

Note on the Composite Scheme of Arrangement among Adani Gas Holdings Limited (AGHL or Transferor Company) and Adani Gas Limited (AGL or Transferee Company or Resulting Company) and Adani Enterprises Limited (AEL or Demerged Company) and their respective shareholders and creditors; ('the Scheme')

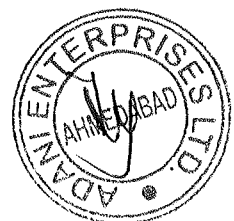
The Scheme envisages the following:-

- a) the amalgamation of AGHL with AGL;
- b) cancellation of the equity shares issued by AGL and held by AGHL;
- c) issuance of equity shares by AGL to the compulsorily convertible preference shareholders of AGHL;
- d) issuance of Preference Shares by AGL to the equity shareholders of AGHL;
- e) reclassification and merger of the authorised share capital of AGHL with the authorised share capital of AGL;
- f) dissolution without winding up of AGHL;
- g) demerger of the Demerged Undertaking (as defined in the Scheme) of AEL and transfer of the same to AGL subject to satisfactory fulfillment of the amalgamation of AGHL with AGL becoming effective;
- h) sub-division of the equity share capital of AGL;
- i) issuance of equity shares by AGL to the equity shareholders of AEL;
- j) listing of the equity shares of AGL on BSE and NSE;
- k) cancellation of the equity shares issued by AGL to AEL upon effectiveness of Part III of the Scheme and reduction of share capital of AGL; and
- l) matters consequential, supplemental and/or otherwise integrally connected therewith.

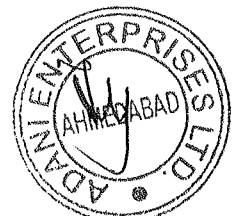
A. "Gas Sourcing and Distribution" means all the businesses, undertakings, activities, properties, investments and liabilities, of whatsoever nature and kind and wheresoever situated, pertaining to Gas Sourcing and Distribution Business (which includes (i) the Demerged Company's strategic investment in the Transferee Company as on the Effective Date 1; (ii) the business relating to sourcing and trading in natural gas; and (iii) the business of sourcing various spares required for city gas distribution related infrastructure for the Transferee Company), including specifically the following:

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- (a) all immovable properties, if any, i.e. land together with the buildings and structures standing thereon (whether freehold, leasehold, leave and licensed, right of way, tenancies or otherwise) currently being used for the purpose of and in relation to the Gas Sourcing and Distribution Business and all documents (including panchnamas, declarations, receipts) of title, rights and easements in relation thereto and all rights, covenants, continuing rights, title and interest in connection with the said immovable properties;
- (b) all assets, as are movable in nature pertaining to and in relation to the Gas Sourcing and Distribution Business, whether present or future or contingent, tangible or intangible, in possession or reversion, corporeal or incorporeal (including electrical fittings, furniture, fixtures, appliances, accessories, office equipments, communication facilities, installations and inventory), actionable claims, current assets, earnest monies and sundry debtors, financial assets, outstanding loans and advances, recoverable in cash or in kind or for value to be received, provisions, receivables, funds, cash and bank balances and deposits including accrued interest thereto with Appropriate Authority, banks, customers and other persons, the benefits of any bank guarantees, performance guarantees and tax related assets, including but not limited to goods and service tax input credits, CENVAT credits, value added/sales tax/entry tax credits or set-offs, advance tax, tax deducted at source and tax refunds;
- (c) all permits, licenses, permissions including municipal permissions, right of way, approvals, clearances, consents, benefits, registrations, rights, entitlements, credits, certificates, awards, sanctions, allotments, quotas, no objection certificates, exemptions, concessions, subsidies, liberties and advantages including those relating to privileges, powers, facilities of every kind and description of whatsoever nature and the benefits thereto that pertain exclusively to the Gas Sourcing and Distribution Business;
- (d) all contracts, agreements, purchase orders/service orders, operation and maintenance contracts, memoranda of understanding, memoranda of undertakings, memoranda of agreements, memoranda of agreed points, minutes of meetings, bids, tenders, expression of interest, letter of intent, hire and purchase arrangements, lease/licence agreements, tenancy rights, agreements/panchnamas for right of way, equipment purchase agreements, agreement with customers, purchase and other agreements with the supplier/manufacture of goods/service providers,

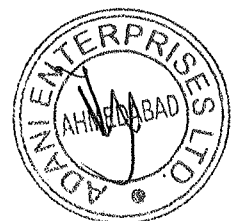


other arrangements, undertakings, deeds, bonds, schemes, concession agreements, insurance covers and claims, clearances and other instruments of whatsoever nature and description, whether written, oral or otherwise and all rights, title, interests, claims and benefits thereunder pertaining to the Gas Sourcing and Distribution Business;

- (e) all applications (including hardware, software, licenses, source codes, para-meterisation and scripts), registrations, goodwill, licenses, trade names, service marks, copyrights, patents, domain names, designs, intellectual property rights (whether owned, licensed or otherwise, and whether registered or unregistered), trade secrets, research and studies, technical knowhow, confidential information and all such rights of whatsoever description and nature that pertain exclusively to the Gas Sourcing and Distribution Business;
- (f) all rights to use and avail telephones, telexes, facsimile, email, internet, leased line connections and installations, utilities, electricity and other services, reserves, provisions, funds, benefits of assets or properties or other interests held in trusts, registrations, contracts, engagements, arrangements of all kind, privileges and all other rights, easements, liberties and advantages of whatsoever nature and wheresoever situated belonging to or in the ownership, power or possession and in control of or vested in or granted in favour of or enjoyed by the Demerged Company pertaining to or in connection with or relating to the Demerged Company in respect of the Gas Sourcing and Distribution Business and all other interests of whatsoever nature belonging to or in the ownership, power, possession or control of or vested in or granted in favour of or held for the benefit of or enjoyed by the Demerged Company and pertaining to the Gas Sourcing and Distribution Business;
- (g) all books, records, files, papers, engineering and process information, software licenses (whether proprietary or otherwise), test reports, computer programmes, drawings, manuals, data, databases including databases for procurement, commercial and management, catalogues, quotations, sales and advertising materials, product registrations, dossiers, product master cards, lists of present and former customers and suppliers including service providers, other customer information, customer credit information, customer/supplier pricing information, and all other books and records, whether in physical or electronic form that pertain to the Gas Sourcing and Distribution Business;

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- (h) all debts, liabilities including contingent liabilities, duties, taxes and obligations of the Demerged Company pertaining to the Gas Sourcing and Distribution Business and/or arising out of and/or relatable to the Gas Sourcing and Distribution Business including:
 - i. the debts, liabilities, duties and obligations of the Demerged Company which arises out of the activities or operations of the Gas Sourcing and Distribution Business;
 - ii. specific loans and borrowings raised, incurred and utilized solely for the activities or operations of or pertaining to the Gas Sourcing and Distribution Business;
 - iii. in cases other than those referred to in Sub-Clause i. or Sub-Clause ii. above, so much of the amounts of general or multipurpose borrowings, if any, of the Demerged Company, as stand in the same proportion which the value of the assets transferred pursuant to the demerger bears to the total value of the assets of the Demerged Company immediately prior to the Effective Date 2;
- (i) all employees of the Demerged Company employed/engaged in the Gas Sourcing and Distribution Business as on the Effective Date 2; and
- (j) all Proceedings of whatsoever nature that pertain to the Gas Sourcing and Distribution Business.

Explanation:

In case of any question that may arise as to whether any particular asset or liability and/or employee pertains or does not pertain to the Gas Sourcing and Distribution Business or whether it arises out of the activities or operations of the Gas Sourcing and Distribution Business, the same shall be decided by mutual agreement between Board of the Demerged Company and the Resulting Company.

B. RATIONALE FOR THE SCHEME FOR BUSINESS AND FINANCIAL ASPECTS OF THE SCHEME

- i. The amalgamation of the Transferor company with the Transferee company is proposed for simplification of the holding structure resulting in reduction of managerial overlaps and reduction in multiplicity of legal and regulatory compliances.

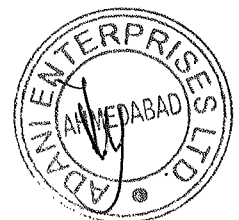




- ii. Further, considering the following factors, it is desired to segregate Gas Sourcing and Distribution Business from other businesses of the Demerged Company.
- a. Each of the varied businesses being carried on by the Demerged Company either by itself or through its subsidiaries or through associate companies including Gas Sourcing and Distribution Business 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 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.
 - b. 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.
 - c. 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.
 - d. The demerger will also provide scope for independent collaboration and expansion pertaining to Gas Sourcing and Distribution Business.

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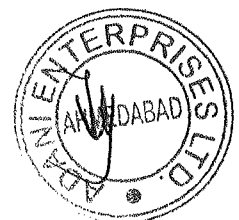
C. SUB-DIVISION OF EQUITY SHARE CAPITAL OF THE RESULTING COMPANY

Upon the effectiveness of Part III of this Scheme, the face value per equity share of the Resulting Company shall be sub-divided from Rs. 10/- to Re. 1/-, without any further act, instrument or deed on the part of the Resulting Company, such that upon the effectiveness of Part III of this Scheme, the authorised share capital of the Resulting Company shall be Rs. 510,00,00,000/- (Rupees Five Hundred and Ten Crores only) comprising of 509,95,00,000 (Five Hundred and Nine Crores and Ninety Five Lacs) equity shares of Re. 1/- (Rupee One only) each and 50,000 (Fifty Thousand) preference shares of Rs. 10/- (Rupees Ten only) each. Clause V of the Memorandum of Association of the Resulting Company shall, upon the effectiveness of Part III of this Scheme and without any further act or deed, be replaced by the following clause:

"V. The Authorised Share Capital of the Company is Rs. 510,00,00,000/- (Rupees Five Hundred and Ten Crores only) divided into 509,95,00,000 (Five Hundred and Nine Crore and Ninety Five Lacs) equity shares of Re. 1/- (Rupee One only) each and 50,000 (Fifty Thousand) preference shares of Rs. 10/- (Rupees Ten only) each."

D. SHARE ENTITLEMENT RATIO/ CONSIDERATION

- (a) Upon the effectiveness of Part II of this Scheme and in consideration of the amalgamation of the AGHL with the AGL, including the transfer and vesting of the assets and liabilities of the AGHL in the AGL pursuant to the provisions of this Scheme, the AGL shall, without any further act or deed, issue and allot
- i. 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 held by such compulsorily convertible preference shareholder ("**New Equity Shares**");
 - ii. 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) each held by such equity shareholder.



(b) Upon the effectiveness of Part III of this Scheme and in consideration of the transfer and vesting of the Demerged Undertaking into the Resulting Company pursuant to provisions of this Scheme, the Resulting Company shall, without any further act or deed, issue and allot to each shareholder of the Demerged Company, 1 (One) equity share of Re. 1/- (Rupee One only) each of the Resulting Company credited as fully paid up for every 1 (One) equity share of Re. 1/- (Rupee One only) each held by such shareholder in the Demerged Company ("**Resulting Company New Equity Shares**").

(c) Equity Shares of AGL will be listed on BSE Limited and National Stock Exchange of India Limited subject to necessary approvals.

E. Financial Aspect of the Scheme

Consolidated financial of AEL and AGL for demerger of Gas Sourcing and Distribution Business as on March 31, 2018:-

Particulars	(Rs. in Crore)	
	AEL	AGL
Total Revenue	37,984.37	1,393.58
EBIDTA	3,002.30	267.29
PAT	752.30	172.90
Diluted EPS	1.92	6.73

For **Adani Enterprises Limited**



Authorised Signatory



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