

CIN : L45207GJ2012PLC070279

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REPORT OF THE AUDIT COMMITTEE OF INOX GREEN ENERGY SERVICES LIMITED RECOMMENDING THE DRAFT SCHEME OF ARRANGEMENT BETWEEN INOX GREEN ENERGY SERVICES LIMITED AND RESCO GLOBAL WIND SERVICES LIMITED AND THEIR RESPECTIVE SHAREHOLDERS AT ITS MEETING HELD ON WEDNESDAY, 13th NOVEMBER, 2024

MEMBERS PRESENT

1. Shri Sanjeev Jain, Independent Director, Chairman
2. Shri Brij Mohan Bansal, Independent Director, Member
3. Ms. Bindu Saxena, Independent Director, Member
4. Shri Mukesh Manglik, Executive Director, Member (Not participated in voting)

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 Green Energy Services Limited was held on November 13, 2024 to consider and recommend the proposed draft scheme of arrangement providing for Demerger of the Demerged Undertaking (comprising of the Power Evacuation Business) from Inox Green Energy Services Limited ("**Demerged Company**" or "**Company**" or "**Inox Green**") into Resco Global Wind Services Limited ("**Resulting Company**" or "**Resco**") 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 Demerged Company was incorporated under the provisions of the Companies Act, 1956. The equity shares of the Company are listed on the BSE Limited ("**BSE**") and the National Stock Exchange of India Limited ("**NSE**").
- 1.3 The Resulting Company was incorporated under the provisions of the Act. The Non-convertible Debentures ("**NCDs**") of the Resulting Company are listed on the debt segment of BSE.
- 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/POD-2/P/CIR/2023/93 dated June 20, 2023 ("**SEBI Equity 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:

- a. Draft Scheme;
- b. Share swap ratio report dated November 13, 2024, issued by M/s 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;

An **INOXGFL** Group Company
BEYOND INFINITY



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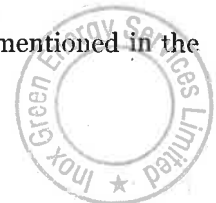
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- c. Fairness Opinion dated November 13, 2024, issued by Marwadi Chandarana Intermediaries Brokers Private Limited (Registration No. INM000013165), an Independent SEBI registered Category-I Merchant Banker ("**Fairness Opinion**"), providing its opinion on the fairness of share swap ratio as recommended in the Share Swap Ratio Report;
- d. The Certificate dated November 13, 2024 issued by M/s Dewan P.N. Chopra & Co., Chartered Accountants (FRN: 000472N), the 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;

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 Equity Master Circular read with Section 2(19AA) and other applicable provisions of the Income-tax Act, 1961 and other applicable law, if any. The Scheme provides for demerger of the Demerged Undertaking by the Demerged Company into the Resulting Company and also provides for various other matters consequent and incidental thereto or otherwise integrally connected thereto.
- b. The appointed date for the demerger is October 1, 2024 ("**Appointed Date**").
- c. Upon the Scheme becoming effective, in consideration for demerger of the Demerged Undertaking by the Demerged Company into the Resulting Company, pursuant to the Scheme, the Resulting Company shall, without any further act or deed, issue and allot to every equity shareholder and warrant holder of the Demerged Company holding equity shares and share warrants in the Demerged Company, and whose names appear in the Register of Members of the Demerged Company (where applicable) on the Specified Date (as defined in the Scheme) in the following ratio:
 - “122 equity shares (face value of Rs. 10/- per share) of the Resulting Company to be issued for every 1,000 equity shares (face value of Rs.10/- per share) of the Demerged Company”
 - “122 share warrants of the Resulting Company with an issue price of Rs. 205/- each to be issued for every 1,000 share warrants of the Demerged Company with an issue price of Rs. 145/- each”.
- d. Consequently, upon the Scheme becoming effective, the Demerged Company shall, without any further act or deed, issue and substitute the existing share warrants issued by the Demerged Company with the new share warrants convertible into equity shares of the Demerged Company, to every warrant holder of the Demerged Company, which are outstanding as on the Specified Date in the following ratio:
 - “1,000 share warrants of the Demerged Company with an issue price of Rs. 120/- each to be issued and substituted for every 1,000 share warrants of the Demerged Company with an issue price of Rs. 145/- each”.
- e. Upon the Scheme becoming effective, all assets, liabilities, contracts, employees, records, etc. of the Demerged Undertaking of the Company shall stand transferred to the Resulting Company as a going concern, subject to the provisions of the Scheme.
- f. From the Appointed Date and up to the Effective Date (as defined in the Scheme), the Company and the Resulting Company shall carry on its business and activities with reasonable diligence and business prudence.
- g. The effectiveness of the Scheme is contingent upon certain conditions as mentioned in the Scheme.



3. Proposed Scheme

3.1 Need for the demerger and rationale of the Scheme:

- a) **Segregation of different business verticals:** Inox Green is engaged in the business of providing operations and maintenance (O&M) services of wind turbine generators (WTGs) and Power Evacuation Business. Both sets of businesses carry significant potential for growth and profitability. The nature of risks, rewards, financial profile, competition and opportunities are separate and distinct for the O&M services business and the Power Evacuation Business. Further, the Power Evacuation Business is capable of attracting different set of investors, strategic partners, lenders and other stakeholders.
- b) **Consolidation of Power Evacuation Business:** Resco Global is, *inter-alia*, undertaking Power Evacuation Business. The proposed arrangement would enable consolidation of same line of business into Resco, which will result in unlocking value for the Power Evacuation business. Such consolidation in a single entity will lend enhanced focus to the Power Evacuation business.
- c) The Demerger aims to establish Inox Green as a pure-play O&M player, and as a result, is considering hiving off the 'Power Evacuation Business'.
- d) The effectiveness of the proposed Scheme will lead to two listed entities with one entity continuing with the O&M business and other entity carrying on the EPC and Power Evacuation business. This will enable both the entities pursue their respective strategies to deliver higher growth for all stakeholders with specific independent focus on the respective businesses.

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 the Power Evacuation Business in the Resulting Company. The Scheme also helps both the entities to pursue their respective strategies to deliver higher growth for all stakeholders with specific independent focus on the respective businesses.

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

- a. The Scheme is expected to be beneficial to the equity shareholders and warrant holders of the Company leading to value unlocking for the Power Evacuation Business in the long run and maximising the value and returns to the equity shareholders and warrant holders.
- b. In consideration for demerger of the Demerged Undertaking of the Demerged Company to the Resulting Company, the equity shareholders and warrant holders of the Company, as on the Specified Date (as defined in the Scheme) shall receive equity shares and share warrants of the Resulting Company, respectively. Further, the rights and interests of the equity shareholders and warrant holders 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 and warrant holders of the Company, before and after the Scheme. The equity shares and share warrants to be issued by the Resulting Company to the equity shareholders and warrant holders of the Company, respectively pursuant to the Scheme shall rank *pari passu* in all respects with the then existing equity shares, and share warrants, if any, of the Resulting Company.



- c. The equity shareholders of the Company will continue to be the equity shareholders of the Company.
- d. After the effectiveness of the Scheme and subject to the receipt of regulatory approvals, the equity shares of the Resulting Company issued as consideration pursuant to the Scheme, shall be listed on BSE Limited and 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 both the companies and their stakeholders, in view of the consolidation of the Power Evacuation Business. This is primarily on account of various cost and operational synergies which are expected to accrue 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.

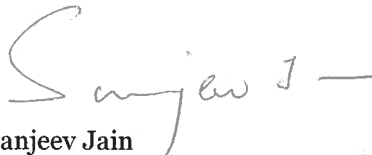
4. Recommendation of the Audit Committee

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 issued by Statutory Auditors of the Company, need for the Demerger of the Demerger Undertaking and rationale of the Scheme, synergies of business of the companies, impact of the Scheme on the Company, its equity shareholders and warrant holders, cost benefit analysis of the Scheme and other documents placed before the Audit Committee, the Audit Committee recommends the draft Scheme 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 **Inox Green Energy Services Limited**



Sanjeev Jain
Chairman of the Audit Committee
DIN: 00023409
Date: 13th November, 2024
Place: New Delhi

