DCS/AMAL/TL/R37/2185/2020-21 **"E-Letter"** **January 07 ,2022**

The Company Secretary,
ADANI PORTS AND SPECIAL ECONOMIC ZONE LTD.
Adani Corporate House, Shantigram, Near Vaishnav
Devi Circle, S. G. Highway, Khodiyar, Ahmedabad, Gujarat- 382421

Dear Sir,

Sub: Observation letter regarding the Composite Scheme of Arrangement among Gangavaram Port Limited (GPL) and Adani Ports and Special Economic Zone Limited (APSEZ) and Adani Gangavaram Port Private Limited (AGPPL) and their respective shareholders and creditors

We are in receipt of the Draft Scheme of Amalgamation of Adani Ports and Special Economic Zone Limited as required under SEBI Circular No. CFD/DIL3/CIR/2017/21 dated March 10, 2017; SEBI vide its letter dated January 07, 2021 has inter alia given the following comment(s) on the draft scheme of Arrangement:

- **"It has been observed that a separate composite scheme of arrangement between Brahmi Tracks Management Services Private Limited and APSEZ and Adani Tracks Management Services Private Limited and Sarguja Rail Corridor Private Limited and their respective shareholders and creditors ("earlier scheme") is awaiting approval of the Hon'ble NCLT. In respect of above, it may be noted SEBI's comments are applicable as long as there is no change in the earlier scheme. In cases of any change in earlier scheme, the Company shall ensure compliance with extant regulatory provisions."**

- **"The Company shall separately and prominently disclose to the shareholders and NCLT via the draft scheme of arrangement following information/facts:**
  - **a) the rationale for not using cost and income approach for valuing APSEZ and not using cost and market approach for valuing GPL shall be disclosed in the notice to shareholder in its draft scheme to be filed before NCLT.**
  - **b) assumptions used/taken while arriving at yearly growth (in percentage) in revenue for GPL. Also, rationale/calculation for arriving at weightage average cost of capital (WACC) for discounting future cash flows for GPL in case of discounted cash flow method."**

- **"The Company shall comply with the Regulation 23 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 in respect of the proposed issuance of perpetual debt or any other instrument to AGPPL towards payment of lump sum consideration of Rs. 5,826.887 crores."**

- **"The Company discloses all details of ongoing adjudication & recovery proceedings, prosecution initiated and all other enforcement action taken, if any, against the Company, its promoters and directors, before Hon'ble NCLT and shareholders, while seeking approval of the scheme."**

- **"The Company shall ensure that if any additional information submitted after filing the scheme with the stock exchange, from the date of receipt of this letter, is displayed on the websites of the listed company and the stock exchanges."**

- **"The Company shall ensure that the entities involved in the Scheme shall duly comply with various provisions of the Circular."**

- **"The Company shall ensure that the information pertaining to all the Unlisted Companies involved in the scheme shall be included in the format specified for abridged prospectus as provided in Part E of Schedule VI of the ICDR Regulations, 2018, in the explanatory statement or notice or proposal accompanying resolution to be passed, which is sent to the shareholders for seeking approval."**

- **"The Company shall ensure that the financials in the scheme including financials considered for valuation report are not for period more than 6 months old."**

- **"The Company shall ensure that the details of the proposed scheme under consideration as provided by the Company to the Stock Exchange shall be prominently disclosed in the notice sent to the Shareholders."**

- **"The Company shall ensure that the proposed equity shares to be issued in terms of the "Scheme" shall mandatorily be in demat form only."**

- **"The Company shall ensure that no changes to the draft scheme except those mandated by the regulators/ authorities / tribunals shall be made without specific written consent of SEBI."**

- **"The Company shall ensure that the observations of SEBI/Stock exchange(s) shall be incorporated in the petition to be filed before Hon'ble National Company Law Tribunal (`NCLT') and the Company is obliged to bring the observations to the notice of Hon'ble NCLT."**

- **"It is to be noted that the petitions are filed by the company before NCLT after processing and communication of comments/observations on draft scheme by SEBI/stock exchange. Hence, the company is not required to send notice for representation as mandated under section 230(5) of Companies Act, 2013 to SEBI again for its comments / observations / representations."**

Accordingly, based on aforesaid comment offered by SEBI, the company is hereby advised:

- To provide additional information, if any, (as stated above) along with various documents to the Exchange for further dissemination on Exchange website.
- To ensure that additional information, if any, (as stated aforesaid) along with various documents are disseminated on their (company) website.
- To duly comply with various provisions of the circulars.

In light of the above, we hereby advise that we have no adverse observations with limited reference to those matters having a bearing on listing/de-listing/continuous listing requirements within the provisions of Listing Agreement, so as to enable the company to file the scheme with Hon'ble NCLT.

Further, where applicable in the explanatory statement of the notice to be sent by the company to the shareholders, while seeking approval of the scheme, it shall disclose information about unlisted company involved in the format prescribed for abridged prospectus as specified in the circular dated March 10, 2017.

Kindly note that as required under Regulation 37(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the validity of this Observation Letter shall be six months from the date of this Letter, within which the scheme shall be submitted to the NCLT.

The Exchange reserves its right to withdraw its 'No adverse observation' at any stage if the information submitted to the Exchange is found to be incomplete / incorrect / misleading / false or for any contravention of Rules, Bye-laws and Regulations of the Exchange, Listing Agreement, Guidelines/Regulations issued by statutory authorities.

Please note that the aforesaid observations does not preclude the Company from complying with any other requirements.

Further, it may be noted that with reference to Section 230 (5) of the Companies Act, 2013 (Act), read with Rule 8 of Companies (Compromises, Arrangements and Amalgamations) Rules 2016 (Company Rules) and Section 66 of the Act read with Rule 3 of the Company Rules wherein pursuant to an Order passed by the Hon'ble National Company Law Tribunal, a Notice of the proposed scheme of compromise or arrangement filed under

sections 230-232 or Section 66 of the Companies Act 2013 as the case may be **is required to be served upon the Exchange seeking representations or objections if any.**

In this regard, with a view to have a better transparency in processing the aforesaid notices served upon the Exchange, the Exchange has **already introduced an online system of serving such Notice along with the relevant documents of the proposed schemes through the BSE Listing Centre.**

Any service of notice under Section 230 (5) or Section 66 of the Companies Act 2013 seeking Exchange's representations or objections if any, **would be accepted and processed through the Listing Centre only and no physical filings would be accepted.** You may please refer to circular dated February 26, 2019 issued to the company.

Yours faithfully,

Sd/-
Prasad Bhide
Manager