

STRICTLY CONFIDENTIAL

January 18, 2018

The Board of Directors,
Adani Enterprises Limited
Adani House,
Near Mithakhali Circle, Navrangpura
Ahmedabad - 380 009, Gujarat, India

Ladies / Gentlemen:

We refer to the engagement letter dated January 9, 2018 ("**Engagement Letter**") whereby Adani Enterprises Limited ("**Demerged Company**" or "**AEL**" or "**Company**") has engaged JM Financial Institutional Securities Limited ("**JM Financial**"), *inter alia*, to provide a fairness opinion to the Company on the valuation report dated January 18, 2018 ("**Valuation Report**") issued by B S R Associates & LLP (the "**Valuer**") for the proposed demerger of the Demerged Undertaking (as defined below) of AEL and transfer of the same to Adani Gas Limited ("**Transferee Company**" or "**AGL**" or "**Resulting Company**"), vide a scheme of arrangement under the provisions of Sections 230 to Section 232 and other applicable provisions of the Companies Act, 2013 ("**Proposed Scheme**").

Company Background and Purpose

Adani Gas Holdings Limited ("**Transferor Company**" or "**AGHL**") was incorporated on August 28, 2010 as Mundra LNG Limited, a public company under the Companies Act 1956. Its name was changed to Adani Gas Holdings Limited as of March 15, 2017. AGHL is the holding company of AGL and holds 100% of the paid-up share capital of AGL along with its nominees. The entire share capital of AGHL is indirectly held by the Demerged Company.

AGL is a wholly owned subsidiary of AGHL incorporated under the provisions of the Companies Act, 2013 and is engaged in the business of supplying Piped Natural Gas to household, commercial and industrial consumers and Compressed Natural Gas ('CNG') for use in automobiles.

AEL is a public limited company incorporated under the Companies Act 1956. The Company is, *inter alia*, engaged in the business of sourcing and trading in natural gas and sourcing various spares required for city gas distribution related infrastructure. The equity shares of the Company are listed on the BSE Limited ("BSE") and the National Stock Exchange of India Limited ("NSE" and together with the BSE, the "Stock Exchanges").

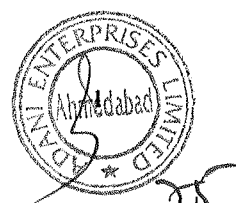
Without any prejudice to the definition stated in the Proposed Scheme, the Demerged Undertaking is proposed to include the business, assets, liabilities, etc. pertaining to Gas Sourcing and Distribution

JM Financial Institutional Securities Limited

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Business in AEL and shall include the Demerged Company's strategic investment in the Transferee Company as on the effectiveness of Part II of the Scheme ("**Demerged Undertaking**").

The Company has appointed the Valuer to determine the Share Entitlement Ratio (as defined below) and has in terms of the Engagement Letter requested us to examine the Valuation Report issued by the Valuer and other related information provided by the Company and issue our independent opinion as to the fairness of the Share Entitlement Ratio ("**Fairness Opinion**") as per the requirements of the SEBI circular no. CFD/DIL3/CIR/2017/21 dated March 10, 2017 and subsequent amendments thereto ("**SEBI Circular**").

All terms not specifically defined in this Fairness Opinion shall carry the same meaning as in the Proposed Scheme.

Brief Background of the Proposed Scheme

Part II of the Proposed Scheme provides for 'Amalgamation of AGHL with AGL' and Part III of the Proposed Scheme provides for 'Demerger of the Demerged Undertaking'.

Amalgamation of AGHL with AGL


As per the Proposed Scheme, upon the effectiveness of Part II of the Scheme and in consideration of the amalgamation of AGHL with AGL,

- a. all the equity shares issued by AGL and held by AGHL shall stand cancelled;
- b. AGL shall, issue and allot to each compulsorily convertible preference shareholder, 1 (One) equity share of Rs. 10/- (Rupees Ten only) each of AGL for every 1 (One) compulsorily convertible preference share of Rs. 10/- (Rupees Ten only) each held by such compulsorily convertible preference shareholder ("**New Equity Shares**");
- c. AGL shall, issue and allot to each equity shareholder, 1 (One) Redeemable Preference Share of Rs. 10/- (Rupees Ten only) each of AGL for every 1 (One) equity share of Rs. 10/- (Rupees Ten only) each held by such equity shareholder
- d. Upon the New Equity Shares and Preference Shares in AGL issued and allotted by it, the equity shares and the compulsorily convertible preference shares of AGHL shall be deemed to have been automatically cancelled and be of no effect

Demerger of the Demerged Undertaking

As per the Proposed Scheme, upon the effectiveness of Part III of the Scheme, the face value per equity share of AGL shall be subdivided from Rs 10 to Re 1. In consideration of the transfer and vesting of the Demerged Undertaking into the Resulting Company, the Resulting Company shall, issue and allot to each shareholder of the Demerged Company, 1 (One) equity share of Re. 1/-

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(Rupee One only) each held by such shareholder in the Demerged Company (“**Share Entitlement Ratio**”).

As per the Proposed Scheme, the proposed transaction is expected to result in reduction of managerial overlaps and reduction in multiplicity of legal and regulatory compliances.

Further, the proposed transaction is also expected to result in greater focus to the operation of the Gas Sourcing and Distribution Business and would create enhanced value for shareholders.

Source of Information

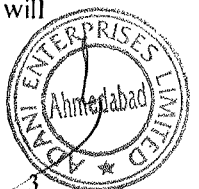
For the said examination and for arriving at the opinion set forth below, we have received:

1. Valuation Report issued by the Valuer;
2. Draft of the Proposed Scheme;
3. Necessary confirmations from the representatives of AEL and its subsidiaries / affiliates.

Scope Limitations

We have assumed and relied upon, without independent verification, the accuracy and completeness of all information that was publicly available or provided or otherwise made available to us by the Company for the purposes of this Fairness Opinion. We express no opinion and accordingly accept no responsibility with respect to or for such information, or the assumptions on which it is based. We have not assumed any obligation to conduct, nor have we conducted any physical inspection or title verification of the properties or facilities of the Company and neither express any opinion with respect thereto nor accept any responsibility therefore. We have not made any independent valuation or appraisal of the assets or liabilities of the Company, nor have we been furnished with any such appraisals. We have not reviewed any internal management information statements or any non-public reports, and instead, with your consent, have relied upon information that was publicly available or provided or otherwise made available to us by the Company for the purposes of this Fairness Opinion. We are not experts in the evaluation of litigation or other actual or threatened claims and accordingly we have not evaluated any litigation or other actual or threatened claims. In addition, we have assumed that the Proposed Scheme will be approved by regulatory authorities and that the Proposed Scheme will be consummated substantially in accordance with the terms set forth in the Proposed Scheme. We have assumed that there are no other contingent liabilities or circumstances that could materially affect the business or financial prospects of the Company, other than those disclosed in the information provided or considered in the Proposed Scheme.

We understand that the management of the Company, during our discussion with them, would have drawn our attention to all such information and matters which may have an impact on our analysis and opinion. We have assumed that in the course of obtaining necessary regulatory or other consents or approvals for the Proposed Scheme, no restrictions will be imposed or there will be no delays that will



have a material adverse effect on the benefits of the Proposed Scheme that may have been contemplated. Our opinion is necessarily based on financial, economic, market and other conditions as they currently exist and on the information made available to us as of the date hereof. It should be understood that although subsequent developments may affect this opinion, we do not have an obligation to update, revise or reaffirm this opinion. In arriving at our opinion, we were not authorized to solicit, and did not solicit, interest from any party with respect to the acquisition, business combination or other extraordinary transaction involving the Company or any of its assets, nor did we negotiate with any other party in this regard.

In the ordinary course of business, the JM Financial group is engaged in securities trading, securities brokerage and investment activities, as well as, providing investment banking and investment advisory services. In the ordinary course of its trading, brokerage and financing activities, any member of the JM Financial group may at any time hold long or short positions, and may trade or otherwise effect transactions, for its own account or the accounts of customers, in debt or equity securities or senior loans of any company that may be involved in the Proposed Scheme.

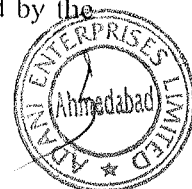
We express no opinion whatsoever and make no recommendation at all as to the Company's underlying decision to effect the Proposed Scheme or as to how the holders of equity shares or secured or unsecured creditors of Company should vote at their respective meetings held in connection with the Proposed Scheme. We do not express and should not be deemed to have expressed any views on any other terms of the Proposed Scheme. We also express no opinion, and accordingly, accept no responsibility for or as to the price at which the equity shares of Company will trade following the announcement of the Proposed Scheme or as to the financial performance of the Company following the consummation of the Proposed Scheme. We express no opinion whatsoever and make no recommendations at all (and accordingly take no responsibility) as to whether shareholders / investors should buy, sell or hold any stake in the Company or any of its related parties (holding company / subsidiary / associates etc).

Conclusion

We understand that the economic interest of the shareholders of AEL in AGL pre demerger continues to remain the same post the demerger. Based on our examination of the Valuation Report, such other information / undertakings / representations provided to us by the Company and our independent analysis and evaluation of such information and subject to the scope limitations as mentioned hereinabove and to the best of our knowledge and belief, we are of the opinion that the Share Entitlement Ratio of issuance of 1 (One) equity share of face value of Re 1 by AGL for every 1 (One) equity share of AEL of face value of Re 1 is fair.

Distribution of the Fairness

The Fairness Opinion is addressed to the Board of Directors of the Company solely for the purpose of providing them with an independent opinion on the fairness of the Valuation as determined by the



Valuer and for the purpose of submission to the Stock Exchanges, National Company Law Tribunal along with the petition for the Proposed Scheme and such other applicable regulatory authorities under SEBI Circular and/ or the Companies Act, 2013. The Fairness Opinion shall not be disclosed or referred to publicly or to any other third party, other than as required by Indian law (in which case you would provide us a prior written intimation) without our prior written consent. The Fairness Opinion should be read in totality and not in parts. Further, this Fairness Opinion should not be used or quoted for any purpose. If this Fairness Opinion is used by any person other than to whom it is addressed or for any purpose other than the purpose stated hereinabove, then, we will not be liable for any consequences thereof. In no circumstances however, will JM Financial or its directors, officers, employees and controlling persons of JM Financial accept any responsibility or liability including any pecuniary or financial liability to any third party. Neither this Fairness Opinion nor its contents may be referred to or quoted to / by any third party, in any registration statement, prospectus, offering memorandum, annual report, loan agreement or any other agreement or documents given to third parties.

Yours truly,

For JM Financial Institutional Securities Limited

V. Kothari
Authorized Signatory

