

GFL Limited

(Earlier known as Gujarat Fluorochemicals Limited)
ABS Towers, 2nd Floor, Old Padra Road, Vadodara 390 007
Telephone: +91 (265) 6198111 Fax : +91 (265) 2310 312
Website: www.gfllimited.co.in

28th May, 2021

National Stock Exchange of India Limited

Exchange Plaza
Plot No. C/1, G Block
Bandra Kurla Complex
Bandra (East), Mumbai 400 051.
NSE Scrip Code: GFLLIMITED

BSE Limited

Phiroze Jeejeebhoy Towers
Dalal Street
Mumbai 400 001.
BSE Scrip Code: 500173

Dear Sirs,

Subject: Apportionment of Cost of Acquisition of Equity Shares of GFL Limited and Equity Shares of Inox Wind Energy Limited pursuant to the Composite Scheme of Arrangement

With reference to the captioned matter, please find enclosed herewith the communication being issued for general guidance of Equity Shareholders of the Company in relation to the apportionment of the pre-demerger cost of acquisition of the Equity Shares of GFL Limited between the Equity Shares of GFL Limited and the Equity Shares of Inox Wind Energy Limited for the purposes of the Income-tax Act, 1961. The same is also available on the website of GFL Limited.

Please take note of the above information on your record.

Thanking You,

Yours truly,

For GFL Limited



Bhavi Shah

Company Secretary



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FOR ATTENTION OF THE SHAREHOLDERS OF GFL LIMITED

The Hon'ble National Company Law Tribunal, Ahmedabad Bench has vide its order dated 25th January, 2021 sanctioned the Composite Scheme of Arrangement between Inox Renewables Limited and GFL Limited and Inox Wind Energy Limited and their respective shareholders ('Scheme') under Sections 230 to 232 read with Section 52 and Section 66 of the Companies Act, 2013 and other applicable provisions of the Companies Act, 2013 and rules framed thereunder.

In terms of the Scheme, the Demerged Undertaking of GFL Limited has been demerged and stands transferred and vested in Inox Wind Energy Limited, on a going concern basis.

On 31st March, 2021, Inox Wind Energy Limited has allotted 1 (One) equity share of INR 10/- (Rupees Ten Only) each for every 10 (Ten) equity share of INR 1/- (Rupee One Only) each held by shareholders of the GFL Limited as on record date fixed for the purpose i.e. 30th March, 2021 pursuant to the Scheme.

For the purpose of determining the post demerger cost of acquisition of the equity shares of GFL Limited and the cost of equity shares of Inox Wind Energy Limited under the Income Tax Act, 1961, the shareholders are advised to apportion their pre-demerger cost of acquisition of GFL Limited's equity shares in the following manner:

Name of the Company	% of Cost of Acquisition of GFL Limited's equity shares
Towards Equity Shares of GFL Limited	27.34%
Towards Equity Shares of Inox Wind Energy Limited	72.66%

Accordingly, the cost of acquisition of equity shares allotted by Inox Wind Energy Limited will be 72.66% of the total cost of acquisition of the Equity Shares held in GFL Limited, prior to the demerger. The same is based on "net book value" of the assets of the Demerged Undertaking to the "net worth" of GFL Limited (immediately before demerger). This is based on the certificate obtained from Kulkarni and Company, Chartered Accountants.

Further, according to the provisions of Section 47(vii) of the Income Tax Act, 1961, the issue of equity shares by Inox Wind Energy Limited pursuant to the Scheme, to the equity shareholders of the GFL Limited in consideration of the transfer and vesting of the Demerged Undertaking will not be regarded as transfer.

This communication is merely for the general guidance of the shareholders and should not be considered as a substitute for any independent opinion that the shareholders may obtain. GFL Limited takes no express or implied liability in relation to this guidance.



Registered office: Survey No 16/3, 26 & 27, Village Ranjitnagar, Taluka Ghoghamba, District Panchmahal
Telephone: +91 (2678) 248153 Fax: +91 (2678) 248153
CIN: L24110GJ1987PLC009362

STRICTLY PRIVATE & CONFIDENTIAL

To,
The Board of Directors,
GFL Limited
Gujarat, India.

To,
The Board of Directors,
Inox Wind Energy Limited
Gujarat, India.

Sub: Certification u/s 49(2C) and 49(2D) of the Income-tax Act, 1961 ('the Act') for Apportionment of Cost of Acquisition of Equity Shares of GFL Limited ('Demerged Company') and Equity Shares of Inox Wind Energy Limited ('Second Transferee Company') pursuant to the Composite Scheme of Arrangement ('Scheme')

1. BACKGROUND

- 1.1. GFL Limited ('GFL') and Inox Wind Energy Limited Limited ('IWEL') are public companies governed under the provisions of Companies Act, 2013, having their registered office in Gujarat.
- 1.2. We understand that the Hon'ble National Company Law Tribunal, Ahmedabad Bench has, vide its order dated 25th January 2021 sanctioned the Composite Scheme of Arrangement between Inox Renewables Limited and GFL Limited and Inox Wind Energy Limited Limited and their respective shareholders ('Scheme') under Sections 230 to 232 and other applicable provisions of the Companies Act, 2013. In terms of the Scheme, the Demerged Undertaking (as defined in the Scheme) of GFL Limited shall be demerged and stand transferred and vested in Inox Wind Energy Limited, on a going concern basis w.e.f 1st July 2020.
- 1.3. As a consideration for the transfer and vesting of Demerged Undertaking from GFL Limited to Inox Wind Energy Limited, its is proposed that Inox Wind Energy Limited shall allot 1 (One) equity share of INR 10/- (Rupees Ten Only) for every 10 (Ten) equity share of INR. 1/- (Rupee One Only) each held by shareholders of the GFL Limited as on record date fixed for this purpose.
- 1.4. In this regard, we, Kulkarni and Company, Chartered Accountants, have been requested by GFL Limited and Inox Wind Energy Limited (hereinafter collectively referred to as 'the Client' or 'you') to certify u/s 49(2C) and 49(2D) of the Income-tax Act, 1961 ('the Act') the Apportionment of Cost of Acquisition of Equity Shares of GFL Limited and Equity Shares of Inox Wind Energy Limited pursuant to the Scheme.



1.5. Accordingly, we provide our certification in relation to apportionment of cost of acquisition of shares u/s 49(2C) and 49(2D) of the Act as under.

2. SOURCES OF INFORMATION

2.1 For the purpose of the certification, we have relied on the following sources of information:

- Audited financial statements of GFL Limited for the period ending 31st March 2020;
- Management certified divisional financial statements of GFL Limited for the period ending 30th June 2020; and
- Such other information and explanations as required and which have been provided from time to time by the Management and authorized representatives.

3. OUR APPROACH

3.1 Section 49(2C) and Section 49(2D) of the Act provides the mechanism to apportion the original cost of acquisition of shares of the Demerged Company between the shares of the Demerged Company and the shares in the Resulting Company, received pursuant to Demerger. It, *inter alia*, provides that the cost of acquisition of shares of the Resulting Company shall be based on the ratio of "net book value" of the assets of the Demerged Undertaking to the "net worth" of Demerged Company, immediately before the Demerger. The cost of acquisition of the original shares held by the shareholder in the demerged company shall be proportionately reduced by the said percentage.

3.2 Section 49(2C) and Section 49(2D) of the Act read as under:

“.....

(2C) The cost of acquisition of the shares in the resulting company shall be the amount which bears to the cost of acquisition of shares held by the assessee in the demerged company the same proportion as the net book value of the assets transferred in a demerger bears to the net worth of the demerged company immediately before such demerger.

(2D) The cost of acquisition of the original shares held by the shareholder in the demerged company shall be deemed to have been reduced by the amount as so arrived at under sub-section (2C).

.....

Explanation.—For the purposes of this section, "net worth" shall mean the aggregate of the paid up share capital and general reserves as appearing in the books of account of the demerged company immediately before the demerger.



3.3 Based on the management certified divisional financial statements of GFL Limited as on 30th June 2020, the apportionment of Cost of Acquisition of Equity Shares of GFL Limited and Equity Shares of Inox Wind Energy Limited pursuant to the Composite Scheme of Arrangement is worked out as under:

A. **Towards Equity Shares of Inox Wind Energy Limited**

Particulars	Amount in INR Lakhs (except stated otherwise)
Net Assets of Demerged Undertaking as on Appointed Date (i.e. 1 st July 2020) (A)	83,183
Net worth of GFL Limited immediately before demerger (B)	1,14,476
Cost of Acquisition of equity shares of Demerger undertaking	72.66%

Note:

The explanation to Section 49(2C) of the Act defines the term "networth" to mean the aggregate of the paid-up share capital and general reserves as appearing in the books of the demerged company, immediately before the demerger.

B. **Towards Equity Shares of GFL Limited**

The cost of acquisition of the original shares held by the shareholder in GFL Limited shall be reduced by 72.66% and accordingly, be 27.34% of the original cost of acquisition.

C. Based on above, the apportionment of Cost of Acquisition between Equity Shares of GFL Limited and Equity Shares of Inox Wind Energy Limited is summarized as under:

Name of the Company	% of original cost of acquisition of GFL Limited's equity shares
Towards Equity Shares of GFL Limited	27.34
Towards Equity Shares of Inox Wind Energy Limited	72.66

4. EXCLUSIONS AND SCOPE LIMITATIONS

4.1 Our certificate is subject to the scope limitations detailed hereinafter. As such, the certificate is to be read in totality, and not in parts, in conjunction with the relevant documents referred to herein.

4.2 This certificate is prepared only for the limited purpose of certification u/s 49(2C) and 49(2D) of the Income-tax Act, 1961 of the Cost of Acquisition of Equity Shares of GFL Limited and Equity Shares of Inox Wind Energy Limited pursuant to the Scheme.



- 4.3 We have relied on the management certified divisional financials as on 30th June 2020 and accordingly, we are unable to and do not express an opinion on the fairness or accuracy of any financial information referred to in this certificate.
- 4.4 Our work does not constitute certification of the historical financial statements including the working results of GFL Limited and Inox Wind Energy Limited referred to in this certificate. Accordingly, we are unable to and do not express an opinion on the fairness or accuracy of any financial information referred to in this certificate. The certification as mentioned above is for a specific purpose and it may not be valid or used for any other purpose or as at any other date. Also, it may not be valid if done on behalf of any other entity.
- 4.5 Our certificate is not, nor should it be construed as our opining or certifying the compliance of the proposed issue with the provisions of any law including companies, taxation and related laws or as regards any legal implications or issues arising from such proposed issue of shares.

For Kulkarni and Company
Chartered Accountants



A D Talavlikar,

Partner

Membership No – 130432

Firm Registration No – 140959W

Date: 22/02/2021

UDIN: 21130432AAAAA18362

