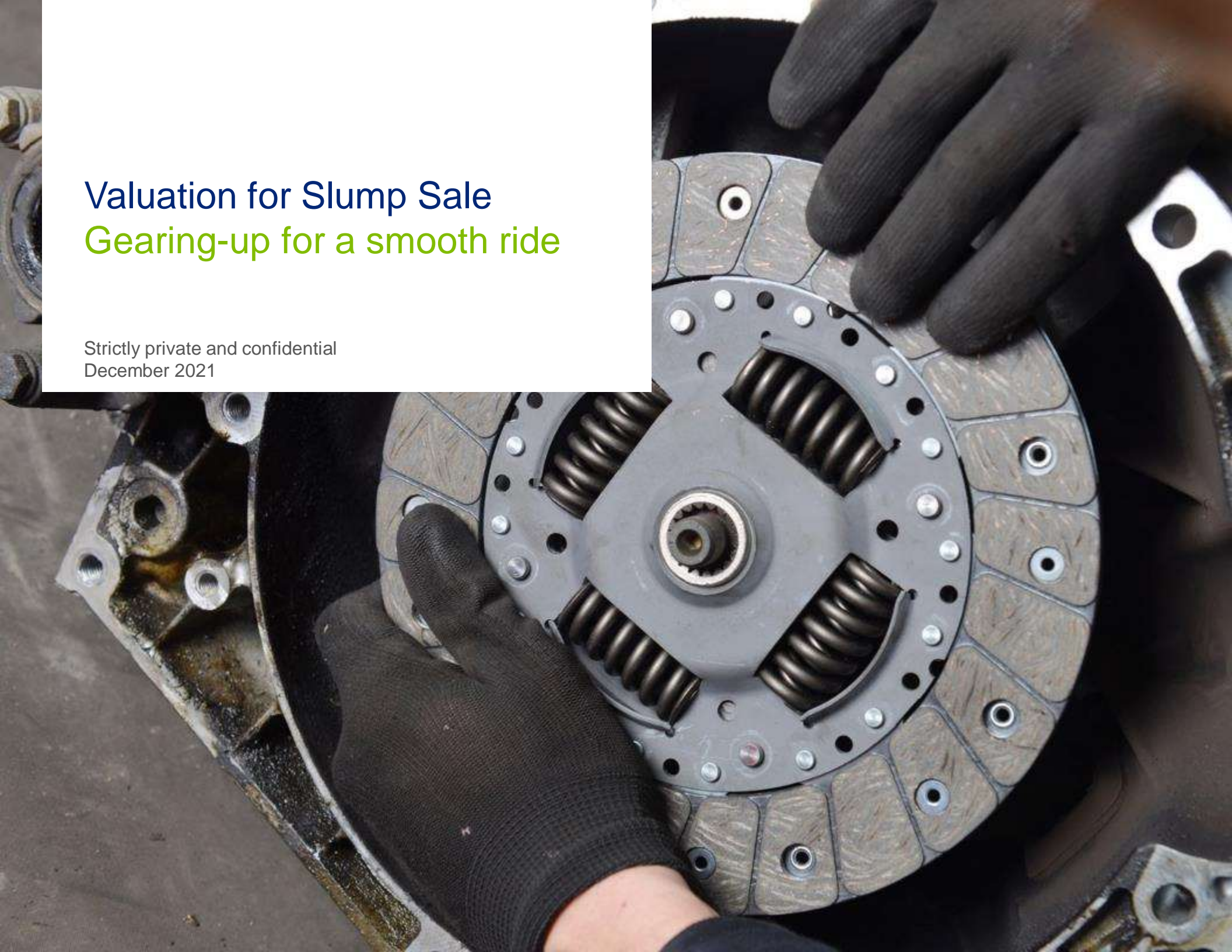


# Valuation for Slump Sale

## Gearing-up for a smooth ride

Strictly private and confidential  
December 2021



**Private and confidential**

31<sup>st</sup> December 2021

To,

Chief Financial Officer

Inox Green Energy Services Limited  
Survey No. 1837 & 1834 At Moje Jetalpur, Abs Towers,  
Second Floor, Old Padra Road,  
Vadodara, Gujarat – 390007

**AND**

Resco Global Wind Service Private Limited  
301, ABS Tower Old Padra Road,  
Vadodara, Gujarat – 390007

Dear Sir,

**Sub: Valuation for Slump sale of assets from Inox Green Energy Services Limited to Resco Global Wind Service Private Limited**

We refer to our letter of engagement dated 22 nd December 2021 for carrying out the above said valuation for **Inox Green Energy Services Limited** (here-in-after referred as “Company”). In accordance with the terms of the engagement, we are enclosing our report along with this letter. In attached report, we have summarized our Valuation Analysis of the Company as at **December 31, 2021** together with the description of methodologies used and limitation on our Scope of Work.

This Valuation Analysis is confidential and has been prepared exclusively for the Management of Company. It should not be used, reproduced or circulated to any other person, in whole or in part, without the prior consent of Sparsh Singla & Associates. Such consent will only be given after full consideration of the circumstance at the time. We are however aware that the conclusion in this report may be used for the purpose of certain statutory disclosures and we provide consent for the same.

Trust the above meets your requirements.

Please feel free to contact us in case you require any additional information or clarifications.

Yours Faithfully,



For Sparsh Singla & Associates

# Contents

1. Executive Summary.....	4
2. Scope and Limitation.....	6
3. Valuation Methodology.....	8
4. Calculations.....	13
5. Caveats .....	17





# Executive Summary



# Background

**Inox Green Energy Services Limited** ( “the Company”) is a Public Limited Company domicile in India and incorporated on 11<sup>th</sup> May 2012. The company is involved in complete construction (EPC) and operation and maintenance of renewable energy projects comprising mainly of wind energy domain.

We have been represented by the management that the Company, through a slump sale process, intends to hive off the EPC business into the entity Resco Global Wind Service Private Limited. In this respect, we have been appointed by the Company to determine the net worth (Cost of Acquisition) as per Section 50B of the Income tax act, 1962 and fair value of assets being sold through slump sale as per Rule 11UAE of Income-tax Rules, 1962. It is pertinent to mention that valuation has been carried out based on the procedures and guidelines as mentioned in the above stated rules and sections.

*Based on our Calculations and subject to our comments and caveats as further detailed in this report, we have arrived at the following values*

- Net Worth of Assets (Cost of Acquisition) being transferred through Slump Sale – Rs. 4.69 Crores**
- Fair value of Assets being transferred through Slump Sale – Rs. 4.69 Crores**

**UDIN - 22536320AAAAAE7206**





## Scope and Limitation





# Scope and limitation

## ABOUT THE TRANSACTION

Based on the discussions held with the Management, we have understood that the company, through a slump sale process, intends to hive off the EPC business into the entity Resco Global Wind Service Private Limited. In this respect, we have been appointed by the Company to determine the net worth (Cost of Acquisition) as per Section 50B of the Income tax act, 1962 and fair value of assets being sold through slump sale as per Rule 11UAE of Income-tax Rules, 1962. The record date for sale of assets is 31/12/2021.

## SCOPE OF SERVICES

This valuation report has been prepared by Sparsh Singla & Associates, to ascertain the net worth (Cost of Acquisition) as per Section 50B on the Income tax act, 1962 and fair value of assets being sold through slump sale as per Rule 11UAE of Income-tax Rules, 1962.

## SOURCES OF INFORMATION

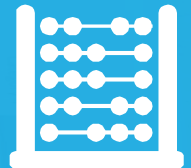
For the purpose of undertaking this valuation exercise, we have relied on the following sources of information signed by management:

- Provisional Financial Statements of the Company as on 31/12/2021
- Audited Financial Statements of the Company as on 31/03/2021
- Detailed working of assets being sold through Slump sale
- Discussions with the management representative
- Memorandum & Articles of Association





# Valuation Methodology





# Section 50 B of the Income tax act, 1962

## Special provision for computation of capital gains in case of slump sale.

(1) Any profits or gains arising from the slump sale effected in the previous year shall be chargeable to income-tax as capital gains arising from the transfer of long-term capital assets and shall be deemed to be the income of the previous year in which the transfer took place :

Provided that any profits or gains arising from the transfer under the slump sale of any capital asset being one or more undertakings owned and held by an assessee for not more than thirty-six months immediately preceding the date of its transfer shall be deemed to be the capital gains arising from the transfer of short-term capital assets.

(2) In relation to capital assets being an undertaking or division transferred by way of such sale, the "net worth" of the undertaking or the division, as the case may be, shall be deemed to be the cost of acquisition and the cost of improvement for the purposes of sections 48 and 49 and no regard shall be given to the provisions contained in the second proviso to section 48.

[ Explanation 1.—For the purposes of this section, "net worth" shall be the aggregate value of total assets of the undertaking or division as reduced by the value of liabilities of such undertaking or division as appearing in its books of account :

Provided that any change in the value of assets on account of revaluation of assets shall be ignored for the purposes of computing the net worth.

Explanation 2.—For computing the net worth, the aggregate value of total assets shall be,—

(a ) in the case of depreciable assets, the written down value of the block of assets determined in accordance with the provisions contained in sub-item (C) of item (i) of sub-clause (c) of clause (6) of section

52[ (b) in the case of capital assets in respect of which the whole of the expenditure has been allowed or is allowable as a deduction under section 35AD , nil; and

(c ) in the case of other assets, the book value of such assets.



# Rule 11UAE

## Computation of Fair Market Value of Capital Assets for the purposes of section 50B of the Income-tax

(1) For the purpose of clause (ii) of sub-section (2) of section 50B, the fair market value of the capital assets shall be the FMV1 determined under sub-rule (2) or FMV2 determined under sub-rule (3), whichever is higher.

(2) The FMV1 shall be the fair market value of the capital assets transferred by way of slump sale determined in accordance with the formula –

$A+B+C+D - L$ , where,

A= book value of all the assets (other than jewellery, artistic work, shares, securities and immovable property) as appearing in the books of accounts of the undertaking or the division transferred by way of slump sale as reduced by the following amount which relate to such undertaking or the division, —

- (i) any amount of income-tax paid, if any, less the amount of income-tax refund claimed, if any; and
- (ii) any amount shown as asset including the unamortised amount of deferred expenditure which does not represent the value of any asset;

B = the price which the jewellery and artistic work would fetch if sold in the open market on the basis of the valuation report obtained from a registered valuer;

C = fair market value of shares and securities as determined in the manner provided in sub-rule (1) of rule 11UA;

D = the value adopted or assessed or assessable by any authority of the Government for the purpose of payment of stamp duty in respect of the immovable property;



# Rule 11UAE (Contd.)

## Computation of Fair Market Value of Capital Assets for the purposes of section 50B of the Income-tax

L= book value of liabilities as appearing in the books of accounts of the undertaking or the division transferred by way of slump sale, but not including the following amounts which relates to such undertaking or division, namely: —

- (i) the paid-up capital in respect of equity shares;
- (ii) the amount set apart for payment of dividends on preference shares and equity shares where such dividends have not been declared before the date of transfer at a general body meeting of the company;
- (iii) reserves and surplus, by whatever name called, even if the resulting figure is negative, other than those set apart towards depreciation;
- (iv) any amount representing provision for taxation, other than amount of income-tax paid, if any, less the amount of income-tax claimed as refund, if any, to the extent of the excess over the tax payable with reference to the book profits in accordance with the law applicable thereto;
- (v) any amount representing provisions made for meeting liabilities, other than ascertained liabilities;
- (vi) any amount representing contingent liabilities other than arrears of dividends payable in respect of cumulative preference shares.





# Rule 11UAE (Contd.)

## Computation of Fair Market Value of Capital Assets for the purposes of section 50B of the Income-tax

(3) FMV2 shall be the fair market value of the consideration received or accruing as a result of transfer by way of slump sale determined in accordance with the formula-

$E+F+G+H$ , where,

E = value of the monetary consideration received or accruing as a result of the transfer;

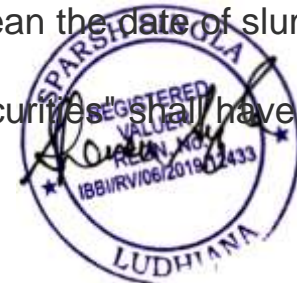
F = fair market value of non-monetary consideration received or accruing as a result of the transfer represented by property referred to in sub-rule (1) of rule 11UA determined in the manner provided in sub-rule (1) of rule 11UA for the property covered in that sub-rule;

G = the price which the non-monetary consideration received or accruing as a result of the transfer represented by property, other than immovable property, which is not referred to in sub-rule (1) of rule 11UA would fetch if sold in the open market on the basis of the valuation report obtained from a registered valuer, in respect of property;

H = the value adopted or assessed or assessable by any authority of the Government for the purpose of payment of stamp duty in respect of the immovable property in case the non-monetary consideration received or accruing as a result of the transfer is represented by the immovable property.

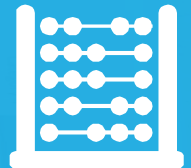
(4) The fair market value of the capital assets under sub-rule (2) and sub-rule (3) shall be determined on the date of slump sale and for this purpose valuation date referred to in rule 11UA shall also mean the date of slump sale.

Explanation. -For the purposes of this rule, the expression "registered valuer" and "securities" shall have the same meanings as respectively assigned to them in rule 11U.”.





# Calculations



# Calculation of Net Worth (Cost Of Acquisition)

(Rs. In Lacs.)

Particulars (Figures as on 31/12/2021)	Amount
<b><u>Book Value of Assets</u></b>	
Non Current Financial Assets	1,191.45
Inventories	39,453.01
Trade Receivables	34,761.12
Loans	2,448.78
Other Current Assets	20,744.19
<b>Total Assets</b>	<b>98,598.55</b>
<b><u>Book Value of Liabilities</u></b>	
Borrowings	30,859.42
Trade Payables	30,906.88
Non Current Liabilities	49.32
Other Financial Liabilities	6,256.82
Other Current Liabilities	30,056.27
<b>Total Liabilities</b>	<b>98,128.71</b>
<b>Net Worth (Cost Of Acquisition)</b>	<b>469.84</b>





# Calculation of Fair Market Value (FMV)

(Rs. In Lacs.)

Particulars (Figures as on 31/12/2021)	Amount
<b><u>Book Value of Assets</u></b>	
Non Current Financial Assets	1,191.45
Inventories	39,453.01
Trade Receivables	34,761.12
Loans	2,448.78
Other Current Assets	20,744.19
<b>Total Assets</b>	<b>98,598.55</b>
<b><u>Book Value of Liabilities</u></b>	
Borrowings	30,859.42
Trade Payables	30,906.88
Non Current Liabilities	49.32
Other Financial Liabilities	6,256.82
Other Current Liabilities	30,056.27
<b>Total Liabilities</b>	<b>98,128.71</b>
<b>FMV 1 (a)</b>	<b>469.84</b>



# Calculation of FMV (Contd.)

(Rs. In Lacs.)

Calculation of FMV - 2	Amount
Value of the monetary consideration (b) (FMV -2 )	469.84
<b>Fair Market Value (higher of a and b above)</b>	<b>469.84</b>





# Caveats





# Caveats

- This Valuation Report has been issued on the specific request of 'Inox Green Energy Services Limited' for determining the net worth (Cost of Acquisition) as per Section 50B of the Income tax act, 1962 and fair value of assets being sold through slump sale as per Rule 11UAE of Income-tax Rules, 1962. This Report is prepared exclusively for the above stated purpose and must not be copied, disclosed or circulated or referred to in correspondence or discussion with any other party. Neither this report nor its content may be used for any other purpose without prior written consent of M/s Sparsh Singla & Associates.
- We have summarized the Valuation Analysis based on the information as was provided to us pursuant to the meetings held with the management of Company and other publically available information. We do not assume any responsibility for the accuracy or reliability of such documents on which we have relied upon in forming our opinion. However, we would like to state that in the process of evaluation, nothing has come to our attention to indicate that the information provided was, materially mis-stated or incorrect or would not afford reasonable grounds to believes it is incorrect upon which the report is based.
- We have no present or planned future interest in Inox Green Energy Services Limited and Resco Global Wind Service Private Limited and the fee for this Valuation analysis is not contingent upon the values reported herein. The Valuation Analysis contained herein is not intended to represent the value at any time other than the date that is specifically stated in this Report.
- Our scope of work does not enable us to accept responsibility for the accuracy and completeness of the information provided to us. We have therefore, not performed any audit, review or examination of any of the historical or prospective information used and therefore, do not express any opinion with regard to the same.
- The information presented in the report does not reflect the outcome of any due diligence procedures. The reader is cautioned that the outcome of any process could change the information herein and therefore the valuation materially.

