

REPORT OF THE AUDIT COMMITTEE OF ADANI ENTERPRISES LIMITED RECOMMENDING THE DRAFT COMPOSITE SCHEME OF ARRANGEMENT AMONG ADANI GAS HOLDINGS LIMITED AND ADANI GAS LIMITED AND ADANI ENTERPRISES LIMITED AND THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS (THE 'SCHEME') UNDER SECTIONS 230 TO 232 AND OTHER APPLICABLE PROVISIONS OF THE COMPANIES ACT, 2013 ("THE SCHEME")

1. Background

The Securities and Exchange Board of India vide its circular no. CFD/DIL3/CIR/2017/21 dated 10th March, 2017 ("SEBI Circular") has, amongst other requirements, sought a report from the Audit Committee of the listed companies recommending the Scheme.

The Audit Committee of the Board of Directors of the Company at its Meeting held today i.e. 18th January, 2018, has considered and reviewed the draft Composite Scheme of Arrangement among Adani Gas Holdings Limited ("**Transferor Company**" or "**AGHL**") and Adani Gas Limited ("**Transferee Company**" or "**Resulting Company**" or "**AGL**") and Adani Enterprises Limited ("**Demerged Company**" or "**AEL**") and their respective Shareholders and Creditors (the 'scheme') under Sections 230 to 232 and other applicable provisions of the Companies Act, 2013 pursuant to above SEBI Circular.

This report of the Audit Committee is made in order to comply with the requirement of the aforesaid SEBI Circular after considering the following necessary documents:

- 1) Draft Composite Scheme of Arrangement among Adani Gas Holdings Limited and Adani Gas Limited and Adani Enterprises Limited and their respective Shareholders and Creditors (the 'scheme') under Sections 230 to 232 and other applicable provisions of the Companies Act, 2013
- 2) Valuation Report dated 18th January, 2018, issued by B S R & Associates LLP, Independent Chartered Accountants;
- 3) Fairness Opinion dated 18th January, 2018, issued by JM Financial Institutional Securities Limited, a Category-I Merchant Banker; and
- 4) Certificate dated 18th January, 2018, from the Statutory Auditors of the Company, M/s. Shah Dhandharia & Co., Chartered Accountants, Ahmedabad regarding compliance of the Accounting Treatment.

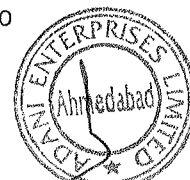
2. Rational of the Scheme

The Committee perused the provisions in the Scheme which, inter alia, contains the rationale for the proposed Scheme of Arrangement. The Audit Committee noted that each of the varied businesses being carried on by the Demerged Company either by itself or through its subsidiaries or through associate companies including Gas Sourcing and Distribution Business (as defined in the draft scheme placed before the meeting) have significant potential for growth and profitability. The nature of risk, competition, challenges, opportunities and business methods for Gas Sourcing and Distribution Business is separate and distinct from

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other businesses being carried out by the Demerged Company. The Gas Sourcing and Distribution Business and the other businesses of the Demerged Company are capable of attracting a different set of investors, strategic partners, lenders and other stakeholders. There are also differences in the manner in which the Gas Sourcing and Distribution Business and other businesses of the Demerged Company are required to be handled and managed. In order to lend greater/enhanced focus to the operation of the said businesses, it is proposed to re-organize and segregate the Gas Sourcing and Distribution Business by way of demerger and transfer the same to the Resulting Company.

The segregation would enable greater/enhanced focus of the management in the Gas Sourcing and Distribution Business and other businesses whereby facilitating the management to efficiently exploit opportunities for each of the said businesses.

The proposed re-organisation will create enhanced value for shareholders and allow a focused strategy and specialization for sustained growth, which would be in the best interest of all the stakeholders and the persons connected with the aforesaid companies.

The demerger will also provide scope for independent collaboration and expansion pertaining to Gas Sourcing and Distribution Business.

3. Share Exchange / Entitlement Ratio

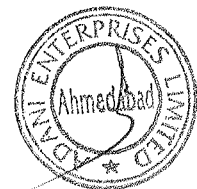
- i. Upon the effectiveness of Part II of the Composite Scheme of Arrangement and in consideration of the amalgamation of the Transferor Company with the Transferee Company -
 - a. 1 (One) equity share of Rs. 10/- (Rupees Ten only) each of the AGL credited as fully paid-up for every 1 (One) compulsorily convertible preference share of Rs. 10/- (Rupees Ten only) each to the compulsorily convertible preference shareholder of AGHL.
 - b. 1 (One) Preference Share of Rs. 10/- (Rupees Ten only) each of the AGL credited as fully paid-up for every 1 (One) equity share of Rs. 10/- (Rupees Ten only) to the equity shareholder of AGHL.
- ii. Upon the effectiveness of Part III of the Composite Scheme of Arrangement and in consideration of the transfer and vesting of the Demerged Undertaking into the Resulting Company -

1 (One) equity share of Re. 1/- (Rupee One only) each of the AGL credited as fully paid up for every 1 (One) equity share of Re. 1/- (Rupee One only) each to the equity shareholders of AEL.

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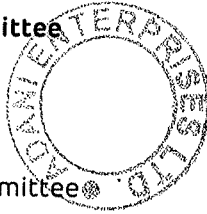


4. Recommendation of the Audit Committee

After consideration of the rationale and purpose of the Scheme, the Audit Committee recommends the Scheme to the Board of Directors of the Company for favourable consideration.

For and on behalf of the Audit Committee

V. Subramanian
Chairman of the Meeting - Audit Committee
Adani Enterprises Limited

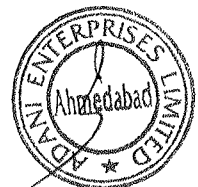


Date: 18.01.2018

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