

STRICTLY CONFIDENTIAL

September 22, 2021

**The Board of Directors,
Adani Ports and SEZ Limited,
Adani Corporate House,
Shantigram, Near Vaishnav Devi Circle,
S. G. Highway, Khodiyar,
Ahmedabad, Gujarat, 382421**

Ladies / Gentlemen:

We refer to the engagement letter dated June 28, 2021 (“**Engagement Letter**”) whereby Adani Ports and SEZ Limited (“**Transferee Company**” or “**APSEZ**” or “**Company**”) has engaged JM Financial Limited (“**JM Financial**”), *inter alia*, to provide a fairness opinion to APSEZ on the Share Exchange Ratio (defined herein) recommended by the BDO Valuation Advisory LLP (“**BDO Valuation Advisory LLP**” or “**BDO**” or “**Valuer**”) through report dated September 22, 2021 (“**Share Exchange Ratio Report**”) for the proposed amalgamation of **Gangavaram Port Limited** (“**GPL**” or “**Transferor Company**”) with **APSEZ** (“**Proposed Amalgamation**”) as a part of a Composite Scheme of Amalgamation (as defined below) under the provisions of Sections 230 to Section 232 of the Companies Act, 2013 read with other applicable provisions and rules thereunder.

Background

Adani Ports and Special Economic Zone Limited (‘APSEZ’):

APSEZ, is a company incorporated under the provisions of the Companies Act, 1956 and is listed on the National Stock Exchange of India Limited (“**NSE**”) & the BSE Limited (“**BSE**”). APSEZ is India’s largest commercial port operator with presence in various parts of India. The Company is promoted by the Adani Group, which has interests across resources (coal mining and trading), logistics (ports, logistics, shipping and rail), energy (renewable, thermal power generation and transmission), agro commodities and ancillary industries.

The issued and paid up share capital of APSEZ as on date of report is Rs. 4,083.50 Mn divided into 204,17,51,761 equity shares of face value of Rs. 2 each.



JM Financial Limited

Corporate Identity Number: L67120MH1986PLC038784

Regd. Office: 7th Floor, Cnergy, Appasaheb Marathe Marg, Prabhadevi, Mumbai 400 025.

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Gangavaram Port Limited ('GPL'):

GPL (CIN: U63032TG2001PLC037861), was incorporated on September 27, 2001 as Visual Infrastructure Projects Limited, a public limited company under the provisions of the Companies Act, 1956 and now deemed to be incorporated under the Companies Act, 2013. Its name was changed to Gangavaram Port Limited on March 25, 2003.

GPL is engaged in the business of management of Gangavaram Port, located in Vishakhapatnam, Andhra Pradesh.

GPL is the second-largest non-major port in Andhra Pradesh with a 64 MMT capacity established under a concession from the State Government that extends till 2059. It is an allweather, deep water, multipurpose port capable of handling fully laden super cape size vessels of up to 200,000 DWT. Currently, GPL operates nine berths, has freehold land of 1,800 acres and a master plan capacity for 250 MMTPA with 31 berths.

As on September 15, 2021, APSEZ holds 31.5% of the paid-up share capital of GPL.

Brief Background of the Scheme of Amalgamation

Under the proposed composite scheme of amalgamation (the "**Composite Scheme of Amalgamation**") *inter alia*, GPL shall be amalgamated with APSEZ, pursuant to which the shareholders of GPL shall receive equity shares of APSEZ based on the following ratio ("**Share Exchange Ratio**"):

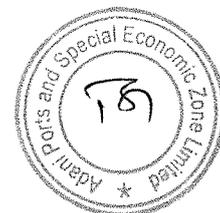
159 equity shares of APSEZ of the face value Rs. 2/- each fully paid up will be issued for every 1,000 equity shares of GPL of the face value Rs. 10/- each fully paid up

The Company, in terms of the Engagement Letter, has requested us to examine the Share Exchange Ratio 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 Exchange Ratio ("**Fairness Opinion**") pursuant to the provisions of the SEBI Circular No. SEBI/HO/CFD/DIL1/CIR/P/2020/249 dated December 22, 2020 including amendments thereof wherein, a listed entity is required to submit a fairness opinion by a SEBI registered merchant banker on valuation of shares done by the Valuer to the Stock Exchanges.

Source of Information

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

1. Share Exchange Ratio Report issued by the Valuer;
2. Draft of the proposed Composite Scheme of Amalgamation;
3. Audited Financial statements of GPL;
4. Provisional Revenue and EBITDA numbers of GPL for 5 months period ended August 31, 2021;
5. Provisional Balance Sheet of GPL as at August 31, 2021;



6. Detailed Seller Model for GPL with projections and assumptions;
7. Concession Agreement between Government of Andhra Pradesh and Gangavaram Port Limited dated August 7, 2003;
8. Business Overview Presentation including APSEZ and GPL;
9. Certain other information/explanation from the representatives of the Company.

Scope Limitations

We have assumed and relied upon, without independent verification on an “as is” basis, the accuracy and completeness of all information that was publicly available or provided or otherwise made available to us 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, and, we have simply accepted this information on an “as is” basis, and, have not verified the accuracy and/or the completeness of the same from our end. The Fairness Opinion is provided as on the date of the report and events occurring after the date hereof may affect this Fairness Opinion and the assumptions used in preparing it, and we do not assume any obligation to update, revise or reaffirm the report. We have not assumed any obligation to conduct, nor have we conducted any physical inspection or title verification of the properties or facilities of APSEZ or GPL 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 APSEZ or GPL, 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 APSEZ or GPL on an “as is” basis 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. We have assumed that there are no other contingent liabilities or circumstances that could materially affect the business or financial prospects of APSEZ or GPL.

We understand that the management of APSEZ and GPL, 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, no restrictions will be imposed or there will be no delays that will have a material adverse effect on the Proposed Amalgamation. 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 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 Amalgamation.



We express no opinion whatsoever and make no recommendation at all as to APSEZ's underlying decision to effect the Proposed Amalgamation. We also do not provide any recommendation to the holders of equity shares or secured or unsecured creditors of APSEZ with respect to the Proposed Amalgamation. We also express no opinion, and accordingly, accept no responsibility for or as to the price at which the equity shares of APSEZ will trade following the announcement of the Proposed Amalgamation or as to the financial performance of GPL following the consummation of the Proposed Amalgamation. 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 APSEZ or any of its related parties (holding company / subsidiary / associates etc.) or GPL.

Conclusion

Based on our examination of the Share Exchange Ratio Report, such other information / undertakings / representations provided to us by APSEZ or GPL and our 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 Exchange Ratio is fair for the shareholders of APSEZ.

Distribution of the Fairness Opinion

The Fairness Opinion is addressed only to the Board of Directors of APSEZ. The Fairness Opinion shall not otherwise be disclosed or referred to publicly or to any other third party without JM Financial's prior written consent.

However, APSEZ may provide a copy of the Fairness Opinion if requested / called upon by any regulatory authorities of India subject to APSEZ promptly intimating JM Financial in writing about receipt of such request from the regulatory authority. 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 other than the purpose mentioned hereinabove. 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 and shall not take any responsibility for the same as the same would have been shared in contravention of the provisions hereof on a "non-recourse" and "non-reliance" basis. 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. In no circumstances however, will JM Financial or its management, directors, officers, employees, agents, advisors, representatives and controlling persons of JM Financial accept any responsibility or liability including any pecuniary or financial liability to any third party.

Yours truly,
For **JM Financial Limited**



Authorized Signatory





CONFIDENTIAL
22 September 2021

Board of Directors
Adani Ports and Special Economic Zone Ltd
Adani Corporate House
Shantigram, Near Vaishnodevi Circle, S G Highway
Ahmedabad-382421
Gujarat

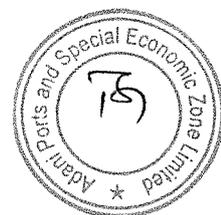
Members of the Board of Directors:

We understand that Adani Ports and Special Economic Zone Ltd (the "Company") is considering the amalgamation of Gangavaram Port Limited ("GPL" or "Target Company") with the Company (the "Proposed Transaction") pursuant to a composite scheme of arrangement amongst *inter alia* the Company, Adani Gangavaram Port Private Limited, the Target Company and their respective shareholders and creditors under sections 230 to 232 and other applicable provisions of the Companies Act, 2013 (a draft of which has been shared with us) (the "Scheme"). In consideration of the amalgamation under the Proposed Transaction, the Scheme provides for the following share exchange ratio: 159 fully paid up equity shares of the Company will be allotted to every shareholder of the Target Company as on the Record Date (as the term is defined in the Scheme) for every 1,000 fully paid up equity shares of the Target Company held by such shareholder as on the Record Date (the "Share Exchange Ratio"). The summary of the Proposed Transaction set forth above is qualified in its entirety by the terms of the Scheme.

The Share Exchange Ratio is based on the valuation report dated 22 September 2021 prepared by BDO Valuation Advisory LLP (the "Valuer") being an independent professional valuer appointed by the Board of Directors of the Company for recommending a Share Exchange Ratio for the Proposed Transaction.

We have been requested by the Board of Directors of the Company to render our opinion with respect to the fairness, from a financial point of view, to the Company's Board of Directors of the Share Exchange Ratio under the Proposed Transaction as provided for in the Scheme. We have not been requested to opine as to, and our opinion does not in any manner address, the Company's underlying business decision to proceed with or effect the Proposed Transaction or the likelihood of consummation of the Proposed Transaction. In addition, we have not been requested to opine as to, and our opinion does not in any manner address, the part or parts of the Scheme that deals with Adani Gangavaram

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Port Private Limited, and our opinion is limited solely to the Proposed Transaction (i.e., amalgamation of the Target Company with the Company). Our opinion is limited to the fairness, from a financial point of view, to the Company of the Share Exchange Ratio provided for in the Scheme and we express no opinion as to the fairness of the Share Exchange Ratio to the holders of any class of securities, creditors or other constituencies of the Company. In addition, we express no opinion on, and our opinion does not in any manner address, the fairness of the amount or the nature of any compensation to any officers, directors or employees of any parties to the Proposed Transaction, or any class of such persons, relative to the consideration paid in the Proposed Transaction or otherwise. Our opinion does not address the relative merits of the Proposed Transaction as compared to any other transaction or business strategy in which the Company might engage. This opinion is subject to the scope, limitations and disclaimers detailed herein.

In arriving at our opinion, we reviewed and analyzed: (1) the draft Scheme of Arrangement, (2) the valuation report prepared by the Valuer, and discussed the valuation exercise with the Valuer on such matters that we believed were necessary and appropriate for arriving at our opinion; (3) publicly available data on economic factors and industry trends that may impact valuation; (4) publicly available information concerning the Company that we believe to be relevant to our analysis, including, but not limited to, its Annual Report, audited financials and relevant exchange filings; (5) financial and operating information with respect to the business, operations and prospects of the Company available in their publicly available investor presentations and earnings call transcripts; (6) a trading history of the Company's common shares for the past five years, and a comparison of recent trading history of the Company's common shares with a company in the same sector that we deemed relevant; (7) annual reports of GPL for the financial years 2017-18, 2018-19, 2019-20 and 2020-21 shared by the Company; (8) provisional revenue and EBITDA of GPL for the five months ended August 31, 2021 and provisional balance sheet of GPL as at August 31, 2021, (9) detailed financial model with projections on GPL shared by the Company; and (10) Concession Agreement dated 7 August 2003 between GPL and the Government of Andhra Pradesh. In addition, we have had discussions with the management of the Company concerning GPL's business, operations, assets, liabilities, financial condition and prospects and have undertaken such other analyses as we deemed appropriate.

In arriving at our opinion, we have assumed and relied upon the accuracy and completeness of all information that was publicly available or was provided to us or discussed with us by the Company with respect to itself and the Target Company or otherwise used by us without any independent verification of such information (and have not assumed responsibility or liability for any independent verification of such information) and have further relied upon the assurances of the management of



Restricted - External



the Company that they are not aware of any facts or circumstances that would make such information inaccurate or misleading. We have assumed that the management of the Company have drawn our attention to all pertinent information and matters relating to the Company, the Target Company and otherwise which may have an impact on our opinion. With respect to the financial projections of the Target Company, upon the advice of the Company, we have assumed that such projections have been reasonably prepared on a basis reflecting the best currently available estimates and judgments of the management of the Company and the Target Company (as the case may be) as to the future financial performance of the Target Company, respectively. However, for purposes of our analysis, we also have considered certain somewhat more conservative assumptions and estimates which resulted in certain adjustments to the projections of the Target Company. We assume no responsibility for and we express no view as to any such projections or estimates or the assumptions on which they are based. In arriving at our opinion, we have not conducted a physical inspection of the properties and facilities of the Company or the Target Company, and have not made or obtained or been provided with any evaluations or appraisals of the assets or liabilities of the Company or the Target Company. We have not evaluated the solvency of the Company and the Target Company under applicable law relating to bankruptcy, insolvency or similar matters. We have assumed that the Proposed Transaction and other transactions in relation to it as contemplated under the Scheme will qualify as an "amalgamation" under the Indian Income Tax Act, 1961 (as amended) and will be consummated in the manner set out under the Scheme without any waiver or modification of any material terms and conditions. Our opinion necessarily is based upon market, economic and other conditions as they exist on, and can be reasonably evaluated as of, the date of this letter. It should be noted that there could be subsequent developments that may affect this opinion and that we assume no responsibility for updating or revising or reaffirming our opinion based on events or circumstances that may occur after the date of this letter. We express no opinion as to the prices at which the equity shares of the Company would trade following the announcement or consummation of the Proposed Transaction.

We have assumed that the Scheme (as approved by the Board of Directors of the Company and the Target Company) will conform in all material respects to the last draft reviewed by us. In addition, we have assumed that the representations and warranties made by the Company contained in all the documents and agreements related to the Company, the Target Company as well as the Proposed Transaction are and will be true, accurate and complete in all respects material to our analyses. We have also assumed, upon the advice of the Company, that all material governmental, regulatory and third party approvals, consents and releases for the Proposed Transaction will be obtained without any adverse effect to the Company and the Target Company (or on the contemplated benefits of the



Restricted - External



Proposed Transaction on the Company and the Target Company) and within the constraints contemplated under the Scheme and that the Proposed Transaction will be consummated in accordance with the terms of the Scheme without waiver, modification or amendment of any material term, condition or agreement thereof. We do not express any opinion as to any tax or other consequences that might result from the Proposed Transaction, nor does our opinion address any legal, tax, regulatory or accounting matters, as to which we understand that the Company has obtained such advice as it deemed necessary from qualified professionals. We have also not undertaken any independent analysis of any potential or actual litigation, regulatory action, possible unassessed claims or other contingent liabilities, or any settlement thereof, which the Company, the Target Company, their respective subsidiaries/affiliates/joint ventures or any other entity are or may be a party to or may be subject to or are or may be affected by.

In addition, we were not requested to and did not provide advice concerning the structure, the specific Share Exchange Ratio, the valuation report prepared by the Valuer, or any other aspects of the Proposed Transaction, or to provide services other than the delivery of this opinion. We did not participate in negotiations with respect to the terms of the Proposed Transaction and related transactions.

Based upon and subject to the foregoing, we are of the opinion as of the date hereof that, from a financial point of view, the Share Exchange Ratio provided for under the Scheme is fair, from a financial point of view, for the shareholders of the Company.

We have been retained solely for the purposes of rendering this opinion, and will receive a fee payable upon delivery of this opinion. The fee is not contingent upon the outcome of the Scheme. In addition, the Company has agreed to reimburse a portion of our expenses and indemnify us for certain liabilities that may arise out of our engagement. We have performed various investment banking services for the Company and its affiliates and related parties in the past in the ordinary course of our businesses, and expect to perform such services in the future, and have received, and expect to receive, customary fees for such services. Specifically, in the past two years, Barclays Bank PLC have performed investment banking and financial services including the following: (i) acting as joint global coordinator for the Company on its issuance of investment grade bonds of USD 750 million that were priced on 28 July 2020; (ii) acting as joint global coordinator for a joint venture of the Company on its issuance of investment grade bond of USD 300 million that were priced on 14 December 2020; (iii) acting as joint global coordinator for the Company on its issuance of investment grade bonds of USD 500 million that were priced on 26 January 2021; (iv) acting as dealer manager on a tender offer in an existing issuance



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of bonds of USD 500 million due 2022 for the Company; and (v) acting as joint bookrunner for the Company on its issuance of investment grade bonds of USD 750 million that were priced on 26 July 2021. In addition, in the ordinary course of our businesses, we are a hedge counterparty in relation to an outstanding hedging facility availed of by the Company and we are a lender under an outstanding credit facility availed by the Company, and we will receive customary fees in connection therewith.

Barclays Bank PLC, its subsidiaries and its affiliates engage in a wide range of businesses from investment and commercial banking, lending, asset management and other financial and non-financial services. In the ordinary course of our businesses, we and our affiliates may actively trade and effect transactions in the equity, debt and/or other securities (and any derivatives thereof) and financial instruments (including loans and other obligations) of the Company and the Target Company for our own account and for the accounts of our customers and, accordingly, may at any time hold long or short positions and investments in such securities and financial instruments.

This opinion, the issuance of which has been approved by our Fairness Opinion Committee, is for the use and benefit of the Board of Directors of the Company and is rendered solely to the Board of Directors of the Company in connection with its consideration and evaluation of the Proposed Transaction, and is not on behalf of or for the benefit of, and shall not confer any rights or remedies upon any shareholder, creditor or any other person other than the Board of Directors of the Company or be used or relied upon for any other purpose or by any third party. This opinion is not intended to be and does not constitute a recommendation to any shareholder of the Company as to how such shareholder should vote with respect to the Proposed Transaction or any other matter. This opinion may not be disclosed, referred to, communicated (in whole or in part) to any third party for any purpose whatsoever except with our prior written approval in each instance, provided that this opinion may only be disclosed by the Company as may be required under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read together with SEBI Master Circular SEBI/HO/CFD/DIL1/CIR/P/2020/249 dated 22 December 2020, but we take no responsibility or liability for or arising out of any such disclosure. We specifically disclaim any responsibility to any third party to whom this opinion may be shown or who may acquire a copy of this opinion.

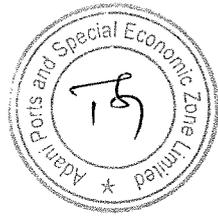
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Very truly yours,

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BARCLAYS BANK PLC



FAIRNESS OPINION REPORT

DIVESTMENT OF THE BUSINESS OF GANGAVARAM PORT

UNDER

ADANI PORTS AND SPECIAL ECONOMIC ZONE LIMITED

WITH

ADANI GANGAVARAM PORT PRIVATE LIMITED

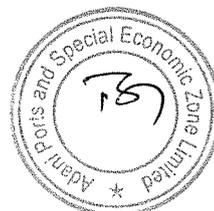
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Prepared and Submitted By:

VIVRO

Vivro Financial Services Private Limited

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September 22, 2021

Private and Confidential

To,
The Board of Directors
Adani Ports and Special Economic Zone Limited
Adani Corporate House, Shantigram,
Near Vaishno Devi Circle, S. G. Highway,
Khodiyar-Ahmedabad,
Gujarat - 382421

To,
The Board of Directors
Adani Gangavaram Port Private Limited
Adani Corporate House, Shantigram,
Near Vaishno Devi Circle, S. G. Highway,
Khodiyar-Ahmedabad,
Gujarat – 382421

Subject: Fairness Opinion Report on the Valuation Report issued by BDO Valuation Advisory LLP for the divestment of the business of Gangavaram Port under Adani Ports And Special Economic Zone Limited with Adani Gangavaram Port Private Limited

Adani Ports And Special Economic Zone Limited ('APSEZ'), is the largest commercial ports operator in India having a presence across 12 domestic ports in seven maritime states of Gujarat, Maharashtra, Goa, Kerala, Andhra Pradesh, Tamil Nadu and Odisha. The equity shares of APSEZ are listed on BSE Limited ('BSE') and National Stock Exchange of India Limited ('NSE') (together, 'Stock Exchanges').

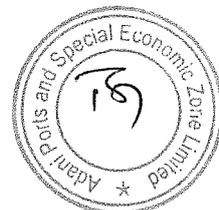
Gangavaram Port Limited ('GPL'), is the concessionaire on Built, Own, Operate & Transfer basis ('BOOT') for the development of Gangavaram Port, an all-weather multi-purpose port, located in Visakhapatnam, Andhra Pradesh, India, as per the Concession executed by GPL with the Government of Andhra Pradesh Agreement ('GoAP'), dated August 07, 2003 ('the Concession Agreement'),

Adani Gangavaram Port Private Limited ('AGPPL') is a wholly owned Subsidiary ('WOS') of APSEZ, managing the Gangavaram Port (APSEZ and AGPPL are together referred to as 'the Companies').

Pursuant to a proposed composite scheme of arrangement under Section 230 to Section 232 of the Companies Act, 2013 as well as in terms of SEBI Master Circular SEBI/HO/CFD/DIL1/CIR/P/2020/249 dated December 22, 2020, as amended ('SEBI Circular') issued under regulations 11, 37 and 94 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended ('SEBI LODR Regulations') and other applicable provisions of law, ('the Scheme'), the management of APSEZ, GPL and AGPPL propose to enter into a scheme of arrangement as follows (The terms not defined herein would carry the meaning as per the Scheme):

Part I: Definitions, interpretation, date of taking effect and share capital

Part II: Amalgamation of GPL into and with APSEZ



Part III: Changes to Share Capital of GPL and APSEZ

Part IV: Transfer of the Divestment Business Undertaking from APSEZ to AGPPL and the vesting in AGPPL as a going concern on a slump sale basis for a lump sum consideration ('the Slump Sale')

Part V: General terms & conditions

Accordingly, APSEZ has appointed Vivro Financial Services Private Limited, Category I Merchant Banker registered with SEBI having its Registration Number INM000010122 ('Vivro', 'Merchant Banker', 'we', 'us', 'our'), vide an Engagement Letter dated September 16, 2021 to issue a Fairness Opinion Report on the valuation report issued by BDO Valuation Advisory LLP registered with the Insolvency and Bankruptcy Board of India (IBBI Registration Number: IBBI/RV-E/02/2019/103) ('the Registered Valuer', 'the Valuer') vide their valuation report dated September 22, 2021 ('the Valuation Report'). In connection with the same, we hereby attach our Fairness Opinion Report in terms of the SEBI Circular.

For, Vivro Financial Services Private Limited



Vivek Vaishnav
Director
September 22, 2021
Ahmedabad



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1. BACKGROUND

ADANI PORTS AND SPECIAL ECONOMIC ZONE LIMITED

- 1.1 APSEZ is a public limited company incorporated on May 26, 1998, under the Companies Act, 1956, having CIN L63090GJ1998PLC034182 and its registered office at Adani Corporate House, Shantigram, Near Vaishno Devi Circle, S. G. Highway, Khodiyar, Ahmedabad, Gujarat- 382421. The equity shares of APSEZ are listed on BSE Limited and National Stock Exchange of India Limited. APSEZ is the largest commercial ports operator in India having a presence across 12 domestic ports in seven maritime states of Gujarat, Maharashtra, Goa, Kerala, Andhra Pradesh, Tamil Nadu and Odisha.

ADANI GANGAVARAM PORT PRIVATE LIMITED

- 1.2 AGPPL is a private limited company bearing CIN as U61100GJ2021PTC124091, incorporated on July 14, 2021, and is a WOS of APSEZ, with registered office at Adani Corporate House, Shantigram, Near Vaishno Devi Circle, S.G. Highway, Khodiyar, Ahmedabad, Gujarat – 382421, managing the Gangavaram Port.

GANGAVARAM PORT LIMITED

- 1.3 GPL incorporated on September 01, 2001, is the concessionaire on Built, Own, Operate & Transfer basis ('BOOT') for the development of Gangavaram Port, an all-weather multi-purpose port, located in Visakhapatnam, Andhra Pradesh, India, as per the Concession executed by GPL with the Government of Andhra Pradesh Agreement ('GoAP), dated August 07, 2003
- 1.4 GPL is India's deepest port, located in Visakhapatnam, Andhra Pradesh and is an all-weather multi-purpose port with a water depth of 21 meters, making it capable of handling fully laden super case size vessels of up to 200,000 DWT.
- 1.5 Construction at the site commenced in December 2005 and the port commenced trial operations in August 2008 and commercial operations with effect from April 17, 2009. Gangavaram port, with its deep draft berths and efficient operations has become the gateway port for a hinterland spread over 8 states across eastern, western, southern and central India. Its ability to handle larger vessels efficiently has resulted in substantial savings to trade and port users. Gangavaram port provides efficient cargo handling services for a variety of bulk and break-bulk cargo groups including coal, iron ore, fertilizer, limestone, bauxite, raw sugar, alumina, steel products etc.



- 1.6 As per the Concession Agreement, GPL has been granted an exclusive right and authority for designing, financing, building, owning, maintaining, operating and transferring a greenfield all-weather, deep water, multipurpose port at Gangavaram together with a right to levy, collect and retain appropriate charges for the port services rendered during the concession period of 30 years from the date of commercial operations. The Company is further entitled to extend the period by another 20 years on completion of certain conditions/obligations as per the Concession Agreement. At the end of the Concession Agreement all the assets of GPL at Gangavaram port would be transferred to the Government of Andhra Pradesh subject to provisions of the Concession Agreement. As the COD was in FY 2010, GPL is entitled to operate the Gangavaram Port till FY 2059 ('the Concession Period')

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2. SCOPE AND PURPOSE OF THIS FAIRNESS OPINION REPORT

- 2.1 The Board of Directors of APSEZ and AGPPL are planning to enter into a composite scheme of amalgamation in accordance with Section 230 to 232 and other applicable provisions of the Companies Act, 2013 as amended and rules framed thereunder and in compliance with the provisions of the Income Tax Act, 1961. This Scheme provides for:
- (a) Amalgamation of GPL with APSEZ with effect from the Appointed Date 1;
 - (b) Transfer of the Divestment Business Undertaking from APSEZ to AGPPL and the vesting as a going concern on a slump sale basis for a lump sum consideration from the Appointed Date 2.
- 2.2 The Appointed Date 1 is April 1, 2021, and Appointed Date 2 of the Scheme is April 2, 2021.
- 2.3 For the aforesaid purpose of transfer of the Divestment Business Undertaking on a slump sale basis from APSEZ to AGGPL, APSEZ has appointed BDO Valuation Advisory LLP, Registered Valuer, to submit a Valuation Report recommending the lump sum consideration for the Divestment Business Undertaking on a slump sale basis, to be placed before the Board of Directors of the Companies.
- 2.4 The scope of our services is to issue a Fairness Opinion Report on the Valuation Report issued by the Registered Valuer recommending the lump sum consideration of the Divestment Business Undertaking on a slump sale basis as proposed in Part IV of the Scheme, in accordance with generally acceptable professional standards.
- 2.5 The scope of our services includes forming an opinion on the fairness of the recommendation of the Registered Valuer and does not involve opining on the fairness or economic rationale of the Scheme per se.
- 2.6 This Fairness Opinion Report is our deliverable on this engagement. This Fairness Opinion Report may be used for the purpose of complying with the requirements of the regulations 11, 37 and 94 of the SEBI LODR Regulations and the SEBI Circular and for submission to regulatory and statutory authorities in connection with the Scheme.
- 2.7 Our Fairness Opinion Report is prepared solely for the purpose outlined hereinabove. The distribution of this Fairness Opinion Report shall hence be restricted to the Companies, Shareholders, SEBI, Stock Exchanges and such other regulatory bodies required to give effect to the Scheme, including but not limited to Registrar of Companies and National Company Law Tribunal. This Fairness Opinion Report shall not be relied upon by any other person for any other purpose whatsoever and the Companies agree to this fact.



2.8 This Fairness Opinion Report is subject to the scope, assumptions, exclusions, limitations, and disclaimers detailed hereinafter. As such, the Fairness Opinion Report is to be read in totality, and not in parts, in conjunction with the relevant documents referred to herein.

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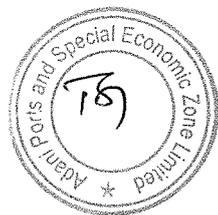


3. SOURCES OF INFORMATION

We have relied on the following information made available to us by the management of the Companies for the purpose of this Fairness Opinion Report:

- 3.1 Draft composite scheme of amalgamation between APSEZ, GPL and AGPPL, and their respective shareholders, under Sections 230 to 232 and other applicable provisions of the Companies Act 2013 as may be submitted to the Stock Exchanges;
- 3.2 Valuation Report of BDO Valuation Advisory, LLP, Registered Valuer, dated September 22, 2021;
- 3.3 Concession Agreement between GPL and GoAP dated August 07, 2003;
- 3.4 Audited Financial Statements of GPL for the year ended on March 31, 2021, March 31, 2020, March 31, 2019, and March 31, 2018;
- 3.5 Provisional Revenue and EBITDA numbers of GPL for 5 months period ended August 31, 2021;
- 3.6 Income tax return for FY 19-20 and provisional Income tax computation for FY 20-21;
- 3.7 Due Diligence report for March 21;
- 3.8 Such other information and explanations as required and which have been provided by the management of the Companies, which were considered relevant for the purpose of Fairness Opinion Report.
- 3.9 The Companies have been provided with the opportunity to review the draft Fairness Opinion Report (excluding our opinion on the value of the Divestment Business Undertaking) as part of our standard practice to make sure that factual inaccuracy / omissions are avoided.

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4. LIMITATIONS, ASSUMPTIONS, QUALIFICATIONS, EXCLUSIONS & DISCLAIMERS

- 4.1 This Fairness Opinion Report has been prepared for the purposes stated herein and should not be relied upon for any other purpose. This Fairness Opinion Report is restricted for the purpose indicated in the Engagement Letter but does not preclude the management of the Companies to provide a copy of this Fairness Opinion Report to third-party advisors whose review would be consistent with the intended use. We do not take any responsibility for any unauthorized use of this Fairness Opinion Report.
- 4.2 In the course of the Fairness Opinion Report, we were provided with both written and verbal information. We have however, evaluated the information provided to us by the Companies through broad inquiry, analysis and review but have not carried out a due diligence or audit of the information provided for the purpose of this engagement. Our conclusions are based on the assumptions, forecasts and other information given by the Companies.
- 4.3 As informed by the management of the Companies, all transactions with related parties are on arm's length basis and for the projected period these are expected to continue as the same. We shall not be liable for any loss, damages, cost, or expenses arising from fraudulent acts, misrepresentations, or willful default on part of the Companies, their directors, employee, or agents.
- 4.4 This Fairness Opinion Report, its contents, and the results herein (i) are specific to the purpose agreed as per the terms of our engagement; (ii) are specific to the date of this Fairness Opinion Report and other conditions in general and the written and oral information made available to us by the management of the Company as on date of this Fairness Opinion Report. The events occurring after this date may affect this Fairness Opinion Report and the assumptions used in preparing it, and we do not assume any obligation to update, revise or reaffirm this Fairness Opinion Report.
- 4.5 We have relied on data from external sources also to conclude the Fairness Opinion Report. Where we have relied on data, opinions or estimates from external sources, reasonable care has been taken to ensure that such data has been correctly extracted from those sources and / or reproduced in its proper form and context. These sources are believed to be reliable. We however assume no liability for the lack of accuracy of any data, opinions or estimates furnished by others that may have been used in this analysis.
- 4.6 We have not provided any accounting, tax, or legal advice to the Companies or any of its affiliates neither are we required to in terms of the Engagement Letter.



- 4.7 We have not examined the tax implication of present transaction neither are we required to in terms of the Engagement Letter.
- 4.8 We have not revalued any asset, nor physically verified any assets of the Companies neither are we required to in terms of the Engagement Letter.
- 4.9 This Fairness Opinion Report assumes that the Companies are fully compliant with relevant laws and regulations applicable in its area of operations and that the Companies will be managed in a competent and responsible manner. Further, this Fairness Opinion Report has given no consideration to matters of a legal nature, including issues of legal title and compliance with local laws, and litigations and other contingent liabilities that are not recorded / reflected in the financials provided to us and not relevant or applicable to the subject matter of our analysis.
- 4.10 We are independent of the Companies and hold no specific interest in the Companies or its assets, nor do we have any conflict of interest with the Companies.
- 4.11 The fee for this engagement is not contingent upon the results reported and the conclusion arrived at by us.
- 4.12 This Fairness Opinion Report is furnished on strictly confidential basis. Neither this Fairness Opinion Report nor the information contained herein may be reproduced or passed to any person or used for any purpose other than stated above.

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5. SALIENT FEATURES OF THE SCHEME

- 5.1 As mentioned above this Composite Scheme of Arrangement is divided into 3 parts. Part I deals with the Definitions, Interpretation, Date of taking effect and the Share Capital of GPL, APSEZ and AGPPL and Part V, deals with the general terms and conditions that would be applicable to the Scheme.
- 5.2 Part II of the Scheme seeks to amalgamate and consolidate GPL into and with APSEZ pursuant to the provisions of, inter-alia, Sections 230 to 232 of the Companies Act, 2013 and other applicable provisions of the Companies Act, 2013 (including any statutory modification or re-enactment or amendment thereof) read with Section 2(1B) and other provisions of the Income-tax Act, 1961 and other applicable laws and as contemplated in the Scheme in more detail, from the Appointed Date 1.
- 5.3 Part III of the Scheme is to reclassify/reorganize the Equity Share Capital of GPL with that of APSEZ, such that each equity shares of Rs.10/- of GPL shall stand reclassified/reorganized to 5 (Five) equity shares of Rs. 2/- each.
- 5.4 Part IV of the Scheme seeks the transfer and the vesting of the Divestment Business Undertaking of APSEZ with AGPPL pursuant to the provisions of, inter-alia, Sections 230 to 232 of the Companies Act, 2013 and other applicable provisions of the Companies Act, 2013 (including any statutory modification or re-enactment or amendment thereof) read with Section 2(1B) and other provisions of the Income-tax Act, 1961 and other applicable laws and as contemplated in the Scheme in more detail, from the Appointed Date 2.
- 5.5 Divestment Business Undertaking means GPL, together with its assets and liabilities, transferred to and vested in APSEZ, upon Part II and Part III of the Scheme becoming effective and with effect from the Appointed Date 1, but shall not include the following assets/litigations/liabilities/credits of GPL which is transferred to and vested in APSEZ on the Appointed Date 1:
- (a) the shares held by GPL in the paid-up share capital of Gangavaram Port Services (India) Private Limited;
 - (b) income tax litigation proceedings initiated by or pending against GPL, as the case may be, before the Appointed Date 1;
 - (c) liabilities/credits/refunds in respect of income tax assessments of GPL for the period before the Appointed Date 1;
 - (d) minimum alternate tax credits available to GPL as on the Appointed Date 1.



- 5.6 Upon the scheme becoming effective with effect from the Appointed Date 2, the Divestment Business Undertaking of APSEZ in its entirety shall, without any further act, instrument, deed, matter or thing be transferred to and vested in and/or be deemed to be and stand transferred to and vested in AGPPL as a 'going concern' on a slump sale basis in accordance with Section 2(42C) of the Income Tax Act, 1961, for a lump sum consideration, without values being assigned to the individual assets and liabilities, subject to provisions of the scheme.
- 5.7 As per the Scheme, the consideration for the transfer of the Divestment Business Undertaking, shall be payable by AGPPL to APSEZ, in one or more tranches, with or without interest, as may be mutually agreed between AGPPL and APSEZ. Further, AGPPL and APSEZ may agree that for the whole or part of the consideration, AGPPL may issue to APSEZ one or more securities on such terms and conditions to be mutually agreed between them.

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6. VALUER'S RECOMMENDATION

- 6.1 As informed to us by the management of the Companies, the scope of valuation services for the proposed composite Scheme of arrangement is specific to Part IV of the Scheme, being the divestment of the Divestment Business Undertaking on a slump sale basis. For the purpose of the valuation, the cut-off date has been considered as on August 31, 2021 ('the Valuation Date') and the market parameters have been considered upto the Valuation Date.
- 6.2 Accordingly, as per the Valuation Report, dated September 22, 2021, issued by BDO Valuation Advisory, the valuation for the Divestment Business Undertaking, on a slump sale basis, has been arrived at by excluding the fair value of the investment in the subsidiary of GPL and the tax credit, as on the Valuation Date, from the fair value of GPL as on the Valuation Date.
- 6.3 The fair basis of the valuation as proposed under Part IV of the Scheme has been arrived at on the basis of Discounted Cash Flow Approach under Equity Method of the standalone business of GPL based on methodology, as explained in the Valuation Report, dated September 22, 2021, issued by BDO Valuation Advisory and various qualitative factors relevant to APSEZ and GPL respectively, and the business dynamics as well as growth potential of the businesses, and also having regard to information base, management representations and perceptions, key underlying assumptions and limitations.
- 6.4 Accordingly, on the basis of all the relevant factors and circumstances as discussed and outlined in the Valuation Report, dated September 22, 2021, issued by BDO Valuation Advisory LLP, Registered Valuer, it has been recommended that the consideration for the Divestment Business Undertaking, on a slump sale basis, under Part IV of the Scheme, shall be as follows:

'INR 58,268.87 Million (Rupees Fifty-Eight Thousand Million Twenty-Six Lakhs Eight Eighty Thousand Seven Hundred)'

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7. CONCLUSION

Pursuant to and subject to the foregoing, we believe that the valuation of the Divestment Business Undertaking, on a slump sale basis, under Part IV of the Scheme, as recommended by BDO Valuation Advisory LLP, Registered Valuer, for the proposed scheme is fair.

For, Vivro Financial Services Private Limited



Vivek Vaishnav
Director

Date: September 22, 2021

Place: Ahmedabad

