

Inox Clean Energy Ltd:

An Unclean Way of Creating Promoter Wealth by Short-Changing Investors

Corporate Governance
Research
Proxy Advisory
Services

Stakeholders Empowerment Services

Private and confidential
For limited circulation only
© Stakeholders Empowerment Services | All Rights Reserved

EXECUTIVE SUMMARY

I. **Failure of the Board to Protect Shareholders' Interests:** Whether the Board adequately questioned and scrutinised the transaction, both at the time of the hive-off and subsequently, when the larger business plans and strategic direction of IGREL became apparent.

II. **Role and Accountability of Independent Directors:** Did the Independent Directors discharge their responsibilities effectively and exercise adequate oversight to safeguard the interests of public shareholders?

III. **Validity of the Transaction and Restorative Action:** Whether the transaction is void ab initio and the shareholder resolution can be acted upon, given the confusion around contours of transaction & material inconsistencies/ changes after approval, and whether SEBI and MCA should consider rescinding the hive-off, restoring the subsidiary to Inox Green and initiating appropriate action against all parties responsible for any wrongdoing?

IV. **Need for forensic examination.** The Company has claimed that the Enterprise Value was ₹290 crores. Even after this claim, the information disclosed in the Notice is contradicting the claim and the subsequent events do not support the same. How did the Notice not reflect the actual position of the transaction? The factual position can only be brought out by a forensic report.

V. **Enhanced Disclosures in Related-Party Hive-Offs:** Should promoters or related entities acquiring businesses or assets through hive-off transactions be required to explicitly declare that all material information has been disclosed to shareholders and that no material facts, business plans or arrangements have been withheld?

VI. **Need for Mirror-Image Shareholding in Hive-Offs:** Should mirror-image shareholding be the default requirement for hive-off transactions? The business must not be transferred to a promoter-controlled or related entity, unless such deviation is adequately justified?

VII. **Applicability of PFUTP Regulations:** Should the PFUTP Regulations be invoked in cases involving material non-disclosure or withholding of information that could have influenced shareholders' decision-making?

VIII. **Remedies for Aggrieved Public Shareholders:** What remedies are available to protect public shareholders who may have been short-changed by the transaction, and can the losses suffered by them be quantified and recovered?

© STAKEHOLDERS EMPOWERMENT SERVICES | All Rights Reserved

BACKGROUND

Inox Clean Energy Limited - Equity valuation grew from just ₹290 crores in December 2023 to a pre-IPO equity valuation of ₹73,500 crores in October 2026. No need to get your eyesight checked. You read that right.

The Sure-Shot Recipe for Creating Promoter Wealth

1. **Incubate:** Nurture a promising new business, either as a division or subsidiary of a listed company, or as a separate entity leveraging the resources, capabilities and strengths of listed companies.
2. **Build:** Use related party transactions (RPTs) to support and grow the business. If the business operates as a division or a wholly owned subsidiary, then even shareholder approval for RPTs are not required.
3. **Transfer:** Once the business is ready to take off, hive it off from the listed company, directly or indirectly, into a promoter owned entity.

The underlying principle? Use the strength of listed companies to build the business, and then transfer the value created to a promoter owned entity.

Support System

a. **The Board:** On paper, competent, capable and independent. In practice, staunch followers of Mahatma Gandhi's three principles: See No Evil, Hear No Evil, Speak No Evil.

b. **The Law:** Framed with the best of intentions, yet often applied in a manner that prioritises 'Form' over 'Substance', allowing transactions to pass the test of compliance while escaping / not meeting the scrutiny of fairness.

c. **The Valuers and Fairness Opinion Providers:** The final, and perhaps the most important, actors in this play. Their wisdom, it seems, is beyond question. They possess the extraordinary ability to create value out of nothing, much like a magician pulling a rabbit out of a hat.

The Final Product? Promoter enrichment at the expense of Public Shareholders.

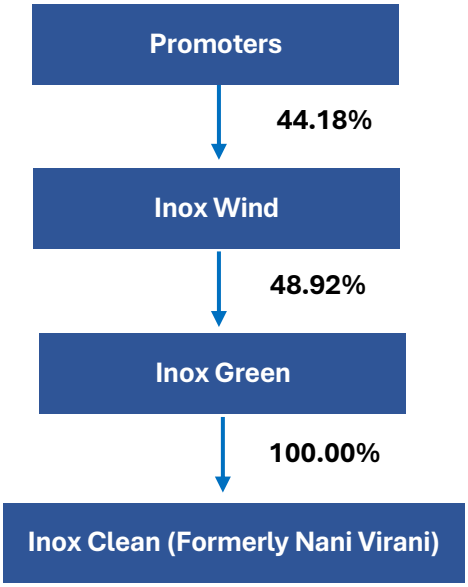
WHERE IT ALL BEGAN?

A. Nani Virani Wind Energy Private Limited was incorporated on 20th November, 2017, as a Wholly Owned Subsidiary (WOS) of Inox Green (Present Market Cap approx. ₹4,900 Crores). In turn, Inox Green is 48.92% owned by Inox Wind (Present Market Cap approx. ₹11,300 Crores), another Listed Company. Promoters own about 44.18% in Inox Wind.

B. The Structure was as under (see diagram below; percentage ownership as on 30th September, 2026) except Inox Clean, which was hived off and has ceased to be a WOS.

C. Thus, effectively Promoters indirectly held only around 21.61% in Nani Virani (=44.18%*48.92%) and 78.39% equity was held indirectly by Public Shareholders of Inox Green and Inox Wind.

© STAKEHOLDERS EMPOWERMENT SERVICES | All Rights Reserved



The Hive-Off:

- In December 2023, Inox Green sought approval from its shareholders for **sale of its 100% issued equity stake held** in Inox Clean (Nani Virani) to IGREL Renewables Ltd (IGREL Renewables). IGREL Renewables is an entity controlled by Mr. Devansh Jain and Ms. Avarna Jain.
- Inox Clean, a wholly owned subsidiary, had a 50 MW operational wind farm located in Gujarat. The transaction was proposed at ₹290 Crores. Value per MW was derived at approximately ₹5.80 Crores. As can be seen later, it is claimed by the Promoters that the transaction value of ₹290 crores was Enterprise Value, with Equity value being ₹90 crores, whereas the resolution text as approved by shareholders indicated that ₹290 crores was Equity value.
- SES, in its Report **(Link)** had questioned the valuation.
- The Company had given the following rationale for divestment.

> *This divestment is part of the Company's strategic plan* ***to achieve a net debt-free status****. This will enable your Company to operate* ***an asset-light annuity O&M business and*** *in doing so, it will also contribute to* ***reducing debt on the consolidated balance sheet of*** *the Company's Promoter and Holding Company, Inox Wind Limited.*
>
> *Your Company is one of the major wind power operations and maintenance ("O&M") service providers within India with a fleet size of more than 3 GW. The Company is engaged in the business of providing long-term O&M services for wind projects. Prior to 1st January, 2022, your Company was engaged in the business of erection, procurement and commissioning (EPC) as well as long term operation & maintenance (O&M) activities of wind power projects. Between 2017 and 2019, the* ***Company secured awards from Solar Energy Corporation of India Limited (SECI) for setting up of wind farms****. While the Company's Promoter and Holding Company, Inox Wind Limited had to supply Wind Turbine Generators (WTGs), your Company was to carry out the EPC and O&M activities, either directly or through its wholly owned subsidiary in the form of special purpose vehicle (SPV) to leverage each other strengths and competencies effectively.* ***Accordingly, your Company***

© STAKEHOLDERS EMPOWERMENT SERVICES | All Rights Reserved

***incorporated various SPVs to develop the SECI awarded wind farm projects. One such** SPV, Nani Virani Wind Energy Private Limited (NVWEPL), developed 50 MW wind farm project at Dayapar District in the State of Gujarat which was successfully commissioned in **May, 2023**. **As part of the strategic decision to sell its non-core business,** the Board of Directors of the Company has approved the divestment of the entire equity shareholding, comprising of 2,13,90,000 equity shares of Rs. 10/- each of its wholly owned subsidiary, Nani Virani Wind Energy Private Limited, to IGREL Renewables Limited or any of its subsidiary company - a related party as per Section 2 (76) of the Companies Act, 2013 and Regulation 2(1)(zb) of the Listing Regulations due to the company being controlled and owned by the significant beneficial owners of Inox Green Energy Services Limited, in the ordinary course of business and on arm's length basis for a sale consideration of Rs. 290 Crores.*

IGREL Renewables Limited is engaged in the business of setting up of / owning Wind Power Projects (WPP) across various locations in India.

Based on the limited information available at the time, SES had questioned the valuation only. The present report, however, examines the facts and events from the stage of divestment up to the current post DRHP stage and pre-existing decisions of promoters for growth of IGREL/Nani Virani (Inox Clean), disclosed in the public domain only after obtaining approval of shareholders, without disclosing material information.(See "Promoters economical with information") As an independent organisation, SES is not privy to the decision-making process at the management or Board level. Its assessment is necessarily limited to the material facts disclosed by the Company / in authentic public domain. SES can raise questions and highlight concerns, but cannot be expected to know what has not been disclosed. The underlying expectation, nevertheless, is that decisions at management and board levels are taken after due deliberation, with full and fair disclosure, and in an equitable manner that safeguards the interests of all stakeholders. As this report unfolds, it becomes evident that this expectation of fairness was belied.

Consideration ₹290 Crores - Enterprise Value or Equity Value?; What was sold: Only Equity or CCDs as well?

- **Approval by shareholders:**

  Inox Green had taken approval from shareholders in December 2023 for hive-off by selling 100% issued equity comprising 2,13,90,000 equity shares of Inox Clean to IGREL Renewables at a valuation / consideration of ₹ 290 Crores. The valuation was based on the Valuation Report (Link).

  Notice for Shareholders' Approval:

  The Notice dated 9th November 2023, seeking shareholders' approval, stated as under:

Name of the Related Party and Relationship	Description of the contract(s)/arrangement(s)/ transaction(s)	Value of the transaction (Amount in ₹ Crores)

© STAKEHOLDERS EMPOWERMENT SERVICES | All Rights Reserved

IGREL Renewables Limited or any of...	**Sell**/... **Company's entire equity** shareholding, comprising of 2,13,90,000 equity shares of Rs. 10/- each of Nani Virani Wind Energy Private Limited	290

As on the date of the meeting, issued equity capital was 2,13,90,000 shares of ₹ 10 each.

- **Valuation Report:**

The Valuer in its Valuation Report dated 20th October 2023 (as submitted to SES) has stated as under:

Summary of Findings: Page 2

*Based on our Valuation Analysis of the Shares of the Company, in our assessment, **the equity value of** company as per DCF Methodology is arrived **at INR 289.98 Crore** as on 30th June, 2023 and per share valuation of Company is arrived at INR 135.57/-.*

It may be noted that the Company has claimed in a communication to SEBI, inadvertently the Company had sent wrong Valuation Report to SEBI. The Company has stated that mistake was corrected and report of same date was obtained from same valuer and the Board and Audit Committee had considered the revised Report. Can the statement of Company be accepted on face value is examined later.

- **The Audit Committee and the Board of Directors Approval:**

*The **Audit Committee** and the **Board of Directors** of the Company, in their respective meetings held on 27th October, 2023 **had approved the proposed transaction**, which shall be entered into on an arm's length basis and in the ordinary course of business. (Notice 9th November 2023 Page #15/16)*

- **Disclosures in Inox Green Annual Report 2024-25:** Are at variance with what was approved by shareholders

Note 8 - Investments:

*(ii) During the year pursuant to the approval granted by the shareholders of Inox Green Energy Services Limited ("the Company") at their 24th Extraordinary General Meeting held on 1st December 2023, the Company on 29th November, 2024, has successfully completed the divestment/sale of entire equity shares of Rs. 10/- each held by the Company (along with shares held by its nominee) in its wholly owned subsidiary namely Inox Clean Energy Limited (Previously known as Nani Virani Wind Energy Private Limited) to IGREL Renewables Limited, a related party controlled and owned by significant beneficial owners of the Company, **at a face value of Rs. 10/- each.** Consequent upon the said disinvestment/sale, Inox Clean Energy Limited ceases to be a subsidiary of the Company **at a consideration of 9,000 lakhs.** AR 2024-25 Page 181/311*

SES: The Note to Accounts mentions the Consideration as ₹ 90 Crores, which is contrary to what was stated in the Notice. Further, Note 47(ii) states, "...***at a face value of Rs. 10/- each.***"

© STAKEHOLDERS EMPOWERMENT SERVICES | All Rights Reserved

The reference to face value, did not form part of the terms approved by the shareholders.

- **DRHP Disclosure:**

Inox Clean DRHP states as under (Page 38-39/946)

By a letter dated December 5, 2025 (the "SEBI Letter"), SEBI sought information and clarifications from IGESL under Sections 11(2)(i) and 11(2)(ia) of the Securities and Exchange Board of India Act, 1992, in relation to IGESL's divestment of its equity investments in the Company and three of the Subsidiaries, namely Inox Neo Energies Private Limited ("Inox Neo"), Flurry Wind Energy Private Limited ("Flurry") and Flutter Wind Energy Private Limited ("Flutter"; together with Inox Neo and Flurry, the "Relevant Subsidiaries"). The SEBI Letter sought point-wise responses and supporting documents concerning:

i. the difference between the ₹290 crores consideration for the divestment of the Company approved by IGESL's board of directors and shareholders and the ₹90 crores consideration reflected as received in IGESL's standalone financial statements for Fiscal 2025, including the accounting treatment and related disclosures (the "Company Related Queries"); and

IGESL responded by a letter dated 31st December, 2025, supplemented by a response dated 26th January, 2026 that provided a consolidated chronology of events. In relation to the Company Related Queries, IGESL submitted that the divestment formed part of its strategy to dispose of non-core assets. It stated that the ₹ 290 crores consideration represented the enterprise value of the Company, determined in accordance with ICAI Valuation Standard 301 (Business Valuation), comprising approximately ₹200 crores towards repayment of the Company's term loan from Power Finance Corporation Limited and ₹90 crores in cash consideration representing its equity value. IGESL also submitted that the divestment had been duly authorised and that, as a listed company, it had made the requisite disclosures and intimations to the stock exchanges. In support of its response, IGESL furnished, among other documents, the relevant board and audit committee minutes, valuation report, share purchase agreement, stock exchange intimations and the no-dues certificate issued to the Company by Power Finance Corporation Limited.

ii. SEBI sought further clarifications concerning the Company Related Queries by emails dated 4th February, 2026, 9th February, 2026, 16th March, 2026 and 24th March, 2026. These concerned, among other matters, two valuation reports dated 20th October 20, 2023 issued by the same valuer that reflected materially different valuations of the Company; which report was considered by IGESL's audit committee and board of directors and shared with shareholders and auditors; the structured digital database maintained in connection with the transaction; the Company's outstanding debt and loan amortisation schedule; and the sharing of the initial valuation report with Stakeholders Empowerment Services ("SES") notwithstanding the subsequent preparation of a corrected report.

© STAKEHOLDERS EMPOWERMENT SERVICES | All Rights Reserved



IGESL has, vide its several letters / emails, requisite information and documents, provided its response to letters and emails of SEBI stating that the initial valuation report had an inadvertent omission of the adjustment for the Company's outstanding debt from the enterprise value, following which a corrected and final valuation report was obtained from the same valuer. The corrected and final valuation report was placed before the audit committee and the board of directors for their consideration and approval and was relied upon by the auditors and was made available for inspection by shareholders. The response further stated that the sharing of the initial valuation report with SES was inadvertent and **had no material impact on SES's analysis** given that the enterprise value remained unchanged across both reports. The last such response filed by IGESL was vide its letter dated 8th April, 2026.

Considering the Company's reply to SEBI, issues can be summarised as under:

1. The Initial Valuation Report obtained on 20th October, 2023 determined the equity value of the company at ₹290 crores with per share value being arrived at ₹135.57.
2. However, the said report contained an inadvertent error as the same did not account for the adjustment of the Company's outstanding debt from the enterprise value. Hence, a revised valuation was obtained with the same date.
3. The revised Valuation Report was placed before the Audit Committee, the Board, the Shareholders and the Auditors. However, SES was given the original Valuation Report which contained an inadvertent error.
4. Further, the Notice convening the shareholders' meeting sought approval for the sale of 100% equity in Nani Virani comprising of 2,13,90,000 equity shares, with the consideration expressly stated as ₹290 crores.
5. Subsequently, the Company disclosed in its Annual Report that only ₹90 crores was received and the shares had been transferred at par value.

A short question at this stage, if the valuation report was in fact revised and ₹290 crores was the Enterprise Value, then did the Notice reflect that the stated consideration of ₹290 crores was representing Enterprise Value. The fact speaks otherwise, as the Notice had unambiguously stated that the Consideration was ₹290 crores for sale of 2.13 crore equity shares (100% equity at the relevant time).

SES: Serious questions arise on the Company's disclosures, the validity of the transaction and the manner in which the shareholder approval was acted upon.

1. It is not clear as to how a rejected / an incorrect valuation report was brought into use by the Company and shared with SES for analysis in relation with the approval?
2. If one believes that the Company had realised mistake, got the error rectified and revised the Valuation Report reflecting Enterprise Value at ₹290 crores, then, in that case, the Company would have had a background of mistake and been extra / double conscious and have prepared Notice carefully. The fact speaks otherwise.

© STAKEHOLDERS EMPOWERMENT SERVICES | All Rights Reserved



3. The resolution had no mention of Enterprise Value and had sought approval for sale of 2.13 crore equity shares of Inox Clean for consideration of ₹290 crores. Indicating that even after revising the Valuation Report, the Notice did not reflect the same.

   How can Enterprise Value be disclosed as consideration for sale of equity in the Notice? That too when the Company itself has acknowledged that there was mistake. The Annual Report later added that the consideration value for equity was ₹90 crores at par value. However, by that logic, the consideration value for 2.13 Cr equity shares should have been ₹21.30 crores.

   It should be noted that Inox Green also held CCDs with principal amount of ₹63.90 crores @ 2% interest p.a. These CCDs were not included in the description of the transaction in the Notice. Could CCDs (or converted shares) be also included along with 2.13 crore equity shares?

   Incidentally, ₹90 crores consideration is for 9 Crore shares at par value of ₹10 each, which includes 2.13 crore the then existing equity shares, 6.87 Crore equity shares issued on 28th November 2024, 6.39 crore shares issued upon conversion of CCDs and 0.47 crore shares issued to discharge accrued liability for unpaid interest on such CCDs. These 6.87 Cr shares were issued almost an year after approval of shareholders and an year and a month after Notice was issued. A question arises as to how while drafting the Notice, the Company was aware that interest will remain unpaid, what amount will remain unpaid and will be converted to shares, when the Company was unaware when the transaction would mature.

   And even if it was agreed that interest will also be settled through shares, then too, it is difficult to understand as to how the exact amount of unpaid interest liability was determined at the time of approval for sale, which was almost a year earlier? What was the original conversion period, whether the same was reduced due to the restructuring and how was the shortened conversion period known beforehand?

   However, the resolution made no reference to the sale or transfer of CCDs held by Inox Green. In fact, it explicitly mentioned that sale was for 2.13 crore equity shares only.

   The shares issued pursuant to conversion of CCDs were afresh and did not arise from rights issue, bonus issue or stock split, they cannot be treated as part of the 2.13 crore shares, covered under the original shareholder approval. How did the Audit Committee and the Board not realise that the Notice contained such huge information gaps? Did they question it even post event?

4. Therefore, transfer of 6.87 Crore equity shares is void and Inox Green is legally entitled to ownership of these shares. Sale of CCDs held by Inox Green was not specified in resolution approved by shareholders, hence, neither CCDs nor shares arising upon conversion could be transferred to buyer, unless explicitly approved by shareholders.

© STAKEHOLDERS EMPOWERMENT SERVICES | All Rights Reserved



How can the amount of ₹90 crores tally with the amount of consideration for equity comprising of 2,13,90,000 equity shares, equity against the principal and interest amount of CCDs; when interest component on CCDs was uncertain and would continue till the CCDs were converted into equity.

5. The Company has stated that the revised Valuation Report did not affect SES analysis. It would certainly do as the valuation report stated that the per equity share value was ₹135.57. SES is unable to understand what logic the Company is applying when stating that transaction is unaffected by such blatant errors and information gaps.
6. And was it fair to value equity and CCDs of Inox Clean at a nominal value equating to face value? Particularly, when Inox Clean's future value was exorbitantly high as is discussed in detail later. Can this nominal value be considered to be fair? Here, listed parent was not just ousted but ousted without even rewarding a fair value for their support from incubation to stabilisation.
7. The Statutory Auditor examined the transaction but raised no apparent objection.
8. SEBI subsequently raised queries and sought clarification on the transaction, apparently through the Lead Manager. The Lead Manager, however, appears to have simply submitted the explanations provided by the Company without independently verifying the underlying facts and documents.
9. The above observations raises a fundamental question: was the discrepancy merely a mistake, or was there a deliberate attempt to alter the terms on which shareholders had approved the transaction?

   Even if it was a mistake, it could not simply be rectified without obtaining fresh shareholder approval, particularly when the correction materially altered the terms of the approved transaction. Shareholders had approved the sale of 2.13 crore equity for ₹290 crores and did not approve sale of additional 6.87 crore equity shares and at no point approved sale of 9 crore shares at ₹90 crores. Since 2.13 crore shares did not become 9 crore shares out of corporate action related to 2.13 crore shares, a separate fresh approval was required.
10. In conclusion, the shareholder resolution, in the form in which it was approved, could not have been acted upon to transfer 9 crore shares at ₹90 crores. The approval must be rescinded and the transaction should be examined for reversal. SEBI and MCA must investigate the roles and responsibilities of the Company, its Board, the Audit Committee, the Statutory Auditor, the Secretarial Auditor and the Lead Manager, and initiate appropriate action wherever lapses or violations are established.

    The transactions executed differ in terms of number of shares (9 Crore shares vs. 2.13 Cr shares), in terms of consideration (₹90 Crores versus ₹290 Crores) and in terms of nature of nature of equity it covered (equity vs potential equity out of CCDs). This raises serious questions regarding its legal validity.

© STAKEHOLDERS EMPOWERMENT SERVICES | All Rights Reserved



Divestment of Inox Clean - Role of Promoters, Management & the Board

It is difficult to believe that the Promoters, Management and the Board decided to establish Inox Clean one fine morning and, equally abruptly, decided to hive it off. Investment decisions of this nature require detailed / careful study, planning and deliberations. Such important actions are unlikely to be the outcome of sudden or knee jerk decisions.

The pertinent question, therefore, is: Who knew of the plan, when did they know, and was the information disclosed to all stakeholders?

The initial decisions of incorporation of Inox Clean as a wholly owned subsidiary (WOS) and its entry into renewable power generation were understandable, given that the business was aligned with the activities of the Company (Inox Green) & other group companies. At that stage, public stakeholders' interests were aligned with those of the Promoters, as the business remained wholly owned by the Company. Presumably, the Board was also aware of the business plan.

The position changed when the decision to hive-off the business was taken. As stated in the Notice, the objectives were to achieve **net debt free status**, **adopt an asset light model**, **reduce debt** at the consolidated level, and **divest a non-core business**.

At SES, we do not ordinarily second guess management decisions. The Board has access to business information and strategic insights that an independent proxy advisory firm does not. We rely on the reasonable expectation that the Board has discharged its fiduciary responsibilities, that the Management and Promoters have made all relevant disclosures, and that the decision has been taken diligently and in good faith. However, this deference is not unconditional; it rests on the assumption that the decision-making process has been robust and the interests of shareholders have been adequately considered.

At the time of the proposed divestment, a set of reasonable and fundamental questions ought to have been raised by the Board, particularly by the Independent Directors:

- ⇨ Why the insistence on zero debt? Why was achieving a debt-free position considered so important, particularly when the business was operating in a growth sector and debt was manageable with comfortable Debt-Equity Ratio?
- ⇨ Was the business being hived off indeed devoid of growth prospects? If yes, why were the Promoters willing to acquire it and commit their own capital? Were they stepping in as white knights to rescue a business with limited prospects, or did they see an opportunity that others had overlooked or they kept it to themselves?
- ⇨ What were the Promoters' plans for the business? It is reasonable to assume that the Promoters would not acquire the business without a clear strategic rationale. This raises a crucial question: Were these plans disclosed to the Board and, where relevant, to shareholders? This question assumes particular significance in light of the subsequent developments, which we examine later in this report.

© STAKEHOLDERS EMPOWERMENT SERVICES | All Rights Reserved

- ⇨ Was the business genuinely non-core? As the subsequent events reveal, the business being hived off was, in fact, the real core business.
- ⇨ Whether "debt is a dirty word", true for only Inox Group Listed Companies or for the Promoters as well? Would the business being hived off continue to be debt free? If debt reduction was a key objective, it was important to examine whether the proposed transaction would genuinely achieve that objective or merely shift the business and debt outside listed company to a 100% promoter owned entity? As subsequent events revealed, the hived off entity amassed debt exceeding ₹7,000 crore, almost 25 times the debt, which was to be reduced as originally proposed. This raises a fundamental question: is it justified for promoters to seek hive-off in the name of making the listed entities debt free, while allowing the promoter's privately held companies to borrow on tap? If debt was indeed a concern, then why was it undesirable only in listed entities but acceptable in private companies of promoter? That too when listed companies have a stable cash flow against the hived of business which is in growth stage. The subsequent developments raise serious questions about the stated rationale for the hive-off. What was presented as a debt reduction measure appears, in hindsight, to have been a means to separate a potentially profitable and valuable business for the promoter's private group, rather than a genuine effort to reduce debt.
- ⇨ Incidentally, Gujarat Flouro Chemicals, another group company, around similar period, had debt approximately ₹2,000 Crores as at end March 2024 and around ₹1,500 Cr as at end of March 2023. This information would have been available with the Board of Inox Green, being public information. A rational question to ask would be why only Inox Green should be debt free?

Had the Board, and particularly its Independent Directors, asked these questions and examined the underlying rationale with the rigour the transaction warranted, it may well have concluded that the proposed divestment was not in the interests of shareholders.

Unfortunately, the Board failed the very investors it was entrusted to protect.

Promoters economical with information

SES notes that the Promoters, Management and the Company appear to have been economical with information. Shareholders approved the hiving off of Nani Virani (Inox Clean) to IGREL in December 2023. While the Company's Q2 FY2023-24 investor presentation made no mention of any plans for IGREL, interestingly, the investor presentation following the Q3 FY2023-24 results stated:

"IGREL-Being set up **at the promoter level**, IGREL is a C&I power generation platform targeting 1.5GW of installed RE capacity in the next 4-5 years"

The timing is important.

© STAKEHOLDERS EMPOWERMENT SERVICES | All Rights Reserved

Is it plausible that the Promoters hived off Nani Virani into IGREL without any underlying plan, only to recognise its potential as a platform for large-scale renewable energy generation after shareholders had approved the transaction? Or was the broader plan already in place but not disclosed to shareholders?

SES believes that the sequence of events raises serious questions about the completeness of the disclosures made while seeking shareholder approval for the hive-off. If the Promoters had already envisaged IGREL as a platform targeting 1.5 GW of installed renewable energy capacity, the non-disclosure of this material information from the Notice provided to shareholders while obtaining shareholders' approval is difficult to explain. SES is of the view that the omission of such material information, if the plan was already in contemplation, deprived shareholders of the opportunity to assess the transaction in its proper context and vitiated the approval process, as the approval was obtained without full disclosure.

Inox Clean (Nani Virani) Growth / Expansion

SES considers market capitalisation as an appropriate indicator. (All figures are rounded off.)

Company	Market Cap ₹ Cr As on		Growth
	29-12-23	19-10-26	
Inox Green	3,083	4,950	60%
Inox Wind	16,290	11,214	-32%
Inox Clean	290**	73,500	25,244%
Inox Group Market Cap as per DRHP page #378/946		51,760	

**(Hive-off valuation)

Inox Clean's Market Capitalisation surged by 25,244%, compared to a growth of 60% in Inox Green, while Inox Wind recorded a decline over the same period.

Equity Capital Build-up of Inox Clean:

The capital structure presents a striking contrast. The present Promoters contributed only ₹90 crore towards equity capital, that too towards end 2024 but hold 91.76% of the equity, while non-promoter shareholders contributed ₹4,360 crores for an equity stake of just 8.24%. In other words, Promoters paid 2.02% of total amount to get 91.76% equity and non-promoter allottees paid 97.98% amount to get 8.24% of equity. It would be worthwhile to know who are these investors, who did not question gravity defying valuation rise in short term?

Following data is extracted and tabulated from DRHP:

Equity Shares	Number of Equity Shares	%	Issue Amount
			₹ Crore
Promoters	90,00,00,000	91.76%	90##
Non-Promoters			
Equity Shares	4,60,26,044	4.69%	2,443

© STAKEHOLDERS EMPOWERMENT SERVICES | All Rights Reserved

Convertible securities				
Type	#	Equity Shares Post Conversion		
Preference Shares	72,63,156	76,23,156	0.78%	417
CCDs	15,000	2,72,23,230	2.78%	1,500
Total Equity Shares		98,08,72,430		4,450

##On 29th November, 2024, Inox Green transferred 9 Crore shares of Face Value ₹ 10 each in Nani Virani (Inox Clean) to IGREL. Prior to 29th November 2024, i.e., on 28th November, 2024 Inox Clean had issued shares to Inox Green upon conversion of CCDs (Coupon 2% per annum & allotted on March 20, 2021 to promoter group) into equity shares. Accrued but unpaid interest on CCDs was also settled by issue of shares at par for non-cash consideration. Total issued share capital increased to ₹90 crores with 9 Crore shares at face value of Rs 10/ share, entirely held by the Inox Green and transferred on 29th November 2024 to IGREL.

Immediately thereafter, **on same day** equity shares with Face Value of ₹ 10 each were split into 10 shares of Rs 1 each, thus, raising number of shares issued to 90 CR.

On 30th November 2024, i.e., the very next day, IGREL Renewables transferred equity shares worth ₹89.99 crore to Mr. Devansh Jain (jointly with Ms. Avarna Jain), Mr. Vivek Kumar Jain (jointly with Mrs. Nandita Jain) and Ms. Nandita Jain (jointly with Mr. Vivek Kumar Jain), all members of the Inox Group promoter family. Consequently, within a span of just two days, a subsidiary of a listed company became wholly owned by the promoter family, effectively moving it into private ownership.

Private Placements of Equity Shares (PP): (Source DRHP)

The Company made in total 8 PP of Equity shares on various dates

- First PP was made just 8 days later, on 6th December 2024, the Company undertook a private placement of equity shares at ₹111 per share, implying a 111-fold increase in the per-share valuation compared to the price at which CCDs issued to the Promoters were converted to equity shares on 28th November 2024.
- Two further private placements were undertaken on 17th December 2024 and 29th March, 2025, both at ₹111 per share.
- In December 2025, three more private placements of equity shares were made at ₹551 per share.
- The last rounds of private placement of equity shares were made at ₹750 per share in July and September 2026.

Private Placements of CCPS & CCD:

The Company also issued Convertible Preference Shares (3 tranches- March, April & July 2026) and CCDs (two tranches) to non-promoters , the latest on 28th September, 2026, at a conversion price of ₹551 per share. Surprisingly, just six days earlier, on 22nd September, 2026, the Company had undertaken a private placement of equity shares at

© STAKEHOLDERS EMPOWERMENT SERVICES | All Rights Reserved

₹750 per share, a difference of nearly ₹200 per share. The rationale for this significant difference in pricing warrants examination.

Based on the last private placement of equity shares at a price of ₹750 per equity share, the Company's indicative Market Capitalisation stands at ₹73,565 crore.

Who are Non-Promoter Allottees?

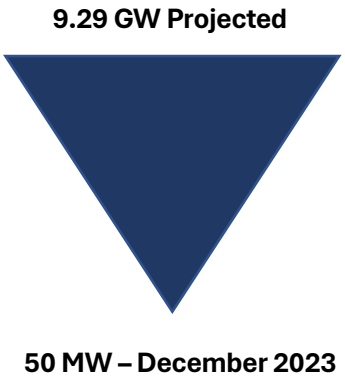
Allottees (Allotment date 6th December 2024)	Number of Shares
Anubhav Poddar	9,00,900
Lend Lease Company (India) Limited, Utsav Parekh (MD) associated with Sanjeev Goenka group as Director*	9,00,900
Shivangini Properties Private Limited	22,52,252
Shruti Mohta	4,50,450
La Crème De La Crème Services LLP (H V Lodha Group company)	4,50,450
*Mr. Sanjeev Goenka is the father of Ms. Avarna Jain (Promoter)	

SES has been consistently asking a question in its reports as to how and on what basis the allottees in any preferential/ private placements are identified? Whether the allottees have deep pockets to support the investment made? In case of listed company, LODR mandates disclosure of ultimate beneficial ownership of allottees. However, in unlisted companies there is no such mandate. On sample basis, SES made few checks and found that Lend Lease Company (India) Limited is an unlisted company and not a related party in strict legal sense. However, promoter of Lend Lease is associated with RPSG group as director in RPSG Group companies and Ms. Avarna Jain, promoter of Inox Clean, is daughter of Mr. Sanjeev Goenka, promoter of RPSG Group.

This Report is not analysing relationship of allottees with the Company Inox Clean or its promoter, as it must be done by regulator. However, reiterating a point that all these allottees must have taken investment decision based on a business plan that would have been presented to them and projected valuation, based on which pricing would have been worked out. The question, that SES asks, why such grandiose plan was not shared with investors of Inox Green and its Board?

Capacity build-up: An inverted pyramid (Extracts from the DRHP)

The phenomenal growth of the Company can be represented by an inverted pyramid. From just 50 MW in December 2023 (as well as till 28th November, 2024) and to 2.37 GW in less than three years with projected capacity of 9.29 GW, the Company has achieved an approximately 180-fold increase in capacity.



A mountain built on a pinhead aptly captures the contrast between the scale of the Company's operations and the relatively small equity contribution made by the

© STAKEHOLDERS EMPOWERMENT SERVICES | All Rights Reserved

Promoters, particularly when viewed against the substantial capital invested by non-promoter shareholders.

The Company has mainly two businesses:

1. **IPP Business**

From a mere 50 MW in December 2023, built up over nearly five years, the Company's capacity grew to current capacity 2.37 GW, a 46-fold increase, with a further expansion to 9.29 GW planned. This represents an approximately 180-fold increase over the December 2023 capacity, as shown in the table.

The question is: Can it reasonably be believed that no such expansion plan was in contemplation when the hive off was undertaken in December 2023?

Status	Capacity GW
Operational	2.37
Under Construction	0.80
Pipeline	2.99
Future	3.13
Total	**9.29**

2. **Solar Manufacturing Business**

Solar photovoltaic ("**PV**") modules, with solar cell manufacturing capacity under construction in India and the United States (the "**Solar Manufacturing Business**"), with an aggregate operational solar module manufacturing capacity of 6.00 GW across both countries, as of 31st August, 2026.

Commendable Progress

"Our ability to identify, evaluate, structure and consummate acquisitions has enabled us to scale our operational IPP capacity to approximately 2.37 GW, forming part of an aggregate contracted capacity of 6.16 GW as of August 31, 2026, within approximately 1.5 years, approximately 80.00% faster than the time taken by other leading renewable energy platforms in India to reach a comparable operational scale"

Following the hive-off, the Company has acquired or incorporated 71 subsidiaries, including step-down subsidiaries, along with one joint venture and five associate companies.

The Company itself acknowledges the exceptional pace of its growth, claiming to have achieved comparable operational scale approximately 80% faster than other leading renewable energy platforms in India. This makes it difficult to accept that such an ambitious growth trajectory was entirely unforeseen.

SES is therefore compelled to repeat its fundamental question: Was there really no such plan when the hive-off was undertaken in December 2023?

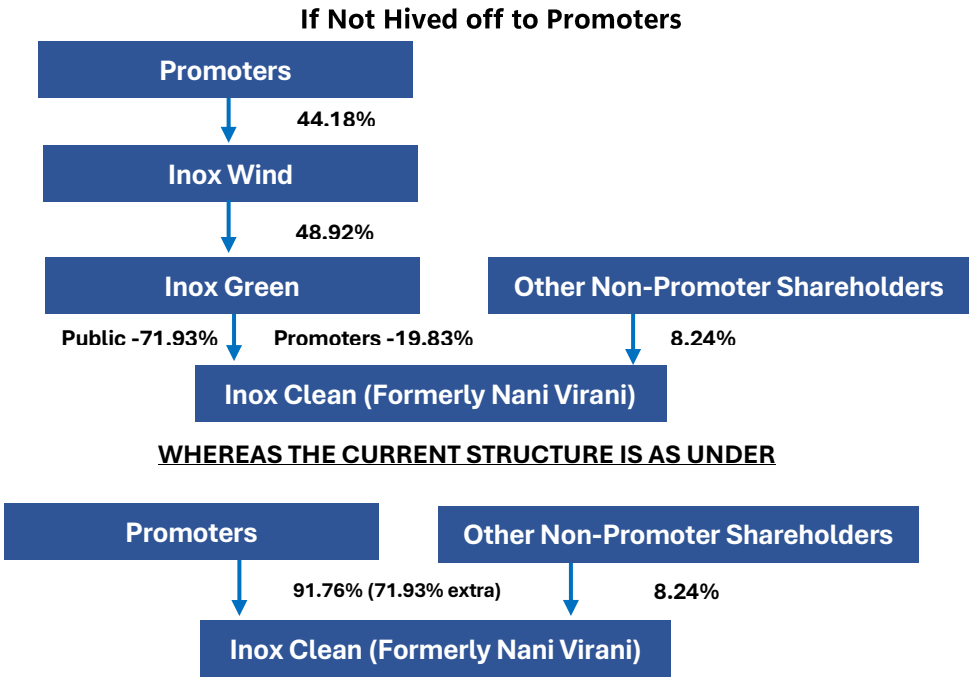
© STAKEHOLDERS EMPOWERMENT SERVICES | All Rights Reserved

Shareholder approval for the hive-off was obtained in December 2023, whereas the actual transfer took place only in November 2024, after a gap of almost 11 months. It is therefore imperative to seek explanations from the Board, Management and Promoters regarding the reasons for this delay, particularly in light of the Promoters' statement in the Q3 FY2023-24 Investor Presentation that Inox Clean was expected to grow multi-fold. Several questions arise in this regard: Who managed the company during this intervening period? Did its operations continue as before, or were any significant investment or strategic decisions taken by the Promoters during this period? Did the Promoters approach any prospective investors to secure investments in Inox Clean while it was still part of Inox Green? While SES does not have information on these aspects, the fact that the first private placement took place just six days after the Promoters acquired 100% ownership of the company raises questions as to whether efforts to secure investors and arrange funding had commenced even before the hive-off was completed, when the company was still part of Inox Green.

How investors were short changed?

A. Had Inox Clean not been hived off from Inox Green, and assuming the same growth in the IPP and Solar Module businesses and the same rounds of equity issuances, Inox Green would have held 91.76% of Inox Clean's equity. Of this, 71.93% would effectively have been attributable to the public shareholders of Inox Green and Inox Wind, through their indirect shareholding, while the Promoters' effective holding would have been only 19.83%, as against their present 91.76% direct holding in Inox Clean.

In effect, the hive-off has resulted in the Promoters holding additional 71.93% of the equity that, under the above assumption, would otherwise have been attributable to public shareholders indirectly through Inox Green and Inox Wind.



© STAKEHOLDERS EMPOWERMENT SERVICES | All Rights Reserved

B. Inox Clean Equity / Market Cap Distribution (Hypothetical) - Public Investors Short Changed

Inox Green Holding Structure	No Hive Off		Hived off		
	% holding	Indicative Market Cap allocation ₹ Cr.	% holding	Indicative Market Cap allocation ₹ Cr.	Public Shareholders Short Changed
Inox Promoters	19.83%	14,589	91.76%	67,500	52,911
Inox Public shareholders	71.93%	52,911	0.00%	-	-52,911
Inox Clean New Public Shareholders	8.24%	6,065	8.24%	6,065	
Indicative Market Cap		73,565		73,565	

The above analysis suggests that the structure adopted by the Promoters to hive-off Inox Clean from Inox Green and establish it as a separate entity has resulted in potential notional loss of approximately ₹53,000 crore in Market Capitalisation to public shareholders. Against this, what did the shareholders receive? Effectively mere 78.39% of the ₹290 crore consideration for the hive-off.

It may be argued that the above calculation is hypothetical. Indeed, it is, but only if one can argue that same growth trajectory would not have been possible had Inox Clean continued as a subsidiary of Inox Green. The burden is therefore on the Company and its Board to explain why such growth could not have been achieved within the existing structure. What is it which same promoters could not have done for Inox Green subsidiary, which they could do as 100% promoter owned Company? The subsidiary continued almost for a year, was business stand still? Certainly not.

Further, even if a separate entity was considered necessary to achieve this growth, why could the hive-off not have been structured with a mirror-image shareholding pattern, thereby preserving the proportionate economic interests of the existing shareholders?

The fundamental question is not merely whether Inox Clean could have grown as a separate entity, but why that growth had to come at the cost of the indirect economic interests of public shareholders.

Inconsistent Valuation:

At the time of the hive-off, Inox Clean was valued at ₹290 crore for a capacity of 50 MW, implying a valuation of ₹5.80 crore per MW.

As of the present, the Company has 2.37 GW of operational capacity and a further 0.80 GW under construction. Even assuming that the entire 3.17 GW capacity is operational, applying the original valuation of ₹5.80 crore per MW would imply a valuation of approximately ₹18,386 crore.

Allowing for inflation and other factors, and applying a 50% premium to the original per-MW valuation, the implied valuation would rise to approximately ₹27,579 crore. Even if the original per-MW valuation were doubled, the implied

© STAKEHOLDERS EMPOWERMENT SERVICES | All Rights Reserved

valuation would be approximately ₹36,772 crore, still substantially below the indicative market capitalisation of over ₹73,000 crore.

These are indicative estimates intended to illustrate the magnitude of the valuation increase. They do not include any separate valuation attributable to the Solar Manufacturing Business.

The substantial gap between these indicative estimates and the current market capitalisation raises a fundamental question: What explains the extraordinary increase in valuation, and how much of it is supported by the underlying business, its growth prospects and its financial position?

Phenomenal Growth: Planned or unplanned?

The questions that needs to be asked are:

A. Were the Promoters aware, at the time of the hive-off, of the potential to scale the business multifold?
B. If so, was this growth plan disclosed to the Board while seeking its approval for the transaction?
C. Were the Promoters and the Company required to disclose this information to the Board and shareholders?

A. Were the Promoters aware, at the time of the hive-off, of the potential to scale the business multifold?

If the public is expected to believe that the Promoters had no plan to scale the business multifold, it raises a basic question: does this not underestimate the intelligence of investors? If the Promoters had no such growth plans or foresight, why did they structure the transaction in a manner that placed 100% ownership and risk of Inox Clean with themselves?

The sequence of events strongly suggests that a larger plan was already in contemplation. The Q3 FY2023-24 investor presentation (Link) itself referred to the plan to scale Inox Clean, a subsidiary of IGREL, significantly.

Instead of disclosing the principal objective of the hive off, namely, to facilitate the multifold growth of Inox Clean as a privately held Promoter-controlled entity, shareholders were presented with seemingly innocuous objectives. If the larger growth plan was already envisaged, its omission from the disclosures raises serious questions about whether shareholders were given the complete picture before being asked to approve the transaction.

Given objectives of Hive-off:

I. **Debt Reduction**:

One of the stated objectives of the hive-off was to achieve a debt-free business. This raises an obvious question: why was debt considered undesirable in the first place? If debt was detrimental to the business, why has Inox Clean subsequently resorted to borrowings? While the hive off was ostensibly intended to eliminate a non-material debt of approximately ₹290 crore, Inox Clean now carries debt of approximately ₹7,000 crore, almost 25 times the debt that was supposed to be reduced.

© STAKEHOLDERS EMPOWERMENT SERVICES | All Rights Reserved

Does this mean debt is undesirable when borne by Inox Green, but acceptable when borne by Inox Clean, an entity controlled by the Promoters? The very objective of debt reduction, including at the Group level, appears to have been undermined by subsequent developments. If the stated objective was to reduce debt, what was achieved by transferring the business, only for substantially larger borrowings to accumulate in the resulting entity?

II. **Non-Core Business**:

The next stated objective was to divest a "non-core" business. This raises an interesting question about what qualifies as non-core.

As per the DRHP, the combined market capitalisation of the Group's other listed companies, including Gujarat Fluorochemicals, a legacy business with a history of over 35 years, was approximately ₹51,730 crore. In contrast, Inox Clean's indicative pre-IPO market capitalisation stands at ₹73,565 crore, nearly 40% higher than the combined market capitalisation of these listed entities.

Further, as of 19th October 2026, Inox Green, the parent from which Inox Clean was hived off, had a Market Capitalisation of approximately ₹3,083 crore. In comparison, Inox Clean's indicative Market Capitalisation is nearly 24 times that of Inox Green.

Can a business that is valued at nearly 24 times of its parent be reasonably described as non-core? The contrast is striking and raises questions about the basis on which this classification was made. The stated objective appears difficult to reconcile with the scale and value that Inox Clean has since attained.

III. **Asset light model:** The third stated objective was to move towards an asset-light model. However, can the development of a business with a planned capacity of 9.29 GW be characterised as asset-light?

Can one still believe that the development of Inox Clean into a business of this magnitude was entirely unplanned at the time of the hive-off? That would require believing in an extraordinary stroke of luck, akin to a farmer ploughing a field and unexpectedly discovering oil or gold, with no prior indication of what lay beneath the surface.

B. Did the Promoters Disclose the Plan to the Board?

SES presumes that the Promoters did not disclose their larger growth plans to the Board. Otherwise, one is left to wonder whether the Board, despite being aware of the plan, failed to appreciate its magnitude and implications.

Even if the Board is given the benefit of the doubt, a prudent Board, acting in the interests of the Company and its shareholders, would have been expected to ask some fundamental questions:

a) If the business was considered unsuitable for the listed entity, why and how was it suitable for the Promoters?
b) What did the Promoters intend to do with the hived-off entity? What was their business plan for it?

© STAKEHOLDERS EMPOWERMENT SERVICES | All Rights Reserved

c) Why was there such an aversion to debt, particularly when the business had a relatively stable revenue stream from its O&M services?

d) Why was an asset-light model considered necessary?

The more important question, however, is what the Board did after the Promoters' plans to scale Inox Clean became apparent. The Q3 FY2023-24 investor presentation disclosed IGREL's plans to establish Inox Clean as a C&I renewable energy platform targeting 1.5 GW of installed capacity over the next four to five years. By then, the broader growth ambitions of the Promoters' platform were in the public domain.

Importantly, the transaction had not yet been fully consummated when this information was made available. During the earnings conference call on 9th February, 2024, Devansh Jain stated:

> *"So, I think we've already **announced the sale of that asset**. I think recently, as of yesterday or day before. I think we've got the. **There are certain formalities** which we need to complete in terms of transferring the connectivity, in terms of transferring the loan, et cetera. I think we are on track, **I mean, we are holding that asset for sale**. I think over the next couple of weeks, that should go off. There's nothing much to be said about that. We are fulfilling all the long-term routine formalities."*

This statement indicates that, as of 9th February 2024, the transfer was still pending completion of certain formalities and the asset continued to be held for sale by Inox Green. This raises a critical question: once the Promoters' growth plans became publicly available, why did the Board not revisit the transaction that too when it was not yet consummated?

The Board could have examined whether the original rationale for the hive-off remained valid in light of the emerging information, whether shareholders had been provided with a complete picture, and whether further action was warranted to protect their interests. Given that the transaction had not yet been fully consummated, the Board could at least have considered whether it was appropriate to revisit the approval and explore the available options, including seeking fresh shareholder approval if necessary.

No such action appears to have been taken.

The Board's inaction raises serious concerns about its oversight and its commitment to protecting the interests of public shareholders. Was the Board satisfied that the transaction remained fair and equitable, or did it simply allow the transfer to proceed without examining the implications of the Promoters' plans for the listed entity and its shareholders?

Ultimately, the issue is not merely whether the Promoters disclosed their plans to the Board. It is equally about whether the Board, once the broader growth opportunity became apparent, acted with the diligence expected of it. The silence of the Board, in the face of developments that called the original rationale into question, demands an explanation.

© STAKEHOLDERS EMPOWERMENT SERVICES | All Rights Reserved



C. Were they required to disclose?

Unfortunately, there is no explicit legal provision that directly mandates the Promoters to disclose their plans for a business after it has been hived off. However, SES believes that the law must be interpreted in light of its underlying intent.

In a related party transaction, disclosure should not be limited to the mechanics of the transaction. Shareholders should also be informed of its rationale, objectives and the purpose it seeks to achieve. While a counterparty in an unrelated transaction cannot ordinarily be expected to disclose its future business plans, the position is fundamentally different in a related party transaction, where both sides are under the control of the same person.

Where the Promoters have a larger plan for the business being hived off, withholding that information while seeking shareholder approval raises serious concerns about the completeness of the disclosures. In SES's view, if such a plan was already in contemplation, its non-disclosure could mislead investors and deprive them of material information necessary to assess the transaction and its implications for their interests. It would also raise the question of whether the transaction structure was designed to benefit the Promoters at the expense of public shareholders.

Related Party Transactions (RPTs) and Group Synergies:

SES is of the view that related party transactions, while legitimate and often necessary for business operations, can also become a means of transferring economic value from listed entities to promoter-controlled private entities, particularly when the interests of public shareholders are not adequately protected. The hive-off of Inox Clean, followed by its extraordinary growth as a Promoter-controlled entity, raises precisely this concern.

A press release issued by Inox Green Energy Systems Limited, the holding company of Inox Clean, on 18th September, 2024 (Link), provides useful insight into how the Group envisaged the business and its synergies.

Selected extracts (in Blue) are reproduced below, along with SES's comments (in Black).

- The Company has **already tied up PPAs/received LoIs from Group companies** and other large C&I customers for >600 MW capacity
    - The initial business pipeline included commitments from Group companies. In other words, the hived off entity was positioned to benefit from the existing business relationships and opportunities available within the Group. This raises a fundamental question: if these opportunities were available within the Group, why did the resulting business and its future value need to accrue to a privately held Promoter-controlled entity rather than the listed entity and its public shareholders?
- IGREL has already placed firm orders for 200 MW and has signed additional 550 MW LoI with Inox Wind today for wind capacities to be executed on turnkey basis.

© STAKEHOLDERS EMPOWERMENT SERVICES | All Rights Reserved

- Inox Wind, a Group company, was to provide turnkey execution capabilities to IGREL. This is another example of the hived off entity benefiting from the resources and capabilities of a listed Group company. Had Inox Clean remained within the Inox Green structure, the benefits arising from this business could have accrued within the listed corporate structure, instead of enhancing the value of a separate entity held by the Promoters.

➢ The IPP platform aims to add substantial value to the all the Group companies. While the Group companies will secure their long-term power requirement from renewable sources, helping offset their carbon emissions, its renewable companies including **Inox Wind,** Resco Global and **Inox Green** gain on account of large scale business opportunities.

- Inox Green and Inox Wind were the parent and grandparent, respectively, of Inox Clean before the hive-off. The stated benefits of the IPP platform were therefore not necessarily dependent on the hive-off. The Group could have continued to pursue these synergies within the existing structure. If the platform was intended to create value for the entire Group, why was the ownership of the platform separated from the listed entities through which public shareholders participated in that value?

➢ Inox Wind's turnkey project execution capabilities on plug-and-play basis is a significant advantage for IGREL

- The Company identifies Inox Wind's capabilities as a significant advantage for IGREL. Yet these capabilities existed within the Group even before the hive off. The sequence raises an uncomfortable question: was the business first separated from the listed structure, thereby placing its future value under Promoter control, only to subsequently rely on the capabilities of a listed group company as a competitive advantage?

➢ Additionally, Inox Green will provide multi-year O&M services for the entire capacity of IGREL, leading to a significant growth of its portfolio

- The portfolio would have grown even if Inox Clean would have continued as subsidiary of Inox Green.

➢ IGREL will be a value enhancer for the entire Group as all our listed companies benefit on account of the synergies with the platform.

- Synergies were available even when Inox Clean was a part of Inox Green.

➢ We are building this entity privately to ensure that none of our listed companies carry non-core debt. As promoters, we have always backed our businesses, nurturing them with our capital and expertise.

- The explanation introduces an interesting distinction between debt that is considered appropriate for a privately held Promoter-controlled entity and debt that is considered undesirable for a listed company.

© STAKEHOLDERS EMPOWERMENT SERVICES | All Rights Reserved

If the objective was to protect the listed companies from non-core debt, why was the solution to transfer the business to a privately held entity rather than structure the transaction in a manner that preserved the proportionate economic interests of public shareholders?

Was the concern genuinely about reducing debt and protecting the listed entities, or did the chosen structure also have the effect of transferring the future upside of a high-growth business to the Promoters at the expense of public shareholders?

ARE SEBI PFUTP REGULATIONS APPLICABLE TO THE CASE?

SES is of the view that the non-disclosure of material information and the presentation of potentially misleading or incomplete disclosures may attract the relevant provisions of the SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003 (PFUTP Regulations).

The relevant provisions of the PFUTP Regulations are reproduced below, followed by SES's analysis of their applicability to the facts of the transaction.

(b) "dealing in securities" includes:

i. *an act of **buying**, **selling** or subscribing pursuant to any issue of **any security** or agreeing to buy, sell or subscribe to any issue of any security or otherwise transacting in any way in any security by any persons including as principal, agent, ---*
ii. *such acts which may be knowingly designed to influence the decision of investors in securities; and*
iii. *any act of providing assistance to carry out the aforementioned acts.*

SES: In SES's opinion, the hive-off transaction qualifies as "dealing in securities", as 100% of Inox Clean's equity was transferred by Inox Green to IGREL. Further, the limited information given in Notice seeking shareholders' approval for the transaction constituted an act intended to influence their decision on the proposed transaction.

*(c) "fraud" includes any act, expression, omission or concealment committed whether in a deceitful manner or not by a person or by any other person with **his connivance** or by his agent while dealing in securities **in order to induce another person** or his agent **to deal in securities**, whether or not there is any wrongful gain or avoidance of any loss, and shall also include—*

1) *a knowing misrepresentation of the truth or **concealment of material fact** in order that **another person may act to his detriment**;*
2) *a suggestion as to a fact which is not true by one who does not believe it to be true;*
3) ***an active concealment** of a fact by a person having knowledge or belief of the fact;*
4) ***deceptive behaviour** by a person **depriving another of informed consent** or full participation*

© STAKEHOLDERS EMPOWERMENT SERVICES | All Rights Reserved

SES: It is for SEBI to determine whether the non-disclosure of the Promoters' broader growth plans for Inox Clean, coupled with the communication of seemingly innocuous objectives, that the acquiring entity itself did not subsequently adhere to, amounts to fraud on the investors of Inox Green.

> *3. Prohibition of certain dealings in securities*
>
> *No person shall directly or indirectly—*
>
> *a) buy, sell or otherwise deal in securities in a fraudulent manner;*
> *b) use or employ, in connection with issue, purchase or sale of any security listed or proposed to be listed in a recognized stock exchange, any manipulative or deceptive device or contrivance in contravention of the provisions of the Act or the rules or the regulations made there under;*
> *c) employ any device, scheme or artifice to defraud in connection with dealing in or issue of securities which are listed or proposed to be listed on a recognized stock exchange;*
> *d) engage in any act, practice, course of business which operates or would operate as fraud or deceit upon any person in connection with any dealing in or issue of securities which are listed or proposed to be listed on a recognized stock exchange...*

SES: While SES is of the opinion that intent behind PFUTP captures the transaction, yet SEBI should examine whether seeking shareholders' approval for the hive-off of Inox Clean to IGREL, without disclosing the Promoters' broader growth plans, constitutes a violation of this section. If the present PFUTP Regulations are not covering such misleading acts, then SEBI must amend PFUTP Regulations so that investors cannot be short changed.

PAST QUESTIONS THAT DESERVED ATTENTION

When the proposal for divestment was placed before shareholders, SES had raised questions over valuation. (Link) Subsequently, when Inox Wind and Inox Green proposed RPTs with Inox Clean in August 2026, SES once again raised questions on the decision of divestment of Inox Clean and its subsequent listing. (Link)

SES does not sit in judgement over decisions taken by the Company, regulators or investors. Its role is to raise relevant questions and articulate its independent assessment. While the ultimate decision rests with each stakeholder, questions raised by independent parties such as proxy advisors deserve due consideration, objective evaluation and thoughtful deliberation. Such scrutiny can serve as an early warning mechanism, enabling stakeholders to recognise potential concerns and take timely corrective action before the consequences become irreversible.

© STAKEHOLDERS EMPOWERMENT SERVICES | All Rights Reserved

Research Analysts: J. N. Gupta I Krupa Hegde

REPORT RELEASE DATE: 17TH NOVEMBER, 2026

ABOUT SES: Link

DISCLAIMER

While SES has made every effort and has exercised due skill, care and diligence in preparing this report based on publicly available information, it neither guarantees its accuracy, completeness or usefulness, nor assumes any liability whatsoever for any consequence from its use. This report does not have any approval, express or implied, from any authority, nor is it required to have such approval. The users are strongly advised to exercise due diligence while using this report.

This report in no manner constitutes an offer, solicitation or advice to buy or sell securities, nor solicits votes or proxies on behalf of any party. SES, which is a not-for-profit Initiative or its staff, has no financial interest in the companies covered in this report except what is disclosed on its website.

The report is released in India and SES has ensured that it is in accordance with Indian laws. Person resident outside India shall ensure that laws in their country are not violated while using this report; SES shall not be responsible for any such violation.

This report may not be reproduced in any manner without the written permission of Stakeholders Empowerment Services.

All disputes subject to jurisdiction of High Court of Bombay, Mumbai.

All rights reserved.

© STAKEHOLDERS EMPOWERMENT SERVICES | All Rights Reserved