



INOX Wind Limited

CIN : L31901HP2009PLC031083

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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 12<sup>th</sup> 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 12<sup>th</sup> 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.

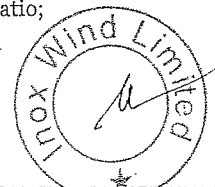
**1.5 Documents placed before the Audit Committee**

The following documents were placed before the Audit committee:

- Draft Scheme;
- Share swap ratio report dated 12<sup>th</sup> 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;

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- c. Fairness Opinion dated 12<sup>th</sup> 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 12<sup>th</sup> 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 12<sup>th</sup> 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, he 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.

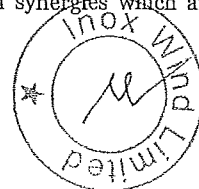
The Scheme also helps to achieve better management and control on the combined businesses.

### 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



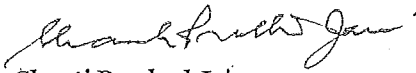
expected to accrue to the Company on account of the Scheme and more particularly detailed out in the aforesaid paragraphs. While the Scheme would lead to incurring of some costs towards its implementation; however, the benefits of the Scheme over a longer period would far outweigh such costs for the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

#### 4. Recommendation of the Audit Committee

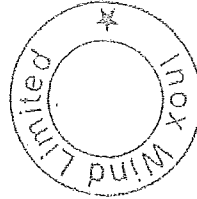
The Audit Committee has taken on record the Share Swap Ratio Report and the Fairness Opinion and the recommendations made therein.

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: 12<sup>th</sup> June, 2023  
Place: Noida

**REPORT ADOPTED BY THE BOARD OF DIRECTORS OF INOX WIND LIMITED AT ITS MEETING HELD ON 12<sup>th</sup> JUNE, 2023, ON THE SCHEME OF ARRANGEMENT BETWEEN INOX WIND ENERGY LIMITED AND INOX WIND LIMITED AND THEIR RESPECTIVE SHAREHOLDERS**

**1. Background:**

- 1.1 The Board of Directors of Inox Wind Limited ("TWL" or "Transferee Company" or "Company") at its meeting held on 12<sup>th</sup> June, 2023, have approved the Scheme of Arrangement between Inox Wind Energy Limited ('TWEL' or 'Transferor Company') and the Company and their respective shareholders (the "Scheme"), to be implemented under Sections 230 to 232 of the Companies Act, 2013 and the rules made thereunder ("Act") and other applicable provisions, if any, of the Act.
- 1.2 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 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 to be held for the purpose of approving the scheme.
- 1.4 Pursuant to paragraph 2(d) of Part I(A) of the SEBI Circular No. SEBI/HO/DDHS/-RACPOD1/P/CIR/2022/156 dated November 17, 2022 ("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 Part I(A) of the SEBI Circular on NCDs.
- 1.6 Under the scheme, it is proposed to amalgamate the Transferor Company with 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:

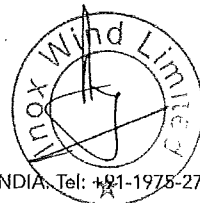
- a. Draft Scheme;
- b. Share swap ratio report dated 12<sup>th</sup> June, 2023 issued by Finvox Analytics (Registration No. IBBI/RV-E/o6/2020/120), Registered Valuer ("Share Swap Ratio Report"), describing the methodology adopted by them in arriving at the recommended share swap ratio;
- c. Fairness Opinion dated 12<sup>th</sup> June, 2023 issued by Fedex Securities Private Limited (Registration No. INM000010163), an Independent SEBI registered Category I Merchant Banker ("Fairness

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Opinion"), providing its opinion on the fairness of share swap ratio as recommended in the Share Swap Ratio Report;

- d. Certificate dated 12<sup>th</sup> 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 12<sup>th</sup> 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 NCD, a copy of which was tabled at the meeting, presented by the Chairman, be and is hereby noted and accepted;
- f. Report dated 12<sup>th</sup> June, 2023 of the Audit Committee of the Company; and
- g. Report dated 12<sup>th</sup> June, 2023 of the Committee of Independent Directors of the Company

## 2. **Share Swap Ratio Report**

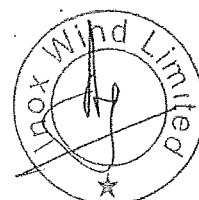
Basis the Share Swap Ratio Report issued by Finvox Analytics (Registration No. IBBI/RV-E/06/2020/120), Registered Valuer, the Company shall issue 158 equity shares (face value of INR 10/- per share) of the Company for every 10 equity shares (face value of INR 10/- per share) of the Transferor Company, held by the shareholders of the Transferor Company on the Specified Date (as defined in the Scheme).

Further, the Company shall issue 158 share warrants of the Company, for every 10 share warrants of the Transferor Company, held by the warrant holders of the 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 this Scheme coming into effect, in consideration of the amalgamation of Transferor Company into Transferee Company, in terms of this Scheme, the Transferee Company shall, without any further act or deed, issue and allot to the shareholder and warrant holder of the Transferor Company holding equity shares and share warrants in the Transferor Company and whose names appear in the Register of Members of the Transferor Company (where applicable) 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.



- b. The equity shares and share warrants 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 and share warrants of the Company, as the case may be, including with respect to dividend, bonus, right 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 shareholders of the Company.
- d. Upon the Scheme becoming effective, the Transferor Company shall be dissolved without being wound up, and the shareholders and warrant holders of the Transferor Company shall become shareholders and warrant holders of the Company, respectively.
- e. 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.

3.2 Effect on the KMPs and Directors of the Company:

None of the KMPs of the Company have any interest in the Scheme except to the extent of the equity 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.

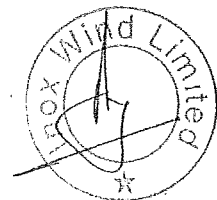
4.2 Pursuant to the Scheme, the NCD holders of the Company as on the Effective Date will continue to hold NCDs of the Company, without any interruption, on same terms, including the coupon rate, tenure, redemption price, quantum and nature of security, ISIN, etc.

4.3 The NCDs of the Company, as on the Effective Date, will continue to be freely tradable and listed on the Stock Exchanges, 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

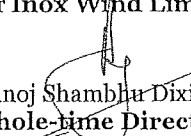
5.1 The Report of the Audit Committee, the Committee of Independent Directors, Valuation Report and the Fairness Opinion have been taken on record by the Board, and the Board has come to the conclusion that:



- a) Share swap ratio specified in the Scheme is fair and reasonable to the 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 **Inox Wind Limited**

  
Manoj Shambhu Dixit  
**Whole-time Director**

**DIN: 06709232**  
Date: 12<sup>th</sup> June, 2023

