

To,

**The Board of Directors,
Inox India Limited**

(Formerly Inox India Private Limited)
9th Floor, K P Platina, Racecourse
Vadodara 390 007
Gujarat, India

ICICI Securities Limited

ICICI Venture House
Appasaheb Marathe Marg
Prabhadevi, Mumbai 400 025
Maharashtra, India

Axis Capital Limited

Axis House
1st Floor, Wadia International
Centre
Pandurang Budhkar Marg, Worli
Mumbai 400 025
Maharashtra, India

(ICICI Securities Limited and Axis Capital Limited are appointed in relation to the Offer and are collectively referred to as the **“Book Running Lead Managers”** or **“BRLMs”** in relation to the Offer)

Dear Sirs,

Re: Proposed initial public offering of equity shares of face value of ₹ 2 (the “Equity Shares”) of INOX India Limited (the “Company”) through an offer for sale of Equity Shares by certain existing shareholders of the Company (the “Offer for Sale”, or the “Offer”)

We, K C Mehta & Co LLP, Chartered Accountants, statutory auditors of the Company, have been duly authorized by **INOX India Limited (“the Company”)** to assist in the Offer in terms of our engagement letter with the Company dated June 8, 2022. In connection with the proposed offer of equity shares, the Company is required to obtain a report from us, with regard to the Key Performance Indicators (**“KPIs”**) as identified by the Company and as required by Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended (the **“ICDR Regulations”**) for the purposes of disclosure in the Red Herring Prospectus (**“RHP”**) and the Prospectus (**“Prospectus”**) intended to be filed with the Registrar of Companies, Gujarat at Ahmedabad (the **“RoC”**) and thereafter filed with the Securities and Exchange Board of India (the **“SEBI”**) and the relevant stock exchanges where the Equity Shares are proposed to be listed (the **“Stock Exchanges”**), and other Offer related documents.

The accompanying statement, Annexure-A, containing details of GAAP measures, Non-GAAP Financial measures and Non-Financial measures (part of financial reporting) as described in the Technical Guide on Disclosure and Reporting of Key Performance Indicators (KPIs) in Offer Documents (**“Technical Guide”**) (herein, referred to as the **“KPIs”**) identified by the Company as at and for the years ended March 31, 2023, 2022, 2021 and for the six month period ended September 30, 2023 and September 30, 2022, as per the requirement of Clause (3) in Part A of Schedule VI- Disclosures in the offer document of the ICDR Regulations (the **“Statement”**) is prepared by the Management of the Company, which we have initialed for identification purposes only.

Management’s Responsibility

The preparation of the accompanying Statement, Annexure-A, is the responsibility of the Management of the Company. This responsibility includes designing, implementing, and maintaining adequate internal controls that were operating effectively and testing of such controls for ensuring the accuracy and completeness of information relating to KPIs including such accounting records relevant to the preparation and presentation of the Statement, and applying an appropriate basis of preparation; and making estimates that are reasonable in the circumstances.

The Management is responsible for:

- a. identification, definition, completeness, accuracy, relevance, appropriateness and sufficiency of the KPIs included in the Statement;
- b. providing access of the accounting and other records including information and explanations required for reporting on the KPIs;
- c. maintenance of the accounting and other records in relation to point a) and b) above; and
- d. compliance with the ICDR Regulations, the Technical Guide on Disclosure and Reporting of Key Performance Indicators (KPIs) in Offer Documents and other regulatory requirements.

Auditor's Responsibility

Pursuant to the requirements of Clause (3) in Part A of Schedule VI – Disclosures in the offer document of the ICDR Regulations, it is our responsibility to obtain limited assurance and conclude as to whether (i) the financial details provided in the Statement are in agreement with the Audited Consolidated Financial Statements and Restated Consolidated Financial Information as at and for years ended March 31, 2023, March 31, 2022, March 31, 2021 and for six month period ended September 30, 2023 and September 30, 2022 and the underlying books of account maintained by the Company used for the purpose of preparation of the Restated Consolidated Financial Information and (ii) KPIs included in the Statement are mathematically accurate.

The Audited Consolidated Financial statements for the years ended March 31, 2023, March 31, 2022 and March 31, 2021 and the special purpose consolidated interim financial statements for the six-month period ended September 30, 2023 and September 30, 2022 referred to in the paragraph above, have been audited by us on which we issued an unmodified audit opinion vide our reports dated May 8, 2023, May 18, 2022, July 1, 2021, November 9, 2023 and November 9, 2023 respectively. Our audits of these financial statements were conducted in accordance with the Standards on Auditing specified under Section 143(10) of the Companies Act, 2013, as amended (the "Act"). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. Our audits were not planned and performed in connection with any transactions to identify matters that may be of potential interest to third parties.

The Restated Consolidated Financial Information referred to in paragraph above, have been examined by us on which we issued our examination report dated December 1, 2023. Our examination of these Restated Consolidated Financial Information was conducted taking into consideration the Guidance Note on Reports in Company Prospectuses (Revised 2019) issued by the ICAI, concepts of test checks and materiality to obtain reasonable assurance based on verification of evidence supporting the Restated Consolidated Financial Information and the requirements of Section 26 of Part I of Chapter III of the Act and the ICDR Regulations. Our work was performed solely to assist you in meeting your responsibilities in relation to your compliance with the Act, the ICDR Regulations and the Technical Guide. Our work was not planned and performed in connection with any transactions to identify matters that may be of potential interest to third parties.

We conducted our examination of the Statement in accordance with the Technical Guide on Disclosure and Reporting of Key Performance Indicators (KPIs) in Offer Documents and Guidance Note on Reports or Certificates for Special Purposes (Revised 2016), which require that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.

We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

A limited assurance engagement includes performing procedures to obtain sufficient appropriate evidence that vary in nature, timing and extent than a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement. Accordingly, we have performed the following procedures in relation to the Statement:

- a. Obtained list of KPIs from the management and compared the specific components of KPIs as mentioned in the Statement to source of KPIs as maintained by management which includes books of account, Audited Consolidated Financial statements and Restated Consolidated Financial Information maintained by the Company as described in the paragraphs above;
- b. Recomputed the mathematical accuracy of the KPIs included in the Statement; and
- c. Conducted relevant management inquiries and obtained necessary representation.

We have no responsibility to update this report for events and circumstances occurring after the respective dates of the audit reports on the Audited Consolidated Financial statements as mentioned in above paragraph.

We have no responsibility for identification, definition, completeness, relevance, appropriateness and sufficiency of the KPIs included in the Statement.

The procedures we have performed do not constitute an audit or review made in accordance with any generally accepted auditing standards. Furthermore, they will not necessarily reveal matters of significance with respect to any material misstatement of the information related to KPIs of the Company.

We did not perform procedures on the KPIs of subsidiaries included in the Statement whose KPIs and reports have been certified and furnished to us by the Company's management and our conclusion on the KPIs of the Group, in so far as it relates to the KPIs included in respect of these components, is based solely on the Company's management certified statements.

This report may be relied upon by the BRLMs, their affiliates and the legal counsels appointed in relation to the Offer. We hereby consent to extracts of, or reference to, this certificate being used in the red herring prospectus and the prospectus and other offering materials, as required ("**Offer Documents**"), in connection with the Offer. We hereby consent to the submission of this certificate as may be necessary to the SEBI, the RoC, the Stock Exchanges and any other regulatory authority and/or for the records to be maintained by the Book Running Lead Managers and in accordance with applicable law. We also consent to the inclusion of this certificate as a part of "Material Contracts and Documents for Inspection" in connection with this Offer, which will be available for public for inspection from date of the filing of the RHP until the Bid/ Offer Closing Date.

Inherent Limitations

Our work and conclusion shall not in any way constitute advice or recommendations (and we accept no liability in relation to any advice or recommendations) regarding any commercial decisions associated with the Offer, including, in particular, but without limitation, any which may be taken by the Company the Bankers/ Book Running Lead Managers or the Syndicate Members in the capacity of investor or in providing investment advice to their clients or the Company.

We, however, state that this is not an assurance as to the future viability of the Company or whether the KPIs have been considered / have a bearing for arriving at the basis of issue price. We further state that our reporting is based on the facts up to the date of the report and we neither give any guarantee nor any assurance that the KPIs reported will continue to perform and/or report in a similar manner in future. It should be noted that the KPIs contained in the Statement may not be measures of operating performance or liquidity defined by generally accepted accounting principles. We make no comment about the Company's definition, calculation or presentation of the KPIs in the Statement or its usefulness for any purposes.

The KPIs included in the Statement should not be considered in isolation from, or as a substitute for, analysis of Company's historical financial performance, as reported and presented in the Restated Consolidated Financial Information of the Company included in the Offer Documents. These KPIs are not defined under Indian Accounting Standard (Ind AS) notified under section 133 of the Companies Act, 2013, are not presented in accordance with Ind AS and have limitations as basis of evaluation. These KPIs may differ from similar titled information used by certain peer companies, who may calculate such information differently and hence their comparability with the measures used by the Company may be limited. Therefore, these KPIs (to the extent applicable) should not be viewed as substitutes for measures of performance under Ind AS or as indicators of the Company's financial position, financial performance or its cash flows.

Conclusion

Based on the limited procedures performed by us as above, and the information and explanations given to us, nothing has come to our attention that causes us to believe that (i) the financial details provided in the Statement are not in agreement with the audited consolidated financial statements and Restated Consolidated Financial Information as at and for the six-month period ended September 30, 2023 and September 30, 2022 and for the years ended March 31, 2023, March 31, 2022 and March 31, 2021 and the underlying books of account maintained by the Company used for the purpose of preparation of the audited consolidated financial statements and Restated Consolidated Financial Information and (ii) KPIs included in the Statement area not mathematically accurate.

Restriction on Use

This report has been issued at the request of the Board of Directors of the Company in relation to the issue solely for the purpose of assisting the Book Running Lead Managers and legal advisor in conducting and documenting their investigation of the affairs of the company in connection with the offering of the Equity Shares covered by the red herring prospectus to be filed by the Company, and should not be used by any other person or for any other purpose. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this report is shown or into whose hands it may come.

The report is issued solely for the limited purpose to comply with the ICDR Regulations on KPIs. Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in jurisdictions outside India (including in the United States of America), and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices. This report should not be relied upon by prospective investors outside India (including persons who are Qualified Institutional Buyers as defined under (i) Rule144A or (ii) Regulation S under the United States Securities Act of 1933, as amended) participating in the Offering. We accept no responsibility and deny any liability to any person who seeks to rely on this report and who may seek to make a claim in connection with any offering of securities on the basis that they had acted in reliance on such information under the protections afforded by United States of America law and regulation or any other laws other than laws of India.

Yours faithfully,

For K C Mehta & Co LLP
Chartered Accountants
Firm's Registration No.: 106237W/W100829

Neela R. Shah
Partner
Membership No.: 045027
UDIN: 23045027BGTEUZ4602
Place: Vadodara
Date: December 8, 2023

Enclosed:

Annexure A: GAAP measures, Non-GAAP Financial measures, and non-financial measures

CC:

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as to Indian Law**

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Annexure A- of GAAP measures, Non-GAAP Financial measures and non-financial measures

I. GAAP & Non-GAAP Measures- Key Performance Indicators:

(₹ in Million, unless otherwise specified)

Particulars	As of and for the				
	Six months period ending September 30, 2023	Six months period ending September 30, 2022	Financial Year ended 2023	Financial Year ended 2022	Financial Year ended 2021
Total Income	5,799.95	4,946.35	9,841.99	8,037.13	6,089.92
Total Revenue from Operations	5,646.12	4,867.97	9,659.00	7,827.11	5,937.97
EBITDA (1)	1,457.40	1,198.79	2,226.51	1,886.31	1,496.98
EBITDA margin (2)	25.13%	24.24%	22.62%	23.47%	24.58%
Profit after tax from Continuing operations without exceptional items	1,033.37	834.23	1,527.14	1,304.98	961.07
PAT margin (3)	17.82%	16.87%	15.52%	16.24%	15.78%
Net cash generated from operations (4)	894.58	1,414.80	1,783.82	970.37	2,306.92
Net debt/(cash) (5)	(2,215.57)	(2,885.98)	(3,015.15)	(2,656.79)	(1,613.06)
ROCE (6)	23.75%	22.57%	36.53%	33.70%	35.15%
ROE (7)	18.64%	17.38%	27.79%	25.98%	25.87%

(1) EBITDA is calculated as the sum of (i) profit for the year from continuing operations before exceptional items, (ii) total tax expenses, (iii) depreciation and amortization expenses, and (iv) financial costs.

(2) EBITDA Margin is calculated as EBITDA divided by total income.

(3) PAT Margin is calculated as profit for the year from continuing operations divided by total income.

(4) Net Cash generation from operations as restated cash flow of the company

(5) Net debt/(cash) is calculated as per schedule 45 of Restated Consolidated Financial Information of the company.

(6) ROCE is calculated by earnings before interest and tax divided by total assets less current liabilities.

(7) ROE is calculated by profit after tax divided by our net worth (share capital and other equity).

The key performance indicators set forth above, have been approved by the Audit Committee pursuant to their resolution dated 1st December'2023. Further, the Audit Committee has on 1st December'2023 taken on record that other than the key performance indicators set out above, the Company has not disclosed any additional key performance indicators during the last three years with its investors.

Explanation for the Key Performance Indicators:

The following table provides the rationale for the Company's key performance indicators that have a bearing on arriving at the basis for Offer Price

(i) **Revenue from Operations** represents the income generated by the Company from its core operating operations.

Reason for inclusion: This gives information regarding the scale of operations.

(ii) **Total Income** represents sum of Revenue from Operations and other income. Other income comprises of interest income and other non-operating incomes.

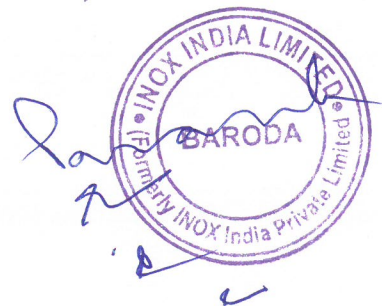
Reason for inclusion: This gives information regarding the total income earned by the Company.



INOX INDIA LIMITED

Annexure A- of GAAP measures, Non-GAAP Financial measures and non-financial measures

- (iii) **EBITDA** represents the aggregate of restated profit/loss before tax, tax expense, finance cost, depreciation and amortization.
Reason for inclusion: This gives information regarding the operating profits generated by the Company.
- (iv) **EBITDA margin** represents the EBITDA divided by the revenue from operations of the Company.
Reason for inclusion: This gives information regarding operating profitability of the Company in comparison to the revenue from operations of the Company.
- (v) **Profit/(loss) after tax before exceptional items** represents the restated profits of the Company after deducting all expenses before any exception gain/losses.
Reason for inclusion: This gives information regarding the overall profitability of the Company.
- (vi) **PAT margin** is calculated at restated profit/loss after tax for the period divided by revenue from operations.
Reason for inclusion: This gives information regarding the overall profitability of the Company in comparison to revenue from operations of the Company.
- (vii) **Net cash generated from operations** is calculated as the cash generated from operational activities by the Company less the cash outflows from operational activities and movements from working capital.
Reason for inclusion: This gives information regarding the cashflow generated by the Company from its operational activities.
- (viii) **Net Debt/Cash:** Net Debt to Cash is a measurement of leverage, calculated as a company's interest-bearing liabilities minus cash or cash equivalents, divided by its cash or cash equivalents.
Reason for inclusion: This gives information regarding liquidity available with the Company to meet its debt obligation.
- (ix) **Return on capital employed** is calculated as earnings before interest and tax divided by total assets less current liabilities.
Reason for inclusion: This gives information regarding profitability of the Company on the capital employed in the business.
- (x) **Return on Equity** is calculated as profit for the year from continuing operations (less exceptional items) divided by total equity as at the end of the year.
Reason for inclusion: This gives information regarding profitability of the Company on the Equity Capital in the business.



INOX INDIA LIMITED

Annexure A- of GAAP measures, Non-GAAP Financial measures and non-financial measures

II. Non-Financial Measures:

(a) Segment related information

The table set forth below provides the split of Group's revenue from operations by business division and as a percentage of consolidated revenue from operations for Fiscal 2023, Fiscal 2022, Fiscal 2021, six months period September 30, 2023, and September 30, 2022.

(₹ in Million, unless otherwise specified)

Division	As of and for the									
	Six months period ended September 30, 2023		Six months period ended September 30, 2022		Financial Year ended 2023		Financial Year ended 2022		Financial Year ended 2021	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Industrial Gases	3,613.50	64.00	3,350.00	68.82	6,846.06	70.88	6,205.91	79.29	3,756.69	63.27
Liquified Natural Gases	1,723.52	30.53	1,167.51	23.98	2,404.12	24.89	1,258.51	16.08	1,473.18	24.81
CSD/ITER	309.10	5.47	350.46	7.20	408.82	4.23	362.69	4.63	708.10	11.92
Total	5,646.12	100.00	4,867.97	100.00	9,659.00	100.00	7,827.11	100.00	5,937.97	100.00

(b) Pending Orders Details

The following table summarizes Pending orders Division wise from Order Book of the Company as of September 30, 2023:

(₹ in Million, unless otherwise specified)

Division	Pending Order Amount	% to Total Pending Orders
Industrial Gases	5,475.43	52.82%
Liquified Natural Gases	2,608.37	25.16%
CSD/ITER	2,282.29	22.02%
Total	10,366.09	100%

