Company") 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 Company was incorporated under the provisions of the Companies Act, 1956. The equity shares of the Company are listed on the BSE Limited and the National Stock Exchange of India Limited. The Non-Convertible Debentures ("NCD") of the Company are listed on the debt segment of the BSE Limited.
- 1.3 The Transferor Company was incorporated under the provisions of the Act. The equity shares of the Transferor Company are listed on the BSE Limited and the National Stock Exchange of India Limited. The Transferor Company holds 54.70 % of the total issued and paid-up share capital of the Company.
- 1.4 This report of the Audit Committee 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/DIL1/CIR/P/2021/0000000665 dated 23 November 2021 ("SEBI Master Circular") and as amended from time to time.

1.5 Documents placed before the Audit Committee

The following documents were placed before the Audit committee:

- Draft Scheme;
- Share swap ratio report dated 12th June, 2023 issued by 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;

Certified True Copy

INOX WIND LIMITED

Registered Office : Plot No.1, Kharg No.264 to 267, Industrial Area, Village-Basal, Distt. Una-174 303, (H.P.) INDIA. Tel: +91-1975-272001

Company Secretary

An **INOXGFL** Group Company
BEYOND IMAGINATION



- c. Fairness Opinion dated 12th June, 2023 issued by Fedex Securities Private Limited (Registration No. INM000010163), 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;
- d. Certificate dated 12th June, 2023 issued by M/s Dewan P.N. Chopra & Co., Chartered Accountants (FRN: 000472N), Statutory Auditors 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 12th June, 2023 issued by M/s Dewan P.N. Chopra & Co., Chartered Accountants (FRN: 000472N), Statutory Auditors of the Company, certifying the payment/repayment capability of the Company against its outstanding listed NCDs, a copy of which was tabled at the meeting, presented by the Chairman, be and is hereby noted and accepted.

2. Salient Features of the Scheme

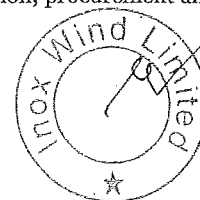
The Audit Committee noted the brief particulars of the Scheme as under:

- a. The Scheme (as *defined herein*) is presented *inter alia* under Sections 230 to 232 and other applicable provisions of the Act, SEBI Master Circular read with Section 2(1B) and other applicable provisions of the Income-tax Act, 1961 and other applicable law, if any. The Scheme provides for the amalgamation of the Transferor Company with the Company and dissolution of Transferor Company without winding up and also provides for various other matters consequent and incidental thereto or otherwise integrally connected thereto.
- b. The appointed date for the amalgamation is July 1, 2023 ("**Appointed Date**").
- c. Upon the Scheme becoming effective, in consideration of the amalgamation of Transferor Company into the Company, pursuant to the Scheme, the Company shall, without any further act or deed, issue and allot to every 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:
 - 158 equity shares (face value of INR 10/- per share) of the Company to be issued for every 10 equity shares (face value of INR 10/- per share) of the Transferor Company.
 - 158 share warrants of the Company to be issued for every 10 share warrants of the Transferor Company.
- d. Upon the Scheme becoming effective, all assets, liabilities, contracts, employees, records, etc. of the Transferor Company shall stand transferred to the Company as a going concern subject to the provisions of the Scheme.
- e. From the Appointed Date and up to the Effective Date (as *defined in the Scheme*), the Transferor Company and the Company shall carry on its business and activities with reasonable diligence and business prudence.
- f. The effectiveness of the Scheme is contingent upon certain conditions as mentioned in the Scheme.

3. Proposed Scheme

3.1. Need for the amalgamation and rationale of the scheme:

Consolidation of wind energy business – The Transferor Company is engaged in the business of generation and sale of wind energy, providing services for erection, procurement and



commissioning of wind farms. The proposed arrangement would enable consolidation of same line of businesses, pooling of homogeneous assets and expertise across the group.

Streamlining group structure and operations – The Scheme ensures simplified and streamlined group structure by reducing the number of entities in the group. The Scheme ensures better synergy of operations by way of focused operational efforts, standardization & simplification of processes and productivity improvements which entails the following advantages:

- Improve the overall operational efficiency and effectiveness of the combined businesses.
- Reduction in the overall operational and compliance cost.

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

The Committee reviewed the Scheme and noted that the Scheme would result in consolidation of wind energy business in the Company. The Scheme also ensures simplified and streamlined group structure. It helps in achieving reduction in overall operational and compliance costs.

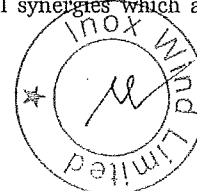
The Scheme also helps to achieve better management and control on the combined businesses.

3.3. Impact of the Scheme on the Company, its shareholders and NCD holders

- a. The Scheme is expected to be beneficial to the shareholders of the Company leading to opportunity for growth and value creation in the long run and maximizing the value and returns to the shareholders, achieving cost and operational efficiencies.
- b. In consideration for the amalgamation of the Transferor Company with the Company, the 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 shareholders of the Company will not be prejudicially affected by the Scheme, and there will be no change in the economic interest of the shareholders of the Company, before and after the Scheme. The equity shares to be issued by the Company to the shareholders of the Transferor Company pursuant to the Scheme shall rank *pari passu* in all respects with the existing equity shares of the Company;
- c. The shareholders of the Company will continue to be the 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. Pursuant to the Scheme, there will be no change in the terms and conditions of the NCDs of the Company. Pursuant to the Scheme, the NCD holders of the Company as on the Effective Date (as defined in the Scheme) will continue to hold the NCDs of the Company, without any interruption, on the same terms, including the coupon rate, the tenure, the redemption price, quantum, and the nature of security, ISIN, etc. The NCDs of the Company, as on the Effective Date, will continue to be freely tradable and listed on the Stock Exchange, thereby providing liquidity to the holders of the NCDs of the Company; and
- f. 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 Limited and the National Stock Exchange of India Limited.

3.4. Cost benefit analysis of the Scheme

The Scheme is expected to provide an opportunity to improve the economic value for the companies involved in the Scheme and their stakeholders, in view of the consolidation of the businesses. This is primarily on account of various cost and operational synergies which are



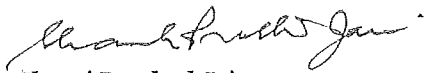
expected to accrue to the Company on account of the Scheme and more particularly detailed out in the aforesaid paragraphs. While the Scheme would lead to incurring of some costs towards its implementation; however, the benefits of the Scheme over a longer period would far outweigh such costs for the stakeholders of the Company.

4. Recommendation of the Audit Committee

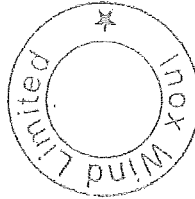
The Audit Committee has taken on record the Share Swap Ratio Report and the Fairness Opinion and the recommendations made therein.

Taking into consideration the draft Scheme, Share Swap Ratio Report, Fairness Opinion and Certificate(s) issued by Statutory Auditors of the Company, need for the amalgamation and rationale of the Scheme, synergies of the business of the companies, impact of the Scheme on the company, its shareholders and NCD holders, cost benefit analysis of the Scheme and other documents placed before the Audit Committee, the Audit Committee recommends the draft Scheme for the 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 Inox Wind Limited



Shanti Prashad Jain
Chairman of the Audit Committee
DIN: 00023379



Date: 12th June, 2023
Place: Noida